

# Hong Leong Regular Income Fund

**Semi-Annual Report**

Financial Period Ended 31 March 2023

**2022/2023**

Unaudited



**Hong Leong Regular Income Fund**

---

**Contents**

---

	Page
Manager’s Review and Report	1-11
Statement by the Manager	12
Trustee’s Report	13
Condensed Statement of Comprehensive Income	14
Condensed Statement of Financial Position	15
Condensed Statement of Changes In Equity	16
Condensed Statement of Cash Flows	17
Notes to the Condensed Financial Statements	18-45
Performance Data	46-49
Corporate Information	50
Corporate Directory	51

# Manager’s Review and Report

---

## I. FUND INFORMATION

**Fund Name**

Hong Leong Regular Income Fund

**Fund Category**

Fixed Income

**Fund Type**

Income & Growth

**Investment Objective**

The Fund aims to provide investors with the opportunity to enjoy regular income<sup>1</sup> and seek medium to long-term capital growth by investing into a diversified investment portfolio containing a mixture of fixed income instruments, equities and equity-related securities.

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

Not Applicable

**Benchmark**

70% Malayan Banking Berhad 1-Year Fixed Deposit Rate+30% MSCI AC Asia Pacific ex-Japan

**Distribution Policy**

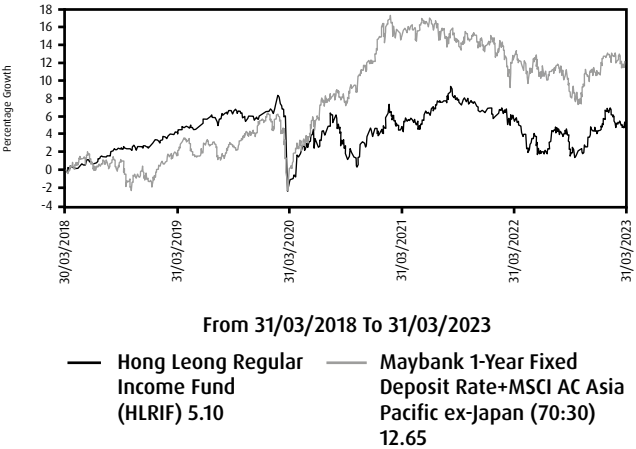
The Fund intends to provide regular income<sup>1</sup> and consistent medium to long-term capital growth. As such, regular income<sup>1</sup> distributions will be declared on a monthly basis, subject to availability of income.

Note:

<sup>1</sup> Income distributed (if any) will be reinvested into additional Units unless Unitholders opt for the distribution to be paid out.

## II. FUND PERFORMANCE

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



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 HLRIF 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 October 2022 to 31 March 2023.

The Fund posted a return of 2.94% (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 Malayan Banking Berhad 1-Year Fixed Deposit Rate+MSCI AC Asia Pacific ex-Japan (70:30) Index registered a return of 4.10% (in Malaysian Ringgit terms).

For the five financial periods ended 31 March 2023, the Fund registered a return of 5.10% compared to the benchmark's return of 12.64% while distributing a total gross income of 6.5 sen per unit (net income of 6.5 sen per unit).

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

	31/12/22- 31/03/23	30/09/22- 31/03/23	31/03/22- 31/03/23	31/03/20- 31/03/23	31/03/18- 31/03/23	10/08/16- 31/03/23 Since Launch
	3 Months	6 Months	1 Year	3 Years	5 Years	
HLRIF (%)	0.52	2.94	-0.64	6.04	5.10	14.31
Benchmark (%)	1.66	4.10	-0.15	12.03	12.64	24.07

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

	31-Mar-23	30-Sep-22	Return (%)
NAV Per Unit	RM0.4662	RM0.4529	2.94
Benchmark	124.07	119.18	4.10
<b>vs Benchmark (%)</b>	-	-	-1.16

**Table 3: Financial Highlights**

The Net Asset Value attributable to Unitholders is represented by:

	31-Mar-23 (RM)	30-Sep-22 (RM)	Change (%)
Unitholders' Capital	<b>72,080,527</b>	84,626,293	(14.82)
Accumulated loss	<b>(24,349,211)</b>	(25,956,357)	6.19
<b>Net Asset Value</b>	<b>47,731,316</b>	58,669,936	(18.64)
<b>Units in Circulation</b>	<b>102,379,038</b>	129,529,587	(20.96)

**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	Financial Year	Financial Year	Financial Year
	30/09/22- 31/03/23	30/09/21- 30/09/22	30/09/20- 30/09/21	30/09/19- 30/09/20
Highest NAV Per Unit (RM)	0.4747	0.4810	0.4877	0.5049
Lowest NAV Per Unit (RM)	0.4497	0.4508	0.4580	0.4537
Capital Growth (%)	2.94	-5.63	3.58	-8.06
Income Distribution (%)	-	0.22	2.92	3.00
<b>Total Return (%)</b>	<b>2.94</b>	<b>-5.41</b>	<b>6.50</b>	<b>-5.06</b>

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

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

	31/03/22- 31/03/23 1 Year	31/03/20- 31/03/23 3 Years	31/03/18- 31/03/23 5 Years
Average Total Return (%)	-0.64	2.01	1.02

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 HLRIF reinvested.

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

Financial Year	30/09/21- 30/09/22	30/09/20- 30/09/21	30/09/19- 30/09/20	30/09/18- 30/09/19	30/09/17- 30/09/18
Annual Total Return (%)	-5.41	6.50	-5.06	4.16	6.81

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 HLRIF reinvested.

III. INVESTMENT PORTFOLIO

Chart 2: Asset Allocation - October 2022 to March 2023

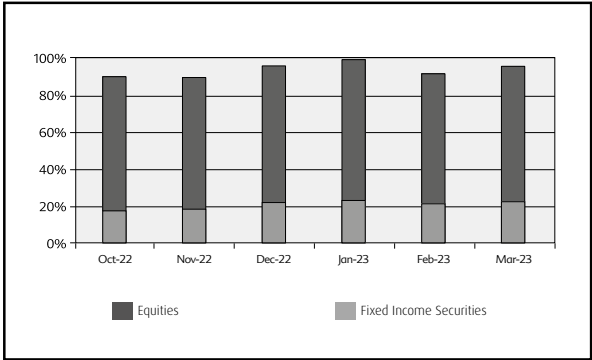
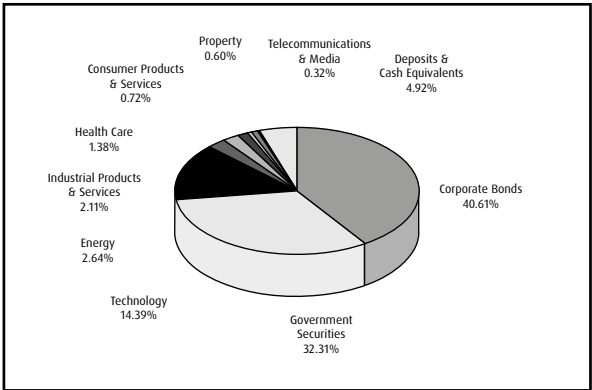
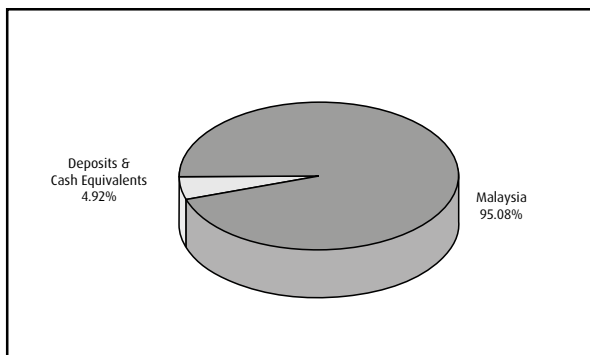


Chart 3: Sector Allocation as at 31 March 2023



**Chart 4: Geographical Allocation as at 31 March 2023**



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

During the financial period under review, we maintained our defensive strategy to reduce duration in the Fund in order to manage fund volatility in a rising rate environment.

In the equity segment, the Fund continues to be fully invested in search of higher return and outperformance. We increased the portfolio weightage in undervalued stocks in cyclical sectors that would benefit from economic reopening.

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

During the financial period under review, the Fund's fixed income asset allocation increased slightly due to redemptions to the Fund.

In the equity segment, there was an increase in allocation to technology, consumer products, and energy on the back of attractive valuation after correction, while the Fund has trimmed down financial services stocks due to slowdown in interest rate hike.



## **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**

### **Fixed Income**

During the review period, sustained inflationary pressures as well as central bank tightening continues to present a headwind to financial markets. Geopolitical instability also contributes to market concerns as friction between Russia and Ukraine persists, causing supply chain disruptions among investor concerns. At the start of the year, investment markets started to take seriously the potential implications of a change in monetary policy direction as inflationary pressures showed little signs of abating. As we enter the last quarter of the year, numerous interest rates hikes have taken place over the year. The United States (US) Federal Reserve (Fed) has raised the Fed funds rate since March 2022 to 4.75% by February 2023 to address inflationary pressures. In October, news of Silicon Valley Bank collapse in the US resulting in the Fed facing tougher decisions going forward in terms of interest rate trajectory path. In Fed's latest decision, the Fed decided to raise its benchmark lending rate on March 22, as it sought to strike a balance between curbing high inflation and averting further upheaval in the commercial banking sector. The quarter-point increase, which was in line with expectations, lifted the target range to 4.75-5.00 percent at the end of a two-day policy meeting.

Domestically, in the Prime Minister (PM)'s latest budget speech, Datuk Seri Anwar Ibrahim emphasised fiscal discipline and vowed to bring down the country's fiscal deficit to 5.00% of gross domestic product (GDP) with the hope of restoring confidence and to shore up support in the long-run. With the PM's commitment to remain fiscally disciplined as well as lower expected government bond issuances, the bond market could take positive cues from Budget 2023.

Headline inflation tapered off to +4.5% in September (August: +4.7%), suggesting the headline inflation has likely peaked. However, the core Consumer Price Index (CPI) figures continued to tick higher at +4.0% in September (August: +3.8%) amidst elevated commodity prices, strong demand and tight labor markets. Expect headline CPI to hover at current level before moderating in the fourth quarter of the year (assuming subsidies remain unchanged). Due to the elevated inflation level and strong economic growth, Bank Negara Malaysia (BNM) raised rates by 25 basis points in the overnight policy rate to bring it to 2.75% by year end.

## **Equities**

The performance of global markets for the period under review has been volatile. In October and November, global markets staged a rebound despite higher-than-expected US inflation reading. Investors appear to have taken the ugly economic data rather well with the assumption that inflation has peaked and the US Fed pivot might just be around the corner. Optimism was also driven by the easing global supply chain constraints and European governments' efforts to dampen the impact of the energy crisis and mitigate the risks of a harsh recession.

Shortly after, any hopes for a year-end rally were unceremoniously put out as global markets ended the year with a whimper. In December, the Fed raised interest rates half a point to highest level in 15 years. While the hike was inline with consensus expectations, the more aggressive monetary policy tightening path shown in the dot plot surprised the market with median rates ring to a new peak of 5.1%, up from 4.6% in September. This indicates that the fight against inflation is not over despite some promising signs lately, leading to concerns of increased recession risks.

2023 kicked off with a resurgence of investor optimism again driven by the earlier-than-expected reopening of the Chinese economy, resilient US economic data as well as reduced recession risk in Europe amid relatively mild winter which has defused the energy crisis in the region. The slowing inflation readings also strengthened market hopes that central banks can end their hiking cycles soon, providing support for growth stocks.

However, after a solid rally in the beginning of the year, equity markets unceremoniously gave back much of the gains in February. With economic data indicating that a recession may not be imminent, investors reassessed their expectations for both the peak in interest rates and the subsequent pace of rate cuts, as the road back to target inflation could be longer than previously hoped. While one might usually expect resilient economic data to support stocks, equity markets had clearly been looking forward to potential rate cuts and so were more disappointed at the prospect of less monetary easing in the near future than they were cheered by the prospect of a delayed recession.

Back home, the 15th General Elections were held on 19th November 2022. This is the first time Malaysia has seen a hung parliament outcome where no single coalition has sufficient seats for a simple majority of 112. Breaking days of political deadlock post elections, the King has appointed Anwar Ibrahim as the 10th PM of Malaysia. The PM, whom is also the Minister of Finance, then tabled the revised 2023 Budget in Parliament on 24th February 2023. Key highlights include faster than expected fiscal consolidation (from -5.5% of GDP tabled in October to -5% of GDP), higher development expenditure, absence of prosperity tax 2.0 and no Goods and Services Tax. Overall, an expansionary budget to support growth. No subsidy rationalisation change for now but that could come later.

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

### **Fixed Income**

We expect markets to remain volatile as markets continue to shift between competing narratives of elevated inflation and rising risk of a recession, which will take time to play out. In addition to global rate hikes, sudden fiscal policy intervention as seen in the United Kingdom could further increase volatility. Risks to the outlook continue to remain large and for the most part, to the downside. Fed officials now expect economic growth to be slightly slower this year and inflation slightly higher than they predicted in December. They also forecast raising interest rates to 5.1% by the end of 2023, before coming down to 4.3% by the end of 2024. The Fed is still focused on getting inflation down to its 2% goal.

Locally, CPI inflation eased lower in February with headline inflation edging down to 3.6% year-on-year from 3.7% in January. The decline in both headline and core consumer-price gains should help rein in inflation expectations. Bank Negara Malaysia (BNM) expects GDP growth at a range of 4.0-5.0% in 2023 (CIMB: 4.0%) on the back of resilient domestic demand, supported by ongoing improvement in labour market conditions, implementation of multi-year investment projects and higher inbound tourism especially from China. We expect BNM to continue its pause in July to further take stock of the cumulative impact of the 125bps hikes delivered to anchor inflation.

As such, the Fund will maintain its defensive position in order to manage fund volatility.

### **Equities**

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

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

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

## **VI. SOFT COMMISSIONS**

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

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

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

## **VIII. CROSS TRADE TRANSACTIONS**

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

## STATEMENT BY THE MANAGER

---

I, Hoo See Kheng, as the Director of Hong Leong Asset Management Bhd, do hereby state that, in the opinion of the Manager, the accompanying unaudited condensed financial statements set out on pages 14 to 45 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 March 2023 and of its financial performance, changes in equity and cash flows for the financial period ended 31 March 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

18 May 2023

## **TRUSTEE'S REPORT**

### **TO THE UNIT HOLDERS OF HONG LEONG REGULAR INCOME FUND ("Fund")**

We have acted as Trustee of the Fund for the financial period ended 31 March 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.

For and on behalf of

**CIMB Commerce Trustee Berhad**

**Datin Ezreen Eliza binti Zulkiplee**

Chief Executive Officer

Kuala Lumpur

18 May 2023

# CONDENSED STATEMENT OF COMPREHENSIVE INCOME *(Unaudited)*

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

	Note	2023 RM	2022 RM
<b>INVESTMENT INCOME / (LOSS)</b>			
Interest income from financial assets measured at fair value through profit or loss ("FVTPL")		733,385	1,526,219
Interest income from financial assets measured at amortised cost	4	43,671	93,147
Dividend income		127,330	174,801
Net loss on derivatives	10	-	(4,632)
Net gain/(loss) on financial assets at fair value through profit or loss ("FVTPL")	11	1,185,105	(3,619,164)
Net foreign currency exchange loss		-	(2,007)
		<u>2,089,491</u>	<u>(1,831,636)</u>
<b>EXPENDITURE</b>			
Management fee	5	(400,283)	(225,860)
Trustee's fee	6	(13,343)	(29,138)
Auditors' remuneration		(3,365)	(3,365)
Tax agent's fee		(1,732)	(1,646)
Custodian fees		(468)	(1,147)
Transaction costs		(56,901)	(217,656)
Other expenses		(6,253)	(18,403)
		<u>(482,345)</u>	<u>(497,215)</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		1,607,146	(2,328,851)
Taxation	7	-	-
<b>PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD</b>		<u>1,607,146</u>	<u>(2,328,851)</u>
Profit/(loss) after taxation is made up as follows:			
Realised amount		(1,213,884)	(13,695,049)
Unrealised amount		2,821,030	11,366,198
		<u>1,607,146</u>	<u>(2,328,851)</u>
Distribution for the financial period:			
Net distribution	8	-	353,808
Net distribution per unit (sen)	8	-	0.1100
Gross distribution per unit (sen)	8	-	0.1100

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



**CONDENSED STATEMENT OF FINANCIAL POSITION** *(Unaudited)***AS AT 31 MARCH 2023**

	<b>Note</b>	<b>31.03.2023 RM</b>	<b>30.09.2022 RM</b>
<b>ASSETS</b>			
Cash and cash equivalents	9	2,652,984	2,571,534
Dividends receivable		21,320	38,160
Financial assets at fair value through profit or loss ("FVTPL")	11	45,382,447	56,441,739
<b>TOTAL ASSETS</b>		<b>48,056,751</b>	<b>59,051,433</b>
<b>LIABILITIES</b>			
Amount due to the Manager			
-cancellation of units		253,245	291,364
-management fee		62,600	74,967
Amount due to the Trustee		2,087	2,499
Other payables and accruals		7,503	12,667
<b>TOTAL LIABILITIES</b>		<b>325,435</b>	<b>381,497</b>
<b>NET ASSET VALUE OF THE FUND</b>		<b>47,731,316</b>	<b>58,669,936</b>
<b>EQUITY</b>			
Unit holders' capital		72,080,527	84,626,293
Accumulated loss		(24,349,211)	(25,956,357)
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<b>47,731,316</b>	<b>58,669,936</b>
<b>UNITS IN CIRCULATION (UNITS)</b>	12	<b>102,379,038</b>	<b>129,529,587</b>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<b>0.4662</b>	<b>0.4529</b>

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

## CONDENSED STATEMENT OF CHANGES IN EQUITY *(Unaudited)*

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

	Note	Unit holders' capital RM	Accumulated loss RM	Total RM
Balance as at 1 October 2022		84,626,293	(25,956,357)	58,669,936
Movement in net asset value:				
Creation of units from applications		971	-	971
Cancellation of units		(12,546,737)	-	(12,546,737)
Total comprehensive income for the financial period		-	1,607,146	1,607,146
Balance as at 31 March 2023		<u>72,080,527</u>	<u>(24,349,211)</u>	<u>47,731,316</u>
Balance as at 1 October 2021		206,413,219	(20,577,425)	185,835,794
Movement in net asset value:				
Creation of units from applications		92,290	-	92,290
Creation of units from distribution		928	-	928
Cancellation of units		(96,438,112)	-	(96,438,112)
Total comprehensive loss for the financial period		-	(2,328,851)	(2,328,851)
Distribution for the financial period	8	-	(353,808)	(353,808)
Balance as at 31 March 2022		<u>110,068,325</u>	<u>(23,260,084)</u>	<u>86,808,241</u>

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

**CONDENSED STATEMENT OF CASH FLOWS** *(Unaudited)***FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023**

	<b>2023 RM</b>	<b>2022 RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from sale of financial assets at FVTPL	1,000,000	-
Proceeds from sales of financial assets at FVTPL	18,212,505	123,030,353
Purchase of financial assets at FVTPL	(7,169,928)	(18,780,372)
Realised gain on derivatives	-	84,443
Realised foreign exchange differences arising from operating activities	-	(3,403)
Interest income received from financial assets measured at FVTPL and amortised cost	942,996	2,632,846
Dividend income received	123,149	155,701
Management fee paid	(412,650)	(198,611)
Trustee's fee paid	(13,755)	(33,967)
Payment for other fees and expenses	(16,982)	(33,406)
Net cash generated from operating activities	12,665,335	106,853,584
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	971	92,290
Payments for cancellation of units	(12,584,856)	(104,019,991)
Payments for distribution	-	(352,880)
Net cash used in financing activities	(12,583,885)	(104,280,581)
<b>NET INCERASE IN CASH AND CASH EQUIVALENTS</b>	81,450	2,573,003
<b>EFFECTS OF FOREIGN EXCHANGE RATE CHANGES</b>	-	(38)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	2,571,534	7,085,002
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	2,652,984	9,657,967

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

**1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES**

Hong Leong Regular Income Fund ("the Fund") was constituted pursuant to the execution of a Deed dated 11 May 2016 between the Manager, Hong Leong Asset Management Bhd and the Trustee, CIMB Commerce Trustee Berhad for the unit holders of the Fund.

The Fund aims to provide investors with the opportunity to enjoy regular income and seek Medium-To-Long Term capital growth by investing into a diversified investment portfolio containing a mixture of fixed income instruments, equities and equity-related securities.

The Fund will invest a minimum 70% and a maximum of 100% of the Fund's net asset value into fixed income instruments denominated in Ringgit Malaysia which include fixed income securities (but are not limited to government securities, quasi-sovereign securities, corporate bonds, sukuk, convertible bonds and commercial papers); money market instruments, deposits and negotiable instruments of deposit. The Fund may also invest in unrated fixed income securities if these unrated fixed income securities are comparable in investment quality to fixed income securities that are rated. The Fund commenced operations on 10 August 2016 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 18 May 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 30 September 2022 which have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

### (b) Financial assets and financial liabilities

#### Classification

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

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

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

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

The Fund classifies cash and cash equivalents and dividends receivable as financial assets measured at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

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

#### Recognition and measurement

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

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

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

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

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

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

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

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

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

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

price by more than 20 basis points, the Manager may use the market price, provided that the Manager:

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

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

### Impairment

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

### Significant increase in credit risk

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



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

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

### Write-off

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

## **(c) Foreign currency**

### Functional and presentation currency

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

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

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

## Transactions and balances

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

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

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

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

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

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

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

Realised gain or loss on disposal of unquoted fixed income securities is accounted for as the difference between the net

disposal proceeds and the carrying amount of unquoted fixed income securities, determined on cost adjusted for accretion of discount or amortisation of premium.

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

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

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

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

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

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

## **(g) Taxation**

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

## **(h) Distributions**

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

## **(i) Transaction costs**

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

## **(j) Unit holders’ capital**

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

- the units entitle the unit holder to a proportionate share of the Fund’s net asset value;
- the units are the most subordinated class and class features are identical;
- there is no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase the units; and

- the total expected cash flows from the units over its life are based substantially on the profit or loss and change in the net asset value of the Fund.

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

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

## **(k) 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 derivatives comprise unquoted forward currency contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and is subsequently re-measured at their fair value.

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

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

## (I) Fair value of financial instruments

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

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

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

	<b>Financial assets at FVTPL RM</b>	<b>Financial assets/ liabilities at amortised cost RM</b>	<b>Total RM</b>
<b>31.03.2023</b>			
<u>Financial assets</u>			
Cash and cash equivalents (Note 9)	-	2,652,984	2,652,984
Dividends receivable	-	21,320	21,320
Financial assets at FVTPL (Note 11)	45,382,447	-	45,382,447
	<u>45,382,447</u>	<u>2,674,304</u>	<u>48,056,751</u>

	<b>Financial assets at FVTPL RM</b>	<b>Financial assets/ liabilities at amortised cost RM</b>	<b>Total RM</b>
<u>Financial liabilities</u>			
Amount due to the Manager			
-cancellation of units	-	253,245	253,245
-management fee	-	62,600	62,600
Amount due to the Trustee	-	2,087	2,087
Other payables and accruals	-	7,503	7,503
	-	325,435	325,435

### **30.09.2022**

#### Financial assets

Cash and cash equivalents			
(Note 9)	-	2,571,534	2,571,534
Dividends receivable	-	38,160	38,160
Financial assets at FVTPL			
(Note 11)	56,441,739	-	56,441,739
	56,441,739	2,609,694	59,051,433

#### Financial liabilities

Amount due to the Manager			
-cancellation of units	-	291,364	291,364
-management fee	-	74,967	74,967
Amount due to the Trustee	-	2,499	2,499
Other payables and accruals	-	12,667	12,667
	-	381,497	381,497

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

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

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

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

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

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

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

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

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

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



pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

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

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

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

(i) Fair value hierarchy

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

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the

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

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>31.03.2023</b>				
<u>Financial assets at FVTPL:</u>				
- Quoted equity securities				
- local	10,577,594	-	-	10,577,594
- Quoted collective investment scheme				
- foreign	-	-	-	-
- Unquoted fixed income securities - local	-	34,804,853	-	34,804,853
	10,577,594	34,804,853	-	45,382,447

### **30.09.2022**

#### Financial assets at FVTPL:

- Quoted equity securities				
- local	11,446,721	-	-	11,446,721
- Quoted collective investment scheme				
- foreign	-	-	-	-
- Unquoted fixed income securities - local	-	44,995,018	-	44,995,018
	11,446,721	44,995,018	-	56,441,739

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equities and listed collective investment schemes. 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 unquoted fixed income securities and 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 and liabilities are stated in Note 2(b) and 2(k).

- (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. INTEREST INCOME FROM FINANCIAL ASSETS MEASURED AT AMORTISED COST**

	<b>2023 RM</b>	<b>2022 RM</b>
Interest income from:		
- Deposits with licensed financial institutions	43,166	92,518
- Auto-sweep facility bank account	505	629
	<u>43,671</u>	<u>93,147</u>

#### **5. MANAGEMENT FEE**

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

For the financial period ended 31 March 2023, the management fee is recognised at an average rate of 1.50% (01.10.2021 to 31.01.2022: waived by the Manager, 01.02.2022 to 31.03.2022: 1.50%) per annum.

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

## 6. TRUSTEE'S FEE

In accordance with Division 13.2 of the Deed, the Trustee is entitled to a fee not exceeding 0.05% subject to a minimum of RM9,000 per annum (excluding custodian fee and charges) calculated daily based on the net asset value of the Fund.

For the financial period ended 31 March 2023, the Trustee's fee is recognised at a rate of 0.05% (2022: 0.05%) per annum.

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

## 7. TAXATION

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

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

	2023 RM	2022 RM
Profit/(loss) before taxation	1,607,146	(2,328,851)
Taxation at Malaysian statutory rate of 24% (2022: 24%)	385,715	(558,924)

	2023 RM	2022 RM
Tax effects of:		
(Investment income not subject to tax)/		
Investment loss disallowed for tax	(501,478)	439,593
Expenses not deductible for tax purposes	17,609	61,991
Restriction on tax deductible expenses		
for unit trust fund	98,154	57,340
Taxation	-	-

## 8. DISTRIBUTION

	2023 RM	2022 RM
Prior financial year's realised income	-	353,808
Net distribution amount	-	353,808
Net distribution per unit (sen)	-	0.1100
Gross distribution per unit (sen)	-	0.1100

### Date of Declaration

#### Distribution on 20 October

Gross/net distribution per unit (sen)	-	0.1100
---------------------------------------	---	--------

Net distribution above are sourced from prior financial year's realised income. Gross distribution 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.

## 9. CASH AND CASH EQUIVALENTS

	31.03.2023 RM	30.09.2022 RM
Deposits with licensed financial institutions	2,540,191	2,266,155
Cash at banks	112,793	305,379
	2,652,984	2,571,534

The weighted average effective interest rates per annum are as follows:

	<b>31.03.2023</b>	<b>30.09.2022</b>
	<b>%</b>	<b>%</b>
Deposits with licensed financial institutions	2.75	2.50

Deposits with licensed financial institutions have an average remaining maturity of 3 days (30.09.2022: 3 days).

## 10. DERIVATIVES

Derivatives comprise forward currency contracts.

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<u>Net loss on derivatives:</u>		
Realised gain on disposals	-	84,443
Changes in unrealised fair values	-	(89,075)
	-	(4,632)

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

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

	<b>31.03.2023</b>	<b>30.09.2022</b>
	<b>RM</b>	<b>RM</b>
<u>Financial assets at FVTPL:</u>		
- Quoted equity securities - local	10,577,594	11,446,721
- Quoted collective investment scheme - foreign	-	-
- Unquoted fixed income securities - local	34,804,853	44,995,018
	45,382,447	56,441,739

	2023 RM	2022 RM
<u>Net gain/(loss) on financial assets at FVTPL:</u>		
Realised loss on disposals	(1,429,831)	(14,440,409)
Changes in unrealised fair values	2,614,936	10,821,245
	<u>1,185,105</u>	<u>(3,619,164)</u>

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

	Quantity Units	Aggregate cost RM	Fair value RM	Percentage of net asset value %
<b>QUOTED EQUITY SECURITIES - LOCAL</b>				
<u>Main Market</u>				
<u>Consumer Products &amp; Services</u>				
Focus Point Holdings Berhad	285,400	356,607	345,334	0.72
<u>Energy</u>				
Bumi Armada Berhad	2,000,000	1,088,800	1,260,000	2.64
<u>Health Care</u>				
Top Glove Corporation Bhd.	700,000	595,280	658,000	1.38
<u>Industrial Products &amp; Services</u>				
Kelington Group Berhad	400,000	613,440	588,000	1.23
V.S. Industry Berhad	520,000	512,192	418,600	0.88
	920,000	1,125,632	1,006,600	2.11
<u>Property</u>				
Guocoland (Malaysia) Berhad	440,000	320,716	286,000	0.60
<u>Technology</u>				
D & O Green Technologies Berhad	300,000	1,740,380	1,296,000	2.71
Frontken Corporation Berhad	316,000	1,042,737	985,920	2.07
Inari Amertron Berhad	200,000	793,495	492,000	1.03
Malaysian Pacific Industries Bhd	39,000	1,939,194	1,129,440	2.37
Pentamaster Corporation Berhad	203,000	1,033,493	994,700	2.08
	1,058,000	6,549,299	4,898,060	10.26
<u>Telecommunications &amp; Media</u>				
Media Chinese International Limitedv	1,000,000	183,063	155,000	0.32
<u>ACE Market</u>				
<u>Technology</u>				
Genetec Technology Berhad	362,000	1,048,786	977,400	2.05
LGMS Berhad	840,000	1,070,328	991,200	2.08
	1,202,000	2,119,114	1,968,600	4.13
<b>TOTAL QUOTED EQUITY SECURITIES</b>				
<b>- LOCAL</b>	<b>7,605,400</b>	<b>12,338,511</b>	<b>10,577,594</b>	<b>22.16</b>

	Quantity Units	Aggregate cost RM	Fair value RM	Percentage of net asset value %
<b>QUOTED COLLECTIVE INVESTMENT SCHEME</b>				
<b>- FOREIGN</b>				
<b>Singapore</b>				
<u>Real Estate Investment Trust</u>				
Eagle Hospitality Trust*	4,800,000	-	-	-
<b>TOTAL QUOTED COLLECTIVE</b>				
<b>INVESTMENT SCHEME - FOREIGN</b>	<b>4,800,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Nominal value RM	Aggregate cost RM	Fair value RM	Percentage of net asset value %
<b>UNQUOTED FIXED INCOME SECURITIES</b>				
<b>- LOCAL</b>				
<u>Corporate Sukuk</u>				
5.35% Grand Sepadu (NK) Sdn Bhd (AA-) 11/06/2027 - Series 3	5,000,000	5,136,811	5,180,766	10.85
4.32% RHB Islamic Bank Berhad (AA2) 21/05/2024   21/05/2029 - Series 3	4,000,000	4,062,019	4,075,299	8.54
	9,000,000	9,198,830	9,256,065	19.39
<u>Private Debt Securities</u>				
4.88% CIMB Group Holdings Berhad (AA) 13/09/2024   13/09/2029 - Tranche 4	10,000,000	10,213,850	10,129,603	21.22
<u>Government Investment Issues</u>				
3.726% Government of Malaysia 31/03/2026 - Murabahah	5,000,000	5,208,060	5,039,259	10.56
4.638% Government of Malaysia 15/11/2049 - Murabahah	10,000,000	11,761,651	10,379,926	21.75
	15,000,000	16,969,711	15,419,185	32.31
<b>TOTAL UNQUOTED FIXED</b>				
<b>INCOME SECURITIES - LOCAL</b>	<b>34,000,000</b>	<b>36,382,391</b>	<b>34,804,853</b>	<b>72.92</b>
<b>TOTAL INVESTMENTS</b>		<b>48,720,902</b>	<b>45,382,447</b>	<b>95.08</b>
<b>UNREALISED LOSS ON FINANCIAL</b>				
<b>ASSETS AT FVTPL</b>		<b>(3,338,455)</b>		
<b>TOTAL FAIR VALUE OF FINANCIAL</b>				
<b>ASSETS AT FVTPL</b>		<b>45,382,447</b>		



Financial assets at FVTPL as at 30 September 2022 are as detailed below:

	Quantity Units	Aggregate cost RM	Fair value RM	Percentage of net asset value %
<b>QUOTED EQUITY SECURITIES - LOCAL</b>				
<u>Main Market</u>				
<u>Energy</u>				
Bumi Armada Berhad	1,000,000	475,000	385,000	0.66
<u>Financial Services</u>				
CIMB Group Holdings Berhad	202,156	1,010,749	1,037,061	1.77
Hong Leong Bank Berhad	220,000	4,517,984	4,510,000	7.69
	422,156	5,528,733	5,547,061	9.46
<u>Industrial Products &amp; Services</u>				
Press Metal Aluminium Holdings Berhad	340,000	2,065,701	1,373,600	2.34
<u>Property</u>				
Guocoland (Malaysia) Berhad	440,000	320,716	290,400	0.49
<u>Technology</u>				
D & O Green Technologies Berhad	300,000	1,740,380	1,209,000	2.06
Inari Amertron Berhad	540,000	2,142,437	1,360,800	2.32
Malaysian Pacific Industries Bhd	39,000	1,939,194	1,120,860	1.91
	879,000	5,822,011	3,690,660	6.29
<u>Telecommunications &amp; Media</u>				
Media Chinese International Limited ✓	1,000,000	183,063	160,000	0.27
<b>TOTAL QUOTED EQUITY SECURITIES - LOCAL</b>	<b>4,081,156</b>	<b>14,395,224</b>	<b>11,446,721</b>	<b>19.51</b>
<b>QUOTED COLLECTIVE INVESTMENT SCHEME - FOREIGN</b>				
<b>Singapore</b>				
<u>Real Estate Investment Trust</u>				
Eagle Hospitality Trust*	4,800,000	-	-	-
<b>TOTAL QUOTED COLLECTIVE INVESTMENT SCHEME - FOREIGN</b>	<b>4,800,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Nominal value RM	Aggregate cost RM	Fair value RM	Percentage of net asset value %
<b>UNQUOTED FIXED INCOME SECURITIES</b>				
<b>- LOCAL</b>				
<u>Corporate Sukuk</u>				
5.35% Grand Sepadu (NK) Sdn Bhd (AA-) 11/06/2027 - Series 3	5,000,000	5,142,788	5,154,466	8.78
4.32% RHB Islamic Bank Berhad (AA2) 21/05/2024   21/05/2029 - Series 3	4,000,000	4,062,019	4,079,099	6.95
	9,000,000	9,204,807	9,233,565	15.73
<u>Private Debt Securities</u>				
4.88% CIMB Group Holdings Berhad (AA) 13/09/2024   13/09/2029 - Tranche 4	10,000,000	10,275,691	10,154,466	17.31
4.90% CIMB Group Holdings Berhad (AA) 30/11/2022   30/11/2027 - Tranche 2	1,000,000	1,016,647	1,018,967	1.74
	11,000,000	11,292,338	11,173,433	19.05
<u>Government Investment Issues</u>				
3.726% Government of Malaysia 31/03/2026 - Murabahah	15,000,000	15,723,993	14,881,535	25.37
4.638% Government of Malaysia 15/11/2049 - Murabahah	10,000,000	11,778,768	9,706,485	16.54
	25,000,000	27,502,761	24,588,020	41.91
<b>TOTAL UNQUOTED FIXED INCOME SECURITIES - LOCAL</b>	<b>45,000,000</b>	<b>47,999,906</b>	<b>44,995,018</b>	<b>76.69</b>
<b>TOTAL INVESTMENTS</b>		<b>62,395,130</b>	<b>56,441,739</b>	<b>96.20</b>
<b>UNREALISED LOSS ON FINANCIAL ASSETS AT FVTPL</b>		<b>(5,953,391)</b>		
<b>TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL</b>		<b>56,441,739</b>		

√ The Company is the first entity dual-listed on The Stock Exchange of Hong Kong Limited and Bursa Malaysia Securities Berhad.

\* Eagle Hospitality Trust was suspended on 24 March 2020 after the company requested for a voluntary suspension of its shares from trading on the Singapore Stock Exchange ("SSE") Listing under Rule 1302. The United States Bankruptcy Court has entered an order confirming the Chapter 11 plan to liquidate entities of troubled Eagle Hospitality Trust (EHT). Under Chapter 11 of the process, it is unlikely the claims for unsecured creditors will be satisfied in full. Taking into consideration of the above, the Manager decided to write-off the investments.

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

## 12. UNITS IN CIRCULATION

	<b>01.10.2022 to 31.03.2023 No. of units</b>	<b>01.10.2021 to 30.09.2022 No. of units</b>
At the beginning of the financial period/year	129,529,587	387,223,582
Add: Creation of units during the financial period/year		
- Arising from applications	2,091	270,944
- Arising from distributions	-	1,940
Less: Cancellation of units during the financial period/year	(27,152,640)	(257,966,879)
At the end of the financial period/year	<u>102,379,038</u>	<u>129,529,587</u>

## 13. TOTAL EXPENSE RATIO (“TER”)

	<b>2023 %</b>	<b>2022 %</b>
TER (annualised)	<u>1.60</u>	<u>0.47</u>

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

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

Where;

- A = Management fee
- B = Trustee’s fee
- C = Auditors’ remuneration
- D = Tax agent’s fee
- E = Custodian fees
- F = Other expenses excluding 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 period calculated on a daily basis is RM53,446,562 (2022: RM116,341,988).

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

	2023 Times	2022 Times
PTR	0.25	0.67

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:

$$\begin{aligned} \text{total acquisitions for the financial period} &= \text{RM7,141,784} \\ &\quad (\text{2022: RM18,929,442}) \\ \text{total disposals for the financial period} &= \text{RM19,940,517} \\ &\quad (\text{2022: RM137,743,250}) \end{aligned}$$

## 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

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

		<b>31.03.2023</b>	<b>30.09.2022</b>
		<b>RM</b>	<b>RM</b>
<u>Related party balances</u>			
Cash at bank:			
- Hong Leong Bank Berhad	112,793	305,379	
Deposits with licensed financial institutions:			
- Hong Leong Bank Berhad	2,540,191	2,266,155	
		<u>2,652,984</u>	<u>2,571,534</u>
<hr/>			
		<b>2023</b>	<b>2022</b>
		<b>RM</b>	<b>RM</b>
<u>Related party transactions</u>			
Interest income from deposits with licensed financial institutions:			
- Hong Leong Bank Berhad		<u>28,316</u>	<u>44,313</u>
Interest income from auto-sweep facility bank account:			
- Hong Leong Bank Berhad		<u>505</u>	<u>629</u>
Dividend income from quoted equity securities:			
- Hong Leong Bank Berhad		<u>81,400</u>	<u>36,000</u>
Purchase of quoted equity securities:			
- Hong Leong Investment Bank Berhad		<u>1,343,879</u>	<u>9,586,574</u>
Disposal of quoted equity securities:			
- Hong Leong Investment Bank Berhad		<u>1,854,981</u>	<u>25,200,754</u>
Disposal of unquoted fixed income securities:			
- Hong Leong Bank Berhad		-	13,831,334
- Hong Leong Islamic Bank Berhad		-	<u>4,272,619</u>
		-	<u>18,103,953</u>

## 16. TRANSACTIONS WITH BROKERS/DEALERS

Detail of transactions with brokers/dealers are as follows:

	Values of trade RM	Percentage of total trade %	Brokerage fees RM	Percentage of total brokerage fees %
<b>2023</b>				
CIMB Islamic Bank Berhad	5,095,237	20.00	-	-
CIMB Bank Berhad	4,931,295	19.36	-	-
Nomura Securities Malaysia Sdn. Bhd.	4,480,135	17.60	11,233	29.10
Hong Leong Investment Bank Berhad*	3,198,860	12.56	8,003	20.73
CLSA Securities Malaysia Sdn. Bhd.	2,215,793	8.70	5,534	14.33
UOB Kay Hian Securities (M) Sdn. Bhd.	2,208,285	8.67	5,521	14.30
Credit Suisse Securities (Malaysia) Sdn Bhd	1,046,656	4.11	2,607	6.75
CGS-CIMB Securities Sdn. Bhd.	1,037,387	4.07	2,584	6.69
JP Morgan Securities (Malaysia) Sdn Bhd	640,376	2.51	1,594	4.13
Public Investment Bank Berhad	616,440	2.42	1,535	3.97
	25,470,464	100.00	38,611	100.00

	Values of trade RM	Percentage of total trade %	Brokerage fees RM	Percentage of total brokerage fees %
<b>2022</b>				
Hong Leong Investment Bank Berhad*	34,787,328	24.52	87,077	50.19
RHB Investment Bank Berhad	33,068,064	23.31	-	-
Hong Leong Bank Berhad*	13,831,334	9.75	-	-
JP Morgan Securities (Malaysia) Sdn Bhd	11,282,641	7.95	28,187	16.25
CIMB Islamic Bank Berhad	10,337,087	7.29	-	-
Standard Chartered Bank Malaysia Berhad	10,171,981	7.17	-	-
Credit Suisse Securities (Malaysia) Sdn Bhd	9,931,974	7.00	24,873	14.34
CIMB Investment Bank Berhad	7,816,312	5.51	19,623	11.31
Hong Leong Islamic Bank Berhad*	4,272,619	3.01	-	-
Maybank Investment Bank Berhad	3,626,236	2.56	9,091	5
Others	2,764,315	1.93	4,661	2.67
	141,889,891	100.00	173,512	100.00

\* Transactions with brokers/dealers related to the Manager.

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

# Performance Data

- A. (i)

Portfolio Compositions:

By Sector:

Construction

Financial Services

Consumer Products & Services

Property

Industrial Products & Services

Energy

Telecommunications & Media

Technology

Health Care

Corporate Bonds

Cagamas Bonds

Government Securities

Collective Investment Schemes

Deposits & Cash Equivalents

By Country:

Malaysia

Singapore

Hong Kong

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



Financial Period 30/09/22- 31/03/23 %	Financial Year 30/09/21- 30/09/22 %	Financial Year 30/09/20- 30/09/21 %	Financial Year 30/09/19- 30/09/20 %
-	-	-	0.44
-	9.46	6.32	1.72
<b>0.72</b>	-	9.69	8.68
<b>0.60</b>	0.49	-	3.25
<b>2.11</b>	2.34	0.77	3.64
<b>2.64</b>	0.66	2.56	-
<b>0.32</b>	0.27	1.49	1.56
<b>14.39</b>	6.29	1.72	1.20
<b>1.38</b>	-	-	-
<b>40.61</b>	34.78	51.44	51.33
-	-	-	12.68
<b>32.31</b>	41.91	22.22	9.24
-	-	3.67	5.45
<b>4.92</b>	3.80	0.12	0.81
<b>95.08</b>	96.20	96.64	93.70
-	-	3.24	5.36
-	-	-	0.13
<b>4.92</b>	3.80	0.12	0.81
<b>RM47,731,316</b>	RM58,669,936	RM185,835,794	RM358,307,491
<b>RM0.4662</b>	RM0.4529	RM0.4799	RM0.4633
<b>102,379,038</b>	129,529,587	387,223,582	773,401,808
<b>RM0.4747</b>	RM0.4810	RM0.4877	RM0.5049
<b>RM0.4497</b>	RM0.4508	RM0.4580	RM0.4537
<b>2.94%</b>	-5.41%	6.50%	-5.06%
<b>2.94%</b>	-5.63%	3.58%	-8.06%
-	0.22%	2.92%	3.00%
-	0.1100 sen/unit	0.0000 sen/unit	1.5600 sen/unit
-	0.0000 sen/unit	1.3200 sen/unit	0.0000 sen/unit
-	0.1100 sen/unit	1.3200 sen/unit	1.5600 sen/unit
-	100%	0%	100%
-	0%	100%	0%
-	-	-	-
-	0.1100 sen/unit	0.1100 sen/unit	0.1500 sen/unit
-	0.1100 sen/unit	0.1100 sen/unit	0.1500 sen/unit
-	20/10/2021	20/10/2020	21/10/2019
-	RM0.4799	RM0.4654	RM0.5026
-	RM0.4788	RM0.4643	RM0.5011
-	-	-	-
-	-	0.1100 sen/unit	0.1700 sen/unit
-	-	0.1100 sen/unit	0.1700 sen/unit
-	-	20/11/2020	20/11/2019
-	-	RM0.4708	RM0.4997
-	-	RM0.4697	RM0.4980
-	-	-	-
-	-	0.1100 sen/unit	0.1600 sen/unit
-	-	0.1100 sen/unit	0.1600 sen/unit
-	-	21/12/2020	20/12/2019
-	-	RM0.4747	RM0.4980
-	-	RM0.4736	RM0.4964
-	-	-	-
-	-	0.1100 sen/unit	0.1700 sen/unit
-	-	0.1100 sen/unit	0.1700 sen/unit
-	-	20/01/2021	20/01/2020
-	-	RM0.4750	RM0.4988
-	-	RM0.4739	RM0.4971
-	-	-	-
-	-	0.1100 sen/unit	0.1400 sen/unit
-	-	0.1100 sen/unit	0.1400 sen/unit
-	-	22/02/2021	20/02/2020
-	-	RM0.4804	RM0.5045
-	-	RM0.4793	RM0.5031

# Performance Data

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

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

**B. Average Total Return, NAV Per Unit-to-NAV Per Unit basis (as at 31/03/2023)\***

- (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 0.70 percentage point higher as compared to 0.90% for the financial year ended 30 September 2022 and 1.13 percentage point higher as compared to 0.47% for the financial period from 01 October 2021 to 31 March 2022 mainly due to decrease in average net asset value of the Fund.

## The PTR decreased by 0.64 times (71.91%) to 0.25 times for the financial period from 01 October 2022 to 31 March 2023 versus 0.89 times for the financial year ended 30 September 2022 and 0.42 times (62.69%) as compared to 0.67 times for the financial period from 01 October 2021 to 31 March 2022 mainly due to lower level of rebalancing activities undertaken by the Fund

Financial Period 30/09/22- 31/03/23 %	Financial Year 30/09/21- 30/09/22 %	Financial Year 30/09/20- 30/09/21 %	Financial Year 30/09/19- 30/09/20 %
-	-	-	-
-	-	0.1100 sen/unit	0.1100 sen/unit
-	-	0.1100 sen/unit	0.1100 sen/unit
-	-	22/03/2021	20/03/2020
-	-	RM0.4722	RM0.4595
-	-	RM0.4711	RM0.4584
-	-	-	-
-	-	0.1100 sen/unit	0.1100 sen/unit
-	-	0.1100 sen/unit	0.1100 sen/unit
-	-	20/04/2021	20/04/2020
-	-	RM0.4763	RM0.4726
-	-	RM0.4752	RM0.4715
-	-	-	-
-	-	0.1100 sen/unit	0.1100 sen/unit
-	-	0.1100 sen/unit	0.1100 sen/unit
-	-	20/05/2021	20/05/2020
-	-	RM0.4715	RM0.4760
-	-	RM0.4704	RM0.4749
-	-	-	-
-	-	0.1100 sen/unit	0.1100 sen/unit
-	-	0.1100 sen/unit	0.1100 sen/unit
-	-	21/06/2021	22/06/2020
-	-	RM0.4771	RM0.4762
-	-	RM0.4760	RM0.4751
-	-	-	-
-	-	0.1100 sen/unit	0.1100 sen/unit
-	-	0.1100 sen/unit	0.1100 sen/unit
-	-	21/07/2021	20/07/2020
-	-	RM0.4816	RM0.4792
-	-	RM0.4805	RM0.4781
-	-	-	-
-	-	0.1100 sen/unit	0.1100 sen/unit
-	-	0.1100 sen/unit	0.1100 sen/unit
-	-	20/08/2021	21/08/2020
-	-	RM0.4816	RM0.4862
-	-	RM0.4805	RM0.4851
-	-	-	-
-	-	0.1100 sen/unit	0.1100 sen/unit
-	-	0.1100 sen/unit	0.1100 sen/unit
-	-	20/09/2021	21/09/2020
-	-	RM0.4809	RM0.4700
-	-	RM0.4798	RM0.4689
<b>1.60%#</b>	0.90%	0.95%	1.21%
<b>0.25##</b>	0.89#	0.78	1.20
<b>-0.64%</b>			
<b>2.01%</b>			
<b>1.02%</b>			

# Corporate Information

---

## **Manager**

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

## **Registered Office**

Level 30, Menara Hong Leong  
No. 6, Jalan Damanela  
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**

CIMB Commerce Trustee Berhad

## **Auditor**

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146)

## **Agents**

Hong Leong Bank Berhad  
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](http://www.hlam.com.my)

E-mail: [inquiry@hlam.hongleong.com.my](mailto: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



Hong Leong Asset Management Bhd  
[www.hlam.com.my](http://www.hlam.com.my)

