

EASTSPRING INVESTMENTS BOND FUND

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 31 December 2023.

You may also download these reports from our website at 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, flowing script.

Raymond Tang Chee Kin

Non-Independent, Executive Director and Chief Executive Officer

TABLE OF CONTENTS

| | |
|---|----|
| Fund Information | 1 |
| Key Performance Data | 2 |
| Manager's Report | 4 |
| Market Review | 8 |
| Rebates and Soft Commissions | 10 |
| Securities Lending or Repurchase Transactions | 10 |
| Statement by the Manager | 12 |
| Trustee's Report to the Unit Holders of Eastspring Investments Bond Fund | 13 |
| Independent Auditors' Report to the Unit Holders of Eastspring Investments Bond Fund | 14 |
| Statement of Comprehensive Income | 18 |
| Statement of Financial Position | 19 |
| Statement of Changes in Equity | 20 |
| Statement of Cash Flows | 21 |
| Material Accounting Policy Information | 22 |
| Notes to the Financial Statements | 30 |
| Corporate Directory | 59 |
| Appendix 1 – List of Changes for Eastspring Investments Bond Fund | 61 |

FUND INFORMATION

| | |
|--|--|
| Name of Fund | Eastspring Investments Bond Fund (the "Fund") |
| Fund Category/ Type | Bond/income |
| Fund Objective | <p>The Fund seeks to provide investors with a steady stream of income* returns by investing principally** in a portfolio of investment grade fixed income securities with exposure in noninvestment grade fixed income securities which yield above average returns.</p> <p>ANY MATERIAL CHANGES TO THE FUND'S OBJECTIVE WOULD REQUIRE UNIT HOLDERS' APPROVAL.</p> <p>* Income distributed to a Unit Holder will be reinvested into additional Units unless Unit Holder opts for the distribution to be paid out.</p> <p>** principally refers to minimum 70% of the Fund's NAV</p> |
| Performance Benchmark | <p>The performance benchmark of the Fund is Quant Shop Malaysian Government Securities Medium Index ("Quant Shop MGS Medium Index").</p> <p>Source: www.quantshop.com</p> <p>Note: The risk profile of the Fund is different from the risk profile of the performance benchmark.</p> |
| 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 |
|---|---------------|---------------|---------------|
| | (%) | (%) | (%) |
| Unquoted fixed income securities | 91.83 | 73.47 | 93.17 |
| Cash and other assets | 8.17 | 26.53 | 6.83 |
| Total | 100.00 | 100.00 | 100.00 |
| Net Asset Value (NAV) (RM'000) | 197,459 | 305,911 | 287,572 |
| Units In Circulation (Units '000) | 306,734 | 483,360 | 441,874 |
| Net Asset Value Per Unit (RM) | 0.6437 | 0.6329 | 0.6508 |
| Highest Net Asset Value Per Unit (RM) [#] | 0.6436 | 0.6328 | 0.6508 |
| Lowest Net Asset Value Per Unit (RM) [#] | 0.6420 | 0.6317 | 0.6500 |
| Total Return (%) | | | |
| - Capital Growth | 1.69 | (2.75) | (4.03) |
| - Income Distribution | 3.91 | 3.59 | 3.08 |
| Total Return (%) | 5.68 | 0.73 | (1.07) |
| Gross Distribution Per Unit (RM) | 0.0251 | 0.0227 | 0.0200 |
| Net Distribution Per Unit (RM) | 0.0251 | 0.0227 | 0.0200 |
| Total Expense Ratio (TER) (%) [*] | 1.09 | 1.10 | 1.09 |
| Portfolio Turnover Ratio (PTR) (times) [^] | 0.32 | 0.76 | 0.38 |

[#] Figure shown as ex-distribution.

^{*} There were no significant changes to the TER during the period under review.

[^] There were no significant changes to the PTR during the period under review.

KEY PERFORMANCE DATA (CONTINUED)

| | 1 year 1.1.2023 to 31.12.2023 | 3 years 1.1.2021 to 31.12.2023 | 5 years 1.1.2019 to 31.12.2023 |
|--|-------------------------------------|--------------------------------------|--------------------------------------|
| | (%) | (%) | (%) |

| | | | |
|----------------------|------|------|------|
| Average total return | 5.68 | 1.74 | 3.22 |
|----------------------|------|------|------|

| Year ended | 1.1.2023 to 31.12.2023 | 1.1.2022 to 31.12.2022 | 1.1.2021 to 31.12.2021 | 1.1.2020 to 31.12.2020 | 1.1.2019 to 31.12.2019 |
|------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | (%) | (%) | (%) | (%) | (%) |

| | | | | | |
|---------------------|------|------|--------|------|------|
| Annual total return | 5.68 | 0.73 | (1.07) | 3.84 | 7.17 |
|---------------------|------|------|--------|------|------|

Source: The above total return of the Fund was sourced from Lipper for Investment Management.

Bases of calculation and assumptions made in calculating returns:

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

NAV_t = NAV at the end of the period

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.

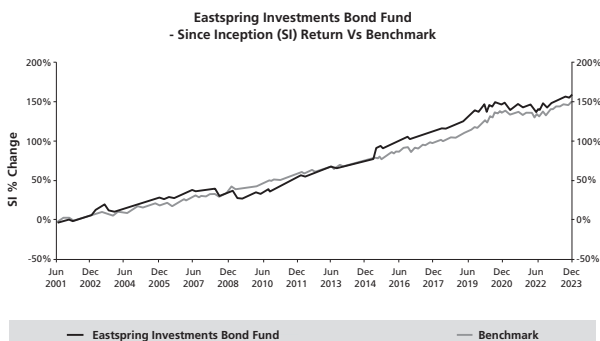
MANAGER'S REPORT

Fund Performance

Over the 5-year period, the Fund recorded a return of 17.19%, underperforming the benchmark return of 21.34% by 4.15%.

During the period under review, the Fund registered a return of 5.68%, outperforming the benchmark return of 5.18% by 0.50%.

The outperformance of the Fund for the period under review was contributed by its investment in longer tenor bonds which outperformed the benchmark.



The performance is calculated on NAV-to-NAV basis with gross income or dividend reinvested.

Benchmark: Quant Shop Malaysian Government Securities Medium Index ("Quant Shop MGS Medium Index").

Source: Lipper for Investment Management and www.quantshop.com, as at 31 December 2023.

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

MANAGER'S REPORT (CONTINUED)

Analysis of Fund Performance

For the financial year ended 31 December 2023:

| Income Return | Capital Return* | Total Return | Total Return of Benchmark |
|---------------|-----------------|--------------|---------------------------|
| (%) | (%) | (%) | (%) |
| 3.91 | 1.69 | 5.68 | 5.18 |

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

Distribution/ Unit Split

| Ex-Date | 15-Dec-23 |
|-----------------------|-----------|
| Distribution Per Unit | (RM) |

| | |
|-------|--------|
| Gross | 0.0251 |
| Net | 0.0251 |

Impact on NAV arising from distribution for the financial year ended 31 December 2023.

| Ex-Date | 15-Dec-23 |
|---------|---------------|
| | (RM per Unit) |

| | |
|-------------------------------------|----------|
| Net Asset Value before distribution | 0.6671 |
| Less: distribution | (0.0251) |
| Net Asset Value after distribution | 0.6420 |

No unit split were declared for the financial year ended 31 December 2023.

Investment Strategy During the Period Under Review

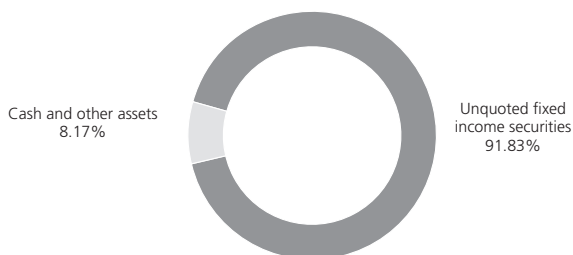
The Fund participated in selected quality issuances for yield pick-up, and trade on market volatility, subject to liquidity constraints.

MANAGER'S REPORT (CONTINUED)

Asset Allocation

| Asset Allocation | 31-Dec 2023 | 31-Dec 2022 | Changes |
|----------------------------------|----------------|----------------|---------|
| | (%) | (%) | (%) |
| Unquoted fixed income securities | 91.83 | 73.47 | 18.36 |
| Cash and other assets | 8.17 | 26.53 | (18.36) |

Asset Allocation as at 31 December 2023



The Fund had elevated cash levels going into 2023 due to volatile inflows and outflows that increased the need for liquidity to meet sudden outflows. In 2023, those volatile flows ceased, and the NAV declined from ~RM305 mil to ~RM198 mil. The more stable fund flows allowed the Fund to invest more fully in fixed income securities.

MANAGER'S REPORT (CONTINUED)

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.

We have issued the Eighth Supplementary Master Prospectus dated 2 February 2024 with the following changes:

- a. We, as the Manager reserves the right to change the minimum amounts and number of units in relation to investments into the Fund. We will notify unit holders by way letter should we decide to increase the minimum amounts and number of units;
- b. To lower minimum initial and/or additional investments amount, minimum redemption and minimum holding units for investments via our digital platform as well as on our distributor's digital platform;
- c. To only allow income distribution payments via electronic bank transfer (e-payment);
- d. To implement auto-reinvestment of the income distributions in the absence of a registered bank account; and
- e. To implement auto-reinvestment enhancement for income distributions paid to unit holders should there be unclaimed income distribution payment for the last three (3) consecutive distributions.

With above, unit holders may refer to **Appendix 1** for the detailed list of changes.

MARKET REVIEW

2023 was a year of transition for the global economy and financial markets. As extreme inflation subsided, investors' attention shifted to slowing growth and prospects for rate cuts. During the period, the Federal Reserve ("Fed") raised its federal funds rate by 100 bps during the review period to 5.25%-5.50% citing that the U.S. economy has been expanding at a moderate pace while inflation remains elevated. However, in its September Federal Open Market Committee ("FOMC") meeting, the Fed left the federal funds rate unchanged as its indicators suggest that "growth of economic activity has slowed" from its strong pace in the third quarter and with a much clearer shift to a more dovish tone in its December meeting led to an accelerated the market rally. Towards year end, the revised dot plot – a chart plotting FOMC projections for the federal funds rate - indicated that the three rate cuts are now anticipated for 2024, up from the previously expected two. With more encouraging news on inflation, the FOMC appears more comfortable with the progress made in bringing inflation back towards the target.

Also, the U.S. was confronted with a banking crisis which saw 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. Also, the U.S. debt ceiling issue came to an end in June with the final agreement to suspend the debt limit until 2025 (after the next presidential election). At the initial, there was some investor caution around U.S. debt ceiling concerns, but legislation that suspended the debt ceiling was approved by U.S. Congress in the first days of June in a deal that included concessions on spendings. Separately, the U.S. also had avoided the shutdown of Federal agencies as the Congress approves temporary funding and pushes the fight over the federal budget into the new year 2024.

In Malaysia, Bank Negara Malaysia ("BNM") increased its Overnight Policy Rate ("OPR") to 3.00% in its May Monetary Policy Committee ("MPC") meeting as it noted that the decision remains supportive of the economy and is consistent with the current assessment of the inflation and growth prospects. In its last MPC statement, it added a new paragraph touching on currency volatility, attributing MYR weakness to a strong USD, tight US monetary policy and concerns over geopolitical tensions, BNM emphasized that FX volatility would not derail Malaysia's growth prospects. The approach to "manage risks of heightened volatility, including to provide liquidity, to ensure the orderly functioning of the domestic foreign exchange market" echoes prior statements from the Financial Markets Committee. Also, the MPC retains its data-dependent stance, noting the government's intention to review price controls and subsidies in 2024 will affect the outlook for inflation and demand conditions.

During the period, the 10-year MADANI economy roadmap was unveiled by the Malaysian government. Among the key initiatives include taking Malaysia into one of the top 30 economies in the world over the next decade, improving Malaysia's standing in the Global Competitiveness Index to 12th and Human Development Index to 25th, growing GDP by 5.5% to 6.0% and reducing the fiscal deficit to 3.0% or lower. Also, Malaysia unveiled its New Industrial Master Plan ("NIMP") 2030 and National Energy Transition Roadmap ("NETR") as part of its medium-long term plan to drive Malaysia's future growth.

Also, Malaysian PM Anwar Ibrahim tabled Budget 2024 in October, targeting a fiscal deficit of 4.3% of GDP with an expenditure allocation of RM393.8bn and a revenue projection of RM307.6bn. Among the key measures announced include the hike in sales and service tax ("SST") from 6% to 8%, the introduction of capital gains tax on sale of unlisted shares in Mar 2024, and a Luxury Goods Tax which will be set at 5-10%. Diesel subsidies will also be rationalized, however, logistic companies would be exempted, while the ceiling price for chicken and eggs would be removed. Meanwhile, Allocation for Rahmah Cash Aid ("STR") was raised to RM10bn from RM8bn and will benefit 9m recipients. A Budget Monitoring Committee will be established to ensure allocations under Budget 2024 are well disbursed for the people's benefit.

Malaysia's CPI and core CPI continued to decline to 1.5% and 2.0% year-on-year (y-o-y) respectively in November (October: 1.8%; 2.4%). The unemployment rate remained unchanged at 3.4% from June to October 2023. BNM international reserves increased to US\$112.8bn as of mid-December (mid-Nov: US\$110.5bn). The reserves position is sufficient to finance 5.5 months of imports and is 1.0x of the total short-term external debt.

Malaysia's MGS yield curve traded lower and flatter during the period with 3-, 5-, 10- and 15-year yields closed at 3.46%, 3.56%, 3.73% and 3.98%, 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 3.48%, 3.59%, 3.78% and 3.95% respectively.

REBATES AND SOFT COMMISSIONS

During the period under review, the Manager and its delegates (if any) did not receive any soft commissions from stockbrokers.

SECURITIES LENDING OR REPURCHASE TRANSACTIONS

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

EASTSPRING INVESTMENTS BOND FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 18 to 58 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 31 December 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 February 2024

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

We have acted as Trustee of the Fund for the financial year ended 31 December 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 February 2024

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

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

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 December 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, comprising material accounting policy information and other explanatory information, as set out on pages 18 to 58.

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 February 2024

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

| | Note | 2023 | 2022 |
|---|------|--------------------|--------------------|
| | | RM | RM |
| INVESTMENT INCOME | | | |
| Interest income from deposits | | | |
| with licensed financial institutions | | 1,053,849 | 773,470 |
| Interest income from unquoted | | | |
| fixed income securities | | 10,195,002 | 9,829,536 |
| Net gain/(loss) on financial assets | | | |
| at fair value through profit or loss | 7 | <u>6,323,242</u> | <u>(5,772,614)</u> |
| | | <u>17,572,093</u> | <u>4,830,392</u> |
| EXPENSES | | | |
| Management fee | 3 | (2,664,731) | (2,704,906) |
| Trustee fee | 4 | (213,179) | (216,392) |
| Audit fee | | (8,400) | (8,400) |
| Tax agent fee | | (3,700) | (7,900) |
| Other expenses | | <u>(18,319)</u> | <u>(22,046)</u> |
| | | <u>(2,908,329)</u> | <u>(2,959,644)</u> |
| PROFIT BEFORE TAXATION | | 14,663,764 | 1,870,748 |
| TAXATION | 5 | <u>-</u> | <u>-</u> |
| PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME | | <u>14,663,764</u> | <u>1,870,748</u> |
| Profit after taxation is made up of the following: | | | |
| Realised amount | | 8,952,008 | 1,405,351 |
| Unrealised amount | | <u>5,711,756</u> | <u>465,397</u> |
| | | <u>14,663,764</u> | <u>1,870,748</u> |

The accompanying material accounting policy information and notes to the financial statements form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

| | Note | 2023 | 2022 |
|--|------|--------------------|--------------------|
| | | RM | RM |
| ASSETS | | | |
| Cash and cash equivalents | 8 | 15,106,609 | 77,477,896 |
| Financial assets at fair value through profit or loss | 7 | 181,353,726 | 224,712,561 |
| Amount due from Manager | | 2,253,024 | 4,521,201 |
| TOTAL ASSETS | | <u>198,713,359</u> | <u>306,711,658</u> |
| LIABILITIES | | | |
| Accrued management fee | | 169,353 | 257,078 |
| Amount due to Manager | | 1,052,134 | 499,310 |
| Amount due to Trustee | | 13,548 | 20,566 |
| Other payables and accruals | | 19,551 | 23,326 |
| TOTAL LIABILITIES | | <u>1,254,586</u> | <u>800,280</u> |
| NET ASSET VALUE OF THE FUND | | <u>197,458,773</u> | <u>305,911,378</u> |
| EQUITY | | | |
| Unit holders' capital | | 147,146,127 | 263,325,955 |
| Retained earnings | | 50,312,646 | 42,585,423 |
| NET ASSET ATTRIBUTABLE TO UNIT HOLDERS | | <u>197,458,773</u> | <u>305,911,378</u> |
| NUMBER OF UNITS IN CIRCULATION | 9 | <u>306,734,103</u> | <u>483,359,828</u> |
| NET ASSET VALUE PER UNIT (EX-DISTRIBUTION) (RM) | | <u>0.6437</u> | <u>0.6329</u> |

The accompanying material accounting policy information and notes to the financial statements form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

| | Note | Unit holders' capital RM | Retained earnings RM | Total RM |
|---|------|-----------------------------|-------------------------|---------------|
| Balance as at 1 January 2023 | | 263,325,955 | 42,585,423 | 305,911,378 |
| Movement in unit holders' contribution: | | | | |
| Creation of units from applications | | 73,357,042 | - | 73,357,042 |
| Creation of units from distribution | | 7,202,424 | - | 7,202,424 |
| Cancellation of units Distribution | | (196,198,378) | - | (196,198,378) |
| (Gross/Net: 2.51 sen) | 6 | (540,916) | (6,936,541) | (7,477,457) |
| Total comprehensive income for the financial year | | - | 14,663,764 | 14,663,764 |
| Balance as at 31 December 2023 | | 147,146,127 | 50,312,646 | 197,458,773 |
| Balance as at 1 January 2022 | | 240,822,990 | 46,749,016 | 287,572,006 |
| Movement in unit holders' contribution: | | | | |
| Creation of units from applications | | 198,711,565 | - | 198,711,565 |
| Creation of units from distribution | | 10,074,973 | - | 10,074,973 |
| Cancellation of units Distribution | | (181,839,232) | - | (181,839,232) |
| (Gross/Net: 2.27 sen) | 6 | (4,444,341) | (6,034,341) | (10,478,682) |
| Total comprehensive income for the financial year | | - | 1,870,748 | 1,870,748 |
| Balance as at 31 December 2022 | | 263,325,955 | 42,585,423 | 305,911,378 |

The accompanying material accounting policy information and notes to the financial statements form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

| | Note | 2023 | 2022 |
|---|------|----------------------|-------------------|
| | | RM | RM |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Proceeds from sale of investments | | 116,761,920 | 242,425,695 |
| Purchase of investments | | (67,611,500) | (206,123,900) |
| Interest received from deposits with licensed financial institutions | | 1,053,849 | 773,470 |
| Interest received from unquoted fixed income securities | | 10,726,660 | 10,972,259 |
| Management fee paid | | (2,752,456) | (2,690,026) |
| Trustee fee paid | | (220,197) | (215,202) |
| Payment for other fees and expenses | | (34,195) | (43,803) |
| Net cash generated from operating activities | | <u>57,924,081</u> | <u>45,098,493</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Cash proceeds from units created | | 75,625,219 | 199,486,448 |
| Payments for cancellation of units | | (195,645,554) | (184,081,738) |
| Distribution paid | | (275,033) | (403,709) |
| Net cash (used in)/generated from financing activities | | <u>(120,295,368)</u> | <u>15,001,001</u> |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | | | |
| | | (62,371,287) | 60,099,494 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR | | | |
| | | <u>77,477,896</u> | <u>17,378,402</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR | | | |
| | 8 | <u>15,106,609</u> | <u>77,477,896</u> |

The accompanying material accounting policy information and notes to the financial statements form an integral part of these financial statements.

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 MFRS and IFRS requires 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 revenue 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 J.

a. Standards and amendments to existing standards effective 1 January 2023:

There are no standards, amendments to standards or interpretations that are effective for financial periods beginning on 1 January 2023 that have a material effect on the financial statements of the Fund.

b. New standards, amendments and interpretations effective after 1 January 2023 and have not been early adopted:

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2023 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).

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, which is determined on cost adjusted for accretion of discount and 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 to be measured at amortised cost

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash 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 contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents and amount due from Manager 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.

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 it is 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.

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 based on fair value prices quoted by a bond pricing agency (“BPA”) registered with the Securities Commission as per the Securities Commission’s (“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 a 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.

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 there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay 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. 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.

H. 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 brokers 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 brokers, probability that the brokers 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.

I. DISTRIBUTION

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

J. 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 31 DECEMBER 2023

1. INFORMATION ON THE FUND

Eastspring Investments Bond Fund (the "Fund") was constituted pursuant to the execution of Master Deed dated 4 May 2001, Supplemental Master Deed dated 26 May 2003, a Supplemental Master Deed dated 15 February 2006, Master Supplemental Deed dated 25 July 2007 and Second Supplemental Master Deed dated 30 November 2009 between BHLB (Malaysia) Trustee Berhad ("BHLB Trustee") and Eastspring Investments Berhad (the "Manager"). The Fund replaced BHLB Trustee with Deutsche Trustees Malaysia Berhad (the "Trustee") effective 1 October 2010. A Supplemental Master Deed was entered into between the Manager and the Trustee on 30 July 2010 to effect the change of trustee from BHLB 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 29 May 2001 and will continue its operations until terminated as provided under Part 12 of the Deed.

The Fund seeks to provide investors with a steady stream of income returns by investing principally in a portfolio of investment-grade fixed income securities with exposure in non-investment grade fixed income securities which yield above average returns.

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), liquidity risk, credit/default risk, fund management risk, non-compliance risk and capital 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 |
| <u>2023</u> | | | | |
| Cash and cash equivalents | 8 | 15,106,609 | - | 15,106,609 |
| Unquoted fixed income securities | 7 | - | 181,353,726 | 181,353,726 |
| Amount due from Manager | | 2,253,024 | - | 2,253,024 |
| | | <u>17,359,633</u> | <u>181,353,726</u> | <u>198,713,359</u> |
| <u>2022</u> | | | | |
| Cash and cash equivalents | 8 | 77,477,896 | - | 77,477,896 |
| Unquoted fixed income securities | 7 | - | 224,712,561 | 224,712,561 |
| Amount due from Manager | | 4,521,201 | - | 4,521,201 |
| | | <u>81,999,097</u> | <u>224,712,561</u> | <u>306,711,658</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 31 December which are exposed to price risk:

| | 2023 | 2022 |
|--|-------------|-------------|
| | RM | RM |
| Financial assets at fair value through profit or loss: | | |
| Unquoted fixed income securities* | 181,353,726 | 224,712,561 |

* Includes interest receivables of RM2,284,164 (2022: RM2,396,938).

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

| % Change in price | Market value | Impact on profit after tax and net asset value |
|--------------------------|---------------------|---|
| | RM | RM |
| <u>2023</u> | | |
| +5% | 188,023,040 | 8,953,478 |
| -5% | 170,116,084 | (8,953,478) |
| <u>2022</u> | | |
| +5% | 233,431,404 | 11,115,781 |
| -5% | 211,199,842 | (11,115,781) |

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 after tax and net asset value to movements in interest rate for investments at the end of each reporting financial year 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 |
|--|---|---|
| % Change in interest rate of unquoted fixed income securities | Impact on profit after tax and net asset value | Impact on profit after tax and net asset value |
| | RM | RM |
| +1% (2022: +1%) | (512,272) | (603,948) |
| -1% (2022: -1%) | 514,718 | 606,289 |

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

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.

| | Less than 1 month | Between 1 month to 1 year | Total |
|--|----------------------|---------------------------------|-----------|
| | RM | RM | RM |
| 2023 | | | |
| Accrued management fee | 169,353 | - | 169,353 |
| Amount due to Manager | 1,052,134 | - | 1,052,134 |
| Amount due to Trustee | 13,548 | - | 13,548 |
| Other payables and accruals | - | 19,551 | 19,551 |
| Contractual undiscounted cash outflows | 1,235,035 | 19,551 | 1,254,586 |
| 2022 | | | |
| Accrued management fee | 257,078 | - | 257,078 |
| Amount due to Manager | 499,310 | - | 499,310 |
| Amount due to Trustee | 20,566 | - | 20,566 |
| Other payables and accruals | - | 23,326 | 23,326 |
| Contractual undiscounted cash outflows | 776,954 | 23,326 | 800,280 |

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.

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. 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.

The credit/default risk is minimal as all transactions in quoted securities are settled/paid upon delivery using approved brokers.

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 | Amount due from Manager | Total |
|-------------------------------------|--|---------------------------------|-------------------------------|------------|
| | RM | RM | RM | RM |
| <u>2023</u> | | | | |
| Financial Services | | | | |
| - AAA | - | 14,933,988 | - | 14,933,988 |
| - AA1 | - | 172,621 | - | 172,621 |
| Unquoted Fixed Income Securities | | | | |
| Consumer Discretionary | | | | |
| - AA1 (S) | 28,292,069 | - | - | 28,292,069 |
| - AA3 (S) | 10,447,250 | - | - | 10,447,250 |
| Consumer Staples | | | | |
| - AA2 | 10,244,160 | - | - | 10,244,160 |
| Energy & Utilities | | | | |
| - AA IS | 1,028,820 | - | - | 1,028,820 |
| - AA- IS | 3,156,678 | - | - | 3,156,678 |
| - AA1 | 3,121,869 | - | - | 3,121,869 |
| - AA3 | 26,211,061 | - | - | 26,211,061 |
| - AAA (S) | 1,544,060 | - | - | 1,544,060 |
| Financial | | | | |
| - A1 | 15,586,362 | - | - | 15,586,362 |
| - AA2 | 24,463,149 | - | - | 24,463,149 |
| - AA3 | 30,576,529 | - | - | 30,576,529 |
| Information Technology | | | | |
| - AA IS | 5,199,730 | - | - | 5,199,730 |

| | Financial assets at fair value through profit or loss | Cash and cash equivalents | Amount due from Manager | Total |
|-----------------------------|--|---------------------------------|-------------------------------|--------------------|
| | RM | RM | RM | RM |
| <u>2023</u> (continued) | | | | |
| Public | | | | |
| Administration | | | | |
| - NR | 1,062,794 | - | - | 1,062,794 |
| Transportation & Storage | | | | |
| - AA- IS | 19,023,685 | - | - | 19,023,685 |
| - NR | 1,395,510 | - | - | 1,395,510 |
| Other | | | | |
| - NR | - | - | 2,253,024 | 2,253,024 |
| | <u>181,353,726</u> | <u>15,106,609</u> | <u>2,253,024</u> | <u>198,713,359</u> |

| | Financial assets at fair value through profit or loss | Cash and cash equivalents | Amount due from Manager | Total |
|-------------------------------------|--|---------------------------------|-------------------------------|--------------------|
| | RM | RM | RM | RM |
| <u>2022</u> | | | | |
| Financial Services | | | | |
| - AAA | - | 77,200,148 | - | 77,200,148 |
| - AA1 | - | 277,748 | - | 277,748 |
| Unquoted Fixed Income Securities | | | | |
| - AAA | 10,072,109 | - | - | 10,072,109 |
| - AAA (S) | 3,015,551 | - | - | 3,015,551 |
| - AA1 | 3,037,600 | - | - | 3,037,600 |
| - AA1 (S) | 12,734,462 | - | - | 12,734,462 |
| - AA | 9,694,225 | - | - | 9,694,225 |
| - AA IS | 1,036,170 | - | - | 1,036,170 |
| - AA IS (CG) | 10,126,158 | - | - | 10,126,158 |
| - AA- IS | 23,926,599 | - | - | 23,926,599 |
| - AA- IS (CG) | 5,018,478 | - | - | 5,018,478 |
| - AA2 | 39,021,153 | - | - | 39,021,153 |
| - AA3 | 13,859,400 | - | - | 13,859,400 |
| - AA3 (S) | 20,195,008 | - | - | 20,195,008 |
| - A1 | 45,796,620 | - | - | 45,796,620 |
| - NR | 27,179,028 | - | - | 27,179,028 |
| Other | | | | |
| - NR | - | - | 4,521,201 | 4,521,201 |
| | <u>224,712,561</u> | <u>77,477,896</u> | <u>4,521,201</u> | <u>306,711,658</u> |

None of these financial assets are past due or impaired.

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.

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.

Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital of RM147,146,127 (2022: RM263,325,955) and retained earnings of RM50,312,646 (2022: RM42,585,423). 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.

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 or liability 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 |
| <u>2023</u> | | | | |
| Financial assets at fair value through profit or loss: | | | | |
| Unquoted fixed income securities | - | 181,353,726 | - | 181,353,726 |
| | | | | |
| <u>2022</u> | | | | |
| Financial assets at fair value through profit or loss: | | | | |
| Unquoted fixed income securities | - | 224,712,561 | - | 224,712,561 |

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 which 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 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 2.00% per annum of the net asset value of the Fund, calculated on daily basis.

For the financial year ended 31 December 2023, the management fee is recognised at a rate of 1.00% (2022: 1.00%) 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 RM30,000 per annum.

For the financial year ended 31 December 2023, the Trustee fee is recognised at a rate of 0.08% (2022: 0.08%) subject to a minimum fee of RM30,000 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. TAXATION

| | 2023 | 2022 |
|--|------|------|
| | RM | RM |

Tax charged for the financial year:

| | | |
|------------------|---|---|
| Current taxation | - | - |
|------------------|---|---|

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

| | 2023 | 2022 |
|--|-------------|-------------|
| | RM | RM |
| Profit before taxation | 14,663,764 | 1,870,748 |
| Tax at Malaysian statutory rate of 24% (2022: 24%) | 3,519,303 | 448,980 |
| Tax effects of: | | |
| Investment income not subject to tax | (4,217,302) | (1,159,294) |
| Expenses not deductible for tax purposes | 56,448 | 59,121 |
| Restriction on tax deductible expenses for Unit Trust Funds | 641,551 | 651,193 |
| Taxation | - | - |

6. DISTRIBUTION

| | 2023 | 2022 |
|---|------------------|------------------|
| | RM | RM |
| Distribution to unit holders is from the following sources: | | |
| Interest income | 9,798,551 | 8,010,796 |
| Realised loss on sales of investments | (132,987) | - |
| Accretion of discounts | (321,072) | - |
| Distribution equalisation | 540,916 | 4,444,341 |
| | <hr/> | <hr/> |
| Gross realised income | 9,885,408 | 12,455,137 |
| Less: Expenses | (2,407,951) | (1,976,455) |
| | <hr/> | <hr/> |
| | 7,477,457 | 10,478,682 |
| | <hr/> | <hr/> |
| Gross distribution per unit (sen) | 2.51 | 2.27 |
| | <hr/> | <hr/> |
| Net distribution per unit (sen) | 2.51 | 2.27 |
| | <hr/> | <hr/> |
| Ex-Date | 15 December 2023 | 16 December 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.

Distribution equalisation represents the average amount of distributable income included in the creation and cancellation prices of units. It is computed as at each date of creation and cancellation of units. For the purposes of determining amount available for distribution, distribution equalisation is included in the computation of realised gain or income available for distribution.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 2023 | 2022 |
|---|-------------|-------------|
| | RM | RM |
| Financial assets at fair value through profit or loss: | | |
| Unquoted fixed income securities | 181,353,726 | 224,712,561 |
| Net gain/(loss) on financial assets at fair value through profit or loss: | | |
| Realised gain/(loss) on disposals | 611,486 | (6,238,011) |
| Change in unrealised fair value gain | 5,711,756 | 465,397 |
| | 6,323,242 | (5,772,614) |

Unquoted fixed income securities

| Name of counter | Nominal value | Aggregate cost | Fair value as at 31.12.2023 | Percentage of net asset value of the Fund |
|--|---------------|----------------|-----------------------------|---|
| | RM | RM | RM | % |
| 5.00% Affin Bank Berhad 26.7.2032 (A1) | 15,000,000 | 15,326,712 | 15,586,362 | 7.89 |
| 5.20% Ambank (M) Berhad 12.10.2032 (AA3) | 10,000,000 | 10,115,397 | 10,470,797 | 5.30 |
| 4.58% Ambank (M) Berhad 28.3.2033 (AA3) | 10,000,000 | 10,117,951 | 10,264,951 | 5.20 |
| 4.20% Bumitama Agri Ltd 22.7.2026 (AA2) | 10,000,000 | 10,379,815 | 10,244,160 | 5.19 |
| 4.95% CIMB Group Holdings Berhad 2.12.2032 (AA2) | 15,000,000 | 15,056,959 | 15,535,159 | 7.87 |
| 4.53% Danainfra Nasional Berhad 1.4.2037 (NR) | 1,000,000 | 1,011,294 | 1,062,794 | 0.54 |
| 4.98% GENM Capital Berhad 31.3.2027 (AA1 (S)) | 5,000,000 | 5,291,021 | 5,115,926 | 2.59 |
| 5.07% GENM Capital Berhad 5.5.2028 (AA1 (S)) | 5,000,000 | 5,038,893 | 5,099,693 | 2.58 |

Unquoted fixed income securities (continued)

| Name of counter | Nominal value | Aggregate cost | Fair value as at 31.12.2023 | Percentage of net asset value of the Fund |
|---|---------------|----------------|-----------------------------|---|
| | RM | RM | RM | % |
| 5.35% GENM Capital Berhad 3.5.2030 (AA1 (S)) | 10,000,000 | 10,082,082 | 10,249,382 | 5.19 |
| 4.86% Genting Capital Berhad 8.6.2027 (AA1 (S)) | 5,000,000 | 5,232,512 | 5,047,328 | 2.56 |
| 4.38% Genting RMTN Berhad 8.11.2034 (AA1 (S)) | 3,000,000 | 3,019,440 | 2,779,740 | 1.41 |
| 3.45% Hong Leong Assurance Berhad 26.12.2025 (AA3) | 10,000,000 | 10,003,781 | 9,840,781 | 4.98 |
| 5.10% Kimanis Power Sdn Bhd 8.8.2024 (AA IS) | 1,000,000 | 1,021,359 | 1,028,820 | 0.52 |
| 5.24% Lebuhraya Duke Fasa 3 Sdn Bhd 23.8.2027 (AA- IS) | 10,800,000 | 11,147,747 | 11,144,591 | 5.64 |
| 5.44% Lebuhraya Duke Fasa 3 Sdn Bhd 23.8.2029 (AA- IS) | 5,000,000 | 5,258,825 | 5,213,072 | 2.64 |
| 5.77% Lebuhraya Duke Fasa 3 Sdn Bhd 23.8.2032 (AA- IS) | 2,500,000 | 2,616,695 | 2,666,022 | 1.35 |
| 4.90% Manjung Island Energy Berhad 25.11.2031 (AAA (S)) | 1,450,000 | 1,580,911 | 1,544,060 | 0.78 |
| 4.96% PONS Capital Berhad 28.12.2028 (AA3 (S)) | 5,000,000 | 5,002,718 | 5,182,268 | 2.62 |
| 5.31% PONS Capital Berhad 29.6.2029 (AA3 (S)) | 5,000,000 | 5,002,182 | 5,264,982 | 2.67 |
| 3.80% Prasarana Malaysia Berhad 25.2.2050 (NR) | 1,500,000 | 1,520,145 | 1,395,510 | 0.71 |

Unquoted fixed income securities (continued)

| Name of counter | Nominal value | Aggregate cost | Fair value as at 31.12.2023 | Percentage of net asset value of the Fund |
|---|--------------------|--------------------|-----------------------------|---|
| | RM | RM | RM | % |
| 3.35% RHB Bank Berhad 28.5.2030 (AA2) | 5,000,000 | 5,015,603 | 4,974,903 | 2.52 |
| 3.13% RHB Bank Berhad 20.11.2030 (AA2) | 4,000,000 | 4,014,407 | 3,953,087 | 2.00 |
| 5.99% RP Hydro (Kelantan) Sdn Bhd 14.7.2039 (AA3) | 10,000,000 | 10,276,835 | 10,485,835 | 5.31 |
| 6.03% RP Hydro (Kelantan) Sdn Bhd 13.7.2040 (AA3) | 15,000,000 | 15,418,026 | 15,725,226 | 7.96 |
| 5.09% Southern Power Generation Sdn Bhd 30.4.2029 (AA- IS) | 3,000,000 | 3,025,938 | 3,156,678 | 1.60 |
| 4.74% VS Capital Management Sdn Bhd 21.9.2027 (AA IS) | 5,000,000 | 5,066,230 | 5,199,730 | 2.63 |
| 5.05% YTL Power International Berhad 3.5.2027 (AA1) | 3,000,000 | 3,096,400 | 3,121,869 | 1.58 |
| TOTAL UNQUOTED FIXED INCOME SECURITIES | <u>176,250,000</u> | <u>179,739,878</u> | <u>181,353,726</u> | <u>91.83</u> |
| ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | <u>1,613,848</u> | | |
| TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | | <u>181,353,726</u> | |

Unquoted fixed income securities

| Name of counter | Nominal value | Aggregate cost | Fair value as at 31.12.2022 | Percentage of net asset value of the Fund |
|---|----------------------|-----------------------|------------------------------------|--|
| | RM | RM | RM | % |
| 5.00% Affin Bank Berhad 26.7.2032 (A1) | 20,000,000 | 20,435,616 | 20,522,216 | 6.71 |
| 5.23% Ambank (M) Berhad 14.3.2028 (A1) | 5,000,000 | 5,078,092 | 5,091,742 | 1.66 |
| 4.98% Ambank (M) Berhad 15.11.2028 (A1) | 5,000,000 | 5,113,600 | 5,068,213 | 1.66 |
| 4.18% Ambank (M) Berhad 28.3.2031 (A1) | 5,000,000 | 4,940,083 | 4,951,252 | 1.62 |
| 5.20% Ambank (M) Berhad 12.10.2032 (A1) | 10,000,000 | 10,115,397 | 10,163,197 | 3.32 |
| 4.20% Bumitama Agri Ltd 22.7.2026 (AA2) | 10,000,000 | 10,453,764 | 10,084,162 | 3.30 |
| 3.15% CIMB Group Holdings Berhad 12.11.2030 (AA) | 10,000,000 | 10,041,425 | 9,694,225 | 3.17 |
| 4.95% CIMB Group Holdings Berhad 2.12.2032 (AA2) | 15,000,000 | 15,061,027 | 15,170,827 | 4.96 |
| 4.53% Danainfra Nasional Berhad 1.4.2037 (NR) | 1,000,000 | 1,011,170 | 1,014,760 | 0.33 |
| 4.79% Danainfra Nasional Berhad 6.4.2035 (NR) | 5,000,000 | 5,814,316 | 5,241,886 | 1.71 |
| 4.53% Dialog Group Berhad 28.1.2032 (AA2) | 5,000,000 | 5,097,426 | 4,971,726 | 1.63 |
| 4.98% GENM Capital Berhad 31.3.2027 (AA1 (S)) | 5,000,000 | 5,355,275 | 5,050,994 | 1.65 |

Unquoted fixed income securities (continued)

| Name of counter | Nominal value | Aggregate cost | Fair value as at 31.12.2022 | Percentage of net asset value of the Fund |
|---|---------------|----------------|-----------------------------|---|
| | RM | RM | RM | % |
| 4.86% Genting Capital Berhad 8.6.2027 (AA1 (S)) | 5,000,000 | 5,290,807 | 4,972,278 | 1.63 |
| 4.38% Genting RMTN Berhad 8.11.2034 (AA1 (S)) | 3,000,000 | 3,019,440 | 2,711,190 | 0.89 |
| 3.45% Hong Leong Assurance Berhad 26.12.2025 (AA3) | 10,000,000 | 10,003,781 | 9,652,481 | 3.16 |
| 3.85% Hong Leong Assurance Berhad 31.1.2030 (AA3) | 4,200,000 | 4,266,895 | 4,206,919 | 1.38 |
| 5.10% Kimanis Power Sdn Berhad 8.8.2024 (AA IS) | 1,000,000 | 1,022,965 | 1,036,170 | 0.34 |
| 5.24% Lebuhraya Duke Fasa 3 Sdn Berhad 23.8.2027 (AA- IS) | 10,800,000 | 11,183,380 | 10,934,531 | 3.57 |
| 5.44% Lebuhraya Duke Fasa 3 Sdn Berhad 23.8.2029 (AA- IS) | 5,000,000 | 5,283,195 | 5,037,072 | 1.65 |
| 3.87% Malaysia Airports Holdings Berhad 30.12.2026 (AAA) | 5,000,000 | 5,001,060 | 4,924,060 | 1.61 |
| 4.25% MGS Malaysia Government 31.5.2035 (NR) | 5,000,000 | 5,549,256 | 5,031,149 | 1.64 |
| 4.90% Manjung Island Energy Berhad 25.11.2031 (AAA (S)) | 1,450,000 | 1,594,959 | 1,484,346 | 0.49 |
| 3.15% Pelabuhan Tanjung Pelepas Sdn Bhd 28.8.2025 (AA- IS) | 5,000,000 | 5,053,938 | 4,895,038 | 1.60 |

Unquoted fixed income securities (continued)

| Name of counter | Nominal value | Aggregate cost | Fair value as at 31.12.2022 | Percentage of net asset value of the Fund |
|---|----------------------|-----------------------|------------------------------------|--|
| | RM | RM | RM | % |
| 4.58% Perbadanan Tabung Pendidikan Tinggi Nasional 28.2.2034 (NR) | 10,000,000 | 10,153,085 | 10,334,685 | 3.38 |
| 4.93% Perbadanan Tabung Pendidikan Tinggi Nasional 17.8.2032 (NR) | 4,000,000 | 4,077,349 | 4,264,538 | 1.39 |
| 4.58% Point Zone (M) Sdn Berhad 7.3.2029 (AA- IS (CG)) | 5,000,000 | 5,072,778 | 5,018,478 | 1.64 |
| 4.96% PONS Capital Berhad 28.12.2028 (AA3 (S)) | 15,000,000 | 15,008,153 | 15,081,953 | 4.93 |
| 5.31% PONS Capital Berhad 29.6.2029 (AA3 (S)) | 5,000,000 | 5,001,455 | 5,113,055 | 1.67 |
| 3.80% Prasarana Malaysia Berhad 25.2.2050 (NR) | 1,500,000 | 1,520,145 | 1,292,010 | 0.42 |
| 3.13% RHB Bank Berhad 20.11.2030 (AA2) | 4,000,000 | 4,014,064 | 3,884,144 | 1.27 |
| 3.35% RHB Bank Berhad 28.5.2030 (AA2) | 5,000,000 | 5,015,144 | 4,910,294 | 1.61 |
| 5.09% Southern Power Generation Sdn Berhad 30.4.2029 (AA- IS) | 3,000,000 | 3,025,938 | 3,059,958 | 1.00 |
| 4.78% Tenaga Nasional Berhad 29.8.2033 (AAA) | 5,000,000 | 5,355,336 | 5,148,049 | 1.68 |
| 4.65% Toyota Capital Malaysia Sdn Berhad 24.1.2023 (AAA (S)) | 1,500,000 | 1,530,519 | 1,531,205 | 0.50 |

Unquoted fixed income securities (continued)

| Name of counter | Nominal value | Aggregate cost | Fair value as at 31.12.2022 | Percentage of net asset value of the Fund |
|---|--------------------|--------------------|-----------------------------|---|
| | RM | RM | RM | % |
| 4.74% VS Capital Management Sdn Berhad 21.9.2027 (AA IS (CG)) | 10,000,000 | 10,133,558 | 10,126,158 | 3.31 |
| 5.05% YTL Power International Berhad 3.5.2027 (AA1) | 3,000,000 | 3,116,078 | 3,037,600 | 0.99 |
| TOTAL UNQUOTED FIXED INCOME SECURITIES | <u>223,450,000</u> | 228,810,469 | <u>224,712,561</u> | <u>73.47</u> |
| ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | <u>(4,097,908)</u> | | |
| TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | <u>224,712,561</u> | | |

The effective weighted average rate of return 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>4.91</u> | <u>4.67</u> |

8. CASH AND CASH EQUIVALENTS

| | 2023 | 2022 |
|--|-------------------|-------------------|
| | RM | RM |
| Bank balance with a licensed bank | 172,621 | 277,748 |
| Deposits with licensed financial institution | 14,933,988 | 77,200,148 |
| | <u>15,106,609</u> | <u>77,477,896</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:

| | 2023 | 2022 |
|--|-------------|-------------|
| | % | % |
| Deposits with licensed financial institution | <u>3.25</u> | <u>3.46</u> |

The deposits have an average maturity of 2 days (2022: 3 days).

9. UNITS IN CIRCULATION

| | 2023 | 2022 |
|---|----------------------|----------------------|
| | No. of units | No. of units |
| At the beginning of the financial year | 483,359,828 | 441,873,919 |
| Creation of units during the financial year: | | |
| Arising from applications | 113,215,332 | 306,064,566 |
| Arising from distribution | 11,218,728 | 15,948,984 |
| Cancellation of units during the financial year | <u>(301,059,785)</u> | <u>(280,527,641)</u> |
| At the end of the financial year | <u>306,734,103</u> | <u>483,359,828</u> |

10. TRANSACTIONS WITH DEALERS

Details of transactions with the dealers are as follows:

| Name of dealers | Value | Percentage | Brokerage fees | Percentage |
|------------------------------------|--------------------|-----------------|----------------|-------------------------|
| | of trades | of total trades | | of total brokerage fees |
| | RM | % | RM | % |
| <u>2023</u> | | | | |
| CIMB Bank Berhad | 40,334,000 | 23.33 | - | - |
| Hong Leong Bank Berhad | 40,254,400 | 23.29 | - | - |
| Affin Hwang Investment Bank Berhad | 24,028,020 | 13.90 | - | - |
| RHB Investment Bank Berhad | 23,220,000 | 13.43 | - | - |
| Maybank Islamic Berhad | 15,043,500 | 8.70 | - | - |
| AmBank (M) Berhad | 15,000,000 | 8.68 | - | - |
| AmInvestment Bank Berhad | 10,000,000 | 5.78 | - | - |
| HSBC Bank Malaysia Berhad | 4,993,500 | 2.89 | - | - |
| | <u>172,873,420</u> | <u>100.00</u> | <u>-</u> | <u>-</u> |

| Name of dealers | Value of trade | Percentage of total trades | Brokerage fees | Percentage of total brokerage fees |
|--|--------------------|----------------------------------|-------------------|---|
| | RM | % | RM | % |
| <u>2022</u> | | | | |
| CIMB Bank Berhad | 145,558,900 | 35.57 | - | - |
| United Overseas Bank (Malaysia) Berhad | 60,861,200 | 14.87 | - | - |
| Bank of America Malaysia Berhad | 45,858,500 | 11.21 | - | - |
| HSBC Bank Malaysia Berhad | 35,266,300 | 8.62 | - | - |
| Standard Chartered Bank Malaysia Berhad | 30,220,000 | 7.38 | - | - |
| CIMB Islamic Bank Berhad | 28,488,000 | 6.96 | - | - |
| Affin Hwang Investment Bank Berhad | 20,000,000 | 4.89 | - | - |
| Hong Leong Bank Berhad | 18,261,800 | 4.46 | - | - |
| AmInvestment Bank Berhad | 10,000,000 | 2.44 | - | - |
| Citibank Berhad | 9,350,000 | 2.28 | - | - |
| Others | 5,355,500 | 1.32 | - | - |
| | <u>409,220,200</u> | <u>100.00</u> | <u>-</u> | <u>-</u> |

All dealers highlighted above are not related to the Manager. There are no brokerage fees charged by the dealers for the financial year ended 31 December 2023 and 31 December 2022.

11. TOTAL EXPENSE RATIO ("TER")

| | 2023 | 2022 |
|-----|------|------|
| | % | % |
| TER | 1.09 | 1.10 |

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

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 RM266,427,500 (2022: RM270,248,017).

12. PORTFOLIO TURNOVER RATIO ("PTR")

| | 2023 | 2022 |
|-------------|------|------|
| PTR (times) | 0.32 | 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 = RM67,611,500 (2022: RM206,123,900)

total disposals for the financial year = RM105,261,920 (2022: RM206,295,121)

13. 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 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 | 1,680 | 1,082 | 1,617 | 1,023 |
| Director of Eastspring Investments Berhad | 25,197 | 16,219 | 64,248 | 40,663 |

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.

14. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 23 February 2024.

CORPORATE DIRECTORY

THE MANAGER

NAME

EASTSPRING INVESTMENTS BERHAD

COMPANY NO.

200001028634 (531241-U)

REGISTERED OFFICE

Level 25, Menara Hong Leong

No. 6, Jalan Damanela

Bukit Damansara

50490 Kuala Lumpur

BUSINESS OFFICE

Level 22, Menara Prudential

Persiaran TRX Barat

55188 Tun Razak Exchange

Kuala Lumpur

TELEPHONE NO.

603-2778 3888

FAX NO.

603-2789 7220

EMAIL

cs.my@eastspring.com

WEBSITE

www.eastspring.com/my

TRUSTEE

NAME

DEUTSCHE TRUSTEES MALAYSIA BERHAD

COMPANY NO.

200701005591 (763590-H)

REGISTERED OFFICE & BUSINESS OFFICE

Level 20, Menara IMC

No. 8, Jalan Sultan Ismail

50250 Kuala Lumpur

TELEPHONE NO.

603-2053 7522

FAX NO.

603-2053 7526

SALE & PURCHASE OF UNITS

Eastspring Investments Berhad

Level 22, Menara Prudential

Persiaran TRX Barat

55188 Tun Razak Exchange

Kuala Lumpur

TELEPHONE NO.

603-2778 1000

BRANCHES

Petaling Jaya

Eastspring Investments Berhad
A-17-P1 & M
Block A, Jaya One
72A, Jalan Profesor Diraja Ungku Aziz
46200 Petaling Jaya, Selangor

TELEPHONE NO.

603-7948 1288

Kota Kinabalu

Eastspring Investments Berhad
Suite E3, 9th Floor
CPS Tower, Centre Point Sabah
No. 1, Jalan Centre Point
88000 Kota Kinabalu, Sabah

TELEPHONE NO.

6088-238 613

ENQUIRIES

CLIENT SERVICES

603-2778 1000

APPENDIX 1 – LIST OF CHANGES FOR EASTSPRING INVESTMENTS BOND FUND

Unless otherwise stated, the following changes are affected via the Eight Supplementary Master Prospectus dated 2 February 2024.

| Section | Current disclosure in the Master Prospectus dated 15 July 2017, the First Supplementary Master Prospectus dated 2 February 2018, the Second Supplementary Master Prospectus dated 31 October 2018, the Third Supplementary Master Prospectus dated 2 January 2019, the Fourth Supplementary Master Prospectus dated 1 August 2019, the Fifth Supplementary Master Prospectus dated 1 October 2020, the Sixth Supplementary Master Prospectus dated 15 December 2021 and the Seventh Supplementary Master Prospectus dated 30 December 2022 | Revised disclosure in the Eighth Supplementary Master Prospectus dated 2 February 2024 |
|--|--|--|
| Transaction Information – Transaction Details | <p><u>7th paragraph:</u></p> <p>The Manager reserves the right to change the minimum amounts and number of Units stipulated above from time to time.</p> | <p><u>7th paragraph:</u></p> <p>The Manager reserves the right to change the minimum amounts and number of Units stipulated above from time to time. <u>Should the Manager decide to increase the minimum amounts and number of units as stipulated under the transaction details section, the Manager shall notify the Unit Holders by way of a letter at least fourteen (14) days prior to the effective date of such change. Investment made via digital platforms may have a lower minimum initial investment, minimum additional investment amount, minimum redemption and/or minimum holding of Units of the Fund, subject to the respective digital platforms' terms and conditions, which may be amended from time to time.</u></p> |

| Section | Current disclosure in the Master Prospectus dated 15 July 2017, the First Supplementary Master Prospectus dated 2 February 2018, the Second Supplementary Master Prospectus dated 31 October 2018, the Third Supplementary Master Prospectus dated 2 January 2019, the Fourth Supplementary Master Prospectus dated 1 August 2019, the Fifth Supplementary Master Prospectus dated 1 October 2020, the Sixth Supplementary Master Prospectus dated 15 December 2021 and the Seventh Supplementary Master Prospectus dated 30 December 2022 | Revised disclosure in the Eighth Supplementary Master Prospectus dated 2 February 2024 |
|---|---|--|
| Transaction Information – Income Reinvestment Policy | <p>Income distributed to a Unit Holder will automatically be reinvested into additional Units in the Fund at the NAV per Unit at the end of the Business Day of the income distribution date at no cost if the Unit Holder did not elect the mode of distribution in the master account opening form or provide any written instruction to the Manager.</p> <p>Should a Unit Holder elect the mode of distribution in the master account opening form or provide any written instruction to the Manager for the income distribution to be paid out, the income distribution proceeds will either be paid by cheque or credited to a Malaysian domiciled bank account via telegraphic or online transfer. Any fees or charges imposed by the bank will be borne by the Unit Holder.</p> <p>The Manager reserves the right to reinvest income distribution without providing any reason if the instruction in the master account opening form or written instruction is incomplete.</p> | <p>Income distribution to a Unit Holder will automatically be reinvested into additional Units in the Fund at the NAV per Unit at the end of the Business Day of the income distribution date at no cost if the Unit Holder did not elect the mode of distribution in the master account opening form or provide any written instruction to the Manager.</p> <p>Should a Unit Holder elect the mode of distribution in the master account opening form or provide any written instruction to the Manager for the income distribution to be paid out, the income distribution proceeds <u>will be paid via e-payment ONLY (i.e. income distribution proceeds will be credited to a Malaysian domiciled bank account via telegraphic or online transfer).</u> Any fees or charges imposed by the bank will be borne by the Unit Holder.</p> <p>The Manager reserves the right to reinvest income distribution without providing any reason if the instruction in the master account opening form or written instruction is incomplete. <u>In the absence of a registered bank account, the distribution (if any) will be reinvested.</u></p> |

| Section | Current disclosure in the Master Prospectus dated 15 July 2017, the First Supplementary Master Prospectus dated 2 February 2018, the Second Supplementary Master Prospectus dated 31 October 2018, the Third Supplementary Master Prospectus dated 2 January 2019, the Fourth Supplementary Master Prospectus dated 1 August 2019, the Fifth Supplementary Master Prospectus dated 1 October 2020, the Sixth Supplementary Master Prospectus dated 15 December 2021 and the Seventh Supplementary Master Prospectus dated 30 December 2022 | Revised disclosure in the Eighth Supplementary Master Prospectus dated 2 February 2024 |
|---|--|---|
| Transaction Information – Income Reinvestment Policy (continued) | <p data-bbox="231 615 536 661"><u>Applicable only to Eastspring Global Target Income Fund.</u></p> <p data-bbox="231 686 583 851">Distribution payment which is less than or equal to the amount of RM300* or such other amount which will be determined by the Manager will be reinvested into additional Units in the Fund at the NAV per Unit at the end of the Business Day of the income distribution date at no cost.</p> <p data-bbox="231 876 583 993">* should this amount be increased in the future, Unit Holder will be informed via post mail or email at least fourteen (14) calendar days prior to the implementation of such increase.</p> | <p data-bbox="601 615 954 779">Distribution payment which is less than or equal to the amount of RM300* or such other amount which will be determined by the Manager will be reinvested into additional Units in the Fund at the NAV per Unit at the end of the Business Day of the income distribution date at no cost.</p> <p data-bbox="601 805 954 922">* should this amount be increased in the future, Unit Holder will be informed via post mail or email at least fourteen (14) calendar days prior to the implementation of such increase.</p> |
| Transaction Information – Auto Reinvestment Policy | Not applicable. | <p data-bbox="601 1026 664 1048">(added)</p> <p data-bbox="601 1073 721 1095"><u>2nd Paragraph:</u></p> <p data-bbox="601 1120 954 1235">The Manager reserves the right to change the income distribution instruction to “reinvestment” if the Unit Holder did not claim the income distribution payment for the last three (3) consecutive distributions.</p> |

Eastspring Investments Berhad 200001028634 (531241-U)
Level 22, Menara Prudential, Persiaran TRX Barat
55188 Tun Razak Exchange, Kuala Lumpur
T: (603) 2778 3888 F: (603) 2789 7220
eastspring.com/my

Client Services
T: (603) 2778 1000
cs.my@eastspring.com