

Hong Leong Islamic Income Management Fund

Semi-Annual Report
Financial Period Ended 30 April 2023

2022/2023
Unaudited



Hong Leong Islamic Income Management Fund

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Manager's Review and Report

I. FUND INFORMATION

Fund Name

Hong Leong Islamic Income Management Fund

Fund Category

Fixed Income (Islamic)

Fund Type

Income

Investment Objective

To provide investors with a low risk investment portfolio offering a stable and regular stream of income* and stability in capital** while adhering to Shariah requirements.

Duration of the Fund and its termination date, where applicable

Not Applicable

Benchmark

Malayan Banking Berhad 1-Month General Investment Account (GIA)
Rate

Distribution Policy

The Fund aims to provide monthly cash distributions on a best effort basis. The rate of the cash distribution will be determined at every month end in order to bring the NAV of the Fund to the proposed range of RM0.5000 per unit. The distribution will be subject to availability of sufficient reserves for cash distribution.

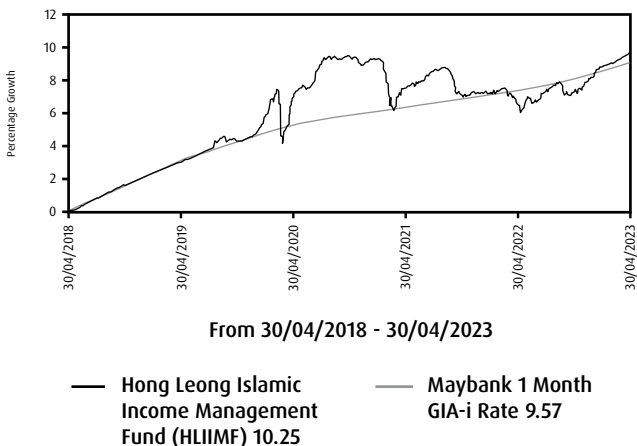
Notes:

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

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

II. FUND PERFORMANCE

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



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

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

Performance Review

This Semi-Annual Report covers the six-month financial period from 1 November 2022 to 30 April 2023.

The Fund posted a return of 2.32% (based on NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from the Fund reinvested) in the past six months while its benchmark the Maybank 1-Month GIA-I registered a return of 0.96%. During the financial period under review, the Fund has distributed 6 times of income distributions to its Unitholders. Unitholders should note that income distributions have the effect of reducing the Net Asset Value (NAV) of the Fund after

distributions. For a full description of the income distributions, cum-distributions and ex-distributions NAV per unit of the Fund, kindly refer to section entitled 'Performance Data' at page 40-43.

For the five years financial period ended 30 April 2023, the Fund posted a return of 10.25% compared to the benchmark's return of 9.57% while distributing a total gross income of 6.538 sen per unit (net income of 6.538 sen per unit).

Table 1: Performance of the Fund for the following periods as at 30 April 2023 (Source: Lipper For Investment Management)

	31/01/23- 30/04/23	31/10/22- 30/04/23	30/04/22- 30/04/23	30/04/20- 30/04/23	30/04/18- 30/04/23	30/04/13- 30/04/23	26/04/07- 30/04/23
	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years	Since Launch
HLIIMF (%)	0.82	2.32	3.19	2.48	10.25	27.22	50.83
Benchmark (%)	0.48	0.96	1.68	3.81	9.57	28.87	49.85

Table 2: Return of the Fund based on NAV Per Unit-to-NAV Per Unit basis for the period 31 October 2022 to 30 April 2023 (Source: Lipper For Investment Management)

	30-Apr-23	31-Oct-22	Return (%)
NAV Per Unit	RM0.4988*	RM0.4933	2.32#
Benchmark	1.95%	1.70%	0.96
vs Benchmark (%)	-	-	1.36

* Based on NAV Per Unit on 28 April 2023 respectively as the above-mentioned reporting date fall on weekend.

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

Table 3: Financial Highlights

The Net Asset Value attributable to Unitholders is represented by:

	30-Apr-23 (RM)	31-Oct-22 (RM)	Change (%)
Unit holders' Capital	188,025,321	5,354,483	3,411.55
Retained Earnings	2,408,076	2,042,534	17.90
Net Asset Value	190,433,397	7,397,017	2,474.46
Units in Circulation	381,734,319	14,994,179	2,445.88

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

	Financial Period 31/10/22- 30/04/23	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)	0.4997	0.5003	0.5247	0.5268
Lowest NAV Per Unit (RM)	0.4925	0.4914	0.4987	0.5037
Capital Growth (%)	1.11	-1.10	-4.94	2.86
Income Distribution (%)	1.20	1.32	2.70	2.34
Total Return (%)	2.31	0.22	-2.24	5.20

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 HLIIMF reinvested.

Table 5: Average Total Return of the Fund

	30/04/22- 30/04/23 1 Year	30/04/20- 30/04/23 3 Years	30/04/18- 30/04/23 5 Years
Average Total Return (%)	3.19	0.83	2.05

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 HLIIMF 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 (%)	0.22	-2.24	5.20	2.81	3.14

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 HLIMF reinvested.

III. INVESTMENT PORTFOLIO

Chart 2: Asset Allocation – November 2022 to April 2023

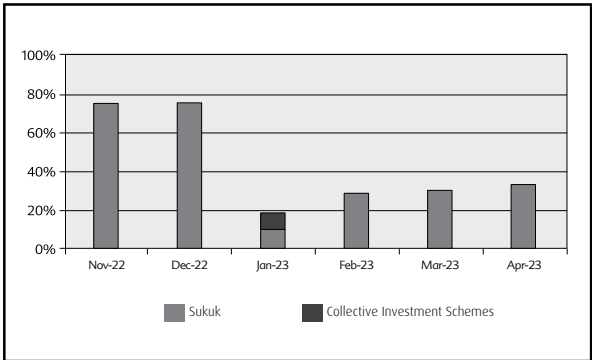


Chart 3: Sector Allocation as at 30 April 2023

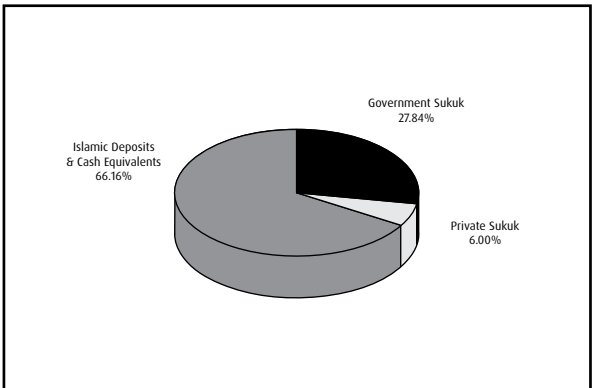
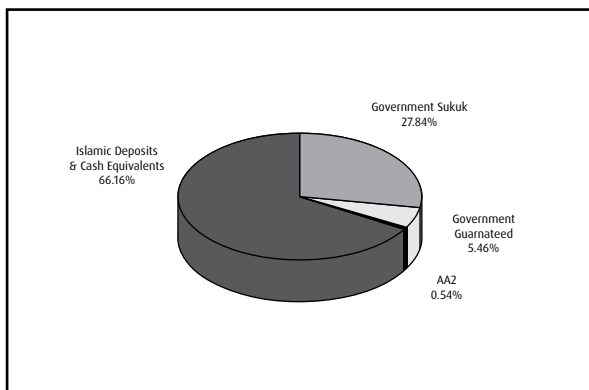


Chart 4: Portfolio Composition by Ratings as at 30 April 2023



Strategies employed by the Fund during the period under review

During the financial period under review, we maintained our defensive duration strategy by overweighting allocation to cash versus sukuk as well as positioning in short-duration Government Investment Issuance securities and Government guaranteed papers based on expectations of increased interest rate volatility arising from central bank’s monetary tightening and elevated inflation levels.

An explanation on the differences in portfolio composition

The fund reduced its allocation weight to sukuk from 74.2% at the beginning of the fund financial review period to 33.8% at the end of the financial period given the expectations of aggressive central bank’s policy rate tightening and to minimize the price volatility impact to the fund arising from monetary tightening.

Operational review of the Fund

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

IV. MARKET REVIEW

In the financial period under review, global sukuk markets were fueled with uncertainties. Subsequent to the re-opening of global economies post-COVID-19 outbreak, supply chain disruptions and the Ukraine-Russian war resulted in soaring oil and commodity prices, which led to high inflation. The United States (US) Federal Reserve (Fed) raised the Federal Funds rate eight times from 0.25% - 0.50% in March 2022 to 4.75% - 5.00% in March 2023 in order to tame rising inflation as the Fed seeks to achieve maximum employment and a targeted inflation rate of 2% over the longer run. Most of the global central banks followed suit in raising borrowing cost to curb inflation. The collapse of Silicon Valley Bank in March 2023 was followed shortly by further financial sector disruption in Europe, which raised broader concerns around the financial sector and brought significant volatility to the global markets. Year-on-year, the 2-year and 10-year US Treasury (UST) yields increased 129 basis points (bps) and 49bps to 4.01% and 3.42% respectively at end-April 2023. At its peak, 10-year UST rose to 4.24% in October whilst 2-year UST hit a high of 5.07% in March.

Despite the elevated inflation rate, recent US indicators point to modest growth in spending and production. Job gains are still running at robust pace while the unemployment rate has remained low. The Fed dot plot had penciled in a 5.00% - 5.25% peak borrowing cost for 2023, after which officials expect to see borrowing cost falling to 4.25% - 4.50% by the end of 2024.

On the domestic front, S&P 500 Index revised Malaysia's outlook from Negative to Stable in June 2022 due to Malaysia's strong economic recovery path, supported by higher exports, high commodity prices and domestic demand. 2022 gross domestic products (GDP) growth recorded 8.7%, beating the initial projection of 6.5% - 7.0%. The Budget 2023 was re-tabled in end-February 2023 with a higher spending allocation of RM388 billion compared to the initial budget of RM372 billion tabled last year. GDP growth is expected to moderate to 4.5%, driven mainly by steady domestic demand, and supported by ongoing improvement in labor market conditions, implementation of multi-year investment projects and higher inbound tourism especially from China. Other key highlights of the Budget include faster-than-expected fiscal consolidation (from -5.5% of GDP tabled in October 2022 to -5% of

GDP), higher development expenditure as well as absence of Goods and Services Tax and prosperity tax.

In calendar year 2022, Bank Negara Malaysia (BNM) raised the borrowing cost four consecutive times totaling 100bps. BNM kept the borrowing cost unchanged at 2.75% in March 2023 stating that monetary policy remained accommodative and future borrowing cost normalization would be premised on evolving domestic inflation and growth outlook. In the financial period under review, 3-year and 10-year government securities also saw a volatile 12-month run, with yields peaking at 3.99% and 4.57%, and ended the financial period at 3.38% and 3.91% respectively (end-March 2022: 3.18% and 3.85% respectively).

V. FUTURE PROSPECTS AND PROPOSED STRATEGIES

In May 2023, BNM unexpectedly raised borrowing cost by 25bps to 3% citing a need to normalize monetary accommodation as the economy was resilient, underpinned by strong domestic demand, household spending and better labour market conditions in the first quarter of 2023 and it needed to manage persistent inflation. Average headline and core inflation are expected to remain elevated at 3.3% to 3.0% in 2023. As anticipated, the US Fed also raised borrowing cost by 25bps to 5.0% - 5.25% in the same month.

With expectations that both the Fed and BNM are likely to pause their borrowing cost hikes for the rest of 2023 amid lingering fears of global recession, any further borrowing cost moves will be data dependent going forward.

Taking cognizance of the market uncertainties that persist for the rest of the year, we will maintain our short duration sukuks and overweighting in cash given the expected ongoing volatility in the borrowing cost market as global central banks still has some headroom to raised policy borrowing cost despite the near-end tightening cycle.

VI. SOFT COMMISSIONS

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

VII. SECURITIES LENDING OR REPURCHASE TRANSACTIONS

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

VIII. CROSS TRADE TRANSACTIONS

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

STATEMENT BY THE MANAGER

I, Hoo See Kheng, as the Director of Hong Leong Asset Management Bhd, do hereby state that, in the opinion of the Manager, the accompanying unaudited condensed financial statements set out on pages 13 to 39 are drawn up in accordance with the provision of the Deeds and give a true and fair view of the financial position of the Fund as at 30 April 2023 and of its financial performance, changes in equity and cash flows for the financial period ended 30 April 2023 in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134 “Interim Financial Reporting” and International Financial Reporting Standards (“IFRS”) 34 “Interim Financial Reporting”.

For and on behalf of the Manager,

Hong Leong Asset Management Bhd

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

HOO SEE KHENG

Chief Executive Officer/Executive Director

Kuala Lumpur

16 June 2023

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF HONG LEONG ISLAMIC INCOME MANAGEMENT FUND ("Fund")

We have acted as Trustee of the Fund for the financial period ended 30 April 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, **Hong Leong Asset Management Bhd** has operated and managed the Fund during the period covered by these financial statements in accordance with the following:

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

We are of the opinion that the distributions of income by the Fund are appropriate and reflect the investment objective of the Fund.

For and on behalf of

CIMB Commerce Trustee Berhad

Datin Ezreen Eliza binti Zulkiplee

Chief Executive Officer

Kuala Lumpur, Malaysia

16 June 2023

SHARIAH ADVISER'S REPORT

TO THE UNIT HOLDERS OF HONG LEONG ISLAMIC INCOME MANAGEMENT FUND ("Fund")

We hereby confirm the following:

1. To the best of our knowledge, after having made all reasonable enquiries, Hong Leong Asset Management Bhd has operated and managed the Fund for the period covered by these financial statements namely, the semi-annual period ended 30 April 2023, in accordance with Shariah principles and requirements, and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters; and
2. The assets of the Fund comprise instruments that have been classified as Shariah compliant.

For and on behalf of the Shariah Adviser,

BIMB SECURITIES SDN BHD

NURUSSA'ADAH NASARUDIN

Designated Shariah Officer

Kuala Lumpur

16 June 2023

CONDENSED STATEMENT OF COMPREHENSIVE INCOME *(Unaudited)***FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2023**

	Note	2023 RM	2022 RM
INVESTMENT INCOME/(LOSS)			
Profit income from financial assets measured at fair value through profit or loss ("FVTPL")		369,307	79,942
Profit income from financial assets measured at amortised cost	4	1,006,741	21,391
Dividend Income		24,165	-
Net gain/(loss) on financial assets at fair value through profit or loss ("FVTPL")	10	349,307	(121,639)
		<u>1,749,520</u>	<u>(20,306)</u>
EXPENDITURE			
Management fee	5	(127,430)	(12,359)
Trustee's fee	6	(33,981)	(3,296)
Auditors' remuneration		(2,851)	(2,851)
Tax agent's fee		(1,760)	(1,289)
Other expenses		(12,416)	(10,160)
		<u>(178,438)</u>	<u>(29,955)</u>
PROFIT/(LOSS) BEFORE TAXATION		1,571,082	(50,261)
Taxation	7	-	-
PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD		<u>1,571,082</u>	<u>(50,261)</u>
Profit/(loss) after taxation is made up as follows:			
Realised amount		1,216,252	71,378
Unrealised amount		354,830	(121,639)
		<u>1,571,082</u>	<u>(50,261)</u>
Distributions for the financial period:			
Net distributions	8	1,274,346	34,839
Net distributions per unit (sen)	8	0.5880	0.2100
Gross distributions per unit (sen)	8	0.5880	0.2100

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

CONDENSED STATEMENT OF FINANCIAL POSITION *(Unaudited)***AS AT 30 APRIL 2023**

	Note	30.04.2023 RM	31.10.2022 RM
ASSETS			
Cash and cash equivalents	9	126,052,675	1,932,500
Prepayment		-	356
Financial assets at fair value through profit or loss ("FVTPL")	10	64,444,062	5,489,750
TOTAL ASSETS		<u>190,496,737</u>	<u>7,422,606</u>
LIABILITIES			
Amount due to the Manager -management fee		43,175	1,883
Amount due to the Trustee		11,513	12,099
Other payables and accruals		8,652	11,607
TOTAL LIABILITIES		<u>63,340</u>	<u>25,589</u>
NET ASSET VALUE OF THE FUND		<u>190,433,397</u>	<u>7,397,017</u>
EQUITY			
Unit holders' capital		188,025,321	5,354,483
Retained earnings		2,408,076	2,042,534
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>190,433,397</u>	<u>7,397,017</u>
UNITS IN CIRCULATION (UNITS)	12	<u>381,734,319</u>	<u>14,994,179</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.4989</u>	<u>0.4933</u>

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

CONDENSED STATEMENT OF CHANGES IN EQUITY *(Unaudited)***FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2023**

	Note	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 November 2022		5,354,483	2,042,534	7,397,017
Movement in net asset value:				
Creation of units from applications		240,457,090	-	240,457,090
Creation of units from distributions		1,274,346	-	1,274,346
Cancellation of units		(58,991,792)	-	(58,991,792)
Total comprehensive income for the financial period		-	1,571,082	1,571,082
Distributions for the financial period	8	(68,806)	(1,205,540)	(1,274,346)
Balance as at 30 April 2023		<u>188,025,321</u>	<u>2,408,076</u>	<u>190,433,397</u>
Balance as at 1 November 2021		6,820,131	2,131,914	8,952,045
Movement in net asset value:				
Creation of units from applications		205,018	-	205,018
Creation of units from distributions		34,839	-	34,839
Cancellation of units		(842,959)	-	(842,959)
Total comprehensive loss for the financial period		-	(50,261)	(50,261)
Distributions for the financial period	8	-	(34,839)	(34,839)
Balance as at 30 April 2022		<u>6,217,029</u>	<u>2,046,814</u>	<u>8,263,843</u>

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

CONDENSED STATEMENT OF CASH FLOWS *(Unaudited)*

FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2023

	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sales of financial assets at FVTPL	10,890,144	-
Purchase of financial assets at FVTPL	(69,369,468)	-
Profit income received from financial assets measured at FVTPL and amortised cost	1,249,026	128,776
Dividend received	24,165	-
Management fee rebate received	1,341	-
Management fee paid	(86,138)	(12,942)
Trustee's fee paid	(34,567)	(13,800)
Payment for other fees and expenses	(19,626)	(18,458)
Net cash (used in)/generated from operating activities	(57,345,123)	83,576
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	240,457,090	205,018
Payments for cancellation of units	(58,991,792)	(842,959)
Net cash generated from/(used in) financing activities	181,465,298	(637,941)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	124,120,175	(554,365)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	1,932,500	3,309,980
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	126,052,675	2,755,615

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

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Hong Leong Islamic Income Management Fund (“the Fund”) was constituted pursuant to the execution of a Deed dated 16 March 2007 and Supplemental Deeds dated 11 April 2007, 30 April 2010, 9 May 2013, 25 March 2015 and 4 August 2017 (“the Deeds”) between the Manager, Hong Leong Asset Management Bhd and the Trustee, CIMB Commerce Trustee Berhad for the unit holders of the Fund.

The primary objective of the Fund is to provide investors with a low risk investment portfolio offering a stable and regular stream of income and stability in capital while adhering to Shariah requirements.

The Fund intends to invest mainly in Islamic money market instruments and short-to-medium term sukuk. Islamic money market instruments include Islamic deposits, and other short-term Islamic money market instruments such as Islamic negotiable instruments and Islamic repurchase agreements with licensed financial institutions. The Fund commenced operations on 26 April 2007 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.

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

The financial statements were authorised for issue by the Manager on 16 June 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

The condensed financial statements should be read in conjunction with the audited financial statements of the Fund for the financial year ended 31 October 2022 which have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

(b) Financial assets and financial liabilities

Classification

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

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

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

taken the option to irrevocably designate any equity securities¹ as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities² are solely principal and profit, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents as financial asset measured at amortised cost as this financial asset is held to collect contractual cash flows consisting of the amount outstanding.

The Fund classifies amount 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. Shariah-compliant investments are initially recognised at fair value.

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

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

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

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

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

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

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

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

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

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

Impairment

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

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

(c) Functional and presentation currency

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

(d) Income recognition

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

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

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

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

(e) Cash and cash equivalents

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

(f) Amount due from/to brokers/dealers

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

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

(g) Taxation

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

(h) Distributions

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

(i) 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.

(j) Fair value of financial instruments

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

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

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

	Financial assets at FVTPL RM	Financial assets/ liabilities at amortised cost RM	Total RM
30.04.2023			
<u>Financial assets</u>			
Cash and cash equivalents (Note 9)	-	126,052,675	126,052,675
Financial assets at FVTPL (Note 10)	64,444,062	-	64,444,062
	<u>64,444,062</u>	<u>126,052,675</u>	<u>190,496,737</u>
<u>Financial liabilities</u>			
Amount due from the Manager -management fee	-	43,175	43,175
Amount due to the Trustee	-	11,513	11,513
Other payables and accruals	-	8,652	8,652
	<u>-</u>	<u>63,340</u>	<u>63,340</u>
31.10.2022			
<u>Financial assets</u>			
Cash and cash equivalents (Note 9)	-	1,932,500	1,932,500
Financial assets at FVTPL (Note 10)	5,489,750	-	5,489,750
	<u>5,489,750</u>	<u>1,932,500</u>	<u>7,422,250</u>
<u>Financial liabilities</u>			
Amount due to the Manager -management fee	-	1,883	1,883
Amount due to the Trustee	-	12,099	12,099
Other payables and accruals	-	11,607	11,607
	<u>-</u>	<u>25,589</u>	<u>25,589</u>

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

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

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

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

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

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

3. FAIR VALUE ESTIMATION

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

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

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

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

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

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

(i) Fair value hierarchy

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

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

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

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

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

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
30.04.2022				
<u>Financial assets at FVTPL:</u>				
- Unquoted sukuk	-	64,444,062	-	64,444,062
31.10.2022				
<u>Financial assets at FVTPL:</u>				
- Unquoted sukuk	-	5,489,750	-	5,489,750

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

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

4. PROFIT INCOME FROM FINANCIAL ASSETS MEASURED AT AMORTISED COST

	2023	2022
	RM	RM
Profit income from:		
- Islamic deposits with licensed financial institutions	1,002,972	21,371
- Cash at bank	3,769	20
	<u>1,006,741</u>	<u>21,391</u>

5. MANAGEMENT FEE AND MANAGEMENT FEE REBATE

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 period ended 30 April 2023, the management fee is recognised at a rate of 0.30% (2022: 0.30%) per annum.

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

The management fee rebates relate to the rebates received from the Manager for investing in unquoted Islamic collective investment scheme. The average rates of rebates were calculated on the net asset value of respective unquoted collective Islamic investment scheme on a daily basis as follow:

	2023	2022
	%	%
<u>Unquoted Islamic collective investment scheme:</u>		
- Hong Leong Dana Al-Safa' MYR Class A	0.20	-

6. 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 period ended 30 April 2023, the Trustee's fee is recognised at a rate of 0.08% (2022: 0.08%) per annum.

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

7. TAXATION

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

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

	2023	2022
	RM	RM
Profit/(loss) before taxation	1,571,082	(50,261)
Taxation at Malaysian statutory rate of 24% (2022: 24%)	377,060	(12,063)
Tax effects of:		
(Shariah-compliant investment income not subject to tax)/Shariah-compliant investment loss disallowed from tax	(419,885)	4,873
Expenses not deductible for tax purposes	9,715	2,189
Restriction on tax deductible expenses for unit trust fund	33,110	5,001
Taxation	-	-

8. DISTRIBUTIONS

	2023	2022
	RM	RM
Prior financial years' realised income	-	34,839
Profit income from financial assets at FVTPL and amortised cost	1,348,322	-
Dividend income	24,165	-
Management fee rebate	1,341	-
Dividend Equalisation	68,806	-
Less: Expenses	(168,288)	-
Net distributions amount	1,274,346	34,839

	2023	2022
	RM	RM
Net distributions per unit (sen)	0.5880	0.2100
Gross distributions per unit (sen)	0.5880	0.2100

Date of Declaration

Distribution on 25 November

Gross/net distribution per unit (sen)	0.0440	-
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Distribution on 27/24 December

Gross/net distribution per unit (sen)	0.0930	-
---------------------------------------	--------	---

Distribution on 25 January

Gross/net distribution per unit (sen)	0.0940	-
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Distribution on 27/25 February

Gross/net distribution per unit (sen)	0.1280	0.0600
---------------------------------------	--------	--------

Distribution on 27/25 March

Gross/net distribution per unit (sen)	0.1110	0.0720
---------------------------------------	--------	--------

Distribution on 25 April

Gross/net distribution per unit (sen)	0.1180	0.0780
---------------------------------------	--------	--------

Net distributions above are sourced from prior financial years' and current financial period's realised income. Gross distributions are derived using total income less total expenses.

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

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

The above distributions have been proposed before taking into account the unrealised gain of RM354,830 (2022: unrealised loss of RM121,639) which is carried forward to the next financial period.

9. CASH AND CASH EQUIVALENTS

	30.04.2023	31.10.2022
	RM	RM
Islamic deposits with licensed financial institutions	125,982,540	1,863,125
Cash at bank	70,135	69,375
	<u>126,052,675</u>	<u>1,932,500</u>

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

	30.04.2023	31.10.2022
	%	%
Islamic deposits with licensed financial institutions	<u>3.48</u>	<u>2.45</u>

Islamic deposits with licensed financial institutions for the financial period ended 30 April 2023 have an average remaining maturity of 38 days (31.10.2022: 1 day).

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

	30.04.2023	31.10.2022
	RM	RM
<u>Financial assets at FVTPL:</u>		
Unquoted sukuk	<u>64,444,062</u>	<u>5,489,750</u>

	2023	2022
	RM	RM
<u>Net gain/(loss) on financial assets at FVTPL:</u>		
Realised loss on disposals	(6,864)	-
Changes in unrealised fair values	354,830	(121,639)
Management fee rebate (Note 5)	1,341	-
	<u>349,307</u>	<u>(121,639)</u>

Financial assets at FVTPL as at 30 April 2023 are as detailed below:

	Nominal value RM	Aggregate cost RM	Fair value RM	Percentage of net asset value %
UNQUOTED SUKUK				
<u>Sukuk</u>				
4.32% RHB Islamic Bank Berhad (AA2) 21/05/2024 21/05/2029 - Series 3	1,000,000	1,019,055	1,022,375	0.54
<u>Government Investment Issues</u>				
3.655% Government of Malaysia 15/10/2024	2,000,000	2,013,621	2,018,636	1.06
3.990% Government of Malaysia 15/10/2025	10,000,000	10,135,728	10,206,443	5.36
3.726% Government of Malaysia 31/03/2026	25,000,000	25,401,921	25,386,898	13.33
4.070% Government of Malaysia 30/09/2026	5,000,000	5,132,876	5,134,736	2.69
4.128% Government of Malaysia 15/08/2025	10,000,000	10,262,912	10,289,525	5.40
	<u>52,000,000</u>	<u>52,947,058</u>	<u>53,036,238</u>	<u>27.84</u>
<u>Securities Guaranteed by Government of Malaysia</u>				
4.290% Danainfra Nasional Berhad 30/04/2026 - Tranche No 44 - IMTN	5,000,000	5,230,372	5,230,293	2.75
4.200% Jambatan Kedua Sdn. Bhd. 28/07/2026 - IMTN	5,000,000	5,127,946	5,155,156	2.71
	<u>10,000,000</u>	<u>10,358,318</u>	<u>10,385,449</u>	<u>5.46</u>
TOTAL UNQUOTED SUKUK	<u>63,000,000</u>	<u>64,324,431</u>	<u>64,444,062</u>	<u>33.84</u>
UNREALISED GAIN ON FINANCIAL ASSETS AT FVTPL		<u>119,631</u>		
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL		<u>64,444,062</u>		

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

	Nominal value RM	Aggregate cost RM	Fair value RM	Percentage of net asset value %
UNQUOTED SUKUK				
<u>Sukuk</u>				
4.40% Infracap Resources Sdn Bhd (AAA) 15/04/2031 - Murabahah Tranche 1 S6	500,000	500,904	482,784	6.53
4.32% RHB Islamic Bank Berhad (AA2) 21/05/2024 21/05/2029 - Series 3	1,000,000	1,019,174	1,021,864	13.82
	1,500,000	1,520,078	1,504,648	20.35
<u>Government Investment Issues</u>				
3.726% Government of Malaysia 31/03/2026	4,000,000	4,204,871	3,985,102	53.87
TOTAL UNQUOTED SUKUK	5,500,000	5,724,949	5,489,750	74.22
UNREALISED LOSS ON FINANCIAL ASSETS AT FVTPL		(235,199)		
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL		5,489,750		

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

11. SHARIAH INFORMATION OF THE FUND

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

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

12. UNITS IN CIRCULATION

	01.11.2022 to 30.04.2023	01.11.2021 to 31.10.2022
	No. of units	No. of units
At the beginning of the financial period/year	14,994,179	17,949,228
Add: Creation of units during the financial period/year		
- Arising from applications	482,468,816	481,098
- Arising from distributions	2,557,509	211,137
Less: Cancellation of units during the financial period/year	(118,286,185)	(3,647,284)
At the end of the financial period/year	<u>381,734,319</u>	<u>14,994,179</u>

13. TOTAL EXPENSE RATIO (“TER”)

	2023	2022
	%	%
TER (annualised)	<u>0.42</u>	<u>0.73</u>

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

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

Where;

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

The average net asset value of the Fund for the financial period calculated on a daily basis is RM86,659,712 (2022: RM8,304,219).

14. PORTFOLIO TURNOVER RATIO (“PTR”)

	2023	2022
	Times	Times
PTR	0.46	-

PTR is derived from the following calculation:

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

Where:

total acquisitions for the financial period	=	RM68,818,400
		(2022: NIL)
total disposals for the financial period	=	RM10,500,050
		(2022: NIL)

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

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

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

Units held by related parties of the Manager

	30.04.2023		31.10.2022	
	Units	RM	Units	RM
Hong Leong Assurance Berhad	230,678,931	115,077,346	-	-

The above units were transacted at the prevailing market price.

No units were held by the Manager as at 30 April 2023 and 31 October 2022.

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

	30.04.2023	31.10.2022
	RM	RM
<u>Related party balances</u>		
Islamic deposits with licensed financial institutions:		
- Hong Leong Islamic Bank Berhad	14,523,644	-
Cash at bank		
- Hong Leong Islamic Bank Berhad	70,135	69,375
	<u>14,593,779</u>	<u>69,375</u>
<hr/>		
	2023	2022
	RM	RM
<u>Related party transactions</u>		
Profit income from Islamic deposits with licensed financial institutions:		
- Hong Leong Islamic Bank Berhad	189,656	7,191
Profit income from cash at bank:		
- Hong Leong Islamic Bank Berhad	3,769	20
	<u>193,425</u>	<u>7,211</u>
Dividend income from unquoted Islamic collective investment scheme managed by the Manager		
	<u>24,165</u>	-
Purchase of unquoted sukuk:		
- Hong Leong Islamic Bank Berhad	<u>5,103,815</u>	-
Purchase of unquoted Islamic collective investment scheme:		
- Hong Leong Asset Management Bhd	<u>10,000,000</u>	-
Disposal of unquoted Islamic collective investment scheme:		
- Hong Leong Asset Management Bhd	<u>9,993,986</u>	-

16. TRANSACTIONS WITH BROKERS/DEALERS

Detail of transactions with brokers/dealers are as follows:

	Values of trade RM	Percentage of total trade %
2023		
CIMB Islamic Bank Berhad	20,435,816	25.59
Hong Leong Asset Management Bhd*	19,993,986	25.03
Bank Islam Malaysia Berhad	11,754,469	14.72
Malayan Banking Berhad	10,345,379	12.95
J.P.Morgan Chase Bank Berhad	10,199,528	12.77
Hong Leong Islamic Bank Berhad*	5,103,815	6.39
CIMB Bank Berhad	2,038,711	2.55
	<u>79,871,705</u>	<u>100.00</u>

There were no acquisition and disposal of investments for the financial period ended 30 April 2022.

* 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:

Private Sukuk

Government Sukuk

Islamic Deposits & Cash Equivalents

(ii)	Total Net Asset Value	(ex-distribution)
(iii)	Net Asset Value Per Unit Units in Circulation	(ex-distribution) (ex-distribution)
(iv)	Highest/Lowest NAV Per Unit (ex-distribution)	Highest NAV Per Unit Lowest NAV Per Unit
(v)	Total Return of the Fund* - Capital Growth - Income Distribution	
(vi)	The distribution (gross) is made out of:- - The Fund's Capital - The Fund's Income - Total Distribution Amount - The Fund's Capital (% of Total Distribution Amount) - The Fund's Income (% of Total Distribution Amount)	
(vii)	Distribution Per Unit	<p>Additional Units Distribution (Gross) Distribution (Net) Distribution Date Cum-Distribution NAV/Unit EX-Distribution NAV/Unit</p> <p>Additional Units Distribution (Gross) Distribution (Net) Distribution Date Cum-Distribution NAV/Unit EX-Distribution NAV/Unit</p> <p>Additional Units Distribution (Gross) Distribution (Net) Distribution Date Cum-Distribution NAV/Unit EX-Distribution NAV/Unit</p> <p>Additional Units Distribution (Gross) Distribution (Net) Distribution Date Cum-Distribution NAV/Unit EX-Distribution NAV/Unit</p> <p>Additional Units Distribution (Gross) Distribution (Net) Distribution Date Cum-Distribution NAV/Unit EX-Distribution NAV/Unit</p> <p>Additional Units Distribution (Gross) Distribution (Net) Distribution Date Cum-Distribution NAV/Unit EX-Distribution NAV/Unit</p> <p>Additional Units Distribution (Gross) Distribution (Net) Distribution Date Cum-Distribution NAV/Unit EX-Distribution NAV/Unit</p> <p>Additional Units Distribution (Gross) Distribution (Net) Distribution Date Cum-Distribution NAV/Unit EX-Distribution NAV/Unit</p>

Financial Period 31/10/22- 30/04/23 %	Financial Year 31/10/21- 31/10/22 %	Financial Year 31/10/20- 31/10/21 %	Financial Year 31/10/19- 31/10/20 %
6.00	20.35	17.33	43.61
27.84	53.87	45.95	-
66.16	25.78	36.72	56.39
RM190,433,397	RM7,397,017	RM8,952,045	RM9,090,373
RM0.4988	RM0.4933	RM0.4988	RM0.5247
381,734,319	14,994,179	17,949,228	17,324,951
RM0.4997	RM0.5003	RM0.5247	RM0.5268
RM0.4925	RM0.4914	RM0.4987	RM0.5037
2.31%	0.22%	-2.24%	5.20%
1.11%	-1.10%	-4.94%	2.86%
1.20%	1.32%	2.70%	2.34%
0.0000 sen/unit	0.5500 sen/unit	1.4300 sen/unit	0.0000 sen/unit
0.5880 sen/unit	0.1100 sen/unit	0.0000 sen/unit	1.1600 sen/unit
0.5880 sen/unit	0.6600 sen/unit	1.4300 sen/unit	1.1600 sen/unit
0%	83%	100%	0%
100%	17%	0%	100%
-	-	-	-
0.0440 sen/unit	0.0600 sen/unit	0.0800 sen/unit	0.1500 sen/unit
0.0440 sen/unit	0.0600 sen/unit	0.0800 sen/unit	0.1500 sen/unit
25/11/2022	25/02/2022	25/11/2020	25/11/2019
RM0.4945	RM0.4999	RM0.5237	RM0.5106
RM0.4941	RM0.4993	RM0.5229	RM0.5091
-	-	-	-
0.0930 sen/unit	0.0720 sen/unit	0.0800 sen/unit	0.1500 sen/unit
0.0930 sen/unit	0.0720 sen/unit	0.0800 sen/unit	0.1500 sen/unit
27/12/2022	25/03/2022	24/12/2020	24/12/2019
RM0.4969	RM0.4990	RM0.5222	RM0.5106
RM0.4960	RM0.4983	RM0.5214	RM0.5091
-	-	-	-
0.0940 sen/unit	0.0780 sen/unit	0.0800 sen/unit	0.1500 sen/unit
0.0940 sen/unit	0.0780 sen/unit	0.0800 sen/unit	0.1500 sen/unit
25/01/2023	25/04/2022	25/01/2021	24/01/2020
RM0.4991	RM0.4951	RM0.5224	RM0.5145
RM0.4981	RM0.4944	RM0.5216	RM0.5130
-	-	-	-
0.1280 sen/unit	0.0790 sen/unit	0.0800 sen/unit	0.1100 sen/unit
0.1280 sen/unit	0.0790 sen/unit	0.0800 sen/unit	0.1100 sen/unit
27/02/2023	25/05/2022	25/02/2021	25/02/2020
RM0.4993	RM0.4949	RM0.5164	RM0.5189
RM0.4980	RM0.4941	RM0.5156	RM0.5178
-	-	-	-
0.1110 sen/unit	0.0900 sen/unit	0.0800 sen/unit	0.1100 sen/unit
0.1110 sen/unit	0.0900 sen/unit	0.0800 sen/unit	0.1100 sen/unit
27/03/2023	27/06/2022	25/03/2021	25/03/2020
RM0.4993	RM0.4937	RM0.5058	RM0.5041
RM0.4982	RM0.4928	RM0.5050	RM0.5030
-	-	-	-
0.1180 sen/unit	0.0800 sen/unit	0.0500 sen/unit	0.1100 sen/unit
0.1180 sen/unit	0.0800 sen/unit	0.0500 sen/unit	0.1100 sen/unit
25/04/2023	25/07/2022	23/04/2021	24/04/2020
RM0.4997	RM0.4960	RM0.5106	RM0.5166
RM0.4985	RM0.4952	RM0.5101	RM0.5155
-	-	-	-
-	0.0640 sen/unit	0.0500 sen/unit	0.0600 sen/unit
-	0.0640 sen/unit	0.0500 sen/unit	0.0600 sen/unit
-	25/08/2022	25/05/2021	22/05/2020
-	RM0.4973	RM0.5120	RM0.5188
-	RM0.4967	RM0.5115	RM0.5182
-	-	-	-
-	0.0910 sen/unit	0.0500 sen/unit	0.0600 sen/unit
-	0.0910 sen/unit	0.0500 sen/unit	0.0600 sen/unit
-	26/09/2022	25/06/2021	25/06/2020
-	RM0.4938	RM0.5121	RM0.5190
-	RM0.4929	RM0.5116	RM0.5184

Additional Units
Distribution (Gross)
Distribution (Net)
Distribution Date
Cum-Distribution NAV/Unit
EX-Distribution NAV/Unit

Additional Units
Distribution (Gross)
Distribution (Net)
Distribution Date
Cum-Distribution NAV/Unit
EX-Distribution NAV/Unit

Additional Units
Distribution (Gross)
Distribution (Net)
Distribution Date
Cum-Distribution NAV/Unit
EX-Distribution NAV/Unit

Additional Units
Distribution (Gross)
Distribution (Net)
Distribution Date
Cum-Distribution NAV/Unit
EX-Distribution NAV/Unit

- (viii) Total Expense Ratio (TER)
- (ix) Portfolio Turnover Ratio (PTR) (times)

B. Average Total Return, NAV Per Unit-to-NAV Per Unit basis (as at 30/04/2023)^{*}

- (i) One Year
- (ii) Three Years
- (iii) Five Years

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

The TER was 0.44 percentage point lower as compared to 0.86% for the financial year ended 31 October 2022 and 0.31 percentage point lower as compared to 0.73% for the financial period from 1 November 2021 to 30 April 2022 mainly due to **increase in average net asset value of the Fund.**

The PTR increased by 0.46 times (100%) to 0.46 times for the financial period from 01 November 2022 to 30 April 2023 versus 0 times for the financial year ended 31 October 2022 and 0.46 times (100%) as compared to 0 times for the financial period from 01 November 2021 to 30 April 2022 mainly due to **higher level of rebalancing activities undertaken by the Fund.**

Financial Period 31/10/22- 30/04/23 %	Financial Year 31/10/21- 31/10/22 %	Financial Year 31/10/20- 31/10/21 %	Financial Year 31/10/19- 31/10/20 %
-	-	-	-
-	0.0460 sen/unit	0.2200 sen/unit	0.0600 sen/unit
-	0.0460 sen/unit	0.2200 sen/unit	0.0600 sen/unit
-	25/10/2022	23/07/2021	24/07/2020
-	RM0.4934	RM0.5144	RM0.5249
-	RM0.4929	RM0.5122	RM0.5243
-	-	-	-
-	-	0.2200 sen/unit	0.0600 sen/unit
-	-	0.2200 sen/unit	0.0600 sen/unit
-	-	25/08/2021	25/08/2020
-	-	RM0.5136	RM0.5268
-	-	RM0.5114	RM0.5262
-	-	-	-
-	-	0.2200 sen/unit	0.0600 sen/unit
-	-	0.2200 sen/unit	0.0600 sen/unit
-	-	24/09/2021	25/09/2020
-	-	RM0.5093	RM0.5255
-	-	RM0.5071	RM0.5249
-	-	-	-
-	-	0.2200 sen/unit	0.0800 sen/unit
-	-	0.2200 sen/unit	0.0800 sen/unit
-	-	25/10/2021	23/10/2020
-	-	RM0.5013	RM0.5258
-	-	RM0.4991	RM0.5250
0.42%#	0.86%	0.96%	1.01%
0.46##	-	0.39	0.31
3.19%			
0.83%			
2.05%			

Corporate Information

Manager

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

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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

External Fund Manager

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

Trustee

CIMB Commerce Trustee Berhad

Shariah Adviser

BIMB Securities Sdn Bhd

Auditor

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146)

Distributors

Hong Leong Bank Berhad
Hong Leong Islamic Bank Berhad
Standard Chartered Bank Malaysia Berhad
United Overseas Bank (Malaysia) Berhad
Affin Bank Berhad
OCBC Al-Amin Bank Berhad
Malayan Banking Berhad
Areca Capital Sdn Bhd
Registered Independent Tied Agents with FIMM

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