



# **PERFORMA BALANCED CROSS ASSET FUND**

**ANNUAL REPORT  
31 DECEMBER 2022**

**MANAGER**  
Cross Light Capital Sdn Bhd  
201901034174 (1343504-X)

**TRUSTEE**  
Pacific Trustees Bhd  
199401031319 (317001-A)

## PERFORMA BALANCED CROSS-ASSET FUND

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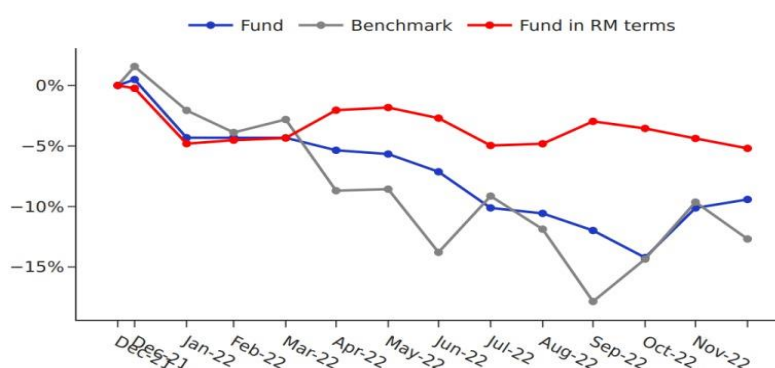
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## INVESTORS' LETTER

Dear Valued Investor,

We are pleased to bring you a copy of the Annual Fund Report of the Performa Balanced Cross-Asset Fund for the financial year ended 31 December 2022. You may also download this report from our website at [www.crosslightcapital.com/](http://www.crosslightcapital.com/).

The year 2022 presented a significant challenge for many investors, with a typical US 60/40 investment portfolio experiencing large losses of -17.51%; it was one of the worst years in a century for the 60/40 investment portfolio with both equities and fixed income producing negative returns. Holding cash was one of the few options to mitigate losses, but it resulted in negative real returns (ie. returns after adjusting for inflation) and holding cash in RM also resulted in losses in USD terms. We are pleased to report that our Fund outperformed our benchmarks (which takes into consideration the risk profile of the fund); since inception the Fund in December 2021, the fund has **outperformed the benchmark by 3.27% net of fees**. The Fund benefitted from our multi-asset approach with hedging, despite the abnormally high cross asset correlations.

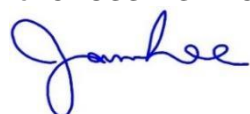


	1 Month 01/12/2022 - 31/12/2022	3 Months 01/10/2022 - 31/12/2022	6 Months 01/07/2022 - 31/12/2022	1 Year 01/01/2022 - 31/12/2022	3 Years 01/01/2020 - 31/12/2022	Since Inception 21/12/2021 - 31/12/2022
<b>Fund</b>	0.78	2.91	-2.46	-9.86	N/A	-9.41
<b>Benchmark</b>	-3.37	6.29	1.28	-14.03	8.89	-12.68
<b>Outperformance</b>	4.15	-3.38	-3.74	4.17	N/A	3.27

The challenging investment climate of 2022 serves as a valuable reminder to investors that diversification beyond traditional, long-only equity and fixed income investments is critical. Our funds, with lower correlation can play a vital role in achieving this important diversification goal for investors and can assist in generating better risk-adjusted outcomes for investment portfolios. The **Fund's correlation with equity markets was 0.15** which is lower than that of many equity mutual funds, providing our investors with significant diversification benefits assuming investors add our funds into their existing portfolio of long only equities and bonds.

We appreciate your continuous support and the trust you place in us.

Yours faithfully,  
for **CROSS LIGHT CAPITAL SDN BHD**



**Jason Yew Kit LEE, Director**

### **FUND INFORMATION**

Fund Name	PERFORMA BALANCED CROSS ASSET FUND
Fund Type	Growth
Fund Category	Hedge Fund / Mixed Assets (Wholesale)
Investment Objective	The Fund aims to achieve medium to long term capital growth from absolute returns.
Benchmark	The total returns (the returns net of dividends distributed and fees where applicable) of an equally weighted portfolio of the iShares Core Growth Allocation ETF(AOR), Standard & Poor Depositary Receipts S&P 500 ETF (SPY) and IQ Hedge Multi-Strategy Tracker ETF (QAI) rebalanced daily at zero trading cost: $R \text{ Benchmark} = \frac{1}{3} \text{ iShares Core Growth Allocation ETF(AOR)} + \frac{1}{3} \text{ SPDR S\&P 500 ETF Trust (SPY)} + \frac{1}{3} \text{ IQ Hedge Multi-Strategy Tracker ETF (QAI)}$ where "R" denotes total returns and "x" denotes "multiplied" or "times". Investors should note that the Manager's investment objective is capital growth through absolute returns and is not managing the Fund with the objective of outperforming the reference benchmark or any benchmark. The Manager's investment philosophy is that the Fund is to be managed free from benchmarks from the perspective of the investment objective as the Manager is not seeking to outperform the referenced benchmark.
Distribution Policy	The Fund is not expected to make distributions.

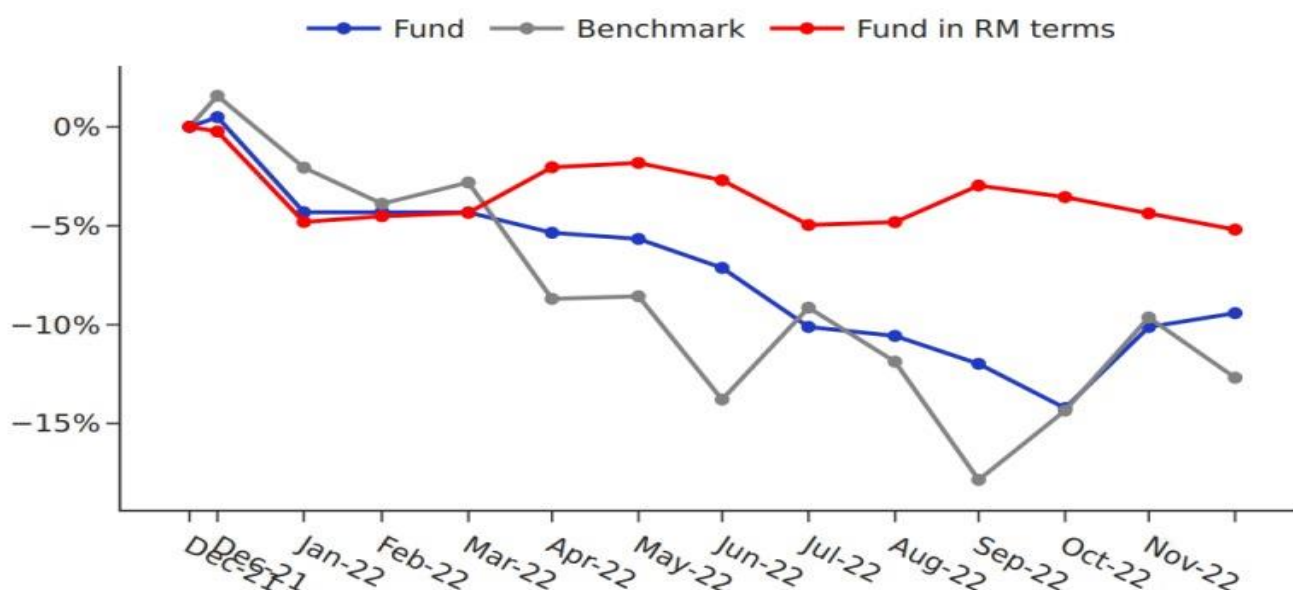
## REPORT ON FUND PERFORMANCE

Category	As at 31 Dec 2022	As at 31 Dec 2021
Total NAV (USD)	1,290,285.11	1,302,856.80
NAV per Unit (USD Lead)	0.45292504	0.50244853
Unit in Circulation	2,848,871.96	2,593,015.44

Perfuma Balanced Cross Asset Fund (as at 31 December 2022)

	1 Month 01/12/2022 - 31/12/2022	3 Months 01/10/2022 - 31/12/2022	6 Months 01/07/2022 - 31/12/2022	1 Year 01/01/2022 - 31/12/2022	3 Years 01/01/2020 - 31/12/2022	Since Inception 21/12/2021 - 31/12/2022
<b>Fund</b>	0.78	2.91	-2.46	-9.86	N/A	-9.41
<b>Benchmark</b>	-3.37	6.29	1.28	-14.03	8.89	-12.68
<b>Outperformance</b>	4.15	-3.38	-3.74	4.17	N/A	3.27

### Movement of the Fund versus the Benchmark



*"This information is prepared by Cross Light Capital Sdn Bhd for information purposes only. Past earnings or the fund's distribution record is not a guarantee or reflection of the fund's future earnings/future distributions. Investors are advised that unit prices, distributions payable and investment returns may go down as well as up."*

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

## MANAGER'S REPORT

Category	As at 31 Dec 2022 (%)
Portfolio composition	
- U.S. Equity	-22.38
- Absolute Returns	1.66
- Global Equity (ex. U.S.)	3.19
- Private Equity Replication	6.63
- Corporate Bonds	6.24
- Natural Resources	0.12
- Government Bonds	2.44
- Precious Metals	0.22
- Real Estate and Infrastructure	0.11
Equity, Equity-related Securities, ETFs and/or ETNs	-1.76
Cash and cash equivalents	106.20
Other assets and liabilities	-4.44
Total NAV (USD)	1,290,285
NAV per Unit (USD)	0.4529 <sup>1</sup>
Unit in Circulation	2,848,872
Highest NAV	0.5024 <sup>2</sup>
Lowest NAV	0.4289 <sup>3</sup>
Gross Distribution per Unit (USD)	Nil
Net Distribution per Unit (USD)	Nil
Total Expense Ratio (%)	4.48
Portfolio Turnover Ratio (times)	12.43

## ASSET ALLOCATION

(% of NAV)	31.12.2022	31.12.2021
Equity and/or equity-related securities and/or ETFs, ETNs	100	100
Listed and/or unlisted securities	0	0
Collective Investment schemes	0	0
Fixed income securities, money market instruments and/or deposits	0	0
Structured products and/or financial derivative instruments	0	0
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>

<sup>1</sup> This NAV represents a weighted average of the NAVs for the various outstanding series of the fund.

<sup>2,3</sup> Highest and Lowest NAVs are based on the lead series of the fund.

## **STRATEGIES EMPLOYED**

The Fund maintained its objective of providing its investors with medium to long term capital growth from absolute returns.

To meet the Fund's objective, the Manager maintained the strategies employed to invest in listed collective investment schemes (such as exchange-traded funds ("ETFs") and exchange-traded notes ("ETNs")) to gain a diversified exposure in multiple global asset classes and investment strategies, including but not limited to equities, fixed income, real estate and infrastructure assets, natural resources, carbon credits, precious metals, multiple asset class volatility, currencies, private equity replication strategies, absolute return or liquid alternative hedge fund strategies and digital assets

The Fund maintained its investment strategy which involves employing a global multiple asset or cross-asset and strategic asset allocation framework, combined with tactical asset allocation overlays to enable a more active or dynamic asset allocation strategy, with the aim to generate: (1) higher risk adjusted returns, (2) lower correlation to equity markets and (3) greater diversification benefits than a passive asset allocation (and less active asset allocation) strategies and/or other funds with less or no exposures to global multiple assets and investment strategies.

The Manager maintained its investment strategy of implementing a multiple asset long-short approach with the use of leverage\* by investing in ETFs and ETNs to enable the Fund to gain exposure into multiple global asset classes and investment strategies, which may include but are not limited to: 1. equities, 2. fixed income, 3. real estate and infrastructure assets, 4. natural resources and carbon credits, 5. precious metals, 6. multiple asset class volatility, 7. currencies, cross currencies, foreign exchange related instruments and/or cash, 8. private equity replication strategies, 9. absolute return or liquid alternative hedge fund strategies, 10. digital assets exposures, and their related instruments and derivatives.

## **MARKET REVIEW**

Global asset markets had a challenging year in 2022 with almost all asset classes ending lower in the year. Cross asset correlations were elevated with both global equities (ACWI -20.18%) and fixed income (US 7-10 year Treasury Bonds IEF -15.93% and US Investment Grade Credit -19.59%) ending significantly lower in the year. Growth equities (IVW -30.62%) underperformed significantly as the US Federal Reserve raised its policy rate for the first time since 2018 and started an aggressive tightening cycle, raising interest rates by a cumulative 4.25% in the 2022, the most since 1980. Real assets such as gold (GLD +0.78%) and Global Infrastructure (-4.16%) and value stocks (IVE -7.82%) outperformed in 2022, as US inflation hit a four decade high at 9.1% year on year in July 2022. Commodities (DBC+18.17%) also outperformed, but most of the gains occurred in the first quarter on news of the war in Ukraine saw oil and wheat prices move higher. The most speculative asset classes like digital assets (BTC/USD -65.3%) and loss-making technology stocks (ARKK -66.98%) suffered the most in the year with a combination of hawkish central banks, war, increasing geopolitical tension between China and US, Covid impacts leading to significant increase in equity volatility (VIX +30.54%).

## MARKET REVIEW (CONT'D)

In Bond markets, bond market volatility remained elevated for most of the year as central banks raised interest rates on expectation of higher inflation. Contagion risks were significant in September on reports of UK pension funds forced selling of assets globally with Bloomberg reports of LDI or “liability-driven investing” funds tripling in asset size over the past decade to \$1.7 trillion; UK 10 year gilt yields spiked 146bp in six trading sessions reaching a 16 year as investors questioned the credibility of the government’s fiscal framework under the UK’s budgetary announcement from Liz Truss’ new Conservative leadership as Prime Minister of the UK. The UK government bond markets suffered significant losses and the British Pound Sterling hit an all-time low of \$1.03 in the closing days of September. The Bank of England (BOE) intervened by temporarily buying long dated gilts which calmed asset markets despite the continued US yield curve inversion.

Natural Resources (DBC +18.17%) recorded positive returns in the year, led by gains in coal, lithium and nickel. After an initial spike in the first quarter of 2022, oil prices closed the year almost flat. Within the precious metals component, the price of gold (GLD +0.78%) in USD ended year with small gains.

	1 Month	3 Months	6 Months	1 Year	3 Years	Since Inception
	01/12/2022 - 31/12/2022	01/10/2022 - 31/12/2022	01/07/2022 - 31/12/2022	01/01/2022 - 31/12/2022	01/01/2020 - 31/12/2022	21/12/2021 - 31/12/2022
<b>Balanced 60/40 S&amp;P Target Risk Growth Index (AOR)</b>	-4.57	3.65	-2.22	-17.51	-2.02	-16.81
<b>Global Equities MSCI All Country World Index (ACWI)</b>	-5.48	6.53	0.47	-20.18	6.01	-17.96
<b>US Equities S&amp;P 500 Index (SPY)</b>	-6.12	4.32	0.31	-19.95	17.72	-17.41
<b>Malaysian Equities (USD Returns) MSCI Malaysia Index (EWM)</b>	-0.52	12.02	3.68	-8.49	-21	-3.83
<b>Developed Market Equities MSCI EAFE Index (EFA)</b>	-3.14	14.92	4.79	-17.11	-6.42	-15.12
<b>Emerging Market Equities MSCI Emerging Markets Index (EEM)</b>	-3.78	6.91	-4.89	-22.97	-17.21	-21.43
<b>Growth Factor S&amp;P 500 Growth Index (IVW)</b>	-7.96	-1.2	-3.8	-30.62	19.22	-28.42
<b>Value Factor S&amp;P 500 Value Index (IVE)</b>	-4.31	9.83	4.2	-7.82	11.09	-4.95
<b>Size Factor Russell 2000 Index (IWM)</b>	-6.74	2.99	1.72	-22.62	5.18	-20.08



**MARKET REVIEW (CONT'D)**

	<b>1 Month</b>	<b>3 Months</b>	<b>6 Months</b>	<b>1 Year</b>	<b>3 Years</b>	<b>Since Inception</b>
	01/12/2022 - 31/12/2022	01/10/2022 - 31/12/2022	01/07/2022 - 31/12/2022	01/01/2022 - 31/12/2022	01/01/2020 - 31/12/2022	21/12/2021 - 31/12/2022
<b>Momentum Factor MSCI USA Momentum SR Variant Index (MTUM)</b>	-4	8.26	5.88	-19.91	15.84	-17.8
<b>Global Real Estate Dow Jones Global Select Real Estate Securities Index (RWO)</b>	-4.46	3.97	-8.46	-27.42	-20.1	-25.06
<b>Global Infrastructure S&amp;P Global Infrastructure Index (IGF)</b>	-4.7	7.18	-3.13	-4.16	-4.14	-0.91
<b>US Treasury Bonds IDC US Treasury 7-10 Year Index (IEF)</b>	-2.74	-1.2	-7.23	-15.93	-13.5	-17.04
<b>US Investment Grade Credit Markit iBoxx USD Liquid Investment Grade Index (LQD)</b>	-3.06	1.38	-5.12	-19.59	-17.78	-20.54
<b>Commodities DBIQ Optimum Yield Diversified Commodity Index (DBC)</b>	-2.8	0.82	-7.92	18.17	54.35	21.37
<b>Gold (GLD)</b>	1.07	7.08	0.78	0.78	17.85	1.57
<b>Bitcoin (BTC/USD)</b>	-2.47	-14.32	-14.13	-65.3	129.82	-66.19
<b>CBOE Volatility Index (VIX)</b>	9.22	-28.01	-18.84	30.54	73.78	3.14

## **INVESTMENT OUTLOOK**

The Fund's investment strategy involves employing a global multiple asset or cross-asset and strategic asset allocation framework, combined with tactical asset allocation overlays to enable a more active or dynamic asset allocation strategy; the strategic asset allocation framework employed by the Fund is based on leading United States university endowment funds such as Yale and Harvard universities which are characterized by relatively lower allocation to traditional asset classes (equities, fixed income instruments and cash) and a relatively higher allocation to a large number of alternative investment classes including hedge fund, absolute return strategies, private equity and other asset classes such as natural resources and real assets like real estate and infrastructure assets. The Fund may employ dynamic asset allocation within the abovementioned cross assets and investment strategies, with the goal of adapting to the highest risk adjusted asset allocation in the current market and economic regime as assessed by the Manager. The medium to long term outlook for the Fund continues to be positive given its focus on diversified multiple asset exposures through strategic asset allocation combined with tactical asset allocation overlays. Moreover, the use of long-short strategies combined with leverage can improve risk adjusted returns and help mitigate drawdowns in asset markets. It is important to note, however, that investors are recommended to hold an investment in the Fund over a longer time period of at least 5 years to 7 years as the shorter term performance of the Fund can be uncertain. Risks include non-trending or whipsaw asset markets and unforeseen events which may impact of the performance of multiple asset portfolio with long-short strategies and leverage employed.

Our longer term market outlook is to expect range trading markets similar to the 1966 to 1982 period as central banks continue to raise interest rates after a long period of declining interest rates amid high valuations in US equity markets; after an extended period of lower volatility and disinflation, we expect higher levels of volatility and inflation. Our base case remains that levels of inflation remain persistently higher than central bank targets; analysing 67 published studies on global inflation and monetary policy, Havranek and Rusnak (2013)<sup>4</sup> find that in a sample size of 198 instances of policy rate hikes of 1% or more in developed economies, the average lag until a 1% decrease in inflation was achieved was between roughly two and four years. Hence our working framework is that equities remain in a downtrend with risks of earnings downgrades in equities amid prospects for restrictive monetary policy; although we cannot rule out a significant bear market rally as base effects in calculating CPI inflation could see lower levels of inflation in 2023 compared to 2022 which we believe is now playing out in global asset markets. We remain committed to our flexible and pragmatic approach incorporating dynamic asset allocation given the uncertain macroeconomic and geopolitical environment. We continue to believe that risks remain elevated, as periods where the US Federal Reserve raise interest rates and withdraw liquidity, have historically been associated with risk-off events with heightened financial stability risks. Moreover, the hiking cycle is taking place in the context of elevated debt to GDP levels in developed economies not seen since the World War Two period and recessionary economic conditions in the US (i.e. Yield curve inversions and weaker PMIs). We believe that the market has been experiencing a regime change to shorter market cycles and higher volatility led by changes in the macroeconomic and geopolitical environment from disinflation to inflation and from globalization to a more multi-polar world. We expect our multi-asset approach with ability to hedge, can outperform (adjusting for risk), traditional investment strategies like a 60% equities/40% bond fund (AOR) which returned -17.51% for the one year period ending 31st December 2022.

We believe that our hybrid approach of discretionary fundamental investing and systematic investing emphasizing data-driven insights, scientific testing, and disciplined portfolio construction techniques is likely to outperform traditional investment strategies.

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<sup>4</sup> Havranek, Tomas, and Marek Rusnak. 2013. "Transmission Lags of Monetary Policy: A Meta-Analysis." *International Journal of Central Banking*, vol. 9, no. 4: 39–76.

## **PERFORMANCE ATTRIBUTION FOR YEAR ENDED 31 DECEMBER 2022**

Performa Balanced Cross Asset Fund (For the year ended 31 Dec 2022)

<b>Asset Class</b>	<b>Yearly Gross Estimated Attribution</b>
U.S. Equity (including hedging)	4.71%
Absolute Returns	-7.55%
Private Equity Replication	-1.95%
Natural Resources	1.48%
Real Estate and Infrastructure Assets	-0.81%
Global Equity (ex. U.S.)	-2.01%
Government Bonds	-1.38%
Precious Metals	0.27%
Corporate Bonds	0.02%
Total	-7.21%

## **FUND EXPOSURES**

Performa Balanced Cross Asset Fund (as at 31 Dec 2022)

<b>Asset Class</b>	<b>Gross Dollar Exposure</b>	<b>Net Dollar Exposure</b>
U.S. Equity	23.37%	-22.38%
Absolute Returns	19.66%	1.66%
Private Equity Replication	6.63%	6.63%
Natural Resources	4.79%	0.12%
Real Estate and Infrastructure Assets	0.11%	0.11%
Global Equity (ex. U.S.)	10.11%	3.19%
Government Bonds	2.44%	2.44%
Precious Metals	0.22%	0.22%
Corporate Bonds	6.24%	6.24%
Total	73.56%	-1.76%

*“This information is prepared by Cross Light Capital Sdn Bhd for information purposes only. Past earnings or the fund’s distribution record is not a guarantee or reflection of the fund’s future earnings/future distributions. Investors are advised that unit prices, distributions payable and investment returns may go down as well as up.”*

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

**SOFT COMMISSIONS AND REBATES**

Cross Light Capital Sdn Bhd (the “Manager”) and the Trustee will not retained any form of rebate or soft commission from, or otherwise share in any commission with, any broker in consideration for directing dealings in the investments of the Cross Light Capital’s funds (“Funds”) unless the soft commission received is retained in the form of goods and services such as research and advisory services that assist in the decision making process relating to the Fund’s investments. All dealings with brokers are executed on most favourable terms available for the Fund. Any rebates will be directed to the account of the Fund.

During the financial year under review, the Manager and the Trustee did not receive any rebates from the brokers or the dealers, and the Manager has not retained soft commission in the form of goods and services such as financial wire services and stocks quotations system incidental to investment management of the Funds.

**SECURITIES FINANCING TRANSACTIONS**

The Fund has not undertaken any securities lending or repurchase transactions during the financial year under review.

**STATE OF AFFAIR OF THE FUND**

There were no other significant changes in the state of affairs of the Fund during the financial year and up to the date of Manager’s report, not otherwise disclosed in the financial statements.

**CIRCUMSTANCES THAT MATERIALLY AFFECT ANY INTEREST OF UNIT HOLDERS**

There were no circumstances that had materially affected the interest of the unit holders during the financial year under review.

**CROSS TRADE**

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

**UNIT SPLIT**

No unit split exercise has been carried out during the financial year under review.

**FUND PERFORMANCE DATA AND NAV**

The Fund performance data reported is the lead series from launch with series accounting method adopted.

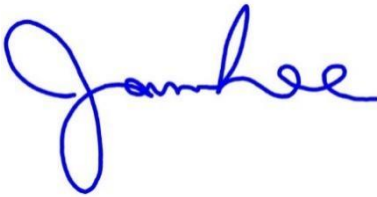
## **MANAGER'S STATEMENT**

### **TO THE UNIT HOLDERS OF PERFORMA BALANCED CROSS ASSET FUND**

I, Jason Yew Kit Lee, for and on behalf of the board of directors of the Manager, Cross Light Capital Sdn Bhd, state that in my opinion as the Manager, the financial statements hereby attached reflect a true and fair view of the Fund's financial position, and that the Fund has been operated and managed in accordance with the following:-

- (a) limitations imposed on the investment powers of the Manager and the Trustee under the Deed, the Securities Commission's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, the Capital Market and Services Act 2007 and other applicable laws;
- (b) valuation/pricing is carried out in accordance with the Deed and any regulatory requirements;
- (c) creation and cancellation of units are carried out in accordance with the Deed and relevant regulatory requirements; and
- (d) the distribution of income by the Fund is appropriate and reflects the investment objective of the Fund

For and on behalf of  
Cross Light capital Sdn Bhd  
[Company No.: 201901034174 (1343504-X)]



Jason Yew Kit LEE, Director

## **TRUSTEE'S REPORT**

TO THE UNIT HOLDERS OF PERFORMA BALANCED CROSS ASSET FUND

We have acted as Trustee of Performa Balanced Cross Asset Fund ("the Fund") for the period ended 31 Dec 2022. To the best of our knowledge, Cross Light Capital Sdn Bhd, the Manager, has operated and managed the Fund in accordance with the following:-

limitations imposed on the investment powers of the Manager and the Trustee under the Deed, the Securities Commission's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, the Capital Market and Services Act 2007 and other applicable laws;

valuation/pricing is carried out in accordance with the Deed and any regulatory requirements;

creation and cancellation of units are carried out in accordance with the Deed and relevant regulatory requirements; and

the distribution of income by the Fund is appropriate and reflects the investment objective of the Fund.

For and on behalf of  
PacificTrustees Berhad [Company No.: 199401031319 (317001-A)]



Razak Bin Ahmad  
Chief Executive Officer

Kuala Lumpur, Malaysia

27 February 2023

## **PERFORMA BALANCED CROSS-ASSET FUND**

### **STATEMENT BY MANAGER**

I, Jason Yew Kit Lee, being one of the director of Cross Light Capital Sdn. Bhd. (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying financial statements set out on pages 17 to 51 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 Performa Balanced Cross-Asset Fund as at 31 December 2022 and of its financial performance, changes in net asset value and cash flows for the financial period then ended.

For and on behalf of the Manager,  
**Cross Light Capital Sdn. Bhd.**



**Jason Yew Kit Lee**

Kuala Lumpur

27 February 2023

## **INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF PERFORMA BALANCED CROSS-ASSET FUND**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **Opinion**

We have audited the financial statements of Performa Balanced Cross-Asset Fund ("the Fund"), which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in net asset value and statement of cash flows of the Fund for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 17 to 51.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2022 and of its financial performance and its cash flows for the financial period 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 opinion.

#### *Independence and Other Ethical Responsibilities*

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

#### **Information Other than the Financial Statements and Auditors' Report Thereon**

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

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

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

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



## **INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF PERFORMA BALANCED CROSS-ASSET FUND**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)**

#### **Responsibilities of the Manager and the Trustee for the Financial Statements**

The Manager of the Fund is responsible for the preparation of 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. The Trustee is responsible for maintaining and ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

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 intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- 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 and 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.

## **INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF PERFORMA BALANCED CROSS-ASSET FUND**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)**

#### **Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)**

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

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **OTHER MATTERS**

This report is made solely to the unitholders of the Fund, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**Crowe Malaysia PLT**  
201906000005 (LLP0018817-LCA) & AF 1018  
Chartered Accountants

Kuala Lumpur

27 February 2023

**Ho Yen Ling**  
03378/06/2024 J  
Chartered Accountant

## PERFORMA BALANCED CROSS-ASSET FUND

### STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	2022 USD
<b>ASSETS</b>		
Investments	4	463,224
Amount due from broker		113,141
Other receivables		1,790
Cash and cash equivalents	5	1,370,337
<b>TOTAL ASSETS</b>		<b>1,948,492</b>
<b>LIABILITIES</b>		
Short position	6	485,959
Amount due to broker		77,239
Amount due to Manager	7	6,247
Other payables and accruals	8	88,762
<b>TOTAL LIABILITIES</b>		<b>658,207</b>
<b>UNITHOLDERS' FUND</b>		
Unitholders' capital		1,416,765
Accumulated losses		(126,480)
<b>NET ASSET VALUE ("NAV") ATTRIBUTABLE TO UNITHOLDERS</b>	9	<b>1,290,285</b>
<b>TOTAL UNITHOLDERS' FUND AND LIABILITIES</b>		<b>1,948,492</b>
<b>NUMBER OF UNITS IN CIRCULATION</b>	9(a)	<b>2,848,872</b>
<b>NAV PER UNIT (USD)</b>	9(b)	<b>0.4529</b>

## PERFORMA BALANCED CROSS-ASSET FUND

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

	Note	8.10.2021 to 31.12.2022 USD
<b>INVESTMENT (LOSS)/INCOME</b>		
Dividend income		14,927
Dividend expense		(4,095)
Interest income		10,779
Interest expense	10	(5,458)
Net realised loss on foreign exchange		(36)
Net realised loss on disposal of financial assets and liabilities at fair value through profit or loss ("FVTPL")	11	(89,448)
Net unrealised gain on changes in fair value of financial assets and liabilities at FVTPL	12	8,192
		<u>(65,139)</u>
<b>LESS: EXPENSES</b>		
Trustee's fee	13	2,620
Management fee expense	14	27,529
Commission and brokerage fee	17	3,432
Audit fee expense		1,679
Administrative expenses		21,693
		<u>56,953</u>
<b>NET LOSS BEFORE TAXATION</b>		<u>(122,092)</u>
Income tax expense	15	4,388
<b>NET LOSS AFTER TAXATION</b>		<u>(126,480)</u>
Other comprehensive income		-
<b>TOTAL COMPREHENSIVE EXPENSE FOR THE FINANCIAL PERIOD</b>		<u>(126,480)</u>
Net loss after taxation is made up as follows:		
- net realised loss		(134,672)
- net unrealised income		8,192
		<u>(126,480)</u>
Distribution during the financial period:-		
Net distribution	16	-
Gross distribution per unit (USD)	16	-
Net distribution per unit (USD)	16	-

## PERFORMA BALANCED CROSS-ASSET FUND

### STATEMENT OF CHANGES IN NET ASSET VALUE FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

	Note	Unitholders ' Capital USD	Accumulate d Losses USD	NAV attributable to Unitholders USD
<b>Balance as at 08.10.2021 (date of launch)</b>		-	-	-
Transactions with unitholders:				
- Creation of units	9(a)	1,416,765	-	1,416,765
		1,416,765	-	1,416,765
Net loss after taxation/Total comprehensive expense for the financial period		-	(126,480)	(126,480)
<b>Balance as at 31.12.2022</b>		1,416,765	(126,480)	1,290,285

## PERFORMA BALANCED CROSS-ASSET FUND

### STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

	Note	8.10.2021 to 31.12.2022 USD
<b>CASH FLOW FOR OPERATING ACTIVITIES</b>		
Purchase of investments		(13,879,460)
Proceeds from disposals of investments		14,889,047
Purchase of short position		(1,799,756)
Proceeds from disposals of short position		695,746
Net dividends received		10,539
Net dividends paid		(3,186)
Interest income received		10,779
Interest income paid		(5,458)
Manager's fee paid		(21,282)
Trustee's fee paid		(2,019)
Payments for other fees and expenses		(21,712)
<b>NET CASH FOR OPERATING ACTIVITIES</b>		<b>(126,762)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from issuance of units	9	1,416,765
Advance proceeds received from subscription		80,370
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>1,497,135</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>1,370,373</b>
<b>Effect of exchange rate in changes in cash and cash equivalents</b>		<b>(36)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>		<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	5	<b>1,370,337</b>

## PERFORMA BALANCED CROSS-ASSET FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

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

Performa Balanced Cross-Asset Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Deed dated 30 September 2021 between Cross Light Capital Sdn. Bhd. as the Manager and Pacific Trustees Berhad as the Trustee. The Fund is launched on 8 October 2021 and will continue to operate until determined otherwise by the Manager.

The principal activity of the Fund is to invest in a portfolio of investments that achieves medium to long term capital growth from absolute returns.

The Fund can invest in investments as defined in the Information Memorandum, which includes equities, fixed income, real estate and infrastructure assets, natural resources, precious metals, multiple asset class volatility, currencies, private equity replication strategies, absolute return or liquid alternative hedge fund strategies and digital assets.

The Manager, a company incorporated in Malaysia, is principally engaged in the business of assets and pension funds management. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Manager on 27 February 2023.

#### 2. BASIS OF PREPARATION

The financial statements of the Fund are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards (“MFRSs”) and International Financial Reporting Standards.

- 2.1 During the current financial period, the Fund has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

**MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

Amendment to MFRS 16: Covid-19 – Related Rent Concessions beyond 30 June 2021

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Fund’s financial statements.

## PERFORMA BALANCED CROSS-ASSET FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

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#### 2. BASIS OF PREPARATION (CONT'D)

- 2.2 The Fund has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period:

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current liabilities with Covenants	1 January 2024
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Fund upon their initial application.



## PERFORMA BALANCED CROSS-ASSET FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

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#### 3. SIGNIFICANT ACCOUNTING POLICIES

##### 3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

###### *Key Sources of Estimation Uncertainty*

The Manager believes that there are no key assumptions made 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 other than as disclosed below: -

###### **Income Taxes**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Fund recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made.

###### *Critical Judgements Made in Applying Accounting Policies*

The Manager believes that there are no instances of application of critical judgement in applying the Fund's accounting policies which will have a significant effect on the amounts recognised in the financial statements.

##### 3.2 FUNCTIONAL AND FOREIGN CURRENCIES

###### **(a) Functional and Presentation Currency**

The functional currency of the Fund is the currency of the primary economic environment in which the Fund operates.

The financial statements are presented in United States Dollars ("USD") which is the Fund's functional currency. The Fund considers USD as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions.

## PERFORMA BALANCED CROSS-ASSET FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

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#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 3.2 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

###### (b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition using exchange rates at the transaction dates. At the end of the reporting period, foreign currency monetary assets and liabilities are retranslated at the exchange rates of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange rate differences are recognised in profit or loss.

The principal exchange rates for the unit of foreign currency ruling at the end of the reporting period are as follows: -

	<b>2022</b> USD
Malaysian Ringgit	0.2266

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##### 3.3 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statement of financial position when the Fund has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and its definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

## PERFORMA BALANCED CROSS-ASSET FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

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#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 3.3 FINANCIAL INSTRUMENTS (CONT'D)

Financial instruments are offset when the Fund has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

##### **(a) Financial Assets**

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

##### *Debt Instruments*

##### **(i) Amortised Cost**

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate)

## PERFORMA BALANCED CROSS-ASSET FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

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#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 3.3 FINANCIAL INSTRUMENTS (CONT'D)

###### (a) Financial Assets (Cont'd)

###### *Debt Instruments (Cont'd)*

###### (ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

###### (iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Fund reclassifies debt instruments when and only when its business model for managing those assets change.

###### *Equity Instruments*

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Fund has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Fund's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

## PERFORMA BALANCED CROSS-ASSET FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

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#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 3.3 FINANCIAL INSTRUMENTS (CONT'D)

###### (b) Financial Liabilities

###### (i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

###### (ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability, or, where appropriate, a shorter period.

###### (c) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

## **PERFORMA BALANCED CROSS-ASSET FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

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#### **3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **3.4 AMOUNTS DUE FROM/TO BROKERS**

Amounts due from and to brokers represent receivables for securities sold and payables for securities 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 method, less provision for impairment for amounts due from brokers. A provision for impairment of amount due from brokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial re-organisation, and default in payments are considered indicators that the amount due from brokers is impaired. Once a financial asset or a group of similar financial assets have 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.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or loans expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premium or discounts.

## **PERFORMA BALANCED CROSS-ASSET FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

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#### **3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **3.5 IMPAIRMENT OF FINANCIAL ASSETS**

The Fund recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income, the receivables, deposit with a financial institution and cash at bank.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Fund in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Fund always recognises lifetime expected credit losses for receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Fund's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Fund recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Fund measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Fund recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

## PERFORMA BALANCED CROSS-ASSET FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

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#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 3.6 INCOME TAXES

###### (a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and 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).

###### (b) Deferred Tax

Deferred tax is recognised using the liability method for temporary differences other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

##### 3.7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and cash at financial institution.



## **PERFORMA BALANCED CROSS-ASSET FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

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#### **3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **3.8 INCOME**

Realised gain or loss on disposal of investments and short position is accounted for as the difference between net disposal proceeds and the carrying amount of investments, determined on a weighted average cost basis.

Interest income is recognised on an accrual basis using the effective interest method.

Dividend income is recognised on a declared basis, when the right to receive dividend payment is established.

##### **3.9 UNITHOLDERS' CAPITAL**

The unitholders' capital is classified as equity.

The Fund issues cancellable units, which are cancelled at the unitholder's option and are classified as equity. 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 ("NAV"). The outstanding units are carried at the redemption amount that is payable as at the date of the statement of financial position if the unitholder exercises the right to put the unit back to the Fund.

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

The units in the Fund are puttable instruments which entitle the unitholders to a pro-rata share of the net assets of the Fund. The units are subordinated and have identical features. There is no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase the units. The total expected cash flows from the units in the Fund over the life of the units are based on the change in the net assets of the Fund.

##### **3.10 NET ASSETS VALUE ATTRIBUTABLE TO UNITHOLDERS**

Net assets value attributable to unitholders represents the total equity in the statement of financial position, which is carried at the redemption amount that would be payable at the end of the reporting period if the unitholders exercised the right to redeem units of the Fund.

##### **3.11 DISTRIBUTIONS**

No distributions were declared on the Fund for the financial period ended 31 December 2022.

## PERFORMA BALANCED CROSS-ASSET FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

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#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 3.12 FAIR VALUE MEASUREMENTS

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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows: -

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

##### 3.13 OPERATING SEGMENTS

For management purposes, the Fund is managed as a portfolio of investments. The operating results are regularly reviewed by the Investment Manager and the Investment Team. The Investment Manager assumes the role of chief operating decision maker, for performance assessment purposes and to make decisions about resources allocated to investments in each segment.

#### 4. INVESTMENTS

	Note	2022 USD
Investments at FVTPL:-		
Exchange Traded Fund ("ETF") – outside Malaysia		463,224

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## PERFORMA BALANCED CROSS-ASSET FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

#### 4. INVESTMENTS (CONT'D)

The ETF - outside Malaysia held for trading at the end of the reporting period are as follows:-

Symbols	Quantity	Acquisition Cost USD	Fair Value USD	Percentage of NAV %
<b><u>New York Stock Exchange</u></b>				
IEF	329	32,219	31,512	2.44
LQD	116	12,730	12,230	0.95
EFA	193	12,500	12,669	0.98
EFV	523	23,950	23,995	1.86
EEM	332	12,587	12,583	0.98
EWJ	230	12,433	12,520	0.97
EWU	553	16,891	16,954	1.31
KWEB	859	22,008	25,942	2.01
GLD	17	2,857	2,884	0.22
GDV	1,107	31,243	31,727	2.46
PDBC	38	552	562	0.04
FXI	735	20,418	20,801	1.61
IGF	15	628	688	0.05
HYG	169	12,678	12,443	0.97
EMB	660	56,427	55,829	4.33
IVE	209	31,487	30,320	2.35
IJS	151	14,568	13,788	1.07
KRBN	481	20,913	17,542	1.36
CTA	1,238	32,198	32,200	2.50
RWX	25	623	669	0.05
CBON	2,768	65,390	61,270	4.75
VIG	42	6,384	6,378	0.49
DGS	396	17,221	17,420	1.35
EPI	316	10,523	10,298	0.80
<b>Total ETF - Outside Malaysia</b>		469,428	463,224	
<b>Deficit Of Fair Value Over Acquisition Cost</b>			6,204	

## PERFORMA BALANCED CROSS-ASSET FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

#### 5. CASH AND CASH EQUIVALENTS

	2022 USD
Cash at bank	96,793
Cash at financial institution	1,273,544
	<u>1,370,337</u>

#### 6. SHORT POSITION

	Note	2022 USD
Short position in:-		
Exchange Traded Fund ("ETF") – outside Malaysia		<u>485,959</u>

- a) The Exchange Traded Fund ("ETF") – outside Malaysia held for trading at the end of the reporting period are as follows:-

Symbols	Quantity	Acquisition Cost USD	Fair Value USD	Percentage of NAV %
<b>New York Stock Exchange</b>				
COPX	(892)	(32,627)	(31,604)	(2.45)
TLT	(25)	(2,497)	(2,489)	(0.19)
FEZ	(1,153)	(44,990)	(44,621)	(3.46)
	)			
SPY	(537)	(210,034)	(205,365)	(15.92)
XME	(605)	(30,897)	(30,135)	(2.34)
QQQ	(337)	(94,102)	(89,736)	(6.95)
VXX	(5,808)	(85,208)	(82,009)	(6.35)
	)			
<b>Total ETF - Outside Malaysia</b>		<u>(500,355)</u>	<u>(485,959)</u>	
<b>Deficit Of Fair Value Over Acquisition Cost</b>			<u>14,396</u>	

- b) The interest expense charges on the short position at the end of reporting period ranging from 0.26% to 13.29% per annum.

## PERFORMA BALANCED CROSS-ASSET FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

#### 7. AMOUNT DUE TO MANAGER

The amount due to manager represents amount payable for management fee.

#### 8. OTHER PAYABLES AND ACCRUALS

	2022 USD
Dividend payable	909
Accruals	87,853
	<u>88,762</u>

#### 9. NET ASSET VALUE ("NAV") ATTRIBUTABLE TO UNITHOLDERS

	Note	2022 USD
Unitholders' capital	(a)	1,416,765
Accumulated losses:		
- Realised		(134,673)
- Unrealised		8,192
		<u>(126,480)</u>
		1,290,285

a) Unitholders' capital

	2022 No of units	2022 USD
As at 8 October 2021 (date of launch)	-	-
Creation of units	2,848,872	1,416,765
As at 31 December 2022	<u>2,848,872</u>	<u>1,416,765</u>

b) Net Asset Value ("NAV") Per Unit

The Net Asset Value ("NAV") per unit represents a weighted average of the NAVs for the various outstanding series of the fund.

## PERFORMA BALANCED CROSS-ASSET FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

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#### 10. INTEREST EXPENSE

The interest expense represents interest charges arising from short position.

#### 11. NET REALISED LOSS ON DISPOSAL OF FINANCIAL ASSETS AND LIABILITIES AT FVTPL

08.10.2021  
to  
31.12.2022  
USD

Financial assets:	
Exchange Traded Fund ("ETF") – outside Malaysia	(105,044)
Financial liabilities:	
Exchange Traded Fund ("ETF") – outside Malaysia	15,596
	<hr/>
	(89,448)
	<hr/>

#### 12. NET UNREALISED GAIN ON CHANGES IN FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES AT FVTPL

08.10.2021  
to  
31.12.2022  
USD

Financial assets:	
Exchange Traded Fund ("ETF") – outside Malaysia	(6,204)
Financial liabilities:	
Exchange Traded Fund ("ETF") – outside Malaysia	14,396
	<hr/>
	8,192
	<hr/>

#### 13. TRUSTEE'S FEE

The Trustee's fee payable to Pacific Trustees Berhad is computed at up to 0.08% per annum of the NAV of the Fund (excluding foreign custodian fees and charges) subject to a minimum of RM10,000 per annum, whichever is higher.

#### 14. MANAGEMENT FEE

The Management fee is computed on a daily basis at 2% per annum of the NAV of the Fund before deducting the manager's fee and the trustee's fee for that particular valuation day.

## PERFORMA BALANCED CROSS-ASSET FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

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#### 15. INCOME TAX EXPENSE

08.10.2021  
to  
31.12.2022  
USD

Current tax expense:  
- for the financial period

4,388

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The tax charge for the financial period is on dividend income after deducting tax allowable expenses.

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

08.10.2021  
to  
31.12.2022  
USD

Net loss before taxation

(122,092)

---

Tax at the statutory tax rate of 24%

(29,302)

Tax effects of:-

Non-taxable income

(4,555)

Non-deductible expenses

37,438

Effects of differential in tax rates

807

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4,388

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#### 16. DISTRIBUTION DURING THE FINANCIAL YEAR

There was no distribution paid or proposed for the financial period under review.

## PERFORMA BALANCED CROSS-ASSET FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

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#### 17. TRANSACTIONS WITH A STOCKBROKING COMPANY

Details of the transactions with a stockbroking company during the financial period are as follows:-

	Value Of Trade USD	Percentage Of Total Trade %	Brokerage Fees And Commissions USD	Percentage Of Total Fees And Commissions %
Interactive Brokers LLC	31,574,969	100%	3,432	100%

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The directors of the Manager are of the opinion that the transactions have been entered into in the normal course of business and have been established based on terms and conditions that are obtainable in transactions with unrelated parties.

#### 18. RELATED PARTY DISCLOSURES

##### 18.1 Identities of related parties

The Fund has related party relationships with its Manager, Cross Light Capital Sdn Bhd. and Trustees, Pacific Trustees Berhad.

##### 18.2 Units held by the Manager and Parties related to the Manager

The Manager and Parties related to the Manager do not hold units from the fund.



## PERFORMA BALANCED CROSS-ASSET FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

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

The PTR of the Fund is the ratio of the average of the total acquisitions and disposals of investments of the Fund for the period over the average NAV of the Fund calculated on a daily basis. For the financial period ended 31 December 2022, the PTR of the Fund stood at 12.43 times.

The PTR is calculated as follows:

		2022 USD
A = Total Acquisitions of the Fund		15,772,051
B = Total Disposals of the Fund		15,802,978
PTR	=	$\frac{(A + B) / 2}{\text{average NAV of the Fund}}$
	=	$\frac{(15,772,051 + 15,802,978) / 2}{1,270,575}$
	=	12.43

The average NAV of the Fund for the financial period ended 31 December 2022 was USD1,270,575.

## PERFORMA BALANCED CROSS-ASSET FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

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#### 20. MANAGEMENT EXPENSE RATIO ("MER")

Management expense ratio is the ratio of the total fees and recovered expenses of the Fund expressed as a percentage of the Fund's average NAV of the Fund calculated on daily basis. The fees and expenses include Management fee, PerformanTrustee's fee, auditors' remuneration, Commission and brokerage fee, and other administrative expenses. The management expense ratio for the current year is 4.48%.

		2022 USD
A	Management fee	27,529
B	Performance fee	1,625
C	Trustee's fee	2,620
D	Auditors' remuneration	1,679
E	Commission and brokerage fee	3,432
F	Other administrative expenses	20,068
G	Average NAV of the Fund	1,270,575

MER	=	$\frac{(A+B+C+D+E+F)}{G} \times 100$
	=	$\frac{56,953}{1,270,575} \times 100$
	=	4.48%

The average NAV of the Fund for the financial year ended 31 December 2022 was USD1,270,575.

## PERFORMA BALANCED CROSS-ASSET FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

#### 21. OPERATING SEGMENTS

The Manager is responsible for allocating resources available to the Fund in accordance with the overall investment strategies as set out in the Information Memorandum of the Fund.

The following table provides an analysis of the Fund's operating income, assets and liabilities by business segments:-

08.10.2021 to 31.12.2022	ETF USD	Cash and liquid assets USD	Others USD	Total USD
<b>Statement Of Profit or Loss And Other Comprehensive Income</b>				
Dividend income	14,927	-	-	14,927
Dividend expense	(4,095)	-	-	(4,095)
Interest income	-	10,779	-	10,779
Interest expense	(5,458)	-	-	(5,458)
Net unrealised loss on disposal of financial assets and Liabilities at FVTPL	8,192	-	-	8,192
Net realised loss on disposal of financial assets and liabilities at FVTPL	(89,448)	-	-	(89,448)
Net realised loss on foreign exchange	-	(36)	-	(36)
<b>Total operating segment loss for the financial year</b>	<b>(75,882)</b>	<b>10,743</b>	<b>-</b>	<b>(65,139)</b>

# PERFORMA BALANCED CROSS-ASSET FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

### 21. OPERATING SEGMENTS (CONT'D)

31 December 2022	ETF USD	Cash and liquid assets USD	Others USD	Total USD
<b>Assets</b>				
Investments	463,224	-	-	463,224
Amount due from broker	113,141	-	-	113,141
Other receivables	-	-	1,790	1,790
Cash and cash equivalents	-	1,370,337	-	1,370,337
<b>Total segment assets</b>	<b>310,761</b>	<b>1,370,337</b>	<b>1,790</b>	<b>1,948,492</b>
<b>Liabilities</b>				
Short position	485,959	-	-	485,959
Amount due to broker	77,239	-	-	77,239
Amount due to Manager	-	-	6,247	6,247
Other payables and accruals	909	-	87,853	88,762
<b>Total segment assets</b>	<b>564,107</b>	<b>-</b>	<b>94,100</b>	<b>658,207</b>

Expenses of the Fund are not considered part of the performance of any operating segment. The following table provides reconciliation between net reportable segment loss and net loss after taxation:

	2022 USD
Net reportable segment operating loss	(65,139)
Expenses	(56,953)
Net loss before taxation	(122,093)
Income tax expense	(4,388)
Net loss after taxation	(126,480)

## **PERFORMA BALANCED CROSS-ASSET FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

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#### **22. FINANCIAL INSTRUMENTS**

The Fund's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Fund's business whilst managing its market risk (including equity price risk, foreign currency risk and interest rate risk), credit risk and liquidity risk.

##### **22.1 CAPITAL RISK MANAGEMENT**

The Fund Manager is responsible for identifying and controlling risks. The Board of Directors of the Manager is ultimately responsible for the overall risk management approach for the Fund.

Monitoring and controlling risks are primarily set up to be performed based on limits established by the Manager and Trustee. These limits reflect the inherent risk management set by the Manager and Trustee for the Fund as well as the level of the risk that the Fund is willing to accept. In addition, the Fund monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

The Fund has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy. The Manager also has compliance personnel to ensure that the Fund complies with the various regulations and guidelines stipulated in its Information Memorandum, the Securities Commission's Guidelines on Unlisted Capital Market Products Under The Lodge and Launch Framework in Malaysia and the Investment Team.

## PERFORMA BALANCED CROSS-ASSET FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

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

##### 22.2 FINANCIAL RISK MANAGEMENT POLICIES

The Fund's policies in respect of the major areas of treasury activity are as follows:-

##### (a) Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as equity prices, foreign exchange and interest rates. The policies in respect of the major areas of treasury activity are as follows:-

##### (i) Equity Price Risk

Equity price risk is the risk of unfavourable changes in the fair values of equities as the result of changes in the value of the individual shares. The equity price risk exposure arises from the Fund's investments in equity securities.

The Fund's concentration of equity price risk at the end of the reporting period analysed by the Fund's Investments and short position was as follows:

2022	USD	As a % Of NAV %
Investments:		
Exchange Traded Fund ("ETF") – outside Malaysia	463,224	35.90
Short position:		
Exchange Traded Fund ("ETF") – outside Malaysia	(485,959)	(37.66)

## PERFORMA BALANCED CROSS-ASSET FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

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

##### 22.2 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

###### (a) Market Risk (Cont'd)

###### (i) Equity Price Risk (Cont'd)

The following table details the sensitivity analysis to a reasonably possible change in the prices of the investments and short position as at the end of the reporting period, with all other variables held constant:-

	<b>31 December 2022</b>	
	Effect on Net Loss After Taxation (Decrease)/ Increase USD	Effect on NAV Attributable to Unitholders Increase/ (Decrease) USD
Investments:		
- strengthened by 5%	(23,161)	23,161
- weakened by 5%	23,161	(23,161)
Short position:		
- strengthened by 5%	(24,298)	24,298
- weakened by 5%	24,298	(24,298)

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## PERFORMA BALANCED CROSS-ASSET FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

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

##### 22.2 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Market Risk (Cont'd)

##### (ii) Foreign Currency Risk

The Fund is exposed to foreign currency risk on quoted investments, receivables, cash at bank and payables that are denominated in foreign currencies other than the respective functional currencies of entities within the Fund. The currencies giving rise to this risk is primarily Malaysian Ringgit. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The following table set out the Fund's exposure to foreign currency risk as at the end of the reporting period.

##### *Foreign Currency Exposure*

	USD	As a % of NAV %
<b>31 December 2022</b>		
Malaysian Ringgit:		
- Cash and cash equivalents	73,919	5.73
- Other payables and accruals	(76,151)	(5.90)

##### (iii) Foreign Currency Risk

##### *Foreign Currency Risk Sensitivity Analysis*

The following table details the sensitivity analysis to a reasonable potential change in the foreign currencies as at the end of the reporting period, with all other variables held constant:

	Effect On Net Loss After Taxation (Decrease)/ Increase USD	Effect On NAV attributable to Unitholders (Decrease)/ Increase %
<b>31 December 2022</b>		
Malaysian Ringgit:		
- Strengthened by 5%	3,696	0.29
- Weakened by 5%	(3,808)	(0.30)



## PERFORMA BALANCED CROSS-ASSET FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

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

##### 22.2 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

###### (a) Market Risk (Cont'd)

###### (iii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's exposure to interest rate risk arises mainly from cash at financial institution and short position. The Fund's policy is to obtain the most favourable interest rates available.

Information relating to the Fund exposure to the interest rate risk of the deposit with a financial institution is disclosed in Note 5 to the financial statements.

###### *Interest Rate Risk Sensitivity Analysis*

Twenty-five basis points strengthening in the interest rate as at the end of the reporting period would have increased net loss after taxation by USD2,211. Twenty-five basis points weakening would have had an equal but opposite effect on the net loss after taxation. This assumes that all other variables remain constant.

###### (b) 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. The Fund is exposed to cash redemptions of its units every now and then. Units sold to unitholders by the Manager are redeemable at the unitholder's option based on the Fund's NAV per unit at the time of redemption calculated in accordance with the Fund's Information Memorandum. The Manager monitors the Fund's liquidity position regularly.

The Manager's policy is to always maintain a prudent and sufficient level of liquid assets so as to meet normal operating requirements and expected redemption requests by unitholders. Liquid assets comprise cash and other instruments which are capable of being converted into cash within seven (7) days.

The Manager also manages the potential redemption risk by having a relatively high percentage of the portfolio in more liquid equity instruments which can be converted into cash within a short period of time. In addition, the liquidity risk is managed by giving the Manager fifteen (15) working days to pay the unitholder once a redemption is received.

## PERFORMA BALANCED CROSS-ASSET FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

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

##### 22.2 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Liquidity Risk (Cont'd)

##### *Maturity Analysis*

The following table sets out the maturity profile of the Fund's issue (classified as equity instruments) and financial liabilities. Balances due within six (6) months equal their carrying amounts, as the impact of discounting is insignificant. The table also analyses the maturity profile of the Fund's financial assets (undiscounted where appropriate) and equity in order to provide a complete view of the Fund's contractual commitments and liquidity.

	1 - 3 months	3 - 6 months	Over 6 months	Total
31 December 2022	USD	USD	USD	USD
<b>Financial Assets:</b>				
Investments	463,224	-	-	463,224
Amount due from broker	113,141	-	-	113,141
Other receivables	1,790	-	-	1,790
Cash and cash equivalents	1,370,337	-	-	1,370,337
	1,948,492	-	-	1,948,492
<b>Financial Liabilities:</b>				
Short position	485,959	-	-	485,959
Amount due to broker	77,239	-	-	77,239
Amount due to Manager	6,247	-	-	6,247
Other payables and accruals	88,762	-	-	88,762
	658,207	-	-	658,207
Unitholder's Fund	1,290,285	-	-	1,290,285

## PERFORMA BALANCED CROSS-ASSET FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

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

##### 22.2 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

###### (b) Liquidity Risk (Cont'd)

###### (i) Financial Assets

Analysis of financial assets at FVTPL into maturity groupings is based on the expected date on which these assets can be realised. The Fund's investments have been included in the "1-3 months category" on the assumption that those are liquid investments which can be realised should all of the Fund's unitholders capital be required to be redeemed.

###### (ii) Financial Liabilities

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When a counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Fund can be required to pay.

###### (iii) Unitholders' Fund

As unitholders can request for redemption on their units every quarter by giving the Manager an irrevocable written redemption form before 1 pm on redemption day, they have been categorised as having a maturity of "between one (1) to three (3) months". The Manager believes that it would be able to liquidate other investments should the need arise to satisfy all the redemption requirements of the Fund.

###### (c) Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will cause financial loss for the Fund by failing to discharge an obligation. The Fund is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations to make timely repayments of interest, principal and proceeds from realisation of investments. These credit exposures exist within financing relationships, derivatives and other transactions.

The Fund Manager manages the Fund's credit risk by undertaking credit evaluation and close monitoring of any changes to the issuer/counterparty's credit profile to minimise such risk. It is the Fund's policy to buy financial instruments with reputable counterparties. The Manager also closely monitors the creditworthiness of the Fund's counterparties by reviewing their credit ratings and credit profiles on a regular basis.

At the reporting date, the Fund's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position. None of the Fund's financial assets were past due or impaired as at the end of the reporting period.

PERFORMA BALANCED CROSS-ASSET FUND

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

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22. FINANCIAL INSTRUMENTS (CONT'D)

22.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2022 USD
<b>Financial Assets</b>	
<u>Fair Value Through Profit or Loss</u>	
Investments	463,224
<u>Amortised Cost</u>	
Amount due from broker	113,141
Other receivables	1,790
Cash and cash equivalents	1,370,337
	1,948,492
<b>Financial Liabilities</b>	
<u>Fair Value Through Profit or Loss</u>	
Short position	485,959
<u>Amortised Cost</u>	
Amount due to broker	77,239
Amount due to Manager	6,247
Other payables and accruals	88,762
	658,207

## PERFORMA BALANCED CROSS-ASSET FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

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

##### 22.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

08.10.2021  
to  
31.12.2022  
USD

##### **Financial Assets**

##### Fair Value Through Profit or Loss

Net realised loss recognised in profit or loss

(105,044)

Net unrealised loss recognised in profit or loss

(6,204)

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(111,248)

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##### **Financial Liabilities**

##### Fair Value Through Profit or Loss

Net realised gain recognised in profit or loss

15,596

Net unrealised gain recognised in profit or loss

14,396

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29,992

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##### 22.5 FAIR VALUE INFORMATION

The Fund has carried its investments and short position that are classified as FVTPL at their fair values, determined at their quoted closing prices at the end of the reporting period. These financial assets and liabilities belong to level 1 of the fair value hierarchy.

The fair values of the other financial assets and financial liabilities which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments. The fair values are included in level 2 of the fair value hierarchy.

There were no transfers between level 1 and level 2 during the financial period.

#### 23. COMPARATIVES

These are the first set of the Fund's financial statements since its date of launch. Hence, no comparative figures are presented.