

Hong Leong Income Fund

Semi-Annual Report

Financial Period Ended 31 August 2024

2024

Unaudited



HONG LEONG INCOME FUND

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Manager's Review and Report

I. FUND INFORMATION

Fund Name

Hong Leong Income Fund ("HLIF" or "the Fund")

Fund Category

Fixed Income

Fund Type

Income

Investment Objective

The Fund aims to provide investors with a low risk investment portfolio offering a regular stream of income*.

Duration of the Fund and its termination date, where applicable

Not Applicable

Benchmark

Malayan Banking Berhad 12 Months Fixed Deposit Rate

Distribution Policy

The Fund intends to provide Unit holders with regular income. As such, income distributions will be on a monthly basis, subject to availability of income and the amount of income available for distribution may fluctuate from time to time.

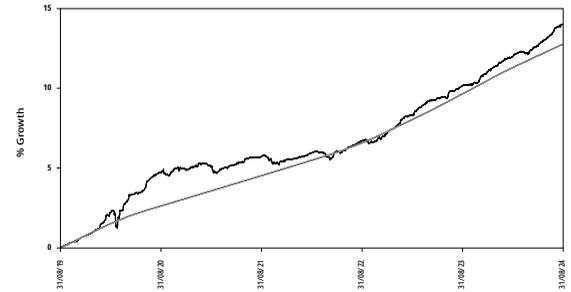
Note:

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

II. FUND PERFORMANCE

Chart 1: Performance of the Fund versus the benchmark

Hong Leong Income Fund MYR A

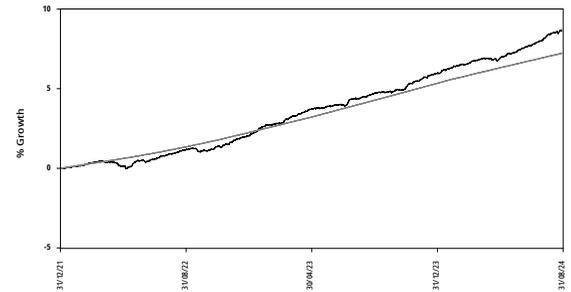


From 31/08/2019 to 31/08/2024

— Hong Leong Income Fund MYR A (HLIF MYR A) : 14.00
— Maybank 12 Months FD Rate : 12.78

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 HLIF MYR A reinvested.

Hong Leong Income Fund MYR D



From 31/12/2021 to 31/08/2024

— Hong Leong Income Fund MYR D (HLIF MYR D) : 8.64
— Maybank 12 Months FD Rate : 7.23

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 HLIF MYR D 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 March 2024 to 31 August 2024.

For Hong Leong Income Fund MYR A, the Fund posted a return of 1.81% (based on NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from the Fund reinvested) in the past six months while its benchmark the Malayan Banking Berhad (Maybank) 12 Months Fixed Deposit (FD) Rate registered a return of 1.33%. During the financial period under review, the Fund has distributed 6 times of income distributions to its Unit holders. For the five-year financial periods ended 31 August 2024, the Fund has registered a return of 14.00% compared to the benchmark's return of 12.78% while distributing a total gross income of 12.1020 sen per unit (net income of 12.1020 sen per unit).

For Hong Leong Income Fund MYR D, the Fund posted a return of 1.94% (based on NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from the Fund reinvested) in the past six months while its benchmark the Maybank 12 Months FD Rate has registered a return of 1.33%. During the financial period under review, the Fund has distributed 6 times of income distributions to its Unit holders. Since 31 December 2021, the Fund has registered a return of 8.64% compared to the benchmark's return of 7.23% while distributing a total gross income of 7.2920 sen per unit (net income of 7.2920 sen per unit).

Unit holders should note that income distributions have the effect of reducing the Net Asset Value (NAV) per unit 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 41-50.

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

	3 Months	6 Months	1 Year	3 Years	5 Years	Since Launch
HLIF MYR A Return (%)	1.19	1.81	3.51	7.84	14.00	15.77
Benchmark (%)	0.66	1.33	2.86	7.90	12.78	14.29

	3 Months	6 Months	1 Year	Since Launch
HLIF MYR D Return (%)	1.25	1.94	3.77	8.64
Benchmark (%)	0.66	1.33	2.86	7.23

Table 2: Return of the Fund based on NAV Per Unit-to-NAV Per Unit basis for the period 29 February 2024 to 31 August 2024 (Source: Lipper for Investment Management)

HLIF MYR A	31-Aug-24	29-Feb-24	Return (%)
NAV Per Unit	RM1.0152*	RM1.0097	1.81#
Benchmark	2.60%	2.70%	1.33
vs Benchmark (%)	-	-	0.48

HLIF MYR D	31-Aug-24	29-Feb-24	Return (%)
NAV Per Unit	RM1.0101*	RM1.0046	1.94#
Benchmark	2.60%	2.70%	1.33
vs Benchmark (%)	-	-	0.61

* Based on the NAV Per Unit on 30 August 2024 as the above mentioned reporting date fell on a non-business day.

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

Table 3: Financial Highlights

The Fair Value of Outstanding Units are represented by:

	31-Aug-24 (RM)	29-Feb-24 (RM)	Change (%)
Class A	223,162,556	742,286,082	(69.94)
Class D	762,099,656	977,242,056	(22.02)

Units in Circulation:

Class A	219,795,795	735,152,799	(70.10)
Class D	754,370,687	972,796,110	(22.45)

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 period ended 31 August and financial years ended 28/29 February

HLIF MYR A	Financial Period 2024	Financial Year 2024	Financial Year 2023	Financial Year 2022
Highest NAV Per Unit (RM)	1.0168	1.0119	1.0073	1.0157
Lowest NAV Per Unit (RM)	1.0068	1.0042	0.9987	1.0037
Capital Growth (%)	0.54	0.49	-0.09	-0.92
Income Distribution (%)	1.27	2.89	2.33	1.76
Total Return (%)	1.81	3.38	2.24	0.84

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 HLIF MYR A reinvested.

HLIF MYR D	Financial Period 2024	Financial Year 2024	Financial Year 2023	Financial Period 2022*
Highest NAV Per Unit (RM)	1.0118	1.0069	1.0024	1.0026
Lowest NAV Per Unit (RM)	1.0017	0.9991	0.9938	0.9999
Capital Growth (%)	0.55	0.48	-0.09	0.07
Income Distribution (%)	1.39	3.15	2.58	0.26
Total Return (%)	1.94	3.63	2.49	0.33

* The figure shown is for the period since Fund launch (31 December 2021 to 28 February 2022).

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 HLIF MYR D reinvested.

Table 5: Average Total Return of the Fund for the financial period ended 31 August

	1 Year	3 Years	5 Years
Average Total Return - HLIF MYR A (%)	3.51	2.61	2.80
Average Total Return - HLIF MYR D (%)	2.86	-	-

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 HLIF reinvested.

Table 6: Annual Total Return of the Fund for the financial periods and years ended 28/29 February

Financial Year/ Period	2024	2023	2022	2021	2020
Annual Total Return - HLIF MYR A (%)	3.38	2.24	0.84	2.78	3.79*

* The figure shown is for the period since Fund launch (28 March 2019 to 29 February 2020).

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 HLIF MYR A reinvested.

Financial Year/ Period	2024	2023	2022
Annual Total Return - HLIF MYR D (%)	3.63	2.49	0.33*

* The figure shown is for the period since Fund launch (31 December 2021 to 28 February 2022).

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 HLIF MYR D reinvested.

III. INVESTMENT PORTFOLIO

Chart 2: Asset Allocation - March 2024 to August 2024

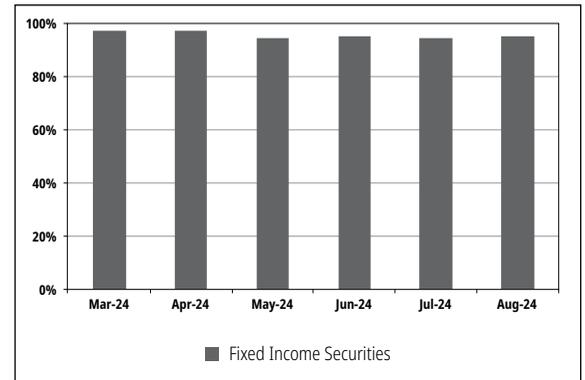


Chart 3: Sector Allocation as at 31 August 2024

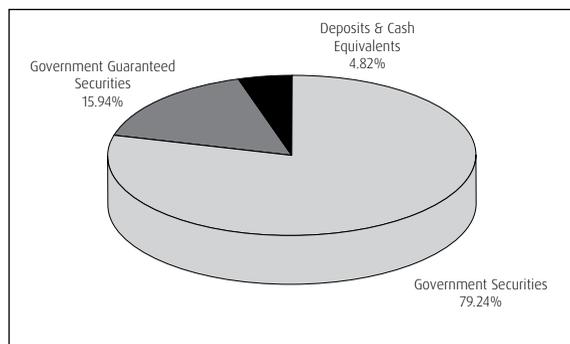
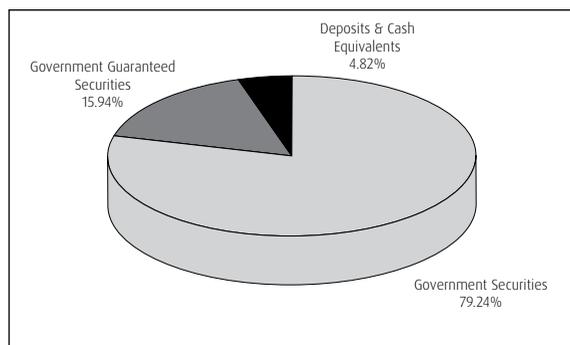


Chart 4: Portfolio Composition by Ratings as at 31 August 2024



Strategies employed by the Fund during the period under review

During the financial period under review, the Fund maintained its preference in government bonds as we see potential capital gains and further rate cut by the Federal Reserve (Fed) going forward.

An explanation on the differences in portfolio composition

As at 31 August 2024, the Fund's exposure into fixed income securities stood at 95.2% (January 2024: 69.5%) of the Fund's NAV, while the balance was held in deposits. During the financial period under review, the manager decreased cash while deploying into sovereign bonds as we saw better values in the bonds.

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 Unit holders up to the date of this Manager's report.

IV. MARKET REVIEW

During the financial period under review, the market was volatile again following stronger-than-expected consumer spending and Producer Price Index (PPI) in January amid sticky inflation numbers and strong job data. The Fed remained concerned over the lack of progress on inflation and held the view to hold rates steady until there is greater confidence that United States (US) inflation was moving sustainably towards 2%. US Treasuries (UST) 2-Year and 10-Year yields spiked up from January to April and declined further to 4.26% and 4.03% respectively in end-July 2024 (end-July 2023: 2-Year – 4.88%, 10-Year – 3.96%).

In August, UST were stronger across the curve in trading ahead of Fed Chair Powell's speech at the Jackson Hole Symposium, amidst some concerns that the annual payroll figures scheduled for release may see a large downward revision and reignite fears about the general health of the labour market. Benchmark yields were lower between 6 basis points (bps) and 8 bps for the day in a mild steepening of the UST curve. The benchmark 2-Year UST closed at 3.99%, while the benchmark 10-Year UST yield fell to 3.84% as of month end.

On the domestic front, Malaysia's headline inflation rate rose to a 10-Month high of 2.0% in May, due largely to higher Housing, Water, Electricity, Gas and Other Fuels (HWEG) at 3.2%. HWEG inflation has increased to the highest level since September 2022, attributable to higher housing costs and water tariff hikes in several states. In July, the headline inflation remained steady at 2.0%, slightly below consensus forecasts of 2.1%. Core inflation also held steady at 1.9%, the same pace as in June.

The Malaysian Government Securities (MGS) yields generally tracked the UST movements although at a more subdued level as domestic inflation numbers were more stable. Local bond yields were volatile throughout the financial period, however 5-Year and 10-Year MGS yields ended marginally lower at 3.52% and 3.77% respectively at end-August 2024 (end-June 2023: 5-Year – 3.60%, 10-Year – 3.84%).

V. FUTURE PROSPECTS AND PROPOSED STRATEGIES

The Fed in its July 2024 Federal Open Market Committee (FOMC) meeting, unanimously agreed to keep the target range of its Fed Funds Target Rate (FFTR) unchanged at 5.25%-5.50%. While there remains the risk for the Fed to delay cuts further if the inflation descent is stalled again, that risk is now better balanced by the cooling of the labour market. We foresee the UST to be lower in the medium term due to US labour market weakness, however market swings can be drastic near term.

We expect Malaysia to meet the deficit goal of 4.3% of Gross Domestic Product (GDP) for 2024, but is unclear whether will stick to the medium-term fiscal path of lowering the deficit ratio to below 3.5% in 2025 due to uncertainty on RON95 subsidy rationalisation, higher operating expenditure on civil servant salary increase and whether there are any offsetting revenue measures. We expect no change in the Overnight Policy Rate (OPR) at 3.00% and on the Monetary Policy Committee (MPC) statement on policy stance.

We continue to overweight on short to medium government bonds to manage volatility and seek opportunities to rebalance our portfolios.

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 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 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 accompanying unaudited condensed financial statements set out on pages 13 to 40 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 August 2024 and of its financial performance, changes in net assets attributable to unit holders and cash flows for the financial period ended 31 August 2024 in accordance with the Malaysian Financial Reporting Standard 134 "Interim Financial Reporting" and International Accounting Standard 34 "Interim Financial Reporting".

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
21 October 2024

TRUSTEE'S REPORT

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

We have acted as Trustee of the Fund for the financial period ended 31 August 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 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
21 October 2024

CONDENSED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2024

	Note	2024 RM	2023 RM
INVESTMENT INCOME			
Interest income from financial assets measured at fair value through profit or loss ("FVTPL")		16,073,570	33,010,720
Interest income from financial assets measured at amortised cost	4	1,861,169	28,387,934
Net gain on financial assets at FVTPL	10	5,322,195	6,854,961
		<u>23,256,934</u>	<u>68,253,615</u>
EXPENDITURE			
Management fee	5	(1,265,497)	(6,333,339)
Trustee's fee	6	(59,169)	(184,909)
Auditors' remuneration		(3,231)	(3,268)
Tax agent's fee		(1,512)	(1,509)
Other expenses		(5,587)	(6,391)
		<u>(1,334,996)</u>	<u>(6,529,416)</u>
NET PROFIT BEFORE FINANCE COST AND TAXATION			
		21,921,938	61,724,199
Finance cost	7	(16,038,366)	(53,788,243)
NET PROFIT BEFORE TAXATION			
		5,883,572	7,935,956
Taxation	8	-	-
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS			
		<u>5,883,572</u>	<u>7,935,956</u>
Increase in net assets attributable to unit holders consists of:			
Realised amount		(2,408,668)	524,484
Unrealised amount		8,292,240	7,411,472
		<u>5,883,572</u>	<u>7,935,956</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 AUGUST 2024

	Note	31.08.2024 RM	29.02.2024 RM
ASSETS			
Cash and cash equivalents	9	47,752,093	447,930,688
Amount due from the Manager			
- creation of units		-	500,000
Financial assets at FVTPL		937,762,032	1,271,582,722
Tax recoverable		1,882	1,882
TOTAL ASSETS		<u>985,516,007</u>	<u>1,720,015,292</u>
LIABILITIES			
Amount due to the Manager			
- cancellation of units		55,927	-
- management fee		173,359	459,380
Amount due to the Trustee		8,365	16,326
Other payables and accruals		16,144	11,448
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)		<u>253,795</u>	<u>487,154</u>
NET ASSET VALUE OF THE FUND		<u>985,262,212</u>	<u>1,719,528,138</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>985,262,212</u>	<u>1,719,528,138</u>
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS (RM)			
- Class A		223,162,556	742,286,082
- Class D		762,099,656	977,242,056
		<u>985,262,212</u>	<u>1,719,528,138</u>
UNITS IN CIRCULATION (UNITS)			
- Class A		219,795,795	735,152,799
- Class D		754,370,687	972,796,110
	11	<u>974,166,482</u>	<u>1,707,948,909</u>
NET ASSET VALUE PER UNIT (RM)			
- Class A		1.0153	1.0097
- Class D		1.0102	1.0046

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

CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS (Unaudited)

FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2024

	2024 RM	2023 RM
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD	1,719,528,138	4,752,180,543
Movement due to units created and cancelled during the financial period:		
Creation of units from applications	87,118,561	1,833,100,860
Creation of units from distributions	6,170,833	9,174,083
Cancellation of units	(833,438,892)	(2,639,550,902)
	<u>(740,149,498)</u>	<u>(797,275,959)</u>
Increase in net assets attributable to unit holders	<u>5,883,572</u>	<u>7,935,956</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL PERIOD	<u>985,262,212</u>	<u>3,962,840,540</u>

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 AUGUST 2024

	2024 RM	2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sales of financial assets at FVTPL	321,261,500	315,454,231
Proceeds from redemptions of financial assets at FVTPL	10,000,000	340,000,000
Purchase of financial assets at FVTPL	-	(257,699,783)
Interest income received from financial assets measured at FVTPL and amortised cost	25,816,124	69,561,898
Management fee rebates received	-	-
Management fee paid	(1,551,518)	(6,513,346)
Trustee's fee paid	(67,130)	(187,921)
Payment for other fees and expenses	(5,634)	(6,391)
Net cash generated from operating activities	<u>355,453,342</u>	<u>460,608,688</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	87,618,561	1,833,017,360
Payments for cancellation of units	(833,382,965)	(2,639,550,902)
Payments for distributions	(9,867,533)	(44,614,160)
Net cash used in financing activities	<u>(755,631,937)</u>	<u>(851,147,702)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(400,178,595)	(390,539,014)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>447,930,688</u>	<u>2,253,881,775</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>47,752,093</u>	<u>1,863,342,761</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 AUGUST 2024

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Hong Leong Income Fund (“the Fund”) was constituted pursuant to the execution of a Deed dated 31 January 2019, First Supplemental Deed dated 25 May 2021, Second Supplemental Deed dated 9 September 2021 and Third Supplemental Deed dated 16 January 2023 (“the Deeds”), between the Hong Leong Asset Management Bhd (“the Manager”) and CIMB Commerce Trustee Berhad (“the Trustee”) for the unit holders of the Fund.

The Fund aims to provide investors with a low risk investment portfolio offering a regular stream of income.

The Fund will invest a minimum of 50% of its net asset value in securities issued or guaranteed by the Government of Malaysia and a maximum of 50% of its net asset value in money market instruments and deposits. To provide a regular income, the Fund will invest in a portfolio of bonds, money market instruments and deposits for accrual income. The Fund commenced operations on 28 March 2019 and will continue its operations until terminated as provided under Part 12 of the Deed.

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

The financial statements were authorised for issue by the Manager on 21 October 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 condensed financial statements are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standard 134 “Interim Financial Reporting” and International Accounting Standard 34 “Interim Financial Reporting”.

The condensed financial statements should be read in conjunction with the audited financial statements of the Fund for the financial year ended 29 February 2024 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 Manager 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 amounts due to the Manager, amount due to the Trustee and other payables and accruals as financial liabilities measured at amortised cost.

Recognition and measurement

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

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.

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

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

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

Impairment

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

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

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

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

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

(e) Cash and cash equivalents

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

(f) Amount due from/to brokers/dealers

Amount due from/to brokers/dealers represents receivables/payables for investments sold/purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment for amount due from brokers/dealers. A provision for impairment of amount due from a broker/dealer is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker/dealer. Significant financial difficulties of the broker/dealer, probability that the broker/dealer will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from brokers/dealers is impaired. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(g) Taxation

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

(h) Unit holders' capital

The unit holders' contributions to the Fund meet the definition of puttable instruments classified as financial liability under MFRS 132 "Financial Instruments: Presentation".

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

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

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

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

(j) Finance cost

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

A proposed distribution is recognised as a financial liability in the period in which it is approved by the Board of Directors of the Manager.

(k) 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/ liabilities at FVTPL RM	Financial assets/ liabilities at amortised cost RM	Total RM
31.08.2024			
<u>Financial assets</u>			
Cash and cash equivalents (Note 9)	-	47,752,093	47,752,093
Financial assets at FVTPL (Note 10)	937,762,032	-	937,762,032
	<u>937,762,032</u>	<u>47,752,093</u>	<u>985,514,125</u>
<u>Financial liabilities</u>			
Amount due to the Manager			
-cancellation of units	-	55,927	55,927
-management fee	-	173,359	173,359
Amount due to the Trustee	-	8,365	8,365
Other payables and accruals	-	16,144	16,144
	<u>-</u>	<u>253,795</u>	<u>253,795</u>
29.02.2024			
<u>Financial assets</u>			
Cash and cash equivalents (Note 9)	-	447,930,688	447,930,688
Amount due from the Manager			
-creation of units	-	500,000	500,000
Financial assets at FVTPL (Note 10)	1,271,582,722	-	1,271,582,722
	<u>1,271,582,722</u>	<u>448,430,688</u>	<u>1,720,013,410</u>
<u>Financial liabilities</u>			
Amount due to the Manager			
-management fee	-	459,380	459,380
Amount due to the Trustee	-	16,326	16,326
Other payables and accruals	-	11,448	11,448
	<u>-</u>	<u>487,154</u>	<u>487,154</u>

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

(I) 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. 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 Manager will determine the point within the bid-ask spread that is most representative of the fair value.

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

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

For instruments for which there is no active market, the Fund may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted equity, debt securities and other debt instruments for which market were or have been inactive during the financial 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 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
31.08.2024				
<u>Financial assets at FVTPL:</u>				
- Unquoted fixed income securities	-	937,762,032	-	937,762,032
29.02.2024				
<u>Financial assets at FVTPL:</u>				
- Unquoted fixed income securities	-	1,271,582,722	-	1,271,582,722

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. This include unquoted fixed income securities. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Fund's policies on valuation of these financial assets are stated in Note 2(b).

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

4. INTEREST INCOME FROM FINANCIAL ASSETS MEASURED AT AMORTISED COST

	2024 RM	2023 RM
Interest income from:		
- Deposits with licensed financial institutions	1,856,155	28,341,939
- Auto-sweep facility bank account	5,014	45,995
	<u>1,861,169</u>	<u>28,387,934</u>

5. MANAGEMENT FEE

In accordance with Division 13.1 of the Deeds, the Manager is entitled to a management fee of up to 3.00% per annum calculated daily based on the net asset value of the Fund.

For the financial period ended 31 August 2024, the management fee are recognised at an average rate of 0.40% (2023: 0.40%) and 0.15% (2023: 0.15%) per annum for Class A and Class D respectively.

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 0.03% per annum subject to a minimum of RM12,000 per annum calculated daily based on the net asset value of the Fund.

For the financial period ended 31 August 2024, the Trustee's fee is recognised at a rate of 0.01% (2023: 0.01%) per annum.

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

7. FINANCE COST

Distributions to unit holders are from the following sources:

	2024 RM	2023 RM
Prior financial year's realised income	3,697,862	48,791,198
Interest income from financial assets at FVTPL and amortised cost	13,604,992	5,217,422
Less: Expenses	(1,264,488)	(220,377)
Net distributions amount	<u>16,038,366</u>	<u>53,788,243</u>
Net distributions per unit (sen)	<u>2.6570</u>	<u>2.9970</u>
Gross distributions per unit (sen)	<u>2.6570</u>	<u>2.9970</u>

	2024 RM	2023 RM
Date of Declaration		
18 March 2024 / 20 March 2023		
Gross/net distribution per unit (sen)		
- Class A	0.2060	0.2280
- Class D	0.2240	0.2450
18 April 2024 / 18 April 2023		
Gross/net distribution per unit (sen)		
- Class A	0.2180	0.2350
- Class D	0.2380	0.2540
20 May 2024 / 18 May 2023		
Gross/net distribution per unit (sen)		
- Class A	0.2090	0.2530
- Class D	0.2300	0.2720
18 June 2024 / 19 June 2023		
Gross/net distribution per unit (sen)		
- Class A	0.1890	0.2530
- Class D	0.2090	0.2740
18 July 2024 / 18 July 2023		
Gross/net distribution per unit (sen)		
- Class A	0.2170	0.2230
- Class D	0.2360	0.2420
19 August 2024 / 18 August 2023		
Gross/net distribution per unit (sen)		
- Class A	0.2300	0.2490
- Class D	0.2510	0.2690

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

	Income RM	%	Capital RM	%
2024	16,038,366	100.00	-	-
2023	53,788,243	100.00	-	-

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

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

8. TAXATION

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

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

	2024 RM	2023 RM
Profit before finance cost and taxation	21,921,938	61,724,199
Taxation at Malaysian statutory rate of 24% (2023: 24%)	5,261,265	14,813,808
Tax effects of:		
Investment income not subject to tax	(5,581,664)	(16,380,868)
Expenses not deductible for tax purposes	14,894	44,979
Restriction on tax deductible expenses for unit trust fund	305,505	1,522,081
Taxation	-	-

9. CASH AND CASH EQUIVALENTS

	31.08.2024 RM	29.02.2024 RM
Deposits with licensed financial institutions	47,731,976	447,909,306
Cash at banks	20,117	21,382
	47,752,093	447,930,688

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

	31.08.2024 %	29.02.2024 %
Deposits with licensed financial institutions	3.05	3.32

Deposits with licensed financial institutions for the financial period ended 31 August 2024 have an average remaining maturity of 2 days (29.02.2024: 11 days).

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

	31.08.2024 RM	29.02.2024 RM
Financial assets at FVTPL:		
Unquoted fixed income securities	937,762,032	1,271,582,722
	2024 RM	2023 RM
Net gain on financial assets at FVTPL:		
Realised (loss)/gain on disposals	(649,674)	352,489
Changes in unrealised fair values	5,971,869	6,502,472
	5,322,195	6,854,961

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

	Nominal value RM	Aggregate cost RM	Fair value RM	Percentage of net asset value %
UNQUOTED FIXED INCOME SECURITIES				
<u>Government Investment Issues</u>				
3.655% Government of Malaysia 15/10/2024	5,500,000	5,582,053	5,579,701	0.57
3.726% Government of Malaysia 31/03/2026	134,000,000	137,451,649	137,026,752	13.91
4.369% Government of Malaysia 31/10/2028	180,000,000	188,478,902	188,775,294	19.16
	319,500,000	331,512,604	331,381,747	33.64

	Nominal value RM	Aggregate cost RM	Fair value RM	Percentage of net asset value %
<u>Malaysian Government Securities</u>				
3.502% Government of Malaysia 31/05/2027	110,000,000	112,384,618	111,433,138	11.31
3.733% Government of Malaysia 15/06/2028	60,000,000	61,700,182	61,041,934	6.20
3.900% Government of Malaysia 30/11/2026	140,000,000	144,708,994	143,299,000	14.54
3.955% Government of Malaysia 15/09/2025	130,000,000	134,049,407	133,467,149	13.55
	440,000,000	452,843,201	449,241,221	45.60
<u>Securities Guaranteed by Government of Malaysia</u>				
4.37% Danainfra Nasional Berhad 21/02/2025 - IMTN Tranche No 73	20,000,000	20,182,759	20,127,340	2.04
4.28% Lembaga Pembiayaan Perumahan Sektor Awam 06/09/2024 - IMTN Tranche No 15	40,000,000	40,843,283	40,837,693	4.14
2.88% Malaysia Rail Link Sdn Bhd 23/07/2026 - IMTN	20,000,000	20,063,123	19,870,123	2.02
4.63% Pengurusan Air SPV Berhad 05/02/2026 - IMTN Issue No 23	5,000,000	5,139,356	5,104,625	0.52
2.98% Prasarana Malaysia Berhad 27/08/2026 - IMTN Series 1	10,000,000	10,004,082	9,932,082	1.01
4.38% Prasarana Malaysia Berhad 24/03/2025 - IMTN Series 2	20,000,000	20,584,033	20,505,000	2.08
4.39% Prasarana Malaysia Berhad 07/03/2025 - IMTN Series 4	20,000,000	20,596,020	20,537,970	2.08
4.47% Prasarana Malaysia Berhad 26/02/2026 - IMTN Series 8	15,000,000	15,353,989	15,256,272	1.55
2.38% PR1MA Corporation Malaysia 30/07/2025 - IMTN	5,000,000	5,010,759	4,967,959	0.50
	155,000,000	157,777,404	157,139,064	15.94
TOTAL UNQUOTED FIXED INCOME SECURITIES	914,500,000	942,133,209	937,762,032	95.18
UNREALISED LOSS ON FINANCIAL ASSETS AT FVTPL			(4,371,177)	
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL			937,762,032	

Financial assets at FVTPL as at 29 February 2024 are as detailed below:

	Nominal value RM	Aggregate cost RM	Fair value RM	Percentage of net asset value %
UNQUOTED FIXED INCOME SECURITIES				
<u>Government Investment Issues</u>				
3.655% Government of Malaysia 15/10/2024	125,500,000	127,922,823	127,505,634	7.42
3.726% Government of Malaysia 31/03/2026	134,000,000	137,855,299	136,948,791	7.96
4.070% Government of Malaysia 30/09/2026	40,000,000	41,323,820	41,268,557	2.40
4.369% Government of Malaysia 31/10/2028	180,000,000	189,112,656	188,311,203	10.95
	<u>479,500,000</u>	<u>496,214,598</u>	<u>494,034,185</u>	<u>28.73</u>
<u>Malaysian Government Securities</u>				
3.478% Government of Malaysia 14/06/2024	100,000,000	100,984,055	100,790,213	5.86
3.502% Government of Malaysia 31/05/2027	110,000,000	112,619,828	110,979,313	6.45
3.733% Government of Malaysia 15/06/2028	60,000,000	61,846,042	60,711,215	3.53
3.900% Government of Malaysia 30/11/2026	140,000,000	145,401,717	143,013,259	8.32
3.906% Government of Malaysia 15/07/2026	60,000,000	61,099,013	60,936,969	3.54
3.955% Government of Malaysia 15/09/2025	130,000,000	134,838,513	133,504,000	7.76
	<u>600,000,000</u>	<u>616,789,168</u>	<u>609,934,969</u>	<u>35.46</u>
<u>Securities Guaranteed by Government of Malaysia</u>				
4.35% Danainfra Nasional Berhad 21/03/2024 - IMTN Tranche No 56	10,000,000	10,202,220	10,198,269	0.59
4.37% Danainfra Nasional Berhad 21/02/2025 - IMTN Tranche No 73	20,000,000	20,344,292	20,204,951	1.18
4.28% Lembaga Pembiayaan Perumahan Sektor Awam 06/09/2024 - IMTN Tranche No 15	40,000,000	41,149,760	41,011,912	2.39
2.88% Malaysia Rail Link Sdn Bhd 23/07/2026 - IMTN	20,000,000	20,059,967	19,747,967	1.15
4.63% Pengurusan Air SPV Berhad 05/02/2026 - IMTN Issue No 23	5,000,000	5,180,194	5,124,956	0.30
2.98% Prasarana Malaysia Berhad 27/08/2026 - IMTN Series 1	10,000,000	10,002,449	9,885,749	0.57
4.38% Prasarana Malaysia Berhad 24/03/2025 - IMTN Series 2	20,000,000	20,755,146	20,584,000	1.20
4.39% Prasarana Malaysia Berhad 07/03/2025 - IMTN Series 4	20,000,000	20,753,983	20,619,359	1.20

	Nominal value RM	Aggregate cost RM	Fair value RM	Percentage of net asset value %
4.47% Prasarana Malaysia Berhad 26/02/2026 - IMTN Series 8	15,000,000	15,463,884	15,302,098	0.89
2.38% PR1MA Corporation Malaysia 30/07/2025 - IMTN	5,000,000	5,010,107	4,934,307	0.29
	<u>165,000,000</u>	<u>168,922,002</u>	<u>167,613,568</u>	<u>9.76</u>
TOTAL UNQUOTED FIXED INCOME SECURITIES	1,244,500,000	1,281,925,768	1,271,582,722	73.95
UNREALISED LOSS ON FINANCIAL ASSETS AT FVTPL		(10,343,046)		
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL		1,271,582,722		

11. UNITS IN CIRCULATION

	01.03.2024 to 31.08.2024 No. of units	01.03.2023 to 29.02.2024 No. of units
Class A (i)	219,795,795	735,152,799
Class D (ii)	754,370,687	972,796,110
	<u>974,166,482</u>	<u>1,707,948,909</u>
(i) Class A		
At the beginning of the financial period/year	735,152,799	3,969,451,008
Add: Creation of units during the financial period/year		
- Arising from applications	63,501,467	1,521,965,326
- Arising from distributions	2,078,241	8,970,933
Less: Cancellation of units during the financial period/year	(580,936,712)	(4,765,234,468)
At the end of the financial period/year	<u>219,795,795</u>	<u>735,152,799</u>
(ii) Class D		
At the beginning of the financial period/year	972,796,110	763,704,714
Add: Creation of units during the financial period/year		
- Arising from applications	22,769,330	333,649,339
- Arising from distributions	4,049,132	9,026,773
Less: Cancellation of units during the financial period/year	(245,243,885)	(133,584,716)
At the end of the financial period/year	<u>754,370,687</u>	<u>972,796,110</u>

12. TOTAL EXPENSE RATIO (“TER”)

	2024 %	2023 %
TER (annualised)	0.23	0.35

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

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

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 period calculated on a daily basis is RM1,169,702,515 (2023: RM3,673,716,229).

13. PORTFOLIO TURNOVER RATIO (“PTR”)

	2024 Times	2023 Times
PTR	0.14	0.08

PTR is derived from the following calculation:

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

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

Where;

- total acquisitions for the financial period
= NIL (2023: RM257,699,783)
- total disposals for the financial period
= RM327,669,890 (2023: RM310,358,333)

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

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

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

Units held by the parties related to the Manager

	31.08.2024		29.02.2024	
	Units	RM	Units	RM
Hong Leong Bank Berhad				
- Class A	-	- 381,485,958	385,186,372	
Hong Leong Capital Berhad				
- Class D	78,606,510	79,408,296	307,447,526	308,861,785
MSIG Insurance (Malaysia) Bhd				
- Class D	346,969,635	350,508,726	-	-
	<u>425,576,145</u>	<u>429,917,022</u>	<u>688,933,484</u>	<u>694,048,157</u>

The above units were transacted at the prevailing market price.

No units were held by the Manager as at 31 August 2024 and 29 February 2024.

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.

	31.08.2024	29.02.2024
	RM	RM
<u>Related party balances</u>		
Deposits with licensed financial institutions:		
- Hong Leong Bank Berhad	-	124,009,984
- Hong Leong Investment Bank Berhad	-	10,103,847
Cash at bank:		
- Hong Leong Bank Berhad	20,117	21,382
	<u>20,117</u>	<u>134,135,213</u>

	2024	2023
	RM	RM
<u>Related party transactions</u>		
Interest income from deposits with licensed financial institutions:		
- Hong Leong Bank Berhad	374,177	6,944,734
- Hong Leong Islamic Bank Berhad	-	4,297,776
- Hong Leong Investment Bank Berhad	347,877	273,421
	<u>722,054</u>	<u>11,515,931</u>
Interest income from auto-sweep facility bank account:		
- Hong Leong Bank Berhad	5,014	45,994
Purchase of unquoted fixed income securities:		
- Hong Leong Bank Berhad	-	83,111,752
Disposal of unquoted fixed income securities:		
- Hong Leong Bank Berhad	70,591,282	4,543,581

15. TRANSACTIONS WITH BROKERS/DEALERS

Detail of transactions with brokers/dealers are as follows:

	Values of trade	Percentage of total trade
	RM	%
2024		
CIMB Bank Berhad	112,041,224	34.58
Malayan Banking Berhad	80,401,113	24.81
Hong Leong Bank Berhad*	70,591,282	21.79
CIMB Islamic Bank Berhad	60,974,191	18.82
	<u>324,007,810</u>	<u>100.00</u>
2023		
CIMB Islamic Bank Berhad	205,030,414	36.07
Hong Leong Bank Berhad*	128,783,603	22.66
CIMB Bank Berhad	111,966,574	19.70
Malayan Banking Berhad	71,924,264	12.65
JP Morgan Chase Bank Berhad	50,694,170	8.92
	<u>568,399,025</u>	<u>100.00</u>

* Transactions with brokers/dealers related to the Manager.

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

Performance Data

for the Financial Period Ended 31 August and Financial Years Ended 28/29 February

		Financial Period 2024 %	Financial Year 2024 %	Financial Year 2023 %	Financial Year 2022 %
A. (i) Portfolio Compositions:					
Government Guaranteed Securities		15.94	9.76	4.92	10.61
Government Securities		79.24	64.19	47.68	46.15
Deposits & Cash Equivalents		4.82	26.05	47.40	43.24
(ii) Total Net Asset Value		RM223,162,556	RM742,286,082	RM3,988,662,241	RM3,876,911,535
(ex-distribution)					
Class A			RM742,286,082	RM3,988,662,241	RM3,876,911,535
Class D		RM762,099,656	RM977,242,056	RM763,518,302	RM1,366,485,957
(iii) Net Asset Value Per Unit		RM1.0152	RM1.0097	RM1.0048	RM1.0057
(ex-distribution)					
Class A			RM1.0097	RM1.0048	RM1.0057
Class D		RM1.0101	RM1.0046	RM0.9998	RM1.0007
Units in Circulation		219,795,795	735,152,799	3,969,451,008	3,855,094,439
(ex-distribution)					
Class A			735,152,799	3,969,451,008	3,855,094,439
Class D		754,370,687	972,796,110	763,704,714	1,365,572,985
(iv) Highest/Lowest NAV Per Unit					
(ex-distribution)					
Class A:					
Highest NAV Per Unit		RM1.0168	RM1.0119	RM1.0073	RM1.0157
Lowest NAV Per Unit		RM1.0068	RM1.0042	RM0.9987	RM1.0037
Class D:					
Highest NAV Per Unit		RM1.0118	RM1.0069	RM1.0024	RM1.0026
Lowest NAV Per Unit		RM1.0017	RM0.9991	RM0.9938	RM0.9999
(v) Total Return of the Fund*					
(ex-distribution)					
Class A		1.81%	3.38%	2.24%	0.84%
- Capital Growth		0.54%	0.49%	-0.09%	-0.92%
- Income Distribution		1.27%	2.89%	2.33%	1.76%
Total Return of the Fund*					
(ex-distribution)					
Class D		1.94%	3.63%	2.49%	0.33%
- Capital Growth		0.55%	0.48%	-0.09%	0.07%
- Income Distribution		1.39%	3.15%	2.58%	0.26%
(vi) The distribution (gross) is made out of (Class A):-					
-The Fund's Capital		0.0000 sen/unit	0.0000 sen/unit	0.0900 sen/unit	0.9300 sen/unit
-The Fund's Income		1.2690 sen/unit	2.8640 sen/unit	2.2220 sen/unit	0.8410 sen/unit
-Total Distribution Amount		1.2690 sen/unit	2.8640 sen/unit	2.3120 sen/unit	1.7710 sen/unit
-The Fund's Capital (% of Total Distribution Amount)		0%	0%	4%	53%
-The Fund's Income (% of Total Distribution Amount)		100%	100%	96%	47%
The distribution (gross) is made out of (Class D):-					
-The Fund's Capital		0.0000 sen/unit	0.0000 sen/unit	0.0900 sen/unit	0.0000 sen/unit
-The Fund's Income		1.3880 sen/unit	3.0970 sen/unit	2.4550 sen/unit	0.2620 sen/unit
-Total Distribution Amount		1.3880 sen/unit	3.0970 sen/unit	2.5450 sen/unit	0.2620 sen/unit
-The Fund's Capital (% of Total Distribution Amount)		0%	0%	4%	0%
-The Fund's Income (% of Total Distribution Amount)		100%	100%	96%	100%
(vii) Distribution Per Unit					
Class A					
Additional Units		-	-	-	-
Distribution (Gross)		0.2060 sen/unit	0.2280 sen/unit	0.1520 sen/unit	0.1630 sen/unit
Distribution (Net)		0.2060 sen/unit	0.2280 sen/unit	0.1520 sen/unit	0.1630 sen/unit
Distribution Date		18/03/2024	20/03/2023	18/03/2022	18/03/2021
Cum-Distribution NAV/Unit		RM1.0117	RM1.0081	RM1.0067	RM1.0115
Ex-Distribution NAV/Unit		RM1.0097	RM1.0058	RM1.0052	RM1.0099

Performance Data

for the Financial Period Ended 31 August and Financial Years Ended 28/29 February

	Financial Period 2024 %	Financial Year 2024 %	Financial Year 2023 %	Financial Year 2022 %
Additional Units	-	-	-	-
Distribution (Gross)	0.2180 sen/unit	0.2350 sen/unit	0.1650 sen/unit	0.1770 sen/unit
Distribution (Net)	0.2180 sen/unit	0.2350 sen/unit	0.1650 sen/unit	0.1770 sen/unit
Distribution Date	18/04/2024	18/04/2023	18/04/2022	19/04/2021
Cum-Distribution NAV/Unit	RM1.0096	RM1.0090	RM1.0039	RM1.0131
Ex-Distribution NAV/Unit	RM1.0074	RM1.0067	RM1.0023	RM1.0114
Additional Units	-	-	-	-
Distribution (Gross)	0.2090 sen/unit	0.2530 sen/unit	0.1670 sen/unit	0.1630 sen/unit
Distribution (Net)	0.2090 sen/unit	0.2530 sen/unit	0.1670 sen/unit	0.1630 sen/unit
Distribution Date	20/05/2024	18/05/2023	18/05/2022	18/05/2021
Cum-Distribution NAV/Unit	RM1.0111	RM1.0087	RM1.0002	RM1.0129
Ex-Distribution NAV/Unit	RM1.0090	RM1.0061	RM0.9985	RM1.0113
Additional Units	-	-	-	-
Distribution (Gross)	0.1890 sen/unit	0.2530 sen/unit	0.1830 sen/unit	0.1620 sen/unit
Distribution (Net)	0.1890 sen/unit	0.2530 sen/unit	0.1830 sen/unit	0.1620 sen/unit
Distribution Date	18/06/2024	19/06/2023	20/06/2022	18/06/2021
Cum-Distribution NAV/Unit	RM1.0120	RM1.0018	RM1.0014	RM1.0128
Ex-Distribution NAV/Unit	RM1.0101	RM1.0056	RM0.9996	RM1.0112
Additional Units	-	-	-	-
Distribution (Gross)	0.2170 sen/unit	0.2230 sen/unit	0.1450 sen/unit	0.2070 sen/unit
Distribution (Net)	0.2170 sen/unit	0.2230 sen/unit	0.1450 sen/unit	0.2070 sen/unit
Distribution Date	18/07/2024	18/07/2023	18/07/2022	19/07/2021
Cum-Distribution NAV/Unit	RM1.0139	RM1.0089	RM1.0028	RM1.0140
Ex-Distribution NAV/Unit	RM1.0117	RM1.0067	RM1.0013	RM1.0120
Additional Units	-	-	-	-
Distribution (Gross)	0.2300 sen/unit	0.2490 sen/unit	0.1880 sen/unit	0.1530 sen/unit
Distribution (Net)	0.2300 sen/unit	0.2490 sen/unit	0.1880 sen/unit	0.1530 sen/unit
Distribution Date	19/08/2024	18/08/2023	18/08/2022	18/08/2021
Cum-Distribution NAV/Unit	RM1.0168	RM1.0084	RM1.0035	RM1.0123
Ex-Distribution NAV/Unit	RM1.0145	RM1.0059	RM1.0017	RM1.0107
Additional Units	-	-	-	-
Distribution (Gross)	-	0.2510 sen/unit	0.2160 sen/unit	0.1780 sen/unit
Distribution (Net)	-	0.2510 sen/unit	0.2160 sen/unit	0.1780 sen/unit
Distribution Date	-	18/09/2023	19/09/2022	20/09/2021
Cum-Distribution NAV/Unit	-	RM1.0082	RM1.0036	RM1.0108
Ex-Distribution NAV/Unit	-	RM1.0057	RM1.0014	RM1.0090
Additional Units	-	-	-	-
Distribution (Gross)	-	0.2280 sen/unit	0.1170 sen/unit	0.0800 sen/unit
Distribution (Net)	-	0.2280 sen/unit	0.1170 sen/unit	0.0800 sen/unit
Distribution Date	-	18/10/2023	18/10/2022	18/10/2021
Cum-Distribution NAV/Unit	-	RM1.0068	RM1.0005	RM1.0056
Ex-Distribution NAV/Unit	-	RM1.0045	RM0.9993	RM1.0048
Additional Units	-	-	-	-
Distribution (Gross)	-	0.2530 sen/unit	0.2330 sen/unit	0.1150 sen/unit
Distribution (Net)	-	0.2530 sen/unit	0.2330 sen/unit	0.1150 sen/unit
Distribution Date	-	20/11/2023	21/11/2022	18/11/2021
Cum-Distribution NAV/Unit	-	RM1.0094	RM1.0023	RM1.0057
Ex-Distribution NAV/Unit	-	RM1.0069	RM1.0000	RM1.0045

Performance Data

for the Financial Period Ended 31 August and Financial Years Ended 28/29 February

	Financial Period 2024 %	Financial Year 2024 %	Financial Year 2023 %	Financial Year 2022 %
Additional Units	-	-	-	-
Distribution (Gross)	-	0.2060 sen/unit	0.2160 sen/unit	0.0570 sen/unit
Distribution (Net)	-	0.2060 sen/unit	0.2160 sen/unit	0.0570 sen/unit
Distribution Date	-	18/12/2023	19/12/2022	20/12/2021
Cum-Distribution NAV/Unit	-	RM1.0101	RM1.0043	RM1.0058
Ex-Distribution NAV/Unit	-	RM1.0080	RM1.0021	RM1.0052
Additional Units	-	-	-	-
Distribution (Gross)	-	0.2410 sen/unit	0.2560 sen/unit	0.1430 sen/unit
Distribution (Net)	-	0.2410 sen/unit	0.2560 sen/unit	0.1430 sen/unit
Distribution Date	-	18/01/2024	18/01/2023	19/01/2022
Cum-Distribution NAV/Unit	-	RM1.0110	RM1.0058	RM1.0063
Ex-Distribution NAV/Unit	-	RM1.0086	RM1.0033	RM1.0049
Additional Units	-	-	-	-
Distribution (Gross)	-	0.2440 sen/unit	0.2740 sen/unit	0.1730 sen/unit
Distribution (Net)	-	0.2440 sen/unit	0.2740 sen/unit	0.1730 sen/unit
Distribution Date	-	19/02/2024	20/02/2023	18/02/2022
Cum-Distribution NAV/Unit	-	RM1.0119	RM1.0073	RM1.0067
Ex-Distribution NAV/Unit	-	RM1.0094	RM1.0046	RM1.0050
Class D				
Additional Units	-	-	-	-
Distribution (Gross)	0.2240 sen/unit	0.2450 sen/unit	0.1690 sen/unit	0.2620 sen/unit
Distribution (Net)	0.2240 sen/unit	0.2450 sen/unit	0.1690 sen/unit	0.2620 sen/unit
Distribution Date	18/03/2024	20/03/2023	18/03/2022	18/02/2022
Cum-Distribution NAV/Unit	RM1.0067	RM1.0031	RM1.0018	RM1.0026
Ex-Distribution NAV/Unit	RM1.0045	RM1.0007	RM1.0001	RM1.0000
Additional Units	-	-	-	-
Distribution (Gross)	0.2380 sen/unit	0.2540 sen/unit	0.1800 sen/unit	-
Distribution (Net)	0.2380 sen/unit	0.2540 sen/unit	0.1800 sen/unit	-
Distribution Date	18/04/2024	18/04/2023	18/04/2022	-
Cum-Distribution NAV/Unit	RM1.0047	RM1.0041	RM0.9990	-
Ex-Distribution NAV/Unit	RM1.0023	RM1.0015	RM0.9972	-
Additional Units	-	-	-	-
Distribution (Gross)	0.2300 sen/unit	0.2720 sen/unit	0.1870 sen/unit	-
Distribution (Net)	0.2300 sen/unit	0.2720 sen/unit	0.1870 sen/unit	-
Distribution Date	20/05/2024	18/05/2023	18/05/2022	-
Cum-Distribution NAV/Unit	RM1.0062	RM1.0037	RM0.9953	-
Ex-Distribution NAV/Unit	RM1.0039	RM1.0010	RM0.9935	-
Additional Units	-	-	-	-
Distribution (Gross)	0.2090 sen/unit	0.2740 sen/unit	0.2040 sen/unit	-
Distribution (Net)	0.2090 sen/unit	0.2740 sen/unit	0.2040 sen/unit	-
Distribution Date	18/06/2024	19/06/2023	20/06/2022	-
Cum-Distribution NAV/Unit	RM1.0071	RM1.0032	RM0.9966	-
Ex-Distribution NAV/Unit	RM1.0050	RM1.0005	RM0.9945	-
Additional Units	-	-	-	-
Distribution (Gross)	0.2360 sen/unit	0.2420 sen/unit	0.1640 sen/unit	-
Distribution (Net)	0.2360 sen/unit	0.2420 sen/unit	0.1640 sen/unit	-
Distribution Date	18/07/2024	18/07/2023	18/07/2022	-
Cum-Distribution NAV/Unit	RM1.0090	RM1.0039	RM0.9978	-
Ex-Distribution NAV/Unit	RM1.0066	RM1.0015	RM0.9962	-

Performance Data

for the Financial Period Ended 31 August and Financial Years Ended 28/29 February

	Financial Period 2024 %	Financial Year 2024 %	Financial Year 2023 %	Financial Year 2022 %
Additional Units	-	-	-	-
Distribution (Gross)	0.2510 sen/unit	0.2690 sen/unit	0.2080 sen/unit	-
Distribution (Net)	0.2510 sen/unit	0.2690 sen/unit	0.2080 sen/unit	-
Distribution Date	19/08/2024	18/08/2023	18/08/2022	-
Cum-Distribution NAV/Unit	RM1.0118	RM1.0035	RM0.9986	-
Ex-Distribution NAV/Unit	RM1.0093	RM1.0008	RM0.9966	-
Additional Units	-	-	-	-
Distribution (Gross)	-	0.2710 sen/unit	0.2370 sen/unit	-
Distribution (Net)	-	0.2710 sen/unit	0.2370 sen/unit	-
Distribution Date	-	18/09/2023	19/09/2022	-
Cum-Distribution NAV/Unit	-	RM1.0033	RM0.9987	-
Ex-Distribution NAV/Unit	-	RM1.0006	RM0.9963	-
Additional Units	-	-	-	-
Distribution (Gross)	-	0.2470 sen/unit	0.1360 sen/unit	-
Distribution (Net)	-	0.2470 sen/unit	0.1360 sen/unit	-
Distribution Date	-	18/10/2023	18/10/2022	-
Cum-Distribution NAV/Unit	-	RM1.0018	RM0.9956	-
Ex-Distribution NAV/Unit	-	RM0.9993	RM0.9942	-
Additional Units	-	-	-	-
Distribution (Gross)	-	0.2740 sen/unit	0.2550 sen/unit	-
Distribution (Net)	-	0.2740 sen/unit	0.2550 sen/unit	-
Distribution Date	-	20/11/2023	21/11/2022	-
Cum-Distribution NAV/Unit	-	RM1.0044	RM0.9974	-
Ex-Distribution NAV/Unit	-	RM1.0017	RM0.9949	-
Additional Units	-	-	-	-
Distribution (Gross)	-	0.2240 sen/unit	0.2340 sen/unit	-
Distribution (Net)	-	0.2240 sen/unit	0.2340 sen/unit	-
Distribution Date	-	18/12/2023	19/12/2022	-
Cum-Distribution NAV/Unit	-	RM1.0051	RM0.9993	-
Ex-Distribution NAV/Unit	-	RM1.0029	RM0.9970	-
Additional Units	-	-	-	-
Distribution (Gross)	-	0.2620 sen/unit	0.2750 sen/unit	-
Distribution (Net)	-	0.2620 sen/unit	0.2750 sen/unit	-
Distribution Date	-	18/01/2024	18/01/2023	-
Cum-Distribution NAV/Unit	-	RM1.0060	RM1.0009	-
Ex-Distribution NAV/Unit	-	RM1.0034	RM0.9982	-
Additional Units	-	-	-	-
Distribution (Gross)	-	0.2630 sen/unit	0.2960 sen/unit	-
Distribution (Net)	-	0.2630 sen/unit	0.2960 sen/unit	-
Distribution Date	-	19/02/2024	20/02/2023	-
Cum-Distribution NAV/Unit	-	RM1.0069	RM1.0024	-
Ex-Distribution NAV/Unit	-	RM1.0043	RM0.9994	-
(viii) Total Expense Ratio (TER)	0.23%	0.34%	0.34%	0.45%
(ix) Portfolio Turnover Ratio (PTR) (times)	0.14#	0.21	0.21	0.69

Performance Data

for the Financial Period Ended 31 August and Financial Years Ended 28/29 February

	Financial Period 2024 %	Financial Year 2024 %	Financial Year 2023 %	Financial Year 2022 %
B. Average Total Return, NAV Per Unit-to-NAV Per Unit basis (as at 31/08/2024)*				
Class A:				
(i) One year	3.51%			
(ii) Three years	2.61%			
(iii) Five years	2.80%			
Class D:				
(i) One year	2.86%			

* 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 (33.33%) to 0.14 times for the financial period from 1 March 2024 to 31 August 2024 versus 0.21 times for the financial year ended 29 February 2024 mainly due to lower level of rebalancing activities undertaken by the Fund and increased by 0.06 times (75%) as compared to 0.08 times for the financial period from 1 March 2023 to 31 August 2023 mainly due to lower 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

Trustee

CIMB Commerce Trustee Berhad

Auditor

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146)

Distributors

Hong Leong Bank Berhad
Registered Independent Tied Agents with FIMM

Corporate Directory

Head Office

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

Pulau Pinang

No. 441-1-3
Pulau Tikus Plaza, Jalan Burmah
10350 Pulau Tikus, Pulau Pinang
Tel: 04-2288 112, 04-2289 112
Fax: 04-2283 112

Ipoh

2nd Floor, Lot 3, Persiaran Greentown 4
Greentown Business Centre
30450 Ipoh, Perak
Tel: 05-2558 388, 05-2559 388
Fax: 05-2558 389



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

