



A Prudential plc company 

EASTSPRING INVESTMENTS JAPAN DYNAMIC MY FUND

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024



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 June 2024.

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 be 'YSH' or similar, written in a cursive style.

YAP SIOK HOON

Executive Director/Chief Executive Officer

TABLE OF CONTENTS

Fund Information	1
Key Performance Data	2
Manager's Report	6
Market Review	10
Rebates and Soft Commissions	10
Securities Lending or Repurchase Transactions	10
Statement by the Manager	12
Trustee's Report to the Unit Holders of Eastspring Investments Japan Dynamic MY Fund	13
Independent Auditors' Report to the Unit Holders of Eastspring Investments Japan Dynamic MY Fund	14
Statement of Comprehensive Income	18
Statement of Financial Position	19
Statement of Changes in Equity	21
Statement of Cash Flows	22
Material Accounting Policy Information	23
Notes to the Financial Statements	31
Corporate Directory	57

FUND INFORMATION

Name of Fund	Eastspring Investments Japan Dynamic MY Fund (the “Fund”)
Fund Category/ Type	Wholesale (feeder)/growth
Fund Objective	<p>The Fund aims to generate long-term capital appreciation by investing in the Eastspring Investments Japan Dynamic Fund, which invests primarily[^] in securities of companies in Japan.</p> <p>[^] primarily means at least 66% of the Target Fund’s net asset value.</p>
Performance Benchmark	<p>Morgan Stanley Capital International Japan Index (“MSCI Japan Index”) (Net)</p> <p>Source: Eastspring Investments (Singapore) Limited and Bloomberg</p>
Fund Income Distribution Policy	Distribution of income (if any) is incidental.

KEY PERFORMANCE DATA FOR THE FINANCIAL YEAR ENDED

Category	2024	2023	2022
	(%)	(%)	(%)
Collective investment scheme	98.38	90.52	99.57
Derivatives	1.79	0.87	0.37
Cash and other assets	(0.17)	8.61	0.06
Total	100.00	100.00	100.00
Net Asset Value (NAV) (JPY'000)			
JPY Class	-	-	-
RM Hedged-class	3,387,552	859,552	418,815
USD Hedged-class	-	-	-
AUD Hedged-class	-	-	-
Units In Circulation (Units '000)			
JPY Class	-	-	-
RM Hedged-class	91,283	29,864	19,029
USD Hedged-class	-	-	-
AUD Hedged-class	-	-	-
Net Asset Value Per Unit (JPY)			
JPY Class	-	-	-
RM Hedged-class	37.1106	28.7818	22.0093
USD Hedged-class	-	-	-
AUD Hedged-class	-	-	-
Net Asset Value Per Unit in respective currencies			
JPY Class	-	-	-
RM Hedged-class	1.0877	0.9286	0.7137
USD Hedged-class	-	-	-
AUD Hedged-class	-	-	-

KEY PERFORMANCE DATA (CONTINUED)

Category	2024	2023	2022
Highest Net Asset Value Per Unit in respective currencies			
JPY Class	-	-	-
RM Hedged-class	1.1012	0.9286	0.7453
USD Hedged-class	-	-	-
AUD Hedged-class	-	-	-
Lowest Net Asset Value Per Unit in respective currencies			
JPY Class	-	-	-
RM Hedged-class	0.9156	0.7010	0.6124
USD Hedged-class	-	-	-
AUD Hedged-class	-	-	-
Capital Growth (%)			
JPY Class	-	-	-
RM Hedged-class	17.13	30.11	7.08
USD Hedged-class	-	-	-
AUD Hedged-class	-	-	-
Income Distribution (%)			
JPY Class	-	-	-
RM Hedged-class	-	-	-
USD Hedged-class	-	-	-
AUD Hedged-class	-	-	-
Total Return (%)			
JPY Class	-	-	-
RM Hedged-class	17.13	30.11	7.08
USD Hedged-class	-	-	-
AUD Hedged-class	-	-	-

KEY PERFORMANCE DATA (CONTINUED)

Category	2024	2023	2022
Gross Distribution Per Unit in respective currencies			
JPY Class	-	-	-
RM Hedged-class	-	-	-
USD Hedged-class	-	-	-
AUD Hedged-class	-	-	-
Net Distribution Per Unit in respective currencies			
JPY Class	-	-	-
RM Hedged-class	-	-	-
USD Hedged-class	-	-	-
AUD Hedged-class	-	-	-
Total Expense Ratio (TER) (%)*	1.91	2.11	2.19
Portfolio Turnover Ratio (PTR) (times)^	2.17	2.01	0.44

* 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 1.7.2023 to 30.6.2024	3 years 1.7.2021 to 30.6.2024	5 years 1.7.2019 to 30.6.2024
	(%)	(%)	(%)

Average total return			
RM Hedged-class	17.13	17.72	16.03

Year ended	1.7.2023 to 30.6.2024	1.7.2022 to 30.6.2023	1.7.2021 to 30.6.2022	1.7.2020 to 30.6.2021	1.7.2019 to 30.6.2020
	(%)	(%)	(%)	(%)	(%)

Annual total return					
JPY Class	-	-	-	-	(13.48)
RM Hedged-class	17.13	30.11	7.08	49.27	(13.60)
USD Hedged-class	-	-	-	-	(11.93)
AUD Hedged-class	-	-	-	-	(15.07)

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

NAV₀ = NAV at the beginning of the period

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

Adjusted for unit split and distribution paid out for the period

n = Number of years

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

MANAGER'S REPORT

Fund Performance

Over the 5-year period, the Fund registered an annual return of 110.47%, underperforming the benchmark return of 129.70% by 19.23%.

For the period under review, the Fund registered a return of 17.13%, underperforming the benchmark return of 29.88% by 12.75%.

For the period under review, the Global Basics exposure was the most significant detractor.

For the sector, we are not bullish on trading companies, as they are trading at relatively historically high valuations on peakish fundamentals. However, we like chemical companies which are on the other side – bottom valuations on bottom fundamentals. We expect to start seeing improvement in shipment-inventory cycles, which should support utilization rates in commodity businesses, and a recovery in electronic businesses within chemicals – semiconductor materials, etc. Also, meaningful restructuring benefits are expected from 2H onwards.

The Fund also has a bias to the Mid Cap part of the market – moving to mid-cap stocks on valuation grounds and expectations for earnings recovery – and is underweight the outperforming Large Caps relative the MSCI benchmark.

On the flipside, the Fund's Financials exposure was the largest positive contributor.

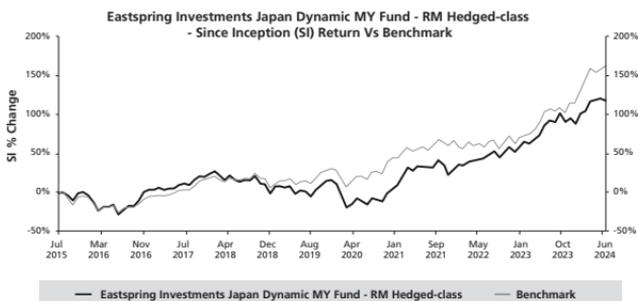
Financials was the best performing part of the market as expectations for normalization of monetary policy by BOJ increased as Japan has been showing signs of exiting deflation. Banks have seen improving net interest margin and increased return to shareholders. Consequently, Financials' shares performed strongly. The Fund has been taking profits over the period, with proceeds deployed in a contrarian manner into Materials and Industrials.

MANAGER'S REPORT (CONTINUED)

Fund Performance (continued)

Looking back to the end of 2022, Financials was the Fund's largest active exposure and offered strong upside for the Fund. The Manager progressively sold down the exposure over 2023 and the exposure is now around neutral to benchmark. We are still overweight Banks with more weight towards domestics versus the past, while we have been taking profits in Securities and Credit Card companies' holdings.

Sector weightings are a consequence of the conviction level/ bottom-up opportunities, with the investment team focused on stocks materially mispriced based on their plausible through-cycle profitability.



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

Benchmark: MSCI Japan Index (Net)

Source: Lipper for Investment Management, Eastspring Investments (Singapore) Limited and Bloomberg, as at 30 June 2024.

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 June 2024:

Currency Class	Income Return	Capital Return*	Total Return	Total Return of Benchmark
	(%)	(%)	(%)	(%)
RM Hedged-class	0.00	17.13	17.13	29.88

* 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 June 2024.

Investment Strategy During the Period Under Review

In line with our disciplined investment approach, the Fund Manager initiated positions in or added to shares in companies which have underperformed or where trend valuations have become relatively more compelling compared to other less attractively valued investment opportunities.

The Manager sold shares in companies where valuations look relatively less compelling and bought shares in companies where valuations look relatively attractive compared to other high conviction positions.

As noted, the Fund has been taking profits in Financials with proceeds deployed in a contrarian manner into Materials and Industrials.

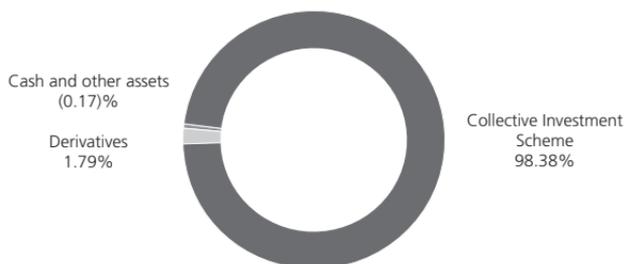
New positions included Nabtesco, Tosoh, Air Water, Yamato and Koito Manufacturing, whilst the Fund topped up positions including Resona, Panasonic and Sumitomo Chemical. The Fund sold entirely the holdings in Ryohin Keikaku, Mitsubishi UFJ Financial Group, Coca-Cola Bottlers Japan, Sumitomo Rubber and NOK Corp; whilst trimming positions including NEC, Credit Saison and Honda.

MANAGER'S REPORT (CONTINUED)

Asset Allocation

Asset Allocation	30-Jun 2024	30-Jun 2023	Changes
	(%)	(%)	(%)
Collective Investment Scheme	98.38	90.52	7.86
Derivatives	1.79	0.87	0.92
Cash and other assets	(0.17)	8.61	(8.78)

Asset Allocation as at 30 June 2024



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 Japanese equity market has performed strongly over the review period, with the reference index (“MSCI Japan”) returning over 26% in yen terms on a total return basis.

The BOJ’s decision to overhaul its monetary policy measures, including lifting the negative interest rate policy, abandoning yield curve control (“YCC”), and ceasing the ETF purchase programme, supported sentiment and fueled optimism over Japan’s positive economic cycle, characterised by mild inflation and wage growth. The Shunto spring wage negotiations indicated significant progress with figures released by the unions exceeding 5%, surpassing the previous year’s levels and reaching a 34-year high.

During the final quarter the government and BOJ, however, expressed concerns about the negative impact of yen weakness on inflation whilst real-term wage growth remained negative as the slow increase in wages has not yet surpassed the level of inflation. The record-high number of inbound tourists has contributed to increased spending in Japan, which has supported consumption, however.

The market’s performance has been driven by Large Cap stocks, with Mid and Small caps underperforming the broad market.

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 JAPAN DYNAMIC MY FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

STATEMENT BY THE MANAGER

We, Yap Siok Hoon and John Campbell Tupling, being two of the Directors of Eastspring Investments Berhad, do hereby state that, in the opinion of the Manager, the accompanying financial statements set out on pages 18 to 56 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 June 2024 and of its financial performance, changes in equity and cash flows for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the Manager,
EASTSPRING INVESTMENTS BERHAD

YAP SIOK HOON
Executive Director/Chief Executive Officer

JOHN CAMPBELL TUPLING
Independent, Non-Executive Director

Kuala Lumpur
Date: 23 August 2024

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

We have acted as Trustee of the Fund for the financial year ended 30 June 2024 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: 23 August 2024

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS JAPAN DYNAMIC MY FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Eastspring Investments Japan Dynamic MY Fund ("the Fund") give a true and fair view of the financial position of the Fund as at 30 June 2024, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 30 June 2024, 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 material accounting policy information, as set out on pages 18 to 56.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
Date: 23 August 2024

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	Note	2024	2023
		JPY	JPY
INVESTMENT INCOME			
Net foreign currency exchange gain		7,170,521	632,396
Net gain on forward foreign currency contracts at fair value through profit or loss	7	387,822,515	20,845,994
Net gain on financial assets at fair value through profit or loss	6	428,062,357	105,487,463
		<u>823,055,393</u>	<u>126,965,853</u>
EXPENSES			
Management fee	3	(44,108,247)	(6,113,496)
Trustee fee	4	(1,527,782)	(401,898)
Audit fee		(234,972)	(235,040)
Tax agent fee		(208,816)	(154,933)
Other expenses		(634,551)	(220,437)
		<u>(46,714,368)</u>	<u>(7,125,804)</u>
PROFIT BEFORE TAXATION		776,341,025	119,840,049
TAXATION	5	-	-
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME		<u>776,341,025</u>	<u>119,840,049</u>
Profit after taxation is made up of the following:			
Realised amount		533,217,502	105,422,564
Unrealised amount		243,123,523	14,417,485
		<u>776,341,025</u>	<u>119,840,049</u>

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Note	2024	2023
		JPY	JPY
ASSETS			
Cash and cash equivalents	8	5,393,488	18,815,136
Financial assets at fair value through profit or loss	6	3,332,509,368	778,051,284
Forward foreign currency contracts at fair value through profit or loss	7	60,782,638	7,456,809
Amount due from Manager		61,683,096	223,270,942
Management fee rebate receivable		4,067,009	649,670
Other receivable		511,581	-
TOTAL ASSETS		<u>3,464,947,180</u>	<u>1,028,243,841</u>
LIABILITIES			
Forward foreign currency contracts at fair value through profit or loss	7	-	15,853
Accrued management fee		4,915,960	833,121
Amount due to Manager		35,002,416	21,185,803
Amount due to Trustee		163,864	33,733
Amount due to broker		37,000,000	146,000,000
Other payables and accruals		313,245	623,253
TOTAL LIABILITIES		<u>77,395,485</u>	<u>168,691,763</u>
NET ASSET VALUE OF THE FUND		<u>3,387,551,695</u>	<u>859,552,078</u>
EQUITY			
Unit holders' capital		2,902,011,424	1,150,352,832
Retained earnings/(accumulated losses)		485,540,271	(290,800,754)
NET ASSET ATTRIBUTABLE TO UNIT HOLDERS		<u>3,387,551,695</u>	<u>859,552,078</u>

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024 (CONTIINUED)

	Note	2024	2023
		JPY	JPY
NUMBER OF UNITS IN CIRCULATION (UNITS)			
RM Hedged-class	9	91,282,561	29,864,423
NET ASSET VALUE PER UNIT IN JPY			
RM Hedged-class		37.1106	28.7818
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES			
RM Hedged-class		MYR1.0877	MYR 0.9286

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	Unit holders' capital	Retained earnings/ (accumulated losses)	Total
	JPY	JPY	JPY
Balance as at 1 July 2023	1,150,352,832	(290,800,754)	859,552,078
Movement in unit holders' contribution:			
Creation of units from applications	8,373,031,358	-	8,373,031,358
Cancellation of units	(6,621,372,766)	-	(6,621,372,766)
Total comprehensive income for the financial year	-	776,341,025	776,341,025
Balance as at 30 June 2024	<u>2,902,011,424</u>	<u>485,540,271</u>	<u>3,387,551,695</u>
Balance as at 1 July 2022	829,456,062	(410,640,803)	418,815,259
Movement in unit holders' contribution:			
Creation of units from applications	1,132,678,631	-	1,132,678,631
Cancellation of units	(811,781,861)	-	(811,781,861)
Total comprehensive income for the financial year	-	119,840,049	119,840,049
Balance as at 30 June 2023	<u>1,150,352,832</u>	<u>(290,800,754)</u>	<u>859,552,078</u>

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	Note	2024	2023
		JPY	JPY
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		4,221,000,000	552,500,000
Purchase of investments		(6,492,000,000)	(664,000,000)
Realised gain on forward foreign currency contracts		334,480,833	14,938,462
Management fee paid		(40,025,408)	(5,934,160)
Management fee rebate received		32,186,934	4,828,773
Trustee fee paid		(1,397,651)	(414,108)
Payment for other fees and expenses		(1,899,928)	(1,219,709)
Net realised foreign currency exchange gain/(loss)		7,503,095	(119,491)
Net cash used in operating activities		<u>(1,940,152,125)</u>	<u>(99,420,233)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from units created		8,534,619,204	910,188,623
Payments for cancellation of units		(6,607,556,153)	(795,006,063)
Net cash generated from financing activities		<u>1,927,063,051</u>	<u>115,182,560</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(13,089,074)	15,762,327
EFFECT OF FOREIGN EXCHANGE DIFFERENCES		(332,574)	751,887
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>18,815,136</u>	<u>2,300,922</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	8	<u>5,393,488</u>	<u>18,815,136</u>

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

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

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 require 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 K.

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

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

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2023 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

B. INCOME RECOGNITION

Realised gain or loss on sale of investments is 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 income earned during the financial year.

D. FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). The financial statements are presented in Japanese Yen (“JPY”), 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 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.

Investments in CIS have contractual cash flows that do not represent SPPI, and therefore are classified as fair value through profit or loss.

The Fund classifies cash and cash equivalents, amount due from Manager, management fee rebate receivable and other 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, amount due to broker 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 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).

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

iii. Impairment for assets carried at amortised costs

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

iv. Significant increase in credit risk

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

v. Definition of default and credit-impaired financial assets

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

vi. Write-off

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

F. FOREIGN CURRENCY TRANSLATION

Foreign currency transactions in the Fund 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 the 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. UNIT HOLDERS' CAPITAL

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

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

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

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

I. AMOUNT DUE FROM/(TO) BROKERS

Amount due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. The amount due from brokers balance is held for collection.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amount due from brokers at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12 months expected credit losses. Significant financial difficulties of the brokers, probability that the brokers will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

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

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

J. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

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

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.

K. 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 30 JUNE 2024

1. INFORMATION ON THE FUND

Eastspring Investments Japan Dynamic MY Fund (the “Fund”) is a Wholesale Fund which was constituted pursuant to the execution of a Deed dated 26 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 by the Trustee or the Manager as provided under Part 11 of the Deed.

The Fund invests in the Eastspring Investments - Japan Dynamic Fund (“Target Fund”) which is a collective investment scheme registered in Luxembourg.

The Fund aims to generate long-term capital appreciation by investing in the Eastspring Investments - Japan Dynamic Fund - AJ, which invests primarily in securities of companies in Japan.

All investments will be subject 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 wholesale funds and fund management services.

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 assets at amortised cost	Financial assets at fair value through profit or loss	Financial liabilities at fair value through profit or loss	Total
		JPY	JPY	JPY	
2024					
Cash and cash equivalents	8	5,393,488	-	-	5,393,488
Collective investment scheme	6	-	3,332,509,368	-	3,332,509,368
Forward foreign currency contracts at fair value through profit or loss	7	-	60,782,638	-	60,782,638
Amount due from Manager		61,683,096	-	-	61,683,096
Management fee rebate receivable		4,067,009	-	-	4,067,009
Other receivable		511,581	-	-	511,581
		<u>71,655,174</u>	<u>3,393,292,006</u>	<u>-</u>	<u>3,464,947,180</u>
2023					
Cash and cash equivalents	8	18,815,136	-	-	18,815,136
Collective investment scheme	6	-	778,051,284	-	778,051,284
Forward foreign currency contracts at fair value through profit or loss	7	-	7,456,809	(15,853)	7,440,956
Amount due from Manager		223,270,942	-	-	223,270,942
Management fee rebate receivable		649,670	-	-	649,670
		<u>242,735,748</u>	<u>785,508,093</u>	<u>(15,853)</u>	<u>1,028,227,988</u>

All liabilities except for forward foreign currency contracts 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 Manger 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 June which are exposed to price risk.

	2024	2023
	JPY	JPY
Financial assets at fair value through profit or loss:		
Collective investment scheme	<u>3,332,509,368</u>	<u>778,051,284</u>

The following table summarises the sensitivity of the Fund's profit 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 assumption 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.

% Change in price	Market value	Impact on profit after tax and net asset value
	JPY	JPY
<u>2024</u>		
+5%	3,499,134,836	166,625,468
-5%	<u>3,165,883,900</u>	<u>(166,625,468)</u>
<u>2023</u>		
+5%	816,953,848	38,902,564
-5%	<u>739,148,720</u>	<u>(38,902,564)</u>

ii. Currency risk

Currency risk is associated with investments denominated in foreign currencies. When the foreign currencies fluctuate in an unfavourable movement against Japanese Yen, the investments will face currency losses in addition to the capital gain/(loss). The Manager will evaluate the likely directions of a foreign currency versus Japanese Yen based on considerations of economic fundamentals such as interest rate differentials, balance of payments position, debt levels and technical chart considerations.

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

	Financial assets at fair value through profit or loss	Cash and cash equivalents	Receivable/ payables	Net assets attributable to unit holders	Total
	JPY	JPY	JPY	JPY	JPY
<u>2024</u>					
MYR	60,782,638	50,406	26,879,016	(3,387,551,695)	(3,299,839,635)
	60,782,638	50,406	26,879,016	(3,387,551,695)	(3,299,839,635)
<u>2023</u>					
MYR	7,440,956	271,296	201,461,886	(859,552,078)	(650,377,940)
	7,440,956	271,296	201,461,886	(859,552,078)	(650,377,940)

The table below summarises the sensitivity of the Fund's profit after tax and net asset value to changes in foreign exchange movements at the end of the reporting financial year. The analysis is based on the assumption that the foreign exchange rate changes by each currency's respective historical volatility, 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.

	Change in foreign exchange rate	Impact on profit after tax	Impact on net asset value
	%	JPY	JPY
<u>2024</u>			
MYR	7.62	(251,447,780)	(251,447,780)
<u>2023</u>			
MYR	10.84	(70,500,969)	(70,500,969)

iii. Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows.

As at the end of the financial year, the Fund does not hold any financial instruments that expose it to interest rate risk.

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 and other instruments 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.

	Less than 1 month	Between 1 month to 1 year	Total
	JPY	JPY	JPY
<u>2024</u>			
Accrued management fee	4,915,960	-	4,915,960
Amount due to Manager	35,002,416	-	35,002,416
Amount due to Trustee	163,864	-	163,864
Amount due to broker	37,000,000	-	37,000,000
Other payables and accruals	-	313,245	313,245
Contractual undiscounted cash outflows	<u>77,082,240</u>	<u>313,245</u>	<u>77,395,485</u>
<u>2023</u>			
Forward foreign currency contracts at fair value through profit or loss	15,853	-	15,853
Accrued management fee	833,121	-	833,121
Amount due to Manager	21,185,803	-	21,185,803
Amount due to Trustee	33,733	-	33,733
Amount due to broker	146,000,000	-	146,000,000
Other payables and accruals	-	623,253	623,253
Contractual undiscounted cash outflows	<u>168,068,510</u>	<u>623,253</u>	<u>168,691,763</u>

Country risk

The Fund invests in the Target Fund which is domiciled in Luxembourg. Any adverse conditions in Luxembourg's economic fundamentals, social and political stability, currency movements and foreign investments policies 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 income, principals and proceeds from realisation of investments.

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

The 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 broker.

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		Other receivable		Management fee rebate receivable		Total	
	JPY	JPY	JPY	JPY	JPY	JPY	JPY	JPY	JPY	JPY	JPY	JPY
2024												
Financial Services												
- AA1	-	5,393,488	-	-	-	-	-	-	-	-	-	5,393,488
Forward Foreign Currency Contracts												
- AA1	60,782,638	-	-	-	-	-	-	-	-	-	-	60,782,638
Other												
- NR	-	-	61,683,096	511,581	4,067,009	511,581	4,067,009	511,581	4,067,009	511,581	4,067,009	66,261,686
	60,782,638	5,393,488	61,683,096	511,581	4,067,009	511,581	4,067,009	511,581	4,067,009	511,581	4,067,009	132,437,812
2023												
Financial Services												
- AA1	-	18,815,136	-	-	-	-	-	-	-	-	-	18,815,136
Forward Foreign Currency Contracts												
- AA1	7,456,809	-	-	-	-	-	-	-	-	-	-	7,456,809
Other												
- NR	-	-	223,270,942	649,670	223,270,942	649,670	223,270,942	649,670	223,270,942	649,670	223,270,942	223,920,612
	7,456,809	18,815,136	223,270,942	649,670	223,270,942	649,670	223,270,942	649,670	223,270,942	649,670	223,270,942	250,192,557

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 equity consisting of unit holders' capital of RM2,902,011,424 (2023: RM1,150,352,832) and retained earnings of RM485,540,271 (2023: accumulated losses of RM290,800,754). The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

Fair value estimation

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

The fair value of financial assets traded in active market (such as 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
	JPY	JPY	JPY	JPY
<u>2024</u>				
Financial assets at fair value through profit or loss:				
Collective investment scheme	3,332,509,368	-	-	3,332,509,368
Forward foreign currency contracts	-	60,782,638	-	60,782,638
	<u>3,332,509,368</u>	<u>60,782,638</u>	<u>-</u>	<u>3,393,292,006</u>
<u>2023</u>				
Financial assets at fair value through profit or loss:				
Collective investment scheme	778,051,284	-	-	778,051,284
Forward foreign currency contracts	-	7,456,809	-	7,456,809
	<u>778,051,284</u>	<u>7,456,809</u>	<u>-</u>	<u>785,508,093</u>
Financial liabilities at fair value through profit or loss:				
Forward foreign currency contracts	-	(15,853)	-	(15,853)

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include 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 value of cash and cash equivalents, amount due from Manager, management fee rebate receivable, other receivable and all liabilities, except for forward foreign currency contracts 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 of not exceeding 3.00% per annum of the net asset value of the Fund accrued and calculated on daily basis.

For the financial year ended 30 June 2024, the management fee is recognised at a rate of 1.80% (2023: 1.80%) per annum on the net asset value of the Fund, calculated on daily basis as stated in the Fund's information memorandum.

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 or its equivalent in the base currency (excluding foreign custodian fees and charges, if applicable).

For the financial year ended 30 June 2024, the Trustee fee is recognised at a rate of 0.06% (2023: 0.06%) per annum on the net asset value of the Fund, subject to minimum of RM15,000 per annum or its equivalent in the base currency (excluding foreign custodian fees and charges), calculated on daily basis as stated in the Fund's information memorandum.

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

5. TAXATION

	2024	2023
	JPY	JPY

Tax charged for the financial year:

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

	2024	2023
	JPY	JPY
Profit before taxation	776,341,025	119,840,049
Tax at Malaysian statutory rate of 24% (2023: 24%)	186,321,846	28,761,612
Tax effects of:		
Investment income not subject to tax	(197,533,295)	(30,471,805)
Expenses not deductible for tax purpose	569,076	186,544
Restriction on tax deductible expenses for Wholesale Funds	10,642,373	1,523,649
Taxation	-	-

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
	JPY	JPY
Financial assets at fair value through profit or loss:		
Collective investment scheme	<u>3,332,509,368</u>	<u>778,051,284</u>
Net gain on financial assets at fair value through profit or loss:		
Realised gain on sale of investments	202,343,669	92,776,928
Change in unrealised fair value gain	190,114,415	7,758,066
Management fee rebate [#]	<u>35,604,273</u>	<u>4,952,469</u>
	<u>428,062,357</u>	<u>105,487,463</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 of the collective investment scheme is reflected as an increase in the net asset value of the collective investment scheme. The rebate of management fee is 1.50% per annum or JPY35,604,273 (2023: 1.50% per annum or JPY4,952,469) calculated on net asset value of Eastspring Investments - Japan Dynamic Fund - Class AJ on a daily basis.

Collective investment scheme

	Quantity	Aggregate cost	Fair value as at 30.6.2024	Percentage of net asset value of the Fund
	Units	JPY	JPY	%
Eastspring Investments - Japan Dynamic Fund - Class AJ	<u>1,332,471</u>	3,053,256,773	<u>3,332,509,368</u>	98.38
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>279,252,595</u>	
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>3,332,509,368</u>	

Collective investment scheme

	Quantity	Aggregate cost	Fair value as at 30.6.2023	Percentage of net asset value of the Fund
	Units	JPY	JPY	%
Eastspring Investments - Japan Dynamic Fund - Class AJ	362,897	688,913,104	778,051,284	90.52*
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>89,138,180</u>		
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>778,051,284</u>	

The investment objective of Eastspring Investments - Japan Dynamic Fund - Class AJ (“Target Fund”) is to generate long-term capital growth through a concentrated portfolio of equities, equity-related securities, bonds and currencies. The Target Fund will invest primarily in securities of companies, which are incorporated, listed in or have their area of primary activity in Japan. The Target Fund may also invest in depository receipts including American Depository Receipts (ADRs) and Global Depository Receipts (GDRs), convertible bonds, preference shares, warrants and fixed income securities issued by Japan entities.

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.

* The exposure of the Fund investment in Target Fund was below the minimum 95% threshold limit from 14 June 2024 onward. This is due to the new inflow of cash and rectified on 05 July 2023.

7. FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of statement of financial position, there are 1 (2023: 4) forward foreign currency contracts outstanding. The notional principal amount of the outstanding forward foreign currency contracts amounted to JPY3,315,046,303 (receivable) and JPY3,254,263,665 (payable) (2023: JPY779,791,431 (receivable) and JPY772,350,475 (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 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.

	2024	2023
	JPY	JPY
Financial assets at fair value through profit or loss:		
Forward foreign currency contracts	<u>60,782,638</u>	<u>7,456,809</u>
Financial liabilities at fair value through profit or loss:		
Forward foreign currency contracts	<u>-</u>	<u>(15,853)</u>
Net gain on forward foreign currency contracts at fair value through profit or loss:		
Realised gain on forward foreign currency contracts	334,480,833	14,938,462
Unrealised gain on changes in fair value	53,341,682	5,907,532
	<u>387,822,515</u>	<u>20,845,994</u>

Forward foreign currency contracts

Name of issuer	Receivables	Payables	Fair value	Percentage
			as at 30.6.2024	of net asset value of the Fund
	JPY	JPY	JPY	%
Deutsche Bank Malaysia Berhad	3,315,046,303	3,254,263,665	60,782,638	1.79

Name of issuer	Receivables	Payables	Fair value	Percentage
			as at 30.6.2023	of net asset value of the Fund
	JPY	JPY	JPY	%
Deutsche Bank Malaysia Berhad	779,791,431	772,350,475	7,440,956	0.87

8. CASH AND CASH EQUIVALENTS

	2024	2023
	JPY	JPY
Bank balances with a licensed bank	5,393,488	18,815,136

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

	2024	2023
	JPY	JPY
MYR	50,406	271,296
JPY	5,343,082	18,543,840
	5,393,488	18,815,136

9. UNITS IN CIRCULATION

	2024	2023
	No. of units	No. of units
At the beginning of the financial year	29,864,423	19,029,002
Creation of units arising from applications during the financial year	271,676,119	44,979,564
Cancellation of units during the financial year	<u>(210,257,981)</u>	<u>(34,144,143)</u>
At the end of the financial year	<u>91,282,561</u>	<u>29,864,423</u>

10. TRANSACTIONS WITH ISSUER

Details of transactions with the issuer are as follows:

	Value of trades	Percentage of total trades
	JPY	%
<u>2024</u>		
Eastspring Investments (Singapore) Limited [#]	<u>10,604,000,000</u>	100.00
<u>2023</u>		
Eastspring Investments (Singapore) Limited [#]	<u>1,359,500,000</u>	100.00

[#] Included in transactions with issuer are trades conducted with Eastspring Investments (Singapore) Limited, a related company to the Manager, amounting to JPY10,604,000,000 (2023: JPY1,359,500,000). 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. There are no brokerage fees charged by the issuer.

11. 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 Japan Dynamic Fund (Class AJ)	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:

	2024		2023	
	No. of units	RM Hedged-class*	No. of units	RM Hedged-class*
Eastspring Investments Berhad	2,000	2,175	2,000	1,857
Director of Eastspring Investments Berhad	43,693	47,535	-	-

* 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 parties transactions

	2024	2023
	JPY	JPY
Purchase of collective investment scheme managed by Eastspring Investments (Singapore) Limited	6,383,000,000	810,000,000
Sales of collective investment scheme managed by Eastspring Investments (Singapore) Limited	4,221,000,000	549,500,000

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.

12. TOTAL EXPENSE RATIO ("TER")

	2024	2023
	%	%
TER	1.91	2.11

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 JPY2,445,770,652 (2023: JPY338,274,577).

13. PORTFOLIO TURNOVER RATIO (“PTR”)

	2024	2023
PTR (times)	2.17	2.01

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 = JPY6,383,000,000 (2023: JPY810,000,000)

total disposals for the financial year = JPY4,221,000,000 (2023: JPY549,500,000)

14. APPROVAL OF FINANCIAL STATEMENTS

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

CORPORATE DIRECTORY

THE MANAGER

NAME

EASTSPRING INVESTMENTS BERHAD

COMPANY NO.

200001028634 (531241-U)

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