

Hong Leong Dividend Fund

Semi-Annual Report

Financial Period Ended 28 February 2023

2022/2023

Unaudited



Hong Leong Dividend Fund

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Manager's Review & Report

I. FUND INFORMATION

Fund Name

Hong Leong Dividend Fund

Fund Category

Equity

Fund Type

Income & Growth

Investment Objective

To provide investors with a steady recurring income* that is potentially higher than prevailing fixed deposit rates. At the same time, the Fund also attempts to attain medium to-long term** capital appreciation.

Duration of the Fund and its termination date, where applicable

Not Applicable

Benchmark

FTSE Bursa Malaysia KLCI+12 Months KLIBOR Rate(70:30 weightage)

Distribution Policy

The Fund intends to provide regular income* and potentially, consistent Long-Term*** capital appreciation. Regular income returns will be declared on a best effort basis depending on interest rates, market conditions and performance of the Fund. As such, the Fund will strive to declare distributions annually, if any, in the form of either cash or additional Units to the Unitholders.

Notes:

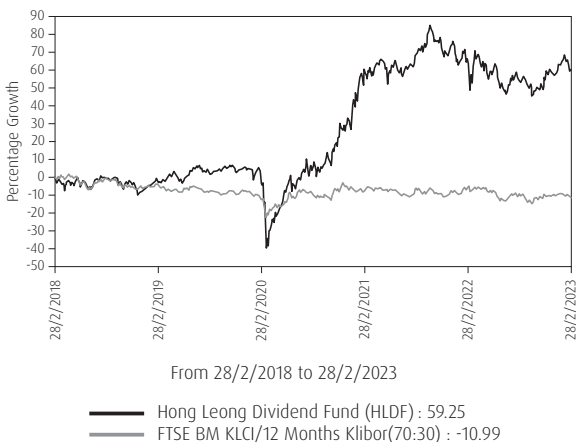
* Income may be distributed in the form of cash and/or units.

** Medium To Long-Term refers to a period of 3 to 5 years.

*** Long-Term refers to a period of above 5 years.

II. FUND PERFORMANCE

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



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 HLDF 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 September 2022 to 28 February 2023.

The Fund posted a return of 2.97% (based on NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from the Fund reinvested) in the past six months while its benchmark the FTSE Bursa Malaysia KLCI+12 Months KLIBOR Index (70:30) registered a return of -2.07%. During the financial period under review, the Fund had distributed gross income distributions of 1.10 sen per unit (net income distribution 1.10 sen per unit) on 17 October 2022 and 1.10 sen per unit (net income distribution of 1.10 sen per unit) on 13 January 2023.

Prior to the income distributions, the cum-distribution net asset values (NAV) per unit of the Fund were RM0.6506 and RM0.7139 while the ex-distribution NAV per unit were RM0.6396 and RM0.7029 respectively. Unitholders should note that income distributions have the effect of reducing the NAV per unit of the Fund after distributions.

For the five financial periods ended 28 February 2023, the Fund registered a return of 59.25% compared to the benchmark's return of -10.99% while distributing a total gross income of 18.35 sen per unit (net income of 18.1863 sen per unit).

Table 1: Performance of the Fund for the following periods as at 28 February 2023 (Source: Lipper For Investment Management)

| | 30/11/22- 28/02/23 | 31/08/22- 28/02/23 | 28/02/22- 28/02/23 | 29/02/20- 28/02/23 | 28/02/18- 28/02/23 | 28/02/13- 28/02/23 | 06/01/05- 28/02/23 Since Inception |
|---------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---|
| | 3 Months | 6 Months | 1 Year | 3 Years | 5 Years | 10 Years | |
| HLDF (%) | 2.72 | 2.97 | -3.92 | 65.25 | 59.25 | 159.95 | 358.89 |
| Benchmark (%) | -1.35 | -2.07 | -5.76 | 1.61 | -10.99 | 2.95 | 70.89 |

Table 2: Return of the Fund based on NAV Per Unit-to-NAV Per Unit basis for the period 31 August 2022 to 28 February 2023 (Source: Lipper For Investment Management)

| | 28-Feb-23 | 31-Aug-22 | Return (%) |
|-------------------------|-----------|-----------|---------------|
| NAV Per Unit | RM0.6862 | RM0.6885 | 2.97# |
| Benchmark | 1,863.45 | 1,902.92 | -2.07 |
| vs Benchmark (%) | - | - | 5.04 |

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

Table 3: Financial Highlights

The Net Asset Value attributable to Unitholders is represented by:

| | 28-Feb-23 (RM) | 31-Aug-22 (RM) | Change (%) |
|-----------------------------|---------------------------|-------------------|---------------|
| Unitholders' Capital | 222,853,779 | 169,159,447 | 31.74 |
| Retained Earnings | 37,050,150 | 37,659,221 | (1.62) |
| Net Asset Value | 259,903,929 | 206,818,668 | 25.67 |
| Units in Circulation | 378,782,360 | 300,397,696 | 26.09 |

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 31/08/22– 28/02/23 | Financial Year 31/08/21– 31/08/22 | Financial Year 31/08/20– 31/08/21 | Financial Year 31/08/19– 31/08/20 |
|---------------------------|--|--|--|--|
| Highest NAV Per Unit (RM) | 0.7257 | 0.8694 | 0.7970 | 0.5557 |
| Lowest NAV Per Unit (RM) | 0.6483 | 0.6612 | 0.4974 | 0.3084 |
| Capital Growth (%) | -0.33 | -13.61 | 52.45 | -3.44 |
| Income Distribution (%) | 3.30 | 4.89 | 7.84 | 6.88 |
| Total Return (%) | 2.97 | -8.72 | 60.29 | 3.44 |

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 HLDI reinvested.

Table 5: Average Total Return of the Fund

| | 28/02/22– 28/02/23 1 Year | 28/02/20– 28/02/23 3 Years | 28/02/18– 28/02/23 5 Years |
|--------------------------|--|---|---|
| Average Total Return (%) | -3.92 | 21.75 | 11.85 |

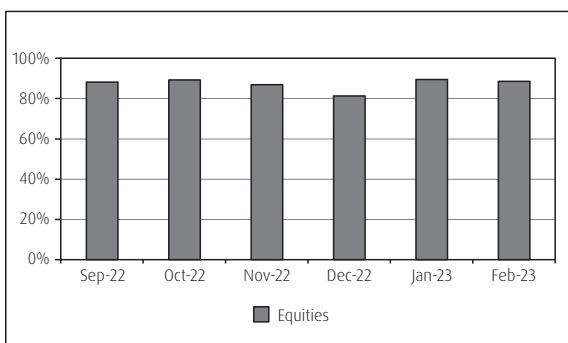
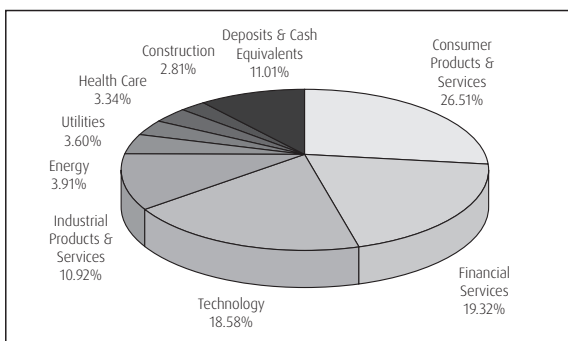
Source: Lipper For Investment Management, In Malaysian Ringgit terms, ex-distribution, NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from HLDI reinvested.

Table 6: Annual Total Return of the Fund

| Financial Year | 31/08/21- 31/08/22 | 31/08/20- 31/08/21 | 31/08/19- 31/08/20 | 31/08/18- 31/08/19 | 31/08/17- 31/08/18 |
|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Annual Total Return (%) | -8.72 | 60.29 | 3.44 | 2.89 | 4.36 |

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 HLDF reinvested.

III. INVESTMENT PORTFOLIO

Chart 2: Asset Allocation – September 2022 to February 2023**Chart 3: Sector Allocation as at 28 February 2023**

Strategies employed by the Fund during the period under review

During the financial period under review, the Fund performance was affected by several macroeconomic and geopolitical shocks. The high inflation, accelerated global monetary tightening, Ukraine crisis, China lockdowns and the Euro gas crisis are just some of the events that the equity market had to deal with.

The sector that was the main drag to the Fund's performance was the export sector. The Fund will maintain its focus on stocks with sound fundamentals as these are expected to outperform should market sentiment improve.

An explanation on the differences in portfolio composition

During the financial period under review, there was an increase in allocation to energy, utility, healthcare and construction due to brighter outlook as these sectors are benefiting from economic reopening.

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 Unitholders up to the date of this Manager's report.

IV. MARKET REVIEW

During the period in review, the MSCI AC Asia Pacific ex Japan Index declined. The best performing markets were Australia and Taiwan while the laggards were Indonesia and Malaysia. In the local market, the FTSE Bursa Malaysia KLCI declined 3.8%. Small caps outperformed as the FTSE Bursa Malaysia Small Cap Index rose 7.3%

After a brief respite in July, equity markets resumed its march to the abyss for the rest of the third quarter of 2022. It appears investors only had themselves to blame as the equity markets appeared to have gotten ahead of itself on hopes that the end of the monetary tightening cycle is just around the corner, only for Jerome Powell's hawkish statements and stubborn United States (US) inflation data to put to rest any lingering wishful thinking of a 'Federal Reserve Pivot'.

The equity markets recovered some lost ground in October as corporate earnings remained resilient in the face of tighter monetary policy and weakening economic data. The rally gathered more momentum following the release of US inflation data that suggests that inflation might have finally turned the corner. Meanwhile, China's decision to ease COVID-19 restrictions by end of the year also boosted investors' sentiment on expectations that the economy will finally see a sustainable recovery as the country reopens.

The local market declined in the third quarter along with the sell-off in global equity markets, albeit to a much lesser degree due to its inherent defensive nature. Foreign investors, who were net buyers of the local market in July and August, started selling in September as risk-off sentiment accelerated in expectations of a gloomy global economic outlook.

The domestic market reversed its declining trend and rallied in the final quarter of 2022, in tandem with the global equity market as the sentiment was boosted by the formation of the Unity government.

V. FUTURE PROSPECTS AND PROPOSED STRATEGIES

The global economy has clearly weakened substantially in the midst of central banks' fight against raging global inflation. A multitude of global macro shocks such as the Ukraine crisis, China lockdown and elevated inflation prove to be more than just a handful of economic inconveniences that the global economy had to deal with, ultimately leading to the inevitable slowdown. Nevertheless there are encouraging signs that inflation has started to moderate. China's effort to reopen the economy is also expected to alleviate some downward pressure on the global economy.

On the local front, the formation of a Unity government is a positive step towards alleviating some of the political uncertainty plaguing the country in the past few years. Notwithstanding the deteriorating external economic environment, the local economy is expected to remain resilient due to its diversified structure.

We expect market volatility to persist due the uncertain outcomes of the various macro events happening around the world at the moment. Rather than trying to do the impossible and pre-empt the future, we opine that the best strategy to navigate through this challenging environment is staying invested in high quality companies with solid fundamentals.

VI. SOFT COMMISSIONS

The Manager has received soft commissions from brokers/dealers in the form of goods and services such as research materials, data and quotation services incidental to investment management of the Fund and investment related publications. Such soft commissions received are utilised in the investment management of the Fund and are of demonstrable benefit to the Fund and Unitholders 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 12 to 39 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 28 February 2023 and of its financial performance, changes in equity and cash flows for the financial period ended 28 February 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
17 April 2023

TRUSTEE'S REPORT

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

We have acted as Trustee of the Fund for the financial period ended 28 February 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

Soon Lai Ching

Senior Manager, Trustee Operations

Jiva Munusamy

Head, Client Management

Kuala Lumpur

17 April 2023

CONDENSED STATEMENT OF COMPREHENSIVE INCOME *(Unaudited)*

FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2023

| | Note | 2023 RM | 2022 RM |
|--|------|--------------------|--------------------|
| INVESTMENT INCOME/(LOSS) | | | |
| Interest income from financial assets measured at amortised cost | | 363,089 | 104,659 |
| Dividend income | | 2,459,718 | 2,357,654 |
| Net gain/(loss) on financial assets at fair value through profit or loss ("FVTPL") | 8 | 6,885,047 | (5,540,863) |
| | | <u>9,707,854</u> | <u>(3,078,550)</u> |
| EXPENDITURE | | | |
| Management fee | 4 | (2,291,139) | (1,637,636) |
| Trustee's fee | 5 | (80,190) | (57,317) |
| Auditors' remuneration | | (3,720) | (3,719) |
| Tax agent's fee | | (1,676) | (1,639) |
| Transaction costs | | (494,212) | (401,152) |
| Other expenses | | (28,110) | (33,132) |
| | | <u>(2,899,047)</u> | <u>(2,134,595)</u> |
| PROFIT/(LOSS) BEFORE TAXATION | | 6,808,807 | (5,213,145) |
| Taxation | 6 | - | - |
| PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD | | <u>6,808,807</u> | <u>(5,213,145)</u> |
| Profit/(loss) after taxation is made up as follows: | | | |
| Realised amount | | (10,684,897) | 9,849,222 |
| Unrealised amount | | 17,493,704 | (15,062,367) |
| | | <u>6,808,807</u> | <u>(5,213,145)</u> |
| Distributions for the financial period: | | | |
| Net distributions | 7 | 7,417,878 | 4,086,164 |
| Net distributions per unit (sen) | 7 | <u>2.2000</u> | <u>1.9500</u> |
| Gross distributions per unit (sen) | 7 | <u>2.2000</u> | <u>1.9500</u> |

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 28 FEBRUARY 2023

| | Note | 28.02.2023 RM | 31.08.2022 RM |
|---|------|--------------------|--------------------|
| ASSETS | | | |
| Cash and cash equivalents | | 27,521,972 | 29,387,243 |
| Amount due from brokers/dealers | | 1,213,496 | - |
| Amount due from the Manager | | | |
| -creation of units | | 985,750 | 2,217,881 |
| Dividends receivable | | - | 77,250 |
| Financial assets at fair value through profit or loss ("FVTPL") | 8 | 231,275,785 | 175,511,887 |
| TOTAL ASSETS | | <u>260,997,003</u> | <u>207,194,261</u> |
| LIABILITIES | | | |
| Amount due to brokers/dealers | | 664,201 | - |
| Amount due to the Manager | | | |
| -management fee | | 406,832 | 349,770 |
| Amount due to the Trustee | | 14,239 | 12,242 |
| Distribution payable | | - | 119 |
| Other payables and accruals | | 7,802 | 13,462 |
| TOTAL LIABILITIES | | <u>1,093,074</u> | <u>375,593</u> |
| NET ASSET VALUE OF THE FUND | | <u>259,903,929</u> | <u>206,818,668</u> |
| EQUITY | | | |
| Unit holders' capital | | 222,853,779 | 169,159,447 |
| Retained earnings | | 37,050,150 | 37,659,221 |
| NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS | | <u>259,903,929</u> | <u>206,818,668</u> |
| UNITS IN CIRCULATION (UNITS) | 9 | <u>378,782,360</u> | <u>300,397,696</u> |
| NET ASSET VALUE PER UNIT (RM) | | <u>0.6862</u> | <u>0.6885</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 28 FEBRUARY 2023

| | Note | Unit holders' capital RM | Retained earnings RM | Total RM |
|---|------|-----------------------------|-------------------------|--------------------|
| Balance as at 1 September 2022 | | 169,159,447 | 37,659,221 | 206,818,668 |
| Movement in net asset value: | | | | |
| Creation of units from applications | | 50,803,675 | - | 50,803,675 |
| Creation of units from distributions | | 4,246,738 | - | 4,246,738 |
| Cancellation of units | | (1,356,081) | - | (1,356,081) |
| Total comprehensive income for the financial period | | - | 6,808,807 | 6,808,807 |
| Distributions for the financial period | 7 | - | (7,417,878) | (7,417,878) |
| Balance as at 28 February 2023 | | <u>222,853,779</u> | <u>37,050,150</u> | <u>259,903,929</u> |
| Balance as at 1 September 2021 | | 74,945,018 | 65,301,059 | 140,246,077 |
| Movement in net asset value: | | | | - |
| Creation of units from applications | | 59,973,654 | - | 59,973,654 |
| Creation of units from distributions | | 3,399,010 | - | 3,399,010 |
| Cancellation of units | | (8,573,689) | - | (8,573,689) |
| Total comprehensive loss for the financial period | | - | (5,213,145) | (5,213,145) |
| Distributions for the financial period | 7 | - | (4,086,164) | (4,086,164) |
| Balance as at 28 February 2022 | | <u>129,743,993</u> | <u>56,001,750</u> | <u>185,745,743</u> |

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

CONDENSED STATEMENT OF CASH FLOWS

(Unaudited)

FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2023

| | 2023 RM | 2022 RM |
|---|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Proceeds from sales of financial assets at FVTPL | 38,891,368 | 34,142,150 |
| Purchase of financial assets at FVTPL | (88,645,710) | (75,506,328) |
| Interest income received from financial assets measured at amortised cost | 363,089 | 104,659 |
| Dividend income received | 2,368,952 | 2,006,099 |
| Management fee paid | (2,234,077) | (1,588,137) |
| Trustee's fee paid | (78,193) | (55,585) |
| Payment for other fees and expenses | (39,166) | (44,190) |
| Net cash used in operating activities | <u>(49,373,737)</u> | <u>(40,941,332)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from creation of units | 52,035,806 | 59,420,611 |
| Payments for cancellation of units | (1,356,081) | (9,055,064) |
| Payments for distributions | (3,171,259) | (687,154) |
| Net cash generated from financing activities | <u>47,508,466</u> | <u>49,678,393</u> |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (1,865,271) | 8,737,061 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD | <u>29,387,243</u> | <u>5,368,781</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD | <u><u>27,521,972</u></u> | <u><u>14,105,842</u></u> |

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(Unaudited)*

FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2023

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Hong Leong Dividend Fund ("the Fund") was constituted pursuant to the execution of a Deed dated 22 December 2004 and Supplemental Deeds dated 11 December 2007 and 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 aims to provide investors with a steady recurring income that is potentially higher than prevailing fixed deposit rates. At the same time, the Fund also attempts to attain Medium-To-Long Term capital appreciation.

The Fund will invest in stocks which have good dividend payout policies and reasonable Medium-To-Long Term capital appreciation opportunities. Stocks with good dividend payout policies are those that have been consistently paying high dividends (i.e. dividend yields at and/or above market average) over the last three to five years, and are able to sustain the dividend payments at least over the next one year. The Fund will invest primarily in equity securities that will generate good income yields, i.e. having paid dividends three out of the last five years, historical track record of awarding good dividends, or potential to provide high dividends within the next 12 months. At the same time, the Fund also invests in fixed income securities with good credit qualities and yield enhancement opportunities. Fixed income securities with good credit qualities generally are investment-grade securities that have relatively low risk of a default. The Fund commenced operations on 6 January 2005 and will continue its operations until terminated as provided under Part 12 of the Deed.

The Manager of the Fund is Hong Leong Asset Management Bhd, a company incorporated in Malaysia. The principal activity of the Manager is the management of unit trust funds 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 17 April 2023.

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 31 August 2022 which have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

(b) Financial assets and financial liabilities

Classification

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

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

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flows characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents, 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, amount due to the Manager, amount due to the Trustee, distribution payable and other payables and accruals as financial liabilities measured at amortised cost.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value. Transaction costs are expensed in the statement of comprehensive income.

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

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

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

Unrealised gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss 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 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.

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

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

Impairment

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

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

(c) 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 and auto-sweep facility bank account are recognised on the effective interest rate method on an accrual basis.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

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

(e) Cash and cash equivalents

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

(f) Amount due from/to brokers/dealers

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

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

has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(g) Taxation

Current tax expense is determined according to Malaysian tax laws at the prevailing tax rate based on the taxable profit earned during the financial period. Withholding taxes are not "income tax" in nature and are recognised and measured based on the requirements of MFRS 137. They are presented within other expenses line in the statement of comprehensive income.

(h) Distributions

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

(i) Transaction costs

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

(j) Unit holders' capital

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

- the units entitle the unit holder to a proportionate share of the Fund's net asset value;

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

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

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

(k) 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 cost RM | Total RM |
|------------------------------------|---------------------------------------|--|--------------------|
| 28.02.2023 | | | |
| <u>Financial assets</u> | | | |
| Cash and cash equivalents | - | 27,521,972 | 27,521,972 |
| Amount due from brokers/dealers | - | 1,213,496 | 1,213,496 |
| Amount due from the Manager | | | |
| -creation of units | - | 985,750 | 985,750 |
| Financial assets at FVTPL (Note 8) | 231,275,785 | - | 231,275,785 |
| | <u>231,275,785</u> | <u>29,721,218</u> | <u>260,997,003</u> |
| <u>Financial liabilities</u> | | | |
| Amount due to brokers/dealers | - | 664,201 | 664,201 |
| Amount due from the Manager | | | |
| -management fee | - | 406,832 | 406,832 |
| Amount due to the Trustee | - | 14,239 | 14,239 |
| Other payables and accruals | - | 7,802 | 7,802 |
| | - | <u>1,093,074</u> | <u>1,093,074</u> |
| 31.08.2022 | | | |
| <u>Financial assets</u> | | | |
| Cash and cash equivalents | - | 29,387,243 | 29,387,243 |
| Amount due from the Manager | | | |
| -creation of units | - | 2,217,881 | 2,217,881 |
| Dividends receivable | - | 77,250 | 77,250 |
| Financial assets at FVTPL (Note 8) | 175,511,887 | - | 175,511,887 |
| | <u>175,511,887</u> | <u>31,682,374</u> | <u>207,194,261</u> |
| <u>Financial liabilities</u> | | | |
| Amount due to the Manager | | | |
| -management fee | - | 349,770 | 349,770 |
| Amount due to the Trustee | - | 12,242 | 12,242 |
| Distribution payable | - | 119 | 119 |
| Other payables and accruals | - | 13,462 | 13,462 |
| | - | <u>375,593</u> | <u>375,593</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 Funds' 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 securities) are based on quoted market prices at the close of trading on the reporting date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

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

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

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

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

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

(i) Fair value hierarchy

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

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

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

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

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

| | Level 1 RM | Level 2 RM | Level 3 RM | Total RM |
|-----------------------------------|---------------|---------------|---------------|-------------|
| 28.02.2023 | | | | |
| <u>Financial assets at FVTPL:</u> | | | | |
| - Quoted equity securities | 231,275,785 | - | - | 231,275,785 |
| 31.08.2022 | | | | |
| <u>Financial assets at FVTPL:</u> | | | | |
| - Quoted equity securities | 175,511,887 | - | - | 175,511,887 |

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 asset 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. MANAGEMENT FEE

In accordance with Division 13.1 of the Deed, the Manager is entitled to a management fee of up to 2.50% per annum calculated daily based on the net asset value of the Fund.

For the financial period ended 28 February 2023, the management fee is recognised at a rate of 2.00% (2022: 2.00%) per annum.

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

5. TRUSTEE'S FEE

In accordance with Division 13.2 of the Deed, the Trustee is entitled to a fee not exceeding 1.00% 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 28 February 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.

6. TAXATION

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

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

| | 2023 RM | 2022 RM |
|--|-------------|-------------|
| Profit/(loss) before taxation | 6,808,807 | (5,213,145) |
| Taxation at Malaysian statutory rate of 24% (2022: 24%) | 1,634,114 | (1,251,155) |
| Tax effects of: | | |
| (Investment income not subject to tax)/ investment loss disallowed from tax | (2,329,885) | 738,852 |
| Expenses not deductible for tax purposes | 138,523 | 113,260 |
| Restriction on tax deductible expenses for unit trust fund | 557,248 | 399,043 |
| Taxation | - | - |

7. DISTRIBUTIONS

Distributions to unit holders are from the following sources:

| | 2023 RM | 2022 RM |
|---|------------------|------------------|
| Prior financial years' realised income | 6,672,674 | 3,297,512 |
| Interest income from financial assets measured at amortised cost | 270,755 | 55,764 |
| Dividend income | 2,459,718 | 2,082,154 |
| Less: Expenses | (1,985,269) | (1,349,266) |
| Net distributions amount | <u>7,417,878</u> | <u>4,086,164</u> |
| Net distributions per unit (sen) | <u>2.2000</u> | <u>1.9500</u> |
| Gross distributions per unit (sen) | <u>2.2000</u> | <u>1.9500</u> |

Date of Declaration

Distribution on 17/21 October

| | | |
|-----------------------------------|---------------|---------------|
| Net distribution per unit (sen) | 1.1000 | 0.8500 |
| Gross distribution per unit (sen) | <u>1.1000</u> | <u>0.8500</u> |

Distribution on 13/20 January

| | | |
|-----------------------------------|---------------|---------------|
| Net distribution per unit (sen) | 1.1000 | 1.1000 |
| Gross distribution per unit (sen) | <u>1.1000</u> | <u>1.1000</u> |

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.

The above distributions have been proposed before taking into account the unrealised gain of RM17,493,703 (2022: unrealised loss of RM15,062,367) which is carried forward to the next financial period.

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

| | 28.02.2023 RM | 31.08.2022 RM |
|---|------------------|------------------|
| Financial assets at FVTPL: | | |
| Quoted equity securities | 231,275,785 | 175,511,887 |
| | | |
| | 2023 RM | 2022 RM |
| Net gain/(loss) on financial assets at FVTPL: | | |
| Realised (loss)/gain on disposals | (10,608,657) | 9,521,504 |
| Changes in unrealised fair values | 17,493,704 | (15,062,367) |
| | 6,885,047 | (5,540,863) |

Financial assets at FVTPL as at 28 February 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>Construction</u> | | | | |
| Ekovest Berhad | 20,000,000 | 8,207,300 | 7,300,000 | 2.81 |
| <u>Consumer Products & Services</u> | | | | |
| Berjaya Food Berhad | 10,300,000 | 8,989,697 | 10,300,000 | 3.96 |
| Bermaz Auto Berhad | 2,500,000 | 4,347,714 | 5,375,000 | 2.07 |
| Carlsberg Brewery Malaysia Berhad | 500,000 | 11,431,057 | 11,480,000 | 4.42 |
| Focus Point Holdings Berhad* | 6,800,000 | 2,610,050 | 9,248,000 | 3.56 |
| Genting Bhd. | 2,000,000 | 8,883,440 | 9,320,000 | 3.59 |
| Genting Malaysia Berhad | 3,800,000 | 10,931,995 | 10,260,000 | 3.95 |
| Heineken Malaysia Berhad | 450,000 | 11,300,389 | 12,879,000 | 4.96 |
| | 26,350,000 | 58,494,342 | 68,862,000 | 26.51 |
| <u>Energy</u> | | | | |
| Bumi Armada Berhad | 17,500,000 | 7,106,560 | 10,150,000 | 3.91 |
| <u>Financial Services</u> | | | | |
| AEON Credit Service (M) Berhad | 570,000 | 7,684,766 | 6,840,000 | 2.63 |
| Alliance Bank Malaysia Berhad | 3,200,000 | 11,716,042 | 11,136,000 | 4.28 |
| AMMB Holdings Berhad | 3,100,000 | 10,656,389 | 12,431,000 | 4.78 |
| Hong Leong Financial Group Bhd. | 460,000 | 8,939,971 | 8,381,200 | 3.22 |
| RHB Bank Berhad | 2,018,649 | 11,139,496 | 11,465,926 | 4.41 |
| | 9,348,649 | 50,136,664 | 50,254,126 | 19.32 |
| <u>Health Care</u> | | | | |
| IHH Healthcare Berhad | 1,500,000 | 8,945,453 | 8,685,000 | 3.34 |

| | Quantity Units | Aggregate cost RM | Fair value RM | Percentage of net asset value % |
|--|--------------------|-------------------------|---------------------|--|
| <u>Industrial Products & Services</u> | | | | |
| Cahaya Mata Sarawak Berhad | 4,400,000 | 5,897,605 | 5,192,000 | 2.00 |
| Kelington Group Berhad | 5,800,000 | 8,163,730 | 8,758,000 | 3.37 |
| Samchem Holdings Berhad | 6,400,000 | 6,161,130 | 3,712,000 | 1.43 |
| Sam Engineering & Equipment (M) Berhad | 2,000,000 | 9,000,000 | 9,360,000 | 3.60 |
| Thong Guan Industries Berhad | 588,600 | 1,378,813 | 1,353,780 | 0.52 |
| | <u>19,188,600</u> | <u>30,601,278</u> | <u>28,375,780</u> | <u>10.92</u> |
| <u>Technology</u> | | | | |
| D & O Green Technologies Berhad | 2,000,000 | 1,714,904 | 9,040,000 | 3.48 |
| Inari Amertron Berhad | 3,300,000 | 9,947,561 | 8,085,000 | 3.11 |
| JHM Consolidation Bhd | 800,000 | 1,036,548 | 604,000 | 0.23 |
| Malaysian Pacific Industries Bhd | 300,000 | 9,411,839 | 8,982,000 | 3.46 |
| MY E.G. Services Berhad | 7,608,041 | 6,510,443 | 5,477,790 | 2.11 |
| Pentamaster Corporation Berhad | 2,100,000 | 8,549,157 | 10,626,000 | 4.09 |
| UWC Berhad | 1,350,000 | 5,319,000 | 5,413,500 | 2.08 |
| | <u>17,458,041</u> | <u>42,489,452</u> | <u>48,228,290</u> | <u>18.56</u> |
| <u>Utilities</u> | | | | |
| Tenaga Nasional Bhd. | 1,000,000 | 9,441,985 | 9,370,000 | 3.60 |
| <u>ACE Market</u> | | | | |
| <u>Technology</u> | | | | |
| Agmo Holdings Berhad | 70,754 | 49,882 | 50,589 | 0.02 |
| TOTAL QUOTED EQUITY SECURITIES | 112,416,044 | 215,472,916 | 231,275,785 | 88.99 |
| UNREALISED GAIN ON FINANCIAL ASSETS AT FVTPL | | 15,802,869 | | |
| TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL | | 231,275,785 | | |

Financial assets at FVTPL as at 31 August 2022 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> | | | | |
| Berjaya Food Berhad | 1,300,000 | 5,509,637 | 5,408,000 | 2.62 |
| Bermaz Auto Berhad | 2,500,000 | 4,347,714 | 4,550,000 | 2.20 |
| British American Tobacco (Malaysia) Berhad | 550,000 | 8,000,526 | 5,665,000 | 2.74 |
| Carlsberg Brewery Malaysia Berhad | 300,000 | 6,688,850 | 6,948,000 | 3.36 |
| Genting Bhd. | 2,000,000 | 8,883,440 | 9,400,000 | 4.55 |
| Genting Malaysia Berhad | 3,500,000 | 10,085,575 | 10,465,000 | 5.06 |
| Heineken Malaysia Berhad | 285,000 | 6,813,847 | 6,720,300 | 3.25 |
| | <u>10,435,000</u> | <u>50,329,589</u> | <u>49,156,300</u> | <u>23.78</u> |
| <u>Financial Services</u> | | | | |
| Aeon Credit Services (M) Berhad | 520,000 | 7,050,408 | 7,332,000 | 3.55 |
| Alliance Bank Malaysia Berhad | 3,000,000 | 10,972,432 | 10,590,000 | 5.12 |
| AMMB Holdings Berhad | 2,600,000 | 8,613,049 | 10,868,000 | 5.25 |
| Hong Leong Financial Group Bhd. | 410,000 | 8,014,269 | 7,962,200 | 3.85 |
| Malaysia Building Society Berhad | 10,003,571 | 6,691,380 | 5,802,071 | 2.81 |
| RHB Bank Berhad | 1,715,386 | 9,422,285 | 9,846,316 | 4.76 |
| | <u>18,248,957</u> | <u>50,763,823</u> | <u>52,400,587</u> | <u>25.34</u> |
| <u>Industrial Products & Services</u> | | | | |
| Cahaya Mata Sarawak Bhd | 4,400,000 | 5,897,605 | 4,158,000 | 2.01 |
| Kobay Technology Bhd | 2,400,000 | 10,870,609 | 6,648,000 | 3.21 |
| Samchem Holdings Berhad | 6,400,000 | 6,161,130 | 4,992,000 | 2.41 |
| | <u>13,200,000</u> | <u>22,929,344</u> | <u>15,798,000</u> | <u>7.63</u> |
| <u>Technology</u> | | | | |
| D & O Green Technologies Berhad | 2,500,000 | 2,143,631 | 9,775,000 | 4.73 |
| Inari Amertron Berhad | 3,300,000 | 9,947,561 | 8,943,000 | 4.32 |
| JHM Consolidation Berhad | 3,350,000 | 4,340,545 | 3,953,000 | 1.91 |
| Malaysian Pacific Industries Bhd | 250,000 | 7,803,902 | 7,690,000 | 3.72 |
| MY E.G. Services Berhad | 7,500,000 | 6,483,075 | 6,000,000 | 2.90 |
| Pentamaster Corporation Berhad | 2,100,000 | 8,549,157 | 8,484,000 | 4.10 |
| Unisem (M) Berhad | 3,000,000 | 11,302,045 | 8,280,000 | 4.00 |
| | <u>22,000,000</u> | <u>50,569,916</u> | <u>53,125,000</u> | <u>25.68</u> |
| <u>ACE Market</u> | | | | |
| <u>Consumer Products & Services</u> | | | | |
| Focus Point Holdings Berhad | 6,800,000 | 2,610,050 | 5,032,000 | 2.43 |
| TOTAL QUOTED EQUITY SECURITIES | <u>70,683,957</u> | <u>177,202,722</u> | <u>175,511,887</u> | <u>84.86</u> |
| UNREALISED LOSS ON FINANCIAL ASSETS AT FVTPL | | | | |
| | | <u>(1,690,835)</u> | | |
| TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL | | | | |
| | | <u>175,511,887</u> | | |

* Focus Point Holdings Berhad had transfer of listing from ACE market to main market of Bursa Malaysia Securities Berhad on 5 January 2023.

9. UNITS IN CIRCULATION

| | 01.09.2022 to 28.02.2023 No. of units | 01.09.2021 to 31.08.2022 No. of units |
|--|---|---|
| At the beginning of the financial period/year | 300,397,696 | 175,987,324 |
| Add: Creation of units during the financial period/year | | |
| - Arising from applications | 74,091,941 | 135,429,133 |
| - Arising from distributions | 6,281,554 | 10,255,666 |
| Less: Cancellation of units during the financial period/year | (1,988,831) | (21,274,427) |
| At the end of the financial period/year | <u>378,782,360</u> | <u>300,397,696</u> |

10. TOTAL EXPENSE RATIO ("TER")

| | 2023 % | 2022 % |
|------------------|-------------|-------------|
| TER (annualised) | <u>2.10</u> | <u>2.10</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 excluding Sales and Service 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 period calculated on a daily basis is RM231,297,215 (2022: RM165,414,110).

11. PORTFOLIO TURNOVER RATIO ("PTR")

| | 2023 Times | 2022 Times |
|-----|---------------|---------------|
| PTR | 0.30 | 0.31 |

PTR is derived from the following calculation:

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

Where; total acquisitions for the financial period
= RM88,973,362 (2022: RM77,078,619)
total disposals for the financial period
= RM50,871,183 (2022: RM26,139,614)

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

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

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

No units were held by the Manager and parties related to the Manager as at 28 February 2023 and 31 August 2022.

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.

| | 28.02.2023 | 31.08.2022 |
|--|-------------------|-------------------|
| | RM | RM |
| <u>Related party balances</u> | | |
| Cash at bank: | | |
| - Hong Leong Bank Berhad | 27,511,972 | 29,149,385 |
| | | |
| | 2023 | 2022 |
| | RM | RM |
| <u>Related party transactions</u> | | |
| Dividend income from quoted equity security: | | |
| - Hong Leong Financial Group Berhad | 133,300 | - |
| | | |
| Interest income from auto-sweep facility bank account: | | |
| - Hong Leong Bank Berhad | 360,773 | 102,626 |
| | | |
| Purchase of quoted equity securities: | | |
| - Hong Leong Investment Bank Berhad | 33,305,750 | 43,114,677 |
| | | |
| Disposal of quoted equity securities: | | |
| - Hong Leong Investment Bank Berhad | 20,365,308 | 18,520,337 |
| | | |

13. 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* | 53,671,058 | 41.47 | 121,263 | 35.58 |
| Maybank Investment Bank Berhad | 10,818,947 | 8.36 | 58,062 | 17.04 |
| Kenanga Investment Bank Berhad | 10,011,987 | 7.74 | 24,948 | 7.32 |
| Nomura Securities Malaysia Sdn. Bhd. | 9,871,231 | 7.63 | 24,586 | 7.21 |
| JPMorgan Securities (Malaysia) Sdn. Bhd. | 8,118,160 | 6.27 | 20,272 | 5.95 |
| CLSA Securities Malaysia Sdn. Bhd. | 7,954,251 | 6.15 | 19,942 | 5.85 |
| Public Investment Bank Berhad | 7,778,406 | 6.01 | 19,395 | 5.69 |
| Affin Hwang Investment Bank Berhad | 5,605,014 | 4.33 | 14,007 | 4.11 |
| RHB Investment Bank Berhad | 4,937,090 | 3.81 | 12,307 | 3.61 |
| Credit Suisse Securities (Malaysia) Sdn. Bhd. | 4,297,479 | 3.32 | 10,765 | 3.16 |
| Others | 6,351,152 | 4.91 | 15,230 | 4.48 |
| | <u>129,414,775</u> | <u>100.00</u> | <u>340,777</u> | <u>100.00</u> |
| 2022 | | | | |
| Hong Leong Investment Bank Berhad* | 61,635,014 | 54.73 | 153,867 | 52.26 |
| Credit Suisse Securities (Malaysia) Sdn. Bhd. | 11,199,805 | 9.94 | 27,984 | 9.50 |
| CLSA Securities Malaysia Sdn. Bhd. | 10,964,632 | 9.74 | 27,384 | 9.30 |
| RHB Investment Bank Berhad | 8,711,326 | 7.74 | 35,382 | 12.02 |
| JPMorgan Securities (Malaysia) Sdn. Bhd. | 5,751,114 | 5.11 | 14,347 | 4.87 |
| Affin Hwang Investment Bank Berhad | 4,508,300 | 4.00 | 10,999 | 3.74 |
| Public Investment Bank Berhad | 3,965,417 | 3.52 | 9,927 | 3.37 |
| Macquarie Capital Securities (Malaysia) Sdn Bhd | 2,397,656 | 2.13 | 5,977 | 2.03 |
| Nomura Securities Malaysia Sdn. Bhd. | 1,953,366 | 1.73 | 4,872 | 1.65 |
| UOB Kay Hian Securities (M) Sdn. Bhd. | 574,076 | 0.51 | 1,430 | 0.49 |
| Others | 956,070 | 0.85 | 2,276 | 0.77 |
| | <u>112,616,776</u> | <u>100.00</u> | <u>294,445</u> | <u>100.00</u> |

* Transactions with brokers/dealers related to the Manager.

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

Performance Data

A (i) Portfolio Compositions:

Construction
Consumer Products & Services
Financial Services
Industrial Products & Services
Property
Technology
Energy
Transportation & Logistics
Plantation
Health Care
Utilities

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
Distributions (Gross)
Distributions (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

| Financial Period 31/08/22– 28/02/23 % | Financial Year 31/08/21– 31/08/22 % | Financial Year 31/08/20– 31/08/21 % | Financial Year 31/08/19– 31/08/20 % |
|--|--|--|--|
| 2.81 | – | – | 2.79 |
| 26.51 | 26.21 | 22.22 | 11.70 |
| 19.32 | 25.34 | 14.67 | 8.17 |
| 10.92 | 7.63 | 29.02 | 38.46 |
| – | – | – | 1.59 |
| 18.58 | 25.68 | 21.73 | 12.06 |
| 3.91 | – | 6.48 | 5.19 |
| – | – | 2.58 | – |
| – | – | – | 2.02 |
| 3.34 | – | – | 1.98 |
| 3.60 | – | – | – |
| 11.01 | 15.14 | 3.30 | 16.04 |
| RM259,903,929 | RM206,818,668 | RM140,246,077 | RM119,580,195 |
| RM0.6862 | RM0.6885 | RM0.7970 | RM0.5228 |
| 378,782,360 | 300,397,696 | 175,987,324 | 228,757,134 |
| RM0.7257 | RM0.8694 | RM0.7970 | RM0.5557 |
| RM0.6483 | RM0.6612 | RM0.4974 | RM0.3084 |
| 2.97% | -8.72% | 60.29% | 3.44% |
| -0.33% | -13.61% | 52.45% | -3.44% |
| 3.30% | 4.89% | 7.84% | 6.88% |
| 0.2300 sen/unit | 4.1500 sen/unit | 0.0000 sen/unit | 1.8600 sen/unit |
| 1.9700 sen/unit | 0.0000 sen/unit | 3.4000 sen/unit | 1.5400 sen/unit |
| 2.2000 sen/unit | 4.1500 sen/unit | 3.4000 sen/unit | 3.4000 sen/unit |
| 10% | 100% | 0% | 55% |
| 90% | 0% | 100% | 45% |
| – | – | – | – |
| 1.1000 sen/unit | 0.8500 sen/unit | 0.8500 sen/unit | 0.8500 sen/unit |
| 1.1000 sen/unit | 0.8500 sen/unit | 0.8439 sen/unit | 0.8422 sen/unit |
| 17/10/2022 | 21/10/2021 | 21/10/2020 | 15/10/2019 |
| RM0.6506 | RM0.8609 | RM0.5480 | RM0.5554 |
| RM0.6396 | RM0.8524 | RM0.5396 | RM0.5469 |
| – | – | – | – |
| 1.1000 sen/unit | 1.1000 sen/unit | 0.8500 sen/unit | 0.8500 sen/unit |
| 1.1000 sen/unit | 1.1000 sen/unit | 0.8420 sen/unit | 0.8444 sen/unit |
| 13/01/2023 | 20/01/2022 | 19/01/2021 | 22/01/2020 |
| RM0.7139 | RM0.7754 | RM0.6852 | RM0.5436 |
| RM0.7029 | RM0.7644 | RM0.6768 | RM0.5352 |
| – | – | – | – |
| – | 1.1000 sen/unit | 0.8500 sen/unit | 0.8500 sen/unit |
| – | 1.1000 sen/unit | 0.8468 sen/unit | 0.8410 sen/unit |
| – | 21/04/2022 | 21/04/2021 | 22/04/2020 |
| – | RM0.7554 | RM0.7809 | RM0.4072 |
| – | RM0.7444 | RM0.7724 | RM0.3988 |

Performance Data

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 28/02/2023)*

- (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 0.33 times (52.38%) to 0.3 times for the financial period from 01 September 2022 to 28 February 2023 versus 0.63 times for the financial year ended 31 August 2022 and 0.01 times (3.23%) as compared to 0.31 times for the financial period from 01 September 2021 to 28 February 2022 mainly due to **lower level of rebalancing activities undertaken by the Fund.**

| Financial Period 31/08/22– 28/02/23 % | Financial Year 31/08/21– 31/08/22 % | Financial Year 31/08/20– 31/08/21 % | Financial Year 31/08/19– 31/08/20 % |
|--|--|--|--|
| – | – | – | – |
| – | 1.1000 sen/unit | 0.8500 sen/unit | 0.8500 sen/unit |
| – | 1.1000 sen/unit | 0.7914 sen/unit | 0.8439 sen/unit |
| – | 21/07/2022 | 26/07/2021 | 23/07/2020 |
| – | RM0.6822 | RM0.7688 | RM0.5198 |
| – | RM0.6712 | RM0.7609 | RM0.5113 |
| 2.10% | 2.10% | 1.83% | 1.61% |
| 0.30# | 0.63 | 1.04 | 1.93 |
| -3.92% | | | |
| 21.75% | | | |
| 11.85% | | | |

Corporate Information

Manager

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

Registered Office

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

Business Office

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

Board of Directors

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

Executive Director / Chief Executive Officer

Mr. Hoo See Kheng

Trustee

Deutsche Trustees Malaysia Berhad

Auditor

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146)

Agents

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

Corporate Directory

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