

# EASTSPRING INVESTMENTS DYNAMIC FUND

## ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023



**Dear Valued Investor,**

Greetings from Eastspring Investments Berhad!

First and foremost, we would like to take this opportunity to thank you for choosing to invest with Eastspring Investments Berhad.

**We are pleased to enclose a copy of the Annual/Semi-annual/Quarterly Fund Reports of Eastspring Investments Berhad's fund(s) for the reporting period ended 30 June 2023.**

You may also download these reports from our website at [www.eastspring.com/my](http://www.eastspring.com/my)

Should you require any assistance, please do not hesitate to contact our Client Services at 03-2778 1000.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Raymond Tang', with a stylized flourish at the end.

**Raymond Tang Chee Kin**

Non-Independent, Executive Director and Chief Executive Officer

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## FUND INFORMATION

<b>Name of Fund</b>	Eastspring Investments Dynamic Fund (the “Fund”)
<b>Fund Category/ Type</b>	Mixed asset/growth
<b>Fund Objective</b>	<p>The Fund seeks to provide investors with capital appreciation by actively investing in equity and equity-related securities. For defensive consideration, the Fund may invest in debentures and money market instruments.</p> <p><b>Note:</b> The Fund’s focus is on growth.</p> <p><b>ANY MATERIAL CHANGES TO THE FUND’S OBJECTIVE WOULD REQUIRE UNIT HOLDERS’ APPROVAL.</b></p>
<b>Performance Benchmark</b>	<p>(a) <u>If 100% of the Fund’s NAV invested in equities and equity related securities:</u> FTSE Bursa Malaysia 100 Index (“FBM100”).</p> <p>(b) <u>If 100% of the Fund’s NAV invested in debentures and liquid assets:</u> Maybank 12-month fixed deposit rate.</p> <p>(c) <u>If invested in a mix of equities and equity-related securities, debentures and liquid assets:</u> 50% FBM100 + 50% Maybank 12-month fixed deposit rate.</p> <p>The composite benchmark index is a reflection of the Fund’s average asset allocation over the long-term of 50% of the Fund’s NAV in equities and equity-related securities, and 50% of the Fund’s NAV in debentures and liquid assets.</p> <p><b>Source:</b> FTSE Bursa Malaysia 100 Index (“FBM100”) (<a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a>) Maybank 12-month fixed deposit rate (<a href="http://www.maybank2u.com.my">www.maybank2u.com.my</a>)</p> <p>The performance of the Fund against the benchmark is published in the Manager’s monthly factsheet and is available from the Manager’s website at <a href="http://www.eastspring.com/my">www.eastspring.com/my</a>.</p> <p><b>Note:</b> The risk profile of the Fund is different from the risk profile of the performance benchmark.</p>

## FUND INFORMATION (CONTINUED)

## Fund Income Distribution Policy

At least once a year, subject to the availability of income.

## KEY PERFORMANCE DATA

FOR THE FINANCIAL YEAR ENDED

Category	2023	2022	2021
	(%)	(%)	(%)
<b>Quoted securities</b>			
Construction	0.93	0.55	-
Consumer Products & Services	9.57	14.55	9.32
Energy	2.98	3.32	4.43
Financial Services	10.11	17.53	16.35
Health Care	1.25	3.53	0.95
Industrial Products & Services	6.66	4.68	11.84
Plantation	11.22	8.58	10.08
Property	2.31	3.00	1.82
Real Estate Investment Trust	-	-	1.23
Technology	1.27	4.00	5.38
Telecommunications & Media	9.87	7.38	11.12
Transportation & Logistics	1.50	1.02	1.52
Utilities	3.71	2.53	5.94
	61.38	70.67	79.98
Collective investment scheme	14.86	14.67	-
Unquoted fixed income securities	5.79	7.18	6.72
Cash and other assets	17.97	7.48	13.30
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

## KEY PERFORMANCE DATA (CONTINUED)

Category	2023	2022	2021
Net Asset Value (NAV) (RM'000)	54,358	55,638	62,718
Units In Circulation (Units '000)	61,375	60,822	62,444
Net Asset Value Per Unit (RM)	0.8857	0.9148	1.0044
Highest Net Asset Value Per Unit (RM) <sup>#</sup>	0.8958	0.9247	1.0344
Lowest Net Asset Value Per Unit (RM) <sup>#</sup>	0.8857	0.9032	1.0044
Total Return (%)			
- Capital Growth	(3.18)	(8.92)	12.44
- Income Distribution	4.19	3.29	3.07
Total Return (%)	0.88	(5.93)	15.89
Gross Distribution Per Unit (RM)	0.0375	0.0299	0.0318
Net Distribution Per Unit (RM)	0.0375	0.0299	0.0318
Total Expense Ratio (TER) (%) <sup>*</sup>	1.38	1.39	1.39
Portfolio Turnover Ratio (PTR) (times) <sup>^</sup>	0.37	0.76	1.63

<sup>#</sup> Figure shown as ex-distribution.

<sup>\*</sup> There were no significant changes to the TER during the period under review.

<sup>^</sup> There were no significant changes to the PTR during the period under review.

## KEY PERFORMANCE DATA (CONTINUED)

	1 year 1.7.2022 to 30.6.2023	3 years 1.7.2020 to 30.6.2023	5 years 1.7.2018 to 30.6.2023
	(%)	(%)	(%)

Average total return	0.88	3.22	3.32
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Year ended	1.7.2022 to 30.6.2023	1.7.2021 to 30.6.2022	1.7.2020 to 30.6.2021	1.7.2019 to 30.6.2020	1.7.2018 to 30.6.2019
	(%)	(%)	(%)	(%)	(%)

Annual total return	0.88	(5.93)	15.89	5.39	1.61
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**Source:** The above total return of the Fund was sourced from Lipper for Investment Management.

**Bases of calculation and assumptions made in calculating returns:**

$$\text{Percentage growth} = \frac{\text{NAV}_t}{\text{NAV}_0} - 1$$

$\text{NAV}_t$  = NAV at the end of the period

$\text{NAV}_0$  = NAV at the beginning of the period

$$\text{Performance annualised} = (1 + \text{Percentage Growth})^{1/n} - 1$$

Adjusted for unit split and distribution paid out for the period

$n$  = Number of years

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



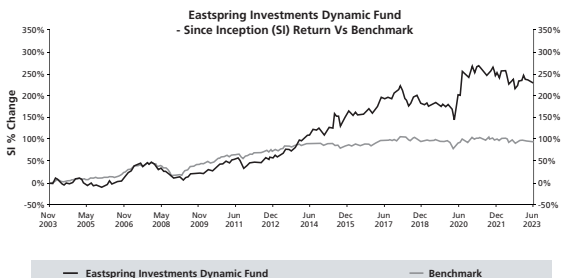
# MANAGER'S REPORT

## Fund Performance

Over the 5-year period, the Fund recorded a return of 17.77%, outperforming the benchmark return of -1.69% by 19.46%.

During the period under review, the Fund registered a return of 0.88%, outperforming the benchmark return of 0.45% by 0.43%.

The Fund outperformance was attributed to sector exposure and stock selection. Holdings in telco, energy, and technology sectors were contributors to the Fund performance while detractors were consumer discretionary, industrial, and EI APAC Equity Fund. The fund's fixed income holdings contributed positively to the fund performance during the review period.



## Benchmark:

- (a) If 100% of the Fund's NAV invested in equities and equity-related securities:  
FTSE Bursa Malaysia 100 Index ("FBM100").
- (b) If 100% of the Fund's NAV invested in debentures and liquid assets:  
Maybank 12-month fixed deposit rate.
- (c) If invested in a mix of equities and equity-related securities, debentures and liquid assets:  
50% FBM100 + 50% Maybank 12-month fixed deposit rate.

# MANAGER'S REPORT (CONTINUED)

## Fund Performance (continued)

**Source:** Lipper for Investment Management, [www.bursamalaysia.com](http://www.bursamalaysia.com) and [www.maybank2u.com.my](http://www.maybank2u.com.my) as at 30 June 2023.

**Past performance of the Fund is not necessarily indicative of its future performance.**

## Analysis of Fund Performance

For the financial year ended 30 June 2023:

Income Return	Capital Return*	Total Return	Total Return of Benchmark
(%)	(%)	(%)	(%)
4.19	(3.18)	0.88	0.45

\* Capital return components (NAV per unit to NAV per unit).

## Distribution/ Unit Split

Ex-Date	15-Jun-23
Distribution Per Unit	(RM)
Gross	0.0375
Net	0.0375

Impact on NAV arising from distribution for the financial year ended 30 June 2023.

Ex-Date	15-Jun-23
	(RM per Unit)
Net Asset Value before distribution	0.9321
Less: distribution	(0.0375)
Net Asset Value after distribution	<u>0.8946</u>

No unit split were declared for the financial year ended 30 June 2023.

## MANAGER'S REPORT (CONTINUED)

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### **Investment Strategy During the Period Under Review**

#### **Equity Strategy**

The Fund remained invested in stocks that possess long term growth prospect, attractive valuation and strong in fundamental. We were positive and invested in selective export-related stocks that stand to benefit from Malaysia cost-competitive and supply chain diversion i.e., manufacturing, commodities, OSAT and EMS. The Fund also invested in cyclical names that suffered from de-rating due to concern on policy risks and global macro headwinds. In the meantime, attractively price dividend stocks (REITs, telco) with sustainable business models and positive industry outlook continue to provide stability and defensiveness for the Fund.

#### **Bond Strategy**

The Fund participated in selected quality bond issuances for yield pick-up and traded on market volatility, subject to liquidity constraints.

## MANAGER'S REPORT (CONTINUED)

## Asset Allocation

Asset Allocation	30-Jun 2023	30-Jun 2022	Changes
	(%)	(%)	(%)
Quoted securities	61.38	70.67	(9.29)
Collective investment scheme	14.86	14.67	0.19
Unquoted fixed income securities	5.79	7.18	(1.39)
Cash and other assets	17.97	7.48	10.49

## Asset Allocation as at 30 June 2023

Cash and other assets  
17.97%

Unquoted fixed income  
securities  
5.79%

Collective investment  
scheme  
14.86%



Quoted securities  
61.38%

There were no significant changes in asset allocation of the Fund for the period under review.

## State of Affairs of the Fund

There have been neither significant change to the state of affairs of the Fund nor any circumstances that materially affect any interests of the unit holders during the period under review.

## MARKET REVIEW

### Equity

Malaysian equity markets started 2022 lower due to concerns over earnings risks, rising global interest rates and political risks. The US Federal Reserve FOMC minutes for December's meeting confirmed the end of the Fed's purchases in March 2022 and put upward pressure on interest rates. With the US Federal Reserve more hawkish, the impending rate rise will be expected to weigh on growth and hence technology stocks. Tech stocks in the US suffered its worst decline in January 2022 since the Covid-19 pandemic started in March 2020, with the NASDAQ down 8.98% (USD). Similarly in Malaysia, the KL Technology Index declined 15.32% in January 2022. The Ukraine-Russia crisis escalated dramatically in the 3<sup>rd</sup> week of February 2022 after Russia launched a full-scale military invasion of Ukraine. The Brent crude oil price topped USD100/bbl for the first time since 2014 following the military strike and subsequently soared above USD130/bbl after the US and the UK announced the ban of Russian oil imports. Food related commodity prices spiked as Russia and Ukraine together account for approximately 29% of global wheat exports, while Ukraine is the fourth leading exporter of corn. Russia was the largest producer of natural gas, which are used both as feedstock and fuel for nitrogen fertilizer production. Equity markets in Malaysia were buoyed from a rally in the plantation sector benefiting from the record high CPO prices that hit highs of above RM8000/T during the 1Q2022. The 4Q2021 results season reported stronger than expected earnings as corporates benefitted from higher commodity prices (CPO and crude oil) and better sales following the lifting of the interstate travel ban in October 2021. The Johor State elections were held on the 12 March 2022, which saw the Barisan Nasional ("BN") party win two-thirds majority, capturing 40 of the 56 seats contested. UMNO contributed to 33 seats victory. Foreign investors were net buyers of equity in for the 1Q2022 of RM6.3b.

Malaysian equity markets started the 2Q2022 outperforming the Asia Pacific region, despite being a relatively quiet trading month in April with only USD9.62bn traded versus March's USD16.2bn. Effective 1 April 2022, Malaysia moved towards endemic phase, lifting many travel restrictions. EPF's special withdrawal of up to RM10k was opened for applications early April, and within two weeks, saw approved applications of about RM40b, to be disbursed by the end of April. This will help drive consumer spending domestically, especially ahead of the Hari Raya festivities that began 2 May 2022. The conflict between Russia and Ukraine continued without a ceasefire being reached. However, by the second month of 2Q2022 Malaysian equity markets started to correct amid concerns over inflation and potential rate hikes, despite a month end rally driven by the MSCI May Semi Annual Index rebalancing. During the month, BNM surprised the market by raising OPR by 25bps at the May MPC to 2%. BNM indicated that the firmer domestic growth underscored their decision to begin reducing the degree of monetary

accommodation, which will be done in a measured and gradual manner, ensuring that monetary policy remains accommodative. 1Q2022 GDP growth for Malaysia came in at 5% yoy, supported by the expansion in domestic demand, recovery in the labour market, continued growth in external demand and continued policy support. In May, the rising cost of feed had sent chicken prices soaring resulting in rationing of supply. The Malaysian government responded with a direct subsidy to poultry breeders, so that the ceiling price of RM8.90/kg can be maintained. By the end of the 2Q2022 Malaysian equity markets corrected sharply driven by fears of a global economic slowdown and tighter monetary policies. The US Federal Reserve FOMC in mid-June 2022 raised its Fed rates by 75bps in its most aggressive hike since 1994, on the back on persistent inflationary pressures and strong labour market. The Malaysian equity market was also rattled by the rising inflationary pressures, and hence input cost. The sharp decline in CPO prices in June was unexpected, and negatively impacted sentiment for the plantation companies, resulting in net selling of the plantation stocks. Foreign investors turned net sellers of equity in 2Q2022 of RM0.4b.

Malaysian equities started 1Q2023 with a relatively short trading month as Chinese New Year fell on 22-23 January. Nevertheless, the start of the year was an eventful month for Malaysian politics, as UMNO which is part of PM Anwar Ibrahim's unity government, expelled former health minister Khairy Jamaluddin, while former defence minister Hishammuddin Hussein was among a number of politicians suspended from the party. A total of 4 UMNO members were suspended, whilst 42 others were sacked from the party. BNM surprised the market by keeping the OP unchanged at 2.75% at the January MPC, after four consecutive hikes.

By mid-1Q2023 equity markets corrected in line with global and regional markets. Investors were cautious ahead of Budget 2023 which was read on 24 February 2023, which failed to provide any positive catalysts for the market. The economy and cost of living issues remain a priority in Budget 2023, the government announced lower taxes for the M40 while the T20 would see higher taxes and there was also an announcement for a tax on luxury goods (details to release later).

By the end of 1Q2023, Malaysian equity markets posted its third consecutive month of decline in, as investor sentiment remained weak due to concerns over a potential global banking crisis, following the collapse of Silicon Valley Bank, Signature Bank and the takeover of the Credit Suisse by UBS Bank. As a result, foreign investors remained net sellers in the month of March of RM1.4b and have been net sellers for 7 consecutive months. EPF declared the dividend for 2022 of 5.35% for Conventional Savings and 4.75% dividend rate for Shariah Savings.

Malaysian equity markets posted its fourth consecutive month of decline in April 2023, despite posting a small rally for most of the month outperforming the region, before giving up the gains towards the end of the month. The news was fairly light during the month with some focus on OPEC+ and crude oil prices initially spiking to USD85/bbl, post the announcement by OPEC+ to indicate continued production cuts in coming months. However, the International Energy Agency ("IEA") came out with a statement that the surprise cut (by OPEC+) risked exacerbating global supply deficits in oil and could impact global economic growth. Brent crude oil prices subsequently ended the month below USD80/bbl. Domestically, PM Anwar made an official visit to China, and secured RM170b in investment pledges. Malaysian equity markets continued its decline for the fifth consecutive month in May 2023, in tandem with regional markets which were also lackluster. The focus for the month of May was around corporate earnings, with most reporting earnings below consensus expectations. News flow was light during the month, with some focus on interest rates in Malaysia as BNM raised OPR by 25bps. Malaysian Ringgit also saw a lot of pressure versus the US dollar, weakening to above RM4.60/USD.

Malaysian equity markets closed lower for the sixth consecutive month in June. Foreign investors continued to be net sellers of equities for the month of June and have been for the tenth consecutive month. During the month, Bank Negara Malaysia announced that the Yang di-Pertuan Agong has consented to the appointment of Datuk Shaik Abdul Rasheed bin Abdul Ghaffour as Governor for a five-year term effective 1 July 2023 to 30 June 2028.

The FBM KLCI closed the period under review at 1,376.68 points, down 4.7%. The broader FBM Emas ("FBMEmas") Index closed the period under review lower by 1.6%. The MSCI Asia Pacific ex-Japan Index declined by 1.65% in USD terms.<sup>1</sup>

## Bond

The period under review saw the global economy confronted with a host of unusual occurrences. U.S. unemployment sits at its lowest point since 1968 and core inflation is higher than it was in 1983. The Federal Reserve and European Central Bank have raised rates at their fastest pace in 40 years and 30 years respectively, and, along with the Bank of Japan, are set to trim their balance sheets at a record pace.

<sup>1</sup> **Source:** Bloomberg: World indices

To curtail the worst inflation in decades, Western developed central banks have moved aggressively to tighten monetary policy. This has helped exert downward pressure on inflation but has also brought about a meaningful slowdown in global growth and some financial accidents, including several US regional bank failures with Silicon Valley Bank (“SVB”) failing after a bank run in mid-March, marking the second largest bank failure by asset size in U.S. history. The collapse of SVB was due to the significant withdrawals from its technology and start-up depositors, as well as its over-exposure to investments that had suffered huge mark-to-market losses. Subsequently, Signature Bank was shut down, while First Republic Bank was “bailed out” by 11 banks with a total of USD30bn injection.

The Federal Reserve (“Fed”) raised its federal funds rate by 350 bps to 5.00%-5.25% as inflationary pressures proved to be stickier than initially expected. Fed Chairman Powell reiterated the Fed’s commitment to lower inflation to 2% but in its June Federal Open Market Committee (“FOMC”) meeting, the Fed left the federal funds rate unchanged yet signaled that another 50bps rate hike is expected in 2023. The “hawkish pause” is to allow the FOMC to assess additional information and its implications of its monetary policy.

In Malaysia, after staying pat for two consecutive Monetary Policy Committee (“MPC”) meetings, BNM surprisingly decided to hike the Overnight Policy Rate (“OPR”) by 25 bps from 2.75% to 3.00% in its May MPC Meeting. BNM expects growth in 2023 to be led by domestic demand while exports are expected to moderate. Risks to the domestic growth outlook are weighed to be relatively balanced, with upside risks to growth potentially coming from better-than-expected tourism activity and projects implementation, while downside risks may arise from slower-than-expected global growth and volatile global financial markets.

BNM forecasts that headline and core inflation rate will moderate in 2023, averaging between 2.8-3.8%. However, the central bank is of the view that the balance of risk for inflation is tilted to the upside. Given that BNM views domestic growth to be resilient, the central bank believes that it is timely to “further normalise the degree of monetary accommodation” and withdraw the monetary stimulus provided to support economic recovery during the Covid-19 pandemic, to prevent future financial imbalances. The monetary policy stance is currently viewed as “slightly accommodative” and remains supportive of the economy.



Malaysia's CPI and core CPI continued to retreat to 2.8% and 3.5% respectively in May, compared to April's figure of 3.3% and 3.6% respectively. BNM's international reserves decreased to US\$113.0bn as of mid-June (mid-May : US\$114.7bn). The reserves position is sufficient to finance 4.8 months of imports and is 1.0x of the total short-term external debt.

On the political front, the announcement of Datuk Seri Anwar Ibrahim as the 10<sup>th</sup> Prime Minister of Malaysia following the inconclusive results of GE 15 has resolved political uncertainty to a certain extent. The new ruling coalition appears to have a firm majority, as evidenced by the vote of confidence in December 2022, and market reaction has been positive to this development.

Prime Minister Anwar Ibrahim re-tabled an expansionary Budget 2023 entitled "Developing Malaysia MADANI" focused on the economy, institutional reform and social justice. The total allocation is revised upward to RM386.1 billion versus RM372.3 billion tabled by the previous government in October 2022. 2023 GDP is expected to grow at 4.5%, while inflation is expected to range between 2.8%-3.8% in 2023, which is wider than the 2.8-3.3% in the October 2022 budget. In line with the government's commitment to fiscal consolidation, the fiscal deficit is expected to be at a lower 5.0% of GDP and forecasted to narrow to 3.2% of GDP by 2025. The government ended the speculation of the implementation of Goods & Services Tax ("GST"), but introduced instead a Luxury Goods Tax in 2023, although there are no details yet on the value and type of goods to be taxed, nor the tax rate. Capital Gains Tax on the disposal of unlisted shares is planned for implementation in 2024.

Malaysia's MGS yield curve traded lower and flatter during the period with 3-, 5-, 10- and 15-year yields closed at 3.49%, 3.62%, 3.88% and 4.03%, respectively. The decrease in yields was driven by global inflation expectations declining, reduction in political risk and low prospects of further policy hike by BNM. MGII yields too ended the same across the curve with the 3-, 5-, 10- and 15-year MGII close at 3.47%, 3.70%, 3.89% and 3.98% respectively.

## REBATES AND SOFT COMMISSIONS

During the period under review, the Manager, and its delegates (if any) received soft commissions from brokers/dealers in the form of goods and services which directly assist the investment management of the Fund, including research and advisory services, market analyses, data and quotation services, and computer hardware and software used for and/or in support of the investment process of fund managers. Such soft commissions received are utilised in the investment management of the Fund and are of demonstratable benefit to the Fund and Unitholders. There were no churning of trades.

The Manager and its delegates (if any) have not received any rebates or shared any commissions from any brokers during the same period under review.

## SECURITIES LENDING OR REPURCHASE TRANSACTIONS

No securities lending or repurchase transaction have been carried out during the financial period under review.

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# EASTSPRING INVESTMENTS DYNAMIC FUND

## FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

## STATEMENT BY THE MANAGER

We, Tang Chee Kin and John Campbell Tupling, being two of the Directors of Eastspring Investments Berhad, do hereby state that, in the opinion of the Manager, the accompanying financial statements set out on pages 24 to 76 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 30 June 2023 and of its financial performance, changes in equity and cash flows for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the Manager,  
**EASTSPRING INVESTMENTS BERHAD**

**TANG CHEE KIN**  
Executive Director/Chief Executive Officer

**JOHN CAMPBELL TUPLING**  
Independent, Non-Executive Director

Kuala Lumpur  
Date: 23 August 2023

## TRUSTEE'S REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS DYNAMIC FUND ("Fund")

We have acted as Trustee of the Fund for the financial year ended 30 June 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Eastspring Investments Berhad has operated and managed the Fund during the year covered by these financial statements in accordance with the following:-

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

We are of the opinion that the distribution of income by the Fund is appropriate and reflects the investment objective of the Fund.

For Deutsche Trustees Malaysia Berhad

**Ng Hon Leong**  
Head, Fund Operations

**Sylvia Beh**  
Chief Executive Officer

Kuala Lumpur  
Date: 23 August 2023

# INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS DYNAMIC FUND

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our opinion

In our opinion, the financial statements of Eastspring Investments Dynamic Fund ("the Fund") give a true and fair view of the financial position of the Fund as at 30 June 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.

### What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 30 June 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 24 to 76.

### Basis for opinion

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

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

### *Independence and other ethical responsibilities*

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

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

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

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

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

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

### Responsibilities of the Manager for the financial statements

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

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



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

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

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

- a. Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- d. Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- e. Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

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

## OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

Kuala Lumpur  
Date: 23 August 2023

# STATEMENT OF COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	2023	2022
		RM	RM
<b>INVESTMENT INCOME/(LOSS)</b>			
Gross dividend income		1,793,359	1,628,252
Interest income from deposits			
with licensed financial institutions		208,192	105,458
Interest income from unquoted			
fixed income securities		152,662	191,800
Net loss on financial assets			
at fair value through profit or loss	7	(728,971)	(4,310,661)
		<u>1,425,242</u>	<u>(2,385,151)</u>
<b>EXPENSES</b>			
Management fee	3	(697,751)	(770,040)
Trustee fee	4	(39,074)	(43,122)
Audit fee		(7,700)	(7,700)
Tax agent fee		(3,994)	(3,400)
Other expenses		(23,849)	(33,540)
Transaction costs		(145,377)	(282,736)
		<u>(917,745)</u>	<u>(1,140,538)</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		507,497	(3,525,689)
<b>TAXATION</b>	6	-	-
<b>PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS)</b>		<u>507,497</u>	<u>(3,525,689)</u>
Profit/(loss) after taxation is made up			
of the following:			
Realised amount		679,257	(2,926,784)
Unrealised amount		(171,760)	(598,905)
		<u>507,497</u>	<u>(3,525,689)</u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Note	2023	2022
		RM	RM
<b>ASSETS</b>			
Cash and cash equivalents	8	9,741,764	4,279,244
Financial assets at fair value through profit or loss	7	44,599,155	51,489,882
Amount due from Manager		66,728	40,293
Amount due from broker		62,822	-
Dividends receivable		59,312	37,902
<b>TOTAL ASSETS</b>		<b>54,529,781</b>	<b>55,847,321</b>
<b>LIABILITIES</b>			
Accrued management fee		56,198	58,241
Amount due to Manager		93,597	125,128
Amount due to Trustee		3,147	3,262
Other payables and accruals		18,670	22,937
<b>TOTAL LIABILITIES</b>		<b>171,612</b>	<b>209,568</b>
<b>NET ASSET VALUE OF THE FUND</b>		<b>54,358,169</b>	<b>55,637,753</b>
<b>EQUITY</b>			
Unit holders' capital		23,727,507	23,303,720
Retained earnings		30,630,662	32,334,033
<b>NET ASSET ATTRIBUTABLE TO UNIT HOLDERS</b>		<b>54,358,169</b>	<b>55,637,753</b>
<b>NUMBER OF UNITS IN CIRCULATION</b>	9	<b>61,375,138</b>	<b>60,822,447</b>
<b>NET ASSET VALUE PER UNIT (EX-DISTRIBUTION) (RM)</b>		<b>0.8857</b>	<b>0.9148</b>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	Unit holders' capital	Retained earnings	Total
		RM	RM	RM
Balance as at 1 July 2022		23,303,720	32,334,033	55,637,753
Movement in unit holders' contribution:				
Creation of units from applications		3,504,550	-	3,504,550
Creation of units from distribution		2,145,601	-	2,145,601
Cancellation of units		(5,226,364)	-	(5,226,364)
Distribution (Gross/Net: 3.75 sen)	5	-	(2,210,868)	(2,210,868)
Total comprehensive income for the financial year		-	507,497	507,497
Balance as at 30 June 2023		<u>23,727,507</u>	<u>30,630,662</u>	<u>54,358,169</u>
Balance as at 1 July 2021		25,094,394	37,624,079	62,718,473
Movement in unit holders' contribution:				
Creation of units from applications		3,246,038	-	3,246,038
Creation of units from distribution		1,713,939	-	1,713,939
Cancellation of units		(6,750,651)	-	(6,750,651)
Distribution (Gross/Net: 2.99 sen)	5	-	(1,764,357)	(1,764,357)
Total comprehensive loss for the financial year		-	(3,525,689)	(3,525,689)
Balance as at 30 June 2022		<u>23,303,720</u>	<u>32,334,033</u>	<u>55,637,753</u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

# STATEMENT OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	2023	2022
		RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from sale of investments		23,451,537	45,749,576
Purchase of investments		(17,512,393)	(47,455,373)
Dividends received		1,771,949	1,633,080
Interest received from deposits with licensed financial institutions		208,192	105,458
Interest received from unquoted fixed income securities		167,076	191,524
Management fee paid		(699,794)	(777,733)
Trustee fee paid		(39,189)	(43,551)
Payment for other fees and expenses		(39,811)	(37,204)
Net cash generated from/(used in) operating activities		7,307,567	(634,223)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash proceeds from units created		3,478,115	3,258,941
Payments for cancellation of units		(5,257,895)	(6,812,670)
Distribution paid		(65,267)	(50,418)
Net cash used in financing activities		(1,845,047)	(3,604,147)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		5,462,520	(4,238,370)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		4,279,244	8,517,614
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	8	9,741,764	4,279,244

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

The following accounting policies have been used in dealing with items which are considered material in relation to the financial statements.

### **A. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

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

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

a. Standards and amendments to existing standards effective 1 January 2022:

There are no other standards, amendments to standards or interpretations that are effective for financial year beginning on 1 July 2022 that have a material effect on the financial statements of the Fund.

b. New standards, amendments and interpretations effective after 1 January 2022 and have not been early adopted:

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2022 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

## **B. INCOME RECOGNITION**

Interest income from short-term deposits placed with licensed financial institutions and unquoted fixed income securities are recognised on an accrual basis using the effective interest rate method.

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

Dividend income is recognised on the ex-dividend date, when the right to receive the dividend has been established.

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

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

## **C. TAXATION**

Current tax expense is determined according to the Malaysian tax laws at the current rate based upon the taxable income earned during the financial year.



#### **D. FUNCTIONAL AND PRESENTATION CURRENCY**

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

#### **E. FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

##### **i. Classification**

The Fund classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those measured at amortised cost

The Fund classifies its investments based on both the Fund’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions. The Fund has not taken the option to irrevocably designate any equities securities at fair value through other comprehensive income. The contractual cash flows of the Fund’s debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund’s business model’s objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents, amount due from Manager, amount due from broker and dividends receivable as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

The Fund classifies accrued management fee, amount due to Manager, amount due to Trustee and other payables and accruals as financial liabilities measured at amortised cost.

## ii. Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income.

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

Financial liabilities are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

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

Gains or losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are presented in the statement of comprehensive income within “net gain/(loss) on financial assets at fair value through profit or loss” in the financial year in which they arise.

Collective investment scheme are valued based on the last published net asset value per unit or share of such collective investment scheme or, if unavailable, on the average of the last published buying price and the last published selling price of such unit or share (excluding any sales charge included in selling in such selling price).

Quoted securities in Malaysia are valued at the last done market price quoted on the Bursa Malaysia Securities Berhad (“Bursa Securities”) at the date of the statement of financial position.

Unquoted fixed income securities are carried at cost and adjusted for any amortisation of premium or accretion of discount from acquisition date to maturity date. The carrying cost is revalued to reflect its fair value on a daily basis using the net present value method based on fair value prices quoted by a bond pricing agency ("BPA") registered with the Securities Commission's ("SC") as per the SC Guidelines on Unit Trust Funds. Where such quotations are not available or where the Manager is of the view that the price quoted by the BPA for a specific unquoted fixed income securities differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager:

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

If a valuation based on the market price does not represent the fair value of the securities, for example during abnormal market conditions or when no market price is available, including in the event of a suspension in the quotation of the securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the securities are valued as determined in good faith by the Manager, based on the methods or basis approved by the Trustee after appropriate technical consultation.

Financial assets and other financial liabilities are subsequently carried at amortised cost using the effective interest rate method.

iii. Impairment for assets carried at amortised costs

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

iv. Significant increase in credit risk

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

v. Definition of default and credit-impaired financial assets

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

vi. Write-off

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

## **F. CASH AND CASH EQUIVALENTS**

For the purpose of the statement of cash flows, cash and cash equivalents comprise bank balances and deposits with licensed financial institutions with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## **G. TRANSACTION COSTS**

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisors, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expenses.

## **H. UNIT HOLDERS' CAPITAL**

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

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

The outstanding units are carried at the redemption amount that is payable at each financial year if unit holder exercises the right to put the unit back to the Fund.

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

## **I. DISTRIBUTION**

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

## **J. AMOUNT DUE FROM/(TO) BROKERS**

Amount 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. The amount due from brokers balance is held for collection.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amount due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12 months expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due.

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

## **K. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

## 1. INFORMATION ON THE FUND

Eastspring Investments Dynamic Fund (the “Fund”) was constituted pursuant to the execution of a Deed dated 5 November 2003, Master Supplemental Deed dated 12 July 2007 and Second Supplemental Master Deed dated 30 November 2009 between HSBC (Malaysia) Trustee Berhad (“HSBC Trustee”) and Eastspring Investments Berhad (the “Manager”). The Fund replaced HSBC Trustee with Deutsche Trustees Malaysia Berhad (the “Trustee”) effective 1 October 2010. A Supplemental Master Deed was entered into between Eastspring Investments Berhad (the “Manager”) and Deutsche Trustees Malaysia Berhad (the “Trustee”) on 30 July 2010 to effect the change of trustee from HSBC Trustee to the Trustee, followed by Second Supplemental Master Deed dated 28 January 2011, Third Supplemental Master Deed dated 9 March 2011, Fourth Supplemental Master Deed dated 20 January 2012, Fifth Supplemental Master Deed dated 26 March 2014, Sixth Supplemental Master Deed dated 2 January 2015, Seventh Supplemental Master Deed dated 11 July 2016, Eighth Supplemental Master Deed dated 25 January 2017, Ninth Supplemental Master Deed dated 11 December 2017, Tenth Supplemental Master Deed dated 4 June 2018, Eleventh Supplemental Master Deed dated 30 September 2021, Twelfth Supplemental Master Deed dated 29 June 2022 and Thirteenth Supplemental Master Deed dated 29 November 2022 (collectively referred to as the “Deeds”).

The Fund was launched on 6 November 2003 and will continue its operations until terminated by the Trustee or the Manager as provided under Part 12 of the Deed.

The main objective of the Fund is to seek to provide investors with capital appreciation by actively investing in equity and equity-related securities. For defensive considerations, the Fund may invest in debentures and money market instruments.

The Fund seeks to achieve its objective by adopting a flexible asset allocation strategy between the different asset classes of equities and equity-related securities, debentures and liquid assets, depending on the investment market outlook.

All investments will be subjected to the Securities Commission’s (“SC”) Guidelines on Unit Trust Funds, the Deeds and the Fund’s objective.

The Manager is a company incorporated in Malaysia and is related to Prudential Plc., a public listed company in the United Kingdom. The principal activity of the Manager is the establishment and management of unit trust funds and asset management.



## 2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks which include market risk (inclusive of price risk and interest rate risk), stock/issuer risk, liquidity risk, non-compliance risk, fund management risk, capital risk and credit/default risk.

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

Financial instruments of the Fund are as follows:

	Note	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Total
		RM	RM	RM
<b>2023</b>				
Cash and cash equivalents	8	9,741,764	-	9,741,764
Quoted securities	7	-	33,370,561	33,370,561
Collective investment scheme	7	-	8,076,968	8,076,968
Unquoted fixed income securities	7	-	3,151,626	3,151,626
Amount due from Manager		66,728	-	66,728
Amount due from broker		62,822	-	62,822
Dividends receivable		59,312	-	59,312
		<u>9,930,626</u>	<u>44,599,155</u>	<u>54,529,781</u>
<b>2022</b>				
Cash and cash equivalents	8	4,279,244	-	4,279,244
Quoted securities	7	-	39,330,863	39,330,863
Collective investment scheme	7	-	8,162,210	8,162,210
Unquoted fixed income securities	7	-	3,996,809	3,996,809
Amount due from Manager		40,293	-	40,293
Dividends receivable		37,902	-	37,902
		<u>4,357,439</u>	<u>51,489,882</u>	<u>55,847,321</u>

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

## Market risk

### i. Price risk

Price risk arises mainly from the uncertainty about future prices of investments. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Manager manages the risk of unfavourable changes in prices by continuous monitoring of the performance and risk profile of the investment portfolio.

The table below shows assets of the Fund as at 30 June which are exposed to price risk:

	2023	2022
	RM	RM
Financial assets at fair value through profit or loss:		
Quoted securities	33,370,561	39,330,863
Collective investment scheme	8,076,968	8,162,210
Unquoted fixed income securities*	3,151,626	3,996,809
	<u>44,599,155</u>	<u>51,489,882</u>

\* Includes interest receivables of RM31,016 (2022: RM45,429).

The following table summarises the sensitivity of the Fund's profit/(loss) after tax and net asset value to movements in prices of quoted securities, collective investment scheme and unquoted fixed income securities at the end of each reporting financial year. The analysis is based on the assumptions that the market price of the quoted securities, collective investment scheme and unquoted fixed income securities increased by 5% and decreased by 5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted securities, collective investment scheme and unquoted fixed income securities, having regard to the historical volatility of the prices.

<b>% Change in price</b>	<b>Market value</b>	<b>Impact on profit/(loss) after tax and net asset value</b>
	<b>RM</b>	<b>RM</b>
<u>2023</u>		
+5%	46,796,546	2,228,407
-5%	42,339,732	(2,228,407)
<u>2022</u>		
+5%	54,016,676	2,572,223
-5%	48,872,230	(2,572,223)

ii. Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

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

Investors should note that the movement in prices of unquoted fixed income securities and money market instruments are benchmarked against interest rates. As such, the investments are exposed to the movement of the interest rates.

This risk is crucial since unquoted fixed income securities portfolio management depends on forecasting interest rate movements. Prices of unquoted fixed income securities move inversely to interest rate movements, therefore as interest rates rise, the prices of unquoted fixed income securities decrease and vice versa. Furthermore, unquoted fixed income securities with longer maturity and lower yield coupon rates are more susceptible to interest rate movements.

Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to make payments of interest income and principal, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

The table below summarises the sensitivity of the Fund's profit/(loss) after tax and net asset value to movements in prices of unquoted fixed income securities held by the Fund as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate changed by 1% (2022: 1%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the interest rate, having regard to the historical volatility of the interest rate.

	2023	2022
<b>% Change in interest rate of unquoted fixed income securities</b>	<b>Impact on profit after tax and net asset value</b>	<b>Impact on loss after tax and net asset value</b>
	<b>RM</b>	<b>RM</b>
+1% (2022: +1%)	(11,069)	(12,783)
- 1% (2022: - 1%)	11,121	12,856

The Fund's investments in deposits with licensed financial institutions are short term in nature. Therefore, exposure to interest rate fluctuations is minimal.

### Stock/Issuer risk

This risk refers to the individual risk of the respective companies issuing the securities. Specific risk includes but is not limited to changes in consumer tastes and demand, legal suits, competitive operating environments, changing industry conditions and management omissions and errors. However, this risk is minimised through investing in a wide range of companies in different sectors and thus function independently from one another.

**Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector and other factors. For the purpose of the Fund, the Manager will attempt to balance the entire portfolio by investing in a mix of assets with satisfactory trading volume and those that occasionally could encounter poor liquidity. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of units by unit holders. Liquid assets comprise bank balances, deposits with licensed financial institutions and other instruments which are capable of being converted into cash within 7 days.

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

	<b>Less than 1 month</b>	<b>Between 1 month to 1 year</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<u>2023</u>			
Accrued management fee	56,198	-	56,198
Amount due to Manager	93,597	-	93,597
Amount due to Trustee	3,147	-	3,147
Other payables and accruals	-	18,670	18,670
Contractual undiscounted cash outflows	152,942	18,670	171,612
<u>2022</u>			
Accrued management fee	58,241	-	58,241
Amount due to Manager	125,128	-	125,128
Amount due to Trustee	3,262	-	3,262
Other payables and accruals	-	22,937	22,937
Contractual undiscounted cash outflows	186,631	22,937	209,568

**Non-compliance risk**

Non-compliance risk arises when the Manager and others associated with the Fund are not compliant to the rules set out in the Fund's constitution or the laws that govern the Fund or applicable internal control procedures, or acts of fraudulence or dishonesty.

Non-compliance may expose the Fund to higher risks which may result in a fall in the value of the Fund which in turn may affect its investment goals. However, the risk can be mitigated by the internal controls and compliance monitoring undertaken by the Manager.

**Fund management risk**

There is the risk that the management company may not adhere to the investment mandate of the respective Funds. With close monitoring by the investment committee, back office system being incorporated with limits and controls, and regular reporting to the senior management team, the management company is able to manage such risk. The Trustee have an oversight function over management of the Fund by the management company to safeguard the interests of unit holders.

**Capital risk**

The capital of the Fund is represented by equity consisting of unit holders' capital of RM23,727,507 (2022: RM23,303,720) and retained earnings of RM30,630,662 (2022: RM32,334,033). The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.



## **Credit/Default risk**

Credit risk refers to the ability of an issuer or a counter party to make timely payments of interest income, principals and proceeds from realisation of investments. In the case of the Fund, the Manager regularly review the ratings assigned to the Issuer so that the necessary steps can be taken if the ratings fall below those prescribed by the Deeds.

Credit risk arising from cash and bank balances is managed by ensuring that they are held by parties with credit rating of AA1 or higher.

The credit risk arising from placements of deposits with licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions. For amount due from brokers, the settlement terms are governed by the relevant rules and regulations as prescribed by Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The credit/default risk is minimal as all transactions in quoted securities are settled/paid upon delivery using approved brokers. The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC's Guidelines on Unit Trust Funds.

For unquoted fixed income securities, the Manager regularly reviews the rating assigned to the issuer so that necessary steps can be taken if the rating falls below those described by the Deeds and SC's Guidelines on Unit Trust Funds.

The following table sets out the credit risk concentrations and counterparties of the Fund.

	Financial assets at fair value through profit or loss	Cash and cash equivalents	Dividends receivable	Amount due from Manager	Amount due from broker	Total
	RM	RM	RM	RM	RM	RM
<u>2023</u>						
Construction						
- NR	-	-	20,280	-	-	20,280
Energy						
- NR	-	-	8,085	-	-	8,085
Financial Services						
- AAA	-	9,690,810	-	-	-	9,690,810
- AA1	-	50,954	-	-	-	50,954
Health Care						
- NR	-	-	3,315	-	-	3,315
Plantation						
- NR	-	-	25,980	-	-	25,980
Technology						
- NR	-	-	1,652	-	-	1,652
Unquoted Fixed Income Securities						
- AA- IS	1,045,534	-	-	-	-	1,045,534
- NR	2,106,092	-	-	-	-	2,106,092
Other						
- NR	-	-	-	66,728	62,822	129,550
	3,151,626	9,741,764	59,312	66,728	62,822	13,082,252

	Financial assets at fair value through profit or loss	Cash and cash equivalents		Dividends receivable	Amount due from Manager		Total
		RM	RM		RM	RM	
2022							
Construction							
- NR	-	-	-	7,120	-	-	7,120
Consumer Products & Services							
- NR	-	-	-	3,435	-	-	3,435
Energy							
- NR	-	-	-	7,240	-	-	7,240
Financial Services							
- AAA	-	4,230,238	-	-	-	-	4,230,238
- AA1	-	49,006	-	-	-	-	49,006
- NR	-	-	-	7,500	-	-	7,500
Health Care							
- NR	-	-	-	335	-	-	335
Plantation							
- NR	-	-	-	7,080	-	-	7,080
Technology							
- NR	-	-	-	5,192	-	-	5,192
Unquoted Fixed Income Securities							
- AA- IS	1,020,505	-	-	-	-	-	1,020,505
- A1	1,017,256	-	-	-	-	-	1,017,256
- NR	1,959,048	-	-	-	-	-	1,959,048
Other							
- NR	-	-	-	-	40,293	-	40,293
	3,996,809	4,279,244	37,902	40,293	-	-	8,354,248

None of these financial assets are past due or impaired.

**Fair value estimation**

Fair value is defined as 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 (i.e. an exit price).

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

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

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques.

i. Fair value hierarchy

The following table analyses financial instruments carried at fair value by valuation method.

The different levels have been defined as follows:

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

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

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

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM

### 2023

Financial assets at fair value through profit or loss:

Quoted securities	33,370,561	-	-	33,370,561
Collective investment scheme	8,076,968	-	-	8,076,968
Unquoted fixed income securities	-	3,151,626	-	3,151,626
	<u>41,447,529</u>	<u>3,151,626</u>	<u>-</u>	<u>44,599,155</u>

### 2022

Financial assets at fair value through profit or loss:

Quoted securities	39,330,863	-	-	39,330,863
Collective investment scheme	8,162,210	-	-	8,162,210
Unquoted fixed income securities	-	3,996,809	-	3,996,809
	<u>47,493,073</u>	<u>3,996,809</u>	<u>-</u>	<u>51,489,882</u>

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, includes active quoted securities and collective investment scheme. The Fund does not adjust the quoted prices for these instruments. The Fund's policies on valuation of these financial assets are stated in Note E to the financial statements.

Financial instruments that trade in markets that are considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include unquoted fixed income securities. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Fund's policies on valuation of these financial assets are stated in Note E to the financial statements.

- ii. The carrying value of cash and cash equivalents, amount due from Manager, amount due from broker, dividends receivable and all liabilities are a reasonable approximation of their fair values due to their short term nature.

### **3. MANAGEMENT FEE**

In accordance with the Deed, the Manager is entitled to a management fee at a rate not exceeding 3.00% per annum of the net asset value of the Fund accrued and calculated on daily basis.

For the financial year ended 30 June 2023, the management fee is recognised at a rate of 1.25% (2022: 1.25%) per annum on the net asset value of the Fund, calculated on daily basis.

There will be no further liability to the Manager in respect of the management fee other than the amounts recognised above.

### **4. TRUSTEE FEE**

In accordance with the Deed, the Trustee is entitled to an annual fee at a rate not exceeding 0.20% per annum of the net asset value of the Fund, subject to a minimum fee of RM18,000 per annum.

For the financial year ended 30 June 2023, the Trustee fee is recognised at a rate of 0.07% (2022: 0.07%) per annum on the net asset value of the Fund, inclusive of local custodian fee, calculated on daily basis.

There will be no further liability to the Trustee in respect of the trustee fee other than the amounts recognised above.

## 5. DISTRIBUTION

	2023	2022
	RM	RM
Distribution to unit holders is from the following sources:		
Prior financial year's realised income	769,187	383,716
Dividend income	1,793,359	1,628,252
Interest income	360,854	297,257
	<hr/>	<hr/>
Gross realised income	2,923,400	2,309,225
Less: Expenses	(712,532)	(544,868)
	<hr/>	<hr/>
	2,210,868	1,764,357
	<hr/>	<hr/>
Gross distribution per unit (sen)	3.75	2.99
	<hr/>	<hr/>
Net distribution per unit (sen)	3.75	2.99
	<hr/>	<hr/>
Ex-Date	15 June 2023	20 June 2022
	<hr/>	<hr/>

Gross distribution is derived using total income less total expenses. The distribution is made from current and prior financial years' realised income.

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

During the financial year ended 30 June 2023, the Fund incurred an unrealised losses of RM171,760 (2022: RM598,905).



**6. TAXATION**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>

Tax charged for the financial year:

Current taxation	-	-
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The numerical reconciliation between profit/(loss) before taxation multiplied by the Malaysian statutory tax rate and tax expense of the Fund is as follows:

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Profit/(loss) before taxation	507,497	(3,525,689)
Tax at Malaysian statutory rate of 24% (2022: 24%)	121,799	(846,165)
Tax effects of:		
(Investment income not subject to tax)/		
investment loss not deductible for tax purposes	(342,058)	572,435
Expenses not deductible for tax purposes	50,951	87,072
Restriction on tax deductible expenses for		
Unit Trust Funds	169,308	186,658
Taxation	-	-

**7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Financial assets at fair value through profit or loss:		
Quoted securities (Note 7 (i))	33,370,561	39,330,863
Collective investment scheme (Note 7 (ii))	8,076,968	8,162,210
Unquoted fixed income securities (Note 7 (iii))	3,151,626	3,996,809
	<u>44,599,155</u>	<u>51,489,882</u>
Net loss on financial assets at fair value through profit or loss:		
Realised loss on disposals	(557,211)	(3,711,756)
Change in unrealised fair value loss	(171,760)	(598,905)
	<u>(728,971)</u>	<u>(4,310,661)</u>

i. Quoted securities

<b>Name of counter</b>	<b>Quantity</b>	<b>Aggregate cost</b>	<b>Fair value as at 30.6.2023</b>	<b>Percentage of net asset value of the Fund</b>
	<b>Units</b>	<b>RM</b>	<b>RM</b>	<b>%</b>
<u>Construction</u>				
IJM Corporation Berhad	338,000	607,464	503,620	0.93
<u>Consumer Products &amp; Services</u>				
Genting Berhad	319,000	1,648,785	1,295,140	2.38
Genting Malaysia Berhad	419,000	1,294,233	1,030,740	1.90
MR D.I.Y. Group (M) Berhad	331,000	653,009	526,290	0.97
PETRONAS Dagangan Berhad	22,700	556,858	503,940	0.93
PPB Group Berhad	33,000	564,270	519,420	0.96
QL Resources Berhad	89,000	522,951	477,040	0.88
Sime Darby Berhad	411,000	991,729	842,550	1.55
	1,624,700	6,231,835	5,195,120	9.57
<u>Energy</u>				
Dialog Group Berhad	332,000	1,133,468	683,920	1.26
Hibiscus Petroleum Berhad	1,078,000	1,091,417	932,470	1.72
	1,410,000	2,224,885	1,616,390	2.98

i. Quoted securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.6.2023	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Financial Services</u>				
AMMB Holdings Berhad	76,000	277,567	275,120	0.51
Bursa Malaysia Berhad	45,000	346,286	289,800	0.53
CIMB Group Holdings Berhad	306,000	1,693,777	1,548,360	2.85
Malayan Banking Berhad	63,000	560,055	543,690	1.00
Public Bank Bhd	667,000	2,889,349	2,567,950	4.72
RHB Bank Berhad	50,527	286,463	274,362	0.50
	1,207,527	6,053,497	5,499,282	10.11
<u>Health Care</u>				
Duopharma Biotech Berhad	83,000	208,462	107,900	0.20
KPJ Healthcare Berhad	510,000	549,556	571,200	1.05
	593,000	758,018	679,100	1.25
<u>Industrial Products &amp; Services</u>				
Malaysia Smelting Corporation Berhad	286,000	591,508	560,560	1.03
PETRONAS Chemicals Group Berhad	328,000	2,424,515	1,968,000	3.62
Press Metal Aluminium Holdings Berhad	233,000	1,217,714	1,095,100	2.01
	847,000	4,233,737	3,623,660	6.66

i. Quoted securities (continued)

<b>Name of counter</b>	<b>Quantity</b>	<b>Aggregate cost</b>	<b>Fair value as at 30.6.2023</b>	<b>Percentage of net asset value of the Fund</b>
	<b>Units</b>	<b>RM</b>	<b>RM</b>	<b>%</b>
<u>Plantation</u>				
Genting Plantations Berhad	55,700	569,365	328,630	0.60
Hap Seng Plantations Holdings Berhad	290,000	725,859	539,400	0.99
IOI Corporation Berhad	235,000	1,054,106	876,550	1.61
Kuala Lumpur Kepong Berhad	105,000	2,309,248	2,305,800	4.24
Sarawak Oil Palms Berhad	213,000	697,619	521,850	0.96
Sime Darby Plantation Berhad	253,000	1,186,923	1,049,950	1.93
TSH Resources Berhad	528,000	735,475	485,760	0.89
	<u>1,679,700</u>	<u>7,278,595</u>	<u>6,107,940</u>	<u>11.22</u>
<u>Property</u>				
S P Setia Berhad	516,000	700,109	281,220	0.52
Sime Darby Property Berhad	1,086,000	800,068	504,990	0.93
UEM Sunrise Berhad	1,730,000	871,922	467,100	0.86
	<u>3,332,000</u>	<u>2,372,099</u>	<u>1,253,310</u>	<u>2.31</u>

i. Quoted securities (continued)

<b>Name of counter</b>	<b>Quantity</b>	<b>Aggregate cost</b>	<b>Fair value as at 30.6.2023</b>	<b>Percentage of net asset value of the Fund</b>
	<b>Units</b>	<b>RM</b>	<b>RM</b>	<b>%</b>
<u>Technology</u>				
CTOS Digital Berhad	193,000	374,999	268,270	0.49
Genetec Technology Berhad	45,000	111,938	104,400	0.19
Inari Amertron Berhad	118,000	389,849	323,320	0.59
	356,000	876,786	695,990	1.27
<u>Telecommunications &amp; Media</u>				
Axiata Group Berhad	197,000	830,908	522,050	0.96
CelcomDigi Berhad	385,000	1,636,459	1,582,350	2.91
Maxis Berhad	136,000	607,959	557,600	1.03
REDtone Digital Berhad	711,000	391,382	504,810	0.93
Telekom Malaysia Berhad	223,900	1,102,764	1,099,349	2.02
TIME dotCom Berhad	211,000	841,502	1,097,200	2.02
	1,863,900	5,410,974	5,363,359	9.87
<u>Transportation &amp; Logistics</u>				
MISC Berhad	114,000	828,253	816,240	1.50

i. Quoted securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.6.2023	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Utilities</u>				
PETRONAS Gas Berhad	27,000	460,043	450,900	0.83
Tenaga Nasional Berhad	173,000	1,925,425	1,565,650	2.88
	200,000	2,385,468	2,016,550	3.71
<b>TOTAL QUOTED SECURITIES</b>	<u>13,565,827</u>	39,261,611	<u>33,370,561</u>	61.38
<b>ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>(5,891,050)</u>		
<b>TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>33,370,561</u>		

i. Quoted securities

<b>Name of counter</b>	<b>Quantity</b>	<b>Aggregate cost</b>	<b>Fair value as at 30.6.2022</b>	<b>Percentage of net asset value of the Fund</b>
	<b>Units</b>	<b>RM</b>	<b>RM</b>	<b>%</b>
<u>Construction</u>				
IJM Corporation Berhad	178,000	337,096	307,940	0.55
<u>Consumer Products &amp; Services</u>				
AEON Co. (M) Berhad	429,000	652,745	566,280	1.02
Berjaya Food Berhad	101,000	317,039	419,150	0.75
Genting Berhad	319,000	1,648,785	1,448,260	2.60
Genting Malaysia Berhad	419,000	1,294,233	1,189,960	2.14
Guan Chong Berhad	229,000	655,268	577,080	1.04
MR D.I.Y. Group (M) Berhad	424,500	924,261	878,715	1.58
Padini Holdings Berhad	97,000	301,551	310,400	0.56
PETRONAS Dagangan Berhad	32,000	784,998	675,840	1.21
PPB Group Berhad	38,000	628,634	602,680	1.08
Senheng New Retail Berhad	377,000	326,030	237,510	0.43
Sime Darby Berhad	411,000	991,729	875,430	1.57
UMW Holdings Berhad	103,000	323,666	319,300	0.57
	2,979,500	8,848,939	8,100,605	14.55
<u>Energy</u>				
Dialog Group Berhad	425,000	1,450,976	905,250	1.63
Hibiscus Petroleum Berhad	724,000	750,869	724,000	1.30
Velesto Energy Berhad	2,061,000	329,386	216,405	0.39
	3,210,000	2,531,231	1,845,655	3.32



i. Quoted securities (continued)

<b>Name of counter</b>	<b>Quantity</b>	<b>Aggregate cost</b>	<b>Fair value as at 30.6.2022</b>	<b>Percentage of net asset value of the Fund</b>
	<b>Units</b>	<b>RM</b>	<b>RM</b>	<b>%</b>
<u>Financial Services</u>				
Alliance Bank Malaysia Berhad	81,000	278,940	257,580	0.46
AMMB Holdings Berhad	150,000	543,719	559,500	1.01
Bursa Malaysia Berhad	83,000	638,706	550,290	0.99
CIMB Group Holdings Berhad	231,000	1,179,809	1,145,760	2.06
Hong Leong Bank Berhad	41,000	768,609	838,860	1.51
Malayan Banking Berhad	327,000	2,927,227	2,808,930	5.05
Public Bank Berhad	693,000	2,988,639	3,028,410	5.44
RHB Bank Berhad	98,000	548,991	561,540	1.01
	<b>1,704,000</b>	<b>9,874,640</b>	<b>9,750,870</b>	<b>17.53</b>
<u>Health Care</u>				
Duopharma Biotech Berhad	266,331	673,039	319,597	0.57
Hartalega Holdings Berhad	70,000	301,084	214,200	0.38
IHH Healthcare Berhad	198,000	1,323,749	1,277,100	2.30
Kossan Rubber Industries Berhad	35,000	60,064	46,200	0.08
KPJ Healthcare Berhad	134,000	110,403	111,890	0.20
	<b>703,331</b>	<b>2,468,339</b>	<b>1,968,987</b>	<b>3.53</b>

i. Quoted securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.6.2022	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Industrial Products &amp; Services</u>				
Dufu Technology Corp. Berhad	61,000	165,814	171,410	0.31
PETRONAS Chemicals Group Berhad	147,000	1,154,012	1,323,000	2.38
Press Metal Aluminium Holdings Berhad	233,000	1,217,714	1,109,080	1.99
	441,000	2,537,540	2,603,490	4.68
<u>Plantation</u>				
Genting Plantations Berhad	64,000	654,208	412,800	0.74
Hap Seng Plantations Holdings Berhad	201,000	531,904	462,300	0.83
IOI Corporation Berhad	235,000	1,054,106	902,400	1.62
Kuala Lumpur Kepong Berhad	49,400	1,142,781	1,083,836	1.95
Sarawak Oil Palms Berhad	118,000	599,717	473,180	0.85
Sime Darby Plantation Berhad	253,000	1,186,923	1,095,490	1.97
TSH Resources Berhad	325,000	509,638	344,500	0.62
	1,245,400	5,679,277	4,774,506	8.58

i. Quoted securities (continued)

<b>Name of counter</b>	<b>Quantity</b>	<b>Aggregate cost</b>	<b>Fair value as at 30.6.2022</b>	<b>Percentage of net asset value of the Fund</b>
	<b>Units</b>	<b>RM</b>	<b>RM</b>	<b>%</b>
<u>Property</u>				
IOI Properties Group Berhad	297,000	335,788	297,000	0.53
S P Setia Berhad	516,000	700,109	350,880	0.63
Sime Darby Property Berhad	1,086,000	800,068	488,700	0.88
UEM Sunrise Berhad	1,730,000	871,922	536,300	0.96
	<b>3,629,000</b>	<b>2,707,887</b>	<b>1,672,880</b>	<b>3.00</b>
<u>Technology</u>				
CTOS Digital Berhad	332,000	645,076	421,640	0.76
D&O Green Technologies Berhad	72,000	278,160	277,200	0.50
Frontken Corporation Berhad	111,000	281,593	254,190	0.46
Inari Amertron Berhad	236,000	779,698	623,040	1.12
Malaysian Pacific Industries Berhad	23,000	1,041,448	644,000	1.16
	<b>774,000</b>	<b>3,025,975</b>	<b>2,220,070</b>	<b>4.00</b>
<u>Telecommunications &amp; Media</u>				
Axiata Group Berhad	262,000	1,105,066	741,460	1.33
Digi.Com Berhad	149,000	625,961	521,500	0.94
Maxis Berhad	69,000	333,909	227,700	0.41
REDtone Digital Berhad	1,500,000	825,700	585,000	1.05
Telekom Malaysia Berhad	211,000	1,021,583	1,107,750	1.99
TIME dotCom Berhad	211,000	841,502	924,180	1.66
	<b>2,402,000</b>	<b>4,753,721</b>	<b>4,107,590</b>	<b>7.38</b>

i. Quoted securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.6.2022	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Transportation &amp; Logistics</u>				
MISC Berhad	80,000	579,431	568,000	1.02
<u>Utilities</u>				
PETRONAS Gas Berhad	37,000	630,427	608,280	1.09
Tenaga Nasional Berhad	100,500	1,236,784	801,990	1.44
	137,500	1,867,211	1,410,270	2.53
<b>TOTAL QUOTED SECURITIES</b>	<u>17,483,731</u>	<u>45,211,287</u>	<u>39,330,863</u>	<u>70.67</u>
<b>ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>(5,880,424)</u>		
<b>TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>39,330,863</u>		

ii. Collective investment scheme

Name of counter	Quantity	Aggregate cost	Fair value as at 30.6.2023	Percentage of net asset value of the Fund
	Units	RM	RM	%
Eastspring Investments Asia Pacific Equity MY Fund	<u>11,992,529</u>	9,005,127	<u>8,076,968</u>	<u>14.86</u>
<b>ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>(928,159)</u>		
<b>TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			<u>8,076,968</u>	

ii. Collective investment scheme

<b>Name of counter</b>	<b>Quantity</b>	<b>Aggregate cost</b>	<b>Fair value as at 30.6.2022</b>	<b>Percentage of net asset value of the Fund</b>
	<b>Units</b>	<b>RM</b>	<b>RM</b>	<b>%</b>
Eastspring Investments Asia Pacific Equity MY Fund	<u>11,617,151</u>	8,760,005	<u>8,162,210</u>	<u>14.67</u>
<b>ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>(597,795)</u>		
<b>TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>8,162,210</u>		

iii. Unquoted fixed income securities

Name of counter	Nominal value	Aggregate cost	Fair value as at 30.6.2023	Percentage of net asset value of the Fund
	RM	RM	RM	%
4.53% Danainfra Nasional Berhad 1.4.2037 (NR)	2,000,000	2,022,092	2,106,092	3.87
5.09% Southern Power Generation Sdn Bhd 30.4.2029 (AA- IS)	1,000,000	1,008,924	1,045,534	1.92
<b>TOTAL UNQUOTED FIXED INCOME SECURITIES</b>	<u>3,000,000</u>	3,031,016	<u>3,151,626</u>	<u>5.79</u>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>120,610</u>		
<b>TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>3,151,626</u>		

iii. Unquoted fixed income securities

Name of counter	Nominal value	Aggregate cost	Fair value as at 30.6.2022	Percentage of net asset value of the Fund
	RM	RM	RM	%
5.03% Affin Bank Berhad 20.9.2027 (A1)	1,000,000	1,014,056	1,017,256	1.83
4.53% Danainfra Nasional Berhad 1.4.2037 (NR)	2,000,000	2,022,588	1,959,048	3.52
5.09% Southern Power Generation Sdn Bhd 30.4.2029 (AA- IS)	1,000,000	1,008,785	1,020,505	1.83
<b>TOTAL UNQUOTED FIXED INCOME SECURITIES</b>	<u>4,000,000</u>	4,045,429	<u>3,996,809</u>	7.18
<b>ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>(48,620)</u>		
<b>TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>3,996,809</u>		

The effective weighted average interest rate of unquoted fixed income securities per annum as at the date of the statement of financial position are as follows:

	2023	2022
	%	%
Unquoted fixed income securities	<u>4.17</u>	<u>4.84</u>



**8. CASH AND CASH EQUIVALENTS**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Bank balance with a licensed bank	50,954	49,006
Deposits with licensed financial institution	9,690,810	4,230,238
	<u>9,741,764</u>	<u>4,279,244</u>

The effective weighted average interest rate of short-term deposits with licensed financial institution per annum as at the date of statement of financial position are as follows:

	<b>2023</b>	<b>2022</b>
	<b>%</b>	<b>%</b>
Deposits with licensed financial institution	<u>3.05</u>	<u>2.05</u>

The deposits have an average maturity of 3 days (2022: 1 day).

**9. UNITS IN CIRCULATION**

	<b>2023</b>	<b>2022</b>
	<b>No. of units</b>	<b>No. of units</b>
At the beginning of the financial year	60,822,447	62,443,607
Creation of units during the financial year:		
Arising from applications	3,751,817	3,210,526
Arising from distribution	2,398,391	1,883,242
Cancellation of units during the financial year	<u>(5,597,517)</u>	<u>(6,714,928)</u>
At the end of the financial year	<u>61,375,138</u>	<u>60,822,447</u>

## 10. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the top 10 brokers and dealers are as follows:

Name of brokers/ dealers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>2023</u>				
CGS – CIMB Securities Sdn Bhd	5,833,777	14.63	14,102	17.69
RHB Investment Bank Berhad	5,554,582	13.93	10,679	13.39
Maybank Investment Bank Berhad	3,882,951	9.74	7,391	9.27
KAF Equities Sdn Bhd	3,460,131	8.68	6,302	7.90
Kenanga Investment Bank Berhad	3,200,693	8.02	5,910	7.41
J.P. Morgan Securities (Malaysia) Sdn Bhd	3,022,656	7.58	5,771	7.24
UOB Kay Hian Securities (M) Sdn Bhd	3,016,878	7.56	5,800	7.28
CLSA Securities Malaysia Sdn Bhd	2,804,868	7.03	6,112	7.67
Credit Suisse Securities (Malaysia) Sdn Bhd	2,632,319	6.60	5,053	6.34
Macquarie Capital Securities (Malaysia) Sdn Bhd	2,250,257	5.64	4,287	5.38
Others #	4,226,680	10.59	8,318	10.43
	<u>39,885,792</u>	<u>100.00</u>	<u>79,725</u>	<u>100.00</u>

Name of brokers/ dealers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>2022</u>				
J.P. Morgan Securities (Malaysia) Sdn Bhd	15,239,143	16.38	30,504	17.79
Maybank Investment Bank Berhad	10,664,197	11.46	22,795	13.29
CLSA Securities Malaysia Sdn Bhd	10,401,876	11.18	20,804	12.13
Macquarie Capital Securities (Malaysia) Sdn Bhd	8,842,045	9.50	17,684	10.31
Eastspring Investments Berhad #	8,760,005	9.42	-	-
CGS – CIMB Securities Sdn Bhd	8,712,857	9.37	17,316	10.10
UOB Kay Hian Securities (M) Sdn Bhd	5,957,680	6.40	11,915	6.95
Credit Suisse Securities (Malaysia) Sdn Bhd	5,154,760	5.54	10,310	6.01
Kenanga Investment Bank Berhad	4,772,400	5.13	9,545	5.57
KAF Equities Sdn Bhd	3,915,240	4.21	7,830	4.56
Others	10,607,289	11.41	22,796	13.29
	<u>93,027,492</u>	<u>100.00</u>	<u>171,499</u>	<u>100.00</u>

# Included in transactions by the Fund are trades conducted with Eastspring Investments Berhad, a related party of Manager amounting to RM245,122 (2022: RM8,760,005).

## 11. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

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

Related parties	Relationship
Director of Eastspring Investments Berhad	Director of the Manager
Eastspring Investments Asia Pacific Equity MY Fund	Collective investment scheme managed by Eastspring Investments Berhad
Eastspring Investments Berhad	The Manager
Eastspring Investments Group Private Limited	Immediate holding company of the Manager
Prudential Plc	Ultimate holding company of the Manager

### Units held by Manager:

	2023		2022	
	No. of units	RM	No. of units	RM
Eastspring Investments Berhad	1,679	1,488	1,612	1,475

The above units were transacted at the prevailing market price.

The units are held legally and beneficially by the Manager and are within the prescribed limit allowed by SC's Guidelines on Unit Trust Funds. Other than the above, there were no units held by the Directors or parties related to the Manager.

In addition to the related parties disclosure mentioned in the financial statements, there were no other significant related parties transactions and balances. The Manager is of the opinion that all transactions with the related party have been entered into in the normal course of business at agreed terms between the related party.

Significant related parties transactions

	2023	2022
	RM	RM
Purchase of units in collective investment scheme managed by Eastspring Investments Berhad	245,122	8,760,005
Sales of units in collective investment scheme managed by Eastspring Investments Berhad	-	-

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

	2023	2022
	%	%
TER	1.38	1.39

TER is derived from the following calculation:

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

A = Management fee

B = Trustee fee

C = Audit fee

D = Tax agent fee

E = Other expenses (excluding sales and service tax on transaction cost and withholding tax)

F = Average net asset value of the Fund calculated on a daily basis

The average net asset value of the Fund for the financial year calculated on a daily basis is RM55,840,757 (2022: RM61,650,941).

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

	2023	2022
PTR (times)	0.37	0.76

PTR is derived from the following calculation:

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

where:

total acquisitions for the financial year = RM17,316,680 (2022: RM47,326,783)

total disposals for the financial year = RM23,595,397 (2022: RM45,903,722)

### 14. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 23 August 2023.

# CORPORATE DIRECTORY

## **THE MANAGER**

NAME

EASTSPRING INVESTMENTS BERHAD

COMPANY NO.

200001028634 (531241-U)

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## **TRUSTEE**

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DEUTSCHE TRUSTEES MALAYSIA BERHAD

COMPANY NO.

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FAX NO.

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## **SALE & PURCHASE OF UNITS**

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Persiaran TRX Barat

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