

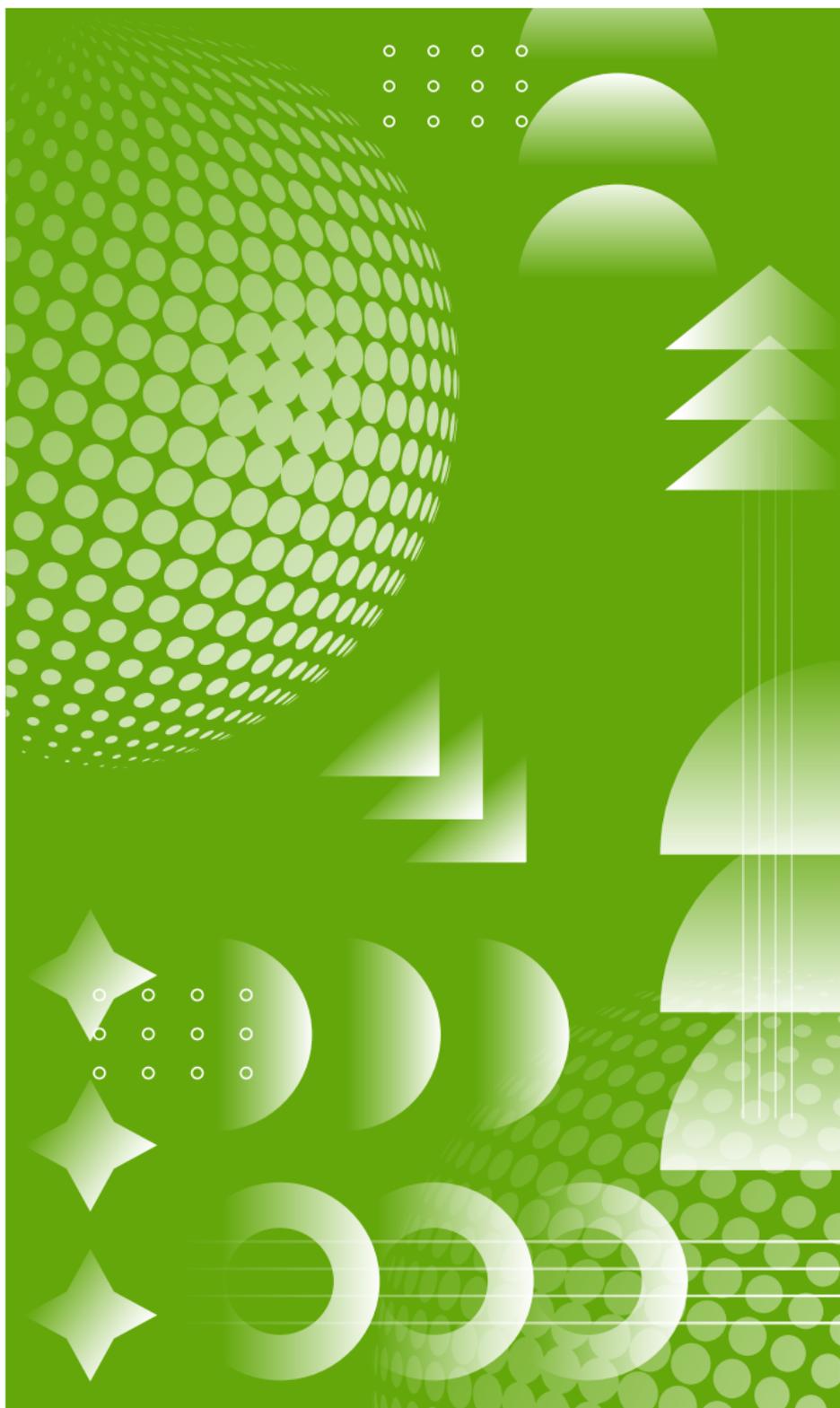
# Hong Leong Islamic Income Management Fund

**Annual Report**

Financial Year Ended 31 October 2024

**2023/2024**

Audited



# HONG LEONG ISLAMIC INCOME MANAGEMENT FUND

---

## Contents

---

	Page
Manager's Review and Report	1-10
Statement by the Manager	11
Trustee's Report	12
Shariah Adviser's Report	13
Independent Auditors' Report	14-17
Statement of Comprehensive Income	18
Statement of Financial Position	19
Statement of Changes in Equity	20
Statement of Cash Flows	21
Notes to the Financial Statements	22-54
Performance Data	55-60
Corporate Information	61
Corporate Directory	62

# Manager's Review and Report

## I. FUND INFORMATION

### Fund Name

Hong Leong Islamic Income Management Fund ("HLIIMF" or "the Fund")

### Fund Category

Fixed Income (Islamic)

### Fund Type

Income

### Investment Objective

To provide investors with a low risk investment portfolio offering a stable and regular stream of income\* and stability in capital\*\* while adhering to Shariah requirements.

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

Not Applicable

### Benchmark

Malayan Banking Berhad 1-Month General Investment Account (GIA) Rate

### Distribution Policy

The Fund aims to provide monthly income distributions on a best effort basis. The amount of the income distribution will be determined at every month end in order to bring the NAV of the Fund to the proposed range of RM0.5000 per Unit. The distribution will be subject to availability of sufficient reserves for income distribution.

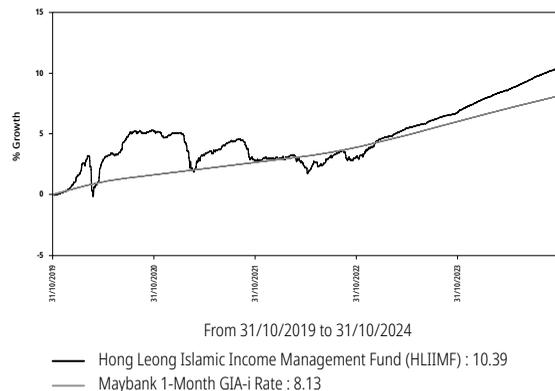
Notes:

\* Income may be distributed in the form of cash and/or Units.

\*\* Please take note that this Fund is not a capital guaranteed fund or a capital protected fund and the returns are not guaranteed.

## II. FUND PERFORMANCE

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



Source: Lipper for Investment Management, in Malaysian Ringgit terms, ex-distribution, NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from HLIIMF 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 November 2023 to 31 October 2024.

The Fund posted a return of 3.38% (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 Maybank 1-Month GIA-i Rate registered a return of 2.00%. During the financial year under review, the Fund has distributed 12 times of income distributions to its Unit holders. Unit holders should note that income distributions have the effect of reducing the Net Asset Value (NAV) of the Fund after distributions. For a full description of the income distributions, cum-distributions and ex-distributions NAV per unit of the Fund, kindly refer to section entitled 'Performance Data' at page 55-60.

For the five financial years ended 31 October 2024, the Fund posted a return of 10.39% compared to the benchmark's return of 8.13% while distributing a total gross income of 6.1550 sen per unit (net income of 6.1550 sen per unit).

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

	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years	Since Launch
<b>HLIIMF Return (%)</b>	0.72	1.63	3.38	7.33	10.39	28.35	57.87
<b>Benchmark (%)</b>	0.48	0.96	2.00	5.34	8.13	27.39	54.50

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

	31-Oct-24	31-Oct-23	Return (%)
NAV Per Unit	RM0.4984	RM0.4977	3.38#
Benchmark	1.80%	2.10%	2.00
<b>vs Benchmark (%)</b>	-	-	1.38

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

**Table 3: Financial Highlights**

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

	31-Oct-24 (RM)	31-Oct-23 (RM)	Change (%)
Unit Holders' Capital	<b>880,755,607</b>	390,902,534	125.31
Retained Earnings	<b>1,497,168</b>	1,455,949	2.83
<b>Net Asset Value</b>	<b>882,252,775</b>	392,358,483	124.86
<b>Units in Circulation</b>	<b>1,770,017,746</b>	788,361,918	124.52

**Table 4: The Highest and Lowest NAV Per Unit, Total Return of the Fund and the breakdown into Capital Growth and Income Distribution for the financial years ended 31 October**

	Financial Year 2024	Financial Year 2023	Financial Year 2022
Highest NAV Per Unit (RM)	0.5001	0.4997	0.5003
Lowest NAV Per Unit (RM)	0.4977	0.4925	0.4914
Capital Growth (%)	0.14	0.89	-1.10
Income Distribution (%)	3.24	2.70	1.32
<b>Total Return (%)</b>	<b>3.38</b>	<b>3.59</b>	<b>0.22</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 HLIIMF reinvested.

**Table 5: Average Total Return of the Fund for the financial year ended 31 October 2024**

	1 Year	3 Years	5 Years
Average Total Return (%)	3.38	2.44	2.08

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

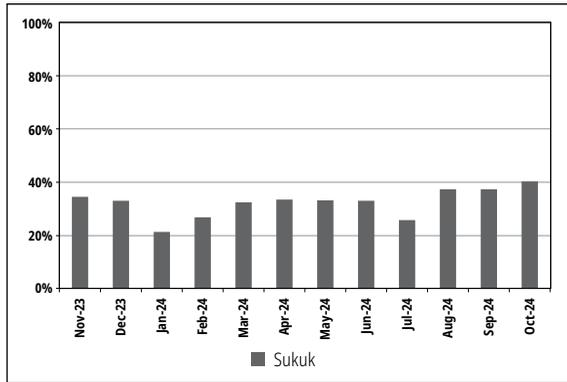
**Table 6: Annual Total Return of the Fund for the financial years ended 31 October**

Financial Year	2024	2023	2022	2021	2020
Annual Total Return (%)	3.38	3.59	0.22	-2.24	5.20

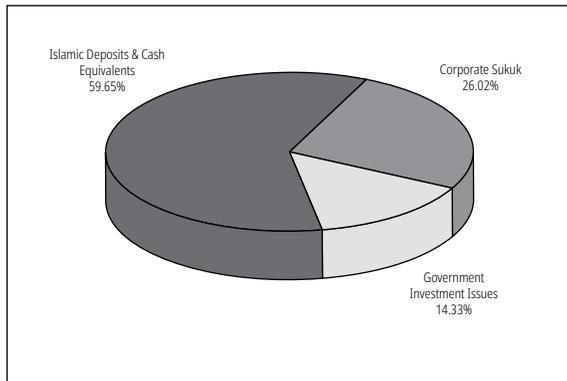
Source: Lipper for Investment Management, in Malaysian Ringgit terms, ex-distribution, NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from HLIIMF reinvested.

### III. INVESTMENT PORTFOLIO

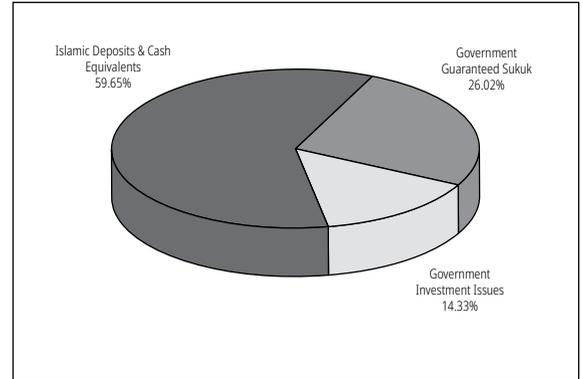
**Chart 2: Asset Allocation – November 2023 to October 2024**



**Chart 3: Sector Allocation as at 31 October 2024**



**Chart 4: Portfolio Composition by Ratings as at 31 October 2024**



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

During the financial year under review, we maintained our defensive tilt in duration positioning by overweighting cash allocation versus sukuK. For sukuK tactical positioning, the holdings exposure was overweight towards short-duration Government and Government Guaranteed (GG) sukuK. The defensive strategy employed by the Fund was driven by continuing market view of heightened interest rate volatility underpinned by: (1) increased in developed markets policy uncertainty; (2) inflationary pressures arising from increasing supply chain dislocation; and (3) mixed economic data and surprises resulting in uncertain central bank's policy rate trajectory.

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

During the financial year under review, the Fund continued to maintain its sukuK asset allocation holdings of 35%–40% while the remaining allocation balance of the Fund's NAV was invested into short-term Islamic deposits. The Fund's holdings and investments was prudently managed on a defensive tilt strategy that sought to cater conservative investors' by focusing on stable and regular income stream while stability in invested capital.

## **Operational review of the Fund**

The 2nd Supplemental Hong Leong Master Prospectus dated 5 January 2024 and 3rd Supplemental Hong Leong Master Prospectus dated 19 August 2024 were issued during the financial year under review to reflect various changes made to the Fund. Kindly refer to [www.hlam.com.my](http://www.hlam.com.my) for the full list of changes made to the Fund.

## **IV. MARKET REVIEW**

During the financial year under review, the Malaysia Government Securities (MGS) benchmark yield curve shifted upwards while the long-end bull steepened underpinned by: (1) geopolitical and policy uncertainty as developed markets shifted into a new political structure; (2) divergence in monetary policy by major central banks; and (3) continuing market repricing and rerating on inflation expectations and macro recessionary risk resulting in fund flows volatility. The 10-Year MGS benchmark yield inched higher to 3.865% from 3.831% a year prior while the 7 years on-the-run MGS yield settled at 3.884% or 4.3 basis points (bps) higher from previous reporting period. Conversely, the 20-Year MGS yield outperformed with 4 bps lower to 4.143% as domestic market players are expecting central banks to lower their policy rate over the long term. GG sukuk spreads also tightened relative to similar maturity government curve to 8-10 bps from previous 15-20 bps wider.

Corporate sukuk outperformed during the financial year under review with all-in-yield for high grade AAA rated corporate sukuk rallied by 20-35 bps as long dated 15 years all-in-benchmark-yield narrowed to 4.166% from 4.514%. The AA-rated Islamic Private Debt Securities (PDS) bucking up similar trend with all-in-yields collapsing by 21-40 bps while the A-rated curve. Islamic PDS yields continued on an aggressive declining trend as expectations of lower PDS pipeline supplies, rich spreads in GG space and relatively flat government yield curve spurred market interest on higher yielding PDS sukuk.

During the financial year under review, Malaysia's advance estimate Gross Domestic Product (GDP) growth expanded from 3.3% year-on-year (YoY) to 5.3% YoY as manufacturing sector provided an uplift, surging from -0.1% quarter-on-quarter (QoQ) in the preceding year to 5.7% QoQ in the third quarter of 2024. Construction sector which grew 5.8% QoQ in third quarter of 2023 soared to 19.5% bolstered by specialized construction activities e.g. utilities and non-residential buildings. Headline inflation remained steady at 1.8% YoY against 1.9% in the preceding year while core inflation (excluding fuel prices and administrative control goods) normalized from 2.5% increased as of September 2023 to 1.8% of the same month in 2024 attributed by moderating restaurants and accommodation services prices as well as food and non-acholic segments. On wholesale price gauge, local factory price index contracted by 2.1% in September 2024 from an increase of 0.2% in the preceding reflecting falling Brent crude oil prices by -19.3% to United States Dollar (USD) 73.16 per barrel during the financial year under review. This was in spite of subsidy removal for diesel and implementation of higher sales and services taxes. Malaysia Ringgit appreciated by 7.2% against the USD to 4.3785 underpinned by capital flows catalyst as major central banks is anticipated to aggressively ease policy rates in the fourth quarter of 2024 and positive rerating of Malaysia's economic outlook driven by thematic growth in Artificial Intelligence (AI) and Data Centers (DC).

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

Malaysia domestic demand is likely to be sustained by private consumption, ongoing realization of fixed investment activities on previous reported investment commitments and turnaround in trade performance. The local economy is likely to be supported by additional growth drivers from thematic AI and DC segments with increase in demand for specialized skills and infrastructure supply chains. Despite positive outlook on domestic economy, the balance of risks likely to be driven by global headwinds with potential disruption and dislocation in global supply chains on tariffs, ongoing geopolitical risks despite de-escalation efforts and increased trade nationalism and protectionism with disintegration of global trade.

For the local economy, we anticipate the market anticipates Bank Negara Malaysia (BNM) likely to maintain Overnight Policy Rate (OPR) at 3.00% on expectations of steady price inflation notwithstanding outperformance in growth. Local sukuk yields is projected to remain rich with flat term structure in the long term with increasing short-term volatility as local yields continues to be influenced by US treasury yield movements and offshore flows. The Fund endeavors to maintain a defensive tilt strategy consistent with its mandate in view of short-term volatility, shifting global central bank easing policy and resurgence in inflation.

## **VI. SOFT COMMISSIONS**

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

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

## **VII. SECURITIES LENDING OR REPURCHASE TRANSACTIONS**

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

## **VIII. CROSS TRADE TRANSACTIONS**

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

## STATEMENT BY THE MANAGER

---

I, Chue Kwok Yan, as the Director of Hong Leong Asset Management Bhd, do hereby state that, in the opinion of the Manager, the financial statements set out on pages 18 to 54 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 31 October 2024 and of its financial performance, changes in equity and cash flows for the financial year ended 31 October 2024 in accordance with the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

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

### **CHUE KWOK YAN**

Chief Executive Officer/Executive Director

Kuala Lumpur  
13 December 2024

## TRUSTEE'S REPORT

---

### **TO THE UNIT HOLDERS OF HONG LEONG ISLAMIC INCOME MANAGEMENT FUND ("Fund")**

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

1. Limitations imposed on the investment powers of the management company under the deed, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the deed; and
3. Any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement.

We are of the opinion that the distributions of income by the Fund are appropriate and reflect the investment objective of the Fund.

For and on behalf of  
**CIMB Commerce Trustee Berhad**

### **Datin Ezreen Eliza binti Zulkiplee**

Chief Executive Officer

Kuala Lumpur, Malaysia  
13 December 2024

## SHARIAH ADVISER'S REPORT

### TO THE UNIT HOLDERS OF HONG LEONG ISLAMIC INCOME MANAGEMENT FUND ("Fund")

We hereby confirm the following:

1. To the best of our knowledge, after having made all reasonable enquiries, Hong Leong Asset Management Bhd has operated and managed the Fund for the period covered by these financial statements namely, the year ended 31 October 2024, in accordance with Shariah principles and requirements, and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters; and
2. The assets of the Fund comprise instruments that have been classified as Shariah-compliant.

For and on behalf of the Shariah Adviser,  
**BIMB SECURITIES SDN BHD**

#### **MUHAMMAD SHAHIER SA'MIN**

Designated Shariah Person

Kuala Lumpur  
13 December 2024

## INDEPENDENT AUDITORS' REPORT

### TO THE UNIT HOLDERS OF HONG LEONG ISLAMIC INCOME MANAGEMENT FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Our opinion

In our opinion, the financial statements of Hong Leong Islamic Income Management Fund ("the Fund") give a true and fair view of the financial position of the Fund as at 31 October 2024, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

#### What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 October 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 18 to 54.

#### Basis for opinion

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

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

#### Independence and other ethical responsibilities

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

### Information other than the financial statements and auditors' report thereon

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

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

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

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

### Responsibilities of the Manager for the financial statements

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

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

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

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

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

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

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024

- (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  
13 December 2024

	Note	2024 RM	2023 RM
<b>INVESTMENT INCOME</b>			
Profit income from financial assets measured at fair value through profit or loss ("FVTPL")		8,078,463	2,311,054
Profit income from financial assets measured at amortised cost	4	17,544,680	5,146,001
Dividend income		-	24,165
Net gain/(loss) on financial assets at FVTPL	11	606,032	(709,561)
		<u>26,229,175</u>	<u>6,771,659</u>
<b>EXPENDITURE</b>			
Management fee	5	(1,514,357)	(669,085)
Trustee's fee	6	(593,028)	(178,422)
Auditors' remuneration		(6,700)	(6,200)
Tax agent's fee		(3,350)	(4,100)
Other expenses		(23,754)	(19,684)
		<u>(2,141,189)</u>	<u>(877,491)</u>
<b>PROFIT BEFORE TAXATION</b>		24,087,986	5,894,168
Taxation	7	-	-
<b>PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>		<u>24,087,986</u>	<u>5,894,168</u>
Profit after taxation is made up as follows:			
Realised amount		23,773,246	6,394,392
Unrealised amount		314,740	(500,224)
		<u>24,087,986</u>	<u>5,894,168</u>
Distributions for the financial year:			
Net distributions	8	<u>24,046,767</u>	<u>6,703,671</u>
Net distributions per unit (sen)	8	<u>1.5910</u>	<u>1.3140</u>
Gross distributions per unit (sen)	8	<u>1.5910</u>	<u>1.3140</u>

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

## STATEMENT OF FINANCIAL POSITION

AS AT 31 OCTOBER 2024

	Note	2024 RM	2023 RM
<b>ASSETS</b>			
Cash and cash equivalents	9	482,178,240	283,488,170
Term deposits	10	47,447,000	-
Amount due from brokers/dealers		-	10,339,912
Amount due from the Manager			
-creation of units		2,001,000	-
Financial assets at FVTPL	11	355,999,371	135,291,921
<b>TOTAL ASSETS</b>		<u>887,625,611</u>	<u>429,120,003</u>
<b>LIABILITIES</b>			
Amount due to brokers/dealers		5,154,681	-
Amount due to the Manager			
-cancellation of units		-	36,610,812
-management fee		148,244	110,805
Amount due to the Trustee		59,297	29,548
Other payables and accruals		10,614	10,355
<b>TOTAL LIABILITIES</b>		<u>5,372,836</u>	<u>36,761,520</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>882,252,775</u>	<u>392,358,483</u>
<b>EQUITY</b>			
Unit holders' capital		880,755,607	390,902,534
Retained earnings		1,497,168	1,455,949
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>882,252,775</u>	<u>392,358,483</u>
<b>UNITS IN CIRCULATION (UNITS)</b>	13	<u>1,770,017,746</u>	<u>788,361,918</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.4984</u>	<u>0.4977</u>

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

## STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024

	Note	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 November 2023		390,902,534	1,455,949	392,358,483
Movement in net asset value:				
Creation of units from applications		1,448,242,656	-	1,448,242,656
Creation of units from distributions		19,332,451	-	19,332,451
Cancellation of units		(977,722,034)	-	(977,722,034)
Total comprehensive income for the financial year		-	24,087,986	24,087,986
Distributions for the financial year	8	-	(24,046,767)	(24,046,767)
Balance as at 31 October 2024		<u>880,755,607</u>	<u>1,497,168</u>	<u>882,252,775</u>
Balance as at 1 November 2022		5,354,483	2,042,534	7,397,017
Movement in net asset value:				
Creation of units from applications		671,061,893	-	671,061,893
Creation of units from distributions		6,205,863	-	6,205,863
Cancellation of units		(291,496,787)	-	(291,496,787)
Total comprehensive income for the financial year		-	5,894,168	5,894,168
Distributions for the financial year	8	(222,918)	(6,480,753)	(6,703,671)
Balance as at 31 October 2023		<u>390,902,534</u>	<u>1,455,949</u>	<u>392,358,483</u>

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

## STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024

	Note	2024 RM	2023 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Placement of term deposits		(603,289,000)	-
Proceeds from maturity of term deposits		556,289,000	-
Proceeds from sales of financial assets at FVTPL		260,323,312	50,438,571
Purchase of financial assets at FVTPL		(464,897,322)	(190,657,932)
Profit income received from financial assets measured at FVTPL and amortised cost		25,143,328	6,823,431
Dividend income received		-	24,165
Management fee rebates received		-	1,341
Management fee paid		(1,476,918)	(560,163)
Trustee's fee paid		(563,279)	(160,973)
Payment for other fees and expenses		(33,545)	(30,880)
Net cash used in operating activities		<u>(228,504,424)</u>	<u>(134,122,440)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from creation of units		1,446,241,656	671,061,893
Payments for cancellation of units		(1,014,332,846)	(254,885,975)
Payments for distributions		(4,714,316)	(497,808)
Net cash generated from financing activities		<u>427,194,494</u>	<u>415,678,110</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		198,690,070	281,555,670
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<u>283,488,170</u>	<u>1,932,500</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	9	<u>482,178,240</u>	<u>283,488,170</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 31 OCTOBER 2024

### 1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Hong Leong Islamic Income Management Fund ("the Fund") was constituted pursuant to the execution of a Deed dated 16 March 2007 and Supplemental Deeds dated 11 April 2007, 30 April 2010, 9 May 2013, 25 March 2015, 4 August 2017, 24 June 2022 and 28 February 2023 ("the Deeds") between Hong Leong Asset Management Bhd ("the Manager") and CIMB Commerce Trustee Berhad ("the Trustee") for the unit holders of the Fund.

The primary objective of the Fund is to provide investors with a low risk investment portfolio offering a stable and regular stream of income and stability in capital while adhering to Shariah requirements.

The Fund intends to invest mainly in Islamic money market instruments and short to medium-term sukuk. Islamic money market instruments include Islamic deposits, and other short-term Islamic money market instruments such as Islamic negotiable instruments. The Fund commenced operations on 26 April 2007 and will continue its operations until terminated as provided under Part 12 of the Deeds.

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

Hong Leong Islamic Asset Management Sdn Bhd ("HLISAM") is the external fund manager appointed for the Fund. The effective date for the appointment is at 17 April 2020. HLISAM is a wholly own subsidiary of the Manager. On November 2019, HLISAM was issued with an Islamic fund management license by the Securities Commission Malaysia to undertake the regulated activity of Islamic fund management.

The financial statements were authorised for issue by the Manager on 13 December 2024.

## 2. MATERIAL ACCOUNTING POLICY INFORMATION

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

### (a) Basis of preparation

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

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

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

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

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

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

- (ii) New standards, amendment and interpretations effective after 1 November 2023 and have not been early adopted.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 November 2023. None of these are expected to have a material effect on the financial statements of the Fund, except the following set out below:

- Amendments to MFRS 101 ‘Classification of liabilities as current or non-current’ clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity’s expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

The amendment is effective for the annual financial reporting period beginning on or after 1 November 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 Shariah-compliant 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<sup>1</sup> as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities<sup>2</sup> are solely principal and profit, 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, term deposits, amount due from brokers/dealers and amount due from the Manager as financial assets measured at amortised cost as these financial assets is held to collect contractual cash flows consisting of the amount outstanding.

The Fund classifies amount due to brokers/dealers, 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. Shariah-compliant 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.

1 For the purposes of the investments made by the Fund, equity securities refer to Shariah-compliant equity securities.

2 For the purposes of the investments made by the Fund, debt securities refer to sukuk.

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

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

Unrealised gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss are presented in the statement of comprehensive income within net gain or loss on financial assets at fair value through profit or loss in the year which they arise.

Unquoted sukuk are revalued on a daily basis based on fair value prices quoted by a bond pricing agency ("BPA") registered with the Securities Commission Malaysia as per the Securities Commission Malaysia's Guidelines on Unit Trust Funds. Where such quotation are not available or where the Manager is of the view that the price quoted by the BPA for a specific unquoted sukuk differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager:

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

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

### Impairment

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

### Significant increase in credit risk

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

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

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

### Write-off

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

### **(c) Functional and presentation currency**

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

### **(d) Income recognition**

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

Profit income from cash at bank, Islamic deposits with licensed financial institutions and unquoted sukuk are recognised on the effective profit rate method on an accrual basis.

Profit income is calculated by applying the effective profit 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 profit 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 sukuk is accounted for as the difference between the net disposal proceeds and the carrying amount of unquoted sukuk, determined on cost adjusted for accretion of discount or amortisation of premium.

### **(e) Cash and cash equivalents**

For the purpose of statement of cash flows, cash and cash equivalents comprise cash at banks and Islamic deposits held in highly liquid Shariah-compliant 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 Shariah-compliant 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 profit rate method, less provision for impairment of 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, profit income is recognised using the rate of profit used to discount the future cash flows for the purpose of measuring the impairment loss.

**(g) Taxation**

Current tax expense is determined according to Malaysian tax laws at the prevailing tax rate based on the taxable profit earned during the financial year.

**(h) Distributions**

A distribution to the Fund's unit holders is accounted for as a deduction from realised reserve. A proposed distribution is recognised as a liability in the financial year in which it is approved by the Board of Directors of the Manager.

**(i) Unit holders' capital**

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

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

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

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

**(j) Critical accounting estimates and judgements in applying accounting policies**

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

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

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

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

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

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

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

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

	Financial assets at FVTPL RM	Financial assets/liabilities at amortised cost RM	Total RM
<b>2024</b>			
<u>Financial assets</u>			
Cash and cash equivalents (Note 9)	-	482,178,240	482,178,240
Term deposits (Note 10)	-	47,447,000	47,447,000
Amount due from the Manager			
-creation of units	-	2,001,000	2,001,000
Financial assets at FVTPL (Note 11)	355,999,371	-	355,999,371
	<u>355,999,371</u>	<u>531,626,240</u>	<u>887,625,611</u>
<u>Financial liabilities</u>			
Amount due to the brokers/dealers	-	5,154,681	5,154,681
Amount due to the Manager			
-management fee	-	148,244	148,244
Amount due to the Trustee	-	59,297	59,297
Other payables and accruals	-	10,614	10,614
	-	<u>5,372,836</u>	<u>5,372,836</u>

	Financial assets at FVTPL RM	Financial assets/liabilities at amortised cost RM	Total RM
<b>2023</b>			
<u>Financial assets</u>			
Cash and cash equivalents (Note 9)	-	283,488,170	283,488,170
Amount due from brokers/dealers	-	10,339,912	10,339,912
Financial assets at FVTPL (Note 11)	135,291,921	-	135,291,921
	<u>135,291,921</u>	<u>293,828,082</u>	<u>429,120,003</u>
<u>Financial liabilities</u>			
Amount due to the Manager			
-cancellation of units	-	36,610,812	36,610,812
-management fee	-	110,805	110,805
Amount due to the Trustee	-	29,548	29,548
Other payables and accruals	-	10,355	10,355
	-	<u>36,761,520</u>	<u>36,761,520</u>

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

#### (a) Market risk

##### (i) Price risk

Price risk arises mainly from the uncertainty about future prices of Shariah-compliant 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 Shariah-compliant investment portfolio.

The price risk is managed through diversification and selection of Shariah-compliant securities and other financial instruments within specified limits according to the Deeds.

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

	2024 RM	2023 RM
Financial assets at FVTPL:		
- Unquoted sukuk*	355,999,371	135,291,921

\* Includes profit receivables of RM3,883,095 (2023: RM1,108,180)

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

% Change in price of financial assets at FVTPL	Market value RM	Impact on profit after taxation/net asset value RM
<b>2024</b>		
-5%	334,510,462	(17,605,814)
0%	352,116,276	-
5%	369,722,090	17,605,814
<b>2023</b>		
-5%	127,474,554	(6,709,187)
0%	134,183,741	-
5%	140,892,928	6,709,187

## (ii) Interest rate risk

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

This risk is crucial since unquoted sukuk portfolio management depends on forecasting interest rate movements. Valuation of unquoted sukuk move inversely to interest rate movements, therefore as interest rates rise, the valuation of unquoted sukuk decrease and vice versa. Furthermore, unquoted sukuk with longer maturity and lower yield profit rates are more susceptible to interest rate movements.

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

The above interest rate is a general economic indicator that will have an impact on the management of the Fund regardless whether it is an Islamic unit trust fund or otherwise. It does not in any way suggest that the Fund will invest in conventional financial instruments. All the investments carried out for the Fund are in accordance with Shariah requirements.

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

% Change in interest rate	Impact on net asset value/ profit after taxation	
	2024 RM	2023 RM
+1%	(6,778,213)	(3,137,550)
-1%	6,778,214	3,137,549

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

## (b) Credit risk

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

Investment in unquoted sukuk may involve a certain degree of credit/default risk with regards to the issuers. Generally, credit risk or default risk is the risk of loss due to the issuer's non-payment or untimely payment of the investment amount as well as the returns on investment. This will cause a decline in value of the defaulted unquoted sukuk and subsequently depress the net asset value of the Fund. Usually credit risk is more apparent for an investment with a longer tenure, i.e. the longer the duration, the higher the credit risk. Credit risk can be managed by performing continuous fundamental credit research and analysis to ascertain the creditworthiness of its issuer. In addition, the Manager imposes a minimum rating requirement as rated by either local and/or foreign rating agencies and manages the duration of the investment in accordance with the objective of the Fund.

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

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

The credit/default risk is minimal as all transactions in unquoted Shariah-compliant 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:

	Cash and cash equivalents RM	Term deposits RM	Amount due from the Manager - creation of units RM	Unquoted sukuk RM	Total RM
<b>2024</b>					
- AAA	259,080,074	47,447,000	-	-	306,527,074
- AA1/AA+	3,004,340	-	-	-	3,004,340
- AA2/AA	43,271,567	-	-	-	43,271,567
- AA3/AA-	176,822,259	-	-	-	176,822,259
- NR#	-	-	2,001,000	355,999,371	358,000,371
<b>Total</b>	<b>482,178,240</b>	<b>47,447,000</b>	<b>2,001,000</b>	<b>355,999,371</b>	<b>887,625,611</b>

	Cash and cash equivalents RM	Amount due from brokers/dealers RM	Unquoted sukuk RM	Total RM
<b>2023</b>				
- AAA	211,241,304	10,339,912	-	221,581,216
- AA1/AA+	13,016,309	-	-	13,016,309
- AA2/AA	42,102,677	-	1,021,782	43,124,459
- AA3/AA-	17,127,880	-	-	17,127,880
- NR#	-	-	134,270,139	134,270,139
<b>Total</b>	<b>283,488,170</b>	<b>10,339,912</b>	<b>135,291,921</b>	<b>429,120,003</b>

# The unquoted sukuk are not rated as the unquoted sukuk are guaranteed and issued by the Government of Malaysia.

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

### (c) Liquidity risk

Liquidity risk is the risk that Shariah-compliant 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 Islamic liquid assets to meet anticipated payments and cancellations of the units by unit holders. Islamic liquid assets comprise cash at banks, Islamic deposits with licensed financial institutions and other Shariah-compliant instruments.

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

	Less than 1 month RM	1 month to 1 year RM	Total RM
<b>2024</b>			
<u>Financial liabilities</u>			
Amount due to brokers/dealers	5,154,681	-	5,154,681
Amount due to the Manager			
-management fee	148,244	-	148,244
Amount due to the Trustee	59,297	-	59,297
Other payables and accruals	-	10,614	10,614
Contractual cash out flows	<u>5,362,222</u>	<u>10,614</u>	<u>5,372,836</u>
<b>2023</b>			
<u>Financial liabilities</u>			
Amount due to the Manager			
-cancellation of units	36,610,812	-	36,610,812
-management fee	110,805	-	110,805
Amount due to the Trustee	29,548	-	29,548
Other payables and accruals	-	10,355	10,355
Contractual cash out flows	<u>36,751,165</u>	<u>10,355</u>	<u>36,761,520</u>

### (d) Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital and retained earnings. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the Shariah-compliant investment activities of the Fund.

### (e) Shariah status reclassification risk

This risk refers to the risk of a possibility that the currently held unquoted sukuk or Islamic money market instruments or Islamic deposits or Islamic collective investment scheme invested by the Fund may be declared as Shariah non-compliant by the relevant authority or the Shariah Adviser. If this occurs, the Manager will take the necessary steps to dispose of or withdraw such fixed income instruments or money market instruments or deposits or collective investment scheme.

### (f) Fair value estimation

Financial instruments comprise financial assets and financial liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The information presented herein represents the estimates of fair values as at the date of the statement of financial position.

The Fund's financial assets and financial liabilities are measured on an ongoing basis at either fair value or at amortised cost based on the respective classification.

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

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

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each year end date. Valuation techniques used for non-standardised financial instruments such as Islamic options, Islamic currency swaps and other over-the-counter Islamic derivatives, include the use of comparable recent arm's length transactions, reference to other Shariah-compliant 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 Shariah-compliant equity and sukuk instruments for which market were or have been inactive during the financial year. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

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

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

(i) Fair value hierarchy

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

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

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

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>2024</b>				
<u>Financial assets at FVTPL:</u>				
- Unquoted sukuk	-	355,999,371	-	355,999,371
<b>2023</b>				
<u>Financial assets at FVTPL:</u>				
- Unquoted sukuk	-	135,291,921	-	135,291,921

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 sukuk. 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. PROFIT INCOME FROM FINANCIAL ASSETS MEASURED AT AMORTISED COST

	2024 RM	2023 RM
Profit income from:		
- Islamic deposits with licensed financial institutions	17,347,699	5,130,107
- Auto-sweep facility bank account	196,981	15,894
	<u>17,544,680</u>	<u>5,146,001</u>

#### 5. MANAGEMENT FEE AND MANAGEMENT FEE REBATE

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

For the financial period 1 November 2023 to 30 November 2023, the management fee is recognised at a rate of 0.30% per annum. With effective from 1 December 2023, the management fee is recognised at a rate of 0.20% (01.11.2022 to 31.10.2023: 0.30%) per annum.

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

	2024 %	2023 %
<u>Unquoted Islamic collective investment scheme:</u>		
- Hong Leong Dana Al-Safa' MYR Class A	-	0.20

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

## 6. TRUSTEE'S FEE

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

For the financial year ended 31 October 2024, the Trustee's fee is recognised at a rate of 0.08% (2023: 0.08%) per annum.

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

## 7. TAXATION

	2024 RM	2023 RM
Tax charge for the financial year:		
Current taxation	-	-

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

	2024 RM	2023 RM
Profit before taxation	24,087,986	5,894,168
Taxation at Malaysian statutory rate of 24% (2023: 24%)	5,781,117	1,414,600
Tax effects of:		
Shariah-compliant investment income not subject to tax	(6,295,002)	(1,625,198)
Expenses not deductible for tax purposes	145,364	46,191
Restriction on tax deductible expenses for unit trust fund	368,521	164,407
Taxation	-	-

## 8. DISTRIBUTIONS

Distributions to unit holders are from the following sources:

	2024 RM	2023 RM
Prior financial years' realised income	131,296	-
Profit income from financial assets at FVTPL and amortised cost	26,015,974	7,303,952
Dividend income	-	24,165
Management fee rebate	-	1,341
Dividend Equalisation	-	222,918
Less: Expenses	(2,100,503)	(848,705)
Net distributions amount	24,046,767	6,703,671
Gross/net distributions per unit (sen)	1.5910	1.3140

### Date of Declaration

#### 27 November 2023 / 25 November 2022

Gross/net distribution per unit (sen)	0.1290	0.0440
---------------------------------------	--------	--------

#### 26 December 2023 / 27 December 2022

Gross/net distribution per unit (sen)	0.1240	0.0930
---------------------------------------	--------	--------

#### 26 January 2024 / 25 January 2023

Gross/net distribution per unit (sen)	0.1360	0.0940
---------------------------------------	--------	--------

#### 26 February 2024 / 27 February 2023

Gross/net distribution per unit (sen)	0.1380	0.1280
---------------------------------------	--------	--------

#### 25 March 2024 / 27 March 2023

Gross/net distribution per unit (sen)	0.1230	0.1110
---------------------------------------	--------	--------

#### 25 April 2024 / 25 April 2023

Gross/net distribution per unit (sen)	0.1360	0.1180
---------------------------------------	--------	--------

#### 27 May 2024 / 25 May 2023

Gross/net distribution per unit (sen)	0.1380	0.1200
---------------------------------------	--------	--------

#### 25 June 2024 / 26 June 2023

Gross/net distribution per unit (sen)	0.1280	0.1200
---------------------------------------	--------	--------

#### 25 July 2024 / 25 July 2023

Gross/net distribution per unit (sen)	0.1320	0.1140
---------------------------------------	--------	--------

#### 26 August 2024 / 25 August 2023

Gross/net distribution per unit (sen)	0.1410	0.1240
---------------------------------------	--------	--------

#### 25 September 2024 / 25 September 2023

Gross/net distribution per unit (sen)	0.1310	0.1200
---------------------------------------	--------	--------

	2024 RM	2023 RM
<b>25 October 2024 / 25 October 2023</b>		
Gross/net distribution per unit (sen)	0.1350	0.1280

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

	Income RM	%	Capital RM	%
<b>2024</b>	24,046,767	100.00	-	-
<b>2023</b>	6,703,671	100.00	-	-

Net distributions above are sourced from prior and current financial years' realised income. Gross distributions are derived using total income less total expenses.

Gross distribution per unit is derived from net realised income less expenses divided by units in circulation, while net distribution per unit is derived from net realised income less expenses and taxation divided by units in circulation.

Distribution equalisation represents the average amount of distributable income included in the creation and cancellation prices of units. It is computed as at each date of creation and cancellation of units. For the purpose of determining amount available for distribution, distribution equalisation is included in the computation of distribution available for unit holders.

The above distributions have been proposed before taking into account the unrealised gain of RM314,740 (2023: unrealised loss of RM500,224) which is carried forward to the next financial year.

## 9. CASH AND CASH EQUIVALENTS

	2024 RM	2023 RM
Islamic deposits with licensed financial institutions	466,101,504	283,098,583
Cash at bank	16,076,736	389,587
	<u>482,178,240</u>	<u>283,488,170</u>

The weighted average effective rate of return per annum are as follows:

	2024 %	2023 %
Islamic deposits with licensed financial institutions	3.45	3.52

Islamic deposits with licensed financial institutions have an average remaining maturity of 19 days (2023: 12 days).

## 10. TERMS DEPOSITS

	2024 RM	2023 RM
Islamic deposits with licensed financial institutions	47,447,000	-

The weighted average effective rate of return per annum are as follows:

	2024 %	2023 %
Islamic deposits with licensed financial institutions	3.68	-

Islamic deposits with licensed financial institutions have an average remaining maturity of 27 days (2023: Nil).

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

	2024 RM	2023 RM
<b>Financial assets at FVTPL:</b>		
Unquoted sukuk	355,999,371	135,291,921
<b>Net gain/(loss) on financial assets at FVTPL:</b>		
Realised gain/(loss) on disposals	327,606	(205,441)
Changes in unrealised fair values	278,426	(505,461)
Management fee rebate (Note 5)	-	1,341
	<u>606,032</u>	<u>(709,561)</u>

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

	Nominal value RM	Aggregate cost RM	Fair value RM	Percentage of net asset value %
<b>UNQUOTED SUKUK</b>				
<u>Government Investment Issues</u>				
3.726% Government of Malaysia 31/03/2026	17,500,000	17,635,333	17,642,198	2.00
3.899% Government of Malaysia 15/06/2027	6,200,000	6,372,260	6,344,073	0.72
4.070% Government of Malaysia 30/09/2026	47,000,000	47,738,089	47,709,607	5.41
4.258% Government of Malaysia 26/07/2027	53,000,000	54,847,951	54,664,690	6.20
	<u>123,700,000</u>	<u>126,593,633</u>	<u>126,360,568</u>	<u>14.33</u>
<u>Sukuk Guaranteed by Government of Malaysia</u>				
4.03% Danainfra Nasional Berhad 01/04/2026 - IMTN Tranche No 85	5,000,000	5,049,767	5,058,964	0.57
4.04% Danainfra Nasional Berhad 20/07/2027 - IMTN Tranche No 4	20,000,000	20,525,083	20,472,397	2.32
4.15% Danainfra Nasional Berhad 12/02/2026 - IMTN Tranche No 5	5,000,000	5,097,646	5,092,548	0.58
4.29% Danainfra Nasional Berhad 30/04/2026 - IMTN Tranche No 44	23,500,000	24,303,063	24,299,029	2.75
4.50% Danainfra Nasional Berhad 16/11/2027 - IMTN Tranche No 69	10,000,000	10,511,113	10,466,356	1.19
4.53% Danainfra Nasional Berhad 12/11/2025 - IMTN Tranche No 38	19,000,000	19,621,591	19,625,230	2.22
4.56% Danainfra Nasional Berhad 19/03/2027 - IMTN Tranche No 57	20,000,000	20,611,772	20,570,447	2.33
4.20% Jabatan Kedua Sdn. Bhd. 28/07/2026 - IMTN Tranche No 58	5,000,000	5,096,200	5,116,307	0.58
3.94% Lembaga Pembiayaan Perumahan Sektor Awam - 25/08/2027 IMTN Tranche No 64	10,000,000	10,194,782	10,172,523	1.15
4.00% Lembaga Pembiayaan Perumahan Sektor Awam - 10/04/2026 IMTN Tranche No 28	5,000,000	5,042,607	5,050,507	0.57
4.150% Pengurusan Air SPV Berhad 06/02/2026 - IMTN Issue No 36	8,000,000	8,149,791	8,147,105	0.92
4.400% Pengurusan Air SPV Berhad 17/06/2026 - IMTN Issue No 26	25,000,000	25,758,178	25,767,921	2.92

	Nominal value RM	Aggregate cost RM	Fair value RM	Percentage of net asset value %
4.560% Pengurusan Air SPV Berhad 06/06/2025 - IMTN Issue No 35	15,000,000	15,372,612	15,384,598	1.74
4.630% Pengurusan Air SPV Berhad 26/09/2025 - IMTN Issue No 21	5,000,000	5,074,070	5,074,946	0.58
4.470% Prasarana Malaysia Berhad 26/06/2026 - IMTN Series 8	15,000,000	15,313,974	15,325,878	1.74
4.530% Prasarana Malaysia Berhad 28/12/2027 - IMTN Series 2	3,000,000	3,140,048	3,127,943	0.36
4.000% Prasarana Malaysia Berhad 06/09/2027 - Sukuk Murabahah	15,000,000	15,288,889	15,254,505	1.73
4.440% Prasarana Malaysia Berhad 03/12/2027 - Sukuk Murabahah	15,000,000	15,716,786	15,631,599	1.77
	<u>223,500,000</u>	<u>229,867,972</u>	<u>229,638,803</u>	<u>26.02</u>
<b>TOTAL UNQUOTED SUKUK</b>	<b>347,200,000</b>	<b>356,461,605</b>	<b>355,999,371</b>	<b>40.35</b>
<b>UNREALISED LOSS ON FINANCIAL ASSETS AT FVTPL</b>		<b>(462,234)</b>		
<b>TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL</b>		<b>355,999,371</b>		

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

	Nominal value RM	Aggregate cost RM	Fair value RM	Percentage of net asset value %
<b>UNQUOTED SUKUK</b>				
<u>Corporate Sukuk</u>				
4.32% RHB Islamic Bank Berhad (AA2) 21/05/2024   21/05/2029 - Series 3	1,000,000	1,019,292	1,021,782	0.26
<u>Government Investment Issues</u>				
3.726% Government of Malaysia 31/03/2026	32,000,000	32,354,252	32,136,247	8.19
4.070% Government of Malaysia 30/09/2026	43,000,000	43,840,958	43,608,814	11.11
4.128% Government of Malaysia 15/08/2025	12,000,000	12,266,129	12,234,595	3.12
	<u>87,000,000</u>	<u>88,461,339</u>	<u>87,979,656</u>	<u>22.42</u>

	Nominal value RM	Aggregate cost RM	Fair value RM	Percentage of net asset value %
<b>Sukuk Guaranteed by Government of Malaysia</b>				
4.03% Danainfra Nasional Berhad 01/04/2026 - IMTN Tranche No 85	5,000,000	5,071,428	5,050,862	1.29
4.29% Danainfra Nasional Berhad 30/04/2026 - IMTN Tranche No 44	10,000,000	10,418,853	10,346,412	2.64
4.53% Danainfra Nasional Berhad 12/11/2025 - IMTN Tranche No 38	20,000,000	20,878,674	20,746,819	5.29
4.20% Jambatan Kedua Sdn. Bhd. 28/07/2026 - IMTN Tranche No 58	5,000,000	5,119,623	5,107,033	1.30
4.00% Lembaga Pembiayaan Perumahan Sektor Awam - 10/04/2026 IMTN Tranche No 28	5,000,000	5,063,372	5,039,357	1.28
	45,000,000	46,551,950	46,290,483	11.80
<b>TOTAL UNQUOTED SUKUK</b>	<b>133,000,000</b>	<b>136,032,581</b>	<b>135,291,921</b>	<b>34.48</b>
<b>UNREALISED LOSS ON FINANCIAL ASSETS AT FVTPL</b>		<b>(740,660)</b>		
<b>TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL</b>		<b>135,291,921</b>		

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

## 12. SHARIAH INFORMATION OF THE FUND

The Shariah Adviser confirmed that the investment portfolio of the Fund is Shariah-compliant, which comprises:

- (i) Sukuk as per the list of sukuk available at Bond Info Hub, Fully Automated System for Issuing/Tendering of Bank Negara Malaysia and The Bond and Sukuk Information Exchange; and
- (ii) Cash placements and liquid assets in local market, which are placed in Shariah-compliant investments and/or instruments.

## 13. UNITS IN CIRCULATION

	2024 No. of units	2023 No. of units
At the beginning of the financial year	788,361,918	14,994,179
Add: Creation of units during the financial year		
- Arising from applications	2,902,107,725	1,345,652,037
- Arising from distributions	38,782,362	12,461,262
Less: Cancellation of units during the financial year	(1,959,234,259)	(584,745,560)
At the end of the financial year	<u>1,770,017,746</u>	<u>788,361,918</u>

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

	2024 %	2023 %
TER	<u>0.29</u>	<u>0.39</u>

Total expense ratio includes management fee, Trustee's fee, auditors' remuneration, tax agent's fee and other expenses for the financial year divided by the Fund's average net asset value calculated on a daily basis and is calculated as follows:

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

Where;

- A = Management fee
- B = Trustee's fee
- C = Auditors' remuneration
- D = Tax agent's fee
- E = Other expenses
- F = Average net asset value of the Fund calculated on a daily basis

The average net asset value of the Fund for the financial year calculated on a daily basis is RM742,618,236 (2023: RM224,079,844).

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

	2024 Times	2023 Times
PTR	0.48	0.55

PTR is derived from the following calculation:

(Total acquisitions for the financial year + total disposals for the financial year) / 2

Average net asset value of the Fund for the financial year calculated on a daily basis

Where;

total acquisitions for the financial year  
= RM465,712,510 (2023: RM188,741,650)

total disposals for the financial year  
= RM246,406,544 (2023: RM59,242,701)

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

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

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

## Units held by the parties related to the Manager

	31.10.2024		31.10.2023	
	Units	RM	Units	RM
Hong Leong Assurance Berhad	-	-	71,092,587	35,382,781
Hong Leong Capital Berhad	60,204,696	30,006,020	-	-
Hong Leong Financial Group Berhad	450,682,398	224,620,107	-	-
Hong Leong MSIG Takaful Berhad	20,950,915	10,441,936	-	-

The above units were transacted at the prevailing market price.

No units were held by the Manager as at 31 October 2024 and 31 October 2023.

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

	2024 RM	2023 RM
<u>Related party balances</u>		
Short term Islamic deposits with licensed financial institution:		
- Hong Leong Islamic Bank Berhad	59,471,055	74,939,345
Cash at bank:		
- Hong Leong Islamic Bank Berhad	16,076,678	389,499
Amount due from broker/dealer:		
- Hong Leong Bank Berhad	-	10,339,912
Amount due to broker/dealer:		
- Hong Leong Investment Bank Berhad	(5,154,681)	-
	<u>70,393,052</u>	<u>85,668,756</u>
<u>Related party transactions</u>		
Profit income from Islamic deposits with licensed financial institution:		
- Hong Leong Islamic Bank Berhad	3,363,271	1,031,711
Profit income from auto-sweep facility bank account:		
- Hong Leong Islamic Bank Berhad	196,981	15,894
	<u>3,560,252</u>	<u>1,047,605</u>

	2024 RM	2023 RM
Dividend income from unquoted Islamic collective investment scheme managed by the Manager	-	24,165
Purchase of unquoted sukuk:		
- Hong Leong Bank Berhad	75,788,542	10,336,196
- Hong Leong Investment Bank Berhad	66,900,733	-
- Hong Leong Islamic Bank Berhad	74,096,575	36,107,381
	<u>216,785,850</u>	<u>46,443,577</u>
Purchase of unquoted Islamic collective investment scheme:		
- Hong Leong Asset Management Bhd	-	10,000,000
Disposal of unquoted sukuk:		
- Hong Leong Bank Berhad	56,679,026	10,339,912
- Hong Leong Islamic Bank Berhad	20,292,363	10,196,484
	<u>76,971,389</u>	<u>20,536,396</u>
Disposal of unquoted Islamic collective investment scheme:		
- Hong Leong Asset Management Bhd	-	9,993,986

	Values of trade RM	Percentage of total trade %
<b>2023</b>		
CIMB Islamic Bank Berhad	47,057,961	20.44
Hong Leong Islamic Bank Berhad*	46,303,864	20.12
J.P. Morgan Chase Bank Berhad	29,010,085	12.60
Malayan Banking Berhad	27,804,663	12.08
Hong Leong Bank Berhad*	20,676,108	8.98
AmBank (M) Berhad	19,444,025	8.45
Bank Islam Malaysia Berhad	11,754,469	5.11
CIMB Bank Berhad	11,739,929	5.10
Standard Chartered Bank Malaysia Berhad	11,261,149	4.89
AmBank Islamic Berhad	5,143,265	2.23
	<u>230,195,518</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.

## 17. TRANSACTIONS WITH BROKERS/DEALERS

Detail of transactions with brokers/dealers are as follows:

	Values of trade RM	Percentage of total trade %
<b>2024</b>		
CIMB Islamic Bank Berhad	137,100,338	19.09
Hong Leong Bank Berhad*	132,467,568	18.44
Hong Leong Islamic Bank Berhad*	94,388,938	13.14
Hong Leong Investment Bank Berhad*	66,900,733	9.31
AmBank Islamic Berhad	50,424,635	7.02
J.P.Morgan Chase Bank Berhad	47,974,022	6.68
CIMB Bank Berhad	43,939,703	6.12
AmBank (M) Berhad	31,692,955	4.41
Standard Chartered Bank Malaysia Berhad	29,722,606	4.14
RHB Investment Bank Berhad	25,642,367	3.57
Others	58,036,013	8.08
	<u>718,289,878</u>	<u>100.00</u>

# Performance Data

for the Financial Years Ended 31 October

		Financial Year 2024 %	Financial Year 2023 %	Financial Year 2022 %
<b>A. (i) Portfolio Compositions:</b>				
Corporate Sukuk		26.02	12.06	20.35
Government Investment Issues		14.33	22.42	53.87
<b>Islamic Deposits &amp; Cash Equivalents</b>		<b>59.65</b>	65.52	25.78
<b>(ii) Total Net Asset Value</b>	(ex-distribution)	<b>RM882,252,775</b>	RM392,358,483	RM7,397,017
<b>(iii) Net Asset Value Per Unit Units in Circulation</b>	(ex-distribution) (ex-distribution)	<b>RM0.4984</b> <b>1,770,017,746</b>	RM0.4977 788,361,918	RM0.4933 14,994,179
<b>(iv) Highest/Lowest NAV Per Unit</b>	Highest NAV Per Unit	<b>RM0.5001</b>	RM0.4997	RM0.5003
(ex-distribution)	Lowest NAV Per Unit	<b>RM0.4977</b>	RM0.4925	RM0.4914
<b>(v) Total Return of the Fund*</b>		<b>3.38%</b>	3.59%	0.22%
- Capital Growth		<b>0.14%</b>	0.89%	-1.10%
- Income Distribution		<b>3.24%</b>	2.70%	1.32%
<b>(vi) The distribution (gross) is made out of:-</b>				
- The Fund's Capital		<b>0.0000 sen/unit</b>	0.0000 sen/unit	0.5500 sen/unit
- The Fund's Income		<b>1.5910 sen/unit</b>	1.3140 sen/unit	0.1100 sen/unit
- Total Distribution Amount		<b>1.5910 sen/unit</b>	1.3140 sen/unit	0.6600 sen/unit
- The Fund's Capital (% of Total Distribution Amount)		<b>0%</b>	0%	83%
- The Fund's Income (% of Total Distribution Amount)		<b>100%</b>	100%	17%
<b>(vii) Distribution Per Unit</b>				
	Additional Units	-	-	-
	Distribution (Gross)	<b>0.1290 sen/unit</b>	0.0440 sen/unit	0.0600 sen/unit
	Distribution (Net)	<b>0.1290 sen/unit</b>	0.0440 sen/unit	0.0600 sen/unit
	Distribution Date	<b>27/11/2023</b>	25/11/2022	25/02/2022
	Cum-Distribution NAV/Unit	<b>RM0.4994</b>	RM0.4945	RM0.4999
	Ex-Distribution NAV/Unit	<b>RM0.4981</b>	RM0.4941	RM0.4993
	Additional Units	-	-	-
	Distribution (Gross)	<b>0.1240 sen/unit</b>	0.0930 sen/unit	0.0720 sen/unit
	Distribution (Net)	<b>0.1240 sen/unit</b>	0.0930 sen/unit	0.0720 sen/unit
	Distribution Date	<b>26/12/2023</b>	27/12/2022	25/03/2022
	Cum-Distribution NAV/Unit	<b>RM0.4996</b>	RM0.4969	RM0.4990
	Ex-Distribution NAV/Unit	<b>RM0.4983</b>	RM0.4960	RM0.4983
	Additional Units	-	-	-
	Distribution (Gross)	<b>0.1360 sen/unit</b>	0.0940 sen/unit	0.0780 sen/unit
	Distribution (Net)	<b>0.1360 sen/unit</b>	0.0940 sen/unit	0.0780 sen/unit
	Distribution Date	<b>26/01/2024</b>	25/01/2023	25/04/2022
	Cum-Distribution NAV/Unit	<b>RM0.4999</b>	RM0.4991	RM0.4951
	Ex-Distribution NAV/Unit	<b>RM0.4986</b>	RM0.4981	RM0.4944
	Additional Units	-	-	-
	Distribution (Gross)	<b>0.1380 sen/unit</b>	0.1280 sen/unit	0.0790 sen/unit
	Distribution (Net)	<b>0.1380 sen/unit</b>	0.1280 sen/unit	0.0790 sen/unit
	Distribution Date	<b>26/02/2024</b>	27/02/2023	25/05/2022
	Cum-Distribution NAV/Unit	<b>RM0.4998</b>	RM0.4993	RM0.4949
	Ex-Distribution NAV/Unit	<b>RM0.4984</b>	RM0.4980	RM0.4941

# Performance Data

for the Financial Years Ended 31 October

	Financial Year 2024 %	Financial Year 2023 %	Financial Year 2022 %
Additional Units	–	–	–
Distribution (Gross)	<b>0.1230 sen/unit</b>	0.1110 sen/unit	0.0900 sen/unit
Distribution (Net)	<b>0.1230 sen/unit</b>	0.1110 sen/unit	0.0900 sen/unit
Distribution Date	<b>25/03/2024</b>	27/03/2023	27/06/2022
Cum-Distribution NAV/Unit	<b>RM0.4998</b>	RM0.4993	RM0.4937
Ex-Distribution NAV/Unit	<b>RM0.4986</b>	RM0.4982	RM0.4928
Additional Units	–	–	–
Distribution (Gross)	<b>0.1360 sen/unit</b>	0.1180 sen/unit	0.0800 sen/unit
Distribution (Net)	<b>0.1360 sen/unit</b>	0.1180 sen/unit	0.0800 sen/unit
Distribution Date	<b>25/04/2024</b>	25/04/2023	25/07/2022
Cum-Distribution NAV/Unit	<b>RM0.4995</b>	RM0.4997	RM0.4960
Ex-Distribution NAV/Unit	<b>RM0.4981</b>	RM0.4985	RM0.4952
Additional Units	–	–	–
Distribution (Gross)	<b>0.1380 sen/unit</b>	0.1200 sen/unit	0.0640 sen/unit
Distribution (Net)	<b>0.1380 sen/unit</b>	0.1200 sen/unit	0.0640 sen/unit
Distribution Date	<b>27/05/2024</b>	25/05/2023	25/08/2022
Cum-Distribution NAV/Unit	<b>RM0.4997</b>	RM0.4994	RM0.4973
Ex-Distribution NAV/Unit	<b>RM0.4983</b>	RM0.4982	RM0.4967
Additional Units	–	–	–
Distribution (Gross)	<b>0.1280 sen/unit</b>	0.1200 sen/unit	0.0910 sen/unit
Distribution (Net)	<b>0.1280 sen/unit</b>	0.1200 sen/unit	0.0910 sen/unit
Distribution Date	<b>25/06/2024</b>	26/06/2023	26/09/2022
Cum-Distribution NAV/Unit	<b>RM0.4997</b>	RM0.4992	RM0.4938
Ex-Distribution NAV/Unit	<b>RM0.4985</b>	RM0.4980	RM0.4929
Additional Units	–	–	–
Distribution (Gross)	<b>0.1320 sen/unit</b>	0.1140 sen/unit	0.0460 sen/unit
Distribution (Net)	<b>0.1320 sen/unit</b>	0.1140 sen/unit	0.0460 sen/unit
Distribution Date	<b>25/07/2024</b>	25/07/2023	25/10/2022
Cum-Distribution NAV/Unit	<b>RM0.4999</b>	RM0.4994	RM0.4934
Ex-Distribution NAV/Unit	<b>RM0.4986</b>	RM0.4982	RM0.4929
Additional Units	–	–	–
Distribution (Gross)	<b>0.1410 sen/unit</b>	0.1240 sen/unit	–
Distribution (Net)	<b>0.1410 sen/unit</b>	0.1240 sen/unit	–
Distribution Date	<b>26/08/2024</b>	25/08/2023	–
Cum-Distribution NAV/Unit	<b>RM0.5001</b>	RM0.4993	–
Ex-Distribution NAV/Unit	<b>RM0.4987</b>	RM0.4981	–
Additional Units	–	–	–
Distribution (Gross)	<b>0.1310 sen/unit</b>	0.1200 sen/unit	–
Distribution (Net)	<b>0.1310 sen/unit</b>	0.1200 sen/unit	–
Distribution Date	<b>25/09/2024</b>	25/09/2023	–
Cum-Distribution NAV/Unit	<b>RM0.5000</b>	RM0.4990	–
Ex-Distribution NAV/Unit	<b>RM0.4987</b>	RM0.4978	–
Additional Units	–	–	–
Distribution (Gross)	<b>0.1350 sen/unit</b>	0.1280 sen/unit	–
Distribution (Net)	<b>0.1350 sen/unit</b>	0.1280 sen/unit	–
Distribution Date	<b>25/10/2024</b>	25/10/2023	–
Cum-Distribution NAV/Unit	<b>RM0.4996</b>	RM0.4986	–
Ex-Distribution NAV/Unit	<b>RM0.4983</b>	RM0.4973	–

# Performance Data

## for the Financial Years Ended 31 October

	Financial Year 2024 %	Financial Year 2023 %	Financial Year 2022 %
(viii) Total Expense Ratio (TER)	0.29%	0.39%	0.86%
(ix) Portfolio Turnover Ratio (PTR) (times)	0.48#	0.55	–
<b>B. Average Total Return, NAV Per Unit-to-NAV Per Unit basis (as at 31/10/2024)*</b>			
(i) One year	3.38%		
(ii) Three years	2.44%		
(iii) Five years	2.08%		

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

# The PTR decreased by 0.07 times (12.73%) to 0.48 times for the financial year ended 31 October 2024 versus 0.55 times for the financial year ended 31 October 2023 mainly due to higher average net asset value of the Fund.

## Corporate Information

### Manager

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

### Registered Office

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

### Business Office

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

### Board of Directors

Ms. Lee Jim Leng  
Mr. Chue Kwok Yan  
YBhg Dato' Abdul Majit bin Ahmad Khan  
YM Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin

### Executive Director / Chief Executive Officer

Mr. Chue Kwok Yan

### External Fund Manager

Hong Leong Islamic Asset Management Sdn Bhd [198501008000 (140445-U)]

### Trustee

CIMB Commerce Trustee Berhad

### Shariah Adviser

BIMB Securities Sdn Bhd

### Auditor

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146)

### Distributors

Hong Leong Bank Berhad  
Hong Leong Islamic Bank Berhad  
Affin Bank Berhad  
Areca Capital Sdn Bhd  
iFAST Capital Sdn Bhd  
Malayan Banking Berhad  
OCBC Al-Amin Bank Berhad  
Phillip Mutual Berhad  
Standard Chartered Bank Malaysia Berhad  
United Overseas Bank (Malaysia) Berhad  
UOB Kay Hian Securities (M) Sdn Bhd  
Registered Independent Tied Agents with FIMM

## Corporate Directory

### Head Office

Level 18, Block B, Plaza Zurich  
No. 12, Jalan Gelenggang  
Bukit Damansara  
50490 Kuala Lumpur  
Tel: 03-2081 8600  
Fax: 03-2081 8500  
Website: [www.hlam.com.my](http://www.hlam.com.my)  
E-mail: [inquiry@hla.hongleong.com.my](mailto:inquiry@hla.hongleong.com.my)

### Pulau Pinang

No. 441-1-3  
Pulau Tikus Plaza, Jalan Burmah  
10350 Pulau Tikus, Pulau Pinang  
Tel: 04-228 8112, 04-228 9112  
Fax: 04-228 3112

### Ipoh

2nd Floor, Lot 3, Persiaran Greentown 4  
Greentown Business Centre  
30450 Ipoh, Perak  
Tel: 05-255 8388, 05-255 9388  
Fax: 05-255 8389



Hong Leong Asset Management Bhd  
[www.hlam.com.my](http://www.hlam.com.my)

