

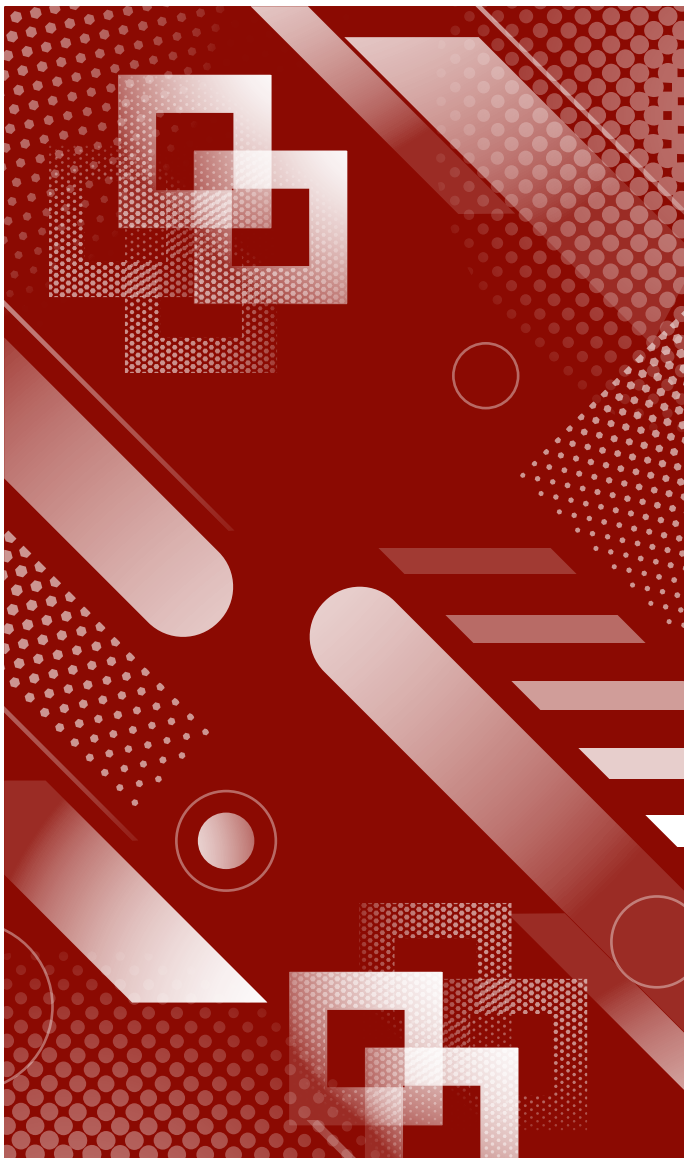
Hong Leong Asia-Pacific Dividend Fund

Annual Report

Financial Year Ended 31 October 2022

2021/2022

Audited



Hong Leong Asia-Pacific Dividend Fund

Contents

| | Page |
|-----------------------------------|-------|
| Manager’s Review and Report | 1-9 |
| Statement by the Manager | 10 |
| Trustee’s Report | 11 |
| Independent Auditors’ Report | 12-15 |
| Statement of Comprehensive Income | 16 |
| Statement of Financial Position | 17 |
| Statement of Changes in Equity | 18 |
| Statement of Cash Flows | 19 |
| Notes to the Financial Statements | 20-55 |
| Performance Data | 56-59 |
| Corporate Information | 60 |
| Corporate Directory | 61 |

Manager's Review & Report

I. FUND INFORMATION

Fund Name

Hong Leong Asia-Pacific Dividend Fund

Fund Category

Equity

Fund Type

Growth & Income

Investment Objective

The Fund aims to provide investors with steady recurring income* that is potentially higher than the average fixed deposit rates. At the same time, the Fund also attempts to attain Medium-To-Long Term** capital gains from investing in high quality dividend yielding equities***.

Duration of the Fund and its termination date, where applicable

Not Applicable

Benchmark

MSCI AC Asia-Pacific ex Japan Index

Distribution Policy

The Fund intends to provide regular income* and potentially consistent Long-Term**** capital appreciation. Regular income returns will be declared annually 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.

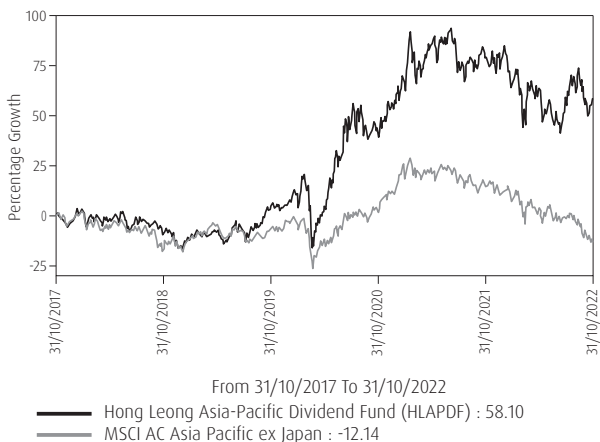
** Medium-To-Long Term refers to a period of 3 to 5 years.

*** High quality dividend yielding equities refer to equity securities that have dividend yields at and/or above market average.

**** 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 financial years



Source: Lipper For Investment Management, In Malaysian Ringgit terms, ex-distribution, NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from HLAPDF 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 Annual Report covers the twelve-month financial year from 1 November 2021 to 31 October 2022.

The Fund posted a return of -11.89% (based on NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from the Fund reinvested) in the past twelve months while its benchmark the MSCI AC Asia Pacific ex Japan Index registered a return of -23.54% (in Malaysian Ringgit terms). During the financial year under review, the Fund had distributed gross income distribution of 2.00 sen per unit (net income distribution of 2.00 sen per unit) on 19 January 2022 and gross income distribution of 2.00 sen per unit (net income distribution of 2.00 sen per unit) on 19 July 2022. Prior to the income distributions, the cum-distribution net asset values (NAV) per unit of the Fund were RM0.6500 and RM0.5425 while the ex-distribution NAV per unit was

RM0.6300 and RM0.5225. Unitholders should note that income distributions have the effect of reducing the NAV per unit of the Fund after distributions.

For the five financial years ended 31 October 2022, the Fund registered a return of 58.10% compared to the benchmark's return of -12.14% while distributing a total gross income of 15.90 sen per unit (net income of 15.90 sen per unit).

Table 1: Performance of the Fund for the following periods as at 31 October 2022 (Source: Lipper For Investment Management)

| | 31/07/22-30/04/22- 31/10/22 3 Months | 31/10/21-31/10/22 6 Months | 31/10/21-31/10/22 1 Year | 31/10/19-31/10/22 3 Years | 31/10/17-31/10/22 5 Years | 31/10/12-31/10/22 10 Years | 28/02/06-31/10/22 Since Launch |
|---------------|--|-------------------------------|-----------------------------|------------------------------|------------------------------|-------------------------------|-----------------------------------|
| HLAPDF (%) | 0.19 | -3.06 | -11.89 | 50.65 | 58.10 | 109.90 | 127.56 |
| Benchmark (%) | -11.81 | -15.86 | -23.54 | -6.04 | -12.14 | 51.84 | 68.73 |

Table 2: Return of the Fund based on NAV Per Unit-to-NAV Per Unit basis for the period 31 October 2021 to 31 October 2022 (Source: Lipper For Investment Management)

| | 31-Oct-22 | 31-Oct-21 | Return (%) |
|-------------------------|-----------|-----------|------------|
| NAV Per Unit | RM0.5669 | RM0.6892* | -11.89# |
| Benchmark | 2,049.93 | 2,681.15 | -23.54 |
| vs Benchmark (%) | - | - | 11.65 |

* Based on NAV Per Unit on 29 October 2021 as the above-mentioned reporting date falls on a weekend.

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:

| | 31-Oct-22 (RM) | 31-Oct-21 (RM) | Change (%) |
|-----------------------------|--------------------|-------------------|---------------|
| Unitholders' Capital | 106,191,646 | 114,950,894 | (7.62) |
| Retained Earnings | 1,261,823 | 17,418,312 | (92.76) |
| Net Asset Value | 107,453,469 | 132,369,206 | (18.82) |
| Units in Circulation | 189,540,290 | 192,083,737 | (1.32) |

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

| | Financial Year 31/10/21- 31/10/22 | Financial Year 31/10/20- 31/10/21 | Financial Year 31/10/19- 31/10/20 |
|---------------------------|---|---|---|
| Highest NAV Per Unit (RM) | 0.7086 | 0.7684 | 0.6628 |
| Lowest NAV Per Unit (RM) | 0.5251 | 0.5700 | 0.3702 |
| Capital Growth (%) | -17.75 | 21.02 | 21.33 |
| Income Distribution (%) | 5.86 | 7.96 | 11.23 |
| Total Return (%) | -11.89 | 28.98 | 32.56 |

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 HLAPDF reinvested.

Table 5: Average Total Return of the Fund

| | 31/10/21- 31/10/22 1 Year | 31/10/19- 31/10/22 3 Years | 31/10/17- 31/10/22 5 Years |
|--------------------------|---------------------------------|----------------------------------|----------------------------------|
| Average Total Return (%) | -11.89 | 16.88 | 11.62 |

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 HLAPDF reinvested.

Table 6: Annual Total Return of the Fund

| Financial Year | 31/10/21- 31/10/22 | 31/10/20- 31/10/21 | 31/10/19- 31/10/20 | 31/10/18- 31/10/19 | 31/10/17- 31/10/18 |
|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Annual Total Return (%) | -11.89 | 28.98 | 32.56 | 13.82 | -7.80 |

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 HLAPDF reinvested.

III. INVESTMENT PORTFOLIO

Chart 2: Asset Allocation - November 2021 to October 2022

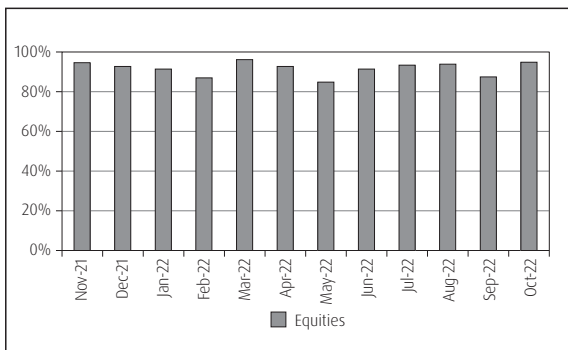


Chart 3: Sector Allocation as at 31 October 2022

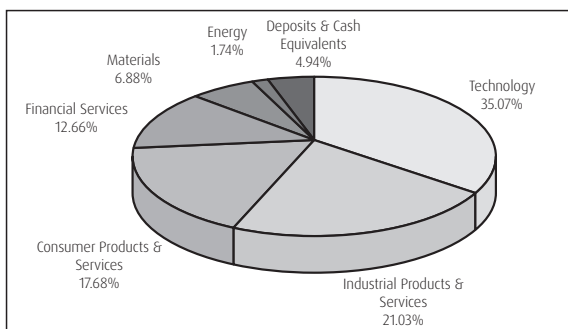
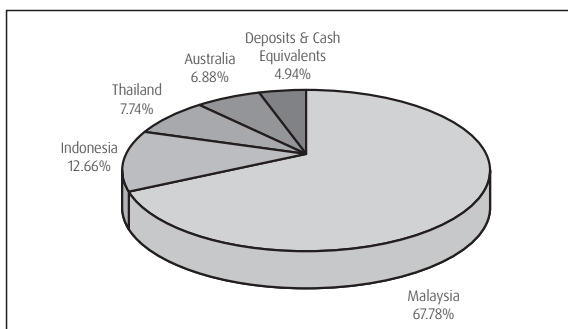


Chart 4: Geographical Allocation as at 31 October 2022



Strategies employed by the Fund during the period under review

During the financial year under review, the Fund performance was affected by the poor equity market sentiment caused by high global inflation, aggressive global monetary tightening, China lockdown and the Ukraine crisis. The main sector that contributed positively to the Fund during the period was the financial sector. The main drag to the Fund was the building material sector.

The Fund was predominantly invested in Malaysia, Indonesia and Thailand equities. The exposure to Hong Kong has been reduced towards the end of the period in review due to concerns about a protracted economic slowdown in China. The Fund seeks to gain exposure in stocks that will benefit from the long term structural domestic demand growth in Asia.

An explanation on the differences in portfolio composition

During the financial year under review, the increase in allocation to industrial products & services, technology and consumer products & services sectors was due to the shift in emphasis on quality companies helmed by capable management with an established track record of managing costs and navigating through the tough economic outlook. We increased the allocation to Indonesia due to the improving economic outlook.

Operational review of the Fund

For the financial year 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 ended lower. The best performing markets were Indonesia and India while the laggards were Hong Kong and Taiwan. In the local market, the FTSE Bursa Malaysia KLCI fell 6.5%. Small caps underperformed as the FTSE Bursa Malaysia Small Cap Index declined 16.9%.

Global equity markets finished 2021 very strongly, primarily led by the United States (US) and Europe markets. This was despite the US Federal Reserve (Fed) turning more hawkish, rising inflation and potential interest rate hikes in the horizon. The renewed vigour in equity markets could be attributed to the strong corporate earnings and the ability of the corporates to seemingly overcome supply chain problems and rising raw material costs.

The brutal equity market sell-off in January 2022, particularly in the 'profitless' technology companies, was an ominous sign of what was to come for the near-term equity market outlook. The messaging from the US Fed in January was significantly more hawkish than what market anticipated and was a rude awakening to investors who have been accustomed to previous years of accommodative monetary policy. The Ukraine crisis also sent global commodity prices higher as concerns about commodity supply shock came to the fore. This resulted in bond yields soaring and equity markets declining.

The second quarter of 2022 was a torrid quarter for global equities. Bond yields soared as sanctions on Russia and the disruption in the global commodity supply chain ultimately led to higher global inflation. Without a near-term resolution to the Ukraine crisis in sight, investor sentiment remained firmly in the negative. Parts of China was in full lockdown as COVID-19 cases rose, exacerbating the global supply chain problems and stoking fears of economic slowdown.

After a brief respite in July, equity markets resumed its march to the abyss for the rest of the third quarter of 2022. It appeared 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 was just around the corner, only for Jerome Powell's hawkish statements and stubborn US inflation data to put to rest any lingering wishful thinking of a 'Fed Pivot'.

The local market continued to trend sideways for much of the fourth quarter of 2021 due to lack of catalysts. Market declined following the announcement of 'Cukai Makmur' in Budget 2022 and changes to the stock market stamp duty charges. However, local main index rebounded in December, led by recovery in the share prices of telecommunication and healthcare stocks.

Against a very difficult geopolitical and macro environment, the FTSE BM KLCI still managed to eke out a small positive return in the first quarter of 2022, led by the plantation and banking sectors. As crude oil and palm oil prices rallied during the quarter as a result of the Ukraine crisis, the plantation sector begun to find favour among both local and foreign investors. The banking sector was also seen to benefit from the country's transition into the endemic phase.

However, the FTSE BM KLCI succumbed to selling pressure towards the end of second quarter. Foreign investor outflows from the local equity market increased in tandem with the decline in commodity prices as inflation worries gave way to fears about an impending economic recession.

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 on expectations of a gloomy global economic outlook.

V. FUTURE PROSPECTS AND PROPOSED STRATEGIES

Economic recession looms large in many investors' mind as recent economic data clearly point towards a cooling of the global economy. Abnormally high inflation, Ukraine crisis, consecutive jumbo rate hikes by the US Fed and the flare up of COVID-19 cases in China are just some of the macro shocks that have pummelled the global economy.

The Malaysian economy appears to have weathered the recent macro shocks much better than the rest of the world, partly because the re-opening of the economy in most ASEAN countries lagged the rest of the world by about a year. However, we expect sentiment in the equity market to remain weak as concerns rise about the possible spill-over effects of the cooling global economy hitting local shores.

We are positive on the outlook of the equity market despite the challenging macro environment. The recent sell-off in the equity market offers a good opportunity for the Fund to accumulate quality companies at attractive valuations. We are confident companies with strong fundamentals will outperform should investors' sentiment improve.

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 year under review.

VIII. CROSS TRADE TRANSACTIONS

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

STATEMENT BY THE MANAGER

I, Hoo See Kheng, as the Director of Hong Leong Asset Management Bhd, do hereby state that, in the opinion of the Manager, the financial statements set out on pages 16 to 55 are drawn up in accordance with the provision of the Deeds and give a true and fair view of the financial position of the Fund as at 31 October 2022 and of its financial performance, changes in equity and cash flows for the financial year ended 31 October 2022 in accordance with the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

For and on behalf of the Manager,

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

HOO SEE KHENG

Chief Executive Officer/Executive Director

Kuala Lumpur

16 December 2022

TRUSTEE'S REPORT

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

We have acted as Trustee of the Fund for the financial year ended 31 October 2022 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Hong Leong Asset Management Bhd has operated and managed the Fund during the year covered by these financial statements in accordance with the following:

- (a) Limitations imposed on the investment powers of the management company under the deed, the securities laws and the Guidelines on Unit Trust Funds;
- (b) Valuation and pricing is carried out in accordance with the deed; and
- (c) 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 distributions of income by the Fund are 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

16 December 2022

INDEPENDENT AUDITORS' REPORT

TO THE UNIT HOLDERS OF HONG LEONG ASIA-PACIFIC DIVIDEND FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Hong Leong Asia-Pacific Dividend Fund ("the Fund") give a true and fair view of the financial position of the Fund as at 31 October 2022 and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 October 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 16 to 55.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
16 December 2022

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2022

| | Note | 2022 RM | 2021 RM |
|--|------|---------------------|--------------------|
| INVESTMENT (LOSS)/INCOME | | | |
| Interest income from financial assets measured at amortised cost | | 41,982 | 52,803 |
| Dividend income | | 1,749,759 | 2,241,055 |
| Net loss on derivatives | 8 | (1,530,993) | (816,886) |
| Net (loss)/gain on financial assets at fair value through profit or loss ("FVTPL") | 9 | (12,386,276) | 15,413,657 |
| Net foreign currency exchange gain/(loss) | | 536,683 | (194,612) |
| | | <u>(11,588,845)</u> | <u>16,696,017</u> |
| EXPENDITURE | | | |
| Management fee | 4 | (2,304,574) | (1,740,429) |
| Trustee's fee | 5 | (80,660) | (65,458) |
| Auditors' remuneration | | (9,700) | (9,700) |
| Tax agent's fee | | (17,311) | (16,674) |
| Custodian fees | | (15,475) | (27,800) |
| Transaction costs | | (839,260) | (1,235,614) |
| Other expenses | | (103,071) | (190,607) |
| | | <u>(3,370,051)</u> | <u>(3,286,282)</u> |
| (LOSS)/PROFIT BEFORE TAXATION | | (14,958,896) | 13,409,735 |
| Taxation | 6 | (14,298) | - |
| (LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL YEAR | | <u>(14,973,194)</u> | <u>13,409,735</u> |
| (Loss)/profit after taxation is made up as follows: | | | |
| Realised amount | | (5,314,846) | (2,951,744) |
| Unrealised amount | | (9,658,348) | 16,361,479 |
| | | <u>(14,973,194)</u> | <u>13,409,735</u> |
| Distributions for the financial year: | | | |
| Net distributions | 7 | <u>7,474,190</u> | <u>5,384,570</u> |
| Net distributions per unit (sen) | 7 | <u>4.0000</u> | <u>4.5000</u> |
| Gross distributions per unit (sen) | 7 | <u>4.0000</u> | <u>4.5000</u> |

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 OCTOBER 2022

| | Note | 2022 RM | 2021 RM |
|--|------|--------------------|--------------------|
| ASSETS | | | |
| Cash and cash equivalents | | 5,545,206 | 15,791,394 |
| Amount due from brokers/dealers | | 157,843 | - |
| Amount due from the Manager | | | |
| -creation of units | | 9,810 | 352,747 |
| Derivatives | 8 | - | 102,174 |
| Financial assets at fair value through profit or loss ("FVTPL") | 9 | 102,144,698 | 116,370,750 |
| TOTAL ASSETS | | <u>107,857,557</u> | <u>132,617,065</u> |
| LIABILITIES | | | |
| Amount due to the Manager | | | |
| -cancellation of units | | 70,726 | - |
| -management fee | | 179,669 | 224,013 |
| -expenses | | - | 1,011 |
| Amount due to the Trustee | | 6,289 | 7,840 |
| Derivatives | 8 | 124,277 | - |
| Other payables and accruals | | 18,829 | 14,995 |
| Tax payable | | 4,298 | - |
| TOTAL LIABILITIES | | <u>404,088</u> | <u>247,859</u> |
| NET ASSET VALUE OF THE FUND | | <u>107,453,469</u> | <u>132,369,206</u> |
| EQUITY | | | |
| Unit holders' capital | | 106,191,646 | 114,950,894 |
| Retained earnings | | 1,261,823 | 17,418,312 |
| NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS | | <u>107,453,469</u> | <u>132,369,206</u> |
| UNITS IN CIRCULATION (UNITS) | 10 | <u>189,540,290</u> | <u>192,083,737</u> |
| NET ASSET VALUE PER UNIT (RM) | | <u>0.5669</u> | <u>0.6891</u> |

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2022

| | Note | Unit holders' capital RM | Retained earnings RM | Total RM |
|---|------|--------------------------|----------------------|--------------|
| Balance as at 1 November 2021 | | 114,950,894 | 17,418,312 | 132,369,206 |
| Movement in net asset value: | | | | |
| Creation of units from applications | | 9,813,970 | - | 9,813,970 |
| Creation of units from distributions | | 5,757,668 | - | 5,757,668 |
| Cancellation of units | | (18,039,991) | - | (18,039,991) |
| Total comprehensive loss for the financial year | | - | (14,973,194) | (14,973,194) |
| Distributions for the financial year | 7 | (6,290,895) | (1,183,295) | (7,474,190) |
| Balance as at 31 October 2022 | | 106,191,646 | 1,261,823 | 107,453,469 |
| Balance as at 1 November 2020 | | 25,488,111 | 8,955,050 | 34,443,161 |
| Movement in net asset value: | | | | |
| Creation of units from applications | | 107,431,278 | - | 107,431,278 |
| Creation of units from distributions | | 3,554,438 | - | 3,554,438 |
| Cancellation of units | | (21,084,836) | - | (21,084,836) |
| Total comprehensive income for the financial year | | - | 13,409,735 | 13,409,735 |
| Distributions for the financial year | 7 | (438,097) | (4,946,473) | (5,384,570) |
| Balance as at 31 October 2021 | | 114,950,894 | 17,418,312 | 132,369,206 |

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2022

| | 2022 RM | 2021 RM |
|---|---------------|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Proceeds from sales of financial assets at FVTPL | 124,379,882 | 157,283,645 |
| Purchase of financial assets at FVTPL | (123,537,209) | (226,889,102) |
| Realised loss on derivatives | (1,304,542) | (928,053) |
| Realised foreign exchange differences arising from operating activities | 450,675 | (109,934) |
| Interest income received from financial assets measured at amortised cost | 41,982 | 52,803 |
| Dividend income received | 1,677,006 | 2,157,976 |
| Management fee paid | (2,348,918) | (1,559,287) |
| Trustee's fee paid | (82,211) | (59,619) |
| Payment for other fees and expenses | (69,981) | (88,732) |
| Tax paid | (10,000) | - |
| Net cash used in operating activities | (803,316) | (70,140,303) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from creation of units | 10,156,907 | 107,378,419 |
| Payments for cancellation of units | (17,969,265) | (21,084,836) |
| Payments for distributions | (1,716,522) | (1,830,132) |
| Net cash (used in)/generated from financing activities | (9,528,880) | 84,463,451 |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (10,332,196) | 14,323,148 |
| EFFECTS OF FOREIGN EXCHANGE RATE CHANGES | 86,008 | (84,981) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR | 15,791,394 | 1,553,227 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR | 5,545,206 | 15,791,394 |

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2022

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Hong Leong Asia-Pacific Dividend Fund ("the Fund") was constituted pursuant to the execution of a Deed dated 27 January 2006 and Supplemental Deed dated 30 April 2010 between the Manager, Hong Leong Asset Management Bhd and HSBC (Malaysia) Trustee Berhad for the unit holders of the Fund. HSBC (Malaysia) Trustee Berhad has been replaced with Deutsche Trustees Malaysia Berhad ("the Trustee") effective 1 November 2012 and Supplemental Master Deeds were entered into between the Manager and the Trustee for the unit holders of the Fund on 21 September 2012 and 25 March 2015 to effect the change ("the Deeds").

The Fund aims to provide investors with steady recurring income that is potentially higher than the average fixed deposit rates. At the same time, the Fund also attempts to attain Medium-To-Long Term capital gains from investing in high quality dividend yielding equities.

The Fund will invest a minimum 70% of its net asset value into equities and equity-related securities which include common stock and depository receipts of companies in the Asia-Pacific ex Japan region. The Fund may invest in ETFs and REITs. A maximum 30% of its net asset value may be invested into fixed income instruments which include fixed income securities, money market instruments and deposits. The Fund's investments may include derivatives which include futures, options, forward contracts and warrants to gain exposure to equities in the Asia-Pacific ex Japan region and in fixed income instruments. The Fund commenced operations on 28 February 2006 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 16 December 2022.

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

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

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported financial year. It also requires the Manager to exercise their judgment in the process of applying the Fund's accounting policies. The Manager believes that the underlying assumptions are appropriate and the Fund's financial statements therefore present the financial position results fairly. Although these estimates and judgment are based on the Manager's best knowledge of current events and actions, actual results may differ.

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

- (i) Amendments to published standard and interpretations that are relevant and effective 1 November 2021.

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 November 2021 that have a material effect on the financial statements of the Fund.

- (ii) New standards, amendment and interpretations effective after 1 November 2021 and have not been early adopted.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 November 2021, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

(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 and amount due from the Manager 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 year which they arise.

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

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

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

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

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

are subsequently carried at amortised cost using the effective interest rate method.

Impairment

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

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

(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 judgement 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 year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges.

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

(d) Income recognition

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

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

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

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

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

(e) Cash and cash equivalents

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

(f) Amount due from/to brokers/dealers

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

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

(g) Taxation

Current tax expense is determined according to Malaysian tax laws at the prevailing tax rate based on the taxable profit earned during the financial year. 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) Distributions

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

(i) Transaction costs

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

(j) Unit holders' capital

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

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

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

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

(k) 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 the hedge accounting are classified as held for trading and accounted for in accordance with the accounting policy set out in note 2(b).

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

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

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

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

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

3. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

| | Financial assets/ liabilities at FVTPL RM | Financial assets/ liabilities at amortised cost RM | Total RM |
|------------------------------------|---|--|--------------------|
| 2022 | | | |
| <u>Financial assets</u> | | | |
| Cash and cash equivalents | - | 5,545,206 | 5,545,206 |
| Amount due from brokers/dealers | - | 157,843 | 157,843 |
| Amount due from the Manager | | | |
| -creation of units | - | 9,810 | 9,810 |
| Financial assets at FVTPL (Note 9) | 102,144,698 | - | 102,144,698 |
| | <u>102,144,698</u> | <u>5,712,859</u> | <u>107,857,557</u> |
| <u>Financial liabilities</u> | | | |
| Amount due to the Manager | | | |
| -cancellation of units | - | 70,726 | 70,726 |
| -management fee | - | 179,669 | 179,669 |
| Amount due to the Trustee | - | 6,289 | 6,289 |
| Derivatives (Note 8) | 124,277 | - | 124,277 |
| Other payables and accruals | - | 18,829 | 18,829 |
| | <u>124,277</u> | <u>275,513</u> | <u>399,790</u> |
| 2021 | | | |
| <u>Financial assets</u> | | | |
| Cash and cash equivalents | - | 15,791,394 | 15,791,394 |
| Amount due from the Manager | | | |
| -creation of units | - | 352,747 | 352,747 |
| Derivatives (Note 8) | 102,174 | - | 102,174 |
| Financial assets at FVTPL (Note 9) | 116,370,750 | - | 116,370,750 |
| | <u>116,472,924</u> | <u>16,144,141</u> | <u>132,617,065</u> |
| <u>Financial liabilities</u> | | | |
| Amount due to the Manager | | | |
| -management fee | - | 224,013 | 224,013 |
| -expenses | - | 1,011 | 1,011 |
| Amount due to the Trustee | - | 7,840 | 7,840 |
| Other payables and accruals | - | 14,995 | 14,995 |
| | <u>-</u> | <u>247,859</u> | <u>247,859</u> |

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

(a) Market risk

(i) Price risk

Price risk arises mainly from the uncertainty about future prices of investments. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Manager manages the risk of unfavourable changes in prices by continuous monitoring of the performance and risk profile of the investment portfolio.

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

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

| | 2022 RM | 2021 RM |
|--------------------------------------|-------------|-------------|
| <u>Financial assets at FVTPL:</u> | | |
| - Quoted equity securities - local | 72,829,716 | 73,121,440 |
| - Quoted equity securities - foreign | 29,314,982 | 43,249,310 |
| | 102,144,698 | 116,370,750 |
| Derivatives | (124,277) | 102,174 |
| | 102,020,421 | 116,472,924 |

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

| % Change in price of financial assets at FVTPL | Market value RM | Impact on (loss)/profit after taxation/ net asset value RM |
|---|--------------------------------|---|
| 2022 | | |
| -5% | 96,919,400 | (5,101,021) |
| 0% | 102,020,421 | - |
| 5% | 107,121,442 | 5,101,021 |
| 2021 | | |
| -5% | 110,649,278 | (5,823,646) |
| 0% | 116,472,924 | - |
| 5% | 122,296,570 | 5,823,646 |

(ii) Interest rate risk

Interest rate risk is the risk that the value of the Fund's investments and its return will fluctuate because of changes in market interest rates.

Interest rate is a general economic indicator that will have an impact on the management of the Fund. The Fund's exposure to the interest rate risk is mainly confined to short term placements with licensed financial institutions. The Manager overcomes the exposure by way of maintaining deposits on a short term basis.

As at end of each reporting year, the Fund does not hold any deposits and is not exposed to a material level of interest rate risk.

(iii) Currency risk

Currency risk is associated with investments that are quoted and/or priced in foreign currency denomination. Malaysian based investors should be aware that if the Malaysian Ringgit appreciates against the currencies in which the financial assets are denominated, this will have an adverse effect on the net asset value of the Fund and vice versa. Investors should also note any gains or losses arising from the movement of foreign currencies against its functional currency may therefore increase/decrease the capital gains of the investment denominated in foreign currencies. Nevertheless, investors should realise that currency risk is considered as one of the major risks to investments in foreign assets due to the volatile nature of the foreign exchange market. The Manager or its fund management delegate could utilise two pronged approaches in order to mitigate the currency risk; firstly by spreading the investments across different currencies (i.e. diversification) and secondly, by hedging the currencies when it is deemed necessary.

The Fund's foreign currency risk concentrations are as follows:

| | Cash and cash equivalents RM | Derivatives RM | Financial assets at FVTPL RM | Total RM |
|-------------|------------------------------------|-------------------|---------------------------------------|-------------|
| 2022 | | | | |
| AUD | 17,169 | (51,173) | 7,391,553 | 7,357,549 |
| HKD | - | (36,331) | - | (36,331) |
| IDR | - | - | 13,607,782 | 13,607,782 |
| THB | - | (36,773) | 8,315,647 | 8,278,874 |
| 2021 | | | | |
| HKD | 5,011,559 | 65,478 | 39,675,576 | 44,752,613 |
| SGD | 3,069 | 9,570 | 3,573,734 | 3,586,373 |
| USD | 2,989,898 | 27,126 | - | 3,017,024 |

The table below summarises the sensitivity of the Fund's (loss)/profit after taxation and net asset value denominated in foreign currency to changes in foreign exchange movements at the end of each reporting year. The analysis is based on the assumption that the foreign exchange rate fluctuates by 5%, with all other variables remain constants. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

| | Change in foreign exchange rate % | Impact on (loss)/profit after taxation/net asset value | |
|-----|-----------------------------------|--|-----------|
| | | 2022 RM | 2021 RM |
| AUD | 5 | 295,796 | - |
| HKD | 5 | (94,320) | 1,107,287 |
| IDR | 5 | 680,389 | - |
| SGD | 5 | - | 77,085 |
| THB | 5 | 211,945 | - |
| USD | 5 | - | 12,726 |

(b) Credit risk

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

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

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

For amount due from brokers/dealers, the settlement terms are governed by the relevant rules and regulations as prescribed by Bursa Securities and respective foreign stock exchanges. The credit/default risk is minimal as all transactions in quoted investments are settled/paid upon delivery using approved brokers/dealers.

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

| | Cash and cash equivalents RM | Amount due from brokers/dealers RM | Amount due from the Manager - creation of units RM | Derivatives RM | Total RM |
|--------------|---------------------------------|---------------------------------------|---|-------------------|-------------------|
| 2022 | | | | | |
| - AAA | 5,524,417 | - | - | - | 5,524,417 |
| - AA1 | 20,789 | - | - | - | 20,789 |
| - NR | - | 157,843 | 9,810 | - | 167,653 |
| Total | 5,545,206 | 157,843 | 9,810 | - | 5,712,859 |
| 2021 | | | | | |
| - AAA | 7,776,641 | - | - | 102,174 | 7,878,815 |
| - AA1 | 8,014,753 | - | - | - | 8,014,753 |
| - NR | - | - | 352,747 | - | 352,747 |
| Total | 15,791,394 | - | 352,747 | 102,174 | 16,246,315 |

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

(c) Liquidity risk

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

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

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

| | Less than 1 month RM | 1 month to 1 year RM | Total RM |
|------------------------------|----------------------------|----------------------------|-------------|
| 2022 | | | |
| <u>Financial liabilities</u> | | | |
| Amount due to the Manager | | | |
| -cancellation of units | 70,726 | - | 70,726 |
| -management fee | 179,669 | - | 179,669 |
| Amount due to the Trustee | 6,289 | - | 6,289 |
| Derivatives | 124,277 | - | 124,277 |
| Other payables and accruals | - | 18,829 | 18,829 |
| Contractual cash out flows | 380,961 | 18,829 | 399,790 |
| 2021 | | | |
| <u>Financial liabilities</u> | | | |
| Amount due to the Manager | | | |
| -management fee | 224,013 | - | 224,013 |
| -expenses | 1,011 | - | 1,011 |
| Amount due to the Trustee | 7,840 | - | 7,840 |
| Other payables and accruals | - | 14,995 | 14,995 |
| Contractual cash out flows | 232,864 | 14,995 | 247,859 |

(d) Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital and retained earnings. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders' and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

(e) Fair value estimation

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

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

The fair value of financial assets traded in active markets (such as 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 year end date. Valuation techniques used for non-standardised financial instruments such as options, currency swaps and other over-the-counter derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

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

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

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

(i) Fair value hierarchy

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

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that requires significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires 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 and liabilities (by class) measured at fair value:

| | Level 1 RM | Level 2 RM | Level 3 RM | Total RM |
|-----------------------------------|--------------------|----------------|---------------|--------------------|
| 2022 | | | | |
| <u>Financial assets at FVTPL:</u> | | | | |
| - Quoted equity securities | | | | |
| - local | 72,829,716 | - | - | 72,829,716 |
| - Quoted equity securities | | | | |
| - foreign | 29,314,982 | - | - | 29,314,982 |
| | <u>102,144,698</u> | - | - | <u>102,144,698</u> |
| <u>Financial liabilities:</u> | | | | |
| - Derivatives | | - (124,277) | - | (124,277) |
| 2021 | | | | |
| <u>Financial assets at FVTPL:</u> | | | | |
| - Quoted equity securities | | | | |
| - local | 73,121,440 | - | - | 73,121,440 |
| - Quoted equity securities | | | | |
| - foreign | 43,249,310 | - | - | 43,249,310 |
| <u>Financial assets:</u> | | | | |
| - Derivatives | - | 102,174 | - | 102,174 |
| | <u>116,370,750</u> | <u>102,174</u> | - | <u>116,472,924</u> |

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

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

- (ii) The carrying values of financial assets (other than financial assets at FVTPL and derivatives) and financial liabilities (other than derivatives) 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 2.00% per annum calculated daily based on the net asset value of the Fund.

For the financial year ended 31 October 2022, the management fee is recognised at a rate of 2.00% (01.11.2020 - 06.04.2021: 1.50%; 07.04.2021 - 31.10.2021: 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 0.20% subject to a minimum of RM18,000 per annum calculated daily based on the net asset value of the Fund.

For the financial year ended 31 October 2022, the Trustee's fee is recognised at a rate of 0.07% (2021: 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

| | 2022 RM | 2021 RM |
|------------------------------------|------------|------------|
| Tax charge for the financial year: | | |
| Current taxation | 14,298 | - |

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

| | 2022 RM | 2021 RM |
|--|--------------|-------------|
| (Loss)/profit before taxation | (14,958,896) | 13,409,735 |
| Taxation at Malaysian statutory rate of 24% (2021: 24%) | (3,590,135) | 3,218,336 |
| Tax effects of: | | |
| Investment loss disallowed from tax/ (Investment income not subject to tax) | 2,817,176 | (4,007,044) |
| Expenses not deductible for tax purposes | 228,840 | 363,572 |
| Restriction on tax deductible expenses for unit trust fund | 546,683 | 425,136 |
| Income subject to different tax rate | 11,734 | - |
| Taxation | 14,298 | - |

7. DISTRIBUTIONS

| | 2022 RM | 2021 RM |
|--|------------|------------|
| Prior financial years' realised income | 977,323 | 4,949,483 |
| Interest income | 8,189 | 3,033 |
| Dividend income | 246,536 | 186,940 |
| Net realised gain on foreign currency exchange | 66,622 | - |
| Distribution equalisation | 6,290,895 | 438,097 |
| Less: Expenses | (115,375) | (192,983) |
| Net distributions amount | 7,474,190 | 5,384,570 |
| Net distributions per unit (sen) | 4.0000 | 4.5000 |
| Gross distributions per unit (sen) | 4.0000 | 4.5000 |

Date of Declaration

Distribution on 19 January

| | | |
|--|--------|--------|
| Gross/net distributions per unit (sen) | 2.0000 | 2.0000 |
|--|--------|--------|

Distribution on 19 July

| | | |
|--|--------|--------|
| Gross/net distributions per unit (sen) | 2.0000 | 2.5000 |
|--|--------|--------|

Net distribution above are sourced from prior and current financial year's realised income. Gross distribution is derived using total income less total expenses.

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

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

The above distributions have been proposed before taking into account the unrealised loss of RM9,658,348 (2021: unrealised gain of RM16,361,479) which is carried forward to the next financial year.

8. DERIVATIVES

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

| | 2022 RM | 2021 RM |
|-----------------------------------|--------------------|------------------|
| <u>Derivative assets:</u> | | |
| Forward currency contracts | - | 102,174 |
| <u>Derivative liabilities:</u> | | |
| Forward currency contracts | 124,277 | - |
| <u>Net loss on derivatives:</u> | | |
| Realised loss on disposals | (1,304,542) | (928,053) |
| Changes in unrealised fair values | (226,451) | 111,167 |
| | <u>(1,530,993)</u> | <u>(816,886)</u> |

| | Maturity date | Contract or underlying principal amounts | *Fair value RM |
|----------------------|----------------------|---|-----------------------|
| 2022 | | | |
| Australian Dollar | within 1 month | 493,000 | (51,173) |
| Hong Kong Dollar | within 1 month | 3,132,000 | (36,331) |
| Thai Baht | within 1 month | 32,745,000 | (36,773) |
| | | | <u>(124,277)</u> |
| 2021 | | | |
| Hong Kong Dollar | within 1 month | 42,244,000 | 65,478 |
| Singapore Dollar | within 1 month | 660,000 | 9,570 |
| United States Dollar | within 1 month | 660,000 | 27,126 |
| | | | <u>102,174</u> |

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

| | Receivables RM | Payables RM | Fair value RM | Percentage of net asset value % |
|-----------------------------------|-----------------------|--------------------|----------------------|--|
| 2022 | | | | |
| CIMB Bank Berhad | - | (36,773) | (36,773) | 0.03 |
| Hong Leong Bank Berhad | - | (36,331) | (36,331) | 0.03 |
| Hong Leong Investment Bank Berhad | - | (51,173) | (51,173) | 0.05 |
| | - | (124,277) | (124,277) | 0.11 |
| 2021 | | | | |
| Hong Leong Investment Bank Berhad | 102,174 | - | 102,174 | 0.08 |

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

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

| | 2022 RM | 2021 RM |
|---|---------------------|--------------------|
| Financial assets at FVTPL: | | |
| Quoted equity securities - local | 72,829,716 | 73,121,440 |
| Quoted equity securities - foreign | 29,314,982 | 43,249,310 |
| | <u>102,144,698</u> | <u>116,370,750</u> |
| Net (loss)/gain on financial assets at FVTPL: | | |
| Realised loss on disposals | (2,868,371) | (921,636) |
| Changes in unrealised fair values | (9,517,905) | 16,335,293 |
| | <u>(12,386,276)</u> | <u>15,413,657</u> |

Financial assets at FVTPL as at 31 October 2022 are as detailed below:

| | Quantity Units | Aggregate cost RM | Fair value RM | Percentage of net asset value % |
|---|-------------------|-------------------------|---------------------|--|
| QUOTED EQUITY SECURITIES - LOCAL | | | | |
| <u>Main Market</u> | | | | |
| <u>Consumer Products & Services</u> | | | | |
| Berjaya Food Berhad | 5,025,000 | 4,376,381 | 4,723,500 | 4.40 |
| Lee Swee Kiat Group Berhad | 2,325,800 | 1,977,462 | 1,453,625 | 1.35 |
| | <u>7,350,800</u> | <u>6,353,843</u> | <u>6,177,125</u> | <u>5.75</u> |
| <u>Energy</u> | | | | |
| Wah Seong Corporation Berhad | 3,250,000 | 2,664,275 | 1,868,750 | 1.74 |
| <u>Industrial Products & Services</u> | | | | |
| Dufu Technology Corp. Berhad | 1,435,700 | 4,051,910 | 3,402,609 | 3.17 |
| Kelington Group Berhad | 2,800,000 | 3,690,040 | 3,612,000 | 3.36 |
| Kobay Technology Bhd. | 1,374,000 | 6,787,008 | 3,984,600 | 3.71 |
| SAM Engineering & Equipment (M) Berhad | 750,000 | 3,846,025 | 3,975,000 | 3.70 |
| | <u>6,359,700</u> | <u>18,374,983</u> | <u>14,974,209</u> | <u>13.94</u> |
| <u>Technology</u> | | | | |
| D & O Green Technologies Berhad | 1,600,000 | 1,650,720 | 6,208,000 | 5.78 |
| Frontken Corporation Berhad | 2,050,000 | 6,664,425 | 5,022,500 | 4.67 |
| Inari Amertron Berhad | 2,102,000 | 6,516,200 | 5,233,980 | 4.87 |
| Pentamaster Corporation Berhad | 972,900 | 3,462,959 | 3,774,852 | 3.51 |
| | <u>6,724,900</u> | <u>18,294,304</u> | <u>20,239,332</u> | <u>18.83</u> |
| <u>ACE Market</u> | | | | |
| <u>Consumer Products & Services</u> | | | | |
| Focus Point Holdings Berhad | 6,160,000 | 2,822,345 | 4,496,800 | 4.19 |
| <u>Industrial Products & Services</u> | | | | |
| Coraza Integrated Technology Berhad | 4,650,000 | 3,733,440 | 3,162,000 | 2.94 |
| QES Group Berhad | 9,700,000 | 4,693,030 | 4,462,000 | 4.15 |
| | <u>14,350,000</u> | <u>8,426,470</u> | <u>7,624,000</u> | <u>7.09</u> |

| | Quantity Units | Aggregate cost RM | Fair value RM | Percentage of net asset value % |
|--|-------------------|-------------------------|---------------------|--|
| <u>Technology</u> | | | | |
| Cnengenz Berhad | 5,000,000 | 3,606,140 | 4,375,000 | 4.07 |
| Genetec Technology Berhad | 2,800,000 | 5,397,450 | 5,852,000 | 5.45 |
| LGMS Berhad | 5,350,000 | 3,822,960 | 7,222,500 | 6.72 |
| | 13,150,000 | 12,826,550 | 17,449,500 | 16.24 |
| TOTAL QUOTED EQUITY SECURITIES - LOCAL | 57,345,400 | 69,762,770 | 72,829,716 | 67.78 |
| QUOTED EQUITY SECURITIES - FOREIGN | | | | |
| Australia | | | | |
| <u>Materials</u> | | | | |
| IGO Limited | 160,000 | 7,350,870 | 7,391,553 | 6.88 |
| Total Australia | 160,000 | 7,350,870 | 7,391,553 | 6.88 |
| Indonesia | | | | |
| <u>Financials</u> | | | | |
| Bank Negara Indonesia Persero | 1,300,000 | 3,629,226 | 3,701,438 | 3.44 |
| PT Bank Mandiri (Persero) Tbk | 3,100,000 | 7,466,983 | 9,906,344 | 9.22 |
| Total Indonesia | 4,400,000 | 11,096,209 | 13,607,782 | 12.66 |
| Thailand | | | | |
| <u>Consumer, Non-Cyclical</u> | | | | |
| Bumrungrad Hospital Public Company Limited# | 295,000 | 8,365,432 | 8,315,647 | 7.74 |
| Total Thailand | 295,000 | 8,365,432 | 8,315,647 | 7.74 |
| TOTAL QUOTED EQUITY SECURITIES - FOREIGN | 4,855,000 | 26,812,511 | 29,314,982 | 27.28 |
| TOTAL INVESTMENTS | 62,200,400 | 96,575,281 | 102,144,698 | 95.06 |
| UNREALISED GAIN ON FINANCIAL ASSETS AT FVTPL | | 5,569,417 | | |
| TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL | | 102,144,698 | | |

Financial assets at FVTPL as at 31 October 2021 are as detailed below:

| | Quantity Units | Aggregate cost RM | Fair value RM | Percentage of net asset value % |
|--|-------------------|-------------------------|---------------------|--|
| QUOTED EQUITY SECURITIES - LOCAL | | | | |
| <u>Main Market</u> | | | | |
| <u>Consumer Products & Services</u> | | | | |
| Genting Malaysia Berhad | 2,000,000 | 5,729,800 | 6,340,000 | 4.79 |
| Lee Swee Kiat Group Berhad | 3,200,000 | 2,720,732 | 2,768,000 | 2.09 |
| | 5,200,000 | 8,450,532 | 9,108,000 | 6.88 |
| <u>Energy</u> | | | | |
| Bumi Armada Berhad | 4,500,000 | 877,500 | 2,295,000 | 1.73 |
| Wah Seong Corporation Berhad | 2,850,000 | 2,362,395 | 2,080,500 | 1.57 |
| | 7,350,000 | 3,239,895 | 4,375,500 | 3.30 |
| <u>Health Care</u> | | | | |
| IHH Healthcare Berhad | 600,000 | 4,045,920 | 3,924,000 | 2.96 |
| <u>Industrial Products & Services</u> | | | | |
| Hiap Teck Venture Berhad | 11,200,000 | 5,116,080 | 6,328,000 | 4.78 |
| Pantech Group Holdings Berhad | 8,700,000 | 3,806,100 | 5,089,500 | 3.84 |
| Press Metal Aluminium Holdings Berhad | 880,000 | 3,509,924 | 4,892,800 | 3.70 |
| | 20,780,000 | 12,432,104 | 16,310,300 | 12.32 |
| <u>Technology</u> | | | | |
| D & O Green Technologies Berhad | 1,600,000 | 1,650,720 | 9,024,000 | 6.82 |
| Inari Amertron Berhad | 2,102,000 | 6,516,200 | 8,134,740 | 6.15 |
| | 3,702,000 | 8,166,920 | 17,158,740 | 12.97 |
| <u>Transportation & Logistic</u> | | | | |
| FM Global Logistics Holdings Berhad (formally known as Freight Management Holdings Bhd) | 8,900,000 | 5,522,730 | 8,232,500 | 6.22 |
| <u>ACE Market</u> | | | | |
| <u>Consumer Products & Services</u> | | | | |
| Focus Point Holdings Berhad | 6,160,000 | 2,822,345 | 4,712,400 | 3.56 |
| <u>Technology</u> | | | | |
| Genetec Technology Berhad | 200,000 | 4,997,950 | 9,300,000 | 7.03 |
| TOTAL QUOTED EQUITY SECURITIES - LOCAL | 52,892,000 | 49,678,396 | 73,121,440 | 55.24 |

| | Quantity Units | Aggregate cost RM | Fair value RM | Percentage of net asset value % |
|--|-------------------|-------------------------|---------------------|--|
| QUOTED EQUITY SECURITIES | | | | |
| - FOREIGN | | | | |
| Hong Kong | | | | |
| <u>Communication Services</u> | | | | |
| CMGE Technology Group Limited | 2,850,000 | 7,362,374 | 4,624,410 | 3.49 |
| <u>Cosmetics/Personal Care</u> | | | | |
| L'Occitane International S.A. | 520,000 | 7,541,270 | 7,676,760 | 5.80 |
| <u>Electric</u> | | | | |
| China Longyuan Power Group Corporation Limited* | 835,000 | 7,806,623 | 8,075,920 | 6.10 |
| <u>Materials</u> | | | | |
| Ganfeng Lithium Company Limited* | 78,000 | 6,553,258 | 6,054,266 | 4.58 |
| <u>Pharmaceutical</u> | | | | |
| Sincere Pharmaceutical Group Limited | 1,125,000 | 7,675,769 | 4,859,820 | 3.67 |
| <u>Real Estate</u> | | | | |
| KWG Living Group Holdings Ltd | 735,000 | 3,418,895 | 2,068,496 | 1.56 |
| Shimao Services Holdings Limited | 800,000 | 7,250,399 | 6,315,904 | 4.77 |
| | 1,535,000 | 10,669,294 | 8,384,400 | 6.33 |
| Total Hong Kong | 6,943,000 | 47,608,588 | 39,675,576 | 29.97 |
| Singapore | | | | |
| <u>Healthcare Services</u> | | | | |
| Raffles Medical Group Ltd | 850,000 | 3,996,444 | 3,573,734 | 2.70 |
| Total Singapore | 850,000 | 3,996,444 | 3,573,734 | 2.70 |
| TOTAL QUOTED EQUITY SECURITIES - FOREIGN | 7,793,000 | 51,605,032 | 43,249,310 | 32.67 |
| TOTAL INVESTMENTS | 60,685,000 | 101,283,428 | 116,370,750 | 87.91 |
| UNREALISED GAIN ON FINANCIAL ASSETS AT FVTPL | | 15,087,322 | | |
| TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL | | 116,370,750 | | |

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

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

10. UNITS IN CIRCULATION

| | 2022 No. of units | 2021 No. of units |
|---|----------------------|----------------------|
| At the beginning of the financial year | 192,083,737 | 60,483,297 |
| Add: Creation of units during the financial year | | |
| - Arising from applications | 15,672,971 | 156,069,456 |
| - Arising from distributions | 9,922,486 | 5,098,681 |
| Less: Cancellation of units during the financial year | (28,138,904) | (29,567,697) |
| At the end of the financial year | 189,540,290 | 192,083,737 |

11. TOTAL EXPENSE RATIO ("TER")

| | 2022 % | 2021 % |
|-----|-----------|-----------|
| TER | 2.13 | 2.01 |

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

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

Where;

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

The average net asset value of the Fund for the financial year calculated on a daily basis is RM115,215,215 (2021: RM93,752,226).

12. PORTFOLIO TURNOVER RATIO ("PTR")

| | 2022 Times | 2021 Times |
|-----|---------------|---------------|
| PTR | 1.09 | 2.05 |

PTR is derived from the following calculation:

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

Where: total acquisitions for the financial year
= RM123,138,851 (2021: RM225,929,247)
total disposals for the financial year
= RM127,846,998 (2021: RM158,597,490)

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

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

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

No units were held by the Manager and parties related to the Manager as at 31 October 2022 and 31 October 2021.

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.

| | 2022 RM | 2021 RM |
|---|-------------------|-------------------|
| <u>Related party balances</u> | | |
| Cash at bank: | | |
| - Hong Leong Bank Berhad | 5,524,417 | 7,776,641 |
| Derivatives: | | |
| - Hong Leong Bank Berhad | (36,331) | - |
| - Hong Leong Investment Bank Berhad | (51,173) | 102,174 |
| | <u>5,436,913</u> | <u>7,878,815</u> |
| <u>Related party transactions</u> | | |
| Interest income from auto-sweep facility bank account: | | |
| - Hong Leong Bank Berhad | <u>38,769</u> | <u>50,621</u> |
| Purchase of quoted equity securities: | | |
| - Hong Leong Investment Bank Berhad | <u>16,662,427</u> | <u>22,093,610</u> |
| Disposal of quoted equity securities: | | |
| - Hong Leong Investment Bank Berhad | <u>19,238,499</u> | <u>9,422,912</u> |

14. TRANSACTIONS WITH BROKERS/DEALERS

Detail of transactions with brokers/dealers are as follows:

| | Values of trade RM | Percentage of total trade % | Brokerage fees RM | Percentage of total brokerage fees % |
|---|--------------------------|-----------------------------------|-------------------------|--|
| 2022 | | | | |
| CIMB Investment Bank Berhad | 55,155,151 | 22.23 | 137,851 | 23.56 |
| Affin Hwang Investment Bank Berhad | 42,273,815 | 17.05 | 85,391 | 14.59 |
| Hong Leong Investment Bank Berhad* | 35,900,926 | 14.47 | 89,763 | 15.34 |
| Maybank Investment Bank Berhad | 26,270,879 | 10.59 | 65,717 | 11.23 |
| Shenwan Hongyuan (Hong Kong) Limited | 15,338,331 | 6.18 | 30,770 | 5.26 |
| PT. Mandiri Sekuritas | 13,527,132 | 5.45 | 22,331 | 3.82 |
| JPMorgan Securities (Malaysia) Sdn Bhd | 9,578,146 | 3.86 | 23,890 | 4.08 |
| RHB Investment Bank Berhad | 9,287,243 | 3.74 | 35,869 | 6.13 |
| Citigroup Global Markets Malaysia Sdn Bhd | 6,443,014 | 2.60 | 14,475 | 2.47 |
| Nomura Securities Malaysia Sdn Bhd | 6,328,842 | 2.55 | 15,804 | 2.70 |
| Others | 27,971,454 | 11.28 | 63,323 | 10.82 |
| | <u>248,074,933</u> | <u>100.00</u> | <u>585,184</u> | <u>100.00</u> |

| | Values of trade RM | Percentage of total trade % | Brokerage fees RM | Percentage of total brokerage fees % |
|---|--------------------------|-----------------------------------|-------------------------|--|
| 2021 | | | | |
| Affin Hwang Investment Bank Berhad | 94,466,698 | 24.62 | 188,952 | 21.60 |
| Credit Suisse (Hong Kong) Limited | 70,658,666 | 18.42 | 141,141 | 16.14 |
| CL Securities Taiwan Company Limited | 45,373,390 | 11.83 | 113,767 | 13.01 |
| Maybank Investment Bank Berhad | 35,114,397 | 9.15 | 87,757 | 10.03 |
| Hong Leong Investment Bank Berhad* | 31,516,522 | 8.21 | 76,897 | 8.79 |
| CLSA Limited | 20,564,121 | 5.36 | 51,320 | 5.87 |
| Credit Suisse AG, Taipei Securities Branch | 19,434,198 | 5.06 | 48,541 | 5.55 |
| JPMorgan Securities (Malaysia) Sdn Bhd | 12,107,802 | 3.16 | 30,252 | 3.46 |
| Credit Suisse Securities (Malaysia) Sdn Bhd | 10,979,738 | 2.86 | 27,417 | 3.13 |
| Nomura Securities Malaysia Sdn Bhd | 9,205,339 | 2.40 | 22,946 | 2.62 |
| Others | 34,281,455 | 8.93 | 85,599 | 9.80 |
| | <u>383,702,326</u> | <u>100.00</u> | <u>874,589</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:

By Sector:

Financial Services
Telecommunications & Media
Consumer Products & Services
Materials
Industrial Products & Services
Utilities
Energy
Technology
Health Care
Transportation & Logistics
Real Estate
Electric
Cosmetic/Personal Care
Pharmaceuticals
Materials

Deposits & Cash Equivalents

By Country:

Hong Kong
Malaysia
Indonesia
Taiwan
Singapore
Thailand
Australia

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) | |

| Financial Year 31/10/21- 31/10/22 % | Financial Year 31/10/20- 31/10/21 % | Financial Year 31/10/19- 31/10/20 % |
|--|--|--|
| 12.66 | - | - |
| - | 3.49 | 7.53 |
| 17.68 | 10.44 | 28.94 |
| - | 4.58 | - |
| 21.03 | 12.32 | 25.08 |
| - | - | 5.82 |
| 1.74 | 3.30 | 4.40 |
| 35.07 | 20.00 | 9.31 |
| - | 5.66 | 13.87 |
| - | 6.22 | - |
| - | 6.33 | - |
| - | 6.10 | - |
| - | 5.80 | - |
| - | 3.67 | - |
| 6.88 | - | - |
| 4.94 | 12.09 | 5.05 |
| - | 29.97 | 35.99 |
| 67.78 | 55.24 | 51.07 |
| 12.66 | - | - |
| - | - | 7.89 |
| - | 2.70 | - |
| 7.74 | - | - |
| 6.88 | - | - |
| 4.94 | 12.09 | 5.05 |
| RM107,453,469 | RM132,369,206 | RM34,443,161 |
| RM0.5669 | RM0.6892 | RM0.5695 |
| 189,540,290 | 192,083,737 | 60,483,297 |
| RM0.7086 | RM0.7684 | RM0.6628 |
| RM0.5251 | RM0.5700 | RM0.3702 |
| -11.89% | 28.98% | 32.56% |
| -17.75% | 21.02% | 21.33% |
| 5.86% | 7.96% | 11.23% |
| 4.0000 sen/unit | 0.0000 sen/unit | 0.0000 sen/unit |
| 0.0000 sen/unit | 4.5000 sen/unit | 5.5000 sen/unit |
| 4.0000 sen/unit | 4.5000 sen/unit | 5.5000 sen/unit |
| 100% | 0% | 0% |
| 0% | 100% | 100% |

Performance Data

(vii) Distribution Per Unit

(viii) Total Expense Ratio (TER)

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

B. Average Total Return, NAV Per Unit-to-NAV Per Unit basis (as at 31/10/2022)*

- (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 0.96 times (46.83%) to 1.09 times in the financial year ended 31 October 2022 versus 2.05 times for the financial year ended 31 October 2021 mainly due to **lower level of rebalancing activities undertaken by the Fund.**

| Financial Year 31/10/21- 31/10/22 % | Financial Year 31/10/20- 31/10/21 % | Financial Year 31/10/19- 31/10/20 % |
|--|--|--|
| - | - | - |
| 2.0000 sen/unit | 2.0000 sen/unit | 0.5000 sen/unit |
| 2.0000 sen/unit | 2.0000 sen/unit | 0.5000 sen/unit |
| 19/01/2022 | 19/01/2021 | 21/01/2020 |
| RM0.6500 | RM0.6827 | RM0.4979 |
| RM0.6300 | RM0.6627 | RM0.4929 |
| - | - | - |
| 2.0000 sen/unit | 2.5000 sen/unit | 5.0000 sen/unit |
| 2.0000 sen/unit | 2.5000 sen/unit | 5.0000 sen/unit |
| 19/07/2022 | 19/07/2021 | 21/07/2020 |
| RM0.5425 | RM0.7479 | RM0.6588 |
| RM0.5225 | RM0.7229 | RM0.6088 |
| 2.13% | 2.01% | 1.74% |
| 1.09# | 2.05 | 2.99 |
| -11.89% | | |
| 16.88% | | |
| 11.62% | | |

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

Corporate Directory

Head Office

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

Pulau Pinang

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

Ipoh

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

This page is intentionally left blank

This page is intentionally left blank

This page is intentionally left blank



Hong Leong Asset Management Bhd
www.hlam.com.my

