

Hong Leong Global Shariah ESG Fund

Annual Report

For the Financial Period from 9 January 2023
(Date of Launch) to 31 March 2024

2023/2024

Audited



HONG LEONG GLOBAL SHARIAH ESG FUND

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Manager's Review and Report

I. FUND INFORMATION

Fund Name

Hong Leong Global Shariah ESG Fund ("HLGSESGF" or "the Fund")

Fund Category

Equity (Shariah-compliant)

Fund Type

Growth

Investment Objective

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

Duration of the Fund and its termination date, where applicable

Not Applicable

Benchmark

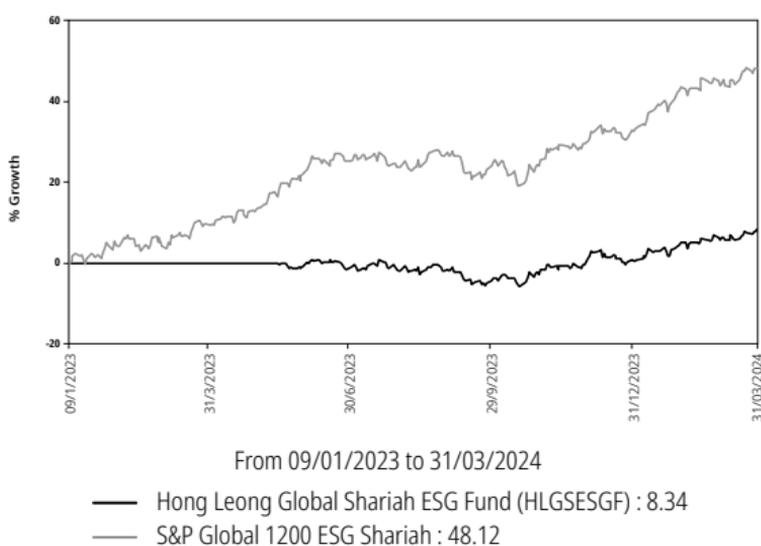
S&P Global 1200 ESG Shariah Index

Distribution Policy

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

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 HLGSESGF 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 first Annual Report covers the financial period from 9 January 2023 (date of launch) to 31 March 2024.

Since launch, the Fund has registered a return of 8.34% while its benchmark the S&P Global 1200 ESG Shariah Index registered a return of 48.12% (in Malaysian Ringgit terms).

Table 1: Performance of the Fund for the following periods as at 31 March 2024 (Source: Lipper for Investment Management)

	31/12/23– 31/03/24 3 Months	30/09/23– 31/03/24 6 Months	31/03/23– 31/03/24 1 Year	09/01/23– 31/03/24 Since Launch
HLGSESGF Return (%)	7.27	13.75	8.45	8.34
Benchmark (%)	12.03	21.84	34.86	48.12

Table 2: Return of the Fund based on NAV Per Unit-to-NAV Per Unit basis for the period 9 January 2023 (date of launch) to 31 March 2024 (Source: Lipper for Investment Management)

	31-Mar-24	9-Jan-23	Return (%)
NAV Per Unit	RM1.0834*	RM1.0000	8.34
Benchmark	17,149.60	11,578.42	48.12
vs Benchmark (%)	-	-	-39.78

* Based on the NAV Per Unit on 29 March 2024 as the above-mentioned reporting date fell on a non-business day.

Table 3: Financial Highlights

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

	31-Mar-24 (RM)
Unit Holders' Capital	353,017
Retained Earnings	24,730
Net Asset Value	377,747
Units in Circulation	348,695

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 09/01/23–31/03/24
Highest NAV Per Unit (RM)	1.0834
Lowest NAV Per Unit (RM)	0.9414
Capital Growth (%)	8.34
Income Distribution (%)	-
Total Return (%)	8.34

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 HLGSESGF reinvested.

Table 5: Average Total Return of the Fund

	31/03/23– 31/03/24 1 Year
Average Total Return (%)	8.45

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 HLGSESGF reinvested.

Table 6: Annual Total Return of the Fund

Financial Period	09/01/23– 31/03/24 Since Launch
Annual Total Return (%)	8.34*

* The figure shown is for the period since Fund 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 HLGSESGF reinvested.

III. INVESTMENT PORTFOLIO

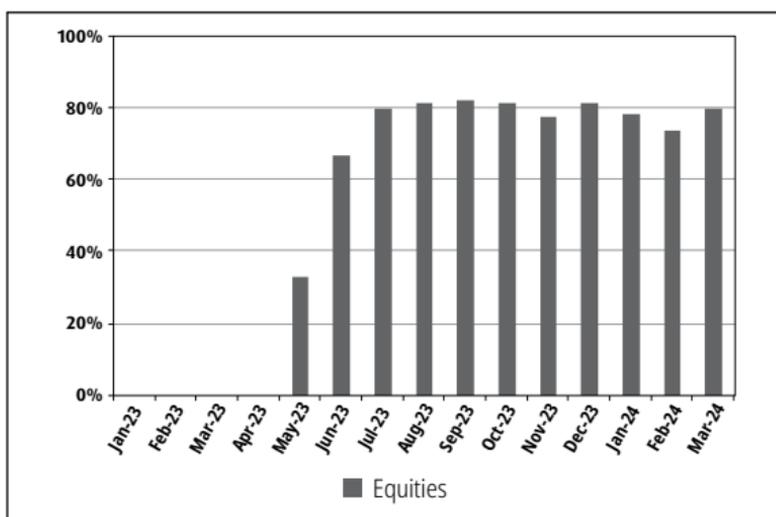
Chart 2: Asset Allocation – January 2023 to March 2024

Chart 3: Sector Allocation as at 31 March 2024

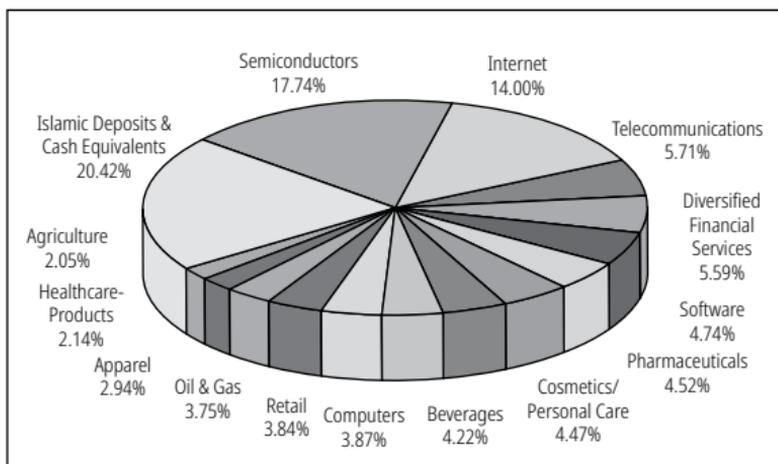
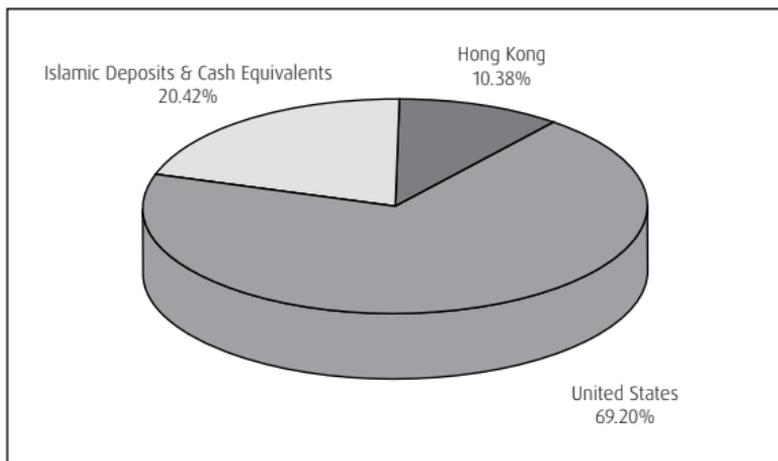


Chart 4: Geographical Allocation as at 31 March 2024



Strategies employed by the Fund during the period under review

During the financial period under review, the Fund invested into Shariah-compliant securities of companies with strong Environmental, Social and Governance (ESG) within the S&P Global 1200 ESG Shariah Index, 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 and Greater China (Hong Kong in particular) in the beginning of the portfolio construction period. With the higher assets under management raised, the Fund diversified its investment across Switzerland, Europe and Japan.

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 Unit holders up to the date of this Manager's report.

IV. MARKET REVIEW

During the financial period under review, global equity markets in general had a positive performance, supported by robust economic data, expectations of peaking policy rates and a decline in headline inflation. Against this backdrop, global equities advanced 22.2% in United States Dollar (USD) terms. The tech-heavy NASDAQ stood out as the top performer with a gain of 38.49%, driven by optimism surrounding the growth potential of Artificial Intelligence (AI). S&P 500 Index (SPX) gained 27.86% while Dow Jones Industrial Average (DJIA) Index eked out a 19.63% gain. Meanwhile, the Hang Seng Index fell by 18.67% in USD terms, on concerns surrounding the property downturn in China. Our reference index (S&P Global 1200 ESG Shariah Index) advanced by 25.66%.

During the financial period under review, the US market rose strongly, especially for the tech-heavy NASDAQ. Driven by the possibilities or rate cuts and the euphoria in AI, US indices were mostly driven by the large cap constituents of the index. Russel 2000 Index, which represents smaller capitalisation companies in the US was up by 17.87% during the financial period under review, lagging behind DJIA, Nasdaq and SPX. In terms of macroeconomy, the probability of a first rate cut in June now is at 50/50 bet, as the latest consumer prices remained sticky at 3.2% in February. The producer input costs also rose in February by 0.6%. The World Bank is expecting US Gross Domestic Product (GDP) to grow at a lower pace of 1.6%, as compared to the full year 2023 of 2.5%. While the inflation numbers remain slightly elevated, consensus is still estimating rate cuts in 2024.

Eurozone, as measured by Euro Stoxx 50 Index was up by 17.02% in USD term during the financial period under review. The European Central Bank (ECB) hinted at a possible rate cut in June, contingent upon continued moderation in wage growth. Despite confirmation of a slowdown in some major European economies, investor sentiment remained positive. The United Kingdom (UK) confirmed its entry into a technical recession, with a contraction of 0.3% in the final quarter of 2023. The first quarter of 2024 GDP growth was at 0.3% for both the Euro area and the European Union (EU). Inflation rate measured by Consumer Price Index (CPI) was down to 4.7% in March 2024, which was the lowest since February 2022.

Japanese equities performed well during the financial period under review with the TOPIX and Nikkei 225 Index gained 37.30% and 43.25% in local currency terms. The Bank of Japan (BOJ) has made a significant step to normalise their monetary policy by ending 8 years of negative interest rates by raising the short-term rates to a new target of 0%-0.1%. BOJ plans to go slow with the interest rates hike despite the higher wages. This is to make sure that the rise in wages will be more sustainable in the longer run. Ultra-low rates have boosted Japan's growth potential and the competitiveness of its export sector by virtue of a weak Yen. While the International Monetary Fund (IMF) is forecasting a mere 0.9% GDP growth for the country in 2024, company profits probably reached historic peak in the last quarter of 2024, suggesting that there is still upside in regards to its equity valuations.

Over in China, the Shanghai Composite Index, Shenzhen Composite Index and Hang Seng Index were down for the 1-Year period under review, with negative returns of 8.01%, 18.46% and 18.92% respectively. Chinese Premier Li Qiang reiterated China's openness to foreign investment and pledged government support for various sectors, including biological manufacturing, AI, and the data economy. The National Bureau of Statistics reported a significant surge in industrial profits for the January to February period, attributed to policy support and increased overseas demand. Retail sales were up by 3.1% year-on-year (YoY) in March 2024, falling short of consensus expectation of 4.5%. World Bank lowered its GDP forecast for China by 0.1% to 4.5% for 2024.

Against the abovementioned backdrop, we remain steadfast with our investment strategy as we continue our focused approach towards identifying Shariah-compliant and ESG compliant companies that demonstrates resiliency in the challenging economic conditions and good growth prospects.

V. FUTURE PROSPECTS AND PROPOSED STRATEGIES

Global economy outlook is expecting to continue to grow in a moderate pace in 2024, with a projected 3.1% growth YoY (based on the Organisation for Economic Co-operation and Development's Economic Outlook report). While there are risks of slowing growth in the US and stagnant growth in the Eurozone, we do not see risks of contagious financial crisis in the mid-term. The Federal Reserve (Fed) decided to maintain its Fed's Fund Rate at 5.25%-5.5% in the last Federal Open Market Committee (FOMC) meeting, mainly due to the persistently high inflation numbers. However, consensus is still expecting rate cuts in 2024.

The property downturn in China impacted the reopening theme in 2023. Despite that, China registered a 5.2% GDP growth for the year. Going forward, IMF expecting moderating growth to 4.6% in 2024. We see this as an opportunity as Greater China in general has been underperforming the global equities in the last few years.

Catalyst for the global equity market going forward would be the easing of inflation numbers and the possibilities of rate cuts going in the second half of 2024. We continue to diversify our portfolio in terms of sector allocation and maintain our focus in strong ESG companies that could deliver earnings growth with decent valuations.

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 period under review.

VIII. CROSS TRADE TRANSACTIONS

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

IX. SUSTAINABLE AND RESPONSIBLE INVESTMENT (SRI) REPORT

During the financial period under review, the Fund has complied with the Securities Commission Malaysia's Guidelines on Sustainable and Responsible Investment (SRI). The Fund invested in the constituents of the S&P Global 1200 ESG Shariah Index, which seeks to track all Shariah-compliant constituents in the S&P Global 1200 ESG Index. The S&P Global 1200 ESG Index is a broad-based, market-cap-weighted index that is designed to measure the performance of securities meeting sustainability criteria by excluding companies with significant business activities relating to thermal coal, tobacco and controversial weapons and/or companies with disqualifying United Nations Global Compact (UNGC) scores. ESG Scores are researched and constructed via the S&P Global Corporate Sustainability Assessment (CSA), an annual assessment of company sustainability performance, to which all companies in the research universe are invited to participate.

The investable universe of the Fund is limited to all constituents of the S&P Global 1200 ESG Shariah Index. The sustainability considerations are based on the index providers' assessments.

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 17 to 45 are drawn up in accordance with the provision of the Deeds and give a true and fair view of the financial position of the Fund as at 31 March 2024 and of its financial performance, changes in equity and cash flows for the financial period from 9 January 2023 (date of launch) to 31 March 2024 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
21 May 2024

TRUSTEE'S REPORT

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

We have acted as Trustee of the Fund for the financial period from 9 January 2023 (date of launch) to 31 March 2024 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 Islamic Trustee Berhad

Datin Ezreen Eliza binti Zulkiplee

Chief Executive Officer

Kuala Lumpur, Malaysia

21 May 2024

SHARIAH ADVISER'S REPORT

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

We hereby confirm the following:

1. To the best of our knowledge, after having made all reasonable enquiries, Hong Leong Asset Management Bhd has operated and managed the Fund for the period covered by these financial statements namely, the financial period from 9 January 2023 (date of launch) to 31 March 2024, in accordance with Shariah principles and requirements, and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters; and
2. The assets of the Fund comprise instruments that have been classified as Shariah-compliant.

For and on behalf of the Shariah Adviser,
BIMB SECURITIES SDN BHD

NURUL AQILA SUFIYAH LOKMAN

Designated Shariah Officer

Kuala Lumpur
21 May 2024

INDEPENDENT AUDITORS' REPORT

TO THE UNIT HOLDERS OF HONG LEONG GLOBAL SHARIAH ESG FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Hong Leong Global Shariah ESG Fund ("the Fund") give a true and fair view of the financial position of the Fund as at 31 March 2024, and of its financial performance and its cash flows for the period from 9 January 2023 (date of launch) to 31 March 2024 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 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial period then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 17 to 45.

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 determines 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 judgement 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 of the Fund 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 & AF1146
Chartered Accountants

Kuala Lumpur
21 May 2024

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD FROM 9 JANUARY 2023 (DATE OF LAUNCH) TO 31 MARCH 2024

	Note	09.01.2023 (date of launch) to 31.03.2024 RM
INVESTMENT INCOME		
Dividend income		2,182
Net gain on financial assets at fair value through profit or loss ("FVTPL")	7	35,416
Net foreign currency exchange gain		217
		<u>37,815</u>
EXPENDITURE		
Management fee	4	(1,565)
Custodian fees		(5,060)
Transaction costs		(4,187)
Other expenses		(2,180)
		<u>(12,992)</u>
PROFIT BEFORE TAXATION		
Taxation	6	24,823
		<u>(93)</u>
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		
		<u>24,730</u>
Profit after taxation is made up as follows:		
Realised amount		(10,794)
Unrealised amount		35,524
		<u>24,730</u>

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	Note	2024 RM
ASSETS		
Cash and cash equivalents		72,399
Amount due from the Manager		
-creation of units		6,462
Dividends receivable		115
Financial assets at fair value through profit or loss ("FVTPL")	7	300,603
TOTAL ASSETS		<u>379,579</u>
LIABILITIES		
Amount due to the Manager		
-management fee		458
Other payables and accruals		1,281
Tax payable		93
TOTAL LIABILITIES		<u>1,832</u>
NET ASSET VALUE OF THE FUND		<u>377,747</u>
EQUITY		
Unit holders' capital		353,017
Retained earnings		24,730
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>377,747</u>
UNITS IN CIRCULATION (UNITS)	9	<u>348,695</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.0833</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 9 JANUARY 2023
(DATE OF LAUNCH) TO 31 MARCH 2024

	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 9 January 2023 (date of launch)	-	-	-
Movement in net asset value:			
Creation of units from applications	459,790	-	459,790
Cancellation of units	(106,773)	-	(106,773)
Total comprehensive income for the financial period	-	24,730	24,730
Balance as at 31 March 2024	353,017	24,730	377,747

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 9 JANUARY 2023
(DATE OF LAUNCH) TO 31 MARCH 2024

	09.01.2023 (date of launch) to 31.03.2024 RM
CASH FLOWS FROM OPERATING ACTIVITIES	
Purchase of financial assets at FVTPL	(269,374)
Realised foreign exchange differences arising from operating activities	109
Dividend income received	1,412
Management fee paid	(1,107)
Payment for other fees and expenses	(5,304)
Net cash used in operating activities	<u>(274,264)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from creation of units	453,328
Payments for cancellation of units	(106,773)
Net cash generated from financing activities	<u>346,555</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	72,291
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	108
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>-</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u><u>72,399</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 9 JANUARY 2023
(DATE OF LAUNCH) TO 31 MARCH 2024**

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Hong Leong Global Shariah ESG Fund (“the Fund”) was constituted pursuant to the execution of a Deed dated 21 December 2021, First Supplemental Deed dated 5 July 2022 and Second Supplemental Deed dated 10 February 2023 (“the Deeds”), between Hong Leong Asset Management Bhd (“the Manager”) and CIMB Islamic 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 Shariah-compliant portfolio of securities with a focus on ESG criteria in the investment process.

The Fund will invest a minimum of 80% of its net asset value in Shariah-compliant equities and Shariah-compliant equity-related securities globally in order to gain medium to long-term capital growth. The balance of the Fund’s net asset value may be invested in Islamic money market instruments and Islamic deposits with financial institutions. The Fund does not incorporate ESG factors for Islamic money market instruments and Islamic deposits as the said instruments are used for liquidity purposes. The Fund commenced operations on 9 January 2023 and will continue its operations until terminated as provided under Part 12 of the Deeds.

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.

Hong Leong Islamic Asset Management Sdn Bhd (“HLISAM”) is the external fund manager appointed for the Fund. HLISAM is a wholly own subsidiary of the Manager. On November 2019, HLISAM was issued with an Islamic fund management license by the Securities Commission Malaysia to undertake the regulated activity of Islamic fund management.

The financial statements were authorised for issue by the Manager on 21 May 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

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 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 judgement are based on the Manager’s best knowledge of current events and actions, actual results may differ.

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

- (i) Amendments to published standard and interpretations that are relevant and effective 1 January 2023

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 9 January 2023 (date of launch) that have a material effect on the financial statements of the Fund.

- (ii) New standards, amendment and interpretations effective after 1 January 2023 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for financial periods beginning after 9 January 2023 (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 April 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 Shariah-compliant investments based on both the Fund's business model for managing those financial assets and the contractual cash flows characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities¹ as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities² are solely principal and profit, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

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

Recognition and measurement

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

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

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

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

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

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

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 Shariah-compliant 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 Shariah-compliant 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 Shariah-compliant securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the quoted Shariah-compliant 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.

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 judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have determined the functional currency to be in RM primarily due to the following factors:

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at 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 Shariah-compliant equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

(d) Income recognition

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

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

(e) Cash and cash equivalents

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

(f) Amount due from/to brokers/dealers

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

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

(g) Taxation

Current tax expense is determined according to Malaysian tax laws at the prevailing tax rate based on the taxable profit earned during the financial period. 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 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) Critical accounting estimates and judgements 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 judgements 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 judgement 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 currency risk), credit risk, liquidity risk, capital risk and Shariah status reclassification 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
2024			
<u>Financial assets</u>			
Cash and cash equivalents	-	72,399	72,399
Amount due from the Manager			
-creation of units	-	6,462	6,462
Dividends receivable	-	115	115
Financial assets at FVTPL (Note 7)	300,603	-	300,603
	<u>300,603</u>	<u>78,976</u>	<u>379,579</u>
<u>Financial liabilities</u>			
Amount due to the Manager			
-management fee	-	458	458
Other payables and accruals	-	1,281	1,281
	<u>-</u>	<u>1,739</u>	<u>1,739</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 Shariah-compliant 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 Shariah-compliant investment portfolio.

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

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

	2024 RM
Financial assets at FVTPL:	
- Quoted Shariah-compliant equity securities - foreign	300,603

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

% Change in price of financial assets at FVTPL	Market value RM	Impact on profit after taxation/net asset value RM
2024		
-5%	285,573	(15,030)
0%	300,603	-
5%	315,633	15,030

(ii) 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	Dividends receivable RM	Financial assets at FVTPL RM	Total RM
2024				
HKD	3,157	-	39,204	42,361
USD	13,119	115	261,399	274,633

The table below summarises the sensitivity of the Fund's profit 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 profit after taxation/ asset value net asset value
		2024 RM
HKD	5	2,118
USD	5	13,732

(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 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.

The credit/default risk is minimal as all transactions in quoted Shariah-compliant 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 RM	Amount due from the Manager - creation of units RM	Dividends receivable RM	Total RM
2024				
-AAA	56,123	-	-	56,123
-A+	16,276	-	-	16,276
-NR	-	6,462	115	6,577
	<u>72,399</u>	<u>6,462</u>	<u>115</u>	<u>78,976</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 Islamic liquid assets to meet anticipated payments and cancellations of the units by unit holders. Islamic liquid assets comprise cash at banks, Islamic 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 flow.

	Less than 1 month RM	1 month to 1 year RM	Total RM
2024			
<u>Financial liabilities</u>			
Amounts due to the Manager			
-management fee	458	-	458
Other payables and accruals	-	1,281	1,281
Contractual cash out flows	458	1,281	1,739

(d) Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital and retained earnings. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit 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 trading Shariah-compliant securities) are based on quoted market prices at the close of trading on the reporting date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

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

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

For instruments for which there is no active market, the Fund may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted Shariah-compliant equity and sukuk 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 judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement 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
2024				
<u>Financial assets at FVTPL:</u>				
- Quoted Shariah-compliant equity securities - foreign	300,603	-	-	300,603

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

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

(f) Shariah status reclassification risk

This risk refers to the risk of a possibility that the currently held sukuk or Islamic money market instruments or Islamic deposits or Investment Account invested by the Fund may be declared as Shariah non-compliant by the relevant authority or the Shariah Adviser. If this occurs, the Fund Manager will take the necessary steps to dispose of or withdraw such bond or money market instruments or deposits or conventional investment account.

- (a) Shariah-compliant equity securities

This risk refers to the risk that the currently held Shariah-compliant equity securities in the portfolio of the Fund may be reclassified as Shariah non-compliant in the periodic review of the securities by the Shariah Advisory Council of the Securities Commission, the Shariah Adviser or the Shariah

Supervisory Boards of relevant Islamic indices. If this occurs, the Manager will take the necessary steps to dispose of such securities.

Opportunity loss could occur due to the restriction on the Fund to retain the excess capital gains derived from the disposal of the reclassified Shariah non-compliant securities. In such an event, the Fund is required:

- (i) to dispose of such securities with immediate effect or within one (1) calendar month if the value of the securities exceeds or is equal to the investment cost on the effective date of reclassification of the list of Shariah-compliant securities (“Reclassification”) by the Shariah Advisory Council of the Securities Commission or date of review (“Review”) by the Shariah Adviser or the Shariah Supervisory Boards of relevant Islamic indices. The Fund is allowed to keep dividends received and capital gains from the disposal of the securities up to the effective date of Reclassification or Review. However, any dividends received and excess capital gains from the disposal of the Shariah non-compliant securities after the effective date of Reclassification or Review should be channelled to baitulmal and/or charitable bodies as advised by the Shariah Adviser;
- (ii) to hold such securities if the value of the said securities is below the investment cost on the effective date of Reclassification or Review until the total subsequent dividends received (if any) and the market price of the securities is equal to the cost of investment at which time disposal has to take place within one (1) calendar month, excess capital gains (if any) from the disposal of the securities should be channelled to baitulmal and/or charitable bodies as advised by the Shariah Adviser; or
- (iii) to dispose of such securities at a price lower than the investment cost which will result in a decrease in the Fund’s value.

(b) Islamic money market instruments or Islamic deposits

This risk refers to the risk of a possibility that the currently held Islamic money market instruments or Islamic deposits invested by the Fund may be declared as Shariah non-compliant by the relevant authority or the Shariah Adviser. If this occurs, the Manager will take the necessary steps to dispose of or withdraw such money market instruments or deposits.

4. MANAGEMENT FEE

In accordance with Division 13.1 of the Deeds, the Manager is entitled to a management fee of up to 2.00% per annum calculated daily based on the net asset value of the Fund.

For the financial period from 9 January 2023 (date of launch) to 31 January 2024, the management fee was recognised at an average rate of 0.50% per annum. With effective from 1 February 2024, the management fee is recognised at a rate of 1.50% 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, AUDITORS' REMUNERATION AND TAX AGENT'S FEE

For the financial period from 9 January 2023 (date of launch) to 31 March 2024, trustee's fee, auditors' remuneration and tax agent's fee were borne by the Manager.

6. TAXATION

	09.01.2023 (date of launch) to 31.03.2024 RM
Tax charge for the financial period:	
Current taxation	93

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

	09.01.2023 (date of launch) to 31.03.2024 RM
Profit before taxation	24,823
Taxation at Malaysian statutory rate of 24%	5,958
Tax effects of:	
Shariah-compliant Investment income not subject to tax	(8,591)
Expenses not deductible for tax purposes	2,440
Restriction on tax deductible expenses for unit trust fund	286
Taxation	93

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

	2024 RM
Financial assets at FVTPL:	
Quoted Shariah-compliant equity securities - foreign	300,603

	09.01.2023 (date of launch) to 31.03.2024 RM
Net gain on financial assets at FVTPL:	
Changes in unrealised fair values	35,416

Financial assets at FVTPL as at 31 March 2024 are as detailed below:

	Quantity Units	Aggregate cost RM	Fair value RM	Percentage of net asset value %
QUOTED SHARIAH-COMPLIANT EQUITY SECURITIES - FOREIGN				
Hong Kong				
<u>Internet</u>				
JD.Com Inc - CI A	200	11,978	13,047	3.45
Meituan - Class B	200	11,898	11,705	3.10
	400	23,876	24,752	6.55

	Quantity Units	Aggregate cost RM	Fair value RM	Percentage of net asset value %
<u>Telecommunications</u>				
Xiaomi Corporation - Class B	1,600	12,691	14,452	3.83
Total Hong Kong	2,000	36,567	39,204	10.38
United States				
<u>Agriculture</u>				
Archer-Daniels-Midland Co	26	9,230	7,728	2.05
<u>Apparel</u>				
Nike Inc	25	12,179	11,118	2.94
<u>Beverages</u>				
The Coca-Cola Company	55	15,549	15,923	4.22
<u>Computers</u>				
Apple Inc.	18	14,819	14,606	3.87
<u>Cosmetics/Personal Care</u>				
Procter & Gamble Corporation	22	15,942	16,891	4.47
<u>Diversified Financial Services</u>				
Visa Inc.	16	18,264	21,130	5.59
<u>Healthcare-Products</u>				
Abbott Laboratories	15	7,180	8,068	2.14
<u>Internet</u>				
Amazon.com, Inc.	20	12,898	17,072	4.52
Etsy, Inc.	34	11,916	11,057	2.93
	54	24,814	28,129	7.45
<u>Oil and Gas</u>				
Chevron Corporation	19	13,709	14,182	3.75
<u>Pharmaceuticals</u>				
Abbvie Inc.	10	6,556	8,617	2.28
Bristol-Myers Squibb Company	33	9,177	8,469	2.24
	43	15,733	17,086	4.52
<u>Retail</u>				
The Home Depot, Inc.	8	11,895	14,522	3.84
<u>Semiconductors</u>				
Advanced Micro Devices, Inc.	23	14,305	19,644	5.20
Applied Materials Inc	15	11,024	14,639	3.87
Micron Technology, Inc.	40	14,795	22,315	5.91
Qualcomm Inc	13	6,955	10,415	2.76
	91	47,079	67,013	17.74
<u>Software</u>				
Microsoft Corporation	9	14,980	17,918	4.74
<u>Telecommunications</u>				
Cisco System Inc	30	7,247	7,085	1.88
Total United States	431	228,620	261,399	69.20
TOTAL QUOTED SHARIAH-COMPLIANT EQUITY SECURITIES - FOREIGN	2,431	265,187	300,603	79.58
UNREALISED GAIN ON FINANCIAL ASSETS AT FVTPL		35,416		
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL		300,603		

8. SHARIAH INFORMATION OF THE FUND

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

- (i) Equity securities listed on foreign markets as per the list of S&P Global 1200 Shariah ESG Index issued by the S&P Shariah Indices; and
- (ii) Cash placements and liquid assets in local market, which are placed in Shariah-compliant investments and/or instruments.

9. UNITS IN CIRCULATION

	09.01.2023 (date of launch) to 31.03.2024 No. of units
At the beginning of the financial period	-
Add: Creation of units during the financial period	
- Arising from applications	456,198
Less: Cancellation of units during the financial period	(107,503)
At the end of the financial period	<u>348,695</u>

10. TOTAL EXPENSE RATIO ("TER")

	09.01.2023 (date of launch) to 31.03.2024 %
TER	<u>4.85</u>

Total expense ratio includes management 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:

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

Where;

- A = Management fee
- B = Custodian fees
- C = Other expenses excluding withholding tax
- D = 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 RM168,211.

11. PORTFOLIO TURNOVER RATIO ("PTR")

	09.01.2023 (date of launch) to 31.03.2024 Times
PTR	0.79

PTR is derived from the following calculation:

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

$$\frac{\text{Average net asset value of the Fund for the financial period calculated on a daily basis}}{\text{Average net asset value of the Fund for the financial period calculated on a daily basis}}$$

Where;

total acquisitions for the financial period
= RM265,187

total disposals for the financial period
= NIL

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 2024.

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.

2024
RM

Related party balances

Cash at bank:

- Hong Leong Islamic Bank Berhad

56,123

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 %
2024				
CGS International Securities Malaysia Sdn Bhd (formerly known as CGS-CIMB Securities Sdn Bhd)	187,891	69.75	3,676	97.53
Affin Hwang Investment Bank Berhad	81,483	30.25	93	2.47
	269,374	100.00	3,769	100.00

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

A. (i) Portfolio Compositions:

Agriculture
Apparel
Beverages
Computers
Cosmetics/Personal Care
Diversified Financial Services
Healthcare-Products
Internet
Oil & Gas
Pharmaceuticals
Retail
Semiconductors
Software
Telecommunications

Islamic Deposits & Cash Equivalents

(ii) Total Net Asset Value

(iii) Net Asset Value Per Unit Units in Circulation

(iv) Highest/Lowest NAV Per Unit

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

(viii) Total Expense Ratio (TER)

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

B. Average Total Return, NAV Per Unit-to-NAV Per Unit basis (as at 31/03/2024)*

(i) One year

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

Financial Period
09/01/2023-
31/03/2024
%

2.05
 2.94
 4.22
 3.87
 4.47
 5.59
 2.14
 14.00
 3.75
 4.52
 3.84
 17.74
 4.74
 5.71
 20.42

RM377,747

RM1.0834
348,695

RM1.0834
RM0.9414

8.34%
8.34%
 -

-
 -
 -
 -
 -
 -
 -
 -
 -
 -

4.85%

0.79

8.45%

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
YBhg Dato' Abdul Majit bin Ahmad Khan
YM Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin

Executive Director/Chief Executive Officer

Mr. Hoo See Kheng

External Fund Manager

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

Trustee

CIMB Islamic Trustee Berhad

Auditor

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146)

Shariah Adviser

BIMB Securities Sdn Bhd [199401004484 (290163-X)]

Distributor

Registered Independent Tied Agents with FiMM

Corporate Directory

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