

# Hong Leong Consumer Products Sector Fund

## Annual Report

Financial Year Ended 30 September 2024

2023/2024

Audited



# HONG LEONG CONSUMER PRODUCTS SECTOR FUND

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## Contents

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	Page
Manager's Review and Report	1-8
Statement by the Manager	9
Trustee's Report	10
Independent Auditors' Report	11-14
Statement of Comprehensive Income	15
Statement of Financial Position	16
Statement of Changes in Equity	17
Statement of Cash Flows	18
Notes to the Financial Statements	19-46
Performance Data	47-48
Corporate Information	49
Corporate Directory	50

# Manager’s Review and Report

## I. FUND INFORMATION

### Fund Name

Hong Leong Consumer Products Sector Fund (“HLCPSF” or “the 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 and Services Index

### Distribution Policy

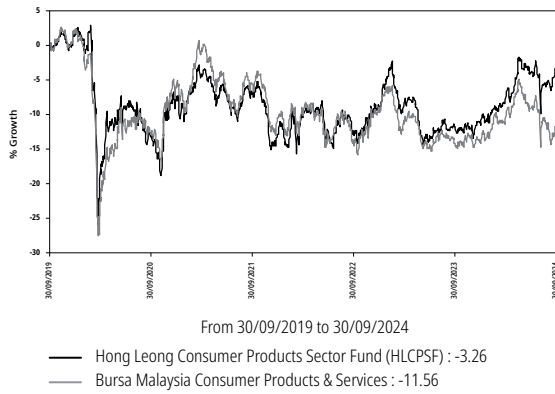
The Fund intends to provide Unit holders with long-term capital growth. As such, income distribution will be incidental to the overall capital growth objective. A substantial portion of the income returns from investments will be reinvested. The Fund may declare distributions in the form of additional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

Note:

\* Unit holders may purchase Units in the Fund at a minimum initial investment amount from as low as RM100, subject to sales charge.

## II. FUND PERFORMANCE

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



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.

**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 2023 to 30 September 2024.

The Fund posted a return of 9.61% (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 3.12%. During the financial year under review, the Fund had distributed gross income distributions of 0.10 sen per unit (net income distribution of 0.10 sen per unit) on 26 January 2024 and 22 July 2024. Prior to the income distributions, the cum-distribution Net Asset Value (NAV) per unit of the Fund was RM0.2173 and RM0.2348 while the ex-distribution NAV per unit was RM0.2163 and RM0.2338. 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 2024, the Fund registered a return of -3.26% compared to the benchmark's return of -11.56% while distributing a total gross income of 8.9110 sen per unit (net income of 8.8987 sen per unit).

**Table 1: Performance of the Fund for the following periods as at 30 September 2024 (Source: Lipper for Investment Management)**

	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years	Since Launch
<b>HLCPSF Return (%)</b>	0.77	5.67	9.61	3.78	-3.26	40.30	513.28
<b>Benchmark (%)</b>	-2.58	-0.22	3.12	-6.00	-11.56	-4.23	240.74

**Table 2: Return of the Fund based on NAV Per Unit-to-NAV Per Unit basis for the period 30 September 2023 to 30 September 2024 (Source: Lipper for Investment Management)**

	30-Sep-24	30-Sep-23	Return (%)
NAV Per Unit	RM0.2338	RM0.2152	9.61#
Benchmark	569.85	552.62	3.12
<b>vs Benchmark (%)</b>	-	-	6.49

# Return is calculated after adjusting for income distributions during the financial year under review.

**Table 3: Financial Highlights**

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

	30-Sep-24 (RM)	30-Sep-23 (RM)	Change (%)
Unit Holders' Capital	<b>43,032,367</b>	54,041,686	(20.37)
Retained Earnings/ (Accumulated Loss)	<b>703,048</b>	(3,394,631)	120.71
<b>Net Asset Value</b>	<b>43,735,415</b>	50,647,055	(13.65)
<b>Units in Circulation</b>	<b>187,052,601</b>	235,327,283	(20.51)

**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 ended 30 September**

	Financial Year 2024	Financial Year 2023	Financial Year 2022
Highest NAV Per Unit (RM)	0.2386	0.2462	0.2657
Lowest NAV Per Unit (RM)	0.2111	0.2123	0.2238
Capital Growth (%)	8.64	-4.31	-13.90
Income Distribution (%)	0.97	5.22	7.72
<b>Total Return (%)</b>	<b>9.61</b>	<b>0.91</b>	<b>-6.18</b>

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 for the financial year ended 30 September 2024**

	1 Year	3 Years	5 Years
Average Total Return (%)	9.61	1.26	-0.65

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 for the financial years ended 30 September**

Financial Year	2024	2023	2022	2021	2020
Annual Total Return (%)	9.61	0.91	-6.18	7.60	-13.36

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 2023 to September 2024

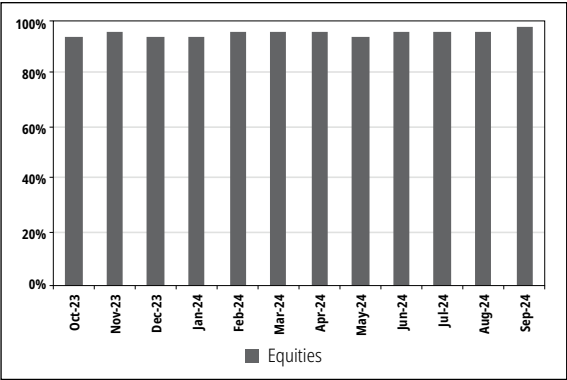
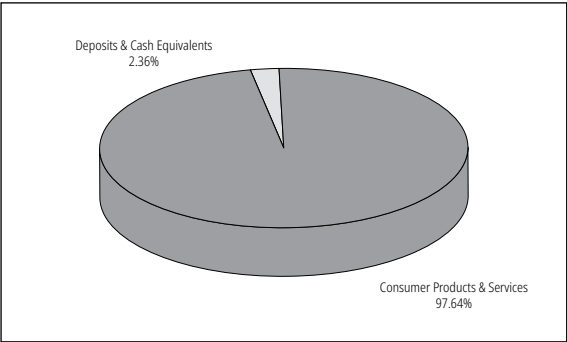


Chart 3: Sector Allocation as at 30 September 2024



**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 could benefit from resilient local consumption as well as recovery of foreign 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 97.6% as of 30 September 2024, which is slightly higher than investment level of 95% 12 months ago, as the Fund took the opportunity on market weakness to position into quality consumer companies.

**Operational review of the Fund**

The 3rd Supplemental Hong Leong Master Prospectus dated 19 August 2024 was issued during the financial year under review to reflect various changes made to the Fund. Kindly refer to [www.hlam.com.my](http://www.hlam.com.my) for the full list of changes made to the Fund.

IV. MARKET REVIEW

During the financial year under review, the MSCI AC Asia Pacific Ex Japan Index increased 26.3%. The best performing markets were Taiwan and India while the laggards were Thailand and China. In the local market, the FTSE Bursa Malaysia (FBM) KLCI rose 16.2%. Small caps underperformed as the FBM Small Cap Index rose only 8.0%.

The Malaysia market outperformed peers in the third quarter of 2023 as investors seek shelter in defensive equity markets during the prevailing risk-off sentiment. The conclusion of the state elections also removed some degree of political uncertainty while the launch of the Madani economy by the Prime Minister also provided a boost to investor sentiment in the local market.

Although the FBM KLCI posted a positive return, it was a quiet fourth quarter for the Malaysia market in comparison to other global peers as investors, particularly foreign investors, appeared to find more urgency to cover their underweight in developed markets before deploying cash in emerging markets.

In the first quarter of 2024, Malaysia started strongly, leading the ASEAN market with Artificial Intelligence (AI) related names performing well. This was further reinforced by the signing of a memorandum of understanding between Malaysia and Singapore to form the Johor-Singapore special economic zone. While foreign interest was evident, it did not translate into real flows as Malaysia recorded a net foreign outflow during the quarter.

Trading value in Malaysia was elevated in the second quarter of 2024, reaching values not seen since May 2021 during the COVID-19 lockdown. AI continued to drive the markets, spilling over to the construction sector, which is seen to benefit from the Data Centre (DC) driven boom. The Malaysian index was one of the best performers year-to-date (YTD) in ASEAN.

The third quarter started strongly for the Malaysian market as the construction sector remained in favour due to the DC driven jobs. August saw global markets correct sharply due to the Japanese Yen (JPY) carry trade unwind, and Malaysia was not spared. The markets broadly rebounded over the month with financials leading as better-than-expected Gross Domestic Product (GDP) data saw fund flows into banks. However, the domestic equity market generally saw weaker volumes as interest shifted towards China and Hong Kong.

## **V. FUTURE PROSPECTS AND PROPOSED STRATEGIES**

We expect investor sentiment to be cautious leading up to the United States (US) presidential elections. The Federal Reserve (Fed) has started cutting rates by 50 basis points (bps) in September 2024 and is expected to continue doing so in the foreseeable future. Economic data will be monitored closely for any sustained weakness. Over in China, it appears that long awaited stimulus measures by the government have started to take place, although it remains unclear whether it will be enough to kickstart the Chinese economy again. With inflation expected to be at benign levels for the year, it is encouraging to know that global central banks will have the flexibility to ease monetary policy to support the economy should the need arises.

We expect the local market to also gain some interest among foreign investors who are looking to have exposure in the emerging market space as the 'risk-on' sentiment prevails. Prevailing themes such as the AI and DC driven capex investments and the Johor-Singapore Special Economic Zone continue to put the spotlight on Malaysia. However, the recent sharp appreciation of the Ringgit warrants some caution on export related stocks.

As the economic outlook is still fraught with uncertainty, we expect investors to remain cautious. We opine the best strategy to navigate through this challenging environment is through bottom-up stock picking and remain invested in high quality companies.

## **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, Chue Kwok Yan, 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 15 to 46 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 2024 and of its financial performance, changes in equity and cash flows for the financial year ended 30 September 2024 in accordance with the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

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

**CHUE KWOK YAN**  
Chief Executive Officer/Executive Director

Kuala Lumpur  
22 November 2024

# 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 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Hong Leong Asset Management Bhd has operated and managed the Fund during the 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

Kuala Lumpur  
22 November 2024

**Sylvia Beh**  
Chief Executive Officer

# 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 2024, 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 2024, 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 material accounting policy information, as set out on pages 15 to 46.

#### 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 determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

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



### Auditors' responsibilities for the audit of the financial statements

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

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

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

(d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

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

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

### OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

Kuala Lumpur  
22 November 2024

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2024

	Note	2024 RM	2023 RM
<b>INVESTMENT INCOME</b>			
Interest income from financial assets			
measured at amortised cost		72,794	92,646
Dividend income		2,089,818	2,478,489
Net gain/(loss) on financial assets at fair value through profit or loss ("FVTPL")	8	3,244,542	(912,155)
		<u>5,407,154</u>	<u>1,658,980</u>
<b>EXPENDITURE</b>			
Management fee	4	(741,232)	(822,661)
Trustee's fee	5	(39,532)	(43,875)
Auditors' remuneration		(6,900)	(5,900)
Tax agent's fee		(3,410)	(4,100)
Transaction costs		(53,232)	(112,002)
Other expenses		(28,500)	(26,352)
		<u>(872,806)</u>	<u>(1,014,890)</u>
<b>PROFIT BEFORE TAXATION</b>		4,534,348	644,090
Taxation	6	-	-
<b>PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>		<u>4,534,348</u>	<u>644,090</u>
Profit after taxation is made up as follows:			
Realised amount		1,640,476	358,333
Unrealised amount		2,893,872	285,757
		<u>4,534,348</u>	<u>644,090</u>
Distributions for the financial year:			
Net distributions	7	436,669	2,872,818
Net distributions per unit (sen)	7	0.2000	1.2000
Gross distributions per unit (sen)	7	0.2000	1.2000

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

## STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2024

	Note	2024 RM	2023 RM
<b>ASSETS</b>			
Cash and cash equivalents		912,015	2,747,101
Amount due from the Manager			
-creation of units		-	194
Dividends receivable		204,533	216,019
Financial assets at FVTPL	8	42,703,685	47,751,425
Tax recoverable		7,591	7,591
<b>TOTAL ASSETS</b>		<u>43,827,824</u>	<u>50,722,330</u>
<b>LIABILITIES</b>			
Amount due to the Manager			
-cancellation of units		24,867	-
-management fee		53,972	62,507
Amount due to the Trustee		2,878	3,334
Other payables and accruals		10,692	9,434
<b>TOTAL LIABILITIES</b>		<u>92,409</u>	<u>75,275</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>43,735,415</u>	<u>50,647,055</u>
<b>EQUITY</b>			
Unit holders' capital		43,032,367	54,041,686
Retained earnings/(accumulated loss)		703,048	(3,394,631)
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>43,735,415</u>	<u>50,647,055</u>
<b>UNITS IN CIRCULATION (UNITS)</b>	9	<u>187,052,601</u>	<u>235,327,283</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.2338</u>	<u>0.2152</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 2024

Note	Unit holders' capital RM	Retained earnings/ (accumulated loss) RM	Total RM
Balance as at 1 October 2023	54,041,686	(3,394,631)	50,647,055
Movement in net asset value:			
Creation of units from applications	1,081,165	-	1,081,165
Creation of units from distributions	428,249	-	428,249
Cancellation of units	(12,518,733)	-	(12,518,733)
Total comprehensive income for the financial year	-	4,534,348	4,534,348
Distributions for the financial year 7	-	(436,669)	(436,669)
Balance as at 30 September 2024	43,032,367	703,048	43,735,415
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	54,041,686	(3,394,631)	50,647,055

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 2024

	2024 RM	2023 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from sales of financial assets at FVTPL	11,131,521	14,729,758
Purchase of financial assets at FVTPL	(2,892,471)	(12,434,524)
Interest income received from financial assets measured at amortised cost	72,794	92,646
Dividend income received	2,101,304	2,394,985
Management fee paid	(749,767)	(829,910)
Trustee's fee paid	(39,988)	(44,262)
Payment for other fees and expenses	(37,552)	(38,684)
Net cash generated from operating activities	9,585,841	3,870,009
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	1,081,359	1,805,190
Payments for cancellation of units	(12,493,866)	(7,343,755)
Payments for distributions	(8,420)	(66,845)
Net cash used in financing activities	(11,420,927)	(5,605,410)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(1,835,086)	(1,735,401)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	2,747,101	4,482,502
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	912,015	2,747,101

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 2024

### 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 Hong Leong Asset Management Bhd ("the Manager"), 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 and the Trustee for the unit holders of the Fund on 30 May 2013, 25 March 2015, 21 June 2022, 15 March 2023 and 13 February 2024 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 Deeds.

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

The financial statements were authorised for issue by the Manager on 22 November 2024.

### 2. MATERIAL ACCOUNTING POLICY INFORMATION

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

#### (a) Basis of preparation

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

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

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

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

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

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 October 2023 that have a material effect on the financial statements of the Fund.

- (ii) New standards, amendment and interpretations effective after 1 October 2023 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 2023. 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.

**(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 judgements in applying accounting policies**

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

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

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

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

**3. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

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



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

	Financial assets at FVTPL RM	Financial assets/ liabilities at amortised cost RM	Total RM
<b>2024</b>			
<u>Financial assets</u>			
Cash and cash equivalents	-	912,015	912,015
Dividends receivable	-	204,533	204,533
Financial assets at FVTPL (Note 8)	42,703,685	-	42,703,685
	<u>42,703,685</u>	<u>1,116,548</u>	<u>43,820,233</u>
<u>Financial liabilities</u>			
Amount due to the Manager			
-cancellation of units	-	24,867	24,867
-management fee	-	53,972	53,972
Amount due to the Trustee	-	2,878	2,878
Other payables and accruals	-	10,692	10,692
	<u>-</u>	<u>92,409</u>	<u>92,409</u>
<b>2023</b>			
<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>

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:

	2024 RM	2023 RM
Financial assets at FVTPL:		
- Quoted equity securities	<u>42,703,685</u>	<u>47,751,425</u>

The table below summarises the sensitivity of the Fund's net asset value and profit 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.

<b>% Change in price of financial assets at FVTPL</b>	<b>Market value RM</b>	<b>Impact on profit after taxation/net asset value RM</b>
<b>2024</b>		
-5%	40,568,501	(2,135,184)
0%	42,703,685	-
5%	44,838,869	2,135,184
<b>2023</b>		
-5%	45,363,854	(2,387,571)
0%	47,751,425	-
5%	50,138,996	2,387,571

## (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.

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

	<b>Cash and cash equivalents RM</b>	<b>Amount due from the Manager-creation of units RM</b>	<b>Dividends receivable RM</b>	<b>Total RM</b>
<b>2024</b>				
- AAA	912,015	-	-	912,015
- NR	-	-	204,533	204,533
<b>Total</b>	912,015	-	204,533	1,116,548
<b>2023</b>				
- AAA	2,612,843	-	-	2,612,843
- AA1	134,258	-	-	134,258
- NR	-	194	216,019	216,213
<b>Total</b>	2,747,101	194	216,019	2,963,314

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
<b>2024</b>			
<u>Financial liabilities</u>			
Amount due to the Manager			
-cancellation of units	24,867	-	24,867
-management fee	53,972	-	53,972
Amount due to the Trustee	2,878	-	2,878
Other payables and accruals	-	10,692	10,692
Contractual cash out flows	81,717	10,692	92,409
<b>2023</b>			
<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

### (d) Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital and retained earnings/(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 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
<b>2024</b>				
<u>Financial assets at FVTPL:</u>				
- Quoted equity securities	42,703,685	-	-	42,703,685
<b>2023</b>				
<u>Financial assets at FVTPL:</u>				
- Quoted equity securities	47,751,425	-	-	47,751,425

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 Deeds, 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 2024, the management fee is recognised at a rate of 1.50% (2023: 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 Deeds, 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 2024, the Trustee's fee is recognised at a rate of 0.08% (2023: 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

	2024 RM	2023 RM
Tax charge for the financial year:		
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:

	2024 RM	2023 RM
Profit before taxation	4,534,348	644,090
Taxation at Malaysian statutory rate of 24% (2023: 24%)	1,088,244	154,582
Tax effects of:		
Investment income not subject to tax	(1,297,717)	(398,155)
Expenses not deductible for tax purposes	23,250	38,606
Restriction on tax deductible expenses for unit trust fund	186,223	204,967
Taxation	-	-

## 7. DISTRIBUTIONS

Distributions to unit holders are derived from the following sources:

	2024 RM	2023 RM
Prior financial years' realised income	228,879	1,084,363
Interest income	63,150	74,760
Dividend income	258,925	1,870,420
Distribution equalisation	-	653,825
Less: Expenses	(114,285)	(810,550)
Net distributions amount	436,669	2,872,818
Gross/net distribution per unit (sen)	0.2000	1.2000

### Date of Declaration

#### 26 January 2024 / 16 January 2023

Gross/net distribution per unit (sen)	0.1000	0.5000
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#### 22 July 2024 / 20 July 2023

Gross/net distribution per unit (sen)	0.1000	0.7000
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The composition of distribution payments sourced from income and capital are disclosed in below:

	Income RM	%	Capital RM	%
2024	436,669	100.00	-	-
2023	2,872,818	100.00	-	-

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.

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

	2024 RM	2023 RM
Financial assets at FVTPL:		
Quoted equity securities	42,703,685	47,751,425
Net gain/(loss) on financial assets at FVTPL:		
Realised gain/(loss) on disposals	350,670	(1,197,912)
Changes in unrealised fair values	2,893,872	285,757
	3,244,542	(912,155)

Financial assets at FVTPL as at 30 September 2024 are as detailed below:

	Quantity Units	Aggregate cost RM	Fair value RM	Percentage of net asset value %
<b>QUOTED EQUITY SECURITIES</b>				
<u>Consumer Products &amp; Services</u>				
Able Global Berhad	500,000	921,500	1,000,000	2.29
AEON Co. (M) Berhad	1,000,000	1,357,855	1,520,000	3.48
Bermaz Auto Berhad	650,000	1,505,893	1,456,000	3.33
Bonia Corporation Berhad	430,000	1,000,677	675,100	1.54
CAB Cakaran Corporation Berhad	1,900,000	1,488,240	1,197,000	2.74
Carlsberg Brewery Malaysia Berhad	180,000	2,958,665	3,542,400	8.10
Formosa Prosonic Industries Berhad	600,000	2,079,730	1,704,000	3.90
Fraser & Neave Holdings Berhad	100,000	2,518,891	3,122,000	7.14
Genting Berhad	650,000	4,104,738	2,749,500	6.29
Genting Malaysia Berhad	1,100,000	3,210,035	2,662,000	6.09
Heineken Malaysia Berhad	150,000	2,391,844	3,504,000	8.01
Hong Leong Industries Berhad	200,000	1,069,657	2,748,000	6.28
Magni-Tech Industries Berhad	800,666	1,522,628	2,025,685	4.63
MBM Resources Berhad	400,000	1,601,439	2,356,000	5.39
MR D.I.Y. Group (M) Berhad	700,000	1,090,740	1,484,000	3.39
Nestle (Malaysia) Berhad	25,000	1,609,801	2,600,000	5.94
Padini Holdings Berhad	450,000	1,328,640	1,602,000	3.66
Power Root Berhad	500,000	1,021,062	705,000	1.61
PPB Group Berhad	200,000	3,137,864	2,892,000	6.61
QL Resources Berhad	675,000	1,578,466	3,159,000	7.22
<b>TOTAL QUOTED EQUITY SECURITIES</b>	<b>11,210,666</b>	<b>37,498,365</b>	<b>42,703,685</b>	<b>97.64</b>
<b>UNREALISED GAIN ON FINANCIAL ASSETS AT FVTPL</b>		<b>5,205,320</b>		
<b>TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL</b>		<b>42,703,685</b>		

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 %
<b>QUOTED EQUITY SECURITIES</b>				
<u>Consumer Products &amp; Services</u>				
Able Global Berhad	1,500,000	2,764,500	1,935,000	3.82
AEON Co. (M) Berhad	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 Berhad	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 Berhad	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) Berhad	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
<b>TOTAL QUOTED EQUITY SECURITIES</b>	<b>14,165,666</b>	<b>45,439,977</b>	<b>47,751,425</b>	<b>94.28</b>
<b>UNREALISED GAIN ON FINANCIAL ASSETS AT FVTPL</b>		<b>2,311,448</b>		
<b>TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL</b>		<b>47,751,425</b>		

## 9. UNITS IN CIRCULATION

	2024 No. of units	2023 No. of units
At the beginning of the financial year	235,327,283	247,215,023
Add: Creation of units during the financial year		
- Arising from applications	4,988,274	7,746,709
- Arising from distributions	1,900,018	12,616,375
Less: Cancellation of units during the financial year	(55,162,974)	(32,250,824)
At the end of the financial year	187,052,601	235,327,283

## 10. TOTAL EXPENSE RATIO ("TER")

	2024 %	2023 %
TER	1.66	1.65

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:

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

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 RM49,383,232 (2023: RM54,834,233).

## 11. PORTFOLIO TURNOVER RATIO ("PTR")

	2024 Times	2023 Times
PTR	0.14	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  
= RM2,881,517 (2023: RM12,383,590)

total disposals for the financial year  
= RM10,823,130 (2023: RM15,988,736)

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

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

Related parties	Relationships
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 2024 and 30 September 2023.



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

	2024 RM	2023 RM
<u>Related party balances</u>		
Cash at bank:		
- Hong Leong Bank Berhad	632,230	2,612,843
<u>Related party transactions</u>		
Interest income from auto-sweep facility bank account:		
- Hong Leong Bank Berhad	72,641	90,887
Purchase of quoted equity securities:		
- Hong Leong Investment Bank Berhad	1,208,597	6,026,137
Disposal of quoted equity securities:		
- Hong Leong Investment Bank Berhad	3,978,157	2,064,043

### 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 %
<b>2024</b>				
Hong Leong Investment Bank Berhad*	5,186,754	36.99	12,993	36.98
JPMorgan Securities (Malaysia) Sdn Bhd	2,596,615	18.52	6,516	18.54
Phillip Capital Sdn Bhd	1,924,154	13.72	4,829	13.74
Citigroup Global Markets Malaysia Sdn Bhd	943,257	6.73	2,355	6.70
RHB Investment Bank Berhad	934,455	6.66	2,331	6.63
UOB Kay Hian Securities (M) Sdn Bhd	867,716	6.19	2,177	6.20
Maybank Investment Bank Berhad	513,565	3.66	1,289	3.67
Affin Hwang Investment Bank Berhad	401,747	2.86	1,008	2.87
CLSA Securities Malaysia Sdn Bhd	355,314	2.53	892	2.54
Nomura Securities Malaysia Sdn Bhd	300,416	2.14	748	2.13
	14,023,993	100.00	35,138	100.00

	Values of trade RM	Percentage of total trade %	Brokerage fees RM	Percentage of total brokerage fees %
<b>2023</b>				
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 Berhad	754,633	2.78	1,883	2.77
Others	1,056,294	3.89	2,651	3.90
	27,164,282	100.00	67,936	100.00

\* 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

for the Financial Years Ended 30 September

		Financial Year 2024 %	Financial Year 2023 %	Financial Year 2022 %
<b>A.</b>	<b>(i) Portfolio Compositions:</b>			
	Consumer Products & Services	97.64	94.28	91.86
	Deposits & Cash Equivalents	2.36	5.72	8.14
	<b>(ii) Total Net Asset Value</b> (ex-distribution)	<b>RM43,735,415</b>	RM50,647,055	RM55,596,310
	<b>(iii) Net Asset Value Per Unit</b> (ex-distribution)	<b>RM0.2338</b>	RM0.2152	RM0.2249
	<b>Units in Circulation</b> (ex-distribution)	<b>187,052,601</b>	235,327,283	247,215,023
	<b>(iv) Highest/Lowest NAV Per Unit</b>	<b>RM0.2386</b>	RM0.2462	RM0.2657
	(ex-distribution)	(ex-distribution)	(ex-distribution)	(ex-distribution)
	Highest NAV Per Unit	RM0.2111	RM0.2123	RM0.2238
	Lowest NAV Per Unit			
	<b>(v) Total Return of the Fund*</b>	<b>9.61%</b>	0.91%	-6.18%
	- Capital Growth	<b>8.64%</b>	-4.31%	-13.90%
	- Income Distribution	<b>0.97%</b>	5.22%	7.72%
	<b>(vi) The distribution (gross) is made out of:-</b>			
	- The Fund's Capital	<b>0.0000 sen/unit</b>	0.9700 sen/unit	2.0000 sen/unit
	- The Fund's Income	<b>0.2000 sen/unit</b>	0.2300 sen/unit	0.0000 sen/unit
	- Total Distribution Amount	<b>0.2000 sen/unit</b>	1.2000 sen/unit	2.0000 sen/unit
	- The Fund's Capital (% of Total Distribution Amount)	<b>0%</b>	81%	100%
	- The Fund's Income (% of Total Distribution Amount)	<b>100%</b>	19%	0%
	<b>(vii) Distribution Per Unit</b>			
	Additional Units	—	—	—
	Distribution (Gross)	<b>0.1000 sen/unit</b>	0.5000 sen/unit	1.0000 sen/unit
	Distribution (Net)	<b>0.1000 sen/unit</b>	0.5000 sen/unit	1.0000 sen/unit
	Distribution Date	<b>26/01/2024</b>	16/01/2023	19/01/2022
	Cum-Distribution NAV/Unit	<b>RM0.2173</b>	RM0.2425	RM0.2445
	Ex-Distribution NAV/Unit	<b>RM0.2163</b>	RM0.2375	RM0.2345
	Additional Units	—	—	—
	Distribution (Gross)	<b>0.1000 sen/unit</b>	0.7000 sen/unit	1.0000 sen/unit
	Distribution (Net)	<b>0.1000 sen/unit</b>	0.7000 sen/unit	1.0000 sen/unit
	Distribution Date	<b>22/07/2024</b>	20/07/2023	20/07/2022
	Cum-Distribution NAV/Unit	<b>RM0.2348</b>	RM0.2201	RM0.2318
	Ex-Distribution NAV/Unit	<b>RM0.2338</b>	RM0.2131	RM0.2218
	<b>(viii) Total Expense Ratio (TER)</b>	<b>1.66%</b>	1.65%	1.65%
	<b>(ix) Portfolio Turnover Ratio (PTR) (times)</b>	<b>0.14#</b>	0.26	0.26
<b>B.</b>	<b>Average Total Return, NAV Per Unit-to-NAV Per Unit basis</b>			
	<b>(as at 30/09/2024)*</b>			
	(i) One year	<b>9.61%</b>		
	(ii) Three years	<b>1.26%</b>		
	(iii) Five years	<b>-0.65%</b>		

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

# The PTR decreased by 0.12 times (46.15%) to 0.14 times for the financial year ended 30 September 2024 versus 0.26 times for the financial year ended 30 September 2023 mainly due to lower level of rebalancing activities undertaken by the Fund.

## Corporate Information

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### Manager

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

### Registered Office

Level 30, Menara Hong Leong  
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Bukit Damansara  
50490 Kuala Lumpur

### Business Office

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Bukit Damansara  
50490 Kuala Lumpur

### 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

### 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

## Corporate Directory

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