

# EASTSPRING INVESTMENTS ASIAN HIGH YIELD BOND MY FUND

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023



**Dear Valued Investor,**

Greetings from Eastspring Investments Berhad!

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

**We are pleased to enclose a copy of the Annual/Semi-annual/Quarterly Fund Reports of Eastspring Investments Berhad's fund(s) for the reporting period ended 31 March 2023.**

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

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

Yours sincerely,

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

<b>Name of Fund</b>	Eastspring Investments Asian High Yield Bond MY Fund (the "Fund")
<b>Fund Category/ Type</b>	Wholesale (feeder fund)/income and growth
<b>Fund Objective</b>	<p>The Fund aims to maximise income* and capital appreciation by investing in the Eastspring Investments - Asian High Yield Bond MY Fund, which invests primarily^ in Asian high yield bonds..</p> <p>* Income distributed will be reinvested into additional Units in each Class unless Unit Holder opts for the distribution to be paid out.</p> <p>^ primarily means at least 66% of the Target Fund's net asset value.</p>
<b>Performance Benchmark</b>	<p>J.P Morgan Asia Credit Index ("JACI") Non-Investment Grade.</p> <p><b>Source:</b> Eastspring Investments (Singapore) Limited and Bloomberg.</p>
<b>Fund Income Distribution Policy</b>	<p>Subject to the availability of income, income distribution will be declared at least on a quarterly basis.</p>

## KEY PERFORMANCE DATA

FOR THE FINANCIAL YEAR ENDED

Category	2023	2022	2021
	(%)	(%)	(%)
Collective investment scheme	98.82	99.46	100.61
Derivatives	1.09	0.18	(0.86)
Cash and other assets	0.09	0.36	0.25
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

### Net Asset Value (NAV) (USD'000)

USD Class	15	97	47
AUD Hedged-class	108	159	323
RM Hedged-class	2,784	9,886	9,809

### Units In Circulation (Units '000)

USD Class	64	319	106
AUD Hedged-class	637	653	903
RM Hedged-class	47,395	125,632	85,505

### Net Asset Value Per Unit (USD)

USD Class	0.2373	0.3048	0.4405
AUD Hedged-class	0.1699	0.2432	0.3576
RM Hedged-class	0.0587	0.0787	0.1147

### Net Asset Value Per Unit in respective currencies

USD Class	0.2373	0.3048	0.4405
AUD Hedged-class	0.2537	0.3240	0.4697
RM Hedged-class	0.2591	0.3307	0.4755

## KEY PERFORMANCE DATA (CONTINUED)

Category	2023	2022	2021
Highest Net Asset Value Per Unit in respective currencies <sup>#</sup>			
USD Class	0.2500	0.3048	0.4408
AUD Hedged-class	0.3353	0.3240	0.4700
RM Hedged-class	0.3424	0.3307	0.4758
Lowest Net Asset Value Per Unit in respective currencies <sup>#</sup>			
USD Class	0.1991	0.3003	0.4405
AUD Hedged-class	0.2149	0.3192	0.4697
RM Hedged-class	0.2189	0.3260	0.4755
Capital Growth (%)			
USD Class	(22.15)	(30.81)	16.87
AUD Hedged-class	(21.70)	(31.02)	16.12
RM Hedged-class	(21.65)	(30.45)	13.13
Income Distribution (%)			
USD Class	1.02	1.03	1.02
AUD Hedged-class	1.00	1.03	1.02
RM Hedged-class	1.00	1.03	1.06
Total Return (%)			
USD Class	(20.42)	(28.63)	19.29
AUD Hedged-class	(21.70)	(28.86)	18.52
RM Hedged-class	(21.65)	(28.26)	19.58

## KEY PERFORMANCE DATA (CONTINUED)

Category	2023	2022	2021
Gross Distribution Per Unit in respective currencies			
USD Class	0.0054	0.0113	0.0091
AUD Hedged-class	-	0.0120	0.0097
RM Hedged-class	-	0.0123	0.0270
Net Distribution Per Unit in respective currencies			
USD Class	0.0054	0.0113	0.0091
AUD Hedged-class	-	0.0120	0.0097
RM Hedged-class	-	0.0123	0.0270
Total Expense Ratio (TER) (%)*	1.39	1.44	1.46
Portfolio Turnover Ratio (PTR) (times)^	0.46	0.30	0.28

# Figure shown as ex-distribution.

\* There were no significant changes to the TER during the period under review.

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

## KEY PERFORMANCE DATA (CONTINUED)

	1 year 1.4.2022 to 31.3.2023	3 years 1.4.2020 to 31.3.2023	5 years 1.4.2018 to 31.3.2023
	(%)	(%)	(%)
Average total return			
USD Class	(20.42)	(12.17)	(9.18)
AUD Hedged-class	(21.70)	(12.93)	(10.04)
RM Hedged-class	(21.65)	(12.40)	(9.42)

Year ended	1.4.2022 to 31.3.2023	1.4.2021 to 31.3.2022	1.4.2020 to 31.3.2021	1.4.2019 to 31.3.2020	1.4.2018 to 31.3.2019
	(%)	(%)	(%)	(%)	(%)
Annual total return					
USD Class	(20.42)	(28.63)	19.29	(13.05)	4.85
AUD Hedged-class	(21.70)	(28.86)	18.52	(14.19)	3.99
RM Hedged-class	(21.65)	(28.26)	19.58	(13.52)	4.85

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

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

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

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

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

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

Adjusted for unit split and distribution paid out for the period

n = Number of years

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



# MANAGER'S REPORT

## Fund Performance

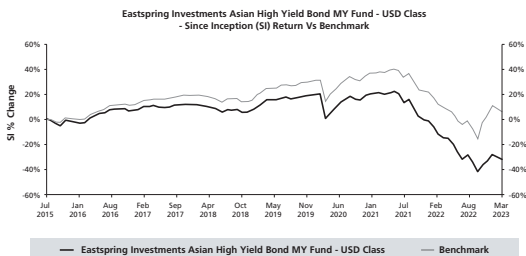
### USD Class

Over the 5-year period, the Fund recorded a return of -38.23%, underperforming the benchmark return of -9.93% by 28.30%.

For the period under review, the Fund registered a return of -20.42%, underperforming the benchmark return of -2.63% by 17.79%.

The Fund's security selection in the China high yield property sector was the dominant major performance detractor, although this was partially mitigated by the underweight positions in sovereign and utility credits, which declined over the period under review. The Fund's underweight in Chinese quasi-sovereign bonds also helped to narrow underperformance, as lingering concerns over local state-linked firms weighed on market sentiment.

Outside of China property credits, the Fund's overweight in Singapore and Indonesia real estate also detracted from relative performance. Overweight allocations to industrial corporates were also performance detractors.



## MANAGER'S REPORT (CONTINUED)

### Fund Performance

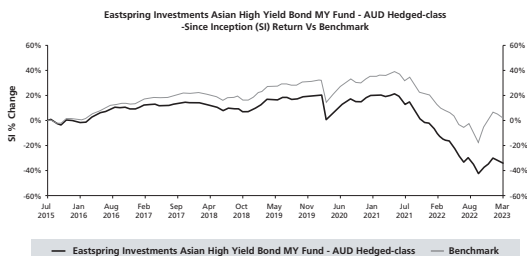
#### AUD Hedged-class

Over the 5-year period, the Fund recorded a return of -41.09%, underperforming the benchmark return of -15.20% by 25.89%.

For the period under review, the Fund registered a return of -21.70%, underperforming the benchmark return of -5.22% by 16.48%.

The Fund's security selection in the China high yield property sector was the dominant major performance detractor, although this was partially mitigated by the underweight positions in sovereign and utility credits, which declined over the period under review. The Fund's underweight in Chinese quasi-sovereign bonds also helped to narrow underperformance, as lingering concerns over local state-linked firms weighed on market sentiment.

Outside of China property credits, the Fund's overweight in Singapore and Indonesia real estate also detracted from relative performance. Overweight allocations to industrial corporates were also performance detractors.



# MANAGER'S REPORT (CONTINUED)

## Fund Performance (continued)

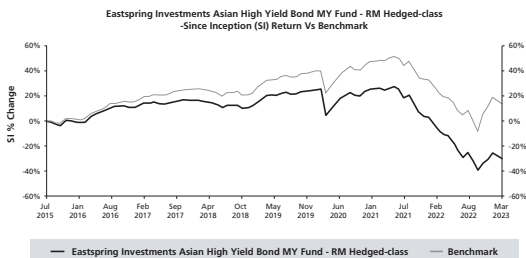
### RM Hedged-class

Over the 5-year period, the Fund recorded a return of -39.05%, underperforming the benchmark return of -8.59% by 30.46%.

For the period under review, the Fund registered a return of -21.65%, underperforming the benchmark return of -4.80% by 16.85%.

The Fund's security selection in the China high yield property sector was the dominant major performance detractor, although this was partially mitigated by the underweight positions in sovereign and utility credits, which declined over the period under review. The Fund's underweight in Chinese quasi-sovereign bonds also helped to narrow underperformance, as lingering concerns over local state-linked firms weighed on market sentiment.

Outside of China property credits, the Fund's overweight in Singapore and Indonesia real estate also detracted from relative performance. Overweight allocations to industrial corporates were also performance detractors.



## MANAGER'S REPORT (CONTINUED)

**Fund Performance  
(continued)**

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

**Benchmark:** J.P Morgan Asia Credit Index ("JACI")  
Non-Investment Grade.

**Source:** Lipper for Investment Management, Eastspring Investments (Singapore) Limited and Bloomberg, as at 31 March 2023.

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

**Analysis of Fund  
Performance**

For the financial year ended 31 March 2023:

	<b>Income Return</b>	<b>Capital Return*</b>	<b>Total Return</b>	<b>Total Return of Benchmark</b>
	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
USD Class	1.02	(22.15)	(20.42)	(2.63)
AUD Hedged-class	1.00	(21.70)	(21.70)	(5.22)
RM Hedged-class	1.00	(21.65)	(21.65)	(4.80)

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

## MANAGER'S REPORT (CONTINUED)

**Distribution/  
Unit Split**

<b>Ex-Date</b>	<b>USD Class 30-Jun-22</b>
<b>Distribution Per Unit</b>	<b>(USD)</b>
Gross	0.0029
Net	0.0029
Unit split	Nil

<b>Ex-Date</b>	<b>USD Class 30-Sep-22</b>
<b>Distribution Per Unit</b>	<b>(USD)</b>
Gross	0.0025
Net	0.0025
Unit split	Nil

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

<b>Ex-Date</b>	<b>USD Class 30-Jun-22</b>
	<b>(USD per Unit)</b>
Net Asset Value before distribution	0.2615
Less: distribution	(0.0029)
Net Asset Value after distribution	<u>0.2586</u>

<b>Ex-Date</b>	<b>USD class 30-Sep-22</b>
	<b>(USD per Unit)</b>
Net Asset Value before distribution	0.2332
Less: distribution	(0.0025)
Net Asset Value after distribution	<u>0.2307</u>

## MANAGER'S REPORT (CONTINUED)

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

With high interest rates and tighter financial conditions, the pace of global economic growth is likely to moderate as central banks remain focused on controlling inflation. In most markets outside of China, prices are increasing at an elevated but slower rate although consumer spending is proving resilient as the labour market remains incredibly tight. With lower demand and softer economic activity underway, base effects suggest that the rate of inflation has probably past its peak although it will take time for prices to reach a more acceptable level.

Recent events among US and European banks have initiated concerns in the financial sector within developed economies but Asian banks have adopted relatively conservative business models compared to US lenders, observed stringent lending standards and generally have a more favourable risk profile.

As we approach the earnings season for the quarter, many forecasters expect profits to fall and stay soft in the first half of the year as interest rates remain high. However, it is still not obvious whether we will have a recession or not.

Risk sentiment has improved since late 2022 and China is projected to register a higher real GDP growth in 2023. We retain our view that the Asian high yield market had bottomed in November 2022 and will perform better this year. The JP Morgan Asia Credit Non-Investment Grade Index has achieved a positive return of 3.05% in the first quarter of 2023, up from -10.14% over the same period last year.

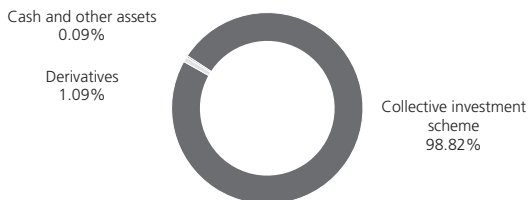
Across sectors, we try to position the fund to benefit from a China reopening while also looking out for possible vulnerabilities if global growth becomes challenged in the later part of the year.

## MANAGER'S REPORT (CONTINUED)

### Asset Allocation

Asset Allocation	31-Mar	31-Mar	Changes
	2023	2022	
	(%)	(%)	(%)
Collective investment scheme	98.82	99.46	(0.64)
Derivatives	1.09	0.18	0.91
Cash and other assets	0.09	0.36	(0.27)

### Asset Allocation as at 31 March 2023



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

### State of Affairs of the Fund

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

## MARKET REVIEW

The past 12 months was an exceptional one for financial markets as investors faced several strong headwinds from interest rate hikes by various central banks, the Russia-Ukraine conflict, weakness in China's property sector and China's zero-covid policy. Asian high yield USD bonds tracked by the JP Morgan Asia Credit Non-Investment Grade Index declined 15.1% between March 2022 and September 2022, but recovered 14.6% between September 2022 and March 2023. This reflected what a volatile period it was for Asian high yield bonds.

After acknowledging that elevated inflation was no longer transitory in nature, the US Federal Reserve began raising its policy rate beginning with a 25 basis point hike in March 2022. As consumer prices continued to rise to multi-decade highs and US inflation reached a 40-year high amid the recovering economy and robust labour market, the central bank shifted gears and embarked on a more aggressive path of tightening. In less than over a year, the Federal Funds rate rose to a range of 4.75% - 5.00%, sending Treasury yields meaningfully higher and creating a significant level of inversion in the US Treasury yield curve. The upward shift in bond yields was unexpected and this led to a meaningful repricing of global rates.

In China, rising Covid cases and disorder in the property market weighed on the economy in the last 12 months. The enforcement of a zero-Covid policy resulted in lockdowns, travel restrictions, reduced economic activity and public discontent. During the second and third quarters of 2022, the real estate market was under significant stress, as easing measures from policymakers had been piecemeal and failed to make a large impact on the physical market. As a result, several developers had trouble honouring their debt obligations and making timely payments.

However, a turnaround came in the fourth quarter as the People's Bank of China ("PBOC") announced a series of financing support measures widely referred as the "three arrows", which helped to put a floor to the Chinese property sector. The central bank's push to get banks to extend credit lines to the sector helped to turn sentiment. All in all, China's policy moves in the fourth quarter of 2022 and in the first quarter of 2023 regarding pandemic management, property and overall economic growth signalled a greater commitment to restore economic activity. Further, while developed market central banks were keen to hike rates in 2022, the PBOC maintained an accommodative monetary policy.



The positive risk sentiment towards Asian high yield starting in November 2022 continued in the first quarter of 2023 as fixed income markets responded positively to the possibility of lower inflation and easier monetary policy. In addition, optimism on China's economic re-opening and relaxation of certain policies relating to the Chinese real estate sector lifted investor appetite. However, in February 2023, markets took a back seat as strong economic figures, coupled with sticky core inflation drove investors to re-examine their interest rate expectations and price in higher-for-longer interest rates. The collapse of Silicon Valley Bank and broader concerns around the financial sector hit risk sentiment in March, while government bonds rallied.

## REBATES AND SOFT COMMISSIONS

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

## SECURITIES LENDING OR REPURCHASE TRANSACTIONS

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

# EASTSPRING INVESTMENTS ASIAN HIGH YIELD BOND MY FUND

## FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 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 22 to 63 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 31 March 2023 and of its financial performance, changes in net assets attributable to unit holders and cash flows for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

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

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

Kuala Lumpur  
Date: 29 May 2023

## TRUSTEE'S REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS ASIAN HIGH YIELD BOND MY FUND ("Fund")

We have acted as Trustee of the Fund for the financial year ended 31 March 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.

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

For Deutsche Trustees Malaysia Berhad

**Soon Lai Ching**  
Senior Manager, Trustee Operations

**Jiva Munusamy**  
Head, Client Management

Kuala Lumpur  
Date: 29 May 2023

# INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS ASIAN HIGH YIELD BOND MY FUND

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our opinion

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

### What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 March 2023, and the statement of comprehensive income, statement of changes in net asset attributable to unit holders 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 22 to 63.

### 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: 29 May 2023



# STATEMENT OF COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Note	2023	Restated 2022
		USD	USD
<b>INVESTMENT LOSS</b>			
Dividend income		506,537	740,682
Net foreign currency exchange (loss)/gain	7	(16,655)	2,826
Net loss on forward foreign currency contracts		(867,777)	(71,548)
Net loss on financial assets at fair value through profit or loss	6	(2,882,226)	(3,788,015)
		<u>(3,260,121)</u>	<u>(3,116,055)</u>
<b>EXPENSES</b>			
Management fee	3	(76,406)	(120,648)
Trustee fee	4	(4,696)	(5,791)
Audit fee		(1,800)	(2,000)
Tax agent fee		(869)	(1,000)
Other expenses		(1,430)	(9,656)
		<u>(85,201)</u>	<u>(139,095)</u>
<b>LOSS BEFORE FINANCE COST AND TAXATION</b>			
		(3,345,322)	(3,255,150)
<b>FINANCE COST</b>	10	(1,740)	(319,104)
<b>LOSS BEFORE TAXATION</b>			
		(3,347,062)	(3,574,254)
<b>TAXATION</b>	5	-	-
<b>DECREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>			
		<u>(3,347,062)</u>	<u>(3,574,254)</u>
Decrease in net assets attributable to unit holders is made of the following:			
Realised amount		(5,480,966)	48,977
Unrealised amount		2,133,906	(3,623,231)
		<u>(3,347,062)</u>	<u>(3,574,254)</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 31 MARCH 2023

	Note	2023	Restated 2022
		USD	USD
<b>ASSETS</b>			
Cash and cash equivalents	8	16,061	47,165
Financial assets at fair value through profit or loss	6	2,872,642	10,087,558
Forward foreign currency contracts at fair value through profit or loss	7	32,194	18,261
Amount due from Manager		580	63,813
Management fee rebate receivable		2,551	7,739
<b>TOTAL ASSETS</b>		<b>2,924,028</b>	<b>10,224,536</b>
<b>LIABILITIES</b>			
Forward foreign currency contracts at fair value through profit or loss	7	425	336
Accrued management fee		3,167	9,766
Amount due to Manager		1,721	54,465
Amount due to Trustee		369	469
Distribution payable		-	1,262
Other payables and accruals		10,567	16,002
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)</b>		<b>16,249</b>	<b>82,300</b>
<b>NET ASSET VALUE OF THE FUND</b>		<b>2,907,779</b>	<b>10,142,236</b>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<b>2,907,779</b>	<b>10,142,236</b>
<b>REPRESENTED BY:</b>			
<b>FAIR VALUE OF OUTSTANDING UNITS</b>			
USD Class		15,214	97,104
AUD Hedged-class		108,160	158,766
RM Hedged-class		2,784,405	9,886,366

## STATEMENT OF FINANCIAL POSITION

### AS AT 31 MARCH 2023 (CONTINUED)

	Note	2023	Restated 2022
		USD	USD
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>			
USD Class	9	64,118	318,623
AUD Hedged-class	9	636,752	652,764
RM Hedged-class	9	47,395,431	125,632,071
<b>NET ASSET VALUE PER UNIT IN USD (EX-DISTRIBUTION)</b>			
USD Class		0.2373	0.3048
AUD Hedged-class		0.1699	0.2432
RM Hedged-class		0.0587	0.0787
<b>NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES (EX-DISTRIBUTION)</b>			
USD Class		0.2373	0.3048
AUD Hedged-class		0.2537	0.3240
RM Hedged-class		0.2591	0.3307

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 NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Note	2023	2022
		USD	USD
Net assets attributable to unit holders at the beginning of financial year		10,142,236	10,178,228
Movement in unit holders' contribution:			
Creation of units from applications			
USD Class		4,999	110,011
AUD Hedged-class		-	3,635
RM Hedged-class		644,339	5,669,760
Creation of units from distributions			
USD Class		1,740	1,284
AUD Hedged-class		-	4,341
RM Hedged-class		-	307,194
Cancellation of units			
USD class		(66,260)	(35,182)
AUD Hedged-class		(2,805)	(85,034)
RM Hedged-class		(4,469,408)	(2,437,747)
Decrease in net assets attributable to unit holders during the financial year		(3,347,062)	(3,574,254)
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AS AT THE END OF THE FINANCIAL YEAR</b>		<b>2,907,779</b>	<b>10,142,236</b>

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 31 MARCH 2023

	Note	2023	2022
		USD	USD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from sale of investments		4,963,000	999,999
Purchase of investments		(691,536)	(4,730,682)
Realised loss on forward foreign currency contracts		(881,621)	(176,692)
Dividend income		506,537	740,682
Management fee paid		(83,005)	(121,843)
Management fee rebate received		66,414	102,206
Trustee fee paid		(4,796)	(5,848)
Payment for other fees and expenses		(9,534)	(9,494)
Net realised foreign currency exchange (loss)/gain		(16,242)	2,792
Net cash generated from/(used in) operating activities		3,849,217	(3,198,880)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash proceeds from units created		712,571	5,754,969
Payments for cancellation of units		(4,591,217)	(2,519,084)
Distribution paid		(1,262)	(10,745)
Net cash (used in)/generated from financing activities		(3,879,908)	3,225,140
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		(30,691)	26,260
<b>EFFECTS OF FOREIGN EXCHANGE DIFFERENCES</b>		(413)	34
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		47,165	20,871
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	8	16,061	47,165

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 31 MARCH 2023

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

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

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

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

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

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 April 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 April 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**

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

Realised gains or losses on sale of investments are accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on a weighted average cost basis for collective investment scheme.

## **C. TAXATION**

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

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

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in United States Dollar ("USD"), 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 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, amount due from Manager and management fee rebate receivable as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

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

### ii. Recognition and measurement

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

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



Financial liabilities are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the quoted 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 including the effects of currency translation” category are presented in the statement of comprehensive income within “net gain/(loss) on financial assets at fair value through profit or loss” in the financial year in which they arise.

Investment in collective investment scheme is valued at the last published net asset value (“NAV”) per unit or share of such collective investment scheme or, if unavailable, on the average of the last published buying price and the last published selling price of such unit or share (excluding any sales charge included in selling in such selling price).

Foreign exchange gains and losses on the 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 financial instrument.

Derivative investment consists of forward foreign currency contracts. Financial derivative position will be “marked to market” at the close of each valuation day. Foreign exchange gains and losses on the derivative financial instrument are recognised in statement of comprehensive income 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 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 consider both historical analysis and forward looking information in determining any expected credit loss. Management consider the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 months expected credit losses as any such impairment would be wholly insignificant to the Fund.

iv. Significant increase in credit risk

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

v. Definition of default and credit-impaired financial assets

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

vi. Write-off

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

## **F. FOREIGN CURRENCY TRANSLATION**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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.

## **G. CASH AND CASH EQUIVALENTS**

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

## **H. CREATION AND CANCELLATION OF UNITS**

The unit holders' contributions to the Fund meet the definition of puttable instruments classified as financial liability under MFRS 132 "Financial Instruments: Presentation".

The Fund issues cancellable units in three classes of units, known respectively as USD Class, AUD Hedged-class and RM Hedged-class, which are cancelled at the unit holder's option and do not have identical features subject to restrictions as stipulated in the Disclosure Document and Securities Commission's ("SC") Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value of respective classes. The outstanding units is carried at the redemption amount that is payable at the statement of financial position date if the holder exercises the right to put the unit back to the Fund.

Units are created and cancelled at the holder's option at prices based on the Fund's net asset value per unit of respective classes at the close of business on the relevant working day. The Fund's net asset value per unit of respective classes is calculated by dividing the net asset attributable to unit holders with the total number of outstanding units of respective classes.

**I. INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS**

Income not distributed is included in net assets attributable to unit holders.

**J. FINANCE COST**

A distribution to the Fund's unit holders is accounted for as a finance cost in the statement of comprehensive income, when they are appropriately authorised and no longer at the discretion of the Fund. A proposed distribution is recognised as a liability in the year in which it is approved by the Trustee.

**K. 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 recognized 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 currency contracts is determined using forward foreign exchange rates at the date of the statement 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 financial assets/liabilities at fair value through profit or loss and accounted for in accordance with the accounting policy set out in Note E.

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

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

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

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the Securities Commission's ("SC") Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 1. INFORMATION ON THE FUND

Eastspring Investments Asian High Yield Bond MY Fund (the "Fund") is a Wholesale Fund which was constituted pursuant to the execution of a Deed dated 22 May 2015 entered into between Eastspring Investments Berhad (the "Manager") and Deutsche Trustees Malaysia Berhad (the "Trustee").

The Fund was launched on 16 June 2015 and will continue its operations until terminated as provided under Part 11 of the Deed.

The Fund invests in the Eastspring Investments - Asian High Yield Bond Fund ("Target Fund") which is a collective investment scheme registered in Luxembourg.

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 Fund aims to maximise income and capital appreciation by investing in the Eastspring Investments - Asian High Yield Bond Fund - ADM, which invests primarily in Asian high yield bonds.

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

### 2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Financial instruments of the Fund are as follows:

	Note	Financial asset at amortised cost USD	Financial assets at fair value through profit or loss USD	Financial liabilities at fair value through profit or loss USD	Total USD
<u>2023</u>					
Cash and cash equivalents	8	16,061	-	-	16,061
Collective investment scheme	6	-	2,872,642	-	2,872,642
Forward foreign currency contracts at fair value through profit or loss	7	-	32,194	(425)	31,769
Amount due from Manager		580	-	-	580
Management fee rebate receivable		2,551	-	-	2,551
		19,192	2,904,836	(425)	2,923,603

	Note	Financial asset at amortised cost USD	Financial assets at fair value through profit or loss USD	Financial liabilities at fair value through profit or loss USD	Total USD
<u>2022</u>					
Cash and cash equivalents	8	47,165	-	-	47,165
Collective investment scheme	6	-	10,087,558	-	10,087,558
Forward foreign currency contracts at fair value through profit or loss	7	-	18,261	(336)	17,925
Amount due from Manager		63,813	-	-	63,813
Management fee rebate receivable		7,739	-	-	7,739
		<u>118,717</u>	<u>10,105,819</u>	<u>(336)</u>	<u>10,224,200</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 Wholesale Fund, however, helps mitigate this risk. The Underlying Fund that is the Eastspring Investments - Asian High Yield Bond Fund would generally hold a well-diversified portfolio of securities from different market sectors that the collapse of any one security or any one market sector would not impact too greatly on the value of the Eastspring Investments - Asian High Yield Bond MY Fund.



The table below shows assets of the Fund as at 31 March which are exposed to price risk.

	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
Financial assets at fair value through profit or loss:		
Collective investment scheme	<u>2,872,642</u>	<u>10,087,558</u>

The following table summarises the sensitivity of the Fund's loss after tax and net asset value to movements in prices of collective investment scheme at the end of each reporting financial year. The analysis is based on the assumptions that the market price of the collective investment scheme 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 collective investment scheme, having regard to the historical volatility of the prices.

<b>% Change in price</b>	<b>Market value</b>	<b>Impact on loss after tax and net asset value</b>
	<b>USD</b>	<b>USD</b>
<u>2023</u>		
+5%	3,016,274	143,632
-5%	<u>2,729,010</u>	<u>(143,632)</u>
<u>2022</u>		
+5%	10,591,936	504,378
-5%	<u>9,583,180</u>	<u>(504,378)</u>

## ii. Currency risk

While the Target Fund, Eastspring Investments - Asian High Yield Bond Fund is denominated in USD, it may be invested in whole or in part in securities quoted in other currencies. The performance of the Target Fund will therefore be affected by movements in the exchange rate between the currencies in which its assets are held and its base currency (if foreign currency positions have not been hedged).

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

	<b>Financial assets/ (liabilities) at fair value through profit or loss</b>	<b>Cash and cash equivalents</b>	<b>Receivables/ (payables)</b>	<b>Net asset attributable to unit holders</b>	<b>Total</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
<u>2023</u>					
AUD	(152)	-	-	108,160	108,008
MYR	31,921	1,385	(11,708)	2,784,405	2,806,003
	<u>31,769</u>	<u>1,385</u>	<u>(11,708)</u>	<u>2,892,565</u>	<u>2,914,011</u>
<u>2022</u>					
AUD	2,636	-	-	158,766	161,402
MYR	15,270	2,546	63,813	9,886,366	9,967,995
	<u>17,906</u>	<u>2,546</u>	<u>63,813</u>	<u>10,045,132</u>	<u>10,129,397</u>

The table below summarises the sensitivity of the Fund's financial assets to changes in foreign exchange movements at the end of each reporting financial year. The analysis is based on the assumption that the foreign exchange rate changes by 5%, with all other variables remain 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 impact could be positive or negative.

	<b>Change in foreign exchange rate</b>	<b>Impact on loss after tax</b>
	%	USD
<u>2023</u>		
AUD	12.01	12,972
MYR	5.76	161,626
<u>2022</u>		
AUD	5	8,070
MYR	5	498,400

iii. Interest rate risk

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

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

The Fund is not exposed to cash flow interest rate risk as the Fund does not hold any financial instruments at variable interest rate.

## 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 which are capable of being converted into cash within 7 days.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

The amounts in the table are the contractual undiscounted cash flows.

	<b>Less than 1 month USD</b>	<b>Between 1 month to 1 year USD</b>	<b>Total USD</b>
<u>2023</u>			
Accrued management fee	3,167	-	3,167
Amount due to Manager	1,721	-	1,721
Amount due to Trustee	369	-	369
Other payables and accruals	-	10,567	10,567
Forward foreign currency contracts at fair value through profit or loss	425	-	425
Net assets attributable to unit holders	2,907,779	-	2,907,779
Contractual undiscounted cash outflows	2,913,461	10,567	2,924,028

	<b>Less than 1 month USD</b>	<b>Between 1 month to 1 year USD</b>	<b>Total USD</b>
<u>2022</u>			
Accrued management fee	9,766	-	9,766
Amount due to Manager	54,465	-	54,465
Amount due to Trustee	469	-	469
Distribution payable	1,262	-	1,262
Other payables and accruals	-	16,002	16,002
Forward foreign currency contracts at fair value through profit or loss	336	-	336
Net assets attributable to unit holders	10,142,236	-	10,142,236
Contractual undiscounted cash outflows	10,208,534	16,002	10,224,536

**Country risk**

The Fund invests in the Target Fund which is domiciled in Luxembourg. Any adverse in the Luxembourg's economic fundamentals, social and political stability, currency movements and foreign investments policies in Luxembourg may have an impact on the prices of the securities that the Target Fund invests in and consequently may also affect the Fund's net asset value.

**Fund management risk**

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

**Credit risk**

Credit risk refers to the ability of an issuer or a counterparty to make timely payments of interest, principals and proceeds from realisation of investments.

The 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 credit risk is minimal as all transactions in collective investment scheme are settled/paid upon delivery using approved brokers.

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

	Financial assets at fair value through profit or loss	Cash and cash equivalents	Amount due from Manager	Management fee rebate receivable	Total
	USD	USD	USD	USD	USD
<u>2023</u>					
Financial Services	-	16,061	-	-	16,061
Forward foreign currency contracts	32,194	-	-	-	32,194
- AA1	-	-	580	2,551	3,131
Other	-	-	580	2,551	3,131
- NR	32,194	16,061	580	2,551	51,386

	Financial assets at fair value through profit or loss	Cash and cash equivalents	Amount due from Manager	Management fee rebate receivable	Total
	USD	USD	USD	USD	USD
<u>2022</u>					
Financial Services					
- AA1	-	47,165	-	-	47,165
Forward foreign currency contracts					
- AA1	18,261	-	-	-	18,261
Other					
- NR	-	-	63,813	7,739	71,552
	<u>18,261</u>	<u>47,165</u>	<u>63,813</u>	<u>7,739</u>	<u>136,978</u>

None of these financial assets are past due or impaired.



### **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 net asset attributable to unit holders of USD2,907,779 (2022: USD10,142,236). The amount of net asset attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

### **Fair value estimation**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

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

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

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

i. Fair value hierarchy

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

The different levels have been defined as follows:

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

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

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

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

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

	Level 1	Level 2	Level 3	Total
	USD	USD	USD	USD
<u>2023</u>				
Financial assets at fair value through profit or loss:				
Collective investment scheme	2,872,642	-	-	2,872,642
Forward foreign currency contracts	-	32,194	-	32,194
<hr/>				
Financial liabilities at fair value through profit or loss:				
Forward foreign currency contracts	-	(425)	-	(425)
<hr/>				
<u>2022</u>				
Financial assets at fair value through profit or loss:				
Collective investment scheme	10,087,558	-	-	10,087,558
Forward foreign currency contracts	-	18,261	-	18,261
<hr/>				
Financial liabilities at fair value through profit or loss:				
Forward foreign currency contracts	-	(336)	-	(336)
<hr/>				

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

Financial instruments that trade in markets that are considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. This include derivatives. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuation maybe 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 values of cash and cash equivalents, amount due from Manager, management fee rebate receivable and all liabilities are a reasonable approximation of their fair values due to their short term nature.

### **3. MANAGEMENT FEE**

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

For the financial year ended 31 March 2023, the management fee is recognised at a rate of 1.25% (2022: 1.25%) per annum on the net asset value of the Fund, calculated on a daily basis as stated in the Fund's information memorandum.

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

#### **4. TRUSTEE FEE**

In accordance with the Deed, the Trustee is entitled to an annual fee at a rate not exceeding 0.20% per annum of the net asset value of the Fund, subject to a minimum fee of RM18,000 per annum or its equivalent in the base currency (excluding foreign custodian fees and charges, if applicable).

For the financial year ended 31 March 2023, the Trustee fee is recognised at a rate of 0.06% (2022: 0.06%) per annum on the net asset value of the Fund, subject to minimum of RM18,000 per annum or its equivalent in the base currency (excluding foreign custodian fees and charges), calculated on a daily basis as stated in the Fund's information memorandum.

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

## 5. TAXATION

	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>

Tax charged for the financial year:

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

	<b>2023</b>	<b>Restated 2022</b>
	<b>USD</b>	<b>USD</b>
Loss before taxation	(3,347,062)	(3,574,254)
Tax at Malaysian statutory rate of 24% (2022: 24%)	(803,295)	(857,821)
Tax effects of:		
Investment loss not deductible for tax purposes	782,429	747,853
Expenses not deductible for tax purposes	2,097	80,532
Restriction on tax deductible expenses for wholesale funds	18,769	29,436
Taxation	-	-

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

	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
Financial assets at fair value through profit or loss:		
Collective investment scheme	2,872,642	10,087,558
Net loss on financial assets at fair value through profit or loss:		
Realised loss on sale of investments	(5,063,927)	(155,172)
Change in unrealised fair value gain/(loss)	2,120,475	(3,728,409)
Management fee rebate #	61,226	95,566
	<u>(2,882,226)</u>	<u>(3,788,015)</u>

# In arriving at the fair value of collective investment scheme, the management fee initially paid to the Manager of the collective investment scheme has been considered as part of its net asset value. In order to prevent the double charging of management fee which is not permissible under SC Guidelines, management fee charged on the Fund's investments in collective investment scheme has been refunded to the Fund. Accordingly, any rebate of management fee received from the Manager collective investment scheme is reflected as an increase in the net asset value of the collective investment scheme. The rebate of management fee is 1.00% per annum or USD61,226 (2022: 1.00% per annum or USD95,566) calculated on net asset value of Eastspring Investments - Asian High Yield Bond Fund – ADM on a daily basis.

Collective investment scheme

	Quantity	Aggregate cost	Fair value as at 31.3.2023	Percentage of net asset value of the Fund
	Units	USD	USD	%
Eastspring Investments - Asian High Yield Bond Fund				
- Class ADM	682,500	5,131,902	2,872,642	98.82
<b>ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		(2,259,260)		
<b>TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			2,872,642	



Collective investment scheme

	Quantity	Aggregate cost	Fair value as at 31.3.2022	Percentage of net asset value of the Fund
	Units	USD	USD	%
Eastspring Investments - Asian High Yield Bond Fund - Class ADM	1,808,454	14,467,293	10,087,558	99.46
<b>ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		(4,379,735)		
<b>TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			10,087,558	

The investment objective of Eastspring Investments - Asian High Yield Bond Fund - Class ADM ("Target Fund") is to invest in a diversified portfolio consisting primarily of high yield fixed income or debt securities issued by Asian entities or their subsidiaries. This Target Fund's portfolio primarily consists of securities denominated in US dollars as well as the various Asian currencies and aims to maximise total returns through investing primarily in fixed income or debt securities rated below BBB-.

A minimum of 95% of its net asset value will be invested in the Target Fund. However, the asset allocation may be reduced due to creation of units at the point of reporting date. The ratio will be adjusted back to the minimum level after the reporting year.

## 7. FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of statement of financial position, there are 4 (2022: 8) forward foreign currency contracts outstanding. The fair value of the outstanding forward foreign currency contracts amounted to USD32,194 (receivable) and USD425 (payable) (2022: USD18,261 (receivable) and USD336 (payable)). The forward foreign currency contracts entered into during the financial year were for hedging against the currency exposure arising from the creation and cancellation of units denominated in AUD and MYR. As the Fund has not adopted hedge accounting during the financial year, the change in the fair value of the forward foreign currency contract is recognised immediately in the statement of comprehensive income.

	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>

Financial assets at fair value through profit or loss:

Forward foreign currency contracts	32,194	18,261
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Financial liabilities at fair value through profit or loss:

Forward foreign currency contracts	(425)	(336)
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	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>

Net loss on forward foreign currency contracts  
at fair value through profit or loss:

Realised loss on forward foreign currency contracts	(881,621)	(176,692)
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Unrealised gain on forward foreign currency contracts	13,844	105,144
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	(867,777)	(71,548)
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Forward foreign currency contracts

Name of issuer	Receivables	Payables	Fair value as at 31.3.2023	Percentage of net asset value of the Fund
	USD	USD	USD	%
Deutsche Bank Malaysia Berhad	3,113,722	3,081,953	31,769	1.09

Name of issuer	Receivables	Payables	Fair value as at 31.3.2022	Percentage of net asset value of the Fund
	USD	USD	USD	%
Deutsche Bank Malaysia Berhad	9,727,951	9,710,026	17,925	0.18

**8. CASH AND CASH EQUIVALENTS**

	2023	2022
	USD	USD
Bank balances with a licensed bank	16,061	47,165

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

	2023	2022
	USD	USD
- MYR	1,385	2,546
- USD	14,676	44,619

## 9. UNITS IN CIRCULATION

	USD Class	AUD Hedged-class	RM Hedged-class	Total
	No. of units	No. of units	No. of units	No. of units
<u>2023</u>				
At the beginning of the financial year	318,623	652,764	125,632,071	126,603,458
Creation of units from applications during the financial year	21,106	-	10,346,821	10,367,927
Creation of units from distributions during the financial year	7,111	-	-	7,111
Cancellation of units during the financial year	(282,722)	(16,012)	(88,583,461)	(88,882,195)
At the end of the financial year	64,118	636,752	47,395,431	48,096,301
<u>2022</u>				
At the beginning of the financial year	105,910	902,537	85,505,373	86,513,820
Creation of units from applications during the financial year	286,830	15,844	60,503,509	60,806,183
Creation of units from distributions during the financial year	4,069	14,994	3,331,724	3,350,787
Cancellation of units during the financial year	(78,186)	(280,611)	(23,708,535)	(24,067,332)
At the end of the financial year	318,623	652,764	125,632,071	126,603,458

**10. DISTRIBUTIONS**

	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
Distribution to unit holders is from the following sources:		
Non-taxable income	2,043	353,298
Less: Expenses	(303)	(34,194)
	<u>1,740</u>	<u>319,104</u>

During the financial year ended 31 March 2023, distributions were made as follows:

	<b>Gross/Net distribution per unit</b>	
<b>USD Class</b>	<b>2023/2022</b>	<b>2022/2021</b>
<b>Ex-Date</b>	<b>USD/unit</b>	<b>USD/unit</b>
30 June	0.0029	0.0045
30 September	0.0025	-
30 December	-	0.0036
30 March	-	0.0032
	<u>0.0054</u>	<u>0.0113</u>

	<b>Gross/Net distribution per unit</b>	
<b>RM Hedged-class</b>	<b>2023/2022</b>	<b>2022/2021</b>
<b>Ex-Date</b>	<b>RM/unit</b>	<b>RM/unit</b>
30 June	-	0.0049
30 December	-	0.0039
30 March	-	0.0035
	<u>-</u>	<u>0.0123</u>

AUD Hedged-class	Gross/Net distribution per unit	
	2023/2022	2022/2021
Ex-Date	AUD/unit	AUD/unit
30 June	-	0.0048
30 December	-	0.0038
30 March	-	0.0034
	-	0.0120

Gross distribution is derived using total income less total expenses. 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 31 March 2022, the Fund incurred unrealised losses of USD3,623,231.

## 11. TRANSACTIONS WITH ISSUER

Details of transactions with the issuer are as follows:

	Value of trades USD	Percentage of total trades %
<u>2023</u>		
Eastspring Investments (Singapore) Limited#	5,654,536	100.00
<u>2022</u>		
Eastspring Investments (Singapore) Limited#	5,730,682	100.00

# Included in transactions with issuer are trades conducted with Eastspring Investments (Singapore) Limited, a related company to the Manager, amounting to USD5,148,000 (2022: USD5,730,682). The Manager is of the opinion that all transactions with the related company have been entered into in the normal course of business at agreed terms between the related parties.

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

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

Related parties	Relationship
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
Eastspring Investments (Singapore) Limited	Related company of the Manager
Eastspring Investments - Asian High Yield Bond Fund (Class ADM)	Collective investment scheme managed by Eastspring Investments (Singapore) Limited
Prudential Plc	Ultimate holding company of the Manager

### Units held by Manager and parties related to the Manager:

	No. of units	USD Class	No. of units	AUD Hedged-class	No. of units	RM Hedged-class
<u>2023</u>						
Eastspring Investments Berhad	14,355	3,406*	13,086	3,320*	2,704	701*
<u>2022</u>						
Eastspring Investments Berhad	14,043	4,280*	13,086	4,240*	2,704	894*

\* In respective currencies

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.

Significant related party transactions

	2023	2022
	USD	USD
Purchase of collective investment scheme managed by Eastspring Investments (Singapore) Limited	185,000	4,730,682
Sales of collective investment scheme managed by Eastspring Investments (Singapore) Limited	4,963,000	1,000,000

All transactions with the related company have been entered into in the normal course of business at agreed terms between the related party.

In addition to the related parties disclosure mentioned in the financial statements, there were no other significant related parties transactions and balances.

**13. TOTAL EXPENSE RATIO ("TER")**

	2023	2022
	%	%
TER	1.39	1.44

TER is derived from the following calculation:

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

A = Management fee (excluding management fee rebate)

B = Trustee fee

C = Audit fee

D = Tax agent fee

E = Other expenses

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

The average net asset value of the Fund for the financial year calculated on a daily basis is USD6,122,828 (2022: USD9,651,738).



#### 14. PORTFOLIO TURNOVER RATIO (“PTR”)

	2023	2022
PTR (times)	0.46	0.30

PTR is derived from the following calculation:

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

where:

total acquisitions for the financial year = USD691,536 (2022: USD4,730,682)

total disposals for the financial year = USD4,963,000 (2022: USD1,000,000)

## 15. PRIOR YEAR ADJUSTMENT

As disclosed in Note H, the net assets attributable to unit holders are classified as liabilities under the requirements of MFRS 132 "Financial Instruments: Presentation".

The reclassification of finance cost did not give rise to any impact of the net asset attributable to the unit holders of the Fund.

The effects of the reclassification in the financial statements are summarised below:

	As previously disclosed	Reclassification	As restated
	USD	USD	USD
<u>Statement of comprehensive income for the financial year ended 31 March 2022</u>			
Loss before finance cost and taxation	-	(3,255,150)	(3,255,150)
Finance cost	-	(319,104)	(319,104)
Loss before taxation	(3,255,150)	(319,104)	(3,574,254)
Net loss for the financial year representing the decrease in net assets attributable to unit holders	<u>(3,255,150)</u>	<u>(319,104)</u>	<u>(3,574,254)</u>
<u>Statement of changes in net assets attributable to unit holders for the financial year ended 31 March 2022</u>			
Net loss for the financial year representing the decrease in net assets attributable to unit holders	<u>(3,255,150)</u>	<u>(319,104)</u>	<u>(3,574,254)</u>

## 16. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 29 May 2023.

## CORPORATE DIRECTORY

### **THE MANAGER**

NAME

EASTSPRING INVESTMENTS BERHAD

COMPANY NO.

200001028634 (531241-U)

REGISTERED OFFICE

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BUSINESS OFFICE

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Persiaran TRX Barat

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### **TRUSTEE**

NAME

DEUTSCHE TRUSTEES MALAYSIA BERHAD

COMPANY NO.

200701005591 (763590-H)

REGISTERED OFFICE & BUSINESS OFFICE

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FAX NO.

603-2053 7526

### **SALE & PURCHASE OF UNITS**

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Persiaran TRX Barat

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Kuala Lumpur

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**ENQUIRIES**

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