

Hong Leong PRS Islamic Conservative Fund

Semi-Annual Report
Financial Period Ended 31 January 2025

2024/2025
Unaudited



HONG LEONG PRS ISLAMIC CONSERVATIVE FUND

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PRS Provider's Review and Report

I. FUND INFORMATION

Fund Name

Hong Leong PRS Islamic Conservative Fund ("HLPRISCF" or "the Fund")

Fund Category

Core (Conservative)

Fund Type

Not Applicable

Investment Objective

The Fund aims to provide capital preservation* while seeking income.

Duration of the Fund and its termination date, where applicable

Not Applicable

Benchmark

Malayan Banking (Maybank) 12-month Islamic Fixed Deposit-i (FD-i)

Distribution Policy

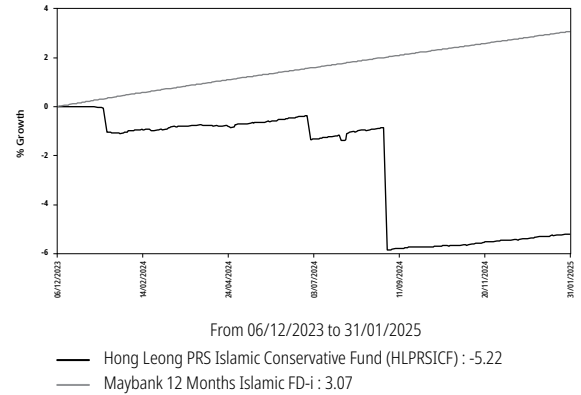
Incidental. Distribution, if any, will be automatically reinvested into the Fund.

Note:

* Please note the Fund is neither a capital guaranteed fund nor a capital protected fund.

II. FUND PERFORMANCE

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



Source: Lipper, in Malaysian Ringgit terms, ex-distribution, NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from HLPRISCF reinvested.

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

Performance Review

This Semi-Annual Report covers the six-month financial period from 1 August 2024 to 31 January 2025.

The Fund posted a return of -4.17% (based on NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from the Fund reinvested) in the past six months while its benchmark the Maybank 12-month Islamic FD-i registered a return of 1.28%.

Since launch, the Fund has registered a return of -5.22% compared to the benchmark's return of 3.07%.

Table 1: Performance of the Fund for the following periods as at 31 January 2025 (Source: Lipper)

	3 Months	6 Months	1 Year	Since Launch
HLP RSICF Return (%)	0.49	-4.17	-4.20	-5.22
Benchmark (%)	0.63	1.28	2.59	3.07

Table 2: Return of the Fund based on NAV Per Unit-to-NAV Per Unit basis for the period 31 July 2024 to 31 January 2025 (Source: Lipper)

	31-Jan-25	31-Jul-24	Return (%)
NAV Per Unit	RM0.4739	RM0.4945	-4.17
Benchmark	2.50%	2.60%	1.28
vs Benchmark (%)	-	-	-5.45

Table 3: Financial Highlights

The Net Asset Value attributable to members is represented by:

	31-Jan-25 (RM)	31-Jul-24 (RM)	Change (%)
Members' Capital	20,254	1,000	1,925.40
Retained Earnings/(Accumulated Loss)	57	(11)	618.18
Net Asset Value	20,311	989	1,953.69
Units in Circulation	42,856	2,000	2,042.80

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 periods ended 31 July/31 January

	Financial Period Jan 2025	Financial Period Jul 2024*
Highest NAV Per Unit (RM)	0.4956	0.5000
Lowest NAV Per Unit (RM)	0.4707	0.4930
Capital Growth (%)	-4.17	-1.10
Income Distribution (%)	-	-
Total Return (%)	-4.17	-1.10

* The figure shown is for the period since Fund launch (6 December 2023 to 31 July 2024).

Source: Lipper, in Malaysian Ringgit terms, ex-distribution, NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from HLP RSICF reinvested.

Table 5: Average Total Return of the Fund for the financial period ended 31 January 2025

	1 Year
Average Total Return (%)	-4.20

Source: Lipper, in Malaysian Ringgit terms, ex-distribution, NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from HLP RSICF reinvested.

Table 6: Annual Total Return of the Fund for the financial period ended 31 July

Financial Period	2024
Annual Total Return (%)	-1.10*

* The figure shown is for the period since Fund launch (6 December 2023 to 31 July 2024).

Source: Lipper, in Malaysian Ringgit terms, ex-distribution, NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from HLP RSICF reinvested.

III. INVESTMENT PORTFOLIO

Chart 2: Asset Allocation – August 2024 to January 2025

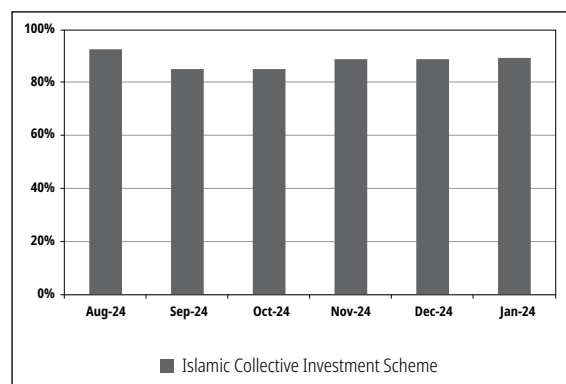
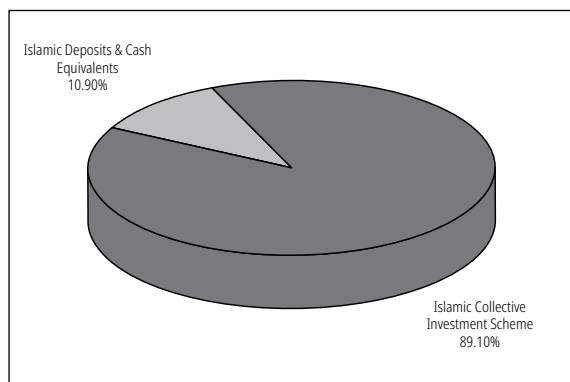


Chart 3: Sector Allocation as at 31 January 2025



Strategies employed by the Fund during the period under review

During the financial period under review, the Fund continues to maintain its asset class allocation into Hong Leong Dana Al-Safa' which overweight in government sukuk and government guaranteed sukuk. Given tight credit spreads and slower external growth, the Fund maintained its defensive strategy towards government sukuk and government guaranteed sukuk given lower risk-return opportunities in sukuk corporate segment.

An explanation on the differences in portfolio composition

During the financial period under review, the Fund maintained its allocation in government and government guaranteed investment class on growing credit risks arising from potential slowdown in global growth and tighter local credit yields primarily in the investment grade credit segment which does not compensate the additional risk-returns benefit from non-sovereign credit risk exposure.

Operational review of the Fund

The 1st Supplemental Disclosure Document for the Hong Leong Private Retirement Scheme - Islamic dated 9 December 2024 was issued during the financial period under review to reflect various changes made to the Fund. Kindly refer to www.hlam.com.my for the list of changes made to the Fund.

IV. MARKET REVIEW

During the financial period under review, the United States (US) Federal Reserve (Fed) had dialled down on its Fed Funds Rate (FFR) cut expectations post-Trump presidential election, projecting a shallower easing reflecting uncertainty in the scope, timing and economic effects of potential changes in Trump policies affecting foreign trade and immigration. US headline inflation had been steadily creeping during the financial period under review, with month-on-month (MoM) increased from 0.2% since August to October 2024 to 0.5% in the latest January 2025 reading. Core inflation also had started to pick up from 0.3% since August 2024 to 0.4% under recent readings. However, January retail sales slumped the most in nearly two years by -0.9% as compared to -0.1% in last year's August. Weather-related incidences such as wildfires in California and frigid temperature hitting part of Midwest and East Coast had resulted in consumers tightening their spending. US Manufacturing and Services Purchasing Managers' Index (PMI) ended mix in January 2025 reflecting some optimism on the industrials as Trump policies looked to shoring back investments and capital expenditures to US while services PMI pessimism indicates challenging for retailers to keep up with rising input costs and dwindling consumer demand.

During the financial period under review, Malaysia annual Gross Domestic Product (GDP) growth surged to 5.1% year-on-year (YoY) in 2024 after the economy expanded by 5.0% in 4Q 2024 underpinned by strong domestic demand and rebound in exports. Growth was mainly driven by stronger household spending reflecting favourable labour condition and conducive monetary policy actions to support households and business consumption. Inflationary pressures continued to ease to 1.8% in 4Q 2024 (3Q 2024: 1.9%) on lower energy prices partially offset by higher inflation in food-related items. Core inflation ended lower at 1.7% in the final 4Q 2024 (3Q 2024: 1.9%) driven largely by moderation in communication services. For full year 2024, both headline and core Consumer Price Index (CPI) moderated to 1.8% (2023: 2.5% and 3.0% respectively). The Ringgit recorded an overall appreciation of 2.7% against the US Dollar (USD) for the full year 2024 and as of year-to-date (YTD) financial period, the Ringgit had strengthened by 0.27% against the USD.

Local sukuk slightly underperformed with parallel yields inching upward by 4-12 basis points (bps) on Trump-policy related uncertainty as the President began trumping up on trade tariffs against Mexico, Canada, Columbia and China while laying stakes on Greenland and Panama Canal. Despite Malaysia charting the highest Foreign Direct Investments (FDI) with marked increase to RM18.4 billion in 4Q 2024 from RM14.2 billion in the previous quarter, the uncertainty over the overarching trade regulations on technology inputs as well as rising Artificial Intelligence (AI) competition continued to be headwinds for the country with domestic demand and investments being the tailwind for growth in 2025.

V. FUTURE PROSPECTS AND PROPOSED STRATEGIES

Given global uncertainty on inflationary pressures and imported inflation arising from trade tariffs and investment restrictions coalesced with subsidy rationalization on domestic fuel pumped prices, we are of the view that inflationary pressures could overshoot beyond the upper end of the official inflation target of 2.0%-3.5% in the short term, Bank Negara Malaysia (BNM) is anticipated to maintain Overnight Policy Rate (OPR) at 3.00% as near term growth is likely to be lower in 2025 underpinned by: (1) global supply chain realignment to circumvent the impact of tariffs; (2) declining consumer sentiment as households grappled with decreased purchasing power and increasing household debt; and (3) lower real rate of interest as global central banks partially resumed their easing cycle.

VI. SOFT COMMISSIONS

The PRS Provider may receive 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 members and there was no churning of trades.

During the financial period under review, the Fund has not received goods or services by way of soft commissions.

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.

Note: Q = Quarter

STATEMENT BY THE PRS PROVIDER

I, Chue Kwok Yan, as the Director of Hong Leong Asset Management Bhd, do hereby state that, in the opinion of the PRS Provider, the accompanying unaudited condensed financial statements set out on pages 12 to 34 are drawn up in accordance with the provision of the Deed and give a true and fair view of the financial position of the Fund as at 31 January 2025 and of its financial performance, changes in equity and cash flows for the financial period ended 31 January 2025 in accordance with the Malaysian Financial Reporting Standard 134 “Interim Financial Reporting” and International Accounting Standard 34 “Interim Financial Reporting”.

For and on behalf of the PRS Provider,
Hong Leong Asset Management Bhd
(Company No.: 199401033034 (318717-M))

CHUE KWOK YAN

Chief Executive Officer/Executive Director

Kuala Lumpur
21 March 2025

SCHEME TRUSTEE’S REPORT

TO THE MEMBERS OF HONG LEONG PRS ISLAMIC CONSERVATIVE FUND (“Fund”)

We have acted as Scheme Trustee of the Fund for the financial period ended 31 January 2025 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 PRS Provider under the deed, securities laws and the Guidelines on Private Retirement Schemes;
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

Tok Puan Datin Ezreen Eliza binti Zulkiplee
Chief Executive Officer

Kuala Lumpur, Malaysia
21 March 2025

SHARIAH ADVISER'S REPORT

TO THE MEMBERS OF HONG LEONG PRS ISLAMIC CONSERVATIVE 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 semi-annual period ended 31 January 2025, 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

MUHAMMAD SHAHIER SA'MIN

Designated Shariah Person

Kuala Lumpur
21 March 2025

CONDENSED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2025

	Note	2025 RM
INVESTMENT INCOME		
Dividend income		191
Net gain on financial assets at fair value through profit or loss ("FVTPL")	9	5
		<u>196</u>
EXPENDITURE		
Management fee	4	(71)
Scheme Trustee's fee	5	(3)
Private Pension Administrator ("PPA") administration fee	6	(3)
Other expenses		(51)
		<u>(128)</u>
PROFIT BEFORE TAXATION		
Taxation	8	-
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		
		<u>68</u>
Profit after taxation is made up as follows:		
Realised amount		76
Unrealised amount		(8)
		<u>68</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 31 JANUARY 2025

	Note	31.01.2025 RM	31.07.2024 RM
ASSETS			
Cash and cash equivalents		2,229	74
Amount due from the PRS Provider			
-management fee rebate		3	1
Financial assets at FVTPL	9	18,098	915
TOTAL ASSETS		<u>20,330</u>	<u>990</u>
LIABILITIES			
Amount due to the PRS Provider			
-management fee		17	1
Amount due to the Scheme Trustee		1	-
Amount due to the PPA		1	-
TOTAL LIABILITIES		<u>19</u>	<u>1</u>
NET ASSET VALUE OF THE FUND		<u>20,311</u>	<u>989</u>
EQUITY			
Members' capital		20,254	1,000
Retained earnings/(accumulated loss)		57	(11)
NET ASSETS ATTRIBUTABLE TO MEMBER		<u>20,311</u>	<u>989</u>
UNITS IN CIRCULATION (UNITS)	11	<u>42,856</u>	<u>2,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.4739</u>	<u>0.4945</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 ENDED 31 JANUARY 2025

	Members' capital RM	Retained earnings RM	Total RM
Balance as at 1 August 2024	1,000	(11)	989
Movement in net asset value:			
Creation of units from applications	19,254	-	19,254
Total comprehensive income for the financial period	-	68	68
Balance as at 31 January 2025	<u>20,254</u>	<u>57</u>	<u>20,311</u>

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

CONDENSED STATEMENT OF CASH FLOWS

(Unaudited)

FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2025

	2025 RM
CASH FLOWS FROM OPERATING ACTIVITIES	
Purchase of financial assets at FVTPL	(17,000)
Management fee rebate received	11
Management fee paid	(55)
Scheme Trustee's fee paid	(2)
PPA administration fee paid	(2)
Payment for other fees and expenses	(51)
Net cash used in operating activities	<u>(17,099)</u>
CASH FLOWS FROM FINANCING ACTIVITY	
Proceeds from creation of units	19,254
Net cash generated from financing activity	<u>19,254</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,155
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>74</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u><u>2,229</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 ENDED 31 JANUARY 2025

1. THE FUND, THE PRS PROVIDER AND THEIR PRINCIPAL ACTIVITIES

Hong Leong PRS Islamic Conservative Fund ("the Fund") was constituted pursuant to the execution of a Deed dated 15 September 2023 between Hong Leong Asset Management Bhd ("the PRS Provider") and CIMB Islamic Trustee Berhad ("the Scheme Trustee") for the members of the Fund.

The Fund aims to provide capital preservation while seeking income.

The Fund seeks to achieve its investment objective by investing in a basket of Islamic collective investment schemes which have similar investment objective to the Fund's investment objective of capital preservation while seeking income. Investments in Islamic collective investment schemes will be confined to those managed by the Provider. The Fund will invest a minimum of 80% of its net asset value into sukuk and/or Islamic money market collective investment schemes and up to 20% of its net asset value into Shariah-compliant equity and Shariah-compliant equity related Islamic collective investment schemes and/or balanced Islamic collective investment schemes. The Provider will actively monitor the Fund's investments in the selected Islamic collective investment schemes to ensure optimal returns while adhering to the Fund's pre-determined asset allocation. The Provider has the flexibility to rebalance the asset allocation should it deem necessary based on the prevailing market conditions. The Fund commenced operations on 6 December 2023 and will continue its operations until terminated as provided under Part 14 of the Deed.

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

The financial statements were authorised for issue by the PRS Provider on 21 March 2025.

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 condensed financial statements are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standard 134 "Interim Financial Reporting" and International Accounting Standard 34 "Interim Financial Reporting".

The condensed financial statements should be read in conjunction with the audited financial statements of the Fund for the financial period from 6 December 2023 (date of launch) to 31 July 2024 which have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards.

(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 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 and amount due from the PRS Provider 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 PRS Provider, amount due to the Scheme Trustee and amount due to the PPA 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.

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 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.

Unquoted Islamic collective investment scheme is valued at the last published net asset value per unit at the date of the statement of financial position.

Islamic deposits with licensed Islamic 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) 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.

(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 Islamic deposits with licensed Islamic financial institutions and auto-sweep facility bank account 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 unquoted Islamic collective investment scheme is accounted for as the difference between the net disposal proceeds and the carrying amount of unquoted Islamic collective investment scheme, 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 banks 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) Taxation

Private retirement scheme approved by the Securities Commission Malaysia which is regarded as an approved scheme pursuant to the Act, the income accruing is exempted from tax under the Act.

(g) Distribution

A distribution to the Fund’s members 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 PRS Provider.

(h) Members’ capital

The members’ 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 member 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 member 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 members with the total number of outstanding units.

(i) Fair value of financial instruments

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

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

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

	Financial assets at FVTPL RM	Financial assets/ liabilities at amortised cost RM	Total RM
31.01.2025			
<u>Financial assets</u>			
Cash and cash equivalents	-	2,229	2,229
Amount due from the PRS Provider			
-management fee rebate	-	3	3
Financial assets at FVTPL (Note 9)	18,098	-	18,098
	<u>18,098</u>	<u>2,232</u>	<u>20,330</u>
<u>Financial liabilities</u>			
Amount due to the PRS Provider			
-management fee	-	17	17
Amount due to the Scheme Trustee	-	1	1
Amount due to the PPA	-	1	1
	<u>-</u>	<u>19</u>	<u>19</u>

	Financial assets at FVTPL RM	Financial assets/ liabilities at amortised cost RM	Total RM
31.07.2024			
<u>Financial assets</u>			
Cash and cash equivalents	-	74	74
Amount due from the PRS Provider			
-management fee rebate	-	1	1
Financial assets at FVTPL (Note 9)	915	-	915
	<u>915</u>	<u>75</u>	<u>990</u>
<u>Financial liabilities</u>			
Amount due to the PRS Provider			
-management fee	-	1	1
	<u>-</u>	<u>1</u>	<u>1</u>

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

(j) 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 PRS Provider 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 PRS Provider 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 Private Retirement Schemes.

However, the PRS Provider is of the opinion that there are no accounting policies which require significant judgement 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 PRS Provider 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 Shariah-compliant 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 instruments for which market were or have been inactive during the financial period. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty 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
31.01.2025				
<u>Financial assets at FVTPL:</u>				
- Unquoted Islamic collective investment scheme	-	18,098	-	18,098
31.07.2024				
<u>Financial assets at FVTPL:</u>				
- Unquoted Islamic collective investment scheme	-	915	-	915

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include unquoted Islamic collective investment scheme. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Fund’s policies on valuation of these financial assets are stated in Note 2(b).

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

4. MANAGEMENT FEE AND MANAGEMENT FEE REBATE

In accordance with Division 15.1 of the Deed, the PRS Provider 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 ended 31 January 2025, the management fee is recognised at a rate of 1.00% per annum.

The management fee rebate relates to the rebate received from the PRS Provider for investing in unquoted Islamic collective investment scheme. The average rates of rebates were calculated on the net asset value of respective unquoted Islamic collective investment scheme on a daily basis as follow:

	2025
	%
<hr/>	
<u>Unquoted Islamic collective investment scheme:</u>	
- Hong Leong Dana Al-Safa’ MYR Class A	0.20

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

5. SCHEME TRUSTEE’S FEE

In accordance with Division 15.2 of the Deed, the Scheme Trustee is entitled to a fee not exceeding 2.00% (excluding foreign custodian fees and charges) per annum calculated daily based on the net asset value of the Fund.

For the financial period ended 31 January 2025, the Scheme Trustee’s fee is recognised at a rate of 0.04% per annum.

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

6. PRIVATE PENSION ADMINISTRATOR'S ("PPA") ADMINISTRATION FEE

For the financial period ended 31 January 2025, the Private Pension Administrator's administration fee is recognised at a rate of 0.04% per annum calculated daily based on the net asset value of the Fund.

There is no further liability to the PPA in respect of Private Pension Administrator's administration fee other than the amount recognised above.

7. AUDITORS' REMUNERATION, TAX AGENT'S FEE AND SHARIAH ADVISORY FEE

For the financial period ended 31 January 2025, auditors' remuneration, tax agent's fee and Shariah advisory fee were borne by the PRS Provider.

8. TAXATION

	2025 RM
Tax charge for the financial period:	
Current taxation	-

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

	2025 RM
Profit before taxation	68
Taxation at Malaysian statutory rate of 24%	16
Tax effects of:	
Shariah-compliant investment income not subject to tax	(44)
Expenses not deductible for tax purposes	14
Restriction on tax deductible expenses for PRS Fund	14
Taxation	-

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

	31.01.2025 RM	31.07.2024 RM
<u>Financial assets at FVTPL:</u>		
Unquoted Islamic collective investment scheme	18,098	915
	<u> </u>	<u> </u>
		2025 RM
<u>Net gain on financial assets at FVTPL:</u>		
Changes in unrealised fair values		(8)
Management fee rebate (Note 4)		13
		<u> </u>
		<u> </u>

Financial assets at FVTPL as at 31 January 2025 are as detailed below:

	Quantity Units	Aggregate cost RM	Fair value RM	Percentage of net asset value %
UNQUOTED ISLAMIC COLLECTIVE INVESTMENT SCHEME				
Hong Leong Dana Al-Safa' - MYR Class A	18,127	18,107	18,098	89.10
TOTAL UNQUOTED ISLAMIC COLLECTIVE INVESTMENT SCHEME	<u>18,127</u>	<u>18,107</u>	<u>18,098</u>	<u>89.10</u>
UNREALISED LOSS ON FINANCIAL ASSETS AT FVTPL		<u>(9)</u>		
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL		<u>18,098</u>		

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

	Quantity Units	Aggregate cost RM	Fair value RM	Percentage of net asset value %
UNQUOTED ISLAMIC COLLECTIVE INVESTMENT SCHEME				
Hong Leong Dana Al-Safa' - MYR Class A	916	916	915	92.52
TOTAL UNQUOTED ISLAMIC COLLECTIVE INVESTMENT SCHEME	916	916	915	92.52
UNREALISED LOSS ON FINANCIAL ASSETS AT FVTPL		(1)		
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL		915		

10. SHARIAH INFORMATION OF THE FUND

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

- Collective investment scheme which has been verified as Shariah-compliant by the Shariah Adviser; and
- Cash placements and liquid assets in local market, which are placed in Shariah-compliant investments and/or instruments.

11. UNITS IN CIRCULATION

	01.08.2024 to 31.01.2025 No. of units	06.12.2023 (date of launch) to 31.07.2024 No. of units
At the beginning of the financial period	2,000	-
Add: Creation of units during the financial period		
- Arising from applications	40,856	4,000
Less: Cancellation of units during the financial period	-	(2,000)
At the end of the financial period	<u>42,856</u>	<u>2,000</u>

12. TOTAL EXPENSE RATIO ("TER")

	2025 %
TER (annualised)	1.79

Total expense ratio includes management fee (excluding management fee rebate), Scheme Trustee's fee, PPA administration fee and other expenses for the financial period divided by the Fund's average net asset value calculated on a daily basis and is calculated as follows:

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

Where;

- A = Management fee (excluding management fee rebate)
- B = Scheme Trustee's fee
- C = PPA administration fee
- D = Other expenses
- 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 RM14,212.

13. PORTFOLIO TURNOVER RATIO (“PTR”)

	2025 Times
PTR	0.60

PTR is derived from the following calculation:

(Total acquisitions for the financial period + total disposals for the financial period) / 2

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

Where;

total acquisitions for the financial period
= RM17,000
total disposals for the financial period
= NIL

14. UNITS HELD BY THE PRS PROVIDER 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 PRS Provider
Hong Leong Islamic Asset Management Sdn Bhd	Subsidiary of the PRS Provider
Hong Leong Capital Berhad	Holding company of the PRS Provider
Hong Leong Financial Group Berhad (“HLFG”)	Ultimate holding company of the PRS Provider
Subsidiaries and associates of HLFG as disclosed in its financial statements	Subsidiaries and associate companies of the ultimate holding company of the PRS Provider

No units were held by the PRS Provider and parties related to the PRS Provider as at 31 January 2025 and 31 July 2024.

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

	31.01.2025 RM	31.07.2024 RM
<u>Related party balances</u>		
Cash at bank:		
- Hong Leong Islamic Bank Berhad	2,229	74
<u>Related party transactions</u>		
Dividend income from unquoted Islamic collective investment scheme managed by the PRS Provider		191
Purchase of unquoted Islamic collective investment scheme:		
- Hong Leong Asset Management Bhd		17,000

15. TRANSACTIONS WITH BROKERS/DEALERS

For the financial period ended 31 January 2025, there are no transactions with brokers/dealers.

16. COMPARATIVE FIGURES

There are no comparative figures for condensed Statement of Comprehensive Income, condensed Statement of Changes In Equity and condensed Statement of Cash Flows as this is the Fund’s first set of unaudited condensed financial statements for the financial period ended 31 January 2025.

Performance Data

for the Financial Periods Ended 31 January and 31 July

		Financial Period Jan 2025 %	Financial Period Jul 2024 [^] %
A. (i) Portfolio Compositions:			
Islamic Collective Investment Scheme		89.10	92.52
Islamic Deposits & Cash Equivalents		10.90	7.48
(ii) Total Net Asset Value	(ex-distribution)	RM20,311	RM989
(iii) Net Asset Value Per Unit	(ex-distribution)	RM0.4739	RM0.4945
Units in Circulation	(ex-distribution)	42,856	2,000
(iv) Highest/Lowest NAV Per Unit	Highest NAV Per Unit	RM0.4956	RM0.5000
(ex-distribution)	Lowest NAV Per Unit	RM0.4707	RM0.4930
(v) Total Return of the Fund*		-4.17%	-1.10%
- Capital Growth		-4.17%	-1.10%
- 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)		1.79%#	4.07%
(ix) Portfolio Turnover Ratio (PTR) (times)		0.60##	0.50
B. Average Total Return, NAV Per Unit-to-NAV Per Unit basis			
(as at 31/01/2025)*			
(i) One year		-4.20%	

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

[^] The figure shown is for the period since Fund launch (6 December 2023 to 31 July 2024).

The TER was 2.28 percentage point lower as compared to 4.07% for the financial period from 6 December 2023 to 31 July 2024 mainly due to higher average net asset value of the Fund.

The PTR increased by 0.10 times (20.00%) to 0.60 times for the financial period from 1 August 2024 to 31 January 2025 versus 0.50 times for the financial period from 6 December 2023 to 31 July 2024 mainly due to higher level of rebalancing activities undertaken by the Fund.

Corporate Information

PRS Provider

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

Registered Office

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Board of Directors

Ms. Lee Jim Leng
Mr. Chue Kwok Yan
YBhg Dato' Abdul Majit bin Ahmad Khan
YM Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin

Executive Director / Chief Executive Officer

Mr. Chue Kwok Yan

External Fund Manager

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

Scheme Trustee

CIMB Islamic Trustee Berhad [198801000556 (167913-M)]

Auditor

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146)

Shariah Adviser

BIMB Securities Sdn Bhd

Distributors

TA Investment Management Berhad of Malaysia
UOB Kay Hian Securities (M) Sdn Bhd
Registered Independent Tied Agents with FIMM

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