



Cross Light Capital

CLC CROSS-ASSET STRATEGIC ALPHA FUND

ANNUAL REPORT
31 DECEMBER 2023

MANAGER

Cross Light Capital Sdn Bhd
201901034174 (1343504-X)

TRUSTEE

Pacific Trustees Bhd
199401031319 (317001-A)

Annual Report and Financial Statements as at 31 December 2023

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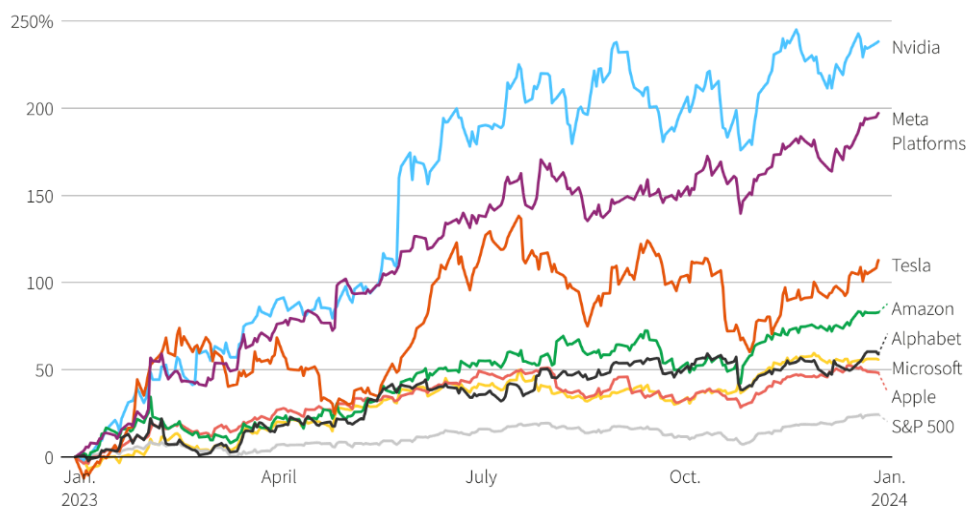
INVESTORS' LETTER

Dear Valued Investor,

We are pleased to bring you a copy of the Annual Fund Report of the CLC Cross-Asset Strategic Alpha Fund for the financial year ended 31 December 2023. You may also download this report from our website at www.crosslightcapital.com.

The year started with financial markets experiencing significant turbulence with heightened recession risks due to the collapse of Silicon Valley Bank and concerns surrounding a US regional banking crisis. However, the latter half of 2023 witnessed a stabilization of asset prices, limited contagion of US regional banks' issues, continued fiscal support, and optimism regarding interest rate cuts by the US Federal Reserve. The Fund underperformed the benchmark in 2023 after significant outperformance in 2022 and in 2021 for the equivalent private mandates; this underperformance was primarily influenced by the dominance of US large-cap technology stocks in the S&P 500¹, underperformance of value stocks and the whipsaw nature of markets in 2023.

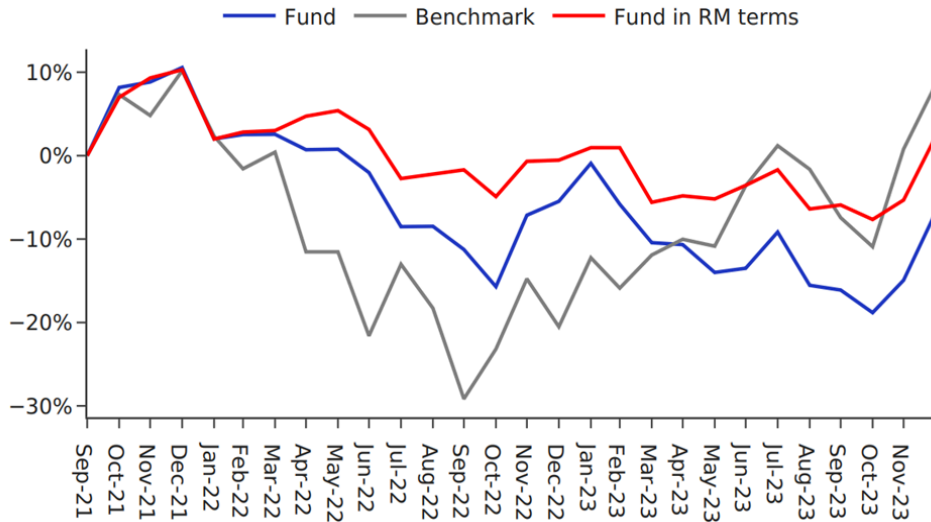
The "Magnificent Seven" tech and growth stocks have outperformed the broader U.S. market in 2023



Source: Reuters

We remain committed to our US university endowment replication strategy, which aims to provide investors with exposure to three key areas: diversified mixed assets, global value stocks, and momentum or trend-following risk premia. **Looking ahead, we anticipate improved performance as the narrow rally of large-cap US technology stocks broadens to include other asset classes and global value stocks which have significantly underperformed.** Furthermore, we are delighted to report that the Fund, when evaluated in RM terms, has surpassed its initial launch value in October 2021; our investment philosophy intentionally avoids currency hedging for our mixed asset exposure.

¹ The "Magnificent Seven" outperformed other S&P 500 stocks by a wide margin. While these tech giants gained an impressive 111% on average, the remaining 493 stocks would have delivered only a modest 8% return.

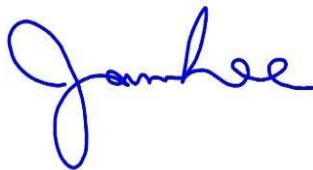


	1 Month 01/12/2023 - 31/12/2023	3 Months 01/10/2023 - 31/12/2023	6 Months 01/07/2023 - 31/12/2023	1 Year 01/01/2023 - 31/12/2023	3 Years 01/01/2021 - 31/12/2023	Since Inception 01/10/2021 - 31/12/2023
Fund	9.55%	11.08%	7.73%	-1.41%	N/A	-6.81%
Benchmark	7.66%	17.22%	12.57%	36.50%	24.32%	8.50%
Outperformance	1.89%	-6.14%	-4.84%	-37.91%	N/A	-15.31%

The challenging investment climate of 2022 and first 10 months of 2023 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 0.38 in 2023** 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 and on behalf of Cross Light Capital Sdn Bhd



Jason Yew Kit LEE
Director

ANNUAL REPORT

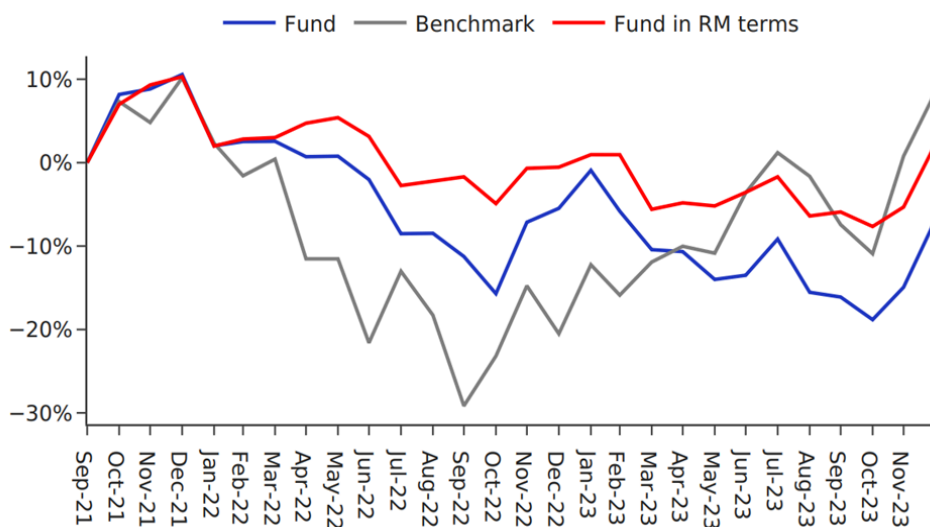
Fund Information

Fund Name	CLC Cross-Asset Strategic Alpha Fund
Fund Type	Growth
Fund Category	Global Multi-Asset
Investment Objective	The Fund aims to achieve medium to long term capital growth from absolute returns.
Benchmark	<p>Two (2) times 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 Depository Receipts S&P 500 ETF (SPY) and IQ Hedge Multi-Strategy Tracker ETF (QAI) rebalanced daily at zero trading cost:</p> <p><i>R Benchmark = 2/3 iShares Core Growth Allocation ETF (AOR) + 2/3 SPDR S&P 500 ETF Trust (SPY) + 2/3 IQ Hedge Multi-Strategy Tracker ETF (QAI)</i> <i>where "R" denotes total returns and "x" denotes "multiplied" or "times".</i></p> <p>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.</p>
Distribution Policy	The Fund is not expected to make distributions.

Fund Performance Data

Category	As at 31 Dec 2023	As at 30 Dec 2022
Total NAV (USD)	4,598,545.23	5,324,046
NAV per Unit (USD Lead)	0.4659	0.4726
Units in Circulation	9,871,843.8567	11,268,783.72

Movement of the Fund versus the Benchmark



	1 Month 01/12/2023 - 31/12/2023	3 Months 01/10/2023 - 31/12/2023	6 Months 01/07/2023 - 31/12/2023	1 Year 01/01/2023 - 31/12/2023	3 Years 01/01/2021 - 31/12/2023	Since Inception 01/10/2021 - 31/12/2023
Fund	9.55%	11.08%	7.73%	-1.41%	N/A	-6.81%
Benchmark	7.66%	17.22%	12.57%	36.50%	24.32%	8.50%
Outperformance	1.89%	-6.14%	-4.84%	-37.91%	N/A	-15.31%

This information, net of fees, is prepared by Cross Light Capital Sdn Bhd for informational 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.

Asset Allocation

Category	31.12.2023 (% of NAV)
Portfolio Composition	
- U.S. Equity	14.17
- Global Equity (ex. U.S.)	32.47
- Private Equity Replication	20.95
- Real Estate and Infrastructure	22.42
- Absolute Returns	8.37
- Government Bonds	11.43
- Corporate Bonds	18.90
- Natural Resources	0.54
- Precious Metals	9.29
- Digital Assets	4.98
Equities, ETFs, ETNs and/or collective investment schemes	143.4%
Net cash and/or cash equivalents	-43.4%
Others	0
Total NAV (USD)	4,598,545.23
NAV per Unit (USD)	0.4660 ²
Unit in Circulation	9,871,843.8567
Highest NAV	0.4954 ³
Lowest NAV	0.4059
Gross Distribution per Unit (USD)	Nil
Net Distribution per Unit (USD)	Nil
Management Expense Ratio (%)	3.36
Portfolio Turnover Ratio (times)	37

Category	31.12.2023 (% of NAV)
Equities, ETFs, ETNs and/or collective investment schemes	143.4
Net cash and/or cash equivalents	-43.4
Others	0
Total	100

² This NAV represents a weighted average of the NAVs for the various outstanding series of the fund.

³ 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 potential 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

2023 was characterized by whipsaw equity markets before a rally in the last quarter of the year with US equities and large cap US technology stocks in particular, leading indexes higher. These gains were driven by factors such as the expectation that the US Federal Reserve rate hike cycle will be complete, optimism surrounding advancements in artificial intelligence, and signs of economic improvement. US equities, in particular, rallied, with sectors like technology and real estate performing well amid expectations of rate cuts. Similarly, Eurozone shares rose on expectations of no further rate hikes, supported by softer inflation data. UK stocks also gained ground, especially small and mid-cap indices, buoyed by optimism about interest rates reaching their peak.

In contrast, emerging market equities (EEM +8.95%) significantly lagged behind their developed counterparts throughout the year. Concerns over higher interest rates and a

stronger US dollar weighed on these markets, although there were notable performances in specific countries such as Poland and Peru. Asia ex Japan equities saw gains overall, except in China, where concerns over economic growth persisted despite stimulus efforts.

In the fixed income markets (US Investment Grade Credit Markit iBoxx USD Liquid Investment Grade Index (LQD +9.4%) and US 7-10 year Treasury Bonds (IEF +3.64%), government bond yields initially fell but rallied later in anticipation of rate cuts. Volatility remained high, fueled by downgrades to US credit ratings and rate hikes by central banks, which contributed to fluctuating investor sentiment.

Commodities experienced mixed to negative returns over the year. While there were gains in the precious metals and industrial metals, losses in the energy sector notably natural gas, crude oil and gas oil led to negative returns in 2023. The Commodities DBIQ Optimum Yield Diversified Commodity Index (DBC -6.19%), which tracks commodity prices, declined overall, led by weaker energy prices.

In the digital asset markets, there were fluctuations influenced by regulatory developments and anticipation of industry clarity. Bitcoin (BTC/USD +155.42%), Ether, and listed companies exposed to blockchain posted significant gains driven by speculation around a potential approval of a US Bitcoin ETF and positive industry developments.

	1 Month	3 Months	6 Months	1 Year	3 Years	Since Inception
	01/12/2023 - 31/12/2023	01/10/2023 - 31/12/2023	01/07/2023 - 31/12/2023	01/01/2023 - 31/12/2023	01/01/2021 - 31/12/2023	01/10/2021 - 31/12/2023
Balanced 60/40 S&P Target Risk Growth Index (AOR)	3.58%	9.21%	5.67%	15.74%	8.56%	1.44%
Global Equities MSCI All Country World Index (ACWI)	4.04%	11.22%	7.09%	22.27%	18.42%	6.74%
US Equities S&P 500 Index (SPY)	3.95%	11.64%	8.04%	26.18%	32.9%	14.67%
Malaysian Equities (USD Returns) MSCI Malaysia Index (EWM)	1.23%	5.02%	8.06%	-3.61%	-16.1%	-7.57%
Developed Market Equities MSCI EAFE Index (EFA)	4.26%	10.7%	5.23%	18.36%	12.93%	4.2%
Emerging Market Equities MSCI Emerging Markets Index (EEM)	3.12%	7.96%	3.57%	8.95%	-16.6%	-14.84%

Growth Factor S&P 500 Growth Index (IVW)	3.39%	10.07%	7.2%	29.83%	20.62%	3.71%
Value Factor S&P 500 Value Index (IVE)	4.66%	13.55%	8.96%	22.07%	44.01%	24.99%
Size Factor Russell 2000 Index (IWM)	8.94%	13.98%	8.07%	16.83%	6.4%	-5.25%
Momentum Factor MSCI USA Momentum SR Variant Index (MTUM)	4.48%	12.56%	9.33%	9.15%	1.13%	-7.41%
Global Real Estate Dow Jones Global Select Real Estate Securities Index (RWO)	7.24%	15.69%	8.64%	10.91%	8.84%	-6.92%
Global Infrastructure S&P Global Infrastructure Index (IGF)	3.0%	10.78%	2.14%	6.14%	16.94%	9.78%
US Treasury Bonds IDC US Treasury 7-10 Year Index (IEF)	2.8%	6.41%	1.65%	3.64%	-14.99%	-11.96%
US Investment Grade Credit Markit iBoxx USD Liquid Investment Grade Index (LQD)	3.63%	10.1%	4.93%	9.4%	-11.86%	-9.86%
Commodities DBIQ Optimum Yield Diversified Commodity Index (DBC)	-2.84%	-7.36%	1.86%	-6.19%	58.25%	15.28%
Gold (GLD)	-0.44%	11.5%	7.24%	12.69%	7.18%	16.41%
Bitcoin (BTC/USD)	9.24%	51.03%	38.17%	155.42%	45.73%	-3.48%
CBOE Volatility Index (VIX)	-1.43%	-28.94%	-8.39%	-42.55%	-45.27%	-46.2%

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 above mentioned 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 the performance of multiple asset portfolios with long-short strategies and leverage employed.

After a long period of declining interest rates with the US Federal Reserve Funds rate peaking at 20% in 1981 and ending at 0% to 0.25% during the 2008 financial crisis and again in March 2020, we expect higher levels of interest rates going forward. Given our expectation of higher cost of capital amid high equity valuations especially in US equity markets, our structural outlook is range trading equity markets similar to the 1966 to 1982 period with lower equity index returns. Our base case remains that levels of inflation remain persistently higher than central bank targets; analyzing 67 published studies on global inflation and monetary policy, Havranek and Rusnak (2013)⁴ 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. Moreover, our expectation of a higher cost of capital is taking place in the context of elevated debt to GDP levels in developed economies not seen since the World War Two period. Hence our working framework is to assume that asset markets are 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 amid elevated debt to GDP levels and stretched US equity valuations. We remain committed to our flexible and pragmatic approach incorporating dynamic asset allocation given the

⁴ 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.

uncertain macroeconomic and geopolitical environment. We expect our multi-asset approach with the ability to hedge, to outperform traditional investment strategies like a 60% equities/40% bond fund (AOR) (adjusting for risk). Our investment philosophy is to have diversified exposures to mixed assets including real assets, value stocks, digital assets, and momentum or “trend following” risk premia which we believe will outperform. 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 and provide important diversification benefits to investors.

Performance Attribution

For Year Ended 31 December 2023

Asset Class	Annual Gross Estimated Attribution
U.S. Equity (including hedging)	1.36%
Global Equity (ex. U.S.)	0.41%
Private Equity Replication	3.10%
Real Estate and Infrastructure Assets	0.31%
Absolute Returns	-12.33%
Government Bonds	0.27%
Corporate Bonds	0.58%
Natural Resources	-1.3%
Precious Metals	3.80%
Digital Assets	2.96%

Exposures

For Year Ended 31 December 2023

Asset Class	Gross Dollar Exposure	Net Dollar Exposure
U.S. Equity (including hedging)	26.16%	0.73%
Global Equity (ex. U.S.)	17.94%	15.26%
Private Equity Replication	51.83%	42.44%
Real Estate and Infrastructure Assets	19.58%	16.50%
Absolute Returns	55.39%	7.30%
Government Bonds	11.81%	8.12%
Corporate Bonds	27.21%	9.68%
Natural Resources	0.55%	0.60%
Precious Metals	43.80%	3.43%
Digital Assets	11.50%	12.67%
Total	265.77%	116.73%

This information is prepared by Cross Light Capital Sdn Bhd for informational 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.

Soft Commissions and Rebates

Cross Light Capital Sdn Bhd (the “Manager”) and the Trustee will not retain 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 Affairs of the Funds

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 the 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 Trades

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

Unit Splits

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

Fund Performance and NAV Data

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

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF CLC CROSS-ASSET STRATEGIC ALPHA FUND

We have acted as Trustee of CLC Cross-Asset Strategic Alpha Fund ("the Fund") for the period ended 31 December 2023. To the best of our knowledge, Cross Light Capital Sdn Bhd, the Manager, has operated and managed the Fund 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
Pacific Trustees Berhad [Company No: 199401031319 (317001-A)]



Razak Bin Ahmad
Chief Executive Officer

Kuala Lumpur, Malaysia
27th February 2024

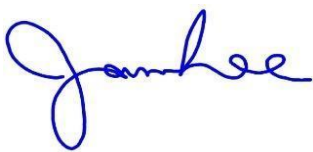
MANAGER'S STATEMENT

TO THE UNIT HOLDERS OF CLC CROSS-ASSET STRATEGIC ALPHA 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

Kuala Lumpur, Malaysia
27th February 2024

**CLC CROSS-ASSET
STRATEGIC ALPHA FUND**

FINANCIAL REPORT
for the financial year ended 31 December 2023

CLC CROSS-ASSET STRATEGIC ALPHA FUND

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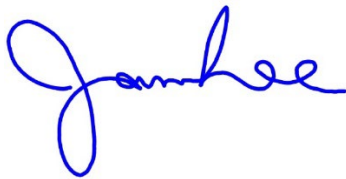
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CLC CROSS-ASSET STRATEGIC ALPHA FUND

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 5 to 43 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 CLC Cross-Asset Strategic Alpha Fund as at 31 December 2023 and of its financial performance, changes in net asset value and cash flows for the financial year then ended.

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



Jason Yew Kit Lee

Kuala Lumpur

29 February 2024

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF CLC CROSS-ASSET STRATEGIC ALPHA FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of CLC Cross-Asset Strategic Alpha Fund ("the Fund"), which comprise the statement of financial position as at 31 December 2023, 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 year then ended, and notes to the financial statements, comprising material accounting policy information and other explanatory information, as set out on pages 5 to 43.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2023 and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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 CLC CROSS-ASSET STRATEGIC ALPHA 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 CLC CROSS-ASSET STRATEGIC ALPHA 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

29 February 2024

Ho Yen Ling
03378/06/2024 J
Chartered Accountant

CLC CROSS-ASSET STRATEGIC ALPHA FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	2023 USD	2022 USD
ASSETS			
Investments	4	8,014,010	3,479,470
Amount due from broker		2,362,547	818,090
Other receivables		6,376	4,190
Cash and cash equivalents	5	26,765	5,617,696
TOTAL ASSETS		10,409,698	9,919,446
LIABILITIES			
Deferred tax liabilities	6	8,134	-
Short position	7	1,414,011	4,039,978
Amount due to broker		1,198,177	508,056
Amount due to manager	8	21,373	25,552
Other payables and accruals	9	32,467	21,814
Margin financing	10	3,136,991	-
TOTAL LIABILITIES		5,811,153	4,595,400
UNITHOLDERS' FUND			
Unitholders' capital		5,240,204	5,852,331
Accumulated losses		(641,659)	(528,285)
NET ASSET VALUE ("NAV") ATTRIBUTABLE TO UNITHOLDERS	11	4,598,545	5,324,046
TOTAL UNITHOLDERS' FUND AND LIABILITIES		10,409,698	9,919,446
NUMBER OF UNITS IN CIRCULATION	11(a)	9,871,844	11,268,784
NAV PER UNIT (USD)	11(b)	0.4658	0.4725

CLC CROSS-ASSET STRATEGIC ALPHA FUND

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	1.1.2023 to 31.12.2023 USD	2.8.2021 to 31.12.2022 USD
INVESTMENT INCOME/(LOSS)			
Dividend income		163,414	150,326
Dividend expense		(54,921)	(50,863)
Interest income		57,815	21,734
Interest expense	12	(43,503)	(46,148)
Net realised gain/(loss) on foreign exchange		36	(381)
Net realised loss on disposal of financial assets and liabilities at fair value through profit or loss ("FVTPL")	13	(135,440)	(440,733)
Net unrealised gains on changes in fair value of financial assets and liabilities at FVTPL	14	90,893	86,238
Redemption fee income		13,098	-
		91,392	(279,827)
LESS: EXPENSES			
Trustee's fee	15	4,095	4,200
Management fee	16	93,293	110,562
Commission and brokerage fee		30,999	29,650
Audit fee		3,022	3,051
Performance fee		-	31,447
Administrative expenses		25,255	25,922
		156,664	204,832
NET LOSS BEFORE TAXATION		(65,272)	(484,659)
Income tax expense	17	(48,102)	(43,626)
NET LOSS AFTER TAXATION		(113,374)	(528,285)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR/PERIOD		(113,374)	(528,285)
Net loss after taxation is made up as follows:			
- net realised loss		(204,267)	(614,523)
- net unrealised income		90,893	86,238
		(113,374)	(528,285)
Distribution during the financial year/period:-			
Net distribution	18	-	-
Gross distribution per unit (USD)	18	-	-
Net distribution per unit (USD)	18	-	-

CLC CROSS-ASSET STRATEGIC ALPHA FUND

STATEMENT OF CHANGES IN NET ASSET VALUE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Unitholders' Capital USD	Accumulated Losses USD	NAV Attributable to Unitholders USD
Balance as at 2.8.2021 (date of launched)		-	-	-
Transactions with unitholders:				
- Creation of units	11(a)	7,175,658	-	7,175,658
- Cancellation of units	11(a)	(1,323,327)	-	(1,323,327)
		5,852,331	-	5,852,331
Net loss after taxation/Total comprehensive expense for the financial period		-	(528,285)	(528,285)
Balance as at 31.12.2022/1.1.2023		5,852,331	(528,285)	5,324,046
Transactions with unitholders:				
- Cancellation of units	11(a)	(612,127)	-	(612,127)
		(612,127)	-	(612,127)
Net loss after taxation/Total comprehensive expense for the financial year		-	(113,374)	(113,374)
Balance as at 31.12.2023		5,240,204	(641,659)	4,598,545

CLC CROSS-ASSET STRATEGIC ALPHA FUND

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	1.1.2023 to 31.12.2023 USD	2.8.2021 to 31.12.2022 USD
CASH FLOWS FOR OPERATING ACTIVITIES			
Purchase of investments		(126,043,335)	(112,453,112)
Proceeds from sale of investments		121,625,245	108,548,842
Purchase of short position		(48,325,459)	(46,822,135)
Proceeds from sale of short position		44,684,159	50,622,384
Net dividends received		117,070	106,700
Net dividends paid		(62,306)	(42,444)
Interest income received		62,005	17,544
Interest expense paid		(23,119)	(46,148)
Fee income from redemptions/withdrawals		13,098	-
Manager's fee paid		(97,472)	(85,010)
Trustee's fee paid		(4,174)	(3,108)
Payments for other fees and expenses		(61,543)	(77,767)
NET CASH FOR OPERATING ACTIVITIES		(8,115,831)	(234,254)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES			
Proceeds from issuance of units	11	-	7,175,658
Payments on redemption of units	11	(612,127)	(1,323,327)
NET CASH (FOR)/FROM INVESTING ACTIVITIES		2,524,864	5,852,331
CASH FLOWS FROM FINANCING ACTIVITY			
Margin financing from broker	10	3,136,991	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(5,590,967)	5,618,077
Effect of exchange rate in changes in cash and cash equivalents		36	(381)
CASH AND CASH EQUIVALENTS AT BEGINNING/ (DATE OF LAUNCHED) OF THE FINANCIAL YEAR/PERIOD		5,617,696	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD	5	26,765	5,617,696

CLC CROSS-ASSET STRATEGIC ALPHA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

CLC Cross-Asset Strategic Alpha Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Deed dated 9 July 2021 between Cross Light Capital Sdn. Bhd. as the Manager and Pacific Trustees Berhad as the Trustee. The Fund is launched on 2 August 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 29 February 2024.

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 year, 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)

MFRS 17: Insurance Contracts

Amendments to MFRS 17: Insurance Contracts

Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information

Amendments to MFRS 101: Disclosure of Accounting Policies

Amendments to MFRS 108: Definition of Accounting Estimates

Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRS 112: International Tax Reform – Pillar Two Model Rules

CLC CROSS-ASSET STRATEGIC ALPHA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. BASIS OF PREPARATION (CONT'D)

- 2.1 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 of the Fund except as follows:-

Amendments to MFRS 101: Disclosure of Accounting Policies

The Amendments to MFRS 101 'Disclosure of Accounting Policies' did not result in any changes to the existing accounting policies of the Fund. The amendments require the disclosure of 'material' rather than 'significant' accounting policies and provide guidance on how entities apply the concept of materiality in making decisions about the material accounting policy disclosures. The Fund has made updates to the accounting policies presented in Note 3 to the financial statements in line with the amendments.

- 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 year: -

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

Effective Date

Amendments to MFRS 10 and MFRS 128: Sale of 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 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendment to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 112: Lack of Exchangeability	1 January 2025

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.

CLC CROSS-ASSET STRATEGIC ALPHA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION

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 recognise 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. The carrying amount of deferred tax liabilities as at the reporting date is disclosed in Note 6 to the financial statements.

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 FINANCIAL INSTRUMENTS

(a) Financial Assets

Financial Assets Through Profit or Loss

The financial assets are initially measured at fair value. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest and dividend income.

Financial Assets at Amortised Cost

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without significant financing component which are measured at transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

(b) Financial Liabilities

Financial Liabilities Through Profit or Loss

The financial liabilities are initially measured at fair value. Subsequent to the initial recognition, the financial liabilities are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest.

CLC CROSS-ASSET STRATEGIC ALPHA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities (cont'd)

Financial Liabilities at Amortised Cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

3.3 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 year. 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 year, 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.

CLC CROSS-ASSET STRATEGIC ALPHA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.4 INCOME

Realised gain or loss on disposal of investments and investments in 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.

3.5 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.

3.6 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 year if the unitholders exercised the right to redeem units of the Fund.

3.7 DISTRIBUTIONS

No distributions were declared on the Fund for the financial year ended 31 December 2023.

CLC CROSS-ASSET STRATEGIC ALPHA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. INVESTMENTS

	2023 USD	2022 USD
Investments at FVTPL:- Exchange Traded Fund (“ETF”) – Outside Malaysia	8,014,010	3,479,470

The exchange traded funds - Outside Malaysia held for trading at the end of the reporting year are as follows:-

Symbols	Quantity	Acquisition Cost USD	Fair Value USD	Percentage of NAV %
2023				
<u>New York Stock Exchange</u>				
ARKG	2,860	90,919	93,837	2.04
BITO	11,183	237,660	229,140	4.98
BLOK	6,548	149,098	195,458	4.25
CTA	6,613	181,316	156,067	3.39
DGS	5,419	258,040	270,516	5.88
EDV	6,485	458,576	525,479	11.43
EEM	9,553	377,025	384,126	8.35
EFA	753	55,910	56,739	1.23
EFV	5,354	276,467	278,943	6.07
EMB	4,645	401,496	413,684	9.00
EPI	1,492	60,083	61,172	1.33
EWJ	2,368	149,231	151,884	3.30
EWU	18,503	604,459	611,524	13.30
FEZ	806	38,261	38,535	0.84
FXI	7,871	192,503	189,140	4.11
GDX	185	5,308	5,737	0.12
GLD	2,234	421,154	427,074	9.29
HYG	1,995	153,184	154,393	3.36
ICLN	5,974	90,805	93,015	2.02
IGF	9,750	459,473	458,738	9.98
IJS	1,318	122,725	135,846	2.95
INDA	6,410	284,968	312,872	6.80
IVE	1,599	264,998	278,050	6.05
IWM	502	93,829	100,756	2.19
IYR	2,874	262,052	262,712	5.71
KRBN	3,830	142,642	139,757	3.04
KWEB	5,988	177,048	161,676	3.52
LIT	3,652	182,125	186,033	4.05
LQD	1,399	154,478	154,813	3.37
PDP	474	38,987	40,522	0.88
QUAL	263	38,595	38,698	0.84
RWX	11,341	302,397	309,496	6.73
SPY	1,545	736,146	734,354	15.97
TAN	1,756	90,943	93,683	2.04
TIP	1,362	146,279	146,401	3.18

CLC CROSS-ASSET STRATEGIC ALPHA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. INVESTMENTS (CONT'D)

The exchange traded funds – Outside Malaysia held for trading at the end of the reporting year are as follows (Cont'd):-

Symbols	Quantity	Acquisition Cost USD	Fair Value USD	Percentage of NAV %
2023 (Cont'd)				
<u>New York Stock Exchange</u>				
TLT	657	62,441	64,964	1.41
VIG	228	38,580	38,851	0.84
XME	323	17,196	19,325	0.42
Total Investments - Outside Malaysia		7,817,397	8,014,010	
Surplus Of Fair Value Over Acquisition Cost			196,613	
Symbols	Quantity	Acquisition Cost USD	Fair Value USD	Percentage of NAV %
2022				
<u>New York Stock Exchange</u>				
IEF	3,043	298,001	291,459	5.47
LQD	44	4,829	4,639	0.09
EFA	1,455	93,950	95,506	1.79
EFV	3,640	166,900	167,003	3.14
EEM	2,480	94,017	93,992	1.77
EWJ	1,734	94,358	94,399	1.77
EWU	4,565	140,021	139,963	2.63
KWEB	7,941	187,000	239,818	4.50
GLD	642	107,888	108,909	2.05
GMI	10,212	300,805	292,676	5.49
PDBC	277	4,025	4,094	0.08
FXI	4,214	109,464	119,256	2.24
IGF	117	4,895	5,363	0.10
HYG	63	4,826	4,639	0.09
EMB	3,495	299,496	295,642	5.55
IVE	1,098	165,333	159,287	2.99
IJS	217	20,936	19,814	0.37
KRBN	4,253	188,317	155,107	2.91
CTA	11,433	297,543	297,372	5.59
RWX	263	7,264	7,041	0.13
CBON	27,163	637,821	601,253	11.29

CLC CROSS-ASSET STRATEGIC ALPHA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. INVESTMENTS (CONT'D)

The exchange traded funds – Outside Malaysia held for trading at the end of the reporting year are as follows (Cont'd):-

Symbols	Quantity	Acquisition Cost USD	Fair Value USD	Percentage of NAV %
2022 (Cont'd)				
<u>New York Stock Exchange</u>				
VIG	316	48,468	47,985	0.90
DGS	2,747	121,849	120,841	2.27
EPI	3,480	114,723	113,412	2.13
Total Investments - Outside Malaysia		3,512,729	3,479,470	
Deficit Of Fair Value Over Acquisition Cost			(33,259)	

The investments of the Funds have been pledged to broker as security for margin financing facility as disclosed in Note 10 to the financial statements.

5. CASH AND CASH EQUIVALENTS

	2023 USD	2022 USD
Cash at bank	26,765	234,283
Cash at financial institution	-	5,383,413
	26,765	5,617,696

CLC CROSS-ASSET STRATEGIC ALPHA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

6. DEFERRED TAX LIABILITIES

	At 1.1.2023 USD	Recognised in Profit or Loss (Note 17) USD	At 31.12.2023 USD
2023			
<i>Deferred Tax Liabilities</i>			
Foreign sourced income not yet remitted back to Malaysia	-	8,134	8,134

Effective 1 January 2022, the income arising from sources outside Malaysia and received in Malaysia by the Fund are subject to income tax in Malaysia pursuant to the Income Tax Act 1967 (ITA).

On 16 January 2024, the Malaysia Government has, in a press release, agreed to exempt the imposition on taxes on foreign sourced income on unit trusts which will takes effect from 1 January 2024 to 31 December 2026. The exemption mentioned has yet to be gazetted thus the deferred tax liabilities arising from foreign sourced income not remitted back to Malaysia is not reversed.

7. SHORT POSITION

	2023 USD	2022 USD
Short position in:-		
Exchange Traded Fund ("ETF") – Outside Malaysia	(1,414,011)	(4,039,978)

ET – Outside Malaysia

(a) The exchange traded fund investments – Outside Malaysia held for trading at the end of the reporting year are as follows:-

Symbols	Quantity	Acquisition Cost USD	Fair Value USD	Percentage of NAV %
2023				
New York Stock Exchange ETF				
IWF	(1,041)	(280,725)	(315,600)	(6.86)
PDBC	(32,114)	(436,429)	(427,116)	(9.29)
QQQ	(736)	(285,135)	(301,407)	(6.55)
VXX	(23,833)	(392,240)	(369,888)	(8.04)
Total Investments – Outside Malaysia		(1,394,529)	(1,414,011)	
Surplus Of Fair Value Over Acquisition Cost			19,482	

CLC CROSS-ASSET STRATEGIC ALPHA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

7. SHORT POSITION (CONT'D)

ET – Outside Malaysia (Cont'd)

- (a) The exchange traded fund investments – Outside Malaysia held for trading at the end of the reporting year are as follows (Cont'd):-

Symbols	Quantity	Acquisition Cost USD	Fair Value USD	Percentage of NAV %
2022				
New York Stock Exchange ETF				
COPX	(8,242)	(301,302)	(292,014)	(5.48)
TLT	(173)	(17,276)	(17,224)	(0.32)
FEZ	(12,143)	(473,820)	(469,934)	(8.83)
SPY	(4,136)	(1,625,138)	(1,581,731)	(29.71)
XME	(5,677)	(289,924)	(282,771)	(5.31)
QQQ	(3,110)	(870,428)	(828,130)	(15.55)
VXX	(40,239)	(581,587)	(568,174)	(10.67)
Total Investments - Outside Malaysia		(4,159,475)	(4,039,978)	
Surplus Of Fair Value Over Acquisition Cost			(119,497)	

- (b) The interest expense charges on the short position at the end of reporting year are ranging from 0.26% to 9.00% (2022 – 0.26% to 6.89%) per annum.

8. AMOUNT DUE TO MANAGER

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

9. OTHER PAYABLES AND ACCRUALS

	2023 USD	2022 USD
Dividend payable	1,034	8,419
Accruals	31,433	13,395
	32,467	21,814

CLC CROSS-ASSET STRATEGIC ALPHA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

10. MARGIN FINANCING

- (a) The margin financing is secured by the Fund's portfolio.
- (b) The margin financing at the end of the reporting year bore interest rates of 6.08% per annum.

11. NET ASSET VALUE ("NAV") ATTRIBUTABLE TO UNITHOLDERS

	Note	2023 USD	2022 USD
Unitholders' capital	(a)	5,240,204	5,852,331
Accumulated losses:			
- Realised		(818,791)	(614,523)
- Unrealised		177,132	86,238
		(641,659)	(528,285)
		<u>4,598,545</u>	<u>5,324,046</u>

- (a) Unitholders' capital

	2023		2022	
	No of units	USD	No of units	USD
As at 1 January/2.8.2021 (date of launched)	11,268,784	5,852,331	-	-
Creation of units	-	-	13,663,035	7,175,658
Cancellation of units	(1,396,940)	(612,127)	(2,394,251)	(1,323,327)
As at 31 December	<u>9,871,844</u>	<u>5,240,204</u>	<u>11,268,784</u>	<u>5,852,331</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.

CLC CROSS-ASSET STRATEGIC ALPHA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

12. INTEREST EXPENSE

The interest expense represents interest charges arising from short position.

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

	1.1.2023 to 31.12.2023 USD	2.8.2021 to 31.12.2022 USD
Financial Assets:		
Exchange Traded Fund ("ETF") – Outside Malaysia	393,812	(688,342)
Financial Liabilities:		
Exchange Traded Fund ("ETF") – Outside Malaysia	(529,252)	247,609
Net Amount	<u>(135,440)</u>	<u>(440,733)</u>

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

	1.1.2023 to 31.12.2023 USD	2.8.2021 to 31.12.2022 USD
Financial Assets:		
Exchange Traded Fund ("ETF") – Outside Malaysia	229,872	(33,259)
Financial Liabilities:		
Exchange Traded Fund ("ETF") – Outside Malaysia	(138,979)	119,497
Net Amount	<u>90,893</u>	<u>86,238</u>

15. TRUSTEE'S FEE

The Trustee's fee payable to Pacific Trustees Berhad is computed at 0.05% (2022 – 0.05%) per annum of the NAV of the Fund (excluding foreign custodian fees and charges) calculated on a daily basis subject to a minimum of RM12,000 (2022 – RM12,000) per annum, whichever is higher.

16. MANAGEMENT FEE

The Management fee is computed on a daily basis at 2% (2022 – 2%) per annum of the NAV of the Fund before deducting the Manager's fee and the Trustee's fee for that particular day.

CLC CROSS-ASSET STRATEGIC ALPHA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

17. INCOME TAX EXPENSE

	1.1.2023 to 31.12.2023 USD	2.8.2021 to 31.12.2022 USD
Current tax expense: - for the financial year/period	-	-
Deferred tax (Note 6) - for the financial year/period	8,134	-
Foreign withholding tax	39,968	43,626
	48,102	43,626

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:-

	1.1.2023 to 31.12.2023 USD	2.8.2021 to 31.12.2022 USD
Net loss before taxation	(65,272)	(484,659)
Tax at the statutory tax rate of 24% (2022 – 24%)	(15,665)	(116,318)
Tax effects of:-		
Non-taxable income	(30,709)	(25,834)
Non-deductible expenses	93,727	178,219
Effects of differential in tax rates	749	7,559
Total income tax expenses	48,102	43,626

18. DISTRIBUTION DURING THE FINANCIAL YEAR/PERIOD

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

CLC CROSS-ASSET STRATEGIC ALPHA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

21. RELATED PARTY DISCLOSURES

21.1 Identities of related parties

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

21.2 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.

22. PORTFOLIO TURNOVER RATIO (“PTR”) (CONT’D)

The PTR of the Fund is the ratio of the average of the total acquisitions and disposals of investments of the Fund for the year over the average NAV of the Fund calculated on a daily basis. For the financial year ended 31 December 2023, the PTR of the Fund stood at 37 times (2022 – 36 times).

The PTR is calculated as follows:

	2023 USD	2022 USD
A = Total Acquisitions of the Fund	175,058,915	159,783,303
B = Total Disposals of the Fund	167,853,861	159,989,316
,		
PTR	$= \frac{(A + B) / 2}{\text{average NAV of the Fund}}$	
	$= \frac{171,456,388}{4,661,388}$	
	$= 37$	

The average NAV of the Fund for the financial year ended 31 December 2023 was USD4,661,388 (2022 – USD4,410,862).

CLC CROSS-ASSET STRATEGIC ALPHA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

23. 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 Manager’s fee, Trustee’s fee, auditors’ remuneration, Commission and brokerage fee, incentive fee, tax reporting’s fee, and other administrative expenses. The management expense ratio for the current year is 3.36% (2022 - 4.64%).

		2023 USD	2022 USD
A	Manager’s fee	93,293	110,562
B	Trustee’s fee	4,095	4,200
C	Auditors’ remuneration	3,022	3,051
D	Commission and brokerage fee	30,999	29,650
E	Administrative expenses	25,255	25,922
F	Performance fee	-	31,447
G	Average NAV of the Fund	4,661,388	4,410,862

MER	=	$\frac{(A+B+C+D+E)}{G}$	X	100
	=	$\frac{156,664}{4,661,388}$	X	100
	=	3.36%		

The average NAV of the Fund for the financial year ended 31 December 2023 was USD4,661,388 (2022 – USD 4,410,862).

CLC CROSS-ASSET STRATEGIC ALPHA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

24. 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:-

	ETF USD	Cash and liquid assets USD	Others USD	Total USD
1.1.2023 to 31.12.2023				
Statement of Profit or Loss and Other Comprehensive Income				
Dividend income	163,414	-	-	163,414
Dividend expense	(54,921)	-	-	(54,921)
Interest income	-	57,815	-	57,815
Interest expense	(43,503)	-	-	(43,503)
Redemption fee income	-	13,098	-	13,098
Net unrealised gain on disposal of financial assets and liabilities at FVTPL	90,893	-	-	90,893
Net realised loss on disposal of financial assets and liabilities at FVTPL	(135,440)	-	-	(135,440)
Net realised gain on foreign exchange	-	36	-	36
Total operating segment income for the financial year	20,443	70,949	-	91,392
31 December 2023				
Statement of financial position				
Assets				
Investments	8,014,010	-	-	8,014,010
Amount due from broker	2,362,547	-	-	2,362,547
Other receivables	6,376	-	-	6,376
Cash and cash equivalents	26,765	-	-	26,765
Total segment assets	10,409,698	-	-	10,409,698

CLC CROSS-ASSET STRATEGIC ALPHA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

24. OPERATING SEGMENTS (CONT'D)

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

	ETF USD	Cash and liquid assets USD	Others USD	Total USD
31 December 2023				
Statement of financial position (Cont'd)				
Liabilities				
Deferred tax liabilities	8,134	-	-	8,134
Short position	1,414,011	-	-	1,414,011
Amount due to broker	1,198,177	-	-	1,198,177
Amount due to manager	-	-	21,373	21,373
Other payables and accruals	1,034	-	31,433	32,467
Margin financing	3,136,991	-	-	3,136,991
Total segment liabilities	5,758,347	-	52,806	5,811,153
	ETF USD	Cash and liquid assets USD	Others USD	Total USD
2.8.2021 to 31.12.2022				
Statement of Profit or Loss and Other Comprehensive Income				
Dividend income	150,326	-	-	150,326
Dividend expense	(50,863)	-	-	(50,863)
Interest income	-	21,734	-	21,734
Interest expense	(46,148)	-	-	(46,148)
Net unrealised gain on disposal of financial assets and liabilities at FVTPL	86,238	-	-	86,238
Net realised loss on disposal of financial assets and liabilities at FVTPL	(440,733)	-	-	(440,733)
Net realised loss on foreign exchange	-	(381)	-	(381)
Total operating segment loss for the financial period	(301,180)	21,353	-	(279,827)

CLC CROSS-ASSET STRATEGIC ALPHA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

24. OPERATING SEGMENTS (CONT'D)

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

	ETF USD	Cash and liquid assets USD	Others USD	Total USD
31 December 2022				
Statement of financial position				
Assets				
Investments	3,479,470	-	-	3,479,470
Amount due from broker	818,090	-	-	818,090
Other receivables	4,190	-	-	4,190
Cash and cash equivalents	-	5,617,696	-	5,617,696
Total segment assets	4,301,750	5,617,696	4,190	9,919,446
Liabilities				
Short position	4,039,978	-	-	4,039,978
Amount due to broker	508,056	-	-	508,056
Amount due to manager	-	-	25,552	25,552
Other payables and accruals	8,419	-	13,395	21,814
Total segment liabilities	4,556,453	-	38,947	4,595,400

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

	2023 USD	2022 USD
Net reportable segment operating income/(loss)	91,392	(279,827)
Expenses	(156,664)	(204,832)
Net loss before taxation	(65,272)	(484,659)
Income tax expense	(48,102)	(43,626)
Net loss after taxation	(113,374)	(528,285)

CLC CROSS-ASSET STRATEGIC ALPHA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25. 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.

25.1 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.

CLC CROSS-ASSET STRATEGIC ALPHA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 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 quoted equity securities. This risk is managed by constructing a portfolio of equities with different risk profile for example by category.

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

	USD	As a % Of NAV %
2023		
Symbols		
Investments:		
ETF		
BLOK	195,458	4.25
ARKG	93,837	2.04
LIT	186,033	4.05
PDP	40,522	0.88
FXI	189,140	4.11
QUAL	38,698	0.84
IGF	458,738	9.98
HYG	154,393	3.36
EMB	413,684	9.00
INDA	312,872	6.80
IVE	278,050	6.05
IJS	135,846	2.95
TIP	146,401	3.18
KRBN	139,757	3.04
BITO	229,140	4.98
CTA	156,067	3.39
RWX	309,496	6.73
VIG	38,851	0.84
EDV	525,480	11.43

CLC CROSS-ASSET STRATEGIC ALPHA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

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

(a) Market Risk (Cont'd)

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 (Cont'd):-

(i) Equity Price Risk (Cont'd)

The Fund's concentration of equity price risk at the end of the reporting year analysed by the Fund's Investments and Investments in short position by category was as follows (Cont'd):-

	USD	As a % Of NAV %
2023		
Symbols		
Investments (Cont'd)		
ETF		
DGS	270,516	5.88
EPI	61,172	1.33
TAN	93,683	2.04
TLT	64,964	1.41
ICLN	93,015	2.02
LQD	154,813	3.37
EFA	56,739	1.23
EFV	278,943	6.07
EEM	384,126	8.35
EWJ	151,884	3.30
EWU	611,524	13.30
IWM	100,756	2.19
IYR	262,712	5.71
KWEB	161,676	3.52
FEZ	38,535	0.84
GLD	427,074	9.29
SPY	734,354	15.97
XME	19,325	0.42
GDX	5,737	0.12

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25 FINANCIAL INSTRUMENTS (CONT'D)

25.2 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Market Risk (Cont'd)

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 (Cont'd):-

(i) Equity Price Risk (Cont'd)

The Fund's concentration of equity price risk at the end of the reporting year analysed by the Fund's Investments and Investments in short position by category was as follows (Cont'd):-

	USD	As a % Of NAV %
2023		
Symbols		
Short position:		
ETF		
PDBC	427,116	9.29
QQQ	301,407	6.55
VXX	369,888	8.04
IWF	315,600	6.86

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Market Risk (Cont'd)

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 (Cont'd):-

(i) Equity Price Risk (Cont'd)

The Fund's concentration of equity price risk at the end of the reporting year analysed by the Fund's Investments and Investments in short position by category was as follows (Cont'd):-

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

	Effect on Net Loss After Taxation (Decrease)/ Increase USD	Effect on NAV Attributable to Unitholders Increase/ (Decrease) USD
2023		
Investments:		
- strengthened by 5%	(400,701)	400,701
- weakened by 5%	400,701	(400,701)
Investments in short position:		
- strengthened by 5%	70,701	(70,701)
- weakened by 5%	(70,701)	70,701

CLC CROSS-ASSET STRATEGIC ALPHA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

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

(b) Market Risk (Cont'd)

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 (Cont'd):-

i) Equity Price Risk (Cont'd)

The Fund's concentration of equity price risk at the end of the reporting period analysed by the Fund's Investments and Investments in short position by category was as follows (Cont'd):-

	USD	As a % Of NAV %
2022		
Symbols		
Investments:		
ETF		
IEF	291,459	5.47
LQD	4,639	0.09
EFA	95,506	1.79
EFV	167,003	3.14
EEM	93,992	1.77
EWJ	94,399	1.77
EWU	139,963	2.63
KWEB	239,818	4.5
GLD	108,909	2.05
GMI	292,676	5.5
PDBC	4,094	0.08
FXI	119,256	2.24
IGF	5,363	0.10
HYG	4,639	0.09
EMB	295,642	5.55
IVE	159,287	2.99
HYG	19,814	0.37

CLC CROSS-ASSET STRATEGIC ALPHA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Equity Price Risk (Cont'd)

The Fund's concentration of equity price risk at the end of the reporting period analysed by the Fund's Investments and Investments in short position by category was as follows (Cont'd):-

	USD	As a % Of NAV %
2022		
Symbols		
Investments (Cont'd)		
ETF		
KRBN	155,107	2.91
CTA	297,372	5.59
RWX	7,041	0.13
CBON	601,253	11.29
VIG	47,985	0.90
DGS	120,841	2.27
EPI	113,413	2.13
	<hr/>	<hr/>
Short position:		
ETF		
COPX	292,014	5.48
TLT	17,224	0.32
FEZ	469,934	8.83
SPY	1,581,730	29.71
XME	282,771	5.31
QQQ	828,131	15.55
VXX	568,175	10.67
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CLC CROSS-ASSET STRATEGIC ALPHA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) 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 investments in short position 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 Increase/ (Decrease) USD
2022		
Investments:		
- Strengthened by 5%	(173,974)	173,974
- Weakened by 5%	173,974	(173,974)
Investments in short position:		
- Strengthened by 5%	(201,999)	201,999
- Weakened by 5%	201,999	(201,999)

CLC CROSS-ASSET STRATEGIC ALPHA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) 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 are primarily Malaysian Ringgit and Singapore Dollar. 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 year:-

Foreign Currency Exposure

	USD	As a % of NAV %
2023		
Malaysian Ringgit:		
- Cash and cash equivalent	11,270	0.25
- Other payables and accrual	(4,013)	(0.09)
	<hr/>	<hr/>
Singapore Dollar:		
- Cash and cash equivalent	45	*
	<hr/>	<hr/>
	USD	As a % of NAV %
2022		
Malaysian Ringgit:		
- Cash and cash equivalent	36	*
- Other payables and accrual	(4,214)	0.08
	<hr/>	<hr/>
Singapore Dollar:		
- Cash and cash equivalent	82	*
	<hr/>	<hr/>

* Less than 0.01%

CLC CROSS-ASSET STRATEGIC ALPHA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Foreign Currency Risk (Cont'd)

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 year, with all other variables held constant:-

	Effect On Net Loss After Taxation (Decrease)/ Increase USD	Effect On NAV attributable to Unitholders (Decrease)/ Increase %
2023		
Malaysian Ringgit:		
- Strengthened by 5%	363	0.01
- Weakened by 5%	(363)	(0.01)
	<hr/>	<hr/>
Singapore Dollar:		
- Strengthened by 5%	2	*
- Weakened by 5%	(2)	*
	<hr/>	<hr/>
	Effect On Net Loss After Taxation (Decrease)/ Increase USD	Effect On NAV attributable to Unitholders (Decrease)/ Increase %
2022		
Malaysian Ringgit:		
- Strengthened by 5%	2	*
- Weakened by 5%	(2)	*
	<hr/>	<hr/>
Singapore Dollar:		
- Strengthened by 5%	4	*
- Weakened by 5%	(4)	*
	<hr/>	<hr/>

* Less than 0.01%

CLC CROSS-ASSET STRATEGIC ALPHA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 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.

Interest Rate Risk Sensitivity Analysis

Twenty-five basis points strengthening in the interest rate as at the end of the reporting year would have increased net loss after taxation by USD11,311 (2022 – USD3,944). 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 year 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.

CLC CROSS-ASSET STRATEGIC ALPHA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 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 USD	3 – 6 months USD	Over 6 months USD	Total USD
2023				
Financial Assets:				
Investments	8,014,010	-	-	8,014,010
Amount due from broker	2,362,547	-	-	2,362,547
Other receivables	6,376	-	-	6,376
Cash and cash equivalents	26,765	-	-	26,765
	10,409,698	-	-	10,409,698
Financial Liabilities:				
Short position	1,414,011	-	-	1,414,011
Amount due to broker	1,198,177	-	-	1,198,177
Amount due to manager	21,373	-	-	21,373
Other payables and accruals	32,467	-	-	32,467
Margin financing	3,136,991	-	-	3,136,991
	5,803,019	-	-	5,803,019
Unitholders' Fund	4,598,545	-	-	4,598,545

CLC CROSS-ASSET STRATEGIC ALPHA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

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 (Cont'd):-

	1 - 3 months USD	3 - 6 months USD	Over 6 months USD	Total USD
2022				
Financial Assets:				
Investments	3,479,470	-	-	3,479,470
Amount due from broker	818,090	-	-	818,090
Other receivables	4,190	-	-	4,190
Cash and cash equivalents	5,617,696	-	-	5,617,696
	9,919,446	-	-	9,919,446
Financial Liabilities:				
Short position	4,039,978	-	-	4,039,978
Amount due to broker	508,056	-	-	508,056
Amount due to Manager	25,552	-	-	25,552
Other payables and accruals	21,814	-	-	21,814
	4,595,400	-	-	4,595,400
Unitholders' Fund	5,324,046	-	-	5,324,046

CLC CROSS-ASSET STRATEGIC ALPHA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 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 year from the end of the reporting year to the contractual maturity date. When a counterparty has a choice of when the amount is paid, the liability is allocated to the earliest year 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 year.

CLC CROSS-ASSET STRATEGIC ALPHA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25. FINANCIAL INSTRUMENTS (CONT'D)

25.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2023 USD	2022 USD
Financial Assets		
<u>Fair Value Through Profit or Loss</u>		
Investments	8,014,010	3,479,470
<u>Amortised Cost</u>		
Amount due from broker	2,362,547	818,090
Other receivables	6,376	4,190
Cash and cash equivalents	26,765	5,617,696
	<u>2,395,688</u>	<u>6,439,976</u>
Financial Liabilities		
<u>Fair Value Through Profit or Loss</u>		
Short position	1,414,011	4,039,978
<u>Amortised Cost</u>		
Amount due to broker	1,198,177	508,056
Amount due to manager	21,373	25,552
Other payables and accruals	32,467	21,184
Margin financing	3,136,991	-
	<u>4,389,008</u>	<u>554,792</u>

CLC CROSS-ASSET STRATEGIC ALPHA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25. FINANCIAL INSTRUMENTS (CONT'D)

25.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	1.1.2023 to 31.12.2023 USD	2.8.2021 to 31.12.2022 USD
Financial Assets		
<u>Fair Value Through Profit or Loss</u>		
Net realised loss recognised in profit or loss	393,812	(688,343)
Net unrealised gain recognised in profit or loss	229,872	(33,259)
	<u>623,684</u>	<u>(721,602)</u>
Financial Liabilities		
<u>Fair Value Through Profit or Loss</u>		
Net realised gain recognised in profit or loss	(529,252)	247,609
Net unrealised gain recognised in profit or loss	(138,979)	119,497
	<u>(668,231)</u>	<u>367,106</u>

25.5 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 year. 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 year.

26. COMPARATIVE FIGURE

The comparative figures covered for the financial period from 2 August 2021 (date of launched) to 31 December 2022. Consequently, the comparative figures for the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and their related notes are not comparable to that for the current 12-months years ended 31 December 2023.