

EASTSPRING INVESTMENTS ISLAMIC SMALL-CAP FUND

SEMI-ANNUAL REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD
ENDED 30 NOVEMBER 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 30 November 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 Chee Kin', written in a cursive style.

Raymond Tang Chee Kin

Non-Independent, Executive Director and Chief Executive Officer

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FUND INFORMATION

Name of Fund	Eastspring Investments Islamic Small-cap Fund (the “Fund”)
Fund Category/ Type	Equity (small-cap Shariah/Growth)
Fund Objective	<p>The Fund seeks to provide capital appreciation by investing in small market capitalisation Shariah-compliant securities of companies with growth potential.</p> <p>ANY MATERIAL CHANGES TO THE FUND’S OBJECTIVE WOULD REQUIRE UNIT HOLDERS’ APPROVAL.</p>
Performance Benchmark	<p>FTSE Bursa Malaysia Small Cap Shariah Index.</p> <p>The performance benchmark of the Fund was previously benchmarked against the composite benchmark of 80% FTSE Bursa Malaysia Small Cap Shariah Index + 20% FTSE Bursa Malaysia EMAS Shariah Index. However, this has been replaced with FTSE Bursa Malaysia Small Cap Shariah Index with effect from 1 February 2023.</p> <p>Source: www.bursamalaysia.com</p> <p>Note: The risk profile of the Fund is different from the risk profile of the performance benchmark.</p>
Fund Income Distribution Policy	<p>Subject to the availability of income, distribution of income, if any, will be incidental, after deduction of taxation and expenses.</p>

KEY PERFORMANCE DATA FOR THE FINANCIAL PERIOD ENDED

Category	2023	2022	2021
	(%)	(%)	(%)
Quoted Shariah-compliant securities			
Construction	10.13	9.81	17.63
Consumer Products & Services	22.84	25.99	19.77
Energy	3.51	4.91	1.25
Financial Services	5.69	5.67	5.10
Health Care	4.25	2.76	2.15
Industrial Products & Services	14.35	6.09	19.69
Islamic Real Estate Investment Trust	6.39	4.85	-
Plantation	4.65	8.48	6.22
Property	6.50	3.99	4.06
Technology	9.59	2.26	10.43
Transportation & Logistics	-	0.30	2.91
Utilities	2.15	2.78	1.94
	90.05	77.89	91.15
Cash and other assets	9.95	22.11	8.85
Total	100.00	100.00	100.00
Net Asset Value (NAV) (RM'000)	89,366	98,234	111,635
Units In Circulation (Units '000)	175,981	204,606	221,519
Net Asset Value Per Unit (RM)	0.5078	0.4801	0.5040
Highest Net Asset Value Per Unit (RM)	0.5139	0.4980	0.5456
Lowest Net Asset Value Per Unit (RM)	0.4777	0.4462	0.5004
Total Return (%)			
- Capital Growth	5.57	(2.40)	(1.58)
- Income Distribution	-	-	-
Total Return (%)	5.57	(2.40)	(1.58)
Gross Distribution Per Unit (RM)	-	-	-
Net Distribution Per Unit (RM)	-	-	-
Total Expense Ratio (TER) (%)*	0.80	0.80	0.80
Portfolio Turnover Ratio (PTR) (times)^	0.14	0.18	0.20

* 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 1.12.2022 to 30.11.2023	3 years 1.12.2020 to 30.11.2023	5 years 1.12.2018 to 30.11.2023
	(%)	(%)	(%)

Average total return	5.77	(2.48)	2.59
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Year ended	1.6.2022 to 31.5.2023	1.6.2021 to 31.5.2022	1.6.2020 to 31.5.2021	1.6.2019 to 31.5.2020	1.6.2018 to 31.5.2019
	(%)	(%)	(%)	(%)	(%)

Annual total return	(2.22)	(3.94)	7.88	1.70	2.94
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Source: The above total return of the Fund was sourced from Lipper for Investment Management.

Bases of calculation and assumptions made in calculating returns:

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

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

$$n = \text{Number of years}$$

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

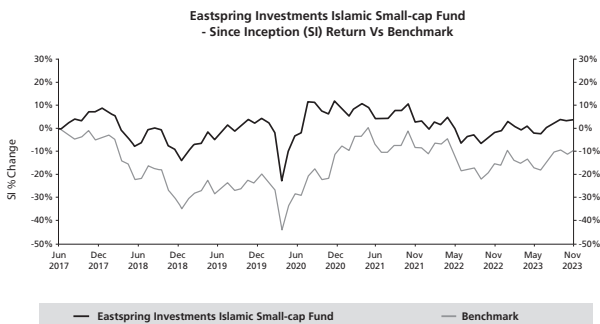
MANAGER'S REPORT

Fund Performance

Over the 5-year period, the Fund registered a return of 13.66%, underperforming the benchmark return of 29.42% by 15.76%.

During the period under review, the Fund recorded a return of 5.57%, underperforming the benchmark return of 9.59% by 4.02%.

The underperformance was mainly attributed to fund's underweight holdings in materials and industrials sectors.



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

Benchmark: FTSE Bursa Malaysia Small Cap Shariah Index.

Source: Lipper for Investment Management and www.bursamalaysia.com, as at 30 November 2023.

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 30 November 2023:

Income Return	Capital Return*	Total Return	Total Return of Benchmark
(%)	(%)	(%)	(%)
0.00	5.57	5.57	9.59

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

Distribution/ Unit Split

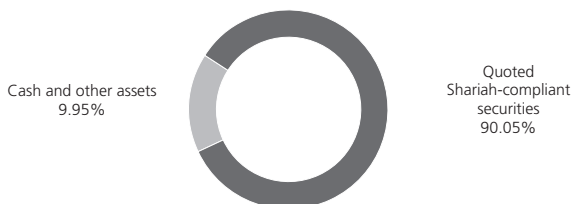
No distribution or unit split were declared for the financial period ended 30 November 2023.

Investment Strategy During the Period Under Review

During the period under review, the Fund took the opportunity on market volatility to raise its Shariah-compliant equity exposure. The Fund remained constructive on domestic-driven sectors such as industrials and continue to like structural growth theme within the technology sector.

Asset Allocation

Asset Allocation	30-Nov 2023	31-May 2023	Changes
	(%)	(%)	(%)
Quoted Shariah-compliant securities	90.05	84.00	6.05
Cash and other assets	9.95	16.00	(6.05)

Asset Allocation as at 30 November 2023

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

MANAGER'S REPORT (CONTINUED)

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.

We will issue the Sixth Supplementary Prospectus dated 2 February 2024 with the following changes:

- a) To lower minimum initial and/or additional investments amount, minimum redemption and minimum holding units via our digital platform as well as on our distributor's digital platform;
- b) To only allow income distribution payments for investments via electronic bank transfer (e-payment);
- c) To implement auto-reinvestment of the income distributions in the absence of a registered bank account; and
- d) To implement auto-reinvestment enhancement for income distributions paid to unit holders should there be unclaimed income distribution payment for the last three (3) consecutive distributions.

With above, unit holders may refer to **Appendix 1** for the detailed list of changes.

MARKET REVIEW

Malaysian equity markets closed lower for the sixth consecutive month in June. Foreign investors continued to be net sellers of equities for the month of June and have been for the tenth consecutive month. During the month, Bank Negara Malaysia announced that the Yang di-Pertuan Agong has consented to the appointment of Datuk Shaik Abdul Rasheed bin Abdul Ghaffour as Governor for a five-year term effective 1 July 2023 to 30 June 2028.

Malaysian equity markets performed well in the beginning of 3Q2023, after 6 months of consecutive monthly declines, outperforming regional markets, especially on USD basis, as the MYR appreciated by 3.54% against the USD. In the second half of July, we saw foreign inflows into Malaysian equities, and we ended the month with net foreign buying of RM1.4b, after 10 consecutive months of foreign outflows since September 2022. Towards the end of the month, Prime Minister Dato' Seri Anwar Ibrahim unveiled his plans for an economic reset via the MADANI Economy Framework, and then announced the National Energy Transition Roadmap ("NETR") (Phase 1) the same day. Malaysian equity markets continued to outperform regional markets for the second consecutive month in August. Malaysia had an eventful month where the State Elections were held in 6 states, which resulted in a status quo outcome: PH/BN won 3 states and PN won 3 states as well. The government launched Phase 2 of NETR end of August, providing some details on the energy exchange hub to enable cross border renewable energy ("RE") trading, with the Prime Minister hinting that the Energy Exchange will hopefully be expedited to ready by end 2023. The surprise for the month was the mergers and acquisitions ("M&As") announced. Kuala Lumpur Kepong ("KLK") announced that they will be acquiring a 33% +1 share in Boustead Plantations (with intention to acquire the remaining shares not owned, acting in concert with the Armed Forces Fund Board (Lembaga Tabung Angkatan Tentera - LTAT)), and Sime Darby is proposing to take over UMW Holdings. The Malaysian Ringgit depreciated 3.1%, after hitting a low of RM4.507/USD on 31 July 2023.

By the end of the 3Q2023, Malaysian equity markets managed to eke out a positive return for the period and maintain their outperformance over other regional markets. The government announced the New Industrial Master Plan ("NIMP") 2030, which is targeting a 6.5% increase in manufacturing value-added by 2030 to RM587.8b, expecting to require a total investment of RM95b over seven years. News that the Malaysian prosecution was withdrawing all 47 charges of criminal breach of trust, graft, and money laundering faced by Deputy Prime Minister Datuk Seri Dr Ahmad Zahid Hamidi, after applying to discharge all the charges, came as a surprise. Corporate earnings reported in September were overall weaker than expected, resulting in downgrades to consensus earnings. Foreign investors continued to be net buyers of equity in September 2023, for the third consecutive month, after previously being net sellers for 10 consecutive months.

Malaysian equities outperformed regional markets in the month of October, for the fourth consecutive month. October was a fairly eventful month, with the announcement of Budget 2024 which investors took to be fairly neutral. Within the Budget, subsidies are lower for 2024 at 10% of operating expenditures (versus 14% in 2023), and the announcement of additional infrastructure goodies were announced such as the restoration of LRT3 stations and extension of LRT to the mainland. Not long after this, a slew of economic data released in the US, continued to highlight the strength of the US economy, withstanding the surge in interest rates thus far. Investors speculated that this would be a risk for the US Federal Reserve to remain hawkish on their interest rate policy, providing strength to the US Dollar. The MYR traded at Asian Financial Crisis lows at RM4.79/USD on the 24 October 2023, lowest level in more than 25 years.

Malaysian equities underperformed regional markets in the month of November, despite posting positive gains for the month. November was results reporting month for 3Q2023. Generally, the results reported were weaker and missed expectations more than meet or beat. Those that had exposure to external demand for example tech, came in below, whilst many companies across a broad range of sectors continued to be impacted by cost pressures. Foreign investors turned net buyer of Malaysian equities in November of RM1.6b. The FBMKLCI saw new constituents in the latest semi-annual review, with the announcement that YTL Corp and YTL Power will replace Dialog and Westports effective 18 December 2023.

The FBM Emas Shariah Index ("FBMS") closed the period under review higher by 3.04%. The FBM Small Cap Shariah Index closed the period under review down by 9.59%.

REBATES AND SOFT COMMISSIONS

During the period under review, the Manager and its delegates (if any) received soft commissions from brokers/dealers in the form of goods and services which directly assist the investment management of the Fund, including research and advisory services, market analyses, data and quotation services, and computer hardware and software used for and/or in support of the investment process of fund managers. Such soft commissions received are utilised in the investment management of the Fund and are of demonstratable benefit to the Fund and Unitholders. There were no churning of trades.

The Manager and its delegates (if any) have not received any rebates or shared any commissions from any brokers during the same period under review.

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 ISLAMIC SMALL-CAP FUND

UNAUDITED FINANCIAL STATEMENTS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 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 15 to 58 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 30 November 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: 19 January 2024

TRUSTEE'S REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS ISLAMIC SMALL-CAP FUND ("Fund")

We have acted as Trustee of the Fund for the financial period ended 30 November 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: 19 January 2024

SHARIAH ADVISER'S REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS ISLAMIC SMALL-CAP FUND ("FUND")

We hereby confirm the following:

1. To the best of our knowledge, after having made all reasonable enquiries, Eastspring Investments Berhad has operated and managed the Fund for the period covered by these financial statements namely, the semi-annual period ended 30 November 2023, in accordance with Shariah principles and requirements, and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters; and
2. The assets of the Fund comprise instruments that have been classified as Shariah compliant.

For and on behalf of the Shariah Adviser,
BIMB SECURITIES SDN BHD

NURUL AQILA SUFIYAH LOKMAN
Designated Shariah Officer

Kuala Lumpur
Date: 19 January 2024

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2023

	Note	6-months financial period ended 30.11.2023	6-months financial period ended 30.11.2022
		RM	RM
INVESTMENT INCOME/(LOSS)			
Gross dividend income		1,498,704	4,260,909
Profit income from Islamic deposits with licensed financial institutions		155,593	209,314
Net gain/(loss) on financial assets at fair value through profit or loss	6	4,153,551	(6,096,422)
		<u>5,807,848</u>	<u>(1,626,199)</u>
EXPENSES			
Management fee	3	(686,520)	(741,848)
Trustee fee	4	(29,749)	(32,147)
Audit fee		(3,850)	(3,861)
Tax agent fee		(1,850)	(1,705)
Transaction costs		(84,218)	(121,215)
Other expenses		(19,384)	(12,970)
		<u>(825,571)</u>	<u>(913,746)</u>
PROFIT/(LOSS) BEFORE TAXATION		4,982,277	(2,539,945)
TAXATION	5	-	-
PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS)		<u>4,982,277</u>	<u>(2,539,945)</u>
Profit/(loss) after taxation is made up of the following:			
Realised amount		(4,979,546)	3,653,573
Unrealised amount		9,961,823	(6,193,518)
		<u>4,982,277</u>	<u>(2,539,945)</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 30 NOVEMBER 2023

	Note	2023	2022
		RM	RM
ASSETS			
Cash and cash equivalents	7	8,868,113	24,658,701
Financial assets at fair value through profit or loss	6	80,509,155	76,510,173
Amount due from Manager		53,668	25,294
Amount due from brokers		588,359	-
Dividends receivable		64,787	9,384
TOTAL ASSETS		<u>90,084,082</u>	<u>101,203,552</u>
LIABILITIES			
Accrued management fee		110,970	120,727
Amount due to Manager		80,579	1,851,784
Amount due to Trustee		4,809	5,231
Amount due to brokers		501,824	962,034
Other payables and accruals		20,052	29,879
TOTAL LIABILITIES		<u>718,234</u>	<u>2,969,655</u>
NET ASSET VALUE OF THE FUND		<u>89,365,848</u>	<u>98,233,897</u>
EQUITY			
Unit holders' capital		91,388,453	105,549,016
Accumulated losses		(2,022,605)	(7,315,119)
NET ASSET ATTRIBUTABLE TO UNIT HOLDERS		<u>89,365,848</u>	<u>98,233,897</u>
NUMBER OF UNITS IN CIRCULATION	9	<u>175,980,817</u>	<u>204,605,771</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.5078</u>	<u>0.4801</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 30 NOVEMBER 2023

	Unit holders' capital	Accumulated losses	Total
	RM	RM	RM
Balance as at 1 June 2023	100,698,067	(7,004,882)	93,693,185
Movement in unit holders' contribution:			
Creation of units from applications	2,190,977	-	2,190,977
Cancellation of units	(11,500,591)	-	(11,500,591)
Total comprehensive income for the financial period	-	4,982,277	4,982,277
Balance as at 30 November 2023	<u>91,388,453</u>	<u>(2,022,605)</u>	<u>89,365,848</u>
Balance as at 1 June 2022	108,692,118	(4,775,174)	103,916,944
Movement in unit holders' contribution:			
Creation of units from applications	6,996,925	-	6,996,925
Cancellation of units	(10,140,027)	-	(10,140,027)
Total comprehensive loss for the financial period	-	(2,539,945)	(2,539,945)
Balance as at 30 November 2022	<u>105,549,016</u>	<u>(7,315,119)</u>	<u>98,233,897</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 30 NOVEMBER 2023

	6-months financial period ended 30.11.2023	6-months financial period ended 30.11.2022
Note	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of Shariah-compliant investments	13,116,729	20,200,984
Purchase of Shariah-compliant investments	(10,864,495)	(14,773,663)
Dividends received	1,592,674	4,382,162
Profit income received from Islamic deposits with licensed financial institutions	155,593	209,314
Management fee paid	(697,000)	(755,967)
Trustee fee paid	(30,203)	(32,759)
Payment for other fees and expenses	(110,876)	(149,825)
Net cash generated from operating activities	<u>3,162,422</u>	<u>9,080,246</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	2,171,493	7,017,126
Payments for cancellation of units	(11,575,631)	(8,435,939)
Net cash used in financing activities	<u>(9,404,138)</u>	<u>(1,418,813)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(6,241,716)	7,661,433
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>15,109,829</u>	<u>16,997,268</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>7 8,868,113</u>	<u>24,658,701</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 30 NOVEMBER 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 is in conformity with the MFRS and IFRS which requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires the Manager to exercise their judgement in the process of applying the Fund’s accounting policies. Although these estimates and judgement are based on the Manager’s best knowledge of current events and actions, actual results may differ.

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

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 June 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 June 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

Profit income earned from short-term Islamic deposits with licensed financial institutions is recognised on an accrual basis using the effective profit rate method.

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

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

Realised gain or loss on disposal of Shariah-compliant securities is accounted for as the difference between the net disposal proceeds and the carrying amount of Shariah-compliant securities, which is determined on a weighted average cost basis.

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 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. 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 equity¹ securities as fair value through other comprehensive income. Consequently, all investments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents, amount due from Manager, amount due from brokers and dividends receivable as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

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

¹ For the purposes of the investments made by the Fund, equity refers to Shariah-compliant equity instruments.

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. Shariah-compliant investments are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income.

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

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

Financial liabilities are derecognised when 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 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.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of gross dividend income when the Fund’s right to receive payments is established.

Quoted Shariah-compliant securities in Malaysia are valued at the last done market price quoted on Bursa Malaysia Securities Berhad (“Bursa Securities”) at the date of the statement of financial position.

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

Financial assets and other financial liabilities are subsequently carried at amortised cost using the effective profit 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 that there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of obligor's sources of income or assets to generate sufficient future cash flows to pay the amount. The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the financial period.

F. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise bank balances and Islamic 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.

G. 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.

H. AMOUNT DUE FROM/(TO) BROKERS

Amount due from and to brokers represent receivables for Shariah-compliant securities sold and payables for Shariah-compliant 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, profit 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.

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 at the date of the statement of financial position.

J. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information contents on the estimates, certain key variables that are anticipated to have material impacts to the 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 the Trustee 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 Shariah-compliant investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the Securities Commission's ("SC") Guidelines on Unit Trust Funds.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2023

1. INFORMATION ON THE FUND

Eastspring Investments Islamic Small-cap Fund (the "Fund") was constituted pursuant to the execution of a Deed dated 28 March 2017 (the "Deed") entered into between Eastspring Investments Berhad (the "Manager") and Deutsche Trustees Malaysia Berhad (the "Trustee") followed by Supplemental Deed dated 20 May 2022 (collectively referred to as the "Deeds").

The Fund was launched on 25 May 2017 and will continue its operations until terminated by the Trustee or the Manager as provided under Part 12 of the Deed.

The Fund invests in Shariah-compliant equities and Shariah-compliant equity-related securities, such as Shariah-compliant rights and Shariah-compliant warrants of small-cap companies listed in Malaysia with market capitalisation up to RM5 billion.

The Fund seeks to provide capital appreciation by investing in small market capitalisation Shariah-compliant securities of companies with growth potential.

All Shariah-compliant investments will be subjected to the Securities Commission's ("SC") Guidelines on Unit Trust Funds, the Deeds and the objective of the Fund.

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

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks which include market risk (inclusive of price risk and exposure to interest rate risk), stock/issuer risk, liquidity risk, fund management risk, non-compliance risk, Shariah status reclassification risk, capital risk and credit/default risk.

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

Financial instruments of the Fund are as follows:

	Note	Financial assets at amortised cost RM	Financial assets at fair value through profit or loss RM	Total RM
<u>2023</u>				
Cash and cash equivalents	7	8,868,113	-	8,868,113
Quoted Shariah-compliant securities	6	-	80,509,155	80,509,155
Amount due from Manager		53,668	-	53,668
Amount due from brokers		588,359	-	588,359
Dividends receivable		64,787	-	64,787
		<u>9,574,927</u>	<u>80,509,155</u>	<u>90,084,082</u>
<u>2022</u>				
Cash and cash equivalents	7	24,658,701	-	24,658,701
Quoted Shariah-compliant securities	6	-	76,510,173	76,510,173
Amount due from Manager		25,294	-	25,294
Dividends receivable		9,384	-	9,384
		<u>24,693,379</u>	<u>76,510,173</u>	<u>101,203,552</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 30 November which are exposed to price risk:

	2023	2022
	RM	RM
Financial assets at fair value through profit or loss:		
Quoted Shariah-compliant securities	<u>80,509,155</u>	<u>76,510,173</u>

The following table summarises the sensitivity of the Fund's profit/(loss) after tax and net asset value to movements in prices of quoted Shariah-compliant securities at the end of each reporting financial period. The analysis is based on the assumptions that the market price of the quoted Shariah-compliant 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 quoted Shariah-compliant securities, having regard to the historical volatility of the prices.

% Change in price	Market value	Impact on profit/ (loss) after tax and net asset value
	RM	RM
<u>2023</u>		
+5%	84,534,613	4,025,458
-5%	76,483,697	(4,025,458)
<u>2022</u>		
+5%	80,335,682	3,825,509
-5%	72,684,664	(3,825,509)

ii. Exposure to 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.

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

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

The above interest rate is a general economic indicator that will have an impact on the management of the Fund regardless whether it is an Islamic unit trust fund or otherwise. It does not in any way suggest that the Fund will invest in conventional financial instruments. All investments carried out for the Fund including placements and deposits are in accordance with Shariah.

Stock/Issuer risk

The Fund is restricted to investment in Shariah-compliant securities issued by and Shariah-compliant securities relating to any issuer of not more than ten percent (10%) of its net asset value. Furthermore, the Fund is restricted to invest in Shariah-compliant securities issued by and Shariah-compliant securities relating to any group of companies of not more than twenty percent (20%) of its net asset value. Under such restrictions, the exposure risk to the Shariah-compliant securities of any single issuer or any one group of companies is minimised.

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 Islamic liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of units by unit holders. Islamic liquid assets comprise bank balances, Islamic deposits with licensed financial institutions and other Shariah-compliant 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>2023</u>			
Accrued management fee	110,970	-	110,970
Amount due to Manager	80,579	-	80,579
Amount due to Trustee	4,809	-	4,809
Amount due to brokers	501,824	-	501,824
Other payables and accruals	-	20,052	20,052
Contractual undiscounted cash outflows	<u>698,182</u>	<u>20,052</u>	<u>718,234</u>
<u>2022</u>			
Accrued management fee	120,727	-	120,727
Amount due to Manager	1,851,784	-	1,851,784
Amount due to Trustee	5,231	-	5,231
Amount due to brokers	962,034	-	962,034
Other payables and accruals	-	29,879	29,879
Contractual undiscounted cash outflows	<u>2,939,776</u>	<u>29,879</u>	<u>2,969,655</u>

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.

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.

Shariah Status Reclassification risk

a. Shariah-compliant equity securities

The risk that the currently held Shariah-compliant equity securities in the Fund may be reclassified as Shariah non-compliant in the periodic review of the securities by the Shariah Advisory Council ("SAC") of the Securities Commission ("SC"). If this occurs, the Manager will take the necessary steps to dispose of such securities.

Opportunity loss could occur due to the restriction on the Fund to retain the excess capital gains derived from the disposal of the reclassified Shariah non-compliant securities. In such an event, the Fund is required:

- i. to dispose of such securities with immediate effect or within one (1) calendar month if the value of the securities exceeds or is equal to the investment cost on the effective date of reclassification of the list of Shariah-compliant securities ("Reclassification") by the SAC of the SC. The Fund is allowed to keep dividends received and capital gains from the disposal of the securities up to the effective date of Reclassification. However, any dividends received and excess capital gains from the disposal of the Shariah non-compliant securities after the effective date of Reclassification should be channelled to baitulmal and/or charitable bodies as advised by the Shariah Adviser;
- ii. to hold such securities if the value of the said securities is below the investment cost on the effective date of Reclassification until the total subsequent dividends received (if any) and the market price of the securities is equal to the cost of investment at which time disposal has to take place within one (1) calendar month, excess capital gains (if any) from the disposal of the securities should be channelled to baitulmal and/or charitable bodies as advised by the Shariah Adviser; or
- iii. to dispose of such securities at a price lower than the investment cost which will result in a decrease in the Fund's value.

b. Islamic money market instruments or Islamic deposits

This risk refers to the risk of a possibility that the currently held Islamic money market instruments or Islamic deposits invested by the Fund may be declared as Shariah non-compliant by the relevant authority or the Shariah Adviser. If this occurs, the Manager will take the necessary steps to dispose of or withdraw such money market instruments or deposits.

Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital of RM91,388,453 (2022: RM105,549,016) and accumulated losses of RM2,022,605 (2022: RM7,315,119). 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 Shariah-compliant 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 profit income, principals and proceeds from realisation of Shariah-compliant 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 Islamic deposits with licensed financial institutions is managed by ensuring that the Fund will only place Islamic deposits in reputable licensed financial institutions. For amount due from brokers, the settlement terms are governed by the relevant rules and regulations as prescribed by Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The credit/default risk is minimal as all transactions in quoted Shariah-compliant securities are settled/paid upon delivery using approved brokers. 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.

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

	Cash and cash equivalents	Dividends receivable	Amount due from Manager	Amount due from brokers	Total
	RM	RM	RM	RM	RM
<u>2023</u>					
Financial Services					
- AAA	8,820,713	-	-	-	8,820,713
- AA1	47,400	-	-	-	47,400
Islamic Real Estate Investment Trusts					
- NR	-	54,777	-	-	54,777
Technology					
- NR	-	10,010	-	-	10,010
Other					
- NR	-	-	53,668	588,359	642,027
	<u>8,868,113</u>	<u>64,787</u>	<u>53,668</u>	<u>588,359</u>	<u>9,574,927</u>

	Cash and cash equivalents	Dividends receivable	Amount due from Manager	Total
	RM	RM	RM	RM
<u>2022</u>				
Financial Services				
- AAA	7,000,537	-	-	7,000,537
- AA1	17,658,164	-	-	17,658,164
Technology				
- NR	-	9,384	-	9,384
Other				
- NR	-	-	25,294	25,294
	<u>24,658,701</u>	<u>9,384</u>	<u>25,294</u>	<u>24,693,379</u>

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 trading Shariah-compliant 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 take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

i. Fair value hierarchy

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

The different levels have been defined as follows:

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

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

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

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

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

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
<u>2023</u>				
Financial assets at fair value through profit or loss:				
Quoted Shariah-compliant securities	80,509,155	-	-	80,509,155
<u>2022</u>				
Financial assets at fair value through profit or loss:				
Quoted Shariah-compliant securities	76,510,173	-	-	76,510,173

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

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

3. MANAGEMENT FEE

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

For the financial period ended 30 November 2023, the management fee is recognised at a rate of 1.50% (2022: 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 RM15,000 per annum.

For the financial period ended 30 November 2023, the Trustee fee is recognised at a rate of 0.065% (2022: 0.065%) subject to a minimum fee of RM15,000 per annum on the net asset value of the Fund, inclusive of local custodian fee, 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 30.11.2023	6-months financial period ended 30.11.2022
	RM	RM

Tax charged for the financial period:

Current taxation

- -

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 30.11.2023	6-months financial period ended 30.11.2022
	RM	RM
Profit/(loss) before taxation	4,982,277	(2,539,945)
Tax at Malaysian statutory rate of 24% (2022: 24%)	1,195,746	(609,587)
Tax effect of:		
(Shariah-compliant investment income not subject to tax)/Shariah-compliant investment loss not deductible for tax purposes	(1,393,883)	390,288
Expenses not deductible for tax purposes	32,448	40,329
Restriction on the tax deductible expenses for Unit Trust Funds	165,689	178,970
Taxation	-	-

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	RM	RM
Financial assets at fair value through profit or loss:		
Quoted Shariah-compliant securities	80,509,155	76,510,173
Net gain/(loss) on financial assets at fair value through profit or loss:		
Realised (loss)/gain on disposals	(5,808,272)	97,096
Change in unrealised fair value gain/(loss)	9,961,823	(6,193,518)
	4,153,551	(6,096,422)

Quoted Shariah-compliant securities

Name of counter	Quantity	Aggregate cost	Fair value as at 30.11.2023	Percentage of net
				asset value of the Fund
	Units	RM	RM	%
<u>Construction</u>				
Kerjaya Prospek Group Berhad	3,385,000	5,556,747	4,840,550	5.42
Pintaras Jaya Berhad	290,800	1,145,213	450,740	0.50
Sunway Construction Group Berhad	2,000,000	4,115,953	3,760,000	4.21
	5,675,800	10,817,913	9,051,290	10.13

Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net
			30.11.2023	asset value of the Fund
	Units	RM	RM	%
<u>Consumer Products & Services</u>				
AEON Co. (M) Berhad	1,253,000	1,849,371	1,390,830	1.56
Bermaz Auto Berhad	766,500	1,701,984	1,770,615	1.98
DXN Holdings Berhad	499,900	349,930	324,935	0.36
Focus Point Holdings Berhad	649,000	492,176	496,485	0.56
Hong Leong Industries Berhad	530,000	5,441,671	4,950,200	5.54
InNature Berhad	1,028,200	652,514	365,011	0.41
Kawan Food Berhad	224,600	508,351	422,248	0.47
Magni-Tech Industries Berhad	2,544,000	6,576,968	4,986,240	5.58
Malayan Flour Mills Berhad	1,870,000	1,282,090	1,243,550	1.39
MBM Resources Berhad	226,400	905,380	996,160	1.11
MST Golf Group Berhad	693,700	549,474	350,319	0.39
Padini Holdings Berhad	319,000	1,012,081	1,196,250	1.34
Power Root Berhad	420,100	887,214	819,195	0.92
UMW Holdings Berhad	224,000	691,015	1,097,600	1.23
	<u>11,248,400</u>	<u>22,900,219</u>	<u>20,409,638</u>	<u>22.84</u>
<u>Energy</u>				
Hibiscus Petroleum Berhad	1,001,560	2,746,422	2,523,931	2.82
Velesto Energy Berhad	2,807,000	430,011	617,540	0.69
	<u>3,808,560</u>	<u>3,176,433</u>	<u>3,141,471</u>	<u>3.51</u>
<u>Financial Services</u>				
Syarikat Takaful Malaysia Keluarga Berhad	1,357,000	6,946,512	5,088,750	5.69

Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value	Percentage
			as at 30.11.2023	of net asset value of the Fund
	Units	RM	RM	%
<u>Health Care</u>				
Duopharma Biotech Berhad	1,165,707	2,197,839	1,410,505	1.58
KPJ Healthcare Berhad	1,783,300	1,885,279	2,389,622	2.67
	<u>2,949,007</u>	<u>4,083,118</u>	<u>3,800,127</u>	<u>4.25</u>
<u>Industrial Products & Services</u>				
Ancom Nylex Berhad	1,915,700	2,206,783	2,183,898	2.44
Chin Well Holdings Berhad	1,000,000	1,825,717	1,280,000	1.43
HSS Engineers Berhad	1,148,300	871,336	1,113,851	1.25
Malayan Cement Berhad	301,100	1,114,635	1,246,554	1.39
NationGate Holdings Berhad	793,500	1,000,445	1,031,550	1.15
P.I.E. Industrial Berhad	416,900	1,262,442	1,342,418	1.50
Solarvest Holdings Berhad	730,000	762,210	919,800	1.03
Thong Guan Industries Berhad	1,400,000	2,466,323	2,618,000	2.93
Uchi Technologies Berhad	300,000	901,584	1,101,000	1.23
	<u>8,005,500</u>	<u>12,411,475</u>	<u>12,837,071</u>	<u>14.35</u>
<u>Islamic Real Estate Investment Trust</u>				
AI -'Aqar Healthcare REIT	750,000	900,000	930,000	1.04
AME Real Estate Investment Trust	1,273,000	1,484,566	1,629,440	1.82
Axis Real Estate Investment Trust	1,715,462	3,190,899	3,156,450	3.53
	<u>3,738,462</u>	<u>5,575,465</u>	<u>5,715,890</u>	<u>6.39</u>

Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.11.2023	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Plantation</u>				
Hap Seng Plantations Holdings Berhad	716,000	1,752,201	1,281,640	1.43
Sarawak Oil Palms Berhad	518,000	1,708,839	1,346,800	1.51
TSH Resources Berhad	1,563,000	1,926,930	1,531,740	1.71
	<u>2,797,000</u>	<u>5,387,970</u>	<u>4,160,180</u>	<u>4.65</u>
<u>Property</u>				
Eco World Development Group Berhad	691,700	587,818	726,285	0.81
Matrix Concepts Holdings Berhad	885,300	1,283,401	1,443,039	1.61
S P Setia Berhad (Islamic redeemable convertible preference shares)	353,760	134,429	130,891	0.15
S P Setia Berhad	1,057,800	1,104,812	788,061	0.88
Sime Darby Property Berhad	3,655,000	2,435,018	2,339,200	2.62
UEM Sunrise Berhad	540,000	448,524	383,400	0.43
	<u>7,183,560</u>	<u>5,994,002</u>	<u>5,810,876</u>	<u>6.50</u>

Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.11.2023	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Technology</u>				
Cnenergiz Berhad	1,091,400	995,228	638,469	0.71
CTOS Digital Berhad	1,564,000	2,654,220	2,267,800	2.54
D&O Green Technologies Berhad	81,000	348,835	283,500	0.32
Frontken Corporation Berhad	92,700	292,525	294,786	0.33
Genetec Technology Berhad	743,300	1,954,141	1,761,621	1.97
ITMax System Berhad	608,100	650,667	1,070,256	1.20
Pentamaster Corporation Berhad	190,000	936,941	900,600	1.01
SNS Network Technology Berhad	1,129,200	277,438	254,070	0.28
VSTECS Berhad	823,300	1,107,588	1,103,222	1.23
	<u>6,323,000</u>	<u>9,217,583</u>	<u>8,574,324</u>	<u>9.59</u>
<u>Utilities</u>				
Gas Malaysia Berhad	627,300	1,816,228	1,919,538	2.15

Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.11.2023	Percentage of net asset value of the Fund
	Units	RM	RM	%
TOTAL QUOTED SHARIAH-COMPLIANT SECURITIES	<u>53,713,589</u>	88,326,918	<u>80,509,155</u>	90.05
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(7,817,763)</u>		
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>80,509,155</u>	

Quoted Shariah-compliant securities

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net
			30.11.2022	asset value of the Fund
	Units	RM	RM	%
<u>Construction</u>				
Kerjaya Prospek Group Berhad	4,000,000	6,566,318	4,600,000	4.68
Pintaras Jaya Berhad	1,000,000	3,938,147	2,080,000	2.12
Sunway Construction Group Berhad	2,000,000	4,115,953	2,960,000	3.01
	<u>7,000,000</u>	<u>14,620,418</u>	<u>9,640,000</u>	<u>9.81</u>
<u>Consumer Products & Services</u>				
AEON Co. (M) Berhad	2,083,000	3,074,414	2,874,540	2.93
Bermaz Auto Berhad	3,748,000	8,322,291	7,346,080	7.48
DRB-HICOM Berhad	726,000	992,684	1,089,000	1.11
Hong Leong Industries Berhad	530,000	5,441,671	4,982,000	5.07
InNature Berhad	2,000,000	1,269,235	1,080,000	1.10
Magni-Tech Industries Berhad	2,669,000	6,900,129	4,750,820	4.84
Padini Holdings Berhad	319,000	1,012,081	1,097,360	1.12
Senheng New Retail Berhad	1,655,000	1,254,895	993,000	1.01
UMW Holdings Berhad	401,000	1,237,041	1,307,260	1.33
	<u>14,131,000</u>	<u>29,504,441</u>	<u>25,520,060</u>	<u>25.99</u>
<u>Energy</u>				
Hibiscus Petroleum Berhad	3,450,000	3,788,129	3,829,500	3.90
Velesto Energy Berhad	6,857,000	1,050,441	994,265	1.01
	<u>10,307,000</u>	<u>4,838,570</u>	<u>4,823,765</u>	<u>4.91</u>

Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.11.2022	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Financial Services</u>				
Syarikat Takaful Malaysia Keluarga Berhad	1,565,000	8,011,269	5,571,400	5.67
<u>Health Care</u>				
Duopharma Biotech Berhad	1,051,469	2,028,881	1,577,204	1.61
KPJ Healthcare Berhad	1,198,000	1,291,444	1,126,120	1.15
	2,249,469	3,320,325	2,703,324	2.76
<u>Industrial Products & Services</u>				
Chin Well Holdings Berhad	1,000,000	1,825,717	1,470,000	1.50
Thong Guan Industries Berhad	1,400,000	2,466,323	3,500,000	3.56
Uchi Technologies Berhad	300,000	901,584	1,008,000	1.03
	2,700,000	5,193,624	5,978,000	6.09
<u>Islamic Real Estate Investment Trust</u>				
AME Real Estate Investment Trust	1,273,000	1,484,566	1,502,140	1.53
Axis Real Estate Investment Trust	1,715,462	3,190,899	3,259,378	3.32
	2,988,462	4,675,465	4,761,518	4.85

Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net asset value of the Fund
			30.11.2022	
	Units	RM	RM	%
<u>Plantation</u>				
Hap Seng Plantations Holdings Berhad	636,000	1,597,001	1,265,640	1.29
Sarawak Oil Palms Berhad	1,470,000	4,849,408	3,748,500	3.82
TSH Resources Berhad	2,755,000	3,396,476	3,306,000	3.37
	4,861,000	9,842,885	8,320,140	8.48
<u>Property</u>				
Eco World Development Group Berhad	1,160,000	985,788	788,800	0.80
S P Setia Berhad (Islamic redeemable convertible preference shares)	353,760	134,429	137,966	0.14
S P Setia Berhad	528,000	628,637	366,960	0.37
Sime Darby Property Berhad	3,655,000	2,435,018	1,772,675	1.80
UEM Sunrise Berhad	3,086,000	1,240,538	864,080	0.88
	8,782,760	5,424,410	3,930,481	3.99
<u>Technology</u>				
CTOS Digital Berhad	1,564,000	2,654,220	2,220,880	2.26
<u>Transportation & Logistics</u>				
Lingkar Trans Kota Holdings Berhad	600,000	3,063,900	306,000	0.30
<u>Utilities</u>				
Gas Malaysia Berhad	816,300	2,363,440	2,734,605	2.78

Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.11.2022	Percentage of net asset value of the Fund
			RM	%
TOTAL QUOTED SHARIAH-COMPLIANT SECURITIES	<u>57,564,991</u>	93,512,967	<u>76,510,173</u>	<u>77.89</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>(17,002,794)</u>	
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>76,510,173</u>	

7. CASH AND CASH EQUIVALENTS

	2023	2022
	RM	RM
Bank balance with a licensed bank	47,400	86,840
Islamic deposit with licensed financial institution	8,820,713	24,571,861
	<u>8,868,113</u>	<u>24,658,701</u>

The effective weighted average rate of return of Islamic deposit with licensed financial institution per annum as at the date of the statement of financial position are as follows:

	2023	2022
	%	%
Islamic deposit with licensed financial institution	<u>2.95</u>	<u>2.77</u>

The Islamic deposit has an average maturity of 1 day (2022: 3 day).

8. SHARIAH INFORMATION OF THE FUND

The Shariah Adviser confirmed that the investment portfolio of the Fund is Shariah-compliant, which comprises:

- Equity securities listed on Bursa Malaysia Securities Berhad which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission Malaysia;
- Collective investment schemes which have been verified as Shariah-compliant by the Shariah Adviser; and
- Cash placements and liquid assets in local market which are placed in Shariah-compliant instruments.

9. UNITS IN CIRCULATION

	2023	2022
	No. of units	No. of units
At the beginning of the financial period	194,781,833	211,237,484
Creation of units arising from applications during the financial period	4,415,080	14,968,911
Cancellation of units during the financial period	(23,216,096)	(21,600,624)
At the end of the financial period	<u>175,980,817</u>	<u>204,605,771</u>

10. TRANSACTIONS WITH BROKERS

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

Name of brokers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
2023				
RHB Investment Bank Berhad	4,447,091	17.96	10,284	21.03
Kenanga Investment Bank Berhad	3,652,673	14.75	6,940	14.19
Maybank Investment Bank Berhad	2,797,835	11.30	5,316	10.87
J.P. Morgan Securities (Malaysia) Sdn Bhd	2,261,425	9.13	4,297	8.79
AmInvestment Bank Berhad	1,788,265	7.22	3,398	6.95
KAF Equities Sdn Bhd	1,683,612	6.79	3,199	6.54
CLSA Securities Malaysia Sdn Bhd	1,577,070	6.37	2,996	6.13
UOB Kay Hian Securities (M) Sdn Bhd	1,540,839	6.22	2,927	5.99
UBS Securities Malaysia Sdn Bhd	1,279,863	5.17	2,432	4.97
Macquarie Capital Securities (Malaysia) Sdn Bhd	1,272,317	5.14	2,418	4.95
Others	2,466,637	9.95	4,687	9.59
	24,767,627	100.00	48,894	100.00

Name of brokers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>2022</u>				
RHB Investment Bank Berhad	4,994,599	14.46	9,989	14.20
Credit Suisse Securities (Malaysia) Sdn Bhd	4,913,231	14.23	9,863	14.02
CGS – CIMB Securities Sdn Bhd	4,657,907	13.49	9,316	13.25
Kenanga Investment Bank Berhad	4,141,279	11.99	8,283	11.78
Macquarie Capital Securities (Malaysia) Sdn Bhd	3,839,372	11.12	7,679	10.92
KAF Equities Sdn Bhd	3,815,096	11.05	7,630	10.85
CLSA Securities Malaysia Sdn Bhd	2,460,917	7.13	4,922	7.00
Maybank Investment Bank Berhad	2,212,532	6.41	4,425	6.29
J.P. Morgan Securities (Malaysia) Sdn Bhd	1,241,149	3.59	2,482	3.53
UOB Kay Hian Securities (M) Sdn Bhd	1,179,167	3.41	2,358	3.35
Others	1,077,231	3.12	3,379	4.81
	34,532,480	100.00	70,326	100.00

All brokers highlighted above are not related to the Manager.

11. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

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

RELATED PARTIES	RELATIONSHIP
Director of Eastspring Investments Berhad	Director of the Manager
Eastspring Investments Berhad	The Manager
Eastspring Investments Group Private Limited	Immediate holding company of the Manager
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	2,042	1,037	2,042	980

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.

12. TOTAL EXPENSE RATIO ("TER")

	2023	2022
	%	%
TER	0.80	0.80

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 (excluding sales and service tax on transaction cost and withholding tax)

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 RM91,535,650 (2022: RM98,705,506).

13. PORTFOLIO TURNOVER RATIO ("PTR")

	2023	2022
PTR (times)	0.14	0.18

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 = RM11,366,319 (2022: RM15,543,462)

total disposals for the financial period = RM13,705,088 (2022: RM19,007,432)

14. APPROVAL OF FINANCIAL STATEMENTS

The unaudited financial statements have been approved for issue by the Manager on 19 January 2024.

CORPORATE DIRECTORY

THE MANAGER

NAME

EASTSPRING INVESTMENTS BERHAD

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200001028634 (531241-U)

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SHARIAH ADVISER

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APPENDIX 1 – LIST OF CHANGES FOR EASTSPRING INVESTMENTS ISLAMIC SMALL-CAP FUND

Unless otherwise stated, the following changes are affected via the Sixth Supplementary Prospectus dated 2 February 2024.

Section	Current disclosure in the First Prospectus dated 25 May 2017, the First Supplementary Prospectus dated 31 October 2018, the Second Supplementary Prospectus dated 2 January 2019, the Third Supplementary Prospectus Dated 1 August 2019, the Fourth Supplementary Prospectus dated 30 September 2022 and the Fifth Supplementary Prospectus dated 1 February 2023	Revised disclosure in the Sixth Supplementary Prospectus dated 2 February 2024
Transaction Information – Transaction Details	<p>5th paragraph:</p> <p>The Manager reserves the right to change the minimum amounts and number of Units stipulated above from time to time. Should the Manager decide to increase the minimum amounts and number of units as stipulated under the transaction details section, the Manager shall notify the unit holders by way of a letter prior to the effective date of such change.</p>	<p>5th paragraph:</p> <p>The Manager reserves the right to change the minimum amounts and number of Units stipulated above from time to time. Should the Manager decide to increase the minimum amounts and number of units as stipulated under the transaction details section, the Manager shall notify the Unit Holders by way of a letter <u>at least fourteen (14) days</u> prior to the effective date of such change. <u>Investment made via digital platforms may have a lower minimum initial investment, minimum additional investment amount, minimum redemption and/or minimum holding of Units of the Fund, subject to the respective digital platforms' terms and conditions, which may be amended from time to time.</u></p>

Section	Current disclosure in the First Prospectus dated 25 May 2017, the First Supplementary Prospectus dated 31 October 2018, the Second Supplementary Prospectus dated 2 January 2019, the Third Supplementary Prospectus Dated 1 August 2019, the Fourth Supplementary Prospectus dated 30 September 2022 and the Fifth Supplementary Prospectus dated 1 February 2023	Revised disclosure in the Sixth Supplementary Prospectus dated 2 February 2024
Transaction Information – Income Reinvestment Policy	<p>2nd paragraph:</p> <p>Should a Unit Holder elect the mode of distribution in the master account opening form or provide any written instruction to the Manager, the income distribution proceeds will either be paid by cheque or credited into the bank account located in Malaysia via telegraphic or online transfer at the cost and expense of the Unit Holder.</p> <p>3rd paragraph:</p> <p>The Manager reserves the right to reinvest income distribution without providing any reason if the instruction in the master account opening form or written instruction is incomplete.</p> <p>4th paragraph:</p> <p>Distribution payment which is less than the amount of RM300 or such other amount which will be determined by the Manager will be reinvested into additional Units in the Fund at the NAV per Unit at the end of the Business Day of the income distribution date at no cost.</p>	<p>2nd paragraph:</p> <p>Should a Unit Holder elect the mode of distribution in the master account opening form or provide any written instruction to the Manager for the income distribution to be paid out, the income distribution proceeds <u>will be paid via e-payment ONLY (i.e. income distribution proceeds will be credited to a Malaysian domiciled bank account via telegraphic or online transfer). Any fees or charges imposed by the bank will be borne by the Unit Holder.</u></p> <p>3rd paragraph:</p> <p>The Manager reserves the right to reinvest income distribution without providing any reason if the instruction in the master account opening form or written instruction is incomplete. <u>In the absence of a registered bank account, the distribution (if any) will be reinvested.</u></p> <p>4th paragraph:</p> <p>Distribution payment which is less than <u>or equal to</u> the amount of RM300 or such other amount which will be determined by the Manager will be reinvested into additional Units in the Fund at the NAV per Unit at the end of the Business Day of the income distribution date at no cost.</p>

Section	Current disclosure in the First Prospectus dated 25 May 2017, the First Supplementary Prospectus dated 31 October 2018, the Second Supplementary Prospectus dated 2 January 2019, the Third Supplementary Prospectus Dated 1 August 2019, the Fourth Supplementary Prospectus dated 30 September 2022 and the Fifth Supplementary Prospectus dated 1 February 2023	Revised disclosure in the Sixth Supplementary Prospectus dated 2 February 2024
Transaction Information – Auto Reinvestment Policy	Not applicable.	<p data-bbox="601 496 721 519">2nd Paragraph:</p> <p data-bbox="601 544 955 656"><u>The Manager reserves the right to change the income distribution instruction to “reinvestment” if the Unit Holder did not claim the income distribution payment for the last three (3) consecutive distributions.</u></p>

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