

Hong Leong

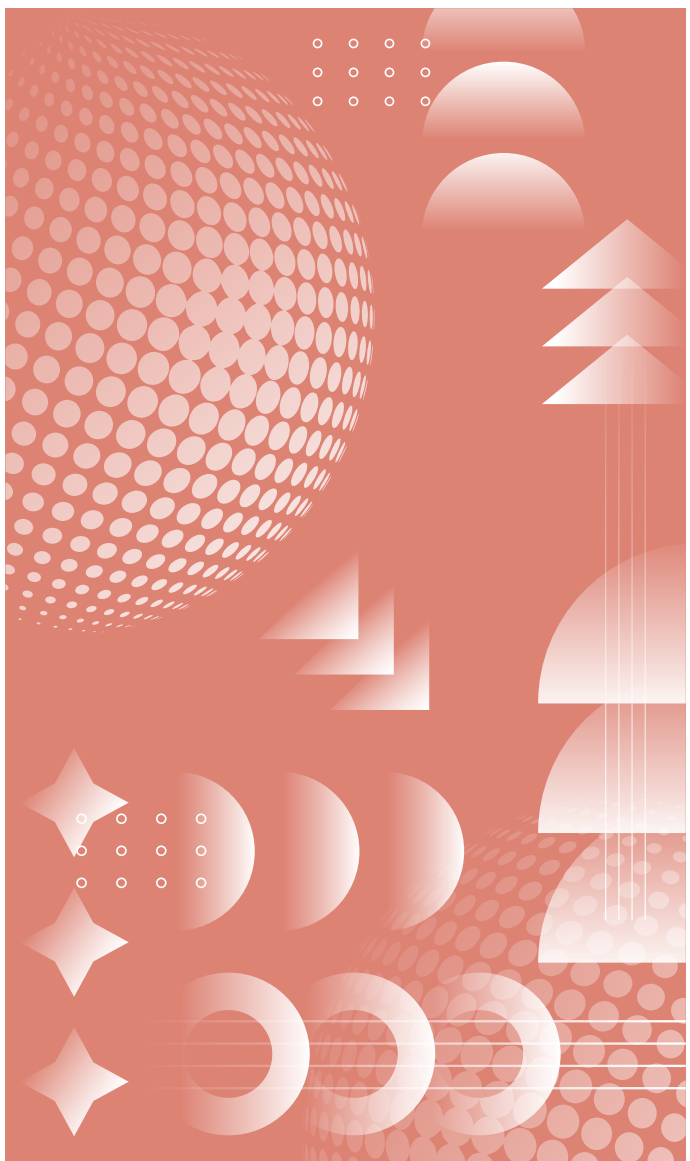
PRS Conservative Fund

Semi-Annual Report

Financial Period Ended 31 January 2024

2023/2024

Unaudited



Hong Leong PRS Conservative Fund

Contents

	Page
PRS Provider's Review and Report	1-7
Statement by the PRS Provider	8
Scheme Trustee's Report	9
Condensed Statement of Comprehensive Income	10
Condensed Statement of Financial Position	11
Condensed Statement of Changes in Equity	12
Condensed Statement of Cash Flows	13
Notes to the Condensed Financial Statements	14-31
Performance Data	32-33
Corporate Information	34
Corporate Directory	35

PRS Provider's Review and Report

I. FUND INFORMATION

Fund Name

Hong Leong PRS Conservative Fund ("HLPRSCF" or "the Fund")

Fund Category

Core (Conservative)

Fund Type

Not Applicable

Investment Objective

The Fund aims capital preservation* while seeking income.

Duration of the Fund and its termination date, where applicable

Not Applicable

Benchmark

Malayan Banking Berhad 12 months fixed deposit rate.

Distribution Policy

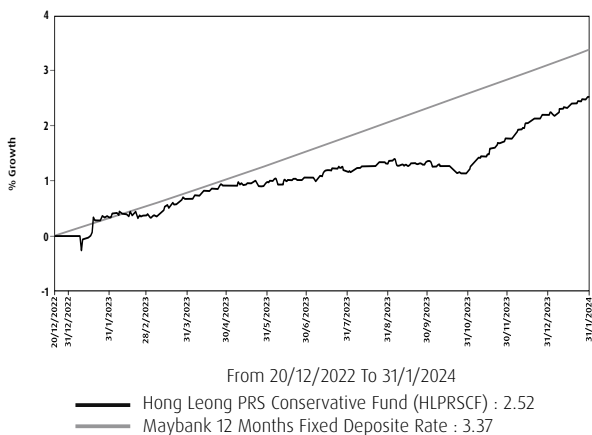
Incidental. Distribution, if any, will be automatically reinvested into the Fund.

Note:

* The Fund is neither a capital guaranteed fund nor a capital protected fund.

II. FUND PERFORMANCE

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



Source: Lipper for Investment Management, in Malaysian Ringgit terms, ex-distribution, NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from HLPRSCF 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 Semi-Annual Report covers the six-month financial period from 1 August 2023 to 31 January 2024.

The Fund posted a return of 1.32% (based on NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from the Fund reinvested) in the past six months while its benchmark Malayan Banking Berhad 12 months fixed deposit rate registered a return of 1.56%.

Since launch, the Fund has registered a return of 2.52% while its benchmark the Malayan Banking Berhad 12 months fixed deposit rate registered a return of 3.37%.

Table 1: Performance of the Fund for the following periods as at 31 January 2024 (Source: Lipper for Investment Management)

	31/10/23- 31/01/24	31/07/23- 31/01/24	31/01/23- 31/01/24	20/12/22- 31/01/24 Since Launch
	3 Months	6 Months	1 Year	
HLPSCF Return (%)	1.32	1.32	2.17	2.52
Benchmark (%)	0.78	1.56	3.03	3.37

Table 2: Return of the Fund based on NAV Per Unit-to-NAV Per Unit basis for the period 31 July 2023 to 31 January 2024 (Source: Lipper for Investment Management)

	31-Jan-24	31-Jul-23	Return (%)
NAV Per Unit	RM0.5126	RM0.5059	1.32
Benchmark	3.10%	3.10%	1.56
vs Benchmark (%)	-	-	-0.24

Table 3: Financial Highlights

The Net Asset Value attributable to members is represented by:

	31-Jan-24 (RM)	31-Jul-23 (RM)	Change (%)
Members' Capital	265,280	43,534	509.36
Retained Earnings	2,635	333	691.29
Net Asset Value	267,915	43,867	510.74
 Units in Circulation	 522,665	 86,706	 502.80

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 periods

	Financial Period 31/07/23– 31/01/24	Financial Period 20/12/22– 31/07/23
Highest NAV Per Unit (RM)	0.5126	0.5063
Lowest NAV Per Unit (RM)	0.5057	0.4987
Capital Growth (%)	1.32	1.18
Income Distribution (%)	-	-
Total Return (%)	1.32	1.18

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 HLPRSCF reinvested.

Table 5: Average Total Return of the Fund

	31/01/23– 31/01/24 1 Year
Average Total Return (%)	2.17

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 HLPRSCF reinvested.

Table 6: Annual Total Return of the Fund

Financial Period	20/12/22– 31/07/23 Since Launch
Annual Total Return (%)	1.18*

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

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

III. INVESTMENT PORTFOLIO

Chart 2: Asset Allocation – August 2023 to January 2024

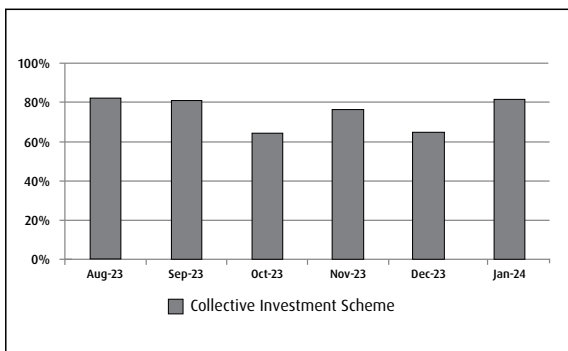
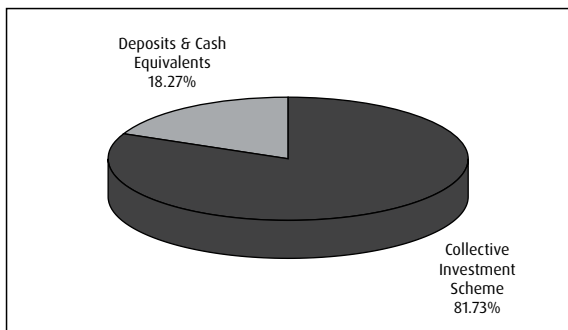


Chart 3: Sector Allocation as at 31 January 2024



Strategies employed by the Fund during the period under review

During the financial period under review, the Fund will continue to focus on rebalancing its portfolio as the Fund will continue to buy bonds with better yields and valuation.

An explanation on the differences in portfolio composition

During the financial period under review, the Fund maintained its allocation in government securities as rising yields presented opportunity for the Fund to enhance current portfolio yields.

Operational review of the Fund

For the financial period under review, there were no significant changes in the state of affairs of the Fund or circumstances that would materially affect the interest of members up to the date of this PRS Provider's report.

IV. MARKET REVIEW

During the financial period under review, the Federal Reserve (Fed) raised interest rate by another 25 basis points (bps) to 5.25%-5.50% as the Fed is committed to bringing inflation down to its 2% target. The United States (US) inflation rate remained steady at 3.7% in September 2023 (June 2023: 3.0%) amid weaker energy prices which offset slowing inflationary pressures in other categories. The core Consumer Price Index (CPI), which excludes volatile food and energy prices, fell to 4.1 the lowest reading since September 2021. During the financial period under review, US Treasuries (UST) were pressured lower, reflecting the anticipation of additional rate hikes by the Fed amid hawkish comments from the Fed. The possibility of the Fed keeping rates "higher for longer", coupled with slightly stronger non-farm payroll data despite slower wage growth and higher unemployment rate, had a more negative impact on bonds. During the financial period under review, UST 2-Year yield increased 10 bps to 5.04% whilst UST 10-Year yield spiked 72 bps to 4.57%.

3-Year and 10-Year Malaysian Government Securities (MGS) yields rose 7 bps and 12 bps respectively to 3.56% and 3.97% during the third quarter of 2023. The primary factors that drove the bond movements were hawkish US Fed rate outlook arising from elevated inflationary pressures, strong economic data and a weaker Ringgit against US Dollar.

V. FUTURE PROSPECTS AND PROPOSED STRATEGIES

Malaysia's inflation slowed further to 1.9% in September 2023 (June: 2.4%). The increase in the inflation was driven by the lower increases in restaurants and hotels (4.4%) as well as food and non-alcoholic beverages (3.9%). Amid moderating domestic growth and inflation outlook, we expect Bank Negara Malaysia (BNM) to keep the Overnight Policy Rate (OPR) at 3.00%, while not discounting the possibility for another OPR hike before year-end.

We will continue with our strategy to invest in high investment grade corporate bonds with strong fundamentals to improve the Fund yield.

VI. SOFT COMMISSIONS

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

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

VII. SECURITIES LENDING OR REPURCHASE TRANSACTIONS

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

VIII. CROSS TRADE TRANSACTIONS

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

STATEMENT BY THE PRS PROVIDER

I, Hoo See Kheng, as the Director of Hong Leong Asset Management Bhd, do hereby state that, in the opinion of the PRS Provider, the accompanying unaudited condensed financial statements set out on pages 10-31 are drawn up in accordance with the provision of the Deed and give a true and fair view of the financial position of the Fund as at 31 January 2024 and of its financial performance, changes in equity and cash flows for the financial period ended 31 January 2024 in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134 "Interim Financial Reporting" and International Financial Reporting Standards ("IFRS") 34 "Interim Financial Reporting".

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

HOO SEE KHENG

Chief Executive Officer/Executive Director

Kuala Lumpur
20 March 2024

SCHEME TRUSTEE'S REPORT

TO THE MEMBERS OF HONG LEONG PRS CONSERVATIVE FUND ("Fund")

We have acted as Scheme Trustee of the Fund for the financial period ended 31 January 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, **Hong Leong Asset Management Bhd** has operated and managed the Fund during the period covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the PRS Provider under the deed, securities laws and the Guidelines on Private Retirement Schemes;
2. Valuation and pricing is carried out in accordance with the deed; and
3. Any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement.

For and on behalf of
CIMB Commerce Trustee Berhad

Datin Ezreen Eliza binti Zulkiplee
Chief Executive Officer

Kuala Lumpur
20 March 2024

CONDENSED STATEMENT OF COMPREHENSIVE INCOME *(Unaudited)*

FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2024

	Note	2024 RM
INVESTMENT INCOME		
Interest income from financial assets measured at amortised cost		408
Dividend income		2,146
Net gain on financial assets at fair value through profit or loss ("FVTPL")	9	488
		<u>3,042</u>
EXPENDITURE		
Management fee	4	(636)
Scheme Trustee's fee	5	(26)
Private Pension Administrator ("PPA") administration fee	6	(26)
Other expenses		(52)
		<u>(740)</u>
PROFIT BEFORE TAXATION		2,302
Taxation	8	-
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		<u>2,302</u>
Profit after taxation is made up as follows:		
Realised amount		2,068
Unrealised amount		234
		<u>2,302</u>

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

CONDENSED STATEMENT OF FINANCIAL POSITION *(Unaudited)*

AS AT 31 JANUARY 2024

	Note	31.01.2024 RM	31.07.2023 RM
ASSETS			
Cash and cash equivalents		49,093	7,015
Amount due from the PRS Provider			
-management fee rebate		90	15
Financial assets at fair value through profit or loss ("FVTPL")	9	218,976	36,876
TOTAL ASSETS		268,159	43,906
LIABILITIES			
Amount due to the PRS Provider			
-management fee		226	37
Amount due to the Scheme Trustee		9	1
Amount due to the PPA		9	1
TOTAL LIABILITIES		244	39
NET ASSET VALUE OF THE FUND		267,915	43,867
EQUITY			
Members' capital		265,280	43,534
Retained earnings		2,635	333
NET ASSETS ATTRIBUTABLE TO MEMBERS		267,915	43,867
UNITS IN CIRCULATION (UNITS)	10	522,665	86,706
NET ASSET VALUE PER UNIT (RM)		0.5126	0.5059

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

CONDENSED STATEMENT OF CHANGES IN EQUITY *(Unaudited)*

FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2024

	Members' capital RM	Retained earnings RM	Total RM
Balance as at 1 August 2023	43,534	333	43,867
Movement in net asset value:			
Creation of units from applications	221,746	-	221,746
Total comprehensive income for the financial period	-	2,302	2,302
Balance as at 31 January 2024	265,280	2,635	267,915

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

CONDENSED STATEMENT OF CASH FLOWS *(Unaudited)*

FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2024

	2024
	RM
CASH FLOWS FROM OPERATING ACTIVITIES	
Purchase of financial assets at FVTPL	(179,720)
Interest income received from financial assets measured at amortised cost	408
Management fee rebate received	179
Management fee paid	(447)
Scheme Trustee's fee paid	(18)
PPA administration fee paid	(18)
Payment for other fees and expenses	(52)
Net cash used in operating activities	<u>(179,668)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from creation of units	<u>221,746</u>
Net cash generated from financing activities	<u>221,746</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	42,078
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>7,015</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u><u>49,093</u></u>

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(Unaudited)*

FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2024

1. THE FUND, THE PRS PROVIDER AND THEIR PRINCIPAL ACTIVITIES

Hong Leong PRS Conservative Fund ("the Fund") was constituted pursuant to the execution of a Deed dated 24 June 2022 between the PRS Provider, Hong Leong Asset Management Bhd and CIMB Commerce Trustee Berhad ("the Scheme Trustee") for the members of the Fund.

The Fund aims capital preservation* while seeking income.

The investment strategy of the Fund is to invest in a basket of collective investment schemes which have similar investment objective as the Fund's, i.e. capital preservation while seeking income. The Fund will invest a minimum of 80% of its Net Asset Value into fixed income and/or money market collective investment schemes and up to 20% of its Net Asset Value into equity and/or balanced collective investment schemes. The Fund commenced operations on 20 December 2022 and will continue its operations until terminated as provided under Part 14 of the Deed.

The PRS Provider of the Fund is Hong Leong Asset Management Bhd, a company incorporated in Malaysia. The principal activity of the PRS Provider 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 PRS Provider on 20 March 2024.

**Please note the Fund is neither a capital guaranteed fund nor a capital protected fund.*

2. MATERIAL ACCOUNTING POLICY INFORMATION

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

(a) Basis of preparation

The condensed financial statements are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134 "Interim Financial Reporting" and International Financial Reporting Standards ("IFRS") 34 "Interim Financial Reporting".

The condensed financial statements should be read in conjunction with the audited financial statements of the Fund for the financial period ended 31 July 2023 which have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

(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 amount due from the PRS Provider 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 PRS Provider, amount due to the Scheme Trustee and amount due to the PPA as financial liabilities measured at amortised cost.

Recognition and measurement

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

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

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

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

Unrealised gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss 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 period which they arise.

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

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

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

Impairment

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

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

(c) Functional and presentation currency

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

(d) Income recognition

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

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

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

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

(e) Cash and cash equivalents

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

(f) Taxation

Private retirement scheme approved by Securities Commission Malaysia which is regarded as an approved scheme pursuant to the Act, the income accruing are exempted from tax under the Act.

(g) Distribution

A distribution to the Fund's members is accounted for as a deduction from realised reserve. A proposed distribution is recognised as a liability in the financial period in which it is approved by the Board of Directors of the PRS Provider.

(h) Member's capital

The member's contributions to the Fund meet the criteria to be classified as equity instruments under MFRS 132 "Financial Instruments: Presentation". Those criteria include:

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

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

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

(i) Fair value of financial instruments

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

	Financial assets at FVTPL RM	Financial assets/ liabilities at amortised cost RM	Total RM
31.01.2024			
<u>Financial assets</u>			
Cash and cash equivalents	-	49,093	49,093
Amount due from the PRS Provider			
-management fee rebate	-	90	90
Financial assets at FVTPL (Note 9)	218,976	-	218,976
	<u>218,976</u>	<u>49,183</u>	<u>268,159</u>
<u>Financial liabilities</u>			
Amount due to the PRS Provider			
-management fee	-	226	226
Amount due to the Scheme Trustee	-	9	9
Amount due to the PPA	-	9	9
	<u>-</u>	<u>244</u>	<u>244</u>
31.07.2023			
<u>Financial assets</u>			
Cash and cash equivalents	-	7,015	7,015
Amount due from the PRS Provider			
-management fee rebate	-	15	15
Financial assets at FVTPL (Note 9)	36,876	-	36,876
	<u>36,876</u>	<u>7,030</u>	<u>43,906</u>
<u>Financial liabilities</u>			
Amount due to the PRS Provider			
-management fee	-	37	37
Amount due to the Scheme Trustee	-	1	1
Amount due to the PPA	-	1	1
	<u>-</u>	<u>39</u>	<u>39</u>

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

(j) 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 PRS Provider 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 PRS Provider 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 Private Retirement Schemes.

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

3. FAIR VALUE ESTIMATION

The fair value of financial assets traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the reporting date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the PRS Provider 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 period. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

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

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

(i) Fair value hierarchy

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

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

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

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31.01.2024				
<u>Financial assets at FVTPL:</u>				
- Unquoted collective investment scheme	-	218,976	-	218,976
31.07.2023				
<u>Financial assets at FVTPL:</u>				
- Unquoted collective investment scheme	-	36,876	-	36,876

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

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

4. MANAGEMENT FEE AND MANAGEMENT FEE REBATE

In accordance with Division 15.1 of the Deed, the PRS Provider is entitled to a management fee of up to 3.00% per annum calculated daily based on the net asset value of the Fund.

For the financial period ended 31 January 2024, the management fee is recognised at a rate of 1.00% per annum.

The management fee rebate relates to the rebate received from the PRS Provider for investing in unquoted collective investment scheme. The average rates of rebates were calculated on the net asset value of respective unquoted collective investment scheme on a daily basis as follow:

	2024 %
<u>Unquoted collective investment scheme:</u>	
- Hong Leong Institutional Bond Fund	<u>0.50</u>

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

5. SCHEME TRUSTEE’S FEE

In accordance with Division 15.2 of the Deed, the Scheme Trustee is entitled to a fee not exceeding 2.00% (excluding foreign custodian fees and charges) per annum calculated daily based on the net asset value of the Fund.

For the financial period ended 31 January 2024, the Scheme Trustee’s fee is recognised at a rate of 0.04% per annum.

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

6. PRIVATE PENSION ADMINISTRATOR'S ADMINISTRATION FEE

For the financial period ended 31 January 2024, the Private Pension Administrator's administration fee is recognised at a rate of 0.04% per annum.

There is no further liability to the PPA in respect of Private Pension Administrator's administration fee other than the amount recognised above.

7. AUDITORS' REMUNERATION AND TAX AGENT'S FEE

For the financial period ended 31 January 2024, auditors' remuneration and tax agent's fee were borne by the PRS Provider.

8. TAXATION

	2024 RM
Tax charge for the financial period:	
Current taxation	-

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

	2024 RM
Profit before taxation	2,302
Taxation at Malaysian statutory rate of 24%	552
Tax effects of:	
Investment income not subject to tax	(669)
Expenses not deductible for tax purposes	25
Restriction on tax deductible expenses for PRS Fund	92
Taxation	-

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

	31.01.2024 RM	31.07.2023 RM
Financial assets at FVTPL:		
Unquoted collective investment scheme	218,976	36,876

	2024 RM
Net gain on financial assets at FVTPL:	
Changes in unrealised fair values	234
Management fee rebate (Note 4)	254
	488

Financial assets at FVTPL as at 31 January 2024 are as detailed below:

	Quantity Units	Aggregate cost RM	Fair value RM	Percentage of net asset value %
UNQUOTED COLLECTIVE INVESTMENT SCHEME				
Hong Leong Institutional Bond Fund	427,355	219,025	218,976	81.73
TOTAL UNQUOTED COLLECTIVE INVESTMENT SCHEME	427,355	219,025	218,976	81.73
UNREALISED LOSS ON FINANCIAL ASSETS AT FVTPL		(49)		
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL		218,976		

Financial assets at FVTPL as at 31 July 2023 are as detailed below:

	Quantity Units	Aggregate cost RM	Fair value RM	Percentage of net asset value %
UNQUOTED COLLECTIVE INVESTMENT SCHEME				
Hong Leong Institutional Bond Fund	71,856	37,159	36,876	84.06
TOTAL UNQUOTED COLLECTIVE INVESTMENT SCHEME	71,856	37,159	36,876	84.06
UNREALISED LOSS ON FINANCIAL ASSETS AT FVTPL		(283)		
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL		36,876		

10. UNITS IN CIRCULATION

	01.08.2023 to 31.01.2024 No. of units	20.12.2022 (date of launch) to 31.07.2023 No. of units
At the beginning of the financial period	86,706	-
Add: Creation of units during the financial period		
- Arising from applications	435,959	104,706
Less: Cancellation of units during the financial period	-	(18,000)
At the end of the financial period	<u>522,665</u>	<u>86,706</u>

11. TOTAL EXPENSE RATIO ("TER")

	2024 %
TER (annualised)	1.15

Total expense ratio includes management fee (excluding management fee rebate), Scheme Trustee's fee, PPA administration fee and other expenses for the financial period divided by the Fund's average net asset value calculated on a daily basis and is calculated as follows:

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

Where;

- A = Management fee (excluding management fee rebate)
- B = Scheme Trustee's fee
- C = PPA administration fee
- D = Other expenses
- E = Average net asset value of the Fund calculated on a daily basis

The average net asset value of the Fund for the financial period calculated on a daily basis is RM127,787.

12. PORTFOLIO TURNOVER RATIO ("PTR")

	2024 Times
PTR	0.70

PTR is derived from the following calculation:

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

Where; total acquisitions for the financial period
= RM179,720
total disposals for the financial period
= NIL

13. UNITS HELD BY THE PRS PROVIDER 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 PRS Provider
Hong Leong Islamic Asset Management Sdn Bhd	Subsidiary of the PRS Provider
Hong Leong Capital Berhad	Holding company of the PRS Provider
Hong Leong Financial Group Berhad ("HLFG")	Ultimate holding company of the PRS Provider
Subsidiaries and associates of HLFG as disclosed in its financial statements	Subsidiaries and associate companies of the ultimate holding company of the PRS Provider

No units were held by the PRS Provider and parties related to the PRS Provider as at 31 January 2024 and 31 July 2023.

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

	31.01.2024	31.07.2023
	RM	RM
<u>Related party balances</u>		
Cash at bank:		
- Hong Leong Bank Berhad	49,093	7,015
		2024
		RM
<u>Related party transactions</u>		
Interest income from auto-sweep facility bank account:		
-Hong Leong Bank Berhad		408
Dividend income from unquoted collective investment scheme managed by the PRS Provider		2,146
Purchase of unquoted collective investment scheme:		
- Hong Leong Asset Management Bhd		179,720

14. TRANSACTIONS WITH BROKERS/DEALERS

For the financial period ended 31 January 2024, there are no transactions with brokers/dealers.

15. COMPARATIVES

There are no comparative figures as this is the first set of unaudited condensed financial statements since the date of launch of the Fund.

Performance Data

A (i) Portfolio Compositions:

Collective Investment Scheme
Deposits & Cash Equivalents

(ii) Total Net Asset Value (ex-distribution)

(iii) Net Asset Value Per Unit (ex-distribution)
Units in Circulation (ex-distribution)

(iv) Highest/Lowest NAV Per Unit (ex-distribution) Highest NAV Per Unit
Lowest NAV Per Unit

(v) Total Return of the Fund*
- Capital Growth
- Income Distribution

(vi) The distribution (gross) is made out of:-
- The Fund's Capital
- The Fund's Income
- Total Distribution Amount
- The Fund's Capital (% of Total Distribution Amount)
- The Fund's Income (% of Total Distribution Amount)

(vii) Distribution Per unit Additional Units
Distribution (Gross)
Distribution (Net)
Distribution Date
Cum-Distribution NAV/Unit
Ex-Distribution NAV/Unit

(viii) Total Expense Ratio (TER)

(ix) Portfolio Turnover Ratio (PTR) (times)

B Average Total Return, NAV Per Unit-to-NAV Per Unit basis (as at 31/01/2024)*

(i) One year

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

The PTR decreased by 0.21 times (23.08%) to 0.70 times for the financial period from 1 August 2023 to 31 January 2024 versus 0.91 times for the financial period ended 31 July 2023 mainly due to lower level of rebalancing activities undertaken by the Fund.

	Financial Period 31/07/2023- 31/01/2024 %	Financial Period 20/12/2022- 31/07/2023 %
	81.73	84.06
	18.27	15.94
	RM267,915	RM43,867
	RM0.5126	RM0.5059
	522,665	86,706
	RM0.5126	RM0.5063
	RM0.5027	RM0.4987
	1.32%	1.18%
	—	—
	1.32%	1.18%
	—	—
	—	—
	—	—
	—	—
	—	—
	—	—
	—	—
	—	—
	—	—
	1.15%	1.20%
	0.70#	0.91
	2.17%	

Corporate Information

PRS Provider

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

Registered Office

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

Business Office

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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

Scheme Trustee

CIMB Commerce Trustee Berhad [199401027349 (313031-A)]

Auditor

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146)

Distributor

Registered Independent Tied Agents with FiMM

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