



A Prudential plc company 

# EASTSPRING INVESTMENTS BOND FUND

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025



**Dear Valued Investor,**

Greetings from Eastspring Investments Berhad!

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

**We are pleased to enclose a copy of the Annual/Semi-annual/Quarterly Fund Reports of Eastspring Investments Berhad's fund(s) for the reporting period ended 31 December 2025.**

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', written in a cursive style.

**YAP SIOK HOON**

Executive Director/Chief Executive Officer

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## FUND INFORMATION

**Name of Fund**

Eastspring Investments Bond Fund (the "Fund")

**Fund Category/  
Type**

Bond/income

**Fund Objective**

The Fund seeks to provide investors with a steady stream of income\* returns by investing principally\*\* in a portfolio of investment grade fixed income securities with exposure in noninvestment grade fixed income securities which yield above average returns.

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

- \* Income distributed to a Unit Holder will be reinvested into additional Units unless Unit Holder opts for the distribution to be paid out.
- \*\* Principally refers to minimum 70% of the Fund's NAV.

**Performance  
Benchmark**

The performance benchmark of the Fund is Quant Shop Malaysian Government Securities Medium Index ("Quant Shop MGS Medium Index").

**Source:** [www.quantshop.com](http://www.quantshop.com)

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

**Fund Income  
Distribution Policy**

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

## KEY PERFORMANCE DATA

FOR THE FINANCIAL YEAR ENDED

Category	2025 (%)	2024 (%)	2023 (%)
Unquoted fixed income securities	69.76	73.38	91.83
Cash and other assets	30.24	26.62	8.17
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Net Asset Value (NAV) (RM'000)	309,178	274,679	197,459
Units In Circulation (Units '000)	470,689	424,407	306,734
Net Asset Value Per Unit (RM)	0.6569	0.6472	0.6437
Highest Net Asset Value Per Unit (RM) <sup>#</sup>	0.6569	0.6472	0.6436
Lowest Net Asset Value Per Unit (RM) <sup>#</sup>	0.6564	0.6465	0.6420
Total Return (%)			
- Capital Growth	1.50	0.56	1.69
- Income Distribution	3.47	3.62	3.91
Total Return (%)	5.02	4.20	5.68
Gross Distribution Per Unit (RM)	0.0224	0.0234	0.0251
Net Distribution Per Unit (RM)	0.0224	0.0234	0.0251
Total Expense Ratio (TER) (%) <sup>*</sup>	1.11	1.10	1.09
Portfolio Turnover Ratio (PTR) (times) <sup>^</sup>	0.36	0.18	0.32

<sup>#</sup> Figure shown as ex-distribution.

<sup>\*</sup> There were no significant changes to the TER during the period under review.

<sup>^</sup> There were no significant changes to the PTR during the period under review.

## KEY PERFORMANCE DATA (CONTINUED)

	1 year 1.1.2025 to 31.12.2025	3 years 1.1.2023 to 31.12.2025	5 years 1.1.2021 to 31.12.2025
	(%)	(%)	(%)
Average total return	5.02	4.96	2.88

Year ended	1.1.2025 to 31.12.2025	1.1.2024 to 31.12.2024	1.1.2023 to 31.12.2023	1.1.2022 to 31.12.2022	1.1.2021 to 31.12.2021
	(%)	(%)	(%)	(%)	(%)
Annual total return	5.02	4.20	5.68	0.73	(1.07)

**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

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

**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

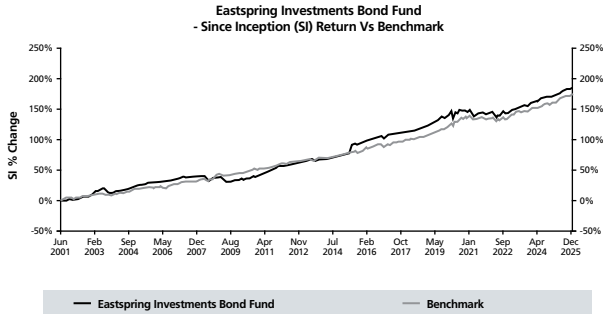
## Fund Performance

Over the 5-year period, the Fund recorded a return of 15.24%, underperforming the benchmark return of 15.36% by 0.13%.

During the period under review, the Fund registered a return of 5.02%, underperforming the benchmark return of 5.28% by 0.26%.

The underperformance of the Fund for the period under review was contributed by its investment in short tenor corporate bonds which underperformed the benchmark.

The Fund met its investment objective of providing investors with a steady stream of income returns.



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

**Benchmark:** Quant Shop Malaysian Government Securities Medium Index ("Quant Shop MGS Medium Index").

**Source:** Lipper for Investment Management and [www.quantshop.com](http://www.quantshop.com), as at 31 December 2025.

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

## MANAGER'S REPORT (CONTINUED)

### Analysis of Fund Performance

For the financial year ended 31 December 2025:

<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>
3.47	1.50	5.02	5.28

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

### Distribution/ Unit Split

Impact on NAV arising from distribution for the financial year ended 31 December 2025.

<b>Ex-date</b>	<b>Distribution per unit</b>		<b>Net Asset Value per unit</b>	
	<b>Gross (RM)</b>	<b>Net (RM)</b>	<b>Before Distribution (RM)</b>	<b>After Distribution (RM)</b>
16/6/25	0.0132	0.0132	0.6632	0.6500
30/9/25	0.0023	0.0023	0.6604	0.6581
31/10/25	0.0023	0.0023	0.6593	0.6570
26/11/25	0.0023	0.0023	0.6594	0.6571
26/12/25	0.0023	0.0023	0.6587	0.6564

No unit split were declared for the financial year ended 31 December 2025.

### Investment Strategy During the Period Under Review

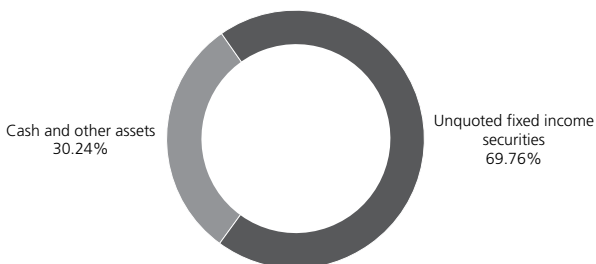
The Fund participated in selected quality issuances for yield pick-up, and trade on market volatility, subject to liquidity constraints.

## MANAGER'S REPORT (CONTINUED)

### Asset Allocation

Asset Allocation	31-Dec 2025	31-Dec 2024	Changes
	(%)	(%)	(%)
Unquoted fixed income securities	69.76	73.38	(3.62)
Cash and other assets	30.24	26.62	3.62

### Asset Allocation as at 31 December 2025



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

During 2025, global macroeconomic trends were shaped by escalating trade tensions driven by the United States. Heightened tariffs and retaliatory measures created persistent volatility, disrupting supply chains, elevating policy uncertainty and influencing investment and trade flows. Against this backdrop, the US economy showed resilience, with GDP growth accelerating in the second and third quarters, supported by consumer spending and fiscal measures – although inflation remained above the Federal Reserve’s 2% target and labour market loosened, with the unemployment rate ending the year above 4%.

China delivered robust growth, achieving around 5% for the year, supported by government stimulus and export diversification to non-U.S markets – resulting in a record trade surplus nearing US\$1.2 trillion despite intensified U.S tariffs. Globally, the sustained trade conflict exerted downward pressure on global trade volumes, as new and retaliatory tariffs restricted cross-border commerce and investment. In response, central banks worldwide largely adopted an accommodative policy stance, with nearly all major institutions enacting at least one interest rate cut during the year. While cautious optimism persisted, the unresolved US trade issues continued to cloud the global outlook, weighing on international commerce and prospects for expansion.

Throughout 2025, the Federal Reserve maintained a gradual easing stance. After keeping rates steady at 4.25%–4.50% early in the year, the Fed cut the policy rate by 25 bps in the September, October and December meetings, bringing the target range to 3.50%-3.75% by year-end. This reflected moderation in inflation and moderating job gains. Forward guidance via the dot plot emphasized gradual adjustments towards a neutral rate closer to 3%.

Malaysia’s economy remained very resilient throughout 2025, growing by approximately 4.9% for the full year, above the official projection band of 4.0–4.8%. Growth was underpinned by strong domestic demand, sustained private investment, and robust services sector performance, particularly from tourism and retail. Manufacturing continued to be steady, led by electrical and electronics exports. The labour market strengthened, with the unemployment rate dropping to 2.9% by year-end. Meanwhile, the Ringgit appreciated by nearly 10% against the US Dollar, signaling investor confidence. Fiscal consolidation was ongoing, with the deficit targeted at 3.8% of GDP. Monetary and structural reforms under the MADANI Economy Framework, alongside supportive policies from Budget 2026, helped sustain momentum despite external headwinds and softer global demand in the final quarter.

Malaysia's inflation stayed subdued in 2025, averaging about 1.4% and closing the year with November headline CPI reading at 1.4%. This outcome was below prior expectations, due to the limited impact of subsidy rationalization and lower global commodity prices, and the tepid inflation maintained notwithstanding minimum wage and civil servant salary hikes during the year, SST expansion and water and electricity tariff adjustments. Core inflation ended the year steady at 2.2%. Bank Negara Malaysia cut the OPR by 25 bps to 2.75% in July—its first easing in five years—and maintained it at this level through year-end, reflecting balanced risks to growth and inflation. The central bank reiterated its data-dependent stance, with further cuts seen as unlikely unless economic conditions deteriorate.

Malaysia's MGS yield curve shifted lower across the year, with 3-, 5-, 10-, and 15-year yields closing at 3.00%, 3.26%, 3.49%, and 3.75% in December 2025 (December 2024: 3.47%; 3.62%; 3.82%; 3.97%).

## REBATES AND SOFT COMMISSIONS

During the period under review, the Manager and the 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 BOND FUND

## FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## STATEMENT BY THE MANAGER

We, Yap Siok Hoon and John Campbell Tupling, being two of the Directors of Eastspring Investments Berhad, do hereby state that, in the opinion of the Manager, the accompanying financial statements set out on pages 16 to 53 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 December 2025 and of its financial performance, changes in equity and cash flows for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the Manager,  
**EASTSPRING INVESTMENTS BERHAD**

**YAP SIOK HOON**  
Executive Director/Chief Executive Officer

**JOHN CAMPBELL TUPLING**  
Independent, Non-Executive Director

Kuala Lumpur  
Date: 23 February 2026

## TRUSTEE'S REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS BOND FUND ("Fund")

We have acted as Trustee of the Fund for the financial year ended 31 December 2025 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 year 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.

We are of the opinion that the distribution of income by the Fund is appropriate and reflects the investment objective of the Fund.

For Deutsche Trustees Malaysia Berhad

**Ng Hon Leong**  
Head, Fund Operations

**Sylvia Beh**  
Chief Executive Officer

Kuala Lumpur  
Date: 23 February 2026

# INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS BOND FUND

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our opinion

In our opinion, the financial statements of Eastspring Investments Bond Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 31 December 2025, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

### What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 16 to 53.

### Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the “Auditors’ responsibilities for the audit of the financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence and other ethical responsibilities*

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Information other than the financial statements and auditors' report thereon

The Manager of the Fund is responsible for the other information. The other information comprises the Manager's Report, but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to terminate the Fund, or has no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- a. Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- d. Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- e. Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### OTHER MATTERS

This report is made solely to the unit holders of the Fund, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

Kuala Lumpur  
Date: 23 February 2026

# STATEMENT OF COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	2025	2024
		RM	RM
<b>INVESTMENT INCOME</b>			
Interest income from deposits with licensed financial institutions		981,557	712,361
Interest income from unquoted fixed income securities		10,808,441	8,112,042
Net gain on financial assets at fair value through profit or loss	7	4,504,742	1,380,162
		<u>16,294,740</u>	<u>10,204,565</u>
<b>EXPENSES</b>			
Management fee	3	(2,696,425)	(1,999,455)
Trustee fee	4	(215,714)	(159,956)
Audit fee		(8,400)	(8,400)
Tax agent fee		(3,700)	(4,000)
Other expenses		(79,775)	(17,801)
		<u>(3,004,014)</u>	<u>(2,189,612)</u>
<b>PROFIT BEFORE TAXATION</b>		13,290,726	8,014,953
<b>TAXATION</b>	5	-	-
<b>PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME</b>		<u>13,290,726</u>	<u>8,014,953</u>
Profit after taxation is made up of the following:			
Realised amount		10,418,380	7,328,740
Unrealised amount		2,872,346	686,213
		<u>13,290,726</u>	<u>8,014,953</u>

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

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Note	2025	2024
		RM	RM
<b>ASSETS</b>			
Cash and cash equivalents	8	62,319,502	69,858,241
Financial assets at fair value through profit or loss	7	215,695,989	201,556,618
Amount due from Manager		32,037,910	4,567,091
<b>TOTAL ASSETS</b>		<u>310,053,401</u>	<u>275,981,950</u>
<b>LIABILITIES</b>			
Accrued management fee		233,986	230,684
Amount due to Manager		579,467	1,036,898
Amount due to Trustee		18,719	18,455
Distribution payable		6,816	-
Other payables and accruals		36,186	17,140
<b>TOTAL LIABILITIES</b>		<u>875,174</u>	<u>1,303,177</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>309,178,227</u>	<u>274,678,773</u>
<b>EQUITY</b>			
Unit holders' capital		251,425,791	222,975,283
Retained earnings		57,752,436	51,703,490
<b>NET ASSET ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>309,178,227</u>	<u>274,678,773</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	9	<u>470,689,053</u>	<u>424,406,511</u>
<b>NET ASSET VALUE PER UNIT (EX-DISTRIBUTION) (RM)</b>		<u>0.6569</u>	<u>0.6472</u>

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

## STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Unit holders' capital	Retained earnings	Total
		RM	RM	RM
Balance as at 1 January 2025		222,975,283	51,703,490	274,678,773
Movement in unit holders' contribution:				
Creation of units from applications		224,597,816	-	224,597,816
Creation of units from distributions		8,776,047	-	8,776,047
Cancellation of units		(203,260,069)	-	(203,260,069)
Distributions (Gross/Net: 2.24 sen)	6	(1,663,286)	(7,241,780)	(8,905,066)
Total comprehensive income for the financial year		-	13,290,726	13,290,726
Balance as at 31 December 2025		<u>251,425,791</u>	<u>57,752,436</u>	<u>309,178,227</u>
Balance as at 1 January 2024		147,146,127	50,312,646	197,458,773
Movement in unit holders' contribution:				
Creation of units from applications		198,500,111	-	198,500,111
Creation of units from distribution		9,529,990	-	9,529,990
Cancellation of units		(129,150,390)	-	(129,150,390)
Distribution (Gross/Net: 2.34 sen)	6	(3,050,555)	(6,624,109)	(9,674,664)
Total comprehensive income for the financial year		-	8,014,953	8,014,953
Balance as at 31 December 2024		<u>222,975,283</u>	<u>51,703,490</u>	<u>274,678,773</u>

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

# STATEMENT OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	2025	2024
		RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from sale of investments		98,572,770	26,911,501
Purchase of investments		(107,891,500)	(45,743,900)
Interest received from deposits with licensed financial institutions		981,557	712,361
Interest received from unquoted fixed income securities		10,492,543	8,121,710
Management fee paid		(2,693,123)	(1,938,124)
Trustee fee paid		(215,450)	(155,049)
Payment for other fees and expenses		(72,830)	(32,611)
Net cash used in operating activities		<u>(826,033)</u>	<u>(12,124,112)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash proceeds from units created		197,126,997	196,186,044
Payments for cancellation of units		(203,717,500)	(129,165,626)
Distribution paid		(122,203)	(144,674)
Net cash (used in)/generated from financing activities		<u>(6,712,706)</u>	<u>66,875,744</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		(7,538,739)	54,751,632
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<u>69,858,241</u>	<u>15,106,609</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	8	<u>62,319,502</u>	<u>69,858,241</u>

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

## MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with MFRS and International Financial Reporting Standards 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 revenue 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, amendments to published standards and interpretations that are applicable and effective:

There are no standards, amendments to standards or interpretations that are applicable and effective for financial periods beginning on 1 January 2025 that have a material effect on the financial statements of the Fund.

- b. Standards and amendments that have been issued that are applicable to the Fund but not yet effective:
  - Amendments to MFRS 9 and MFRS 7 ‘Amendments to the Classification and Measurement of Financial Instruments’ (effective 1 January 2026)
    - The amendments clarify that financial assets are derecognised when the rights to the cash flows expire or when the asset is transferred, and financial liabilities are derecognised at the settlement date (i.e. when the liability is extinguished or qualifies for derecognition).

- There is an optional exception to derecognise a financial liability at a date earlier than the settlement date if the cash transfer takes place through an electronic payment system, provided that all the specified criteria are met;
  - The amendments also clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (“SPPI”) criterion;
  - There are additional new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
  - The amendments update the disclosures for equity instruments designated at fair value through other comprehensive income (“FVOCI”).
- Annual improvements to MFRS Accounting Standards for enhanced consistency (effective 1 January 2026)
  - MFRS 18 ‘Presentation and Disclosure in Financial Statements’ (effective 1 January 2027) replaces MFRS 101 ‘Presentation of Financial Statements’
    - The new MFRS introduces a new structure of profit or loss statement.
      - i. Income and expenses are classified into 3 new main categories:
        - Operating category which typically includes results from the main business activities;
        - Investing category that presents the results of investments in associates and joint ventures and other assets that generate a return largely independently of other resources; and
        - Financing category that presents income and expenses from financing liabilities.
      - ii. Entities are required to present two new specified subtotals: ‘Operating profit or loss’ and ‘Profit or loss before financing and income taxes’.
    - Management-defined performance measures are disclosed in a single note and reconciled to the most similar specified subtotal in MFRS Accounting Standards.
    - Changes to the guidance on aggregation and disaggregation which focus on grouping items based on their shared characteristics.

The Fund is currently still assessing the effect of the above standards and amendments. No other new standards or amendments to standards are expected to have a material effect on the financial statements of the Fund.

## **B INCOME RECOGNITION**

Interest income from short-term deposits placed with licensed financial institutions and unquoted fixed income securities are recognised on an accrual basis using the effective interest rate method.

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

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

## **C TAXATION**

Current tax expense is determined according to the Malaysian tax laws at the current rate based upon the taxable income earned during the financial year.

## **D FUNCTIONAL AND PRESENTATION CURRENCY**

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). The financial statements are presented in Ringgit Malaysia (“RM”), which is the Fund’s functional and presentation currency.

## E FINANCIAL ASSETS AND FINANCIAL LIABILITIES

### (i) Classification

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

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

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as financial assets measured at fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

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

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

### (ii) Recognition and measurement

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

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

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

Financial liabilities are derecognised when 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 year in which they arise.

Unquoted fixed income securities are carried at cost and adjusted for any amortisation of premium or accretion of discount from acquisition date to maturity date. The carrying cost is revalued to reflect its fair value on a daily basis based on fair value prices quoted by a bond pricing agency (“BPA”) registered with the Securities Commission as per the Securities Commission’s (“SC”) Guidelines on Unit Trust Funds.

Where such quotations are not available or where the Manager is of the view that the price quoted by the BPA for a specific unquoted fixed income securities differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager:

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

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

iii. Impairment for assets carried at amortised costs

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 months expected credit losses as any such impairment would be wholly insignificant to the Fund.

iv. Significant increase in credit risk

A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due.

v. Definition of default and credit-impaired financial assets

Any contractual payment which is more than 90 days past due is considered credit impaired.

vi. Write-off

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the financial year.

## **F CASH AND CASH EQUIVALENTS**

For the purpose of the statement of cash flows, cash and cash equivalents comprise bank balances and short-term 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 year 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 securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. The amount due from brokers balance is held for collection. Refer to Note E for accounting policy on recognition and measurement.

Any contractual payment which is more than 90 days past due is considered credit impaired.

Significant financial difficulties of the brokers, probability that the brokers will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

## **I DISTRIBUTIONS**

A distribution to the Fund's unit holders is accounted for as a deduction from realised reserve. A proposed distribution is recognised as a liability in the financial year in which it is approved by the Trustee of the Fund.

## **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 are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the SC's Guidelines on Unit Trust Funds.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 1 INFORMATION ON THE FUND

Eastspring Investments Bond Fund (the “Fund”) was constituted pursuant to the execution of Master Deed dated 4 May 2001, Supplemental Master Deed dated 26 May 2003, a Supplemental Master Deed dated 15 February 2006, Master Supplemental Deed dated 25 July 2007 and Second Supplemental Master Deed dated 30 November 2009 between BHLB (Malaysia) Trustee Berhad (“BHLB Trustee”) and Eastspring Investments Berhad (the “Manager”). The Fund replaced BHLB Trustee with Deutsche Trustees Malaysia Berhad (the “Trustee”) effective 1 October 2010. A Supplemental Master Deed was entered into between the Manager and the Trustee on 30 July 2010 to effect the change of trustee from BHLB Trustee to the Trustee, followed by Second Supplemental Master Deed dated 28 January 2011, Third Supplemental Master Deed dated 9 March 2011, Fourth Supplemental Master Deed dated 20 January 2012, Fifth Supplemental Master Deed dated 26 March 2014, Sixth Supplemental Master Deed dated 2 January 2015, Seventh Supplemental Master Deed dated 11 July 2016, Eighth Supplemental Master Deed dated 25 January 2017, Ninth Supplemental Master Deed dated 11 December 2017, Tenth Supplemental Master Deed dated 4 June 2018, Eleventh Supplemental Master Deed dated 30 September 2021, Twelfth Supplemental Master Deed dated 29 June 2022 and Thirteenth Supplemental Master Deed dated 29 November 2022 (collectively referred to as the “Deeds”).

The Fund was launched on 29 May 2001 and will continue its operations until terminated as provided under Part 12 of the Deed.

The Fund seeks to provide investors with a steady stream of income returns by investing principally in a portfolio of investment-grade fixed income securities with exposure in non-investment grade fixed income securities which yield above average returns.

All investments will be subjected to the Securities Commission’s (“SC”) Guidelines on Unit Trust Funds, the Deeds and the Fund’s objective.

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

## 2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Financial instruments of the Fund are as follows:

	Note	Financial assets at amortised cost RM	Financial assets at fair value through profit or loss RM	Total RM
<u>2025</u>				
Cash and cash equivalents	8	62,319,502	-	62,319,502
Unquoted fixed income securities	7	-	215,695,989	215,695,989
Amount due from Manager		32,037,910	-	32,037,910
		<u>94,357,412</u>	<u>215,695,989</u>	<u>310,053,401</u>
<u>2024</u>				
Cash and cash equivalents	8	69,858,241	-	69,858,241
Unquoted fixed income securities	7	-	201,556,618	201,556,618
Amount due from Manager		4,567,091	-	4,567,091
		<u>74,425,332</u>	<u>201,556,618</u>	<u>275,981,950</u>

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

**Market risk**

## i. Price risk

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

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

	<b>2025</b>	<b>2024</b>
	<b>RM</b>	<b>RM</b>
Financial assets at fair value through profit or loss:		
Unquoted fixed income securities*	<u>215,695,989</u>	<u>201,556,618</u>

\* Includes interest receivables of RM3,220,859 (2024: RM2,556,094).

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

% Change in price	Market value	Impact on profit after tax and net asset value
	RM	RM
<u>2025</u>		
+5%	223,098,887	10,623,757
-5%	<u>201,851,374</u>	<u>(10,623,757)</u>
<u>2024</u>		
+5%	208,950,550	9,950,026
-5%	<u>189,050,498</u>	<u>(9,950,026)</u>

ii. Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows.

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

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

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

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

The table below summarises the sensitivity of the Fund's profit after tax and net asset value to movements in prices of investments at the end of each financial reporting year as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate changed by 1% (2024: 1%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the interest rate, having regard to the historical volatility of the interest rate.

	<b>2025</b>	<b>2024</b>
<b>% Change in interest rate of unquoted fixed income securities</b>	<b>Impact on profit after tax and net asset value</b>	<b>Impact on profit after tax and net asset value</b>
	<b>RM</b>	<b>RM</b>
+1% (2024: +1%)	(657,723)	(492,038)
- 1% (2024: -1%)	663,362	494,156

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

## Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector and other factors. For the purpose of the Fund, the Manager will attempt to balance the entire portfolio by investing in a mix of assets with satisfactory trading volume and those that occasionally could encounter poor liquidity. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of units by unit holders. Liquid assets comprise bank balances, deposits with licensed financial institutions and other instruments which are capable of being converted into cash within 7 days.

The table below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining period as at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	<b>Less than 1 month</b>	<b>Between 1 month to 1 year</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>2025</b>			
Accrued management fee	233,986	-	233,986
Amount due to Manager	579,467	-	579,467
Amount due to Trustee	18,719	-	18,719
Distribution payable	6,816	-	6,816
Other payables and accruals	-	36,186	36,186
Contractual undiscounted cash outflows	<u>838,988</u>	<u>36,186</u>	<u>875,174</u>
<b>2024</b>			
Accrued management fee	230,684	-	230,684
Amount due to Manager	1,036,898	-	1,036,898
Amount due to Trustee	18,455	-	18,455
Other payables and accruals	-	17,140	17,140
Contractual undiscounted cash outflows	<u>1,286,037</u>	<u>17,140</u>	<u>1,303,177</u>

### **Credit/Default risk**

Credit risk refers to the ability of an issuer or a counter party to make timely payments of interest income, principals and proceeds from realisation of investments.

Credit risk arising from cash and bank balances is managed by ensuring that they are held by parties with credit rating of AA1 or higher.

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

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

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

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

	Financial assets at fair value through profit or loss	Cash and cash equivalents	Amount due from Manager	Total
	RM	RM	RM	RM
<u>2025</u>				
Financial Services				
- AAA	-	62,319,502	-	62,319,502
Unquoted Fixed Income Securities				
Consumer Discretionary				
- AA1 (S)	29,202,231	-	-	29,202,231
- AA2	5,195,847	-	-	5,195,847
Energy & Utilities				
- AA- IS	5,237,076	-	-	5,237,076
- AA3	27,716,929	-	-	27,716,929
Financial				
- A1	15,559,153	-	-	15,559,153
- AA3	33,296,931	-	-	33,296,931
- AAA	10,161,877	-	-	10,161,877
Information Technology				
- AA IS (CG)	15,436,742	-	-	15,436,742
Public Administration				
- NR (LT)	1,083,348	-	-	1,083,348
Real Estate				
- A IS (CG)	20,756,496	-	-	20,756,496
- AA- IS	2,133,433	-	-	2,133,433
- AA1	10,574,916	-	-	10,574,916
- AAA	10,083,895	-	-	10,083,895
- AAA (FG)	3,011,437	-	-	3,011,437
Transportation & Storage				
- AA- IS	24,784,588	-	-	24,784,588
- NR (LT)	1,461,090	-	-	1,461,090
Other				
- NR	-	-	32,037,910	32,037,910
	<u>215,695,989</u>	<u>62,319,502</u>	<u>32,037,910</u>	<u>310,053,401</u>

	Financial assets at fair value through profit or loss	Cash and cash equivalents	Amount due from Manager	Total
	RM	RM	RM	RM
<b>2024</b>				
Financial Services				
- AAA	-	69,858,241	-	69,858,241
Unquoted Fixed Income Securities				
Consumer Discretionary				
- AA1 (S)	23,220,048	-	-	23,220,048
- AA2 (S)	5,181,809	-	-	5,181,809
- AA2	5,118,347	-	-	5,118,347
Consumer Staples				
- AA2	10,240,662	-	-	10,240,662
Energy & Utilities				
- AA- IS	3,155,296	-	-	3,155,296
- AA1	3,105,074	-	-	3,105,074
- AA3	27,012,710	-	-	27,012,710
- AAA (S)	1,536,720	-	-	1,536,720
Financial				
- A1	15,575,862	-	-	15,575,862
- AA1	20,150,741	-	-	20,150,741
- AA2	9,003,310	-	-	9,003,310
- AA3	35,823,851	-	-	35,823,851
Information Technology				
- AA IS (CG)	15,446,495	-	-	15,446,495
Public Administration				
- NR	1,064,658	-	-	1,064,658
Transportation & Storage				
- AA- IS	24,486,831	-	-	24,486,831
- NR	1,434,204	-	-	1,434,204
Other				
- NR	-	-	4,567,091	4,567,091
	<b>201,556,618</b>	<b>69,858,241</b>	<b>4,567,091</b>	<b>275,981,950</b>

None of these financial assets are past due or impaired.

### **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 Trustees have 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.

### **Capital risk**

The capital of the Fund is represented by equity consisting of unit holders' capital of RM251,425,791 (2024: RM222,975,283) and retained earnings of RM57,752,436 (2024: RM51,703,490). The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

## **Fair value estimation**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

The fair value of financial assets traded in active market (such as trading securities) are based on quoted market prices at the close of trading on the financial year end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is representative of the fair value.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

### **i. Fair value hierarchy**

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

The different levels have been defined as follows:

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

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

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

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

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

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<u>2025</u>				
Financial assets at fair value through profit or loss:				
Unquoted fixed income securities	-	215,695,989	-	215,695,989
<u>2024</u>				
Financial assets at fair value through profit or loss:				
Unquoted fixed income securities	-	201,556,618	-	201,556,618

Financial instruments that trade in markets that are considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2 which include unquoted fixed income securities. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Fund's policies on valuation of these financial assets are stated in Note E to the financial statements.

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

### **3 MANAGEMENT FEE**

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

For the financial year ended 31 December 2025, the management fee is recognised at a rate of 1.00% (2024: 1.00%) 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 RM30,000 per annum.

For the financial year ended 31 December 2025, the Trustee fee is recognised at a rate of 0.08% (2024: 0.08%) subject to a minimum fee of RM30,000 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

	<b>2025</b>	<b>2024</b>
	<b>RM</b>	<b>RM</b>

Tax charged for the financial year:

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

	<b>2025</b>	<b>2024</b>
	<b>RM</b>	<b>RM</b>
Profit before taxation	13,290,726	8,014,953
Tax at Malaysian statutory rate of 24% (2024: 24%)	3,189,774	1,923,589
Tax effects of:		
Investment income not subject to tax	(3,910,738)	(2,449,096)
Expenses not deductible for tax purposes	71,805	43,622
Restriction on tax deductible expenses for Unit Trust Funds	649,159	481,885
Taxation	-	-

## 6 DISTRIBUTIONS

Distributions to unit holders is from the following sources:

	<b>2025</b>	<b>2024</b>
	<b>RM</b>	<b>RM</b>
Prior financial years' realised income	-	231,481
Interest income	8,360,140	8,525,947
Realised gain/(loss) on sales of investments	962,460	(42,988)
Distribution equalisation	1,663,286	3,050,555
Gross realised income	10,985,886	11,764,995
Less: Expenses	(2,080,820)	(2,090,331)
	<u>8,905,066</u>	<u>9,674,664</u>

	<b>Gross/Net distribution</b>	
<b>Ex-Date</b>	<b>2025</b>	<b>2024</b>
	<b>Sen/Unit</b>	<b>Sen/Unit</b>
16 June 2025	0.0132	-
30 September 2025	0.0023	-
31 October 2025	0.0023	-
26 November 2025	0.0023	-
26 December 2025 / 16 December 2024	0.0023	0.0234

Gross distribution is derived using total income less total expenses. The distribution is made from current and prior financial years' realised income.

Gross distribution per unit is derived from gross realised income less expenses divided by the number of units in circulation, while net distribution per unit is derived from gross realised income less expenses and taxation divided by the number of units in circulation.

Distribution equalisation represents the average amount of distributable income included in the creation and cancellation prices of units. It is computed as at each date of creation and cancellation of units. For the purposes of determining amount available for distribution, distribution equalisation is included in the computation of realised gain or income available for distribution.

## 7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025	2024
	RM	RM
Financial assets at fair value through profit or loss:		
Unquoted fixed income securities	215,695,989	201,556,618
Net gain on financial assets at fair value through profit or loss:		
Realised gain on disposals	1,632,396	693,949
Change in unrealised fair value gain	2,872,346	686,213
	4,504,742	1,380,162

### Unquoted fixed income securities

Name of counter	Nominal value	Aggregate cost	Fair value	Percentage
			as at 31.12.2025	of net asset value of the Fund
	RM	RM	RM	%
5.00% Affin Bank Berhad 26.7.2032 (A1)	15,000,000	15,322,603	15,559,153	5.03
3.95% Alsreit Capital Sdn Bhd 22.11.2030 (AAA (FG))	3,000,000	3,012,337	3,011,437	0.97
5.20% Ambank (M) Berhad 12.10.2032 (AA3)	10,000,000	10,113,973	10,363,173	3.35
4.82% APM Automotive Holdings Berhad 30.4.2031 (AA2)	5,000,000	5,064,593	5,195,847	1.68
4.53% DanaInfra Nasional Berhad 1.4.2037 (NR (LT))	1,000,000	1,011,418	1,083,348	0.35
4.50% Eco World Perpetual Capital Berhad 20.8.2125 (A IS (CG))	15,000,000	15,247,808	15,534,758	5.02

## Unquoted fixed income securities (continued)

Name of counter	Nominal value	Aggregate cost	Fair value as at 31.12.2025	Percentage of net asset value of the Fund
	RM	RM	RM	%
4.60% Eco World Perpetual Capital Berhad 20.8.2125 (A IS (CG))	5,000,000	5,084,438	5,221,738	1.69
5.00% EXSIM Capital Resources Berhad 4.6.2029 (AA3)	15,000,000	15,106,571	15,259,734	4.94
4.80% EXSIM Capital Resources Berhad 17.1.2030 (AA3)	7,500,000	7,690,042	7,674,024	2.48
5.07% GENM Capital Berhad 5.5.2028 (AA1 (S))	5,000,000	5,039,588	5,153,038	1.67
5.30% GENM Capital Berhad 11.7.2028 (AA1 (S))	5,000,000	5,274,993	5,275,229	1.71
5.35% GENM Capital Berhad 3.5.2030 (AA1 (S))	10,000,000	10,083,548	10,548,948	3.41
5.15% GENM Capital Berhad 31.5.2034 (AA1 (S))	5,000,000	5,106,126	5,242,836	1.70
4.38% Genting RMTN Berhad 8.11.2034 (AA1 (S))	3,000,000	3,018,720	2,982,180	0.96
4.30% Ideal Water Resources Sdn Bhd 6.7.2029 (AA1)	5,000,000	5,104,260	5,190,360	1.68
4.77% Ideal Water Resources Sdn Bhd 8.7.2033 (AA1)	5,000,000	5,115,656	5,384,556	1.74

## Unquoted fixed income securities (continued)

Name of counter	Nominal value	Aggregate cost	Fair value as at 31.12.2025	Percentage of net asset value of the Fund
	RM	RM	RM	%
4.81% LBS Bina Group Berhad 23.1.2032 (AA- IS)	2,000,000	2,042,433	2,133,433	0.69
5.24% Lebuhraya Duke Fasa 3 Sdn Bhd 23.8.2027 (AA- IS)	10,800,000	11,068,000	11,160,930	3.61
5.44% Lebuhraya Duke Fasa 3 Sdn Bhd 23.8.2029 (AA- IS)	5,000,000	5,204,945	5,274,332	1.71
5.77% Lebuhraya Duke Fasa 3 Sdn Bhd 23.8.2032 (AA- IS)	2,500,000	2,603,386	2,736,332	0.89
5.95% Lebuhraya Duke Fasa 3 Sdn Bhd 23.8.2034 (AA- IS)	5,000,000	5,402,860	5,612,994	1.82
4.48% Orkim Berhad 27.2.2032 (AA- IS)	5,000,000	5,077,326	5,237,076	1.69
4.18% Paradigm Capital Berhad 10.12.2037 (AAA)	10,000,000	10,025,195	10,083,895	3.26
3.80% Prasarana Malaysia Berhad 25.2.2050 (NR (LT))	1,500,000	1,520,145	1,461,090	0.47
5.99% RP Hydro (Kelantan) Sdn Bhd 14.7.2039 (AA3)	10,000,000	10,280,627	11,087,627	3.59
6.03% RP Hydro (Kelantan) Sdn Bhd 13.7.2040 (AA3)	15,000,000	15,423,753	16,629,302	5.38
4.85% TY Consolidated Capital Berhad 23.9.2030 (AAA)	10,000,000	10,166,737	10,161,877	3.29

Unquoted fixed income securities (continued)

Name of counter	Nominal value RM	Aggregate cost RM	Fair value as at 31.12.2025 RM	Percentage of net asset value of the Fund %
4.74% VS Capital Management Sdn Bhd 21.9.2027 (AA IS (CG))	15,000,000	15,311,501	15,436,742	4.98
<b>TOTAL UNQUOTED FIXED INCOME SECURITIES</b>	<u>206,300,000</u>	<u>210,523,582</u>	<u>215,695,989</u>	<u>69.76</u>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>5,172,407</u>		
<b>TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			<u>215,695,989</u>	

## Unquoted fixed income securities

Name of counter	Nominal value	Aggregate cost	Fair value as at 31.12.2024	Percentage of net asset value of the Fund
	RM	RM	RM	%
5.00% Affin Bank Berhad 26.7.2032 (A1)	15,000,000	15,326,712	15,575,862	5.67
5.20% Ambank (M) Berhad 12.10.2032 (AA3)	10,000,000	10,112,240	10,418,340	3.80
4.58% Ambank (M) Berhad 28.3.2033 (AA3)	10,000,000	10,116,377	10,276,577	3.74
4.82% APM Automotive Holdings Berhad 30.4.2031 (AA2)	5,000,000	5,068,357	5,118,347	1.86
4.20% Bumitama Agri Ltd 22.7.2026 (AA2)	10,000,000	10,307,806	10,240,662	3.73
4.53% DanaInfra Nasional Berhad 1.4.2037 (NR)	1,000,000	1,011,418	1,064,658	0.39
5.00% EXSIM Capital Resources Berhad 4.6.2029 (AA3)	15,000,000	15,119,566	15,128,934	5.51
5.07% GENM Capital Berhad 5.5.2028 (AA1 (S))	5,000,000	5,039,588	5,072,338	1.85
5.35% GENM Capital Berhad 3.5.2030 (AA1 (S))	10,000,000	10,083,548	10,269,848	3.74
4.86% Genting Capital Berhad 8.6.2027 (AA1 (S))	5,000,000	5,171,335	5,018,862	1.83
4.38% Genting RMTN Berhad 8.11.2034 (AA1 (S))	3,000,000	3,019,440	2,859,000	1.04
3.45% Hong Leong Assurance Berhad 26.12.2025 (AA1)	10,000,000	10,001,890	9,953,490	3.62
5.24% Lebuhraya Duke Fasa 3 Sdn Bhd 23.8.2027 (AA- IS)	10,800,000	11,110,286	11,148,263	4.06

## Unquoted fixed income securities (continued)

Name of counter	Nominal value	Aggregate cost	Fair value as at 31.12.2024	Percentage of net asset value of the Fund
	RM	RM	RM	%
5.44% Lebuhraya Duke Fasa 3 Sdn Bhd 23.8.2029 (AA- IS)	5,000,000	5,233,213	5,215,172	1.90
5.77% Lebuhraya Duke Fasa 3 Sdn Bhd 23.8.2032 (AA- IS)	2,500,000	2,610,593	2,675,322	0.97
5.95% Lebuhraya Duke Fasa 3 Sdn Bhd 23.8.2034 (AA- IS)	5,000,000	5,431,315	5,448,074	1.98
4.90% Manjung Island Energy Berhad 25.11.2031 (AAA (S))	1,450,000	1,567,602	1,536,720	0.56
4.96% PONSB Capital Berhad 28.12.2028 (AA2 (S))	5,000,000	5,001,359	5,181,809	1.89
3.80% Prasarana Malaysia Berhad 25.2.2050 (NR)	1,500,000	1,519,989	1,434,204	0.52
4.27% Public Bank Bhd 25.10.2033 (AA1)	10,000,000	10,197,103	10,197,251	3.71
3.35% RHB Bank Berhad 28.5.2030 (AA2)	5,000,000	5,015,603	5,009,903	1.82
3.13% RHB Bank Berhad 20.11.2030 (AA2)	4,000,000	4,014,407	3,993,407	1.46
5.99% RP Hydro (Kelantan) Sdn Bhd 14.7.2039 (AA3)	10,000,000	10,278,986	10,802,586	3.93
6.03% RP Hydro (Kelantan) Sdn Bhd 13.7.2040 (AA3)	15,000,000	15,421,274	16,210,124	5.90
5.09% Southern Power Generation Sdn Bhd 30.4.2029 (AA- IS)	3,000,000	3,026,356	3,155,296	1.15

## Unquoted fixed income securities (continued)

Name of counter	Nominal value	Aggregate cost	Fair value as at 31.12.2024	Percentage of net asset value of the Fund
	RM	RM	RM	%
4.74% VS Capital Management Sdn Bhd 21.9.2027 (AA IS CG)	15,000,000	15,374,783	15,446,495	5.62
5.05% YTL Power International Berhad 3.5.2027 (AA1)	<u>3,000,000</u>	<u>3,075,411</u>	<u>3,105,074</u>	<u>1.13</u>
<b>TOTAL UNQUOTED FIXED INCOME SECURITIES</b>	<u>195,250,000</u>	<u>199,256,557</u>	<u>201,556,618</u>	<u>73.38</u>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>2,300,061</u>		
<b>TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>201,556,618</u>		

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

	2025	2024
	%	%
Unquoted fixed income securities	<u>4.50</u>	<u>4.79</u>

## 8 CASH AND CASH EQUIVALENTS

	2025	2024
	RM	RM
Bank balance with a licensed bank	45,344	44,261
Deposits with licensed financial institutions	62,274,158	69,813,980
	<u>62,319,502</u>	<u>69,858,241</u>

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

	2025	2024
	%	%
Deposits with licensed financial institutions	<u>3.10</u>	<u>3.62</u>

The deposits have an average maturity of 5 days (2024: 10 days).

## 9 UNITS IN CIRCULATION

	2025	2024
	No. of units	No. of units
At the beginning of the financial year	424,406,511	306,734,103
Creation of units during the financial year:		
Arising from applications	341,824,884	299,098,627
Arising from distributions	13,443,283	14,736,339
Cancellation of units during the financial year	(308,985,625)	(196,162,558)
At the end of the financial year	<u>470,689,053</u>	<u>424,406,511</u>

## 10 TRANSACTIONS WITH DEALERS

Details of transactions with the dealers are as follows:

Name of dealers	Value of trades RM	Percentage of total trades %
<u>2025</u>		
Hong Leong Investment Bank Berhad	51,743,300	27.03
RHB Investment Bank Berhad	50,213,000	26.23
Hong Leong Bank Berhad	20,228,000	10.56
HSBC Bank Malaysia Berhad	20,000,000	10.45
Maybank Islamic Berhad	17,000,000	8.88
Maybank Banking Berhad	10,000,000	5.22
United Overseas Bank (Malaysia) Berhad	7,527,000	3.92
Hong Leong Islamic Bank Berhad	6,752,970	3.53
Affin Hwang Investment Bank Berhad	5,000,000	2.61
CIMB Bank Berhad	3,000,000	1.57
	191,464,270	100.00
<u>2024</u>		
Hong Leong Investment Bank Berhad	25,654,500	35.80
United Overseas Bank (Malaysia) Berhad	15,063,400	21.02
AmBank (M) Berhad	10,185,000	14.21
RHB Investment Bank Berhad	5,347,000	7.47
Hong Leong Bank Berhad	5,315,000	7.42
CIMB Bank Berhad	5,061,000	7.06
Maybank Islamic Berhad	5,029,500	7.02
	71,655,400	100.00

All dealers highlighted above are not related to the Manager. There are no brokerage fees charged by the dealers for the financial year ended 31 December 2025 and 31 December 2024.

**11 TOTAL EXPENSE RATIO (“TER”)**

	<b>2025</b>	<b>2024</b>
	%	%
TER	1.11	1.10

TER is derived from the following calculation:

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

A = Management fee

B = Trustee fee

C = Audit fee

D = Tax agent fee

E = Other expenses

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

The average net asset value of the Fund for the financial year calculated on a daily basis is RM269,639,348 (2024: RM199,601,005).

**12 PORTFOLIO TURNOVER RATIO (“PTR”)**

	<b>2025</b>	<b>2024</b>
PTR (times)	0.36	0.18

PTR is derived from the following calculation:

$$\frac{(\text{Total acquisitions for the financial year} + \text{total disposals for the financial year}) \div 2}{\text{Average net asset value of the Fund for the financial year calculated on a daily basis}}$$

where:

total acquisitions for the financial year = RM107,891,500 (2024: RM45,743,900)

total disposals for the financial year = RM88,572,770 (2024: RM25,911,500)

### 13 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:

	2025		2024	
	No. of units	RM	No. of units	RM
Eastspring Investments Berhad	1,802	1,184	1,741	1,127

The above units were transacted at the prevailing market price.

The units are held legally and beneficially by the Manager. 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.

### 14 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 23 February 2026.

## CORPORATE DIRECTORY

### **THE MANAGER**

NAME

EASTSPRING INVESTMENTS BERHAD

COMPANY NO.

200001028634 (531241-U)

REGISTERED OFFICE

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Bukit Damansara

50490 Kuala Lumpur

BUSINESS OFFICE

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Persiaran TRX Barat

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FAX NO.

603-2789 7220

EMAIL

cs.my@eastspring.com

WEBSITE

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### **TRUSTEE**

NAME

DEUTSCHE TRUSTEES MALAYSIA BERHAD

COMPANY NO.

200701005591 (763590-H)

REGISTERED OFFICE & BUSINESS OFFICE

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TELEPHONE NO.

603-2053 7522

FAX NO.

603-2053 7526

### **SALE & PURCHASE OF UNITS**

**Eastspring Investments Berhad**

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Persiaran TRX Barat

55188 Tun Razak Exchange

Kuala Lumpur

TELEPHONE NO.

603-2778 1000

**BRANCHES**

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**Kota Kinabalu**

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TELEPHONE NO.

6088-238 613

**ENQUIRIES**

CLIENT SERVICES

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