

Hong Leong Balanced Fund

Annual Report

Financial Year Ended 30 June 2023

2022/2023

Audited



Hong Leong Balanced Fund

Contents

	Page
Manager’s Review and Report	1-11
Statement by the Manager	12
Trustee’s Report	13
Independent Auditors’ Report	14-17
Statement of Comprehensive Income	18
Statement of Financial Position	19
Statement of Changes in Equity	20
Statement of Cash Flows	21
Notes to the Financial Statements	22-61
Performance Data	62-65
Corporate Information	66
Corporate Directory	67

Manager’s Review and Report

I. FUND INFORMATION

Fund Name

Hong Leong Balanced Fund

Fund Category

Balanced

Fund Type

Growth & Income

Investment Objective

To achieve regular income* and consistent capital growth over the Medium-To-Long Term** by investing in a diversified investment portfolio containing a balanced mixture of equities and fixed income securities.

Duration of the Fund and its termination date, where applicable

Not Applicable

Benchmark

3-Month KLIBOR Rate (40% weightage) and the FTSE Bursa Malaysia KLCI (60% weightage)

Distribution Policy

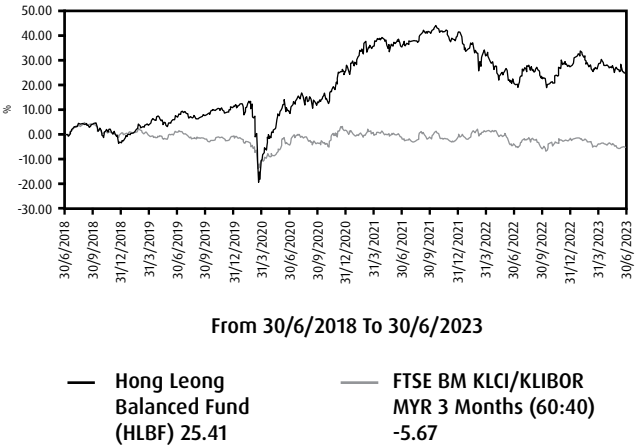
The Fund intends to provide regular income* and consistent Long-Term*** capital growth. As such, regular income returns will be declared on a best effort basis, depending on interest rates, market conditions and the performance of the Fund.

Notes:

- * The Fund’s main focus is on income and to a lesser extent, capital growth. Income may be distributed in the form of cash and/or Units
- ** Medium-To-Long Term refers to a period of 3 to 5 years
- *** Long-Term refers to a period of above 5 years.

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 HLBF 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 years from 1 July 2022 to 30 June 2023.

The Fund posted a return of 3.31% (based on NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from the Fund reinvested) in the past six months while its benchmark the FTSE Bursa Malaysia KLCI+3-Month KLIBOR Rate (60:40) registered a return of -1.41%. During the financial year under review, the Fund had distributed 12 times of income distributions to its unit holders. Unit holders should note that income distributions have the effect of reducing the Net Asset Value

(NAV) of the Fund after distributions. For a full description of the income distributions, cum-distributions and ex-distributions NAV per unit of the Fund, kindly refer to section entitled 'Performance Data' at page 62-65.

For the five financial years ended 30 June 2023, the Fund posted a return of 25.41% compared to the benchmark's return of -5.67% while distributing a total gross income of 16.3500 sen per unit (net income of 16.2555 sen per unit).

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

	31/03/23- 30/06/23	31/12/22- 30/06/23	30/06/22- 30/06/23	30/06/20- 30/06/23	30/06/18- 30/06/23	30/06/13- 30/06/23	29/04/02- 30/06/23
	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years	Since Launch
HLBF (%)	-2.06	-2.26	3.31	14.82	25.41	63.95	300.09
Benchmark (%)	-1.60	-4.14	-1.41	-1.77	-5.67	-1.16	88.28

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

	30-Jun-23	30-Jun-22	Return (%)
NAV Per Unit	RM0.4454	RM0.4601	3.31#
Benchmark	364.52	369.74	-1.41
vs Benchmark (%)	-	-	4.72

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-Jun-23 (RM)	30-Jun-22 (RM)	Change (%)
Unit Holders' Capital	1,185,477,564	1,177,938,236	0.64
Accumulated Loss	(65,286,364)	(75,802,857)	13.87
Net Asset Value	1,120,191,200	1,102,135,379	1.64
Units in Circulation	2,514,755,700	2,395,240,882	4.99

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 30/06/22– 30/06/23	Financial Year 30/06/21– 30/06/22	Financial Year 30/06/20– 30/06/21
Highest NAV Per Unit (RM)	0.4875	0.5702	0.5664
Lowest NAV Per Unit (RM)	0.4412	0.4585	0.4610
Capital Growth (%)	-3.19	-15.83	19.08
Income Distribution (%)	6.50	4.92	5.67
Total Return (%)	3.31	-10.91	24.75

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 HLBF reinvested.

Table 5: Average Total Return of the Fund

	30/06/22– 30/06/23 1 Year	30/06/20– 30/06/23 3 Years	30/06/18– 30/06/23 5 Years
Average Total Return (%)	3.31	4.94	5.08

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 HLBF reinvested.

Table 6: Annual Total Return of the Fund

Financial Year	30/06/22– 30/06/23	30/06/21– 30/06/22	30/06/20– 30/06/21	30/06/19– 30/06/20	30/06/18– 30/06/19
Annual Total Return (%)	3.31	-10.91	24.75	1.82	7.27

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 HLBF reinvested.

III. INVESTMENT PORTFOLIO

Chart 2: Asset Allocation - July 2022 to June 2023

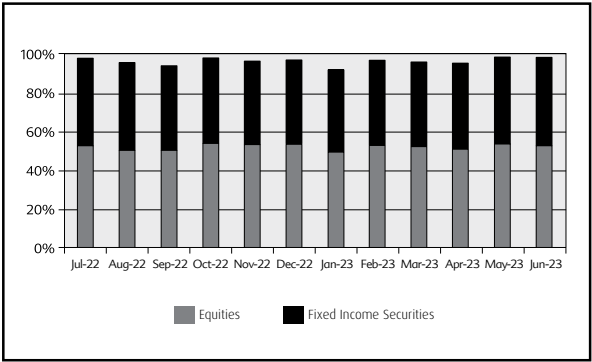
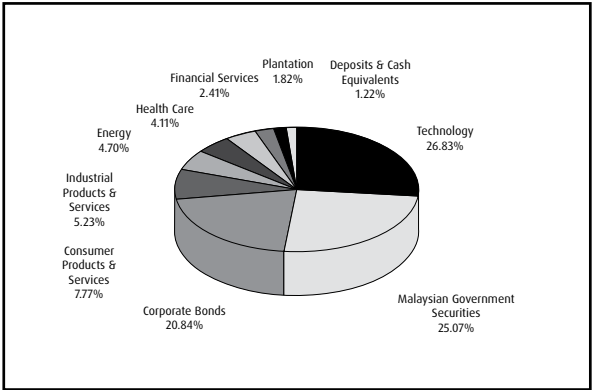


Chart 3: Sector Allocation as at 30 June 2023



Strategies employed by the Fund during the period under review

During the financial year under review, the Fund's equity portion remains fully invested. The Fund took advantage of the market correction to increase its exposure to the technology sector as the sector was particularly hit hard by weak market sentiment and gloomy market outlook. Another notable change in sector allocation was the increase in exposure of the Fund to the energy sector. Commodity prices were under tremendous pressure in the midst of recession fears and the Fund took the opportunity to buy selected energy stocks at attractive valuation.

For the Fund's fixed income portion, we are fully invested in government securities and high investment grade bonds. We will continue with our strategy to invest in high investment grade corporate bonds with strong fundamentals.

An explanation on the differences in portfolio composition

There was an increase in allocation to technology and industrial products due to improving outlook and attractive valuations.

In the fixed income segment, the Fund maintained its allocation for government securities and corporate bonds during the financial year under review.

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

Equities

During the financial year under review, the MSCI AC Asia Pacific Ex Japan Index declined 2.0%. The best performing markets were Japan and India while the laggards were Hong Kong and China. In the local market, the FTSE Bursa Malaysia KLCI declined 4.7%. Small caps outperformed as the FTSE Bursa Malaysia Small Cap Index rose 4.3%.

After a brief respite in July, equity markets resumed its march to the abyss for the rest of the third quarter of 2022. It appears investors only had themselves to blame as the equity markets appeared to have gotten ahead of itself on hopes that the end of the monetary tightening cycle is just around the corner, only for Jerome Powell's hawkish statements and stubborn United States (US) inflation data to put to rest any lingering wishful thinking of a 'Federal Pivot'.

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 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 re-opens.

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 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 local market declined in the third quarter along with the sell-off in global equity markets, albeit to a much lesser degree due to its inherent defensive nature. Foreign investors, who were net buyers of the local market in July and August, started selling in September as risk-off sentiment accelerated in expectations of a gloomy global economic outlook.

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 Bursa Malaysia 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.

Fixed Income

During the financial year under review, sustained inflationary pressures as well as central bank tightening continues to present a headwind to financial markets. Geopolitical instability also contributed to market concerns as friction between Russia and Ukraine persists, causing

supply chain disruptions among investor concerns. At the start of the year, investment markets started to take seriously the potential implications of a change in monetary policy direction as inflationary pressures showed little signs of abating. As we enter the last quarter of the year, numerous interest rates hikes have taken place over the year. The Fed has raised the fed funds rate from 2.25%-2.50% in July 2022 to 5.00%-5.25% by May 2023 to address inflationary pressures. Despite the elevated inflation rate, recent US indicators point to modest growth in spending and production. Job gains are still running at a robust pace while the unemployment rate has remained low.

The Fed held interest rates unchanged in June's Federal Open Market Committee (FOMC) meeting to assess the cumulative impact of previous tightening and the lags in monetary policy transmission impacting economic activities and inflationary pressures. FOMC did not rule out further hikes in upcoming meetings given the Fed's mandate to fully bring down inflation levels to the target 2% average.

Domestically, in the Prime Minister's (PM) latest budget speech, Datuk Seri Anwar Ibrahim emphasised fiscal discipline and vowed to bring down the country's fiscal deficit to 5.00% of Gross Domestic Product (GDP) with the hope of restoring confidence and to shore up support in the long-run. With the PM's commitment to remain fiscally disciplined as well as lower expected government bond issuances, the bond market could take positive cues from Budget 2023.

V. FUTURE PROSPECTS AND PROPOSED STRATEGIES

Equities

The global economy has clearly weakened substantially in the midst of central banks' fight against raging global inflation. A multitude of global macro shocks such as the Ukraine crisis, China lockdown and elevated inflation prove to be more than just a handful of economic inconveniences that the global economy had to deal with, ultimately leading to the inevitable slowdown. Nevertheless, there are encouraging signs that inflation has started to moderate. China's effort to re-open the economy is also expected to alleviate some downward pressure on the global economy.

On the local front, the formation of a Unity government is a positive step towards alleviating some of the political uncertainty plaguing the country in the past few years. Notwithstanding the deteriorating external economic environment, the local economy is expected to remain resilient due to its diversified structure.

We expect market volatility to persist due the uncertain outcomes of the various macro events happening around the world at the moment. Rather than trying to do the impossible and pre-empt the future, we opine that the best strategy to navigate through this challenging environment is staying invested in high quality companies with solid fundamentals.

Fixed Income

In July 2023, the Fed raised interest rate by another 25 basis points (bps) to 5.25%-5.50% as the Fed remain committed to bringing inflation down to its 2% target. US inflation rate has dropped from 8.5% in July 2022 to 3.0% in June 2023. The situation remains fluid as to whether the Fed may decide to raise rates again if inflation does not come down as expected.

Malaysia's headline Consumer Price Index (CPI) continued to ease in June to 2.4% (May: 2.8%) the lowest level recorded in 2023. The slower increment in June was driven by the lower increase in restaurants and hotels (5.4%) as well as food and non-alcoholic beverages (4.7%). In early July, Bank Negara Malaysia (BNM) announced that at current Overnight Policy Rate (OPR) level, the monetary policy stance is slightly accommodative and remains supportive of the economy. With that, we expect OPR to be maintained at 3.00% while not discounting the possibility for another OPR hike before year-end.

The Fund will look to invest in high investment grade corporate bonds with strong 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 18 to 61 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 June 2023 and of its financial performance, changes in equity and cash flows for the financial year ended 30 June 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

17 August 2023

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF HONG LEONG BALANCED FUND ("Fund")

We have acted as Trustee of the Fund for the financial year ended 30 June 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, the 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

17 August 2023

INDEPENDENT AUDITORS' REPORT

TO THE UNIT HOLDERS OF HONG LEONG BALANCED FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our Opinion

In our opinion, the financial statements of Hong Leong Balanced Fund ("the Fund") give a true and fair view of the financial position of the Fund as at 30 June 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 June 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 18 to 61.

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' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The Manager of the Fund is responsible for the other information. The other information comprises Manager's Review & 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 intend to liquidate the Fund or to cease operations or have 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
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
17 August 2023

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	2023 RM	2022 RM
INVESTMENT INCOME/(LOSS)			
Interest income from financial assets measured at fair value through profit or loss ("FVTPL")		18,364,037	15,143,144
Interest income from financial assets measured at amortised cost	4	1,113,418	1,512,499
Dividend income		11,080,703	9,803,807
Net gain/(loss) on financial assets at fair value through profit or loss ("FVTPL")	10	30,880,100	(146,974,417)
		61,438,258	(120,514,967)
EXPENDITURE			
Management fee	5	(22,974,501)	(21,577,323)
Trustee's fee	6	(918,980)	(863,093)
Auditors' remuneration		(7,700)	(7,700)
Tax agent's fee		(3,750)	(2,950)
Transaction costs		(1,928,375)	(2,537,637)
Other expenses		(91,064)	(134,988)
		(25,924,370)	(25,123,691)
PROFIT/(LOSS) BEFORE TAXATION		35,513,888	(145,638,658)
Taxation	7	-	-
PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR		35,513,888	(145,638,658)
Profit/(loss) after taxation is made up as follows:			
Realised amount		(23,983,429)	44,607,231
Unrealised amount		59,497,317	(190,245,889)
		35,513,888	(145,638,658)
Distributions for the financial year:			
Net distributions	8	73,814,116	58,992,161
Net distributions per unit (sen)	8	3.0000	2.9936
Gross distributions per unit (sen)	8	3.0000	3.0000

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Note	2023 RM	2022 RM
ASSETS			
Cash and cash equivalents	9	14,394,310	44,693,568
Amount due from brokers/dealers		-	1,976,302
Amount due from the Manager			
-creation of units		127,710	532,688
Dividends receivable		2,479,018	703,116
Financial assets at fair value through profit or loss ("FVTPL")	10	1,106,489,476	1,066,828,946
TOTAL ASSETS		<u>1,123,490,514</u>	<u>1,114,734,620</u>
LIABILITIES			
Amount due to brokers/dealers		-	9,895,655
Amount due to the Manager			
-cancellation of units		1,350,854	767,824
-management fee		1,862,614	1,850,812
Amount due to the Trustee		74,504	74,032
Other payables and accruals		11,342	10,918
TOTAL LIABILITIES		<u>3,299,314</u>	<u>12,599,241</u>
NET ASSET VALUE OF THE FUND		<u>1,120,191,200</u>	<u>1,102,135,379</u>
EQUITY			
Unit holders' capital		1,185,477,564	1,177,938,236
Accumulated loss		(65,286,364)	(75,802,857)
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>1,120,191,200</u>	<u>1,102,135,379</u>
UNITS IN CIRCULATION (UNITS)	11	<u>2,514,755,700</u>	<u>2,395,240,882</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.4454</u>	<u>0.4601</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 JUNE 2023

	Note	Unit holders' capital RM	Accumulated loss RM	Total RM
Balance as at 1 July 2022		1,177,938,236	(75,802,857)	1,102,135,379
Movement in net asset value:				
Creation of units from applications		98,282,907	-	98,282,907
Creation of units from distributions		23,484,834	-	23,484,834
Cancellation of units		(65,411,692)	-	(65,411,692)
Total comprehensive income for the financial year		-	35,513,888	35,513,888
Distributions for the financial year	8	(48,816,721)	(24,997,395)	(73,814,116)
Balance as at 30 June 2023		<u>1,185,477,564</u>	<u>(65,286,364)</u>	<u>1,120,191,200</u>
Balance as at 1 July 2021		714,913,232	125,822,453	840,735,685
Movement in net asset value:				
Creation of units from applications		469,657,780	-	469,657,780
Creation of units from distributions		19,742,958	-	19,742,958
Cancellation of units		(23,370,225)	-	(23,370,225)
Total comprehensive loss for the financial year		-	(145,638,658)	(145,638,658)
Distributions for the financial year	8	(3,005,509)	(55,986,652)	(58,992,161)
Balance as at 30 June 2022		<u>1,177,938,236</u>	<u>(75,802,857)</u>	<u>1,102,135,379</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 JUNE 2023

	Note	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sales of financial assets at FVTPL		275,770,522	336,570,785
Proceeds from redemption of financial assets at FVTPL		30,333,333	2,333,333
Purchase of financial assets at FVTPL		(326,617,264)	(769,528,343)
Interest income received from financial assets measured at FVTPL and amortised cost		21,698,703	17,018,547
Dividend income received		8,968,804	9,795,031
Management fee paid		(22,962,699)	(21,120,864)
Trustee's fee paid		(918,508)	(844,835)
Payment for other fees and expenses		(102,090)	(145,638)
Net cash used in operating activities		<u>(13,829,199)</u>	<u>(425,921,984)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		98,687,885	472,332,600
Payments for cancellation of units		(64,828,662)	(22,602,401)
Payments for distributions		<u>(50,329,282)</u>	<u>(39,249,203)</u>
Net cash (used in)/generated from financing activities		<u>(16,470,059)</u>	<u>410,480,996</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u>(30,299,258)</u>	<u>(15,440,988)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>44,693,568</u>	<u>60,134,556</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	9	<u>14,394,310</u>	<u>44,693,568</u>

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

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Hong Leong Balanced Fund (“the Fund”) was constituted pursuant to the execution of a Deed dated 18 March 2002 and Supplemental Deeds dated 6 August 2002 and 30 April 2010 between the Manager, Hong Leong Asset Management Bhd and 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 and 25 March 2015 to effect the change (“the Deeds”).

The Fund aims to achieve regular income and consistent capital growth over the Medium-To-Long Term by investing in a diversified investment portfolio containing a balanced mixture of equities and fixed income securities.

The Fund will invest in equity securities of companies operating in Malaysia. Generally, companies that have low shareholders’ risk, strong balance sheets with strong operating cash flows and sustainable earnings, and low relative valuations represented by reasonable price earnings ratio (PER) or price-to-book ratios (P/B) are selected. Low shareholders’ risk refers to shareholders or management with good business acumen, strong business performance track record and good corporate governance. The Fund may also invest into fixed income securities and money market instruments. The Fund commenced operations on 29 April 2002 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 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 17 August 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 July 2022

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

- (ii) New standards, amendment and interpretations effective after 1 July 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 July 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 July 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 brokers/dealers, amount due from the Manager and dividends receivable as financial assets measured at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

The Fund classifies amount due to brokers/dealers, 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.

Unquoted fixed income securities are revalued on a daily basis based on fair value prices quoted by a bond pricing agency ("BPA") registered with the Securities Commission Malaysia as per the Securities Commission Malaysia's Guidelines on Unit Trust Funds. Where such quotation are not available or where the Manager is of the view that the price quoted by the BPA for a specific

unquoted fixed income securities differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager:

- (i) records its basis for using non-BPA price;
- (ii) obtains necessary internal approvals to use the non-BPA price; and
- (iii) keeps an audit trail of all decisions and basis for adopting the market yield.

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, auto-sweep facility bank account and unquoted fixed income securities 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.

Realised gain or loss on disposal of unquoted fixed income securities is accounted for as the difference between the net disposal proceeds and the carrying amount of unquoted fixed income securities, determined on cost adjusted for accretion of discount or amortisation of premium.

(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.

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
2023			
<u>Financial assets</u>			
Cash and cash equivalents			
(Note 9)	-	14,394,310	14,394,310
Amount due from the Manager			
-creation of units	-	127,710	127,710
Dividends receivable	-	2,479,018	2,479,018
Financial assets at FVTPL			
(Note 10)	1,106,489,476	-	1,106,489,476
	<u>1,106,489,476</u>	<u>17,001,038</u>	<u>1,123,490,514</u>
<u>Financial liabilities</u>			
Amount due to the Manager			
-cancellation of units	-	1,350,854	1,350,854
-management fee	-	1,862,614	1,862,614
Amount due to the Trustee	-	74,504	74,504
Other payables and accruals	-	11,342	11,342
	-	<u>3,299,314</u>	<u>3,299,314</u>
2022			
<u>Financial assets</u>			
Cash and cash equivalents			
(Note 9)	-	44,693,568	44,693,568
Amount due from the			
brokers/dealers	-	1,976,302	1,976,302
Amount due from the Manager			
-creation of units	-	532,688	532,688
Dividends receivable	-	703,116	703,116
Financial assets at FVTPL			
(Note 10)	1,066,828,946	-	1,066,828,946
	<u>1,066,828,946</u>	<u>47,905,674</u>	<u>1,114,734,620</u>

	Financial assets at FVTPL RM	Financial assets/ liabilities at amortised cost RM	Total RM
<u>Financial liabilities</u>			
Amount due to the brokers/dealers	-	9,895,655	9,895,655
Amount due to the Manager			
-cancellation of units	-	767,824	767,824
-management fee	-	1,850,812	1,850,812
Amount due to the Trustee	-	74,032	74,032
Other payables and accruals	-	10,918	10,918
	-	12,599,241	12,599,241

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 RM	2022 RM
Financial assets at FVTPL:		
- Quoted equity securities	592,202,492	552,675,686
- Unquoted fixed income securities*	514,286,984	514,153,260
	<u>1,106,489,476</u>	<u>1,066,828,946</u>

* Includes interest receivables of RM5,271,254 (2022: RM5,145,499).

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 and unquoted fixed income securities at the end of each reporting year. The analysis is based on the assumptions that the market price of the quoted equity securities and unquoted fixed income 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 and unquoted fixed income 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%	1,046,157,311	(55,060,911)
0%	1,101,218,222	-
5%	1,156,279,133	55,060,911
2022		
-5%	1,008,599,275	(53,084,172)
0%	1,061,683,447	-
5%	1,114,767,619	53,084,172

(ii) Interest rate risk

In general, when interest rates rise, prices of fixed income securities will tend to fall and vice versa. Therefore, the net asset value of the Fund may also tend to fall when interest rates rise or are expected to rise. However, investors should be aware that should the Fund hold a fixed income securities till maturity, such price fluctuations would dissipate as it approaches maturity, and thus the growth of the net asset value shall not be affected at maturity. In order to mitigate interest rates exposure of the Fund, the Manager will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the Manager, which is based on its continuous fundamental research and analysis.

This risk is crucial since unquoted fixed income securities portfolio management depends on forecasting interest rate movements. Prices of unquoted fixed income securities move inversely to interest rate movements, therefore as interest rates rise, the prices of unquoted fixed income securities decrease and vice versa. Furthermore, unquoted fixed income securities with longer maturity and lower yield coupon rates are more susceptible to interest rate movements.

Investors should note that unquoted fixed income securities are subject to interest rate fluctuations. Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to make payments of interest income and principal, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

The table below summarises the sensitivity of the Fund's net asset value and profit/(loss) after taxation to movements in prices of unquoted fixed income securities held by the Fund at the end of the reporting period as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate changed by 1% (100 basis points) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the interest rate, having regard to the historical volatility of the interest rate.

% Change in interest rate	Impact on profit/(loss) after taxation/net asset value	
	2023 RM	2022 RM
+1%	(31,752,865)	(31,689,517)
-1%	31,752,864	34,404,319

The Fund's exposure to interest rate risk associated with deposits with licensed financial institutions is not material as the deposits with licensed financial institutions are placed on a short term basis.

(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.

Investment in unquoted fixed income securities may involve a certain degree of credit/default risk with regards to the issuers. Generally, credit risk or default risk is the risk of loss due to the issuer's non-payment or untimely payment of the investment amount as well as the returns on investment. This will cause a decline in value of the defaulted unquoted fixed income securities and subsequently depress the net asset value of the Fund. Usually credit risk is more apparent for an investment with a longer tenure, i.e. the longer the duration, the higher the credit risk. Credit risk can be managed by performing continuous fundamental credit research and analysis to ascertain the creditworthiness of its issuer. In addition, the Manager imposes a minimum rating requirement as rated by either local and/or foreign rating agencies and manages the duration of the investment in accordance with the objective of 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 and unquoted fixed income securities 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 RM	Amount due from brokers/dealers RM	Amount due from the Manager - creation of units RM	Dividends receivable RM	Unquoted fixed income securities RM	Total RM
2023						
- AAA	14,374,145	-	-	-	115,574,643	129,948,788
- AA1/AA+	20,165	-	-	-	49,906,966	49,927,131
- AA2/AA	-	-	-	-	32,341,577	32,341,577
- A2/A	-	-	-	-	24,561,876	24,561,876
- NR#	-	-	127,710	2,479,018	291,901,922	294,508,650
	14,394,310	-	127,710	2,479,018	514,286,984	531,288,022
2022						
- AAA	44,197,635	-	-	-	136,910,132	181,107,767
- AA1/AA+	495,933	-	-	-	44,357,319	44,853,252
- AA2/AA	-	-	-	-	4,973,300	4,973,300
- AA3/AA-	-	-	-	-	15,314,772	15,314,772
- A2/A	-	-	-	-	24,198,635	24,198,635
- NR#	-	1,976,302	532,688	703,116	288,399,102	291,611,208
	44,693,568	1,976,302	532,688	703,116	514,153,260	562,058,934

The unquoted fixed income securities are not rated as the unquoted fixed income securities are guaranteed and issued by the Government of Malaysia.

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 and deposits with licensed financial institutions and other instruments.

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

	Less than 1 month RM	1 month to 1 year RM	Total RM
2023			
<u>Financial liabilities</u>			
Amount due to the Manager			
-cancellation of units	1,350,854	-	1,350,854
-management fee	1,862,614	-	1,862,614
Amount due to the Trustee	74,504	-	74,504
Other payables and accruals	-	11,342	11,342
Contractual cash out flows	3,287,972	11,342	3,299,314
2022			
<u>Financial liabilities</u>			
Amount due to brokers/dealers	9,895,655	-	9,895,655
Amount due to the Manager			
-cancellation of units	767,824	-	767,824
-management fee	1,850,812	-	1,850,812
Amount due to the Trustee	74,032	-	74,032
Other payables and accruals	-	10,918	10,918
Contractual cash out flows	12,588,323	10,918	12,599,241

(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 period 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 the Fund's financial assets (by class) measured at fair value:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2023				
<u>Financial assets at FVTPL:</u>				
- Quoted equity securities	592,202,492	-	-	592,202,492
- Unquoted fixed income securities	-	514,286,984	-	514,286,984
	<u>592,202,492</u>	<u>514,286,984</u>	<u>-</u>	<u>1,106,489,476</u>

2022

Financial assets at FVTPL:

- Quoted equity securities	552,675,686	-	-	552,675,686
- Unquoted fixed income securities	-	514,153,260	-	514,153,260
	<u>552,675,686</u>	<u>514,153,260</u>	<u>-</u>	<u>1,066,828,946</u>

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).

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

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

4. INTEREST INCOME FROM FINANCIAL ASSETS MEASURED AT AMORTISED COST

	2023 RM	2022 RM
Interest income from:		
- Deposits with licensed financial institutions	1,103,817	1,506,949
- Auto-sweep facility bank account	9,601	5,550
	<u>1,113,418</u>	<u>1,512,499</u>

5. MANAGEMENT FEE

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

For the financial year ended 30 June 2023, the management fee is recognised at a rate of 2.00% (2022: 2.00%) per annum.

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

6. TRUSTEE'S FEE

In accordance with Division 13.2 of the Deed, the Trustee is entitled to a fee not exceeding 0.20% subject to a minimum of RM18,000 per annum calculated daily based on the net asset value of the Fund.

For the financial year ended 30 June 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.

7. 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	35,513,888	(145,638,658)
Taxation at Malaysian statutory rate of 24% (2022: 24%)	8,523,333	(34,953,278)
Tax effects of:		
(Investment income not subject to tax)/		
Investment loss disallowed from tax	(14,745,182)	28,923,592
Expenses not deductible for tax purposes	688,214	832,145
Restriction on tax deductible expenses for unit trust fund	5,533,635	5,197,541
Taxation	-	-

8. DISTRIBUTIONS

	2023 RM	2022 RM
Prior financial years' realised income	18,504,737	30,001,799
Interest income from financial assets at FVTPL and amortised cost	21,248,094	18,469,764
Dividend income	10,520,703	9,803,806
Net gain on financial assets at FVTPL	-	22,028,950
Distribution equalisation	48,816,721	3,005,509
Less: Expenses	(25,276,139)	(24,317,667)
Net distributions amount	73,814,116	58,992,161
Net distributions per unit (sen)	3.0000	2.9936
Gross distributions per unit (sen)	3.0000	3.0000

	2023 RM	2022 RM
Date of Declaration		
Distribution on 20/21 July		
Net distribution per unit (sen)	0.8000	0.7936
Gross distribution per unit (sen)	0.8000	0.8000
Distribution on 22/20 August		
Net distribution per unit (sen)	0.2000	0.2000
Gross distribution per unit (sen)	0.2000	0.2000
Distribution on 20 September		
Net distribution per unit (sen)	0.2000	0.2000
Gross distribution per unit (sen)	0.2000	0.2000
Distribution on 20 October		
Net distribution per unit (sen)	0.2000	0.2000
Gross distribution per unit (sen)	0.2000	0.2000
Distribution on 21/22 November		
Net distribution per unit (sen)	0.2000	0.2000
Gross distribution per unit (sen)	0.2000	0.2000
Distribution on 20 December		
Net distribution per unit (sen)	0.2000	0.2000
Gross distribution per unit (sen)	0.2000	0.2000
Distribution on 20 January		
Net distribution per unit (sen)	0.2000	0.2000
Gross distribution per unit (sen)	0.2000	0.2000
Distribution on 20/21 February		
Net distribution per unit (sen)	0.2000	0.2000
Gross distribution per unit (sen)	0.2000	0.2000
Distribution on 20/21 March		
Net distribution per unit (sen)	0.2000	0.2000
Gross distribution per unit (sen)	0.2000	0.2000
Distribution on 20 April		
Net distribution per unit (sen)	0.2000	0.2000
Gross distribution per unit (sen)	0.2000	0.2000
Distribution on 22/20 May		
Net distribution per unit (sen)	0.2000	0.2000
Gross distribution per unit (sen)	0.2000	0.2000
Distribution on 20 June		
Net distribution per unit (sen)	0.2000	0.2000
Gross distribution per unit (sen)	0.2000	0.2000

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 RM59,497,315 (2022: unrealised loss of RM190,245,889) which is carried forward to the next financial year.

9. CASH AND CASH EQUIVALENTS

	2023 RM	2022 RM
Deposits with licensed financial institutions	14,371,181	44,190,542
Cash at banks	23,129	503,026
	<u>14,394,310</u>	<u>44,693,568</u>

The weighted average effective interest rates per annum are as follows:

	2023 %	2022 %
Deposits with licensed financial institutions	<u>3.00</u>	<u>2.10</u>

Deposits with licensed financial institutions have an average remaining maturity of 3 days (2022: 1 day).

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”)

	2023 RM	2022 RM
<u>Financial assets at FVTPL:</u>		
Quoted equity securities	592,202,492	552,675,686
Unquoted fixed income securities	514,286,984	514,153,260
	<u>1,106,489,476</u>	<u>1,066,828,946</u>
<u>Net gain/(loss) on financial assets at FVTPL:</u>		
Realised (loss)/gain on disposals	(28,367,653)	43,327,324
Changes in unrealised fair values	59,247,753	(190,301,741)
	<u>30,880,100</u>	<u>(146,974,417)</u>

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

	Quantity units	Aggregate cost RM	Fair value RM	Percentage of net asset value %
QUOTED EQUITY SECURITIES				
<u>Main markets</u>				
<u>Consumer Products & Services</u>				
DXN Holdings Bhd.	37,227,000	25,887,900	27,175,710	2.43
Guan Chong Berhad	11,200,000	34,861,620	25,872,000	2.31
Heineken Malaysia Berhad	1,300,000	37,338,750	33,930,000	3.03
	<u>49,727,000</u>	<u>98,088,270</u>	<u>86,977,710</u>	<u>7.77</u>
<u>Energy</u>				
Dayang Enterprise Holdings Bhd.	8,500,000	9,830,900	10,880,000	0.97
Velesto Energy Berhad	190,000,000	44,363,000	41,800,000	3.73
	<u>198,500,000</u>	<u>54,193,900</u>	<u>52,680,000</u>	<u>4.70</u>
<u>Financial Services</u>				
AEON Credit Service (M) Berhad	2,396,500	29,203,630	26,984,590	2.41
<u>Health Care</u>				
Supermax Corporation Berhad	16,000,000	12,806,400	12,800,000	1.14
Top Glove Corporation Bhd.	41,000,000	32,709,400	33,210,000	2.97
	<u>57,000,000</u>	<u>45,515,800</u>	<u>46,010,000</u>	<u>4.11</u>

	Quantity units	Aggregate cost RM	Fair value RM	Percentage of net asset value %
<u>Industrial Products & Services</u>				
Dufu Technology Corp. Berhad	380,000	716,377	722,000	0.07
Hiap Teck Venture Berhad	63,600,000	25,130,650	19,080,000	1.70
Kobay Technology Bhd.	6,924,600	20,020,762	13,156,740	1.17
Sam Engineering & Equipment (M) Berhad	4,350,000	21,400,610	19,966,500	1.78
	75,254,600	67,268,399	52,925,240	4.72
<u>Plantation</u>				
Kuala Lumpur Kepong Berhad	930,000	20,563,863	20,422,800	1.82
<u>Technology</u>				
D & O Green Technologies Berhad	11,870,200	16,915,865	43,682,336	3.90
Frontken Corporation Berhad	18,341,000	63,797,855	57,774,150	5.16
Inari Amertron Berhad	12,010,900	33,962,332	32,909,866	2.94
Malaysian Pacific Industries Bhd	1,150,000	35,958,566	31,993,000	2.86
Pentamaster Corporation Berhad	11,550,000	53,894,325	56,826,000	5.07
Unisem (M) Berhad	5,700,000	20,376,451	17,043,000	1.52
UWC Berhad	12,680,000	51,142,320	37,786,400	3.37
	73,302,100	276,047,714	278,014,752	24.82
<u>ACE market</u>				
<u>Industrial Products & Services</u>				
Econframe Berhad	6,700,000	6,700,000	5,695,000	0.51
<u>Technology</u>				
Genetec Technology Berhad	9,695,000	21,438,460	22,492,400	2.01
TOTAL QUOTED EQUITY				
SECURITIES	473,505,200	619,020,036	592,202,492	52.87

	Nominal value RM	Aggregate cost RM	Fair value RM	Percentage of net asset value %
UNQUOTED FIXED INCOME SECURITIES				
<u>Corporate Sukuk</u>				
4.29% Bakun Hydro Power Generation Sdn Bhd (AAA) 11/08/2023 - IMTN	5,000,000	5,087,037	5,084,099	0.45
4.47% Bakun Hydro Power Generation Sdn Bhd (AAA) 11/08/2027 - IMTN	5,000,000	5,357,560	5,174,101	0.46
4.38% Imitiaz Sukuk II Berhad (AA2) 12/5/2027 - IMTN	5,000,000	5,030,000	5,084,250	0.45
4.90% Manjung Island Energy Berhad (AAA) 25/11/2031 - IMTN Series 2 (1)	5,000,000	5,387,703	5,246,286	0.47
3.10% Malayan Banking Berhad (AA1) 08/10/2027 08/10/2032 - IMTN	7,000,000	7,048,751	6,737,251	0.60
2.49% Pengerang LNG (Two) Sdn Bhd (AAA) 21/10/2025 - IMTN Tranche No 5	5,000,000	5,022,853	4,870,753	0.43
2.86% Pengerang LNG (Two) Sdn Bhd (AAA) 20/10/2028 - IMTN Tranche No 8	5,000,000	5,026,249	4,740,399	0.42
3.75% Public Islamic Bank Berhad (AA1) 31/10/2024 31/10/2029 - Subsukuk Murabahah	5,000,000	5,032,877	5,024,727	0.45
4.40% Public Islamic Bank Berhad (AA1) 28/07/2027 28/07/2032 - Subsukuk Murabahah	5,000,000	5,091,616	5,137,516	0.46
4.32% RHB Islamic Bank Berhad (AA2) 21/05/2024 21/05/2029 - Series 3	10,000,000	10,108,816	10,077,542	0.90
5.50% Sarawak Energy Berhad (AAA) 04/07/2029 - IMTN	25,000,000	29,120,099	27,503,548	2.46
3.25% Tenaga National Berhad (AAA) 10/8/2035 - IMTN	5,000,000	4,613,968	4,569,338	0.41
3.55% Tenaga National Berhad (AAA) 10/8/2040 - IMTN	5,000,000	4,515,488	4,565,360	0.41
5.18% Tenaga National Berhad (AAA) 03/08/2037 - IMTN	20,000,000	21,762,945	22,189,477	1.98
5.78% TNB Western Energy Bhd (AAA) 29/07/2033 - Tranche 19	5,000,000	5,651,354	5,560,051	0.50

	Nominal value RM	Aggregate cost RM	Fair value RM	Percentage of net asset value %
5.80% TNB Western Energy Bhd (AAA) 30/01/2034 - Tranche 20	5,000,000	5,671,906	5,577,467	0.50
	122,000,000	129,529,222	127,142,165	11.35
<u>Private Debt Securities</u>				
3.60% Alliance Bank Malaysia Berhad (A2) 27/10/2025 25/10/2030 - MTN	15,000,000	15,062,173	14,830,664	1.32
3.80% Alliance Bank Malaysia Berhad (A2) 27/10/2027 27/10/2032 - MTN	10,000,000	10,000,545	9,731,212	0.87
5.00% Eternal Icon Sdn Bhd (AAA) 29/03/2024 31/03/2027 - MTN (S2)	5,000,000	5,104,627	5,095,364	0.45
5.10% Eternal Icon Sdn Bhd (AAA) 31/03/2025 31/03/2028 - MTN (S3)	10,000,000	10,263,288	10,270,748	0.92
4.90% GENM Capital Berhad (AA1) 22/08/2025 - MTN	2,000,000	2,034,099	2,047,719	0.18
4.49% IGB REIT Capital Sdn Bhd (AAA) 20/03/2030 - MTN (Tranche 2)	5,000,000	5,063,352	5,127,652	0.46
3.93% Public Bank Berhad (AA1) 07/04/2027 07/04/2032 - Sub Notes Tranche 8	10,000,000	10,091,520	10,019,620	0.89
4.70% Public Bank Berhad (AA1) 30/10/2023 27/10/2028 - Sub Notes	6,000,000	6,049,447	6,067,567	0.54
3.65% RHB Bank Berhad (AA2) 28/04/2026 28/04/2031 - MTN	5,000,000	5,067,597	4,973,000	0.44
4.40% RHB Bank Berhad (AA2) 28/09/2027 28/09/2032 - MTN	12,000,000	12,137,425	12,206,785	1.09
3.00% United Overseas Bank (Malaysia) Berhad (AA1) 01/08/2025 02/08/2030 - MTN	15,000,000	14,947,753	14,872,566	1.33
	95,000,000	95,821,826	95,242,897	8.49

	Nominal value RM	Aggregate cost RM	Fair value RM	Percentage of net asset value %
<u>Government Investment Issues</u>				
3.465% Government of Malaysia 15/10/2030	30,000,000	30,268,115	29,520,293	2.64
3.726% Government of Malaysia 31/03/2026	3,000,000	3,145,565	3,047,598	0.27
4.119% Government of Malaysia 30/11/2034	10,000,000	11,089,047	10,172,688	0.91
4.130% Government of Malaysia 09/07/2029	20,000,000	21,395,835	20,793,146	1.86
4.467% Government of Malaysia 15/09/2039	20,000,000	22,728,627	21,143,593	1.89
4.638% Government of Malaysia 15/11/2049	8,000,000	8,806,163	8,495,388	0.76
	91,000,000	97,433,352	93,172,706	8.33
<u>Malaysian Government Securities</u>				
3.478% Government of Malaysia 14/06/2024	30,000,000	30,235,380	30,096,464	2.69
3.733% Government of Malaysia 15/06/2028	75,000,000	77,227,525	75,497,393	6.74
3.757% Government of Malaysia 22/05/2040	8,500,000	9,106,173	8,167,766	0.73
3.828% Government of Malaysia 05/07/2034	20,000,000	21,972,001	20,096,940	1.79
3.844% Government of Malaysia 15/04/2033	10,000,000	10,575,925	10,031,271	0.90
3.900% Government of Malaysia 30/11/2026	10,000,000	10,290,643	10,156,533	0.91
4.642% Government of Malaysia 07/11/2033	10,000,000	11,426,853	10,729,378	0.96
4.921% Government of Malaysia 06/07/2048	20,000,000	24,271,545	22,664,506	2.02
	183,500,000	195,106,045	187,440,251	16.74
<u>Securities Guaranteed by Government of Malaysia</u>				
4.05% Lembaga Pembiayaan Perumahan Sektor Awam 21/09/2026 - IMTN Tranche No 4	3,000,000	3,033,953	3,068,633	0.27
2.58% PR1MA Corporation Malaysia 30/07/2027 - IMTN	5,000,000	4,787,093	4,833,571	0.43
3.56% Prasarana Malaysia Berhad 10/07/2035 - Sukuk Murabahah	3,500,000	3,558,716	3,386,761	0.30
	11,500,000	11,379,762	11,288,965	1.00
TOTAL UNQUOTED FIXED INCOME SECURITIES	503,000,000	529,270,207	514,286,984	45.91

	Nominal value RM	Aggregate cost RM	Fair value RM	Percentage of net asset value %
TOTAL INVESTMENTS		1,148,290,243	1,106,489,476	98.78
UNREALISED LOSS ON FINANCIAL ASSETS AT FVTPL		(41,800,767)		
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL		1,106,489,476		

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

	Quantity units	Aggregate cost RM	Fair value RM	Percentage of net asset value %
QUOTED EQUITY SECURITIES				
<u>Main markets</u>				
<u>Construction</u>				
Garnuda Berhad	5,600,000	20,472,260	20,048,000	1.82
<u>Consumer Products & Services</u>				
Berjaya Food Berhad	3,900,000	15,600,000	16,185,000	1.47
British American Tobacco (Malaysia) Berhad	1,198,300	17,615,423	12,941,640	1.17
Genting Berhad	6,400,000	31,295,847	29,056,000	2.63
Genting Malaysia Berhad	11,100,000	31,213,890	31,524,000	2.86
Guan Chong Berhad	11,150,000	34,743,895	28,098,000	2.55
	33,748,300	130,469,055	117,804,640	10.68
<u>Energy</u>				
Dayang Enterprise Holdings Bhd.	5,654,800	4,724,020	5,485,156	0.50
<u>Financial Services</u>				
AEON Credit Service (M) Berhad	2,383,300	29,019,920	33,080,204	3.00
Alliance Bank Malaysia Berhad	3,800,000	14,238,770	12,084,000	1.10
AMMB Holdings Berhad	8,000,000	29,781,420	29,840,000	2.71
	14,183,300	73,040,110	75,004,204	6.81
<u>Health Care</u>				
IHH Healthcare Berhad	6,500,000	43,167,020	41,925,000	3.80
Top Glove Corp Bhd.	6,000,000	11,085,800	6,240,000	0.56
	12,500,000	54,252,820	48,165,000	4.36

	Quantity units	Aggregate cost RM	Fair value RM	Percentage of net asset value %
<u>Industrial Products & Services</u>				
Dufu Technology Corp. Berhad	380,000	716,377	1,067,800	0.10
Hiap Teck Venture Berhad	33,000,000	14,912,250	9,900,000	0.90
Hume Cement Industries Berhad	3,150,000	4,412,097	3,024,000	0.27
Kobay Technology Bhd.	5,124,600	14,811,512	15,168,816	1.38
	41,654,600	34,852,236	29,160,616	2.65

Property

S P Setia Berhad	18,453,000	27,084,676	12,548,040	1.14
------------------	------------	------------	------------	------

Technology

D & O Green Technologies Berhad	11,870,200	16,915,865	45,700,270	4.15
Frontken Corporation Berhad	18,341,000	63,797,855	42,000,890	3.81
Inari Amertron Berhad	11,403,000	32,617,160	30,103,920	2.73
Malaysian Pacific Industries Bhd	975,000	31,493,751	27,300,000	2.48
Pentamaster Corporation Berhad	11,150,000	52,346,005	41,143,500	3.73
Unisem (M) Berhad	3,100,000	13,342,081	7,130,000	0.65
UWC Berhad	9,780,000	40,852,420	32,176,200	2.92
	66,619,200	251,365,137	225,554,780	20.47

ACE market

Technology

Genetec Technology Berhad	9,695,000	21,438,461	18,905,250	1.72
---------------------------	-----------	------------	------------	------

TOTAL QUOTED EQUITY

SECURITIES

208,108,200	617,698,775	552,675,686	50.15
--------------------	--------------------	--------------------	--------------

	Nominal value RM	Aggregate cost RM	Fair value RM	Percentage of net asset value %
--	------------------------	-------------------------	---------------------	--

UNQUOTED FIXED INCOME SECURITIES

Corporate Sukuk

4.29% Bakun Hydro Power Generation Sdn Bhd (AAA) 11/08/2023 - IMTN	5,000,000	5,142,104	5,139,924	0.47
4.47% Bakun Hydro Power Generation Sdn Bhd (AAA) 11/08/2027 - IMTN	5,000,000	5,401,726	5,095,926	0.46

	Nominal value RM	Aggregate cost RM	Fair value RM	Percentage of net asset value %
5.05% Grand Sepadu (NK) Sdn Bhd (AA-) 09/06/2023 - Series 2	333,333	336,707	338,813	0.03
4.38% Imitiaz Sukuk II Berhad (AA2) 12/5/2027 - IMTN	5,000,000	5,030,000	4,973,300	0.45
4.90% Manjung Island Energy Berhad (AAA) 25/11/2031 - IMTN Series 2 (1)	5,000,000	5,423,634	5,051,936	0.46
3.10% Malayan Banking Berhad (AA1) 08/10/2027 08/10/2032 - IMTN	7,000,000	7,048,156	6,633,756	0.60
2.49% Pengerang LNG (Two) Sdn Bhd (AAA) 21/10/2025 - IMTN Tranche No 5	5,000,000	5,024,218	4,780,568	0.43
2.86% Pengerang LNG (Two) Sdn Bhd (AAA) 20/10/2028 - IMTN Tranche No 8	5,000,000	5,027,816	4,576,816	0.42
3.75% Public Islamic Bank Berhad (AA1) 31/10/2024 31/10/2029 - Subsukuk Murabahah	5,000,000	5,032,363	5,021,663	0.46
4.32% RHB Islamic Bank Berhad (AA3) 21/05/2024 21/05/2029 - Series 3	10,000,000	10,174,880	10,111,959	0.92
5.50% Sarawak Energy Berhad (AAA) 04/07/2029 - IMTN	25,000,000	29,637,142	27,027,548	2.45
3.25% Tenaga National Berhad (AAA) 10/8/2035 - IMTN	5,000,000	4,585,689	4,192,593	0.38
3.55% Tenaga National Berhad (AAA) 10/8/2040 - IMTN	5,000,000	4,493,930	4,052,023	0.37
5.18% Tenaga National Berhad (AAA) 03/08/2037 - IMTN	20,000,000	21,829,846	20,309,277	1.84
5.78% TNB Western Energy Bhd (AAA) 29/07/2033 - Tranche 19	5,000,000	5,691,516	5,409,659	0.49
5.80% TNB Western Energy Bhd (AAA) 30/01/2034 - Tranche 20	5,000,000	5,711,069	5,416,273	0.49
	117,333,333	125,590,796	118,132,034	10.72

Private Debt Securities

3.60% Alliance Bank Malaysia Berhad (A2) 27/10/2025 25/10/2030 - MTN	15,000,000	15,048,635	14,650,364	1.33
--	------------	------------	------------	------

	Nominal value RM	Aggregate cost RM	Fair value RM	Percentage of net asset value %
3.80% Alliance Bank Malaysia Berhad (A2) 27/10/2032 - MTN	10,000,000	9,977,439	9,548,271	0.87
5.00% Eternal Icon Sdn Bhd (AAA) 29/03/2024 31/03/2027 - MTN (S2)	5,000,000	5,159,077	5,127,464	0.47
5.10% Eternal Icon Sdn Bhd (AAA) 31/03/2025 31/03/2028 - MTN (S3)	10,000,000	10,336,332	10,249,948	0.93
4.90% GENM Capital Berhad (AA1) 22/08/2025 - MTN	2,000,000	2,034,099	2,028,859	0.18
4.40% IGB REIT Capital Sdn Bhd (AAA) 20/09/2022 20/09/2024 - Tranche 1	30,000,000	30,517,424	30,480,177	2.77
3.93% Public Bank Berhad (AA1) 07/04/2027 07/04/2032 - Sub Notes Tranche 8	10,000,000	10,091,521	9,859,321	0.89
4.70% Public Bank Berhad (AA1) 30/10/2023 27/10/2028 - Sub Notes	6,000,000	6,048,674	6,141,254	0.56
3.65% RHB Bank Berhad (AA3) 28/04/2026 28/04/2031 - MTN	5,000,000	5,079,468	4,864,000	0.44
3.00% United Overseas Bank (Malaysia) Berhad (AA1) 01/08/2025 02/08/2030 - MTN	15,000,000	14,841,699	14,672,466	1.33
	108,000,000	109,134,368	107,622,124	9.77

Government Investment Issues

3.465% Government of Malaysia 15/10/2030	30,000,000	30,274,359	28,328,693	2.57
3.726% Government of Malaysia 31/03/2026	3,000,000	3,186,570	3,007,098	0.27
4.094% Government of Malaysia 30/11/2023	10,000,000	10,156,814	10,154,676	0.92
4.119% Government of Malaysia 30/11/2034	10,000,000	11,165,379	9,501,788	0.86
4.130% Government of Malaysia 09/07/2029	20,000,000	21,544,187	20,216,644	1.83
4.467% Government of Malaysia 15/09/2039	20,000,000	22,840,464	19,242,193	1.75
4.638% Government of Malaysia 15/11/2049	8,000,000	8,822,044	7,535,388	0.68
	101,000,000	107,989,817	97,986,480	8.88

	Nominal value RM	Aggregate cost RM	Fair value RM	Percentage of net asset value %
<u>Malaysian Government Securities</u>				
3.478% Government of Malaysia				
14/06/2024	30,000,000	30,426,442	30,138,464	2.73
3.733% Government of Malaysia				
15/06/2028	75,000,000	77,614,682	73,277,393	6.65
3.757% Government of Malaysia				
22/05/2040	8,500,000	9,131,260	7,421,211	0.67
3.828% Government of Malaysia				
05/07/2034	20,000,000	22,093,015	18,932,940	1.72
3.844% Government of Malaysia				
15/04/2033	10,000,000	10,618,282	9,430,871	0.86
3.900% Government of Malaysia				
30/11/2026	10,000,000	10,361,200	10,008,033	0.91
4.642% Government of Malaysia				
07/11/2033	10,000,000	11,536,574	10,094,978	0.92
4.921% Government of Malaysia				
06/07/2048	20,000,000	24,361,847	20,248,306	1.84
	183,500,000	196,143,302	179,552,196	16.30
<u>Securities Guaranteed by Government of Malaysia</u>				
4.05% Lembaga Pembiayaan				
Perumahan Sektor Awam				
21/09/2026 - IMTN				
Tranche No 4	3,000,000	3,033,953	3,030,473	0.27
2.58% PR1MA Corporation				
Malaysia 30/07/2027 - IMTN	5,000,000	4,727,739	4,671,217	0.42
3.56% Prasarana Malaysia Berhad				
10/07/2035 - Sukuk Murabahah	3,500,000	3,558,716	3,158,736	0.29
	11,500,000	11,320,408	10,860,426	0.98
TOTAL UNQUOTED FIXED INCOME SECURITIES	521,333,333	550,178,691	514,153,260	46.65
TOTAL INVESTMENTS		1,167,877,466	1,066,828,946	96.80
UNREALISED LOSS ON FINANCIAL ASSETS AT FVTPL		(101,048,520)		
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL		1,066,828,946		

Note: Certain unquoted fixed income securities may have call date and it's presented as "call date | maturity date".

11. UNITS IN CIRCULATION

	2023 No. of units	2022 No. of units
At the beginning of the financial year	2,395,240,882	1,538,148,146
Add: Creation of units during the financial year		
- Arising from applications	210,483,705	864,813,865
- Arising from distributions	51,021,872	37,739,846
Less: Cancellation of units during the financial year	(141,990,759)	(45,460,975)
At the end of the financial year	2,514,755,700	2,395,240,882

12. TOTAL EXPENSE RATIO ("TER")

	2023 %	2022 %
TER	2.09	2.09

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 RM1,148,811,842 (2022: RM1,080,081,490).

13. PORTFOLIO TURNOVER RATIO ("PTR")

	2023 Times	2022 Times
PTR	0.27	0.50

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	= RM315,657,655 (2022: RM776,282,215)
total disposals for the financial year	= RM303,007,389 (2022: RM294,284,904)

14. 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 June 2023 and 30 June 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	2,964	7,093
<u>Related party transactions</u>		
Interest income from deposits with licensed financial institutions:		
- Hong Leong Bank Berhad	-	452,013
Interest income from auto-sweep facility bank account:		
- Hong Leong Bank Berhad	3,374	3,512
Purchase of quoted equity securities:		
- Hong Leong Investment Bank Berhad	116,695,038	260,713,741
Purchase of unquoted fixed income securities:		
- Hong Leong Bank Berhad	-	29,919,812
- Hong Leong Investment Bank Berhad	5,000,000	60,045,370
	5,000,000	89,965,182
Disposal of quoted equity securities:		
- Hong Leong Investment Bank Berhad	110,742,478	95,308,123
Disposal of unquoted fixed income securities:		
- Hong Leong Bank Berhad	-	24,911,084
- Hong Leong Islamic Bank Berhad	10,176,048	-
	10,176,048	24,911,084

15. 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*	232,437,516	39.37	563,899	36.54
CLSA Securities Malaysia Sdn Bhd	82,243,697	13.93	205,452	13.31
JPMorgan Securities (Malaysia) Sdn Bhd	57,888,579	9.81	144,703	9.38
Credit Suisse Securities (M) Sdn Bhd	36,049,890	6.11	90,118	5.84
RHB Investment Bank Berhad	30,348,506	5.14	45,984	2.98

	Values of trade RM	Percentage of total trade %	Brokerage fees RM	Percentage of total Brokerage fees %
UOB Kay Hian Securities (M) Sdn. Bhd.	29,598,544	5.01	74,206	4.81
Public Investment Bank Berhad	29,341,713	4.97	60,819	3.94
Nomura Securities Malaysia Sdn Bhd	23,939,606	4.06	59,676	3.87
CGS-CIMB Securities Sdn Bhd	22,077,489	3.74	218,589	14.16
Macquarie Capital Securities (Malaysia) Sdn Bhd	11,872,213	2.01	29,773	1.93
Others [#]	34,539,127	5.85	50,037	3.24
	590,336,880	100.00	1,543,256	100.00

2022

Hong Leong Investment Bank Berhad*	416,067,233	37.28	819,512	39.20
RHB Investment Bank Berhad	106,254,300	9.52	76,837	3.67
Nomura Securities Malaysia Sdn Bhd	88,421,385	7.92	220,770	10.56
Credit Suisse Securities (M) Sdn Bhd	80,170,178	7.18	200,158	9.57
JPMorgan Securities (Malaysia) Sdn Bhd	79,410,295	7.12	198,465	9.49
CLSA Securities Malaysia Sdn Bhd	70,018,456	6.27	175,311	8.39
Macquarie Capital Securities (Malaysia) Sdn Bhd	59,150,834	5.30	147,774	7.07
Hong Leong Bank Berhad*	54,830,896	4.91	-	-
CIMB Bank Berhad	30,765,584	2.76	-	-
Affin Hwang Investment Bank Berhad	24,582,217	2.20	61,469	2.94
Others	106,441,039	9.54	190,362	9.11
	1,116,112,417	100.00	2,090,658	100.00

* Transactions with brokers/dealers related to the Manager.

Included in transactions by the Fund are trades with Hong Leong Islamic Bank Berhad, a related company of the Manager, of which the value of trades amounted to RM10,176,048.

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:

Construction
Consumer Products & Services
Energy
Financial Services
Health Care
Industrial Products & Services
Plantation
Property
Technology
Corporate Bonds
Malaysian Government Securities
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 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 Additional Units Distribution (Gross) Distribution (Net) Distribution Date Cum-Distribution NAV/Unit EX-Distribution NAV/Unit

Financial Year 30/06/22- 30/06/23 %	Financial Year 30/06/21- 30/06/22 %	Financial Year 30/06/20- 30/06/21 %
-	1.82	-
7.77	10.68	12.89
4.70	0.50	4.25
2.41	6.81	5.12
4.11	4.36	-
5.23	2.65	13.54
1.82	-	-
-	1.14	-
26.83	22.19	13.95
20.84	21.47	14.59
25.07	25.18	28.19
1.22	3.20	7.47
RM1,120,191,200	RM1,102,135,379	RM840,735,685
RM0.4454	RM0.4601	RM0.5466
2,514,755,700	2,395,240,882	1,538,148,146
RM0.4875	RM0.5702	RM0.5664
RM0.4412	RM0.4585	RM0.4610
3.31%	-10.91%	24.75%
-3.19%	-15.83%	19.08%
6.50%	4.92%	5.67%
1.4700 sen/unit	3.0000 sen/unit	0.0000 sen/unit
1.5300 sen/unit	0.0000 sen/unit	2.4000 sen/unit
3.0000 sen/unit	3.0000 sen/unit	2.4000 sen/unit
49%	100%	0%
51%	0%	100%
-	-	-
0.8000 sen/unit	0.8000 sen/unit	0.2000 sen/unit
0.8000 sen/unit	0.7936 sen/unit	0.1997 sen/unit
20/07/2022	21/07/2021	20/07/2020
RM0.4640	RM0.5506	RM0.4803
RM0.4560	RM0.5427	RM0.4783
-	-	-
0.2000 sen/unit	0.2000 sen/unit	0.2000 sen/unit
0.2000 sen/unit	0.2000 sen/unit	0.1998 sen/unit
22/08/2022	20/08/2021	21/08/2020
RM0.4713	RM0.5468	RM0.4846
RM0.4693	RM0.5448	RM0.4826
-	-	-
0.2000 sen/unit	0.2000 sen/unit	0.2000 sen/unit
0.2000 sen/unit	0.2000 sen/unit	0.1998 sen/unit
20/09/2022	20/09/2021	21/09/2020
RM0.4689	RM0.5581	RM0.4697
RM0.4669	RM0.5561	RM0.4677
-	-	-
0.2000 sen/unit	0.2000 sen/unit	0.2000 sen/unit
0.2000 sen/unit	0.2000 sen/unit	0.1998 sen/unit
20/10/2022	20/10/2021	20/10/2020
RM0.4459	RM0.5683	RM0.4856
RM0.4439	RM0.5663	RM0.4836
-	-	-
0.2000 sen/unit	0.2000 sen/unit	0.2000 sen/unit
0.2000 sen/unit	0.2000 sen/unit	0.1998 sen/unit
22/11/2022	22/11/2021	20/11/2020
RM0.4563	RM0.5599	RM0.4940
RM0.4543	RM0.5579	RM0.4920
-	-	-
0.2000 sen/unit	0.2000 sen/unit	0.2000 sen/unit
0.2000 sen/unit	0.2000 sen/unit	0.1998 sen/unit
20/12/2022	20/12/2021	21/12/2020
RM0.4707	RM0.5404	RM0.5187
RM0.4687	RM0.5384	RM0.5167
-	-	-
0.2000 sen/unit	0.2000 sen/unit	0.2000 sen/unit
0.2000 sen/unit	0.2000 sen/unit	0.1998 sen/unit
20/01/2023	20/01/2022	20/01/2021
RM0.4826	RM0.5276	RM0.5353
RM0.4806	RM0.5256	RM0.5333

Performance Data

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
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 30/06/2023)*

- (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)

The PTR decreased by 0.23 times (46.00%) to 0.27 times for the financial year ended 30 June 2023 versus 0.50 times for the financial year ended 30 June 2022 mainly due to lower level of rebalancing activities undertaken by the Fund.

Financial Year 30/06/22- 30/06/23 %	Financial Year 30/06/21- 30/06/22 %	Financial Year 30/06/20- 30/06/21 %
-	-	-
0.2000 sen/unit	0.2000 sen/unit	0.2000 sen/unit
0.2000 sen/unit	0.2000 sen/unit	0.1998 sen/unit
20/02/2023	21/02/2022	22/02/2021
RM0.4733	RM0.5227	RM0.5465
RM0.4713	RM0.5207	RM0.5445
-	-	-
0.2000 sen/unit	0.2000 sen/unit	0.2000 sen/unit
0.2000 sen/unit	0.2000 sen/unit	0.1998 sen/unit
20/03/2023	21/03/2022	22/03/2021
RM0.4572	RM0.5128	RM0.5547
RM0.4552	RM0.5108	RM0.5527
-	-	-
0.2000 sen/unit	0.2000 sen/unit	0.2000 sen/unit
0.2000 sen/unit	0.2000 sen/unit	0.1999 sen/unit
20/04/2023	20/04/2022	20/04/2021
RM0.4630	RM0.4979	RM0.5637
RM0.4610	RM0.4959	RM0.5618
-	-	-
0.2000 sen/unit	0.2000 sen/unit	0.2000 sen/unit
0.2000 sen/unit	0.2000 sen/unit	0.1999 sen/unit
22/05/2023	20/05/2022	20/05/2021
RM0.4558	RM0.4796	RM0.5412
RM0.4538	RM0.4776	RM0.5392
-	-	-
0.2000 sen/unit	0.2000 sen/unit	0.2000 sen/unit
0.2000 sen/unit	0.2000 sen/unit	0.1999 sen/unit
20/06/2023	20/06/2022	21/06/2021
RM0.4498	RM0.4605	RM0.5564
RM0.4478	RM0.4585	RM0.5544
2.09%	2.09%	1.75%
0.27#	0.50	1.11
3.31%		
4.94%		
5.08%		

Corporate Information

Manager

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

Registered Office

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

Business Office

Level 18, Block B, Plaza Zurich
No. 12, Jalan Gelenggang
Bukit Damansara
50490 Kuala Lumpur

Board of Directors

Ms. Lee Jim Leng
Mr. Hoo See Kheng
Dato' Abdul Majit Bin Ahmad Khan
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
OCBC Bank (Malaysia) Berhad
HSBC Bank (Malaysia) Berhad
Standard Chartered Bank Malaysia Berhad
CIMB Investment Bank Berhad
United Overseas Bank (Malaysia) Berhad
Affin Bank Berhad
Areca Capital Sdn Bhd
Registered Independent Tied Agents with FiMM

Corporate Directory

Head Office

Level 18, Block B, Plaza Zurich

No. 12, Jalan Gelenggang

Bukit Damansara

50490 Kuala Lumpur

Tel: 03-2081 8600

Fax: 03-2081 8500

Website: www.hlam.com.my

E-mail: inquiry@hla.hongleong.com.my

Pulau Pinang

No. 441-1-3

Pulau Tikus Plaza, Jalan Burmah

10350 Pulau Tikus, Pulau Pinang

Tel: 04-2288 112, 04-2289 112

Fax: 04-2283 112

Ipoh

2nd Floor, Lot 3, Persiaran Greentown 4

Greentown Business Centre

30450 Ipoh, Perak

Tel: 05-2558 388, 05-2559 388

Fax: 05-2558 389

This page is intentionally left blank

This page is intentionally left blank

This page is intentionally left blank



Hong Leong Asset Management Bhd
www.hlam.com.my

