

# EASTSPRING INVESTMENTS INSTITUTIONAL INCOME FUND

## ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021



**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/Interim/Quarterly Fund Reports of Eastspring Investments Berhad's fund(s) for the reporting period ended 30 September 2021.**

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

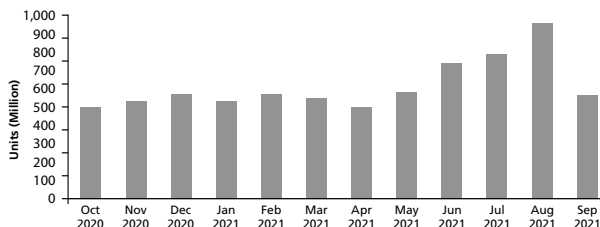
<b>Name of Fund</b>	Eastspring Investments Institutional Income Fund (the “Fund”)
<b>Fund Category/ Type</b>	Money market/income
<b>Fund Objective</b>	<p>The Fund seeks to provide liquidity and a steady income* stream by investing in money market instruments and/or Deposits.</p> <p><b>ANY MATERIAL CHANGES TO THE FUND’S OBJECTIVE WOULD REQUIRE UNIT HOLDERS’ APPROVAL.</b></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>
<b>Performance Benchmark</b>	<p>The performance benchmark of the Fund is Maybank overnight rate.</p> <p><b>Source:</b> <a href="http://www.maybank2u.com.my">www.maybank2u.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>
<b>Fund Income Distribution Policy</b>	At least twice a year, subject to the availability of income.

## FUND INFORMATION (CONTINUED)

### Breakdown of Unit Holdings by Size

As at 30 September 2021, the size of Eastspring Investments Institutional Income Fund stood at 564.712 million units.

**Fund Size**



**Breakdown of Unit Holdings**

Unit Holdings	No. of Unit Holders	%	No. of Units* ('000)	%
5,000 units and below	-	-	-	-
5,001 to 10,000 units	-	-	-	-
10,001 to 50,000 units	-	-	-	-
50,001 to 500,000 units	2	33.33	229	0.04
500,001 units and above	4	66.67	564,482	99.96
<b>Total</b>	<b>6</b>	<b>100.00</b>	<b>564,711</b>	<b>100.00</b>

\* excludes units held by the Manager.

## KEY PERFORMANCE DATA

### FOR THE FINANCIAL YEAR ENDED

Category	2021	2020	2019
	(%)	(%)	(%)
Cash and other assets	100.00	100.00	100.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Net Asset Value (NAV) (RM'000)	580,232	613,399	599,068
Units In Circulation (Units '000)	564,712	596,826	581,776
Net Asset Value Per Unit (RM)	1.0275	1.0278	1.0297
Highest Net Asset Value Per Unit (RM) <sup>#</sup>	1.0275	1.0278	1.0297
Lowest Net Asset Value Per Unit (RM) <sup>#</sup>	1.0263	1.0265	1.0275
Total Return (%)			
- Capital Growth	(0.03)	(0.18)	0.09
- Income Distribution	1.97	3.10	0.03
Total Return (%)	1.94	2.91	3.21
Gross Distribution Per Unit (RM)	0.0200	0.0314	0.0316
Net Distribution Per Unit (RM)	0.0200	0.0314	0.0316
Management Expense Ratio (MER) (%) <sup>*</sup>	0.28	0.28	0.56
Portfolio Turnover Ratio (PTR) (times) <sup>^</sup>	28.76	18.69	30.77

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

<sup>\*</sup> There were no significant changes to the MER 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 1.10.2020 to 30.9.2021 (%)	3 years 1.10.2018 to 30.9.2021 (%)	5 years 1.10.2016 to 30.9.2021 (%)
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Average total return	1.94	2.68	2.81
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Year ended	1.10.2020 to 30.9.2021 (%)	1.10.2019 to 30.9.2020 (%)	1.10.2018 to 30.9.2019 (%)	1.10.2017 to 30.9.2018 (%)	1.10.2016 to 30.9.2017 (%)
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Annual total return	1.94	2.91	3.21	3.00	2.98
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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

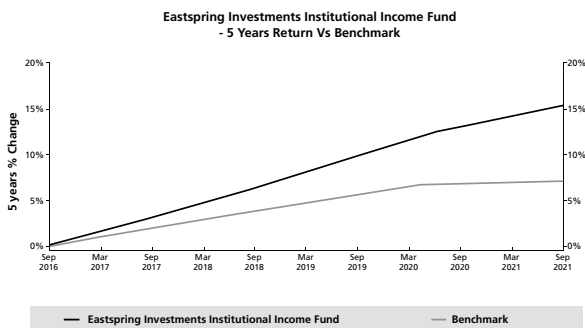
## Fund Performance

Over the 5-year period, the Fund recorded a return of 14.85%, outperforming its benchmark return of 6.76% by 8.09%.

During the period under review, the Fund registered a return of 1.94%, outperforming its benchmark return of 0.25% by 1.69%.

The outperformance of the Fund was attributed to the investment in short-term deposits and money market placements of diversified maturities while maintaining its liquidity requirements.

The Fund met its investment objective of providing liquidity and a steady income stream by investing in a portfolio of short-term deposits and money market placements.



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

**Benchmark:** Maybank overnight rate

**Source:** Lipper for Investment Management and [www.maybank2u.com.my](http://www.maybank2u.com.my), as at 30 September 2021.

**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 30 September 2021:

<b>Income Return</b>	<b>Capital Return*</b>	<b>Total Return</b>	<b>Total Return of Benchmark</b>
<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
1.97	(0.03)	1.94	0.25

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

**Distribution/  
Unit Split**

<b>Ex-Date</b>	<b>6-Oct-20</b>	<b>6-Nov-20</b>	<b>7-Dec-20</b>
<b>Distribution Per Unit</b>	<b>(RM)</b>	<b>(RM)</b>	<b>(RM)</b>
Gross	0.0018	0.0016	0.0017
Net	0.0018	0.0016	0.0017

<b>Ex-Date</b>	<b>6-Jan-21</b>	<b>8-Feb-21</b>	<b>8-Mar-21</b>
<b>Distribution Per Unit</b>	<b>(RM)</b>	<b>(RM)</b>	<b>(RM)</b>
Gross	0.0017	0.0017	0.0019
Net	0.0017	0.0017	0.0019

<b>Ex-Date</b>	<b>6-Apr-21</b>	<b>6-May-21</b>	<b>8-Jun-21</b>
<b>Distribution Per Unit</b>	<b>(RM)</b>	<b>(RM)</b>	<b>(RM)</b>
Gross	0.0015	0.0016	0.0017
Net	0.0015	0.0016	0.0017

<b>Ex-Date</b>	<b>6-Jul-21</b>	<b>6-Aug-21</b>	<b>6-Sep-21</b>
<b>Distribution Per Unit</b>	<b>(RM)</b>	<b>(RM)</b>	<b>(RM)</b>
Gross	0.0017	0.0016	0.0015
Net	0.0017	0.0016	0.0015

Impact on NAV arising from distribution for the financial year ended 30 September 2021.

## MANAGER'S REPORT (CONTINUED)

Distribution/  
Unit Split  
(continued)

Ex-Date	6-Oct-20	6-Nov-20	7-Dec-20
	(RM per Unit)	(RM per Unit)	(RM per Unit)
Net Asset			
Value before distribution	1.0281	1.0280	1.0282
Less: distribution	(0.0018)	(0.0016)	(0.0017)
Net Asset			
Value after distribution	1.0263	1.0264	1.0265

Ex-Date	6-Jan-21	8-Feb-21	8-Mar-21
	(RM per Unit)	(RM per Unit)	(RM per Unit)
Net Asset			
Value before distribution	1.0281	1.0283	1.0281
Less: distribution	(0.0017)	(0.0017)	(0.0019)
Net Asset			
Value after distribution	1.0264	1.0266	1.0262

Ex-Date	6-Apr-21	6-May-21	8-Jun-21
	(RM per Unit)	(RM per Unit)	(RM per Unit)
Net Asset			
Value before distribution	1.0278	1.0280	1.0282
Less: distribution	(0.0015)	(0.0016)	(0.0017)
Net Asset			
Value after distribution	1.0263	1.0264	1.0265

## MANAGER'S REPORT (CONTINUED)

**Distribution/  
Unit Split  
(continued)**

<b>Ex-Date</b>	<b>6-Jul-21</b>	<b>6-Aug-21</b>	<b>6-Sep-21</b>
	<b>(RM per Unit)</b>	<b>(RM per Unit)</b>	<b>(RM per Unit)</b>
Net Asset Value before distribution	1.0280	1.0279	1.0278
Less: distribution	(0.0017)	(0.0016)	(0.0015)
Net Asset Value after distribution	1.0263	1.0263	1.0263

No unit split were declared for the financial year ended 30 September 2021.

**Investment  
Strategy During  
the Period Under  
Review**

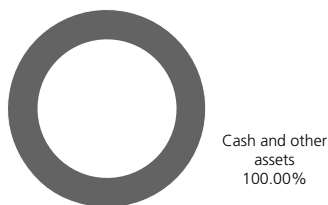
While seeking potential reasonable returns, the Fund aims to ensure liquidity and preservation of capital.

For the period under review, the Fund invested in a portfolio of short-term deposits and money market placements that would meet the investors' short-term liquidity management requirements.

## MANAGER'S REPORT (CONTINUED)

**Asset Allocation**

<b>Asset Allocation</b>	<b>30-Sep 2021</b>	<b>30-Sep 2020</b>	<b>Changes</b>
	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
Cash and other assets	100.00	100.00	0.00

**Asset Allocation as at 30 September 2021**

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

For the 1-year period under review, Bank Negara Malaysia (“BNM”) maintained the Overnight Policy Rate (“OPR”) at 1.75%. At the recent Monetary Policy Committee (“MPC”) meeting in September 2021, BNM cited that the global economy recovery has continued to recover, supported by steady improvements in manufacturing and services activity. The expedited roll-out of mass vaccination programmes in many economies, together with sizeable fiscal and monetary stimulus continued to improve the recovery momentum. While financial conditions have been supportive of economic activity, downside risks to global outlook remained, primarily due to uncertainty over the path of the Covid-19 pandemic and heightened financial market volatility amid adjustment in monetary policy in major economics.

For Malaysia, the economy had resumed its recovery path with the recent gradual relaxations for more economic sectors to operate and continued support from policy measures. Further easing of containment measures, rapid progress of the domestic vaccination programmes and continued expansion in global demand will support the growth momentum into 2022. The outlook is subject to downside risks, primarily from the ongoing uncertainties surrounding the course of the pandemic domestically and globally.

Headline inflation is projected to average between 2-3% for 2021, dependent on policy measures and global oil and commodity price developments. The MPC viewed that at the current level of the OPR, the stance of monetary policy remained accommodative. The MPC will continue to assess the balance of risks surrounding the overall outlook for domestic growth and inflation.

Reflecting the unchanged OPR, interbank short-term rates were relatively stable. Liquidity surpluses kept the short-term rates within a tight trading range, with the overnight and 1-week rates traded at 1.73% - 1.79% respectively, while the 1-month rates were dealt in the range of 1.79% - 1.87%.

In the short-term Bills market, yields across all tenures were shifted higher marginally by 1-4bps. Both 1-month and 1-year yields ended the period at 1.76% and 1.79% 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.

# EASTSPRING INVESTMENTS INSTITUTIONAL INCOME FUND

## FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## STATEMENT BY THE MANAGER

We, Tang Chee Kin and Iskander Bin Ismail Mohamed Ali, 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 46 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 September 2021 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

**ISKANDER BIN ISMAIL MOHAMED ALI**  
Independent, Non-Executive Director

Kuala Lumpur  
Date: 19 November 2021

## TRUSTEE'S REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS INSTITUTIONAL INCOME FUND

We have acted as Trustee for Eastspring Investments Institutional Income Fund (the "Fund") for the financial year ended 30 September 2021. To the best of our knowledge, for the financial year under review, Eastspring Investments Berhad (the "Manager") has operated and managed the Fund in accordance with the following:-

- a. limitations imposed on the investment powers of the Manager under the Deed(s), the Securities Commission's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- b. valuation and pricing for the Fund is carried out in accordance with the Deed(s) of the Fund and any regulatory requirements; and
- c. creation and cancellation of units for the Fund are carried out in accordance with the Deed(s) of the Fund and any regulatory requirements.

We are of the view that the distributions made during the financial year ended 30 September 2021 by the Manager are not inconsistent with the objectives of the Fund.

For Deutsche Trustees Malaysia Berhad

**Soon Lai Ching**

Senior Manager, Trustee Operations

**Gerard Ang**

Chief Executive Officer

Kuala Lumpur

Date: 19 November 2021



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

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our opinion

In our opinion, the financial statements of Eastspring Investments Institutional Income Fund ("the Fund") give a true and fair view of the financial position of the Fund as at 30 September 2021, 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 September 2021, 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 18 to 46.

### 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 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: 19 November 2021

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	Note	2021	2020
		RM	RM
<b>INVESTMENT INCOME</b>			
Interest income from deposits with licensed financial institutions at fair value through profit or loss		<u>14,035,851</u>	<u>21,935,675</u>
		14,035,851	21,935,675
<b>EXPENSES</b>			
Management fee	3	(1,610,711)	(1,749,905)
Trustee fee	4	(193,285)	(209,989)
Other expenses		<u>(4,526)</u>	<u>(5,184)</u>
		(1,808,522)	(1,965,078)
<b>PROFIT BEFORE TAXATION</b>		12,227,329	19,970,597
<b>TAXATION</b>	6	<u>-</u>	<u>-</u>
<b>PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME</b>		<u>12,227,329</u>	<u>19,970,597</u>
Profit after taxation is made up of the following:			
Realised amount		<u>12,227,329</u>	<u>19,970,597</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 SEPTEMBER 2021

	Note	2021	2020
		RM	RM
<b>ASSETS</b>			
Cash and cash equivalents		49,438	44,602
Financial assets at fair value through profit or loss	7	580,522,648	613,505,068
<b>TOTAL ASSETS</b>		<u>580,572,086</u>	<u>613,549,670</u>
<b>LIABILITIES</b>			
Accrued management fee		192,302	134,403
Amount due to Manager		125,047	-
Amount due to Trustee		23,076	16,127
<b>TOTAL LIABILITIES</b>		<u>340,425</u>	<u>150,530</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>580,231,661</u>	<u>613,399,140</u>
<b>EQUITY</b>			
Unit holders' capital		545,567,922	579,338,445
Retained earnings		34,663,739	34,060,695
<b>NET ASSET ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>580,231,661</u>	<u>613,399,140</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	8	<u>564,711,680</u>	<u>596,826,291</u>
<b>NET ASSET VALUE PER UNIT (EX-DISTRIBUTION) (RM)</b>		<u>1.0275</u>	<u>1.0278</u>

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 SEPTEMBER 2021

	Note	Unit holders' capital	Retained earnings	Total
		RM	RM	RM
Balance as at 1 October 2020		579,338,445	34,060,695	613,399,140
Movement in unit holders' contribution:				
Creation of units from applications		1,068,919,059	-	1,068,919,059
Creation of units from distributions		10,493,354	-	10,493,354
Cancellation of units		(1,112,872,463)	-	(1,112,872,463)
Total comprehensive income for the financial year		-	12,227,329	12,227,329
Distributions (Gross/Net: 2.00 sen)	5	(310,473)	(11,624,285)	(11,934,758)
Balance as at 30 September 2021		545,567,922	34,663,739	580,231,661
Balance as at 1 October 2019		565,910,800	33,157,309	599,068,109
Movement in unit holders' contribution:				
Creation of units from applications		716,891,833	-	716,891,833
Creation of units from distributions		15,474,756	-	15,474,756
Cancellation of units		(717,049,024)	-	(717,049,024)
Total comprehensive income for the financial year		-	19,970,597	19,970,597
Distributions (Gross/Net: 3.14 sen)	5	(1,889,920)	(19,067,211)	(20,957,131)
Balance as at 30 September 2020		579,338,445	34,060,695	613,399,140

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 SEPTEMBER 2021

	2021	2020
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from maturity of deposits with licensed financial institutions	18,528,540,000	13,029,020,000
Placement of deposits with licensed financial institutions	(18,495,640,000)	(13,045,670,000)
Interest received from deposits with licensed financial institutions	14,118,271	24,297,316
Management fee paid	(1,552,812)	(1,785,341)
Trustee fee paid	(186,336)	(214,243)
Payment for other fees and expenses	(4,526)	(5,184)
Net cash generated from operating activities	45,274,597	5,642,548
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from units created	1,068,919,059	716,891,833
Payments for cancellation of units	(1,112,747,416)	(717,049,024)
Distribution paid	(1,441,404)	(5,482,375)
Net cash used in financing activities	(45,269,761)	(5,639,566)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	4,836	2,982
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	44,602	41,620
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	49,438	44,602

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 SEPTEMBER 2021

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 under the historical cost convention in accordance with the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS"), as modified by financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with the 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 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 I.

- a. Standards, amendments to published standards and interpretations that are effective:

The Fund has applied the following amendments for the first time for the financial year beginning on 1 October 2020:

Amendments to the definition of material (Amendments to MFRS 101 and MFRS 108) effective 1 January 2020.

The amendments clarify the definition of materiality and use a consistent definition throughout MFRSs and the Conceptual Framework for Financial Reporting.

The definition of 'material' has been revised as "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of financial statements for general purposes make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments also:

- clarify that an entity assesses materiality in the context of the financial statements as a whole.
- explain the concept of obscuring information in the new definition. Information is obscured if it has the similar effect as omitting or misstating of that information. For example, material transaction is scattered throughout the financial statements, dissimilar items are inappropriately aggregated, or material information is hidden by immaterial information.
- clarify the meaning of 'primary users of financial statements for general purpose' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on financial statements for much of the financial information they need.

There are no other standards, amendments to standards or interpretations that are effective for financial year beginning on 1 October 2020 that have a material effect on the financial statements of the Fund.

- b. Standards, amendments and interpretations that have been issued but not yet effective and have not been early adopted:

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 October 2020 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 deposits placed with licensed financial institutions is 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).

## **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 deposits with licensed financial institutions 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 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 and amount due to Trustee 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. Deposits with licensed financial institutions are initially recognised at fair value.

Financial assets are derecognised when it is 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 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.

Deposits with licensed financial institutions are stated at cost plus accrued interest calculated on the effective interest method over the period from the date of placement to the date of maturity of the respective deposits.

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 consider 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 obligor'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 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 a 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. DISTRIBUTIONS**

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 Trustee.

## **I. 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 Funds' results and financial position are tested for sensitivity to changes in the underlying parameters.

Estimates and judgements are continually evaluated by the Manager 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 Securities Commission's ("SC") Guidelines on Unit Trust Funds.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

### 1. INFORMATION ON THE FUND

Eastspring Investments Institutional Income Fund (the “Fund”) was constituted pursuant to the execution of a Deed dated 16 March 2005, a Master Supplemental Deed dated 12 July 2007, a 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 the “Manager” and the “Trustee” on 30 July 2010 to effect the change of trustee from HSBC Trustee to the Trustee, followed by a Second Supplemental Master Deed dated 28 January 2011, a Third Supplemental Master Deed dated 9 March 2011, a Fourth Supplemental Master Deed dated 20 January 2012, a Fifth Supplemental Master Deed dated 26 March 2014, a Sixth Supplemental Master Deed dated 2 January 2015, a Seventh Supplemental Master Deed dated 11 July 2016, an Eighth Supplemental Master Deed dated 25 January 2017, a Ninth Supplemental Master Deed dated 11 December 2017 and a Tenth Supplemental Master Deed dated 4 June 2018 (collectively referred to as the “Deeds”).

The Fund was launched on 7 April 2005 and will continue its operations until terminated by the Manager or the Trustee as provided under Part 12 of the Deed.

The Fund seeks to provide liquidity and a steady income stream by investing in money market instruments and/or deposits.

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, a company incorporated in Malaysia, 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 interest rate 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 RM	Financial assets at fair value through profit or loss RM	Total RM
<u>2021</u>				
Cash and cash equivalents		49,438	-	49,438
Financial assets at fair value through profit or loss	7	-	580,522,648	580,522,648
		<u>49,438</u>	<u>580,522,648</u>	<u>580,572,086</u>
<u>2020</u>				
Cash and cash equivalents		44,602	-	44,602
Financial assets at fair value through profit or loss	7	-	613,505,068	613,505,068
		<u>44,602</u>	<u>613,505,068</u>	<u>613,549,670</u>

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

## **Market risk**

### **Interest rate risk**

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

Interest rate is a general economic indicator that will have an impact on the management of the Fund.

As at the date of the statement of financial position, all the financial assets and financial liabilities have no exposure to interest rate movement except for deposits with licensed financial institutions of RM580,522,648 (2020: RM613,505,068) which have weighted average maturities of 53 days (2020: 168 days).

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 balance and deposits with licensed financial institutions 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
	RM
<u>2021</u>	
Accrued management fee	192,302
Amount due to Manager	125,047
Amount due to Trustee	23,076
Contractual undiscounted cash outflows	<u>340,425</u>
<u>2020</u>	
Accrued management fee	134,403
Amount due to Trustee	16,127
Contractual undiscounted cash outflows	<u>150,530</u>

### 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 has 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 RM545,567,922 (2020: RM579,338,445) and retained earnings of RM34,663,739 (2020: RM34,060,695). The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscription 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/default risk refers to the ability of an issuer or a counterparty to make timely payments of interest, principals and proceeds from realisation of investments. The Manager manages the credit risk by undertaking credit evaluation to minimise such risk.

This 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 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	Total
	RM	RM	RM
<u>2021</u>			
Financial Services			
- AAA	210,950,652	-	210,950,652
- AA1	-	49,438	49,438
- AA2	157,772,551	-	157,772,551
- AA3	185,563,522	-	185,563,522
- A1	26,235,923	-	26,235,923
	<u>580,522,648</u>	<u>49,438</u>	<u>580,572,086</u>
<u>2020</u>			
Financial Services			
- AAA	299,549,208	-	299,549,208
- AA1	-	44,602	44,602
- AA2	248,385,080	-	248,385,080
- A1	65,570,780	-	65,570,780
	<u>613,505,068</u>	<u>44,602</u>	<u>613,549,670</u>

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
<u>2021</u>				
Financial assets at fair value through profit or loss:				
Deposits with licensed financial institutions	-	580,522,648	-	580,522,648

2020

Financial assets at fair value through profit or loss:  
Deposits with licensed financial institutions

-	613,505,068	-	613,505,068
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The financial assets are short term financial instruments for which the carrying amount approximates the fair values.

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, include deposits with licensed financial institutions. 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 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 on the net asset value of the Fund calculated on daily basis.

For the financial year ended 30 September 2021, the management fee is recognised at a rate of 0.25% (2020: 0.25%) per annum on the net asset value of the Fund, calculated on a 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 on the net asset value of the Fund, subject to a minimum fee of RM18,000 per annum and a maximum fee of RM350,000 per annum.

For the financial year ended 30 September 2021, the Trustee fee is recognised at a rate of 0.03% (2020: 0.03%) per annum on the net asset value of the Fund, calculated on a daily basis.

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

### 5. DISTRIBUTIONS

	2021	2020
	RM	RM
Distributions to unit holders are from the following sources:		
Interest income	2,563,928	6,306,692
Prior years' realised income	9,381,584	13,277,363
Distribution equalisation (Memorandum account)	310,473	1,889,920
Gross realised income	12,255,985	21,473,975
Less: Expenses	(321,227)	(516,844)
	<u>11,934,758</u>	<u>20,957,131</u>

During the financial year, distributions were made as follows:

Ex-Date	Gross/net distribution	
	2021	2020
	Sen/unit	Sen/unit
6 October/7 October	0.18	0.50
6 November	0.16	0.33
7 December/6 December	0.17	0.12
6 January	0.17	0.05
8 February/6 February	0.17	0.21
8 March/6 March	0.19	0.45
6 April	0.15	0.52
6 May	0.16	0.34
8 June/9 June	0.17	0.09
6 July	0.17	0.17
6 August	0.16	0.18
6 September/7 September	0.15	0.18
	<u>2.00</u>	<u>3.14</u>

Gross distribution is derived using total income less total expenses. The distribution is made from current and prior 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 for 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.

**6. TAXATION**

	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>

Tax charged for the financial year:

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

	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Profit before taxation	12,227,329	19,970,597
Tax at Malaysian statutory rate of 24% (2020: 24%)	2,934,559	4,792,943
Tax effects of:		
Investment income not subject to tax	(3,368,604)	(5,264,562)
Expenses not deductible for tax purposes	47,475	51,642
Restriction on tax deductible expenses for Unit Trust Funds	386,570	419,977
Taxation	-	-

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

	2021	2020
	RM	RM
Deposits with licensed financial institutions*	580,522,648	613,505,068

\* Includes interest receivable of RM2,812,648 (2020: RM2,895,068).

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

	2021	2020
	%	%
Deposits with licensed financial institutions	2.11	2.25

The deposits have an average maturity of 53 days (2020: 168 days).

## 8. UNITS IN CIRCULATION

	2021	2020
	No. of units	No. of units
At the beginning of the financial year	596,826,291	581,775,726
Creation of units during the financial year:		
Arising from applications	1,040,886,794	697,489,753
Arising from distributions	10,223,811	15,080,574
Cancellation of units during the financial year	(1,083,225,216)	(697,519,762)
At the end of the financial year	564,711,680	596,826,291

## 9. TRANSACTIONS WITH FINANCIAL INSTITUTIONS

Details of transactions with the top 10 financial institutions are as follows:

Name of financial institutions	Value of trades	Percentage of total trades
	RM	%
<u>2021</u>		
Hong Leong Bank Berhad	8,529,590,000	46.12
Malayan Banking Berhad	4,068,640,000	22.00
RHB Bank Berhad	3,812,450,000	20.61
CIMB Bank Berhad	951,240,000	5.14
Public Bank Berhad	312,000,000	1.69
AmBank (M) Berhad	310,000,000	1.68
RHB Islamic Bank Berhad	254,000,000	1.37
AmBank Islamic Berhad	162,610,000	0.88
Bank Islam Malaysia Berhad	30,000,000	0.16
Hong Leong Islamic Bank Berhad	30,000,000	0.16
Others	35,110,000	0.19
	<u>18,495,640,000</u>	<u>100.00</u>

### 2020

Hong Leong Bank Berhad	8,106,510,000	62.14
Malayan Banking Berhad	3,019,000,000	23.14
RHB Bank Berhad	573,580,000	4.40
AmBank (M) Berhad	406,360,000	3.11
Public Bank Berhad	275,130,000	2.11
Alliance Bank Malaysia Berhad	155,000,000	1.19
RHB Islamic Bank Berhad	143,070,000	1.10
United Overseas Bank (M) Berhad	90,000,000	0.69
CIMB Bank Berhad	85,020,000	0.65
Hong Leong Islamic Bank Berhad	65,000,000	0.50
Others	127,000,000	0.97
	<u>13,045,670,000</u>	<u>100.00</u>

The above mentioned financial institutions are not related to the Manager.

**10. MANAGEMENT EXPENSE RATIO ("MER")**

	<b>2021</b>	<b>2020</b>
	<b>%</b>	<b>%</b>
MER	0.28	0.28

MER is derived from the following calculation:

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

A = Management Fee

B = Trustee fee

C = Other expenses

D = 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 RM643,738,258 (2020: RM697,706,378).

The following expenses of the Fund are borne by the Manager (effective from 1 October 2009):

	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Audit fee	7,700	7,300
Tax agent fee	3,400	3,400
	<u>11,100</u>	<u>10,700</u>

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

	2021	2020
PTR (times)	28.76	18.69

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 = RM18,495,640,000 (2020: RM13,045,670,000)

total disposals for the financial year = RM18,528,540,000 (2020: RM13,029,020,000)

## 12. 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
Eastspring Investments Berhad	The Manager
Prudential Plc	Ultimate holding company of the Manager
Eastspring Investments Group Private Limited	Immediate holding company of the Manager
Director of Eastspring Investments Berhad	Director of the Manager

### Units held by Manager:

	2021		2020	
	No. of units	RM	No. of units	RM
Eastspring Investments Berhad	1,333	1,370	1,308	1,344

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.



### **13. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

The worsening macro-economic outlook as a result of COVID-19, both domestically and globally, could result in the deterioration of the Fund's net asset value in the future.

The Manager is monitoring the situation closely and will be actively managing the portfolio to achieve the Fund's objective.

### **14. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements have been approved for issue by the Manager on 19 November 2021.

# CORPORATE DIRECTORY

## **THE MANAGER**

NAME

EASTSPRING INVESTMENTS BERHAD

COMPANY NO.

200001028634 (531241-U)

REGISTERED OFFICE

Level 25, Menara Hong Leong

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Bukit Damansara

50490 Kuala Lumpur

BUSINESS OFFICE

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Persiaran TRX Barat

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## **TRUSTEE**

NAME

DEUTSCHE TRUSTEES MALAYSIA BERHAD

COMPANY NO.

200701005591 (763590-H)

REGISTERED OFFICE & BUSINESS OFFICE

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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.

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