

EASTSPRING INVESTMENTS TARGET INCOME FUND 12

SEMI-ANNUAL REPORT

FOR THE FINANCIAL PERIOD FROM 1 MARCH 2023
TO 31 AUGUST 2023



Dear Valued Investor,

Greetings from Eastspring Investments Berhad!

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

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

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

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

Yours sincerely,

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

Name of Fund	<p>Eastspring Investments Target* Income Fund 12 (the “Fund”)</p> <p>* The Fund aims (i.e.Target) to distribute income on an annual basis from the coupon payments received from the bonds investments.</p>
Fund Category/ Type	Bond (close-ended)/income
Fund Objective	<p>The Fund endeavours to provide regular income** during the tenure of the Fund.</p> <p>** Income declared will be paid out either by way of E-payment (i.e. telegraphic, online transfer or other forms of electronic payment) according to Unit Holders’ instructions in the account opening form.</p>
Termination Date	10 December 2023
Duration of the Fund	Three (3) years close-ended bond fund
Performance Benchmark	<p>3-year Maybank fixed deposit rate as at Commencement Date.</p> <p>Please note that investors may obtain information on the benchmark from the Manager upon request.</p> <p>As the Fund will invest in local and foreign markets across various bonds of different ratings, the risk profile of the Fund is not the same as the risk profile of the performance benchmark.</p>
Fund Income Distribution Policy	Subject to the availability of income, distribution of income, if any, will be on annual basis, after deduction of taxation and expenses.

KEY PERFORMANCE DATA

FOR THE FINANCIAL PERIOD ENDED

Category	Since commencement 10.12.2020 to 31.8.2021		
	2023	2022	
	(%)	(%)	(%)
Unquoted fixed income securities	91.67	75.57	85.55
Derivatives	(7.14)	(4.22)	(0.58)
Cash and other assets	15.47	28.65	15.03
Total	100.00	100.00	100.00
Net Asset Value (NAV) (RM'000)	177,769	176,748	207,617
Units In Circulation (Units '000)	193,649	200,076	203,976
Net Asset Value Per Unit (RM)	0.9180	0.8834	1.0179
Highest Net Asset Value Per Unit (RM)	0.9196	0.9121	1.0179
Lowest Net Asset Value Per Unit (RM)	0.9100	0.8721	0.9963
Total Return (%)			
- Capital Growth	0.54	(1.71)	1.73
- Income Distribution	-	-	-
Total Return (%)	0.54	(1.71)	1.73
Gross Distribution Per Unit (RM)	-	-	-
Net Distribution Per Unit (RM)	-	-	-
Total Expense Ratio (TER) (%)*	0.05	0.05	0.07
Portfolio Turnover Ratio (PTR) (times)^	0.43	0.40	0.72

* 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 1.9.2022 to 31.8.2023	Since commencement 10.12.2020 to 31.8.2023
	(%)	(%)

Average total return	3.08	(2.58)
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Year ended	1.3.2022 to 28.2.2023	Since commencement 10.12.2020 to 28.2.2022
	(%)	(%)

Annual total return	0.77	(8.08)
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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:

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

NAV_t = NAV at the end of the period

NAV_0 = NAV at the beginning of the period

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

Adjusted for unit split and distribution paid out
for the period

n = Number of years

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

MANAGER'S REPORT

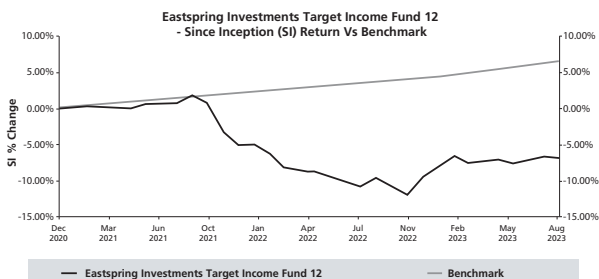
Fund Performance

Since inception, the Fund registered a return of -6.87%, underperforming the benchmark return of 6.43% by 13.30%.

During the period under review, the Fund registered a return of 0.54%, underperforming the benchmark return of 1.52% by 0.98%.

The Fund delivered gains as it approached its maturity in December 2023. Nearly all sectors ended with a positive return. Positions in the financial sector contributed most to performance, including Indian, Korean and Qatari financials. Positions in Indian quasi-sovereigns, China quasi-sovereigns and Indian oil&gas credits also supported returns.

Exposures to the Chinese real estate sector detracted from performance as sentiment in the Mainland property market remained fragile. The mark-to-market value of the portfolio hedges also weighed on returns during the period.



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

Benchmark: 3-year Maybank fixed deposit rate as at the Commencement Date.

Fund performance is sourced from Lipper for Investment Management, 31 August 2023 and the benchmark is obtainable from Eastspring Investments Berhad upon request.

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 August 2023:

Income Return	Capital Return*	Total Return	Total Return of Benchmark
(%)	(%)	(%)	(%)
0.00	0.54	0.54	1.52

* 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 August 2023.

Investment Strategy During the Period Under Review

As this is a close-ended bond fund with a fixed tenure, the Fund will be managed primarily with a semi-active management strategy. The Fund's bond investments will be typically held to maturity. At the maturity of these debt securities held by the Fund, the issuers will be obligated to pay the face value of the bonds, provided there is no occurrence of credit events e.g. default.

Nevertheless, the Fund Manager continues to monitor the Fund's investments and may trade and rebalance its investments under the following scenarios:

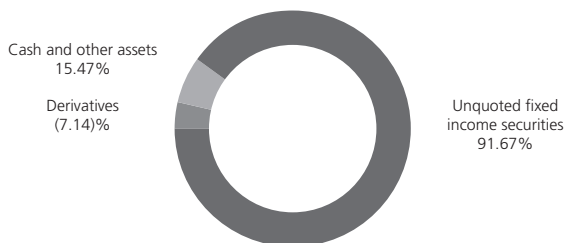
- Increased default risk and/or uptrend interest rate concerns;
- Hedging transactions in the event that the sale of the security at risk is not possible; and
- Reinvesting proceeds from maturing securities.

MANAGER'S REPORT (CONTINUED)

Asset Allocation

Asset Allocation	31-Aug 2023	28-Feb 2023	Changes
	(%)	(%)	(%)
Unquoted fixed income securities	91.67	97.03	(5.36)
Derivatives	(7.14)	(3.73)	(3.41)
Cash and other assets	15.47	6.70	8.77

Asset Allocation as at 31 August 2023



During the period under review, as the Fund employs hedging, the negative derivative position was due to the mark to market effect of the Fund's derivative holdings.

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.

Cross-Trade Transaction

During the period under review, there were cross-trades executed through a dealer or a financial institution on an arm's length and fair value basis and in the best interest of the Fund. There were no cross-trades executed for the period from 1 May 2023 to 31 August 2023. The investment committee for the Fund has reviewed that such trades for the period from 1 March 2023 to 30 April 2023 were transacted on an arm's length and fair value basis and in the best interest of the Fund.

MARKET REVIEW

Short term Asian and emerging market hard currency debt rallied over the 6-month period ending 31 August 2023. However, risk aversion remained elevated as credit spreads widened and US Treasury yields climbed upwards.

Global risk appetite retreated in March as the collapse of Credit Suisse and several regional US banks dampened confidence and drove investors to the safety of high-quality fixed income assets. However, Swiss regulators, the Federal Reserve, and the FDIC quickly took decisive actions to strengthen public confidence in the banking system.

In May, market participants expressed concerned about the US debt ceiling gridlock, which could have resulted in a US Treasury default and damaged economic conditions. Nonetheless, an agreement was eventually reached, and Congress acted to suspend the debt limit, which provided immediate relief to investors. During August, Fitch Ratings cited a weak fiscal outlook and downgraded the long-term issuer ratings for the United States, which led to a volatile Treasury market.

In China, the reopening optimism that begun at the start of the year faded during the second quarter. The Chinese economy lost momentum as export demand fell, lower consumption and a weak property market impacted sentiment. Real estate credits led decliners in the high yield market with a few developers struggling to meet their repayment obligations.

Short-term fixed income assets registered a positive return despite high economic uncertainties. The JP Morgan Asia Credit 1-3 year Index and JP Morgan EMBIGD 1-3 year Index gained 0.5% and 3.9% respectively.

REBATES AND SOFT COMMISSIONS

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

SECURITIES LENDING OR REPURCHASE TRANSACTIONS

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

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EASTSPRING INVESTMENTS TARGET INCOME FUND 12

UNAUDITED FINANCIAL STATEMENTS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2023

STATEMENT BY THE MANAGER

We, Tang Chee Kin and John Campbell Tupling, being two of the Directors of Eastspring Investments Berhad, do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements set out on pages 12 to 69 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position of the Fund as at 31 August 2023 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

JOHN CAMPBELL TUPLING
Independent, Non-Executive Director

Kuala Lumpur
Date: 23 October 2023

TRUSTEE'S REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS TARGET INCOME FUND 12 ("Fund")

We have acted as Trustee of the Fund for the financial period ended 31 August 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Eastspring Investments Berhad has operated and managed the Fund during the 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: 23 October 2023

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME **FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2023**

	Note	6-months financial period ended 31.8.2023	6-months financial period ended 31.8.2022
		RM	RM
INVESTMENT INCOME/(LOSS)			
Interest income from deposits			
with licensed financial institutions		89,903	419,810
Interest income from unquoted			
fixed income securities		4,398,353	3,310,428
Exit fee income		63,715	51,772
Net gain/(loss) on financial assets			
at fair value through profit or loss	5	5,859,265	(680,967)
Net loss on forward foreign currency			
contracts	7	(8,564,209)	(7,812,643)
Net foreign currency exchange gain		140,222	282,881
		<u>1,987,249</u>	<u>(4,428,719)</u>
EXPENSES			
Trustee fee	3	(53,921)	(54,285)
Audit fee		(6,536)	(6,554)
Tax agent fee		(2,514)	(1,715)
Other expenses		(32,654)	(22,951)
		<u>(95,625)</u>	<u>(85,505)</u>
PROFIT/(LOSS) BEFORE TAXATION			
		1,891,624	(4,514,224)
TAXATION			
	4	<u>(849,493)</u>	<u>-</u>
PROFIT/(LOSS) AFTER TAXATION AND			
TOTAL COMPREHENSIVE INCOME/(LOSS)			
		<u>1,042,131</u>	<u>(4,514,224)</u>
Profit/(loss) after taxation is made up of the following:			
Realised amount		(5,899,642)	(8,411,949)
Unrealised amount		6,941,773	3,897,725
		<u>1,042,131</u>	<u>(4,514,224)</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 AUGUST 2023

	Note	2023	2022
		RM	RM
ASSETS			
Cash and cash equivalents	6	27,753,490	60,223,879
Financial assets at fair value through profit or loss	5	162,980,148	133,540,304
Forward foreign currency contracts at fair value through profit or loss	7		9,026
Amount due from brokers		-	298,644
Other receivables		-	1,954
Tax recoverable		-	80,393
TOTAL ASSETS		<u>190,733,638</u>	<u>194,154,200</u>
LIABILITIES			
Forward foreign currency contracts at fair value through profit or loss	7	12,688,603	7,463,066
Amount due to Manager		-	97,700
Amount due to Trustee		9,033	9,023
Amount due to brokers		-	9,797,826
Distribution payable		1	-
Tax payable		243,721	-
Other payables and accruals		23,647	38,318
TOTAL LIABILITIES		<u>12,965,005</u>	<u>17,405,933</u>
NET ASSET VALUE OF THE FUND		<u>177,768,633</u>	<u>176,748,267</u>
EQUITY			
Unit holders' capital		194,636,312	200,482,598
Accumulated losses		(16,867,679)	(23,734,331)
NET ASSET ATTRIBUTABLE TO UNIT HOLDERS		<u>177,768,633</u>	<u>176,748,267</u>
NUMBER OF UNITS IN CIRCULATION	8	<u>193,649,209</u>	<u>200,075,695</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.9180</u>	<u>0.8834</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 AUGUST 2023**

	Unit holders' capital	Accumulated losses	Total
	RM	RM	RM
Balance as at 1 March 2023	197,822,073	(17,909,810)	179,912,263
Movement in unit holders' contribution:			
Cancellation of units	(3,185,761)	-	(3,185,761)
Total comprehensive income for the financial period	-	1,042,131	1,042,131
Balance as at 31 August 2023	<u>194,636,312</u>	<u>(16,867,679)</u>	<u>177,768,633</u>
Balance as at 1 March 2022	203,046,452	(19,220,107)	183,826,345
Movement in unit holders' contribution:			
Cancellation of units	(2,563,854)	-	(2,563,854)
Total comprehensive loss for the financial period	-	(4,514,224)	(4,514,224)
Balance as at 31 August 2022	<u>200,482,598</u>	<u>(23,734,331)</u>	<u>176,748,267</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 AUGUST 2023

	Note	6-months financial period ended 31.8.2023	6-months financial period ended 31.8.2022
		RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		108,898,046	134,323,944
Payments for purchase of investments		(95,551,460)	(120,256,002)
Net realised loss on forward foreign currency contracts		(2,581,270)	(119,250)
Interest income received from deposits with licensed financial institutions		89,903	419,810
Interest income received from unquoted fixed income securities		3,187,352	3,288,998
Exit fees income received		63,715	49,853
Trustee fee paid		(53,223)	(53,883)
Payment for other fees and expenses		(49,453)	(41,972)
Tax paid		(965,941)	(74,453)
Net realised foreign currency exchange gain		140,222	282,881
Net cash generated from operating activities		<u>13,177,891</u>	<u>17,819,926</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for cancellation of units		(3,185,761)	(2,467,921)
Net cash used in from financing activities		<u>(3,185,761)</u>	<u>(2,467,921)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS			
		9,992,130	15,352,005
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD			
		<u>17,761,360</u>	<u>44,871,874</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD			
	6	<u>27,753,490</u>	<u>60,223,879</u>

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 AUGUST 2023

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

A. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The preparation of financial statements in conformity with the MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial 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 2023:

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

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

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

B. INCOME RECOGNITION

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).

Interest income from unquoted fixed income securities including amortisation of premium and accretion of discount are recognised using the effective interest method.

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 cost adjusted for accretion of discount or amortisation of premium.

Exit fee income is a redemption fee charged to unit holders on cancellation of units before the maturity date and is recognised upon cancellation of units.

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.

Tax on interest income from foreign unquoted fixed income securities is based on the tax regime of the respective countries that the Fund invests in.

D. FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of the Fund are measured using the currency as 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 measured at amortised cost

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The contractual cash flows of the Fund's debt 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, amount due from brokers and other receivables 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 amount due to Manager, amount due to Trustee, amount due to broker, distribution payable and other payables and accruals as financial liabilities measured at amortised cost.

ii. Recognition and measurement

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

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

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

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

Gains or losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” including the effects of currency translation 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.

Derivative investments are forward foreign currency contracts. Financial derivative position will be “marked to market” at the close of each valuation day.

Foreign exchange gains and losses on the derivative financial instrument are recognised in statement of comprehensive income when settled or at date of the statement of financial position at which time they are included in the measurement of the derivative financial instrument.

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 as per the Securities Commission's ("SC") Guidelines on Unit Trust Funds. Unquoted fixed income securities denominated in foreign currencies are revalued on a daily basis by reference to the price obtained by Reuters. Where Reuters prices are not available on valuation day, these unquoted fixed income securities will be valued by reference to the average indicative yield quoted by three independent and reputable financial institutions.

Where such quotations are not available or where the Manager is of the view that the price quoted by the BPA or the Reuters price for a specific unquoted fixed income security 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 a non-BPA price or the Reuters price;
- (ii) obtains necessary internal approvals to use the non-BPA price or the Reuters 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. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the date of statements of financial position with the resulting value discounted back to present value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as financial assets/liabilities at fair value through profit or loss and accounted for in accordance with the accounting policy set out in Note F to the financial statements.

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 broker 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 broker, probability that the broker 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 AUGUST 2023

1. INFORMATION ON THE FUND

Eastspring Investments Target Income Fund 12 (the “Fund”) was constituted pursuant to the execution of a Deed dated 25 August 2020 entered into between Eastspring Investments Berhad (the “Manager”) and Deutsche Trustees Malaysia Berhad (the “Trustee”).

The Fund was launched on 26 October 2020 and will continue its operations until terminated as provided under Part 12 of the Deed.

The Fund is a 3-years close-ended bond fund, in which, to achieve its objective, the Fund will invest a minimum of 70% of the Fund's NAV in local and/or foreign bonds. Not more than 40% of the Fund's NAV may be invested either in non-rated bonds and/or bonds rated below investment grade by RAM, MARC or other rating agencies (i.e. lower than BBB3 rating by RAM or its equivalent rating by MARC or below investment grade rating by other rating agencies) while the remainder will be invested in investment grade bonds. Non-rated bonds are bonds that have not received a credit rating from one or more of the above mentioned credit rating agencies. Although the Fund is expected to invest up to 40% of the Fund's NAV in non-rated bonds and/or bonds rated below investment grade, there is a risk that this limit may be exceeded if investment grade bonds held within the portfolio were downgraded to below investment grade. This may result in the Fund being exposed to higher credit risk. In the event the 40% limit is exceeded, the External Investment Manager will rectify such breach within a reasonable period of not more than three (3) months by disposing of the non-rated bonds and/or bonds rated below investment grade to 40% of the Fund's NAV. In addition, up to 30% of the Fund's NAV may be invested in liquid assets.

The main objective of the Fund is to provide regular income during the tenure of the Fund.

All investments will be subjected to the Securities Commission's (“SC”) Guidelines on Unit Trust Funds, the Deed 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), country risk, fund management risk, liquidity risk, non-compliance 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 Deed.

Financial instruments of the Fund are as follows:

	Note	Financial assets at amortised cost RM	Financial assets at fair value through profit or loss RM	Financial liabilities at fair value through profit or loss RM	Total RM
<u>2023</u>					
Cash and cash equivalents	6	27,753,490	-	-	27,753,490
Unquoted fixed income securities	5	-	162,980,148	-	162,980,148
Forward foreign currency contracts at fair value through profit or loss	7	-	-	(12,688,603)	(12,688,603)
		<u>27,753,490</u>	<u>162,980,148</u>	<u>(12,688,603)</u>	<u>178,045,035</u>

	Note	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Financial liabilities at fair value through profit or loss	Total
		RM	RM	RM	RM
2022					
Cash and cash equivalents	6	60,223,879	-	-	60,223,879
Unquoted fixed income securities	5	-	133,540,304	-	133,540,304
Forward foreign currency contracts at fair value through profit or loss	7	-	9,026	(7,463,066)	(7,454,040)
Amount due from brokers		298,644	-	-	298,644
Other receivables		1,954	-	-	1,954
		<u>60,524,477</u>	<u>133,549,330</u>	<u>(7,463,066)</u>	<u>186,610,741</u>

All liabilities except forward foreign currency contracts are financial liabilities which are carried at amortised cost.

Market risk

i. Price risk

Price risk arises mainly from the uncertainty about future prices of investments. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The 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 August which are exposed to price risk:

	2023	2022
	RM	RM
Financial assets at fair value through profit or loss:		
Unquoted fixed income securities*	162,980,148	133,540,304

* Includes interest receivable of RM2,812,078 (2022: RM1,713,400).

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

	2023		2022	
% Change in price	Market value	Impact on profit after tax and net asset value	Market value	Impact on loss after tax and net asset value
	RM	RM	RM	RM
5% (2022: +5%)	168,176,474	8,008,404	138,418,249	6,591,345
-5% (2022: -5%)	152,159,667	(8,008,404)	125,235,559	(6,591,345)

ii. Interest rate risk

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

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

In general, when interest rates rise, unquoted 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 Fund's investments in deposits with licensed financial institutions are short term in nature. Therefore, exposure to interest rate fluctuations is minimal.

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

	2023	2022
% Change in interest rate of unquoted fixed income securities	Impact on profit after tax and net asset value	Impact on loss after tax and net asset value
	RM	RM
+1% (2022: +1%)	(178,708)	(232,993)
-1% (2022: -1%)	180,088	235,359

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.

	Unquoted fixed income securities	Forward foreign currency contracts	Cash and cash equivalents	Total
	RM	RM	RM	RM
<u>2023</u>				
EUR	-	-	337	337
SGD	3,381,429	(268,462)	894,559	4,007,526
USD	149,437,681	(12,420,141)	1,107,257	138,124,797
	<u>152,819,110</u>	<u>(12,688,603)</u>	<u>2,002,153</u>	<u>142,132,660</u>
<u>2022</u>				
SGD	3,079,988	2,565	95,605	3,178,158
USD	99,971,183	(7,456,605)	14,980,904	107,495,482
	<u>103,051,171</u>	<u>(7,454,040)</u>	<u>15,076,509</u>	<u>110,673,640</u>

The table below summarises the sensitivity of the Fund's profit/(loss) after tax and net asset value to changes in foreign exchange movements at the end of each reporting financial 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 constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate.

Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change in foreign exchange rate	Impact on profit/(loss) after tax	Impact on net asset value
	%	RM	RM
<u>2023</u>			
EUR	4.42	15	15
SGD	3.20	128,241	128,241
USD	5.12	7,071,990	7,071,990
<u>2022</u>			
SGD	5.00	158,908	158,908
USD	5.00	5,374,774	5,374,774

Country risk

A unit trust fund that invests in foreign countries may experience more rapid and extreme changes in value than a unit trust fund that invests exclusively in Malaysia. Nationalisation, expropriation or confiscatory, taxation, currency blockage, political changes or diplomatic developments could adversely affect a unit trust fund's investments in a foreign country. In the event of nationalisation, expropriation or other confiscation, a unit trust fund could lose its entire investment in foreign countries. Adverse conditions in a certain region can adversely affect securities of other countries whose economies appear to be unrelated. Careful consideration shall be given to risk factors such as liquidity, political and economic environment before any investments are made in a foreign country.

Fund management risk

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

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, 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	More than 1 year	Total
	RM	RM	RM	RM
2023				
Forward foreign currency contracts at fair value through profit or loss	-	4,721,787	7,966,816	12,688,603
Amount due to Trustee	9,033	-	-	9,033
Distribution payable	1	-	-	1
Other payables and accruals	-	23,647	-	23,647
Contractual undiscounted cash outflows	9,034	4,745,434	7,966,816	12,721,284

2022

Forward foreign currency contracts at fair value through profit or loss	-	-	7,463,066	7,463,066
Amount due to Manager	97,700	-	-	97,700
Amount due to Trustee	9,023	-	-	9,023
Amount due to brokers	9,797,826	-	-	9,797,826
Other payables and accruals	-	38,318	-	38,318
Contractual undiscounted cash outflows	9,904,549	38,318	7,463,066	17,405,933

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 RM194,636,312 (2022: RM200,482,598) and accumulated losses of RM16,867,679 (2022: RM23,734,331). 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.

Credit/Default risk

Credit risk refers to the ability of an issuer or a counter party to make timely payments of interest, principals and proceeds from realisation of investments. In the case of the Fund, the Manager regularly review the ratings assigned to the Issuer so that the necessary steps can be taken if the ratings fall below those prescribed by the Deed.

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.

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.

	Cash and cash equivalents	Financial assets at fair value through profit or loss	Total
	RM	RM	RM
2023			
Financial Services			
- AAA	19,107,939	-	19,107,939
- AA1	8,645,551	-	8,645,551
Unquoted Fixed Income			
Securities			
Energy			
- A1	-	1,810,977	1,810,977
- B2	-	2,154,011	2,154,011
- Ba1	-	3,397,013	3,397,013
- Ba3	-	1,754,961	1,754,961
- Baa3	-	10,263,193	10,263,193
- BBB-	-	921,511	921,511
- NR	-	1,131,428	1,131,428
Financials			
- A	-	1,460,323	1,460,323
- A+	-	13,122,072	13,122,072
- A3	-	1,840,176	1,840,176
- AA-	-	966,766	966,766
- AA+	-	8,536,247	8,536,247
- Aa3	-	21,891,558	21,891,558
- AAA	-	10,161,038	10,161,038
- Ba1	-	928,711	928,711
- Baa2	-	719,191	719,191
- Baa3	-	11,665,871	11,665,871
- BBB-	-	17,869,635	17,869,635
- BBB+	-	5,606,126	5,606,126
- Caa1	-	515,480	515,480
- NR	-	2,135,684	2,135,684

	Cash and cash equivalents	Financial assets at fair value through profit or loss	Total
	RM	RM	RM
<u>2023</u> (continued)			
Government			
- AA	-	908,100	908,100
- Aa2	-	939,772	939,772
- Ba1u	-	3,752,286	3,752,286
- Baa3	-	3,735,497	3,735,497
- BBB-	-	11,415,737	11,415,737
- BBB+	-	926,036	926,036
- NR	-	6,492,272	6,492,272
Industrials			
- Baa2	-	892,448	892,448
- BBB	-	907,522	907,522
- BBB-	-	1,704,480	1,704,480
Materials			
- Ba2	-	688,397	688,397
Utilities			
- A2	-	5,549,719	5,549,719
- Ba2	-	1,693,262	1,693,262
- BBB	-	1,846,176	1,846,176
- NR	-	825,618	825,618
Other			
- NR	-	1,850,854	1,850,854
	<u>27,753,490</u>	<u>162,980,148</u>	<u>190,733,638</u>

	Cash and cash equivalents	Financial assets at fair value through profit or loss	Amount due from brokers	Other receivables	Total
	RM	RM	RM	RM	RM
<u>2022</u>					
Financial Services					
- AAA	12,002,466	-	-	-	12,002,466
- AA1	18,215,126	-	-	-	18,215,126
- AA2	30,006,287	-	-	-	30,006,287
Unquoted Fixed					
Income Securities					
- AAA	-	15,353,308	-	-	15,353,308
- AA3	-	4,964,645	-	-	4,964,645
- AA	-	893,171	-	-	893,171
- A+	-	1,783,036	-	-	1,783,036
- A-3	-	889,633	-	-	889,633
- A-2	-	5,316,571	-	-	5,316,571
- A	-	848,453	-	-	848,453
- A-	-	2,660,663	-	-	2,660,663
- BBB+	-	6,053,474	-	-	6,053,474
- Baa2	-	1,566,189	-	-	1,566,189
- BBB	-	18,195,276	-	-	18,195,276
- Baa3	-	2,203,226	-	-	2,203,226
- BBB-	-	10,904,231	-	-	10,904,231
- BB+	-	3,571,029	-	-	3,571,029
- BB	-	2,317,273	-	-	2,317,273
- BB-	-	7,823,890	-	-	7,823,890
- B+	-	11,184,297	-	-	11,184,297

	Cash and cash equivalents		Financial assets at fair value through profit or loss		Amount due from brokers		Other receivables		Total
	RM		RM		RM		RM		RM
<u>2022 (continued)</u>									
- B	-		3,467,166		-		-		3,467,166
- B-	-		2,243,050		-		-		2,243,050
- CCC+	-		329,829		-		-		329,829
- CCC	-		522,071		-		-		522,071
- C	-		100,341		-		-		100,341
- NR	-		30,349,482		-		-		30,349,482
Forward Foreign									
Currency Contracts									
- AAA	-		9,026		-		-		9,026
Other									
- NR	-		-		298,644		1,954		300,598
	60,223,879		133,549,330		298,644		1,954		194,073,807

None of these financial 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 traded derivatives and 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. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each financial period end date. Valuation techniques used for non-standardised financial instruments such as options, currency swaps and other over-the-counter derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

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>2023</u>				
Financial assets at fair value through profit or loss:				
Unquoted fixed income securities	-	162,980,148	-	162,980,148
Financial liabilities at fair value through profit or loss:				
Forward foreign currency contracts	-	(12,688,603)	-	(12,688,603)
<u>2022</u>				
Financial assets at fair value through profit or loss:				
Unquoted fixed income securities	-	133,540,304	-	133,540,304
Forward foreign currency contracts	-	9,026	-	9,026
	-	133,549,330	-	133,549,330
Financial liabilities at fair value through profit or loss:				
Forward foreign currency contracts	-	(7,463,066)	-	(7,463,066)

Financial instruments that trade in markets that are considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2, these include unquoted fixed income securities and forward foreign currency contracts. 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 brokers, other receivables and all liabilities, except for forward foreign currency contracts are a reasonable approximation of their fair values due to their short term nature.

3. TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to an annual fee at a rate not exceeding 0.06% per annum of the net asset value of the Fund, subject to a minimum fee of RM15,000 per annum (excluding foreign custodian fees and charges).

For the financial period ended 31 August 2023, the Trustee fee is recognised at a rate of 0.06% (2022: 0.06%) per annum on the net asset value of the Fund, excluding foreign custodian charges, 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.

4. TAXATION

	6-months financial period ended 31.8.2023	6-months financial period ended 31.8.2022
	RM	RM

Tax charged for the financial period:

Current taxation	849,493	-
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The numerical reconciliation between profit/(loss) before taxation multiplied by the Malaysian statutory tax rate and tax expense of the Fund is as follows:

	6-months financial period ended 31.8.2023	6-months financial period ended 31.8.2022
	RM	RM
Profit/(loss) before taxation	1,891,624	(4,514,224)
Tax at Malaysian statutory rate of 24% (2022: 24%)	453,990	(1,083,414)
Tax effects of:		
Investment loss not deductible for tax purposes	372,553	1,062,893
Expenses not deductible for tax purposes	21,381	18,948
Restriction on tax deductible expenses for Unit Trust Funds	1,569	1,573
Taxation	849,493	-

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	RM	RM
Financial assets at fair value through profit or loss:		
Unquoted fixed income securities	162,980,148	133,540,304
Net gain/(loss) on financial assets at fair value through profit or loss:		
Realised loss on disposals	(7,065,447)	(12,272,081)
Change in unrealised fair value gain	12,924,712	11,591,114
	5,859,265	(680,967)

Unquoted fixed income securities

Name of counter	Nominal value	Aggregate cost	Fair value as at 31.8.2023	Percentage of net asset value of the Fund
	RM	RM	RM	%

4.30% Cagamas Berhad 27.10.2023 (AAA)	10,000,000	10,180,391	10,161,038	5.72
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Name of counter	Nominal value	Aggregate cost	Fair value as at 31.8.2023	Percentage of net asset value of the Fund
	SGD	RM	RM	%

5.375% AIMS APAC REIT 31.12.2099 (NR)	250,000	796,082	850,948	0.48
0.00% Monetary Authority of Singapore 6.10.2023 (NR)	500,000	1,700,929	1,709,938	0.96
3.80% Suntec Real Estate Investment Trust 31.12.2099 (NR)	250,000	781,971	820,543	0.46

Unquoted fixed income securities (continued)

Name of counter	Nominal value	Aggregate cost	Fair value as at 31.8.2023	Percentage of net asset value of the Fund
	USD	RM	RM	%
5.00% Bangkok Bank Public Co Ltd (Hong Kong Branch) 3.10.2023 (BBB+)	200,000	940,962	945,805	0.53
3.425% CCCI Treasure Limited 31.12.2099 (Baa2)	200,000	813,323	892,448	0.50
2.85% China Huaneng Group (Hong Kong) Treasury Management Holding Limited 31.12.2099 (A2)	1,200,000	5,005,575	5,549,719	3.12
4.25% Clean Renewable Power (Mauritius) Pte Ltd 25.3.2027 (Ba2)	191,000	800,366	782,413	0.44
4.875% Comision Federal De Electricidad 15.1.2024 (BBB)	400,000	1,837,984	1,846,176	1.04
5.50% Commonwealth Bank of Australia 14.11.2023 (AA-)	200,000	983,264	966,766	0.54
3.939% ESIC Sukuk Limited 30.7.2024 (Baa3)	500,000	2,107,645	2,267,544	1.28
3.875% Export-Import Bank of India 12.3.2024 (Baa3)	800,000	3,713,338	3,735,497	2.10
6.07% Export-Import Bank of India 6.3.2024 (BBB-)	1,200,000	5,546,188	5,718,517	3.22
6.20% Export-Import Bank of India 20.3.2024 (BBB-)	1,000,000	4,610,574	4,767,892	2.68

Unquoted fixed income securities (continued)

Name of counter	Nominal value	Aggregate cost	Fair value as at 31.8.2023	Percentage of net asset value of the Fund
	USD	RM	RM	%
3.875% FAB Sukuk Company Limited 22.1.2024 (Aa3)	220,000	983,993	1,012,946	0.57
4.974% GLP China Holdings Limited 26.2.2024 (BBB-)	200,000	870,683	801,682	0.45
5.50% Greenko Wind Projects (Mauritius) Ltd 6.4.2025 (Ba2)	200,000	866,105	910,849	0.51
2.125% Huarong Finance 2019 Co., Ltd 30.9.2023 (Ba1)	200,000	836,685	928,711	0.52
5.375% India Green Energy Holdings 29.4.2024 (Ba3)	250,000	1,059,720	1,160,079	0.65
4.75% Indian Oil Corporation Limited 16.1.2024 (Baa3)	1,400,000	6,239,444	6,498,405	3.66
3.73% Indian Railway Finance Corporation Limited 29.3.2024 (BBB-)	200,000	893,524	929,328	0.52
0.00% Kondor Finance Plc 19.7.2022 (NR)*	400,000	1,563,084	1,131,428	0.64
5.40% Kookmin Bank 28.5.2024 (A+)	400,000	1,862,031	1,874,702	1.05
5.09% Kookmin Bank 18.10.2023 (Aa3)	200,000	941,769	931,806	0.52
5.10% Kookmin Bank 18.10.2023 (Aa3)	400,000	1,940,911	1,934,080	1.09
5.40% Kookmin Bank 22.1.2024 (Aa3)	800,000	3,590,173	3,815,917	2.15

Unquoted fixed income securities (continued)

Name of counter	Nominal value	Aggregate cost	Fair value as at 31.8.2023	Percentage of net asset value of the Fund
	USD	RM	RM	%
5.83% Kookmin Bank 28.6.2024 (Aa3)	800,000	3,748,849	3,727,237	2.10
5.92% Kookmin Bank 2.8.2024 (Aa3)	200,000	913,976	927,273	0.52
5.343% Korea Development Bank 17.1.2024 (NR)	1,000,000	4,522,275	4,782,334	2.69
5.355% Korea Development Bank 25.11.2023 (Aa2)	200,000	928,243	939,772	0.53
3.625% Korea Expressway Corporation 18.5.2025 (AA)	200,000	886,170	908,100	0.51
7.50% LMIRT Capital Pte Ltd 9.2.2026 (Caa1)	200,000	811,921	515,480	0.29
7.25% MC Brazil Downstream Trading S.A R.L. 30.6.2031 (Ba3)	192,980	821,317	594,882	0.33
3.625% MISC Capital Two (Labuan) Limited 6.4.2025 (BBB)	200,000	866,581	907,522	0.51
5.36% Nonghyup Bank 22.4.2024 (A+)	800,000	3,591,306	3,763,068	2.12
5.42% NongHyup Bank 27.11.2023 (A+)	400,000	1,900,295	1,861,030	1.05
4.125% NWD Finance (BVI) Limited 31.12.2099 (NR)	200,000	835,007	464,193	0.26
5.375% Oil India Limited 17.4.2024 (Baa3)	800,000	3,605,263	3,764,788	2.12

Unquoted fixed income securities (continued)

Name of counter	Nominal value	Aggregate cost	Fair value as at 31.8.2023	Percentage of net asset value of the Fund
	USD	RM	RM	%
4.625% ONGC Videsh Limited 15.7.2024 (BBB-)	200,000	875,373	921,511	0.52
4.25% PT Adaro Indonesia 31.10.2024 (Ba1)	750,000	3,251,363	3,397,013	1.91
4.45% PT Saka Energi Indonesia 5.5.2024 (B2)	466,000	2,034,636	2,154,011	1.21
4.25% PT Tower Bersama Infrastructure TBK 21.1.2025 (BBB-)	200,000	884,368	902,798	0.51
3.50% QNB Finance Ltd 28.3.2024 (A+)	200,000	933,210	927,312	0.52
5.285% QNB Finance Ltd 18.4.2024 (A+)	1,000,000	4,488,538	4,695,960	2.64
5.60% QNB Finance Ltd 23.12.2023 (Aa3)	1,600,000	7,374,216	7,676,630	4.32
5.25% REC Limited 13.11.2023 (Baa3)	2,000,000	9,035,859	9,398,327	5.29
4.75% Republic of Azerbaijan 18.3.2024 (Ba1u)	800,000	3,511,685	3,752,286	2.11
4.20% Republic of The Philippines 21.1.2024 (BBB+)	200,000	882,060	926,036	0.52
3.766% RHB Bank Berhad 19.2.2024 (A3)	400,000	1,734,614	1,840,176	1.04
0.946% SA Global Sukuk Limited 17.6.2024 (A1)	200,000	825,503	893,267	0.50

Unquoted fixed income securities (continued)

Name of counter	Nominal value	Aggregate cost	Fair value as at 31.8.2023	Percentage of net asset value of the Fund
	USD	RM	RM	%
2.875% Saudi Arabian Oil Company 16.4.2024 (A1)	200,000	919,564	917,710	0.52
5.00% Shinhan Bank 14.10.2023 (Aa3)	400,000	1,871,553	1,865,669	1.05
6.50% SMC Global Power Holdings Corp. 31.12.2099 (NR)	200,000	856,809	825,618	0.46
4.375% State Bank of India 24.1.2024 (BBB-)	400,000	1,782,120	1,845,609	1.04
4.50% State Bank of India 28.9.2023 (BBB-)	3,000,000	13,480,676	14,157,294	7.96
4.875% State Bank of India 17.4.2024 (BBB-)	400,000	1,869,288	1,866,732	1.05
0.80% Sumitomo Mitsui Trust Bank Limited 12.9.2023 (A)	314,000	1,391,886	1,460,323	0.82
5.40% The Hong Kong Mortgage Corporation Limited 26.2.2024 (AA+)	800,000	3,643,329	3,803,607	2.14
4.90% The Hong Kong Mortgage Corporation Limited 21.2.2024 (AA+)	1,000,000	4,470,141	4,732,640	2.66
0.00% United States of America 12.9.2023 (NR)	200,000	899,852	925,905	0.52
0.00% United States of America 19.9.2023 (NR)	200,000	927,919	924,949	0.52
2.95% Vigorous Champion International Limited 25.2.2031 (Baa2)	200,000	804,750	719,191	0.40

Unquoted fixed income securities (continued)

Name of counter	Nominal value	Aggregate cost	Fair value as at 31.8.2023	Percentage of net asset value of the Fund
	USD	RM	RM	%
4.95% West China Cement Limited 8.7.2026 (Ba2)	200,000	846,829	688,397	0.39
4.75% Woori Bank 30.4.2024 (BBB+)	1,000,000	4,321,312	4,660,321	2.62
	<u>43,483,980</u>	<u>158,815,370</u>	<u>162,980,148</u>	<u>91.67</u>

**ACCUMULATED
UNREALISED GAIN ON
FINANCIAL ASSETS AT
FAIR VALUE THROUGH
PROFIT OR LOSS**

4,164,778

**TOTAL FAIR VALUE OF
FINANCIAL ASSETS AT
FAIR VALUE THROUGH
PROFIT OR LOSS**

162,980,148

* Kondor Finance Plc, the financing arm of Naftogaz of Ukraine ("Naftogaz"), Ukraine's largest national oil and gas company defaulted on its U\$335M bond due on 19 July 2022 when the Government of Ukraine instructed it to defer payments for up to 2 years. At the time of default, Naftogaz had more than sufficient cash on its balance sheet to make the payments and leading up to the event, the Company communicated that it had the resources and the intention to pay its obligations on time. The Government nonetheless ordered it to not pay and approach investors with a restructuring plan, part of a 2-year freeze on all sovereign and state agencies payments to free up resources to deal with Russia's invasion. Bondholders have rejected three proposals since then. The bonds are still tradeable in the market and the Manager is currently awaiting for more details on the proposed debt restructuring and will continue to monitor the situation closely.

Unquoted fixed income securities

Name of counter	Nominal value	Aggregate cost	Fair value as at 31.8.2022	Percentage of net asset value of the Fund
	RM	RM	RM	%

4.30% Cagamas Berhad 27.10.2023 (AAA)	15,000,000	15,577,473	15,353,308	8.69
3.85% Hong Leong Assurance Berhad 31.1.2030 (AA3)	5,000,000	5,023,919	4,964,645	2.81
3.795% Malaysia Government 30.9.2022 (NR)	10,000,000	10,169,709	10,171,180	5.75

Name of counter	Nominal value	Aggregate cost	Fair value as at 31.8.2022	Percentage of net asset value of the Fund
	SGD	RM	RM	%

5.375% AIMS APAC REIT 31.12.2099 (NR)	250,000	794,542	807,909	0.46
2.90% Keppel Corporation Limited 31.12.2099 (NR)	250,000	2,513,279	753,520	0.43
3.80% Suntec Real Estate Investment Trust 31.12.2099 (NR)	250,000	781,199	768,424	0.43
3.30% Vertex Venture Holdings Ltd 28.7.2028 (NR)	250,000	781,261	750,135	0.42

Unquoted fixed income securities (continued)

Name of counter	Nominal value	Aggregate cost	Fair value as at 31.8.2022	Percentage of net asset value of the Fund
	USD	RM	RM	%
4.40% 1MDB Global Investments Limited 9.3.2023 (NR)	1,000,000	4,141,011	4,405,871	2.49
2.80% Alibaba Group Holding Limited 6.6.2023 (A+)	400,000	1,685,771	1,783,036	1.01
2.615% AUB Sukuk Limited 9.9.2026 (BBB)	200,000	839,980	825,448	0.47
7.75% Aydem Yenilenebilir Enerji Anonim Sirketi 2.2.2027 (B)	200,000	846,454	672,212	0.38
3.875% Bluestar Finance Holdings Limited 31.12.2099 (BBB)	800,000	3,347,267	3,578,168	2.02
3.425% CCCI Treasure Limited 21.11.2024 (Baa2)	200,000	814,092	871,161	0.49
7.75% Central China Real Estate Limited 24.5.2024 (B)	200,000	822,812	336,339	0.19
2.85% China Huaneng Group (Hong Kong) Treasury Management Holding Limited 31.12.2099 (A-2)	1,200,000	5,004,397	5,316,571	3.01
2.45% China Overseas Grand Oceans Finance IV (Cayman) Limited 9.2.2026 (BBB)	200,000	810,833	760,792	0.43

Unquoted fixed income securities (continued)

Name of counter	Nominal value	Aggregate cost	Fair value as at 31.8.2022	Percentage of net asset value of the Fund
	USD	RM	RM	%
2.95% Chinalco Capital Holdings Limited 24.2.2027 (A-)	200,000	826,023	842,046	0.48
4.25% Clean Renewable Power (Mauritius) Pte Ltd 25.3.2027 (BB-)	196,000	820,730	723,154	0.41
3.939% ESIC Sukuk Limited 30.7.2024 (Baa3)	500,000	2,103,005	2,203,226	1.25
6.375% Federal Republic of Nigeria 12.7.2023 (B)	200,000	876,394	879,076	0.50
4.25% Future Diamond Limited 22.9.2022 (NR)	200,000	847,940	889,226	0.50
3.25% Gansu Provincial Highway Aviation Tourism Investment Group Co., Ltd 3.11.2023 (BBB+)	400,000	1,646,973	1,732,606	0.98
4.90% Gansu Provincial Highway Aviation Tourism Investment Group Co., Ltd 30.3.2025 (BBB+)	200,000	854,925	859,503	0.49
4.974% GLP China Holdings Limited 26.2.2024 (BBB-)	200,000	831,404	841,730	0.48
4.75% GMR Hyderabad International Airport Limited 2.2.2026 (BB+)	200,000	812,224	835,588	0.47

Unquoted fixed income securities (continued)

Name of counter	Nominal value	Aggregate cost	Fair value as at 31.8.2022	Percentage of net asset value of the Fund
	USD	RM	RM	%
4.875% Greenko Investment Company 16.8.2023 (B+)	200,000	860,499	858,710	0.49
5.50% Greenko Wind Projects (Mauritius) Ltd 6.4.2025 (BB)	200,000	861,666	822,905	0.47
3.50% Guangxi Communications Investment Group Co., Ltd 17.9.2022 (BBB)	200,000	902,534	907,949	0.51
3.75% HBIS Group Hong Kong Co., Limited 18.12.2022 (BBB+)	200,000	814,924	894,866	0.51
6.25% HSBC Holdings Plc 23.3.2023 (BBB)	300,000	1,308,552	1,352,173	0.76
4.00% Huarong Finance 2017 Co., Ltd 7.11.2022 (BBB-)	200,000	879,134	888,238	0.50
2.125% Huarong Finance 2019 Co., Ltd 30.9.2023 (BBB+)	200,000	831,969	840,140	0.48
4.105% Huarong Finance 2019 Co., Ltd 24.1.2023 (BBB+)	400,000	1,663,149	1,726,359	0.98
5.375% India Green Energy Holdings 29.4.2024 (BB-)	250,000	1,072,193	1,096,930	0.62
3.73% Indian Railway Finance Corporation Limited 29.3.2024 (BBB-)	200,000	887,409	897,832	0.51

Unquoted fixed income securities (continued)

Name of counter	Nominal value	Aggregate cost	Fair value as at 31.8.2022	Percentage of net asset value of the Fund
	USD	RM	RM	%
0.00% Kondor Finance Plc 19.9.2022 (CCC)	400,000	1,640,999	447,400	0.25
3.625% Korea Expressway Corporation 18.5.2025 (AA)	200,000	884,877	893,171	0.51
5.20% KWG Group Holdings Limited 21.9.2022 (CCC+)	-	(129)	(129)	-
7.875% KWG Group Holdings Limited 1.9.2023 (CCC+)	400,000	1,754,182	329,958	0.19
7.50% LMIRT Capital Pte Ltd 9.2.2026 (B)	200,000	811,088	661,779	0.37
6.50% Logan Group Company Limited 16.7.2023 (B+)	600,000	2,523,624	484,870	0.27
7.25% MC Brazil Downstream Trading S.A R.L. 30.6.2031 (BB-)	200,000	850,792	758,150	0.43
3.10% Minor International Public Company Limited 31.12.2099 (BBB)	200,000	870,529	873,941	0.49
3.625% MISC Capital Two (Labuan) Limited 6.4.2025 (BBB)	200,000	864,528	883,258	0.50
4.125% NWD Finance (BVI) Limited 31.12.2099 (NR)	200,000	834,705	693,945	0.39

Unquoted fixed income securities (continued)

Name of counter	Nominal value	Aggregate cost	Fair value as at 31.8.2022	Percentage of net asset value of the Fund
	USD	RM	RM	%
4.875% Oman Sovereign Sukuk SAOC 15.6.2030 (BB-)	200,000	833,009	905,127	0.51
7.50% Pakistan Water and Power Development Authority 4.6.2031 (B-)	200,000	842,618	463,618	0.26
7.125% Powerlong Real Estate Holdings Limited 15.1.2024 (NR)	400,000	1,744,323	275,785	0.16
4.25% PT Adaro Indonesia 31.10.2022 (BBB-)	750,000	3,151,316	3,298,573	1.87
4.625% PT Bank Rakyat Indonesia (Persero) TBK 20.7.2023 (BBB-)	200,000	889,119	899,397	0.51
4.875% PT Pakuwon Jati TBK 29.4.2028 (BB)	200,000	753,588	806,681	0.46
4.50% PT Pelabuhan Indonesia II (Persero) 2.5.2023 (BBB)	730,000	3,168,039	3,310,520	1.87
4.45% PT Saka Energi Indonesia 5.5.2024 (B+)	800,000	3,254,317	3,330,764	1.88
2.05% PT Sarana Multi Infrastruktur (Persero) 11.5.2026 (BBB)	200,000	802,292	806,791	0.46
4.25% PT Tower Bersama Infrastructure TBK 21.1.2025 (BBB-)	200,000	864,886	877,774	0.50
7.875% Rail Capital Markets Plc 15.7.2026 (NR)	200,000	846,804	196,912	0.11

Unquoted fixed income securities (continued)

Name of counter	Nominal value	Aggregate cost	Fair value as at 31.8.2022	Percentage of net asset value of the Fund
	USD	RM	RM	%
5.25% REC Limited 13.11.2023 (BBB-)	700,000	3,210,432	3,200,687	1.81
6.45% Renew Power Private Limited 27.9.2022 (BB-)	400,000	1,765,964	1,832,603	1.04
4.75% Republic of Azerbaijan 18.3.2024 (BB+)	600,000	2,585,441	2,735,441	1.55
6.25% Republic of Turkey 26.9.2022 (B)	200,000	849,948	917,760	0.52
3.90% Republic of Uzbekistan 19.10.2031 (BB-)	200,000	851,362	698,454	0.40
3.766% RHB Bank Berhad 19.2.2024 (A-3)	200,000	883,123	889,633	0.50
7.875% RKPF Overseas 2019 (A) Limited 1.2.2023 (B+)	1,000,000	4,327,206	3,938,518	2.23
8.10% Ronshine China Holdings Limited 9.6.2023 (CCC)	200,000	797,665	74,671	0.04
0.946% SA Global Sukuk Limited 17.6.2024 (A)	200,000	825,440	848,453	0.48
0.00% Scenery Journey Limited 24.10.2022 (C)	200,000	740,904	40,266	0.02
4.80% Shandong Iron and Steel Xinheng International Company Limited 28.7.2024 (NR)	200,000	848,937	833,864	0.47
3.29% Sime Darby Plantation Global Berhad 29.1.2023 (BBB)	900,000	3,798,912	4,003,304	2.26

Unquoted fixed income securities (continued)

Name of counter	Nominal value	Aggregate cost	Fair value as at 31.8.2022	Percentage of net asset value of the Fund
	USD	RM	RM	%
6.50% SMC Global Power Holdings Corp. 25.4.2024 (NR)	200,000	854,988	868,180	0.49
4.25% SSG Resources Limited 4.10.2022 (A-)	400,000	1,745,609	1,818,617	1.03
4.75% State Oil Company of The Azerbaijan Republic 13.3.2023 (BB-)	200,000	844,373	912,398	0.52
4.125% Sultanate of Oman 17.1.2023 (BB-)	200,000	893,497	897,074	0.51
5.625% The Third Pakistan International Sukuk Company Limited 5.12.2022 (B-)	200,000	847,659	864,321	0.49
5.25% Turkey Garanti Bank Inc. 13.9.2022 (B-)	200,000	850,775	915,111	0.52
0.125% United States of America 30.9.2022 (NR)	2,000,000	8,937,327	8,934,531	5.05
4.15% Vanke Real Estate (Hong Kong) Company Limited 18.4.2023 (BBB)	200,000	884,119	892,932	0.51
2.95% Vigorous Champion International Limited 25.2.2031 (Baa2)	200,000	804,354	695,028	0.39
4.95% West China Cement Limited 8.7.2026 (BB)	200,000	842,690	687,687	0.39
6.75% Yanlord Land (HK) Co., Ltd 23.4.2023 (B+)	400,000	1,767,732	1,763,203	1.00

Unquoted fixed income securities (continued)

Name of counter	Nominal value	Aggregate cost	Fair value as at 31.8.2022	Percentage of net asset value of the Fund
	USD	RM	RM	%
6.80% Yanlord Land (HK) Co., Ltd 27.2.2024 (B+)	200,000	925,011	808,232	0.46
6.50% Zhenro Properties Group Limited 1.9.2022 (C)	200,000	859,598	60,075	0.03
	<u>56,526,000</u>	<u>144,384,218</u>	<u>133,540,304</u>	<u>75.57</u>

**ACCUMULATED
UNREALISED LOSS ON
FINANCIAL ASSETS AT
FAIR VALUE THROUGH
PROFIT OR LOSS**

(10,843,914)

**TOTAL FAIR VALUE OF
FINANCIAL ASSETS AT
FAIR VALUE THROUGH
PROFIT OR LOSS**

133,540,304

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

	2023	2022
	%	%
Unquoted fixed income securities	<u>4.28</u>	<u>4.15</u>

6. CASH AND CASH EQUIVALENTS

	2023	2022
	RM	RM
Bank balances with a licensed bank	8,645,551	18,215,126
Deposits with licensed financial institutions	19,107,939	42,008,753
	<u>27,753,490</u>	<u>60,223,879</u>

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

	2023	2022
	RM	RM
- EUR	337	-
- MYR	25,751,337	45,147,370
- SGD	894,559	95,605
- USD	1,107,257	14,980,904
	<u>27,753,490</u>	<u>60,223,879</u>

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

	2023	2022
	%	%
Deposits with licensed financial institutions	<u>3.79</u>	<u>2.54</u>

The deposits have an average maturity of 79 days (2022: 5 days).

7. FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of statement of financial position, there are 23 (2022: 31) forward foreign currency contracts outstanding. The notional principal amount of the outstanding forward foreign currency contracts amounted to RM140,595,383 (2022: RM147,456,011). The forward foreign currency contracts entered into during the financial period were for hedging against the currency exposure arising from the investment in the foreign unquoted fixed income securities denominated in USD and SGD. As the Fund has not adopted hedge accounting during the financial period, the change in the fair value of the forward foreign currency contracts is recognised immediately in the statement of comprehensive income.

	2023	2022
	RM	RM
Financial assets at fair value through profit or loss:		
Forward foreign currency contracts	-	9,026
Financial liabilities at fair value through profit or loss:		
Forward foreign currency contracts	12,688,603	7,463,066
	2023	2022
	RM	RM
Net loss on forward foreign currency contracts at fair value through profit or loss:		
Realised losses on forward foreign currency contracts	(2,581,270)	(119,250)
Unrealised losses on forward foreign currency contracts	(5,982,939)	(7,693,393)
	(8,564,209)	(7,812,643)

Forward foreign currency contracts

Name of issuer	Receivables	Payables	Fair value as at 31.8.2023	Percentage of net asset value of the Fund
	RM	RM	RM	%
CIMB Bank Berhad	80,036,825	87,150,735	(7,113,910)	(4.01)
Hong Leong Bank Berhad	34,559,205	37,498,762	(2,939,557)	(1.65)
HSBC Bank Malaysia Berhad	25,999,353	28,634,489	(2,635,136)	(1.48)
	<u>140,595,383</u>	<u>153,283,986</u>	<u>(12,688,603)</u>	<u>(7.14)</u>

Name of issuer	Receivables	Payables	Fair value as at 31.8.2022	Percentage of net asset value of the Fund
	RM	RM	RM	%
CIMB Bank Berhad	84,632,752	89,062,327	(4,429,575)	(2.51)
Hong Leong Bank Berhad	36,668,418	38,252,700	(1,584,282)	(0.90)
HSBC Bank Malaysia Berhad	26,154,841	27,595,024	(1,440,183)	(0.81)
	<u>147,456,011</u>	<u>154,910,051</u>	<u>(7,454,040)</u>	<u>(4.22)</u>

8. UNITS IN CIRCULATION

	2023	2022
	No. of units	No. of units
At the beginning of the financial period	197,128,433	202,979,617
Cancellation of units during the financial period	<u>(3,479,224)</u>	<u>(2,903,922)</u>
At the end of the financial period	<u>193,649,209</u>	<u>200,075,695</u>

9. TRANSACTIONS WITH DEALERS

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

Name of dealers	Value	Percentage	Brokerage fees	Percentage
	of trades	of total trades		of total brokerage fees
	RM	%	RM	%
<u>2023</u>				
HSBC Singapore	23,700,793	18.13	-	-
BNP Paribas Group	14,076,676	10.77	-	-
Wells Fargo Securities LLC	11,106,010	8.49	-	-
Deutsche Bank AG	9,441,285	7.22	-	-
Citigroup Global Markets Limited	9,111,725	6.97	-	-
DBS Bank Limited	7,891,670	6.04	-	-
United Overseas Bank Limited	6,633,436	5.07	-	-
BOFA Securities, Inc.	5,442,405	4.16	-	-
Hong Leong Bank Singapore	5,016,500	3.84	-	-
UBS AG	4,727,754	3.62	-	-
Others	33,593,173	25.69	-	-
	<u>130,741,427</u>	<u>100.00</u>	-	-

Name of dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
<u>2022</u>				
Wells Fargo Securities Llc	30,551,658	21.59	-	-
HSBC Singapore	24,243,666	17.13	-	-
CIMB Bank Berhad - Singapore	15,027,300	10.62	-	-
BNP Paribas Group	15,000,807	10.60	-	-
Citigroup Global Markets Limited	9,495,936	6.71	-	-
Merrill Lynch International Ltd	8,251,540	5.83	-	-
Jefferies International Ltd	6,779,589	4.79	-	-
Deutsche Bank AG	5,832,796	4.12	-	-
UBS AG	4,602,029	3.25	-	-
Marketaxess Capital Limited	2,993,800	2.12	-	-
Others	18,716,153	13.24	-	-
	<u>141,495,274</u>	<u>100.00</u>	-	-

All dealers highlighted above are not related to the Manager.

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 Group Private Limited	Immediate holding company of the Manager
Prudential Plc	Ultimate holding company of the Manager

Units held by Manager:

	2023		2022	
	No. of units	RM	No. of units	RM
Eastspring Investments Berhad	971	891	971	864

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.

11. TOTAL EXPENSE RATIO ("TER")

	2023	2022
	%	%
TER	0.05	0.05

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 RM178,763,292 (2022: RM179,489,064).

12. PORTFOLIO TURNOVER RATIO ("PTR")

	2023	2022
PTR (times)	0.43	0.40

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 = RM90,169,460 (2022: RM130,053,828)

total disposals for the financial period = RM62,598,486 (2022: RM14,980,368)

13. APPROVAL OF FINANCIAL STATEMENTS

The unaudited financial statements have been approved for issue by the Manager on 23 October 2023.

CORPORATE DIRECTORY

THE MANAGER

NAME

EASTSPRING INVESTMENTS BERHAD

COMPANY NO.

200001028634 (531241-U)

REGISTERED OFFICE

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TRUSTEE

NAME

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