

# EASTSPRING INVESTMENTS INSTITUTIONAL INCOME FUND

## INTERIM REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD  
ENDED 31 MARCH 2021



**Dear Valued Investor,**

Greetings from Eastspring Investments Berhad!

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

**We are pleased to enclose a copy of the Annual/Interim/Quarterly Fund Reports of Eastspring Investments Berhad's fund(s) for the reporting period ended 31 March 2021.**

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

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

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Raymond Tang', with a stylized flourish at the end.

**Raymond Tang Chee Kin**

Non-Independent, Executive Director and Chief Executive Officer

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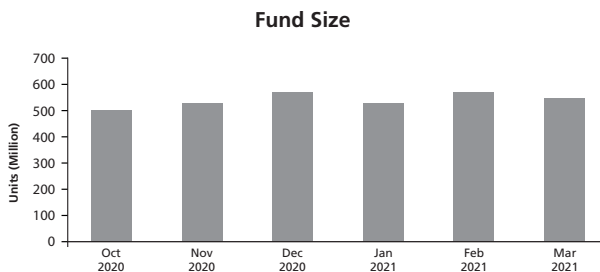
## FUND INFORMATION

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

## FUND INFORMATION (CONTINUED)

### Breakdown of Unit Holdings by Size

As at 31 March 2021, the size of Eastspring Investments Institutional Income Fund stood at 546.338 million units.



### Breakdown of Unit Holdings

Unit Holdings	No. of Unit Holders	%	No. of Units* ('000)	%
5,000 units and below	-	-	-	-
5,001 to 10,000 units	-	-	-	-
10,001 to 50,000 units	-	-	-	-
50,001 to 500,000 units	-	-	-	-
500,001 units and above	4	100.00	546,337	100.00
<b>Total</b>	<b>4</b>	<b>100.00</b>	<b>546,337</b>	<b>100.00</b>

\* excludes units held by the Manager.

## KEY PERFORMANCE DATA

FOR THE FINANCIAL PERIOD ENDED

Category	2021	2020	2019
	(%)	(%)	(%)
Cash and other assets	100.00	100.00	100.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Net Asset Value (NAV) (RM'000)	561,368	607,170	635,815
Units In Circulation (Units '000)	546,338	589,551	617,665
Net Asset Value Per Unit (RM)	1.0275	1.0299	1.0294
Highest Net Asset Value Per Unit (RM) <sup>#</sup>	1.0275	1.0299	1.0292
Lowest Net Asset Value Per Unit (RM) <sup>#</sup>	1.0262	1.0276	1.0272
Total Return (%)			
- Capital Growth	(0.03)	0.02	0.04
- Income Distribution	1.02	1.63	1.55
Total Return (%)	0.99	1.65	1.59
Gross Distribution Per Unit (RM)	0.0104	0.0166	0.0158
Net Distribution Per Unit (RM)	0.0104	0.0166	0.0158
Management Expense Ratio (MER) (%) <sup>*</sup>	0.14	0.14	0.31
Portfolio Turnover Ratio (PTR) (times) <sup>^</sup>	17.07	4.35	20.36

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

<sup>\*</sup> There were no significant changes to the MER during the period under review.

<sup>^</sup> There were no significant changes to the PTR during the period under review.

## KEY PERFORMANCE DATA (CONTINUED)

	1 year 1.4.2020 to 31.3.2021 (%)	3 years 1.4.2018 to 31.3.2021 (%)	5 years 1.4.2016 to 31.3.2021 (%)
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Average total return	2.24	2.89	2.94
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Year ended	1.10.2019 to 30.9.2020 (%)	1.10.2018 to 30.9.2019 (%)	1.10.2017 to 30.9.2018 (%)	1.10.2016 to 30.9.2017 (%)	1.10.2015 to 30.9.2016 (%)
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Annual total return	2.91	3.21	3.00	2.98	3.36
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**Source:** The above total return of the Fund was sourced from Lipper for Investment Management.

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

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

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

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

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

Adjusted for unit split and distribution paid out for the period

$n$  = Number of years

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

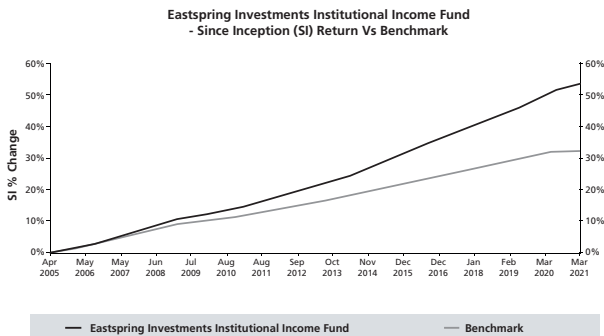
# MANAGER'S REPORT

## Fund Performance

Over the 5-year period, the Fund recorded a positive return of 15.58%, outperforming its benchmark return of 7.63% by 7.95%.

For the period under review, the Fund registered a positive return of 0.99%, outperforming its benchmark return of 0.12% by 0.87%.

The outperformance of the Fund was contributed by investing in short-term deposits and money market placements of diversified maturities while maintaining its liquidity requirements.



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

**Benchmark:** Maybank overnight rate

**Source:** Lipper for Investment Management and [www.maybank2u.com.my](http://www.maybank2u.com.my), as at 31 March 2021.

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



# MANAGER'S REPORT (CONTINUED)

## Analysis of Fund Performance

For the financial period ended 31 March 2021:

Income Return	Capital Return*	Total Return	Total Return of Benchmark
(%)	(%)	(%)	(%)
1.02	(0.03)	0.99	0.12

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

## Distribution/ Unit Split

Ex-Date	6-Oct-20	6-Nov-20	7-Dec-20
Distribution Per Unit	(RM)	(RM)	(RM)
Gross	0.0018	0.0016	0.0017
Net	0.0018	0.0016	0.0017
Unit Split	Nil	Nil	Nil

Ex-Date	6-Jan-21	8-Feb-21	8-Mar-21
Distribution Per Unit	(RM)	(RM)	(RM)
Gross	0.0017	0.0017	0.0019
Net	0.0017	0.0017	0.0019
Unit split	Nil	Nil	Nil

Impact on NAV arising from distribution for the financial period ended 31 March 2021.

## MANAGER'S REPORT (CONTINUED)

**Distribution/  
Unit Split  
(continued)**

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

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

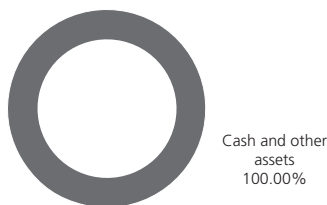
**Investment  
Strategy During  
the Period Under  
Review**

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

## MANAGER'S REPORT (CONTINUED)

**Asset Allocation**

<b>Asset Allocation</b>	<b>31-Mar 2021</b>	<b>30-Sep 2020</b>	<b>Changes</b>
	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
Cash and other assets	100.00	100.00	0.00

**Asset Allocation as at 31 March 2021**

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

**State of Affairs of the Fund**

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

In the recently issued Eastspring Investments Fifth Supplementary Master Prospectus dated 1 October 2020, the information in relation to distribution channels, how to purchase units, purchase application and acceptance for cash, how to pay for an investment, how to redeem units, switching between funds, transfer of units, how to keep track of your investment, treatment for joint application and reinvestment policy have been revised as set out in (a) to (j) below.

## MANAGER'S REPORT (CONTINUED)

### State of Affairs of the Fund (continued)

#### a. Distribution channels

The Fund is distributed through the Manager's head office, branch offices and Authorised Distributors. Please refer to the Directory of Sales Office and List of Distribution Channels sections at the end of this master prospectus for more information.

Should a Unit Holder wish to consider investment, subsequent investment, redemption, switching or transfer of Units, the Unit Holder must complete the relevant transaction forms which can be obtained from these distribution channels of the Manager. Upon confirming the transaction, the Unit Holder will receive a confirmation advice.

Any correspondence will ONLY be sent to the Unit Holder at the correspondence address and/or email address that is registered by the Manager as provided by the Unit Holder in the master account opening form.

## MANAGER'S REPORT (CONTINUED)

### State of Affairs of the Fund (continued)

#### b. How to purchase units

When purchasing Units of the Fund, investors must forward the following completed documents\* to the Manager:

Individual	Non-individual
<ul style="list-style-type: none"> <li>• Master account opening form</li> <li>• Transaction form</li> <li>• Proof of payment which is acceptable by the Manager</li> <li>• Suitability assessment form</li> <li>• Certified true copy of identity card, passport or other identification</li> </ul>	<ul style="list-style-type: none"> <li>• Master account opening form</li> <li>• Transaction form</li> <li>• Proof of payment which is acceptable by the Manager</li> <li>• Suitability assessment form</li> <li>• Certified true copy of board resolution</li> <li>• Certified true copy of latest annual return</li> <li>• Certified true copy of corporate structure (where applicable)</li> <li>• Certified true copy of identity card or passport of directors and authorised representatives</li> <li>• Certified true copy of form 24 / return of allotment of shares under section 78 of the Companies Act 2016 (not required for a public listed company or an entity licensed by the SC, BNM or Labuan FSA)</li> <li>• Certified true copy of form 49 / notification of change in the register of directors, managers and secretaries under section 58 of the Companies Act 2016</li> </ul>

## MANAGER'S REPORT (CONTINUED)

### State of Affairs of the Fund (continued)

#### Individual

#### Non-individual

- Certified true copy of the constitution (if any)
- Certified true copy of the certificate of incorporation
- Certified true copy of form 13 / application for change of name under section 28 of the Companies Act 2016 (if applicable)
- Certified true copy of form 44 / notification of change in the registered address under section 46 of the Companies Act 2016 (if applicable)
- Personal data protection notice form for directors and authorised representatives

#### Note:

\* The documents listed may be subject to change from time to time.

A Unit Holder may be required to forward to the Manager additional documents to authenticate his identification when transacting Units of the Fund. The Manager reserves the right to reject any application without providing any reason.

The Manager allows a Unit Holder the convenience of maintaining all his investments in ONE single master account regardless of the number of funds he invests with the Manager.

## MANAGER'S REPORT (CONTINUED)

### State of Affairs of the Fund (continued)

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#### c. Purchase application and acceptance for cash

##### **2<sup>nd</sup> and 3<sup>rd</sup> paragraphs:**

Note: Our approved distributors may have an earlier cut-off time for purchase of Units request.

When the purchase application is received after the cut-off time stated above, the purchase application will be deemed to have been received on the next Business Day. The Manager reserves the right to vary the terms and conditions of investment and payment modes from time to time, which shall be communicated to you in writing. The Manager reserves the right to reject any application without providing any reason. The Manager may also reject any application that is incomplete and/or not accompanied by the required documents.

#### d. How to pay for an investment

##### **3<sup>rd</sup> paragraph:**

Cheque can be deposited directly into the Manager's bank account by using a bank deposit slip at any branch of the Manager's principal bankers stated below. The original client's copy of the bank deposit slip (proof of payment) must be sent together with the application for Units. Unit Holders are encouraged to indicate their name and National Registration Identity Card ("NRIC") number on the bank deposit slip.

## MANAGER'S REPORT (CONTINUED)

### State of Affairs of the Fund (continued)

#### e. How to redeem units

##### 5<sup>th</sup>, 6<sup>th</sup> and 7<sup>th</sup> paragraphs:

Note: Our approved distributors may have an earlier cut-off time for redemption of Units request.

When the redemption application is received after the cut-off time stated above, the redemption application will be deemed to have been received on the next Business Day. The Manager reserves the right to vary the terms and conditions for redemption from time to time, which shall be communicated to you in writing.

##### 9<sup>th</sup> paragraph:

*[Deleted]*

#### f. Switching between funds

##### 3<sup>rd</sup> paragraph:

There is no limit on the frequency of switching and there is a minimum number of 1,000 Units for switching out of the Funds. However, the minimum switching (in or out) for Eastspring Cash Management is 10,000 Units and the minimum switching out for Eastspring Islamic Income and Eastspring Institutional Income is 10,000 Units. The Manager may at its sole discretion disallow switching into any fund which is managed by the Manager from time to time.



## MANAGER'S REPORT (CONTINUED)

### State of Affairs of the Fund (continued)

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#### 7<sup>th</sup> paragraph:

Note: Our approved distributors may have an earlier cut-off time for switching of Units request.

When a switching application is received after the cut-off time stated above, the switching application will be deemed to have been received on the next Business Day. The Manager reserves the right to vary the terms and conditions of switching from time to time, which shall be communicated to you in writing.

#### 11<sup>th</sup> paragraph:

*[Deleted]*

### g. Transfer of units

#### 2<sup>nd</sup> paragraph:

A transfer is subject to the minimum balance and terms and conditions applicable for the Fund. However, both the transferor and the transferee should maintain the minimum holding of Units for the Fund after a transfer is made. If the transferee does not have any account with the Manager prior to this transfer application, he must forward the completed documents listed in page 187 of this master prospectus to the Manager for account opening in addition to a transfer form.

## MANAGER'S REPORT (CONTINUED)

### State of Affairs of the Fund (continued)

#### 4<sup>th</sup> and 5<sup>th</sup> paragraphs:

Note: Our approved distributors may have an earlier cut-off time for transfer of Units request.

When the transfer application is received after the cut-off time stated above, the transfer application will be deemed to have been received on the next Business Day. The Manager reserves the right to vary the terms and conditions for transfer from time to time, which shall be communicated to you in writing.

#### h. How to keep track of your investment

#### 3<sup>rd</sup> and 4<sup>th</sup> paragraphs:

A Unit Holder can also review and track the performance of his Units by checking the Unit prices published every Business Day on the Manager's website, [www.eastspring.com/my](http://www.eastspring.com/my).

A Unit Holder can always contact the Manager's client services personnel to assist in the following:

1. enquiry on the latest Unit price and account balance;
2. any transaction related enquiries, for example top up investment, redemption, switching or transfer;
3. request to change personal details, for example address or telephone no;
4. request for confirmation advices on purchase and other transactions related to your Unit holdings, half yearly statements and copy of annual and/or interim reports; and
5. other queries regarding the Fund's performance.

## MANAGER'S REPORT (CONTINUED)

### State of Affairs of the Fund (continued)

#### i. Treatment for joint application – under Transaction details

##### **New paragraph added:**

In the event the Units carry more than one Unit Holder's name, i.e. "Joint Application", the redemption / switching / transfer application will be signed by both joint holders. If the application specifies "Either Applicant to sign", any one Unit Holder who is eighteen (18) years old and above will have the authority to sign the application. In all cases, redemption proceeds will be paid to the principal account holder or in the names of both account holders in the register of Unit Holders.

#### j. Income reinvestment policy

##### **2<sup>nd</sup> paragraph:**

Should a Unit Holder elect the mode of distribution in the master account opening form or provide any written instruction to the Manager for the income distribution to be paid out, the income distribution proceeds will either be paid by cheque or credited to a Malaysian domiciled bank account via telegraphic or online transfer. Any fees or charges imposed by the bank will be borne by the Unit Holder.

## MARKET REVIEW

For the 6-month period under review, Bank Negara Malaysia (“BNM”) maintained the Overnight Policy Rate (“OPR”) at 1.75%. At the recent Monetary Policy Committee (“MPC”) meeting in Mar 2021, BNM recognised that the global economy recovery has gained momentum, supported by steady improvements in manufacturing and trade activity. The expedited roll-out of mass vaccination programmes in many economies, together with ongoing policy support, are expected to improve private demand and labour market conditions. While financial conditions have been supportive of economic activity, downside risks to global outlook remained, primarily due to uncertainty over the path of the Covid-19 pandemic and effectiveness of the vaccination programmes.

For the Malaysia economy, growth is projected to improve from second quarter of 2021, driven by the recovery in global demand, increased public and private sector expenditure amid continued support from policy measures, and higher production from existing and new manufacturing and mining facilities. While the ongoing rollout of Covid-19 vaccines is expected to lift sentiments and economic activity, there remain downside risks to domestic growth arising from the ongoing uncertainties surrounding the course of the pandemic domestically and globally.

Headline inflation is projected to average higher in 2021, reflecting the higher global oil and commodity prices. The MPC viewed that at the current level of the OPR, the stance of monetary policy remained accommodative. The MPC will continue to assess the balance of risks surrounding the outlook for domestic growth and inflation.

Reflecting the unchanged OPR, interbank short-term rates were relatively stable. Liquidity surpluses kept the short-term rates within a tight trading range, with the overnight and 1-week rates traded at 1.73% - 1.79% respectively, while the 1-month rates were dealt in the range of 1.82% - 1.87%.

In the short-term Bills market, yields across all tenures were shifted higher marginally by 2-5bps. Both 1-month and 1-year yields ended the period at 1.77% and 1.80% respectively.

## REBATES AND SOFT COMMISSIONS

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

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# EASTSPRING INVESTMENTS INSTITUTIONAL INCOME FUND

## UNAUDITED FINANCIAL STATEMENTS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2021

## STATEMENT BY THE MANAGER

We, Tang Chee Kin and Iskander Bin Ismail Mohamed Ali, being two of the Directors of Eastspring Investments Berhad, do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements set out on pages 22 to 49 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 March 2021 and of its financial performance, changes in equity and cash flows for the six months financial period ended on that date in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

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

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

Kuala Lumpur  
Date: 17 May 2021

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

We have acted as Trustee for Eastspring Investments Institutional Income Fund (the "Fund") for the financial period ended 31 March 2021. To the best of our knowledge, for the financial period under review, Eastspring Investments Berhad (the "Manager") has operated and managed the Fund in accordance with the following:-

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

We are of the view that the distributions made during the financial period ended 31 March 2021 by the Manager are not inconsistent with the objectives of the Fund.

For Deutsche Trustees Malaysia Berhad

**Ng Hon Leong**  
Head, Trustee Operations

**Gerard Ang**  
Chief Executive Officer

Kuala Lumpur  
Date: 17 May 2021



# UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2021

	Note	6-months financial period ended 31.3.2021	6-months financial period ended 31.3.2020
		RM	RM
<b>INVESTMENT INCOME</b>			
Interest income from deposits with licensed financial institutions at fair value through profit or loss		6,345,404	12,153,266
		<u>6,345,404</u>	<u>12,153,266</u>
<b>EXPENSES</b>			
Management fee	3	(701,743)	(858,498)
Trustee fee	4	(84,209)	(103,020)
Other expenses		(2,134)	(2,940)
		<u>(788,086)</u>	<u>(964,458)</u>
<b>PROFIT BEFORE TAXATION</b>		5,557,318	11,188,808
<b>TAXATION</b>	6	-	-
<b>PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME</b>		<u>5,557,318</u>	<u>11,188,808</u>
Profit after taxation is made up of the following:			
Realised amount		<u>5,557,318</u>	<u>11,188,808</u>

The accompanying summary of significant accounting policies and notes to the unaudited financial statements form an integral part of these unaudited financial statements.

# UNAUDITED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Note	2021	2020
		RM	RM
<b>ASSETS</b>			
Cash and cash equivalents		45,495	40,715
Financial assets at fair value through profit or loss	7	561,454,694	607,284,509
<b>TOTAL ASSETS</b>		<u>561,500,189</u>	<u>607,325,224</u>
<b>LIABILITIES</b>			
Accrued management fee		117,761	138,526
Amount due to Trustee		14,130	16,623
<b>TOTAL LIABILITIES</b>		<u>131,891</u>	<u>155,149</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>561,368,298</u>	<u>607,170,075</u>
<b>EQUITY</b>			
Unit holders' capital		527,384,779	572,688,954
Retained earnings		33,983,519	34,481,121
<b>NET ASSET ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>561,368,298</u>	<u>607,170,075</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	8	<u>546,337,620</u>	<u>589,550,816</u>
<b>NET ASSET VALUE PER UNIT (EX-DISTRIBUTION) (RM)</b>		<u>1.0275</u>	<u>1.0299</u>

The accompanying summary of significant accounting policies and notes to the unaudited financial statements form an integral part of these unaudited financial statements.

# **UNAUDITED STATEMENT OF CHANGES IN EQUITY** **FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2021**

	<b>Note</b>	<b>Unit holders' capital</b>	<b>Retained earnings</b>	<b>Total</b>
		<b>RM</b>	<b>RM</b>	<b>RM</b>
Balance as at 1 October 2020		579,338,445	34,060,695	613,399,140
Movement in unit holders' contribution:				
Creation of units from applications		290,171,348	-	290,171,348
Creation of units from distributions		4,607,194	-	4,607,194
Cancellation of units		(346,732,208)	-	(346,732,208)
Total comprehensive income for the financial period		-	5,557,318	5,557,318
Distributions (Gross/Net: 1.04 sen)	5	-	(5,634,494)	(5,634,494)
Balance as at 31 March 2021		<u>527,384,779</u>	<u>33,983,519</u>	<u>561,368,298</u>
Balance as at 1 October 2019		565,910,800	33,157,309	599,068,109
Movement in unit holders' contribution:				
Creation of units from applications		471,046,863	-	471,046,863
Creation of units from distributions		7,596,486	-	7,596,486
Cancellation of units		(470,908,539)	-	(470,908,539)
Total comprehensive income for the financial period		-	11,188,808	11,188,808
Distributions (Gross/Net: 1.66 sen)	5	(956,656)	(9,864,996)	(10,821,652)
Balance as at 31 March 2020		<u>572,688,954</u>	<u>34,481,121</u>	<u>607,170,075</u>

The accompanying summary of significant accounting policies and notes to the unaudited financial statements form an integral part of these unaudited financial statements.

# UNAUDITED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2021

	6-months financial period ended 31.3.2021	6-months financial period ended 31.3.2020
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from maturity of deposits with licensed financial institutions	9,639,630,000	2,989,110,000
Placement of deposits with licensed financial institutions	(9,583,950,000)	(2,991,970,000)
Interest received from deposits with licensed financial institutions	2,715,778	6,945,466
Management fee paid	(718,385)	(889,811)
Trustee fee paid	(86,206)	(106,778)
Payment for other fees and expenses	(2,133)	(2,940)
Net cash generated from operating activities	57,589,054	3,085,937
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from units created	290,171,348	471,046,863
Payments for cancellation of units	(346,732,209)	(470,908,539)
Distributions paid	(1,027,300)	(3,225,166)
Net cash used in financing activities	(57,588,161)	(3,086,842)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	893	(905)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	44,602	41,620
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	45,495	40,715

The accompanying summary of significant accounting policies and notes to the unaudited financial statements form an integral part of these unaudited financial statements.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2021

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

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

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

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

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

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

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

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

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

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

The amendments also:

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

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

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 October 2020, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

## **B. INCOME RECOGNITION**

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

## **C. TAXATION**

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

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

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

## **E. FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

### **i. Classification**

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

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

The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

The Fund classifies accrued management fee and amount due to Trustee as financial liabilities measured at amortised cost.

## ii. Recognition and measurement

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

Financial assets are derecognised when 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 financial instrument.

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

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

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

## iii. Impairment for assets carried at amortised costs

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

## iv. Significant increase in credit risk

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



v. Definition of default and credit-impaired financial assets

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

vi. Write-off

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of 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 period.

## **F. CASH AND CASH EQUIVALENTS**

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

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

The Fund issues cancellable units, which are cancelled at the unit holder's option and are classified as equity. Cancellable units can be returned to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value. The outstanding units are carried at the redemption amount that is payable at the statements of financial position date if the unit holder exercises the right to return the unit to the Fund.

Units are created and cancelled at the unit holder's option 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 asset attributable to unit holder with the total number of outstanding units.

## H. UNIT HOLDERS' CAPITAL

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

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

The outstanding units are carried at the redemption amount that is payable at each financial period 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. DISTRIBUTIONS

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

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

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

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

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the Securities Commission's (the "SC") Guidelines on Unit Trust Funds.

# NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2021

### 1. INFORMATION ON THE FUND

Eastspring Investments Institutional Income Fund (the “Fund”) was constituted pursuant to the execution of a Deed dated 16 March 2005, a Master Supplemental Deed dated 12 July 2007, a Second Supplemental Master Deed dated 30 November 2009 between HSBC (Malaysia) Trustee Berhad (“HSBC Trustee”) and Eastspring Investments Berhad (the “Manager”). The Fund replaced HSBC Trustee with Deutsche Trustees Malaysia Berhad (the “Trustee”) effective 1 October 2010. A Supplemental Master Deed was entered into between the “Manager” and the “Trustee” on 30 July 2010 to effect the change of trustee from HSBC Trustee to the Trustee, followed by a Second Supplemental Master Deed dated 28 January 2011, a Third Supplemental Master Deed dated 9 March 2011, a Fourth Supplemental Master Deed dated 20 January 2012, a Fifth Supplemental Master Deed dated 26 March 2014, a Sixth Supplemental Master Deed dated 2 January 2015, a Seventh Supplemental Master Deed dated 11 July 2016, an Eighth Supplemental Master Deed dated 25 January 2017, a Ninth Supplemental Master Deed dated 11 December 2017 and a Tenth Supplemental Master Deed dated 4 June 2018 (collectively referred to as the “Deeds”).

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

The Fund shall invest in a portfolio of money market instruments and/or deposits.

All investments will be subjected to the Securities Commission’s (the “SC”) Guidelines on Unit Trust Funds, the SC requirements, the Deeds, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund’s objective.

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

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

## 2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks which include market risk (inclusive of interest rate risk), liquidity risk, fund management risk, capital risk and credit/default risk.

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

Financial instruments of the Fund are as follows:

	Note	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Total
		RM	RM	RM
<u>2021</u>				
Cash and cash equivalents		45,495	-	45,495
Financial assets at fair value through profit or loss	7	-	561,454,694	561,454,694
		<u>45,495</u>	<u>561,454,694</u>	<u>561,500,189</u>
<u>2020</u>				
Cash and cash equivalents		40,715	-	40,715
Financial assets at fair value through profit or loss	7	-	607,284,509	607,284,509
		<u>40,715</u>	<u>607,284,509</u>	<u>607,325,224</u>

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

## Market risk

### i. Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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

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

As at the date of the statement of financial position, all the financial assets and financial liabilities are non-interest bearing except for deposits with licensed financial institutions of RM561,454,694 (2020: RM607,284,509) which have maturities of less than one year.

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

## Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector and other factors. For the purpose of the Fund, the Fund Manager will attempt to balance the entire portfolio by investing in a mix of assets with satisfactory trading volume and those that occasionally could encounter poor liquidity. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of units by unit holders. Liquid assets comprise bank balance, deposits with licensed financial institutions and other instruments which are capable of being converted into cash within 7 days.

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

	Less than 1 month
	RM
<u>2021</u>	
Accrued management fee	117,761
Amount due to Trustee	14,130
Contractual undiscounted cash outflows	<u>131,891</u>
<u>2020</u>	
Accrued management fee	138,526
Amount due to Trustee	16,623
Contractual undiscounted cash outflows	<u>155,149</u>

### Fund management risk

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

### Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital of RM527,384,779 (2020: RM572,688,954) and retained earnings of RM33,983,519 (2020: RM34,481,121). The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscription and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

## Credit/Default risk

Credit/default risk refers to the ability of an issuer or a counterparty to make timely payments of interest, principals and proceeds from realisation of investments. This risk arising from placements of deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

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

	Financial assets at fair value through profit or loss	Cash and cash equivalents	Total
	RM	RM	RM
<u>2021</u>			
Financial Services			
- A1	66,449,617	-	66,449,617
- AA1	-	45,495	45,495
- AA2	171,380,482	-	171,380,482
- AA3	168,470,676	-	168,470,676
- AAA	155,153,919	-	155,153,919
	<u>561,454,694</u>	<u>45,495</u>	<u>561,500,189</u>
<u>2020</u>			
Financial Services			
- A1	72,207,685	-	72,207,685
- AA1	-	40,715	40,715
- AA2	81,537,958	-	81,537,958
- AA3	144,812,304	-	144,812,304
- AAA	308,726,562	-	308,726,562
	<u>607,284,509</u>	<u>40,715</u>	<u>607,325,224</u>

None of these assets are past due or impaired.



## **Fair value estimation**

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

The fair value of financial assets traded in active market (such as trading securities) are based on quoted market prices at the close of trading on the financial period end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Fund 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 (by class) measured at fair value:

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
<u>2021</u>				
Financial assets at fair value through profit or loss				
Deposits with licensed financial institutions	-	561,454,694	-	561,454,694
<u>2020</u>				
Financial assets at fair value through profit or loss				
Deposits with licensed financial institutions	-	607,284,509	-	607,284,509

The financial assets are short term financial instruments for which the carrying amount approximates the fair values.

Financial instruments that trade in markets that are considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2 these include deposits with licensed financial institutions. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Fund's policies on valuation of these financial assets are stated in Note E to the financial statements.

- ii. The carrying value of cash and cash equivalents and all liabilities are a reasonable approximation of their fair values due to their short term nature.

### **3. MANAGEMENT FEE**

In accordance with the Deed, the Manager is entitled to a management fee at a rate not exceeding 2.00% per annum on the net asset value of the Fund calculated on daily basis.

For the financial period ended 31 March 2021, the management fee is recognised at a rate of 0.25% (2020: 0.25%) per annum on the net asset value of the Fund, calculated on a daily basis.

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

#### 4. TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to an annual fee at a rate not exceeding 0.20% per annum on the net asset value of the Fund, subject to a minimum fee of RM18,000 per annum and a maximum fee of RM350,000 per annum.

For the financial period ended 31 March 2021, the Trustee fee is recognised at a rate of 0.03% (2020: 0.03%) per annum on the net asset value of the Fund, calculated on a daily basis.

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

#### 5. DISTRIBUTIONS

	6-months financial period ended 31.3.2021	6-months financial period ended 31.3.2020
	RM	RM
Distributions to unit holders are from the following sources:		
Interest income	713,065	1,807,443
Previous year's realised income	5,608,057	8,200,520
Distribution equalisation (Memorandum account)	(598,122)	956,656
Gross realised income	5,723,000	10,964,619
Less: Expenses	(88,506)	(142,967)
	<u>5,634,494</u>	<u>10,821,652</u>

During the financial period, distributions were made as follows:

Ex-Date	Gross/net distribution	
	6-months financial period ended	6-months financial period ended
	31.3.2021	31.3.2020
	sen/unit	sen/unit
6 October/7 October	0.18	0.50
6 November	0.16	0.33
7 December/6 December	0.17	0.12
6 January	0.17	0.05
8 February/6 February	0.17	0.21
8 March/6 March	0.19	0.45
	<u>1.04</u>	<u>1.66</u>

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

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

Distribution equalisation represents the average amount of distributable income included in the creation and cancellation prices of units. It is computed as at each date of creation and cancellation of units. For the purposes of determining amount available for distribution, distribution equalisation is included in the computation of realised gain or income available for distribution.

## 6. TAXATION

	6-months financial period ended 31.3.2021	6-months financial period ended 31.3.2020
	RM	RM

Tax charged for the financial period:

Current taxation – local

- -

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

	6-months financial period ended 31.3.2021	6-months financial period ended 31.3.2020
	RM	RM
Profit before taxation	5,557,318	11,188,808
Tax at Malaysian statutory rate of 24% (2020: 24%)	1,333,756	2,685,314
Tax effects of:		
Investment income not subject to tax	(1,522,897)	(2,916,784)
Expenses not deductible for tax purposes	20,723	25,430
Restriction on tax deductible expenses for Unit Trust Funds	168,418	206,040
Taxation	-	-

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

	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Deposits with licensed financial institutions	<u>561,454,694</u>	<u>607,284,509</u>

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

	<b>2021</b>	<b>2020</b>
	<b>%</b>	<b>%</b>
Deposits with licensed financial institutions	<u>2.36</u>	<u>3.43</u>

The deposits have an average maturity of 55 days (2020: 62 days).

**8. UNITS IN CIRCULATION**

	<b>2021</b>	<b>2020</b>
	<b>No. of units</b>	<b>No. of units</b>
At the beginning of the financial period	596,826,291	581,775,726
Creation of units during the financial period:		
Arising from applications	282,556,941	458,267,434
Arising from distributions	4,488,738	7,398,902
Cancellation of units during the financial period	<u>(337,534,350)</u>	<u>(457,891,246)</u>
At the end of the financial period	<u>546,337,620</u>	<u>589,550,816</u>

## 9. TRANSACTIONS WITH FINANCIAL INSTITUTIONS

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

Name of financial institutions	Value of trades	Percentage of total trades
	RM	%
<u>2021</u>		
Hong Leong Bank Berhad	6,424,420,000	67.03
Malayan Banking Berhad	2,574,300,000	26.86
CIMB Bank Berhad	264,060,000	2.76
AmBank (M) Berhad	130,000,000	1.36
AmBank Islamic Berhad	88,390,000	0.92
RHB Bank Berhad	77,780,000	0.81
Public Bank Berhad	25,000,000	0.26
	<u>9,583,950,000</u>	<u>100.00</u>
<u>2020</u>		
Malayan Banking Berhad	1,515,050,000	50.64
Hong Leong Bank Berhad	782,930,000	26.17
RHB Bank Berhad	326,600,000	10.92
AmBank (M) Berhad	156,360,000	5.23
Public Bank Berhad	79,030,000	2.64
Hong Leong Islamic Bank Berhad	65,000,000	2.17
Public Islamic Bank Berhad	50,000,000	1.67
Maybank Islamic Berhad	17,000,000	0.56
	<u>2,991,970,000</u>	<u>100.00</u>

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

There are only 7 financial institutions for the financial year ended 31 March 2021 (31 March 2020: 8 financial institutions).



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

	<b>2021</b>	<b>2020</b>
	<b>%</b>	<b>%</b>
MER	0.14	0.14

MER is derived from the following calculation:

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

A = Management Fee

B = Trustee fee

C = Other expenses

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

The average net asset value of the Fund for the financial period is RM562,916,884 (2020: RM686,793,227).

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

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

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

	2021	2020
PTR (times)	17.07	4.35

PTR is derived from the following calculation:

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

where:

total acquisitions for the financial period = RM9,583,950,000 (2020: RM2,991,970,000)

total disposals for the financial period = RM9,639,630,000 (2020: RM2,989,110,000)

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

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

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

### Units held by Manager:

	2021		2020	
	No. of units	RM	No. of units	RM
Eastspring Investments Berhad	1,321	1,357	1,289	1,328

The above units were transacted at the prevailing market price.

The units are held legally and beneficially by the Manager and are within the prescribed limit allowed by SC's Guidelines on Unit Trust Funds. Other than the above, there were no units held by the Directors or parties related to the Manager.

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

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

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

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

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

The financial statements have been approved for issue by the Manager on 17 May 2021.

## CORPORATE DIRECTORY

### **THE MANAGER**

NAME

EASTSPRING INVESTMENTS BERHAD

COMPANY NO.

200001028634 (531241-U)

REGISTERED OFFICE

Level 25, Menara Hong Leong

No. 6, Jalan Damanela

Bukit Damansara

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