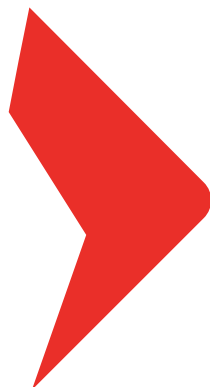


# EASTSPRING INVESTMENTS TARGET INCOME FUND 7

## QUARTERLY REPORT

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2024  
TO 31 MARCH 2024



**Dear Valued Investor,**

Greetings from Eastspring Investments Berhad!

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

**We are pleased to enclose a copy of the Annual/Semi-annual/Quarterly Fund Reports of Eastspring Investments Berhad's fund(s) for the reporting period ended 31 March 2024.**

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

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

Yours sincerely,

A handwritten signature in black ink, appearing to be 'YSH' or similar, written in a cursive style.

**Yap Siok Hoon**

Non-Independent, Executive Director and Chief Executive Officer

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## FUND INFORMATION

<b>Name of Fund</b>	<p>Eastspring Investments Target* Income Fund 7 (the “Fund”)</p> <p>* The Fund aims (i.e. <b>Target</b>) to distribute income on an annual basis from coupon payments received from the bonds investments.</p>
<b>Fund Category/ Type</b>	Bond (close-ended)/income
<b>Fund Objective</b>	<p>The Fund endeavours to provide regular income** during the tenure of the Fund.</p> <p>** Income declared will be paid out 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>
<b>Termination Date</b>	20 June 2024
<b>Duration of the Fund</b>	Five (5) years close-ended bond fund.
<b>Performance Benchmark</b>	<p>5-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>
<b>Fund Income Distribution Policy</b>	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/YEAR ENDED

Category	Second quarter from 1.1.2024 to 31.3.2024	First quarter from 1.10.2023 to 31.12.2023	2023
	(%)	(%)	(%)
Unquoted fixed income securities	72.69	87.59	88.90
Derivatives	(2.55)	(0.80)	(2.80)
Cash and other assets	29.86	13.21	13.90
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Net Asset Value (NAV) (RM'000)	54,407	54,102	53,457
Units In Circulation (Units '000)	62,406	62,645	62,645
Net Asset Value Per Unit (RM)	0.8718	0.8636	0.8533
Highest Net Asset Value Per Unit (RM)	0.8719	0.8636	0.8756
Lowest Net Asset Value Per Unit (RM)	0.8561	0.8500	0.7265
Total Return (%)			
- Capital Growth	0.95	1.21	8.49
- Income Distribution	-	-	-
Total Return (%)	0.95	1.21	8.49
Gross Distribution Per Unit (RM)	-	-	-
Net Distribution Per Unit (RM)	-	-	-
Total Expense Ratio (TER) (%)	-	-	0.33
Portfolio Turnover Ratio (PTR) (times)	-	-	0.90

## KEY PERFORMANCE DATA (CONTINUED)

	1 year 1.4.2023 to 31.3.2024	3 years 1.4.2021 to 31.3.2024	Since commencement 20.6.2019 to 31.3.2024
	(%)	(%)	(%)

Average total return	2.87	(2.43)	(1.50)
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Year ended	1.10.2022 to 30.9.2023	1.10.2021 to 30.9.2022	1.10.2020 to 30.9.2021	Since commencement 20.6.2019 to 30.9.2020
	(%)	(%)	(%)	(%)

Annual total return	8.49	(16.19)	3.96	(3.69)
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**Source:** The above total return of the Fund was sourced from Lipper for Investment Management.

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

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

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

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

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

Adjusted for unit split and distribution paid out  
for the period

$n$  = Number of years

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

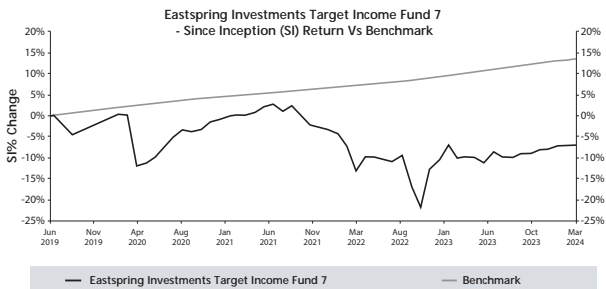
# MANAGER'S REPORT

## Fund Performance

Since inception, the Fund recorded a return of -6.98%, underperforming the benchmark return of 13.58% by 20.56%.

During the period under review, the Fund registered a return of 0.95%, outperforming the benchmark return of 0.82% by 0.13%.

The Fund's modest gain over the quarter was attributed mainly to the improvement in risk sentiment in January. Performance of the Fund's underlying Asian and Emerging Market USD-denominated credits was buoyed by positive duration effects, as well as accrual income. Most credit sectors, including exposures to the high yield market, added to portfolio gains. Key performance contributors included the Fund's allocation to Korean financial corporates as well as Indonesian quasi-sovereigns. Partially offsetting the returns, are the mark-to-market currency hedges, which coincide with the depreciation of the Malaysian Ringgit against the US Dollar.



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

**Benchmark:** 5-year Maybank fixed deposit rate as at Commencement Date.

**Fund performance is sourced from Lipper for Investment Management, 31 March 2024 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 March 2024:

<b>Income Return</b>	<b>Capital Return*</b>	<b>Total Return</b>	<b>Total Return of Benchmark</b>
<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
0.00	0.95	0.95	0.82

\* 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 March 2024.

**Investment Strategy During the Period Under Review**

As this is a close-ended bond fund, the Fund will be managed on a semi-active basis by the Fund Manager. Semi-active management of the portfolio refers to an approach where most of the Fund's bond investments will be held to maturity. Nevertheless, the Fund Manager may trade and rebalance its investments from time to time, for reasons such as the following:

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

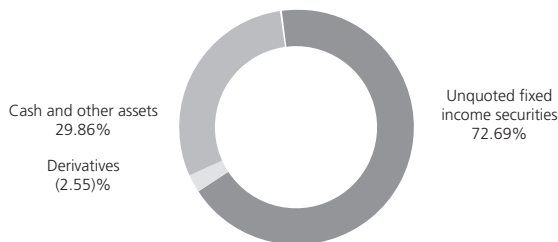


## MANAGER'S REPORT (CONTINUED)

## Asset Allocation

Asset Allocation	31-Mar 2024	31-Dec 2023	Changes
	(%)	(%)	(%)
Unquoted fixed income securities	72.69	87.59	(14.90)
Derivatives	(2.55)	(0.80)	(1.75)
Cash and other assets	29.86	13.21	16.65

## Asset Allocation as at 31 March 2024



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 was a cross-trade 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 February 2024 to 31 March 2024. The trade for the month of January 2024 will be tabled for review at the upcoming investment committee meeting.

# MARKET REVIEW

Fixed income markets sustained bouts of volatility over the period under review even as the year started on a positive note. Stronger than expected inflation data led investors to scale back their expectations of early rate cuts. Macroeconomic data from the US showed that consumer prices reaccelerated, with both headline and core inflation exceeding street expectations.

On the other hand, economic resilience in the US, such as stronger labour market conditions and productivity growth also pushed US Treasury yields higher. Yields on 2-year, 5-year and 10-year notes rose by 37 bps, 37 bp and 32 bps to 4.62%, 4.21% and 4.20% respectively.

Asian bonds tracked by the JP Morgan Asia Credit Index, registered a 1.42% total return over the quarter. Index returns were broadly attributable to coupon carry as Treasury returns declined. Most major segments, with the exception of investment grade ("IG") sovereigns, ended the quarter in positive territory, as both Asia IG and high yield ("HY") outperformed peers in developed and emerging markets.

Technicals for Asian hard currency debt remain supportive. Attractive yield levels have supported demand from institutional investors and private banks while on the supply side, bond issuances are lower compared to average levels in prior years.

Credit spreads of emerging market debt narrowed over the quarter. HY constituents in the JP Morgan Emerging Markets Bond Index Global Diversified outperformed IG. Among regions, Africa and Latin America recorded higher returns than peers in Asia and Europe. In general, EM returns have been driven by idiosyncratic factors and the outlook for the asset class remains bifurcated across countries.

## REBATES AND SOFT COMMISSIONS

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

## SECURITIES LENDING OR REPURCHASE TRANSACTIONS

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

# EASTSPRING INVESTMENTS TARGET INCOME FUND 7

## CONDENSED FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM

1 JANUARY 2024 TO 31 MARCH 2024

# CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2024 TO 31 MARCH 2024

	Financial period from 1.1.2024 to 31.3.2024	Financial period from 1.1.2023 to 31.3.2023
	RM	RM
<b>INVESTMENT INCOME</b>		
Interest income from deposits with licensed financial institutions	48,624	926
Interest income from unquoted fixed income securities	695,690	691,455
Other income	24,608	1,220
Net gain on financial assets at fair value through profit or loss	1,768,457	275,224
Net loss on forward foreign currency contracts	(1,860,987)	(427,542)
Net foreign currency exchange gain	84,747	33,497
	<u>761,139</u>	<u>574,780</u>
<b>EXPENSES</b>		
Management fee	(20,228)	(20,011)
Trustee fee	(8,091)	(8,004)
Audit fee	(4,848)	(3,206)
Tax agent fee	(2,685)	(839)
Other expenses	(15,325)	(9,484)
	<u>(51,177)</u>	<u>(41,544)</u>
<b>PROFIT BEFORE TAXATION</b>	709,962	533,236
<b>TAXATION</b>	<u>(197,659)</u>	<u>(89,566)</u>
<b>PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME</b>	<u>512,303</u>	<u>443,670</u>
Profit after taxation is made up of the following:		
Realised amount	(2,455,821)	687,931
Unrealised amount	2,968,124	(244,261)
	<u>512,303</u>	<u>443,670</u>

# CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	31.3.2024	30.9.2023
	RM	RM
<b>ASSETS</b>		
Cash and cash equivalents	16,267,323	13,047,780
Financial assets at fair value through profit or loss	39,546,716	47,523,835
Amount due from broker	-	481,906
Tax recoverable	20,131	-
<b>TOTAL ASSETS</b>	<u>55,834,170</u>	<u>61,053,521</u>
<b>LIABILITIES</b>		
Forward foreign currency contracts at fair value through profit or loss	1,384,829	1,498,058
Accrued management fee	6,908	6,552
Amount due to Trustee	2,763	2,621
Amount due to broker	-	6,001,203
Other payables and accruals	32,242	26,411
Tax payable	-	62,140
<b>TOTAL LIABILITIES</b>	<u>1,426,742</u>	<u>7,596,985</u>
<b>NET ASSET VALUE OF THE FUND</b>	<u>54,407,428</u>	<u>53,456,536</u>
<b>EQUITY</b>		
Unit holders' capital	70,326,368	70,533,304
Accumulated losses	(15,918,940)	(17,076,768)
<b>NET ASSET ATTRIBUTABLE TO UNIT HOLDERS</b>	<u>54,407,428</u>	<u>53,456,536</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	<u>62,406,329</u>	<u>62,644,611</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>	<u>0.8718</u>	<u>0.8533</u>

# CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2024 TO 31 MARCH 2024

	Unit holders' capital	Accumulated losses	Total
	RM	RM	RM
Balance as at 1 January 2024	70,533,304	(16,431,243)	54,102,061
Movement in unit holders' contribution:			
Cancellation of units	(206,936)	-	(206,936)
Total comprehensive income for the financial period	-	512,303	512,303
Balance as at 31 March 2024	<u>70,326,368</u>	<u>(15,918,940)</u>	<u>54,407,428</u>
Balance as at 1 January 2023	71,154,795	(17,883,690)	53,271,105
Movement in unit holders' contribution:			
Cancellation of units	(40,669)	-	(40,669)
Total comprehensive income for the financial period	-	443,670	443,670
Balance as at 31 March 2023	<u>71,114,126</u>	<u>(17,440,020)</u>	<u>53,674,106</u>

# CONDENSED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2024 TO 31 MARCH 2024

	Financial period from 1.1.2024 to 31.3.2024	Financial period from 1.1.2023 to 31.3.2023
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from sale of investments	28,609,420	5,253,577
Net realised loss on forward foreign currency contracts	(908,970)	-
Payments for purchase of investments	(18,710,702)	(6,998,150)
Interest income received	452,634	619,443
Other income	24,608	1,220
Management fee paid	(20,180)	(19,961)
Trustee fee paid	(8,072)	(7,984)
Payment for other fees and expenses	(28,985)	(10,816)
Tax paid	(86,520)	(85,875)
Realised foreign currency exchange gain	83,952	33,437
Net cash generated from/(used in) operating activities	9,407,185	(1,215,109)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments for cancellation of units	(206,936)	(40,669)
Net cash used in financing activities	(206,936)	(40,669)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	9,200,249	(1,255,778)
<b>EFFECTS OF FOREIGN EXCHANGE DIFFERENCES</b>	-	60
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	7,067,074	3,045,846
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	16,267,323	1,790,128



## CORPORATE DIRECTORY

### **THE MANAGER**

NAME

EASTSPRING INVESTMENTS BERHAD

COMPANY NO.

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Persiaran TRX Barat

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