

EASTSPRING INVESTMENTS TARGET INCOME FUND 10

INTERIM REPORT

FOR THE FINANCIAL PERIOD FROM 4 MAY 2020
(LAUNCH DATE) TO 30 NOVEMBER 2020



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 Reports of Eastspring Investments Berhad's fund(s) for the reporting period ended 30 November 2020.

You may also download these reports from our website at www.eastspring.com/my

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

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Raymond Tang Chee Kin'. 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

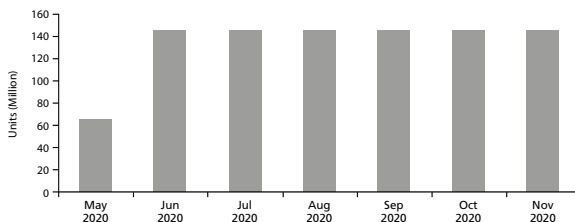
Name of Fund	<p>Eastspring Investments Target* Income Fund 10 (the “Fund”)</p> <p>* The Fund aims (i.e.Target) to distribute income on an annual basis from coupon payments received from the bonds investments.</p>
Fund Category/ Type	<p>Bond (close-ended)/income</p>
Fund Objective	<p>The Fund endeavours to provide regular income** during the tenure of the Fund.</p> <p>** Income declared will be paid out by way of e-payment (i.e. telegraphic, online transfer or other forms of electronic payment) according to Unit Holders’ instructions in the account opening form.</p>
Termination Date	<p>17 June 2025</p>
Duration of the Fund	<p>Five (5) years close-ended bond fund.</p>
Performance Benchmark	<p>5-year Maybank fixed deposit rate as at Commencement Date.</p> <p>Please note that investors may obtain information on the benchmark from the Manager upon request.</p> <p>As the Fund will invest in local and foreign markets across various bonds of different ratings, the risk profile of the Fund is not the same as the risk profile of the performance benchmark.</p>
Fund Income Distribution Policy	<p>Subject to the availability of income, distribution of income, if any, will be on annual basis, after deduction of taxation and expenses.</p>

FUND INFORMATION (CONTINUED)

Breakdown of Unit Holdings by Size

As at 30 November 2020, the size of Eastspring Investments Target Income Fund 10 stood at 144.050 million units.

Fund Size



Breakdown of Unit Holdings

Unit Holdings	No. of Unit Holders	%	No of Units* ('000)	%
5,000 units and below	154	31.24	532	0.37
5,001 to 10,000 units	112	22.72	1,069	0.74
10,001 to 50,000 units	156	31.64	4,753	3.30
50,001 to 500,000 units	63	12.78	8,494	5.90
500,001 units and above	8	1.62	129,201	89.69
Total	493	100.00	144,049	100.00

* excludes units held by the Manager.

KEY PERFORMANCE DATA

FOR THE FINANCIAL PERIOD ENDED

Category	Since commencement 18.6.2020 to 30.11.2020 (%)
Unquoted fixed income securities	79.94
Derivatives	2.89
Cash and other assets	17.17
Total	100.00
Net Asset Value (NAV) (RM'000)	146,888
Units In Circulation (Units '000)	144,050
Net Asset Value Per Unit (RM)	1.0197
Highest Net Asset Value Per Unit (RM)	1.0214
Lowest Net Asset Value Per Unit (RM)	1.0000
Total Return (%)	
- Capital Growth	1.97
- Income Distribution	-
Total Return (%)	1.97
Gross Distribution Per Unit (RM)	-
Net Distribution Per Unit (RM)	-
Management Expense Ratio (MER) (%)	0.23
Portfolio Turnover Ratio (PTR) (times)	0.43

KEY PERFORMANCE DATA (CONTINUED)

	Since commencement 18.6.2020 to 30.11.2020
	(%)

Average total return	4.38
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Year ended	Since commencement 18.6.2020 to 30.11.2020
	(%)

Annual total return	1.97
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Source: The above total return of the Fund was sourced from Lipper for Investment Management.

Bases of calculation and assumptions made in calculating returns:

Percentage growth	=	$\frac{NAV_t}{NAV_0} - 1$
NAV_t	=	NAV at the end of the period
NAV_0	=	NAV at the beginning of the period
Performance annualised	=	$(1 + \text{Percentage Growth})^{1/n} - 1$
		Adjusted for unit split and distribution paid out for the period
n	=	Number of years

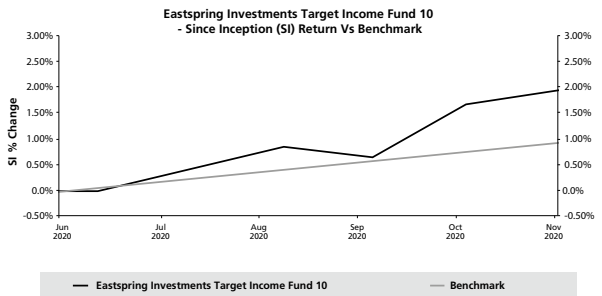
Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

MANAGER'S REPORT

Fund Performance

Since inception, the Fund registered a return of 1.97%, outperforming the benchmark return of 0.95% by 1.02%.

Since inception the Fund has delivered positive returns. The Fund's exposures in China real estate, as well as Indonesia via metal & mining and real estate sectors, were among the key contributors (on a weighted basis). However, the Fund's exposures to selected China infrastructure credits weighed on performance during the period under review.



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

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

Fund performance is sourced from Lipper for Investment Management, 30 November 2020 and the benchmark is obtainable from Eastspring Investments Berhad upon request.

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

MANAGER'S REPORT (CONTINUED)

Analysis of Fund Performance

For the financial period ended 30 November 2020:

Income Return	Capital Return*	Total Return	Total Return of Benchmark
(%)	(%)	(%)	(%)
0.00	1.97	1.97	0.95

* 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 2020.

Investment Strategy During the Period Under Review

As this is a close-ended bond fund, the Fund will be managed primarily with a semi-active management strategy. The Fund's bond investments will be typically held to maturity. At the maturity of these debt securities, issuers of the debt securities held by the Fund will be obligated to pay the face value provided there is no occurrence of credit default by the issuer.

Nevertheless, the Fund Manager continues to monitor the Fund's investments and may trade and rebalance its investments under the following scenarios:

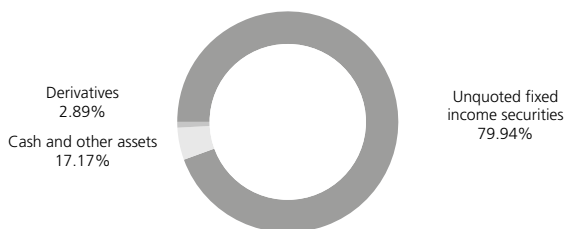
- Increased default risk and/or from uptrend interest rate concerns;
- Hedging transactions in the event that the sale of the security at risk is not possible; and
- Reinvesting proceeds from maturing securities

MANAGER'S REPORT (CONTINUED)

Asset Allocation

Asset Allocation	30-Nov	Changes
	2020	
	(%)	(%)
Unquoted fixed income securities	79.94	79.94
Derivatives	2.89	2.89
Cash and other assets	17.17	17.17

Asset Allocation as at 30 November 2020



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.

Cross-Trade Transaction

During the period under review, there were cross-trades executed through a dealer or a financial institution on an arm's length and fair value basis and in the best interest of the Fund. The investment committee for the Fund has reviewed that such trades for the period from June to September 2020 were transacted on an arm's length and fair value basis and in the best interest of the Fund. There were no cross-trades executed for the period from October to November 2020.

MARKET REVIEW

Risk sentiment generally held up well over the period under review. Improving global economic data, coupled with positive news on the development of COVID-19 vaccines, spurred optimism on global recovery. However, the optimism was tempered by a resurgence in COVID cases in a number of countries, including US and Europe. Re-escalation of tensions between China and US, as well as increased political noises in the run-up to the November US elections also resulted in some market volatility over the September-October period. Amid the mixed backdrop, shorter-dated US Treasury (“UST”) yields traded largely in a range. However, rises were seen in long-dated UST yields on the back of supply concerns, while the Fed’s announcement of a flexible average inflation targeting framework was perceived by the market as being more tolerant of higher inflation.

In Asia, economic data similarly was on an improving trend, led by China. Credit rating trajectory of Asian issuers also showed signs of stabilizing after a spate of negative rating actions in 1H 20. Against the backdrop of more supportive risk sentiment, credit spreads in Asia continued to tighten, lifting returns of the Asian USD-denominated credit market over the period under review. The positive performance was led by the high yield corporate sector, albeit with uneven performance across industries as negative idiosyncratic developments weighed on performance on selected segments of the market. More muted spread tightening was seen among investment grade corporates. Higher US Treasury yields at the long end of the curve also contributed to the underperformance of the sector. Further, strong supply of new issuances weighed on performance of the sector somewhat.

REBATES AND SOFT COMMISSIONS

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

EASTSPRING INVESTMENTS TARGET INCOME FUND 10

UNAUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 4 MAY 2020
(LAUNCH DATE) TO 30 NOVEMBER 2020

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 12 to 56 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 2020 and of its financial performance, changes in equity and cash flows for the financial period from 4 May 2020 (launch date) to 30 November 2020 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: 8 January 2021

TRUSTEE'S REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS TARGET INCOME FUND 10

We have acted as Trustee for Eastspring Investments Target Income Fund 10 (the "Fund") for the financial period from 4 May 2020 (date of launch) to 30 November 2020. 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

Gerard Ang Boon Hock
Chief Executive Officer

Kuala Lumpur
Date: 8 January 2021

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD FROM 4 MAY 2020
(LAUNCH DATE) TO 30 NOVEMBER 2020

	Financial period from 4.5.2020 (launch date) Note to 30.11.2020	RM
INVESTMENT INCOME		
Interest income from deposits with licensed financial institutions		466,009
Interest income from unquoted fixed income securities		1,790,217
Exit fee income		13,553
Net loss on financial assets at fair value through profit or loss	6	(2,858,825)
Net gain on forward foreign currency contracts		4,248,026
Net foreign currency exchange loss		<u>(476,230)</u>
		<u>3,182,750</u>
EXPENSES		
Management fee	3	(265,070)
Trustee fee	4	(39,761)
Audit fee		(5,963)
Tax agent fee		(2,337)
Other expenses		<u>(27,498)</u>
		<u>(340,629)</u>
PROFIT BEFORE TAXATION		2,842,121
TAXATION	5	<u>-</u>
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME		<u>2,842,121</u>
Profit after taxation is made up of the following:		
Realised amount		1,358,244
Unrealised amount		<u>1,483,877</u>
		<u>2,842,121</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 2020

	Note	2020
		RM
ASSETS		
Cash and cash equivalents	7	26,225,815
Financial assets at fair value through profit or loss	6	117,384,306
Tax recoverable		1,590
Other receivables		1,500
Forward foreign currency contracts at fair value through profit or loss	8	4,248,026
TOTAL ASSETS		<u>147,861,237</u>
LIABILITIES		
Amount due to brokers		814,600
Amount due to Manager		80,584
Accrued management fee		48,282
Amount due to Trustee		7,242
Other payables and accruals		22,611
TOTAL LIABILITIES		<u>973,319</u>
NET ASSET VALUE OF THE FUND		<u>146,887,918</u>
EQUITY		
Unit holders' capital		144,045,797
Retained earnings		2,842,121
NET ASSET ATTRIBUTABLE TO UNIT HOLDERS		<u>146,887,918</u>
NUMBER OF UNITS IN CIRCULATION	9	<u>144,049,804</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.0197</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 FINANCIAL PERIOD FROM 4 MAY 2020
(LAUNCH DATE) TO 30 NOVEMBER 2020

	Unit holders' capital	Retained earnings	Total
	RM	RM	RM
Balance as at 4 May 2020 (Launch date)	-	-	-
Movement in unit holders' contribution:			
Creation of units from applications	145,961,346	-	145,961,346
Cancellation of units	(1,915,549)	-	(1,915,549)
Total comprehensive income for the financial period	-	2,842,121	2,842,121
Balance as at 30 November 2020	<u>144,045,797</u>	<u>2,842,121</u>	<u>146,887,918</u>

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

UNAUDITED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 4 MAY 2020
(LAUNCH DATE) TO 30 NOVEMBER 2020

	Financial period from 4.5.2020 (launch date) to 30.11.2020
Note	RM
CASH FLOWS FROM OPERATING ACTIVITIES	
Proceeds from sale of investments	5,358,995
Payments for purchase of investments	(123,330,772)
Interest income received from deposits with licensed financial institutions	466,009
Interest income received from unquoted fixed income securities	333,463
Exit fee income received	12,053
Management fee paid	(216,788)
Trustee fee paid	(32,519)
Payment for other fees and expenses	(13,187)
Tax paid	(1,590)
Net foreign currency exchange loss	(476,230)
Net cash used in operating activities	<u>(117,900,566)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Cash proceeds from units created	145,961,346
Payments for cancellation of units	(1,834,965)
Net cash generated from financing activities	<u>144,126,381</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	26,225,815
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD (LAUNCH DATE)	<u>-</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	7 <u>26,225,815</u>

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 4 MAY 2020 (LAUNCH DATE) TO 30 NOVEMBER 2020

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, as modified by financial assets and financial liabilities (including derivatives instruments) at fair value through profit or loss, except as disclosed in this summary of significant accounting policies, and in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

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 judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note K.

- 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 period beginning on 4 May 2020:

Amendments to the definition of material (Amendments to MFRS 101 and MFRS 108) effective 1 January 2020.

The amendments clarify the definition of materiality and use a consistent definition throughout MFRSs and the Conceptual Framework for Financial Reporting.

The definition of ‘material’ has been revised as “Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of financial statements for general purposes make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

The amendments also:

- clarify that an entity assess materiality in the context of the financial statements as a whole.
- explain the concept of obscuring information in the new definition. Information is obscured if it has the similar effect as omitting or misstating of that information. For example, material transaction is scattered throughout the financial statements, dissimilar items are inappropriately aggregated, or material information is hidden by immaterial information.
- clarify the meaning of ‘primary users of financial statements for general purpose’ to whom those financial statements are directed, by defining them as ‘existing and potential investors, lenders and other creditors’ that must rely on financial statements for much of the financial information they need.

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

B. INCOME RECOGNITION

Interest income from short term deposits with licensed financial institutions is recognised on an accrual basis using the effective interest rate method.

Interest income from unquoted fixed income securities including amortisation of premium and accretion of discount are recognised using the effective interest method.

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 the investments, determined on cost adjusted for accretion of discount or amortisation of premium.

Exit fee income is a redemption fee charged to unit holders on cancellation of units before the maturity date and is recognised upon cancellation of units.

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.

Tax on interest income from foreign unquoted fixed income securities is based on the tax regime of the respective countries that the Fund invests in.

D. FUNCTIONAL AND PRESENTATION CURRENCY

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

E. FOREIGN CURRENCY TRANSLATION

Foreign currency transactions in the Fund are translated into the functional currency using the exchange rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges.

F. 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 (either through other comprehensive income (“OCI”) or 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 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 other receivables 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 Trustee, amount due to brokers, amount due to Manager 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 and transaction costs are expensed in the statement of comprehensive income.

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 the obligation under the liabilities are extinguished. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised, and through the amortisation process.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' including the effects of currency translation 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.

Foreign exchange gains and losses on the derivative financial instrument are recognised in statement of comprehensive income when settled or at date of the statement of financial position at which time they are included in the measurement of the derivative financial instrument.

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

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 using the net present value method based on fair value prices quoted by a bond pricing agency ('BPA') registered with the Securities Commission as per the Securities Commission's 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.

Unquoted fixed income securities denominated in foreign currencies are revalued on a daily basis by reference to the price obtained from at least three financial institutions. However, if such quotations are not available or should the gaps of the quotations provided by the financial institutions differ by more than 20 basis points, the valuation shall be determined by reference to the value of such debt securities quoted by Reuters.

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 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 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 period.

G. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise bank balances and deposit with a licensed financial institution that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

H. 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 period if unit holder exercises the right to put the unit back to the Fund.

Units are created and cancelled at prices based on the Fund's net asset value ("NAV") per unit at the time of creation or cancellation. The Fund's NAV per unit is calculated by dividing the net assets attributable to unit holders with the total number of outstanding units.

I. DERIVATIVE FINANCIAL INSTRUMENTS

A derivative financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

The Fund's derivative financial instruments comprise forward foreign currency contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the date of statements of financial position with the resulting value discounted back to present value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held-for-trading and accounted for in accordance with the accounting policy set out in Note F to the financial statements.

J. AMOUNTS DUE FROM/(TO) BROKERS

Amounts 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.

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, interest 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.

K. 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 judgments 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.

a. Estimate of fair value of unquoted fixed income securities

The Fund uses significant judgement in determining whether an investment is impaired. The Fund evaluates, among other factors, the duration and extent to which the fair value of the investment is less than cost, and the financial health and near-term business outlook for the investee, including factors such as industry and sector performance, macroeconomic factors and speculation.

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.

Unquoted fixed income securities are valued using fair value prices quoted by a bond pricing agency ("BPA"). Where the Manager is of the view that the price quoted by BPA for a specific bond differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager records its basis for using a non-BPA price, obtains necessary internal approvals to use the non-BPA price, and keeps an audit trail of all decisions and basis for adopting the use of non-BPA price.

Unquoted fixed income securities denominated in foreign currencies are revalued on a daily basis by reference to the price obtained from at least three financial institutions. However, if such quotations are not available or should the gaps of the quotations provided by the financial institutions differ by more than 20 basis points, the valuation shall be determined by reference to the value of such debt securities quoted by Reuters.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 4 MAY 2020

(LAUNCH DATE) TO 30 NOVEMBER 2020

1. INFORMATION ON THE FUND

Eastspring Investments Target Income Fund 10 (the "Fund") was constituted pursuant to the execution of a Deed dated 17 March 2020 entered into between Eastspring Investments Berhad (the "Manager") and Deutsche Trustees Malaysia Berhad (the "Trustee").

The Fund was launched on 4 May 2020 and will continue its operations until terminated as provided under Part 12 of the Deed.

The Fund seeks to achieve its objective by investing in local and/or foreign debt securities. The Fund will invest a minimum of 70% of its NAV in local and/or foreign debt securities. Not more than 40% of the Fund's NAV may be invested either in non-rated debt securities and/or debt securities rated below investment grade rating by RAM, MARC or other rating agencies (i.e. lower than BBB3 rating by RAM or below investment grade rating by other rating agencies) while the remainder will be invested in investment grade bonds. Additionally, up to 30% of the Fund's NAV may be invested in liquid assets. All investments will be subjected to the Securities Commission's (the "SC") Guidelines on Unit Trust Funds, the Deed and the objective of the Fund.

The main objective of the Fund is to provide regular income during the tenure of the Fund.

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

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to market risk (inclusive of price risk, interest rate risk and foreign exchange/currency risk), country risk, fund management risk, liquidity risk, non-compliance 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>2020</u>				
Unquoted fixed income securities	6	-	117,384,306	117,384,306
Forward foreign currency contracts at fair value through profit or loss	8	-	4,248,026	4,248,026
Cash and cash equivalents	7	26,225,815	-	26,225,815
Other receivables		1,500	-	1,500
		<u>26,227,315</u>	<u>121,632,332</u>	<u>147,859,647</u>

All liabilities except forward foreign currency contract 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 a Unit Trust Fund, however, helps mitigate this risk because a Fund would generally hold a well-diversified portfolio of securities from different market sectors so that the collapse of any one 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:

	2020
	RM
Unquoted fixed income securities designated at fair value through profit or loss*	<u>117,384,306</u>

* Includes interest receivable of RM1,541,665.

Derivatives

Forward foreign currency contracts financial assets at fair value through profit or loss	<u>4,248,026</u>
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The following table summarises the sensitivity of the Fund's net asset value and profit after tax to movements in prices of unquoted fixed income securities and derivatives at the end of the reporting financial period. The analysis is based on the assumptions that the market price of the unquoted fixed income securities and derivatives 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 unquoted fixed income securities and derivatives, 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>2020</u>		
+5%	126,095,200	6,004,533
-5%	114,086,134	(6,004,533)

ii. 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.

In general, when interest rates rise, unquoted fixed income securities prices will tend to fall and vice versa. Therefore, the NAV 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 NAV 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.

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 Fund's investments in deposit with a licensed financial institution are short term in nature. Therefore, exposure to interest rate fluctuations is minimal.

The table below summarises the sensitivity of the Fund’s profit after tax and NAV to movements in prices of unquoted fixed income securities and money market instruments held by the Fund at the end of the reporting financial period as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate changed by 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.

	2020
% Change in interest rate of unquoted fixed income securities	Impact on profit after tax/ change in net asset value
	RM
+1%	(139,156)
-1%	139,823
	<u>139,823</u>

iii. Foreign exchange/Currency risk

As the Fund may invest its assets in unquoted fixed income securities denominated in a wide range of currencies other than Ringgit Malaysia (“RM”), the net asset value of the Fund expressed in RM may be affected favourably or unfavourably by exchange control regulations or changes in the exchange rates between RM and such other currencies. The risk is minimised through investing in a wide range of foreign currencies denominated assets and thus, diversifying the risk of single currency exposure.

In the normal course of investment, the Manager will usually not hedge foreign currency exposure. The Manager may however, depending on prevailing market circumstances at particular point in time, choose to use forward or swap contracts for hedging and risk reduction purposes.

The following table sets out the foreign exchange/currency risk concentrations and counterparties of the Fund.

	Unquoted fixed income securities	Forward foreign currency contracts	Cash and cash equivalents	Total
	RM	RM	RM	RM
<u>2020</u>				
USD	96,753,885	4,248,026	17,551,347	118,553,258
	<u>96,753,885</u>	<u>4,248,026</u>	<u>17,551,347</u>	<u>118,553,258</u>

The table below summarises the sensitivity of the Fund's financial assets to changes in foreign exchange movements at the end of the reporting financial period. The analysis is based on the assumption that the foreign exchange rate changes by 5% with all variables remain constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate having regard to historical volatility of this rate.

Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change in foreign exchange rate	Impact on profit after tax	Impact on net asset value
	%	RM	RM
<u>2020</u>			
USD		5,927,663	5,927,663
		<u>5,927,663</u>	<u>5,927,663</u>

Country risk

A unit trust fund that invests in foreign countries may experience more rapid and extreme changes in value than a unit trust fund that invests exclusively in Malaysia. Nationalisation, expropriation or confiscatory, taxation, currency blockage, political changes or diplomatic developments could adversely affect a unit trust fund's investments in a foreign country. In the event of nationalisation, expropriation or other confiscation, a unit trust fund could lose its entire investment in foreign countries. Adverse conditions in a certain region can adversely affect securities of other countries whose economies appear to be unrelated. Careful consideration shall be given to risk factors such as liquidity, political and economic environment before any investments are made in a foreign country.

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.

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 Fund 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, deposit with a licensed financial institution 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.

	Less than 1 month	Between 1 month to 1 year	Total
	RM	RM	RM
<u>2020</u>			
Amount due to brokers	814,600	-	814,600
Amount due to Manager	80,584	-	80,584
Accrued management fee	48,282	-	48,282
Amount due to Trustee	7,242	-	7,242
Other payables and accruals	-	22,611	22,611
Contractual cash outflows	<u>950,708</u>	<u>22,611</u>	<u>973,319</u>

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 RM144,045,797 and retained earnings of RM2,842,121. 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.

Credit/Default risk

Credit risk refers to the ability of an issuer or a counter party to make timely payments of interest, principals and proceeds from realisation of investments. In the case of the Fund, both the Manager and the External Fund Manager regularly review the ratings assigned to the Issuer so that the necessary steps can be taken if the ratings fall below those prescribed by the Securities Commission.

The credit risk arising from placements of deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

The Fund seeks to mitigate credit/default risk by investing in high quality fixed income securities and entering into forward foreign currency contracts with reputable counterparties.

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

	Cash and cash equivalents	Financial assets at fair value through profit or loss	Other receivables	Total
	RM	RM	RM	RM
2020				
Finance				
- AAA	8,000,395	-	-	8,000,395
- AA1	18,225,420	-	-	18,225,420
Unquoted fixed income securities				
- A-	-	872,365	-	872,365
- A+	-	807,539	-	807,539
- AAA (S)	-	5,033,171	-	5,033,171
- B	-	4,051,718	-	4,051,718
- B-	-	828,134	-	828,134
- B+	-	7,488,594	-	7,488,594
- B1	-	3,351,138	-	3,351,138
- B2	-	1,493,075	-	1,493,075
- Ba1	-	1,044,887	-	1,044,887
- Ba2	-	833,607	-	833,607
- Ba3	-	1,683,329	-	1,683,329
- Baa1	-	3,269,005	-	3,269,005
- Baa2	-	4,664,843	-	4,664,843
- Baa3	-	13,345,275	-	13,345,275

	Cash and cash equivalents		Financial assets at fair value through profit or loss		Other receivables		Total	
	RM	RM	RM	RM	RM	RM	RM	RM
2020 (continued)								
- BB	-	2,529,927	-	-	-	-	-	2,529,927
- BB-	-	5,088,353	-	-	-	-	-	5,088,353
- BBB	-	6,997,729	-	-	-	-	-	6,997,729
- BBB-	-	11,427,698	-	-	-	-	-	11,427,698
- BBB+	-	4,185,956	-	-	-	-	-	4,185,956
- NR	-	38,387,963	-	-	-	-	-	38,387,963
Forward foreign currency contracts								
- AAA	-	4,248,026	-	-	-	-	-	4,248,026
Other								
- NR	-	-	-	-	1,500	-	-	1,500
	<u>26,225,815</u>	<u>121,632,332</u>	<u>-</u>	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>	<u>147,859,647</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 traded derivatives) 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 Fund 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. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each period end date. Valuation techniques used for non-standardised financial instruments such as options, currency swaps and other over-the-counter derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

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>2020</u>				
Financial assets				
at fair value through				
profit or loss				
since inception:				
Unquoted fixed				
income securities	-	117,384,306	-	117,384,306
Forward foreign				
currency contracts	-	4,248,026	-	4,248,026

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, these include unquoted fixed income securities and forward foreign currency contracts. 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 F to the financial statements.

- ii. The carrying value of cash and cash equivalents, other receivables and all liabilities, except for forward foreign currency contracts 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 0.40% per annum of the net asset value of the Fund accrued and calculated on a daily basis.

For the financial period ended 30 November 2020, the management fee is recognised at a rate of 0.40% per annum on the net asset value of the Fund, excluding foreign custodian charges, 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 0.06% per annum of the net asset value of the Fund, subject to a minimum fee of RM15,000 per annum (excluding foreign custodian fees and charges).

For the financial period ended 30 November 2020, the Trustee fee is recognised at a rate of 0.06% per annum on the net asset value of the Fund, excluding foreign custodian charges, 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

	2020
	RM
Tax charged for the financial period:	
Current taxation - local	<u>-</u>

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

	2020
	RM
Profit before taxation	<u>2,842,121</u>
Tax at Malaysian statutory rate of 24%	682,109
Tax effects of:	
Investment income not deductible for tax purposes	(763,860)
Expenses not deductible for tax purposes	16,703
Restriction on tax deductible expenses for Unit Trust Funds	<u>65,048</u>
Taxation	<u>-</u>

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020
	RM
Designated at fair value through profit or loss at inception:	
Unquoted fixed income securities	<u>117,384,306</u>
Net loss on financial assets at fair value through profit or loss:	
Realised loss on disposals	(95,874)
Change in unrealised fair value loss	<u>(2,762,951)</u>
	<u>(2,858,825)</u>

Unquoted fixed income securities

Name of counter	Nominal value	Aggregate cost	Fair value as at 30.11.2020	Percentage of net asset value of the Fund
	RM	RM	RM	%
<u>Bond</u>				
5.75% Agile Group Holdings Ltd 02.01.2025 (BB)	400,000	1,706,033	1,667,973	1.14
3.88% Bluestar Finance Holdings Limited 31.12.2099 (NR)	400,000	1,736,237	1,640,440	1.12
3.88% Canara Bank 28.03.2024 (NR)	400,000	1,742,420	1,721,073	1.17
3.43% CCCI Treasure Limited 21.11.2024 (Baa1)	400,000	1,706,094	1,606,121	1.09
7.25% Central China Real Estate Limited 16.01.2022 (B1)	200,000	866,479	818,418	0.56

Unquoted fixed income securities (continued)

Name of counter	Nominal value	Aggregate cost	Fair value as at 30.11.2020	Percentage of net asset value of the Fund
	RM	RM	RM	%
<u>Bond</u> (continued)				
6.50% Central China Real Estate Limited 05.03.2021 (NR)	200,000	866,416	828,267	0.56
7.25% Central China Real Estate Limited 13.08.2024 (NR)	200,000	848,600	812,971	0.55
3.85% Central Plaza Development Ltd Limited 14.07.2025 (BBB)	1,000,000	4,322,269	4,010,485	2.73
4.88% Chalco Hong Kong Investment Company Limited 07.09.2021 (BBB+)	500,000	2,161,212	2,108,012	1.44
5.13% Chengdu Communications Investment Group Co., Ltd 07.09.2021 (NR)	600,000	2,664,546	2,548,737	1.74
4.80% China Aoyuan Group Limited 18.02.2021 (NR)	200,000	828,456	823,751	0.56
6.35% China Aoyuan Group Limited 08.02.2024 (B)	200,000	863,481	860,447	0.59
5.98% China Aoyuan Group Limited 18.08.2025 (NR)	200,000	827,779	818,396	0.56
10.00% China Evergrande Group 11.04.2023 (B)	200,000	813,197	707,797	0.48

Unquoted fixed income securities (continued)

Name of counter	Nominal value	Aggregate cost	Fair value as at 30.11.2020	Percentage of net asset value of the Fund
	RM	RM	RM	%
<u>Bond (continued)</u>				
9.50% China Evergrande Group 29.03.2024 (B2)	200,000	754,291	663,990	0.45
4.10% Chinalco Capital Holdings Limited 11.09.2024 (BBB+)	300,000	1,312,791	1,260,526	0.86
4.00% Chouzhou International Investment Ltd 18.02.2025 (Baa3)	1,000,000	4,195,740	4,114,522	2.80
6.45% CIFI Holdings (Group) Co Ltd 07.11.2022 (BB-)	200,000	875,853	875,125	0.60
5.95% CIFI Holdings (Group) Co Ltd 20.10.2025 (BB-)	200,000	868,333	869,912	0.59
8.00% Country Garden Holdings Company Limited 27.09.2021 (BBB-)	1,000,000	4,618,126	4,446,585	3.03
5.13% Country Garden Holdings Company Limited 17.01.2022 (BBB-)	400,000	1,781,520	1,731,557	1.18
3.97% CRCC Chengan Limited 27.06.2024 (Baa1)	200,000	874,236	841,671	0.57
4.30% Dianjian Haiyu 20.06.2024 (BBB)	200,000	889,200	852,667	0.58
4.85% Elect Global Investments Limited 25.08.2023 (NR)	200,000	844,536	855,683	0.58

Unquoted fixed income securities (continued)

Name of counter	Nominal value	Aggregate cost	Fair value as at 30.11.2020	Percentage of net asset value of the Fund
	RM	RM	RM	%
<u>Bond</u> (continued)				
7.50% ENN Clean Energy International Investment Limited 27.02.2021 (Ba2)	200,000	860,658	833,607	0.57
8.38% Fantasia Holdings Group Co., Limited 08.03.2021 (B)	200,000	859,464	830,329	0.57
4.00% Franshion Brilliant Limited 03.01.2023 (Baa3)	400,000	1,719,657	1,651,918	1.12
6.25% Gansu Provincial Highway Aviation Tourism Investment Group Co., Ltd 02.08.2021 (BBB)	500,000	2,215,179	2,134,577	1.45
4.97% GLP China Holdings Limited 26.02.2024 (BBB-)	200,000	893,624	878,152	0.60
3.15% Government of Malaysia 15.05.2023 (NR)	10,000,000	10,257,324	10,284,527	7.00
3.48% Government of Malaysia 14.06.2024 (NR)	5,000,000	5,329,713	5,312,723	3.62
3.50% Guangxi Communications Investment Group Co., Ltd 17.09.2022 (Baa2)	400,000	1,698,036	1,667,836	1.14

Unquoted fixed income securities (continued)

Name of counter	Nominal value	Aggregate cost	Fair value as at 30.11.2020	Percentage of net asset value of the Fund
	RM	RM	RM	%
<u>Bond (continued)</u>				
1.51% Guangzhou Metro Investment Finance (BVI) Limited 17.09.2025 (NR)	200,000	832,523	805,947	0.55
1.50% Hero Asia Investment Limited 18.11.2023 (NR)	200,000	822,595	814,023	0.55
1.70% Horse Gallop Finance Limited 28.07.2025 (NR)	800,000	3,407,417	3,264,683	2.22
5.38% India Green Energy Holdings 29.04.2024 (NR)	250,000	1,040,115	1,057,481	0.72
5.88% Indika Energy Capital III Pte Ltd 09.11.2021 (Ba3)	200,000	806,364	825,671	0.56
1.88% Joy Treasure Assets Holdings Inc. 17.11.2025 (BBB+)	200,000	824,114	817,418	0.56
11.25% Kaisa Group Holdings Ltd 16.04.2025 (NR)	400,000	1,760,460	1,695,895	1.15
3.90% Kunming Rail Transit Group Co Ltd 12.12.2024 (Baa1)	200,000	867,876	821,213	0.56
7.25% LMIRT Capital Pte Ltd 19.06.2022 (B1)	200,000	813,078	820,811	0.56
5.75% Logan Property Holdings Company Limited 14.01.2023 (BB)	200,000	861,531	861,954	0.59

Unquoted fixed income securities (continued)

Name of counter	Nominal value	Aggregate cost	Fair value as at 30.11.2020	Percentage of net asset value of the Fund
	RM	RM	RM	%
<u>Bond</u> (continued)				
3.25% MCC Holding (Hong Kong) Corporation Limited 12.03.2023 (NR)	200,000	855,858	815,318	0.56
2.70% Mercedes-Benz Services Malaysia Sdn Bhd 28.09.2023 (AAA (S))	5,000,000	5,023,671	5,033,171	3.43
4.75% Minmetals Bounterous Finance (BVI) Limited 30.07.2025 (NR)	200,000	933,328	927,630	0.63
3.10% Minor International Public Company Limited 31.12.2099 (Baa2)	300,000	1,297,893	1,243,917	0.85
3.25% Power Finance Corporation Limited 16.09.2024 (Baa3)	400,000	1,740,083	1,703,363	1.16
6.25% Powerlong Real Estate Holdings Limited 10.08.2024 (B)	200,000	855,630	842,517	0.57
5.95% Powerlong Real Estate Holdings Limited 30.04.2025 (B)	200,000	831,780	810,628	0.55
4.25% PT Adaro Indonesia 31.10.2022 (Ba1)	250,000	1,039,276	1,044,887	0.71
6.13% PT Bayan Resources TBK 24.01.2023 (Ba3)	200,000	814,176	857,658	0.58
4.75% PT Indonesia Asahan Aluminium (Persero) 15.05.2025 (Baa2)	200,000	926,124	900,834	0.61

Unquoted fixed income securities (continued)

Name of counter	Nominal value RM	Aggregate cost RM	Fair value as at 30.11.2020 RM	Percentage of net asset value of the Fund %
<u>Bond (continued)</u>				
3.38% REC Limited 25.07.2024 (Baa3)	400,000	1,716,998	1,696,816	1.16
3.00% Rizal Commercial Banking Corporation 11.09.2024 (Baa2)	200,000	856,593	852,256	0.58
5.90% RKPF Overseas 2019 (A) Limited 05.03.2025 (BB-)	200,000	850,862	831,173	0.57
6.00% RKPF Overseas 2019 (A) Limited 04.09.2025 (BB-)	200,000	847,268	832,521	0.57
7.75% RKPF Overseas 2019 (A) Limited 18.04.2021 (BB-)	200,000	857,408	832,323	0.57
6.75% Ronshine China Holdings Limited 05.08.2024 (NR)	200,000	864,900	824,172	0.56
7.35% Ronshine China Holdings Limited 15.12.2023 (BB-)	200,000	899,585	847,299	0.58
4.45% Saka Energi ID 05.05.2024 (B+)	400,000	1,571,630	1,544,830	1.05
6.00% Seazen Group Limited 12.08.2024 (NR)	200,000	851,999	845,691	0.58
6.13% Shimao Property Holdings Limited 21.02.2022 (BBB-)	1,000,000	4,544,302	4,371,404	2.98
1.00% State Grid Overseas Investment (2016) Limited 05.08.2025 (A+)	200,000	841,550	807,539	0.55

Unquoted fixed income securities (continued)

Name of counter	Nominal value	Aggregate cost	Fair value as at 30.11.2020	Percentage of net asset value of the Fund
	RM	RM	RM	%
<u>Bond</u> (continued)				
6.50% Sunac China Holdings Limited 10.01.2023 (B+)	400,000	1,724,931	1,646,239	1.12
6.65% Sunac China Holdings Limited 03.08.2024 (B+)	200,000	860,057	832,356	0.57
3.70% Taiyuan Longcheng Development Investment Group Co., Ltd 26.06.2023 (Baa3)	1,000,000	4,329,885	4,178,656	2.84
8.13% Theta Capital Pte Ltd 22.01.2025 (B-)	200,000	772,471	828,134	0.56
6.75% Times China Holdings Limited 08.07.2025 (B+)	200,000	874,418	864,952	0.59
7.63% Times China Holdings Limited 21.02.2021 (B1)	200,000	862,291	846,109	0.58
5.50% TML Holdings Pte Ltd 03.06.2024 (NR)	200,000	813,400	822,746	0.56
4.30% Xi Yang Overseas Limited 05.06.2024 (A-)	200,000	882,237	872,365	0.59
6.80% Yanlord Land (HK) Co., Limited 27.02.2022 (B+)	600,000	2,593,811	2,600,217	1.77
7.70% Yuzhou Properties Company Limited 20.02.2023 (B1)	200,000	848,009	865,800	0.59
8.35% Zhenro Properties Group Limited 10.03.2024 (NR)	200,000	890,495	867,809	0.59

Unquoted fixed income securities (continued)

Name of counter	Nominal value RM	Aggregate cost RM	Fair value as at 30.11.2020 RM	Percentage of net asset value of the Fund %
<u>Bond (continued)</u>				
7.88% Zhenro Properties Group Limited 14.01.2023 (B2)	200,000	836,765	829,085	0.56
	<u>43,100,000</u>	<u>120,147,257</u>	<u>117,384,306</u>	<u>79.94</u>

**ACCUMULATED
UNREALISED LOSS ON
FINANCIAL ASSETS AT
FAIR VALUE THROUGH
PROFIT OR LOSS**

(2,762,951)

**FAIR VALUE OF FINANCIAL
ASSETS AT FAIR VALUE
THROUGH PROFIT
OR LOSS**

117,384,306

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

	2020
	%
Unquoted fixed income securities	<u>3.40</u>

7. CASH AND CASH EQUIVALENTS

	2020
	RM
Bank balances with a licensed bank	18,225,420
Deposit with a licensed financial institution	8,000,395
	<u>26,225,815</u>

The currency exposure profile of cash and cash equivalents is as follows:

	2020
	RM
- MYR	8,674,468
- USD	17,551,347
	<u>26,225,815</u>

The effective weighted average interest rate of short term deposit with a licensed financial institution per annum as at the date of the financial position are as follow:

	2020
	%
Deposit with a licensed financial institution	<u>1.80</u>

The deposit has an average maturity of 7 days.

8. FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of statement of financial position, there are 20 forward foreign currency contracts outstanding. The notional principal amount of the outstanding forward foreign currency contracts amounted to RM131,743,983 (receivable). The forward foreign currency contracts entered into during the financial period were for hedging against the currency exposure arising from the investment in the foreign unquoted fixed income securities denominated in USD. As the Fund has not adopted hedge accounting during the financial period, the change in the fair value of the forward foreign currency contracts is recognised immediately in the statement of comprehensive income.

9. UNITS IN CIRCULATION

	2020
	No. of units
At the beginning of the launch date	-
Creation of units arising from applications during the financial period	145,960,444
Cancellation of units during the financial period	<u>(1,910,640)</u>
At the end of the financial period	<u>144,049,804</u>

10. TRANSACTIONS WITH DEALERS

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

Name of dealers	Value	Percentage	Brokerage fees	Percentage
	of trades	of total		of total
	RM	%	RM	%
<u>2020</u>				
Marketaxess Capital Limited	53,743,985	43.01	-	-
HSBC Singapore	13,227,473	10.59	-	-
Merrill Lynch International Ltd	11,876,944	9.50	-	-
Nomura International Plc	6,673,523	5.34	-	-
Standard Chartered Bank	5,821,859	4.66	-	-
CSI Global Markets Limited	5,113,200	4.09	-	-
Mizuho Securities Asia Ltd	3,395,267	2.72	-	-
UBS AG London	3,356,912	2.69	-	-
Morgan Stanley And Co. International Plc London Branch	2,986,463	2.39	-	-
Barclays Capital Inc	2,733,072	2.19	-	-
Others	16,035,559	12.82	-	-
	<u>124,964,257</u>	<u>100.00</u>	-	-

All dealers 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:

Related party	Relationship		
Eastspring Investments Berhad	The Manager		
		2020	
		No. of units	RM
Eastspring Investments Berhad		1,000	1,020

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")

	2020
	%
MER	<u>0.23</u>

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

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 RM145,705,969.

13. PORTFOLIO TURNOVER RATIO ("PTR")

	2020
PTR (times)	<u>0.43</u>

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 = RM124,145,372

total disposals for the financial period = RM818,885

14. COMPARATIVES

There are no comparatives as this is the Fund's first set of financial statements.

15. SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

The worsening macro-economic outlook as a result of Covid-19, both domestically and globally, could result in the deterioration of the Fund's net asset value in the future.

The Manager is monitoring the situation closely and will be actively managing the portfolio to achieve the Fund's objective.

16. APPROVAL OF FINANCIAL STATEMENTS

The unaudited financial statements have been approved for issue by the Manager on 8 January 2021.

CORPORATE DIRECTORY

THE MANAGER

NAME

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200001028634 (531241-U)

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