

EASTSPRING INVESTMENTS TARGET INCOME FUND 4 MATURITY REPORT

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2019
TO 7 OCTOBER 2020 (DATE OF MATURITY)



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 Fund Maturity Report of Eastspring Investments Target Income Fund 4 for the reporting period ended 7 October 2020 (date of maturity).

You may also download this report 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', written in a cursive style.

Raymond Tang Chee Kin

Non-Independent, Executive Director and Chief Executive Officer

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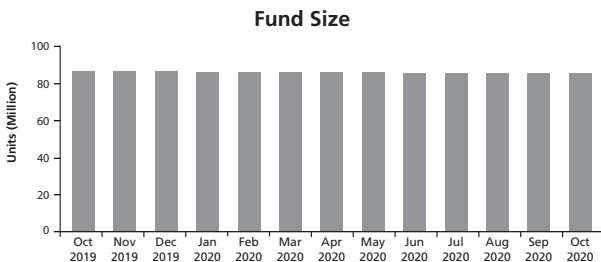
FUND INFORMATION

| | |
|--|--|
| Name of Fund | <p>Eastspring Investments Target* Income Fund 4 (the "Fund")</p> <p>* The Fund aims (i.e. Target) to distribute income on the annual basis from the coupon payments received from the bonds investment.</p> |
| Fund Category/ Type | Bond (close-ended)/income |
| Fund Objective | <p>The Fund endeavours to provide regular income* during the tenure for the Fund.</p> <p>* Income declared will be paid out either by way of E-payment according to the Unit Holders' instructions in the account opening form or by cheque.</p> |
| Termination Date | 7 October 2020 |
| Duration of the Fund | Five (5) years close-ended bond. |
| Performance Benchmark | <p>5-year Maybank fixed deposit rate as at Commencement Date.</p> <p>Please note that investors may obtain information on the benchmark from Eastspring Investments Berhad upon request.</p> <p>As the Fund will invest in local and foreign markets across various bonds of different ratings, the risk profile of the Fund is not the same as the risk profile of the performance benchmark.</p> |
| Fund Income Distribution Policy | Distribution of income, if any, will be on annual basis, after deduction of taxation and expenses. |

FUND INFORMATION (CONTINUED)

Breakdown of Unit Holdings by Size

As at 7 October 2020, the size of Eastspring Investments Target Income Fund 4 stood at 85.236 million units.



Breakdown of Unit Holdings

| Unit Holdings | No. of Unit Holders | % | No. of Units* ('000) | % |
|-------------------------|---------------------|---------------|----------------------|---------------|
| 5,000 units and below | 45 | 22.73 | 161 | 0.19 |
| 5,001 to 10,000 units | 53 | 26.77 | 510 | 0.60 |
| 10,001 to 50,000 units | 61 | 30.81 | 1,963 | 2.30 |
| 50,001 to 500,000 units | 34 | 17.17 | 3,570 | 4.19 |
| 500,001 units and above | 5 | 2.52 | 79,031 | 92.72 |
| Total | 198 | 100.00 | 85,235 | 100.00 |

* excludes units held by the Manager.

KEY PERFORMANCE DATA

FOR THE FINANCIAL YEAR ENDED

| Category | 1.10.2019 to 7.10.2020 (Date of Maturity | 30.9.2019 | 30.9.2018 |
|---|---|---------------|---------------|
| | (%) | (%) | (%) |
| Unquoted fixed income securities | - | 82.95 | 87.27 |
| Derivatives | - | (0.13) | 7.32 |
| Cash and other assets | 100.00 | 17.18 | 5.41 |
| Total | 100.00 | 100.00 | 100.00 |
| Net Asset Value (NAV) (RM'000) | 88,531 | 94,988 | 95,355 |
| Units In Circulation (Units '000) | 85,236 | 86,580 | 88,829 |
| Net Asset Value Per Unit (RM) | 1.0387 | 1.0971 | 1.0735 |
| Highest Net Asset Value Per Unit (RM) [#] | 1.0662 | 1.0976 | 1.0867 |
| Lowest Net Asset Value Per Unit (RM) [#] | 1.0003 | 0.9960 | 1.0606 |
| Total Return (%) | | | |
| - Capital Growth | (5.32) | 2.23 | (4.43) |
| - Income Distribution | 5.67 | 5.90 | 5.55 |
| Total Return (%) | 0.05 | 8.26 | 0.88 |
| Gross Distribution Per Unit (RM) | 0.0592 | 0.0592 | 0.0592 |
| Net Distribution Per Unit (RM) | 0.0592 | 0.0592 | 0.0592 |
| Management Expense Ratio (MER) (%) [*] | 0.33 | 0.32 | 0.34 |
| Portfolio Turnover Ratio (PTR) (times) [^] | 0.71 | 0.23 | 0.15 |

[#] Figure shown as ex-distribution.

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

[^] The higher PTR was due to higher trading activities as the Fund prepared to wind down its investments in view of the Fund's imminent maturity.

KEY PERFORMANCE DATA (CONTINUED)

| | 1 year 7.10.2019 to 7.10.2020 | Since commencement 7.10.2015 to 7.10.2020 |
|----------------------|-------------------------------------|--|
| | (%) | (%) |
| Average total return | (0.14) | 5.31 |

| Year ended | 1.10.2019 to 7.10.2020 | 1.10.2018 to 30.9.2019 | 1.10.2017 to 30.9.2018 | 1.10.2016 to 30.9.2017 | Since commencement 7.10.2015 to 30.9.2016 |
|---------------------|------------------------------|------------------------------|------------------------------|------------------------------|--|
| | (%) | (%) | (%) | (%) | (%) |
| Annual total return | 0.05 | 8.26 | 0.88 | 6.96 | 10.88 |

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

Bases of calculation and assumptions made in calculating returns:

$$\begin{aligned} \text{Percentage growth} &= \frac{\text{NAV}_t}{\text{NAV}_0} - 1 \\ \text{NAV}_t &= \text{NAV at the end of the period} \\ \text{NAV}_0 &= \text{NAV at the beginning of the period} \\ \text{Performance annualised} &= (1 + \text{Percentage Growth})^{1/n} - 1 \\ &\quad \text{Adjusted for unit split and distribution paid out for the period} \\ n &= \text{Number of years} \end{aligned}$$

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

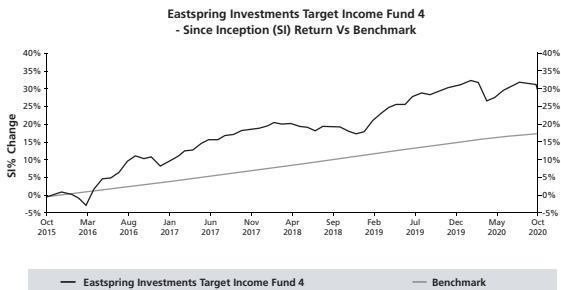
Fund Performance

Since inception, the Fund recorded a return of 29.58%, outperforming the benchmark return of 17.93% by 11.65%.

During the period under review, the Fund registered a return of 0.05%, underperforming the benchmark return of 2.81% by 2.76%.

The Fund delivered a flattish return over the period under review as the Fund's investments were unwound and matured bond proceeds were maintained in cash in preparation for the Fund's maturity.

The fund had achieved its objective to provide regular income during the tenure of the Fund.



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

Benchmark: 5-year Maybank fixed deposit rate as at Commencement Date.

Fund performance is sourced from Lipper for Investment Management, 7 October 2020 and the benchmark is obtainable from Eastspring Investments Berhad upon request.

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

MANAGER'S REPORT (CONTINUED)

Analysis of Fund Performance

For the financial period ended 7 October 2020 (date of maturity):

| Income Return | Capital Return* | Total Return | Total Return of Benchmark |
|----------------------|------------------------|---------------------|----------------------------------|
| (%) | (%) | (%) | (%) |
| 5.67 | (5.32) | 0.05 | 2.81 |

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

Distribution/ Unit Split

| Ex-Date | 24-Oct-19 |
|------------------------------|------------------|
| Distribution Per Unit | (RM) |
| Gross | 0.0592 |
| Net | 0.0592 |
| Unit Split | Nil |

Impact on NAV arising from distribution for the financial period ended 7 October 2020 (date of maturity).

| Ex-Date | 24-Oct-19 |
|-------------------------------------|----------------------|
| | (RM per Unit) |
| Net Asset Value before distribution | 1.1032 |
| Less: distribution | (0.0592) |
| Net Asset Value after distribution | 1.0440 |

No unit split were declared for the financial period ended 7 October 2020 (date of maturity).

Investment Strategy During the Period Under Review

As the Fund approached its maturity date, the Fund's investments were gradually unwound with the aim of providing maturity proceeds to investors.

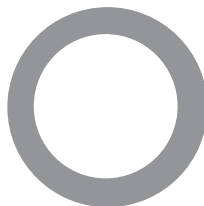
MANAGER'S REPORT (CONTINUED)

Asset Allocation

| Asset Allocation | 07-Oct 2020 | 30-Sep 2019 | Changes |
|----------------------------------|----------------|----------------|---------|
| | (%) | (%) | (%) |
| Unquoted fixed income securities | 0.00 | 82.95 | (82.95) |
| Derivatives | 0.00 | (0.13) | 0.13 |
| Cash and other assets | 100.00 | 17.18 | 82.82 |

**Asset Allocation as at 7 October 2020
(Date of Maturity)**

Cash and other assets
100.00



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.

Cross-Trade Transaction

During the period under review, there were cross-trades executed through a dealer or a financial institution on an arm's length and fair value basis and in the best interest of the Fund. The investment committee for the Fund has reviewed that such trades for the period from October 2019 to June 2020 were transacted on an arm's length and fair value basis and in the best interest of the Fund. Whilst the trades for the period from July to September 2020 will be tabled for review at the upcoming investment committee meeting.

MARKET REVIEW

Global markets sustained heightened volatility over the period under review even as the year started on a positive note. Markets were cheered by the announcement of a Phase One trade deal in December and signs of stronger global growth momentum. However, the improvement in risk sentiment proved short-lived as the COVID-19 outbreak since late January dented confidence. As the number of infections climbed globally and lockdown measures were introduced in affected countries, risk markets registered sharp declines globally in March. Rising worries over the pandemic's impact on global economy also triggered unprecedented fiscal and monetary policy measures as governments sought to mitigate its economic impact. The aggressive policy moves and signs of slowing death rates from the pandemic eventually helped calm financial markets and risk assets staged a strong rebound subsequently. Improving global economic data as more countries exited from lockdowns also boosted risk sentiment. However, concerns over a resurgence of the pandemic, as well as rising US-china tensions and political uncertainties in the US continued to cast a pall on markets and resulted in bouts of volatility.

Against the mixed backdrop, credit spreads of Asian and Emerging Market ("EM") USD credit markets were generally still wider than a year ago. However, the sharp falls in US interest rates on the back of the US Federal Reserve's rate cut and enlarged quantitative easing program helped cushion the impact. This resulted in uneven performance across Asia and EM credit markets, with investment grade credits outperforming high yield sectors, registering a positive performance as they benefitted more from the sharp falls in US interest rates and amid investors' preference for quality.

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 TARGET INCOME FUND 4

FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2019 TO 7 OCTOBER 2020
(DATE OF MATURITY)

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 16 to 61 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position of the Fund as at 7 October 2020 (date of maturity) and of its financial performance, changes in equity and cash flows for the financial period from 1 October 2019 to 7 October 2020 (date of maturity) 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: 16 November 2020

TRUSTEE'S REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS TARGET INCOME FUND 4

We have acted as Trustee for Eastspring Investments Target Income Fund 4 (the "Fund") for the financial period from 1 October 2019 to 7 October 2020 (date of maturity). To the best of our knowledge, for the financial period 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 distribution made during the financial period ended 7 October 2020 (date of maturity) by the Manager is not inconsistent with the objectives of the Fund.

For Deutsche Trustees Malaysia Berhad

Ng Hon Leong

Head, Trustee Operations

Gerard Ang Boon Hock

Chief Executive Officer

Kuala Lumpur

Date: 16 November 2020

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS TARGET INCOME FUND 4

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Eastspring Investments Target Income Fund 4 ("the Fund") give a true and fair view of the financial position of the Fund as at 7 October 2020 (date of maturity), and of its financial performance and its cash flows for the financial period from 1 October 2019 till 7 October 2020 (date of maturity) 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 7 October 2020 (date of maturity), and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial period from 1 October 2019 till 7 October 2020 (date of maturity), and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 16 to 61.

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 have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

- 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 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.

Emphasis of Matter

We draw attention to Note A Basis of Preparation of the Financial Statements, which refers to the termination of the Fund. These financial statements have therefore been prepared using a liquidation basis of accounting. Our opinion is not qualified in respect of this matter.

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: 16 November 2020

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2019 TO 7 OCTOBER 2020
(DATE OF MATURITY)

| | | Financial period from 1.10.2019 to 7.10.2020 (date of maturity) | 2019 |
|---|------|--|------------------|
| | Note | RM | RM |
| INVESTMENT INCOME | | | |
| Interest income from deposits with licensed financial institutions | | 262,140 | 159,778 |
| Interest income from unquoted fixed income securities | | 3,987,829 | 4,739,938 |
| Exit fee income | | 41,039 | 76,887 |
| Net (loss)/gain on financial assets at fair value through profit or loss | 7 | (3,157,150) | 3,479,862 |
| Net loss on forward foreign currency contracts | | (954,689) | (742,423) |
| Net gain/(loss) foreign currency exchange | | 208,402 | (130,595) |
| | | <u>387,571</u> | <u>7,583,447</u> |
| EXPENSES | | | |
| Management fee | 3 | (183,897) | (185,319) |
| Trustee fee | 4 | (55,169) | (55,596) |
| Audit fee | | (12,500) | (12,500) |
| Tax agent fee | | (12,500) | (4,000) |
| Other expenses | | (30,959) | (42,273) |
| | | <u>(295,025)</u> | <u>(299,688)</u> |
| PROFIT BEFORE TAXATION | | 92,546 | 7,283,759 |
| TAXATION | 6 | <u>(5,134)</u> | <u>(8,640)</u> |
| PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME | | <u>87,412</u> | <u>7,275,119</u> |
| Profit after taxation is made up of the following: | | | |
| Realised amount | | 87,412 | 10,597,130 |
| Unrealised amount | | - | (3,322,011) |
| | | <u>87,412</u> | <u>7,275,119</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 7 OCTOBER 2020 (DATE OF MATURITY)

| | Note | 7.10.2020 (date of maturity) | 2019 |
|---|------|---------------------------------|-------------------|
| | | RM | RM |
| ASSETS | | | |
| Cash and cash equivalents | 8 | 88,549,320 | 9,077,540 |
| Amount due from brokers | | - | 7,288,946 |
| Tax recoverable | | 38,574 | 15,208 |
| Financial assets at fair value through profit or loss | 7 | - | 78,790,532 |
| Forward foreign currency contracts at fair value through profit or loss | 9 | - | 432,272 |
| Other receivables | | - | 159 |
| TOTAL ASSETS | | <u>88,587,894</u> | <u>95,604,657</u> |
| LIABILITIES | | | |
| Forward foreign currency contracts at fair value through profit or loss | 9 | - | 552,680 |
| Amount due to Manager | | - | 5,316 |
| Accrued management fee | | 18,220 | 15,589 |
| Amount due to Trustee | | 5,466 | 4,677 |
| Other payables and accruals | | 33,399 | 38,419 |
| TOTAL LIABILITIES | | <u>57,085</u> | <u>616,681</u> |
| NET ASSET VALUE OF THE FUND | | <u>88,530,809</u> | <u>94,987,976</u> |
| EQUITY | | | |
| Unit holders' capital | | 84,469,911 | 85,889,263 |
| Retained earnings | | 4,060,898 | 9,098,713 |
| NET ASSET ATTRIBUTABLE TO UNIT HOLDERS | | <u>88,530,809</u> | <u>94,987,976</u> |
| NUMBER OF UNITS IN CIRCULATION | 10 | <u>85,236,185</u> | <u>86,579,816</u> |
| NET ASSET VALUE PER UNIT (EX-DISTRIBUTION) (RM) | | <u>1.0387</u> | <u>1.0971</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 PERIOD FROM 1 OCTOBER 2019 TO 7 OCTOBER 2020
(DATE OF MATURITY)

| | Note | Unit holders' capital | Retained earnings | Total |
|---|------|-----------------------------|----------------------|-------------|
| | | RM | RM | RM |
| Balance as at 1 October 2019 | | 85,889,263 | 9,098,713 | 94,987,976 |
| Movement in unit holders' contribution: | | | | |
| Cancellation of units | | (1,419,352) | - | (1,419,352) |
| Total comprehensive income for the financial period | | - | 87,412 | 87,412 |
| Distribution | | | | |
| (Gross: 5.92 sen/Net: 5.92sen) | 5 | - | (5,125,227) | (5,125,227) |
| Balance as at 7 October 2020 (date of maturity) | | 84,469,911 | 4,060,898 | 88,530,809 |
| Balance as at 1 October 2018 | | 88,279,069 | 7,076,047 | 95,355,116 |
| Movement in unit holders' contribution: | | | | |
| Cancellation of units | | (2,389,806) | - | (2,389,806) |
| Total comprehensive income for the financial year | | - | 7,275,119 | 7,275,119 |
| Distribution | | | | |
| (Gross: 5.92 sen/Net: 5.92 sen) | 5 | - | (5,252,453) | (5,252,453) |
| Balance as at 30 September 2019 | | 85,889,263 | 9,098,713 | 94,987,976 |

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 PERIOD FROM 1 OCTOBER 2019 TO 7 OCTOBER 2020
(DATE OF MATURITY)

| | Financial period from 1.10.2019 to 7.10.2020 (date of maturity) | | 2019 |
|--|--|------------|--------------|
| Note | | RM | RM |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Proceeds from sale of investments | 148,994,090 | | 21,508,934 |
| Payments for purchase of investments | (66,817,639) | | (20,975,578) |
| Interest income received from deposits with licensed financial institutions | 262,140 | | 159,778 |
| Interest income received from unquoted fixed income securities | 4,733,707 | | 4,762,872 |
| Exit fee income received | 41,198 | | 155,519 |
| Management fee paid | (181,266) | | (185,376) |
| Trustee fee paid | (54,380) | | (55,613) |
| Payment for other fees and expenses | (60,979) | | (56,714) |
| Tax paid | (28,500) | | (28,500) |
| Tax refund | - | | 27,958 |
| Net realised foreign exchange gain | (746,288) | | 6,226,084 |
| Net cash generated from operating activities | 86,142,083 | | 11,539,364 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Payments for cancellation of units | (1,424,668) | | (2,402,390) |
| Distribution paid | (5,125,227) | | (5,252,453) |
| Net cash used in financing activities | (6,549,895) | | (7,654,843) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 79,592,188 | | 3,884,521 |
| EFFECT OF FOREIGN EXCHANGE DIFFERENCES | (120,408) | | (46) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD/YEAR | 9,077,540 | | 5,193,065 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD/YEAR | 8 | 88,549,320 | 9,077,540 |

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 PERIOD FROM 1 OCTOBER 2019 TO 7 OCTOBER 2020 (DATE OF MATURITY)

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, as modified by financial assets and financial liabilities (including derivatives instruments) at fair value through profit or loss, except as disclosed in this summary of significant accounting policies, and in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

The Fund commenced operations on 7 October 2015 and was matured on 7 October 2020 as provided under Part 12 of the Deed. As such, the going concern assumption can no longer be used for the preparation of financial statements. The financial statements have therefore been prepared using a liquidation basis of accounting. The net proceeds of realisation will be distributed pro-rata to unit holders according to the number of units held in the Fund as at 7 October 2020 (date of maturity). The Manager and the Trustee of the Fund hereby authorised the termination of the trust in respect of the Fund on 7 October 2020.

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 period/year. It also requires the Manager to exercise their judgment in the process of applying the Fund's accounting policies. Although these estimates and judgment 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 L.

- a. Standards, amendments that have been issued but not yet effective:

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 assess 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.

The amendments shall be applied prospectively.

B. INCOME RECOGNITION

Interest income from short term deposits is recognised on the accrual basis using the effective interest 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).

Interest income from unquoted fixed income securities including amortisation of premium and accretion of discount are recognised using the effective interest method.

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

Exit fee income is a redemption fee charged to unit holders on cancellation of units before the maturity date and is recognised upon cancellation of units.

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 period/year.

Tax on interest income from foreign unquoted fixed income securities is based on the tax regime of the respective countries that the Fund invests in.

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. FOREIGN CURRENCY TRANSLATION

Foreign currency transactions in the Fund are translated into the functional currency using the exchange rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges.

F. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

i. Classification

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

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or 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 Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. 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's classifies accrued management fee, 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. Transaction costs are expensed in the statement of comprehensive income.

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 liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised, and through the amortisation process.

Unrealised gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' including the effects of currency translation 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 period/year in which they arise. Any unrealised gains however are not distributable.

Foreign exchange gains and losses on the derivative financial instrument are recognised in statement of comprehensive income when settled or at date of the statement of financial position at which time they are included in the measurement of the derivative financial instrument.

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

Unquoted fixed income securities are carried at cost and adjusted for any amortisation of premium or accretion of discount from acquisition date to maturity date. The carrying cost is revalued to reflect its fair value on a daily basis using the net present value method based on fair value prices quoted by a bond pricing agency ('BPA') registered with the Securities Commission as per the Securities Commission's 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.

Unquoted fixed income securities denominated in foreign currencies are revalued on a daily basis by reference to the price obtained from at least three financial institutions. However, if such quotations are not available or should the gaps of the quotations provided by the financial institutions differ by more than 20 basis points, the valuation shall be determined by reference to the value of such debt securities quoted by Reuters.

Derivative investments consist of forward foreign currency contracts. Financial derivative positions will be "marked to market" at the close of each valuation day. Foreign exchange gains and losses on the derivative financial instruments are recognised in profit or loss when settled or at the date of the statement of financial position at which time they are included in the measurement of the derivative financial instrument.

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.

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.

Definition of default and credit-impaired financial assets

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

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/period.

G. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise bank balances and deposit with a licensed financial institution that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

H. UNIT HOLDERS' CAPITAL

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

- the units entitle the holder to a proportionate share of the Fund's net assets value;
- the units are the most subordinated class and class features are identical;
- there is 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 period/year if the 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 ("NAV") per unit at the time of creation or cancellation. The Fund's NAV per unit is calculated by dividing the net assets attributable to unit holders with the total number of outstanding units.

I. DISTRIBUTION

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

J. DERIVATIVE FINANCIAL INSTRUMENTS

A derivative financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

The Fund's derivative financial instruments comprise forward foreign currency contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the date of statements of financial position, with the resulting value discounted back to present value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held-for-trading and accounted for in accordance with the accounting policy set out in Note F to the financial statements.

K. AMOUNTS DUE FROM/(TO) BROKERS

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. 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 amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12 months expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

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

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

L. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS 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 judgments 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.

a. Estimate of fair value of unquoted fixed income securities

The Fund uses significant judgement in determining whether an investment is impaired. The Fund evaluates, among other factors, the duration and extent to which the fair value of the investment is less than cost, and the financial health and near-term business outlook for the investee, including factors such as industry and sector performance, macroeconomic factors and speculation.

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 Securities Commission Guidelines on Unit Trust Funds.

However, the Manager is of the opinion that in applying the accounting policies, no significant judgment was required.

Unquoted fixed income securities are valued using fair value prices quoted by a bond pricing agency ("BPA"). Where the Manager is of the view that the price quoted by BPA for a specific bond differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager records its basis for using a non-BPA price, obtains necessary internal approvals to use the non-BPA price, and keeps an audit trail of all decisions and basis for adopting the use of non-BPA price.

Unquoted fixed income securities denominated in foreign currencies are revalued on a daily basis by reference to the price obtained from at least three financial institutions. However, if such quotations are not available or should the gaps of the quotations provided by the financial institutions differ by more than 20 basis points, the valuation shall be determined by reference to the value of such debt securities quoted by Reuters.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2019 TO 7 OCTOBER 2020
(DATE OF MATURITY)

1. INFORMATION ON THE FUND

Eastspring Investments Target Income Fund 4 (the “Fund”) was constituted pursuant to the execution of a Deed dated 26 January 2015 (the “Deed”) entered into between Eastspring Investments Berhad (the “Manager”) and Deutsche Trustees Malaysia Berhad (the “Trustee”).

The Fund was launched on 23 August 2015 and will continue its operations until terminated by the Trustee or the Manager as provided under Part 12 of the Deed.

The Fund terminated its operations on 7 October 2020. As such, the going concern assumption can no longer be used for the preparation of financial statements. The financial statements have therefore been prepared using a liquidation basis of accounting. The net proceeds of realisation will be distributed pro-rata to unit holders on 27 October 2020 according to the number of units held in the Fund as at 7 October 2020 (date of maturity).

The Fund seeks to achieve its objective by investing in local and/or foreign debt securities. The Fund will invest a minimum of 70% of its NAV in local and/or foreign debt securities. Not more than 40% of the Fund’s NAV may be invested either in non-rated debt securities and/or debt securities rated below investment grade rating by RAM, MARC, Standard & Poor’s, Moody’s, Fitch or other rating agencies (i.e. lower than BBB3 rating by RAM or below investment grade rating by other rating agencies) while the remainder will be invested in investment grade bonds. Additionally, up to 30% of the Fund’s NAV may be invested in liquid assets. All investments will be subjected to the Securities Commission’s (the “SC”) Guidelines on Unit Trust Funds, the Deed and the objective of the Fund.

The main objective of the Fund is to provide regular income during the tenure of the Fund.

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 market risk (inclusive of price risk, interest rate risk and foreign exchange/currency risk), country risk, fund management risk, liquidity risk, non-compliance 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 Deed.

Financial instruments of the Fund are as follows:

| | Note | Financial assets at amortised cost | Financial assets/ (liabilities) at fair value through profit or loss | Total |
|---|------|---|---|-------------------|
| | | RM | RM | RM |
| <u>7.10.2020 (date of maturity)</u> | | | | |
| Cash and cash equivalents | 8 | 88,549,320 | - | 88,549,320 |
| | | <u>88,549,320</u> | <u>-</u> | <u>88,549,320</u> |
| <u>2019</u> | | | | |
| Cash and cash equivalents | 8 | 9,077,540 | - | 9,077,540 |
| Unquoted fixed income securities | 7 | - | 78,790,532 | 78,790,532 |
| Forward foreign currency contracts at fair value through profit or loss | 9 | - | (120,408) | (120,408) |
| Amount due from brokers | | 7,288,946 | - | 7,288,946 |
| Other receivables | | 159 | - | 159 |
| | | <u>16,366,645</u> | <u>78,670,124</u> | <u>95,036,769</u> |

All liabilities except for forward foreign currency contracts are financial liabilities which are carried at amortised cost.

Market risk

i. Price risk

This risk refers to changes and developments in regulations, politics and the economy of the country. The very nature of a Unit Trust Fund, however, helps mitigate this risk because a Fund would generally hold a well-diversified portfolio of securities from different market sectors so that the collapse of any one security or any one market sector would not impact too greatly on the value of the Fund.

The table below shows assets of the Fund which are exposed to price risk:

| | 7.10.2020 | 2019 |
|---|---------------------------|-------------|
| | (date of maturity) | |
| | RM | RM |
| Unquoted fixed income securities designated at fair value through profit or loss* | - | 78,790,532 |

* Includes interest receivable of RM Nil (2019: RM1,019,863).

Derivatives

| | | |
|---|---|-----------|
| Forward foreign currency contracts financial liabilities at fair value through profit or loss | - | (120,408) |
|---|---|-----------|

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

| % Change in price | Market value | 7.10.2020 (date of maturity) | Market value | 2019 |
|-------------------|--------------|---|--------------|---|
| | | Increase/ (decrease) in profit after tax and net asset value | | Increase/ (decrease) in profit after tax and net asset value |
| | RM | RM | RM | RM |
| +5% | - | - | 81,532,774 | 3,882,513 |
| -5% | - | - | 73,767,748 | (3,882,513) |

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 NAV 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 NAV 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.

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 Fund's investments in deposit with a licensed financial institution are short term in nature. Therefore, exposure to interest rate fluctuations is minimal.

The table below summarises the sensitivity of the Fund's profit after tax and NAV to movements in prices of unquoted fixed income securities and money market instruments held by the Fund at the end of the reporting financial period/year as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate changed by 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.

| | 7.10.2020 (date of maturity) | 2019 |
|--|--|--|
| % Change in interest rate of unquoted fixed income securities | Impact on profit after tax/ change in net asset value | Impact on profit after tax/ change in net asset value |
| | RM | RM |
| +1% | - | (69,239) |
| - 1% | - | 69,543 |

iii. Foreign exchange/currency risk

As the Fund may invest its assets in unquoted fixed income securities denominated in a wide range of currencies other than Ringgit Malaysia, the net asset value of the Fund expressed in Ringgit Malaysia may be affected favourably or unfavourably by exchange control regulations or changes in the exchange rates between Ringgit Malaysia and such other currencies. The risk is minimised through investing in a wide range of foreign currencies denominated assets and thus, diversifying the risk of single currency exposure.

In the normal course of investment, the Fund Manager will usually not hedge foreign currency exposure. The Fund Manager may however depending on prevailing market circumstances at particular point in time, choose to use forward or swap contracts for hedging and risk reduction purposes.

The following table sets out the foreign exchange/currency risk concentrations and counterparties of the Fund.

| | Financial assets at fair value through profit or loss | Cash and cash equivalents | Forward foreign currency contracts | Total |
|---------------------------|--|--|---|--------------|
| | RM | RM | RM | RM |
| <u>7.10.2020</u> | | | | |
| <u>(date of maturity)</u> | - | - | - | - |
| | - | - | - | - |
| <u>2019</u> | | | | |
| SGD | 7,647,140 | 337,602 | 419,803 | 8,404,545 |
| USD | 61,002,308 | 7,457,004 | (540,211) | 67,919,101 |
| | 68,649,448 | 7,794,606 | (120,408) | 76,323,646 |

The table below summarises the sensitivity of the Fund's financial assets to changes in foreign exchange movements at the end of the reporting financial period/year. The analysis is based on the assumption that the foreign exchange rate changes by 5% with all variables remaining constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate having regard to historical volatility of this rate.

Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

| | Change in foreign exchange rate | Impact on profit after tax | Impact on net asset value |
|--------------------|---------------------------------------|-------------------------------|------------------------------|
| | % | RM | RM |
| <u>7.10.2020</u> | | | |
| (date of maturity) | | | |
| SGD | 5 | - | - |
| USD | 5 | - | - |
| <hr/> | | | |
| <u>2019</u> | | | |
| SGD | 5 | 420,227 | 420,227 |
| USD | 5 | 3,395,955 | 3,395,955 |
| <hr/> | | | |

Country risk

A Unit Trust Fund ("UTF") that invests in foreign countries may experience more rapid and extreme changes in value than a unit trust fund that invests exclusively in Malaysia. Nationalisation, expropriation or confiscatory, taxation, currency blockage, political changes or diplomatic developments could adversely affect a unit trust fund's investments in a foreign country. In the event of nationalisation, expropriation or other confiscation, a unit trust fund could lose its entire investment in foreign countries. Adverse conditions in a certain region can adversely affect securities of other countries whose economies appear to be unrelated. Careful consideration shall be given to risk factors such as liquidity, political and economic environment before any investments are made in a foreign country.

Fund management risk

There is the risk that the management company may not adhere to the investment mandate of the respective Fund. 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.

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, deposit with a licensed financial institution 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 |
| <u>7.10.2020 (date of maturity)</u> | | | |
| Accrued management fee | 18,220 | - | 18,220 |
| Amount due to Trustee | 5,466 | - | 5,466 |
| Other payables and accruals | - | 33,399 | 33,399 |
| Contractual cash outflows | <u>23,686</u> | <u>33,399</u> | <u>57,085</u> |

2019

| | | | |
|--|----------------|----------------|----------------|
| Forward foreign currency contracts at fair value through profit or loss | 169,565 | 383,115 | 552,680 |
| Amount due to Manager | 5,316 | - | 5,316 |
| Accrued management fee | 15,589 | - | 15,589 |
| Amount due to Trustee | 4,677 | - | 4,677 |
| Other payables and accruals | - | 38,419 | 38,419 |
| Contractual cash outflows | <u>195,147</u> | <u>421,534</u> | <u>616,681</u> |

Non-compliance risk

Non-compliance risk arises when the Manager and others associated with the Fund do not comply 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 dishonestly.

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 RM84,469,911 (2019: RM85,889,263) and retained earnings of RM4,060,898 (2019: RM9,098,713). The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

Credit/Default risk

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

The credit risk arising from placements of deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

The Fund seeks to mitigate credit/default risk by investing in high quality fixed income securities and entering into forward currency contracts with reputable counterparties.

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

| | Cash and cash equivalents | Financial assets at fair value through profit or loss | Other receivables | Amount due from brokers | Total |
|--|---------------------------|---|-------------------|-------------------------|-------|
| | RM | RM | RM | RM | RM |

7.10.2020

(date of
maturity)

Finance

| | | | | | |
|-------|------------|---|---|---|------------|
| - AA1 | 88,549,320 | - | - | - | 88,549,320 |
| | 88,549,320 | - | - | - | 88,549,320 |

| | Cash and cash equivalents | Financial assets at fair value through profit or loss | Other receivables | Amount due from brokers | Total |
|------------------------------------|---------------------------|---|-------------------|-------------------------|------------|
| | RM | RM | RM | RM | RM |
| 2019 | | | | | |
| Finance | | | | | |
| - AA1 | 9,077,540 | - | - | - | 9,077,540 |
| Unquoted fixed income securities | | | | | |
| - A | - | 2,123,118 | - | - | 2,123,118 |
| - A- | - | 4,225,920 | - | - | 4,225,920 |
| - AAA (S) | - | 10,141,084 | - | - | 10,141,084 |
| - B | - | 2,577,283 | - | - | 2,577,283 |
| - B+ | - | 4,697,481 | - | - | 4,697,481 |
| - B2 | - | 3,467,064 | - | - | 3,467,064 |
| - Baa1 | - | 2,638,608 | - | - | 2,638,608 |
| - Baa2 | - | 895,387 | - | - | 895,387 |
| - Baa3 | - | 15,718,321 | - | - | 15,718,321 |
| - BB | - | 7,827,174 | - | - | 7,827,174 |
| - BB- | - | 1,620,471 | - | - | 1,620,471 |
| - BB+ | - | 1,641,526 | - | - | 1,641,526 |
| - BBB | - | 4,313,723 | - | - | 4,313,723 |
| - BBB- | - | 2,396,713 | - | - | 2,396,713 |
| - NR | - | 14,506,659 | - | - | 14,506,659 |
| Forward foreign currency contracts | | | | | |
| - AAA | - | 432,272 | - | - | 432,272 |
| Others | | | | | |
| - NR | - | - | 159 | 7,288,946 | 7,289,105 |
| | 9,077,540 | 79,222,804 | 159 | 7,288,946 | 95,589,449 |

None of these 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 traded derivatives and trading securities) are based on quoted market prices at the close of trading on the period/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. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each period end date. Valuation techniques used for non-standardised financial instruments such as options, currency swaps and other over-the-counter derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

Fair value hierarchy

The table below 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 Fund does not hold any financial instruments at fair value through profit or loss as at 7 October 2020 (date of maturity) except as disclosed in Note 7.

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

| | Level 1 | Level 2 | Level 3 | Total |
|---|---------|------------|---------|------------|
| | RM | RM | RM | RM |
| 2019 | | | | |
| Financial assets at fair value through profit or loss: | | | | |
| Unquoted fixed income securities | - | 78,790,532 | - | 78,790,532 |
| Forward foreign currency contracts | - | 432,272 | - | 432,272 |
| | - | 79,222,804 | - | 79,222,804 |
| Financial liabilities at fair value through profit or loss: | | | | |
| Forward foreign currency contracts | - | (552,680) | - | (552,680) |

Financial instruments that trade in markets that are considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include unquoted fixed income securities and derivatives.

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 F to the financial statements.

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 0.20% per annum of the net asset value of the Fund accrued and calculated on a daily basis.

For the financial period ended 7 October 2020 (date of maturity), the Management fee is recognised at a rate of 0.20% (2019: 0.20%) per annum on the net asset value of the Fund, excluding foreign custodian charges, 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 0.06% per annum of the net asset value of the Fund, subject to a minimum fee of RM15,000 per annum excluding foreign custodian fees and charges.

For the financial period ended 7 October 2020 (date of maturity), the Trustee fee is recognised at a rate of 0.06% (2019: 0.06%) per annum on the net asset value of the Fund, excluding foreign custodian charges, calculated on daily basis.

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

5. DISTRIBUTION

| | 7.10.2020 (date of maturity) | 2019 |
|---|---------------------------------|-----------------|
| | RM | RM |
| Distribution to unit holders is from the following sources: | | |
| Exit fee income (net of tax) | - | 153 |
| Interest income | - | 7,427 |
| Net realised gain on sale of investments | - | 101,843 |
| Prior years' realised income | 5,366,192 | 5,143,525 |
| | <hr/> | <hr/> |
| Gross realised income | 5,366,192 | 5,252,948 |
| Less: Expenses | (240,965) | (495) |
| | <hr/> | <hr/> |
| | 5,125,227 | 5,252,453 |
| | <hr/> | <hr/> |
| Gross distribution per unit (sen) | 5.92 | 5.92 |
| | <hr/> | <hr/> |
| Net distribution per unit (sen) | 5.92 | 5.92 |
| | <hr/> | <hr/> |
| Ex-Date | 24 October 2019 | 31 October 2018 |
| | <hr/> | <hr/> |

Gross distribution is derived using total income less total expenses. The distribution is made from prior year's 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.

There are unrealised losses of RM nil (2019: unrealised losses of RM3,322,011) arising during the financial period/year.

6. TAXATION

| | Financial period from 1.10.2019 to 7.10.2020 (date of maturity) | 2019 |
|--|--|--------------|
| | RM | RM |
| Tax charged for the financial period/year: | | |
| Current taxation – local | 5,125 | 13,292 |
| Under/(over) provision of taxation in prior period/year | 9 | (4,652) |
| | <u>5,134</u> | <u>8,640</u> |

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

| | Financial period from 1.10.2019 to 7.10.2020 (date of maturity) | 2019 |
|--|--|------------------|
| | RM | RM |
| Profit before taxation | <u>92,546</u> | <u>7,283,759</u> |
| Tax at Malaysian statutory rate of 24% (2019: 24%) | 22,211 | 1,748,102 |
| Tax effects of: | | |
| Investment income exempt from tax | (83,168) | (1,801,613) |
| Expenses not deductible for tax purposes | 23,662 | 20,700 |
| Restriction on tax deductible expenses for Unit Trust Funds | 42,420 | 46,103 |
| Under/(over) provision of taxation in prior period/year | 9 | (4,652) |
| Taxation | <u>5,134</u> | <u>8,640</u> |

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 7.10.2020 | 2019 |
|--|---------------------------|------------------|
| | (date of maturity) | |
| | RM | RM |
| Designated at fair value through profit or loss: | | |
| Unquoted fixed income securities | - | 78,790,532 |
| Net (loss)/gain on financial assets at fair value through profit or loss: | | |
| Realised loss on disposals | (3,157,150) | (122,354) |
| Change in unrealised fair value gain | - | 3,602,216 |
| | <u>(3,157,150)</u> | <u>3,479,862</u> |

Unquoted fixed income securities

| Name of counter | Nominal value | Aggregate cost | Fair value as at 7.10.2020 | Percentage of net asset value of the Fund |
|--|----------------|------------------|----------------------------|---|
| | RM | RM | RM | % |
| Bond | | | | |
| 0.25% Ezion Holdings Limited 20.11.2027 (NR) | 750,000 | 2,318,003 | - | - |
| | <u>750,000</u> | <u>2,318,003</u> | <u>-</u> | <u>-</u> |

**ACCUMULATED
UNREALISED LOSS ON
FINANCIAL ASSETS AT
FAIR VALUE THROUGH
PROFIT OR LOSS**

(2,318,003)

**FAIR VALUE OF
FINANCIAL ASSETS AT
FAIR VALUE THROUGH
PROFIT OR LOSS**

-

Ezion Holdings Limited ("Ezion") overall business restructuring has progressed slowly while concurrent negotiation between white knight and creditors has remain fluid. Baring fresh capital or liquidity injection, the company's going concern appears increasingly uncertain over the next 12 months. Given this backdrop, the bond's liquidity in the secondary market has faded, and this pose a challenge for valuation purposes. Therefore, as at 7 October 2020, the fair value of Ezion bond has been written down to zero.

There is a possible further payment due from the illiquid bond held. Therefore, any amount recovered from Ezion will be disbursed back to the unit holders based on their unit holding as at 7 October 2020 (date of maturity).

Unquoted fixed income securities

| Name of counter | Nominal value | Aggregate cost | Fair value as at 30.9.2019 | Percentage of net asset value of the Fund |
|---|----------------------|-----------------------|-----------------------------------|--|
| | RM | RM | RM | % |
| Bond | | | | |
| 3.625% Double Rosy Ltd 18.11.2019 (A) | 500,000 | 2,139,165 | 2,123,118 | 2.24 |
| 4.50% New Rose 19.01.2020 (NR) | 500,000 | 2,056,795 | 2,093,044 | 2.20 |
| 7.00% China Evergrande Group 23.03.2020 (B2) | 600,000 | 2,468,132 | 2,467,825 | 2.60 |
| 9.375% Trade And Development Bank of Mongolia Llc 19.05.2020 (B) | 400,000 | 1,778,037 | 1,775,570 | 1.87 |
| 8.625% Sunac China Holdings Limited 27.07.2020 (B+) | 200,000 | 824,434 | 866,574 | 0.91 |
| 5.875% Greentown China Holdings Limited 11.08.2020 (B+) | 400,000 | 1,727,605 | 1,700,214 | 1.79 |
| 4.50% GENM Capital Berhad 24.08.2020 (AAA (S)) | 10,000,000 | 10,084,649 | 10,141,084 | 10.68 |
| 6.125% Logan Property Holdings Company Limited 16.04.2021 (BB) | 500,000 | 1,552,684 | 1,576,974 | 1.66 |
| 5.25% PT Pertamina (Persero) 23.05.2021 (BBB) | 500,000 | 2,169,057 | 2,220,784 | 2.34 |
| 4.85% PT Ciputra Development Tbk 20.09.2021 (BB-) | 250,000 | 779,231 | 755,755 | 0.80 |

Unquoted fixed income securities (continued)

| Name of counter | Nominal value | Aggregate cost | Fair value as at 30.9.2019 | Percentage of net asset value of the Fund |
|--|----------------------|-----------------------|-----------------------------------|--|
| | RM | RM | RM | % |
| Bond (continued) | | | | |
| 5.23% PT Indonesia Asahan Aluminium (Persero) 15.11.2021 (Baa2) | 200,000 | 848,159 | 895,387 | 0.94 |
| 5.25% TBG Global Pte. Ltd. 10.02.2022 (BB) | 400,000 | 1,715,988 | 1,713,653 | 1.80 |
| 3.375% Hong Kong Red Star Macalline Universal Home Furnishings Ltd 21.09.2022 (BB) | 300,000 | 1,253,472 | 1,118,572 | 1.18 |
| 7.75% SSMS Plantation Holdings Pte. Ltd. 23.01.2023 (B2) | 300,000 | 1,223,185 | 999,239 | 1.05 |
| 5.20% Krung Thai Bank Public Company Limited 26.12.2024 (B+) | 500,000 | 2,125,667 | 2,130,693 | 2.24 |
| 4.25% GOHL Capital 24.01.2027 (Baa1) | 600,000 | 2,678,680 | 2,638,608 | 2.78 |
| 4.875% Commerzbank Ag 01.03.2027 (BBB-) | 500,000 | 1,587,860 | 1,552,407 | 1.63 |
| 6.20% The Democratic Socialist Republic of Sri Lanka 11.05.2027 (B) | 200,000 | 887,180 | 801,713 | 0.84 |
| 3.876% Chong Hing Bank Limited 26.07.2027 (BBB-) | 200,000 | 862,658 | 844,306 | 0.89 |
| 0.25% Ezion Holdings Limited 20.11.2027 (NR) | 750,000 | 2,264,191 | 1,670,577 | 1.76 |
| 4.625% Minejesa Capital B.V. 10.08.2030 (Baa3) | 300,000 | 1,292,826 | 1,298,767 | 1.37 |

Unquoted fixed income securities (continued)

| Name of counter | Nominal value | Aggregate cost | Fair value as at 30.9.2019 | Percentage of net asset value of the Fund |
|---|---------------|----------------|----------------------------|---|
| | RM | RM | RM | % |
| Bond (continued) | | | | |
| 5.625% Minejesa Capital B.V. 10.08.2037 (Baa3) | 300,000 | 1,294,605 | 1,367,954 | 1.44 |
| 4.00% New China Life Insurance Co Ltd 03.07.2075 (A-) | 1,000,000 | 4,235,433 | 4,225,920 | 4.45 |
| 4.50% CCB Life Insurance Company Limited 21.04.2077 (BBB) | 500,000 | 2,246,850 | 2,092,939 | 2.20 |
| 4.70% HSBC Holdings Plc 31.12.2099 (Baa3) | 250,000 | 785,327 | 774,074 | 0.81 |
| 5.625% HSBC Holdings Plc 31.12.2099 (Baa3) | 2,000,000 | 8,510,287 | 8,487,904 | 8.94 |
| 7.00% Lippo Malls Indonesia Retail Trust 31.12.2099 (NR) | 500,000 | 1,521,611 | 1,317,353 | 1.39 |
| 5.50% Nan Fung Treasury (II) Limited 31.12.2099 (Baa3) | 900,000 | 3,933,003 | 3,789,622 | 3.99 |
| 5.75% NWD Finance (BVI) Ltd 31.12.2099 (NR) | 1,300,000 | 5,588,081 | 5,539,850 | 5.83 |
| 5.875% Royal Capital B.V. 31.12.2099 (NR) | 200,000 | 816,943 | 868,450 | 0.91 |
| 7.50% SMC Global Power Holdings Corp. 31.12.2099 (NR) | 700,000 | 3,045,557 | 3,017,385 | 3.18 |
| 5.50% The Bank of East Asia Limited 31.12.2099 (BB) | 800,000 | 3,434,468 | 3,417,975 | 3.60 |

Unquoted fixed income securities (continued)

| Name of counter | Nominal value | Aggregate cost | Fair value as at 30.9.2019 | Percentage of net asset value of the Fund |
|---|----------------------|-----------------------|-----------------------------------|--|
| | RM | RM | RM | % |
| Bond (continued) | | | | |
| 5.00% Westpac Banking Corporation 31.12.2099 (BB+) | 400,000 | 1,678,325 | 1,641,526 | 1.73 |
| 5.75% Yancoal International Resources Development Co., Limited 31.12.2099 (BB-) | 200,000 | 909,160 | 864,716 | 0.91 |
| | <u>27,150,000</u> | <u>80,319,305</u> | <u>78,790,532</u> | <u>82.95</u> |

**ACCUMULATED
UNREALISED LOSS ON
FINANCIAL ASSETS AT
FAIR VALUE THROUGH
PROFIT OR LOSS**

(1,528,773)

**FAIR VALUE OF
FINANCIAL ASSETS AT
FAIR VALUE THROUGH
PROFIT OR LOSS**

78,790,532

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

| | 7.10.2020 (date of maturity) | 2019 |
|----------------------------------|---|-------------|
| | % | % |
| Unquoted fixed income securities | - | 5.17 |

8. CASH AND CASH EQUIVALENTS

| | 7.10.2020 (date of maturity) | 2019 |
|------------------------------------|---|-------------|
| | RM | RM |
| Bank balances with a licensed bank | 88,549,320 | 9,077,540 |

The currency exposure profile of cash and cash equivalents is as follows:

| | 7.10.2020 (date of maturity) | 2019 |
|-----|---|-------------|
| | RM | RM |
| MYR | 88,549,320 | 1,282,934 |
| SGD | - | 337,602 |
| USD | - | 7,457,004 |
| | 88,549,320 | 9,077,540 |

The effective weighted average interest rate of a short term deposit with a licensed financial institution per annum as at the date of the statement of financial position is as follows:

| | 7.10.2020 (date of maturity) | 2019 |
|---|---|-------------|
| | % | % |
| Deposit with a licensed financial institution | - | - |

9. FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of statement of financial position, there are nil (2019: 8) forward foreign currency contracts outstanding. The fair value of the outstanding forward foreign currency contracts amounted to RM nil (2019: 120,408 (payable)). The forward foreign currency contracts entered into during the financial period/year were for hedging against the currency exposure arising from the investment in the foreign unquoted fixed income securities denominated in SGD and USD. As the Fund has not adopted hedge accounting during the financial period/year, the change in the fair value of the forward foreign currency contracts is recognised immediately in the statement of comprehensive income.

10. UNITS IN CIRCULATION

| | Financial period from 1.10.2019 to 7.10.2020 (date of maturity) | | 2019 |
|---|--|--------------|------|
| | No. of units | No. of units | |
| At the beginning of the financial period/year | 86,579,816 | 88,828,823 | |
| Cancellation of units during the financial period/year | (1,343,631) | (2,249,007) | |
| At the end of the financial period/year | 85,236,185 | 86,579,816 | |

11. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the top 10 brokers/dealers for the financial year are as follows:

| Name of brokers/ dealers | Value of trades | Percentage of total trades | Brokerage fees | Percentage of total brokerage fees |
|--------------------------------|--------------------|----------------------------------|-------------------|---|
| | RM | % | RM | % |
| <u>7.10.2020</u> | | | | |
| <u>(date of maturity)</u> | | | | |
| Marketaxess Capital Limited | 14,769,262 | 11.54 | - | - |
| Standard Chartered Bank | 12,346,234 | 9.65 | - | - |
| CIMB Bank Berhad | 10,300,000 | 8.05 | - | - |
| Malayan Banking Berhad | 10,028,200 | 7.84 | - | - |
| BNP Paribas S.A. France | 9,113,483 | 7.12 | - | - |
| Merrill Lynch Int Ltd (London) | 8,945,639 | 6.99 | - | - |
| SMBC Nikko Securities (HK) Ltd | 5,619,936 | 4.39 | - | - |
| DBS Bank Ltd | 5,558,824 | 4.34 | - | - |
| J.P. Morgan Securities PLC | 5,539,602 | 4.33 | - | - |
| Credit Suisse Securities | 5,483,893 | 4.28 | - | - |
| Others | 40,284,174 | 31.47 | - | - |
| | <u>127,989,247</u> | <u>100.00</u> | - | - |

| Name of brokers/ dealers | Value of trades | Percentage of total trades | Brokerage fees | Percentage of total brokerage fees |
|--|--------------------|----------------------------------|-------------------|---|
| | RM | % | RM | % |
| <u>2019</u> | | | | |
| SGX Bond Trading Pte Ltd | 11,328,793 | 26.97 | - | - |
| Malayan Banking Berhad | 10,060,400 | 23.95 | - | - |
| Mizuho Securities Aisa Ltd | 4,520,683 | 10.76 | - | - |
| HSBC Singapore | 2,938,963 | 7.00 | - | - |
| Oversea-Chinese Banking Corporation Limited | 2,856,807 | 6.80 | - | - |
| Standard Chartered Bank | 2,346,419 | 5.59 | - | - |
| DBS Bank Ltd | 2,280,246 | 5.43 | - | - |
| United Overseas Bank Limited | 1,541,343 | 3.67 | - | - |
| Deutsche Bank AG London Branch | 864,610 | 2.06 | - | - |
| Citigroup Global Markets Inc. | 829,442 | 1.97 | - | - |
| Others | 2,441,072 | 5.80 | - | - |
| | <u>42,008,778</u> | <u>100.00</u> | - | - |

All brokers/dealers highlighted above are not related to the Manager.

12. UNITS HELD BY THE MANAGER

The related party of and its relationship with the Fund are as follows:

| Related party | | Relationship | |
|-------------------------------|--|--------------|--|
| Eastspring Investments Berhad | | The Manager | |

| | | 2020 | | 2019 | |
|-------------------------------|--|--------------|-------|--------------|-------|
| | | No. of units | RM | No. of units | RM |
| Eastspring Investments Berhad | | 1,000 | 1,039 | 1,000 | 1,097 |

The above units were transacted at the prevailing market price.

The units are held legally 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.

13. MANAGEMENT EXPENSE RATIO ("MER")

| | Financial period from 1.10.2019 to 7.10.2020 (date of maturity) | 2019 |
|-----|--|------|
| | % | % |
| MER | 0.33 | 0.32 |

MER is derived from the following calculation:

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

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 period/year calculated on a daily basis is RM90,226,044 (2019: RM92,658,745).

14. PORTFOLIO TURNOVER RATIO ("PTR")

| | Financial period from 1.10.2019 to 7.10.2020 (date of maturity) | 2019 |
|-------------|--|------|
| PTR (times) | 0.71 | 0.23 |

PTR is derived from the following calculation:

$$\frac{\text{Total acquisitions for the financial period/year} + \text{total disposals for the financial period/year}}{\text{Average net asset value of the Fund for the financial period/year calculated on a daily}}$$

where:

total acquisitions for the financial period/year = RM66,817,639 (2019: RM20,896,833)

total disposals for the financial period/year = RM61,171,608 (2019: RM21,111,945)

15. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 16 November 2020.

CORPORATE DIRECTORY

THE MANAGER

NAME

EASTSPRING INVESTMENTS BERHAD

COMPANY NO.

200001028634 (531241-U)

REGISTERED OFFICE

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No. 6, Jalan Damanela

Bukit Damansara

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BUSINESS OFFICE

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Persiaran TRX Barat

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603-2789 7220

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TRUSTEE

NAME

DEUTSCHE TRUSTEES MALAYSIA BERHAD

COMPANY NO.

200701005591 (763590-H)

REGISTERED OFFICE & BUSINESS OFFICE

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SALE & PURCHASE OF UNITS

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TELEPHONE NO.

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