

EASTSPRING INVESTMENTS ASIA SELECT INCOME FUND

SEMI-ANNUAL REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD
ENDED 31 DECEMBER 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 31 December 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 'Siook Hoon', written in a cursive style.

YAP SIOK HOON

Executive Director/Chief Executive Officer

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FUND INFORMATION

Name of Fund

Eastspring Investments Asia Select Income Fund (the "Fund")

**Fund Category/
Type**

Balanced/growth and income

Fund Objective

The Fund seeks to provide a stable income* stream and an opportunity for capital appreciation by investing primarily in a portfolio of Malaysian investment grade fixed income securities and a collective investment scheme, primarily the Eastspring Investments - Dragon Peacock Fund, which invests in equities and equity-related securities of corporations which are incorporated in, or listed in, or operating principally from, or carrying on significant business in, or derive substantial revenue from, or whose subsidiaries, related or associated corporations derive substantial revenue from the People's Republic of China (PRC) and India.

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

Note: The Fund's focus is on income.

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

FUND INFORMATION (CONTINUED)

Performance Benchmark

The performance benchmark of the Fund is 20% Morgan Stanley Capital International China Index ("MSCI China Index") + 20% Morgan Stanley Capital International India Index ("MSCI India Index") +60% Quant Shop Malaysian Government Securities Medium Index ("Quant Shop MGS Medium Index"). The composite benchmark index is a reflection of the Fund's average asset allocation over the long-term of 40% of the Fund's NAV in collective investment schemes and the remaining of the Fund's NAV in fixed income securities and Deposits or liquid assets.

Source:

MSCI China Index (www.msci.com)

MSCI India Index (www.msci.com)

Quant Shop MGS Medium Index (www.quantshop.com)

The performance of the Fund against the benchmark is published in the Manager's monthly factsheet and is available from the Manager's website at www.eastspring.com/my

Note: The risk profile of the Fund is different from the risk profile of the performance benchmark.

Fund Income Distribution Policy

At least once a year, subject to the availability of income.

KEY PERFORMANCE DATA

FOR THE FINANCIAL PERIOD ENDED

Category	2024	2023	2022
	(%)	(%)	(%)
Collective investment scheme	37.57	37.97	38.65
Unquoted fixed income securities	56.49	56.92	55.19
	94.06	94.89	93.84
Cash and other assets	5.94	5.11	6.16
Total	100.00	100.00	100.00
Net Asset Value (NAV) (RM'000)	40,465	45,700	47,061
Units In Circulation (Units '000)	52,209	59,987	62,203
Net Asset Value Per Unit (RM)	0.7751	0.7618	0.7566
Highest Net Asset Value Per Unit (RM)	0.8057	0.7721	0.7647
Lowest Net Asset Value Per Unit (RM)	0.7455	0.7484	0.7187
Total Return (%)			
- Capital Growth	0.31	0.46	0.23
- Income Distribution	-	-	-
Total Return (%)	0.31	0.46	0.23
Gross Distribution Per Unit (RM)	-	-	-
Net Distribution Per Unit (RM)	-	-	-
Total Expense Ratio (TER) (%)*	0.82	0.82	0.82
Portfolio Turnover Ratio (PTR) (times)^	0.10	0.01	0.04

* 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 1.1.2024 to 31.12.2024	3 years 1.1.2022 to 31.12.2024	5 years 1.1.2020 to 31.12.2024
	(%)	(%)	(%)
Average total return	6.08	2.51	3.56

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	6.24	4.01	(5.87)	14.02	1.57

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

Bases of calculation and assumptions made in calculating returns:

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

NAV_t = NAV at the end of the period

NAV_0 = NAV at the beginning of the period

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

Adjusted for unit split and distribution paid out for the period

n = Number of years

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

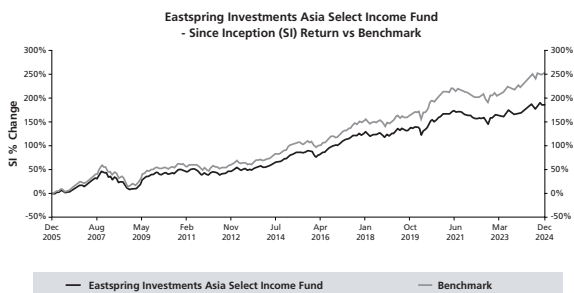
MANAGER'S REPORT

Fund Performance

Over the 5-year period, the Fund recorded a return of 19.14%, underperforming the benchmark return of 29.68% by 10.54%.

During the period under review, the Fund registered a return of 0.31%, underperforming the benchmark return of 1.19% by 0.88%.

The underperformance during the period was due to the underperformance of the CIS.



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

Benchmark: 20% MSCI China Index + 20% MSCI India Index + 60% Quant Shop MGS Medium Index

Source: Lipper for Investment Management, www.msci.com and www.quantshop.com as at 31 December 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 period ended 31 December 2024:

Income Return	Capital Return*	Total Return	Total Return of Benchmark
(%)	(%)	(%)	(%)
0.00	0.31	0.31	1.19

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

Distribution/ Unit Split

No distribution or unit split were declared for the financial period ended 31 December 2024.

Investment Strategy During the Period Under Review

Bond Strategy

The fund will seek to add high quality corporate bonds that offer attractive valuations whilst being cautious of the currently tight credit spreads.

MANAGER'S REPORT (CONTINUED)

Investment Strategy During the Period Under Review (continued)

Equity Strategy (Eastspring Investments Dragon Peacock Fund)

China

Broader market expectations remain low for China in 2025, in view of a series of uncertainties.

Domestic demand remains weak broadly with poor consumer confidence, except pockets targeted by the recent government stimulus such as trade-in programs for appliances. Total retail sales of home appliances in December grew 39% YoY. China's fiscal deficit is expected to expand and trade-in program has been renewed into 2025 with more categories included, e.g. mobile phones. Monetary policy is loose indicating further rate cut.

Bigger question is how US would implement tariffs on China and how China would respond. Market is watching Trump's actions in his first 100 days in office. Despite the earlier 60% tariffs rate mentioned during Trump's campaign, there are possibilities for actual development better than market expectation, which could possibly trigger a near term relief rally.

We think China market may remain volatile, but valuations are attractive and expectations are low. Risk-reward is favorable.

Our broad sector positioning remains unchanged, but individual bet size have reduced for stocks with narrowed upside amidst the October 2024 euphoria. We are currently overweight on Chinese internet and Chinese consumer staples sectors.

MANAGER'S REPORT (CONTINUED)

**Investment
Strategy During
the Period Under
Review
(continued)**

India

India market has corrected over 10% from end of September 2024 peak on the back of high valuations, cyclical domestic slowdown and external factors such as rising US bond yield.

Near-term growth deceleration clouding earnings outlook-mainly led by slowdown in urban consumption and govt capex spend, and banks taking a more cautious approach in personal loans as nudged by the RBI. While we think growth slowdown is more cyclical than structural, market earnings growth expectations of mid-teens in FY26F could have downside (hence ongoing December-end earnings season is key for earnings reset).

Against a backdrop of rising external uncertainties this year, Indian equities could indeed struggle in the near term but we view the current market correction as a healthy reset as it remains one of the most promising emerging markets in our view. We are less concerned on the domestic macro headwinds which do not derail India's long term bottom-up story. In the near term, we will be closely monitoring the upcoming Union Budget (early Feb) and the Dec-end earnings season. As bottom-up investors anchored on valuations, we are now seeing more opportunities with absolute valuation upsides.

We remain overweight Indian financials sector which offer deep value opportunities and have incrementally added to Indian IT services which offers near term visibility in earnings recovery, though valuations are not cheap.

MANAGER'S REPORT (CONTINUED)

Asset Allocation

Asset Allocation	31-Dec 2024 (%)	30-Jun 2024 (%)	Changes (%)
Collective investment scheme	37.57	39.69	(2.12)
Unquoted fixed income securities	56.49	59.84	(3.35)
Cash and other assets	5.94	0.47	5.47

Asset Allocation as at 31 December 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

Bond

The interim period saw bouts of market volatilities as investors continued to aggressively put on and off expectation of central bank rate cuts as global macroeconomic data sent mixed signals on the trajectory of growth. The Federal Open Market Committee (“FOMC”) announced a 25 basis points rate cut in its December meeting, the third consecutive cut this year, bringing borrowing costs to 4.25%-4.5%. This move reflects the Federal Reserve’s commitment to maximum employment and price stability. The U.S. economy added 227,000 jobs in November, rebounding from October’s 36,000 gain, which was affected by Boeing strikes and hurricanes. The unemployment rate rose to 4.2% in November. The PCE Price Index increased to 2.4%, while the core PCE Price Index remained at 2.8%. The University of Michigan Consumer Sentiment Index rose to 74.0 in December, and the S&P Global U.S. Composite PMI increased to 55.4, driven by strong growth in the Services PMI at 56.8, despite a contraction in the Manufacturing PMI at 49.4.

Elsewhere, the ECB cut key interest rates by 25 bps, reflecting a positive inflation outlook and improved monetary policy transmission. Eurozone inflation rose to 2.4% in December, with core inflation at 2.7%. The Reserve Bank of Australia and Bank of Japan maintained their rates, while the Central Bank of the Philippines cut its rate by 25 bps. The Bank of Indonesia and Bank of Thailand kept rates unchanged. The People’s Bank of China held key lending rates steady, with Chinese leaders committing to a higher budget deficit to boost the economy. China’s imports fell, exports grew, and retail sales and industrial production showed moderate growth.

In Malaysia, Bank Negara Malaysia (“BNM”) retained its Overnight Policy Rate (“OPR”) at 3.00% over third consecutive Monetary Policy Committee (“MPC”) meetings (July, September, and November) with future adjustments being data dependent. BNM is closely monitoring developments to assess domestic inflation and growth trends, aiming to support economic growth while ensuring price stability. It is noted that the upside risk to inflation would be dependent on the extent of spillover effects of domestic policy measures, such as RON95 petrol subsidy rationalisation and higher labour costs under Budget 2025 as well as global commodity prices and financial market developments. However, market participants generally expect OPR to stay at 3.00% over the next 6 to 12 months as the current monetary policy approach continues to support the economy and aligns with the prevailing outlook for inflation and growth.

Also, the 2025 Budget, presented by Prime Minister Datuk Seri Anwar Ibrahim, focuses on economic reform, change, and prosperity. It projects a narrower fiscal deficit of 3.8% of GDP, with record-high expenditure of RM421 billion. Key measures include targeted

RON95 subsidies, a minimum wage hike to RM1700, and various tax reliefs to support households. The budget emphasizes public-private partnerships, with RM9 billion in investments expected, alongside RM25 billion in direct domestic investments by GLIC companies. Revenue is projected to rise by 5.5%, driven by higher tax collections. The budget aims to boost consumer spending, improve public finances, and support sectors like construction and healthcare, while addressing external risks and inflationary pressures. Additionally, it includes initiatives for subsidy rationalization, higher minimum wages, and targeted assistance to address the cost of living, aiming to enhance economic resilience and growth.

Malaysia's headline CPI declined to 1.8% y-o-y (October: 1.9%), while core inflation remained stable at 1.8% y-o-y (October: 1.8%). Unemployment rate improved to 3.2% in November (October: 3.2%). BNM international reserves amounted to US\$118.1bn as at 13 December 2024 (15 November: US\$118.0bn). The reserves position is sufficient to finance 4.6 months of imports and is 0.9x of the total short-term external debt. The Ringgit closed slightly weaker at 4.4718 against the USD, at 0.6% m-o-m. In 2024, the Ringgit appreciated over 2.73% against the US dollar, outperforming other major Asian currencies which either declined or stagnated, supported by the coordinated efforts between the government and BNM, Malaysia's promising economic prospects, and ongoing structural reforms.

Equity – Dragon Peacock Fund

In the first half of 2024, China grappled with a complex international landscape and domestic economic restructuring. Despite these headwinds, Chinese equities achieved a 23.5% return in USD in Q3, buoyed by robust exports, central government support for equipment upgrading and consumer goods trade-in program, and a package of stimulus measures.

Data-wise, China's economy grew by 4.7% year-on-year ("y-o-y") in Q2, falling short of the expected 5.1% and down from 5.3% in the previous quarter, marking the slowest annual growth since Q12023. This slowdown was due to a prolonged property slump, weak domestic demand, and trade tensions. The Communist Party's Third Plenum coincided with this period, with new reforms and recovery initiatives anticipated. The official NBS Manufacturing PMI rose to 49.8 in September 2024 from 49.4 in July. In Q4, Chinese stocks declined by 7.7% in USD terms, despite significant stimulus efforts. The Chinese government failed to effectively implement its September pledges to stabilize the struggling economy. However, December saw resilient manufacturing data and anticipation of fresh stimulus measures, including a more proactive fiscal policy and a moderately loose monetary policy in 2025. The central bank also plans to issue special

treasury bonds worth 3 trillion yuan next year to support economic growth. The official NBS Manufacturing PMI increased to 50.1 in December. Both output and new orders expanded, while foreign orders shrank after increasing at the fastest pace in seven months in the prior month. The Chinese economy expanded by 4.6% year-on-year (“y-o-y”) in Q3, against market forecasts of 4.5%.

On the other hand, the MSCI India Index lagged behind broader emerging markets, posting a 7.3% return in USD in Q3, influenced by the US Federal Reserve’s rate cut and China’s significant stimulus. Amid divergent RBI and US Federal Reserve policies, the Indian rupee remained volatile during the quarter. India’s Q22024 economic growth of 6.7% fell short of forecasts. Both Manufacturing and Services Purchasing Managers’ Indices declined in September, indicating decelerated expansion in factory activity and the services sector. The MSCI India Index fell by 11.3% in USD terms in Q4, primarily due to the US Federal Reserve’s hawkish stance, raising global liquidity concerns and persistent foreign portfolio investor outflows impacting equity markets. The Indian rupee significantly declined, reaching record lows against the USD due to strong USD demand and a widening trade deficit. The HSBC India Composite PMI rose during the quarter, driven by continued improvements in demand and output. The Reserve Bank of India maintained its repo rate at 6.5% while reducing the cash reserve ratio (“CRR”) by 50 basis points to 4%.

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 ASIA SELECT INCOME FUND

UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 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 unaudited financial statements set out on pages 16 to 57 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 December 2024 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

YAP SIOK HOON
Executive Director/Chief Executive Officer

JOHN CAMPBELL TUPLING
Independent, Non-Executive Director

Kuala Lumpur
Date: 24 February 2025

TRUSTEE'S REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS ASIA SELECT INCOME FUND ("Fund")

We have acted as Trustee of the Fund for the financial period ended 31 December 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 period 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 Unit Trust Funds;
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: 24 February 2025

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2024

	Note	6-months financial period ended 31.12.2024	6-months financial period ended 31.12.2023
		RM	RM
INVESTMENT INCOME			
Interest from deposits with licensed financial institutions		66,412	32,858
Interest from unquoted fixed income securities		470,098	580,086
Net loss on financial assets at fair value through profit or loss	6	(91,341)	(19,160)
Net foreign currency exchange gain		10,539	2,906
		<u>455,708</u>	<u>596,690</u>
EXPENSES			
Management fee	3	(314,061)	(342,919)
Trustee fee	4	(14,656)	(16,003)
Audit fee		(3,781)	(3,770)
Tax agent fee		(1,866)	(1,860)
Other expenses		(7,457)	(9,964)
		<u>(341,821)</u>	<u>(374,516)</u>
PROFIT BEFORE TAXATION		113,887	222,174
TAXATION	5	-	-
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME		<u>113,887</u>	<u>222,174</u>
Profit after taxation is made up of the following:			
Realised amount		1,406,799	254,815
Unrealised amount		(1,292,912)	(288,869)
		<u>113,887</u>	<u>222,174</u>

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

UNAUDITED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	2024	2023
		RM	RM
ASSETS			
Cash and cash equivalents	7	2,414,116	2,201,113
Financial assets at fair value through profit or loss	6	38,059,750	43,367,511
Amount due from Manager		140,867	243,270
TOTAL ASSETS		<u>40,614,733</u>	<u>45,811,894</u>
LIABILITIES			
Accrued management fee		51,919	57,441
Amount due to Manager		82,724	38,110
Amount due to Trustee		2,423	2,681
Other payables and accruals		12,292	13,430
TOTAL LIABILITIES		<u>149,358</u>	<u>111,662</u>
NET ASSET VALUE OF THE FUND		<u>40,465,375</u>	<u>45,700,232</u>
EQUITY			
Unit holders' capital		15,550,103	21,617,010
Retained earnings		24,915,272	24,083,222
NET ASSET ATTRIBUTABLE TO UNIT HOLDERS		<u>40,465,375</u>	<u>45,700,232</u>
NUMBER OF UNITS IN CIRCULATION	8	<u>52,209,082</u>	<u>59,987,068</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.7751</u>	<u>0.7618</u>

The accompanying material accounting policy information 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 DECEMBER 2024

	Unit holders' capital	Retained earnings	Total
	RM	RM	RM
Balance as at 1 July 2024	18,835,643	24,801,385	43,637,028
Movement in unit holders' contribution:			
Creation of units from applications	677,791	-	677,791
Cancellation of units	(3,963,331)	-	(3,963,331)
Total comprehensive income for the financial period	-	113,887	113,887
Balance as at 31 December 2024	<u>15,550,103</u>	<u>24,915,272</u>	<u>40,465,375</u>
Balance as at 1 July 2023	22,510,847	23,861,048	46,371,895
Movement in unit holders' contribution:			
Creation of units from applications	2,151,870	-	2,151,870
Cancellation of units	(3,045,707)	-	(3,045,707)
Total comprehensive income for the financial period	-	222,174	222,174
Balance as at 31 December 2023	<u>21,617,010</u>	<u>24,083,222</u>	<u>45,700,232</u>

The accompanying material accounting policy information 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 DECEMBER 2024

	6-months financial period ended 31.12.2024	6-months financial period ended 31.12.2023
Note	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of investments	9,229,575	602,083
Purchase of investments	(4,046,600)	-
Interest received	634,612	643,561
Management fee paid	(316,009)	(342,344)
Trustee fee paid	(14,747)	(15,976)
Payment for other fees and expenses	(16,820)	(16,632)
Net realised foreign exchange gain	10,539	2,906
Net cash generated from operating activities	<u>5,480,550</u>	<u>873,598</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	601,092	2,018,667
Payments for cancellation of units	(4,316,450)	(3,013,190)
Net cash used in financing activities	<u>(3,715,358)</u>	<u>(994,523)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,765,192	(120,925)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>648,924</u>	<u>2,322,038</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>7 2,414,116</u>	<u>2,201,113</u>

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

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 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 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 K.

- a. Standards and amendments to existing standards effective 1 January 2024:

There are no other standards, amendments to standards or interpretations that are effective for financial period beginning on 1 July 2024 that have a material effect on the financial statements of the Fund.

- b. New standards, amendments and interpretations effective after 1 January 2024 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 2024 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 placed with licensed financial institutions and unquoted fixed income securities are recognised on an accrual basis using the effective interest rate 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).

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

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

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. FOREIGN CURRENCY TRANSLATION

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

F. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

i. Classification

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

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

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. 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.

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 and amount due from Manager 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 and other payables and accruals and 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 financial instrument.

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

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

Investment in collective investment scheme are valued based on 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).

If a valuation based on the market price does not represent the fair value of the securities, for example during abnormal market conditions or when no market price is available, including in the event of a suspension in the quotation of the securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the securities are valued as determined in good faith by the Manager, based on the methods or basis approved by the Trustee after appropriate technical consultation.

Unquoted fixed income securities are carried at cost and adjusted for any amortisation of premium or accretion of discount from acquisition date to maturity date. The carrying cost is revalued to reflect its fair value on a daily basis based on fair value prices quoted by a bond pricing agency (“BPA”) registered with the Securities Commission’s (“SC”) as per the SC Guidelines on Unit Trust Funds. Where such quotations are not available or where the Manager is of the view that the price quoted by the BPA for a specific unquoted fixed income securities differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager:

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

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

G. CASH AND CASH EQUIVALENTS

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

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 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. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities. 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 information presented herein represents the estimates of fair values as on the statement of financial position date.

J. 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.

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 SC's Guidelines on Unit Trust Funds.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2024

1. INFORMATION ON THE FUND

Eastspring Investments Asia Select Income Fund (the “Fund”) was constituted pursuant to the execution of a Deed dated 27 October 2005, Master Supplemental Deed dated 12 July 2007, 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 the Second Supplemental Master Deed dated 28 January 2011, Third Supplemental Master Deed dated 9 March 2011, Fourth Supplemental Master Deed dated 20 January 2012, Fifth Supplemental Master Deed dated 26 March 2014, Sixth Supplemental Master Deed dated 2 January 2015, Seventh Supplemental Master Deed dated 11 July 2016, Eighth Supplemental Master Deed dated 25 January 2017, Ninth Supplemental Master Deed dated 11 December 2017, Tenth Supplemental Master Deed dated 4 June 2018, Eleventh Supplemental Master Deed dated 30 September 2021, Twelfth Supplemental Master Deed dated 29 June 2022 and Thirteenth Supplemental Master Deed dated 29 November 2022 (collectively referred to as the “Deeds”).

The Fund commenced operations on 18 November 2005 and will continue its operations until terminated by the Manager or the Trustee as provided under Part 12 of the Deed.

The Fund invests in a portfolio of Malaysian investment grade fixed income securities; and a collective investment scheme namely the Eastspring Investments - Dragon Peacock Fund (the “target fund”), incorporated in Luxembourg.

The objective of the Fund is to provide a stable income stream and an opportunity for capital appreciation by investing primarily in a portfolio of Malaysian investment grade fixed income securities and a collective investment scheme primarily the Eastspring Investments – Dragon Peacock Fund, which invests in equities and equity-related securities of corporations which are incorporated in, or listed in, or operating principally from, or carrying on significant business in, or derive substantial revenue from, or whose subsidiaries, related or associated corporations, derive substantial revenue from the People’s Republic of China (“PRC”) and India.

All investments will be subjected to the Securities Commission's ("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 Manager is a company incorporated in Malaysia and is related to Prudential Plc., a public listed company in the United Kingdom. The principal activity of the Manager is the establishment and management of unit trust funds and asset management.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to market risk (inclusive of price risk, interest rate risk and foreign exchange/currency risk), liquidity risk, credit/default risk, stock/issuer risk, fund management 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 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
2024				
Cash and cash equivalents	7	2,414,116	-	2,414,116
Collective investment scheme	6	-	15,204,780	15,204,780
Unquoted fixed income securities	6	-	22,854,970	22,854,970
Amount due from Manager		140,867	-	140,867
		<u>2,554,983</u>	<u>38,059,750</u>	<u>40,614,733</u>
2023				
Cash and cash equivalents	7	2,201,113	-	2,201,113
Collective investment scheme	6	-	17,354,429	17,354,429
Unquoted fixed income securities	6	-	26,013,082	26,013,082
Amount due from Manager		243,270	-	243,270
		<u>2,444,383</u>	<u>43,367,511</u>	<u>45,811,894</u>

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

Market risk

i. Price risk

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

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

	2024	2023
	RM	RM
Financial assets at fair value through profit or loss:		
Collective investment scheme	15,204,780	17,354,429
Unquoted fixed income securities*	22,854,970	26,013,082
	<u>38,059,750</u>	<u>43,367,511</u>

* Includes interest receivable of RM346,408 (2023: RM408,972).

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 and unquoted fixed income securities at the end of each financial reporting period. The analysis is based on the assumptions that the market price of the collective investment scheme and unquoted fixed income securities increased 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 and unquoted fixed income securities, having regard to the historical volatility of the prices.

% Change in price	Market value	Impact on profit after tax and net asset value
	RM	RM
<u>2024</u>		
+5%	39,599,009	1,885,667
-5%	35,827,675	(1,885,667)
<u>2023</u>		
+5%	45,106,466	2,147,927
-5%	40,810,612	(2,147,927)

ii. 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.

In general, when interest rates rise, unquoted fixed income securities prices will tend to fall and vice versa. Therefore, the net asset value of the Fund may also tend to fall when interest rates rise or are expected to rise. However, investors should be aware that should the Fund holds an unquoted fixed income securities till maturity, such price fluctuations would dissipate as it approaches maturity, and thus the growth of the net asset value shall not be affected at maturity. In order to mitigate interest rates exposure of the Fund, the Manager will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the Manager, which is based on its continuous fundamental research and analysis.

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

This risk is crucial since unquoted fixed income securities portfolio management depends on forecasting interest rate movements. Prices of unquoted fixed income securities move inversely to interest rate movements. Therefore, as interest rates rise, the prices of unquoted fixed income securities decrease and vice versa. Furthermore, unquoted fixed income securities with longer maturity and lower yield coupon rates are more susceptible to interest rate movements.

Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to make payments of interest income and principal, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

The table below summarises the sensitivity of the Fund's profit after tax and net asset value to movements in prices of unquoted fixed income securities held by the Fund as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate changed by 1% (2023: 1%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the interest rate, having regard to the historical volatility of the interest rate.

	2024	2023
% Change in interest rate of unquoted fixed income securities	Impact on profit after tax and net asset value	Impact on profit after tax and net asset value
	RM	RM
+1% (2023: +1%)	(50,693)	(53,906)
-1% (2023: -1%)	50,873	54,111

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

iii. Foreign exchange/Currency risk

Currency risk is associated with investments denominated in foreign currencies. When the foreign currencies fluctuate in an unfavourable movement against Ringgit Malaysia, 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 Ringgit Malaysia 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 exchange/currency risk concentrations and counterparties of the Fund.

	Financial assets at fair valuethrough profit or loss	Total
	RM	RM
<u>2024</u>		
USD	15,204,780	15,204,780
<u>2023</u>		
USD	17,354,429	17,354,429

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 each financial reporting period. The analysis is based on the assumption that the foreign exchange rate changes by each currency's respective historical volatility, with all variables remain constants. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate having regard to historical volatility of this rate. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change in foreign exchange rate	Impact on profit after tax	Impact on net asset value
	%	RM	RM
<u>2024</u>			
USD	5.68	863,632	863,632
<u>2023</u>			
USD	4.59	796,568	796,568

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 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	Between 1 month to 1 year	Total
	RM	RM	RM
<u>2024</u>			
Accrued management fee	51,919	-	51,919
Amount due to Manager	82,724	-	82,724
Amount due to Trustee	2,423	-	2,423
Other payables and accruals	-	12,292	12,292
Contractual undiscounted cash outflows	137,066	12,292	149,358
<u>2023</u>			
Accrued management fee	57,441	-	57,441
Amount due to Manager	38,110	-	38,110
Amount due to Trustee	2,681	-	2,681
Other payables and accruals	-	13,430	13,430
Contractual undiscounted cash outflows	98,232	13,430	111,662

Credit/Default risk

Credit risk refers to the ability of an issuer or a counter party 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 credit risk arising from placements of deposits with licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions. The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC's Guidelines on Unit Trust Funds.

For unquoted fixed income securities, the Manager regularly reviews the rating assigned to the issuer so that necessary steps can be taken if the rating falls below those described by the Deeds and SC's Guidelines on Unit Trust Funds.

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	Total
	RM	RM	RM	RM
<u>2024</u>				
Financial Services				
- AAA	-	2,414,116	-	2,414,116
Unquoted Fixed Income Securities				
Consumer Discretionary				
- AA1 (S)	5,023,707	-	-	5,023,707
Energy & Utilities				
- AA- IS	1,051,765	-	-	1,051,765
- AA1	2,070,050	-	-	2,070,050
Financial				
- AA1	4,337,909	-	-	4,337,909
- AA2	4,100,770	-	-	4,100,770
- AA3	812,621	-	-	812,621
Public Administration				
- NR	1,122,712	-	-	1,122,712
Transportation & Storage				
- AA- IS	4,335,436	-	-	4,335,436
Other				
- NR	-	-	140,867	140,867
	<u>22,854,970</u>	<u>2,414,116</u>	<u>140,867</u>	<u>25,409,953</u>

	Financial assets at fair value through profit or loss	Cash and cash equivalents	Amount due from Manager	Total
	RM	RM	RM	RM
<u>2023</u>				
Financial Services				
- AAA	-	2,160,578	-	2,160,578
- AA1	-	40,535	-	40,535
Unquoted Fixed Income Securities				
Consumer Discretionary				
- AA1 (S)	4,991,537	-	-	4,991,537
Energy & Utilities				
- AA- IS	1,052,226	-	-	1,052,226
- AA1	2,081,246	-	-	2,081,246
Financial				
- AA	5,105,684	-	-	5,105,684
- AA3	809,526	-	-	809,526
- AA1	4,340,305	-	-	4,340,305
- NR	2,197,767	-	-	2,197,767
Government Bond				
- NR	1,100,783	-	-	1,100,783
Transportation & Storage				
- AA- IS	4,334,008	-	-	4,334,008
Other				
- NR	-	-	243,270	243,270
	<u>26,013,082</u>	<u>2,201,113</u>	<u>243,270</u>	<u>28,457,465</u>

None of these financial assets are past due or impaired.

Stock/Issuer risk

This risk refers to the individual risk of the respective companies issuing the securities. Specific risk includes but is not limited to changes in consumer tastes and demand, legal suits, competitive operating environments, changing industry conditions and management omissions and errors. However, this risk is minimised through investing in a wide range of companies in different sectors and thus function independently from one another.

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 interest of unit holders.

Non-compliance risk

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

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

Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital of RM15,550,103 (2023: RM21,617,010) and retained earnings of RM24,915,272 (2023: RM24,083,222). 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 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 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
2024				
Financial assets at fair value through profit or loss:				
Collective investment scheme	15,204,780	-	-	15,204,780
Unquoted fixed income securities	-	22,854,970	-	22,854,970

2023

Financial assets at fair value through profit or loss:				
Collective investment scheme	17,354,429	-	-	17,354,429
Unquoted fixed income securities	-	26,013,082	-	26,013,082

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include investment in collective investment scheme, i.e. unit trust funds whose values are based on published prices in active markets. 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 F 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 includes unquoted fixed income securities. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Fund's policies on valuation of these financial assets are stated in Note F to the financial statements.

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

3. MANAGEMENT FEE

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

For the financial period ended 31 December 2024, the management fee is recognised at a rate of 1.50% (2023: 1.50%) per annum on the net asset value of the Fund, calculated on daily basis.

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

4. TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to an annual fee at a rate not exceeding 0.20% per annum of 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 December 2024, the Trustee fee is recognised at a rate of 0.07% (2023: 0.07%) subject to a minimum fee of RM18,000 per annum on the net asset value of the Fund, calculated on daily basis.

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

5. TAXATION

	6-months financial period ended 31.12.2024	6-months financial period ended 31.12.2023
	RM	RM

Tax charged for the financial period:

Current taxation

-

-

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

	6-months financial period ended 31.12.2024	6-months financial period ended 31.12.2023
	RM	RM
Profit before taxation	113,887	222,174
Tax at Malaysian statutory rate of 24% (2023: 24%)	27,333	53,322
Tax effects of:		
Investment income not subject to tax	(109,370)	(143,206)
Expenses not deductible for tax purposes	5,755	6,678
Restriction on tax deductible expenses for Unit Trust Funds	76,282	83,206
Taxation	-	-

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
	RM	RM
Financial assets at fair value through profit or loss:		
Collective investment scheme (Note 6 (i))	15,204,780	17,354,429
Unquoted fixed income securities (Note 6 (ii))	22,854,970	26,013,082
	<u>38,059,750</u>	<u>43,367,511</u>
Net loss on financial assets at fair value through profit or loss:		
Realised gain on disposals	1,201,571	269,709
Change in unrealised fair value loss	(1,292,912)	(288,869)
	<u>(91,341)</u>	<u>(19,160)</u>

 i. Collective investment scheme

Name of counter	Quantity	Aggregate cost	Fair value	Percentage of net asset value of the Fund
			as at 31.12.2024	
	Units	RM	RM	%
Eastspring Investments - Dragon Peacock Fund - Class D	<u>59,782</u>	7,819,822	<u>15,204,780</u>	37.57
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>7,384,958</u>		
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>15,204,780</u>	

i. Collective investment scheme

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net asset value of the Fund
			31.12.2023	of the Fund
	Units	RM	RM	%
Eastspring Investments - Dragon Peacock Fund - Class D	76,487	10,004,946	17,354,429	37.97
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>7,349,483</u>	
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>17,354,429</u>	

The Fund primarily invests in the Eastspring Investments - Dragon Peacock Fund, which is one of the sub-funds of the Eastspring Investments Funds (the "SICAV", an abbreviation Société d' Investissement à Capital Variable) domiciled in Luxembourg. The SICAV is an open-ended investment company registered on the official list of collective investment undertakings pursuant to Part I of the Luxembourg law of 30 March 1988 on collective investment undertakings. The investment manager of the Target fund is Eastspring Investments (Singapore) Limited. Eastspring Investments (Singapore) Limited is a wholly owned subsidiary of Prudential Plc.

The investment objective of Eastspring Investments - Dragon Peacock Fund is to maximise long-term total return by investing primarily in equity and equity-related securities of corporations which are incorporated in, or listed in, or operating principally from, or carrying on significant business in, or derive substantial revenue from, or whose subsidiaries, related or associated corporations derive substantial revenue from the People's Republic of China ("PRC") and India.

ii. Unquoted fixed income securities

Name of counter	Nominal value	Aggregate cost	Fair value as at 31.12.2024	Percentage of net asset value of the Fund
	RM	RM	RM	%
4.40% CIMB Group Holdings Berhad 8.9.2032 (AA2)	4,000,000	4,101,302	4,100,770	10.13
5.30% GENM Capital Berhad 11.7.2028 (AA1 (S))	3,000,000	3,242,702	3,117,707	7.71
4.38% Genting RMTN Berhad 8.11.2034 (AA1 (S))	2,000,000	2,012,960	1,906,000	4.71
3.85% Hong Leong Assurance Berhad 31.1.2030 (AA3)	800,000	812,573	812,621	2.01
5.24% Lebuhraya Duke Fasa 3 Sdn Bhd 23.8.2027 (AA- IS)	4,200,000	4,324,601	4,335,436	10.71
4.895% Malaysia Government 8.5.2047 (NR)	1,000,000	1,080,307	1,122,712	2.78
4.40% Public Islamic Bank Berhad 28.7.2032 (AA1)	4,200,000	4,278,983	4,337,909	10.72
5.09% Southern Power Generation Sdn Bhd 30.4.2029 (AA- IS)	1,000,000	1,008,785	1,051,765	2.60

ii. Unquoted fixed income securities (continued)

Name of counter	Nominal value	Aggregate cost	Fair value as at 31.12.2024	Percentage of net asset value of the Fund
	RM	RM	RM	%
5.05% YTL Power International Berhad 3.5.2027 (AA1)	2,000,000	2,050,275	2,070,050	5.12
TOTAL UNQUOTED FIXED INCOME SECURITIES	<u>22,200,000</u>	22,912,488	<u>22,854,970</u>	56.49
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(57,518)</u>		
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>22,854,970</u>	

ii. Unquoted fixed income securities

Name of counter	Nominal value	Aggregate cost	Fair value as at 31.12.2023	Percentage of net asset value of the Fund
	RM	RM	RM	%
4.88% CIMB Group Holdings Berhad 13.9.2024 (AA)	5,000,000	5,073,534	5,105,684	11.17
5.30% GENM Capital Berhad 11.7.2028 (AA1 (S))	3,000,000	3,287,496	3,138,377	6.87
4.38% Genting RMTN Berhad 8.11.2034 (AA1 (S))	2,000,000	2,012,960	1,853,160	4.06
3.85% Hong Leong Assurance Berhad 31.1.2030 (AA3)	800,000	812,742	809,526	1.77
5.24% Lebuhraya Duke Fasa 3 Sdn Bhd 23.8.2027 (AA- IS)	4,200,000	4,340,547	4,334,008	9.48
4.895% Malaysia Government 8.5.2047 (NR)	1,000,000	1,082,165	1,100,783	2.41
4.90 Perbadanan Tabung Pendidikan Tinggi Nasional 21.1.2033 (NR)	2,000,000	2,046,779	2,197,767	4.81
4.40% Public Islamic Bank Berhad 28.7.2032 (AA1)	4,200,000	4,279,489	4,340,305	9.50
5.09% Southern Power Generation Sdn Bhd 30.4.2029 (AA- IS)	1,000,000	1,008,646	1,052,226	2.30

ii. Unquoted fixed income securities (continued)

Name of counter	Nominal value	Aggregate cost	Fair value as at 31.12.2023	Percentage of net asset value of the Fund
	RM	RM	RM	%
5.05% YTL Power International Berhad 3.5.2027 (AA1)	2,000,000	2,064,266	2,081,246	4.55
TOTAL UNQUOTED FIXED INCOME SECURITIES	<u>25,200,000</u>	26,008,624	<u>26,013,082</u>	56.92
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>4,458</u>		
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>26,013,082</u>		

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

	2024	2023
	%	%
Unquoted fixed income securities	<u>4.36</u>	<u>4.41</u>

7. CASH AND CASH EQUIVALENTS

	2024	2023
	RM	RM
Bank balances with a licensed bank	43,905	40,535
Deposits with licensed financial institution	2,370,211	2,160,578
	<u>2,414,116</u>	<u>2,201,113</u>

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

	2024	2023
	%	%
Deposits with licensed financial institution	<u>3.25</u>	<u>2.90</u>

The deposits have an average maturity of 2 days (2023: 2 days).

8. UNITS IN CIRCULATION

	2024	2023
	No. of units	No. of units
At the beginning of the financial period	56,470,023	61,150,699
Creation of units arising from applications during the financial period	877,491	2,835,437
Cancellation of units during the financial period	<u>(5,138,432)</u>	<u>(3,999,068)</u>
At the end of the financial period	<u>52,209,082</u>	<u>59,987,068</u>

9. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the brokers and dealers are as follows:

Name of brokers/dealers	Value of trades RM	Percentage of total trades %
<u>2024</u>		
Hong Leong Investment Bank Berhad	4,046,600	48.89
Hong Leong Bank Berhad	2,143,200	25.90
Eastspring Investments (Singapore) Limited [#]	2,086,374	25.21
	8,276,174	100.00
<u>2023</u>		
Eastspring Investments (Singapore) Limited [#]	602,083	100.00

[#] Included in transactions by the Fund are trades conducted with Eastspring Investments (Singapore) Limited, a related party of the Manager amounting to RM2,086,374 (2023: RM602,083).

There are no brokerage fees charged by the brokers/dealers.

10. 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 - Dragon Peacock Fund - Class D	Collective investment scheme managed by Eastspring Investments (Singapore) Limited
Eastspring Investments Group Private Limited	Immediate holding company of the Manager
Prudential Plc	Ultimate holding company of the Manager

Units held by Manager:

	2024		2023	
	No. of units	RM	No. of units	RM
Eastspring Investments Berhad	1,491	1,156	1,430	1,090

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 the 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.

Significant related parties transactions

	2024	2023
	RM	RM
Purchase of units in collective investment scheme managed by Eastspring Investments (Singapore) Limited	-	-
Sales of units in collective investment scheme managed by Eastspring Investments (Singapore) Limited	2,086,374	602,083

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.

11. TOTAL EXPENSE RATIO (“TER”)

	2024	2023
	%	%
TER	0.82	0.82

TER is derived from the following calculation:

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

A = Management fee

B = Trustee fee

C = Audit fee

D = Tax agent fee

E = Other expenses

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

The average net asset value of the Fund for the financial period calculated on a daily basis is RM41,529,467 (2023: RM45,457,199).

12. PORTFOLIO TURNOVER RATIO (“PTR”)

	2024	2023
PTR (times)	0.10	0.01

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 = RM4,046,600 (2023: RM Nil)

total disposals for the financial period = RM4,229,574 (2023: RM602,083)

13. APPROVAL OF FINANCIAL STATEMENTS

The unaudited financial statements have been approved for issue by the Manager on 24 February 2025

CORPORATE DIRECTORY

THE MANAGER

NAME

EASTSPRING INVESTMENTS BERHAD

COMPANY NO.

200001028634 (531241-U)

REGISTERED OFFICE

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BUSINESS OFFICE

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Persiaran TRX Barat

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TRUSTEE

NAME

DEUTSCHE TRUSTEES MALAYSIA BERHAD

COMPANY NO.

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Persiaran TRX Barat

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