

Hong Leong Consumer Products Sector Fund

Annual Report

Financial Year Ended 30 September 2023

2022/2023

Audited



Hong Leong Consumer Products Sector Fund

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Manager's Review and Report

I. FUND INFORMATION

Fund Name

Hong Leong Consumer Products Sector Fund

Fund Category

Equity

Fund Type

Growth

Investment Objective

To provide the Malaysian public with an affordable and flexible access into an investment portfolio that focuses solely on securities that are classified under the Bursa Malaysia Consumer Product sector.

Duration of the Fund and its termination date, where applicable

Not Applicable

Benchmark

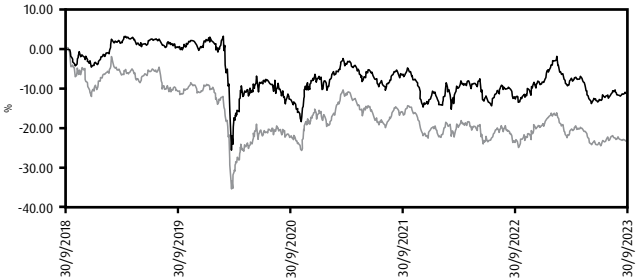
Bursa Malaysia Consumer Products & Services Index

Distribution Policy

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

II. FUND PERFORMANCE

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



From 30/9/2018 To 30/9/2023

- Hong Leong Consumer Products Sector Fund (HLCPSTF) -11.25
- Bursa Malaysia Consumer Products & Services -23.56

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 HLCPSTF reinvested.

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

Performance Review

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

The Fund posted a return of 0.91% (based on NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from the Fund reinvested) in the past twelve months while its benchmark the Bursa Malaysia Consumer Products & Services Index registered a return of 0.26%. During the financial year under review, the Fund had distributed gross income distribution of 0.50 sen per unit (net income distribution of 0.50 sen per unit) on 16 January 2023 and 0.70 sen per unit (net income distribution of 0.70 sen per unit)

on 20 July 2023. Prior to the income distribution, the cum-distribution net asset value (NAV) per unit of the Fund was RM0.2425 and RM0.2201 while the ex-distribution NAV per unit was RM0.2375 and RM0.2131. Unit holders should note that income distributions have the effect of reducing the NAV per unit of the Fund after distributions.

For the five financial years ended 30 September 2023, the Fund registered a return of -11.25% compared to the benchmark's return of -23.56% while distributing a total gross income of 12.7110 sen per unit (net income of 12.6924 sen per unit).

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

	30/06/23- 30/09/23	31/03/23- 30/09/23	30/09/22- 30/09/23	30/09/20- 30/09/23	30/09/18- 30/09/23	30/09/13- 30/09/23	29/08/00- 30/09/23 Since Launch
	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years	
HLCPSF Return (%)	2.43	-3.53	0.91	1.87	-11.25	33.81	459.50
Benchmark (%)	0.88	-3.25	0.26	-2.08	-23.56	-3.93	230.44

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

	30-Sep-23	30-Sep-22	Return (%)
NAV Per Unit	RM0.2152	RM0.2249	0.91#
Benchmark	552.62	551.21	0.26
vs Benchmark (%)	-	-	0.65

Return is calculated after adjusting for income distributions during the period under review.

Table 3: Financial Highlights

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

	30-Sep-23 (RM)	30-Sep-22 (RM)	Change (%)
Unit Holders' Capital	54,041,686	57,416,038	(5.88)
Accumulated Loss	(3,394,631)	(1,819,728)	(86.55)
Net Asset Value	50,647,055	55,596,310	(8.90)
Units in Circulation	235,327,283	247,215,023	(4.81)

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

	Financial Year 30/09/22- 30/09/23	Financial Year 30/09/21- 30/09/22	Financial Year 30/09/20- 30/09/21
Highest NAV Per Unit (RM)	0.2462	0.2657	0.2911
Lowest NAV Per Unit (RM)	0.2123	0.2238	0.2492
Capital Growth (%)	-4.31	-13.90	-2.90
Income Distribution (%)	5.22	7.72	10.50
Total Return (%)	0.91	-6.18	7.60

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 HLCPSF reinvested.

Table 5: Average Total Return of the Fund

	30/09/22- 30/09/23 1 Year	30/09/20- 30/09/23 3 Years	30/09/18- 30/09/23 5 Years
Average Total Return (%)	0.91	0.62	-2.25

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 HLCPSF reinvested.

Table 6: Annual Total Return of the Fund

Financial Year	30/09/22- 30/09/23	30/09/21- 30/09/22	30/09/20- 30/09/21	30/09/19- 30/09/20	30/09/18- 30/09/19
Annual Total Return (%)	0.91	-6.18	7.60	-13.36	0.55

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 HLCPSF reinvested.

III. INVESTMENT PORTFOLIO

Chart 2: Asset Allocation - October 2022 to September 2023

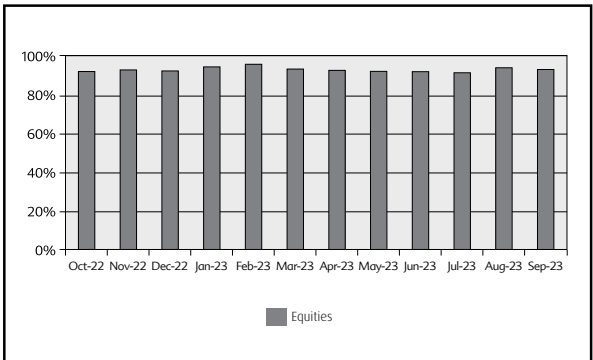
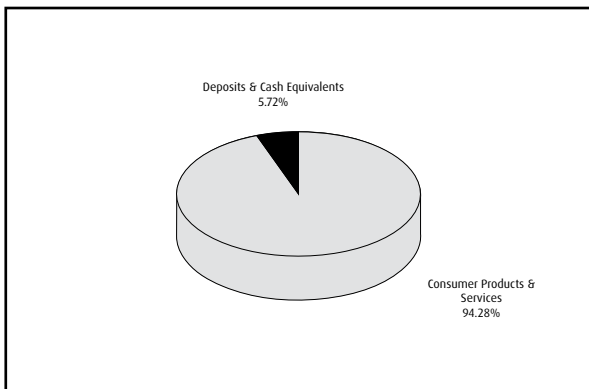


Chart 3: Sector Allocation as at 30 September 2023



Strategies employed by the Fund during the period under review

During the financial year under review, the Fund continued to hold into selected domestic-centric consumer stocks which have shown resilient earnings, thanks to sustaining local consumption and gradual recovery of tourist arrivals. The core holdings of the Fund remain relatively unchanged. The Fund continues to invest in companies with a stable profitability track record, competent management and ability to maintain long-term profit margins.

An explanation on the differences in portfolio composition

The investment level of the Fund stood at 94% as of 30 September 2023, which is slightly higher than investment level of 92% a year ago, as the Fund took the opportunity on market weakness to position into quality consumer companies.

Operational review of the Fund

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

IV. MARKET REVIEW

During the financial year under review, the MSCI AC Asia Pacific ex Japan Index rose 8.7%. The best performing markets were Taiwan and Korea while the laggards were Thailand and Indonesia. In the local market, the FTSE Bursa Malaysia KLCI rose 2.1%. Small caps outperformed as the FTSE Bursa Malaysia Small Cap Index rose 18.0%.

The equity markets recovered some lost ground in October as corporate earnings remained resilient in the face of tighter monetary policy and weakening economic data. The rally gathered more momentum following the release of United States (US) inflation data that suggests that inflation might have finally turned the corner. Meanwhile, China's decision to ease COVID-19 restrictions by end of the year also boosted investors' sentiment on expectations that the economy will finally see a sustainable recovery as the country reopens.

Global equity markets started the new year of 2023 with much gusto and optimism as investors could not wait to put a harrowing 2022 behind them. However, volatility in the equity markets continued to prevail throughout the first quarter of 2023 as stubborn inflation data resulted in bond yields trending higher on the possibility of higher-than-expected rate hikes. March also saw the collapse of Silicon Valley Bank (SVB) and the shock takeover of Credit Suisse, among other things keeping investors on the edge of their seats.

The market volatility carried over to the second quarter although the global equity markets did end the first half of 2023 on a generally positive note. Tensions surrounding the US debt ceiling negotiations caused some jitters in the middle of the quarter. However, a pause in interest-rate hikes by the US Federal Reserve (Fed) in June after more than a year of consecutive rate increases, resolution of the debt ceiling negotiations and healthy job data in the US pushed global markets higher.

The global markets continued to rally at the beginning of the third quarter, as inflation showed signs of weakness, coupled with softness in job data, prompted the anticipation that the interest rates have reached the peak and might taper down later. However, the market turned sour after US government debt and banks were being downgraded

by rating agencies. The sentiment was further impacted after US Fed hinted that there might be still rate hikes later of the year.

The domestic market reversed its declining trend and rallied in the final quarter of 2022, in tandem with the global equity market as the sentiment was boosted by the formation of the Unity Government.

As it often happens, the global equity market exuberance that was witnessed in the first quarter of 2023 appear to have lost its way in the local market. Not only was the FTSE BM KLCI one of the laggards but it was also in the red, going against the tide among the regional equity markets. The main local index was dragged down by the banking sector as investors took profit after the sector outperformance last year.

It was a relatively quiet and muted second quarter for the local bourse, probably due to several factors such as a poor corporate results season, Ramadhan holidays and concerns about possible spillover effect from poor macro data from China. With state elections drawing near, investors also lack conviction due to rising political uncertainty.

The local market bounced back strongly at the start of the third quarter, tracking the performance of the regional market on the back of improved market sentiment. Nevertheless, the market turned into red for the second half of the quarter after Malaysia's second quarter Gross Domestic Product (GDP) missed expectation, dragged by slowing external demand.

V. FUTURE PROSPECTS AND PROPOSED STRATEGIES

To the surprise of many, the highly anticipated recession has yet to occur despite a much tighter monetary policy environment and a much weaker than expected China economy. Nevertheless, multiple challenges remain for the global economic outlook. Inflation has moderated but still at a level that global central bankers are far from being comfortable with. Apart from the labour market, global economic activity has declined while the full effects of high interest rates have yet to be seen. On a positive note, China policy makers are expected to roll out more economic stimulus measures with greater urgency in the face of the current economic slowdown.

On the local front, due to the diversified nature of the economy, we expect the local economy to remain resilient in the face of deteriorating external demand. We also expect the economy to be supported by direct foreign investments as the government has been putting in more effort to attract foreign investors to the country.

Due to the uncertain economic outlook and global monetary policy, we expect market volatility to persist in the near term. Corporate earnings growth is also at risk of downgrades due to the softening global economy. However, we opine that the best strategy to navigate through this challenging environment is staying invested in high quality consumer companies with solid fundamentals.

VI. SOFT COMMISSIONS

The Manager has received soft commissions from brokers/dealers in the form of goods and services such as research materials, data and quotation services incidental to investment management of the Fund and investment related publications. Such soft commissions received are utilised in the investment management of the Fund and are of demonstrable benefit to the Fund and Unit holders and there was no churning of trades.

VII. SECURITIES LENDING OR REPURCHASE TRANSACTIONS

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

VIII. CROSS TRADE TRANSACTIONS

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

STATEMENT BY THE MANAGER

I, Hoo See Kheng, as the Director of Hong Leong Asset Management Bhd, do hereby state that, in the opinion of the Manager, the financial statements set out on pages 16 to 47 are drawn up in accordance with the provision of the Deeds and give a true and fair view of the financial position of the Fund as at 30 September 2023 and of its financial performance, changes in equity and cash flows for the financial year ended 30 September 2023 in accordance with the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

For and on behalf of the Manager,

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

HOO SEE KHENG

Chief Executive Officer/Executive Director

Kuala Lumpur

27 November 2023

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF HONG LEONG CONSUMER PRODUCTS SECTOR FUND ("Fund")

We have acted as Trustee of the Fund for the financial year ended 30 September 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Hong Leong Asset Management Bhd has operated and managed the Fund during the year covered by these financial statements in accordance with the following:-

1. Limitations imposed on the investment powers of the management company under the deed, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the deed; and
3. Any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement.

We are of the opinion that the distribution of income by the Fund is appropriate and reflects the investment objective of the Fund.

For Deutsche Trustees Malaysia Berhad

Ng Hon Leong

Head, Fund Operations

Sylvia Beh

Chief Executive Officer

Kuala Lumpur

27 November 2023

INDEPENDENT AUDITORS' REPORT

TO THE UNIT HOLDERS OF HONG LEONG CONSUMER PRODUCTS SECTOR FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

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

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 30 September 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 16 to 47.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- (e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
27 November 2023

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

		2023	2022
	Note	RM	RM
INVESTMENT INCOME/(LOSS)			
Interest income from financial assets			
measured at amortised cost		92,646	51,514
Dividend income		2,478,489	2,149,041
Net loss on financial assets at			
fair value through profit or loss ("FVTPL")	8	(912,155)	(5,136,818)
		<u>1,658,980</u>	<u>(2,936,263)</u>
EXPENDITURE			
Management fee	4	(822,661)	(912,082)
Trustee's fee	5	(43,875)	(48,645)
Auditors' remuneration		(5,900)	(5,900)
Tax agent's fee		(4,100)	(2,950)
Transaction costs		(112,002)	(121,264)
Other expenses		(26,352)	(35,122)
		<u>(1,014,890)</u>	<u>(1,125,963)</u>
PROFIT/(LOSS) BEFORE TAXATION		644,090	(4,062,226)
Taxation	6	-	-
PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR		<u>644,090</u>	<u>(4,062,226)</u>
Profit/(loss) after taxation is made up as follows:			
Realised amount		358,333	(407,237)
Unrealised amount		285,757	(3,654,989)
		<u>644,090</u>	<u>(4,062,226)</u>
Distributions for the financial year:			
Net distributions	7	<u>2,872,818</u>	<u>4,940,800</u>
Net distributions per unit (sen)	7	<u>1.2000</u>	<u>2.0000</u>
Gross distributions per unit (sen)	7	<u>1.2000</u>	<u>2.0000</u>

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2023

	Note	2023 RM	2022 RM
ASSETS			
Cash and cash equivalents		2,747,101	4,482,502
Amount due from the Manager			
-creation of units		194	-
Dividends receivable		216,019	132,515
Financial assets at fair value through profit or loss ("FVTPL")	8	47,751,425	51,070,816
Tax recoverable		7,591	7,591
TOTAL ASSETS		<u>50,722,330</u>	<u>55,693,424</u>
LIABILITIES			
Amount due to the Manager			
-cancellation of units		-	11,871
-management fee		62,507	69,756
Amount due to the Trustee		3,334	3,721
Other payables and accruals		9,434	11,766
TOTAL LIABILITIES		<u>75,275</u>	<u>97,114</u>
NET ASSET VALUE OF THE FUND		<u>50,647,055</u>	<u>55,596,310</u>
EQUITY			
Unit holders' capital		54,041,686	57,416,038
Accumulated loss		(3,394,631)	(1,819,728)
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>50,647,055</u>	<u>55,596,310</u>
UNITS IN CIRCULATION (UNITS)	9	<u>235,327,283</u>	<u>247,215,023</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.2152</u>	<u>0.2249</u>

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

	Note	Unit holders' capital RM	Accumulated loss RM	Total RM
Balance as at 1 October 2022		57,416,038	(1,819,728)	55,596,310
Movement in net asset value:				
Creation of units from applications		1,805,384	-	1,805,384
Creation of units from distributions		2,805,973	-	2,805,973
Cancellation of units		(7,331,884)	-	(7,331,884)
Total comprehensive income for the financial year		-	644,090	644,090
Distributions for the financial year	7	(653,825)	(2,218,993)	(2,872,818)
Balance as at 30 September 2023		<u>54,041,686</u>	<u>(3,394,631)</u>	<u>50,647,055</u>
Balance as at 1 October 2021		62,414,043	5,090,264	67,504,307
Movement in net asset value:				
Creation of units from applications		1,524,368	-	1,524,368
Creation of units from distributions		4,814,120	-	4,814,120
Cancellation of units		(9,243,459)	-	(9,243,459)
Total comprehensive loss for the financial year		-	(4,062,226)	(4,062,226)
Distributions for the financial year	7	(2,093,034)	(2,847,766)	(4,940,800)
Balance as at 30 September 2022		<u>57,416,038</u>	<u>(1,819,728)</u>	<u>55,596,310</u>

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sales of financial assets at FVTPL	14,729,758	19,920,021
Purchase of financial assets at FVTPL	(12,434,524)	(10,660,945)
Interest income received from financial assets measured at amortised cost	92,646	51,514
Dividend income received	2,394,985	2,044,526
Management fee paid	(829,910)	(925,772)
Trustee's fee paid	(44,262)	(49,374)
Payment for other fees and expenses	(38,684)	(43,972)
Net cash generated from operating activities	<u>3,870,009</u>	<u>10,335,998</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	1,805,190	1,542,313
Payments for cancellation of units	(7,343,755)	(9,372,437)
Payments for distributions	(66,845)	(126,680)
Net cash used in financing activities	<u>(5,605,410)</u>	<u>(7,956,804)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,735,401)	2,379,194
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	<u>4,482,502</u>	<u>2,103,308</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	<u><u>2,747,101</u></u>	<u><u>4,482,502</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Hong Leong Consumer Products Sector Fund (“the Fund”) was constituted pursuant to the execution of a Deed dated 25 July 2000 and Supplemental Deeds dated 18 December 2000, 8 March 2004 and 30 April 2010 between the Manager, Hong Leong Asset Management Bhd, Universal Trustee (Malaysia) Berhad for the unit holders of the Fund. Universal Trustee (Malaysia) Berhad has been replaced with Deutsche Trustees Malaysia Berhad (“the Trustee”) effective 1 August 2013 and Supplemental Master Deeds were entered into between the Manager, the Trustee for the unit holders of the Fund on 30 May 2013, 25 March 2015, 21 June 2022 and 15 March 2023 to effect the change (“the Deeds”).

The Fund’s primary objective is to provide the Malaysian public with an affordable and flexible access into an investment portfolio that focuses solely on securities that are classified under the Bursa Malaysia Consumer Product sector. The Fund will aim to outperform the said sector’s benchmark index which is the Bursa Malaysia Consumer Products and Services Index, while assuming a risk level that matches that of the said sector.

The Fund will invest into a diversified portfolio of equities involved in the consumer product sector. The consumer product sector comprises companies that produce, manufacture and distribute materials or components into new products for consumer use. These companies include but are not limited to companies involved in the food, beverage, tobacco, household goods, fashion, apparel, footwear, textiles and automobiles industries. The Fund commenced operations on 29 August 2000 and will continue its operations until terminated as provided under Part 12 of the Deed.

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

The financial statements were authorised for issue by the Manager on 27 November 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

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

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

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

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

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

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

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

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

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

The amendment shall be applied retrospectively.

(b) Financial assets and financial liabilities

Classification

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

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

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flows characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents, amount due from the Manager and dividends receivable as financial assets measured at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

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

Recognition and measurement

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

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

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

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

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

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

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

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

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

Impairment

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of obligor's sources of income or assets to generate sufficient future cash flows to pay the amount. The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the financial year.

(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.

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is

applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

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

(e) Cash and cash equivalents

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

(f) Amount due from/to brokers/dealers

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

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

(g) Taxation

Current tax expense is determined according to Malaysian tax laws at the prevailing tax rate based on the taxable profit earned during the financial year. Withholding taxes are not “income tax” in nature and are recognised and measured based on the requirements of MFRS 137. They are presented within other expenses line in the statement of comprehensive income.

(h) Distributions

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

(i) Transaction costs

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

(j) Unit holders’ capital

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

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

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

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

(k) Critical accounting estimates and judgments in applying accounting policies

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

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

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

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

3. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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
2023			
<u>Financial assets</u>			
Cash and cash equivalents	-	2,747,101	2,747,101
Amount due from the Manager			
-creation of units	-	194	194
Dividends receivable	-	216,019	216,019
Financial assets at FVTPL (Note 8)	47,751,425	-	47,751,425
	<u>47,751,425</u>	<u>2,963,314</u>	<u>50,714,739</u>
<u>Financial liabilities</u>			
Amount due to the Manager			
-management fee	-	62,507	62,507
Amount due to the Trustee	-	3,334	3,334
Other payables and accruals	-	9,434	9,434
	<u>-</u>	<u>75,275</u>	<u>75,275</u>

	Financial assets at FVTPL RM	Financial assets/ liabilities at amortised cost RM	Total RM
2022			
<u>Financial assets</u>			
Cash and cash equivalents	-	4,482,502	4,482,502
Dividends receivable	-	132,515	132,515
Financial assets at FVTPL (Note 8)	51,070,816	-	51,070,816
	<u>51,070,816</u>	<u>4,615,017</u>	<u>55,685,833</u>
<u>Financial liabilities</u>			
Amount due to the Manager			
-cancellation of units	-	11,871	11,871
-management fee	-	69,756	69,756
Amount due to the Trustee	-	3,721	3,721
Other payables and accruals	-	11,766	11,766
	<u>-</u>	<u>97,114</u>	<u>97,114</u>

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

(a) Market risk

(i) Price risk

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

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

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

	2023	2022
	RM	RM
Financial assets at FVTPL:		
- Quoted equity securities	<u>47,751,425</u>	<u>51,070,816</u>

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

% Change in price of financial assets at FVTPL	Market value RM	Impact on profit/(loss) after taxation/net asset value RM
2023		
-5%	45,363,854	(2,387,571)
0%	47,751,425	-
5%	<u>50,138,996</u>	<u>2,387,571</u>
2022		
-5%	48,517,275	(2,553,541)
0%	51,070,816	-
5%	<u>53,624,357</u>	<u>2,553,541</u>

(ii) Interest rate risk

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

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

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

(b) Credit risk

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

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

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

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

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

	Cash and cash equivalents	Amount due from the Manager- creation of units	Dividends receivable	Total
	RM	RM	RM	RM
2023				
- AAA	2,612,843	-	-	2,612,843
- AA1	134,258	-	-	134,258
- NR	-	194	216,019	216,213
Total	<u>2,747,101</u>	<u>194</u>	<u>216,019</u>	<u>2,963,314</u>
2022				
- AAA	4,377,125	-	-	4,377,125
- AA1	105,377	-	-	105,377
- NR	-	-	132,515	132,515
Total	<u>4,482,502</u>	<u>-</u>	<u>132,515</u>	<u>4,615,017</u>

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

(c) Liquidity risk

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

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

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

	Less than 1 month RM	1 month to 1 year RM	Total RM
2023			
<u>Financial liabilities</u>			
Amount due to the Manager			
-management fee	62,507	-	62,507
Amount due to the Trustee	3,334	-	3,334
Other payables and accruals	-	9,434	9,434
Contractual cash out flows	65,841	9,434	75,275

2022

Financial liabilities

Amount due to the Manager			
-cancellation of units	11,871	-	11,871
-management fee	69,756	-	69,756
Amount due to the Trustee	3,721	-	3,721
Other payables and accruals	-	11,766	11,766
Contractual cash out flows	85,348	11,766	97,114

(d) Capital risk

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

(e) Fair value estimation

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

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

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

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

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

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

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

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

(i) Fair value hierarchy

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

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

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

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

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

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

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
2023				
<u>Financial assets at FVTPL:</u>				
- Quoted equity securities	47,751,425	-	-	47,751,425
2022				
<u>Financial assets at FVTPL:</u>				
- Quoted equity securities	51,070,816	-	-	51,070,816

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

- (ii) The carrying values of financial assets (other than financial assets at FVTPL) and 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 1.50% per annum calculated daily based on the net asset value of the Fund.

For the financial year ended 30 September 2023, the management fee is recognised at a rate of 1.50% (2022: 1.50%) per annum.

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

5. TRUSTEE'S FEE

In accordance with Division 13.2 of the Deed, the Trustee is entitled to a fee not exceeding 0.08% per annum calculated daily based on the net asset value of the Fund.

For the financial year ended 30 September 2023, the Trustee's fee is recognised at a rate of 0.08% (2022: 0.08%) per annum.

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

6. TAXATION

	2023 RM	2022 RM
Tax charge for the financial year:		
Current taxation	-	-

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

	2023 RM	2022 RM
Profit/(loss) before taxation	644,090	(4,062,226)
Taxation at Malaysian statutory rate of 24% (2022: 24%)	154,582	(974,934)
Tax effects of:		
(Investment income not subject to tax)/ investment loss disallowed from tax	(398,155)	704,703
Expenses not deductible for tax purposes	38,606	42,046
Restriction on tax deductible expenses for unit trust fund	204,967	228,185
Taxation	-	-

7. DISTRIBUTIONS

	2023 RM	2022 RM
Prior financial years' realised income	1,084,363	2,828,656
Interest income	74,760	9,666
Dividend income	1,870,420	284,597
Net gain on FVTPL	-	28,880
Distribution equalisation	653,825	2,093,034
Less: Expenses	(810,550)	(304,033)
Net distributions amount	2,872,818	4,940,800
Net distributions per unit (sen)	1.2000	2.0000
Gross distributions per unit (sen)	1.2000	2.0000

Date of Declaration

Distribution on 16/19 January

Net distribution per unit (sen)	0.5000	1.0000
Gross distribution per unit (sen)	0.5000	1.0000

Distribution on 20 July

Net distribution per unit (sen)	0.7000	1.0000
Gross distribution per unit (sen)	0.7000	1.0000

Net distributions above are sourced from prior and current financial year's realised income. Gross distributions are derived using total income less total expenses.

Gross distribution per unit is derived from net realised income less expenses divided by units in circulation, while net distribution per unit is derived from net realised income less expenses and taxation divided by units in circulation.

Distribution equalisation represents the average amount of distributable income included in the creation and cancellation prices of units. It is computed as at each date of creation and cancellation of units. For the purpose of determining amount available for distribution, distribution equalisation is included in the computation of distribution available for unit holders.

The above distributions have been proposed before taking into account the unrealised gain of RM285,757 (2022: unrealised loss of RM3,654,989) which is carried forward to the next financial year.

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

	2023	2022
	RM	RM
<u>Financial assets at FVTPL:</u>		
Quoted equity securities	47,751,425	51,070,816
<u>Net loss on financial assets at FVTPL:</u>		
Realised loss on disposals	(1,197,912)	(1,481,829)
Changes in unrealised fair values	285,757	(3,654,989)
	<u>(912,155)</u>	<u>(5,136,818)</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 EQUITY SECURITIES				
<u>Consumer Products & Services</u>				
Able Global Berhad	1,500,000	2,764,500	1,935,000	3.82
AEON Co. (M) Bhd	1,000,000	1,357,854	1,100,000	2.17
Berjaya Food Berhad	2,750,000	1,242,918	2,062,500	4.07
Bermaz Auto Berhad	1,000,000	2,316,758	2,490,000	4.92
Bonia Corporation Berhad	530,000	1,233,393	948,700	1.87
Carlsberg Brewery Malaysia Berhad	200,000	3,287,406	4,000,000	7.90
Formosa Prosonic Industries Berhad	600,000	2,079,730	1,662,000	3.28
Fraser & Neave Holdings Bhd	100,000	2,518,891	2,530,000	5.00
Genting Berhad	800,000	5,051,986	3,336,000	6.59
Genting Malaysia Berhad	1,100,000	3,210,035	2,750,000	5.43
Heineken Malaysia Berhad	160,000	2,551,300	3,891,200	7.68
Hong Leong Industries Bhd	200,000	1,069,657	1,778,000	3.51
Magni-Tech Industries Berhad	1,000,666	1,902,968	1,991,325	3.93
MBM Resources Berhad	400,000	1,601,439	1,476,000	2.91
MR D.I.Y. Group (M) Berhad	500,000	750,360	755,000	1.49
Nestle (Malaysia) Bhd	25,000	1,609,801	3,162,500	6.24
Padini Holdings Berhad	500,000	1,476,267	1,975,000	3.90
Panasonic Manufacturing Malaysia Berhad	120,000	2,697,025	2,296,800	4.54
Power Root Berhad	500,000	1,021,062	990,000	1.96
PPB Group Berhad	180,000	2,869,433	2,786,400	5.50
QL Resources Berhad	500,000	1,753,851	2,730,000	5.39
Sime Darby Berhad	500,000	1,073,343	1,105,000	2.18
TOTAL QUOTED EQUITY SECURITIES	14,165,666	45,439,977	47,751,425	94.28
UNREALISED GAIN ON FINANCIAL ASSETS AT FVTPL		2,311,448		
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL			47,751,425	

Financial assets at FVTPL as at 30 September 2022 are as detailed below:

	Quantity Units	Aggregate cost RM	Fair value RM	Percentage of net asset value %
QUOTED EQUITY SECURITIES				
<u>Consumer Products & Services</u>				
Able Global Berhad	1,500,000	2,764,500	2,025,000	3.64
Berjaya Food Berhad	2,750,000	1,242,918	2,378,750	4.28
Bermaz Auto Berhad	1,200,000	2,780,110	2,244,000	4.04
British American Tobacco (Malaysia) Berhad	200,000	2,848,279	2,052,000	3.69
Carlsberg Brewery Malaysia Berhad	230,000	3,780,517	5,175,000	9.31
Formosa Prosonic Industries Berhad	600,000	2,079,730	1,794,000	3.23
Fraser & Neave Holdings Bhd	110,000	2,780,399	2,376,000	4.27
Genting Berhad	1,050,000	6,630,731	4,704,000	8.46
Genting Malaysia Berhad	1,100,000	3,210,035	3,069,000	5.52
Heineken Malaysia Berhad	225,000	3,587,766	5,373,000	9.66
Hong Leong Industries Bhd	200,000	1,069,657	1,818,000	3.27
Magni-Tech Industries Berhad	1,000,666	1,902,968	1,751,166	3.15
MBM Resources Berhad	500,000	2,001,799	1,630,000	2.93
MR D.I.Y. Group (M) Berhad	750,000	1,970,679	1,477,500	2.66
Nestle (Malaysia) Bhd	35,000	2,253,722	4,567,500	8.21
Padini Holdings Berhad	550,000	1,623,894	1,732,500	3.12
Panasonic Manufacturing Malaysia Berhad	120,000	2,697,025	2,738,400	4.93
QL Resources Berhad	500,000	1,753,851	2,490,000	4.48
Senheng New Retail Berhad	2,500,000	2,066,545	1,675,000	3.01
TOTAL QUOTED EQUITY SECURITIES	15,120,666	49,045,125	51,070,816	91.86
UNREALISED GAIN ON FINANCIAL ASSETS AT FVTPL		2,025,691		
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL		51,070,816		

9. UNITS IN CIRCULATION

	2023	2022
	No. of units	No. of units
At the beginning of the financial year	247,215,023	258,404,813
Add: Creation of units during the financial year		
- Arising from applications	7,746,709	6,034,299
- Arising from distributions	12,616,375	21,034,747
Less: Cancellation of units during the financial year	<u>(32,250,824)</u>	<u>(38,258,836)</u>
At the end of the financial year	<u><u>235,327,283</u></u>	<u><u>247,215,023</u></u>

10. TOTAL EXPENSE RATIO (“TER”)

	2023	2022
	%	%
TER	<u><u>1.65</u></u>	<u><u>1.65</u></u>

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

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

Where;

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

The average net asset value of the Fund for the financial year calculated on a daily basis is RM54,834,233 (2022: RM60,794,877).

11. PORTFOLIO TURNOVER RATIO (“PTR”)

	2023 Times	2022 Times
PTR	0.26	0.26

PTR is derived from the following calculation:

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

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

Where:

total acquisitions for the financial year	= RM12,383,590 (2022: RM10,619,307)
total disposals for the financial year	= RM15,988,736 (2022: RM21,481,477)

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

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

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

No units were held by the Manager and parties related to the Manager as at 30 September 2023 and 30 September 2022.

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

	2023 RM	2022 RM
<u>Related party balances</u>		
Cash at bank:		
- Hong Leong Bank Berhad	2,612,843	4,377,125
<u>Related party transactions</u>		
Interest income from auto-sweep facility bank account:		
- Hong Leong Bank Berhad	90,887	50,459
Purchase of quoted equity securities:		
- Hong Leong Investment Bank Berhad	6,026,137	6,444,048
Disposal of quoted equity securities:		
- Hong Leong Investment Bank Berhad	2,064,043	6,339,843

13. TRANSACTIONS WITH BROKERS/DEALERS

Detail of transactions with brokers/dealers are as follows:

	Values of trade RM	Percentage of total trade %	Brokerage fees RM	Percentage of total brokerage fees %
2023				
Hong Leong Investment				
Bank Berhad*	8,090,180	29.78	20,186	29.71
RHB Investment Bank Berhad	3,640,795	13.40	9,131	13.44
Credit Suisse Securities (Malaysia)				
Sdn Bhd	2,883,173	10.61	7,189	10.58
Public Investment Bank Berhad	2,826,117	10.40	7,082	10.43
Nomura Securities Malaysia				
Sdn Bhd	2,403,261	8.85	6,029	8.88
Affin Hwang Investment				
Bank Berhad	1,770,002	6.52	4,433	6.53
JPMorgan Securities (Malaysia)				
Sdn Bhd	1,490,829	5.49	3,715	5.47
UOB Kay Hian Securities				
(Malaysia) Sdn Bhd	1,165,350	4.29	2,917	4.29
CGS-CIMB Securities Sdn Bhd	1,083,648	3.99	2,720	4.00
Maybank Investment Bank Bhd	754,633	2.78	1,883	2.77
Others	1,056,294	3.89	2,651	3.90
	<u>27,164,282</u>	<u>100.00</u>	<u>67,936</u>	<u>100.00</u>

	Values of trade RM	Percentage of total trade %	Brokerage fees RM	Percentage of total brokerage fees %
2022				
Hong Leong Investment Bank Berhad*	12,783,891	41.80	31,640	41.51
Affin Hwang Investment Bank Berhad	2,962,798	9.69	7,409	9.72
Nomura Securities Malaysia Sdn Bhd	2,623,631	8.58	6,574	8.62
RHB Investment Bank Berhad	2,550,146	8.34	6,394	8.39
Macquaire Capital Securities (Malaysia) Sdn Bhd	1,828,807	5.98	4,591	6.02
JPMorgan Securities (Malaysia) Sdn Bhd	1,622,543	5.30	4,068	5.34
Phillip Capital Sdn Bhd (formally know as Alliance Investment Bank Berhad)	1,437,896	4.70	3,608	4.73
Credit Suisse Securities (Malaysia) Sdn Bhd	1,366,714	4.47	3,422	4.49
Public Investment Bank Berhad	1,299,367	4.25	3,259	4.28
UOB Kay Hian Securities (Malaysia) Sdn Bhd	1,011,173	3.31	2,521	3.31
Others	1,094,000	3.58	2,738	3.59
	<u>30,580,966</u>	<u>100.00</u>	<u>76,224</u>	<u>100.00</u>

* Transactions with brokers/dealers related to the Manager.

The Manager is of the opinion that all transactions with the related companies have been entered into at agreed terms between the related parties.

Performance Data

A. (i) Portfolio Compositions: Consumer Products & Services Deposits & Cash Equivalents

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

B. Average Total Return, NAV Per Unit-to-NAV Per Unit basis (as at 30/09/2023)*

- (i) One year
- (ii) Three years
- (iii) Five years

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

Financial Year 30/09/2022- 30/09/2023 %	Financial Year 30/09/2021- 30/09/2022 %	Financial Year 30/09/2020- 30/09/2021 %
94.28	91.86	97.16
5.72	8.14	2.84
RM50,647,055	RM 55,596,310	RM67,504,307
RM0.2152	RM0.2249	RM0.2612
235,327,283	247,215,023	258,404,813
RM0.2462	RM0.2657	RM0.2911
RM0.2123	RM0.2238	RM0.2492
0.91%	-6.18%	7.60%
-4.31%	-13.90%	-2.90%
5.22%	7.72%	10.50%
0.9700 sen/unit	2.0000 sen/unit	0.7800 sen/unit
0.2300 sen/unit	0.0000 sen/unit	1.9810 sen/unit
1.2000 sen/unit	2.0000 sen/unit	2.7610 sen/unit
81%	100%	28%
19%	0%	72%
-	-	-
0.5000 sen/unit	1.0000 sen/unit	1.0000 sen/unit
0.5000 sen/unit	1.0000 sen/unit	0.9985 sen/unit
16/01/2023	19/01/2022	19/01/2021
RM0.2425	RM0.2445	RM0.2837
RM0.2375	RM0.2345	RM0.2737
-	-	-
0.7000 sen/unit	1.0000 sen/unit	1.7610 sen/unit
0.7000 sen/unit	1.0000 sen/unit	1.7544 sen/unit
20/07/2023	20/07/2022	19/07/2021
RM0.2201	RM0.2318	RM0.2726
RM0.2131	RM0.2218	RM0.2550
1.65%	1.65%	1.63%
0.26	0.26	0.30
0.91%		
0.62%		
-2.25%		

Corporate Information

Manager

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

Registered Office

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

Business Office

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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

Trustee

Deutsche Trustees Malaysia Berhad

Auditor

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146)

Distributors

Hong Leong Bank Berhad
Affin Bank Berhad
CIMB Investment Bank Berhad
HSBC Bank Malaysia Berhad
OCBC Bank (Malaysia) Berhad
Standard Chartered Bank Malaysia Berhad
United Overseas Bank (Malaysia) Berhad
Registered Independent Tied Agents with FiMM

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