



Hong Leong Global Shariah ESG Fund

Semi-Annual Report

For the Financial Period from 9 January 2023
(Date of Launch) to 30 September 2023

2023

Unaudited



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

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

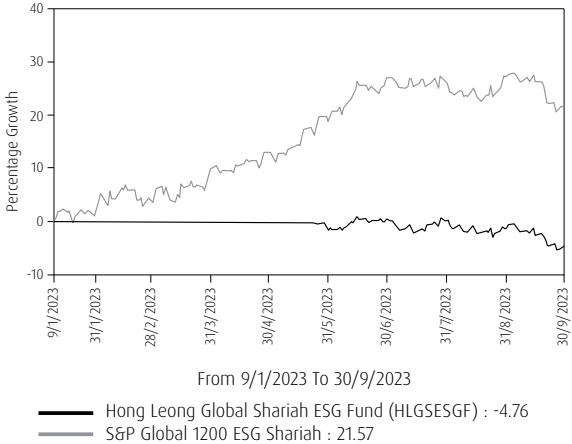
S&P Global 1200 ESG Shariah Index

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 Semi-Annual Report covers the financial period from 9 January 2023 to 30 September 2023.

Since launch, the Fund has registered a return of -4.76% while its benchmark the S&P Global 1200 ESG Shariah Index registered a return of 21.57% (in Malaysian Ringgit terms).

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

	30/06/23– 30/09/23 3 Months	31/03/23– 30/09/23 6 Months	09/01/23– 30/09/23 Since Launch
HLGSESGF Return (%)	-5.25	-4.66	-4.76
Benchmark (%)	-4.29	10.69	21.57

Table 2: Return of the Fund based on NAV Per Unit-to-NAV Per Unit basis for the period 9 January 2023 to 30 September 2023 (Source: Lipper for Investment Management)

	30-Sep-23	9-Jan-23	Return (%)
NAV Per Unit	RM0.9524	RM1.000	-4.76
Benchmark	14,076.00	11,578.42	21.57
vs Benchmark (%)	-	-	-26.33

Table 3: Financial Highlights

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

	30-Sep-23 (RM)
Unit holders' Capital	195,690
Accumulated Loss	(9,226)
Net Asset Value	186,464
Units in Circulation	195,788

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- 30/09/23
Highest NAV Per Unit (RM)	1.0092
Lowest NAV Per Unit (RM)	0.9475
Capital Growth (%)	-4.76
Income Distribution (%)	-
Total Return (%)	-4.76

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: Total Return of the Fund

	09/01/23- 30/09/23 Since Launch
Total Return (%)	-4.76*

* The figure shown is for the period since Fund launch.

Note: Average total return is not appropriate as total return for HLGSESGF is less than one year.

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- 30/09/23 Since Launch
Annual Total Return (%)	-4.76*

* 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 September 2023

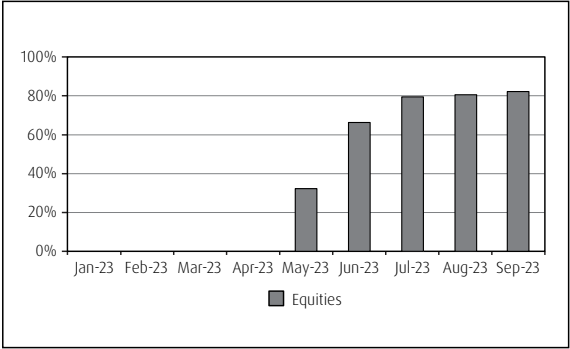


Chart 3: Sector Allocation as at 30 September 2023

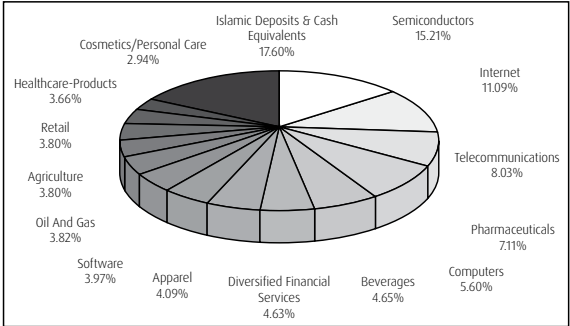
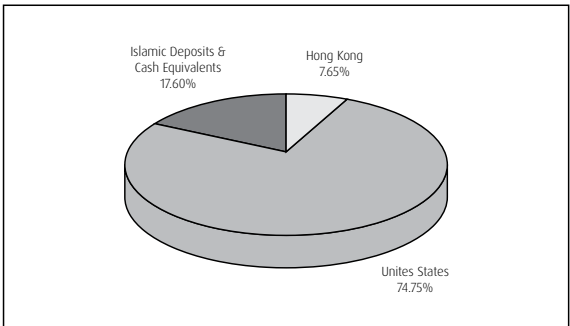


Chart 4: Geographical Allocation as at 30 September 2023



Strategies employed by the Fund during the period under review

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

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 Switzerland, Europe, Japan and China 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 Unit holders up to the date of this Manager's report.

IV. MARKET REVIEW

During the financial period under review, global equity markets generally had a positive performance for the period under review supported by robust economic data, expectations of peaking policy rates and a decline in headline inflation. Against this backdrop, global equities advanced 7.5% in United States Dollar (USD) terms. The tech-heavy NASDAQ stood out as the top performer with a gain of 25.06%, driven by optimism surrounding the growth potential of Artificial Intelligence. S&P 500 Index (SPX) gained 11.48% while Dow Jones Industrial Average eked out a 1.55% gain. Meanwhile, the Hang Seng Index fell by 13.8% on concerns surrounding China. Our reference index (S&P Global 1200 ESG Shariah) advanced by 14.73%.

Markets in the United States (US) rebounded strongly from 2022's losses for the period under review, especially

in the first half of the year. That said, market leadership was narrow as most of the gain was driven by the largest constituents of the index. Russell 2000 Index, which represents smaller capitalisation companies in the US, fell by 0.96% during the period on Total Return basis. Broader economic momentum in the US was resilient. Core retail sales, industrial production and core durable goods orders all displayed positive growth figures in August. Third-quarter Gross Domestic Product (GDP) estimates held steady at a healthy 1.2% quarter-on-quarter (QoQ) rate. Additionally, the Institute of Supply Management (ISM) Manufacturing Purchasing Managers Index (PMI) exceeded expectations by rising to 49 in September, with the closely-watched New Orders sub-index also indicating an upward trend at 49.2. Inflation data exhibited a mixed picture, with the headline rate climbing to 3.7% year-on-year (YoY) in August, primarily driven by the surge in oil prices while core inflation registered a decline to 4.3%. However, higher interest rates narrative resurfaced following a hawkish Federal Reserve (Fed) projection, which led to higher global bond yields, causing jitters in the market. Separately, the US narrowly avoided a government shutdown through a last-minute deal, ensuring funding until mid-November.

On the other hand, the Eurozone economic data releases were lukewarm. Business surveys remained subdued in September, with the Composite PMIs remaining below 50 at 47.1 for euro area and 46.8 for United Kingdom (UK). In addition, the third-quarter GDP for the UK came in at -0.5%, further underscoring weaknesses in the economy. That being said, Eurozone inflation saw slower growth of prices than estimated at 4.3%, while core inflation eased to 4.5%. UK headline inflation edged lower to 6.7% in August and core inflation decreased more sharply at 6.2%. The pan-European STOXX 600 Index closed 4% higher during the period. Meanwhile, the European Central Bank (ECB) raised its deposit rate by 200bps to 4% with the Bank of England (BOE) followed suit with an increase of 175bps of its Official Bank Rate to 5.25%.

Japanese equities outperformed during the period under review with the TOPIX gained 26.3% in local currency terms. Broader strengths were also observed in large cap space as the Nikkei 225 Index was up 23.9% during

the period. In addition to recent solid corporate earnings season, foreigners continued to favour Japanese stocks due to the weak Yen coupled with expectations of interest rates peaking in the developed market. In addition, the Jibun Bank Flash Composite PMI was sustained above the 50-mark for ninth straight month at 52.1 as currency effects continued to support Japanese exporters. Meanwhile, the Bank of Japan (BOJ) meetings were a non-event as BOJ kept policy settings unchanged and forward guidance was unchanged as well.

In China, despite the economy was poised to recover in 2023 with the government lifting all COVID-19 prevention and control measures, high-frequency economic data continued to indicate a slower rebound. Notably, Consumer Price Index (CPI) slipped into negative territory at -0.3% on YoY basis, while the Producer Price Index (PPI) remained in deflation for the tenth consecutive month. Retail sales also fell substantially short of expectations during the period with Chinese investment data further underscored low business confidence, with private investment contracting by 2.3% YoY in July. Both 'A' and 'H'-share indices as well as the MSCI China Index had marked fresh lows during the period with several attempts to ignite a rally failed as Real Estate distress remained in the headlines.

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

While there are possibilities of slight to moderate recession in the US and Eurozone, we do not see risk of contagious financial crisis in the near to midterm as financial and banking institutions are well capitalized. Inflation numbers remained high in the US, and possibilities of a rate cuts are muted for now. Fed's Fund Rate of 5.25%-5.5% could maintain for now unless there is a spike in the inflation numbers towards the year end.

China's reopening theme has been underwhelming thus far, and undershooting expectations since the end of Zero-Covid policy. However, we are of the view that the slowing activities could trigger new measures from Beijing that could boost the economy towards the fourth quarter of 2023. This would have a spillover effect towards the ASEAN economies in general. We remain positive on the equity market as the issues on the global supply chain subsidies and China taking new measures to re-vitalise its economy. Catalyst for the global equity market going forward would be the easing of inflation numbers and the possibilities of rate cuts going into 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.

STATEMENT BY THE MANAGER

I, Hoo See Kheng, as the Director of Hong Leong Asset Management Bhd, do hereby state that, in the opinion of the Manager, the accompanying unaudited condensed financial statements set out on pages 13 to 37 are drawn up in accordance with the provision of the Deeds and give a true and fair view of the financial position of the Fund as at 30 September 2023 and of its financial performance, changes in equity and cash flows for the financial period from 9 January 2023 (date of launch) to 30 September 2023 in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134 "Interim Financial Reporting" and International Financial Reporting Standards ("IFRS") 34 "Interim Financial Reporting".

For and on behalf of the Manager,

Hong Leong Asset Management Bhd
(Company No.: 199401033034 (318717-M))

HOO SEE KHENG

Chief Executive Officer/Executive Director

Kuala Lumpur

17 November 2023

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 30 September 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, **Hong Leong Asset Management Bhd** has operated and managed the Fund during the 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
17 November 2023

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 30 September 2023, in accordance with Shariah principles and requirements, and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters; and
2. The assets of the Fund comprise instruments that have been classified as Shariah compliant.

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

NURUL AQILAH SUFIYAH LOKMAN

Designated Shariah Officer

Kuala Lumpur
17 November 2023

CONDENSED STATEMENT OF COMPREHENSIVE INCOME *(Unaudited)*

FOR THE FINANCIAL PERIOD FROM 9 JANUARY 2023 (DATE OF LAUNCH) TO 30 SEPTEMBER 2023

	Note	09.01.2023 (date of launch) to 30.09.2023 RM
INVESTMENT LOSS		
Dividend income		604
Net loss on financial assets at fair value through profit or loss ("FVTPL")	8	(3,253)
Net foreign currency exchange gain		546
		<u>(2,103)</u>
EXPENDITURE		
Management fee	4	(379)
Trustee's fee	5	(38)
Custodian fees		(2,971)
Transaction costs		(3,223)
Other expenses		(476)
		<u>(7,087)</u>
LOSS BEFORE TAXATION		(9,190)
Taxation	7	(36)
LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD		<u><u>(9,226)</u></u>
Loss after taxation is made up as follows:		
Realised amount		(5,949)
Unrealised amount		(3,277)
		<u><u>(9,226)</u></u>

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

CONDENSED STATEMENT OF FINANCIAL POSITION *(Unaudited)*

AS AT 30 SEPTEMBER 2023

	Note	30.09.2023 RM
ASSETS		
Cash and cash equivalents		47,699
Amount due from the Manager		
-creation of units		100
Dividends receivable		77
Financial assets at fair value through profit or loss ("FVTPL")	8	153,641
TOTAL ASSETS		<u>201,517</u>
LIABILITIES		
Amount due to brokers/dealers		14,331
Amount due to the Manager		
-management fee		77
Amount due to the Trustee		7
Other payables and accruals		602
Tax payable		36
TOTAL LIABILITIES		<u>15,053</u>
NET ASSET VALUE OF THE FUND		<u><u>186,464</u></u>
EQUITY		
Unit holders' capital		195,690
Accumulated loss		(9,226)
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u><u>186,464</u></u>
UNITS IN CIRCULATION (UNITS)	10	<u><u>195,788</u></u>
NET ASSET VALUE PER UNIT (RM)		<u><u>0.9524</u></u>

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

CONDENSED STATEMENT OF CHANGES IN EQUITY *(Unaudited)*

FOR THE FINANCIAL PERIOD FROM 9 JANUARY 2023 (DATE OF LAUNCH) TO 30 SEPTEMBER 2023

	Unit holders' capital RM	Accumulated loss RM	Total RM
Balance as at 9 January 2023 (date of launch)	-	-	-
Movement in net asset value:			
Creation of units from applications	275,070	-	275,070
Cancellation of units	(79,380)	-	(79,380)
Total comprehensive loss for the financial period	-	(9,226)	(9,226)
Balance as at 30 September 2023	195,690	(9,226)	186,464

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

CONDENSED STATEMENT OF CASH FLOWS

(Unaudited)

FOR THE FINANCIAL PERIOD FROM 9 JANUARY 2023 (DATE OF LAUNCH) TO 30 SEPTEMBER 2023

	09.01.2023 (date of launch) to 30.09.2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES	
Purchase of financial assets at FVTPL	(145,743)
Realised foreign exchange differences arising from operating activities	570
Dividend income received	354
Management fee paid	(302)
Trustee's fee paid	(31)
Payment for other fees and expenses	(2,672)
Net cash used in operating activities	<u>(147,824)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from creation of units	274,970
Payments for cancellation of units	(79,380)
Net cash generated from financing activities	<u>195,590</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	47,766
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	(67)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u><u>47,699</u></u>

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(Unaudited)*

FOR THE FINANCIAL PERIOD FROM 9 JANUARY 2023 (DATE OF LAUNCH) TO 30 SEPTEMBER 2023

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 were entered into between the Manager, Hong Leong Asset Management Bhd and CIMB Islamic Trustee Berhad ("the Trustee") for the unit holders of the Fund ("the Deeds").

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 NAV 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 NAV 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 Deed.

The Manager of the Fund is Hong Leong Asset Management Bhd, a company incorporated in Malaysia. The principal activity of the Manager is the management of unit trust funds, private retirement schemes and private investment mandates. Its holding company is Hong Leong Capital Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

Hong Leong Islamic Asset Management Sdn Bhd (HLISAM) is the external fund manager appointed for Hong Leong Global Shariah ESG Fund. The effective date for the appointment is at 8 February 2022. 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 ("SC") to undertake the regulated activity of Islamic fund management.

The financial statements were authorised for issue by the Manager on 17 November 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

(b) Financial assets and financial liabilities

Classification

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

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

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flows characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities¹ as fair value through other

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

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

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Fund commits to purchase or sell the asset. Shariah-compliant investments are initially recognised at fair value. 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 Shariah-compliant investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

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 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.

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

the Islamic deposits. Financial assets at amortised cost and other financial liabilities are subsequently carried at amortised cost using the effective profit rate method.

Impairment

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of obligor's sources of income or assets to generate sufficient future cash flows to pay the amount. The Fund may write-off financial assets that

are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the financial period.

(c) 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.

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 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.

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

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

Realised gain or loss on disposal of 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) Fair value of financial instruments

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

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

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

	Financial assets at FVTPL RM	Financial assets/ liabilities at amortised cost RM	Total RM
30.09.2023			
<u>Financial assets</u>			
Cash and cash equivalents	-	47,699	47,699
Amount due from the Manager			
-creation of units	-	100	100
Dividends receivable	-	77	77
Financial assets at FVTPL (Note 8)	153,641	-	153,641
	<u>153,641</u>	<u>47,876</u>	<u>201,517</u>
<u>Financial liabilities</u>			
Amount due to brokers/dealers	-	14,331	14,331
Amount due to the Manager			
-management fee	-	77	77
Amount due to the Trustee	-	7	7
Other payables and accruals	-	602	602
	-	<u>15,017</u>	<u>15,017</u>

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

(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. FAIR VALUE ESTIMATION

The fair value of financial assets traded in active markets (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 for which market were or have been inactive during the financial period. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

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

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

(i) Fair value hierarchy

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

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

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

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

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

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
30.09.2023				
<u>Financial assets at FVTPL:</u>				
- Quoted Shariah-compliant equity securities - foreign	153,641	-	-	153,641

Shariah-compliant 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).

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. 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 liabilities are stated in Note 2(b).

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

4. 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 9 January 2023 (date of launch) to 30 September 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 9 January 2023 (date of launch) to 30 September 2023, the Trustee's fee is recognised at a rate of 0.05% per annum.

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

6. AUDITORS' REMUNERATION AND TAX AGENT'S FEE

For the financial period from 9 January 2023 (date of launch) to 30 September 2023, auditors' remuneration and tax agent's fee were borne by the Manager.

7. TAXATION

	09.01.2023 (date of launch) to 30.09.2023 RM
Tax charge for the financial period:	
Current taxation	<u>36</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:

	09.01.2023 (date of launch) to 30.09.2023 RM
Loss before taxation	<u>(9,190)</u>
Taxation at Malaysian statutory rate of 24%	(2,206)
Tax effects of:	
Shariah-compliant investment loss disallowed from tax	627
Expenses not deductible for tax purposes	1,534
Restriction on tax deductible expenses for unit trust fund	<u>81</u>
Taxation	<u>36</u>

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

	30.09.2023 RM
<u>Financial assets at FVTPL:</u>	
Quoted Shariah-compliant equity securities - foreign	<u>153,641</u>
	09.01.2023 (date of launch) to 30.09.2023 RM
<u>Net loss on financial assets at FVTPL:</u>	
Realised loss on disposals	-
Changes in unrealised fair values	<u>(3,253)</u>
	<u>(3,253)</u>

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

	Quantity Units	Aggregate cost RM	Fair value RM	Percentage of net asset value %
QUOTED SHARIAH-COMPLIANT EQUITY SECURITIES - FOREIGN				
Hong Kong				
<u>Internet</u>				
Meituan - Class B	100	6,919	6,868	3.68
<u>Telecommunications</u>				
Xiaomi Corporation - Class B	1,000	7,391	7,395	3.97
Total Hong Kong	1,100	14,310	14,263	7.65
United States				
<u>Agriculture</u>				
Archer-Daniels-Midland Co	20	7,183	7,080	3.80
<u>Apparel</u>				
Nike Inc	17	8,180	7,630	4.09
<u>Beverages</u>				
The Coca-Cola Company	33	9,324	8,671	4.65
<u>Computers</u>				
Apple Inc.	13	10,435	10,447	5.60
<u>Cosmetics/Personal Care</u>				
Procter & Gamble Corporation	8	5,618	5,477	2.94
<u>Diversified Financial Services</u>				
Visa Inc.	8	8,328	8,637	4.63
<u>Healthcare-Products</u>				
Abbott Laboratories	15	7,180	6,819	3.66
<u>Internet</u>				
Amazon.com, Inc.	14	8,501	8,354	4.48
Etsy, Inc.	18	6,929	5,456	2.93
	32	15,430	13,810	7.41
<u>Oil and Gas</u>				
Chevron Corporation	9	6,431	7,123	3.82
<u>Pharmaceuticals</u>				
Abbvie Inc.	10	6,556	6,997	3.75
Bristol-Myers Squibb Company	23	6,795	6,266	3.36
	33	13,351	13,263	7.11
<u>Retail</u>				
The Home Depot, Inc.	5	6,563	7,092	3.80
<u>Semiconductors</u>				
Advanced Micro Devices, Inc.	18	10,026	8,687	4.66
Applied Materials Inc.	10	6,299	6,499	3.49
Micron Technology, Inc.	20	6,533	6,386	3.43
Qualcomm Inc.	13	6,955	6,777	3.63
	61	29,813	28,349	15.21

	Quantity Units	Aggregate cost RM	Fair value RM	Percentage of net asset value %
<u>Software</u>				
Microsoft Corporation	5	7,501	7,410	3.97
<u>Telecommunications</u>				
Cisco System Inc.	30	7,247	7,570	4.06
Total United States	289	142,584	139,378	74.75
TOTAL QUOTED SHARIAH-COMPLIANT EQUITY SECURITIES - FOREIGN	1,389	156,894	153,641	82.40
UNREALISED LOSS ON FINANCIAL ASSETS AT FVTPL		(3,253)		
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL		153,641		

9. 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 ESG Shariah Index issued by the S&P Shariah Indices; and
- (ii) Liquid assets in local market, which are placed in Shariah-compliant investments and/or instruments.

10. UNITS IN CIRCULATION

	09.01.2023 (date of launch) to 30.09.2023 No. of units
At the beginning of the financial period	-
Add: Creation of units during the financial period	
- Arising from applications	275,924
Less: Cancellation of units during the financial period	(80,136)
At the end of the financial period	<u>195,788</u>

11. TOTAL EXPENSE RATIO ("TER")

	09.01.2023 (date of launch) to 30.09.2023 %
TER (annualised)	<u><u>4.81</u></u>

Total expense ratio includes management fee, Trustee'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:

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

Where;

- A = Management fee
- B = Trustee's fee
- C = Custodian fees
- D = Other expenses excluding withholding tax
- E = 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 RM105,613.

12. PORTFOLIO TURNOVER RATIO ("PTR")

	09.01.2023 (date of launch) to 30.09.2023 Times
PTR	<u><u>0.74</u></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
= RM156,893
- total disposals for the financial period
= NIL

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

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

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

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

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

	30.09.2023
	RM
<u>Related party balances</u>	
Cash at bank	
- Hong Leong Islamic Bank Berhad	<u>38,484</u>

14. 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	145,743	91.02	2,923	99.02
Affin Hwang Investment Bank Berhad	14,374	8.98	29	0.98
	<u>160,117</u>	<u>100.00</u>	<u>2,952</u>	<u>100.00</u>

15. COMPARATIVES

There are no comparative figures as this is the first set of unaudited condensed 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 And Gas
 Pharmaceuticals
 Retail
 Semiconductors
 Software
 Telecommunications

Islamic Deposits & Cash Equivalents

- (ii) Total Net Asset Value (ex-distribution)
- (iii) Net Asset Value Per Unit (ex-distribution)
 Units in Circulation (ex-distribution)
- (iv) Highest/Lowest NAV Per Unit (ex-distribution) Highest NAV Per Unit
 Lowest NAV Per Unit
- (v) Total Return of the Fund*
 - Capital Growth
 - Income Distribution
- (vi) The distribution (gross) is made out of:-
 - The Fund's Capital
 - The Fund's Income
 - Total Distribution Amount
 - The Fund's Capital (% of Total Distribution Amount)
 - The Fund's Income (% of Total Distribution Amount)
- (vii) Distribution Per unit Additional Units
 Distribution (Gross)
 Distribution (Net)
 Distribution Date
 Cum-Distribution NAV/Unit
 EX-Distribution NAV/Unit
- (viii) Total Expense Ratio (TER)
- (ix) Portfolio Turnover Ratio (PTR) (times)

B Total Return, NAV Per Unit-to-NAV Per Unit basis (from 09/01/2023 to 30/09/2023)*

- (i) Since Launch

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

Financial Period
09/01/2023-
30/09/2023
 %

3.80
 4.09
 4.65
 5.60
 2.94
 4.63
 3.66
 11.09
 3.82
 7.11
 3.80
 15.21
 3.97
 8.03
 17.60

RM186,464

RM0.9524
195,788

RM1.0092
RM0.9475

-4.76%
-
-4.76%

-
 -
 -
 -
 -
 -
 -
 -
 -
 -

4.81%

0.74

-4.76%

Corporate Information

Manager

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

Registered Office

Level 30, Menara Hong Leong
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Bukit Damansara
50490 Kuala Lumpur

Business Office

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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

Distributor

Registered Independent Tied Agents with FIMM

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