

Hong Leong Global ESG Fund

Annual Report

Financial Period Ended 31 March 2023

2022/2023

Audited



Hong Leong Global ESG Fund

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Manager's Review & Report

I. FUND INFORMATION

Fund Name

Hong Leong Global ESG Fund

Fund Category

Equity

Fund Type

Growth

Investment Objective

The Fund aims to provide medium- to long-term* capital growth by investing in a globally diversified portfolio of companies with a focus on ESG criteria in the investment process.

Duration of the Fund and its termination date, where applicable

Not Applicable

Benchmark

MSCI ACWI ESG Universal Index

Distribution Policy

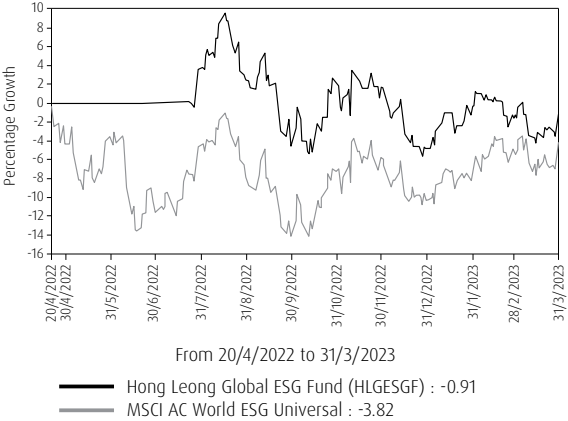
The Fund intends to provide Unit holders with medium- to long-term* capital growth. As such, income distributions will be incidental to overall capital growth objective and all income returns from investments will be reinvested as additional Units. The Fund may also declare distribution in the form of additional Units to its Unit holders.

Note:

* Refers to a period of 3 to 5 years.

II. FUND PERFORMANCE

Chart 1: Performance of the Fund versus the benchmark since launch



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 HLGESGF 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 financial period from 20 April 2022 to 31 March 2023.

Since launch, the Fund has registered a return of -0.91% while its benchmark the MSCI AC World ESG Universal registered a return of -3.82% (in Malaysian Ringgit terms).

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 3 Months	30/09/22- 31/03/23 6 Months	20/04/22- 31/03/23 Since Launch
HLGESGF Return (%)	4.09	3.84	-0.91
Benchmark (%)	7.21	12.10	-3.82

Table 2: Return of the Fund based on NAV Per Unit-to-NAV Per Unit basis for the period from 20 April 2022 to 31 March 2023 (Source: Lipper For Investment Management)

	31-Mar-23	20-Apr-22	Return (%)
NAV Per Unit	RM0.9909	RM1.0000	-0.91
Benchmark	10,001.20	10,398.12	-3.82
vs Benchmark (%)	-	-	2.91

Table 3: Financial Highlights

The Net Asset Value attributable to Unitholders is represented by:

	31-Mar-23 (RM)
Unitholders' Capital	3,325,400
Accumulated Loss	(26,945)
Net Asset Value	3,298,455
Units in Circulation	3,328,869

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

	Financial Period 20/04/22- 31/03/23
Highest NAV Per Unit (RM)	1.0957
Lowest NAV Per Unit (RM)	0.9429
Capital Growth (%)	-0.91
Income Distribution (%)	-
Total Return (%)	-0.91

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 HLGESGF reinvested.

Table 5: Average Total Return of the Fund

	20/04/22- 31/03/23 Since Launch
Average Total Return (%)	-0.96

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 HLGESGF reinvested.

Table 6: Annual Total Return of the Fund

Financial Period	20/04/22- 31/03/23 Since Launch
Average Total Return (%)	-0.91

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 HLGESGF reinvested.

III. INVESTMENT PORTFOLIO

Chart 2: Asset Allocation - April 2022 to 31 March 2023

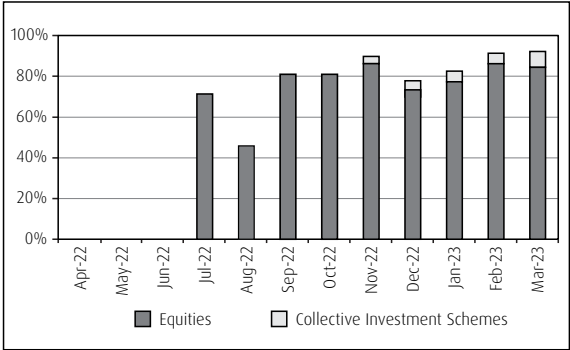


Chart 3: Sector Allocation as at 31 March 2023

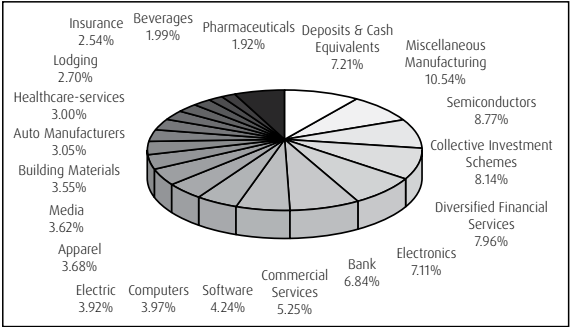
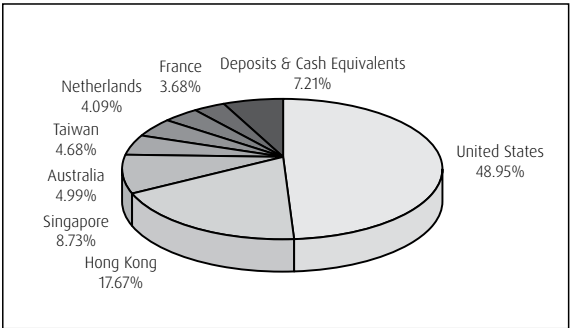


Chart 4: Geographical Allocation as at 31 March 2023



Strategies employed by the Fund during the period under review

The fund invested into companies with strong MSCI's ESG ratings, across diversified sectors which have good earnings prospects and trading at reasonable valuations.

An explanation on the differences in portfolio composition

During the financial period under review, the fund's geographical allocations were skewed towards United States (US) markets in the beginning of the portfolio construction period. With the higher assets under management raised, the fund diversified its investment across Europe, Hong Kong, Singapore and Australia markets.

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

The US economy continued to grow during the year under review, as indicated by economic data published since the beginning of the 2023. The labour market remained resilient with non-farm payrolls growing by a stronger-than-expected 311,000 in February 2023. Wage pressures are gradually decelerating, with average hourly earnings rising by just 0.2% month-on-month and 4.6% year-on-year (YoY). The February 2023 Consumer Price Index (CPI) report showed that headline inflation fell to 6.0% YoY, marking the eighth consecutive monthly decline and a significant decrease from its peak of 8.9% in June 2022. It's worth noting that shelter costs now dominate inflation, accounting for over 70% of the increase in prices. However, changes in rents and house prices tend to have a lagged effect on shelter inflation. Recent data suggests that rent

increases have generally slowed and house prices are coming under pressure, which may impact future inflation readings. Overall, the US economy showed signs of growth, with a resilient labour market and declining inflation pressures in the first quarter of 2023.

In Europe, economic activity exceeded expectations despite rising interest rates and banking sector turmoil in March 2023. The resilience of the services sector and falling energy prices contributed to the positive performance. The euro-area composite Purchasing Managers' Index (PMI) for March 2023 reached a 10-month high of 54.1, driven mainly by the services sector, which saw a significant increase in PMI from 52.7 in February to 55.6 in March. However, the manufacturing sector continued to face challenges, as indicated by a drop in the manufacturing PMI to 47.1 in March.

China surprised with its abandonment of the zero-COVID-19 policy at the end of 2022, resulting in a strong rebound in its economy since the beginning of this year. Inflation has remained surprisingly low, allowing the People's Bank of China (PBOC) to maintain an easy monetary policy. The domestic service sectors are showing a strong rebound according to non-manufacturing business surveys. The better-than-expected credit growth in January and February 2023 has contributed to this positive economic momentum, with Total Social Financing growing by 9.9% YoY in February and the credit impulse rising to 5.6%, the highest since January 2021. However, despite the strong economic momentum and credit growth, China's February Consumer Price Index (CPI) came in below expectations, with only a 1% YoY increase, and the Producer Price Index remaining in deflation territory with a 1.4% decline. In response, the PBOC announced a 25 basis points cut to its reserve requirement ratio for banks in March 2023, earlier than expected.

V. FUTURE PROSPECTS AND PROPOSED STRATEGIES

We anticipate continued support for China's economy due to its COVID-19 reopening, but we see increased downside risks in developed economies. Recent events in the banking sector may result in further tightening of lending standards, potentially leading to a moderate recession in developed economies throughout the year. However, we do not foresee a repeat of the 2008 financial crisis, as banks are better capitalized and there is little evidence of extreme excess in the real economy. If commercial banks tighten lending standards, central banks like the Federal Reserve may need to take less action to slow down activity and reduce inflation. We remain positive about the recovery in equity market valuations, particularly in sectors and industries benefiting from the easing of supply chain constraints. China's reopening theme is expected to boost market sentiment in 2023.

We also continue to diversify our portfolio across geographical regions and invest in companies with strong ESG ratings on the strategy front.

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 of demonstrable benefit to Unitholders.

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 financial statements set out on pages 16 to 51 are drawn up in accordance with the provision of the Deed 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 from 20 April 2022 (date of launch) to 31 March 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
18 May 2023

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF HONG LEONG GLOBAL ESG FUND ("Fund")

We have acted as Trustee of the Fund for the financial period from 20 April 2022 (date of launch) to 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

INDEPENDENT AUDITORS' REPORT

TO THE UNIT HOLDERS OF HONG LEONG GLOBAL ESG FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our Opinion

In our opinion, the financial statements of Hong Leong Global ESG Fund ("the Fund") give a true and fair view of the financial position of the Fund as at 31 March 2023 and of its financial performance and its cash flows for the financial period from 20 April 2022 (date of launch) to 31 March 2023 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 March 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial period from 20 April 2022 (date of launch) to 31 March 2023, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 16 to 51.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

OTHER MATTERS

This report is made solely to the unit holder 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
18 May 2023

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD FROM 20 APRIL 2022 (DATE OF LAUNCH) TO 31 MARCH 2023

		20.04.2022 (date of launch) to 31.03.2023 RM
	Note	
INVESTMENT INCOME		
Interest income from financial assets measured at amortised cost		2,944
Dividend income		14,348
Net gain on derivative	7	5,487
Net gain on financial assets at fair value through profit or loss ("FVTPL")	8	20,829
Net foreign currency exchange loss		(11,624)
		<u>31,984</u>
EXPENDITURE		
Management fee	4	(3,367)
Trustee's fee	5	(15,000)
Auditors' remuneration		(8,500)
Tax agent's fee		(4,500)
Custodian fees		(10,353)
Transaction costs		(11,402)
Other expenses		(4,498)
		<u>(57,620)</u>
LOSS BEFORE TAXATION		(25,636)
Taxation	6	(1,309)
LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD		<u>(26,945)</u>
Loss after taxation is made up as follows:		
Realised amount		(73,987)
Unrealised amount		47,042
		<u>(26,945)</u>

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Note	31.03.2023 RM
ASSETS		
Cash and cash equivalents		260,726
Amount due from the Manager		
-creation of units		2,894
Derivative	7	7,078
Dividends receivable		2,918
Financial assets at fair value through profit or loss ("FVTPL")	8	<u>3,060,543</u>
TOTAL ASSETS		<u><u>3,334,159</u></u>
LIABILITIES		
Amount due to the Manager		
-cancellation of units		2,129
-management fee		1,355
Amount due to the Trustee		14,566
Other payables and accruals		16,720
Tax payable		<u>934</u>
TOTAL LIABILITIES		<u><u>35,704</u></u>
NET ASSET VALUE OF THE FUND		<u><u>3,298,455</u></u>
EQUITY		
Unit holders' capital		3,325,400
Accumulated loss		<u>(26,945)</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u><u>3,298,455</u></u>
UNITS IN CIRCULATION (UNITS)	9	<u><u>3,328,869</u></u>
NET ASSET VALUE PER UNIT (RM)		<u><u>0.9909</u></u>

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD FROM 20 APRIL 2022 (DATE OF LAUNCH) TO 31 MARCH 2023

	Unit holders' capital RM	Accumulated loss RM	Total RM
Balance as at 20 April 2022 (date of launch)	-	-	-
Movement in net asset value:			
Creation of units from applications	3,498,423	-	3,498,423
Cancellation of units	(173,023)	-	(173,023)
Total comprehensive loss for the financial period	-	(26,945)	(26,945)
Balance as at 31 March 2023	<u>3,325,400</u>	<u>(26,945)</u>	<u>3,298,455</u>

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 20 APRIL 2022 (DATE OF LAUNCH) TO 31 MARCH 2023

20.04.2022
(date of launch)
to 31.03.2023
RM

CASH FLOWS FROM OPERATING ACTIVITIES

Proceeds from sales of financial assets at FVTPL	360,818
Purchase of financial assets at FVTPL	(3,411,359)
Realised loss on derivative	(1,591)
Realised foreign exchange differences arising from operating activities	(11,691)
Interest income received from financial assets measured at amortised cost	2,944
Dividend income received	7,909
Management fee paid	(2,012)
Trustee's fee paid	(434)
Payment for other fees and expenses	(8,235)
Tax paid	(375)
Net cash used in operating activities	<u>(3,064,026)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from creation of units	3,495,529
Payments for cancellation of units	(170,894)
Net cash generated from financing activities	<u>3,324,635</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS	260,609
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	117
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u><u>260,726</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 20 APRIL 2022 (DATE OF LAUNCH) TO 31 MARCH 2023

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Hong Leong Global ESG Fund ("the Fund") was constituted pursuant to the execution of a Deed dated 8 October 2021 between the Manager, Hong Leong Asset Management Bhd and CIMB Commerce Trustee Berhad ("the Trustee") for the unit holders of the Fund.

The Fund aims to provide medium to long-term capital growth by investing in a globally diversified portfolio of companies with a focus on ESG criteria in the investment process.

The Fund will invest a minimum of 70% and a maximum of 98% of its NAV in equities and equity-related securities globally in order to gain medium to long-term capital growth. The balance of Fund's NAV may be invested in money market instruments and deposits with financial institutions. The Fund does not incorporate ESG factors for money market instruments and deposits as the said instruments are used for liquidity purposes. The Fund commenced operations on 20 April 2022 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 financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

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

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported financial period. It also requires the Manager to exercise their judgement 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(I).

- (i) Amendments to published standard and interpretations that are relevant and effective 20 April 2022 (date of launch).

There are no standards, amendments to standards or interpretations that are effective for financial periods beginning on 20 April 2022 (date of launch) that have a material effect on the financial statements of the Fund.

- (ii) New standards, amendment and interpretations effective after 20 April 2022 (date of launch) and have not been early adopted.

A number of new standards, amendments to standards and interpretations are effective for financial periods beginning after 20 April 2022 (date of launch). 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 January 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, amount due from the Manager and dividends receivable as financial assets measured at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

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

Recognition and measurement

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

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

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

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

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

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

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

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

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

Impairment

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on

unavailability of obligor's sources of income or assets to generate sufficient future cash flows to pay the amount. The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the financial period.

(c) Foreign currency

Functional and presentation currency

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

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

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

Transactions and balances

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

Translation differences on non-monetary financial assets and liabilities such as equities and 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 and auto-sweep facility bank account are recognised on the effective interest rate method on an accrual basis.

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

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

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

(e) Cash and cash equivalents

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

(f) Amount due from/to brokers/dealers

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

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

(g) Taxation

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

(h) Distribution

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

(i) Transaction costs

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

(j) Unit holders' capital

The unit holder's 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, interest rate risk and currency risk), credit risk, liquidity risk and capital risk.

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

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

	Financial assets at FVTPL RM	Financial assets/ liabilities at amortised cost RM	Total RM
31.03.2023			
<u>Financial assets</u>			
Cash and cash equivalents	-	260,726	260,726
Amount due from the Manager			
-creation of units	-	2,894	2,894
Derivatives (Note 7)	7,078	-	7,078
Dividends receivable	-	2,918	2,918
Financial assets at FVTPL (Note 8)	3,060,543	-	3,060,543
	<u>3,067,621</u>	<u>266,538</u>	<u>3,334,159</u>
<u>Financial liabilities</u>			
Amount due to the Manager			
-cancellation of units	-	2,129	2,129
-management fee	-	1,355	1,355
Amount due to the Trustee	-	14,566	14,566
Other payables and accruals	-	16,720	16,720
	<u>-</u>	<u>34,770</u>	<u>34,770</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 Deed.

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

	31.03.2023
	RM
Financial assets at FVTPL:	
- Quoted equity securities - foreign	2,792,115
- Quoted collective investment schemes - foreign	<u>268,428</u>
	3,060,543
Derivatives	<u>7,078</u>
	<u><u>3,067,621</u></u>

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

% Change in price of financial assets at FVTPL	Market value RM	Impact on loss after taxation/ net asset value RM
2023		
-5%	2,914,240	(153,381)
0%	3,067,621	-
5%	3,221,002	153,381

(ii) Interest rate risk

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

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

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

(iii) Currency risk

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

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

	Cash and cash equivalents RM	Derivatives RM	Dividends receivable RM	Financial assets at FVTPL RM	Total RM
2023					
AUD	-	-	903	164,460	165,363
EUR	-	-	-	256,305	256,305
HKD	-	-	-	582,549	582,549
SGD	-	-	-	288,231	288,231
TWD	-	-	629	154,250	154,879
USD	54,558	7,078	1,386	1,614,748	1,677,770

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

	Change in foreign exchange rate %	Impact on loss after taxation/ net asset value 2023 RM
AUD	5	8,268
EUR	5	12,815
HKD	5	29,127
SGD	5	14,412
TWD	5	7,744
USD	5	50,650

(b) Credit risk

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

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

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

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

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

	Cash and cash equivalents	Amount due from the Manager - creation of units	Derivatives	Dividends receivable	Total
	RM	RM	RM	RM	RM
31.03.2023					
- AAA	206,168	-	7,078	-	213,246
- A+	54,558	-	-	-	54,558
- NR	-	2,894	-	2,918	5,812
	<u>260,726</u>	<u>2,894</u>	<u>7,078</u>	<u>2,918</u>	<u>273,616</u>

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 period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month RM	1 month to 1 year RM	Total RM
31.03.2023			
<u>Financial liabilities</u>			
Amounts due to the Manager			
-cancellation of units	2,129	-	2,129
-management fee	1,355	-	1,355
Amount due to the Trustee	14,566	-	14,566
Other payables and accruals	-	16,720	16,720
Contractual cash out flows	<u>18,050</u>	<u>16,720</u>	<u>34,770</u>

(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 holder. 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 market (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 of the Fund's financial assets (by class) measured at fair value:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31.03.2023				
<u>Financial assets at FVTPL:</u>				
- Quoted equity securities				
- foreign	2,792,115	-	-	2,792,115
- Quoted collective investment schemes				
- foreign	268,428	-	-	268,428
<u>Financial assets:</u>				
- Derivatives	-	7,078	-	7,078
	3,060,543	7,078	-	3,067,621

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 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 are stated in Note 2(b) and 2(k).

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

4. MANAGEMENT FEE

In accordance with Division 13.1 of the Deed, the Manager is entitled to a management fee of up to 3.00% per annum calculated daily based on the net asset value of the Fund.

For the financial period from 20 April 2022 (date of launch) to 31 March 2023, the management fee was waived by the Manager until 31 December 2022. With effective from 1 January 2023, the management fee is recognised at a rate of 0.50% per annum.

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

5. TRUSTEE'S FEE

In accordance with Division 13.2 of the Deed, the Trustee is entitled to a fee not exceeding 0.05% subject to a minimum of RM15,000 (excluding foreign custodian fees and charges) per annum calculated daily based on the net asset value of the Fund.

For the financial period from 20 April 2022 (date of launch) to 31 March 2023, the Trustee's fee is recognised at a rate of 0.05% per annum but recognised at RM15,000, which is the minimum fee per annum agreed in the Deed with the Trustee.

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

6. TAXATION

	20.04.2022 (date of launch) to 31.03.2023 RM
Tax charge for the financial period:	
Current taxation	<u>1,309</u>

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

	20.04.2022 (date of launch) to 31.03.2023 RM
Loss before taxation	<u>(25,636)</u>
Taxation at Malaysian statutory rate of 24%	(6,153)
Tax effects of:	
Investment income not subject to tax	(4,239)
Expenses not deductible for tax purposes	9,309
Restriction on tax deductible expenses for unit trust fund	<u>2,392</u>
Taxation	<u>1,309</u>

7. DERIVATIVE

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

	20.04.2022 (date of launch) to 31.03.2023 RM
<u>Derivative assets:</u>	
Forward currency contracts	7,078
<u>Net gain on derivative:</u>	
Realised loss on disposals	(1,591)
Changes in unrealised fair values	7,078
	<u>5,487</u>

	Maturity date	Contract or underlying principal amounts	*Fair value RM
2023			
United States Dollar	within 1 month	149,000	<u>7,078</u>

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

	Receivables RM	Payables RM	Fair value RM	Percentage of net asset value %
2023				
Hong Leong Bank Berhad	<u>7,078</u>	-	7,078	0.21

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.

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

	2023
	RM
<hr/>	
<u>Financial assets at FVTPL:</u>	
Quoted equity securities - foreign	2,792,115
Quoted collective investment schemes - foreign	268,428
	<u>3,060,543</u>

	20.04.2022
	(date of launch)
	to 31.03.2023
	RM
<hr/>	
<u>Net gain on financial assets at FVTPL:</u>	
Realised loss on disposals	(19,068)
Changes in unrealised fair values	39,897
	<u>20,829</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 %
QUOTED EQUITY SECURITIES - FOREIGN				
Australia				
<u>Beverages</u>				
Treasury Wine Estates Limited	1,700	72,634	65,617	1.99
<u>Health Care-services</u>				
Ramsay Health Care Limited	503	92,583	98,843	3.00
Total Australia	2,203	165,217	164,460	4.99
France				
<u>Apparel</u>				
LVMH MOET Hennessy Louis Vuitton	30	102,808	121,437	3.68
Total France	30	102,808	121,437	3.68

	Quantity Units	Aggregate cost RM	Fair value RM	Percentage of net asset value %
Hong Kong				
<u>Electronics</u>				
AAC Technologies Holdings Inc	11,500	126,977	125,168	3.79
<u>Insurance</u>				
AIA Group Limited	1,800	83,101	83,638	2.54
<u>Lodging</u>				
Sands China Limited	5,800	91,493	89,019	2.70
<u>Miscellaneous Manufacturing</u>				
Sunny Optical Technology (Group) Company Limited	3,100	174,275	165,481	5.02
Total Hong Kong	22,200	475,846	463,306	14.05
Netherlands				
<u>Semiconductors</u>				
ASML Holding N.V.	45	111,956	134,869	4.09
Total Netherlands	45	111,956	134,869	4.09
Singapore				
<u>Banks</u>				
DBS Group Holdings Ltd.	1,200	132,520	131,405	3.98
Oversea-Chinese Banking Corporation Limited	2,300	94,669	94,409	2.86
	3,500	227,189	225,814	6.84
Total Singapore	3,500	227,189	225,814	6.84
Taiwan				
<u>Semiconductors</u>				
Taiwan Semiconductor Manufacturing Company Limited	2,000	147,223	154,250	4.68
Total Taiwan	2,000	147,223	154,250	4.68
United States				
<u>Auto Manufacturers</u>				
Tesla Inc.	110	96,619	100,707	3.05
<u>Building Materials</u>				
Johnson Controls International Plc	440	114,173	116,930	3.55
<u>Commercial Services</u>				
Automatic Data Processing, Inc.	50	54,696	49,123	1.49
Paypal Holdings, Inc.	370	138,371	123,996	3.76
	420	193,067	173,119	5.25
<u>Computers</u>				
Apple Inc.	180	119,282	130,987	3.97
<u>Diversified Financial Services</u>				
Mastercard Incorporated	80	121,722	128,298	3.89
Visa Inc.	135	124,237	134,319	4.07
	215	245,959	262,617	7.96

	Quantity Units	Aggregate cost RM	Fair value RM	Percentage of net asset value %
<u>Electric</u>				
Nextera Energy Inc.	380	138,537	129,259	3.92
<u>Electronics</u>				
Honeywell International Inc.	130	111,121	109,644	3.32
<u>Media</u>				
The Walt Disney Company	270	124,772	119,306	3.62
<u>Miscellaneous Manufacturing</u>				
3M Company	200	111,550	92,770	2.81
Trane Technologies PLC	110	81,499	89,309	2.71
	310	193,049	182,079	5.52
<u>Pharmaceuticals</u>				
Merck & Co Inc.	135	58,284	63,382	1.92
<u>Software</u>				
Microsoft Corporation	110	124,204	139,949	4.24
Total United States	2,700	1,519,067	1,527,979	46.32
TOTAL QUOTED EQUITY SECURITIES - FOREIGN	32,678	2,749,306	2,792,115	84.65
QUOTED COLLECTIVE INVESTMENT SCHEMES - FOREIGN				
Hong Kong				
<u>Real Estate Investment Trust</u>				
Link REIT	4,200	130,334	119,243	3.62
Total Hong Kong	4,200	130,334	119,243	3.62
Singapore				
<u>Real Estate Investment Trust</u>				
Mapletree Logistics Trust	11,000	57,610	62,417	1.89
Total Singapore	11,000	57,610	62,417	1.89
United States				
<u>Real Estate Investment Trust</u>				
Digital Realty Trust Inc	200	83,396	86,768	2.63
Total United States	200	83,396	86,768	2.63
TOTAL QUOTED COLLECTIVE INVESTMENT SCHEME - FOREIGN	15,400	271,340	268,428	8.14
TOTAL INVESTMENTS	48,078	3,020,646	3,060,543	92.79
UNREALISED GAIN ON FINANCIAL ASSETS AT FVTPL		39,897		
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL		3,060,543		

9. UNITS IN CIRCULATION

	20.04.2022 (date of launch) to 31.03.2023 No. of units
At the beginning of the financial period	-
Add: Creation of units during the financial period	
- Arising from applications	3,504,075
Less: Cancellation of units during the financial period	(175,206)
At the end of the financial period	<u>3,328,869</u>

10. TOTAL EXPENSE RATIO ("TER")

	20.04.2022 (date of launch) to 31.03.2023 %
TER (annualised)	<u>3.40</u>

Total expense ratio includes management fee, Trustee's fee, auditors' remuneration, tax agent's fee, custodian fees 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 RM1,342,476.

11. PORTFOLIO TURNOVER RATIO (“PTR”)

	20.04.2022 (date of launch) to 31.03.2023 Times
PTR	<u>1.40</u>

PTR is derived from the following calculation:

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

Where; total acquisitions for the financial period
= RM3,383,462
total disposals for the financial period
= RM380,866

12. 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.

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
<u>Related party balances</u>	
Cash at bank:	
- Hong Leong Bank Berhad	206,168
Derivative:	
- Hong Leong Bank Berhad	7,078
	20.04.2022
	(date of launch)
	to 31.03.2023
	RM
<u>Related party transactions</u>	
Interest income from auto-sweep facility bank account:	
- Hong Leong Bank Berhad	2,944

13. 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 %
2023				
CGS-CIMB Securities Sdn Bhd	816,409	21.74	2,361	31.82
DBS Vickers Securities (Singapore) Pte Ltd	689,920	18.37	876	11.81
Maybank Investment Bank Berhad	623,644	16.61	1,616	21.78
CLSA Limited	606,239	16.15	263	3.54
Credit Suisse (Hong Kong) Limited	494,392	13.17	1,185	15.98
Shenwan Hongyuan (Hong Kong) Limited	328,746	8.76	655	8.83
CL Securities Taiwan Company Limited	147,592	3.93	368	4.96
Affin Hwang Investment Bank Berhad	47,760	1.27	95	1.28
	<u>3,754,702</u>	<u>100.00</u>	<u>7,419</u>	<u>100.00</u>

14. COMPARATIVES

There are no comparative figures as this is the first set of financial statements since the date of launch of the Fund.

Performance Data

Financial Period
20/04/22-
31/03/23
%

A (i) Portfolio Compositions:

By Sector:

Miscellaneous Manufacturing	10.54
Semiconductors	8.77
Diversified financial Services	7.96
Electronics	7.11
Banks	6.84
Commercial Services	5.25
Software	4.24
Computers	3.97
Electric	3.92
Apparel	3.68
Media	3.62
Building Materials	3.55
Auto Manufacturers	3.05
Healthcare Services	3.00
Lodging	2.70
Insurance	2.54
Beverages	1.99
Pharmaceuticals	1.92
Collective Investment Schemes	8.14
Deposits & Cash Equivalents	7.21

By Country:

United States	48.95
Hong Kong	17.67
Singapore	8.73
Australia	4.99
Taiwan	4.68
Netherlands	4.09
France	3.68
Deposits & Cash Equivalents	7.21

(ii) Total Net Asset Value		RM3,298,455
(iii) Net Asset Value Per Unit		RM0.9909
Units in Circulation		3,328,869
(iv) Highest/Lowest NAV Per Unit	Highest NAV Per Unit	RM1.0957
	Lowest NAV Per Unit	RM0.9429
(v) Total Return of the Fund*		-0.91%
- Capital Growth		-0.91%
- Income Distribution		-
(vi) The distribution (gross) is made out of:-		
- The Fund's Capital		-
- The Fund's Income		-
- Total Distribution Amount		-
- The Fund's Capital		
(% of Total Distribution Amount)		-
- The Fund's Income (% of Total		
Distribution Amount)		-

		Financial Period 20/04/22- 31/03/23 %
(vii) Distribution Per Unit	Additional Units	-
	Distribution (Gross)	-
	Distribution (Net)	-
	Distribution Date	-
	Cum-Distribution NAV/Unit	-
	EX-Distribution NAV/Unit	-
(viii) Total Expense Ratio (TER)		3.40%
(ix) Portfolio Turnover Ratio (PTR) (times)		1.40
B. Average Total Return, NAV Per Unit-to-NAV Per Unit basis (from 20/04/2022 to 31/03/2023)*		
(i) Since Launch		-0.96%

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

Corporate Information

Manager

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

Registered Office

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

Business Office

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

Board of Directors

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

Executive Director / Chief Executive Officer

Mr. Hoo See Kheng

Trustee

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
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