

# Hong Leong Regular Income Fund

## Annual Report

Financial Year Ended 30 September 2023

2022/2023

Audited



**Hong Leong Regular Income Fund**

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# Manager’s Review and Report

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## 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\* 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 and 30% MSCI AC Asia Pacific ex-Japan

**Distribution Policy**

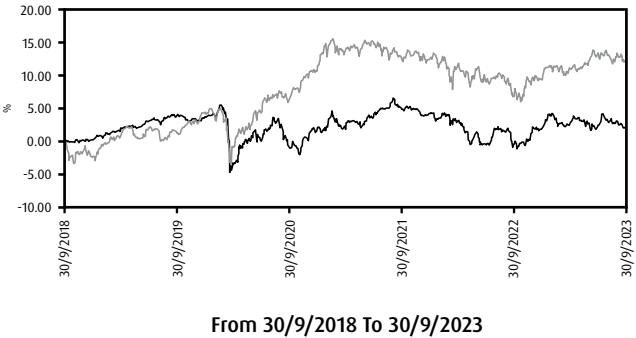
The Fund intends to provide regular income\* and consistent medium to long-term capital growth. As such, regular income\* distribution will be declared on a monthly basis, subject to availability of income.

Note:

\* Income distributed (if any) will be reinvested into additional Units unless unit holders opt for the distribution to be paid out.

## II. FUND PERFORMANCE

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



- Hong Leong Regular Income Fund (HLRIF) 2.30
- Maybank 1-Year Fixed Deposit Rate/MSCI AC Asia Pacific ex-Japan (70:30) 12.59

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 Annual Report covers the twelve-month financial year from 1 October 2022 to 30 September 2023.

The Fund posted a return of 2.69% (based on NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from the Fund reinvested) in the past twelve months while its benchmark the Malayan Banking Berhad 1-Year Fixed Deposit Rate and MSCI AC Asia Pacific ex-Japan (70:30) Index registered a return of 5.25% (in Malaysian Ringgit terms).

For the five financial years ended 30 September 2023, the Fund registered a return of 2.30% compared to the benchmark's return of 12.59% while distributing a total gross income of 5.06 sen per unit (net income of 5.06 sen per unit).

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

	30/06/23- 30/09/23	31/03/23- 30/09/23	30/09/22- 30/09/23	30/09/20- 30/09/23	30/09/18- 30/09/23	10/08/16- 30/09/23 Since Launch
	3 Months	6 Months	1 Year	3 Years	5 Years	
HLRIF Return (%)	0.09	-0.24	2.69	3.45	2.30	14.04
Benchmark (%)	-0.55	1.10	5.25	5.55	12.59	25.44

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

	30-Sep-23	30-Sep-22	Return (%)
NAV Per Unit	RM0.4651	RM0.4529	2.69
Benchmark	125.43	119.18	5.25
<b>vs Benchmark (%)</b>	-	-	-2.56

**Table 3: Financial Highlights**

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

	30-Sep-23 (RM)	30-Sep-22 (RM)	Change (%)
Unit Holders' Capital	<b>60,702,723</b>	84,626,293	(28.27)
Accumulated Loss	<b>(24,412,081)</b>	(25,956,357)	5.95
<b>Net Asset Value</b>	<b>36,290,642</b>	58,669,936	(38.14)
<b>Units in Circulation</b>	<b>78,032,057</b>	129,529,587	(39.76)

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

	Financial Year 30/09/22- 30/09/23	Financial Year 30/09/21- 30/09/22	Financial Year 30/09/20- 30/09/21
Highest NAV Per Unit (RM)	0.4747	0.4810	0.4877
Lowest NAV Per Unit (RM)	0.4497	0.4508	0.4580
Capital Growth (%)	2.69	-5.63	3.58
Income Distribution (%)	-	0.22	2.92
<b>Total Return (%)</b>	<b>2.69</b>	<b>-5.41</b>	<b>6.50</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**

	30/09/22- 30/09/23 <b>1 Year</b>	30/09/20- 30/09/23 <b>3 Years</b>	30/09/18- 30/09/23 <b>5 Years</b>
Average Total Return (%)	2.69	1.15	0.46

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	30/09/22- 30/09/23	30/09/21- 30/09/22	30/09/20- 30/09/21	30/09/19- 30/09/20	30/09/18- 30/09/19
Annual Total Return (%)	2.69	-5.41	6.50	-5.06	4.16

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 September 2023

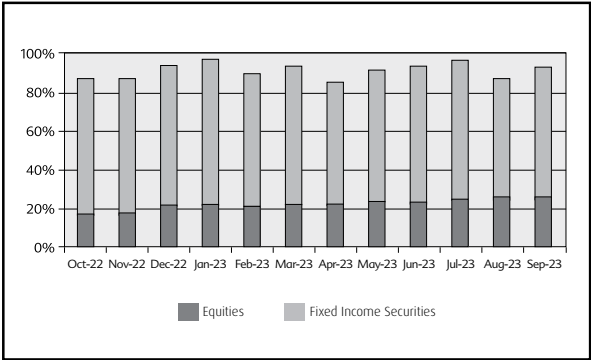
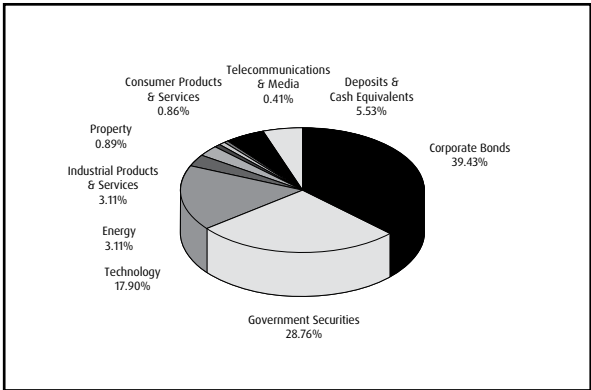
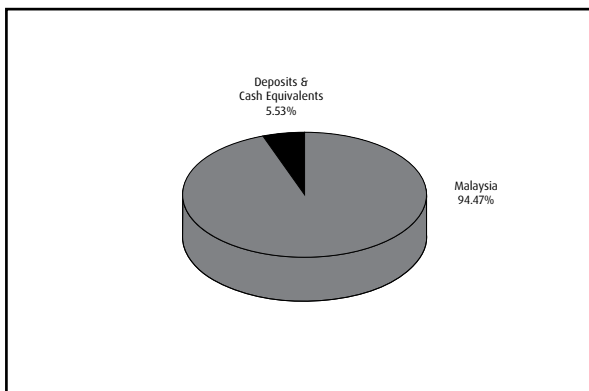


Chart 3: Sector Allocation as at 30 September 2023



**Chart 4: Geographical Allocation as at 30 September 2023**



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

During the financial year 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 that are sensitive to domestic economic growth as well as selected export stocks that will benefit from enduring industry trends.

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

During the financial year 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 year under review, there were no significant changes in the state of affairs of the Fund or circumstances that would materially affect the interest of unit holders up to the date of this Manager's report.

## **IV. MARKET REVIEW**

### **Fixed Income**

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

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

3-Year and 10-Year Malaysian government securities (MGS) yields rose 7 bps and 12 bps respectively to 3.56% and 3.97% during the third quarter of 2023. The primary factors that drove the bond movements were hawkish US Fed rate outlook arising from elevated inflationary pressures, strong economic data and a weaker Ringgit against USD.

### **Equities**

During the review period, ongoing concerns about inflation and further central bank tightening remained at the forefront of investors' minds. Sentiment was further dampened by the collapse of Silicon Valley Bank in March 2023, which was followed shortly by further financial sector disruption in Europe, raising broader concerns around the financial sector and brought significant volatility to the market. Closer to home

in Asia, China's recovery from COVID-19 was slower-than-expected. Renewed worries about the state of country's property sector also weighed on sentiment.

Back home, the 15th General Elections were held on 19th November 2022 with Malaysia seeing a hung parliament outcome for the first time 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 Prime Minister of Malaysia. This was followed by the tabling of the revised 2023 Budget in Parliament on 24th February 2023. Gross Domestic Product (GDP) growth is expected to moderate to 4.5%, driven mainly by steady domestic demand and continued growth from various economic sectors. With regards to the mid-term review of 12th Malaysia Plan (MP) 2021-2025 (12MP), an upward revision in GDP growth targets for 2021-2025F to 5.0-6.0% from the original targets of 4.5-5.5% as well as RM15 billion added to the original RM400 billion development expenditure were announced. The government also unveiled its National Energy Transition Roadmap (NETR) to help the transition towards a green economy.

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

### **Fixed Income**

Malaysia's inflation slowed further to 1.9% in September 2023 (June: 2.4%). The increase in the inflation was driven by the lower increases in restaurants and hotels (4.4%) as well as food and non-alcoholic beverages (3.9%). Amid moderating domestic growth and inflation outlook, we expect Bank Negara Malaysia (BNM) to keep the Overnight Policy Rate (OPR) at 3.00%, while not discounting the possibility for another OPR hike before year-end.

The Fund will maintain its defensive position in order to manage fund volatility.

### **Equities**

While the US economy remains resilient and the labor market is still tight, we are concerned that easy disinflation may already be behind us, prompting the Fed's higher-for-longer stance. This may create the risk of a slowdown/recession in 2024 due to the impact of higher borrowing costs. There are some signs that economic data in China appears to be improving (from a very low base). Policy remains very

supportive, with clear signs from Beijing that it wants to reinvigorate the economy, financial markets and confidence.

Notwithstanding the deteriorating external economic environment, the Malaysian economy is expected to remain resilient due to its diversified structure and strong domestic demand.

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 unit holders and there was no churning of trades.

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

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

## **VIII. CROSS TRADE TRANSACTIONS**

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

## STATEMENT BY THE MANAGER

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I, Hoo See Kheng, as the Director of Hong Leong Asset Management Bhd, do hereby state that, in the opinion of the Manager, the financial statements set out on pages 16 to 55 are drawn up in accordance with the provision of the Deeds and give a true and fair view of the financial position of the Fund as at 30 September 2023 and of its financial performance, changes in equity and cash flows for the financial year ended 30 September 2023 in accordance with the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

For and on behalf of the Manager,

**Hong Leong Asset Management Bhd**

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

**HOO SEE KHENG**

Chief Executive Officer/Executive Director

Kuala Lumpur

27 November 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 year ended 30 September 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 year 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

27 November 2023

# **INDEPENDENT AUDITORS' REPORT**

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## **TO THE UNIT HOLDERS OF HONG LEONG REGULAR INCOME FUND**

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Our opinion

In our opinion, the financial statements of Hong Leong Regular Income Fund ("the Fund") give a true and fair view of the financial position of the Fund as at 30 September 2023 and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

#### What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 30 September 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 16 to 55.

#### Basis for opinion

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

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

#### Independence and other ethical responsibilities

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

### Information other than the financial statements and auditors' report thereon

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

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

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

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

### Responsibilities of the Manager for the financial statements

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

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

## Auditors' responsibilities for the audit of the financial statements

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

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

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



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

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

#### OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

Kuala Lumpur  
27 November 2023

# STATEMENT OF COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 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")		1,310,287	2,469,079
Interest income from financial assets measured at amortised cost	4	92,312	150,286
Dividend income		182,709	293,337
Net loss on derivatives	10	-	(4,632)
Net gain/(loss) on financial assets at fair value through profit or loss ("FVTPL")	11	783,849	(6,853,510)
Net foreign currency exchange loss		-	(2,008)
		<u>2,369,157</u>	<u>(3,947,448)</u>
<b>EXPENDITURE</b>			
Management fee	5	(721,160)	(760,519)
Trustee's fee	6	(24,039)	(46,960)
Auditors' remuneration		(6,750)	(6,750)
Tax agent's fee		(4,100)	(2,950)
Custodian fees		(902)	(1,899)
Transaction costs		(58,887)	(232,608)
Other expenses		(9,043)	(25,990)
		<u>(824,881)</u>	<u>(1,077,676)</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		1,544,276	(5,025,124)
Taxation	7	-	-
<b>PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR</b>		<u>1,544,276</u>	<u>(5,025,124)</u>
Profit/(loss) after taxation is made up as follows:			
Realised amount		(977,495)	(14,052,563)
Unrealised amount		2,521,771	9,027,439
		<u>1,544,276</u>	<u>(5,025,124)</u>
Distributions for the financial year:			
Net distributions	8	-	353,808
Net distributions per unit (sen)	8	-	0.1100
Gross distributions per unit (sen)	8	-	0.1100

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

# STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2023

	Note	2023 RM	2022 RM
<b>ASSETS</b>			
Cash and cash equivalents	9	2,104,642	2,571,534
Dividends receivable		14,200	38,160
Financial assets at fair value through profit or loss ("FVTPL")	11	34,282,397	56,441,739
<b>TOTAL ASSETS</b>		<u>36,401,239</u>	<u>59,051,433</u>
<b>LIABILITIES</b>			
Amount due to the Manager			
-cancellation of units		51,413	291,364
-management fee		47,273	74,967
Amount due to the Trustee		1,576	2,499
Other payables and accruals		10,335	12,667
<b>TOTAL LIABILITIES</b>		<u>110,597</u>	<u>381,497</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>36,290,642</u>	<u>58,669,936</u>
<b>EQUITY</b>			
Unit holders' capital		60,702,723	84,626,293
Accumulated loss		(24,412,081)	(25,956,357)
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>36,290,642</u>	<u>58,669,936</u>
<b>UNITS IN CIRCULATION (UNITS)</b>	12	<u>78,032,057</u>	<u>129,529,587</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.4651</u>	<u>0.4529</u>

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

## STATEMENT OF CHANGES IN EQUITY

### FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 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		1,651	-	1,651
Cancellation of units		(23,925,221)	-	(23,925,221)
Total comprehensive income for the financial year		-	1,544,276	1,544,276
Balance as at 30 September 2023		60,702,723	(24,412,081)	36,290,642
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		127,541	-	127,541
Creation of units from distributions		928	-	928
Cancellation of units		(121,915,395)	-	(121,915,395)
Total comprehensive loss for the financial year		-	(5,025,124)	(5,025,124)
Distribution for the financial year	8	-	(353,808)	(353,808)
Balance as at 30 September 2022		84,626,293	(25,956,357)	58,669,936

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

## STATEMENT OF CASH FLOWS

### FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

	Note	2023 RM	2022 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from redemptions of financial assets at FVTPL		1,000,000	11,500,000
Proceeds from sales of financial assets at FVTPL		28,811,789	130,443,672
Purchase of financial assets at FVTPL		(7,169,928)	(20,149,328)
Realised gain on derivatives		-	84,443
Realised foreign exchange differences arising from operating activities		-	(3,404)
Interest income received from financial assets measured at FVTPL and amortised cost		1,666,063	3,986,741
Dividend income received		185,648	257,999
Management fee paid		(748,854)	(771,618)
Trustee's fee paid		(24,962)	(53,067)
Payment for other fees and expenses		(23,127)	(41,184)
Net cash generated from operating activities		23,696,629	125,254,254
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from creation of units		1,651	127,541
Payments for cancellation of units		(24,165,172)	(129,542,345)
Payments for distributions		-	(352,880)
Net cash used in financing activities		(24,163,521)	(129,767,684)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>			
		(466,892)	(4,513,430)
<b>EFFECTS OF FOREIGN EXCHANGE RATE CHANGES</b>			
		-	(38)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>			
		2,571,534	7,085,002
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>			
	9	2,104,642	2,571,534

The accompanying notes to the financial statements form an integral part of these 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 and Supplemental Deeds dated 7 June 2022 and 28 February 2023 ("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 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, private retirement schemes and private investment mandates. Its holding company is Hong Leong Capital Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The financial statements were authorised for issue by the Manager on 27 November 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 financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

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

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

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

- (i) Amendments to published standard and interpretations that are relevant and effective 1 October 2022

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 October 2022 that have a material effect on the financial statements of the Fund.

- (ii) New standards, amendment and interpretations effective after 1 October 2022 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 October 2022. None of these are expected to have a material effect on the financial statements of the Fund, except the following set out below:

- Amendments to MFRS 101 'Classification of liabilities as current or non-current' clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

The amendment is effective for the annual financial reporting period beginning on or after 1 October 2024.

The amendment shall be applied retrospectively.



## **(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 year which they arise.

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

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

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

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

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 year.

## **(c) Foreign currency**

### Functional and presentation currency

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

Due to mixed factors in determining the functional currency of the Fund, the Manager has used its 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 year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges.

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **(g) Taxation**

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

#### **(h) Distributions**

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

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

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

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

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

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

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

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

### **(k) Derivatives**

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



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

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

The Fund's 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) Critical accounting estimates and judgments in applying accounting policies**

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

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

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

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

### **3. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

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

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

	Financial assets at FVTPL RM	Financial assets/ liabilities at amortised cost RM	Total RM
<b>2023</b>			
<u>Financial assets</u>			
Cash and cash equivalents			
(Note 9)	-	2,104,642	2,104,642
Dividends receivable	-	14,200	14,200
Financial assets at FVTPL			
(Note 11)	34,282,397	-	34,282,397
	<u>34,282,397</u>	<u>2,118,842</u>	<u>36,401,239</u>
<u>Financial liabilities</u>			
Amount due to the Manager			
-cancellation of units	-	51,413	51,413
-management fee	-	47,273	47,273
Amount due to the Trustee	-	1,576	1,576
Other payables and accruals	-	10,335	10,335
	<u>-</u>	<u>110,597</u>	<u>110,597</u>
<b>2022</b>			
<u>Financial assets</u>			
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
	<u>56,441,739</u>	<u>2,609,694</u>	<u>59,051,433</u>
<u>Financial liabilities</u>			
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
	<u>-</u>	<u>381,497</u>	<u>381,497</u>

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

## (a) Market risk

### (i) Price risk

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

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

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

	2023 RM	2022 RM
<u>Financial assets at FVTPL:</u>		
- Quoted equity securities - local	9,536,517	11,446,721
- Quoted collective investment scheme - foreign	-	-
- Unquoted fixed income securities - local*	24,745,880	44,995,018
	<u>34,282,397</u>	<u>56,441,739</u>

\* Includes interest receivables of RM331,060 (2022: RM360,068).

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

<b>% Change in price of financial assets at FVTPL</b>	<b>Market value RM</b>	<b>Impact on profit/(loss) after taxation/ net asset value RM</b>
<b>2023</b>		
-5%	32,253,770	(1,697,567)
0%	33,951,337	-
5%	35,648,904	1,697,567
<b>2022</b>		
-5%	53,277,587	(2,804,084)
0%	56,081,671	-
5%	58,885,755	2,804,084

## **(ii) Interest rate risk**

In general, when interest rates rise, prices of fixed income securities will tend to fall and vice versa. Therefore, the net asset value of the Fund may also tend to fall when interest rates rise or are expected to rise. However, investors should be aware that should the Fund hold a fixed income securities till maturity, such price fluctuations would dissipate as it approaches maturity, and thus the growth of the net asset value shall not be affected at maturity. In order to mitigate interest rates exposure of the Fund, the Manager

will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the Manager, which is based on its continuous fundamental research and analysis.

This risk is crucial since unquoted fixed income securities portfolio management depends on forecasting interest rate movements. Prices of unquoted fixed income securities move inversely to interest rate movements, therefore as interest rates rise, the prices of unquoted fixed income securities decrease and vice versa. Furthermore, unquoted fixed income securities with longer maturity and lower yield coupon rates are more susceptible to interest rate movements.

Investors should note that unquoted fixed income securities are subject to interest rate fluctuations. Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to make payments of interest income and principal, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

The table below summarises the sensitivity of the Fund's net asset value and profit/(loss) after taxation to movements in prices of unquoted fixed income securities held by the Fund at the end of the reporting year as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate changed by 1% (100 basis points) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the interest rate, having regard to the historical volatility of the interest rate.

% Change in interest rate	Impact on profit/(loss) after taxation/net asset value	
	2023 RM	2022 RM
+1%	(1,858,536)	(2,544,691)
-1%	1,858,535	2,659,986

The Fund's exposure to interest rate risk associated with deposits with licensed financial institutions is not material as the deposits with licensed financial institutions are placed on a short term basis.

## **(b) Credit risk**

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

Investment in unquoted fixed income securities may involve a certain degree of credit/default risk with regards to the issuers. Generally, credit risk or default risk is the risk of loss due to the issuer's non-payment or untimely payment of the investment amount as well as the returns on investment. This will cause a decline in value of the defaulted unquoted fixed income securities and subsequently depress the net asset value of the Fund. Usually credit risk is more apparent for an investment with a longer tenure, i.e. the longer the duration, the higher the credit risk. Credit risk can be managed by performing continuous fundamental credit research and analysis to ascertain the creditworthiness of its issuer. In addition, the Manager imposes a minimum rating requirement as rated by either local and/or foreign rating agencies and manages the duration of the investment in accordance with the objective of the Fund.

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

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

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

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

	<b>Cash and cash equivalents</b>	<b>Dividends receivable</b>	<b>Unquoted fixed income securities</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>2023</b>				
- AAA	2,104,642	-	-	2,104,642
- AA2/AA	-	-	9,125,795	9,125,795
- AA3/AA-	-	-	5,181,599	5,181,599
- NR#	-	14,200	10,438,486	10,452,686
<b>Total</b>	<b>2,104,642</b>	<b>14,200</b>	<b>24,745,880</b>	<b>26,864,722</b>
<b>2022</b>				
- AAA	2,571,534	-	-	2,571,534
- AA2/AA	-	-	15,252,531	15,252,531
- AA3/AA-	-	-	5,154,466	5,154,466
- NR#	-	38,160	24,588,021	24,626,181
<b>Total</b>	<b>2,571,534</b>	<b>38,160</b>	<b>44,995,018</b>	<b>47,604,712</b>

# The unquoted fixed income securities are not rated as the unquoted fixed income securities are guaranteed and issued by the Government of Malaysia.

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

### **(c) Liquidity risk**

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

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



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

	<b>Less than 1 month RM</b>	<b>1 month to 1 year RM</b>	<b>Total RM</b>
<b>2023</b>			
<u>Financial liabilities</u>			
Amount due to the Manager			
-cancellation of units	51,413	-	51,413
-management fee	47,273	-	47,273
Amount due to the Trustee	1,576	-	1,576
Other payables and accruals	-	10,335	10,335
Contractual cash out flows	100,262	10,335	110,597

## **2022**

### 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
Contractual cash out flows	368,830	12,667	381,497

## **(d) Capital risk**

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

## **(e) Fair value estimation**

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

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

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

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

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

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

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

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

(i) Fair value hierarchy

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

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value

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

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>2023</b>				
<u>Financial assets at FVTPL:</u>				
- Quoted equity securities				
- local	9,536,517	-	-	9,536,517
- Quoted collective investment scheme				
- foreign	-	-	-	-
- Unquoted fixed income securities - local	-	24,745,880	-	24,745,880
	9,536,517	24,745,880	-	34,282,397
<b>2022</b>				
<u>Financial assets at FVTPL:</u>				
- 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 scheme. The Fund does not adjust the quoted prices for these instruments. The Fund's policies on valuation of these financial assets are stated in Note 2(b).

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. This includes unquoted fixed income securities. 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. INTEREST INCOME FROM FINANCIAL ASSETS MEASURED AT AMORTISED COST

	2023 RM	2022 RM
Interest income from:		
- Deposits with licensed financial institutions	91,419	149,322
- Auto-sweep facility bank account	893	964
	<u>92,312</u>	<u>150,286</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 year ended 30 September 2023, the management fee is recognised at a rate of 1.50% (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 0.08% per annum calculated daily based on the net asset value of the Fund.

For the financial year ended 30 September 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 RM	2022 RM
Tax charge for the financial year:		
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:

	<b>2023 RM</b>	<b>2022 RM</b>
Profit/(loss) before taxation	1,544,276	(5,025,124)
Taxation at Malaysian statutory rate of 24% (2022: 24%)	370,626	(1,206,030)
Tax effects of:		
(Investment income not subject to tax)/ investment loss disallowed from tax	(568,598)	947,388
Expenses not deductible for tax purposes	21,467	70,524
Restriction on tax deductible expenses for unit trust fund	176,505	188,118
Taxation	-	-

## 8. DISTRIBUTION

	<b>2023 RM</b>	<b>2022 RM</b>
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

	2023 RM	2022 RM
Deposits with licensed financial institutions	2,084,365	2,266,155
Cash at banks	20,277	305,379
	<u>2,104,642</u>	<u>2,571,534</u>

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

	2023 %	2022 %
Deposits with licensed financial institutions	<u>3.20</u>	<u>2.50</u>

Deposits with licensed financial institutions have an average remaining maturity of 2 days (2022: 3 days).

## 10. DERIVATIVE

Derivatives comprise forward currency contracts.

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

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



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

	2023 RM	2022 RM
<u>Financial assets at FVTPL:</u>		
Quoted equity securities - local	9,536,517	11,446,721
- Quoted collective investment scheme		
- foreign	-	-
Unquoted fixed income securities - local	24,745,880	44,995,018
	<u>34,282,397</u>	<u>56,441,739</u>
<u>Net gain/(loss) on financial assets at FVTPL:</u>		
Realised loss on disposals	(1,696,868)	(15,335,996)
Changes in unrealised fair values	2,480,717	8,482,486
	<u>783,849</u>	<u>(6,853,510)</u>

Financial assets at FVTPL as at 30 September 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	399,560	356,607	311,657	0.86
<u>Energy</u>				
Bumi Armada Berhad	2,000,000	1,088,800	1,130,000	3.11
<u>Industrial Products &amp; Services</u>				
Kelington Group Berhad	400,000	613,440	600,000	1.65
V.S. Industry Berhad	520,000	512,192	530,400	1.46
	920,000	1,125,632	1,130,400	3.11
<u>Property</u>				
Guocoland (Malaysia) Berhad	440,000	320,716	321,200	0.89

	Quantity Units	Aggregate cost RM	Fair value RM	Percentage of net asset value %
<u>Technology</u>				
D & O Green Technologies Berhad	300,000	1,740,380	1,023,000	2.82
Frontken Corporation Berhad	316,000	1,042,737	995,400	2.74
Inari Amertron Berhad	200,000	793,495	580,000	1.60
Malaysian Pacific Industries Bhd	39,000	1,939,194	1,070,940	2.95
Pentamaster Corporation Berhad	203,000	1,033,493	1,051,540	2.90
	1,058,000	6,549,299	4,720,880	13.01
<u>Telecommunications &amp; Media</u>				
Media Chinese International Limited V	1,000,000	183,063	150,000	0.41
<u>ACE Market</u>				
<u>Technology</u>				
Genetec Technology Berhad	362,000	1,048,786	865,180	2.39
LGMS Berhad	840,000	1,070,328	907,200	2.50
	1,202,000	2,119,114	1,772,380	4.89
<b>TOTAL QUOTED EQUITY</b>				
<b>SECURITIES - LOCAL</b>	<b>7,019,560</b>	<b>11,743,231</b>	<b>9,536,517</b>	<b>26.28</b>
<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</b>				
<b>- FOREIGN</b>	<b>4,800,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Nominal value	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	5,131,391	5,181,599	14.28
4.32% RHB Islamic Bank Berhad (AA2) 21/05/2024   21/05/2029 - Series 3	4,000,000	4,062,492	4,073,612	11.23
	9,000,000	9,193,883	9,255,211	25.51
<u>Private Debt Securities</u>				
4.88% CIMB Group Holdings Berhad (AA) 13/09/2024   13/09/2029 - Tranche 4	5,000,000	5,074,379	5,052,183	13.92
<u>Government Investment Issues</u>				
4.638% Government of Malaysia 15/11/2049 - Murabahah	10,000,000	11,743,578	10,438,486	28.76
<b>TOTAL UNQUOTED FIXED INCOME SECURITIES - LOCAL</b>	<b>24,000,000</b>	<b>26,011,840</b>	<b>24,745,880</b>	<b>68.19</b>
<b>TOTAL INVESTMENTS</b>		<b>37,755,071</b>	<b>34,282,397</b>	<b>94.47</b>
<b>UNREALISED LOSS ON FINANCIAL ASSETS AT FVTPL</b>		<b>(3,472,674)</b>		
<b>TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL</b>		<b>34,282,397</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	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

	2023 No. of units	2022 No. of units
At the beginning of the financial year	129,529,587	387,223,582
Add: Creation of units during the financial year		
- Arising from applications	3,542	270,944
- Arising from distributions	-	1,940
Less: Cancellation of units during the financial year	(51,501,072)	(257,966,879)
At the end of the financial year	78,032,057	129,529,587

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

	2023 %	2022 %
TER	1.60	0.90

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

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

Where;

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

The average net asset value of the Fund for the financial year calculated on a daily basis is RM48,009,823 (2022: RM93,584,335)

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

	2023 Times	2022 Times
PTR	0.40	0.89

PTR is derived from the following calculation:

$$\frac{(\text{Total acquisitions for the financial year} + \text{total disposals for the financial year})}{2}$$

Average net asset value of the Fund for the financial year calculated on a daily basis

Where:

total acquisitions for the financial year	= RM7,141,784 (2022: RM20,081,241)
total disposals for the financial year	= RM31,126,631 (2022: RM146,157,988)

#### 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 30 September 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.

	2023 RM	2022 RM
<u>Related party balances</u>		
Cash at bank:		
- Hong Leong Bank Berhad	20,277	305,379
Deposits with licensed financial institutions		
- Hong Leong Bank Berhad	2,084,365	2,266,155
	<u>2,104,642</u>	<u>2,571,534</u>
<u>Related party transactions</u>		
Interest income from deposits with licensed financial institutions:		
- Hong Leong Bank Berhad	<u>76,569</u>	<u>86,968</u>
Interest income from auto-sweep facility bank account		
- Hong Leong Bank Berhad	<u>893</u>	<u>964</u>
Dividend income from quoted equity security:		
- 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>26,750,628</u>
Disposal of unquoted fixed income securities:		
- Hong Leong Bank Berhad	-	18,860,875
- Hong Leong Islamic Bank Berhad	-	4,272,619
- Hong Leong Investment Bank Berhad	<u>5,079,751</u>	<u>-</u>
	<u>5,079,751</u>	<u>23,133,494</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>				
Hong Leong Investment Bank Berhad*	8,278,611	22.89	8,003	20.05
JP Morgan Chase Bank Berhad	5,099,226	14.10	-	-
CIMB Islamic Bank Berhad	5,095,237	14.09	-	-
CIMB Bank Berhad	4,931,295	13.63	-	-
Nomura Securities Malaysia Sdn Bhd	4,480,135	12.39	11,233	28.14
CLSA Securities Malaysia Sdn Bhd	2,215,793	6.13	5,534	13.86



	Values of trade RM	Percentage of total trade %	Brokerage fees RM	Percentage of total brokerage fees %
UOB Kay Hian Securities (M)				
Sdn Bhd	2,208,285	6.10	5,521	13.83
JPMorgan Securities (Malaysia)				
Sdn Bhd	1,160,661	3.21	2,900	7.27
Credit Suisse Securities (Malaysia)				
Sdn Bhd	1,046,656	2.89	2,607	6.53
CGS-CIMB Securities Sdn Bhd	1,037,387	2.87	2,584	6.47
Others	616,440	1.70	1,535	3.85
	36,169,726	100.00	39,917	100.00

## 2022

Hong Leong Investment Bank				
Berhad*	36,337,202	24.11	90,965	49.71
RHB Investment Bank Berhad	33,068,064	21.94	-	-
Hong Leong Bank Berhad*	18,860,875	12.52	-	-
JPMorgan Securities (Malaysia)				
Sdn Bhd	11,282,641	7.49	28,187	15.40
Credit Suisse Securities (Malaysia)				
Sdn Bhd	11,230,277	7.45	28,124	15.37
CIMB Islamic Bank Berhad	10,337,087	6.86	-	-
Standard Chartered Bank				
Malaysia Berhad	10,171,981	6.75	-	-
CGS-CIMB Securities Sdn Bhd	8,751,411	5.81	21,951	12.00
Hong Leong Islamic Bank Berhad*	4,272,619	2.83	-	-
Maybank Investment Bank				
Berhad	3,626,236	2.41	9,091	4.97
Others	2,764,314	1.83	4,660	2.55
	150,702,707	100.00	182,978	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:**

<b>By Sector:</b>
Consumer Products & Services
Energy
Financial Services
Industrial Products & Services
Property
Technology
Telecommunications & Media
<b>Corporate Bonds</b>
<b>Government Securities</b>
<b>Collective Investment Schemes</b>
<b>Deposits &amp; Cash Equivalents</b>

<b>By Country:</b>
Malaysia
Singapore
<b>Deposits &amp; Cash Equivalents</b>

(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	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

Financial Year 30/09/2022- 30/09/2023 %	Financial Year 30/09/2021- 30/09/2022 %	Financial Year 30/09/2020- 30/09/2021 %
0.86	-	9.69
3.11	0.66	2.56
-	9.46	6.32
3.11	2.34	0.77
0.89	0.49	-
17.90	6.29	1.72
0.41	0.27	1.49
39.43	34.78	51.44
28.76	41.91	22.22
-	-	3.67
5.53	3.80	0.12
94.47	96.20	96.64
-	-	3.24
5.53	3.80	0.12
RM36,290,642	RM58,669,936	RM185,835,794
RM0.4651	RM0.4529	RM0.4799
78,032,057	129,529,587	387,223,582
RM0.4747	RM0.4810	RM0.4877
RM0.4497	RM0.4508	RM0.4580
2.69%	-5.41%	6.50%
2.69%	-5.63%	3.58%
-	0.22%	2.92%
-	0.1100 sen/unit	0.0000 sen/unit
-	0.0000 sen/unit	1.3200 sen/unit
-	0.1100 sen/unit	1.3200 sen/unit
-	100%	0%
-	0%	100%
-	-	-
-	0.1100 sen/unit	0.1100 sen/unit
-	0.1100 sen/unit	0.1100 sen/unit
-	20/10/2021	20/10/2020
-	RM0.4799	RM0.4654
-	RM0.4788	RM0.4643
-	-	-
-	-	0.1100 sen/unit
-	-	0.1100 sen/unit
-	-	20/11/2020
-	-	RM0.4708
-	-	RM0.4697
-	-	-
-	-	0.1100 sen/unit
-	-	0.1100 sen/unit
-	-	21/12/2020
-	-	RM0.4747
-	-	RM0.4736
-	-	-
-	-	0.1100 sen/unit
-	-	0.1100 sen/unit
-	-	20/01/2021
-	-	RM0.4750
-	-	RM0.4739
-	-	-
-	-	0.1100 sen/unit
-	-	0.1100 sen/unit
-	-	22/02/2021
-	-	RM0.4804
-	-	RM0.4793
-	-	-
-	-	0.1100 sen/unit
-	-	0.1100 sen/unit
-	-	22/03/2021
-	-	RM0.4722
-	-	RM0.4711

# 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

- (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 30/09/2023)\***

- (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 mainly due to increase in average net asset value of the Fund.

## The PTR decreased by 0.49 times (55.06%) to 0.40 times for the financial year ended 30 September 2023 versus 0.89 times for the financial year ended 30 September 2022 mainly due to lower level of rebalancing activities undertaken by the Fund.

Financial Year 30/09/2022- 30/09/2023 %	Financial Year 30/09/2021- 30/09/2022 %	Financial Year 30/09/2020- 30/09/2021 %
-	-	-
-	-	0.1100 sen/unit
-	-	0.1100 sen/unit
-	-	20/04/2021
-	-	RM0.4763
-	-	RM0.4752
-	-	-
-	-	0.1100 sen/unit
-	-	0.1100 sen/unit
-	-	20/05/2021
-	-	RM0.4715
-	-	RM0.4704
-	-	-
-	-	0.1100 sen/unit
-	-	0.1100 sen/unit
-	-	21/06/2021
-	-	RM0.4771
-	-	RM0.4760
-	-	-
-	-	0.1100 sen/unit
-	-	0.1100 sen/unit
-	-	21/07/2021
-	-	RM0.4816
-	-	RM0.4805
-	-	-
-	-	0.1100 sen/unit
-	-	0.1100 sen/unit
-	-	20/08/2021
-	-	RM0.4816
-	-	RM0.4805
-	-	-
-	-	0.1100 sen/unit
-	-	0.1100 sen/unit
-	-	20/09/2021
-	-	RM0.4809
-	-	RM0.4798
<b>1.60%#</b>	0.90%	0.95%
<b>0.40##</b>	0.89	0.78
<b>2.69%</b>		
<b>1.15%</b>		
<b>0.46%</b>		

# Corporate Information

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## **Manager**

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

## **Registered Office**

Level 30, Menara Hong Leong  
No. 6, Jalan 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  
YBhg Dato' Abdul Majit bin Ahmad Khan  
YM Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin

## **Executive Director / Chief Executive Officer**

Mr. Hoo See Kheng

## **Trustee**

CIMB Commerce Trustee Berhad

## **Auditor**

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146)

## **Distributors**

Hong Leong Bank Berhad  
Registered Independent Tied Agents with FiMM

# Corporate Directory

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## 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

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Pulau Tikus Plaza, Jalan Burmah  
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## Ipoh

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Hong Leong Asset Management Bhd  
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