

# Hong Leong SEA-5 Equity Fund

**Annual Report**

Financial Year Ended 30 November 2023

**2022/2023**

Audited



# Hong Leong SEA-5 Equity Fund

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# Manager's Review and Report

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## I. FUND INFORMATION

### **Fund Name**

Hong Leong SEA-5 Equity Fund ("HLSEA5 or the Fund")

### **Fund Category**

Equity

### **Fund Type**

Growth

### **Investment Objective**

The Fund aims to achieve medium to long-term capital growth by investing in a portfolio of investments in 5 South-East Asia markets, namely Malaysia, Singapore, Indonesia, Thailand and Philippines.

### **Duration of the Fund and its termination date, where applicable**

Not Applicable

### **Benchmark**

FTSE/ASEAN 40 Index

### **Distribution Policy**

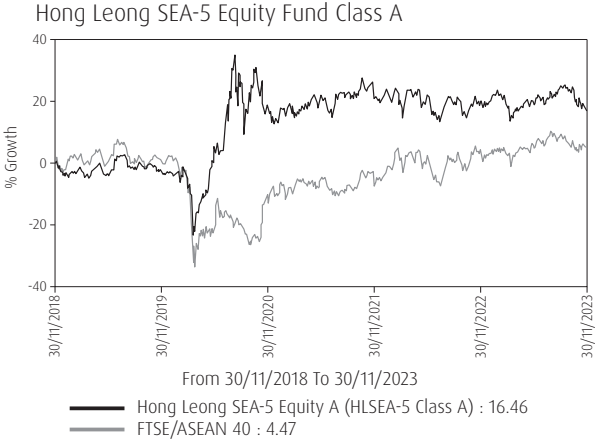
The Fund intends to provide Unit holder with medium to long-term capital growth. As such, cash distributions will be incidental to the overall capital growth objective\* and a substantial portion of the income returns from investments will be reinvested. Any distribution is subject to the availability of realized income and/or gains.

Note:

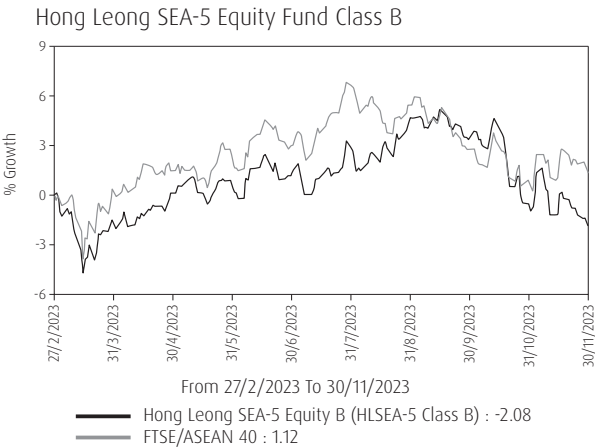
\* In relation to distribution policy, the focus of the Fund is to secure medium and long-term capital growth.

## II. FUND PERFORMANCE

**Chart 1: Performance of the Fund versus the benchmark**



Source: Lipper for Investment Management, in Malaysian Ringgit terms, NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from HLSEA-5 Class A reinvested.



Source: Lipper for Investment Management, in Malaysian Ringgit terms, NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from HLSEA-5 Class B 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.

For Hong Leong SEA-5 Equity Fund Class A, the Fund posted a return of -2.81% (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 FTSE/ASEAN 40 Index has registered a return of -0.12% (in Malaysian Ringgit terms). For the five financial years ended 30 November 2023, the Fund has posted a return of 16.46% while its benchmark has registered a return of 4.47% while distributing a total gross income of 7.0000 sen per unit (net income of 6.8850 sen per unit).

For Hong Leong SEA-5 Equity Fund Class B, the Fund posted a return of -2.08% (based on NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from the Fund reinvested) since 27 February 2023 while its benchmark the FTSE/ASEAN 40 Index has registered a return of 1.12% (in Malaysian Ringgit terms).

**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	31/05/23- 30/11/23	30/11/22- 30/11/23	30/11/20- 30/11/23	30/11/18- 30/11/23	09/01/17- 30/11/23 Since Launch
	3 Months	6 Months	1 Year	3 Years	5 Years	Launch
HLSEA-5 Class A Return (%)	-6.70	-2.35	-2.81	-0.70	16.46	12.38
Benchmark (%)	-4.12	-0.51	-0.12	20.07	4.47	13.63

	31/08/23- 30/11/23	31/05/23- 30/11/23	30/11/22- 30/11/23	30/11/20- 30/11/23	30/11/18- 30/11/23	27/02/23- 30/11/23 Since Launch
	3 Months	6 Months	1 Year	3 Years	5 Years	Launch
HLSEA-5 Class B Return (%)	-6.44	-2.22	-	-	-	-2.08
Benchmark (%)	-4.12	-0.51	-	-	-	1.12

**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)**

HLSEA-5 Class A	30-Nov-23	30-Nov-22	Return (%)
NAV Per Unit	RM0.4932	RM0.5421	-2.81
Benchmark	46,369.93	46,426.12	-0.12
<b>vs Benchmark (%)</b>	-	-	-2.69

HLSEA-5 Class B	30-Nov-23	27-Feb-23	Return (%)
NAV Per Unit	RM0.4896	RM0.5000	-2.08
Benchmark	46,369.93	45,857.96	1.12
<b>vs Benchmark (%)</b>	-	-	-3.20

**Table 3: Financial Highlights**

The Fair Value of Outstanding Units are represented by:

	30-Nov-23 (RM)	30-Nov-22 (RM)	Change (%)
Class A	3,363,709	4,257,476	(20.99)
Class B	490	-	-
Units in Circulation:			
Class A	6,819,577	7,853,773	(13.17)
Class B	1,000	-	-

**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**

HLSEA-5 Class A	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)	0.5591	0.5994	0.6148
Lowest NAV Per Unit (RM)	0.4932	0.5193	0.5436
Capital Growth (%)	-9.02	-6.95	2.95
Income Distribution (%)	6.21	6.19	-
<b>Total Return (%)</b>	<b>-2.81</b>	<b>-0.76</b>	<b>2.95</b>

Source: Lipper for Investment Management, in Malaysian Ringgit terms, ex-distribution, NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from HLSEA-5 Class A reinvested.

	<b>Financial Period</b> <b>27/02/23–</b> <b>30/11/23</b>
HLSEA-5 Class B	
Highest NAV Per Unit (RM)	RM0.5260
Lowest NAV Per Unit (RM)	RM0.4763
Capital Growth (%)	-2.08
Income Distribution (%)	-
<b>Total Return (%)</b>	<b>-2.08</b>

Source: Lipper for Investment Management, in Malaysian Ringgit terms, ex-distribution, NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from HLSEA-5 Class B reinvested.

**Table 5: Average Total Return of the Fund**

	<b>30/11/22–</b> <b>30/11/23</b> <b>1 Year</b>	<b>30/11/20–</b> <b>30/11/23</b> <b>3 Years</b>	<b>30/11/18–</b> <b>30/11/23</b> <b>5 Years</b>
HLSEA-5 Class A (%)	-2.81	-0.23	3.29
HLSEA-5 Class B (%)	-	-	-

Source: Lipper for Investment Management, in Malaysian Ringgit terms, ex-distribution, NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from HLSEA-5 reinvested.

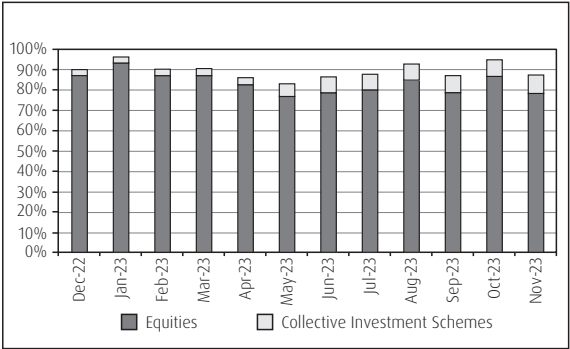
**Table 6: Annual Total Return of the Fund**

<b>Financial Year</b>	<b>30/11/22–</b> <b>30/11/23</b>	<b>30/11/21–</b> <b>30/11/22</b>	<b>30/11/20–</b> <b>30/11/21</b>	<b>30/11/19–</b> <b>30/11/20</b>	<b>30/11/18–</b> <b>30/11/19</b>
HLSEA-5 Class A (%)	-2.81	-0.76	2.95	20.82	-2.92
HLSEA-5 Class B (%)	-	-	-	-	-

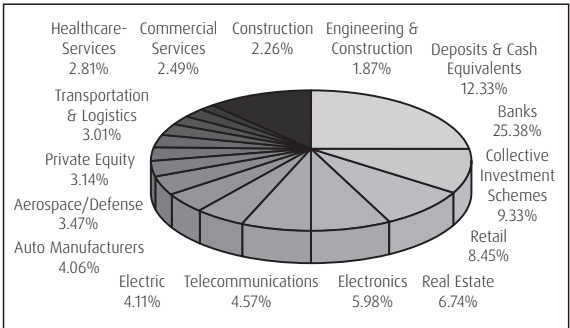
Source: Lipper for Investment Management, in Malaysian Ringgit terms, ex-distribution, NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from HLSEA-5 reinvested.

### III. INVESTMENT PORTFOLIO

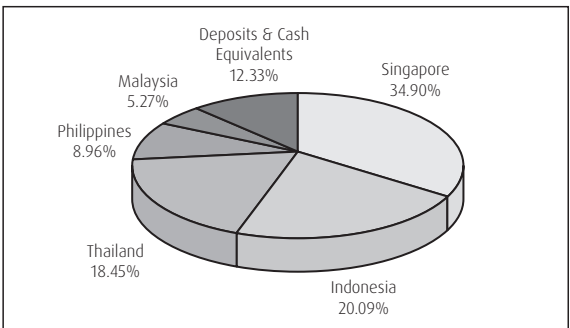
**Chart 2: Asset Allocation – December 2022 to November 2023**



**Chart 3: Sector Allocation as at 30 November 2023**



**Chart 4: Geographical Allocation as at 30 November 2023**





## **Strategies employed by the Fund during the period under review**

We locked in our gains in Malaysia companies and allocated the proceeds to Thailand and Indonesia's companies. Indonesia consumer sector is one of the outperforming sectors as the strong growth in its mid-high tier consumer spending recovery.

## **An explanation on the differences in portfolio composition**

During the financial year under review, we increased our positions in Indonesia and Thailand markets as the reopening of their economies will see higher rebounds in their Gross Domestic Product (GDP) growth. We have relocated into including hospitality, airports and consumer related sectors.

## **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, ASEAN markets experienced downward pressure following a robust performance in 2022. This downward pressure was primarily attributed to capital outflows from ASEAN markets and a shift of focus towards Greater China markets. Investors anticipated a strong economic recovery in China following its reopening in 2023, leading to a redirection of investments. In terms of inflation, most ASEAN regions observed a cooling off of inflationary pressures. This trend alleviated concerns about rising prices in the region. Additionally, consumer spending exhibited resilience and supported the growth for 2023.

In the broader economic context, the United States (US) exhibited robust performance during this period. July's labour 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 year-on-year (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.

Singapore's GDP showed stronger-than-expected growth in the third quarter, with advance estimates indicating a 1% quarter-on-quarter (QoQ) expansion and a 0.7% YoY increase. This performance marked the second consecutive quarter of growth acceleration and surpassed earlier expectations, building on the momentum from the previous quarter where growth was at 0.1% QoQ and 0.5% YoY. The resurgence in manufacturing, particularly in electronics, emerged as the primary driver behind the growth rebound. Manufacturing growth recovered after two consecutive negative quarters, increasing from -1.9% to 0.2% QoQ. On the other hand, construction growth fell from 2.7% to 0.6%, and services experienced a decline from 1% to 0.7%.

Indonesia's real GDP growth for the third quarter of 2023 disappointed, slipping to 4.9% YoY from 5.2% in the second quarter. This deceleration in growth was primarily driven by a slowdown in private consumption, further compounded by a contraction in government consumption. However, net exports provided a positive offset to this decline. Consequently, the slower growth in the third quarter has led to a revision in the 2023 GDP estimate, now lowered to 5% from the previous forecast of 5.1%.

The slowdown in the third quarter GDP growth is expected to deter Bank Indonesia from implementing further rate rises. Subdued the Consumer Price Index (CPI) inflation, recorded at 2.6% in October and 2.9% for the third quarter of 2023, is reinforced by the negative GDP deflator at -0.4% YoY. This negative deflator reflects the sharp decline in commodity export prices.

The release of Thailand's third quarter of 2023 GDP data indicates a significant slowdown in growth, falling to 1.5% YoY from the already modest 1.8% in the second

quarter of 2023. Despite the overall economic slowdown, net exports made a substantial positive contribution to the third quarter of 2023 GDP growth. This is noteworthy given that export growth slowed to a marginal 0.2% YoY, down from 0.6% in the second quarter of 2023. The positive impact was achieved through a significant 10.2% YoY contraction in imports, contrasting with the -2.3% in the second quarter of 2023. However, the recovery in the tourism sector has been disappointingly gradual. Arrivals in the first nine months of the year only reached 68% of the pre-pandemic 2019 level. This is primarily attributed to the absence of Chinese arrivals, which were only 29% of the 2019 level.

The Philippines witnessed a rapid decline in inflation, registering at 4.1% YoY in November, marking a substantial 2-percentage point drop from September. Core inflation has consistently fallen for the eighth consecutive month, reaching 4.7% YoY. This downward trajectory is expected to continue, reaching around 3% in early 2024. The primary driver of the inflation decline was the sharp reduction in fuel prices, causing the transport index to turn negative YoY over the past two months. Additionally, food inflation has moderated to 5.7% YoY in November from 9.7% in September.

In the third quarter, Malaysia's GDP growth stood at 3.3% YoY, a slight increase from the 2.9% reported in the second quarter, consistent with the advance estimate. The breakdown by expenditure confirmed that robust domestic demand remained the primary driver of growth. Private consumption rose by 4.6% YoY, a slight improvement from the 4.3% in the second quarter, while government spending increased by 5.8% YoY, up from 3.8% in the previous quarter. However, net exports had a negative impact on growth, dragging real GDP down by 1.4 percentage points. Encouragingly, investment growth was sustained in the third quarter. Fixed asset investment saw acceleration, reaching 1.9% QoQ or 5.1% YoY, compared to 1.5% QoQ and 5.5% YoY in the second quarter. Although there was slower growth in machine and equipment investment, this was offset by higher growth in structures investment, driven by the implementation of infrastructure projects.

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

In the upcoming year, our outlook on ASEAN markets turns more optimistic, primarily driven by the anticipated downward trajectory of US interest rates. This shift is expected to alleviate pressure on exchange rates and mitigate importing inflation costs, fostering positive conditions for domestic private consumption.

As part of our strategic approach, we are strategically locking in gains from Singapore banks and reallocating resources to the selective Real Estate Investment Trusts (REITs) sector. This shift is motivated by the REITs sector's potential for higher dividend yields. We anticipate that yield compression will materialize once the Fed initiates interest rate cuts in 2024.

This proactive strategy aims to capitalize on the evolving market dynamics, positioning our portfolio to benefit from the changing interest rate environment. As we navigate the uncertainties of the financial landscape, our focus remains on optimizing returns while adapting to the shifting economic conditions.

## **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

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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 59 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 November 2023 and of its financial performance, changes in net assets attributable to unit holders 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

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### To the unit holders of HONG LEONG SEA-5 EQUITY 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 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 are appropriate and reflects the investment objective of the Fund.

For **Maybank Trustees Berhad**

[Company No.: 196301000109 (5004-P)]

**NORHAZLIANA BINTI MOHAMMED HASHIM**

Head, Unit Trust & Corporate Operations

Kuala Lumpur

22 January 2024

# INDEPENDENT AUDITORS' REPORT

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## TO THE UNIT HOLDERS OF HONG LEONG SEA-5 EQUITY FUND

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Our opinion

In our opinion, the financial statements of Hong Leong SEA-5 Equity 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 net assets attributable to unit holders 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 59.

#### 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 (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
<b>INVESTMENT INCOME</b>			
Interest income from financial assets measured at amortised cost		2,929	3,032
Dividend income		115,906	113,490
Net loss on derivatives	8	(147,800)	(59,838)
Net gain on financial assets at fair value through profit or loss ("FVTPL")	9	108,989	71,944
Net foreign currency exchange loss		(21,006)	(7,346)
		<u>59,018</u>	<u>121,282</u>
<b>EXPENDITURE</b>			
Management fee	4	(68,662)	(80,998)
Trustee's fee	5	(9,000)	(9,000)
Auditors' remuneration		(10,500)	(9,700)
Tax agent's fee		(6,750)	(2,950)
Custodian fees		(7,281)	(7,222)
Transaction costs		(19,967)	(29,981)
Other expenses		(14,822)	(17,178)
		<u>(136,982)</u>	<u>(157,029)</u>
<b>NET LOSS BEFORE FINANCE COST AND TAXATION</b>		(77,964)	(35,747)
Finance cost	6	(236,895)	(262,175)
<b>NET LOSS BEFORE TAXATION</b>		<u>(314,859)</u>	<u>(297,922)</u>
Taxation	7	(17,607)	(8,049)
<b>DECREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>(332,466)</u>	<u>(305,971)</u>
Decrease in net assets attributable to unit holders consists of:			
Realised amount		(115,473)	(188,460)
Unrealised amount		(216,993)	(117,511)
		<u>(332,466)</u>	<u>(305,971)</u>

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
<b>ASSETS</b>			
Cash and cash equivalents		477,263	809,788
Derivatives	8	-	35,208
Dividends receivable		8,172	738
Financial assets at fair value through profit or loss ("FVTPL")	9	2,949,274	3,458,593
<b>TOTAL ASSETS</b>		<u>3,434,709</u>	<u>4,304,327</u>
<b>LIABILITIES</b>			
Amount due to the Manager -management fee		5,082	6,318
Amount due to the Trustee		7,764	7,548
Derivatives	8	17,845	-
Other payables and accruals		39,079	28,936
Tax payable		740	4,049
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)</b>		<u>70,510</u>	<u>46,851</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>3,364,199</u>	<u>4,257,476</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDER*</b>		<u>3,364,199</u>	<u>4,257,476</u>
<b>REPRESENTED BY:</b>			
<b>FAIR VALUE OF OUTSTANDING UNITS (RM)</b>			
- Class A		3,363,709	4,257,476
- Class B		490	-
		<u>3,364,199</u>	<u>4,257,476</u>
<b>UNITS IN CIRCULATION (UNITS)</b>			
- Class A		6,819,577	7,853,773
- Class B		1,000	-
	10	<u>6,820,577</u>	<u>7,853,773</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>			
- Class A		0.4932	0.5421
- Class B		0.4896	-

\* Net assets attributable to unit holders are classified as financial liabilities as at 30 November 2023 and equity as at 30 November 2022 as disclosed in note 2(h).

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

# STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023

	2023 RM	2022 RM
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	<u>4,257,476</u>	<u>4,954,557</u>
Movement due to units created and cancelled during the financial year:		
Creation of units from applications	58,500	262,175
Creation of units from distributions	236,896	-
Cancellation of units	<u>(856,207)</u>	<u>(653,285)</u>
	<u>(560,811)</u>	<u>(391,110)</u>
Decrease in net assets attributable to unit holders	<u>(332,466)</u>	<u>(305,971)</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR*</b>	<u><u>3,364,199</u></u>	<u><u>4,257,476</u></u>

\* During the financial year ended 30 November 2023, net assets attributable to unit holders are classified as financial liabilities. During the financial year ended 30 November 2022, net assets attributable to unit holders are classified as equity as disclosed in note 2(h).

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

	2023 RM	2022 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from sales of financial assets at FVTPL	3,188,103	5,217,595
Purchase of financial assets at FVTPL	(2,586,645)	(4,392,999)
Realised loss on derivatives	(94,747)	(91,729)
Realised foreign exchange differences arising from operating activities	(36,854)	4,773
Interest income received from financial assets measured at amortised cost	2,929	3,032
Dividend income received	102,171	113,331
Management fee paid	(69,898)	(82,338)
Trustee's fee paid	(8,784)	(8,511)
Payment for other fees and expenses	(26,007)	(25,679)
Tax paid	(20,916)	(4,000)
Net cash generated from operating activities	<u>449,352</u>	<u>733,475</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	58,500	-
Payments for cancellation of units	(856,207)	(656,951)
Net cash used in financing activities	<u>(797,707)</u>	<u>(656,951)</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(348,355)	76,524
<b>EFFECTS OF FOREIGN EXCHANGE RATE CHANGES</b>	15,830	(18,238)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	<u>809,788</u>	<u>751,502</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	<u><u>477,263</u></u>	<u><u>809,788</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 SEA-5 Equity Fund (“the Fund”) was constituted pursuant to the execution of a Deed dated 6 December 2016, First Supplemental Deed dated 18 June 2021, Second Supplemental Deed dated 9 September 2021 and Third Supplemental Deed dated 26 May 2022 between the Manager, Hong Leong Asset Management Bhd and Maybank Trustees Berhad (“the Trustee”) for the unit holders of the Fund.

The Fund aims to achieve medium to long-term capital growth by investing in a portfolio of investments in 5 South-East Asia markets, namely Malaysia, Singapore, Indonesia, Thailand and Philippines.

The Fund will invest in a diversified portfolio of equities comprising blue chip stocks and index stocks listed in the 5 South-East Asia markets, namely Malaysia, Singapore, Indonesia, Thailand and Philippines. The Fund commenced operations on 9 January 2017 and will continue its operations until terminated as provided under Part 12 of the Deed.

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

The financial statements were authorised for issue by the Manager on 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(m).

- (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 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. 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 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.

Local 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.

Foreign quoted investments are valued at the last traded market prices quoted on the respective foreign stock exchanges at the close of the business day of the respective foreign stock exchanges.

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

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

### Impairment

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

### Significant increase in credit risk

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

### Definition of default and credit-impaired financial assets

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

### Write-off

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

## **(c) 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 equities and 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 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 derivatives - unquoted forward currency contracts is measured by the net settlement as per the forward currency contracts.

#### **(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) Unit holders' capital**

Prior to 27 February 2023, the Fund classified its puttable instruments as equity in accordance with MFRS 132 (Amendment) "Financial Instruments: Presentation". However, the amendment requires puttable financial instruments that meet the definition of equity to be classified as financial liability when certain strict criteria are not met. Those criteria include:

- the puttable instrument must entitle the unit holder to a pro-rate share of net assets;
- the puttable instrument must be the most subordinated class and class features must be identical;
- there must be no contractual obligations to deliver cash or another financial assets other than the obligation on the issuer to repurchase; and
- the total expected cash flows from the puttable instrument over its life must be based substantially on the profit or loss of the issuer.

These conditions were not met when Class A and Class B were issued on 27 February 2023 as Class A and Class B do not have identical features.

The Fund issues cancellable units, in two classes of units, known respectively as the Class A and Class B which are cancelled at the unit holder's option, and do not have identical features. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value of respective classes. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the unit holders exercises the right to put back the unit to the Fund.

Units are created and cancelled at prices based on the Fund's net asset value per unit of respective classes 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 of respective classes with the total number of outstanding units of respective classes.

**(i) Increase/decrease in net assets attributable to unit holders**

Income not distributed is included in net assets attributable to unit holders. Movements in net assets attributable to unit holders are recognised in the statement of comprehensive income as finance costs.

**(j) Finance cost**

A distribution to the Fund's unit holders is accounted for as a deduction from realised reserve. As a result of the reclassification of units from equity to financial liability, the Fund's distributions are no longer classified as dividend paid in the statement of changes in net assets attributable to unit holders, but rather as finance cost in the statement of comprehensive income.

A proposed distribution is recognised as a financial liability in the year in which it is approved.

## **(k) 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.

## **(l) Derivatives**

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 derivatives comprise unquoted forward currency contracts. Derivatives are 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 contracts is determined using forward exchange rates at the date of statement 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. Derivatives 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).

**(m) 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, 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 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/ liabilities at at FVTPL RM	Financial assets/ liabilities at amortised cost RM	Total RM
<b>2023</b>			
<u>Financial assets</u>			
Cash and cash equivalents	-	477,263	477,263
Dividends receivable	-	8,172	8,172
Financial assets at FVTPL (Note 9)	2,949,274	-	2,949,274
	<u>2,949,274</u>	<u>485,435</u>	<u>3,434,709</u>
<u>Financial liabilities</u>			
Amount due to the Manager			
-management fee	-	5,082	5,082
Amount due to the Trustee	-	7,764	7,764
Derivatives (Note 8)	17,845	-	17,845
Other payables and accruals	-	39,079	39,079
	<u>17,845</u>	<u>51,925</u>	<u>69,770</u>
<b>2022</b>			
<u>Financial assets</u>			
Cash and cash equivalents	-	809,788	809,788
Derivatives (Note 8)	35,208	-	35,208
Dividends receivable	-	738	738
Financial assets at FVTPL (Note 9)	3,458,593	-	3,458,593
	<u>3,493,801</u>	<u>810,526</u>	<u>4,304,327</u>
<u>Financial liabilities</u>			
Amount due to the Manager			
-management fee	-	6,318	6,318
Amount due to the Trustee	-	7,548	7,548
Other payables and accruals	-	28,936	28,936
	<u>-</u>	<u>42,802</u>	<u>42,802</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:

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<u>Financial assets at FVTPL:</u>		
- Quoted equity securities - local	177,224	681,039
- Quoted equity securities - foreign	2,458,127	2,652,299
- Quoted collective investment schemes - foreign	313,923	125,255
	<u>2,949,274</u>	<u>3,458,593</u>
Derivatives	(17,845)	35,208
	<u><u>2,931,429</u></u>	<u><u>3,493,801</u></u>

The table below summarises the sensitivity of the Fund's net asset value and net assets attributable to unit holders to movements in prices of local quoted equity securities, foreign quoted equity securities, foreign collective investment schemes and derivatives at the end of each reporting year. The analysis is based on the assumptions that the price of the local quoted equity securities, foreign quoted equity securities, foreign collective investment schemes and derivatives fluctuated by 5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the local quoted equity securities, foreign quoted equity securities, foreign collective investment schemes and derivatives having regard to the historical volatility of the prices.

<b>% Change in price of financial assets at FVTPL</b>	<b>Market value RM</b>	<b>Impact on net assets attributable to unit holders/ net asset value RM</b>
<b>2023</b>		
-5%	2,784,858	(146,571)
0%	2,931,429	-
5%	3,078,000	146,571
<b>2022</b>		
-5%	3,319,111	(174,690)
0%	3,493,801	-
5%	3,668,491	174,690

## **(ii) Interest rate risk**

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

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

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

## **(iii) Currency risk**

Currency risk is associated with investments that are quoted and/or priced in foreign currency denomination. Malaysian based investor 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	Derivatives RM	Dividends receivable RM	Financial assets at FVTPL RM	Total RM
<b>2023</b>					
IDR	-	-	-	676,049	676,049
PHP	-	(3,963)	-	301,410	297,447
SGD	144,294	(11,130)	6,148	1,174,007	1,313,319
THB	-	(3,144)	2,024	620,584	619,464
USD	190,635	392	-	-	191,027
<b>2022</b>					
IDR	-	-	-	421,559	421,559
SGD	261,087	27,438	-	1,491,200	1,779,725
THB	-	5,175	-	740,116	745,291
USD	508,608	2,595	-	124,679	635,882

The table below summarises the sensitivity of the Fund's net assets attributable to unit holders 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 net assets attributable to unit holders/net asset value	
		2023 RM	2022 RM
IDR	5	33,802	21,078
PHP	5	5,666	-
SGD	5	29,186	43,848
THB	5	13,786	30,556
USD	5	310	25,215

## (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.

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

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

	<b>Cash and cash equivalents</b>	<b>Derivatives</b>	<b>Dividends receivable</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>2023</b>				
- AAA	477,263	-	-	477,263
- NR	-	-	8,172	8,172
<b>Total</b>	<u>477,263</u>	<u>-</u>	<u>8,172</u>	<u>485,435</u>
<b>2022</b>				
- AAA	809,788	35,208	-	844,996
- NR	-	-	738	738
<b>Total</b>	<u>809,788</u>	<u>35,208</u>	<u>738</u>	<u>845,734</u>

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

## (c) Liquidity risk

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

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

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

	Less than 1 month RM	1 month to 1 year RM	Total RM
<b>2023</b>			
<u>Financial liabilities</u>			
Amount due to the Manager			
- management fee	5,082	-	5,082
Amount due to the Trustee	7,764	-	7,764
Derivatives	17,845	-	17,845
Other payables and accruals	-	39,079	39,079
Net assets attributable to unit holders*	3,364,199	-	3,364,199
Contractual cash outflows	<u>3,394,890</u>	<u>39,079</u>	<u>3,433,969</u>
<b>2022</b>			
<u>Financial liabilities</u>			
Amount due to the Manager			
- management fee	6,318	-	6,318
Amount due to the Trustee	7,548	-	7,548
Other payables and accruals	-	28,936	28,936
Net assets attributable to unit holders*	4,257,476	-	4,257,476
Contractual cash outflows	<u>4,271,342</u>	<u>28,936</u>	<u>4,300,278</u>

\* Outstanding units are redeemed on demand at the unit holders option. However the Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as holder of these instruments typically retain them for the medium to long term.

#### **(d) Capital risk**

The capital of the Fund is represented by the net assets attributable to the unit holders. The amount of net assets attributable to unit holders 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 market (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 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 of the Fund's financial assets (by class) measured at fair value:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>2023</b>				
<u>Financial assets at FVTPL:</u>				
- Quoted equity securities				
- local	177,224	-	-	177,224
- Quoted equity securities				
- foreign	2,458,127	-	-	2,458,127
- Quoted collective investment schemes				
- foreign	313,923	-	-	313,923
	<u>2,949,274</u>	-	-	<u>2,949,274</u>
<u>Financial liabilities:</u>				
- Derivatives	-	(17,845)	-	(17,845)
<b>2022</b>				
<u>Financial assets at FVTPL:</u>				
- Quoted equity securities				
- local	681,039	-	-	681,039
- Quoted equity securities				
- foreign	2,652,299	-	-	2,652,299
- Quoted collective investment schemes				
- foreign	125,255	-	-	125,255
<u>Financial assets:</u>				
- Derivatives	-	35,208	-	35,208
	<u>3,458,593</u>	<u>35,208</u>	-	<u>3,493,801</u>

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equities and listed collective investment schemes. 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 derivatives. 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) and 2(l).

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

#### **4. MANAGEMENT FEE**

In accordance with Division 13.1 of the Deed, the Manager is entitled to a management fee of up to 1.80% 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% from 1 December 2022 to 26 February 2023. With effect from 27 February 2023, the management fee are recognised at a rate of 1.80% for both Class A and Class B. The management fee was recognised at a rate of 1.80% per annum for the financial year ended 30 November 2022.

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



## 5. TRUSTEE'S FEE

In accordance with Division 13.2 of the Deed, the Trustee is entitled to a fee not exceeding 0.08% subject to a minimum of RM9,000 (excluding custodian fee and charges) per annum 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 0.035% (2022: 0.035%) per annum. The Fund recognised the Trustee's fee at RM9,000 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.

## 6. FINANCE COST

	2023 RM	2022 RM
Distribution to unit holders is derived from the following sources:		
Prior financial year's realised income	236,895	262,175
Net distribution amount	<u>236,895</u>	<u>262,175</u>

### Date of Declaration

#### Distribution on 18/20 July

- Class A		
Net distribution per unit (sen)	<u>3.3850</u>	<u>3.5000</u>
Gross distribution per unit (sen)	<u>3.5000</u>	<u>3.5000</u>

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

	Income		Capital	
	RM	%	RM	%
2023	<u>236,895</u>	100.00	-	-
2022	<u>262,175</u>	100.00	-	-

Net distribution above is sourced from prior financial year's realised income. Gross distribution is 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 loss of RM216,993 (2022: RM117,511) which is carried forward to the next financial year.

## 7. TAXATION

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Tax charge for the financial year:		
Current taxation	18,669	8,049
Over provision of tax in prior year	(1,062)	-
	<u>17,607</u>	<u>8,049</u>

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

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Loss before finance cost and taxation	(77,964)	(35,747)
Taxation at Malaysian statutory rate of 24% (2022 : 24%)	(18,711)	(8,579)
Tax effects of:		
Investment loss disallowed from tax/(investment income not subject to tax)	9,242	(19,834)
Expenses not deductible for tax purposes	8,851	11,015
Restriction on tax deductible expenses for unit trust fund	19,287	23,603
Income subject to different tax rate	-	1,844
Over provision of tax in prior year	(1,062)	-
Taxation	<u>17,607</u>	<u>8,049</u>

## 8. DERIVATIVES

Derivatives comprise forward currency contracts. 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 contracts and the corresponding gross (negative)/positive fair value at the end of each reporting date is analysed below:

	2023 RM	2022 RM
<u>Derivative assets:</u>		
Forward currency contracts	-	35,208
<u>Derivative liabilities:</u>		
Forward currency contracts	17,845	-
<u>Net loss on derivatives:</u>		
Realised loss on disposals	(94,747)	(91,729)
Changes in unrealised fair values	(53,053)	31,891
	<u>(147,800)</u>	<u>(59,838)</u>

	Maturity date	Contract or underlying principal amounts	*Fair value RM
<b>2023</b>			
Philippines Peso	within 1 month	39,576#	(3,963)
Singapore Dollar	within 1 month	212,000	(11,130)
Thai Baht	within 1 month	2,620,000	(3,144)
United States Dollar	within 1 month	39,576	392
			<u>(17,845)</u>
<b>2022</b>			
Singapore Dollar	within 1 month	269,000	27,438
Thai Baht	within 1 month	2,875,000	5,175
United States Dollar	within 1 month	29,000	2,595
			<u>35,208</u>

# This is the equivalent US Dollar amount used to hedge PHP2,242,000.

\* 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 %
<b>2023</b>				
Hong Leong Bank Berhad	392	(7,107)	(6,715)	0.20
Hong Leong Investment Bank Berhad	-	(11,130)	(11,130)	0.33
	<u>392</u>	<u>(18,237)</u>	<u>(17,845)</u>	<u>0.53</u>
<b>2022</b>				
CIMB Bank Berhad	5,175	-	5,175	0.12
Hong Leong Investment Bank Berhad	30,033	-	30,033	0.71
	<u>35,208</u>	<u>-</u>	<u>35,208</u>	<u>0.83</u>

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.

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

	2023 RM	2022 RM
<u>Financial assets at FVTPL:</u>		
Quoted equity securities - local	177,224	681,039
Quoted equity securities - foreign	2,458,127	2,652,299
Quoted collective investment schemes - foreign	313,923	125,255
	<u>2,949,274</u>	<u>3,458,593</u>
<u>Net gain on financial assets at FVTPL:</u>		
Realised gain on disposals	288,777	209,228
Changes in unrealised fair values	(179,788)	(137,284)
	<u>108,989</u>	<u>71,944</u>

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 %
<b>QUOTED EQUITY SECURITIES - LOCAL</b>				
<u>Construction</u>				
Gamuda Berhad	15,945	57,295	76,058	2.26
<u>Transportation &amp; Logistics</u>				
Malaysia Airports Holdings Berhad	14,090	85,755	101,166	3.01
<b>TOTAL QUOTED EQUITY SECURITIES - LOCAL</b>	<b>30,035</b>	<b>143,050</b>	<b>177,224</b>	<b>5.27</b>
<b>QUOTED EQUITY SECURITIES - FOREIGN</b>				
<b>Indonesia</b>				
<u>Banks</u>				
PT Bank Central Asia TBK	80,000	207,215	215,903	6.42
<u>Commercial Services</u>				
PT Jasa Marga (Persero) TBK	60,000	61,235	83,895	2.49
<u>Retail</u>				
ACE Hardware Indonesia TBK PT	980,000	218,682	222,488	6.61
<u>Telecommunications</u>				
PT Indosat TBK	30,000	69,733	85,925	2.55
PT Telkom Indonesia (Persero) TBK	60,000	67,597	67,838	2.02
	90,000	137,330	153,763	4.57
<b>Total Indonesia</b>	<b>1,210,000</b>	<b>624,462</b>	<b>676,049</b>	<b>20.09</b>
<b>Philippines</b>				
<u>Auto Manufacturers</u>				
GT Capital Holdings, Inc.	3,000	132,095	136,547	4.06
<u>Real Estate</u>				
Ayala Corporation	1,500	81,915	83,564	2.48
SM Prime Holdings, Inc.	30,000	82,241	81,299	2.42
	31,500	164,156	164,863	4.90
<b>Total Philippines</b>	<b>34,500</b>	<b>296,251</b>	<b>301,410</b>	<b>8.96</b>

	Quantity Units	Aggregate cost RM	Fair value RM	Percentage of net asset value %
<b>Singapore</b>				
<u>Aerospace/Defense</u>				
Singapore Technologies Engineering Limited	9,000	113,175	116,595	3.47
<u>Banks</u>				
DBS Group Holdings Ltd Oversea-Chinese Banking Corporation Limited	2,300	193,853	254,916	7.58
United Overseas Bank Limited	4,400	173,474	192,669	5.73
	2,000	148,384	190,099	5.65
	8,700	515,711	637,684	18.96
<u>Private Equity</u>				
CapitalLand Investment Limited	10,000	67,739	105,805	3.14
<b>Total Singapore</b>	<b>27,700</b>	<b>696,625</b>	<b>860,084</b>	<b>25.57</b>
<b>Thailand</b>				
<u>Electric</u>				
Rojana Indus Park PCL^	180,000	140,931	138,122	4.11
<u>Electronics</u>				
Hana Microelectronics Public Company Limited^	34,000	225,245	201,296	5.98
<u>Engineering &amp; Construction</u>				
Airports of Thailand Public Company Limited^	8,000	74,757	62,975	1.87
<u>Healthcare - Services</u>				
Bumrungrad Hospital Public Company Limited^	3,200	108,456	94,410	2.81
<u>Real Estate</u>				
Sansiri Public Company Limited^	280,000	73,737	61,864	1.84
<u>Retail</u>				
CP All Public Company Limited^	9,000	76,099	61,917	1.84
<b>Total Thailand</b>	<b>514,200</b>	<b>699,225</b>	<b>620,584</b>	<b>18.45</b>
<b>TOTAL QUOTED EQUITY SECURITIES - FOREIGN</b>	<b>1,786,400</b>	<b>2,316,563</b>	<b>2,458,127</b>	<b>73.07</b>
<b>QUOTED COLLECTIVE INVESTMENT SCHEMES - FOREIGN</b>				
<b>Singapore</b>				
<u>Real Estate Investment Trust</u>				
AIMS APAC REIT	40,000	164,754	177,388	5.27
Mapletree Logistics Trust	24,286	126,711	136,535	4.06
	64,286	291,465	313,923	9.33
<b>TOTAL QUOTED COLLECTIVE INVESTMENT SCHEMES - FOREIGN</b>	<b>64,286</b>	<b>291,465</b>	<b>313,923</b>	<b>9.33</b>
<b>TOTAL INVESTMENTS</b>	<b>1,880,721</b>	<b>2,751,078</b>	<b>2,949,274</b>	<b>87.67</b>
<b>UNREALISED GAIN ON FINANCIAL ASSETS AT FVTPL</b>		<b>198,196</b>		
<b>TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL</b>			<b>2,949,274</b>	

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

	Quantity Units	Aggregate cost RM	Fair value RM	Percentage of net asset value %
<b>QUOTED EQUITY SECURITIES</b>				
<b>- LOCAL</b>				
<u>Construction</u>				
Gamuda Berhad	15,673	56,356	62,379	1.48
<u>Consumer Products &amp; Services</u>				
Aeon Co. (M) Bhd	90,000	125,991	124,200	2.92
<u>Financial Services</u>				
Public Bank Bhd	18,000	73,852	81,000	1.90
<u>Technology</u>				
CTOS Digital Berhad	123,000	170,000	174,660	4.10
Pentamaster Corporation Berhad	34,600	123,317	148,780	3.49
	157,600	293,317	323,440	7.59
<u>Transportation and Logistics</u>				
Malaysia Airports Holdings Berhad	14,000	85,210	90,020	2.11
<b>TOTAL QUOTED EQUITY SECURITIES - LOCAL</b>	<b>295,273</b>	<b>634,726</b>	<b>681,039</b>	<b>16.00</b>
<b>QUOTED EQUITY SECURITIES</b>				
<b>- FOREIGN</b>				
<b>Indonesia</b>				
<u>Banks</u>				
PT Bank Central Asia TBK	34,000	73,539	89,263	2.10
<u>Food</u>				
PT Indofood CBP Sukses Makmur TBK	45,000	115,008	128,306	3.01
<u>Mining</u>				
PT United Tractors TBK	11,000	93,252	95,643	2.25
<u>Telecommunications</u>				
PT Telekomunikasi Indonesia (Persero) TBK	95,000	113,864	108,347	2.54
<b>Total Indonesia</b>	<b>185,000</b>	<b>395,663</b>	<b>421,559</b>	<b>9.90</b>
<b>Singapore</b>				
<u>Banks</u>				
DBS Group Holdings Ltd	3,600	303,422	410,659	9.65
Oversea-Chinese Banking Corporation Limited	8,400	331,179	338,734	7.96
United Overseas Bank Limited	3,700	274,510	374,210	8.79
	15,700	909,111	1,123,603	26.40
<u>Electronics</u>				
Venture Corporation Limited	2,200	105,338	123,375	2.90
<u>Private Equity</u>				
CapitalLand Investment Limited	10,000	68,867	118,967	2.79

	Quantity Units	Aggregate cost RM	Fair value RM	Percentage of net asset value %
<u>Real Estate</u>				
Hongkong Land Holdings Limited	7,000	127,485	124,679	2.93
<b>Total Singapore</b>	<b>34,900</b>	<b>1,210,801</b>	<b>1,490,624</b>	<b>35.02</b>
<b>Thailand</b>				
<u>Engineering and Construction</u>				
Airports of Thailand Public Company Limited <sup>^</sup>	19,500	164,480	184,038	4.32
<u>Healthcare Services</u>				
Bangkok Dusit Medical Services <sup>^</sup>	26,000	88,251	98,972	2.32
<u>Lodging</u>				
Minor International Public Company Limited <sup>^</sup>	50,000	194,244	193,476	4.54
<u>Oil and Gas</u>				
PTT Public Company Limited <sup>^</sup>	20,000	103,014	83,682	1.97
<u>Retail</u>				
CP All Public Company Limited <sup>^</sup>	22,000	164,352	179,948	4.23
<b>Total Thailand</b>	<b>137,500</b>	<b>714,341</b>	<b>740,116</b>	<b>17.38</b>
<b>TOTAL QUOTED EQUITY SECURITIES - FOREIGN</b>	<b>357,400</b>	<b>2,320,805</b>	<b>2,652,299</b>	<b>62.30</b>
<b>QUOTED COLLECTIVE INVESTMENT SCHEME - FOREIGN</b>				
<b>Singapore</b>				
<u>Real Estate Investment Trust</u>				
Mapletree Logistics Trust	24,000	125,078	125,255	2.94
<b>TOTAL QUOTED COLLECTIVE INVESTMENT SCHEME - FOREIGN</b>	<b>24,000</b>	<b>125,078</b>	<b>125,255</b>	<b>2.94</b>
<b>TOTAL INVESTMENTS</b>	<b>676,673</b>	<b>3,080,609</b>	<b>3,458,593</b>	<b>81.24</b>
<b>UNREALISED GAIN ON FINANCIAL ASSETS AT FVTPL</b>		<b>377,984</b>		
<b>TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL</b>		<b>3,458,593</b>		

<sup>^</sup> NVDR, non-voting depository receipt, is a trading instrument issued by Thai NVDR Company Limited, a subsidiary wholly owned by the Stock Exchange of Thailand ("SET"). It is a valid security as specified by the United States Securities and Exchange Commission ("SEC") and is automatically regarded as a listed security by the SET. The underlying security is a listed security in the SET.



## 10. UNITS IN CIRCULATION

	<b>2023</b>	<b>2022</b>
	<b>No. of units</b>	<b>No. of units</b>
Class A (i)	6,819,577	7,853,773
Class B (ii)	1,000	-
	<u>6,820,577</u>	<u>7,853,773</u>
(i) Class A		
At the beginning of the financial year	7,853,773	8,504,067
Add: Creation of units during the financial year		
- Arising from applications	105,219	-
- Arising from distribution	463,864	499,381
Less: Cancellation of units during the financial year	<u>(1,603,279)</u>	<u>(1,149,675)</u>
At the end of the financial year	<u>6,819,577</u>	<u>7,853,773</u>
(ii) Class B		
At the beginning of the financial year	-	-
Add: Creation of units during the financial year		
- Arising from applications	<u>1,000</u>	-
At the end of the financial year	<u>1,000</u>	-

## 11. TOTAL EXPENSE RATIO (“TER”)

	2023 %	2022 %
TER	2.98	2.73

Total expense ratio includes management fee, Trustee’s fee, auditors’ remuneration, tax agent’s fee, custodian fees 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:

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

Where;

- A = Management fee
- B = Trustee’s fee
- C = Auditors’ remuneration
- D = Tax agent’s fee
- E = Custodian fees
- F = Other expenses excluding withholding tax
- G = 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 RM3,812,834 (2022: RM4,498,603).

## 12. PORTFOLIO TURNOVER RATIO (“PTR”)

	2023 Times	2022 Times
PTR	0.72	0.92

PTR is derived from the following calculation:

$$\frac{(\text{Total acquisitions for the financial year} + \text{total disposals for the financial year}) / 2}{\text{Average net asset value of the Fund for the financial year calculated on a daily basis}}$$

Where; total acquisitions for the financial year  
= RM2,578,229 (2022: RM4,088,729)  
total disposals for the financial year  
= RM2,910,877 (2022: RM4,167,060)

## 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.

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<u>Related party balances</u>		
Cash at bank:		
- Hong Leong Bank Berhad	137,715	39,662
Derivatives:		
- Hong Leong Bank Berhad	(6,715)	-
- Hong Leong Investment Bank Berhad	(11,130)	30,033
	<u>119,870</u>	<u>69,695</u>
<u>Related party transactions</u>		
Interest income from auto-sweep facility bank account		
- Hong Leong Bank Berhad	2,929	3,032
Purchase of quoted equity securities:		
- Hong Leong Investment Bank Berhad	233,807	157,762
Disposal of quoted equity securities:		
- Hong Leong Investment Bank Berhad	483,089	998,861

## 14. TRANSACTIONS WITH BROKERS/DEALERS

Detail of transactions with brokers/dealers are as follows:

	Values of trade RM	Percentage of total trade %	Brokerage fees RM	Percentage of total brokerage fees %
<b>2023</b>				
CGS-CIMB Securities Sdn Bhd	1,952,803	33.82	4,750	35.65
Maybank Investment Bank Berhad	1,120,931	19.41	2,805	21.05
PT. Mandiri Sekuritas	863,345	14.95	1,428	10.72
Hong Leong Investment Bank Berhad*	716,896	12.41	1,795	13.47
DBS Vickers Securities (Singapore) Pte Ltd	670,482	11.61	1,006	7.55
RHB Investment Bank Berhad	276,642	4.79	1,103	8.28
Public Investment Bank Berhad	121,873	2.11	306	2.30
Kenanga Investment Bank Berhad	51,775	0.90	130	0.98
	<u>5,774,747</u>	<u>100.00</u>	<u>13,323</u>	<u>100.00</u>
<b>2022</b>				
Maybank Investment Bank Berhad	2,885,581	34.10	8,505	41.25
CGS-CIMB Securities Sdn Bhd	1,350,506	15.96	3,253	15.78
PT. Mandiri Sekuritas	1,218,040	14.39	2,014	9.77
Hong Leong Investment Bank Berhad*	1,156,623	13.67	2,901	14.07
DBS Vickers Securities (Singapore) Pte Ltd	1,118,225	13.21	1,679	8.14
Public Investment Bank Berhad	290,943	3.44	728	3.52
UOB Kay Hian Securities (M) Sdn Bhd	144,157	1.70	793	3.85
Nomura Securities Malaysia Sdn Bhd	100,011	1.18	249	1.21
Affin Hwang Investment Bank Berhad	85,967	1.02	214	1.04
CLSA Securities Malaysia Sdn Bhd	85,131	1.01	214	1.04
Others	27,879	0.32	70	0.33
	<u>8,463,063</u>	<u>100.00</u>	<u>20,620</u>	<u>100.00</u>

\* Transactions with brokers/dealers related to the Manager.

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

# Performance Data

## A (i) Portfolio Compositions:

### By Sector:

Aerospace/Defense  
Auto Manufacturers  
Banks  
Commercial Services  
Construction  
Consumer Products & Services  
Electric  
Electronics  
Engineering & Construction  
Financial Services  
Food  
Healthcare-Services  
Holding Companies-Diversified  
Industrial Products & Services  
Lodging  
Mining  
Miscellaneous Manufacturing  
Oil & Gas  
Private Equity  
Real Estate  
Retail  
Technology  
Telecommunications  
Transportation & Logistics

### Collective Investment Schemes

#### Deposits & Cash Equivalents

### By Country:

Indonesia  
Malaysia  
Philippines  
Singapore  
Thailand

#### Deposits & Cash Equivalents

Total Net Asset Value  
(ex-distribution)

(ii) Net Asset Value Per Unit (ex-distribution)	Class A Class B
(iii) Units in Circulation (ex-distribution)	Class A Class B
	Class A Class B

	Financial Year 30/11/22- 30/11/23 %	Financial Year 30/11/21- 30/11/22 %	Financial Year 30/11/20- 30/11/21 %
	3.47	-	-
	4.06	-	-
	25.38	28.50	-
	2.49	-	-
	2.26	1.48	-
	-	2.92	-
	4.11	-	-
	5.98	2.90	8.75
	1.87	4.32	-
	-	1.90	27.91
	-	3.01	1.53
	2.81	2.32	5.70
	-	-	3.27
	-	-	5.55
	-	4.54	-
	-	2.25	-
	-	-	2.83
	-	1.97	3.84
	3.14	2.79	-
	6.74	2.93	2.08
	8.45	4.23	-
	-	7.59	8.11
	4.57	2.54	-
	3.01	2.11	-
	9.33	2.94	4.38
	12.33	18.76	26.05
	20.09	9.90	2.57
	5.27	16.00	24.16
	8.96	-	-
	34.90	37.96	33.88
	18.45	17.38	13.34
	12.33	18.76	26.05
	<b>RM3,363,709</b>	RM4,257,476	RM4,954,557
	<b>RM490</b>	-	-
	<b>RM0.4932</b>	RM0.5421	RM0.5826
	<b>RM0.4896</b>	-	-
	<b>6,819,577</b>	7,853,773	8,504,067
	<b>1,000</b>	-	-

# Performance Data

(iv) Highest/Lowest NAV Per Unit (ex-distribution)	<p>Class A: Highest NAV Per Unit Lowest NAV Per Unit</p> <p>Class B: Highest NAV Per Unit Lowest NAV Per Unit</p>
(v) Total Return of the Fund* - Capital Growth - Income Distribution	<p>Class A Class A Class A</p>
Total Return of the Fund* - Capital Growth - Income Distribution	<p>Class B Class B Class B</p>
(vi) The distribution (gross) is made out of:- Class A - 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)	
The distribution (gross) is made out of:- Class B - 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 Class A	<p>Additional Units Distribution (Gross) Distribution (Net) Distribution Date Cum-Distribution NAV/Unit Ex-Distribution NAV/Unit</p>
Class B	<p>Additional Units Distribution (Gross) Distribution (Net) Distribution Date Cum-Distribution NAV/Unit Ex-Distribution NAV/Unit</p>
(viii) Total Expense Ratio (TER)	
(ix) Portfolio Turnover Ratio (PTR) (times)	



Financial Year 30/11/22- 30/11/23 %	Financial Year 30/11/21- 30/11/22 %	Financial Year 30/11/20- 30/11/21 %
RM0.5591	RM0.5994	RM0.6148
RM0.4932	RM0.5193	RM0.5436
RM0.5260^	-	-
RM0.4763^	-	-
-2.81%	-0.76%	2.95%
-9.02%	-6.95%	2.95%
6.21%	6.19%	-
-2.08%^	-	-
-2.08%^	-	-
-	-	-
3.5000 sen/unit	3.5000 sen/unit	-
0.0000 sen/unit	0.0000 sen/unit	-
3.5000 sen/unit	3.5000 sen/unit	-
100%	100%	-
0%	0%	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
3.5000 sen/unit	3.5000 sen/unit	-
3.3850 sen/unit	3.5000 sen/unit	-
18/07/2023	20/07/2022	-
RM0.5469	RM0.5607	-
RM0.5131	RM0.5257	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
2.98%#	2.73%	2.50%
0.72##	0.92	0.93

# Performance Data

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

Class A:

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

Class B:

- (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 figure shown is for the period since 27/02/2023 to 30/11/2023

# The TER was 0.25 percentage point higher as compared to 2.73% for the financial year ended 30 November 2023 mainly due to decrease in average net asset value of the Fund.

## The PTR decreased by 0.20 times (21.74%) to 0.72 times for the financial year ended 30 November 2023 versus 0.92 times for the financial year ended 30 November 2022 mainly due to lower level of rebalancing activities undertaken by the Fund.

Financial Year 30/11/22- 30/11/23 %	Financial Year 30/11/21- 30/11/22 %	Financial Year 30/11/20- 30/11/21 %
-2.81%	-	-
-0.23%	-	-
3.29%	-	-
-	-	-
-	-	-
-	-	-

# Corporate Information

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## 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  
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

Maybank Trustees Berhad

## Auditor

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146)

## Distributor

Hong Leong Bank Berhad

# Corporate Directory

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## Head Office

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