

# EASTSPRING INVESTMENTS ISLAMIC SMALL-CAP FUND

## INTERIM REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD  
ENDED 30 NOVEMBER 2019



**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 Interim Fund Reports of Eastspring Investments Berhad's fund(s) for the reporting period ended 30 November 2019.**

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

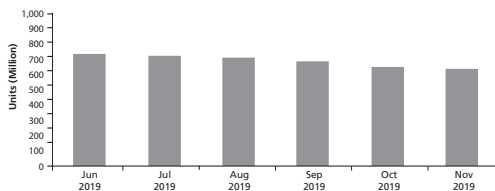
<b>Name of Fund</b>	Eastspring Investments Islamic Small-cap Fund (the “Fund”)
<b>Fund Category/ Type</b>	Equity (small-cap Shariah)/Growth
<b>Fund Objective</b>	<p>The Fund seeks to provide capital appreciation by investing in small market capitalisation Shariah-compliant securities of companies with growth potential.</p> <p><b>ANY MATERIAL CHANGES TO THE FUND’S OBJECTIVE WOULD REQUIRE UNIT HOLDERS’ APPROVAL.</b></p>
<b>Performance Benchmark</b>	<p>80% FTSE Bursa Malaysia Small Cap Shariah Index + 20% FTSE Bursa Malaysia EMAS Shariah Index.</p> <p>The composite benchmark index is a reflection of the Fund’s average asset allocation over the long term as the Fund invests in small-cap companies which are listed in both FTSE Bursa Malaysia Small Cap Shariah Index and FTSE Bursa Malaysia EMAS Shariah Index.</p> <p><b>Source:</b> <a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a></p> <p><b>Note:</b> The risk profile of the Fund is different from 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 incidental, after deduction of taxation and expenses.</p>

## FUND INFORMATION (CONTINUED)

### Breakdown of Unit Holdings by Size

As at 30 November 2019, the size of Eastspring Investments Islamic Small-cap Fund stood at 641.061 million units.

### Fund Size



### Breakdown of Unit Holdings

Unit Holdings	No. of Unit Holders	%	No. of Units* ('000)	%
5,000 units and below	1,635	23.92	4,311	0.67
5,001 to 10,000 units	1,447	21.17	11,170	1.74
10,001 to 50,000 units	2,504	36.63	59,068	9.21
50,001 to 500,000 units	1,178	17.23	145,571	22.72
500,001 units and above	72	1.05	420,939	65.66
<b>Total</b>	<b>6,836</b>	<b>100.00</b>	<b>641,059</b>	<b>100.00</b>

\* excludes units held by the Manager.

## KEY PERFORMANCE DATA

FOR THE FINANCIAL PERIOD ENDED

Category	30.11.2019	30.11.2018	Since commencement 14.6.2017 to 30.11.2017
	(%)	(%)	(%)
<b>Quoted Shariah-compliant securities</b>			
Construction	16.86	16.55	21.80
Consumer	-	-	8.49
Consumer Product & Services	17.27	16.95	1.27
Energy	-	0.31	-
Financial Services	3.92	0.18	-
Health Care	10.46	5.31	4.89
Industrial Product & Services	16.81	14.73	14.91
Plantation	2.79	1.82	2.35
Property	1.10	1.79	1.00
Islamic REITS	0.70	-	-
Technology	7.51	16.61	8.30
Telecommunications & Media	0.72	0.55	-
Trading/Services	-	-	7.27
Transportation & Logistics	1.49	1.04	-
Utilities	4.42	2.01	-
	<u>84.05</u>	<u>77.85</u>	<u>70.28</u>
Cash and other assets	15.95	22.15	29.72
<b>Total</b>	<b><u>100.00</u></b>	<b><u>100.00</u></b>	<b><u>100.00</u></b>

## KEY PERFORMANCE DATA (CONTINUED)

Category	30.11.2019	30.11.2018	Since commencement 14.6.2017 to 30.11.2017
Net Asset Value (NAV) (RM'000)	328,223	378,139	460,089
Units In Circulation (Units '000)	641,061	828,901	856,026
Net Asset Value Per Unit (RM)	0.5120	0.4562	0.5375
Highest Net Asset Value Per Unit (RM)	0.5233	0.5101	0.5441
Lowest Net Asset Value Per Unit (RM)	0.4763	0.4559	0.4998
Total Return (%)			
- Capital Growth	7.43	(1.47)	7.50
- Income Distribution	-	-	-
Total Return (%)	7.43	(1.47)	7.50
Gross Distribution Per Unit (RM)	-	-	-
Net Distribution Per Unit (RM)	-	-	-
Management Expense Ratio (MER) (%)*	0.84	0.79	0.86
Portfolio Turnover Ratio (PTR) (times)^	0.15	0.15	0.73

\* There were no significant changes to the MER during the period under review.

^ There were no significant changes to the PTR during the period under review.

## KEY PERFORMANCE DATA (CONTINUED)

	1 year 1.12.2018 to 30.11.2019	Since commencement 14.6.2017 to 30.11.2019
	(%)	(%)
Average total return	12.23	0.97

Year ended	1.6.2018 to 31.5.2019	Since commencement 15.6.2017 to 31.5.2018
	(%)	(%)
Annual total return	2.94	(7.40)

The unit prices of the Fund may go down as well as up and the past performance figures shown are not indicative of future performance.

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

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

$\text{NAV}_t$  = 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.



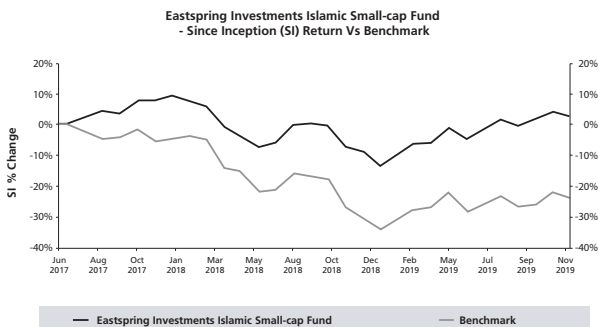
# MANAGER'S REPORT

## Fund Performance

Since inception, the Fund recorded a return of 2.40%, outperforming the benchmark return of -23.84% by 26.24%.

During the period under review, the Fund recorded a return of 7.43%, outperforming the benchmark return of 5.73% by 1.70%.

The outperformance was mainly due to good Shariah-compliant stock selection. The Fund achieved its investment objective of providing investors with capital appreciation by actively investing in Shariah-compliant equities with market capitalization less than RM5bn.



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

**Benchmark:** 80% FTSE Bursa Malaysia Small Cap Shariah Index + 20% FTSE Bursa Malaysia EMAS Shariah Index.

**Source:** Lipper for Investment Management and [www.bursamalaysia.com](http://www.bursamalaysia.com), as at 30 November 2019.

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

## MANAGER'S REPORT (CONTINUED)

### Analysis of Fund Performance

For the financial period ended 30 November 2019:

<b>Income Return</b>	<b>Capital Return*</b>	<b>Total Return</b>	<b>Total Return of Benchmark</b>
<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
0.00	7.43	7.43	5.73

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

### Distribution/ Unit Split

No distribution or unit split were declared for the financial period ended 30 November 2019.

### Investment Strategy During the Period Under Review

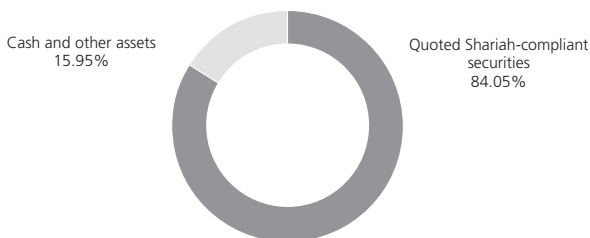
During the period under review, domestic market continues to be soft amid project reviews and policy reforms by the government. Meanwhile, the on-going US-China trade war and Brexit continue to provide uncertainties on the global front. The Fund continues to be defensive and maintain a bottom-up approach in Shariah-compliant stock selection. Our holdings in technology and healthcare sector contributed to the outperformance. We stay invested in high yielding consumer Shariah-compliant stocks to provide recurring income for the Fund.

## MANAGER'S REPORT (CONTINUED)

### Asset Allocation

Asset Allocation	30-Nov 2019	31-May 2019	Changes
	(%)	(%)	(%)
Quoted Shariah-compliant securities	84.05	76.32	7.73
Cash and other assets	15.95	23.68	(7.73)

### Asset Allocation as at 30 November 2019



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 Malaysian equity market remained weak in light of the external headwinds faced. During the period under review, the US-China trade war remained an ongoing issue, which saw China's CNY depreciate against the USD by 2.32% for the period under review, and given its correlation with the CNY, the Malaysian ringgit depreciated 1.1% against the USD. Brent crude oil prices declined by 6.2% for the period on concerns of slowing global growth and demand.

Malaysia remains one of the worst performers in the region as reported corporate results were uninspiring, leading to more downgrades, and investor sentiment weakened following the end to Axiata and Telenor Asia merger talks due to "complexities". Budget 2020 which was announced on 11 October 2019, should be mildly positive on the economy as it is focused on measures aimed at promoting jobs, FDIs, and structural reforms, rather than the traditional mega infrastructure pump-priming. In addition, the Budget 2020 offered tax incentives that should benefit the Electronic and non-electronic manufacturing sectors.

FTSE Russell's decision to defer Malaysia's exclusion from the World Global Bond Index ("WGBI") and keeping it on the watchlist, was a relief but could be a case of kicking the can down the road, with the next review in March 2020. In addition, there were a few regional index reviews which saw Malaysia's index weight lowered with the inclusion of China. At the end of November, the updated List of Shariah-Compliant Securities by the Shariah Advisory Council of the Securities Commission Malaysia was announced, and the notable exclusion from the list was Pentamaster, whilst notable additions were Air Asia Group, Guan Chong, Hong Leong Industries, and MPI. Malaysia recorded net equity outflow of RM5.0bn for the period under review, with the year to date outflow for 2019 at RM9.8bn as at end November 2019.

Malaysia's FBM Emas Shariah Index ended the period down 4.45%, outperforming the KLCI's decline of 6.6%. However the FBM Small Cap Shariah Index rose 3.87% for the period under review, outperforming the FBM Emas Shariah Index.

## REBATES AND SOFT COMMISSIONS

During the period under review, the Manager and its delegates (if any) received goods and services which directly assist the investment management of the Fund, including research and advisory services, market analyses, data and quotation services, and computer hardware and software used for and/or in support of the investment process of fund managers.

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

# EASTSPRING INVESTMENTS ISLAMIC SMALL-CAP FUND

UNAUDITED FINANCIAL STATEMENTS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2019

## STATEMENT BY THE MANAGER

We, Tang Chee Kin and Iskander Bin Ismail Mohamed Ali, being two of the Directors of Eastspring Investments Berhad, do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements set out on pages 15 to 55 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position of the Fund as at 30 November 2019 and of its financial performance, changes in equity and cash flows for the six months financial period ended on that date in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

**TANG CHEE KIN**  
Executive Director/Chief Executive Officer

**ISKANDER BIN ISMAIL MOHAMED ALI**  
Independent, Non-Executive Director

Kuala Lumpur  
Date: 3 January 2020

## TRUSTEE'S REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS ISLAMIC SMALL-CAP FUND

We have acted as Trustee for Eastspring Investments Islamic Small-cap Fund (the "Fund") for the financial period ended 30 November 2019. To the best of our knowledge, for the financial period under review, Eastspring Investments Berhad (the "Manager") has operated and managed the Fund in accordance with the following:-

- a. limitations imposed on the investment powers of the Manager under the Deed(s), the Securities Commission's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- b. valuation and pricing for the Fund is carried out in accordance with the Deed(s) of the Fund and any regulatory requirements; and
- c. creation and cancellation of units for the Fund are carried out in accordance with the Deed(s) of the Fund and any regulatory requirements.

For Deutsche Trustees Malaysia Berhad

**Ng Hon Leong**  
Head, Trustee Operations

**Richard Lim Hock Seng**  
Chief Executive Officer

Kuala Lumpur  
Date: 3 January 2020



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

We have acted as the Shariah Adviser of **Eastspring Investments Islamic Small-cap Fund** ("the Fund") managed by **Eastspring Investments Berhad** ("the Manager") for the financial period ended 30 November 2019.

Our responsibility is to ensure that the procedures and processes employed by the Manager as well as the provisions of the Fund's Deed dated 28 March 2017 and the Tenth Supplemental Master Deed dated 4 June 2018 are all in accordance with Shariah principles.

In our opinion, based on the periodic reports submitted to us, the Manager has managed and administered the Fund in accordance with Shariah principles and complied with applicable guidelines, rulings and decisions issued by the Shariah Advisory Council ("SAC") of the Securities Commission ("SC") for the financial period ended 30 November 2019.

We confirm that the investment portfolio of the Fund comprises securities and instruments which have been classified as Shariah-compliant by either the SAC of the SC or the SAC of Bank Negara Malaysia ("BNM"). As for securities and instruments which have not been classified by the SAC of the SC nor the SAC of BNM, we have reviewed and determined the Shariah status of the said securities and instruments.

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

**IR. DR. MUHAMAD FUAD ABDULLAH**  
Designated Shariah Person

Kuala Lumpur  
Date: 3 January 2020

# UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

## FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2019

	Note	6-months financial period ended 30.11.2019	6-months financial period ended 30.11.2018
		RM	RM
<b>INVESTMENT INCOME/(LOSS)</b>			
Gross dividend income		4,155,426	4,769,686
Profit income from Islamic deposits with licensed financial institutions		1,015,146	1,944,508
Net gain/(loss) on financial assets at fair value through profit or loss	6	24,392,490	(8,645,630)
		<u>29,563,062</u>	<u>(1,931,436)</u>
<b>EXPENSES</b>			
Management fee	3	(2,686,016)	(3,126,616)
Trustee fee	4	(116,394)	(135,487)
Audit fee		(3,651)	(3,960)
Tax agent fee		(1,700)	(1,706)
Transaction costs		(266,749)	(308,588)
Other expenses		(20,488)	(12,429)
		<u>(3,094,998)</u>	<u>(3,588,786)</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		26,468,064	(5,520,222)
<b>TAXATION</b>	5	-	-
<b>PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS)</b>		<u>26,468,064</u>	<u>(5,520,222)</u>
Profit/(loss) after taxation is made up of the following:			
Realised gain		15,740,372	8,203,696
Unrealised gain/(loss)		10,727,692	(13,723,918)
		<u>26,468,064</u>	<u>(5,520,222)</u>

The accompanying summary of significant accounting policies and notes to the unaudited financial statements form an integral part of these unaudited financial statements.

# UNAUDITED STATEMENT OF FINANCIAL POSITION

## AS AT 30 NOVEMBER 2019

	Note	2019	2018
		RM	RM
<b>ASSETS</b>			
Cash and cash equivalents	7	43,452,456	87,514,597
Amount due from brokers		10,958,533	148,463
Amount due from Manager		1,275,575	131,749
Dividends receivable		45,425	601,095
Financial assets at fair value through profit or loss	6	275,793,261	294,402,790
<b>TOTAL ASSETS</b>		<u>331,525,250</u>	<u>382,798,694</u>
<b>LIABILITIES</b>			
Amount due to brokers		-	3,651,512
Amount due to Manager		2,848,100	475,930
Accrued management fee		415,124	483,113
Amount due to Trustee		17,989	20,935
Other payables and accruals		21,150	28,564
<b>TOTAL LIABILITIES</b>		<u>3,302,363</u>	<u>4,660,054</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>328,222,887</u>	<u>378,138,640</u>
<b>EQUITY</b>			
Unit holders' capital		335,062,125	426,935,789
Accumulated losses		(6,839,238)	(48,797,149)
<b>NET ASSET ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>328,222,887</u>	<u>378,138,640</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	9	<u>641,061,161</u>	<u>828,901,208</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.5120</u>	<u>0.4562</u>

The accompanying summary of significant accounting policies and notes to the unaudited financial statements form an integral part of these unaudited financial statements.

## UNAUDITED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2019

	Unit holders' capital	Accumulated loss	Total
	RM	RM	RM
Balance as at 1 June 2019	394,691,678	(33,307,302)	361,384,376
Movement in unit holders' contribution:			
Creation of units from applications	18,718,346	-	18,718,346
Cancellation of units	(78,347,899)	-	(78,347,899)
Total comprehensive income for the financial period	-	26,468,064	26,468,064
Balance as at 30 November 2019	335,062,125	(6,839,238)	328,222,887
Balance as at 1 June 2018	434,591,899	(43,276,927)	391,314,972
Movement in unit holders' contribution:			
Creation of units from applications	48,908,437	-	48,908,437
Cancellation of units	(56,564,547)	-	(56,564,547)
Total comprehensive loss for the financial period	-	(5,520,222)	(5,520,222)
Balance as at 30 November 2018	426,935,789	(48,797,149)	378,138,640

The accompanying summary of significant accounting policies and notes to the unaudited financial statements form an integral part of these unaudited financial statements.

## UNAUDITED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2019

	6-months financial period ended	6-months financial period ended
Note	30.11.2019	30.11.2018
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from sale of Shariah-compliant investments	53,234,081	54,213,012
Purchase of Shariah-compliant investments	(42,675,809)	(70,242,175)
Dividends received	4,245,388	4,294,721
Profit income received from Islamic deposits with licensed financial institutions	1,015,146	1,944,508
Management fee paid	(2,736,333)	(3,148,552)
Trustee fee paid	(118,574)	(136,437)
Payment for other fees and expenses	(293,406)	(373,360)
Net cash generated from/(used in) operating activities	12,670,493	(13,448,283)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash proceeds from units created	18,166,323	54,931,542
Payments for cancellation of units	(76,277,608)	(56,568,105)
Net cash used in financing activities	(58,111,285)	(1,636,563)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(45,440,792)	(15,084,846)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	88,893,248	102,599,443
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	7 43,452,456	87,514,597

The accompanying summary of significant accounting policies and notes to the unaudited financial statements form an integral part of these unaudited financial statements.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2019

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 under the historical cost convention in accordance with the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS"), as modified by financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with the MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial period. It also requires the Manager to exercise their judgment in the process of applying the Fund's accounting policies. Although these estimates and judgment are based on the Manager's best knowledge of current events and actions, actual results may differ.

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

- a. Standards, amendments to published standards and interpretations that are effective:

The Fund has applied the following amendments for the first time for the financial year beginning on 1 June 2019:

- Amendments to MFRS 112 'Income Taxes' (effective from 1 January 2019) clarify that where income tax consequences of dividends on financial instruments classified as equity<sup>1</sup> is recognised (either in profit or loss, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised.

Accordingly, the tax consequences are recognised in profit or loss when an entity determines payments on such instruments are distribution of profits (that is, dividends). Tax on dividend should not be recognised in equity<sup>1</sup> merely on the basis that it is related to a distribution to owners.

This standard is not expected to have a significant impact on the Fund's financial statements.

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

## **B. INCOME RECOGNITION**

Profit income earned from Islamic deposits is recognised on the accrual basis, using the effective profit method.

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

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

## **C. TAXATION**

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

## **D. PRESENTATION AND FUNCTIONAL CURRENCY**

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

## **E. FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

### **i. Classification**

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

- those to be measured subsequently at fair value (either through other comprehensive income (“OCI”) or through profit or loss), and
- those to be measured at amortised cost

The Fund classifies its Shariah-compliant 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<sup>1</sup> securities as fair value through other comprehensive income. Consequently, all Shariah-compliant investments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents, dividends receivable, amount due from brokers 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 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. Shariah-compliant investments are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income.

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

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

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

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



Unrealised gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' are presented in the statement of comprehensive income within 'net gain/(loss) on financial assets at fair value through profit or loss' in the financial period in which they arise. Any unrealised gains however are not distributable.

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

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

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

Islamic deposits with licensed financial institutions are stated at cost plus accrued profit calculated on the effective profit method over the period from the date of placement to the date of maturity of the respective Islamic deposits.

Receivables and other financial liabilities are subsequently carried at amortised cost using the effective profit method.

iii. Impairment for assets carried at amortised costs

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. Management consider 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.

### 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.

### Definition of default and credit-impaired financial assets

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

### Write-off

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

## **F. CASH AND CASH EQUIVALENTS**

For the purpose of the statement of cash flows, cash and cash equivalents comprise bank balance and Islamic deposits with licensed financial institutions 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 assets value;
- the units are the most subordinated class and class features are identical;
- there is 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. AMOUNTS DUE FROM/(TO) BROKERS**

Amount due from and to brokers represent receivables for Shariah-compliant securities sold and payables for Shariah-compliant securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. The amount due from brokers balance is held for collection.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-months expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

If the credit risk increases to the point that it is considered to be credit impaired, profit income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due.

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

## **I. SEGMENTAL INFORMATION**

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Investment Committee of the Fund's Manager that undertakes strategic decisions for the Fund.

## **J. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Financial instruments comprise financial assets and financial liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The information presented herein represents the estimates of fair values as at the date of the statement of financial position.

## **K. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS 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 judgments are continually evaluated by the Manager and the Trustee and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

However, the Manager is of the opinion that in applying the accounting policies, no significant judgment was required.

# NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2019

### 1. INFORMATION ON THE FUND

Eastspring Investments Islamic Small-cap Fund (the "Fund") was constituted pursuant to the execution of a Deed dated 28 March 2017 (the "Deed") entered into between Eastspring Investments Berhad (the "Manager") and Deutsche Trustees Malaysia Berhad (the "Trustee").

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

The Fund invests in Shariah-compliant equities and Shariah-compliant equity-related securities, such as rights and Shariah-compliant warrants of small-cap companies listed in Malaysia with market capitalisation up to RM5 billion. All Shariah-compliant investments will be subjected to the Securities Commission (the "SC") Guidelines on Unit Trust Funds, the Deed and the objective of the Fund.

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

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

### 2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Financial instruments of the Fund are as follows:

	Note	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Total
		RM	RM	RM
<u>2019</u>				
Cash and cash equivalents	7	43,452,456	-	43,452,456
Amount due from brokers		10,958,533	-	10,958,533
Amount due from Manager		1,275,575	-	1,275,575
Dividends receivable		45,425	-	45,425
Quoted Shariah-compliant securities	6	-	275,793,261	275,793,261
		<u>55,731,989</u>	<u>275,793,261</u>	<u>331,525,250</u>

	Note	Receivables	Financial assets at fair value through profit or loss	Total
		RM	RM	RM
<u>2018</u>				
Cash and cash equivalents	7	87,514,597	-	87,514,597
Amount due from brokers		148,463	-	148,463
Amount due from Manager		131,749	-	131,749
Dividends receivable		601,095	-	601,095
Quoted Shariah-compliant securities	6	-	294,402,790	294,402,790
		<u>88,395,904</u>	<u>294,402,790</u>	<u>382,798,694</u>

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

## Market risk

### i. Price risk

This risk refers to changes and developments in regulations, politics and the economy of the country. The very nature of an Islamic Unit Trust Fund, however, helps mitigate this risk because a Fund would generally hold a well-diversified portfolio of Shariah-compliant securities from different market sectors so that the collapse of any one of the Shariah-compliant security or any one market sector would not impact too greatly on the value of the Fund.

The table below shows assets of the Fund as at 30 November which are exposed to price risk:

	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Quoted Shariah-compliant securities designated at fair value through profit or loss	<u>275,793,261</u>	<u>294,402,790</u>



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

% Change in price	Market value	Impact on profit/(loss) after tax and net asset value
	RM	RM
<u>2019</u>		
+5%	289,582,924	13,789,663
-5%	262,003,598	(13,789,663)
<u>2018</u>		
+5%	309,122,930	14,720,140
-5%	279,682,650	(14,720,140)

ii. Exposure to interest rate risk

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

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

Interest rate risk refers to interest rate movements, which will affect the returns on the Shariah-compliant investments held by the Fund.

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

As at the date of the statement of financial position, all the financial assets and financial liabilities have no exposure to interest rate movement except for Islamic deposits with licensed financial institutions of RM43,407,015 (2018: RM87,473,575) which have maturities of less than one year.

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

### **Stock/Issuer risk**

The Fund is restricted to investment in Shariah-compliant securities issued by and Shariah-compliant securities relating to any issuer of not more than fifteen percent (15%) of its net asset value. Furthermore, the Fund is restricted to invest in Shariah-compliant securities issued by and Shariah-compliant securities relating to any group of companies of not more than twenty percent (20%) of its net asset value. Under such restrictions, the exposure risk to the Shariah-compliant securities of any single issuer or any one group of companies is minimised.

### **Liquidity risk**

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

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

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

	<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>
<u>2019</u>			
Amount due to Manager	2,848,100	-	2,848,100
Accrued management fee	415,124	-	415,124
Amount due to Trustee	17,989	-	17,989
Other payables and accruals	-	21,150	21,150
Contractual cash outflows	<u>3,281,213</u>	<u>21,150</u>	<u>3,302,363</u>
<u>2018</u>			
Amount due to Manager	475,930	-	475,930
Accrued management fee	483,113	-	483,113
Amount due to Trustee	20,935	-	20,935
Amount due to brokers	3,651,512	-	3,651,512
Other payables and accruals	-	28,564	28,564
Contractual cash outflows	<u>4,631,490</u>	<u>28,564</u>	<u>4,660,054</u>

### **Fund management risk**

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

## Non-compliance risk

Non-compliance risk arises when the Manager and others associated with the Fund are not compliant to the rules set out in the Fund's constitution or the law that governs the Fund or applicable internal control procedures, or act fraudulently or dishonestly.

The non-compliance may expose the Fund to higher risks which may result in a fall in the value of the Fund which in turn may affect its investment goals. However, the risk can be mitigated by the internal controls and compliance monitoring undertaken by the Manager.

## Shariah Status Reclassification risk

The risk that the currently held Shariah-compliant equity securities in the portfolio of Islamic funds may be reclassified as Shariah non-compliant in the periodic review of the securities by the Shariah Advisory Council of the Securities Commission or the Shariah Adviser. If this occurs, the Manager will take the necessary steps to dispose of such securities.

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

- i. to dispose such securities with immediate effect or within one (1) calendar month if the value of the securities exceeds or is equal to the investment cost on the effective date of Reclassification of the List of Shariah-compliant securities ("Reclassification") by the SAC of the SC or the Shariah Adviser. The Fund is allowed to keep dividends received and capital gains from the disposal of the securities up to the effective date of Reclassification. However, any dividends received and excess capital gains from the disposal of the Shariah non-compliant securities after the effective date of Reclassification should be channelled to *baitulmal* and/or approved charitable bodies;

- ii. to hold such securities if the value of the said securities is below the investment cost on the effective date of Reclassification until the total subsequent dividends received (if any) and the market price of the securities is equal to the cost of investment at which time disposal has to take place within one (1) calendar month, capital gains (if any) from the disposal of the securities should be channelled to *baitulmal* and/or approved charitable bodies; or
- iii. to dispose such securities at a price lower than the investment cost which will result in a decrease in the Fund's value.

### **Capital risk**

The capital of the Fund is represented by equity consisting of unit holders' capital of RM335,062,125 (2018: RM426,935,789) and accumulated losses of RM(6,839,238) (2018: RM(48,797,149)). The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the Shariah-compliant investment activities of the Fund.

### **Credit/Default risk**

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

The credit risk arising from placements of Islamic deposits with licensed financial institutions is managed by ensuring that the Fund will only place Islamic deposits with reputable licensed financial institutions. For the amount due from brokers, the settlement terms are governed by the relevant rules and regulations are prescribed by Bursa Malaysia Securities Berhad. The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the Securities Commission's Guidelines on Unit Trust Funds.

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

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

	Cash and cash equivalent	Dividends receivable	Amount due from Manager	Amount due from brokers	Total
	RM	RM	RM	RM	RM
<u>2019</u>					
<u>Financial</u>					
- AAA	43,407,015	-	-	-	43,407,015
- AA1	45,441	-	-	-	45,441
<u>Technology</u>					
- NR	-	45,425	-	-	45,425
<u>Other</u>					
- NR	-	-	1,275,575	10,958,533	12,234,108
	<u>43,452,456</u>	<u>45,425</u>	<u>1,275,575</u>	<u>10,958,533</u>	<u>55,731,989</u>
<u>2018</u>					
<u>Financial</u>					
- AAA	28,302,559	-	-	-	28,302,559
- AA1	59,212,038	-	-	-	59,212,038
<u>Consumer Products &amp; Services</u>					
- NR	-	350,205	-	-	350,205
<u>Technology</u>					
- NR	-	250,890	-	-	250,890
<u>Other</u>					
- NR	-	-	131,749	148,463	280,212
	<u>87,514,597</u>	<u>601,095</u>	<u>131,749</u>	<u>148,463</u>	<u>88,395,904</u>

None of these assets are past due or impaired.

## Fair value estimation

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

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

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

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

## Fair value hierarchy

- i. The table below 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 that 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 the Fund's financial assets (by class) measured at fair value:

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
<u>2019</u>				
Financial assets at fair value through profit or loss:				
Quoted Shariah-compliant securities	275,793,261	-	-	275,793,261
<u>2018</u>				
Financial assets at fair value through profit or loss:				
Quoted Shariah-compliant securities	294,402,790	-	-	294,402,790

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

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



### **3. MANAGEMENT FEE**

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

For the financial period ended 30 November 2019, the management fee is recognised at a rate of 1.50% (2018: 1.50%) per annum on the net asset value of the Fund, calculated on daily basis.

There will be no further liability to the Manager in respect of the management fee other than the amounts recognised above.

### **4. TRUSTEE FEE**

In accordance with the Deed, the Trustee is entitled to an annual fee at a rate not exceeding 0.20% per annum on the net asset value of the Fund, subject to a minimum fee of RM15,000 per annum.

For the financial period ended 30 November 2019, the Trustee fee is recognised at a rate of 0.065% (2018: 0.065%) per annum on the net asset value of the Fund, inclusive of local custodian fee, calculated on daily basis.

There will be no further liability to the Trustee in respect of the trustee fee other than the amounts recognised above.

## 5. TAXATION

	6-months financial period ended	6-months financial period ended
Note	30.11.2019	30.11.2018
	RM	RM

Tax charged for the financial period:

Current taxation - local

- -

The numerical reconciliation between profit/(loss) before taxation multiplied by the Malaysian statutory tax rate and tax expense of the fund is as follows:

	6-months financial period ended	6-months financial period ended
	30.11.2019	30.11.2018
	RM	RM
Profit/(loss) before taxation	26,468,064	(5,520,222)
Tax at Malaysian statutory rate of 24% (2018:24%)	6,352,335	(1,324,853)
Tax effect of: (Shariah-compliant investment income exempt from tax)/ Shariah-compliant investment loss not deductible for tax purpose	(7,095,135)	463,545
Expenses not deductible for tax purposes	97,280	109,970
Restriction on the tax deductible expenses for Unit Trust Funds	645,520	751,338
Taxation	-	-

**6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	2019	2018
	RM	RM
Designated at fair value through profit or loss:		
Quoted Shariah-compliant securities	275,793,261	294,402,790
Net gain/(loss) on financial assets at fair value through profit or loss:		
Realised gain on disposals	13,664,798	5,078,288
Change in unrealised fair value gain/(loss)	10,727,692	(13,723,918)
	<u>24,392,490</u>	<u>(8,645,630)</u>

Quoted Shariah-compliant securities

Name of counter	Quantity	Aggregate cost	Fair value	Percentage of net asset value of the Fund
			as at 30.11.2019	
	Units	RM	RM	%
<u>Construction</u>				
Gabungan AQRS Berhad	3,530,730	5,835,488	4,272,183	1.30
Kerjaya Prospek Group Berhad	13,840,200	22,946,987	18,269,064	5.57
Kimlun Corporation Berhad	2,811,837	6,281,630	3,542,915	1.08
Muhibbah Engineering (M) Bhd	3,269,500	9,100,021	7,716,020	2.35
Pintaras Jaya Bhd	1,188,000	4,678,519	3,861,000	1.18
Sunway Construction Group Berhad	4,038,700	8,311,550	7,350,434	2.24
WCT Holdings Berhad	12,040,192	20,101,596	10,294,364	3.14
	<u>40,719,159</u>	<u>77,255,791</u>	<u>55,305,980</u>	<u>16.86</u>

## Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.11.2019	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Consumer Products &amp; Services</u>				
AEON Co. (M) Berhad	1,848,300	2,772,450	2,772,450	0.84
Bermaz Auto Berhad	4,255,300	9,448,731	8,978,683	2.74
Cocoaland Holdings Berhad	1,643,800	4,739,154	3,451,980	1.05
DRB-HICOM Berhad	3,206,700	6,255,491	7,407,477	2.26
Hup Seng Industries Berhad	1,986,800	1,985,608	1,798,054	0.55
Magni-Tech Industries Berhad	5,962,400	15,414,510	14,667,504	4.47
NTPM Holdings Berhad	3,864,600	2,835,869	2,106,207	0.64
Padini Holdings Berhad	909,100	3,258,803	3,136,395	0.96
Power Root Berhad	4,495,320	4,516,861	10,878,674	3.31
Three-A Resources Berhad	1,893,000	2,326,042	1,467,075	0.45
	<u>30,065,320</u>	<u>53,553,519</u>	<u>56,664,499</u>	<u>17.27</u>
<u>Financial Services</u>				
Syarikat Takaful Malaysia Keluarga Berhad	2,220,200	11,365,252	12,854,958	3.92
<u>Health Care</u>				
Duopharma Biotech Berhad	1,200,000	1,608,000	1,668,000	0.51
Kossan Rubber Industries Berhad	6,578,400	23,267,426	27,497,712	8.38
KPJ Healthcare Berhad	2,697,200	2,610,715	2,440,966	0.74
Supermax Corporation Berhad	1,999,200	3,093,842	2,718,912	0.83
	<u>12,474,800</u>	<u>30,579,983</u>	<u>34,325,590</u>	<u>10.46</u>

Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.11.2019	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Industrial Products &amp; Services</u>				
Ann Joo Resources Berhad	4,016,700	13,709,797	3,896,199	1.19
ATA IMS Berhad	3,220,100	5,441,969	5,345,366	1.63
Cahaya Mata Sarawak Berhad	1,024,400	3,494,293	2,458,560	0.75
Chemical Company of Malaysia Berhad	2,066,200	3,934,402	2,872,018	0.88
Chin Well Holdings Berhad	1,454,200	2,654,957	2,035,880	0.62
Comfort Gloves Berhad	8,404,200	7,984,938	6,429,213	1.96
Dufu Technology Corp. Berhad	1,526,220	2,463,998	4,654,971	1.42
Pestech International Berhad	5,684,800	10,156,949	7,276,544	2.22
Scientex Berhad	464,900	3,857,625	4,328,219	1.32
SKP Resources Bhd	5,736,700	8,353,704	7,056,141	2.15
Uchi Technologies Berhad	3,124,400	5,565,276	8,779,564	2.67
	<u>36,722,820</u>	<u>67,617,908</u>	<u>55,132,675</u>	<u>16.81</u>
<u>Plantation</u>				
Sarawak Oil Palms Berhad	2,853,700	10,905,623	9,160,377	2.79
<u>Property</u>				
Malaysian Resources Corporation Berhad	2,900,000	2,325,000	2,160,500	0.66
Sime Darby Property Berhad	1,840,600	1,334,435	1,444,871	0.44
	<u>4,740,600</u>	<u>3,659,435</u>	<u>3,605,371</u>	<u>1.10</u>
<u>Islamic REITS</u>				
Axis Real Estate Investment Trust	1,284,000	2,208,480	2,285,520	0.70

## Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.11.2019	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Technology</u>				
Globetronics Technology Berhad	1,817,000	3,807,241	3,815,700	1.16
Inari Amertron Berhad	7,498,800	11,690,666	13,647,816	4.16
Vitrox Corporation Berhad	929,600	4,975,817	7,204,400	2.19
	<u>10,245,400</u>	<u>20,473,724</u>	<u>24,667,916</u>	<u>7.51</u>
<u>Telecommunications &amp; Media</u>				
TIME dotCom Berhad	259,900	2,024,077	2,365,090	0.72
<u>Transportation &amp; Logistics</u>				
Lingkarans Trans Kota Holdings Berhad	1,000,000	5,106,500	4,610,000	1.40
MMC Corporation Berhad	298,000	300,420	296,510	0.09
	<u>1,298,000</u>	<u>5,406,920</u>	<u>4,906,510</u>	<u>1.49</u>
<u>Utilities</u>				
Gas Malaysia Berhad	3,090,400	8,947,664	8,344,080	2.54
Malakoff Corporation Berhad	6,899,100	6,370,947	6,174,695	1.88
	<u>9,989,500</u>	<u>15,318,611</u>	<u>14,518,775</u>	<u>4.42</u>
<b>TOTAL QUOTED SHARIAH-COMPLIANT SECURITIES</b>	<u>152,873,399</u>	<u>300,369,323</u>	<u>275,793,261</u>	<u>84.05</u>
<b>ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			(24,576,062)	
<b>FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			<u>275,793,261</u>	

## Quoted Shariah-compliant securities

Name of counter	Quantity	Aggregate cost	Fair value as at 30.11.2018	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Construction</u>				
Advancecon Holdings Berhad	6,651,200	5,814,260	1,862,336	0.49
Econpile Holdings Berhad	11,167,500	13,549,675	4,913,700	1.30
Econpile Holdings Berhad-Warrant	1,600,000	-	144,000	0.04
Gabungan AQRS Berhad-Warrant	865,375	-	203,363	0.05
Gabungan AQRS Berhad	3,461,500	5,835,488	2,838,430	0.75
Kerjaya Prospek Group Berhad	13,840,200	22,946,987	17,161,848	4.54
Kerjaya Prospek Group Berhad-Warrant	1,887,300	-	368,024	0.10
Kimlun Corporation Berhad	2,731,000	6,180,584	3,222,580	0.85
Muhibbah Engineering (M) Bhd	3,269,500	9,100,021	8,860,345	2.34
Pintaras Jaya Bhd	1,188,000	4,678,519	2,934,360	0.78
Sunway Construction Group Berhad	6,479,900	13,335,482	9,979,046	2.64
WCT Holdings Berhad	14,399,600	24,521,539	10,079,720	2.67
	67,541,075	105,962,555	62,567,752	16.55

## Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.11.2018	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Consumer Products &amp; Services</u>				
Bermaz Auto Berhad	4,000,000	8,869,200	8,400,000	2.22
Cocoaland Holdings Berhad	1,643,800	4,739,154	3,336,914	0.88
DRB-HICOM Berhad	3,320,900	6,693,353	6,143,665	1.62
Hong Leong Industries Berhad	2,329,900	23,193,253	22,972,814	6.08
Hup Seng Industries Berhad	1,986,800	1,985,608	2,046,404	0.54
Magni-Tech Industries Berhad	2,235,900	15,414,510	9,949,755	2.63
NTPM Holdings Berhad	6,379,200	4,681,099	3,317,184	0.88
Power Root Berhad-Warrant	749,220	-	217,274	0.06
Power Root Berhad	4,495,320	4,516,861	6,158,588	1.63
Three-A Resources Berhad	1,893,000	2,326,042	1,542,795	0.41
	<u>29,034,040</u>	<u>72,419,080</u>	<u>64,085,393</u>	<u>16.95</u>
<u>Energy</u>				
Wah Seong Corporation Berhad	1,479,700	1,837,747	1,168,963	0.31
<u>Financial Services</u>				
Syarikat Takaful Malaysia Keluarga Berhad	170,100	636,072	682,101	0.18
<u>Health Care</u>				
Kossan Rubber Industries Berhad	4,666,100	16,252,849	20,064,230	5.31



## Quoted Shariah-compliant securities

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net asset value of the Fund
			30.11.2018	Fund
	Units	RM	RM	%
<u>Industrial Product &amp; Services</u>				
Ann Joo Resources Berhad	4,079,600	13,924,488	5,344,276	1.41
Cahaya Mata Sarawak Berhad	700,000	2,491,897	2,240,000	0.59
Chemical Company of Malaysia Berhad	576,500	1,025,537	1,020,405	0.27
Chin Well Holdings Berhad	1,454,200	2,654,957	2,646,644	0.70
Comfort Gloves Berhad	8,404,200	7,984,938	8,026,011	2.12
Daibochi Plastic and Packaging Industry Berhad	2,122,400	4,662,897	3,586,856	0.95
Lafarge Malaysia Berhad	720,200	3,096,678	1,440,400	0.38
Pestech International Berhad	5,684,800	10,156,949	6,366,976	1.68
Prestar Resources Berhad	3,235,500	4,149,083	1,828,058	0.48
Scientex Berhad	364,900	3,026,225	3,335,186	0.88
SKP Resources Bhd	5,234,800	7,720,215	5,915,324	1.56
SLP Resources Berhad	2,654,260	3,273,600	3,078,942	0.81
Uchi Technologies Berhad	3,124,400	5,565,276	8,998,272	2.38
V.S. Industry Berhad	1,226,200	1,955,832	1,949,658	0.52
	<u>39,581,960</u>	<u>71,688,572</u>	<u>55,777,008</u>	<u>14.73</u>
<u>Plantation</u>				
Sarawak Oil Palms Berhad	2,853,700	10,905,623	6,877,417	1.82
<u>Property</u>				
Eastern & Oriental Berhad	1,996,650	3,189,621	2,256,215	0.60
Malaysian Resources Corporation Berhad	4,226,500	2,998,080	2,810,623	0.74
MKH Berhad	1,421,400	2,568,336	1,691,466	0.45
	<u>7,644,550</u>	<u>8,756,037</u>	<u>6,758,304</u>	<u>1.79</u>

Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.11.2018	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Technology</u>				
D&O Green Technologies Berhad	2,395,800	1,462,893	1,880,703	0.50
Globetronics Technology Berhad	3,778,200	8,467,893	7,896,438	2.09
Inari Amertron Berhad	3,345,000	5,392,845	5,519,250	1.46
MMS Ventures Berhad	1,965,125	2,262,097	1,670,356	0.44
MY E.G Services Berhad	4,038,300	4,492,096	4,482,513	1.19
Pentamaster Corporation Berhad	4,044,112	8,574,019	12,374,983	3.27
Unisem (M) Berhad	7,014,000	26,223,218	22,444,800	5.94
Vitrox Corporation Berhad	929,600	4,975,817	6,507,200	1.72
	<u>27,510,137</u>	<u>61,850,878</u>	<u>62,776,243</u>	<u>16.61</u>
<u>Telecommunications &amp; Media</u>				
TIME dotCom Berhad	259,900	2,024,077	2,092,194	0.55
<u>Transportation &amp; Logistics</u>				
Lingkar Trans Kota Holdings Berhad	1,000,000	5,106,500	3,940,000	1.04

Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.11.2018	Percentage of net asset value of the Fund
	Units	RM	RM	%
<i>Utilities</i>				
Gas Malaysia Berhad	1,537,600	4,511,770	4,320,655	1.14
Malakoff Corporation Berhad	4,090,100	3,986,207	3,292,530	0.87
	<u>5,627,700</u>	<u>8,497,977</u>	<u>7,613,185</u>	<u>2.01</u>
<b>TOTAL QUOTED SHARIAH COMPLIANT SECURITIES</b>	<u>187,368,962</u>	<u>365,937,967</u>	<u>294,402,790</u>	<u>77.85</u>
<b>ACCUMULATED UNREALISED LOSS OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>(71,535,177)</u>		
<b>FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			<u>294,402,790</u>	

## 7. CASH AND CASH EQUIVALENTS

	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Bank balance with a licensed bank	45,441	41,022
Islamic deposit with a licensed financial institution	43,407,015	87,473,575
	<u>43,452,456</u>	<u>87,514,597</u>

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

	<b>2019</b>	<b>2018</b>
	<b>%</b>	<b>%</b>
Islamic deposit with a licensed financial institution	<u>2.95</u>	<u>3.71</u>

The Islamic deposit has an average maturity of 2 days (2018: 51 days).

## 8. SHARIAH INFORMATION OF THE FUND

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

- a. Securities listed on Bursa Malaysia Securities Berhad which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission Malaysia; and
- b. Liquid assets in local market which are placed in Shariah-compliant instruments.

## 9. UNITS IN CIRCULATION

	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
	<b>No. of units</b>	<b>No. of units</b>
At the beginning of the financial period	758,279,013	845,231,115
Creation of units arising from applications during the financial period	36,765,643	100,190,920
Cancellation of units during the financial period	(153,983,495)	(116,520,827)
At the end of the financial period	<u>641,061,161</u>	<u>828,901,208</u>

## 10. TRANSACTIONS WITH BROKERS

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

Name of brokers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>2019</u>				
CGS – CIMB Securities Sdn Bhd	29,386,224	28.25	73,959	31.89
Maybank Investment Bank Berhad	12,872,142	12.37	27,217	11.74
J.P. Morgan Securities (Malaysia) Sdn Bhd	8,095,371	7.78	17,162	7.40
Macquarie Capital Securities (Malaysia) Sdn Bhd	7,407,968	7.12	15,705	6.77
Affin Hwang Investment Bank Berhad	6,173,335	5.93	13,087	5.64
Hong Leong Investment Bank Berhad	6,036,824	5.80	12,798	5.52
RHB Investment Bank Berhad	5,577,691	5.37	11,816	5.10
CLSA Securities Malaysia Sdn Bhd	5,269,947	5.07	11,172	4.82
KAF Seagroatt & Campbell Securities Sdn Bhd	4,612,985	4.43	9,780	4.22
Kenanga Investment Bank Berhad	4,321,274	4.15	9,161	3.95
Others	14,265,506	13.73	30,028	12.95
	<u>104,019,267</u>	<u>100.00</u>	<u>231,885</u>	<u>100.00</u>

Name of brokers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>2018</u>				
UOB Kay Hian Securities (M) Sdn Bhd	23,022,122	19.05	47,966	18.50
CIMB Investment Bank Berhad	14,925,724	12.35	34,317	13.23
CLSA Securities Malaysia Sdn Bhd	11,553,844	9.56	24,482	9.44
Kenanga Investment Bank Berhad	9,272,274	7.67	19,206	7.41
KAF Seagroatt & Campbell Securities Sdn Bhd	8,490,212	7.03	18,263	7.04
Maybank Investment Bank Berhad	8,391,757	6.95	17,664	6.81
Credit Suisse Securities (Malaysia) Sdn Bhd	7,413,530	6.14	16,551	6.38
Citigroup Global Markets (M) Sdn Bhd	6,586,551	5.45	14,321	5.52
Affin Hwang Investment Bank Berhad	6,066,198	5.02	12,983	5.01
RHB Investment Bank Berhad	5,694,735	4.71	11,389	4.39
Others	19,412,197	16.07	42,170	16.27
	<u>120,829,144</u>	<u>100.00</u>	<u>259,312</u>	<u>100.00</u>

All brokers highlighted above are not related to the Manager.

## 11. UNITS HELD BY THE MANAGER

The related party of and its relationship with the Fund are as follows:

<b>Related party</b>	<b>Relationship</b>			
Eastspring Investments Berhad	The Manager			

	<b>2019</b>		<b>2018</b>	
	<b>No. of units</b>	<b>RM</b>	<b>No. of units</b>	<b>RM</b>
Eastspring Investments Berhad	2,000	1,024	2,000	912

The above units were transacted at the prevailing market price.

The units are held legally by the Manager and are within the prescribed limit allowed by SC's Guidelines on Unit Trust Funds. Other than the above, there were no units held by the Directors or parties related to the Manager.



**12. MANAGEMENT EXPENSE RATIO ("MER")**

	<b>2019</b>	<b>2018</b>
	%	%
MER	0.84	0.79

MER is derived from the following calculation:

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

A = Management fee

B = Trustee fee

C = Audit fee

D = Tax agent fee

E = Other expenses (excluding transaction cost)

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

The average net asset value of the Fund for the financial period calculated on a daily basis is RM337,619,985 (2018: RM415,725,339).

**13. PORTFOLIO TURNOVER RATIO ("PTR")**

	<b>2019</b>	<b>2018</b>
PTR (times)	0.15	0.15

PTR is derived from the following calculation:

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

where:

total acquisitions for the financial period = RM39,826,652 (2018: RM72,025,508)

total disposals for the financial period = RM64,192,615 (2018: RM48,803,636)

#### **14. SEGMENTAL INFORMATION**

The internal reporting provided to the chief operating decision-maker for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of MFRS and IFRS. The chief operating decision maker is responsible for the performance of the Fund and considers the business to have a single operating segment located in Malaysia. Asset allocation decisions are based on a single, integrated investment strategy and the Fund's performance is evaluated on an overall basis.

The reportable operating segments derive their income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within each portfolio. These returns consist of profit income, dividend income and gains on the appreciation in the value of Shariah-compliant investments, and is derived from quoted Shariah-compliant securities listed on the Bursa Malaysia Securities Berhad.

There were no changes in the reportable operating segments during the financial period.

#### **15. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements have been approved for issue by the Manager on 3 January 2020.

## CORPORATE DIRECTORY

### **THE MANAGER**

NAME

EASTSPRING INVESTMENTS BERHAD

COMPANY NO.

200001028634 (531241-U)

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### **SHARIAH ADVISER**

NAME

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**ENQUIRIES**

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