

Annual Report for

# Hong Kong Tech Index Fund

31 January 2024



**AmInvest**

Growing Your Investments in a Changing World

## TRUST DIRECTORY

### **Manager**

AmFunds Management Berhad  
9<sup>th</sup> & 10<sup>th</sup> Floor, Bangunan AmBank Group  
55 Jalan Raja Chulan  
50200 Kuala Lumpur

### **Board of Directors**

Jeyaratnam A/L Tamotharam Pillai  
Ng Chih Kaye  
Jas Bir Kaur A/P Lol Singh  
Arnold Lim Boon Lay  
Goh Wee Peng

### **Investment Committee**

Arnold Lim Boon Lay  
Tracy Chen Wee Keng  
Goh Wee Peng

### **Trustee**

Deutsche Trustees Malaysia Berhad

### **Auditors and Reporting Accountants**

Ernst & Young PLT

### **Taxation Adviser**

Deloitte Tax Services Sdn Bhd

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## MANAGER'S REPORT

Dear Unitholders,

We are pleased to present you the Manager's report and the audited accounts of Hong Kong Tech Index Fund ("Fund") for the financial year ended 31 January 2024.

### Salient Information of the Fund

<b>Name</b>	Hong Kong Tech Index Fund ("Fund")																																					
<b>Category/ Type</b>	Wholesale (Feeder Fund) / Growth																																					
<b>Name of Target Fund</b>	CSOP Hang Seng TECH Index ETF																																					
<b>Objective</b>	<p>The Fund seeks to provide capital growth by investing in one (1) collective investment scheme, which is an exchange-traded fund.</p> <p><i>Note: Any material change to the investment objective of the Fund would require Unit Holders' approval.</i></p>																																					
<b>Duration</b>	The Fund was established on 27 July 2021 and shall exist for as long as it appears to the Manager and the Trustee that it is in the interests of the unitholders for it to continue. In some circumstances, the unitholders can resolve at a meeting to terminate the Fund.																																					
<b>Performance Benchmark</b>	Hang Seng TECH Index. (Available at <a href="http://www.aminvest.com">www.aminvest.com</a> )																																					
<b>Income Distribution Policy</b>	Subject to the availability of income, distribution (if any) is incidental.																																					
<b>Breakdown of Unit Holdings by Size</b>	<p>For the financial year under review, the size of the Fund for HKD Class stood at 2,837,346 units, for RM Class stood at 115,766,876 units and for RM-Hedged Class stood at 257,770,671 units.</p> <p><u>HKD Class</u></p> <table border="1"> <thead> <tr> <th rowspan="2">Size of holding</th> <th colspan="2">As at 31 January 2024</th> <th colspan="2">As at 31 January 2023</th> </tr> <tr> <th>No of units held</th> <th>Number of unitholders</th> <th>No of units held</th> <th>Number of unitholders</th> </tr> </thead> <tbody> <tr> <td>5,000 and below</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>5,001-10,000</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>10,001-50,000</td> <td>-</td> <td>-</td> <td>10,030</td> <td>1</td> </tr> <tr> <td>50,001-500,000</td> <td>498,580</td> <td>2</td> <td>-</td> <td>-</td> </tr> <tr> <td>500,001 and above</td> <td>2,338,766</td> <td>1</td> <td>2,973,614</td> <td>2</td> </tr> </tbody> </table>				Size of holding	As at 31 January 2024		As at 31 January 2023		No of units held	Number of unitholders	No of units held	Number of unitholders	5,000 and below	-	-	-	-	5,001-10,000	-	-	-	-	10,001-50,000	-	-	10,030	1	50,001-500,000	498,580	2	-	-	500,001 and above	2,338,766	1	2,973,614	2
Size of holding	As at 31 January 2024		As at 31 January 2023																																			
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50,001-500,000	498,580	2	-	-																																		
500,001 and above	2,338,766	1	2,973,614	2																																		

**RM Class**

Size of holding	As at 31 January 2024		As at 31 January 2023	
	No of units held	Number of unitholders	No of units held	Number of unitholders
5,000 and below	-	-	-	-
5,001-10,000	-	-	-	-
10,001-50,000	-	-	-	-
50,001-500,000	339,367	2	339,367	2
500,001 and above	115,427,509	6	68,763,417	6

**RM-Hedged Class**

Size of holding	As at 31 January 2024		As at 31 January 2023	
	No of units held	Number of unitholders	No of units held	Number of unitholders
5,000 and below	4,472	1	-	-
5,001-10,000	-	-	-	-
10,001-50,000	-	-	-	-
50,001-500,000	-	-	-	-
500,001 and above	257,766,199	5	41,427,240	6

**Fund Performance Data****Portfolio Composition**

Details of portfolio composition of the Fund as at 31 January are as follows:

	As at 31 January		
	2024 %	2023 %	2022 %
Foreign exchange traded fund	94.28	90.77	89.69
Forward contracts	-0.10	0.20	0.06
Money market deposits and cash equivalents	5.82	9.03	10.25
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

*Note: The abovementioned percentages are calculated based on total net asset value.*

**Performance Details**

Performance details of the Fund for the financial years/period ended 31 January are as follows:

	FYE 2024	FYE 2023	FPE 31.01.2022
Net asset value (HKD)			
- HKD Class	1,653,045	2,613,455	2,106,064
- RM Class	124,444,840	110,989,812	164,961,866
- RM-Hedged Class	237,381,186	65,466,965	67,271,606
Units in circulation			
- HKD Class	2,837,346	2,983,644	2,216,417
- RM Class	115,766,876	69,102,784	94,487,218
- RM-Hedged Class	257,770,671	41,427,240	38,031,114

	FYE 2024	FYE 2023	FPE 31.01.2022
Net asset value per unit in HKD			
- HKD Class	0.5826	0.8759	0.9502
- RM Class	1.0750	1.6062	1.7459
- RM-Hedged Class	0.9209	1.5803	1.7689
Net asset value per unit in respective currencies			
- HKD Class (HKD)	0.5826	0.8759	0.9502
- RM Class (RM)	0.6509	0.8747	0.9374
- RM-Hedged Class (RM)	0.5576	0.8606	0.9498
Highest net asset value per unit in respective currencies			
- HKD Class (HKD)	0.8978	0.9900	1.1540
- RM Class (RM)	0.9034	0.9769	1.1319
- RM-Hedged Class (RM)	0.8813	0.9897	1.1526
Lowest net asset value per unit in respective currencies			
- HKD Class (HKD)	0.5826	0.5528	0.9326
- RM Class (RM)	0.6509	0.6030	0.9216
- RM-Hedged Class (RM)	0.5576	0.5488	0.9322
Benchmark performance (%)			
- HKD Class	-33.83	-16.13	-13.33
- RM Class	-33.83	-16.13	-13.33
- RM-Hedged Class	-33.83	-16.13	-13.33
Total return (%) <sup>(1)</sup>			
- HKD Class	-33.49	-7.82	-4.98
- RM Class	-25.59	-6.69	-6.26
- RM-Hedged Class	-35.21	-9.39	-5.02
Capital growth (%)			
- HKD Class	-33.49	-7.82	-4.98
- RM Class	-25.59	-6.69	-6.26
- RM-Hedged Class	-35.21	-9.39	-5.02
Total expense ratio (%) <sup>(2)</sup>	0.16	0.17	0.25
Portfolio turnover ratio (times) <sup>(3)</sup>	1.83	1.80	1.21

**Note:**

- (1) Total return is the actual return of the Fund for the respective financial years/period computed based on the net asset value per unit and net of all fees.
- (2) Total expense ratio ("TER") is calculated based on the total fees and expenses incurred by the Fund divided by the average fund size calculated on a daily basis. The TER decreased by 0.01% as compared to 0.17% per annum for the financial year ended 31 January 2023 mainly due to increase in average fund size.
- (3) Portfolio turnover ratio ("PTR") is calculated based on the average of the total acquisitions and total disposals of investment securities of the Fund divided by the average fund size calculated on a daily basis. The increase in the PTR for 2024 and 2023 was due mainly to investing activities.

**Average Total Return (as at 31 January 2024)**

	Hong Kong Tech Index Fund <sup>(a)</sup> %	Hang Seng TECH Index <sup>(b)</sup> %
One year		
- HKD Class	-33.49	-33.83
- RM Class	-25.59	-33.83
- RM-Hedged Class	-35.21	-33.83
Since launch (27 July 2021)		
- HKD Class	-19.38	-25.25
- RM Class	-15.73	-25.25
- RM-Hedged Class	-20.78	-25.25

**Annual Total Return**

Financial Period/Years Ended (31 January)	Hong Kong Tech Index Fund <sup>(a)</sup> %	Hang Seng TECH Index <sup>(b)</sup> %
2024		
- HKD Class	-33.49	-33.83
- RM Class	-25.59	-33.83
- RM-Hedged Class	-35.21	-33.83
2023		
- HKD Class	-7.82	-16.13
- RM Class	-6.69	-16.13
- RM-Hedged Class	-9.39	-16.13
2022 <sup>(c)</sup>		
- HKD Class	-4.98	-13.33
- RM Class	-6.26	-13.33
- RM-Hedged Class	-5.02	-13.33

(a) Source: Novagni Analytics and Advisory Sdn. Bhd.

(b) Hang Seng TECH Index (HKD). (Available at [www.aminvest.com](http://www.aminvest.com))

(c) Total actual return for the financial period from 27 July 2021 (date of launch) to 31 January 2022.

The Fund performance is calculated based on the net asset value per unit of the Fund. Average total return of the Fund and its benchmark for a period is computed based on the absolute return for that period annualised over one year.

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

**Fund Performance**

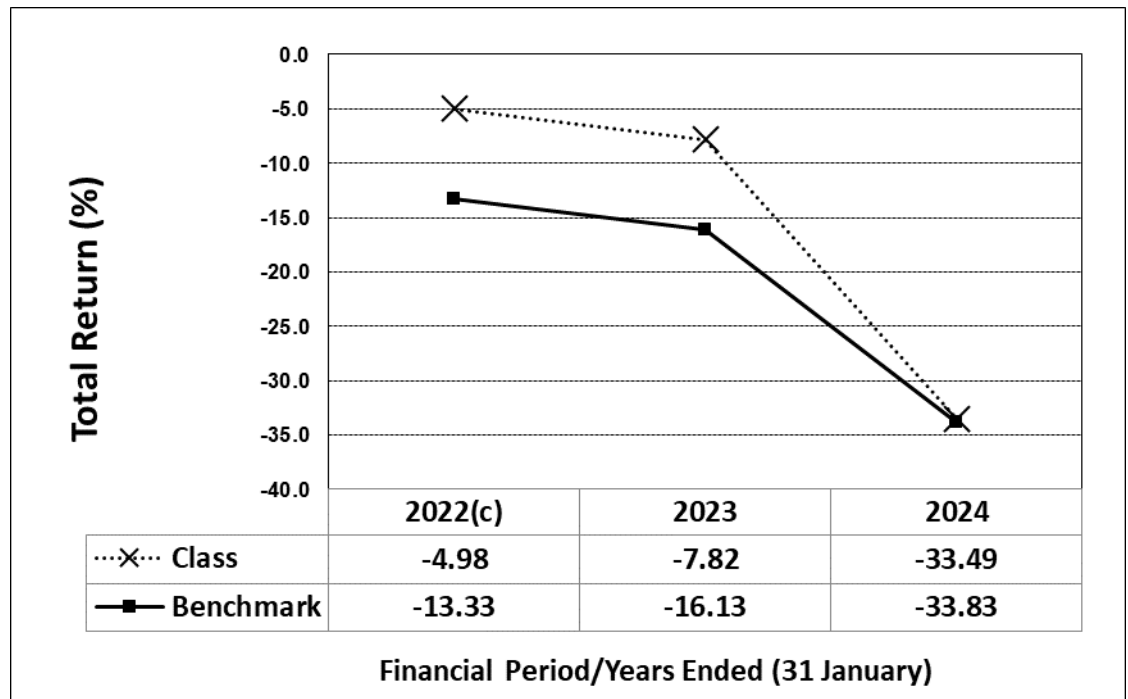
HKD Class

For the financial year under review, the Fund registered a negative return of 33.49% which is entirely capital in nature.

Thus, the Fund's negative return of 33.49% has outperformed the benchmark's negative return of 33.83% by 0.34%.

As compared with the financial year ended 31 January 2023, the net asset value ("NAV") per unit of the Fund decreased by 33.49% from HKD0.8759 to HKD0.5826, while units in circulation decreased by 4.90% from 2,983,644 units to 2,837,346 units.

The following line chart shows comparison between the annual performances of Hong Kong Tech Index Fund (HKD Class) and its benchmark, Hang Seng TECH Index, for the financial period/years ended 31 January.



#### RM Class

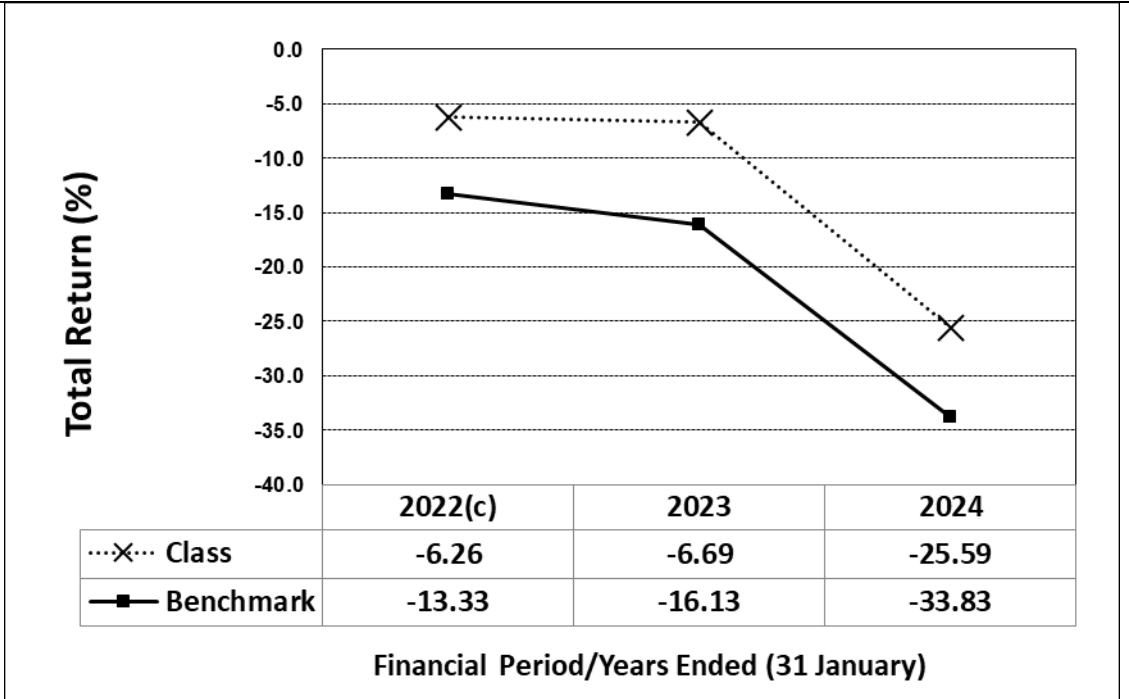
For the financial year under review, the Fund registered a negative return of 25.59% which is entirely capital in nature.

Thus, the Fund's negative return of 25.59% has outperformed the benchmark's negative return of 33.83% by 8.24%.

As compared with the financial year ended 31 January 2023, the net asset value ("NAV") per unit of the Fund decreased by 25.59% from RM0.8747 to RM0.6509, while units in circulation increased by 67.53% from 69,102,784 units to 115,766,876 units.

The following line chart shows comparison between the annual performances of Hong Kong Tech Index Fund (RM Class) and its benchmark, Hang Seng TECH Index, for the financial period/years ended 31 January.





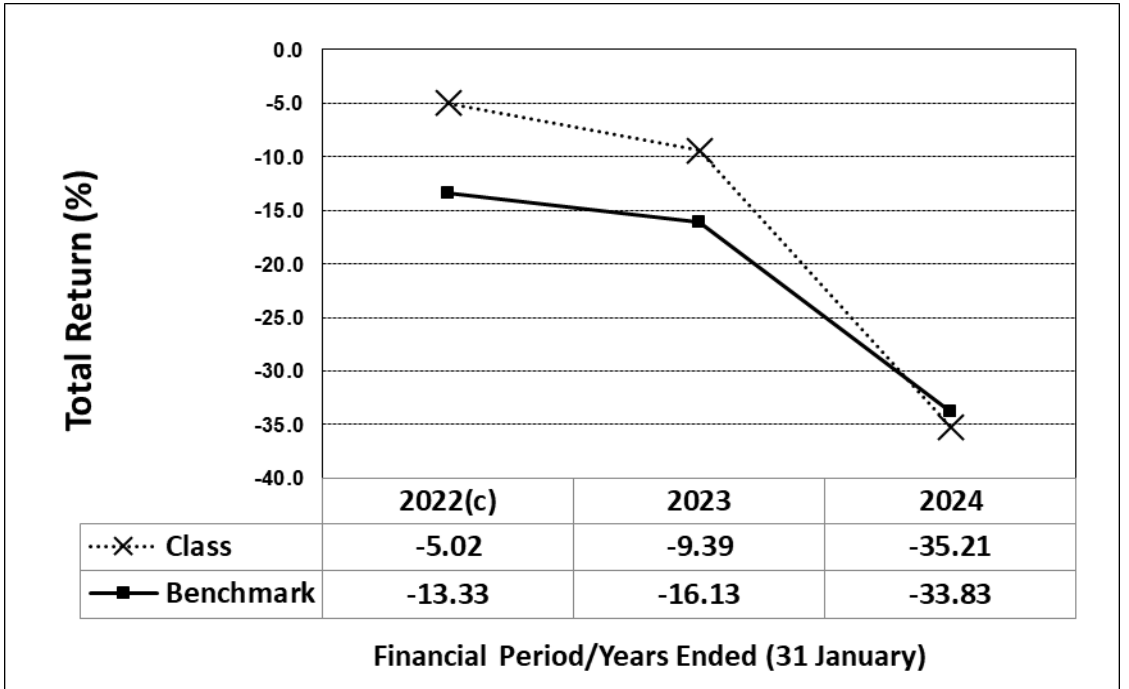
RM-Hedged Class

For the financial year under review, the Fund registered a negative return of 35.21% which is entirely capital in nature.

Thus, the Fund’s negative return of 35.21% has underperformed the benchmark’s negative return of 33.83% by 1.38%.

As compared with the financial year ended 31 January 2023, the net asset value (“NAV”) per unit of the Fund decreased by 35.21% from RM0.8606 to RM0.5576, while units in circulation increased by >100% from 41,427,240 units to 257,770,671 units.

The following line chart shows comparison between the annual performances of Hong Kong Tech Index Fund (RM-Hedged Class) and its benchmark, Hang Seng TECH Index, for the financial period/years ended 31 January.



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

**Performance of the Target Fund**

**Fund Performance review of the Target Fund – CSOP Hang Seng TECH Index ETF (“the Target Fund”)**

Performance and TD/TE	Dated at 31 Jan 2024 rolling 1 Yr	Since Inception
Target Fund (3033.HK) Performance	-34.10%	-60.92%
Tracking Index (HSTECHN) Performance	-33.42%	-59.45%
Tracking Difference	-0.68%	
Tracking Error	0.07%	

**Top 10 Holdings Summary**

Ranking	Ticker	Name	31 Jan 2024	01 Feb 2023
1	9988 HK Equity	Alibaba Group Holding Ltd	9.97%	8.81%
2	700 HK Equity	Tencent Holdings Ltd	9.02%	8.49%
3	9618 HK Equity	JD.Com Inc - CI A	8.54%	7.12%
4	1810 HK Equity	Xiaomi Corp-Class B	8.46%	8.54%
5	1024 HK Equity	Kuaishou Technology	7.40%	8.21%
6	2015 HK Equity	Li Auto Inc-Class A	7.15%	2.85%
7	9999 HK Equity	Netease Inc	6.86%	5.22%
8	3690 HK Equity	Meituan Dianping-Class B	6.47%	7.31%
9	9888 HK Equity	Baidu Inc-Class A	4.70%	4.59%
10	992 HK Equity	Lenovo Group Ltd	4.22%	2.48%

Source: CSOP

**Has the Fund achieved its objective?**

The Fund has achieved its objective by investing in one (1) collective investment scheme, which is an exchange-traded fund.

**Strategies and Policies Employed**

**Strategies and Policies employed by Target Fund**

In order to achieve the investment objective of the Sub-Fund, the Manager will primarily use a full replication strategy by directly investing all, or substantially all, of the assets of the Sub-Fund in Securities constituting the Underlying Index (“Index Securities”) in substantially the same weightings (i.e. proportions) as these Index Securities have in the Underlying Index.

Source: CSOP

**Strategies and Policies of the Fund**

The Fund seeks to achieve its investment objective by investing a minimum of 85% of the Fund’s NAV in the Target Fund. This implies that the Fund has a passive strategy.

Even though the Fund is passively managed, the Fund’s investments will be actively rebalanced from time to time to accommodate for subscription and redemption requests, price movements or due to reasons beyond Manager’s control. During this period, the Fund’s investment may differ from the stipulated asset allocation. Additionally, the Manager does not intend to take temporary defensive measures for the Fund during adverse market, economic, political or any other conditions to allow the Fund in order to mirror the performance of the Target Fund.

<b>Portfolio Structure</b>	<p>The table below is the asset allocation of the Fund as at 31 January 2024 and 31 January 2023.</p> <table border="1" data-bbox="347 219 1477 495"> <thead> <tr> <th></th> <th>As at 31.01.2024 %</th> <th>As at 31.01.2023 %</th> <th>Changes %</th> </tr> </thead> <tbody> <tr> <td>Foreign exchange traded funds</td> <td>94.28</td> <td>90.77</td> <td>3.51</td> </tr> <tr> <td>Forward contracts</td> <td>-0.10</td> <td>0.20</td> <td>-0.30</td> </tr> <tr> <td>Money market deposits and cash equivalents</td> <td>5.82</td> <td>9.03</td> <td>-3.21</td> </tr> <tr> <td><b>Total</b></td> <td><b>100.00</b></td> <td><b>100.00</b></td> <td></td> </tr> </tbody> </table> <p>For the financial year under review, the Fund has 94.28% of its NAV invested in foreign exchange traded funds, -0.10% in forward contract and the balance of 5.82% in money market deposits and cash equivalents.</p>		As at 31.01.2024 %	As at 31.01.2023 %	Changes %	Foreign exchange traded funds	94.28	90.77	3.51	Forward contracts	-0.10	0.20	-0.30	Money market deposits and cash equivalents	5.82	9.03	-3.21	<b>Total</b>	<b>100.00</b>	<b>100.00</b>	
	As at 31.01.2024 %	As at 31.01.2023 %	Changes %																		
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Money market deposits and cash equivalents	5.82	9.03	-3.21																		
<b>Total</b>	<b>100.00</b>	<b>100.00</b>																			
<b>Cross Trade</b>	There were no cross trades undertaken during the financial year under review.																				
<b>Distribution/ Unit Splits</b>	There is no income distribution and unit split declared for the financial year under review.																				
<b>State of Affairs</b>	There has been neither significant changes to the state of affairs of the Fund nor any circumstances that materially affect any interests of the unitholders during the financial year under review.																				
<b>Rebates and Soft Commission</b>	<p>During the financial year, the management company received soft commissions by virtue of transactions conducted for the Fund, in the form of research services, systems and services relating to performance measurement of portfolios and subscription fees for fund's benchmark indices. All of these assist in the investment decision making process which are of demonstrable benefit to unitholders of the Fund.</p> <p>The company has soft commission arrangement with a total of 11 brokers, who execute trades for the Fund and other funds or investments managed by the company. The soft commission received would be in the form of research services, systems and services relating to performance measurement of portfolios and/or subscription fees for fund's benchmark indices. All of these assist in the investment decision making process which are of demonstrable benefit to unitholders of the Fund and other funds or investments managed by the company.</p> <p>Soft commissions received were for the benefit of the Fund and there was no churning of trades.</p>																				
<b>Market Review</b>	<p>Although we saw risks and challenges both from internal and external environment during the whole 2023, HSTECH was still able to hold above its lowest point in October 2022, and performed in a range bound last year. Now we do think HSTECH is constituting a long-term bottom around 3400 level, slowly but firmly.</p> <p>At the beginning of the year, we experienced a one-month period of prosperity due to pent up demand after reopen. However, the situation did not persist due to negative lingering effect of the pandemic and lack of fiscal stimulation to restore the confidence. Meanwhile, external factors kept testing the market during the first half of 2023, including the geopolitical tensions between US and China caused by the high-altitude balloon, and the US community bank crisis caused by the long-term inverse of treasury yield curve.</p>																				

	<p>The market took a rest from all the negative news and the index started to repair at the beginning of Quarter 3. However, the process was interrupted by the rapid rising of risk free rate, the US treasury yield. The reasons are the strong performance of US economy and the oversupply of US treasury after the debt ceiling removal. Approaching year end, we saw European funds outflow from Hong Kong, making HSTECH underperform its Asia peers from December 2023 to January 2024.</p> <p>Howard Marks uses a pendulum swinging back and forth to describe the market cycle. The lesson from the theory is that it is better for investors to focus on the intrinsic value that HSTECH constituents created, rather than the short-term stock price fluctuations.</p> <p><i>Source: CSOP</i></p>
<p><b>Market Outlook</b></p>	<p>We have strong confidence in the long-term performance of the China tech sector. We believe HSTECH index is in the process of forming its long-term bottom, because for the following reasons:</p> <ol style="list-style-type: none"> <li>1. The interest rate hike cycle has come to an end, and USD is also expected to enter a long-term depreciation cycle. Empirical evidence suggests that EM market would deliver a good return in USD down cycle.</li> <li>2. US China tensions eased and the world’s most important bilateral relationship still works in a relatively peaceful framework set since 2018.</li> <li>3. From global asset allocation perspective, HSTECH is the only safe heaven with low valuations and decent fundamentals, when almost all other major markets’ valuations stay at high levels, and their equity risk premiums cannot be explained under the current high interest rate environment.</li> <li>4. We expect strong policy supports from China government this year, evidenced by the unexpected 25 bps cut on 5-year LPR by PBoC in February. This is the largest ever rate cut for 5-year LPR, showing the government’s attitude to support the most important part of the Chinese economy, the real estate sector. In two sessions this year, central government also set the growth target at 5% to stabilize the market expectations. More policies can be expected to achieve the ambitious economic target.</li> </ol> <p><i>Source: CSOP</i></p>
<p><b>Additional Information</b></p>	<p>The following information was updated:</p> <p>The First Supplementary Information Memorandum in respect of the Fund dated and effective 16 February 2024 has been lodged with Securities Commission Malaysia and is issued to inform sophisticated investors of the following, but is not limited to:-</p> <ul style="list-style-type: none"> <li>• the update made to the disclosure in “Trustee’s Delegate (Custodian)”;</li> <li>• the update made to the sections in Related Party Transactions or Conflict of Interest and Additional Information; and</li> <li>• other updates which are general in nature.</li> </ul>

Kuala Lumpur, Malaysia  
AmFunds Management Berhad

18 March 2024

## **Independent auditors' report to the unit holders of Hong Kong Tech Index Fund**

### **Report on the audit of the financial statements**

#### *Opinion*

We have audited the financial statements of Hong Kong Tech Index Fund (the "Fund"), which comprise the statement of financial position as at 31 January 2024, and statement of comprehensive income, statement of changes in net assets attributable to unit holders and statement of cash flows of the Fund for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 14 to 41.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 January 2024, and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

#### *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 audit 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 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 (the "Manager") is responsible for the other information. The other information comprises the information included in the annual report of the Fund, 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.

## **Independent auditors' report to the unit holders of Hong Kong Tech Index Fund (cont'd.)**

### *Information other than the financial statements and auditors' report thereon (cont'd.)*

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 the fact. We have nothing to report in this regard.

### *Responsibilities of the Manager and the Trustee for the financial statements*

The Manager 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 cease operations, or has no realistic alternative but to do so.

The Trustee is responsible for overseeing the Fund's financial reporting process. The Trustee is also responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

### *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.

## **Independent auditors' report to the unit holders of Hong Kong Tech Index Fund (cont'd.)**

### *Auditors' responsibilities for the audit of the financial statements (cont'd.)*

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

- 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- 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.
- 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.

**Independent auditors' report to the unit holders of  
Hong Kong Tech Index Fund (cont'd.)**

**Other matters**

This report is made solely to the unit holders of the Fund, as a body, in accordance with the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT  
202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants

Ng Sue Ean  
No. 03276/07/2024 J  
Chartered Accountant

Kuala Lumpur, Malaysia  
18 March 2024



## Hong Kong Tech Index Fund

### STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY 2024

	Note	2024 HKD	2023 HKD
<b>ASSETS</b>			
Investment	4	342,683,460	162,550,416
Derivative assets	5	-	374,350
Amount due from Target Fund Manager	6	-	3,670,248
Amount due from Manager	7(a)	6,403,919	7,853,673
Cash at banks		16,389,698	15,015,086
<b>TOTAL ASSETS</b>		<u>365,477,077</u>	<u>189,463,773</u>
<b>LIABILITIES</b>			
Derivative liabilities	5	381,400	24,284
Amount due to Manager	7(b)	1,581,724	10,340,783
Amount due to Trustee	8	10,007	5,039
Sundry payables and accruals		24,875	23,435
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)</b>		<u>1,998,006</u>	<u>10,393,541</u>
<b>NET ASSET VALUE (“NAV”) OF THE FUND ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>363,479,071</u>	<u>179,070,232</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS OF THE FUND COMPRISE:</b>			
Unit holders’ contribution	10(a)(b)(c)	555,217,168	242,442,219
Accumulated losses	10(d)(e)	(191,738,097)	(63,371,987)
	10	<u>363,479,071</u>	<u>179,070,232</u>
<b>NET ASSET VALUE</b>			
– HKD Class		1,653,045	2,613,455
– RM Class		124,444,840	110,989,812
– RM-Hedged Class		237,381,186	65,466,965
		<u>363,479,071</u>	<u>179,070,232</u>
<b>UNITS IN CIRCULATION</b>			
– HKD Class	10(a)	<u>2,837,346</u>	<u>2,983,644</u>
– RM Class	10(b)	<u>115,766,876</u>	<u>69,102,784</u>
– RM-Hedged Class	10(c)	<u>257,770,671</u>	<u>41,427,240</u>
<b>NAV PER UNIT IN HKD</b>			
– HKD Class		<u>0.5826</u>	<u>0.8759</u>
– RM Class		<u>1.0750</u>	<u>1.6062</u>
– RM-Hedged Class		<u>0.9209</u>	<u>1.5803</u>

**Hong Kong Tech Index Fund**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 JANUARY 2024 (CONT'D.)**

	<b>2024</b>	<b>2023</b>
<b>NAV PER UNIT IN RESPECTIVE CURRENCIES</b>		
- HKD Class (HKD)	<u>0.5826</u>	<u>0.8759</u>
- RM Class (RM)	<u>0.6509</u>	<u>0.8747</u>
- RM-Hedged Class (RM)	<u>0.5576</u>	<u>0.8606</u>

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

## Hong Kong Tech Index Fund

### STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024

	Note	2024 HKD	2023 HKD
<b>INVESTMENT LOSSES</b>			
Interest income		11,409	13,683
Net losses from investment:			
– Financial assets at fair value through profit or loss (“FVTPL”)	9	(124,115,126)	(35,115,014)
Other net realised losses on foreign currency exchange		(1,058,827)	(508,242)
Other net unrealised (loss)/gain on foreign currency exchange		(44,685)	17,154
		<u>(125,207,229)</u>	<u>(35,592,419)</u>
<b>EXPENDITURE</b>			
Manager’s fee	7	(281,585)	(204,008)
Trustee’s fee	8	(87,589)	(62,409)
Audit fee		(13,844)	(14,899)
Tax agent’s fee		(7,015)	(7,078)
Custodian’s fee		(77,513)	(57,002)
Brokerage and other transaction fees		(2,687,383)	(1,788,018)
Other expenses		(3,952)	(4,127)
		<u>(3,158,881)</u>	<u>(2,137,541)</u>
<b>Net losses before taxation</b>		(128,366,110)	(37,729,960)
<b>Taxation</b>	12	-	-
<b>Net losses after taxation, representing total comprehensive losses for the financial year</b>		<u>(128,366,110)</u>	<u>(37,729,960)</u>
Total comprehensive losses comprises the following:			
Realised losses		(19,216,675)	(70,618,831)
Unrealised (loss)/gain		(109,149,435)	32,888,871
		<u>(128,366,110)</u>	<u>(37,729,960)</u>

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

## Hong Kong Tech Index Fund

### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024

	Note	Unit holders' contribution HKD	Accumulated losses HKD	Total HKD
At 1 February 2023		242,442,219	(63,371,987)	179,070,232
Total comprehensive loss for the financial year		-	(128,366,110)	(128,366,110)
Creation of units				
– HKD Class	10(a)	1,866,063	-	1,866,063
– RM Class	10(b)	461,709,589	-	461,709,589
– RM-Hedged Class	10(c)	646,685,280	-	646,685,280
Cancellation of units				
– HKD Class	10(a)	(2,060,046)	-	(2,060,046)
– RM Class	10(b)	(403,003,235)	-	(403,003,235)
– RM-Hedged Class	10(c)	(392,422,702)	-	(392,422,702)
Balance at 31 January 2024		<u>555,217,168</u>	<u>(191,738,097)</u>	<u>363,479,071</u>
At 1 February 2022		259,981,563	(25,642,027)	234,339,536
Total comprehensive loss for the financial year		-	(37,729,960)	(37,729,960)
Creation of units				
– HKD Class	10(a)	1,047,826	-	1,047,826
– RM Class	10(b)	476,504,591	-	476,504,591
– RM-Hedged Class	10(c)	126,771,197	-	126,771,197
Cancellation of units				
– HKD Class	10(a)	(409,165)	-	(409,165)
– RM Class	10(b)	(504,771,630)	-	(504,771,630)
– RM-Hedged Class	10(c)	(116,682,163)	-	(116,682,163)
Balance at 31 January 2023		<u>242,442,219</u>	<u>(63,371,987)</u>	<u>179,070,232</u>

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

## Hong Kong Tech Index Fund

### STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024

	<b>2024</b>	<b>2023</b>
	<b>HKD</b>	<b>HKD</b>
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Proceeds from sale of investment	393,304,017	378,898,046
Purchases of investment	(679,708,449)	(367,552,388)
Net settlement from derivative contracts	(14,500,851)	(3,208,361)
Interest received	11,409	13,683
Manager's fee paid	(269,847)	(202,277)
Trustee's fee paid	(82,621)	(63,103)
Tax agent's fee paid	(6,256)	(6,691)
Custodian's fee paid	(77,513)	(57,002)
Payments for other expenses	(2,704,498)	(1,805,679)
Net cash (used in)/generated from operating and investing activities	<u>(304,034,609)</u>	<u>6,016,228</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	1,111,709,790	610,665,840
Payments for cancellation of units	(806,300,569)	(611,493,173)
Net cash generated from/(used in) financing activities	<u>305,409,221</u>	<u>(827,333)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,374,612	5,188,895
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	<u>15,015,086</u>	<u>9,826,191</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	<u>16,389,698</u>	<u>15,015,086</u>
Cash and cash equivalents comprise:		
Cash at banks	<u>16,389,698</u>	<u>15,015,086</u>

## Hong Kong Tech Index Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024

#### 1. GENERAL INFORMATION

Hong Kong Tech Index Fund (the “Fund”) was established pursuant to a Deed dated 17 June 2021 between AmFunds Management Berhad as the Manager, Deutsche Trustees Malaysia Berhad as the Trustee and all unit holders.

The Fund seeks to provide capital growth by investing in one collective investment scheme, which is an exchange-traded fund. Being a feeder fund, a minimum of 85% of the Fund’s NAV will be invested in the CSOP Hang Seng TECH Index ETF (“Target Fund”), which is a separate unit trust fund managed by CSOP Asset Management Limited (“Target Fund Manager”), while maintaining up to a maximum of 15% of the Fund’s NAV in liquid assets. As provided in the Deed, the financial year shall end on 31 January and the units in the Fund were first offered for sale on 27 July 2021.

The financial statements were authorised for issue by the Manager on 18 March 2024.

#### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Fund have been prepared on a historical cost basis, except as otherwise stated in the accounting policies and comply with Malaysian Financial Reporting Standards (“MFRS”) as issued by the Malaysian Accounting Standards Board (“MASB”) and International Financial Reporting Standards (“IFRS”).

##### Standards effective during the financial year

The adoption of the following MFRS which became effective during the financial year did not have any material financial impact to the financial statements.

<b>Description</b>	<b>Effective for financial periods beginning on or after</b>
MFRS 17 <i>Insurance Contracts</i> and Amendments to MFRS 17*	1 January 2023
Initial Application of MFRS 17 and MFRS 9 - <i>Comparative Information</i> (Amendments to MFRS 17 <i>Insurance Contracts</i> )*	1 January 2023
Amendments to MFRS 101 <i>Presentation of Financial Statements</i> : <i>Classification of Liabilities as Current or Non-Current</i>	1 January 2023
Amendments to MFRS 101 <i>Presentation of Financial Statements</i> : <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 112 <i>Income Taxes: International Tax Reform - Pillar Two Model Rules</i>	1 January 2023

## Hong Kong Tech Index Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024

#### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D.)

##### Standards issued but not yet effective

The standards and amendments to standards that have been issued but not yet effective up to the date of issuance of the Fund's financial statements are disclosed below. The Fund intends to adopt these new pronouncements, if applicable, when they become effective.

Description	Effective for financial periods beginning on or after
Amendments to MFRS 16 <i>Leases: Lease Liability in a Sale and Leaseback*</i>	1 January 2024
Amendments to MFRS 101 <i>Presentation of Financial Statements: Non-Current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 <i>Statement of Cash Flows</i> and MFRS 7 <i>Financial Instruments: Disclosures: Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 121 <i>The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*</i>	Deferred

\* These MFRS and Amendments to MFRSs are not relevant to the Fund.

#### 3. SUMMARY OF ACCOUNTING POLICIES

##### 3.1 Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the income can be reliably measured. Income is measured at the fair value of consideration received or receivable.

(i) Distribution income

Distribution income is recognised when the Fund's right to receive the payment is established.

(ii) Interest income

Interest income on short-term deposits is recognised on an accrual basis using the effective interest method.

(iii) Gain or loss on disposal of investment

On disposal of investment, the net realised gain or loss on disposal is measured as the difference between the net disposal proceeds and the carrying amount of the investment. The net realised gain or loss is recognised in profit or loss.

## Hong Kong Tech Index Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024

#### 3. SUMMARY OF ACCOUNTING POLICIES (CONT'D.)

##### 3.2 Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

##### 3.3 Functional and presentation currency

Functional currency is the currency of the primary economic environment in which the Fund operates that most faithfully represents the economic effects of the underlying transactions. The functional currency of the Fund is Hong Kong Dollar (“HKD”) which is the currency in which certain issuance and redemption of the Fund’s units and the sale and purchase of the Fund’s investment are denominated and settled. The Fund has also adopted HKD as its presentation currency.

##### 3.4 Foreign currency transactions

Transactions in currencies other than the Fund’s functional currency (foreign currencies) are recorded in the functional currency using exchange rates prevailing at the transaction dates. At each reporting date, foreign currency monetary items are translated into HKD at exchange rates ruling at the reporting date. All exchange gains or losses are recognised in profit or loss.

##### 3.5 Statement of cash flows

The Fund adopts the direct method in the preparation of the statement of cash flows.

Cash and cash equivalents are short-term, highly liquid investment that is readily convertible to cash with insignificant risk of changes in value.

##### 3.6 Unit holders’ contribution

The unit holders’ contribution of the Fund is classified as liabilities under the requirements of MFRS 132 *Financial Instruments: Presentation* (“MFRS 132”).

Under MFRS 132, a unit trust fund with one common class of unit holders is classified as equity as it meets the requirement of having identical features. In a multi-unit class fund, if any one class (or a group of classes) can be differentiated in terms of their features, then all the classes will be classified as liability.

The Fund issues cancellable units in three classes. Details are disclosed in Note 10.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024**

**3. SUMMARY OF ACCOUNTING POLICIES (CONT'D.)**

**3.7 Distribution**

Distributions are at the discretion of the Manager. A distribution to the Fund's unit holders is accounted for as a deduction from realised income and recognised in the statement of comprehensive income, as the unit holders' contributions are classified as financial liabilities as per Note 3.6. Realised income is the income earned from interest income and net gain on disposal of investments after deducting expenses and taxation. A proposed distribution is recognised as a liability in the period in which it is approved. Distributions are either reinvested or paid in cash to the unit holders on the distribution payment date. Reinvestment of units is based on the NAV per unit on the distribution payment date, which is also the time of creation.

**3.8 Financial assets – initial recognition and measurement**

(i) Initial recognition

Financial assets and financial liabilities are recognised when the Fund becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised using trade date accounting or settlement date accounting. The method used is applied consistently for all purchases and sales of financial assets that belong to the same category of financial assets.

(ii) Initial measurement

All financial assets are recognised initially at fair value, in the case of financial assets not recorded at FVTPL, transaction costs that are attributable to the acquisition of the financial asset. All financial liabilities are recognised initially at fair value and, in the case of financial liabilities not recorded at FVTPL, net of directly attributable transaction costs.

(iii) "Day 1" profit or loss

At initial measurement, if the transaction price differs from the fair value, the Fund immediately recognises the difference between the transaction price and fair value (a "Day 1" profit or loss) in profit or loss provided that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. Level 1 input) or based on a valuation technique that uses only data from observable markets. In all other cases, the difference between the transaction price and model value is recognised in profit or loss on a systematic and rational basis that reflects the nature of the instrument over its tenure.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024**

**3. SUMMARY OF ACCOUNTING POLICIES (CONT'D.)**

**3.9 Financial assets under MFRS 9**

Classification and measurement

The classification of financial assets depends on the Fund's business model of managing the financial assets in order to generate cash flows ("business model test") and the contractual cash flow characteristics of the financial instruments ("SPPI test"). The business model test determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both and the assessment is performed on a portfolio basis. The SPPI test determines whether the contractual cash flows are solely for payments of principal and interest and the assessment is performed on a financial instrument basis.

The Fund may classify its financial assets under the following categories:

*Financial assets at amortised cost*

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets include in this category are deposits with licensed financial institutions, cash at banks, amount due from Target Fund Manager, amount due from Manager, amount due from brokers/financial institutions, dividend/distribution receivables and other receivables.

*Financial assets at FVOCI*

A financial asset is measured at fair value through other comprehensive income ("FVOCI") if its business model is both to hold the asset to collect contractual cash flows and to sell the financial asset. In addition, the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal.

These investments are initially recorded at fair value and transaction costs are expensed in the profit or loss. Subsequent to initial recognition, these investments are remeasured at fair value. All fair value adjustments are initially recognised through OCI. Debt instruments at FVOCI are subject to impairment assessment.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024**

**3. SUMMARY OF ACCOUNTING POLICIES (CONT'D.)**

**3.9 Financial assets under MFRS 9 (cont'd.)**

Classification and measurement (cont'd.)

The Fund may classify its financial assets under the following categories: (cont'd.)

*Financial assets at FVTPL*

Any financial assets that are not measured at amortised cost or FVOCI are measured at FVTPL. Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Changes in the fair value of those financial instruments are recorded in "Net gain or loss on financial assets at FVTPL". Interest earned element of such instrument is recorded in "Interest income". Exchange differences on financial assets at FVTPL are not recognised separately in profit or loss but are included in net gain or net loss on changes in fair value of financial assets at FVTPL.

Instruments that qualify for amortised cost or FVOCI may be irrevocably designated as FVTPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Equity instruments are normally measured at FVTPL, nevertheless, the Fund is allowed to irrevocably designate equity instruments that are not held for trading as FVOCI, with no subsequent reclassification of gains or losses to profit or loss.

The Fund subsequently measures its investment in collective investment scheme ("CIS") and derivative instruments at FVTPL. Distributions earned whilst holding the investment in CIS is recognised in profit or loss when the right to receive the payment has been established. Gains and losses on the investment in CIS, realised and unrealised, are included in profit or loss.

**3.10 Financial liabilities – classification and subsequent measurement**

Financial liabilities issued by the Fund are classified as financial liabilities at amortised cost, where the substance of the contractual arrangement results in the Fund having an obligation either to deliver cash or another financial asset to the holders. After initial measurement, financial liabilities are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024**

**3. SUMMARY OF ACCOUNTING POLICIES (CONT'D.)**

**3.11 Derecognition of financial instruments**

(i) Derecognition of financial asset

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired, or
- the Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either:
  - the Fund has transferred substantially all the risks and rewards of the asset, or
  - the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

For investment classified as FVOCI - debt instruments, the cumulative fair value change recognised in OCI is recycled to profit or loss.

(ii) Derecognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Gains and losses are recognised in profit or loss when the liabilities are recognised, and through the amortisation process.

**3.12 Financial instruments – expected credit losses (“ECL”)**

The Fund assesses the ECL associated with its financial assets at amortised cost using simplified approach. Therefore, the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The ECL in respect of financial assets at amortised cost, if any, is recognised in profit or loss.

Financial assets together with the associated allowance are written off when it has exhausted all practical recovery efforts and there is no realistic prospect of future recovery. The Fund may also write-off financial assets that are still subject to enforcement activity when there is no reasonable expectation of full recovery. If a write-off is later recovered, the recovery is credited to profit or loss.

**3.13 Determination of fair value**

For the investment in CIS, fair value is determined based on the closing NAV per unit of the foreign CIS. Purchased cost is the quoted price that the Fund paid when buying its investment. The difference between purchased cost and fair value is treated as unrealised gain or loss and is recognised in profit or loss. Unrealised gains or losses recognised in profit or loss are not distributable in nature.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024**

**3. SUMMARY OF ACCOUNTING POLICIES (CONT'D.)**

**3.13 Determination of fair value (cont'd.)**

The fair value of foreign exchange - forward contracts is calculated by making reference to prevailing forward exchange rates for contracts with similar maturity profiles in the market. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

**3.14 Classification of realised and unrealised gains and losses**

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised (i.e. sold, redeemed or matured) during the reporting period.

Realised gains and losses on disposals of financial instruments classified at FVTPL are calculated using the weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount.

**3.15 Significant accounting estimates and judgments**

The preparation of the Fund's financial statements requires the Manager to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in the future.

The Fund classifies its investment as financial assets at FVTPL as the Fund may sell its investment in the short-term for profit-taking or to meet unit holders' cancellation of units.

No major judgments have been made by the Manager in applying the Fund's accounting policies. There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## Hong Kong Tech Index Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024

#### 4. INVESTMENT

	2024 HKD	2023 HKD
<b>Financial asset at FVTPL</b>		
At cost:		
Foreign CIS	<u>443,647,626</u>	<u>155,141,298</u>
At fair value:		
Foreign CIS	<u>342,683,460</u>	<u>162,550,416</u>

Details of investment are as follows:

Foreign CIS	Number of units	Fair value HKD	Purchased cost HKD	Fair value as a percentage of NAV %
<b>2024</b>				
CSOP Hang Seng TECH Index ETF ("Target Fund")	<u>116,559,000</u>	<u>342,683,460</u>	<u>443,647,626</u>	<u>94.28</u>
<b>Shortfall of fair value over purchased cost</b>		<u>(100,964,166)</u>		

#### 5. DERIVATIVE INSTRUMENTS

Derivative instruments comprise forward currency contracts. The forward currency contracts entered into during the financial year were for hedging against the currencies exposure arising mainly from creation and cancellation of units in foreign currencies that are not denominated in the Fund's functional currency. As the Fund has not adopted hedge accounting during the financial year, the change in the fair value of the forward currency contract is recognised immediately in the statement of comprehensive income.

## Hong Kong Tech Index Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024

#### 5. DERIVATIVE INSTRUMENTS (CONT'D.)

The table below shows the fair value of derivative financial instruments, recorded as assets (being derivatives which are in a net gain position) or liabilities (being derivatives which are in a net loss position), together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, foreign exchange currency and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the end of the financial year.

Maturity date	Counterparties	Notional amount RM	Fair value derivatives of (liabilities)/ assets HKD	Fair value as a percentage of NAV %
<b>2024</b>				
<b>Ringgit Malaysia</b>				
29.02.2024	Deutsche Bank (Malaysia) Berhad	2,994,800	(3,233)	-*
29.02.2024	Deutsche Bank (Malaysia) Berhad	7,443,381	(16,149)	-*
29.02.2024	Deutsche Bank (Malaysia) Berhad	6,444,663	(33,646)	(0.01)
29.02.2024	Deutsche Bank (Malaysia) Berhad	5,752,070	(12,661)	-*
29.02.2024	Deutsche Bank (Malaysia) Berhad	<u>143,435,027</u>	<u>(315,711)</u>	<u>(0.09)</u>
<b>2023</b>				
<b>Ringgit Malaysia</b>				
28.02.2023	Deutsche Bank (Malaysia) Berhad	2,166,212	21,645	0.01
28.02.2023	Deutsche Bank (Malaysia) Berhad	1,667,482	8,160	-*
28.02.2023	Deutsche Bank (Malaysia) Berhad	788,072	(8,064)	-*
28.02.2023	Deutsche Bank (Malaysia) Berhad	729,887	(11,034)	0.01
28.02.2023	Deutsche Bank (Malaysia) Berhad	2,054,248	(5,186)	-*
28.02.2023	Deutsche Bank (Malaysia) Berhad	<u>33,673,403</u>	<u>344,545</u>	<u>0.19</u>

\* represents less than 0.01%.

## Hong Kong Tech Index Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024

#### 6. AMOUNT DUE FROM TARGET FUND MANAGER

The amount due from Target Fund Manager arose from the sale of investment. The settlement period is within five business days from the transaction date.

#### 7. AMOUNT DUE FROM/TO MANAGER

	Note	2024 HKD	2023 HKD
<b>(a) Due from Manager</b>			
Creation of units	(i)	<u>6,403,919</u>	<u>7,853,673</u>
<b>(b) Due to Manager</b>			
Cancellation of units	(ii)	1,556,560	10,327,357
Manager's fee payable	(iii)	<u>25,164</u>	<u>13,426</u>
		<u>1,581,724</u>	<u>10,340,783</u>

(i) This represents amount receivable from the Manager for units created.

(ii) This represents amount payable to the Manager for units cancelled.

The normal credit period in the previous and current financial years for creation and cancellation of units is three business days.

(iii) As the Fund is investing in the Target Fund, the Manager's fee is charged as follows:

	2024 % p.a.	2023 % p.a.
Manager's fee charged by the Target Fund Manager, on the NAV of the Target Fund	0.99	0.99
Manager's fee charged by the Manager, on the NAV of investment in the Target Fund (Note a)	0.01	0.01
Manager's fee charged by the Manager, on the remaining NAV of the Fund (Note a)	1.00	1.00

Note a) The Manager's fee is charged on 0.01% of the NAV of investment in the Target Fund and 1.00% on the remaining NAV of the Fund.

The normal credit period in the previous and current financial years for Manager's fee payable is one month.



## Hong Kong Tech Index Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024

#### 8. AMOUNT DUE TO TRUSTEE

Trustee's fee is at a rate of 0.03% (2023: 0.03%) per annum on the NAV of the Fund, calculated on a daily basis.

The normal credit period in the previous and current financial years for Trustee's fee payable is one month.

#### 9. NET LOSSES FROM INVESTMENT

	<b>2024</b>	<b>2023</b>
	<b>HKD</b>	<b>HKD</b>
Net losses on financial assets at FVTPL comprised:		
– Net realised losses on sale of investment	(509,525)	(64,778,369)
– Net realised losses on settlement of derivative contracts	(14,500,851)	(3,208,362)
– Net unrealised (loss)/gain on changes in fair value of investment	(108,373,284)	32,663,058
– Net unrealised (loss)/gain from revaluation of derivative contracts	(731,466)	208,659
	<u>(124,115,126)</u>	<u>(35,115,014)</u>

#### 10. NAV ATTRIBUTABLE TO UNIT HOLDERS

Total NAV attributable to unit holders is represented by:

	<b>Note</b>	<b>2024</b>	<b>2023</b>
		<b>HKD</b>	<b>HKD</b>
Unit holders' contribution			
– HKD Class	(a)	2,950,523	3,144,506
– RM Class	(b)	214,006,785	155,300,431
– RM-Hedged Class	(c)	338,259,860	83,997,282
Accumulated losses			
– Realised losses	(d)	(90,390,274)	(71,173,599)
– Unrealised (loss)/gain	(e)	(101,347,823)	7,801,612
		<u>363,479,071</u>	<u>179,070,232</u>

## Hong Kong Tech Index Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024

#### 10. NAV ATTRIBUTABLE TO UNIT HOLDERS (CONT'D.)

The Fund issues cancellable units in three classes as detailed below:

Classes of units	Currency denomination	Categories of investors	Distribution policy
HKD Class	HKD	Mixed	Incidental
RM Class	RM	Mixed	Incidental
RM-Hedged Class	RM	Mixed	Incidental

The different charges and features for each class are as follows:

- (i) Initial price
- (ii) Minimum initial investment
- (iii) Additional investment

#### (a) Unit holders' contribution/units in circulation – HKD Class

	2024		2023	
	Number of units	HKD	Number of units	HKD
At beginning of the financial year	2,983,644	3,144,506	2,216,417	2,505,845
Creation during the financial year	2,421,862	1,866,063	1,265,534	1,047,826
Cancellation during the financial year	<u>(2,568,160)</u>	<u>(2,060,046)</u>	<u>(498,307)</u>	<u>(409,165)</u>
At end of the financial year	<u>2,837,346</u>	<u>2,950,523</u>	<u>2,983,644</u>	<u>3,144,506</u>

#### (b) Unit holders' contribution/units in circulation – RM Class

	2024		2023	
	Number of units	HKD	Number of units	HKD
At beginning of the financial year	69,102,784	155,300,431	94,487,218	183,567,470
Creation during the financial year	325,898,232	461,709,589	320,184,145	476,504,591
Cancellation during the financial year	<u>(279,234,140)</u>	<u>(403,003,235)</u>	<u>(345,568,579)</u>	<u>(504,771,630)</u>
At end of the financial year	<u>115,766,876</u>	<u>214,006,785</u>	<u>69,102,784</u>	<u>155,300,431</u>

## Hong Kong Tech Index Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024

#### 10. NAV ATTRIBUTABLE TO UNIT HOLDERS (CONT'D.)

##### (c) Unit holders' contribution/units in circulation – RM-Hedged Class

	2024		2023	
	Number of units	HKD	Number of units	HKD
At beginning of the financial year	41,427,240	83,997,282	38,031,114	73,908,248
Creation during the financial year	527,216,472	646,685,280	90,203,917	126,771,197
Cancellation during the financial year	<u>(310,873,041)</u>	<u>(392,422,702)</u>	<u>(86,807,791)</u>	<u>(116,682,163)</u>
At end of the financial year	<u>257,770,671</u>	<u>338,259,860</u>	<u>41,427,240</u>	<u>83,997,282</u>

##### (d) Realised

	2024 HKD	2023 HKD
At beginning of the financial year	(71,173,599)	(554,768)
Net realised losses for the financial year	<u>(19,216,675)</u>	<u>(70,618,831)</u>
At end of the financial year	<u>(90,390,274)</u>	<u>(71,173,599)</u>

##### (e) Unrealised - non-distributable

	2024 HKD	2023 HKD
At beginning of the financial year	7,801,612	(25,087,259)
Net unrealised (loss)/gain for the financial year	<u>(109,149,435)</u>	<u>32,888,871</u>
At end of the financial year	<u>(101,347,823)</u>	<u>7,801,612</u>

#### 11. SIGNIFICANT RELATED PARTIES TRANSACTIONS AND BALANCES

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

##### Related parties

AmFunds Management Berhad  
AmInvestment Bank Berhad  
AMMB Holdings Berhad ("AMMB")  
Subsidiaries and associates of AMMB  
as disclosed in its financial statements

##### Relationships

The Manager  
Holding company of the Manager  
Ultimate holding company of the Manager  
Subsidiaries and associate companies of the  
ultimate holding company of the Manager

## Hong Kong Tech Index Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024

#### 11. SIGNIFICANT RELATED PARTIES TRANSACTIONS AND BALANCES (CONT'D.)

There are no units held by the Manager or any related party as at 31 January 2024 and 31 January 2023.

#### 12. TAXATION

Income tax payable is calculated on investment income less deduction for permitted expenses as provided under Section 63B of the Income Tax Act, 1967.

A reconciliation of income tax expense applicable to net losses before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Fund is as follows:

	<b>2024</b> <b>HKD</b>	<b>2023</b> <b>HKD</b>
Net losses before taxation	<u>(128,366,110)</u>	<u>(37,729,960)</u>
Taxation at Malaysian statutory rate of 24% (2023: 24%)	(30,807,866)	(9,055,190)
Tax effects of:		
Income not subject to tax	(136,460,460)	(51,732,690)
Losses not allowed for tax deduction	166,510,195	60,274,871
Restriction on tax deductible expenses for unit trust fund	63,821	47,327
Non-permitted expenses for tax purposes	687,219	460,425
Permitted expenses not used and not available for future financial years	<u>7,091</u>	<u>5,257</u>
Tax expense for the financial year	<u>-</u>	<u>-</u>

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

The Fund's TER is as follows:

	<b>2024</b> <b>% p.a.</b>	<b>2023</b> <b>% p.a.</b>
Manager's fee	0.10	0.10
Trustee's fee	0.03	0.03
Fund's other expenses	<u>0.03</u>	<u>0.04</u>
Total TER	<u>0.16</u>	<u>0.17</u>

The TER of the Fund is the ratio of the sum of fees and expenses incurred by the Fund to the average NAV of the Fund calculated on a daily basis.

## Hong Kong Tech Index Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024

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

The PTR of the Fund, which is the ratio of average total acquisitions and disposals of investment to the average NAV of the Fund calculated on a daily basis, is 1.83 times (2023: 1.80 times).

#### 15. SEGMENTAL REPORTING

As stated in Note 1, the Fund is a feeder fund whereby a minimum of 85% of the Fund’s NAV will be invested in the Target Fund.

As the Fund operates substantially as a feeder fund which invests primarily in the Target Fund, it is not possible or meaningful to classify its investment by separate business or geographical segments.

#### 16. TRANSACTIONS WITH THE BROKERS

Details of transactions with the brokers for the financial year ended 31 January 2024 are as follows:

	Transaction value		Brokerage fee, stamp duty and clearing fee	
	HKD	%	HKD	%
CLSA Limited (Hong Kong)	489,997,751	45.78	1,266,645	47.13
Instinet Pacific Limited Hong Kong Branch	362,354,409	33.85	936,686	34.86
CIMB GK Securities (HK) Ltd	119,091,638	11.12	248,306	9.24
Macquarie Securities (Australia) Limited	58,840,620	5.50	152,103	5.66
Daiwa Securities SMBC Hong Kong Ltd	40,116,627	3.75	83,643	3.11
Total	<u>1,070,401,045</u>	<u>100.00</u>	<u>2,687,383</u>	<u>100.00</u>

The above transactions are in respect of investment in foreign CIS.

## Hong Kong Tech Index Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024

#### 17. FINANCIAL INSTRUMENTS

##### (a) Classification of financial instruments

The accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities of the Fund in the statement of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

	Financial assets/ liability at FVTPL HKD	Financial assets at amortised cost HKD	Financial liabilities at amortised cost HKD	Total HKD
<b>2024</b>				
<b>Assets</b>				
Investment	342,683,460	-	-	342,683,460
Amount due from Manager	-	6,403,919	-	6,403,919
Cash at banks	-	16,389,698	-	16,389,698
Total financial assets	<u>342,683,460</u>	<u>22,793,617</u>	<u>-</u>	<u>365,477,077</u>
<b>Liabilities</b>				
Derivative liabilities	381,400	-	-	381,400
Amount due to Manager	-	-	1,581,724	1,581,724
Amount due to Trustee	-	-	10,007	10,007
Total financial liabilities	<u>381,400</u>	<u>-</u>	<u>1,591,731</u>	<u>1,973,131</u>
<b>2023</b>				
<b>Assets</b>				
Investment	162,550,416	-	-	162,550,416
Derivative assets	374,350	-	-	374,350
Amount due from Target Fund Manager	-	3,670,248	-	3,670,248
Amount due from Manager	-	7,853,673	-	7,853,673
Cash at banks	-	15,015,086	-	15,015,086
Total financial assets	<u>162,924,766</u>	<u>26,539,007</u>	<u>-</u>	<u>189,463,773</u>
<b>Liabilities</b>				
Derivative liabilities	24,284	-	-	24,284
Amount due to Manager	-	-	10,340,783	10,340,783
Amount due to Trustee	-	-	5,039	5,039
Total financial liabilities	<u>24,284</u>	<u>-</u>	<u>10,345,822</u>	<u>10,370,106</u>

## Hong Kong Tech Index Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024

#### 17. FINANCIAL INSTRUMENTS (CONT'D.)

##### (a) Classification of financial instruments (cont'd.)

	Income, expenses, gains and losses	
	2024 HKD	2023 HKD
Net losses from financial assets at FVTPL	(124,115,126)	(35,115,014)
Income, of which derived from:		
– Interest income from financial assets at amortised cost	11,409	13,683
– Other net realised losses on foreign currency exchange	(1,058,827)	(508,242)
– Other net unrealised (loss)/gain on foreign currency exchange	<u>(44,685)</u>	<u>17,154</u>

##### (b) Financial instruments that are carried at fair value

The Fund's financial assets and liabilities are carried at fair value.

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable; either directly or indirectly; or

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by the level of the fair value hierarchy:

	Level 1 HKD	Level 2 HKD	Level 3 HKD	Total HKD
<b>2024</b>				
Financial asset at FVTPL:				
– Investment	<u>-</u>	<u>342,683,460</u>	<u>-</u>	<u>342,683,460</u>
Financial liability at FVTPL:				
– Derivative liabilities	<u>-</u>	<u>381,400</u>	<u>-</u>	<u>381,400</u>

## Hong Kong Tech Index Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024

#### 17. FINANCIAL INSTRUMENTS (CONT'D.)

##### (b) Financial instruments that are carried at fair value (cont'd.)

The following table shows an analysis of financial instruments recorded at fair value by the level of the fair value hierarchy: (cont'd.)

	Level 1 HKD	Level 2 HKD	Level 3 HKD	Total HKD
<b>2023</b>				
Financial assets at FVTPL:				
– Investment	-	162,550,416	-	162,550,416
– Derivative assets	-	374,350	-	374,350
	<u>-</u>	<u>162,924,766</u>	<u>-</u>	<u>162,924,766</u>
Financial liability at FVTPL:				
– Derivative liabilities	-	24,284	-	24,284

##### (c) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value due to their short period to maturity or short credit period:

- Amount due from Target Fund Manager
- Amount due from/to Manager
- Cash at banks
- Amount due to Trustee

There are no financial instruments which are not carried at fair value and whose carrying amounts are not reasonable approximation of their respective fair value.

#### 18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks that include market risk, credit risk, liquidity risk, single issuer risk, regulatory risk, country risk, management risk and non-compliance risk.

Risk management is carried out by closely monitoring, measuring and mitigating the above said risks, careful selection of investment coupled with stringent compliance to investment restrictions as stipulated by the Capital Market and Services Act 2007, Securities Commission Malaysia's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework and the Deed as the backbone of risk management of the Fund.



## Hong Kong Tech Index Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024

#### 18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

##### (a) Market risk

The Fund's principal exposure to market risk arises primarily due to changes in the market environment, global economic and geo-political developments.

The Fund's market risk is affected primarily by the following risks:

##### (i) Price risk

Price risk refers to the uncertainty of an investment's future prices. In the event of adverse price movements, the Fund might endure potential loss on its investment in the Target Fund. In managing price risk, the Manager actively monitors the performance and risk profile of the investment portfolio.

The result below summarised the price risk sensitivity of the Fund's NAV due to movements of price by -5.00% and +5.00% respectively:

Percentage movements in price by:	Sensitivity of the Fund's NAV	
	2024 HKD	2023 HKD
-5.00%	(17,134,173)	(8,127,521)
+5.00%	<u>17,134,173</u>	<u>8,127,521</u>

##### (ii) Currency risk

Currency risk is associated with the Fund's assets and liabilities that are denominated in currencies other than the Fund's functional currency. Currency risk refers to the potential loss the Fund might face due to unfavorable fluctuations of currencies other than the Fund's functional currency against the Fund's functional currency.

The result below summarised the currency risk sensitivity of the Fund's NAV due to appreciation/depreciation of the Fund's functional currency against currencies other than the Fund's functional currency:

Percentage movements in currencies other than the Fund's functional currency:	Sensitivity of the Fund's NAV	
	2024 HKD	2023 HKD
-5.00%	(246,652)	(99,174)
+5.00%	<u>246,652</u>	<u>99,174</u>

## Hong Kong Tech Index Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024

#### 18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

##### (a) Market risk (cont'd.)

##### (ii) Currency risk (cont'd.)

The net unhedged financial assets/(liability) of the Fund that are not denominated in the Fund's functional currency are as follows:

Assets/(liabilities) denominated in	2024		2023	
	HKD equivalent	% of NAV	HKD equivalent	% of NAV
<b>Ringgit Malaysia</b>				
Amount due from Manager	6,403,919	1.76	7,779,917	4.34
Cash at banks	85,689	0.02	555,190	0.31
Amount due to Manager	(1,556,560)	(0.43)	(10,318,590)	(5.76)
	<u>4,933,048</u>	<u>1.35</u>	<u>(1,983,483)</u>	<u>(1.11)</u>

##### (b) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge an obligation. Credit risk applies to short-term deposits and unquoted derivatives assets. The issuer of such instruments may not be able to fulfil the required interest payments or repay the principal invested or amount owing. These risks may cause the Fund's investment to fluctuate in value.

The Fund, as a feeder fund, invests significantly all its assets in the Target Fund. The Target Fund manages the risk by setting internal counterparty limits and undertaking internal credit evaluation to minimise such risk.

Cash at banks are held for liquidity purposes and are not exposed to significant credit risk.

##### (c) Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected. This is also the risk of the Fund experiencing large redemptions, when the Investment Manager could be forced to sell large volumes of its holdings at unfavorable prices to meet redemption requirements.

## Hong Kong Tech Index Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024

#### 18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

**(c) Liquidity risk (cont'd.)**

The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of units by unit holders. Liquid assets comprise of deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 5 to 7 days. The Fund's policy is to always maintain a prudent level of liquid assets so as to reduce liquidity risk.

The Fund's financial liabilities have contractual maturities of not more than six months.

**(d) Single issuer risk**

The Fund, as a feeder fund, invests significantly all its assets in the Target Fund. The Target Fund is restricted from investing in securities issued by any issuer in excess of a certain percentage of its NAV. Under such restriction, the risk exposure to the securities of any single issuer is diversified and managed by the Target Fund Manager based on internal/external ratings.

**(e) Regulatory risk**

Any changes in national policies and regulations may have effects on the capital market and the NAV of the Fund.

**(f) Country risk**

The risk of price fluctuation in foreign securities may arise due to political, financial and economic events in foreign countries. If this occurs, there is a possibility that the NAV of the Fund may be adversely affected.

**(g) Management risk**

Poor management of the Fund may cause considerable losses to the Fund that in turn may affect the NAV of the Fund.

**(h) Non-compliance risk**

This is the risk of the Manager or the Trustee not complying with their respective internal policies, the Deed and its Supplemental Deed, securities laws or guidelines issued by the regulators relevant to each party, which may adversely affect the performance of the Fund.

The specific risks associated to the Target Fund include market risk, securities risk, emerging market risk, settlement and credit risks, regulatory and accounting standards risks, political risk, custody risk and liquidity risk.

## **Hong Kong Tech Index Fund**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024**

#### **19. CAPITAL MANAGEMENT**

The primary objective of the Fund's capital management is to ensure that it maximises unit holders' value by expanding its fund size to benefit from economies of scale and achieving growth in NAV from the performance of its investment.

The Fund manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Fund may issue new or bonus units or make distribution payment.

No changes were made in the objective, policies or processes during the financial years ended 31 January 2024 and 31 January 2023.

## **Hong Kong Tech Index Fund**

### **STATEMENT BY THE MANAGER**

I, Goh Wee Peng, being the Director of and on behalf of the Board of Directors of AmFunds Management Berhad (the “Manager”), do hereby state that in the opinion of the Manager, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of Hong Kong Tech Index Fund (the “Fund”) as at 31 January 2024 and the comprehensive income, the changes in net assets attributable to unit holders and cash flows for the financial year then ended.

For and on behalf of the Manager

**GOH WEE PENG**

Executive Director

Kuala Lumpur, Malaysia

18 March 2024

## **TRUSTEE'S REPORT**

### **TO THE UNIT HOLDERS OF HONG KONG TECH INDEX FUND ("Fund")**

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

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

For Deutsche Trustees Malaysia Berhad

**Ng Hon Leong**  
Head, Fund Operations

**Sylvia Beh**  
Chief Executive Officer

Kuala Lumpur  
18 March 2024

## DIRECTORY

Head Office

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Email: enquiries@aminvest.com

Postal Address

AmFunds Management Berhad  
P.O Box 13611, 50816 Kuala Lumpur

*For enquiries about this or any of the other Funds offered by AmFunds Management Berhad  
Please call 2032 2888 between 8.45 a.m. to 5.45 p.m. (Monday to Thursday),  
Friday (8.45 a.m. to 5.00 p.m.)*

