

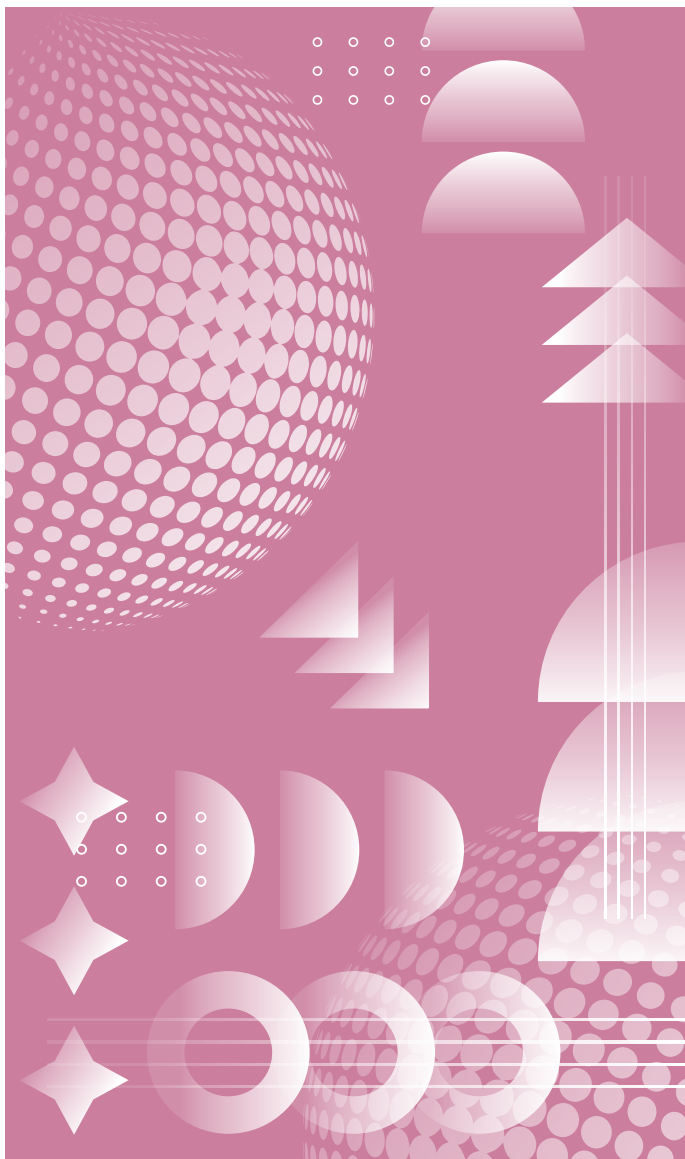
Hong Leong Global Multi Strategies Fund

Annual Report

Financial Year Ended 30 November 2023

2022/2023

Audited



Hong Leong Global Multi Strategies Fund

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Manager's Review and Report

I. FUND INFORMATION

Fund Name

Hong Leong Global Multi Strategies Fund ("HLGMSF or the Fund")

Fund Category

Mixed Assets (Fund-of-Funds/Wholesale)

Fund Type

Growth and Income

Investment Objective

The Fund aims to provide capital growth and regular income* over the medium to long-term by investing primarily in a portfolio of collective investment schemes.

Duration of the Fund and its termination date, where applicable

Not Applicable

Benchmark

MSCI All Country World Index+Bloomberg Global Aggregate Total Return Index Hedged USD (50:50)

Distribution Policy

The Fund intends to provide regular income. As such, income distribution will be declared on a monthly basis, subject to availability of income. Income distributed will be reinvested into additional Units unless Unit holders opt for the distribution to be paid out.

Note:

* Income distributed (if any) will be reinvested into additional Units unless Unit holders opt for the distribution to be paid out.

II. FUND PERFORMANCE

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



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

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

Performance Review

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

The Fund registered a return of 4.86% (based on NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from the Fund reinvested) in the past twelve months while its benchmark the MSCI All Country World Index+Bloomberg Global Aggregate Total Return Index Hedged USD (50:50) registered a return of 12.79% (in Malaysian Ringgit terms).

Since launch, the Fund has registered a return of 17.81% compared to the benchmark's return of 44.81% while distributing a total gross income of 10.1004 sen per unit (net income of 9.9294 sen per unit).

Key Risk Factors

The potential risks associated with investing in the Fund are including but not limited to the followings:

- Market risk;
- Fund management risk;
- Inflation/Purchasing power risk;
- Loan financing risk;
- Non-compliance risk;
- Third party managers' risk;
- Collective Investment Scheme risk;
- Counterparty risk;
- Currency risk;
- Liquidity risk;
- Country risk;
- Hedging risk; and
- Concentration risk.

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

	31/08/23- 30/11/23 3 Months	31/05/23- 30/11/23 6 Months	30/11/22- 30/11/23 1 Year	30/11/20- 30/11/23 3 Years	20/03/20- 30/11/23 Since Launch
HLGMSF Return (%)	-0.59	1.74	4.86	14.10	17.81
Benchmark (%)	1.76	5.64	12.79	20.43	44.81

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

	30-Nov-23	30-Nov-22	Return (%)
NAV Per Unit	RM1.0732	RM1.0235	4.86
Benchmark	144.81	128.39	12.79
vs Benchmark (%)	-	-	-7.93

Table 3: Financial Highlights

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

	30-Nov-23 (RM)	30-Nov-22 (RM)	Change (%)
Unit Holders' Capital	6,683,730	17,800,098	(62.45)
Accumulated Loss	(751,433)	(1,388,943)	45.90
Net Asset Value	5,932,297	16,411,155	(63.85)
Units in Circulation	5,527,490	16,035,019	(65.53)

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 30/11/22- 30/11/23	Financial Year 30/11/21- 30/11/22	Financial Year 30/11/20- 30/11/21
Highest NAV Per Unit (RM)	1.1208	1.1611	1.1533
Lowest NAV Per Unit (RM)	1.0091	0.9276	1.0164
Capital Growth (%)	4.86	-8.46	10.22
Income Distribution (%)	-	3.62	4.13
Total Return (%)	4.86	-4.84	14.35

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 HLGMSF reinvested.

Table 5: Average Total Return of the Fund

	30/11/22- 30/11/23 1 Year	30/11/20- 30/11/23 3 Years
Average Total Return (%)	4.86	4.70

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 HLGMSF reinvested.

Table 6: Annual Total Return of the Fund

Financial Year/Period	30/11/22- 30/11/23	30/11/21- 30/11/22	30/11/20- 30/11/21	20/03/20- 30/11/20
Annual Total Return (%)	4.86	-4.84	14.35	3.25*

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

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

Table 7: Volatility of the Fund

	30/11/22- 30/11/23 1 Year	30/11/20- 30/11/23 3 Years
Annualised Standard Deviation (%)	8.92	10.17

Source: Lipper for Investment Management.

III. INVESTMENT PORTFOLIO

Chart 2: Asset Allocation – December 2022 to November 2023

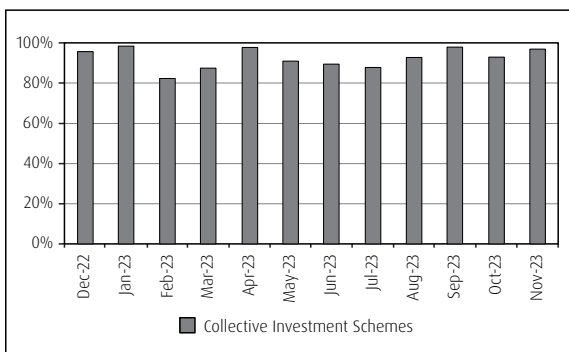
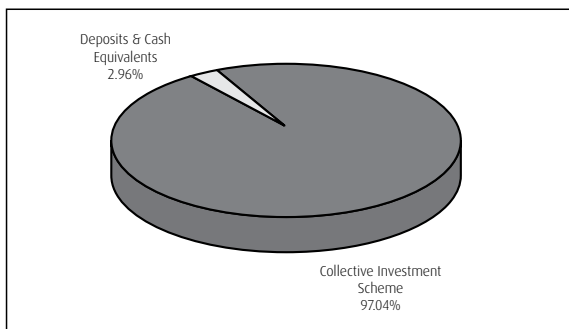


Chart 3: Sector Allocation as at 30 November 2023



Strategies employed by the Fund during the period under review

During the financial year under review, the Fund maintained its position in JPMorgan Asia Equity Dividend C (Mth)-USD (Hedged) with using the efficient frontier approach.

An explanation on the differences in portfolio composition

During the financial year under review, we maintained our position in JPMorgan Asia Equity Dividend C (Mth)-USD (Hedged) as we are optimistic over the investment outlook in Asia Pacific ex-Japan markets.

Operational review of the Fund

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

IV. MARKET REVIEW

During the financial year under review, Fitch downgraded the credit rating of the United States (US) government from AAA to AA+, citing concerns about unsustainable debt levels, mounting deficits, and increased political dysfunction. Despite the downgrade, US Government bond yields experienced a decline, with the US 10-Year Treasury yield falling below 4.4% from its mid-October peak of 5%.

In the realm of inflation, the Consumer Price Index (CPI) saw a slight uptick in July, reaching 3.2% year-on-year (YoY), driven by increased food and energy prices. However, October brought positive news as the US CPI release revealed a cooling trend, with headline and core inflation dropping to 3.2% and 4.0% YoY, respectively, influenced by lower energy and gasoline prices, along with reduced travel costs and hotel rates. This data raised hopes of inflation reaching 2% by the end of 2024, leading to a reconsideration of expectations for a final interest rate hike by the Federal Reserve (Fed) in December.

Despite initial assumptions about reaching peak policy rates, the November Federal Open Market Committee (FOMC) minutes emphasized the Fed's commitment to maintaining elevated policy rates for an extended period, reflecting a cautious approach considering evolving economic conditions.

In the broader economic context, the US exhibited robust performance during this period. July's labor market statistics indicated resilience, with payroll job gains slightly below projections at 187,000. Despite this, the unemployment rate decreased to 3.5%, and average hourly earnings showed a YoY increase of 4.4%. July also saw a noteworthy 0.7% month-on-month (MoM) increase in retail sales, surpassing the anticipated rise. However, signs of a cooling US economy emerged in subsequent months, including modest increases in jobless claims, rising credit card delinquencies, and a slight fall in October retail spending.

In Europe, the headline inflation in the Eurozone remained stable at 5.3% YoY in August, surpassing the European Central Bank (ECB)'s target. November's flash CPI release indicated a slowdown to 2.4% and 3.6% YoY for headline and core inflation, respectively. Despite progress, the ECB remains vigilant about potential upside inflation risks. Industrial production and manufacturing activity in the Eurozone continue to face challenges, emphasizing the need for ongoing monitoring and strategic economic management.

In contrast, China faced weaker-than-expected economic data in July, including negative CPI at -0.3% YoY and Producer Price Index (PPI) in deflation for the tenth consecutive month. Retail sales grew at a mere 2.5% YoY, and private investment contracted by 2.3% YoY in July. In response, the People's Bank of China (PBoC) enacted two interest rate reductions in August, with additional measures to support financial markets. Despite these efforts, the Renminbi depreciated by 1.6%, and the CSI 300 Index witnessed a 6.2% decline.

October brought positive surprises for China, with retail sales up 7.6% YoY. However, challenges persist in the housing market, prompting discussions about potential fiscal stimulus measures. Agreements on energy transition and climate change between the Chinese and US presidents hinted at reduced tensions with positive implications for global markets. These developments underscore the dynamic nature of China's economic landscape and its global impact.

V. FUTURE PROSPECTS AND PROPOSED STRATEGIES

Our portfolio holdings continue to exhibit an overweight position, and this stems from various contributing factors. One significant factor is the anticipation of interest rates reaching their peak, coupled with a reduced likelihood of recessionary risks. Furthermore, it's essential to acknowledge that China's ongoing economic challenges are expected to have a substantial impact on the global economy in the upcoming months, considering China's significant contribution, accounting for nearly one-third of global growth. However, there have been signs of recovery in semiconductor related sectors which were driven by the Artificial Intelligence (AI) related investment and recovery in smartphones demand in the second half of 2023.

On the strategy front, we have allocated higher investment into the targeted funds which have higher Asia Pacific exposure to capture the growth potential and discount valuation in that region. Further, we will lock in the gain to protect the net assets value by closely tracking the Volatility Index (VIX) which is an indicator of market volatility.

VI. SOFT COMMISSIONS

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

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

VII. SECURITIES LENDING OR REPURCHASE TRANSACTIONS

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

VIII. CROSS TRADE TRANSACTIONS

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

STATEMENT BY THE MANAGER

I, Hoo See Kheng, as the Director of Hong Leong Asset Management Bhd, do hereby state that, in the opinion of the Manager, the financial statements set out on pages 16 to 51 are drawn up in accordance with the provision of the Deed and give a true and fair view of the financial position of the Fund as at 30 November 2023 and of its financial performance, changes in equity and cash flows for the financial year ended 30 November 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
22 January 2024

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF HONG LEONG GLOBAL MULTI STRATEGIES FUND ("Fund")

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

1. Limitations imposed on the investment powers of the management company under the deed, securities laws and the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework;
2. Valuation and pricing is carried out in accordance with the deed; and
3. Any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement.

For Deutsche Trustees Malaysia Berhad

Ng Hon Leong
Head, Fund Operations

Sylvia Beh
Chief Executive Officer

Kuala Lumpur
22 January 2024

INDEPENDENT AUDITORS' REPORT

TO THE UNIT HOLDERS OF HONG LEONG GLOBAL MULTI STRATEGIES FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Hong Leong Global Multi Strategies Fund ("the Fund") give a true and fair view of the financial position of the Fund as at 30 November 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 November 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 16 to 51.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
22 January 2024

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023

	Note	2023 RM	2022 RM
INVESTMENT INCOME/(LOSS)			
Interest income from financial assets measured at amortised cost	4	19,997	47,538
Dividend income		376,454	605,360
Net loss on derivative	10	(274,671)	(442,069)
Net gain/(loss) on financial assets at fair value through profit or loss ("FVTPL")	11	792,337	(1,358,950)
Net foreign currency exchange gain		29,647	53,410
		<u>943,764</u>	<u>(1,094,711)</u>
EXPENDITURE			
Management fee	5	(180,435)	(325,297)
Trustee's fee	6	(12,000)	(12,000)
Auditors' remuneration		(9,400)	(8,700)
Tax agent's fee		(6,750)	(2,950)
Other expenses		(16,541)	(17,405)
		<u>(225,126)</u>	<u>(366,352)</u>
PROFIT/(LOSS) BEFORE TAXATION		718,638	(1,461,063)
Taxation	7	(81,128)	(93,886)
PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR		<u>637,510</u>	<u>(1,554,949)</u>
Profit/(loss) after taxation is made up as follows:			
Realised amount		(85,652)	(126,627)
Unrealised amount		723,162	(1,428,322)
		<u>637,510</u>	<u>(1,554,949)</u>
Distributions for the financial year			
Net distributions	8	-	686,349
Net distributions per unit (sen)	8	-	4.1536
Gross distributions per unit (sen)	8	-	4.2400

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 NOVEMBER 2023

	Note	2023 RM	2022 RM
ASSETS			
Cash and cash equivalents	9	177,114	1,034,559
Amount due from the Manager of collective investment schemes - management fee rebates		7,594	25,415
Derivative	10	-	153,106
Dividends receivable		20,928	44,242
Financial assets at fair value through profit or loss ("FVTPL")	11	5,756,659	15,234,738
Tax recoverable		9,225	-
TOTAL ASSETS		<u>5,971,520</u>	<u>16,492,060</u>
LIABILITIES			
Amount due to the Manager - management fee		8,947	24,081
Amount due to the Trustee		8,190	5,307
Derivative	10	7,352	-
Other payables and accruals		14,734	11,978
Tax payable		-	39,539
TOTAL LIABILITIES		<u>39,223</u>	<u>80,905</u>
NET ASSET VALUE OF THE FUND		<u>5,932,297</u>	<u>16,411,155</u>
EQUITY			
Unit holders' capital		6,683,730	17,800,098
Accumulated loss		(751,433)	(1,388,943)
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>5,932,297</u>	<u>16,411,155</u>
UNITS IN CIRCULATION (UNITS)	12	<u>5,527,490</u>	<u>16,035,019</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.0732</u>	<u>1.0235</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 NOVEMBER 2023

	Note	Unit holders' capital RM	Accumulated loss RM	Total RM
Balance as at 1 December 2022		17,800,098	(1,388,943)	16,411,155
Movement in net asset value:				
Creation of units from applications		248,176	-	248,176
Cancellation of units		(11,364,544)	-	(11,364,544)
Total comprehensive income for the financial year		-	637,510	637,510
Balance as at 30 November 2023		<u>6,683,730</u>	<u>(751,433)</u>	<u>5,932,297</u>
Balance as at 1 December 2021		9,357,533	852,355	10,209,888
Movement in net asset value:				
Creation of units from applications		14,789,964	-	14,789,964
Creation of units from distributions		200,859	-	200,859
Cancellation of units		(6,548,258)	-	(6,548,258)
Total comprehensive loss for the financial year		-	(1,554,949)	(1,554,949)
Distributions for the financial year	8	-	(686,349)	(686,349)
Balance as at 30 November 2022		<u>17,800,098</u>	<u>(1,388,943)</u>	<u>16,411,155</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 NOVEMBER 2023

	Note	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sales of financial assets at FVTPL		10,194,046	15,613,489
Purchase of financial assets at FVTPL		-	(24,600,613)
Realised loss on derivative		(114,213)	(645,609)
Realised foreign exchange differences arising from operating activities		34,442	51,110
Interest income received from financial assets measured at amortised cost		19,997	47,538
Dividend income received		399,768	565,483
Management fee rebate received		94,192	150,616
Management fee paid		(195,569)	(314,925)
Trustee's fee paid		(9,117)	(15,890)
Payment for other fees and expenses		(29,935)	(29,055)
Tax paid		(129,892)	(54,272)
Net cash generated from/(used in) financing activities		<u>10,263,719</u>	<u>(9,232,128)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		248,176	14,789,964
Payments for cancellation of units		(11,364,544)	(6,548,258)
Payment for distributions		-	(485,490)
Net cash (used in)/generated from financing activities		<u>(11,116,368)</u>	<u>7,756,216</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(852,649)	(1,475,912)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES		(4,796)	2,299
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>1,034,559</u>	<u>2,508,172</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	9	<u><u>177,114</u></u>	<u><u>1,034,559</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Hong Leong Global Multi Strategies Fund (“the Fund”) was constituted pursuant to the execution of a Deed dated 7 February 2020 between the Manager, Hong Leong Asset Management Bhd and the Trustee, Deutsche Trustees Malaysia Berhad for the unit holders of the Fund.

The Fund aims to provide capital growth and regular income over the medium-to-long term by investing primarily in a portfolio of collective investment schemes.

The investment strategy of the Fund is to invest in listed and/or unlisted collective investment schemes that provide capital growth and regular income through exposure into globally focused strategies across multiples assets classes. The Fund commenced operations on 20 March 2020 and will continue its operations until terminated as provided under Part 11 of the Deed.

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

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

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 (including derivative financial instruments) 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 December 2022

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

- (ii) New standards, amendment and interpretations effective after 1 December 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 December 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 December 2024.

The amendment shall be applied retrospectively.

(b) Financial assets and financial liabilities

Classification

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

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

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

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

The Fund classifies amount due to the 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.

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 including the effects of currency translation are presented in the statement of comprehensive income within net gain or loss on financial assets at fair value through profit or loss in the 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.

Unquoted collective investment schemes are valued at the last published net asset value per unit at the date of the statement of financial position.

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) Foreign currency

Functional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Fund's functional and presentation currency.

Due to mixed factors in determining the functional currency of the Fund, the Manager has used its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have determined the functional currency to be in RM primarily due to the following factors:

- The Fund's NAV per unit and the settlement of creation and cancellation are denominated in RM.
- The Fund's significant expenses are denominated in RM.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges.

Translation differences on non-monetary financial assets and liabilities such as collective investment schemes held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

(d) Income recognition

Dividend income is recognised on the ex-dividend date when the Fund's right to receive payment is established.

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

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

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

Realised gain or loss on derivative - unquoted forward currency contract is measured by the net settlement as per the forward currency contract.

(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 on investment income from foreign investments are based on the tax regime

of the respective countries that the Fund invests in. Such withholding taxes are not "income tax" in nature and are recognised and measured based on the requirements of MFRS 137. They are presented within other expenses line in the statement of comprehensive income.

(h) 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) 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.

(j) Derivative

A derivative is any contract that gives rise to a financial asset/liability of the Fund and a financial liability/asset or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favorable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavorable.

The Fund's derivative comprises unquoted forward currency contract. Derivative is initially recognised at fair value on the date a derivative contract is entered into and is subsequently re-measured at their fair value.

The fair value of forward foreign currency contract is determined using forward exchange rates at the date of statements of financial position with the resulting value discounted back to present value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivative that do not qualify for hedge accounting are classified as held for trading and accounted for in accordance with the accounting policy set out in Note 2(b).

(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 Unlisted Capital Market Products under the Lodge and Launch Framework.

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, interest rate risk and currency 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 Information Memorandum.

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/ liabilities at at FVTPL RM	Financial assets/ liabilities at amortised cost RM	Total RM
2023			
<u>Financial assets</u>			
Cash and cash equivalents (Note 9)	-	177,114	177,114
Amount due from the Manager of collective investment schemes -management fee rebates	-	7,594	7,594
Dividends receivable	-	20,928	20,928
Financial assets at FVTPL (Note 11)	5,756,659	-	5,756,659
	<u>5,756,659</u>	<u>205,636</u>	<u>5,962,295</u>
<u>Financial liabilities</u>			
Amount due to the Manager -management fee	-	8,947	8,947
Amount due to the Trustee	-	8,190	8,190
Derivative (Note 10)	7,352	-	7,352
Other payables and accruals	-	14,734	14,734
	<u>7,352</u>	<u>31,871</u>	<u>39,223</u>

	Financial assets/ liabilities at at FVTPL RM	Financial assets/ liabilities at amortised cost RM	Total RM
2022			
<u>Financial assets</u>			
Cash and cash equivalents (Note 9)	-	1,034,559	1,034,559
Amount due from the Manager			
-management fee rebates	-	25,415	25,415
Derivative (Note 10)	153,106	-	153,106
Dividends receivable	-	44,242	44,242
Financial assets at FVTPL (Note 11)	15,234,738	-	15,234,738
	<u>15,387,844</u>	<u>1,104,216</u>	<u>16,492,060</u>
<u>Financial liabilities</u>			
Amount due to the Manager			
-management fee	-	24,081	24,081
Amount due to the Trustee	-	5,307	5,307
Other payables and accruals	-	11,978	11,978
	<u>-</u>	<u>41,366</u>	<u>41,366</u>

All liabilities except derivatives 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 Deed.

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

	2023	2022
	RM	RM
Financial assets at FVTPL:		
- Unquoted collective investment schemes		
- foreign	5,756,659	15,234,738
	<u>5,756,659</u>	<u>15,234,738</u>
Derivative	(7,352)	153,106
	<u><u>5,749,307</u></u>	<u><u>15,387,844</u></u>

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

% Change in price of financial assets at FVTPL	Market value RM	Impact on profit/(loss) taxation/net asset value RM
2023		
-5%	5,461,842	(287,465)
0%	5,749,307	-
5%	<u>6,036,772</u>	<u>287,465</u>
2022		
-5%	14,618,452	(769,392)
0%	15,387,844	-
5%	<u>16,157,236</u>	<u>769,392</u>

(ii) Interest rate risk

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

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

As at end of the reporting year, the Fund is not exposed to a material level of interest rate risk as the deposits with licensed financial institutions are placed on a short term basis.

(iii) Currency risk

Currency risk is associated with investments that are quoted and/or priced in foreign currency denomination. Malaysian based investors should be aware that if the Malaysian Ringgit appreciates against the currencies in which the financial assets are denominated, this will have an adverse effect on the net asset value of the Fund and vice versa. Investors should also note any gains or losses arising from the movement of foreign currencies against its functional currency may therefore increase/decrease the capital gains of the investment denominated in foreign currencies. Nevertheless, investors should realise that currency risk is considered as one of the major risks to investments in foreign assets due to the volatile nature of the foreign exchange market. The Manager or its fund

management delegate could utilise two pronged approaches in order to mitigate the currency risk; firstly by spreading the investments across different currencies (i.e. diversification) and secondly, by hedging the currencies when it is deemed necessary.

The Fund's foreign currency risk concentrations are as follows:

	Cash and cash equivalents RM	Derivative RM	Dividends receivable RM	Financial assets at FVTPL RM	Total RM
2023					
USD	11,686	(7,352)	20,928	5,756,659	5,781,921
2022					
USD	-	153,106	44,242	15,234,738	15,432,086

The table below summarises the sensitivity of the Fund's profit/(loss) after taxation and net asset value denominated in foreign currency to changes in foreign exchange movements at the end of each reporting year. The analysis is based on the assumption that the foreign exchange rate fluctuates by 5%, with all other variables remain constants. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change in foreign exchange rate %	Impact on profit/(loss) after taxation/net asset value	
		2023 RM	2022 RM
USD	5	171,333	440,928

(b) Credit risk

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

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

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

For amount due from brokers/dealers, the settlement terms are governed by the Securities Commission Malaysia's Guidelines on Unit Trust Fund and Applicable Laws and Offering Documents of the relevant JPMorgan funds. The credit/default risk is minimal at the end of the financial year.

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 the Manager of collective investment schemes - management fee rebates RM	Derivative RM	Dividends receivable RM	Total RM
2023					
- AAA	145,012	-	-	-	145,012
- AA1/AA+	32,102	-	-	-	32,102
- NR	-	7,594	-	20,928	28,522
Total	177,114	7,594	-	20,928	205,636
2022					
- AAA	1,014,077	-	-	-	1,014,077
- AA1/AA+	20,482	-	-	-	20,482
- NR	-	25,415	153,106	44,242	222,763
Total	1,034,559	25,415	153,106	44,242	1,257,322

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

(c) Liquidity risk

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

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

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

	Less than 1 month RM	1 month to 1 year RM	Total RM
2023			
<u>Financial liabilities</u>			
Amount due to the Manager			
-management fee	8,947	-	8,947
Amount due to the Trustee	8,190	-	8,190
Derivative	7,352	-	7,352
Other payables and accruals	-	14,734	14,734
Contractual cash out flows	<u>24,489</u>	<u>14,734</u>	<u>39,223</u>
2022			
<u>Financial liabilities</u>			
Amount due to the Manager			
-management fee	24,081	-	24,081
Amount due to the Trustee	5,307	-	5,307
Other payables and accruals	-	11,978	11,978
Contractual cash out flows	<u>29,388</u>	<u>11,978</u>	<u>41,366</u>

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

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

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

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

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

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

(i) Fair value hierarchy

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

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

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

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2023				
<u>Financial assets at FVTPL:</u>				
- Unquoted collective investment scheme - foreign		- 5,756,659		- 5,756,659
<u>Financial liabilities:</u>				
- Derivative		- (7,352)		- (7,352)
2022				
<u>Financial assets at FVTPL:</u>				
- Unquoted collective investment schemes - foreign		- 15,234,738		- 15,234,738
<u>Financial asset:</u>				
- Derivative		- 153,106		- 153,106
		- 15,387,844		- 15,387,844

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 collective investment schemes and derivative. 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/liability are stated in Note 2(b) and 2(j).

- (ii) The carrying values of financial assets (other than financial assets at FVTPL and derivative) and financial liabilities (other than derivative) 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	2022
	RM	RM
Interest income from:		
- Deposits with licensed financial institutions	19,153	46,198
- Auto-sweep facility bank account	844	1,340
	<u>19,997</u>	<u>47,538</u>

5. MANAGEMENT FEE AND MANAGEMENT FEE REBATES

In accordance with Division 12.1 of the Deed, the Manager is entitled to a management fee of up to 3.00% per annum calculated daily based on the net asset value of the Fund.

For the financial year ended 30 November 2023, the management fee is recognised at a rate of 1.80% (2022: 1.80%) per annum.

The management fee rebates relate to the rebates received from the Manager for investing in unquoted collective investment schemes. The average rates of rebates were calculated on the net asset value of respective unquoted collective investment schemes on a daily basis as follow:

	2023 %	2022 %
<u>Unquoted collective investment schemes:</u>		
- JPMorgan Asia Equity Dividend C (mth) - USD	0.75	0.75
- JPMorgan Funds - Asia Pacific Income C (mth) - USD	-	0.75
- JPMorgan Investment Funds - Global Dividend A (mth) - USD (hedged)	1.50	1.50

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 12.2 of the Deed, the Trustee is entitled to a fee not exceeding 0.04% subject to a minimum of RM12,000 per annum (excluding custodian fees and charges) calculated daily based on the net asset value of the Fund.

For the financial year ended 30 November 2023, the Trustee's fee is recognised at a rate of 0.04% (2022: 0.04%) per annum. The Fund recognised the Trustee's fee at RM12,000 based on terms agreed with the Trustee for the financial year ended 30 November 2023 and 30 November 2022.

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	91,040	90,780
(Over)/under provision of tax in prior year	(9,912)	3,106
	<u>81,128</u>	<u>93,886</u>

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	<u>718,638</u>	<u>(1,461,063)</u>
Taxation at Malaysian statutory rate of 24% (2022: 24%)	172,473	(350,655)
Tax effects of:		
(Investment income not subject to tax)/ investment loss disallowed from tax	(112,408)	387,949
Expenses not deductible for tax purposes	4,671	3,762
Restriction on tax deductible expenses for wholesale fund	26,304	42,891
Income subject to differential tax rate	-	6,833
(Over)/under provision of tax in prior year	(9,912)	3,106
Taxation	<u>81,128</u>	<u>93,886</u>

8. DISTRIBUTIONS

Distribution to unit holders is derived from the following sources:

	2023 RM	2022 RM
Prior financial year's realised income	-	280,193
Interest income	-	43,513
Dividend income	-	307,965
Realised gain on financial asset at FVTPL	-	108,707
Realised foreign currency exchange gain	-	216,411
Less: Expenses	-	(260,002)
Less: Taxation	-	(10,438)
Net distributions amount	-	686,349
Net distributions per unit (sen)	-	4.1536
Gross distributions per unit (sen)	-	4.2400

Date of Declaration

Distribution on 20 December

Net distribution per unit (sen)	-	0.7986
Gross distribution per unit (sen)	-	0.8000

Distribution on 20 January

Net distribution per unit (sen)	-	0.4300
Gross distribution per unit (sen)	-	0.4300

Distribution on 21 February

Net distribution per unit (sen)	-	0.4300
Gross distribution per unit (sen)	-	0.4300

Distribution on 21 March

Net distribution per unit (sen)	-	0.4300
Gross distribution per unit (sen)	-	0.4300

Distribution on 20 April

Net distribution per unit (sen)	-	0.4130
Gross distribution per unit (sen)	-	0.4300

Distribution on 20 May

Net distribution per unit (sen)	-	0.4210
Gross distribution per unit (sen)	-	0.4300

Distribution on 20 June

Net distribution per unit (sen)	-	0.4210
Gross distribution per unit (sen)	-	0.4300

Distribution on 20 July

Net distribution per unit (sen)	-	0.3800
Gross distribution per unit (sen)	-	0.4300

Distribution on 22 August

Net distribution per unit (sen)	-	0.4300
Gross distribution per unit (sen)	-	0.4300

The composition of distribution payments sourced from income and capital are disclosed in below:

	Income		Capital	
	RM	%	RM	%
2023	-	-	-	-
2022	686,349	100.00	-	-

Net distributions above are sourced from prior financial year 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.

The above distributions have been proposed before taking into account the unrealised gain of RM723,162 (2022: unrealised loss of RM1,428,322) which is carried forward to the next financial year.

9. CASH AND CASH EQUIVALENTS

	2023 RM	2022 RM
Deposits with licensed financial institutions	145,012	1,014,077
Cash at banks	32,102	20,482
	<u>177,114</u>	<u>1,034,559</u>

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

	2023 %	2022 %
Deposits with licensed financial institutions	<u>3.00</u>	<u>2.75</u>

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

10. DERIVATIVE

Derivative comprises forward currency contract. The (negative)/positive fair value represents the unrealised (loss)/gain on the revaluation of forward currency at the reporting date. The contract or underlying principal amount of the forward currency contract and the corresponding gross (negative)/positive fair value at the end of each reporting date is analysed below:

	2023	2022
	RM	RM
<u>Derivative asset:</u>		
Forward currency contract	-	153,106
<u>Derivative liability:</u>		
Forward currency contract	(7,352)	-
<u>Net loss on derivative:</u>		
Realised loss on disposals	(114,213)	(645,609)
Changes in unrealised fair values	(160,458)	203,540
	<u>(274,671)</u>	<u>(442,069)</u>

		Contract or	
	Maturity	underlying	*Fair value
	date	principal	RM
		amounts	
2023			
United States Dollar	within 1 month	507,000	<u>(7,352)</u>
2022			
United States Dollar	within 1 month	1,454,000	<u>153,106</u>

* Being the difference between the contract price and the market forward price discounted at appropriate discount rates.

	Receivables RM	Payables RM	Fair value RM	Percentage of net asset value %
2023				
Hong Leong Investment Bank Berhad	-	(7,352)	(7,352)	0.13
2022				
Hong Leong Bank Berhad	153,106	-	153,106	0.93

As the Fund does not adopt hedge accounting during the financial year, the change in the fair value of the forward currency contracts is recognised immediately in the statement of comprehensive income.

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

	2023 RM	2022 RM
<u>Financial assets at FVTPL:</u>		
Unquoted collective investment schemes		
- foreign	5,756,659	15,234,738
<u>Net gain/(loss) on financial assets at FVTPL</u>		
Realised (loss)/gain on disposals	(172,450)	114,923
Changes in unrealised fair values	888,416	(1,634,161)
Management fee rebates (Note 5)	76,371	160,288
	792,337	(1,358,950)

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

	Quantity Units	Aggregate cost RM	Fair value RM	Percentage of net asset value %
UNQUOTED COLLECTIVE INVESTMENT SCHEME - FOREIGN				
JPMorgan Asia Equity Dividend C (mth) - USD	131,690	5,877,509	5,756,659	97.04
TOTAL UNQUOTED COLLECTIVE INVESTMENT SCHEME - FOREIGN	131,690	5,877,509	5,756,659	97.04
UNREALISED LOSS ON FINANCIAL ASSETS AT FVTPL		(120,850)		
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL		5,756,659		
UNQUOTED COLLECTIVE INVESTMENT SCHEMES - FOREIGN				
JPMorgan Investment Funds - Global Dividend A (mth) - USD (hedged)	4,508	3,091,593	3,114,085	18.97
JPMorgan Asia Equity Dividend C (mth) - USD	294,690	13,152,411	12,120,653	73.86
TOTAL UNQUOTED COLLECTIVE INVESTMENT SCHEMES - FOREIGN	299,198	16,244,004	15,234,738	92.83
UNREALISED LOSS ON FINANCIAL ASSETS AT FVTPL		(1,009,266)		
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL		15,234,738		

12. UNITS IN CIRCULATION

	2023 No. of units	2022 No. of units
At the beginning of the financial year	16,035,019	9,131,836
Add: Creation of units during the financial year		
- Arising from applications	232,269	13,289,521
- Arising from distributions	-	184,554
Less: Cancellation of units during the financial year	(10,739,798)	(6,570,892)
At the end of the financial year	5,527,490	16,035,019

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

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

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

No units were held by the Manager and parties related to the Manager as at 30 November 2023 and 30 November 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	2022
	RM	RM
<u>Related party balances</u>		
Derivative:		
- Hong Leong Bank Berhad	-	153,106
- Hong Leong Investment Bank Berhad	(7,352)	-
	<u>(7,352)</u>	<u>153,106</u>
<u>Related party transactions</u>		
Interest income from deposits with licensed financial institutions:		
- Hong Leong Bank Berhad	436	12,935
	<u>436</u>	<u>12,935</u>

Performance Data

A. (i) Portfolio Compositions:

Collective Investment Scheme Deposits & Cash Equivalents

(ii) Total Net Asset Value	(ex-distribution)
(iii) Net Asset Value Per Unit	(ex-distribution)
Units in Circulation	(ex-distribution)
(iv) Highest/Lowest NAV Per Unit (ex-distribution)	Highest NAV Per Unit Lowest NAV Per Unit
(v) Total Return of the Fund*	
- Capital Growth	
- Income Distribution	
(vi) The distribution (gross) is made out of:-	
- The Fund's Capital	
- The Fund's Income	
- Total Distribution Amount	
- The Fund's Capital (% of Total Distribution Amount)	
- The Fund's Income (% of Total Distribution Amount)	
(vii) Distribution Per unit	Additional Units Distribution (Gross) Distribution (Net) Distribution Date Cum-Distribution NAV/Unit Ex-Distribution NAV/Unit
	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 30/11/2022- 30/11/2023 %	Financial Year 30/11/2021- 30/11/2022 %	Financial Year 30/11/2020- 30/11/2021 %
97.04	92.83	76.07
2.96	7.17	23.93
RM5,932,297	RM16,411,155	RM10,209,888
RM1.0732	RM1.0235	RM1.1181
5,527,490	16,035,019	9,131,836
RM1.1208	RM1.1611	RM1.1533
RM1.0091	RM0.9276	RM1.0164
4.86%	-4.84%	14.35%
4.86%	-8.46%	10.22%
-	3.62%	4.13%
-	4.2400 sen/unit	0.0000 sen/unit
-	0.0000 sen/unit	4.0700 sen/unit
-	4.2400 sen/unit	4.0700 sen/unit
-	100%	0%
-	0%	100%
-	-	-
-	0.8000 sen/unit	0.2200 sen/unit
-	0.7986 sen/unit	0.2200 sen/unit
-	20/12/2021	21/12/2020
-	RM1.1353	RM1.0164
-	RM1.1273	RM1.0142
-	-	-
-	0.4300 sen/unit	0.2200 sen/unit
-	0.4300 sen/unit	0.2200 sen/unit
-	20/01/2022	20/01/2021
-	RM1.1522	RM1.0620
-	RM1.1479	RM1.0598
-	-	-
-	0.4300 sen/unit	0.2500 sen/unit
-	0.4300 sen/unit	0.2500 sen/unit
-	21/02/2022	22/02/2021
-	RM1.1331	RM1.0670
-	RM1.1288	RM1.0645
-	-	-
-	0.4300 sen/unit	0.4300 sen/unit
-	0.4300 sen/unit	0.4300 sen/unit
-	21/03/2022	22/03/2021
-	RM1.1086	RM1.0816
-	RM1.1043	RM1.0773
-	-	-
-	0.4300 sen/unit	0.3000 sen/unit
-	0.4130 sen/unit	0.3000 sen/unit
-	20/04/2022	20/04/2021
-	RM1.1115	RM1.1042
-	RM1.1073	RM1.1012

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

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

**B. Average Total Return, NAV Per Unit-to-NAV
Per Unit basis (as at 30/11/2023)***

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

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

Financial Year 30/11/2022- 30/11/2023 %	Financial Year 30/11/2021- 30/11/2022 %	Financial Year 30/11/2020- 30/11/2021 %
-	-	-
-	0.4300 sen/unit	0.3000 sen/unit
-	0.4210 sen/unit	0.3000 sen/unit
-	20/05/2022	20/05/2021
-	RM1.0746	RM1.1125
-	RM1.0704	RM1.1095
-	-	-
-	0.4300 sen/unit	0.3100 sen/unit
-	0.4210 sen/unit	0.3000 sen/unit
-	20/06/2022	21/06/2021
-	RM1.0300	RM1.1143
-	RM1.0258	RM1.1113
-	-	-
-	0.4300 sen/unit	0.3100 sen/unit
-	0.3800 sen/unit	0.2895 sen/unit
-	20/07/2022	21/07/2021
-	RM1.0385	RM1.1312
-	RM1.0347	RM1.1283
-	-	-
-	0.4300 sen/unit	0.3100 sen/unit
-	0.4300 sen/unit	0.2923 sen/unit
-	22/08/2022	20/08/2021
-	RM1.0464	RM1.1353
-	RM1.0421	RM1.1324
-	-	-
-	-	0.3100 sen/unit
-	-	0.2958 sen/unit
-	-	20/09/2021
-	-	RM1.1117
-	-	RM1.1087
-	-	-
-	-	0.3100 sen/unit
-	-	0.3003 sen/unit
-	-	20/10/2021
-	-	RM1.1333
-	-	RM1.1303
-	-	-
-	-	0.8000 sen/unit
-	-	0.7875 sen/unit
-	-	22/11/2021
-	-	RM1.1530
-	-	RM1.1451
4.86%		
4.70%		

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

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50490 Kuala Lumpur

Board of Directors

Ms. Lee Jim Leng
Mr. Hoo See Kheng
YBhg Dato' Abdul Majit bin Ahmad Khan
YM Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin

Executive Director / Chief Executive Officer

Mr. Hoo See Kheng

Trustee

Deutsche Trustees Malaysia Berhad

Auditor

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146)

Distributor

Hong Leong Bank Berhad

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