

# EASTSPRING INVESTMENTS ISLAMIC EQUITY INCOME FUND

## SEMI-ANNUAL REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD  
ENDED 31 MARCH 2023



**Dear Valued Investor,**

Greetings from Eastspring Investments Berhad!

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

**We are pleased to enclose a copy of the Annual/Semi-annual/Quarterly Fund Reports of Eastspring Investments Berhad's fund(s) for the reporting period ended 31 March 2023.**

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 Equity Income Fund (the "Fund")
<b>Fund Category / Type</b>	Equity (Shariah)/income
<b>Fund Objective</b>	<p>The Fund seeks to provide a stable income* stream with medium to long-term capital growth.</p> <p><b>ANY MATERIAL CHANGES TO THE FUND'S OBJECTIVE WOULD REQUIRE UNIT HOLDERS' APPROVAL.</b></p> <p>* Income distributed to a Unit Holder will be reinvested into additional Units unless Unit Holder opts for the distribution to be paid out.</p>
<b>Performance Benchmark</b>	<p>The performance benchmark of the Fund is FTSE Bursa Malaysia EMAS Shariah Index ("FBMS").</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 on annual basis, after deduction of taxation and expenses.</p>

## KEY PERFORMANCE DATA FOR THE FINANCIAL PERIOD ENDED

Category	2023	2022	2021
	(%)	(%)	(%)
<b>Quoted Shariah-compliant securities</b>			
Construction	0.73	3.63	2.56
Consumer Products & Services	21.30	19.03	15.15
Energy	2.60	3.46	8.63
Financial Services	3.08	4.22	8.60
Health Care	1.05	1.11	1.42
Industrial Products & Services	10.72	14.11	11.99
Islamic Real Estate Investment Trust	3.77	3.96	4.02
Plantation	6.67	1.20	-
Property	3.40	4.55	3.37
Technology	6.22	10.97	9.82
Telecommunications & Media	12.47	11.41	10.64
Transportation & Logistics	3.24	2.92	2.50
Utilities	10.13	11.71	12.28
	85.38	92.28	90.98
Cash and other assets	14.62	7.72	9.02
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

## KEY PERFORMANCE DATA (CONTINUED)

Category	2023	2022	2021
Net Asset Value (NAV) (RM'000)	20,178	17,846	19,320
Units In Circulation (Units '000)	39,162	32,246	32,231
Net Asset Value Per Unit (RM)	0.5152	0.5534	0.5994
Highest Net Asset Value Per Unit (RM)	0.5331	0.5888	0.6112
Lowest Net Asset Value Per Unit (RM)	0.4825	0.5259	0.5801
Total Return (%)			
- Capital Growth	5.10	(2.69)	2.08
- Income Distribution	-	-	-
Total Return (%)	5.10	(2.69)	2.08
Gross Distribution Per Unit (RM)	-	-	-
Net Distribution Per Unit (RM)	-	-	-
Total Expense Ratio (TER) (%)*	0.84	0.88	0.87
Portfolio Turnover Ratio (PTR) (times)^	0.08	0.22	0.56

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

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

## KEY PERFORMANCE DATA (CONTINUED)

	1 year 1.4.2022 to 31.3.2023	3 year 1.4.2020 to 31.3.2023	Since commencement 29.4.2019 to 31.3.2023
	(%)	(%)	(%)
Average total return	(3.00)	7.59	4.03

Year ended	1.10.2021 to 30.9.2022	1.10.2020 to 30.9.2021	1.10.2019 to 30.9.2020	Since commencement 29.4.2019 to 30.9.2019
	(%)	(%)	(%)	(%)
Annual total return	(10.19)	0.64	17.29	4.82

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

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

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

NAV<sub>t</sub> = NAV at the end of the period  
 NAV<sub>0</sub> = NAV at the beginning of the period

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

Adjusted for unit split and distribution paid out for the period

n = Number of years

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

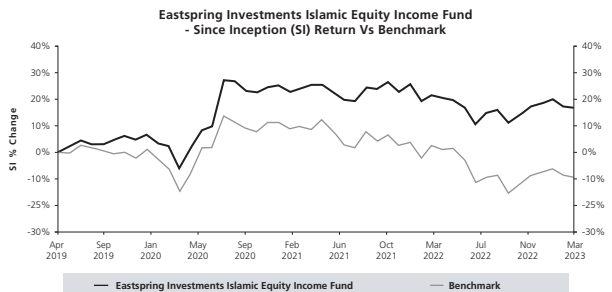
# MANAGER'S REPORT

## Fund Performance

Since inception, the Fund recorded a return of 16.79%, outperforming the benchmark return of -9.39% by 26.18%.

During the period under review, the Fund registered a return of 5.10%, underperforming the benchmark return of 7.08% by 1.98%.

The underperformance during the period under review was mainly attributed to Fund's overweight position in financial Shariah-compliant stocks. Our overweight in gloves also contributed to the underperformance.



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

**Benchmark:** FTSE Bursa Malaysia EMAS Shariah Index ("FBMS")

**Source:** Lipper for Investment Management and [www.bursamalaysia.com](http://www.bursamalaysia.com), as at 31 March 2023.

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



## MANAGER'S REPORT (CONTINUED)

### Analysis of Fund Performance

For the financial period ended 31 March 2023:

<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	5.10	5.10	7.08

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

### Distribution / Unit Split

No distribution or unit split were declared for the financial period ended 31 March 2023.

### Investment Strategy During the Period Under Review

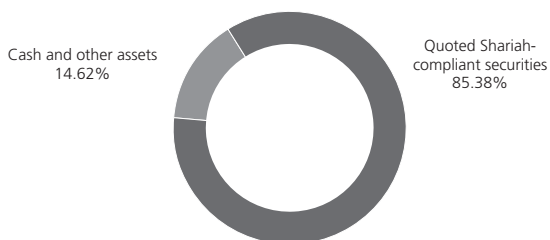
During the period under review, the Fund took opportunity on market volatility to raise its Shariah-compliant equity exposure. We continue to adopt a bottom-up approach in selecting Shariah-compliant stocks and will build up exposure in fundamentally solid companies with good dividend yields.

## MANAGER'S REPORT (CONTINUED)

## Asset Allocation

Asset Allocation	31-Mar 2023	30-Sep 2022	Changes
	(%)	(%)	(%)
Quoted Shariah-compliant securities	85.38	81.40	3.98
Cash and other assets	14.62	18.60	(3.98)

## Asset Allocation as at 31 March 2023



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

Malaysian equities managed to outperform Asia Pacific ex-Japan in early 4Q2022, after the sharp correction end 3Q2022. Global markets rallied on hopes of a more dovish US Federal Reserve's stance on interest rates. Budget 2023 announced on 7 October 2022, was indeed a non-event, especially since PM Ismail Sabri (now caretaker PM) then dissolved Parliament on the 10 October 2022 (which was somewhat expected given the Budget 2023 date being brought forward). Globally, October was also full of political maneuvering with the UK appointing their 3<sup>rd</sup> Prime Minister (Rishi Sunak) in 2022, and China saw President Xi Jinping strengthen his position over the Chinese Communist Party. US-China relations took a turn, with the Biden administration, publishing a sweeping set of export controls to cut China off from certain semiconductor chips made anywhere in the world with US tools.

Regional markets performed well mid-4Q2022, with the MSCI Asia Pacific ex-Japan index gaining 17.4% mom. Many Asian indices saw their best monthly performance in November, with gains not seen since 10 to 20 years ago. Asia's rally was driven mainly by indications that China may be easing its Zero-Covid policy, and investors cheered when the US Federal Reserve Chairman sounded dovish regarding the pace of rate hikes going forward. Domestically, Malaysia held the 15<sup>th</sup> General Elections on the 19th November 2022. The polls resulted in a hung parliament situation, as none of the existing coalitions had a clear majority of 112 seats. On 24 November 2022, after the conclusion of a special Conference of Rulers meeting, the National Palace issued a statement that Malaysia's 10<sup>th</sup> Prime Minister ("PM") will be Anwar Ibrahim, the 75-year old leader of the Pakatan Harapan ("PH") coalition party. Pakatan Harapan ("PH") formed a unity government with the Barisan Nasional ("BN") and Gabungan Parti Sawarak ("GPS").

By the end of 4Q2022, Malaysian equity markets were trading range bound, as trading volumes declined with many investors away on year-end holidays. During December, the newly sworn in Malaysia's Prime Minister unveiled his new cabinet (28 Ministers and 27 Deputies), with two Deputy PMs. The first parliament sitting for the new administration on 19 December 2022, did not see major hiccups, with the vote of confidence in favour of PM Anwar Ibrahim at 148/222. In early December, China started to relax their Zero-Covid Policy after protests against the strict controls of forcing people into quarantine camps or mass quarantining and testing. On 26 December 2022, China unexpectedly announced plans to end quarantine requirements for inbound travellers and a further lifting of testing and tracking covid cases locally.

Malaysian equities started 1Q2023 with a relatively short trading month as Chinese New Year fell on 22-23 January. Nevertheless, the start of the year was an eventful month for Malaysian politics, as UMNO which is part of PM Anwar Ibrahim's unity government, expelled former health minister Khairy Jamaluddin, while former defence minister Hishammuddin Hussein was among a number of politicians suspended from the party. A total of 4 UMNO members were suspended, whilst 42 others were sacked from the party. BNM surprised the market by keeping the OP unchanged at 2.75% at the January MPC, after four consecutive hikes.

By mid-1Q23 equity markets corrected in line with global and regional markets. Investors were cautious ahead of Budget 2023 which was read on 24 February 2023, which failed to provide any positive catalysts for the market. The economy and cost of living issues remain a priority in Budget 2023, the government announced lower taxes for the M40 while the T20 would see higher taxes and there was also an announcement of a tax on luxury goods (details to release later). By the end of 1Q2023, Malaysian equity markets posted for its third consecutive month of decline in, as investor sentiment remained weak due to concerns over a potential global banking crisis, following the collapse of Silicon Valley Bank, Signature Bank and the takeover of the Credit Suisse by UBS Bank. As a result, foreign investors remained net sellers in the month of March of RM1.4b, and have been net sellers for 7 consecutive months. EPF declared the dividend for 2022 of 5.35% for Conventional Savings and 4.75% dividend rate for Shariah Savings.

The FBM KLCI closed the period under review at 1,422.59 points, higher by 2.0%. The FBM Emas ("FBMEmas") Index closed the period under review higher by 4.4% while the MSCI Asia Pacific ex-Japan Index declined by 0.05% in USD terms.<sup>1</sup>

<sup>1</sup> **Source:** Bloomberg: World indices

## REBATES AND SOFT COMMISSIONS

During the period under review, the Manager and its delegates (if any) received soft commissions from brokers/dealers in the form of 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. Such soft commissions received are utilised in the investment management of the Fund and are of demonstratable benefit to the Fund and Unitholders. There were no churning of trades.

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.

## SECURITIES LENDING OR REPURCHASE TRANSACTIONS

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

# EASTSPRING INVESTMENTS ISLAMIC EQUITY INCOME FUND

## UNAUDITED FINANCIAL STATEMENTS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2023

## STATEMENT BY THE MANAGER

We, Tang Chee Kin and John Campbell Tupling, being two of the Directors of Eastspring Investments Berhad, do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements set out on pages 15 to 59 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 March 2023 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

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

Kuala Lumpur  
Date: 29 May 2023

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

We have acted as Trustee of the Fund for the financial period ended 31 March 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Eastspring Investments Berhad has operated and managed the Fund during the period covered by these financial statements in accordance with the following:-

1. Limitations imposed on the investment powers of the management company under the deed, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the deed; and
3. Any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement.

For Deutsche Trustees Malaysia Berhad

**Soon Lai Ching**

Senior Manager, Trustee Operations

**Jiva Munusamy**

Head, Client Management

Kuala Lumpur

Date: 29 May 2023



## SHARIAH ADVISER'S REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS ISLAMIC EQUITY INCOME FUND ("FUND")

We hereby confirm the following:

1. To the best of our knowledge, after having made all reasonable enquiries, Eastspring Investments Berhad has operated and managed the Fund for the period covered by these financial statements namely, the semi-annual period ended 31 March 2023, in accordance with Shariah principles and requirements, and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters; and
2. The assets of the Fund comprise instruments that have been classified as Shariah compliant.

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

**NURUSSA'ADAH NASARUDIN**  
Designated Shariah Officer

Kuala Lumpur  
Date: 29 May 2023

# UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

## FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2023

	Note	6-months financial period ended 31.3.2023	6-months financial period ended 31.3.2022
		RM	RM
<b>INVESTMENT INCOME/(LOSS)</b>			
Gross dividend income		392,329	310,503
Profit income from Islamic deposits with licensed financial institutions		44,437	8,469
Net gain/(loss) on financial assets at fair value through profit or loss	6	724,828	(608,547)
		<u>1,161,594</u>	<u>(289,575)</u>
<b>EXPENSES</b>			
Management fee	3	(148,056)	(133,178)
Trustee fee	4	(7,479)	(7,480)
Audit fee		(3,491)	(3,491)
Tax agent fee		(1,696)	(1,696)
Transaction costs		(12,526)	(26,831)
Other expenses		(6,571)	(12,682)
		<u>(179,819)</u>	<u>(185,358)</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		981,775	(474,933)
<b>TAXATION</b>	5	-	-
<b>PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS)</b>		<u>981,775</u>	<u>(474,933)</u>
Profit/(loss) after taxation is made up of the following:			
Realised amount		122,738	(50,694)
Unrealised amount		859,037	(424,239)
		<u>981,775</u>	<u>(474,933)</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 31 MARCH 2023

	Note	2023	2022
		RM	RM
<b>ASSETS</b>			
Cash and cash equivalents	7	3,113,145	1,254,191
Financial assets at fair value through profit or loss	6	17,227,068	16,465,536
Amount due from Manager		63,028	137,050
Dividends receivable		40,309	47,898
<b>TOTAL ASSETS</b>		<u>20,443,550</u>	<u>17,904,675</u>
<b>LIABILITIES</b>			
Accrued management fee		25,519	22,255
Amount due to Manager		28,051	-
Amount due to Trustee		1,274	1,274
Amount due to brokers		177,972	-
Other payables and accruals		33,153	35,510
<b>TOTAL LIABILITIES</b>		<u>265,969</u>	<u>59,039</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>20,177,581</u>	<u>17,845,636</u>
<b>EQUITY</b>			
Unit holders' capital		20,022,635	16,488,375
Retained earnings		154,946	1,357,261
<b>NET ASSET ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>20,177,581</u>	<u>17,845,636</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	9	<u>39,161,998</u>	<u>32,246,055</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.5152</u>	<u>0.5534</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 31 MARCH 2023

	Unit holders' capital	Retained earnings	Total
	RM	RM	RM
Balance as at 1 October 2022	19,106,514	(826,829)	18,279,685
Movement in unit holders' contribution:			
Creation of units from applications	4,020,468	-	4,020,468
Cancellation of units	(3,104,347)	-	(3,104,347)
Total comprehensive income for the financial period	-	981,775	981,775
Balance as at 31 March 2023	20,022,635	154,946	20,177,581
Balance as at 1 October 2021	16,062,246	1,832,194	17,894,440
Movement in unit holders' contribution:			
Creation of units from applications	1,453,873	-	1,453,873
Cancellation of units	(1,027,744)	-	(1,027,744)
Total comprehensive loss for the financial period	-	(474,933)	(474,933)
Balance as at 31 March 2022	16,488,375	1,357,261	17,845,636

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 31 MARCH 2023

	6-months financial period ended 31.3.2023	6-months financial period ended 31.3.2022
Note	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from sale of Shariah-compliant investments	724,783	3,782,499
Purchase of Shariah-compliant investments	(2,187,109)	(3,957,850)
Dividends received	406,695	301,687
Profit income received from Islamic deposits with licensed financial institutions	44,437	8,469
Management fee paid	(145,052)	(133,059)
Trustee fee paid	(7,438)	(7,439)
Payment for other fees and expenses	(19,397)	(17,208)
Net cash used in from operating activities	<u>(1,183,081)</u>	<u>(22,901)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash proceeds from units created	4,131,048	1,386,423
Payments for cancellation of units	(3,090,174)	(1,029,757)
Net cash generated from financing activities	<u>1,040,874</u>	<u>356,666</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(142,207)	333,765
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	<u>3,255,352</u>	<u>920,426</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<u>3,113,145</u>	<u>1,254,191</u>
7		

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 31 MARCH 2023

The following accounting policies have been used in dealing with items which are considered material in relation to the financial statements.

### **A. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The preparation of financial statements is in conformity with the MFRS and IFRS which 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 judgement in the process of applying the Fund’s accounting policies. Although these estimates and judgement are based on the Manager’s best knowledge of current events and actions, actual results may differ.

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

a. Standards and amendments to existing standards effective 1 January 2022:

There are no other standards, amendments to standards or interpretations that are effective for financial year beginning on 1 October 2022 that have a material effect on the financial statements of the Fund.

b. New standards, amendments and interpretations effective after 1 January 2022 and have not been early adopted:

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 October 2022 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

## **B. INCOME RECOGNITION**

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

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

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 quoted 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. FUNCTIONAL AND PRESENTATION CURRENCY**

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

## E. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

### i. Classification

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

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

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity<sup>1</sup> securities as fair value through other comprehensive income. Consequently, all investments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents, amount due from Manager and dividends receivable 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, amount due to brokers and other payables and accruals as financial liabilities measured at amortised cost.

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



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 quoted financial instrument.

Financial liabilities are derecognised when it is extinguished; i.e when the obligation specified in the contract is discharged or cancelled or expired.

Gains or losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are presented in the statement of comprehensive income within “net gain/(loss) on financial assets at fair value through profit or loss” in the financial period in which they arise.

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-quoted compliant securities, for example during abnormal market conditions or when no market price is available, including in the event of a suspension in the quotation of the quoted Shariah-compliant securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the quoted Shariah-compliant securities are valued as determined in good faith by the Manager, based on the methods or basis approved by the Trustee after appropriate technical consultation.

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

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

iv. Significant increase in credit risk

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

v. Definition of default and credit-impaired financial assets

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

vi. Write-off

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded 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 balances and Islamic deposit with licensed financial institution that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## **G. UNIT HOLDERS' CAPITAL**

The unit holders' contributions to the Fund meet the criteria to be classified as equity instruments under MFRS 132 "Financial Instruments: Presentation". Those criteria include:

- the units entitle the holder to a proportionate share of the Fund's net asset value;
- the units are the most subordinated class and class features are identical;
- there are no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- the total expected cash flows from the units over its life are based substantially on the profit or loss of the Fund.

The outstanding units are carried at the redemption amount that is payable at each financial 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 per unit at the time of creation or cancellation. The Fund's net asset value per unit is calculated by dividing the net assets attributable to unit holders with the total number of outstanding units.

## H. AMOUNT DUE FROM/(TO) BROKERS

Amount due from and to brokers represent receivables for 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 amount 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. TRANSACTION COSTS

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisors, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expenses.

## **J. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal to the related actual results. To enhance the information contents on the estimates, certain key variables that are anticipated to have material impacts to the Fund's results and financial position are tested for sensitivity to changes in the underlying parameters.

Estimates and judgements are continually evaluated by the Manager and 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's ("SC") Guidelines on Unit Trust Funds.

# NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2023

### 1. INFORMATION ON THE FUND

Eastspring Investments Islamic Equity Income Fund (the "Fund") was constituted pursuant to the execution of a Deed dated 26 December 2018 (the "Deed") entered into between Eastspring Investments Berhad (the "Manager") and Deutsche Trustees Malaysia Berhad (the "Trustee"), followed by First Supplemental Deed dated 20 May 2022 (collectively referred to as the "Deeds").

The Fund was launched on 8 April 2019 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 of listed companies in Malaysia that have consistent track record of dividend distributions and prospect for capital growth or increase in future dividend distributions.

All Shariah-compliant investments will be subjected to the Securities Commission's ("SC") Guidelines on Unit Trust Funds, the Deeds and the objective of the Fund.

The Fund seeks to provide a stable income stream with medium to long-term capital growth.

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 Deeds.

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>2023</u>				
Cash and cash equivalents	7	3,113,145	-	3,113,145
Quoted Shariah-compliant securities	6	-	17,227,068	17,227,068
Amount due from Manager		63,028	-	63,028
Dividends receivable		40,309	-	40,309
		<u>3,216,482</u>	<u>17,227,068</u>	<u>20,443,550</u>
<u>2022</u>				
Cash and cash equivalents	7	1,254,191	-	1,254,191
Quoted Shariah-compliant securities	6	-	16,465,536	16,465,536
Amount due from Manager		137,050	-	137,050
Dividends receivable		47,898	-	47,898
		<u>1,439,139</u>	<u>16,465,536</u>	<u>17,904,675</u>

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

## Market risk

### i. Price risk

Price risk is the risk that the fair value of the investment in quoted Shariah-compliant securities will fluctuate because of changes in market prices (other than those arising from interest rate risk). The value of investments may fluctuate according to the activities of individual companies, sector and overall political and economic conditions. Such fluctuation may cause the Fund's net asset value and prices of units to fall as well as rise, and income produced by the Fund may also fluctuate.

The price risk is managed through diversification and asset allocation whereby the quoted Shariah-compliant securities exposure will be reduced in the event of anticipated market weakness.

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

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Financial assets at fair value through profit or loss:		
Quoted Shariah-compliant securities	<u>17,227,068</u>	<u>16,465,536</u>



The following table summarises the sensitivity of the Fund's profit/(loss) after tax and net asset value to movements in prices of quoted Shariah-compliant securities at the end of each reporting financial 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.

<b>% Change in price</b>	<b>Market value</b>	<b>Impact on profit/(loss) after tax and net asset value</b>
	<b>RM</b>	<b>RM</b>
<u>2023</u>		
+5%	18,088,421	861,353
-5%	16,365,715	(861,353)
<u>2022</u>		
+5%	17,288,813	823,277
-5%	15,642,259	(823,277)

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.

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

The Fund is not exposed to cash flow interest rate risk as the Fund does not hold any financial instruments at variable profit rate.

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 investments carried out for the Fund including placements and deposits are in accordance with Shariah.

**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 ten percent (10%) 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 bank balances, 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>2023</u>			
Accrued management fee	25,519	-	25,519
Amount due to Manager	28,051	-	28,051
Amount due to Trustee	1,274	-	1,274
Amount due to brokers	177,972	-	177,972
Other payables and accruals	-	33,153	33,153
Contractual undiscounted cash outflows	<u>232,816</u>	<u>33,153</u>	<u>265,969</u>

	Less than 1 month	Between 1 month to 1 year	Total
	RM	RM	RM
<u>2022</u>			
Accrued management fee	22,255	-	22,255
Amount due to Trustee	1,274	-	1,274
Other payables and accruals	-	35,510	35,510
Contractual undiscounted cash outflows	23,529	35,510	59,039

### Fund management risk

There is the risk that the management company may not adhere to the investment mandate of the respective Funds. With close monitoring by the investment committee, back office system being incorporated with limits and controls, and regular reporting to the senior management team, the management company is able to manage such risk. The 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 do not comply to the rules set out in the Fund's constitution or the laws that govern the Fund or applicable internal control procedures, or acts fraudulently or dishonestly.

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

a. Shariah-compliant equity securities

The risk refers to the risk that the currently held Shariah-compliant equity securities in the Fund may be reclassified as Shariah non-compliant in the periodic review of the securities by the Shariah Advisory Council ("SAC") of the Securities Commission ("SC"). If this occurs, the Manager will take the necessary steps to dispose of such Shariah non-compliant equity 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 of 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. 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 charitable bodies as advised by the Shariah Adviser;
- 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, excess capital gains (if any) from the disposal of the securities should be channelled to *baitulmal* and/or charitable bodies as advised by the Shariah Adviser; or
- iii. to dispose of such securities at a price lower than the investment cost which will result in a decrease in the Fund's value.

b. Islamic money market instruments or Islamic deposits

This risk refers to the risk of a possibility that the currently held Islamic money market instruments or Islamic deposits invested by the Fund may be declared as Shariah non-compliant by the relevant authority or the Shariah Adviser. If this occurs, the Manager will take the necessary steps to dispose of or withdraw such money market instruments or deposits.

### **Capital risk**

The capital of the Fund is represented by equity consisting of unit holders' capital of RM20,022,635 (2022: RM16,488,375) and retained earnings of RM154,946 (2022: RM1,357,261). 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 in reputable licensed financial institutions. For amount due from broker, the settlement terms are governed by the relevant rules and regulations as prescribed by Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC's Guidelines on Unit Trust Funds.

The credit/default risk is minimal as all transactions in quoted 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.

	<b>Cash and cash equivalents</b>	<b>Dividends receivable</b>	<b>Amount due from Manager</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>2023</b>				
Consumer Products & Services				
- NR	-	2,183	-	2,183
Financial Services				
- AAA	3,030,224	-	-	3,030,224
- AA1	82,921	-	-	82,921
Property				
- NR	-	6,631	-	6,631
Technology				
- NR	-	3,909	-	3,909
Utilities				
- NR	-	27,586	-	27,586
Other				
- NR	-	-	63,028	63,028
	<b>3,113,145</b>	<b>40,309</b>	<b>63,028</b>	<b>3,216,482</b>

	Cash and cash equivalents	Dividends receivable	Amount due from Manager	Total
	RM	RM	RM	RM
<b>2022</b>				
Consumer Products & Services				
- NR	-	7,806	-	7,806
Financial Services				
- AA1	74,133	-	-	74,133
- AA2	1,180,058	-	-	1,180,058
Property				
- NR	-	8,494	-	8,494
Technology				
- NR	-	10,700	-	10,700
Utilities				
- NR	-	20,898	-	20,898
Other				
- NR	-	-	137,050	137,050
	<u>1,254,191</u>	<u>47,898</u>	<u>137,050</u>	<u>1,439,139</u>

None of these financial 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 quoted Shariah-compliant securities) are based on quoted market prices at the close of trading on the financial 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.

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

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

The different levels have been defined as follows:

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

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

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

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

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

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
<b>2023</b>				
Financial assets at fair value through profit or loss:				
Quoted Shariah-compliant securities	17,227,068	-	-	17,227,068
<b>2022</b>				
Financial assets at fair value through profit or loss:				
Quoted Shariah-compliant securities	16,465,536	-	-	16,465,536

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed quoted 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 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 of the net asset value of the Fund calculated on daily basis.

For the financial period ended 31 March 2023, the management fee is recognised at a rate of 1.50% (2022: 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 of the net asset value of the Fund, subject to a minimum fee of RM15,000 per annum.

For the financial period ended 31 March 2023, the Trustee fee is recognised at a rate of 0.065% (2022: 0.065%) per annum on the net asset value of the Fund, 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 31.3.2023	6-months financial period ended 31.3.2022
	RM	RM

Tax charged for the financial period:

Current taxation

- -

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 31.3.2023	6-months financial period ended 31.3.2022
	RM	RM
Profit/(loss) before taxation	981,775	(474,933)
Tax at Malaysian statutory rate of 24% (2022: 24%)	235,626	(113,984)
Tax effects of:		
(Shariah-compliant investment income not subject to tax)/Shariah-compliant investment loss not deductible for tax purposes	(278,783)	69,498
Expenses not deductible for tax purposes	6,785	11,685
Restriction on the tax deductible expenses for Unit Trust Funds	36,372	32,801
Taxation	-	-

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

	2023	2022
	RM	RM
Financial assets at fair value through profit or loss:		
Quoted Shariah-compliant securities	17,227,068	16,465,536
Net gain/(loss) on financial assets at fair value through profit or loss:		
Realised loss on disposals	(134,209)	(184,308)
Change in unrealised fair value gain/(loss)	859,037	(424,239)
	724,828	(608,547)

Quoted Shariah-compliant securities

Name of counter	Quantity	Aggregate cost	Fair value	Percentage
			as at 31.3.2023	of net asset value of the Fund
	Units	RM	RM	%
<u>Construction</u>				
Gamuda Berhad	35,865	123,031	146,329	0.73

Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2023	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Consumer Products &amp; Services</u>				
Bermaz Auto Berhad	162,400	351,432	375,144	1.86
DKSH Holdings (Malaysia) Berhad	73,900	343,049	347,330	1.72
Focus Point Holdings Berhad	100,000	100,000	121,000	0.60
Fraser & Neave Holdings Berhad	7,700	193,600	200,200	0.99
Guan Chong Berhad	64,000	177,190	154,880	0.77
Hong Leong Industries Berhad	109,600	1,118,357	986,400	4.89
InNature Berhad	210,200	129,232	122,967	0.61
Mr D.I.Y. Group (M) Berhad	74,100	154,665	114,855	0.57
Nestle (Malaysia) Berhad	2,500	361,761	342,750	1.70
Oriental Food Industries Holdings Berhad	264,100	273,401	301,074	1.49
Padini Holdings Berhad	76,800	243,124	306,432	1.52
Power Root Berhad	97,000	189,538	205,640	1.02
Sime Darby Berhad	179,200	406,485	385,280	1.91
Three-A Resources Berhad	253,000	260,013	217,580	1.08
UMW Holdings Berhad	30,000	114,381	115,500	0.57
	<u>1,704,500</u>	<u>4,416,228</u>	<u>4,297,032</u>	<u>21.30</u>

Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2023	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Energy</u>				
Dayang Enterprise Holdings Berhad	100,400	151,486	134,536	0.67
Dialog Group Berhad	165,300	550,846	390,108	1.93
	265,700	702,332	524,644	2.60
<u>Financial Services</u>				
Bank Islam Malaysia Berhad	151,500	471,000	325,725	1.61
Bursa Malaysia Berhad	22,000	189,618	140,580	0.70
Syarikat Takaful Malaysia Keluarga Berhad	46,790	266,870	155,343	0.77
	220,290	927,488	621,648	3.08
<u>Health Care</u>				
Duopharma Biotech Berhad	135,193	345,580	210,901	1.05
<u>Industrial Products &amp; Services</u>				
PETRONAS Chemicals Group Berhad	81,400	616,426	575,498	2.85
Press Metal Aluminium Holdings Berhad	134,000	615,098	652,580	3.23
Scientex Berhad	39,000	180,858	134,550	0.67
SKP Resources Berhad	157,000	245,315	196,250	0.97
Uchi Technologies Berhad	125,300	351,787	405,972	2.01
V.S. Industry Berhad	249,000	262,967	200,445	0.99
	785,700	2,272,451	2,165,295	10.72

Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2023	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Islamic Real Estate Investment Trust</u>				
AME Real Estate Investment Trust	24,000	27,120	28,320	0.14
Axis Real Estate Investment Trust	85,612	151,145	160,951	0.80
KLCC Property Holding Berhad	83,400	664,055	571,290	2.83
	<u>193,012</u>	<u>842,320</u>	<u>760,561</u>	<u>3.77</u>
<u>Plantation</u>				
Hap Seng Plantations Holdings Berhad	94,000	240,162	165,440	0.82
IOI Corporation Berhad	50,800	208,263	193,548	0.96
Kuala Lumpur Kepong Berhad	23,200	578,249	482,096	2.39
Sime Darby Plantation Berhad	118,000	523,457	503,860	2.50
	<u>286,000</u>	<u>1,550,131</u>	<u>1,344,944</u>	<u>6.67</u>
<u>Property</u>				
Matrix Concepts Holdings Berhad	243,900	310,844	353,655	1.75
S P Setia Berhad	115,000	132,752	68,425	0.34
S P Setia Berhad (Preference Share)	77,050	29,279	26,968	0.13
Sime Darby Property Berhad	492,000	299,080	238,620	1.18
	<u>927,950</u>	<u>771,955</u>	<u>687,668</u>	<u>3.40</u>



Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2023	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Technology</u>				
Genetec Technology Berhad	70,700	191,938	190,890	0.95
Inari Amertron Berhad	177,700	450,223	437,142	2.17
ITMAX System Berhad	151,700	162,319	204,795	1.01
Malaysian Pacific Industries Berhad	4,000	140,317	115,840	0.57
Oppstar Berhad	31,000	66,272	66,030	0.33
Unisem (M) Berhad	18,900	80,237	58,590	0.29
ViTrox Corporation Berhad	22,700	210,724	181,146	0.90
	<u>476,700</u>	<u>1,302,030</u>	<u>1,254,433</u>	<u>6.22</u>
<u>Telecommunications &amp; Media</u>				
Axiata Group Berhad	155,400	621,376	467,754	2.32
Celcom.Digi Berhad	153,500	668,815	666,190	3.30
Maxis Berhad	89,200	431,670	368,396	1.83
Telekom Malaysia Berhad	82,652	410,740	404,995	2.01
TIME dotCom Berhad	109,500	544,987	607,725	3.01
	<u>590,252</u>	<u>2,677,588</u>	<u>2,515,060</u>	<u>12.47</u>

Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2023	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Transportation &amp; Logistics</u>				
Malaysia Airports Holdings Berhad	20,800	144,177	141,232	0.70
MISC Berhad	70,900	472,903	511,898	2.54
	<u>91,700</u>	<u>617,080</u>	<u>653,130</u>	<u>3.24</u>
<u>Utilities</u>				
Gas Malaysia Berhad	207,000	574,375	654,120	3.24
PETRONAS Gas Berhad	25,000	418,288	412,000	2.04
Tenaga Nasional Berhad	106,100	1,307,794	979,303	4.85
	<u>338,100</u>	<u>2,300,457</u>	<u>2,045,423</u>	<u>10.13</u>
<b>TOTAL QUOTED SHARIAH - COMPLIANT SECURITIES</b>	<u>6,050,962</u>	<u>18,848,671</u>	<u>17,227,068</u>	<u>85.38</u>
<b>ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>(1,621,603)</u>		
<b>TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			<u>17,227,068</u>	

Quoted Shariah-compliant securities

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2022	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Construction</u>				
Gamuda Berhad	112,608	386,681	389,624	2.18
GDB Holdings Berhad	520,000	244,095	215,800	1.21
Tuju Setia Berhad	109,200	70,426	42,042	0.24
	<b>741,808</b>	<b>701,202</b>	<b>647,466</b>	<b>3.63</b>
<u>Consumer Products &amp; Services</u>				
Bermaz Auto Berhad	162,400	351,432	290,696	1.63
Farm Fresh Berhad	38,200	51,570	62,648	0.35
Fraser & Neave Holdings Berhad	3,700	90,280	77,700	0.44
Guan Chong Berhad	64,000	177,190	169,600	0.95
Hong Leong Industries Berhad	109,600	1,118,357	997,360	5.59
InNature Berhad	210,200	129,232	138,732	0.78
Kim Hin Joo (Malaysia) Berhad	436,100	165,852	102,484	0.57
Mr D.I.Y. Group (M) Berhad	49,400	154,665	170,924	0.96
Nestle (Malaysia) Berhad	2,500	361,761	334,000	1.87
Oriental Food Industries Holdings Berhad	91,000	88,243	93,730	0.53
Padini Holdings Berhad	26,000	88,140	89,700	0.50
PETRONAS Dagangan Berhad	9,600	189,674	196,032	1.10
Sime Darby Berhad	179,200	406,485	430,080	2.41
Three-A Resources Berhad	253,000	260,013	241,615	1.35
	<b>1,634,900</b>	<b>3,632,894</b>	<b>3,395,301</b>	<b>19.03</b>

Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2022	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Energy</u>				
Dayang Enterprise Holdings Berhad	100,400	151,486	90,360	0.51
Dialog Group Berhad	165,300	550,846	452,922	2.54
Velesto Energy Berhad	700,000	112,000	73,500	0.41
	965,700	814,332	616,782	3.46
<u>Financial Services</u>				
Bank Islam Malaysia Berhad	144,900	456,139	427,455	2.40
Bursa Malaysia Berhad	22,000	189,618	155,540	0.87
Syarikat Takaful Malaysia Keluarga Berhad	46,790	266,870	169,848	0.95
	213,690	912,627	752,843	4.22
<u>Health Care</u>				
Duopharma Biotech Berhad	133,333	343,180	198,666	1.11
<u>Industrial Products &amp; Services</u>				
Petronas Chemicals Group Berhad	81,400	616,426	781,440	4.38
Press Metal Aluminium Holdings Berhad	117,400	510,641	727,880	4.08
Scientex Berhad	39,000	180,858	158,340	0.89
SKP Resources Berhad	157,000	245,315	221,370	1.24
Uchi Technologies Berhad	160,600	450,893	485,012	2.72
V.S. Industry Berhad	139,000	172,360	143,170	0.80
	694,400	2,176,493	2,517,212	14.11

Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2022	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Islamic Real Estate Investment Trust</u>				
Axis Real Estate Investment Trust	85,090	150,226	158,267	0.89
KLCC Property Holding Berhad	83,400	664,055	547,104	3.07
	168,490	814,281	705,371	3.96
<u>Plantation</u>				
Sime Darby Plantation Berhad	43,000	174,537	213,710	1.20
<u>Property</u>				
Matrix Concepts Holdings Berhad	206,600	394,959	489,642	2.74
S P Setia Berhad	115,000	132,752	144,900	0.81
Sime Darby Property Berhad	302,000	210,730	178,180	1.00
	623,600	738,441	812,722	4.55

Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net asset
			31.3.2022	value of the Fund
	Units	RM	RM	%
<u>Technology</u>				
Frontken Corporation Berhad	120,000	389,392	363,600	2.04
Frontken Corporation Berhad - Warrant	40,000	-	14,600	0.08
Genetec Technology Berhad	58,500	169,406	147,420	0.83
Globetronics Technology Berhad	40,000	106,400	60,800	0.34
Inari Amertron Berhad	215,700	546,501	662,199	3.71
Malaysian Pacific Industries Berhad	6,000	210,476	218,400	1.22
Unisem (M) Berhad	83,000	352,364	260,620	1.46
ViTrox Corporation Berhad	28,000	276,139	229,600	1.29
	<b>591,200</b>	<b>2,050,678</b>	<b>1,957,239</b>	<b>10.97</b>
<u>Telecommunications &amp; Media</u>				
Axiata Group Berhad	155,400	621,376	588,966	3.30
Digi.Com Berhad	153,500	668,815	598,650	3.35
Maxis Berhad	71,200	357,692	279,816	1.57
Telekom Malaysia Berhad	81,300	403,423	397,557	2.23
TIME dotcom Berhad	40,000	175,388	172,000	0.96
	<b>501,400</b>	<b>2,226,694</b>	<b>2,036,989</b>	<b>11.41</b>
<u>Transportation &amp; Logistics</u>				
MISC Berhad	70,900	472,903	521,115	2.92

Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value	Percentage
			as at 31.3.2022	of net asset value of the Fund
	Units	RM	RM	%
<u>Utilities</u>				
Gas Malaysia Berhad	232,000	643,744	628,720	3.52
Petronas Gas Berhad	25,000	418,288	416,500	2.33
Tenaga Nasional Berhad	116,100	1,431,054	1,044,900	5.86
	<u>373,100</u>	<u>2,493,086</u>	<u>2,090,120</u>	<u>11.71</u>
<b>TOTAL QUOTED SHARIAH - COMPLIANT SECURITIES</b>				
	<u>6,755,521</u>	<u>17,551,348</u>	<u>16,465,536</u>	<u>92.28</u>
<b>ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
		<u>(1,085,812)</u>		
<b>TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
		<u>16,465,536</u>		

## 7. CASH AND CASH EQUIVALENTS

	2023	2022
	RM	RM
Bank balance with a licensed bank	82,921	74,133
Islamic deposits with licensed financial institution	3,030,224	1,180,058
	<u>3,113,145</u>	<u>1,254,191</u>

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

	2023	2022
	%	%
Islamic deposits with licensed financial institution	<u>2.70</u>	<u>1.78</u>

The Islamic deposits have an average maturity of 2 days (2022: 1 day).



## 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;
- b. Collective investment schemes which have been verified as Shariah-compliant by the Shariah Adviser; and
- c. Liquid assets in local market which are placed in Shariah-compliant instruments.

## 9. UNITS IN CIRCULATION

	2023	2022
	No. of units	No. of units
At the beginning of the financial period	37,292,966	31,466,321
Creation of units arising from applications during the financial period	7,920,389	2,599,219
Cancellation of units during the financial period	(6,051,357)	(1,819,485)
At the end of the financial period	<u>39,161,998</u>	<u>32,246,055</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>2023</u>				
Macquarie Capital Securities (Malaysia) Sdn Bhd	390,183	12.82	745	10.06
UBS Securities Malaysia Sdn Bhd	360,741	11.85	694	9.37
CGS – CIMB Securities Sdn Bhd	352,759	11.59	1,985	26.79
CLSA Securities Malaysia Sdn Bhd	335,558	11.03	962	12.98
Affin Investment Berhad	256,867	8.43	510	6.89
RHB Investment Bank Berhad	233,874	7.69	455	6.14
Maybank Investment Bank Berhad	180,653	5.94	284	3.83
UOB Kay Hian Securities (M) Sdn Bhd	165,788	5.45	315	4.25
J.P. Morgan Securities (Malaysia) Sdn Bhd	161,228	5.30	320	4.32
Citigroup Global Markets (M) Sdn Bhd	146,599	4.82	279	3.77
Others	458,735	15.08	860	11.60
	<b>3,042,985</b>	<b>100.00</b>	<b>7,409</b>	<b>100.00</b>

Name of brokers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>2022</u>				
UBS Securities Malaysia Sdn Bhd	1,264,821	16.39	2,530	15.68
J.P. Morgan Securities (Malaysia) Sdn Bhd	1,069,181	13.85	2,138	13.25
Kenanga Investment Bank Berhad	911,389	11.81	1,823	11.30
Maybank Investment Bank Berhad	866,466	11.23	2,317	14.36
CGS – CIMB Securities Sdn Bhd	672,088	8.71	1,343	8.32
RHB Investment Bank Berhad	587,888	7.62	1,176	7.29
Nomura Securities Malaysia Sdn Bhd	398,892	5.17	798	4.94
Macquarie Capital Securities (Malaysia) Sdn Bhd	391,703	5.08	783	4.85
UOB Kay Hian Securities (M) Sdn Bhd	353,920	4.59	708	4.38
AmlInvestment Bank Berhad	329,690	4.27	659	4.08
Others	871,385	11.28	1,864	11.55
	<b>7,717,423</b>	<b>100.00</b>	<b>16,139</b>	<b>100.00</b>

All brokers highlighted above are not related to the Manager.

## 11. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

The related parties and their relationship with the Fund are as follows:

Related parties	Relationship
Director of Eastspring Investments Berhad	Director of the Manager
Eastspring Investments Berhad	The Manager
Eastspring Investments Group Private Limited	Immediate holding company of the Manager
Prudential Plc	Ultimate holding company of the Manager

### Units held by Manager:

	2023		2022	
	No. of units	RM	No. of units	RM
Eastspring Investments Berhad	2,267	1,168	2,176	1,204

The above units were transacted at the prevailing market price.

The units are held legally and beneficially 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.

In addition to the related parties disclosure mentioned in the financial statements, there were no other significant related parties transactions and balances.

**12. TOTAL EXPENSE RATIO ("TER")**

	<b>2023</b>	<b>2022</b>
	<b>%</b>	<b>%</b>
TER	0.84	0.88

TER is derived from the following calculation:

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

A = Management fee

B = Trustee fee

C = Audit fee

D = Tax agent fee

E = Other expenses (excluding sales and service tax on transaction cost and withholding tax)

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 RM19,796,712 (2022: RM17,816,525).

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

	<b>2023</b>	<b>2022</b>
PTR (times)	0.08	0.22

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 = RM2,333,067 (2022: RM3,943,862)

total disposals for the financial period = RM734,573 (2022: RM3,795,342)

#### **14. APPROVAL OF FINANCIAL STATEMENTS**

The unaudited financial statements have been approved for issue by the Manager on 29 May 2023.

## CORPORATE DIRECTORY

### **THE MANAGER**

NAME

EASTSPRING INVESTMENTS BERHAD

COMPANY NO.

200001028634 (531241-U)

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### **TRUSTEE**

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### **SHARIAH ADVISER**

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**SALE & PURCHASE OF UNITS**

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**ENQUIRIES**

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