

# Hong Leong Strategic Fund

**Semi-Annual Report**

Financial Period Ended 29 February 2024

**2023/2024**

Unaudited



# HONG LEONG STRATEGIC FUND

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# Manager's Review and Report

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## I. FUND INFORMATION

### **Fund Name**

Hong Leong Strategic Fund ("HLSTF" or "the Fund")

### **Fund Category**

Mixed Assets

### **Fund Type**

Growth and Income

### **Investment Objective**

To provide investors with an investment that strives for stable\* returns as well as consistency in performance and income\*\*.

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

Not Applicable

### **Benchmark**

FTSE Bursa Malaysia (FBM) KLCI (87%) and Maybank Banking Berhad 1-Year Fixed Deposit (FD) Rate (13%)

### **Distribution Policy**

Subject to the Manager's discretion, the Fund will strive to provide yearly distribution, if any, in the form of either cash or additional Units to the Unit holders, depending on interest rates, market conditions and performance of the Fund to all Unit holders. In essence, Unit holders are expected to enjoy cash or Unit distribution plus NAV appreciation from this Fund.

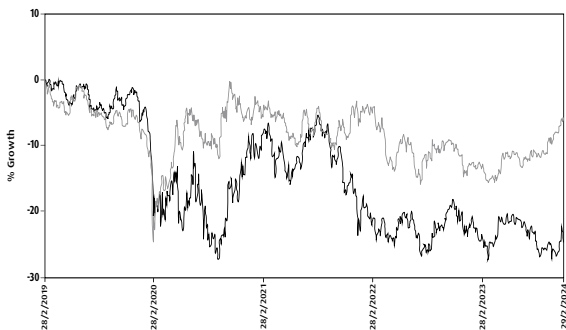
Notes:

\* Please take note that this Fund is not a capital guaranteed fund or a capital protected fund and the returns are not guaranteed.

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

## II. FUND PERFORMANCE

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



From 28/2/2019 To 29/2/2024

— Hong Leong Strategic Fund (HLSTF) : -24.37  
— FBM KLCI/Maybank 12-Month FD Rate (87:13) : -6.13

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 HLSTF 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 2023 to 29 February 2024.

The Fund posted a return of -4.35% (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 FBM KLCI/Maybank 12-Month FD Rate (87:13) registered a return of 6.16%.

For the five-year financial periods ended 29 February 2024, the Fund posted a return of -24.37% compared to the benchmark's return of -6.13%.

**Table 1: Performance of the Fund for the following periods as at 29 February 2024 (Source: Lipper for Investment Management)**

	30/11/23- 29/02/24	31/08/23- 29/02/24	28/02/23- 29/02/24	28/02/21- 29/02/24	28/02/19- 29/02/24	28/02/14- 29/02/24	08/03/05- 29/02/24 Since Launch
	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years	
HLSF Return (%)	2.12	-4.35	-3.52	-15.88	-24.37	-14.73	92.25
Benchmark (%)	6.00	6.16	6.24	-0.35	-6.13	-9.80	75.90

**Table 2: Return of the Fund based on NAV Per Unit-to-NAV Per Unit basis for the period 31 August 2023 to 29 February 2024 (Source: Lipper for Investment Management)**

	29-Feb-24	31-Aug-23	Return (%)
NAV Per Unit	RM0.2548	RM0.2664	-4.35
Benchmark	175.90	165.70	6.16
<b>vs Benchmark (%)</b>	-		-10.51

**Table 3: Financial Highlights**

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

	29-Feb-24 (RM)	31-Aug-23 (RM)	Change (%)
Unit Holders' Capital	<b>27,955,502</b>	29,629,013	-5.65
Retained Earnings	<b>808,218</b>	2,170,614	-62.77
<b>Net Asset Value</b>	<b>28,763,720</b>	31,799,627	-9.55
<b>Units in Circulation</b>	<b>112,868,487</b>	119,366,187	-5.44

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

	Financial Period 31/08/23- 29/02/24	Financial Year 31/08/22- 31/08/23	Financial Year 31/08/21- 31/08/22	Financial Year 31/08/20- 31/08/21
Highest NAV Per Unit (RM)	0.2682	0.2757	0.3183	0.3144
Lowest NAV Per Unit (RM)	0.2445	0.2442	0.2516	0.2452
Capital Growth (%)	-4.35	0.72	-13.02	11.64
Income Distribution (%)	-	-	-	-
<b>Total Return (%)</b>	<b>-4.35</b>	<b>0.72</b>	<b>-13.02</b>	<b>11.64</b>

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

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

	28/02/23- 29/02/24 1 Year	28/02/21- 29/02/24 3 Years	28/02/19- 29/02/24 5 Years
Average Total Return (%)	-3.52	-5.29	-4.87

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 HLSTF reinvested.

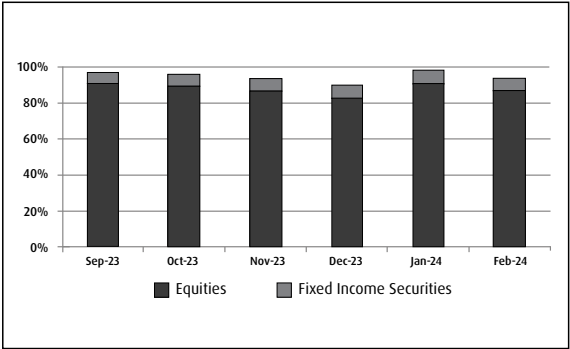
**Table 6: Annual Total Return of the Fund**

Financial Year	31/08/22- 31/08/23	31/08/21- 31/08/22	31/08/20- 31/08/21	31/08/19- 31/08/20	31/08/18- 31/08/19
Annual Total Return (%)	0.72	-13.02	11.64	-15.69	-6.83

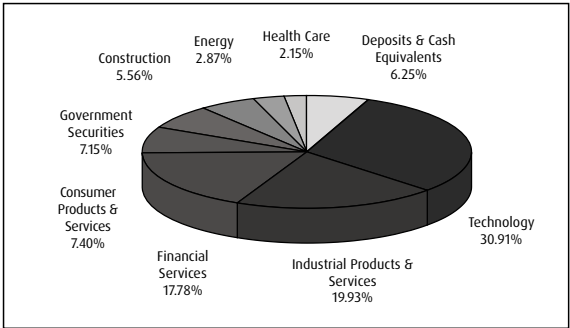
Source: Lipper for Investment Management, In Malaysian Ringgit terms, ex-distribution, NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from HLSTF reinvested.

### III. INVESTMENT PORTFOLIO

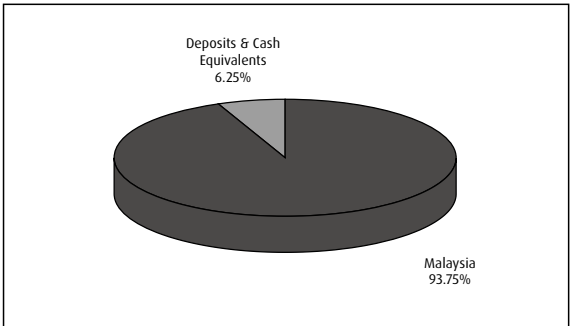
**Chart 2: Asset Allocation - September 2023 to February 2024**



**Chart 3: Sector Allocation as at 29 February 2024**



**Chart 4: Geographical Allocation as at 29 February 2024**



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

In the equity segment, the Fund took some profit in the export, technology and energy sectors and increase its exposure to high quality index stocks in view of the weak economic outlook. We also expect these stocks to benefit from possible increase in foreign fund inflow into the Malaysia market.

The Fund continues to adhere to a bottom-up stock-picking strategy.

On the fixed income front, we maintain our defensive strategy in order to manage fund volatility in a rising rate environment.

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

In the equity segment, there was a decrease in allocation to energy due to profit taking, on the back of higher oil prices. The Fund has increased exposure to the financial services sector due to the high dividend yield provided by these stocks. The Fund maintains a relatively high allocation to the technology sector, in anticipation of a pickup in demand later in the year.

On the fixed income front, the Manager maintained its investment in government securities.

## **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**

### **Equities**

During the financial period under review, the MSCI AC Asia Pacific ex Japan Index declined 7.1%. The best performing markets were Taiwan and India while the laggards were Hong Kong and China. In the local market, the FTSE Bursa Malaysia (FBM) KLCI rose 3.7%. Small caps outperformed as the FBM Small Cap Index rose 7.3%.



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

The final quarter of 2023 started on a tentative note as investors maintained a high cash level in their portfolios in view of the weak economic outlook and heightened geopolitical risk. However global equity markets rallied strongly in the last two months of the year as statements by the US Fed left very little doubt that the current rate hike cycle is at an end. US indices led the global equity rally as the Dow Jones Industrial Average Index (DJIA) 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 FBM KLCI posted a positive return, it was a quiet fourth quarter for the Malaysia market in comparison to other global peers as investors, particularly foreign investors, appeared to find more urgency to cover their underweight in developed markets before deploying cash in emerging markets.

## **Fixed Income**

During the financial period under review, in July 2023, the Fed raised interest rate by another 25 bps to 5.25%-5.50% as the Fed is committed to bringing inflation down to its 2% target. The US inflation rate remained steady at 3.7% in September 2023 (June 2023: 3.0%) amid weaker energy prices which offset slowing inflationary pressures in other categories. The core Consumer Price Index (CPI), which excludes volatile food and energy prices, fell to 4.1 the lowest reading since September 2021. During the financial

period under review, US Treasuries (UST) were pressured lower, reflecting the anticipation of additional rate hikes by the Fed amid hawkish comments from the Fed. The possibility of the Fed keeping rates “higher for longer”, coupled with slightly stronger non-farm payroll data despite slower wage growth and higher unemployment rate, had a more negative impact on bonds. During the period under review, UST 2-Year yield increased 10 bps to 5.04% whilst UST 10-Year yield spiked 72 bps to 4.57%.

The 2-Year and 10-Year UST yields ended higher at 4.62% and 4.25% respectively in end-February (end-January: 4.21% and 3.91%) following stronger-than-expected consumer spending and Producer Price Index (PPI) in January, which lent support to the Fed’s narrative of “staying higher for longer”. The key signal from the latest Federal Open Market Committee (FOMC) meeting is that the Fed is worried about cutting interest rates too soon as inflation has yet to reach its targeted 2%. With sticky inflation numbers and strong jobs data, the market now expects circa 3 cuts (or 75 bps) in the second half of this year.

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

### **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 arise.

We expect the local market to also gain some interest among foreign investors who are looking to have exposure in the emerging market space as the ‘risk-on’ sentiment prevails. Other external factors that might support interest in the local market includes the expected correction in the 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 stock picking and remain invested in high quality companies.

## **Fixed Income**

US consumer prices rose 0.3% in February (January: 0.3%; December: 0.2%), according to the Personal Consumption Expenditures inflation measure, largely due to food prices which has risen 0.5% over the month. The International Monetary Fund (IMF) expects the US economy to expand by 2.1% in 2024, supported by a still favorable labor market (2022: +2.5%).

Malaysia's inflation in January 2024 was 1.5%, unchanged since November 2023, driven by slower increases in various sectors including food and beverages. Meanwhile, core inflation increased at a slower 1.8% as compared to 1.9% in December 2023. We expect the Malaysian economy to continue expanding at a moderate pace of 4.7% in 2024, in view of sustained domestic demand and recovery in exports. On that note, we expect Bank Negara Malaysia (BNM) to maintain Overnight Policy Rates (OPR) at 3.00% throughout 2024.

We continue to overweight on short to medium government bonds to manage volatility and seek opportunities to rebalance our portfolios.

## **VI. SOFT COMMISSIONS**

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

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

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

## **VIII. CROSS TRADE TRANSACTIONS**

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

## STATEMENT BY THE MANAGER

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I, Hoo See Kheng, as the Director of Hong Leong Asset Management Bhd, do hereby state that, in the opinion of the Manager, the accompanying unaudited condensed financial statements set out on pages 12 to 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 29 February 2024 and of its financial performance, changes in equity and cash flows for the financial period ended 29 February 2024 in accordance with the Malaysian Financial Reporting Standard 134 "Interim Financial Reporting" and International Accounting Standard 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  
22 April 2024

# TRUSTEE'S REPORT

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

We have acted as Trustee of the Fund for the financial period ended 29 February 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Hong Leong Asset Management Bhd has operated and managed the Fund during the 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.

For Deutsche Trustees Malaysia Berhad

**Ng Hon Leong**  
Head, Fund Operations

**Sylvia Beh**  
Chief Executive Officer

Kuala Lumpur  
22 April 2024

# CONDENSED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

## FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2024

	Note	2024 RM	2023 RM
<b>INVESTMENT (LOSS)/INCOME</b>			
Interest income from financial assets measured at fair value through profit or loss ("FVTPL")		37,124	37,597
Interest income from financial assets measured at amortised cost		22,813	44,562
Dividend income		214,578	570,543
Net loss on financial assets at fair value through profit or loss ("FVTPL")	7	(1,249,703)	(259,203)
		<u>(975,188)</u>	<u>393,499</u>
<b>EXPENDITURE</b>			
Management fee	4	(294,393)	(313,633)
Trustee's fee	5	(10,304)	(10,978)
Auditors' remuneration		(5,501)	(4,811)
Tax agent's fee		(1,492)	(1,676)
Transaction costs		(65,046)	(114,681)
Other expenses		(10,472)	(8,574)
		<u>(387,208)</u>	<u>(454,353)</u>
<b>LOSS BEFORE TAXATION</b>			
Taxation	6	(1,362,396)	(60,854)
		<u>-</u>	<u>-</u>
<b>LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD</b>			
		<u>(1,362,396)</u>	<u>(60,854)</u>
Loss after taxation is made up as follows:			
Realised amount		(670,274)	(451,402)
Unrealised amount		(692,122)	390,548
		<u>(1,362,396)</u>	<u>(60,854)</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 29 FEBRUARY 2024

	Note	29.02.2024 RM	31.08.2023 RM
<b>ASSETS</b>			
Cash and cash equivalents		1,738,924	2,256,159
Amount due from brokers/dealers		153,156	-
Amount due from the Manager			
-creation of units		-	1,177
Dividends receivable		-	27,069
Financial assets at fair value through profit or loss ("FVTPL")	7	26,965,492	29,592,734
Tax recoverable		23,405	23,405
<b>TOTAL ASSETS</b>		<u>28,880,977</u>	<u>31,900,544</u>
<b>LIABILITIES</b>			
Amount due to the Manager			
-cancellation of units		60,203	32,268
-management fee		45,296	53,321
Amount due to the Trustee		1,585	1,866
Other payables and accruals		10,173	13,462
<b>TOTAL LIABILITIES</b>		<u>117,257</u>	<u>100,917</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>28,763,720</u>	<u>31,799,627</u>
<b>EQUITY</b>			
Unit holders' capital		27,955,502	29,629,013
Retained earnings		808,218	2,170,614
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>28,763,720</u>	<u>31,799,627</u>
<b>UNITS IN CIRCULATION (UNITS)</b>	8	<u>112,868,487</u>	<u>119,366,187</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.2548</u>	<u>0.2664</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 29 FEBRUARY 2024

	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 September 2023	29,629,013	2,170,614	31,799,627
Movement in net asset value:			
Creation of units from applications	20,557	-	20,557
Cancellation of units	(1,694,068)	-	(1,694,068)
Total comprehensive loss for the financial period	-	(1,362,396)	(1,362,396)
Balance as at 29 February 2024	<u>27,955,502</u>	<u>808,218</u>	<u>28,763,720</u>
Balance as at 1 September 2022	30,291,617	1,985,646	32,277,263
Movement in net asset value:			
Creation of units from applications	514,869	-	514,869
Cancellation of units	(957,182)	-	(957,182)
Total comprehensive loss for the financial period	-	(60,854)	(60,854)
Balance as at 28 February 2023	<u>29,849,304</u>	<u>1,924,792</u>	<u>31,774,096</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 29 FEBRUARY 2024

	2024 RM	2023 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from sale of financial assets at FVTPL	9,208,228	14,705,139
Purchase of financial assets at FVTPL	(8,008,125)	(15,615,429)
Interest income received from financial assets measured at FVTPL and amortised cost	64,114	85,862
Dividend income received	196,704	496,717
Management fee paid	(302,418)	(318,678)
Trustee's fee paid	(10,585)	(11,155)
Payment for other fees and expenses	(20,754)	(21,962)
Net cash generated from/(used in) operating activities	1,127,164	(679,506)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	21,734	514,869
Payments for cancellation of units	(1,666,133)	(929,800)
Net cash used in financing activities	(1,644,399)	(414,931)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(517,235)	(1,094,437)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	2,256,159	3,641,297
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	1,738,924	2,546,860

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 Strategic Fund (“the Fund”) was constituted pursuant to the execution of a Deed dated 20 January 2005 and Supplemental Deeds dated 22 November 2007, 28 January 2008, 2 June 2009 and 30 April 2010 between Hong Leong Asset Management Bhd (“the Manager”) 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, 28 April 2022, 23 March 2023 and 23 October 2023 to effect the change (“the Deeds”).

The Fund aims to provide investors with an investment that strives for stable returns as well as consistency in performance and income.

For equity portion, the Fund will generally invest in companies with good income and growth potential, i.e. companies that are projected to achieve earnings growth over the next 12 to 24 months. The Fund may also invest in undervalued companies that have longer term upside i.e. over the next 12 to 24 months. For the fixed income portion, the Fund will not invest in any fixed income securities that are rated “BBB” and below, and will only invest in fixed income securities that are rated at least “A3” as rated by RAM or its equivalent ratings by MARC. The Fund commenced operations on 8 March 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, private retirement schemes and private investment mandates. Its holding company is Hong Leong Capital Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The financial statements were authorised for issue by the Manager on 22 April 2024.

## 2. MATERIAL ACCOUNTING POLICY INFORMATION

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

### (a) Basis of preparation

The condensed financial statements are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standard 134 "Interim Financial Reporting" and International Accounting Standard 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 2023 which have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

### (b) Financial assets and financial liabilities

#### Classification

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

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

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flows characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate

any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

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

### Recognition and measurement

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

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

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

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

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

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

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

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

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

Local unquoted fixed income securities are revalued on a daily basis based on fair value prices quoted by a bond pricing agency ("BPA") registered with the Securities Commission Malaysia as per the Securities Commission Malaysia's Guidelines on Unit Trust Funds. Where such quotation are not available or where the Manager is of the view that the price quoted by the BPA for a specific unquoted fixed income securities differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager:

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

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

### Impairment

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

### Significant increase in credit risk

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

### Definition of default and credit-impaired financial assets

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

### Write-off

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

## **(c) Foreign currency**

### Functional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Fund's functional and presentation currency.

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

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

#### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges.

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

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

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

Interest income from deposits with licensed financial institutions, auto-sweep facility bank account and unquoted fixed income securities are recognised on the effective interest rate method on an accrual basis.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently



become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

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

Realised gain or loss on disposal of unquoted fixed income securities is accounted for as the difference between the net disposal proceeds and the carrying amount of unquoted fixed income securities, determined on cost adjusted for accretion of discount or amortisation of premium.

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

#### **(e) Cash and cash equivalents**

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

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

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

These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment for amount due from brokers/dealers. A provision for impairment of amount due from a broker/dealer is established when there is

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

### **(g) Taxation**

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

### **(h) Distribution**

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

### **(i) Transaction costs**

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

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

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

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

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

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

## **(k) Derivatives**

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

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favorable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavorable.

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

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

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for in accordance with the accounting policy set out in Note 2(b).

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

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

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

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

	<b>Financial assets at FVTPL RM</b>	<b>Financial assets/ liabilities at amortised cost RM</b>	<b>Total RM</b>
<b>29.02.2024</b>			
<u>Financial assets</u>			
Cash and cash equivalents	-	1,738,924	1,738,924
Amount due from brokers/dealers	-	153,156	153,156
Financial assets at FVTPL (Note 7)	26,965,492	-	26,965,492
	<u>26,965,492</u>	<u>1,892,080</u>	<u>28,857,572</u>
<u>Financial liabilities</u>			
Amount due to the Manager			
-cancellation of units	-	60,203	60,203
-management fee	-	45,296	45,296
Amount due to the Trustee	-	1,585	1,585
Other payables and accruals	-	10,173	10,173
	<u>-</u>	<u>117,257</u>	<u>117,257</u>
<b>31.08.2023</b>			
<u>Financial assets</u>			
Cash and cash equivalents	-	2,256,159	2,256,159
Amount due from Manager			
-creation of units	-	1,177	1,177
Dividends receivable	-	27,069	27,069
Financial assets at FVTPL (Note 7)	29,592,734	-	29,592,734
	<u>29,592,734</u>	<u>2,284,405</u>	<u>31,877,139</u>
<u>Financial liabilities</u>			
Amount due to the Manager			
-cancellation of units	-	32,268	32,268
-management fee	-	53,321	53,321
Amount due to the Trustee	-	1,866	1,866
Other payables and accruals	-	13,462	13,462
	<u>-</u>	<u>100,917</u>	<u>100,917</u>

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

### **(m) Critical accounting estimates and judgments in applying accounting policies**

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

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

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

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

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

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

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

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

For instruments for which there is no active market, the Fund may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted equity, debt securities and other debt instruments for which market were or have been inactive during the financial 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:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>29.02.2024</b>				
<u>Financial assets at FVTPL:</u>				
- Quoted equity securities - local	24,908,692	-	-	24,908,692
- Unquoted fixed income security - local	-	2,056,800	-	2,056,800
	<u>24,908,692</u>	<u>2,056,800</u>	<u>-</u>	<u>26,965,492</u>
<b>31.08.2023</b>				
<u>Financial assets at FVTPL:</u>				
- Quoted equity securities - local	27,502,700	-	-	27,502,700
- Quoted warrant - local	38,913	-	-	38,913
- Unquoted fixed income security - local	-	2,051,121	-	2,051,121
	<u>27,541,613</u>	<u>2,051,121</u>	<u>-</u>	<u>29,592,734</u>

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

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. This include unquoted fixed income security. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Fund's policies on valuation of 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. 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 29 February 2024, the management fee is recognised at a rate of 2.00% (2023: 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% per annum subject to a minimum of RM18,000 per annum calculated daily based on the net asset value of the Fund.

For the financial period ended 29 February 2024, the Trustee's fee is recognised at a rate of 0.07% (2023: 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

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

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

	2024 RM	2023 RM
Loss before taxation	(1,362,396)	(60,854)
Taxation at Malaysian statutory rate of 24% (2023: 24%)	(326,975)	(14,605)
Tax effects of:		
Investment loss disallowed from tax/ (investment income not subject to tax)	234,045	(94,440)
Expenses not deductible for tax purposes	18,484	30,653
Restriction on tax deductible expenses for unit trust fund	74,446	78,392
Taxation	-	-

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

	29.02.2024 RM	31.08.2023 RM
Financial assets at FVTPL:		
Quoted equity securities - local	24,908,692	27,502,700
Quoted warrant - local	-	38,913
Unquoted fixed income security - local	2,056,800	2,051,121
	26,965,492	29,592,734

	2024 RM	2023 RM
Net loss on financial assets at FVTPL:		
Realised loss on disposals	(557,581)	(649,751)
Changes in unrealised fair values	(692,122)	390,548
	(1,249,703)	(259,203)

Financial assets at FVTPL as at 29 February 2024 are as detailed below:

	Quantity units	Aggregate cost RM	Fair value RM	Percentage of net asset value %
<b>QUOTED EQUITY SECURITIES - LOCAL</b>				
<u>Main Market</u>				
<u>Construction</u>				
Gamuda Berhad	301,996	1,078,268	1,597,559	5.56
<u>Consumer Products &amp; Services</u>				
Focus Point Holdings Berhad	1,300,000	929,882	981,500	3.41
Genting Malaysia Berhad	400,000	1,203,438	1,148,000	3.99
	1,700,000	2,133,320	2,129,500	7.40
<u>Energy</u>				
Bumi Armada Berhad	1,500,000	835,761	825,000	2.87
<u>Financial Services</u>				
Alliance Bank Malaysia Berhad	300,000	1,013,035	1,068,000	3.71
CIMB Group Holdings Berhad	100,000	592,710	646,000	2.25
RHB Bank Berhad	200,000	1,101,976	1,120,000	3.89
	600,000	2,707,721	2,834,000	9.85
<u>Industrial Products &amp; Services</u>				
CAPE EMS Berhad	1,000,000	1,190,600	880,000	3.06
P.I.E. Industrial Berhad	200,000	654,470	670,000	2.33
SKP Resources Bhd	1,500,000	1,465,060	1,132,500	3.94
Sunway Berhad	600,000	1,167,917	1,680,000	5.84
	3,300,000	4,478,047	4,362,500	15.17
<u>Technology</u>				
Cnenergiz Berhad	500,000	297,750	277,500	0.96
Frontken Corporation Berhad	250,000	825,664	917,500	3.19
Genetec Technology Berhad*	550,000	1,477,179	1,221,000	4.25
Inari Amertron Berhad	300,000	939,254	951,000	3.31
Malaysian Pacific Industries Bhd	70,000	2,318,378	2,032,800	7.07
Pentamaster Corporation Berhad	250,000	1,278,975	1,072,500	3.73
Unisem (M) Berhad	300,000	949,330	999,000	3.47
UWC Berhad	100,000	495,582	343,000	1.19
	2,320,000	8,582,112	7,814,300	27.17
<u>ACE Market</u>				
<u>Financial Services</u>				
Evergreen Max Cash Capital Bhd	2,600,000	1,081,220	1,092,000	3.79
KJTS Group Berhad	2,000,000	942,200	1,190,000	4.14
	4,600,000	2,023,420	2,282,000	7.93
<u>Health Care</u>				
DC Healthcare Holdings Berhad	2,636,000	1,201,282	619,460	2.15
<u>Industrial Products &amp; Services</u>				
Coraza Integrated Technology Berhad	1,500,000	956,450	652,500	2.27
YBS International Berhad	950,000	659,851	717,250	2.49
	2,450,000	1,616,301	1,369,750	4.76
<u>Technology</u>				
ECA Integrated Solution Berhad	1,800,000	1,538,100	702,000	2.44
Visdynamics Holdings Berhad	943,350	476,861	372,623	1.30
	2,743,350	2,014,961	1,074,623	3.74
<b>TOTAL QUOTED EQUITY SECURITIES - LOCAL</b>	<b>22,151,346</b>	<b>26,671,193</b>	<b>24,908,692</b>	<b>86.60</b>

	Nominal value RM	Aggregate cost RM	Fair value RM	Percentage of net asset value %
<b>UNQUOTED FIXED INCOME SECURITY -LOCAL</b>				
<u>Government Investment Issue</u> 4.13% Government of Malaysia 09/07/2029	2,000,000	2,058,089	2,056,800	7.15
<b>TOTAL UNQUOTED FIXED INCOME SECURITY - LOCAL</b>	<b>2,000,000</b>	<b>2,058,089</b>	<b>2,056,800</b>	<b>7.15</b>
<b>TOTAL INVESTMENTS</b>		<b>28,729,282</b>	<b>26,965,492</b>	<b>93.75</b>
<b>UNREALISED LOSS ON FINANCIAL ASSETS AT FVTPL</b>		<b>(1,763,790)</b>		
<b>TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL</b>		<b>26,965,492</b>		

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

	Quantity units	Aggregate cost RM	Fair value RM	Percentage of net asset value %
<b>QUOTED EQUITY SECURITIES - LOCAL</b>				
<u>Main Market</u>				
<u>Construction</u>				
Gamuda Berhad	401,143	1,424,796	1,805,143	5.68
<u>Consumer Products &amp; Services</u>				
Focus Point Holdings Berhad	2,520,000	1,802,540	1,940,400	6.10
Genting Malaysia Berhad	400,000	1,203,438	1,028,000	3.23
	2,920,000	3,005,978	2,968,400	9.33
<u>Energy</u>				
Bumi Armada Berhad	2,800,000	1,560,088	1,428,000	4.49
Perdana Petroleum Berhad	3,800,000	805,100	950,000	2.99
Velesto Energy Berhad	5,500,000	1,353,310	1,292,500	4.06
	12,100,000	3,718,498	3,670,500	11.54
<u>Financial Services</u>				
Alliance Bank Malaysia Berhad	250,000	841,035	862,500	2.71
<u>Industrial Products &amp; Services</u>				
Hiap Teck Venture Berhad	2,000,000	710,000	870,000	2.74
SKP Resources Bhd	1,100,000	1,131,230	1,061,500	3.34
	3,100,000	1,841,230	1,931,500	6.08
<u>Technology</u>				
D & O Green Technologies Berhad	450,000	2,239,853	1,593,000	5.01
Frontken Corporation Berhad	250,000	825,664	875,000	2.75
Inari Amertron Berhad	300,000	939,254	945,000	2.97
Malaysian Pacific Industries Bhd	80,000	2,649,575	2,304,000	7.25
Pentamaster Corporation Berhad	250,000	1,278,975	1,322,500	4.16
Unisem (M) Berhad	300,000	949,330	981,000	3.08
UWC Berhad	300,000	1,486,747	1,050,000	3.30
	1,930,000	10,369,398	9,070,500	28.52

	Quantity/ Normal value units/RM	Aggregate cost RM	Fair value RM	Percentage of net asset value %
<u>Telecommunications &amp; Media</u>				
Telekom Malaysia Berhad	200,000	1,012,760	1,020,000	3.21
<u>ACE Market</u>				
<u>Health Care</u>				
DC Healthcare Holdings Berhad	2,800,000	1,280,000	1,456,000	4.58
<u>Industrial Products &amp; Services</u>				
Coraza Integrated Technology Berhad	1,500,000	956,450	990,000	3.11
YBS International Berhad	950,000	659,851	584,250	1.84
	<u>2,450,000</u>	<u>1,616,301</u>	<u>1,574,250</u>	<u>4.95</u>
<u>Technology</u>				
ECA Integrated Solution Berhad	1,800,000	1,538,100	1,467,000	4.61
Genetec Technology Berhad*	550,000	1,477,179	1,309,000	4.12
Visdynamics Holdings Berhad	943,350	476,861	367,907	1.16
	<u>3,293,350</u>	<u>3,492,140</u>	<u>3,143,907</u>	<u>9.89</u>
<b>TOTAL QUOTED EQUITY SECURITIES - LOCAL</b>	<b>29,444,493</b>	<b>28,602,136</b>	<b>27,502,700</b>	<b>86.49</b>
<b>QUOTED WARRANT - LOCAL</b>				
<u>ACE Market</u>				
<u>Technology</u>				
Visdynamics Holdings Berhad -Warrants C	235,837	-	38,913	0.12
<b>TOTAL QUOTED WARRANT - LOCAL</b>	<b>235,837</b>	<b>-</b>	<b>38,913</b>	<b>0.12</b>
<b>UNQUOTED FIXED INCOME SECURITY - LOCAL</b>				
<u>Government Investment Issue</u>				
4.13% Government of Malaysia 09/07/2029	2,000,000	2,062,266	2,051,121	6.45
<b>TOTAL UNQUOTED FIXED INCOME SECURITY - LOCAL</b>	<b>2,000,000</b>	<b>2,062,266</b>	<b>2,051,121</b>	<b>6.45</b>
<b>TOTAL INVESTMENTS</b>		<b>30,664,402</b>	<b>29,592,734</b>	<b>93.06</b>
<b>UNREALISED LOSS ON FINANCIAL ASSETS AT FVTPL</b>		<b>(1,071,668)</b>		
<b>TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL</b>		<b>29,592,734</b>		

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

## 8. UNITS IN CIRCULATION

	<b>01.09.2023 to 29.02.2024</b>	<b>01.09.2022 to 31.08.2023</b>
	<b>No. of units</b>	<b>No. of units</b>
At the beginning of the financial period/year	119,366,187	122,037,749
Add: Creation of units during the financial period/year		
- Arising from applications	78,010	5,744,462
Less: Cancellation of units during the financial period/year	(6,575,710)	(8,416,024)
At the end of the financial period/year	<u>112,868,487</u>	<u>119,366,187</u>

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

	<b>2024</b>	<b>2023</b>
	<b>%</b>	<b>%</b>
TER (annualised)	<u>2.18</u>	<u>2.17</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:

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

Where;

A = Management fee

B = Trustee's fee

C = Auditors' remuneration

D = Tax agent's fee

E = Custodian fees

F = Other expenses

G = Average net asset value of the Fund calculated on a daily basis

The average net asset value of the Fund for the financial period calculated on a daily basis is RM29,590,163 (2023: RM31,618,985).

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

	2024 Times	2023 Times
PTR	0.30	0.47

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  
= RM7,978,608 (2023: RM15,116,491)  
total disposals for the financial period  
= RM9,954,494 (2023: RM14,889,294)

## 11. 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 29 February 2024 and 31 August 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.

	29.02.2024 RM	31.08.2023 RM
<u>Related party balances</u>		
Cash at bank:		
- Hong Leong Bank Berhad	1,577,821	2,246,159



	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
<u>Related party transactions</u>		
Interest income from auto-sweep facility bank account:		
- Hong Leong Bank Berhad	22,413	43,535
Purchase of quoted equities securities:		
- Hong Leong Investment Bank Berhad	3,202,046	6,834,127
Disposal of quoted equity securities:		
- Hong Leong Investment Bank Berhad	3,552,559	5,468,373

## 12. TRANSACTIONS WITH BROKERS/DEALERS

Detail of transactions with brokers/dealers are as follows:

	<b>Values of trade RM</b>	<b>Percentage of total trade %</b>	<b>Brokerage fees RM</b>	<b>Percentage of total brokerage fees %</b>
<b>2024</b>				
Hong Leong Investment Bank Berhad*	6,754,605	38.89	16,661	39.20
Affin Hwang Investment Bank Berhad	2,206,777	12.70	5,513	12.97
RHB Investment Bank Berhad	2,062,053	11.87	5,146	12.11
CLSA Securities Malaysia Sdn Bhd	1,865,734	10.74	4,677	11.01
Public Investment Bank Berhad	1,535,139	8.84	3,846	9.05
Alliance Investment Bank Bhd	854,333	4.92	1,554	3.66
Nomura Securities Malaysia Sdn Bhd	777,923	4.48	1,950	4.59
JPMorgan Securities (Malaysia) Sdn Bhd	656,958	3.78	1,636	3.85
Maybank Investment Bank Berhad	230,630	1.33	579	1.36
UOB Kay Hian Securities (M) Sdn Bhd	183,002	1.05	459	1.08
Others	242,355	1.40	477	1.12
	<u>17,369,509</u>	<u>100.00</u>	<u>42,498</u>	<u>100.00</u>
<b>2023</b>				
Hong Leong Investment Bank Berhad*	12,302,500	41.90	30,745	41.89
CLSA Securities Malaysia Sdn. Bhd.	3,516,525	11.98	8,801	11.99
JPMorgan Securities (Malaysia) Sdn Bhd	3,329,017	11.34	8,322	11.34
Credit Suisse Securities (Malaysia) Sdn Bhd	2,776,734	9.46	6,945	9.46
RHB Investment Bank Berhad	1,963,454	6.69	4,918	6.70
Nomura Securities Malaysia Sdn Bhd	1,725,143	5.87	4,308	5.87
CGS-CIMB Securities Sdn Bhd	1,541,067	5.25	3,837	5.23
Affin Hwang Investment Bank Berhad	1,244,314	4.24	3,098	4.22
Kenanga Investment Bank Berhad	861,478	2.93	2,163	2.95
UOB Kay Hian Securities (M) Sdn Bhd	101,839	0.34	253	0.35
	<u>29,362,071</u>	<u>100.00</u>	<u>73,390</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

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## A (i) Portfolio Compositions:

Construction  
Consumer Products & Services  
Energy  
Financial Services  
Health Care  
Industrial Products & Services  
Property  
Technology  
Telecommunications & Media  
Transportation & Logistics

### Government Securities

### Deposits & Cash Equivalents

### Geographical Allocation:

Malaysia

### 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** Highest NAV Per Unit  
(ex-distribution) 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



# Performance Data

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**(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 29/02/2024)\***

- (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 0.56 times (65.12%) to 0.30 times for the financial period from 1 September 2023 to 29 February 2024 versus 0.86 times for the financial year ended 31 August 2023 and 0.17 times (36.17%) as compared to 0.47 times for the financial period from 1 September 2022 to 28 February 2023 mainly due to lower level of rebalancing activities undertaken by the Fund.

<b>Financial Period</b> 31/08/2023- 29/02/2024 %	<b>Financial Year</b> 31/08/2022- 31/08/2023 %	<b>Financial Year</b> 31/08/2021- 31/08/2022 %	<b>Financial Year</b> 31/08/2020- 31/08/2021 %
<b>2.18%</b>	2.17%	2.16%	1.87%
<b>0.30#</b>	0.86	0.94	4.42
<b>-3.52%</b>			
<b>-5.29%</b>			
<b>-4.87%</b>			

# Corporate Information

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## Manager

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

## Registered Office

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

## Business Office

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

## Board of Directors

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

## Executive Director/Chief Executive Officer

Mr. Hoo See Kheng

## Trustee

Deutsche Trustees Malaysia Berhad

## Auditor

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146)

## Distributors

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

# Corporate Directory

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## **Head Office**

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