

Hong Leong Dana Maa'rof

Semi-Annual Report

Financial Period Ended 31 December 2023

2023

Unaudited



Hong Leong Dana Maa’rof

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Manager’s Review and Report

I. FUND INFORMATION

Fund Name

Hong Leong Dana Maa’rof (“HLDM2” or “the Fund”)

Fund Category

Islamic Balanced

Fund Type

Growth & Income

Investment Objective

The Fund is primarily* an Islamic balanced fund which seeks to achieve not only regular income** but also meaningful*** medium to long-term capital growth. The Fund provides the public an affordable**** access into a diversified investment portfolio containing a ‘balanced’ mixture of equities and fixed income securities that comply with the Shariah requirements.

Duration of the Fund and its termination date, where applicable

Not Applicable

Benchmark

3-Month KLIBOR (40% weightage) and FTSE Bursa Malaysia EMAS Shariah Index (60% weightage)

Distribution Policy

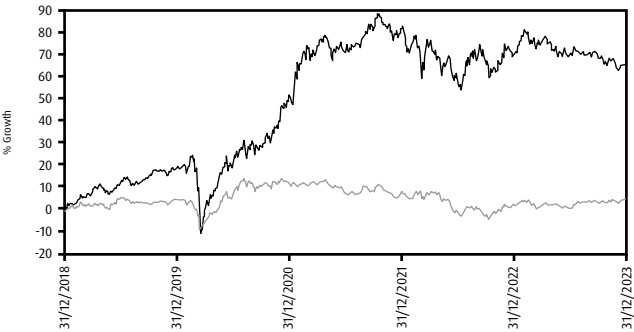
The Fund intends to provide regular income^ and consistent long-term capital growth. As such, regular income returns will be declared on a semi annual basis, subject to availability of income.

Notes:

- * The Fund will generally maintain its asset allocation as an Islamic balanced fund at all times.
- ** Income may be distributed in the form of cash and/or Units.
- *** Please take note that the Fund aims to provide sustainable risk-adjusted returns in the form of capital growth and income in accordance with the performance benchmark and distribution policy of the Fund, although this is not guaranteed.
- **** Unit holders may purchase Units in the Fund at a minimum initial investment from as low as RM100, subject to sales charge.
- ^ Income distributions (if any) are not guaranteed. Distributions of income will only be made from realized gains or realized income derived from the investments of the Fund(s).

II. FUND PERFORMANCE

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



From 31/12/2018 To 31/12/2023

- Hong Leong Dana Maa'rof (HLDM2) : 64.59
- FTSE BM EMAS Shariah/KLIBOR 3 Months (60:40) : 3.94

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 HLDM2 reinvested.

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

Performance Review

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

For the financial period under review, the Fund posted a return of -2.61% (based on NAV-to-NAV Per Unit basis with gross income (if any) reinvested) in the past six months while its benchmark the FTSE BM EMAS Shariah/KLIBOR 3-Month Index (60:40) registered a return of 4.04%. During the financial period under review, the Fund

had distributed gross income distributions of 0.7000 sen per unit (net income distribution of 0.7000 sen per unit) on 17 July 2023 and 0.3500 sen per unit (net income distribution of 0.3500 sen per unit) on 16 October 2023. Prior to the income distributions, the cum-distribution Net Asset Values (NAV) per unit of the Fund were RM0.5353 and RM0.5126 while the ex-distribution NAV per unit were RM0.5283 and RM0.5091 respectively. Unit holders should note that income distributions have the effect of reducing the NAV per unit of the Fund after distributions.

For the five-year financial periods ended 31 December 2023, the Fund registered cumulative returns of 64.59% compared to the benchmark's cumulative return of 3.94%. The Fund had distributed a cumulative total gross income of 14.05 sen per unit (net income of 14.05 sen per unit).

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

	30/09/23- 31/12/23	30/06/23- 31/12/23	31/12/22- 31/12/23	31/12/20- 31/12/23	31/12/18- 31/12/23	31/12/13- 31/12/23	25/03/03- 31/12/23
	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years	Since Launch
HLDM2 Return (%)	-3.22	-2.61	-2.87	8.70	64.59	78.46	329.39
Benchmark (%)	1.00	4.04	1.77	-6.84	3.94	4.03	130.50

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

	31-Dec-23	30-Jun-23	Return (%)
NAV Per Unit	RM0.4980	RM0.5217	-2.61#
Benchmark	207.65	199.58	4.04
vs Benchmark (%)	-	-	-6.65

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

Table 3: Financial Highlights

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

	31-Dec-23 (RM)	30-Jun-23 (RM)	Change (%)
Unit Holders' Capital	123,352,145	69,665,327	77.06
Retained Earnings	3,383,911	6,902,346	(50.97)
Net Asset Value	126,736,056	76,567,673	65.52
Units in Circulation	254,487,922	146,753,379	73.41

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

	Financial Period 30/06/23– 31/12/23	Financial Year 30/06/22– 30/06/23	Financial Year 30/06/21– 30/06/22	Financial Year 30/06/20– 30/06/21
Highest NAV Per Unit (RM)	0.5353	0.5665	0.6383	0.6137
Lowest NAV Per Unit (RM)	0.4917	0.5008	0.5138	0.4323
Capital Growth (%)	-4.54	0.75	-11.61	36.36
Income Distribution (%)	1.93	5.67	4.63	7.63
Total Return (%)	-2.61	6.42	-6.98	43.99

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 HLDM2 reinvested.

Table 5: Average Total Return of the Fund

	31/12/22– 31/12/23 1 Year	31/12/20– 31/12/23 3 Years	31/12/18– 31/12/23 5 Years
Average Total Return (%)	-2.87	2.90	12.92

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 HLDM2 reinvested.

Table 6: Annual Total Return of the Fund

Financial Year	30/06/22- 30/06/23	30/06/21- 30/06/22	30/06/20- 30/06/21	30/06/19- 30/06/20	30/06/18- 30/06/19
Annual Total Return (%)	6.42	-6.98	43.99	7.12	4.59

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 HLDM2 reinvested.

III. INVESTMENT PORTFOLIO

Chart 2: Asset Allocation - July 2023 to December 2023

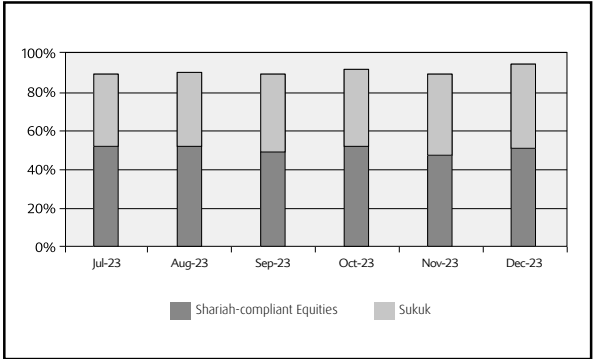
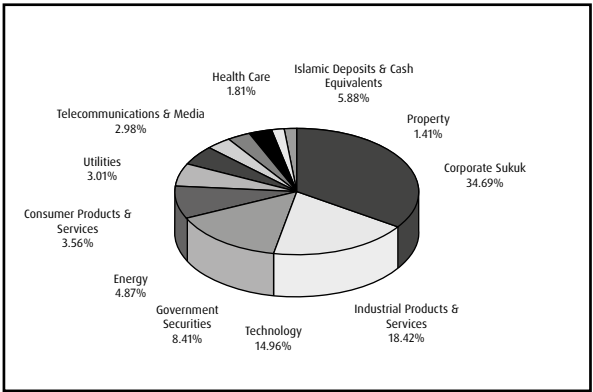


Chart 3: Sector Allocation as at 31 December 2023



Strategies employed by the Fund during the period under review

During the financial period under review, the Fund took some profit in the export, technology and energy sectors and increase its exposure to high quality index Shariah-compliant stocks in view of the weak economic outlook. We also expect these Shariah-compliant stocks to benefit from possible increase in foreign fund inflow into the Malaysia market.

During the financial period under review, the Fund had reduced its holding exposure to near-term maturing Sukuk and replacing the debt papers with longer-dated, higher-grade corporate Sukuk trading at an attractive all-in-yield-to-coupon in anticipation of a terminal policy rate tightening cycle and expectations of rate-cuts in the Fiscal Year 2024.

An explanation on the differences in portfolio composition

There was an increase in allocation to utilities due to improving outlook and attractive valuations.

For the Sukuk segment, the Fund had increased its exposure towards high-grade corporate Sukuk to enhance the yield of the portfolio and improve the income generation of the Fund.

Operational review of the Fund

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

IV. MARKET REVIEW

Shariah-compliant Equities

During the financial period under review, the MSCI AC Asia Pacific ex Japan Index rose 2.9%. The best performing markets were India and Indonesia while the laggards were Hong Kong and China. In the local market, the FTSE Bursa Malaysia KLCI rose 5.7%. Small caps outperformed as the FTSE Bursa Malaysia Small Cap Index rose 10.1%.

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 Index hit an all-time high in December.

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 FTSE Bursa Malaysia 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.

Sukuk

During the financial period under review, the 10-Year US Treasury (UST) benchmark yields were little changed, ending the year at 3.871% after 11th consecutive hikes of Fed Fund Rate (FFR) to 5.25% - 5.50% with the last hike in July Federal Open Market Committee (FOMC) meeting. With US Gross Domestic Product (GDP) growth coming in at 2.6% year-on-year (YoY) in 2023, beating expectations of a sub-2% recessionary growth and unemployment rate nearly back to its lows at 2019, the major economic powerhouse produced a rare economic outcome; elevated interest rates levels, decelerating inflation without impacting growth and labor market.

China continued to grapple with deepening structural issues plaguing its property sector, dwindling consumer sentiment, weak trade performances and slumped in manufacturing despite various President Xi's approach to revive the ailing economy through stop-gap measures by the issuance of RMB1 trillion in government debt to finance post-flood reconstruction. As a result, Moodys had downgraded China's credit outlook profile to negative from stable, reflecting increasing evidence of fiscal drawdown to support financially-distressed regional and state-owned enterprises.

Domestically, Bank Negara Malaysia (BNM) continued to maintain its key rate at 3.00% after the normalization hike on March 23. The 10-Year Malaysia Government Securities (MGS) benchmark yield declined by 12 bps to settle at 3.74% amid expectations of narrowing yield differential between UST and MGS as well as local currency positioning which was relatively undervalued as compared to regional currency peers. Inflation rate decelerated to 1.5% YoY in November while factory cost declined to -1.5% with forward-looking leading indicator marginally declined indicating challenging outlook 4-6 months ahead.

V. FUTURE PROSPECTS AND PROPOSED STRATEGIES

Shariah-compliant Equities

We expect investor sentiment to improve considerably given the significant shift in interest rate outlook by the US Fed in their recent communications with the media and investors. 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 arises.

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 US Dollar (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 Shariah-compliant stock picking and remain invested in high quality companies.

Sukuk

As we enter 2024, we are constructive on fixed income premised on; (1) loosening of monetary policy amid slowing global growth; (2) deceleration in global inflationary pressures; and (3) geopolitical risks amid Middle East war and national elections for more than half of the global population. The Fund is replacing near-term maturity Sukuk with longer-dated high-grade corporate debt to capitalize on higher-all-in-yield while maintaining short-to-mid duration to minimize short-term volatility.

VI. SOFT COMMISSIONS

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

VII. SECURITIES LENDING OR REPURCHASE TRANSACTIONS

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

VIII. CROSS TRADE TRANSACTIONS

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

STATEMENT BY THE MANAGER

I, Hoo See Kheng, as the Director of Hong Leong Asset Management Bhd, do hereby state that, in the opinion of the Manager, the accompanying unaudited condensed financial statements set out on pages 14 to 47 are drawn up in accordance with the provision of the Deeds and give a true and fair view of the financial position of the Fund as at 31 December 2023 and of its financial performance, changes in equity and cash flows for the financial period ended 31 December 2023 in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134 “Interim Financial Reporting” and International Financial Reporting Standards (“IFRS”) 34 “Interim Financial Reporting”.

For and on behalf of the Manager,

Hong Leong Asset Management Bhd

(Company No.: 199401033034 (318717-M))

HOO SEE KHENG

Chief Executive Officer/Executive Director

Kuala Lumpur

20 February 2024

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF HONG LEONG DANA MAA'ROF ("Fund")

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

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

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

For Deutsche Trustees Malaysia Berhad

Ng Hon Leong

Head, Fund Operations

Sylvia Beh

Chief Executive Officer

Kuala Lumpur

20 February 2024

SHARIAH ADVISER'S REPORT

TO THE UNIT HOLDERS OF HONG LEONG DANA MAA'ROF ("FUND")

We hereby confirm the following:

1. To the best of our knowledge, after having made all reasonable enquiries, Hong Leong Asset Management Bhd has operated and managed the Fund for the period covered by these financial statements namely, the semi-annual period ended 31 December 2023, in accordance with Shariah principles and requirements, and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters; and
2. The assets of the Fund comprise instruments that have been classified as Shariah compliant.

For and on behalf of the Shariah Adviser,

BIMB SECURITIES SDN BHD

NURUL AQILA SUFIYAH LOKMAN

Designated Shariah Officer

Kuala Lumpur

20 February 2024

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

	Note	2023 RM	2022 RM
INVESTMENT (LOSS)/INCOME			
Profit income from financial assets measured at fair value through profit or loss ("FVTPL")		789,817	302,298
Profit income from financial assets measured at amortised cost	4	114,398	52,666
Dividend income		333,977	111,140
Net (loss)/gain on financial assets at fair value through profit or loss ("FVTPL")	10	(3,470,212)	2,992,618
		(2,232,020)	3,458,722
EXPENDITURE			
Management fee	5	(781,216)	(336,670)
Trustee's fee	6	(36,457)	(15,711)
Auditors' remuneration		(3,364)	(3,225)
Tax agent's fee		(1,509)	(1,310)
Transaction costs		(202,051)	(42,147)
Other expenses		(24,981)	(19,989)
		(1,049,578)	(419,052)
(LOSS)/PROFIT BEFORE TAXATION		(3,281,598)	3,039,670
Taxation	7	-	-
(LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL PERIOD		(3,281,598)	3,039,670
(Loss)/profit after taxation is made up as follows:			
Realised amount		(246,928)	(721,667)
Unrealised amount		(3,034,670)	3,761,337
		(3,281,598)	3,039,670
Distribution for the financial period:			
Net distribution	8	1,827,067	1,222,917
Net distribution per unit (sen)	8	1.0500	1.5000
Gross distribution per unit (sen)	8	1.0500	1.5000

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

CONDENSED STATEMENT OF FINANCIAL POSITION

(Unaudited)

AS AT 31 DECEMBER 2023

		31.12.2023	30.06.2023
	Note	RM	RM
ASSETS			
Cash and cash equivalents	9	6,837,743	2,712,023
Amount due from the Manager			
- creation of units		1,268,582	2,051,086
Dividends receivable		66,200	65,080
Financial assets at fair value through profit or loss ("FVTPL")	10	119,283,642	72,061,638
Prepayment		-	1,096
TOTAL ASSETS		<u>127,456,167</u>	<u>76,890,923</u>
LIABILITIES			
Amount due to brokers/dealers		-	160,187
Amount due to the Manager			
- cancellation of units		547,417	59,551
- management fee		157,026	89,377
Amount due to the Trustee		7,328	4,171
Transaction costs		(202,051)	(42,147)
Other payables and accruals		8,340	9,964
TOTAL LIABILITIES		<u>720,111</u>	<u>323,250</u>
NET ASSET VALUE OF THE FUND		<u>126,736,056</u>	<u>76,567,673</u>
EQUITY			
Unit holders' capital		123,352,145	69,665,327
Retained earnings		3,383,911	6,902,346
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>126,736,056</u>	<u>76,567,673</u>
UNITS IN CIRCULATION (UNITS)	12	<u>254,487,922</u>	<u>146,753,379</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.4980</u>	<u>0.5217</u>

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

CONDENSED STATEMENT OF CHANGES IN EQUITY (*Unaudited*)**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023**

	Note	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 July 2023		69,665,327	6,902,346	76,567,673
Movement in net asset value:				
Creation of units from applications		67,168,441	-	67,168,441
Creation of units from distributions		1,464,944	-	1,464,944
Cancellation of units		(13,356,337)	-	(13,356,337)
Total comprehensive loss for the financial period		-	(3,281,598)	(3,281,598)
Distributions for the financial period	8	(1,590,230)	(236,837)	(1,827,067)
Balance as at 31 December 2023		123,352,145	3,383,911	126,736,056
Balance as at 1 July 2022		35,454,815	6,639,476	42,094,291
Movement in net asset value:				
Creation of units from applications		14,490,245	-	14,490,245
Creation of units from distributions		913,334	-	913,334
Cancellation of units		(11,017,562)	-	(11,017,562)
Total comprehensive loss for the financial period		-	3,039,670	3,039,670
Distributions for the financial period	8	-	(1,222,917)	(1,222,917)
Balance as at 31 December 2022		39,840,832	8,456,229	48,297,061

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

CONDENSED STATEMENT OF CASH FLOWS *(Unaudited)*

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of financial assets at FVTPL	21,394,785	5,925,057
Proceeds from redemption of financial assets at FVTPL	-	1,000,000
Purchase of financial assets at FVTPL	(72,324,067)	(14,511,959)
Profit income received	779,043	419,140
Dividend income received	332,857	107,610
Management fee paid	(713,567)	(327,694)
Trustee's fee paid	(33,300)	(15,292)
Payment for other fees and expenses	(30,382)	(25,260)
Net cash used in operating activities	(50,594,631)	(7,428,398)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	67,950,945	15,470,073
Payments for cancellation of units	(12,868,471)	(11,017,562)
Payments for distributions	(362,123)	(309,583)
Net cash generated from financing activities	54,720,351	4,142,928
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT	4,125,720	(3,285,470)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	2,712,023	7,072,193
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	6,837,743	3,786,723

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

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Hong Leong Dana Maa'rof ("the Fund") was constituted pursuant to the execution of a Deed dated 27 February 2003 and Supplemental Deed dated 30 April 2010 between the Manager, Hong Leong Asset Management Bhd and AmTrustee Berhad for the unit holders of the Fund. AmTrustee Berhad has been replaced with Deutsche Trustees Malaysia Berhad ("the Trustee") effective 1 September 2012 and Supplemental Master Deeds were entered into between the Manager and the Trustee for the unit holders of the Fund on 27 July 2012, 25 March 2015, 28 November 2019, 7 February 2020, 21 December 2021 and 28 April 2022 to effect the change ("the Deeds").

The Fund is primarily an Islamic balanced fund which seeks to achieve not only regular income but also meaningful medium to long-term capital growth. The Fund provides the public an affordable access into a diversified investment portfolio containing a 'balanced' mixture of equities and fixed income securities that comply with the Shariah requirements.

The Fund will invest into Shariah-compliant equities. The Fund follows a strict selection process to ensure only appropriate Shariah-compliant securities are invested. Generally, the Fund selects undervalued companies that have the potential to offer medium to long-term capital growth. Undervalued companies refer to companies with stock price selling at a price lower than what is believed to be its intrinsic value and can be measured by its price to earnings ratio (PER), price to book ratio (P/B), dividend yield or any other appropriate method as determined by the Manager. The Fund may also invest into Islamic money market instruments and sukuk. The Fund commenced operations on 25 March 2003 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.

Hong Leong Islamic Asset Management Sdn Bhd (HLISAM) is the external fund manager appointed for Hong Leong Dana Maa'rof. The effective date for the appointment is on 17 April 2020. HLISAM is a wholly own subsidiary of the Manager. On November 2019, HLISAM was issued with an Islamic fund management license by the Securities Commission Malaysia ("SC") to undertake the regulated activity of Islamic fund management.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

(b) Financial assets and financial liabilities

Classification

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

- those to be measured subsequently at fair value (either through other comprehensive income ('OCI') or through profit or loss), and
- those to be measured at amortised cost.

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flows characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities¹ as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities² are solely principal and profit, 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 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.

¹ For the purposes of the investments made by the Fund, equity securities refer to Shariah-compliant equity securities.

² For the purposes of the investments made by the Fund, debt securities refer to sukuk.

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. Shariah-compliant 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 Shariah-compliant 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 period which they arise.

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

Quoted Shariah-compliant 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 Shariah-compliant equity securities are 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 Shariah-compliant 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 Shariah-compliant securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the quoted Shariah-compliant 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 sukuk 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 sukuk 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.

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

Impairment

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. Management considers the probability of default to be closed to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

Significant increase in credit risk

A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due.

Definition of default and credit-impaired financial assets

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

Write-off

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

(c) 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.

Profit income from cash at bank, Islamic deposits with licensed financial institutions and unquoted sukuk are recognised on the effective profit rate method on an accrual basis.

Profit income is calculated by applying the effective profit 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 profit 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 Shariah-compliant investments is accounted for as the difference between the net disposal proceeds and the carrying amount of quoted Shariah-compliant investments, determined on a weighted average cost basis.

Realised gain or loss on disposal of unquoted sukuk is accounted for as the difference between the net disposal proceeds and the carrying amount of unquoted sukuk, 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 Islamic deposits held in highly liquid Shariah-compliant 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 Shariah-compliant 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 profit 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, profit income is recognised using the rate of profit used to discount the future cash flows for the purpose of measuring the impairment loss.

(g) Taxation

Current tax expense is determined according to Malaysian tax laws at the prevailing tax rate based on the taxable profit earned during the financial period. Withholding taxes are not "income tax" in nature and are recognised and measured based on the requirements of MFRS137. They are presented within other expenses line in the statement of comprehensive income.

(h) Distributions

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

(i) Transaction costs

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

(j) Unit holders' capital

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

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

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

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

(k) Fair value of financial instruments

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

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

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

	Financial assets at FVTPL RM	Financial assets/ liabilities at amortised RM	Total RM
31.12.2023			
<u>Financial assets</u>			
Cash and cash equivalents (Note 9)	-	6,837,743	6,837,743
Amount due from the Manager			
-creation of units	-	1,268,582	1,268,582
Dividends receivable	-	66,200	66,200
Financial assets at FVTPL (Note 10)	119,283,642	-	119,283,642
	<u>119,283,642</u>	<u>8,172,525</u>	<u>127,456,167</u>
<u>Financial liabilities</u>			
Amount due to the Manager			
-cancellation of units	-	547,417	547,417
-management fee	-	157,026	157,026
Amount due to the Trustee	-	7,328	7,328
Other payables and accruals	-	8,340	8,340
	-	<u>720,111</u>	<u>720,111</u>

	Financial assets at FVTPL RM	Financial assets/ liabilities at amortised RM	Total RM
30.06.2023			
<u>Financial assets</u>			
Cash and cash equivalents (Note 9)	-	2,712,023	2,712,023
Amount due from the Manager			
-creation of units	-	2,051,086	2,051,086
Dividends receivable	-	65,080	65,080
Financial assets at FVTPL (Note 10)	72,061,638	-	72,061,638
	<u>72,061,638</u>	<u>4,828,189</u>	<u>76,889,827</u>
<u>Financial liabilities</u>			
Amount due to brokers/dealers	-	160,187	160,187
Amount due to the Manager			
-cancellation of units	-	59,551	59,551
-management fee	-	89,377	89,377
Amount due to the Trustee	-	4,171	4,171
Other payables and accruals	-	9,964	9,964
	<u>-</u>	<u>323,250</u>	<u>323,250</u>

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

(I) Critical accounting estimates and judgments in applying accounting policies

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

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

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the Securities Commission Malaysia's Guidelines on Unit Trust Funds.

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

3. FAIR VALUE ESTIMATION

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

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

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each period end date. Valuation techniques used for non-standardised financial instruments such as Islamic options, currency swaps and other over-the-counter Islamic 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 Shariah-compliant equity and sukuk instruments for which market were or have been inactive during the financial period. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

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

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

(i) Fair value hierarchy

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

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its

entirely. If a fair value measurement uses observable inputs that requires significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31.12.2023				
<u>Financial assets at FVTPL:</u>				
- Quoted Shariah-compliant equity securities	64,657,714	-	-	64,657,714
- Unquoted sukuk	-	54,625,928	-	54,625,928
	<u>64,657,714</u>	<u>54,625,928</u>	<u>-</u>	<u>119,283,642</u>

30.06.2023

Financial assets at FVTPL:

- Quoted Shariah-compliant equity securities	38,928,916	-	-	8,928,916
- Unquoted Shariah-compliant equity securities	-	-	1,664,000	1,664,000
- Unquoted sukuk	-	31,468,722	-	31,468,722
	<u>38,928,916</u>	<u>31,468,722</u>	<u>1,664,000</u>	<u>72,061,638</u>

Shariah-compliant investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed Shariah-compliant equities. The Fund does not adjust the quoted prices for this instrument. 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 sukuk. 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 Shariah-compliant equity securities are 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. PROFIT INCOME FROM FINANCIAL ASSETS MEASURED AT AMORTISED COST

	2023	2022
	RM	RM
Profit income from:		
- Islamic deposits with licensed financial institutions	113,427	52,302
- Cash at bank	971	364
	<u>114,398</u>	<u>52,666</u>

5. MANAGEMENT FEE

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

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

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 0.07% subject to a minimum of RM18,000 per annum calculated daily based on the net asset value of the Fund.

For the financial period ended 31 December 2023, the Trustee's fee is recognised at a rate of 0.07% (2022: 0.07%) per annum.

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

7. TAXATION

	2023 RM	2022 RM
Tax charge for the financial period:		
Current taxation	-	-

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

	2023 RM	2022 RM
(Loss)/profit before taxation	(3,281,598)	3,039,670
	-	-
Taxation at Malaysian statutory rate of 24% (2022: 24%)	(787,584)	729,521
Tax effects of:		
Shariah-compliant investment loss disallowed from tax/(Shariah-compliant investment income not subject to tax)	535,685	(830,093)
Expenses not deductible for tax purposes	58,260	15,006
Restriction on tax deductible expenses for unit trust fund	193,639	85,566
Taxation	-	-

8. DISTRIBUTIONS

	2023 RM	2022 RM
Distribution to unit holders is derived from the following sources:		
Prior financial years' realised income	114,190	1,175,455
Profit income from financial assets measured at FVTPL	464,019	217,379
Profit income from financial assets measured at amortised cost	52,799	33,782
Dividend income	162,967	49,109
Dividend equalisation	1,590,230	
Less: Expenses	(557,138)	(252,808)
Net distribution amount	1,827,067	1,222,917
Net distributions per unit (sen)	1.0500	1.5000
Gross distributions per unit (sen)	1.0500	1.5000

Date of Declaration

Distribution on 17/21 July

Gross/net distribution per unit (sen)	0.7000	0.8000
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Distribution on 16/17 October

Gross/net distribution per unit (sen)	0.3500	0.7000
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The composition of distribution payments sourced from income and capital are disclosed in below:

	Income		Capital	
	RM	%	RM	%
2023	1,827,067	100.00	-	-
2022	1,222,917	100.00	-	-

Net distributions above are sourced from prior financial years' and current financial period'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 prices of units. For the purpose of determining amount available for distribution, distribution equalisation is included in the computation of distribution available for unit holders.

The above distributions have been proposed before taking into account the unrealised loss of RM3,034,670 (2022: unrealised gain of RM3,761,337) which is carried forward to the next financial period.

9. CASH AND CASH EQUIVALENTS

	31.12.2023	30.06.2023
	RM	RM
Islamic deposits with licensed financial institutions	6,672,618	2,658,215
Cash at banks	165,125	53,808
	<u>6,837,743</u>	<u>2,712,023</u>

The weighted average effective rate of return per annum are as follows:

	31.12.2023	30.06.2023
	%	%
Islamic deposits with licensed financial institutions	<u>2.95</u>	<u>2.95</u>

Islamic deposits with licensed financial institutions have an average remaining maturity of 2 days (30.06.2023: 3 days).

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

	31.12.2023 RM	30.06.2023 RM
<u>Financial assets at FVTPL:</u>		
Quoted Shariah-compliant equity securities	64,657,714	38,928,916
Unquoted Shariah-compliant equity securities	-	1,664,000
Unquoted sukuk	54,625,928	31,468,722
	<u>119,283,642</u>	<u>72,061,638</u>

	2023 RM	2022 RM
<u>Net (loss)/gain on financial assets at FVTPL:</u>		
Realised loss on disposals	(430,970)	(768,719)
Changes in unrealised fair values	(3,039,242)	3,761,337
	<u>(3,470,212)</u>	<u>2,992,618</u>

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

	Quantity units	Aggregate cost RM	Fair value RM	Percentage of net asset value %
QUOTED SHARIAH-COMPLIANT EQUITY SECURITIES				
<u>Main Market</u>				
<u>Consumer Products & Services</u>				
DXN Holdings Bhd.	3,374,000	2,333,900	2,142,490	1.69
Focus Point Holdings Berhad	3,344,600	1,498,645	2,374,666	1.87
	<u>6,718,600</u>	<u>3,832,545</u>	<u>4,517,156</u>	<u>3.56</u>
<u>Energy</u>				
Dayang Enterprise Holdings Bhd.	1,130,000	1,635,539	1,808,000	1.43
Deleum Berhad	1,500,000	1,415,360	1,432,500	1.13
Perdana Petroleum Berhad	7,000,000	1,604,400	1,400,000	1.10
Uzma Berhad	2,050,000	1,342,690	1,537,500	1.21
	<u>11,680,000</u>	<u>5,997,989</u>	<u>6,178,000</u>	<u>4.87</u>

	Quantity units	Aggregate cost RM	Fair value RM	Percentage of net asset value %
<u>Health Care</u>				
Hartalega Holdings Berhad	850,000	1,891,270	2,295,000	1.81
<u>Industrial Products & Services</u>				
Aurelius Technologies Bhd	800,000	2,221,220	2,080,000	1.64
Dufu Technology Corp. Berhad	1,560,000	3,000,750	2,964,000	2.34
Hiap Teck Venture Berhad	3,000,000	1,021,400	1,275,000	1.01
Kobay Technology Bhd.	1,355,000	3,091,015	1,802,150	1.42
Malayan Cement Berhad	320,000	1,365,000	1,353,600	1.07
P.I.E. Industrial Berhad	866,000	2,641,783	2,814,500	2.22
Sam Engineering & Equipment (M) Berhad	440,000	1,994,331	1,786,400	1.41
Seng Fong Holdings Berhad	2,700,000	1,978,440	2,038,500	1.61
SKP Resources Bhd.	2,120,000	2,346,997	1,674,800	1.32
	13,161,000	19,660,936	17,788,950	14.04
<u>Property</u>				
Eastern & Oriental Berhad	3,100,000	1,906,510	1,782,500	1.41
<u>Technology</u>				
D & O Green Technologies Berhad	655,000	1,072,635	2,371,100	1.87
Dagang Nexchange Berhad	4,800,000	2,088,960	1,920,000	1.52
Frontken Corporation Berhad	900,000	3,046,275	2,916,000	2.30
Genetec Technology Berhad*	735,000	1,398,903	1,734,600	1.37
Inari Amertron Berhad	550,000	1,724,415	1,655,500	1.31
Malaysian Pacific Industries Bhd	70,000	1,846,264	1,974,000	1.56
Pentamaster Corporation Berhad	500,000	1,889,024	2,300,000	1.81
UWC Berhad	761,000	2,648,368	2,678,720	2.11
	8,971,000	15,714,844	17,549,920	13.85
<u>Telecommunications & Media</u>				
Telekom Malaysia Berhad	680,000	3,780,188	3,774,000	2.98
<u>Utilities</u>				
Tenaga Nasional Berhad	380,000	3,797,530	3,815,200	3.01

	Quantity/ Nominal Value units/RM	Aggregate cost RM	Fair value RM	Percentage of net asset value %
<u>ACE Market</u>				
<u>Industrial Products & Services</u>				
Coraza Integrated Technology Berhad	3,490,000	2,493,591	1,518,150	1.20
Minox International Group Berhad	6,000,000	2,108,400	1,650,000	1.30
YBS International Berhad	3,424,300	2,094,833	2,379,888	1.88
	12,914,300	6,696,824	5,548,038	4.38
<u>Technology</u>				
ECA Integrated Solution Berhad	2,790,000	2,100,402	1,408,950	1.11
TOTAL QUOTED SHARIAH-COMPLIANT EQUITY SECURITIES				
	61,244,900	65,379,038	64,657,714	51.02

UNQUOTED SUKUK

Corporate Sukuk

4.43% Bakun Hydro Power Generation Sdn. Bhd. (AAA) 11/08/2026 - Series 2	2,200,000	2,268,750	2,276,001	1.80
4.95% CIMB Bank Berhad (AA2) 02/12/2032 - T2 Sukuk Wakalah S3 T1	5,000,000	5,163,493	5,178,386	4.09
3.80% CIMB Group Holdings Berhad (AA2) 29/12/2026 29/12/2031 - T2 Sukuk Wakalah S1 T1	5,000,000	4,957,134	4,970,312	3.92
4.40% CIMB Group Holdings Berhad (AA2) 08/09/2027 08/09/2032 - T2 Sukuk Wakalah S2 T1	5,000,000	5,127,137	5,128,365	4.05
4.12% Infracap Resources Sdn. Bhd. (AAA) 14/04/2028 - T1 S4	5,000,000	5,064,119	5,066,808	4.00
5.25% Kimanis Power Sdn. Bhd. (AA) 08/08/2025 - IMTN Tranche No. 10	5,000,000	5,206,609	5,214,800	4.11

	Nominal Value RM	Aggregate cost RM	Fair value RM	Percentage of net asset value %
4.38% RHB Bank Berhad (AA1) 17/11/2028 - IMTN	3,500,000	3,518,900	3,574,480	2.82
5.35% Samalaju Industrial Port Sdn Bhd (AA1) 28/12/2026 - IMTN Issue No.4	4,000,000	4,182,910	4,172,025	3.29
5.10% Sepangar Bay Power Corporation Sdn, Bhd. (AA1) 03/07/2026 - Series 12	5,000,000	5,249,186	5,274,801	4.16
5.29% TNB Western Energy Bhd (AAA) 28/01/2028 - Tranche 8	1,000,000	1,050,240	1,059,209	0.84
	40,700,000	41,788,478	41,915,187	33.08
<u>Government Investment Issues</u>				
3.422% Government of Malaysia 30/09/2027	1,000,000	1,023,580	1,004,695	0.79
3.726% Government of Malaysia 31/03/2026	5,000,000	5,085,646	5,076,289	4.01
4.070% Government of Malaysia 30/09/2026	2,500,000	2,566,269	2,563,854	2.02
4.444% Government of Malaysia 22/05/2024	2,000,000	2,018,480	2,019,167	1.59
	10,500,000	10,693,975	10,664,005	8.41
<u>Sukuk Guaranteed by Government of Malaysia</u>				
4.05% Lembaga Pembiayaan Perumahan Sektor Awam 21/09/2026 - IMTN Tranche No 4	2,000,000	2,022,636	2,046,736	1.61
TOTAL UNQUOTED SUKUK	53,200,000	54,505,089	54,625,928	43.10
TOTAL SHARIAH-COMPLIANT INVESTMENTS		119,884,127	119,283,642	94.12
UNREALISED LOSS ON FINANCIAL ASSETS AT FVTPL		(600,485)		
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL		119,283,642		

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 SHARIAH-COMPLIANT EQUITY SECURITIES				
<u>Main Market</u>				
<u>Consumer Products & Services</u>				
DXN Holdings Bhd.	1,874,000	1,311,800	1,368,020	1.79
Focus Point Holdings Berhad	2,244,600	636,825	1,784,457	2.33
	4,118,600	1,948,625	3,152,477	4.12
<u>Energy</u>				
Deleum Berhad	100,000	89,570	90,000	0.12
Uzma Berhad	2,050,000	1,342,690	1,271,000	1.66
Velesto Energy Berhad	7,600,000	1,484,260	1,672,000	2.18
	9,750,000	2,916,520	3,033,000	3.96
<u>Health Care</u>				
Top Glove Corporation Bhd.	2,000,000	1,722,780	1,620,000	2.12
<u>Industrial Products & Services</u>				
Dufu Technology Corp. Berhad	760,000	1,603,910	1,444,000	1.89
Hiap Teck Venture Berhad	3,000,000	1,021,400	900,000	1.17
Kobay Technology Bhd.	855,000	2,156,545	1,624,500	2.12
MCE Holdings Berhad	400,000	620,000	776,000	1.01
QES Group Berhad	2,200,000	1,312,870	1,243,000	1.62
SAM Engineering & Equipment (M) Berhad	350,000	1,607,205	1,606,500	2.10
Seng Fong Holdings Berhad	1,500,000	1,086,850	1,080,000	1.41
SKP Resources Bhd.	1,770,000	1,997,942	1,929,300	2.52
	10,835,000	11,406,722	10,603,300	13.84
<u>Plantation</u>				
Ta Ann Holdings Berhad	440,000	1,472,552	1,469,600	1.92
<u>Technology</u>				
D & O Green Technologies Berhad	455,000	365,675	1,674,400	2.19
Frontken Corporation Berhad	580,000	1,967,733	1,827,000	2.39
Malaysian Pacific Industries Bhd	70,000	1,846,264	1,947,400	2.54
Pentamaster Corporation Berhad	400,000	1,342,744	1,968,000	2.57
UWC Berhad	661,000	2,278,238	1,969,780	2.57
	2,166,000	7,800,654	9,386,580	12.26

	Quantity/ Nominal Value units/RM	Aggregate cost RM	Fair value RM	Percentage of net asset value %
<u>ACE Market</u>				
<u>Health Care</u>				
Cengild Medical Berhad	2,880,000	1,440,944	1,137,600	1.48
<u>Industrial Products & Services</u>				
Coraza Integrated Technology Berhad	2,440,000	1,820,496	1,830,000	2.39
	3,424,300	2,094,833	2,277,159	2.97
YBS International Berhad	5,864,300	3,915,329	4,107,159	5.36
<u>Technology</u>				
Cnengen Berhad	1,520,000	1,043,254	1,314,800	1.72
ECA Integrated Solution Berhad	1,590,000	1,302,012	1,399,200	1.83
Genetec Technology Berhad	735,000	1,398,903	1,705,200	2.23
	3,845,000	3,744,169	4,419,200	5.78
TOTAL QUOTED SHARIAH-COMPLIANT EQUITY SECURITIES	41,898,900	36,368,295	38,928,916	50.84
UNQUOTED SHARIAH-COMPLIANT EQUITY SECURITIES				
<u>Initial Public Offering ("IPO")</u>				
Skyworld Development Berhad #	2,080,000	1,664,000	1,664,000	2.17
TOTAL UNQUOTED SHARIAH-COMPLIANT EQUITY SECURITIES	2,080,000	1,664,000	1,664,000	2.17
UNQUOTED SUKUK				
<u>Corporate Sukuk</u>				
4.43% Bakun Hydro Power Generation Sdn. Bhd. (AAA) 11/08/2026 - IMTN	2,200,000	2,272,961	2,269,650	2.96
5.25% Kimanis Power Sdn. Bhd. (AA) 08/08/2025 - IMTN Trance No. 10	5,000,000	5,235,029	5,234,792	6.84
5.35% Samalaju Industrial Port Sdn Bhd (AA1) 28/12/2026 - IMTN Issue No.4	4,000,000	4,210,786	4,157,119	5.43
	11,200,000	11,718,776	11,661,561	15.23

	Nominal Value RM	Aggregate cost RM	Fair value RM	Percentage of net asset value %
<u>Government Investment Issues</u>				
3.422% Government of Malaysia 30/09/2027	1,000,000	1,025,366	1,000,372	1.31
3.655% Government of Malaysia 15/10/2024	7,000,000	7,127,841	7,080,496	9.25
3.726% Government of Malaysia 31/03/2026	5,000,000	5,093,367	5,079,330	6.63
4.070% Government of Malaysia 30/09/2026	2,500,000	2,573,011	2,569,826	3.36
4.444% Government of Malaysia 22/05/2024	2,000,000	2,029,589	2,031,381	2.65
	17,500,000	17,849,174	17,761,405	23.20
<u>Sukuk Guaranteed by Government of Malaysia</u>				
4.05% Lembaga Pembiayaan Perumahan Sektor Awam 21/09/2026 - IMTN Tranche No 4	2,000,000	2,022,636	2,045,756	2.67
TOTAL UNQUOTED SUKUK	30,700,000	31,590,586	31,468,722	41.10
TOTAL SHARIAH-COMPLIANT INVESTMENTS		69,622,881	72,061,638	94.11
UNREALISED GAIN ON FINANCIAL ASSETS AT FVTPL		2,438,757		
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL		72,061,638		

During the financial year ended 30 June 2023, a total of 1,000,000,000 shares for Skyworld Development Berhad were made available for Initial Public Offering ("IPO") at a cost of RM0.80 per share by way of private placement.

Subsequent to the financial year ended 30 June 2023, Skyworld Development Berhad began trading on the main market on 10 July 2023 at a price of RM0.74 per share.

11. SHARIAH INFORMATION OF THE FUND

The Shariah Adviser confirmed that the investments portfolio of the Fund is Shariah-compliant, which comprises:

- (a) Equity securities listed on Bursa Malaysia which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission;

- (b) Sukuk as per the list of sukuk available at Bond Info Hub, Fully Automated System for Issuing/Tendering of Bank Negara Malaysia and The Bond and Sukuk Information Exchange; and
- (c) Cash placements and liquid assets in local market, which are placed in Shariah-compliant investments and/or instruments.

12. UNITS IN CIRCULATION

	01.07.2023 to 31.12.2023 No. of units	01.07.2022 to 30.06.2023 No. of units
At the beginning of the financial period/year	146,753,379	81,296,038
Add: Creation of units during the financial period/year		
- Arising from applications	131,213,453	86,072,584
- Arising from distributions	2,822,003	3,779,311
Less: Cancellation of units during the financial period/year	(26,300,913)	(24,394,554)
At the end of the financial period/year	<u>254,487,922</u>	<u>146,753,379</u>

13. TOTAL EXPENSE RATIO ("TER")

	2023 %	2022 %
TER (annualised)	<u>1.62</u>	<u>1.68</u>

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

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

Where;

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

The average net asset value of the Fund for the financial period calculated on a daily basis is RM103,892,003 (2022: RM44,553,848).

14. PORTFOLIO TURNOVER RATIO (“PTR”)

	2023 Times	2022 Times
PTR	0.45	0.23

PTR is derived from the following calculation:

$$\frac{(\text{Total acquisitions for the financial period} + \text{total disposals for the financial period})}{\text{Average net asset value of the Fund for the financial period calculated on a daily basis}} \times 2$$

Where:

total acquisitions for the financial period = RM71,706,301
(2022: RM14,436,691)

total disposals for the financial period = RM21,670,858
(2022: RM6,444,669)

15. UNITS HELD BY THE MANAGER AND RELATED PARTIES
TRANSACTIONS AND BALANCES

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

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

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

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

	31.12.2023 RM	30.06.2023 RM
<u>Related party balances</u>		
Cash at bank:		
- Hong Leong Islamic Bank Berhad	5,341	171
Amount due from brokers/dealers:		
- Hong Leong Investment Bank Berhad	-	(160,187)
	<u>5,341</u>	<u>(160,016)</u>

	2023 RM	2022 RM
<u>Related party transactions</u>		
Profit income from cash at bank:		
- Hong Leong Islamic Bank Berhad	<u>608</u>	<u>1</u>
Profit income from Islamic deposits with licensed financial institutions:		
- Hong Leong Islamic Bank Berhad	<u>-</u>	<u>26,074</u>
Purchase of quoted Shariah-compliant equity securities:		
- Hong Leong Investment Bank Berhad	<u>28,066,119</u>	<u>3,391,133</u>
Purchase of unquoted sukuk:		
- Hong Leong Islamic Bank Berhad	<u>-</u>	<u>2,544,262</u>
Disposal of quoted Shariah-compliant equity securities:		
- Hong Leong Investment Bank Berhad	<u>12,075,519</u>	<u>2,215,341</u>

16. 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 %
2023				
Hong Leong Investment Bank Berhad*	40,141,638	42.99	100,222	71.60
RHB Investment Bank Berhad	18,902,428	20.24	-	-
Nomura Securities Malaysia Sdn. Bhd.	9,898,696	10.60	24,677	17.63
CIMB Islamic Bank Berhad	7,131,752	7.64	-	-
United Overseas Bank (Malaysia) Berhad	5,120,935	5.49	-	-
Malayan Banking Berhad	5,083,453	5.44	-	-
Philip Capital Sdn Bhd	2,651,826	2.84	6,604	4.72
JPMorgan Securities (Malaysia) Sdn. Bhd.	2,130,093	2.28	5,319	3.80
CIMB Bank Berhad	1,043,293	1.12	-	-
MIDF Amanah Investment Bank Berhad	894,985	0.96	2,229	1.59
Others	369,639	0.40	928	0.66
	93,368,738	100.00	139,979	100.00
2022				
Hong Leong Investment Bank Berhad*	5,606,474	27.75	14,006	55.90
CIMB Islamic Bank Berhad	4,619,355	22.87	-	-
J.P. Morgan Chase Bank Berhad	3,001,381	14.86	-	-
Nomura Securities Malaysia Sdn. Bhd.	2,769,401	13.71	6,894	27.51
Hong Leong Islamic Bank Berhad*	2,544,262	12.59	-	-
JPMorgan Securities (Malaysia) Sdn. Bhd.	983,694	4.87	2,457	9.81
CLSA Securities Malaysia Sdn. Bhd.	677,858	3.35	1,699	6.78
	20,202,425	100.00	25,056	100.00

* Transactions with brokers/dealers related to the Manager.

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

17. SUBSEQUENT EVENT

The Manager proposed for the payment of a net distribution of RM901,413 at 0.3500 sen (gross and net) per unit in respect of the month of January 2024, which has been approved by the Board of Directors of the Manager. The distribution will be accrued for in the assets attributable to unit holders as an appropriation of the retained earnings for the financial year ending 30 June 2024.

Performance Data

A. (i) Portfolio Compositions:	
	Consumer Products & Services
	Energy
	Health Care
	Industrial Products & Services
	Plantation
	Property
	Technology
	Telecommunications & Media
	Transportation & Logistics
	Utilities
	Corporate Sukuk
	Government Securities
	Islamic Deposits & Cash Equivalents
(ii) Total Net Asset Value	(ex-distribution)
(iii) Net Asset Value Per Unit	(ex-distribution)
Units in Circulation	(ex-distribution)
(iv) Highest/Lowest NAV Per Unit (ex-distribution)	Highest NAV Per Unit Lowest NAV Per Unit
(v) Total Return of the Fund*	
- Capital Growth	
- Income Distribution	
(vi) The distribution (gross) is made out of:-	
- The Fund's Capital	
- The Fund's Income	
- Total Distribution Amount	
- The Fund's Capital (% of Total Distribution Amount)	
- The Fund's Income (% of Total Distribution Amount)	
(vii) Distribution Per Unit	Additional Units Distribution (Gross) Distribution (Net) Distribution Date Cum-Distribution NAV/Unit Ex-Distribution NAV/Unit
	Additional Units Distribution (Gross) Distribution (Net) Distribution Date Cum-Distribution NAV/Unit Ex-Distribution NAV/Unit
	Additional Units Distribution (Gross) Distribution (Net) Distribution Date Cum-Distribution NAV/Unit Ex-Distribution NAV/Unit
	Additional Units Distribution (Gross) Distribution (Net) Distribution Date Cum-Distribution NAV/Unit Ex-Distribution NAV/Unit
(viii) Total Expense Ratio (TER)	
(ix) Portfolio Turnover Ratio (PTR) (times)	
B. Average Total Return, NAV Per Unit-to-NAV Per Unit basis (as at 31/12/2023)*	
(i) One year	
(ii) Three years	
(iii) Five years	

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

The PTR decreased by 0.19 times (29.69%) to 0.45 times for the financial period from 1 July 2023 to 31 December 2023 versus 0.64 times for the financial year ended 30 June 2023 mainly due to lower level of rebalancing activities undertaken by the Fund and increased by 95.65% percentage point higher as compared to 0.23 % for the financial period from 1 July 2022 to 31 December 2022 mainly due to higher level of rebalancing activities undertaken by the Fund.

Financial Period 30/06/2023- 31/12/2023 %	Financial Year 30/06/2022- 30/06/2023 %	Financial Year 30/06/2021- 30/06/2022 %	Financial Year 30/06/2020- 30/06/2021 %
3.56	4.12	5.89	9.16
4.87	3.96	1.15	4.63
1.81	3.60	-	-
18.42	19.20	13.14	15.15
-	1.92	-	-
1.41	2.17	-	1.55
14.96	18.04	22.78	20.67
2.98	-	-	-
-	-	-	2.53
3.01	-	-	-
34.69	17.90	17.86	23.20
8.41	23.20	19.13	18.66
5.88	5.89	20.05	4.45
RM126,736,056	RM76,567,673	RM42,094,291	RM21,622,791
RM0.4980	RM0.5217	RM0.5178	RM0.5858
254,487,922	146,753,379	81,296,038	36,911,740
RM0.5353	RM0.5665	RM0.6383	RM0.6137
RM0.4917	RM0.5008	RM0.5138	RM0.4323
-2.61%	6.42%	-6.98%	43.99%
-4.54%	0.75%	-11.61%	36.36%
1.93%	5.67%	4.63%	7.63%
1.0500 sen/unit	0.0000 sen/unit	3.0000 sen/unit	0.0000 sen/unit
0.0000 sen/unit	2.9000 sen/unit	0.0000 sen/unit	2.8000 sen/unit
1.0500 sen/unit	2.9000 sen/unit	3.0000 sen/unit	2.8000 sen/unit
100%	0%	100%	0%
0%	100%	0%	100%
-	-	-	-
0.7000 sen/unit	0.8000 sen/unit	0.7000 sen/unit	0.7000 sen/unit
0.7000 sen/unit	0.8000 sen/unit	0.7000 sen/unit	0.7000 sen/unit
17/07/2023	21/07/2022	22/07/2021	22/07/2020
RM0.5353	RM0.5212	RM0.5955	RM0.4559
RM0.5283	RM0.5132	RM0.5885	RM0.4489
-	-	-	-
0.3500 sen/unit	0.7000 sen/unit	0.7000 sen/unit	0.7000 sen/unit
0.3500 sen/unit	0.7000 sen/unit	0.7000 sen/unit	0.7000 sen/unit
16/10/2023	17/10/2022	21/10/2021	21/10/2020
RM0.5126	RM0.5132	RM0.6356	RM0.4730
RM0.5091	RM0.5062	RM0.6286	RM0.4660
-	-	-	-
-	0.7000 sen/unit	0.8000 sen/unit	0.7000 sen/unit
-	0.7000 sen/unit	0.8000 sen/unit	0.7000 sen/unit
-	13/01/2023	20/01/2022	20/01/2021
-	RM0.5499	RM0.5793	RM0.5649
-	RM0.5429	RM0.5713	RM0.5579
-	-	-	-
-	0.7000 sen/unit	0.8000 sen/unit	0.7000 sen/unit
-	0.7000 sen/unit	0.8000 sen/unit	0.7000 sen/unit
-	17/04/2023	21/04/2022	21/04/2021
-	RM0.5528	RM0.5675	RM0.6085
-	RM0.5458	RM0.5595	RM0.6015
1.62%	1.66%	1.68%	1.78%
0.45#	0.64	0.79	1.33
-2.87%			
2.90%			
12.92%			

Corporate Information

Manager

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

Registered Office

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

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50490 Kuala Lumpur

Board of Directors

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

Executive Director / Chief Executive Officer

Mr. Hoo See Kheng

External Fund Manager

Hong Leong Islamic Asset Management Sdn Bhd [198501008000 (140445-U)]

Trustee

Deutsche Trustees Malaysia Berhad

Auditor

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146)

Shariah Adviser

BIMB Securities Sdn Bhd

Distributors

Hong Leong Bank Berhad
Hong Leong Islamic Bank Berhad
Affin Bank Berhad
Areca Capital Sdn Bhd
CIMB Investment Bank Berhad
Kenanga Investors Berhad
OCBC Al-Amin Bank Berhad
OCBC Bank (Malaysia) Berhad
Phillip Mutual Berhad
Standard Chartered Bank Malaysia Berhad
TA Investment Management Berhad
United Overseas Bank (Malaysia) Berhad
UOB Kay Hian Securities (M) Sdn Bhd
Registered Independent Tied Agents with FiMM

Corporate Directory

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