

EASTSPRING INVESTMENTS WHOLESALE SUKUK EXTRA FUND

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023



Dear Valued Investor,

Greetings from Eastspring Investments Berhad!

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

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

You may also download these reports from our website at www.eastspring.com/my

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

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Raymond Tang Chee Kin', 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

Eastspring Investments Wholesale Sukuk Extra Fund (the "Fund")

**Fund Category/
Type**

Sukuk/Income

Fund Objective

The Fund aims to provide regular income stream* and capital growth to Unit Holders.

* Income distributed to a Unit Holder will be reinvested into additional Units unless Unit Holder opts for the distribution to be paid out.

**ANY MATERIAL CHANGE TO THE FUND'S OBJECTIVE
WOULD REQUIRE UNIT HOLDERS' APPROVAL.**

**Performance
Benchmark**

Maybank 1-month Islamic Fixed Deposit-i

Source: www.maybank2u.com.my

Note: The risk profile of the Fund is not the same as the risk profile of the performance benchmark.

**Fund Income
Distribution Policy**

Subject to the availability of income, distribution of income, if any, will be on quarterly basis, after deduction of taxation and expenses. Income distribution may also be distributed in any other periods as may be determined by the Manager from time to time.

KEY PERFORMANCE DATA FOR THE FINANCIAL YEAR ENDED

Category	2023	Since commencement 18.6.2021 to 30.9.2022
	(%)	(%)
Unquoted sukuk	-	58.83
Cash and other assets	100.00	41.17
Total	100.00	100.00
Net Asset Value (NAV) (RM'000)	1	18,876
Units In Circulation (Units '000)	1	18,876
Net Asset Value Per Unit (RM)	1.0969	1.0000
Highest Net Asset Value Per Unit (RM) [#]	16.9668	1.0009
Lowest Net Asset Value Per Unit (RM) [#]	0.9979	1.0000
Total Return (%)		
- Capital Growth	9.69	-
- Income Distribution	-	0.40
Total Return (%)	9.69	0.40
Gross Distribution Per Unit (RM)	-	0.0040
Net Distribution Per Unit (RM)	-	0.0040
Total Expense Ratio (TER) (%) [*]	1.42	1.22
Portfolio Turnover Ratio (PTR) (times) [^]	2.29	0.39

[#] Figures shown as ex-distribution.

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

[^] The high PTR was due to the redemption from the key client during the period under review.

KEY PERFORMANCE DATA (CONTINUED)

	1 year 1.10.2022 to 30.9.2023	Since commencement 18.6.2021 to 30.9.2023
	(%)	(%)

Average total return	9.69	4.31
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Year ended	1.10.2022 to 30.9.2023	Since commencement 18.6.2021 to 30.9.2022
	(%)	(%)

Annual total return	9.69	0.40
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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:

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

NAV_t = NAV at the end of the period

NAV_0 = NAV at the beginning of the period

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

Adjusted for unit split and distribution paid out for the period

n = Number of years

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

MANAGER'S REPORT

Fund Performance

Since inception, the Fund recorded an annualized return of 10.13%, outperforming the benchmark return of 4.65% by 5.48%.

During the period under review, the Fund registered a return of 9.69%, outperforming the benchmark return of 2.52% by 7.17%.

Due to the redemption from the key client, there has been no sukuk investment in the Fund since November 17, 2022.



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

Benchmark: Maybank 1-month Islamic Fixed Deposit-i

Source: Lipper for Investment Management and www.maybank2u.com.my, as at 30 September 2023.

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

MANAGER'S REPORT (CONTINUED)

Analysis of Fund Performance

For the financial year ended 30 September 2023:

Income Return	Capital Return*	Total Return	Total Return of Benchmark
(%)	(%)	(%)	(%)
0.00	9.69	9.69	2.52

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

Distribution/ Unit Split

No distribution or unit split were declared for the financial year ended 30 September 2023.

Investment Strategy During the Period Under Review

Global bond market's volatility elevated during the period as investors continuously tried to price recession and inflation risk especially in the developed markets. Domestic bond market was not spared, directionally mirroring the movement in the regional and developed bond market.

We still think there are values in the front-end of the curve where the Fund is invested in given the overly aggressive pricing of future OPR. Volatility will remain in the near-term, however we foresee a more favorable outlook over the medium-term from this point.

MANAGER'S REPORT (CONTINUED)

Asset Allocation

Asset Allocation	30-Sep 2023	30-Sep 2022	Changes
	(%)	(%)	(%)
Unquoted sukuk	0.00	58.83	(58.83)
Cash and other assets	100.00	41.17	58.83

Asset Allocation as at 30 September 2023



The significant changes in asset allocation was due to the redemption from the key client during 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

During the period, elevated inflation and tighter monetary policy took center stage whilst the U.S. was confronted with a banking crisis which saw Silicon Valley Bank (“SVB”) failing after a bank run in mid-March, marking the second largest bank failure by asset size in U.S. history. The collapse of SVB was due to the significant withdrawals from its technology and start-up depositors, as well as its over-exposure to investments that had suffered huge mark-to-market losses. Also, the U.S. debt ceiling issue came to an end in June with the final agreement to suspend the debt limit until 2025 (after the next presidential election). At the initial, there was some investor caution around U.S. debt ceiling concerns but legislation that suspended the debt ceiling was approved by U.S. Congress in the first days of June in a deal that included concessions on spendings. Separately, the U.S. had avoided the shutdown of Federal agencies as the Congress passed a compromise legislation in September to keep the government running until November 17.

The Federal Reserve (“Fed”) raised its federal funds rate by 275 bps during the review period to 5.25%-5.50% as inflationary pressures persist as it remains committed to tame inflation to its 2% target. In determining the extent of future increases in the target range, the Fed will consider the cumulative tightening of monetary policy, the lags with which monetary policy affects economic activity and inflation as well as economic and financial developments. In addition, the Fed will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities. However, in its September Federal Open Market Committee (“FOMC”) meeting, the Fed left the federal funds rate unchanged but reiterated that future monetary decisions will be dependent on economic data.

In Malaysia, Bank Negara Malaysia (“BNM”) retained its Overnight Policy Rate (“OPR”) at 3.00% over two consecutive Monetary Policy Committee (“MPC”) meetings (July and September) which also marked the fourth time this year the OPR was left unchanged as economic growth lost traction in 2Q2023 alongside a continuation of disinflationary pressures and financial stability. The MPC reiterated downside risks to the global growth outlook from a slowdown in major economies, higher inflation outturns, escalating geopolitical tensions and a sharp tightening in financial market conditions. At its Annual Report event, BNM expects growth in 2023 to be led by domestic demand while exports are expected to moderate. Risks to the domestic growth outlook are weighed to be relatively balanced, with upside risks to growth potentially coming from better-than-expected tourism activity and projects implementation, while downside risks may arise from slower-than-expected global growth and volatile global financial markets. BNM forecasts that headline and core inflation rate will moderate in 2023, averaging between 2.8-3.8%. However, the central bank is of the view that the balance of risk for inflation is tilted to the upside. Given that BNM views domestic growth to be resilient,

the central bank believes that it is timely to “further normalise the degree of monetary accommodation” and withdraw the monetary stimulus provided to support economic recovery during the Covid-19 pandemic, to prevent future financial imbalances.

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

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

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

Malaysia Government Securities (“MGS”) yield curve traded lower and flatter during the period with 3-, 5-, 10- and 15-year yields closed at 3.56%, 3.72%, 3.98% and 4.15%, respectively. The decrease in yields was driven by global inflation expectations declining, reduction in political risk and low prospects of further policy hike by BNM. Government Investment Issues (“GII”) yields too ended the same across the curve with the 3-, 5-, 10- and 15-year GII close at 3.64%, 3.80%, 4.04% and 4.12% respectively.

REBATES AND SOFT COMMISSIONS

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

SECURITIES LENDING OR REPURCHASE TRANSACTIONS

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

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EASTSPRING INVESTMENTS WHOLESALE SUKUK EXTRA FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

STATEMENT BY THE MANAGER

We, Tang Chee Kin and John Campbell Tupling, being two of the Directors of Eastspring Investments Berhad, do hereby state that, in the opinion of the Manager, the accompanying financial statements set out on pages 19 to 51 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 30 September 2023 and of its financial performance, changes in equity and cash flows for the financial year ended 30 September 2023 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the Manager,
EASTSPRING INVESTMENTS BERHAD

TANG CHEE KIN
Executive Director/Chief Executive Officer

JOHN CAMPBELL TUPLING
Independent, Non-Executive Director

Kuala Lumpur
Date: 22 November 2023

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

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

1. Limitations imposed on the investment powers of the management company under the deed, securities laws and the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework;
2. Valuation and pricing is carried out in accordance with the deed; and
3. Any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement.

For Deutsche Trustees Malaysia Berhad

Ng Hon Leong
Head, Fund Operations

Sylvia Beh
Chief Executive Officer

Kuala Lumpur
Date: 22 November 2023

SHARIAH ADVISER'S REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS WHOLESALE SUKUK EXTRA FUND ("FUND")

We hereby confirm the following:

1. To the best of our knowledge, after having made all reasonable enquiries, Eastspring Investments Berhad has operated and managed the Fund for the period covered by these financial statements namely, the year ended 30 September 2023, in accordance with Shariah principles and requirements, and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters; and
2. The assets of the Fund comprise instruments that have been classified as Shariah compliant.

For and on behalf of the Shariah Adviser,
BIMB SECURITIES SDN BHD

NURUL AQILA SUFIYAH LOKMAN
Designated Shariah Officer

Kuala Lumpur
Date: 22 November 2023

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS WHOLESALE SUKUK EXTRA FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Eastspring Investments Wholesale Sukuk Extra Fund ("the Fund") give a true and fair view of the financial position of the Fund as at 30 September 2023, and of its financial performance and its cash flows for the financial year ended 30 September 2023 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 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 19 to 51.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
Date: 22 November 2023

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

	Note	2023	Financial period from 28.5.2021 (launch date) to 30.9.2022
		RM	RM
INVESTMENT INCOME			
Profit income from Islamic deposits with licensed financial institutions		33,673	201,454
Profit income from unquoted sukuk		58,285	296,066
Net loss on financial assets at fair value through profit or loss	7	(54,358)	(245,977)
		<u>37,600</u>	<u>251,543</u>
EXPENSES			
Management fee	3	(11,907)	(93,158)
Trustee fee	4	(12,121)	(15,000)
Audit fee		(6,500)	(6,500)
Tax agent fee		(1,966)	(4,900)
Other expenses		(1,243)	(56,840)
		<u>(33,737)</u>	<u>(176,398)</u>
PROFIT BEFORE TAXATION		3,863	75,145
TAXATION	5	-	-
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME		<u>3,863</u>	<u>75,145</u>
Profit after taxation is made up of the following:			
Realised amount		3,863	321,122
Unrealised amount		-	(245,977)
		<u>3,863</u>	<u>75,145</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 2023

	Note	2023	2022
		RM	RM
ASSETS			
Cash and cash equivalents	8	29,315	7,835,724
Financial assets at fair value through profit or loss	7	-	11,105,875
TOTAL ASSETS		<u>29,315</u>	<u>18,941,599</u>
LIABILITIES			
Accrued management fee		-	7,781
Amount due to Trustee		-	1,396
Other payables and accruals		28,214	56,277
TOTAL LIABILITIES		<u>28,214</u>	<u>65,454</u>
NET ASSET VALUE OF THE FUND		<u>1,101</u>	<u>18,876,145</u>
EQUITY			
Unit holders' capital		1,004	18,876,204
Retained earnings/(accumulated losses)		97	(59)
NET ASSET ATTRIBUTABLE TO UNIT HOLDERS		<u>1,101</u>	<u>18,876,145</u>
NUMBER OF UNITS IN CIRCULATION	10	<u>1,004</u>	<u>18,876,136</u>
NET ASSET VALUE PER UNIT (EX-DISTRIBUTION) (RM)		<u>1.0969</u>	<u>1.0000</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 2023

	Note	Unit holders' capital RM	Retained earnings/ (accumulated losses) RM	Total RM
Balance as at 1 October 2022		18,876,204	(59)	18,876,145
Movement in unit holders' contribution:				
Cancellation of units		(18,875,200)	(3,707)	(18,878,907)
Total comprehensive income for the financial year		-	3,863	3,863
Balance as at 30 September 2023		1,004	97	1,101
Balance as at 28 May 2021 (launch date)		-	-	-
Movement in unit holders' contribution:				
Creation of units from applications		18,801,000	-	18,801,000
Creation of units from distribution		75,204	-	75,204
Distribution (Gross/Net: 0.40 sen)	6	-	(75,204)	(75,204)
Total comprehensive income for the financial period		-	75,145	75,145
Balance as at 30 September 2022		18,876,204	(59)	18,876,145

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 2023

	Note	2023	Financial period from 28.5.2021 (launch date) to 30.9.2022
		RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of Shariah-compliant investments		10,919,610	-
Purchase of Shariah-compliant investments		-	(11,224,600)
Profit income received from Islamic deposits		33,673	201,454
Profit income received from unquoted sukuk		190,192	168,814
Management fee paid		(19,688)	(85,377)
Trustee fee paid		(13,517)	(13,604)
Payment for other fees and expenses		(37,772)	(11,963)
Net cash generated from/(used in) operating activities		<u>11,072,498</u>	<u>(10,965,276)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		-	18,801,000
Payments for cancellation of units		(18,878,907)	-
Net cash (used in)/generated from financing activities		<u>(18,878,907)</u>	<u>18,801,000</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
		(7,806,409)	7,835,724
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCE YEAR/ LAUNCH DATE			
		<u>7,835,724</u>	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR/PERIOD			
	8	<u>29,315</u>	<u>7,835,724</u>

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 2023

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

A. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The preparation of financial statements is in conformity with the MFRS and IFRS which 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/period. 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 and amendments to existing standards effective 1 January 2022:

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

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

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

B. INCOME RECOGNITION

Profit income earned from short-term Islamic deposits with licensed financial institutions and unquoted sukuk are recognised on an accrual basis using the effective profit rate method.

Profit income is calculated by applying the effective profit 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 profit rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Realised gain or loss on disposal of Shariah-compliant investments are accounted for as the difference between the net disposal proceeds and the carrying amount of Shariah-compliant securities, which is determined on cost adjusted for accretion of discount and amortisation of premium on investments for unquoted sukuk.

C. TAXATION

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

D. FUNCTIONAL AND PRESENTATION CURRENCY

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

E. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

i. Classification

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

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

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The contractual cash flows of the Fund's debt instruments¹ are solely principal and interest², however, these instruments 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 Trustee and other payables and accruals as financial liabilities measured at amortised cost.

¹ For the purposes of the investments made by the Fund, debt instruments refer to unquoted sukuk.

² For the purposes of this Fund, interest refer to profits earned from Shariah-compliant investments.

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. Shariah-compliant investments are initially recognised at fair value.

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

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

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

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

Unquoted sukuk 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 ("SC") as per the Unlisted Capital Market Products under the Lodge and Launch Framework. 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 sukuk differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager:

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

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

iii. Impairment for assets carried at amortised costs

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

iv. Significant increase in credit risk

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

v. Definition of default and credit-impaired financial assets

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

vi. Write-off

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

F. CASH AND CASH EQUIVALENTS

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

G. UNIT HOLDERS' CAPITAL

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

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

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

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

H. DISTRIBUTION

A distribution to the Fund's unit holders is accounted for as a deduction from realised reserves. A proposed distribution is recognised as a liability in the financial year/period in which it is approved by the 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 to the related actual results. To enhance the information contents on the estimates, certain key variables that are anticipated to have material impacts to the Fund's results and financial position are tested for sensitivity to changes in the underlying parameters.

Estimates and judgements are continually evaluated by the Manager 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 Shariah-compliant investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

1. INFORMATION ON THE FUND

Eastspring Investments Wholesale Sukuk Extra Fund (the “Fund”) was constituted pursuant to the execution of a Deed dated 26 April 2021 (the “Deed”) entered into between Eastspring Investments Berhad (the “Manager”) and Deutsche Trustees Malaysia Berhad (the “Trustee”).

The Fund was launched on 28 May 2021 and will continue its operations until terminated by the Trustee or the Manager as provided under Part 12 of the Deed.

The Fund aims to provide regular income stream and capital growth to Unit Holders. The Fund seeks to achieve its objective by actively managing a portfolio of corporate sukuk, sukuk issued or guaranteed by Malaysian government or BNM, Islamic money market instruments, Islamic money market funds and/or Islamic deposits.

All investments will be subjected to the Securities Commission’s (“SC”) Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, the Deed and the objective 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 a variety of risks, which include market risk (inclusive price risk and exposure to interest rate risk), stock/issuer risk, liquidity risk, credit/default risk, fund management risk, non-compliance risk, capital risk and Shariah status reclassification 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 RM	Financial assets at fair value through profit or loss RM	Total RM
<u>2023</u>				
Cash and cash equivalents	8	29,315	-	29,315
		<u>29,315</u>	<u>-</u>	<u>29,315</u>
<u>2022</u>				
Cash and cash equivalents	8	7,835,724	-	7,835,724
Unquoted sukuk	7	-	11,105,875	11,105,875
		<u>7,835,724</u>	<u>11,105,875</u>	<u>18,941,599</u>

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

Market risk

i. Price risk

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

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

	2023 RM	2022 RM
Financial assets at fair value through profit or loss:		
Unquoted sukuk*	-	11,105,875

* Includes profit receivables of RM Nil (2022: RM131,582).

The Fund's investments held as at year end has been fully sold off, hence the Fund is not exposed to price risk as at 30 September 2023.

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

% Change in price	Market value	Impact on profit after tax and net asset value
	RM	RM
<u>2023</u>		
+5%	-	-
-5%	-	-
<hr/>		
<u>2022</u>		
+5%	11,523,008	548,715
-5%	10,425,578	(548,715)
<hr/>		

ii. Exposure to 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 sukuk prices will tend to fall and vice versa. Therefore, the net asset value of the Fund may also tend to fall when interest rates rise or are expected to rise. However, investors should be aware that should the Fund holds an unquoted sukuk till maturity, such price fluctuations would dissipate as it approaches maturity, and thus the growth of the net asset value shall not be affected at maturity. In order to mitigate interest rates exposure

of the Fund, the Manager will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the Manager, which is based on its continuous fundamental research and analysis.

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

This risk is crucial in an unquoted sukuk fund as unquoted sukuk portfolio management depends on forecasting interest rate movements. Prices of unquoted sukuk move inversely to interest rate movements, therefore as interest rate rise, the prices of unquoted sukuk decrease and vice versa. Furthermore, unquoted sukuk with longer maturity and lower yield profit rates are more susceptible to interest rate movements.

Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to meet obligation under the instrument, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

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

	2023	2022
% Movement in interest rate	Impact on profit after tax and net asset value RM	Impact on profit after tax and net asset value RM
Unquoted sukuk		
+1% (2022: +1%)	-	(23,456)
-1% (2022: -1%)	-	23,520

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

The above interest rate is a general economic indicator that will have an impact on the management of the Fund regardless whether it is an Islamic fund or otherwise. It does not in any way suggest that the Fund will invest in conventional financial instruments. All investments carried out for the Fund including placements and deposits are in accordance with Shariah.

Stock/Issuer risk

The Fund is restricted to invest in Shariah-compliant investments issued by and Shariah-compliant investments relating to any issuer of not more than ten percent (10%) of its net asset value. Furthermore, the Fund is restricted to invest in Shariah-compliant investments issued by and Shariah-compliant investments relating to any group of companies of not more than twenty percent (20%) of its net asset value. Under such restrictions, the exposure risk to the Shariah-compliant investments of any single issuer or any one group of companies is minimised.

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 Islamic liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of units by unit holders. Islamic liquid assets comprise bank balances, Islamic deposits with licensed financial

institutions and other Shariah-compliant instruments which are capable of being converted into cash within 7 days.

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

	Less than 1 month	Between 1 month to 1 year	Total
	RM	RM	RM
2023			
Other payables and accruals	-	28,214	28,214
Contractual undiscounted cash outflows	-	28,214	28,214
2022			
Accrued management fee	7,781	-	7,781
Amount due to Trustee	1,396	-	1,396
Other payables and accruals	-	56,277	56,277
Contractual undiscounted cash outflows	9,177	56,277	65,454

Credit/Default risk

Credit risk refers to the ability of an issuer or a counter party to make timely payments of profit, principals and proceeds from realisation of Shariah-compliant investments.

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

The credit risk arising from placements of Islamic deposits with licensed financial institutions is managed by ensuring that the Fund will only place Islamic deposits in reputable licensed financial institutions. The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC's Guidelines on Unlisted Capital Market Products under Lodge and Launch Framework.

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

	Unquoted sukuk	Cash and cash equivalents	Total
	RM	RM	RM
<u>2023</u>			
Financial Services			
- AA1	-	29,315	29,315
	-	29,315	29,315
<u>2022</u>			
Financial Services			
- AAA	-	4,100,651	4,100,651
- AA1	-	3,735,073	3,735,073
Unquoted Sukuk			
- AAA	5,109,946	-	5,109,946
- AA2	1,491,919	-	1,491,919
- AA3	1,987,842	-	1,987,842
- AA3 (S)	1,534,266	-	1,534,266
- AA- IS (CG)	981,902	-	981,902
	<u>11,105,875</u>	<u>7,835,724</u>	<u>18,941,599</u>

None of these financial assets are past due or impaired.

Fund management risk

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

Non-compliance risk

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

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

Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital of RM1,004 (2022: RM18,876,204) and retained earnings of RM97 (2022: accumulated losses of RM59). 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 Shariah-compliant investment activities of the Fund.

Shariah status reclassification risk

This risk refers to the risk of a possibility that the currently held sukuk or Islamic money market instruments or Islamic deposits invested by the Fund may be declared as Shariah non-compliant by the relevant authority or the Shariah Adviser. If this occurs, the Manager will take the necessary steps to dispose of or withdraw such bond or money market instruments or deposits.

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 Shariah-compliant securities) are based on quoted market prices at the close of trading on the financial year/period 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 investments held by the Fund as at 30 September 2023 has been fully sold off.

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

2022

Financial assets at fair value
through profit or loss
since inception:

Unquoted sukuk	-	11,105,875	-	11,105,875
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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 sukuk. 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 of the net asset value of the Fund, calculated on daily basis.

For the financial year ended 30 September 2023, the management fee is recognised at a rate of 0.50% (2022: 0.50%) per annum on the net asset value of the Fund, calculated on daily basis.

The management fee for the financial period from 30 April 2023 to 30 September 2023 has been waived by the Manager due to the small fund size.

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

4. TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to an annual fee at a rate not exceeding 0.20% per annum of the net asset value of the Fund, subject to a minimum fee of RM15,000 per annum.

For the financial year ended 30 September 2023, the Trustee fee is recognised at a rate of 0.03% (2022: 0.03%) subject to a minimum fee of RM15,000 per annum on the net asset value of the Fund (excluding foreign custodian fees and charges) calculated on daily basis.

The Trustee fee for the financial period from 30 April 2023 to 30 September 2023 has been waived by the Trustee due to the small fund size.

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

5. TAXATION

	2023	Financial period from 28.5.2021 (launch date) to 30.9.2022
	RM	RM
Tax charged for the financial year/period:		
Current taxation	-	-

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

	2023	Financial period from 28.5.2021 (launch date) to 30.9.2022
	RM	RM
Profit before taxation	3,863	75,145
Tax at Malaysian statutory rate of 24% (2022: 24%)	927	18,035
Tax effects of:		
Shariah-compliant investment income not subject to tax	(9,024)	(60,370)
Expenses not deductible for tax purposes	3,679	18,418
Restriction on tax deductible expenses for wholesale funds	4,418	23,917
Taxation	-	-

6. DISTRIBUTION

	Financial period from 28.5.2021 (launch date) to 30.9.2022
	RM
Distribution to unit holders are from the following sources:	
Profit income	<u>116,667</u>
Gross realised income	116,667
Less: Expenses	<u>(41,463)</u>
	<u>75,204</u>
Gross distribution per unit (sen)	<u>0.40</u>
Net distribution per unit (sen)	<u>0.40</u>
Ex-Date	<u>29 September 2022</u>

Gross distribution is derived using total income less total expenses. The distribution is made from current financial year/period realised income.

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

During the financial year ended 30 September 2022, the Fund incurred unrealised losses of RM245,977.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	RM	RM
Financial assets at fair value through profit or loss:		
Unquoted sukuk	-	11,105,875
	<hr/>	<hr/>
Net loss on financial assets at fair value through profit or loss:		
Realised loss on disposals	(54,358)	-
Change in unrealised fair value loss	-	(245,977)
	<hr/>	<hr/>
	<hr/>	<hr/>

Unquoted sukuk

Name of counter	Nominal value	Aggregate cost	Fair value as at 30.9.2022	Percentage of net asset value of the Fund
	RM	RM	RM	%
3.47% Bank Simpanan Nasional Berhad 21.10.2026 (AAA)	3,200,000	3,249,588	3,134,996	16.61
4.05% BGS Management Sdn Berhad 4.12.2026 (AA3)	2,000,000	2,045,732	1,987,842	10.53
4.40% CIMB Group Holdings Berhad 8.9.2032 (AA2)	1,500,000	1,504,159	1,491,919	7.90
3.83% Pengurusan Air SPV Berhad 11.11.2027 (AAA)	2,000,000	2,030,291	1,974,950	10.46
4.58% Point Zone (M) Sdn Berhad 7.3.2029 (AA- IS (CG))	1,000,000	1,003,012	981,902	5.20
4.99% PONS Capital Berhad 30.6.2027 (AA3 (S))	1,500,000	1,519,070	1,534,266	8.13
TOTAL UNQUOTED SUKUK	<u>11,200,000</u>	<u>11,351,852</u>	<u>11,105,875</u>	<u>58.83</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(245,977)</u>		
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>11,105,875</u>		

The effective weighted average rate of return of unquoted sukuk per annum as at the date of the statement of financial position are as follows:

	2023	2022
	%	%
Unquoted sukuk	-	4.57

8. CASH AND CASH EQUIVALENTS

	2023	2022
	RM	RM
Bank balance with a licensed bank	29,315	44,563
Islamic deposits with licensed financial institution	-	7,791,161
	<u>29,315</u>	<u>7,835,724</u>

The effective weighted average rate of return of Islamic deposits with licensed financial institution per annum as at the date of the statement of financial position are as follows:

	2023	2022
	%	%
Islamic deposits with licensed financial institution	-	2.48

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

9. SHARIAH INFORMATION OF THE FUND

The Shariah Adviser confirmed that the investment portfolio of the Fund is Shariah-compliant, which comprises:

- a. Unquoted sukuk as per the list of unquoted sukuk available at Bond Info Hub, Fully Automated System for Issuing/Tendering of Bank Negara Malaysia and The Bond and Sukuk Information Exchange; and
- b. Cash placement and liquid assets in local market which are placed in Shariah-compliant instruments.

10. UNITS IN CIRCULATION

	2023	Financial period from 28.5.2021 (launch date) to 30.9.2022
	No. of units	No. of units
At the beginning of the financial year/launch date	18,876,136	-
Creation of units during the financial year/period:		
Arising from applications	-	18,801,000
Arising from distribution	-	75,136
Cancellation of units during the financial year/period	(18,875,132)	-
At the end of the financial year/period	<u>1,004</u>	<u>18,876,136</u>

11. TRANSACTIONS WITH DEALERS

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

Name of dealers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>2023</u>				
RHB Investment Bank Berhad	5,035,360	46.11	-	-
CIMB Bank Berhad	3,440,200	31.50	-	-
United Overseas Bank (Malaysia) Berhad	1,466,850	13.43	-	-
Affin Hwang Investment Bank Berhad	977,200	8.96	-	-
	<u>10,919,610</u>	<u>100.00</u>	<u>-</u>	<u>-</u>
<u>2022</u>				
Bank Islam Malaysia Berhad	3,200,000	28.51	-	-
CIMB Bank Berhad	3,000,000	26.73	-	-
Affin Hwang Investment Bank Berhad	2,024,200	18.03	-	-
AmBank (M) Berhad	2,000,400	17.82	-	-
HSBC Bank Malaysia Berhad	1,000,000	8.91	-	-
	<u>11,224,600</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

All dealers highlighted above are not related to the Manager.

12. TOTAL EXPENSE RATIO ("TER")

	2023	Financial period from 28.5.2021 (launch date) to 30.9.2022
	%	%
TER	1.42	1.22

TER is derived from the following calculation:

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

A = Management fee

B = Trustee fee

C = Audit fee

D = Tax agent fee

E = Other expenses

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

The average net asset value of the Fund for the financial year/period calculated on a daily basis is RM2,381,735 (2022: RM14,508,868).

13. PORTFOLIO TURNOVER RATIO (“PTR”)

	2023	Financial period from 28.5.2021 (launch date) to 30.9.2022
PTR (times)	2.29	0.39

PTR is derived from the following calculation:

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

where:

total acquisitions for the financial year/period = RM Nil (2022: RM11,224,600)

total disposals for the financial year/period = RM10,919,610 (2022: RM Nil)

14. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

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

Related parties	Relationship
Director of Eastspring Investments Berhad	Director of the Manager
Eastspring Investments Berhad	The Manager
Eastspring Investments Group Private Limited	Immediate holding company of the Manager
Prudential Plc	Ultimate holding company of the Manager

Units held by Manager:

	2023		2022	
	No. of units	RM	No. of units	RM
Eastspring Investments Berhad	1,004	1,101	1,004	1,004

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 Unlisted Capital Market Products under the Lodge and Launch Framework. 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.

15. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 22 November 2023.

CORPORATE DIRECTORY

THE MANAGER

NAME

EASTSPRING INVESTMENTS BERHAD

COMPANY NO.

200001028634 (531241-U)

REGISTERED OFFICE

Level 25, Menara Hong Leong

No. 6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

BUSINESS OFFICE

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Persiaran TRX Barat

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Kuala Lumpur

TELEPHONE NO.

603-2778 3888

FAX NO.

603-2789 7220

EMAIL

cs.my@eastspring.com

WEBSITE

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TRUSTEE

NAME

DEUTSCHE TRUSTEES MALAYSIA BERHAD

COMPANY NO.

200701005591 (763590-H)

REGISTERED OFFICE & BUSINESS OFFICE

Level 20, Menara IMC

No. 8, Jalan Sultan Ismail

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TELEPHONE NO.

603-2053 7522

FAX NO.

603-2053 7526

SHARIAH ADVISER

NAME

BIMB SECURITIES SDN BHD

COMPANY NO.

199401004484 (290163-X)

REGISTERED ADDRESS

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50450 Kuala Lumpur

BUSINESS ADDRESS

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SALE & PURCHASE OF UNITS

Eastspring Investments Berhad

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Kuala Lumpur

TELEPHONE NO.
603-2778 1000

BRANCHES

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Kota Kinabalu

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TELEPHONE NO.
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ENQUIRIES

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