

# EASTSPRING INVESTMENTS WHOLESALE SUKUK FUND

## QUARTERLY REPORT

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2022  
TO 31 DECEMBER 2022





**Dear Valued Investor,**

Greetings from Eastspring Investments Berhad!

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

**We are pleased to enclose a copy of the Annual/Interim/Quarterly Fund Reports of Eastspring Investments Berhad's fund(s) for the reporting period ended 31 December 2022.**

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

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

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Raymond Tang Chee Kin'. The signature is fluid and cursive, with the first name 'Raymond' being the most prominent part.

**Raymond Tang Chee Kin**

Non-Independent, Executive Director and Chief Executive Officer

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## FUND INFORMATION

<b>Name of Fund</b>	Eastspring Investments Wholesale Sukuk Fund (the "Fund")
<b>Fund Category/ Type</b>	Sukuk/Income
<b>Fund Objective</b>	<p>The Fund aims to provide regular income stream* and capital growth over the medium to long term**.</p> <p>* Income distributed will be reinvested into additional Units in each Class unless Unit Holder opts for the distribution to be paid out.</p> <p>** "medium to long term" in this context refers to a period between 3-5 years.</p> <p><b>ANY MATERIAL CHANGE TO THE FUND'S OBJECTIVE WOULD REQUIRE UNIT HOLDERS' APPROVAL.</b></p>
<b>Performance Benchmark</b>	<p>Maybank 1-month Islamic Fixed Deposit-i</p> <p><b>Source:</b> <a href="http://www.maybank2u.com.my">www.maybank2u.com.my</a></p> <p>Note: 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>	<p>Subject to the availability of income, distribution of income, if any, will be on quarterly basis, after deduction of taxation and expenses. Income distribution may also be distributed in any other periods as may be determined by the Manager from time to time.</p>

## KEY PERFORMANCE DATA

FOR THE FINANCIAL PERIOD ENDED

Category	Third quarter from 1.10.2022 to 31.12.2022	Second quarter from 1.7.2022 to 30.9.2022	First quarter from 1.4.2022 to 30.6.2022
	(%)	(%)	(%)
Unquoted sukuk	97.16	78.48	84.78
Cash and other assets	2.84	21.52	15.22
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Net Asset Value (NAV) (RM'000)	197,585	267,732	266,194
Units In Circulation (Units '000)	200,735	272,995	272,952
Net Asset Value Per Unit (RM)	0.9843	0.9807	0.9752
Highest Net Asset Value Per Unit (RM)#	0.9921	0.9906	0.9752
Lowest Net Asset Value Per Unit (RM)#	0.9871	0.9758	0.9752
Total Return (%)			
- Capital Growth	1.16	0.56	(1.33)
- Income Distribution	0.87	-	0.26
Total Return (%)	2.04	0.56	(1.07)
Gross Distribution Per Unit (RM)	0.0086	-	0.0025
Net Distribution Per Unit (RM)	0.0086	-	0.0025
Total Expense Ratio (TER) (%)	-	-	-
Portfolio Turnover Ratio (PTR) (times)	-	-	-

# Figures shown as ex-distribution.

## KEY PERFORMANCE DATA (CONTINUED)

	1 year 1.1.2022 to 31.12.2022	Since commencement 17.4.2020 to 31.12.2022
	(%)	(%)
Average total return	1.29	1.17

Year ended	1.4.2021 to 31.3.2022	Since commencement 17.4.2020 to 31.3.2021
	(%)	(%)
Annual total return	0.66	0.98

**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.**

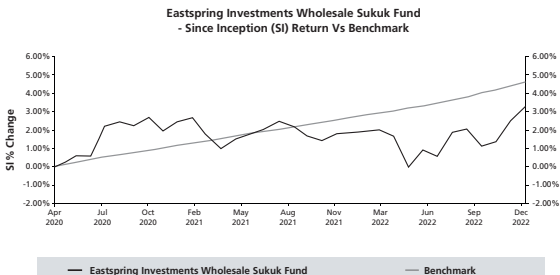
# MANAGER'S REPORT

## Fund Performance

Since inception, the Fund recorded a return of 3.19%, underperforming the benchmark return of 4.58% by 1.39%.

During the period under review, the Fund registered a return of 2.04%, outperforming the benchmark return of 0.58% by 1.46%.

The outperformance in the period under review was attributed to the Fund's investments in sukuk where yields had generally adjusted lower, following the aggressive move upwards in the earlier quarter.



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

**Benchmark:** Maybank 1-month Islamic Fixed Deposit-i

**Source:** Lipper for Investment Management and [www.maybank2u.com.my](http://www.maybank2u.com.my), as at 31 December 2022.

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



## MANAGER'S REPORT (CONTINUED)

**Analysis of Fund Performance**

For the financial period ended 31 December 2022:

<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>
0.87	1.16	2.04	0.58

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

**Distribution/ Unit Split**

<b>Ex-Date</b>	<b>9-Dec-22</b>
<b>Distribution Per Unit</b>	<b>(RM)</b>
Gross	0.0086
Net	0.0086

Impact on NAV arising from distribution for the financial period ended 31 December 2022.

<b>Ex-Date</b>	<b>9-Dec-22</b>
	<b>(RM per Unit)</b>
Net Asset Value before distribution	0.9957
Less: distribution	<u>(0.0086)</u>
Net Asset Value after distribution	<u>0.9871</u>

No unit split were declared for the financial period ended 31 December 2022.

**Investment Strategy During the Period Under Review**

Fixed Income market remains broadly volatile, less so for the shorter-dated papers as these continues to be anchored on monetary policy expectation. Against our terminal OPR rate view, there are still values in the policy-sensitive part of the curve where the Fund is invested in and we'll continue to be invested.

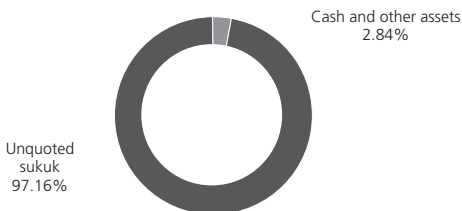
In this volatile and sentiment-driven market, we prefer Government Investment Issues ("GII") over government-guaranteed sukuk for better liquidity and tighter spreads.

## MANAGER'S REPORT (CONTINUED)

### Asset Allocation

Asset Allocation	31-Dec 2022	30-Sep 2021	Changes
	(%)	(%)	(%)
Unquoted sukuk	97.16	78.48	18.68
Cash and other assets	2.84	21.52	(18.68)

### Asset Allocation as at 31 December 2022



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

### State of Affairs of the Fund

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

## MARKET REVIEW

The Federal Reserve (“Fed”) raised the federal funds rate by 125bps to 4.25-4.50% during the quarter. Its median projection federal funds rate for 2023 has also been revised upwards to 5.10% from its September projection. The Fed continues to seek to achieve maximum employment and inflation at the rate of 2 percent over the longer run. The Fed board members expected the Personal Consumption Expenditures (“PCE”) inflation to end 2023 at 3.1% and core PCE to finish next year at 3.5%, above the central bank’s target rate of 2%. Minutes from the December meeting showed that the central bank was still committed to tame inflation. The revised dot plot showed that the Fed is expected to hike rates by another 50bps in 2023 and will not cut rates through 2023.

Recent indicators continue to point to higher risks of economic contraction in the U.S. Its Manufacturing Purchasing Managers’ Index (“PMI”) fell to 46.2 in December 2022 from 47.7 in November 2022, hitting another 30-month low due to weak demand. The U.S. Services PMI recorded 44.7 in December 2022 from the revised 46.2 in November 2022, an indication that the services sector is continuing to decline. Inflation has been “sticky”, with the PCE price index rising by 5.50% year-on-year (“y-o-y”) in November, although below the revised 6.1% y-o-y in October. Meanwhile Core PCE rose 4.7% y-o-y, lower than 5.0% the previous month. University of Michigan consumer sentiment index however, increased to 59.7 from 56.8, but way below the final reading in December 2021 of 70.6. The ADP National Employment reported that U.S. private payrolls also increased more than expected in December by 235,000 (November 2022: 127,000), pointing to still-strong demand for labour despite higher interest rates.

UK Prime Minister Liz Truss resigned after just 45 days in office following a failed tax-cutting Budget. She is replaced by Rishi Sunak who will announce the delayed Budget on 17 November 2022 with expectations of years of tax rises to make up the UK fiscal gap. Globally, the tightening cycle continued in December 2022 to tame high inflation. The Reserve Bank of Australia (“RBA”) raised its official cash rate by another 25bps to 3.10%. YTD, RBA has delivered a total of 300bps hikes. Similarly, Bank of England (“BoE”) voted by a majority of 6-3 to increase its bank rate by 50bps to 3.5%. The central bank mentioned in its statement that the U.K. economy is expected to be in recession for a prolonged period and CPI inflation is expected to remain very high in the near term. European Central Bank (“ECB”) also raised its refinancing operations, marginal lending facility and deposit facility by 50bps to 2.50%, 2.75% and 2.00% respectively. Meanwhile, central banks in ASEAN continued to hike rates with Indonesia (+25bps) and the Philippines (+50bps) raising their policy rates in December, while Malaysia and Thailand did not have meetings in December.

In Malaysia, GDP grew by 14.2% y-o-y in 3Q2022 on the back of continued expansion of domestic demand and recovery of inbound tourism. Inflation rate in October 2022 at 4.0%, was lower than 4.5% in September 2022. Core inflation however, registered an increase of 4.1% in October 2022 as compared to 4.0% in September 2022, indicating that overall inflation risks remain. On the political front, the conclusion of the 15<sup>th</sup> General Election (“GE15”), the resultant hung parliament and the announcement of Datuk Seri Anwar Ibrahim as the 10<sup>th</sup> Prime Minister of Malaysia had resolved the political uncertainty to a certain extent.

Bank Negara Malaysia (“BNM”) increased the Overnight Policy Rate (“OPR”) by 25 basis points to 2.75 percent in November, its 4<sup>th</sup> consecutive 25 bps rate hike. BNM stated that monetary policy remains accommodative and supportive of economic growth. BNM reiterated that the direction of monetary policy will remain data-dependent and all policy actions will be implemented in a gradual and measured manner.

Malaysia’s inflation in November 2022 increased by 4.0% y-o-y (October 2022: 4.0%) with the main contributor to the rise in inflation being the ‘food group’ which recorded an increase of 7.3%. Meanwhile, core inflation registered higher increase of 4.2% y-o-y in November 2022 (October 2022: 4.1%), reflecting inflation risks.

On the political front, the announcement of Datuk Seri Anwar Ibrahim as the 10<sup>th</sup> Prime Minister of Malaysia following the inconclusive results of GE 15 has resolved political uncertainty to a certain extent. The new ruling coalition appears to have a firm majority, as evidenced by the vote of confidence in December 2022, and market reaction has been positive to this development.

The Budget 2023 was tabled on 7 October 2022 instead of its original schedule on 28 October 2022, paving the way for an early general election. Despite the change in government expectation is for no major changes to top-line revenue and expenditure, the revised budget by the new government is set to be tabled on February 2023. The previous Finance Minister Tengku Zafrul indicated that the government has no plan to implement new taxes including GST, windfall tax and inheritance tax in the near future. He also shared that Malaysia’s inflation would be a shocking 11% in the absence of the existing subsidy schemes. While studies on targeted subsidies are ongoing, it is understood that new schemes will only be implemented after the country is no longer facing high inflationary pressures.

Malaysia's MGS yields traded lower and flatter during the period with 3-, 5-, 10- and 15-year yields closing 10-39bps lower at 3.67%, 3.84%, 4.07% and 4.26%, respectively. The decrease in yields was driven by global inflation expectations declining, reduction in political risk and investors deploying excess liquidity towards the year end. Similarly, GII yields ended lower and flatter across the curve with the 3-, 5-, 10- and 15-year GII yields changing -4 to -37 bps to close at 3.76%, 3.85%, 4.13% and 4.31% 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 WHOLESALE SUKUK FUND

## CONDENSED FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2022  
TO 31 DECEMBER 2022

## SHARIAH ADVISER'S REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS WHOLESAL SUKUK 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 period ended 31 December 2022, 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**

**NURUSSA'ADAH NASARUDIN**

Designated Shariah Officer

Kuala Lumpur

Date: 20 February 2023



## CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2022 TO 31 DECEMBER 2022

	Financial period from 1.10.2022 to 31.12.2022	Financial period from 1.10.2021 to 31.12.2021
	RM	RM
<b>INVESTMENT INCOME</b>		
Profit income from Islamic deposits with licensed financial institutions	125,429	330,548
Profit income from unquoted sukuk	1,616,623	1,390,648
Net gain/(loss) on financial assets at fair value through profit or loss	2,530,018	(774,636)
	<u>4,272,070</u>	<u>946,560</u>
<b>EXPENSES</b>		
Management fee	(268,806)	(347,766)
Trustee fee	(16,128)	(20,866)
Audit fee	(1,638)	(1,638)
Tax agent fee	(857)	(857)
Other expenses	(3,368)	(7,055)
	<u>(290,797)</u>	<u>(378,182)</u>
<b>PROFIT BEFORE TAXATION</b>	3,981,273	568,378
<b>TAXATION</b>	-	-
<b>PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME</b>	<u>3,981,273</u>	<u>568,378</u>
Profit after taxation is made up of the following:		
Realised amount	740,269	1,343,014
Unrealised amount	3,241,004	(774,636)
	<u>3,981,273</u>	<u>568,378</u>

## CONDENSED STATEMENT OF FINANCIAL POSITION

### AS AT 31 DECEMBER 2022

	<b>31.12.2022</b>	<b>31.3.2022</b>
	<b>RM</b>	<b>RM</b>
<b>ASSETS</b>		
Cash and cash equivalents	8,755,135	44,057,622
Financial assets at fair value through profit or loss	191,979,842	230,668,718
<b>TOTAL ASSETS</b>	<u>200,734,977</u>	<u>274,726,340</u>
<b>LIABILITIES</b>		
Accrued management fee	85,033	116,997
Amount due to Manager	3,045,521	-
Amount due to Trustee	5,102	7,020
Other payables and accruals	14,534	30,028
<b>TOTAL LIABILITIES</b>	<u>3,150,190</u>	<u>154,045</u>
<b>NET ASSET VALUE OF THE FUND</b>	<u>197,584,787</u>	<u>274,572,295</u>
<b>EQUITY</b>		
Unit holders' capital	201,264,220	278,385,450
Accumulated losses	(3,679,433)	(3,813,155)
<b>NET ASSET ATTRIBUTABLE TO UNIT HOLDERS</b>	<u>197,584,787</u>	<u>274,572,295</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	<u>200,734,977</u>	<u>277,809,213</u>
<b>NET ASSET VALUE PER UNIT (EX-DISTRIBUTION) (RM)</b>	<u>0.9843</u>	<u>0.9883</u>

# CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2022 TO 31 DECEMBER 2022

	Unit holders' capital	Accumulated losses	Total
	RM	RM	RM
Balance as at 1 October 2022	273,653,716	(5,921,861)	267,731,855
Movement in unit holders' contribution:			
Creation of units from applications	18,871	-	18,871
Creation of units from distribution	26,212	-	26,212
Cancellation of units	(72,434,579)	-	(72,434,579)
Total comprehensive income for the financial period	-	3,981,273	3,981,273
Distribution (Gross/Net:0.86 sen)	-	(1,738,845)	(1,738,845)
Balance as at 31 December 2022	<u>201,264,220</u>	<u>(3,679,433)</u>	<u>197,584,787</u>
Balance as at 1 October 2021	258,723,839	(1,024,537)	257,699,302
Movement in unit holders' contribution:			
Creation of units from applications	18,841,801	-	18,841,801
Creation of units from distribution	778,382	-	778,382
Total comprehensive income for the financial period	-	568,378	568,378
Distribution (Gross/Net:1.00 sen)	-	(2,769,815)	(2,769,815)
Balance as at 31 December 2021	<u>278,344,022</u>	<u>(3,225,974)</u>	<u>275,118,048</u>

## CONDENSED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2022 TO 31 DECEMBER 2022

	Financial period from 1.10.2022 to 31.12.2022	Financial period from 1.10.2021 to 31.12.2021
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from sale of Shariah-compliant investments	20,037,000	-
Purchase of Shariah-compliant investments	-	(41,436,300)
Profit income received	2,366,754	1,627,829
Management fee paid	(294,436)	(337,046)
Trustee fee paid	(17,666)	(20,222)
Payment for other fees and expenses	(17,192)	(3,274)
Net cash generated from/(used in) operating activities	<u>22,074,460</u>	<u>(40,169,013)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash proceeds from units created	18,871	18,841,801
Payments for cancellation of units	(69,389,059)	-
Distribution paid	(1,712,633)	(796,573)
Net cash (used in)/generated from financing activities	<u>(71,082,821)</u>	<u>18,045,228</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(49,008,361)	(22,123,785)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	<u>57,763,496</u>	<u>69,271,736</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<u>8,755,135</u>	<u>47,147,951</u>

# CORPORATE DIRECTORY

## **THE MANAGER**

NAME

EASTSPRING INVESTMENTS BERHAD

COMPANY NO.

200001028634 (531241-U)

REGISTERED OFFICE

Level 25, Menara Hong Leong

No. 6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

BUSINESS OFFICE

Level 22, Menara Prudential

Persiaran TRX Barat

55188 Tun Razak Exchange

Kuala Lumpur

TELEPHONE NO.

603-2778 3888

FAX NO.

603-2789 7220

EMAIL

cs.my@eastspring.com

WEBSITE

www.eastspring.com/my

## **TRUSTEE**

NAME

DEUTSCHE TRUSTEES MALAYSIA BERHAD

COMPANY NO.

200701005591 (763590-H)

REGISTERED OFFICE & BUSINESS OFFICE

Level 20, Menara IMC

No. 8, Jalan Sultan Ismail

50250 Kuala Lumpur

TELEPHONE NO.

603-2053 7522

FAX NO.

603-2053 7526

## **SHARIAH ADVISER**

NAME

BIMB SECURITIES SDN BHD

COMPANY NO.

199401004484 (290163-X)

REGISTERED ADDRESS

32<sup>nd</sup> Floor, Menara Bank Islam

No.22 Jalan Perak

50450 Kuala Lumpur

BUSINESS ADDRESS

Level 32, Menara Multi Purpose

Capital Square

No. 8, Jalan Munshi Abdullah

50100 Kuala Lumpur

TELEPHONE NO.

603-2613 1600

FAX NO.

603-2613 1799

EMAIL

shariah@bimbsec.com.my

WEBSITE

www.bimbsec.com.my

**SALE & PURCHASE OF UNITS**

**Eastspring Investments Berhad**

Level 22, Menara Prudential  
Persiaran TRX Barat  
55188 Tun Razak Exchange  
Kuala Lumpur

TELEPHONE NO.

603-2778 1000

**BRANCHES**

**Petaling Jaya**

Eastspring Investments Berhad  
A-17-P1 & M  
Block A, Jaya One  
72A, Jalan Profesor Diraja Ungku Aziz  
46200 Petaling Jaya, Selangor

TELEPHONE NO.

603-7948 1288

**Kota Kinabalu**

Eastspring Investments Berhad  
Suite E3, 9<sup>th</sup> Floor  
CPS Tower, Centre Point Sabah  
No. 1, Jalan Centre Point  
88000 Kota Kinabalu, Sabah

TELEPHONE NO.

6088-238 613

**ENQUIRIES**

CLIENT SERVICES

603-2778 1000

Eastspring Investments Berhad 200001028634 (531241-U)  
Level 22, Menara Prudential, Persiaran TRX Barat  
55188 Tun Razak Exchange, Kuala Lumpur  
T: (603) 2778 3888 F: (603) 2789 7220  
[eastspring.com/my](http://eastspring.com/my)

Client Services  
T: (603) 2778 1000  
[cs.my@eastspring.com](mailto:cs.my@eastspring.com)