

EASTSPRING INVESTMENTS SMALL-CAP FUND

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 Annual/Interim/Quarterly Fund Reports of Eastspring Investments Berhad's fund(s) for the reporting period ended 31 December 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', with a stylized, flowing script.

Raymond Tang Chee Kin

Non-Independent, Executive Director and Chief Executive Officer

TABLE OF CONTENTS

Fund Information	1
Key Performance Data	3
Manager's Report	6
Market Review	17
Rebates and Soft Commissions	19
Statement by the Manager	22
Trustee's Report to the Unit Holders of Eastspring Investments Small-cap Fund	23
Independent Auditors' Report to the Unit Holders of Eastspring Investments Small-cap Fund	24
Statement of Comprehensive Income	28
Statement of Financial Position	29
Statement of Changes In Equity	30
Statement of Cash Flows	31
Summary of Significant Accounting Policies	32
Notes to the Financial Statements	40
Corporate Directory	73

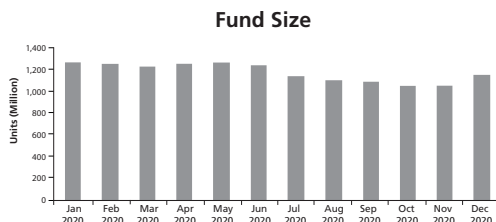
FUND INFORMATION

Name of Fund	Eastspring Investments Small-cap Fund (the "Fund")
Fund Category/ Type	Equity (small-cap)/growth
Fund Objective	<p>The Fund seeks to provide investors with maximum capital appreciation by investing principally in small market capitalisation companies which will appreciate in value.</p> <p>Note: The Fund will invest in small market capitalisation companies at the point of acquisition.</p> <p>ANY MATERIAL CHANGES TO THE FUND'S OBJECTIVE WOULD REQUIRE UNIT HOLDERS' APPROVAL.</p>
Performance Benchmark	<p>The performance benchmark of the Fund is FTSE Bursa Malaysia Small Cap Index ("FBMSC").</p> <p>Source: www.bursamalaysia.com</p> <p>Note: The risk profile of the Fund is different from the risk profile of the performance benchmark.</p>
Fund Income Distribution Policy	Incidental

FUND INFORMATION (CONTINUED)

Breakdown of Unit Holdings by Size

As at 31 December 2020, the size of Eastspring Investments Small-cap Fund stood at 1,148.639 million units.



Breakdown of Unit Holdings

Unit Holdings	No. of Unit Holders	%	No of Units* ('000)	%
5,000 units and below	6,274	22.55	15,979	1.39
5,001 to 10,000 units	4,882	17.54	36,278	3.16
10,001 to 50,000 units	11,868	42.64	280,174	24.39
50,001 to 500,000 units	4,705	16.91	523,682	45.59
500,001 units and above	101	0.36	292,519	25.47
Total	27,830	100.00	1,148,632	100.00

* excludes units held by the Manager.

KEY PERFORMANCE DATA

FOR THE FINANCIAL YEAR ENDED

Category	2020	2019	2018
	(%)	(%)	(%)
Quoted securities			
Construction	3.95	7.84	9.28
Consumer Products & Services	18.47	25.75	18.27
Energy	-	-	0.58
Financial Services	4.97	5.19	0.13
Health Care	5.83	8.33	5.10
Industrial Products & Services	21.14	17.20	16.16
Plantation	-	-	0.17
Property	2.71	3.10	4.42
REITS	3.28	2.22	1.95
Technology	20.60	13.25	15.89
Telecommunications & Media	-	0.68	0.71
Transportation & Logistics	0.63	0.72	1.08
Utilities	2.98	3.07	2.56
	84.56	87.35	76.30
Cash and other assets	15.44	12.65	23.70
Total	100.00	100.00	100.00

KEY PERFORMANCE DATA (CONTINUED)

Category	2020	2019	2018
Net Asset Value (NAV) (RM'000)	833,002	816,117	679,528
Units In Circulation (Units '000)	1,148,639	1,289,188	1,203,973
Net Asset Value Per Unit (RM)	0.7252	0.6330	0.5644
Highest Net Asset Value Per Unit (RM) [#]	0.7294	0.6354	0.5644
Lowest Net Asset Value Per Unit (RM) [#]	0.7190	0.6286	0.5570
Total Return (%)			
- Capital Growth	14.57	12.15	(23.41)
- Income Distribution	4.18	5.24	5.80
Total Return (%)	19.36	18.03	(18.97)
Gross Distribution Per Unit (RM)	0.0305	0.0331	0.0323
Net Distribution Per Unit (RM)	0.0305	0.0331	0.0320
Management Expense Ratio (MER) (%) [*]	1.59	1.59	1.62
Portfolio Turnover Ratio (PTR) (times) [^]	0.27	0.26	0.43

[#] Figures shown as ex-distribution.

^{*} There were no significant changes to the MER during the period under review.

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

KEY PERFORMANCE DATA (CONTINUED)

	1 year 1.1.2020 to 31.12.2020	3 years 1.1.2018 to 31.12.2020	5 years 1.1.2016 to 31.12.2020
	(%)	(%)	(%)

Average total return	19.36	4.51	6.85
----------------------	-------	------	------

Year ended	1.1.2020 to 31.12.2020	1.1.2019 to 31.12.2019	1.1.2018 to 31.12.2018	1.1.2017 to 31.12.2017	1.1.2016 to 31.12.2016
	(%)	(%)	(%)	(%)	(%)

Annual total return	19.36	18.03	(18.97)	21.72	0.28
---------------------	-------	-------	---------	-------	------

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

Bases of calculation and assumptions made in calculating returns:

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

NAV_t = NAV at the end of the period

NAV_0 = NAV at the beginning of the period

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

Adjusted for unit split and distribution paid out for the period

n = Number of years

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

MANAGER'S REPORT

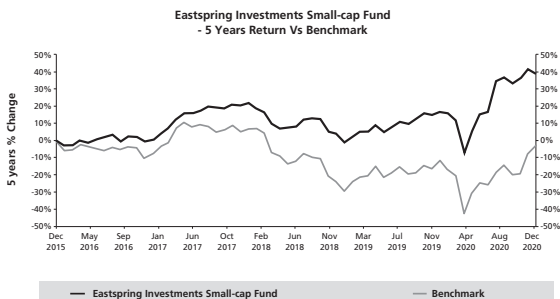
Fund Performance

Over the 5-year period, the Fund recorded a return of 39.34%, outperforming the benchmark return of -2.37% by 41.71%.

During the period under review, the Fund registered a return of 19.36%, outperforming the benchmark return of 9.47% by 9.47%.

The outperformance was mainly due to good stock selection.

The Fund achieved its investment objective of providing investors with capital appreciation by investing principally in small market capitalisation companies that provide capital appreciation for the period under review.



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

Benchmark: FTSE Bursa Malaysia Small Cap Index ("FBMSC")

Source: Lipper for Investment Management and www.bursamalaysia.com, as at 31 December 2020.

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

MANAGER'S REPORT (CONTINUED)

Analysis of Fund Performance

For the financial year ended 31 December 2020:

Income Return	Capital Return*	Total Return	Total Return of Benchmark
(%)	(%)	(%)	(%)
4.18	14.57	19.36	9.89

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

Distribution/ Unit Split

Ex-Date	17-Dec-20
Distribution Per Unit	(RM)
Gross	0.0305
Net	0.0305

Impact on NAV arising from distribution for the financial year ended 31 December 2020.

Ex-Date	17-Dec-20
	(RM per Unit)
Net Asset Value before distribution	0.7599
Less: distribution	<u>(0.0305)</u>
Net Asset Value after distribution	<u>0.7294</u>

No unit split were declared for the financial year ended 31 December 2020.

Investment Strategy During the Period Under Review

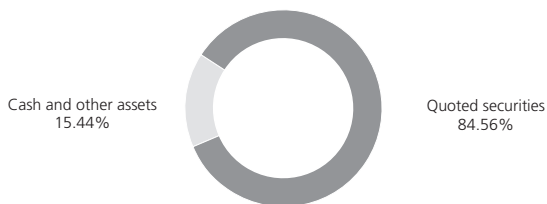
The Fund outperformed during the year despite unprecedented challenges posed by Covid-19. Our overweight in healthcare and technology stocks contributed bulk of the outperformance. The Fund's underweight in energy, real estate and building material sectors also helped the outperformance.

We continue to adopt a bottoms-up approach in selecting stocks. We prefer stocks with healthy earnings growth and strong balance sheet.

MANAGER'S REPORT (CONTINUED)

Asset Allocation

Asset Allocation	31-Dec 2020	31-Dec 2019	Changes
	(%)	(%)	(%)
Quoted securities	84.56	87.35	(2.79)
Cash and other assets	15.44	12.65	2.79

Asset Allocation as at 31 December 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.

Effective from 15 August 2019, John Campbell Tupling has been appointed as a director on the board of directors of Eastspring Investments Berhad.

In the recently issued Eastspring Investments Fifth Supplementary Master Prospectus dated 1 October 2020, the information in relation to the note in relation to the sale charge, distribution channels, how to purchase units, purchase application and acceptance for cash and EPF, how to pay for an investment, how to redeem units, switching between funds, transfer of units, how to keep track of your investment, treatment for joint application and reinvestment policy have been revised as set out in (a) to (k) below.

MANAGER'S REPORT (CONTINUED)

State of Affairs of the Fund (continued)

a. Note in relation to sales charge

Unit Holders who invests through the EPF Members Investment Scheme will be levied a sales charge of up to 0.50% of the NAV per Unit with i-Invest or up to 3.00% of the NAV per Unit with Electronic Member's Investment Option ("e-PPA") or such other rate that may be determined by the EPF from time to time.

b. Distribution channels

The Fund is distributed through the Manager's head office, branch offices and Authorised Distributors. Please refer to the Directory of Sales Office and List of Distribution Channels sections at the end of this master prospectus for more information.

Should a Unit Holder wish to consider investment, subsequent investment, redemption, switching or transfer of Units, the Unit Holder must complete the relevant transaction forms which can be obtained from these distribution channels of the Manager. Upon confirming the transaction, the Unit Holder will receive a confirmation advice.

Any correspondence will ONLY be sent to the Unit Holder at the correspondence address and/or email address that is registered by the Manager as provided by the Unit Holder in the master account opening form.

MANAGER'S REPORT (CONTINUED)

State of Affairs of the Fund (continued)

c. How to purchase units

When purchasing Units of the Fund, investors must forward the following completed documents* to the Manager:

Individual	Non-individual
<ul style="list-style-type: none"> • Master account opening form • Transaction form • Proof of payment which is acceptable by the Manager • Suitability assessment form • Certified true copy of identity card, passport or other identification 	<ul style="list-style-type: none"> • Master account opening form • Transaction form • Proof of payment which is acceptable by the Manager • Suitability assessment form • Certified true copy of board resolution • Certified true copy of latest annual return • Certified true copy of corporate structure (where applicable) • Certified true copy of identity card or passport of directors and authorised representatives • Certified true copy of form 24 / return of allotment of shares under section 78 of the Companies Act 2016 (not required for a public listed company or an entity licensed by the SC, BNM or Labuan FSA) • Certified true copy of form 49 / notification of change in the register of directors, managers and secretaries under section 58 of the Companies Act 2016 • Certified true copy of the constitution (if any) • Certified true copy of the certificate of incorporation • Certified true copy of form 13 / application for change of name under section 28 of the Companies Act 2016 (if applicable) • Certified true copy of form 44 / notification of change in the registered address under section 46 of the Companies Act 2016 (if applicable) • Personal data protection notice form for directors and authorised representatives

MANAGER'S REPORT (CONTINUED)

State of Affairs of the Fund (continued)

Note:

* *The documents listed may be subject to change from time to time.*

A Unit Holder may be required to forward to the Manager additional documents to authenticate his identification when transacting Units of the Fund. The Manager reserves the right to reject any application without providing any reason.

The Manager allows a Unit Holder the convenience of maintaining all his investments in ONE single master account regardless of the number of funds he invests with the Manager.

d. Purchase application and acceptance for cash and EPF

2nd and 3rd paragraphs:

Note: Our approved distributors may have an earlier cut-off time for purchase of Units request.

When the purchase application is received after the cut-off time stated above, the purchase application will be deemed to have been received on the next Business Day. The Manager reserves the right to vary the terms and conditions of investment and payment modes from time to time, which shall be communicated to you in writing. The Manager reserves the right to reject any application without providing any reason. The Manager may also reject any application that is incomplete and/or not accompanied by the required documents.

MANAGER'S REPORT (CONTINUED)

State of Affairs of the Fund (continued)

EPF Members Investment Schemes

EPF investor may transfer from the EPF Account 1, to be invested in a Fund (as per requirements of the EPF Members Investment Scheme). Investors are required to complete the Borang KWSP 9N (AHL) (manual submission) or initiate a transaction through i-Invest (online submission) for each application for investment into EPF Members Investment Scheme. The list of Funds that is allowed under the EPF Members Investment Scheme will be updated on the website at www.kwsp.gov.my as and when the EPF revises the list. EPF members who opted for Simpanan Shariah may only invest in Islamic funds eligible for investment under the EPF Members Investment Scheme.

e. How to pay for an investment

3rd paragraph:

Cheque can be deposited directly into the Manager's bank account by using a bank deposit slip at any branch of the Manager's principal bankers stated below. The original client's copy of the bank deposit slip (proof of payment) must be sent together with the application for Units. Unit Holders are encouraged to indicate their name and National Registration Identity Card ("NRIC") number on the bank deposit slip.

MANAGER'S REPORT (CONTINUED)

State of Affairs of the Fund (continued)

f. How to redeem units

5th, 6th and 7th paragraphs:

Note: Our approved distributors may have an earlier cut-off time for redemption of Units request.

When the redemption application is received after the cut-off time stated above, the redemption application will be deemed to have been received on the next Business Day. The Manager reserves the right to vary the terms and conditions for redemption from time to time, which shall be communicated to you in writing.

9th paragraph:

[Deleted]

g. Switching between funds

3rd paragraph:

There is no limit on the frequency of switching and there is a minimum number of 1,000 Units for switching out of the Funds. However, the minimum switching (in or out) for Eastspring Cash Management is 10,000 Units and the minimum switching out for Eastspring Islamic Income and Eastspring Institutional Income is 10,000 Units. The Manager may at its sole discretion disallow switching into any fund which is managed by the Manager from time to time.

MANAGER'S REPORT (CONTINUED)

State of Affairs of the Fund (continued)

7th paragraph:

Note: Our approved distributors may have an earlier cut-off time for switching of Units request.

When a switching application is received after the cut-off time stated above, the switching application will be deemed to have been received on the next Business Day. The Manager reserves the right to vary the terms and conditions of switching from time to time, which shall be communicated to you in writing.

11th paragraph:

[Deleted]

h. Transfer of units

2nd paragraph:

A transfer is subject to the minimum balance and terms and conditions applicable for the Fund. However, both the transferor and the transferee should maintain the minimum holding of Units for the Fund after a transfer is made. If the transferee does not have any account with the Manager prior to this transfer application, he must forward the completed documents listed in page 187 of this master prospectus to the Manager for account opening in addition to a transfer form.

4th and 5th paragraphs:

Note: Our approved distributors may have an earlier cut-off time for transfer of Units request.

When the transfer application is received after the cut-off time stated above, the transfer application will be deemed to have been received on the next Business Day. The Manager reserves the right to vary the terms and conditions for transfer from time to time, which shall be communicated to you in writing.

MANAGER'S REPORT (CONTINUED)

State of Affairs of the Fund (continued)

i. How to keep track of your investment

3rd and 4th paragraphs:

A Unit Holder can also review and track the performance of his Units by checking the Unit prices published every Business Day on the Manager's website, www.eastspring.com/my.

A Unit Holder can always contact the Manager's client services personnel to assist in the following:

1. enquiry on the latest Unit price and account balance;
2. any transaction related enquiries, for example top up investment, redemption, switching or transfer;
3. request to change personal details, for example address or telephone no;
4. request for confirmation advices on purchase and other transactions related to your Unit holdings, half yearly statements and copy of annual and/or interim reports; and
5. other queries regarding the Fund's performance.

j. Treatment for joint application – under Transaction details

New paragraph added:

In the event the Units carry more than one Unit Holder's name, i.e. "Joint Application", the redemption / switching / transfer application will be signed by both joint holders. If the application specifies "Either Applicant to sign", any one Unit Holder who is eighteen (18) years old and above will have the authority to sign the application. In all cases, redemption proceeds will be paid to the principal account holder or in the names of both account holders in the register of Unit Holders.

MANAGER'S REPORT (CONTINUED)

State of Affairs of the Fund (continued)

k. Income reinvestment policy

2nd paragraph:

Should a Unit Holder elect the mode of distribution in the master account opening form or provide any written instruction to the Manager for the income distribution to be paid out, the income distribution proceeds will either be paid by cheque or credited to a Malaysian domiciled bank account via telegraphic or online transfer. Any fees or charges imposed by the bank will be borne by the Unit Holder.

MARKET REVIEW

The start of 1Q2020 began with initial bouts of optimism with the phase 1 US-China trade deal having been signed. However, the month of January was plagued by persistent bushfires in Australia, heightened geopolitical risk after US ordered an airstrike that killed Iran's General Qassem Soleimani, Iran's missiles striking a US military base in Iraq in retaliation, a passenger plane shot down in the aftermath, volcanoes erupting in the Philippines, and the outbreak of the COVID-19. In response to the virus outbreak, China locked down 10 cities (70 million people), extended the Chinese New Year holiday and banned package travel to stem the contagion. 4Q2019 corporate earnings reported during the month disappointed, resulting in 2019 KLCI earnings declining by 9%, the second consecutive year of negative earnings growth. February ended with political upheaval as the Pakatan Harapan government saw the departure of Bersatu from their coalition, to find support from Barisan Nasional and PAS political parties. Investors endured a week of uncertainty, with Tun Mahathir resigning as the Prime Minister to then being appointed as interim PM, and then finally the appointment by the King of Tan Sri Muhyiddin Yassin as Malaysia's Prime Minister. Global equity markets corrected in the months of February and March as global recessionary pressures strengthened with the alarming rise in infections from COVID-19 outside of China, especially in the US and Europe. Industrial shutdowns wreaked havoc on supply chains whilst social distancing continues to depress consumption. Oil prices recorded a historical decline as OPEC and Russia failed to come to an agreement on extended production cuts. Malaysia was not spared from the COVID-19 outbreak, resulting in the need for the government to implement a Movement Control Order ("MCO") on the population of Malaysia effective 18 March 2020 until 31 March 2020, before an extended MCO date till 14 April, in an effort to slow the spread of COVID-19. The Malaysian government announced a stimulus package worth RM250bn to help cushion the economic fallout from this pandemic.

Global equity markets rebounded in early 2Q2020 as most countries look like they are close to their peak in the COVID-19 outbreak, and investors start to look towards economies re-opening. Governments globally launched fiscal and monetary stimulus packages in response to the COVID-19 outbreak, which has started to filter into the economies. In April, OPEC+ announced a record deal to slash global output collectively by 9.7mbpd off the market. Nevertheless, WTI prices plunged into negative territory as a result of a demand shock and dwindling storage capacity. By then end of 2Q2020, oil prices have rebounded to USD40/bbl as OPEC+ countries complied with the production cuts. Malaysian equities rallied on the back of strong retail investor interest and the strong price performance of the Malaysian glove players, given Malaysian glove players cater to 63% of global glove demand, and is poised to benefit from this COVID-19 pandemic. During the 2Q2020, the Malaysian government announced the Conditional Movement Control Order ("CMCO") effective 4 May which saw relaxed movement control rules

and extended the CMCO period to 9 June 2020. Bank Negara Malaysia (“BNM”) cut the Overnight Policy Rates by 50 bps to 2% which was expected by the market. Conditional MCO ended on the 9 June and was replaced by Recovery MCO which will be in place until 31 August, as more businesses reopen and interstate travel permitted. The government announced the RM35b National Economic Recovery Plan (PENJANA) stimulus, consisting of RM10b direct fiscal injection, RM8b in incentives and the rest via measures by public sector entities.

After an initial positive start for 3Q2020, Malaysian equity market corrected in the last 2 months of the quarter on the back of weaker 2Q2020 GDP data, weak results from the banks due to higher loan loss provisioning and lower net interest income. BNM cut OPR by 25bps to 1.75% after the July Monetary Policy Committee Meeting. Retail participation remained above 40% for most of the 3Q2020, whilst foreign investors continued to be net sellers, recording a year-to-date net out flow of RM21.9b (double of the net outflow in 2019). By the end of the 3Q2020, investors were taking profit on the glove stocks, and there was growing concerns regarding political uncertainty as Dato Seri Anwar Ibrahim’s announcement of having the majority to form a new government, and Sabah’s state election which was won by the component parties in Gabungan Rakyat Sabah. On the 28 July 2020, the Malaysian High Court sentenced former prime minister Datuk Seri Najib Razak to 12 years in jail and a fine of RM210m, having been found guilty of seven charges in the case relating to the 1MDB scandal. COVID-19 cases also surged in September following the Sabah elections, which was a cause of concern that the government may reimpose lockdowns.

Malaysian equity markets corrected in the early part of 4Q2020, on the back of concerns over political uncertainty, and the rising new COVID cases. As a result, the government reimplemented Conditional Movement Order for many states. Politics also took the limelight in October when there was news that PM Muhyiddin Yassin had proposed to the Yang Di-Pertuan Agong to call for a state of emergency, which was later rejected on the basis that it was not necessary, with the reminder that all politicians should stop all politicking that could disrupt the stability of the government. Global markets rallied in last two months of the year. News of Pfizer-BioNTech COVID-19 vaccine with 90% efficacy buoyed the markets. Investor confidence improved and focused on economic recovery plays, at the expense of the rubber gloves sector. Brent crude oil prices climbed to the highest level since March 2020, also on optimism that the vaccine will contain the pandemic. However, in Malaysia, COVID-19 infections continue to surge, often exceeding 1,000 per day. The Malaysian government secured an initial supply of 12.8m doses of the Pfizer vaccine to immunize 6.4m Malaysians (20% of population). Fitch downgraded

Malaysia's sovereign credit rating to BBB+ from A- with a stable outlook, noting that the government's swift response to COVID-19 pandemic & material relief measures have added to the country's fiscal burden. For 2020, foreign investors were net sellers of Malaysian equity of RM24.6b and have been net sellers for three consecutive years now to the tune of RM47.5b

The FBM KLCI closed the period under review at 1,627.21 points, up 2.42%. The broader FBM Emas ("FBMEmas") Index closed the period under review higher by 3.87%. The MSCI Asia Pacific ex-Japan Index rose by 19.8% in USD terms.¹

REBATES AND SOFT COMMISSIONS

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

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

¹ Source: Bloomberg: World indices

This page is intentionally left blank.

EASTSPRING INVESTMENTS SMALL-CAP FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 financial statements set out on pages 28 to 72 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 December 2020 and of its financial performance, changes in equity and cash flows for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the Manager,

EASTSPRING INVESTMENTS BERHAD

TANG CHEE KIN

Executive Director/Chief Executive Officer

ISKANDER BIN ISMAIL MOHAMED ALI

Independent, Non-Executive Director

Kuala Lumpur

Date: 17 February 2021

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

We have acted as Trustee for Eastspring Investments Small-cap Fund (the "Fund") for the financial year ended 31 December 2020. To the best of our knowledge, for the financial year 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.

We are of the view that the distribution made during the financial year ended 31 December 2020 by the Manager is not inconsistent with the objectives of the Fund.

For Deutsche Trustees Malaysia Berhad

Ng Hon Leong

Head, Trustee Operations

Gerard Ang

Chief Executive Officer

Kuala Lumpur

Date: 17 February 2021

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS SMALL-CAP FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Eastspring Investments Small-cap Fund ("the Fund") give a true and fair view of the financial position of the Fund as at 31 December 2020, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 28 to 72.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT

LLP0014401-LCA & AF 1146

Chartered Accountants

Kuala Lumpur

Date: 17 February 2021

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020	2019
		RM	RM
INVESTMENT INCOME			
Gross dividend income		19,059,519	20,979,417
Interest income from deposits with licensed financial institutions		2,578,025	4,693,434
Net gain on financial assets at fair value through profit or loss	7	132,669,659	112,602,867
		<u>154,307,203</u>	<u>138,275,718</u>
EXPENSES			
Management fee	3	(11,661,572)	(11,552,902)
Trustee fee	4	(621,951)	(616,155)
Audit fee		(8,000)	(8,000)
Tax agent fee		(3,400)	(3,400)
Other expenses		(170,884)	(163,243)
Transaction cost		(996,024)	(1,061,199)
		<u>(13,461,831)</u>	<u>(13,404,899)</u>
PROFIT BEFORE TAXATION		140,845,372	124,870,819
TAXATION	6	-	-
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME		<u>140,845,372</u>	<u>124,870,819</u>
Profit after taxation is made up of the following:			
Realised amount		75,179,969	5,375,816
Unrealised amount		65,665,403	119,495,003
		<u>140,845,372</u>	<u>124,870,819</u>

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	2020	2019
		RM	RM
ASSETS			
Cash and cash equivalents	8	123,523,708	97,748,659
Financial assets at fair value through profit or loss	7	704,390,538	712,796,908
Amount due from Manager		5,047,371	3,795,574
Amount due from brokers		-	2,582,421
Dividends receivable		2,294,745	2,729,017
TOTAL ASSETS		835,256,362	819,652,579
LIABILITIES			
Amount due to Manager		1,120,883	2,423,427
Accrued management fee		1,043,166	1,028,189
Amount due to Trustee		55,636	54,837
Other payables and accruals		33,481	29,756
Distribution payable		773	-
TOTAL LIABILITIES		2,253,939	3,536,209
NET ASSET VALUE OF THE FUND		833,002,423	816,116,370
EQUITY			
Unit holders' capital		583,409,304	688,106,830
Retained earnings		249,593,119	128,009,540
NET ASSET ATTRIBUTABLE TO UNIT HOLDERS		833,002,423	816,116,370
NUMBER OF UNITS IN CIRCULATION	9	1,148,638,756	1,289,188,358
NET ASSET VALUE PER UNIT (EX-DISTRIBUTION) (RM)		0.7252	0.6330

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 January 2020		688,106,830	128,009,540	816,116,370
Movement in unit holders' contribution:				
Creation of units from applications		335,050,737	-	335,050,737
Creation of units from distribution		32,851,653	-	32,851,653
Cancellation of units		(458,527,271)	-	(458,527,271)
Distribution (Gross/Net: 3.05 sen)	5	(14,072,645)	(19,261,793)	(33,334,438)
Total comprehensive income for the financial year		-	140,845,372	140,845,372
Balance as at 31 December 2020		583,409,304	249,593,119	833,002,423
Balance as at 1 January 2019		662,916,965	16,611,156	679,528,121
Movement in unit holders' contribution:				
Creation of units from applications		193,117,009	-	193,117,009
Creation of units from distribution		40,022,879	-	40,022,879
Cancellation of units		(181,022,586)	-	(181,022,586)
Distribution (Gross/Net: 3.31 sen)	5	(26,927,437)	(13,472,435)	(40,399,872)
Total comprehensive income for the financial year		-	124,870,819	124,870,819
Balance as at 31 December 2019		688,106,830	128,009,540	816,116,370

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020	2019
		RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		279,156,680	179,014,696
Purchase of investments		(136,494,253)	(244,920,320)
Dividends received		19,493,791	20,397,012
Interest received from deposits with licensed financial institutions		2,578,025	4,693,434
Management fee paid		(11,646,595)	(11,406,246)
Trustee fee paid		(621,152)	(608,333)
Payment for other fees and expenses		(178,558)	(170,725)
Net cash generated from/(used in) operating activities		152,287,938	(53,000,482)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		333,798,940	190,797,217
Payments for cancellation of units		(459,829,816)	(179,727,300)
Distributions paid		(482,012)	(674,225)
Net cash (used in)/generated from financing activities		(126,512,888)	10,395,692
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		25,775,050	(42,604,790)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR			
		97,748,658	140,353,449
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR			
	8	123,523,708	97,748,659

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 in accordance with the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS"), as modified by financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with the MFRS and IFRS require 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 year. It also requires the Manager to exercise their judgment in the process of applying the Fund's accounting policies. Although these estimates and judgment are based on the Manager's best knowledge of current events and actions, actual results may differ.

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

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

The Fund has applied the following amendments for the first time for the financial year beginning on 1 January 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.

There are no other standards, amendments to standards or interpretations that are effective for financial year beginning on 1 January 2020 that have a material effect on the financial statements of the Fund.

- b. Standards, amendments and interpretations that have been issued but not yet effective and have not been early adopted:

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020, 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

Interest income from deposits placed with licensed financial institution is recognised on a time proportionate basis using the effective interest rate method on an accrual basis.

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

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 securities are accounted for as the difference between the net disposal proceeds and the carrying amount of investments, 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 during the financial year.

D. FUNCTIONAL AND PRESENTATION CURRENCY

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

E. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

i. Classification

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

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

The Fund classifies its investments based on both the Fund’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as 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, amount due from broker 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 amount due to Manager, accrued management fee, amount due to Trustee, other payables and accruals and distribution payable 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 quoted financial instrument.

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

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

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 securities in Malaysia are valued at the last done market price quoted on the 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 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 securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the quoted 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.

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

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.

iv. Significant increase in credit risk

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

v. Definition of default and credit-impaired financial assets

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

vi. Write-off

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

F. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise bank balance 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.

G. DISTRIBUTION

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

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 year if unit holder exercises the right to put the unit back to the Fund.

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

I. AMOUNT 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.

J. TRANSACTION COSTS

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include the bid-ask spread, 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.

K. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information contents on the estimates, certain key variables that are anticipated to have material impacts to the Funds' 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.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

1. INFORMATION ON THE FUND

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

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

The Fund will principally invest in small market capitalisation companies. All investments will be subjected to the SC's Guidelines on Unit Trust Funds, the Deeds, except where exemptions or variations have been approved by the SC, internal policies and procedures and the objective of the Fund.

The main objective of the Fund seeks to provide investors with maximum capital appreciation by investing principally in small market capitalisation companies which will appreciate in value.

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

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Financial instruments of the Fund are as follows:

	Note	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Total
		RM	RM	RM
<u>2020</u>				
Cash and cash equivalents	8	123,523,708	-	123,523,708
Quoted securities	7	-	704,390,538	704,390,538
Amount due from Manager		5,047,371	-	5,047,371
Dividends receivable		2,294,745	-	2,294,745
		<u>130,865,824</u>	<u>704,390,538</u>	<u>835,256,362</u>
<u>2019</u>				
Cash and cash equivalents	8	97,748,659	-	97,748,659
Quoted securities	7	-	712,796,908	712,796,908
Amount due from Manager		3,795,574	-	3,795,574
Amount due from brokers		2,582,421	-	2,582,421
Dividends receivable		2,729,017	-	2,729,017
		<u>106,855,671</u>	<u>712,796,908</u>	<u>819,652,579</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 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 securities exposure will be reduced in the event of anticipated market weakness.

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

	2020	2019
	RM	RM
Quoted securities designated at fair value through profit or loss	<u>704,390,538</u>	<u>712,796,908</u>

The following table summarises the sensitivity of the Fund's net asset value and profit after tax to movements in prices of quoted securities at the end of the reporting financial year. The analysis is based on the assumptions that the market price of the quoted 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 securities, having regard to the historical volatility of the prices.

% Change in price	Market value	Impact on profit after tax/ net asset value
	RM	RM
<u>2020</u>		
+5%	739,610,065	35,219,527
-5%	<u>669,171,011</u>	<u>(35,219,527)</u>

% Change in price	Market value	Impact on profit after tax/ net asset value
	RM	RM
<u>2019</u>		
+5%	748,436,753	35,639,845
-5%	677,157,063	(35,639,845)

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.

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

As at the end of the financial year, the Fund does not hold any other financial instruments that expose it to interest rate risk.

Stock/Issuer risk

The Fund is restricted to investment in securities issued by and 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 securities issued by and 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 securities of any single issuer or any one group of companies is minimised.

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 interest 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 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 balance and deposit with licensed financial institutions and other instruments which are capable of being converted into cash within 7 days.

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

	Less than 1 month	Between 1 month to 1 year	Total
	RM	RM	RM
2020			
Amount due to Manager	1,120,883	-	1,120,883
Accrued management fee	1,043,166	-	1,043,166
Amount due to Trustee	55,636	-	55,636
Distribution payable	773	-	773
Other payables and accruals	-	33,481	33,481
Contractual undiscounted cash outflows	2,220,458	33,481	2,253,939

	Less than 1 month	Between 1 month to 1 year	Total
	RM	RM	RM
2019			
Amount due to Manager	2,423,427	-	2,423,427
Accrued management fee	1,028,189	-	1,028,189
Amount due to Trustee	54,837	-	54,837
Other payables and accruals	-	29,756	29,756
Contractual undiscounted cash outflows	3,506,453	29,756	3,536,209

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.

Credit/Default risk

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

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. For amount due from brokers, 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 securities are settled/paid upon delivery using approved brokers.

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

	Cash and cash equivalents	Dividends receivable	Amount due from Manager	Total
	RM	RM	RM	RM
<u>2020</u>				
Construction				
- NR	-	327,697	-	327,697
Consumer Products & Services				
- NR	-	811,255	-	811,255
Financial Services				
- AAA	123,476,258	-	-	123,476,258
- AA1	47,450	-	-	47,450
Industrial Products & Services				
- NR	-	719,246	-	719,246
Property				
- NR	-	105,737	-	105,737
Technology				
- NR	-	330,810	-	330,810
Other				
- NR	-	-	5,047,371	5,047,371
	<u>123,523,708</u>	<u>2,294,745</u>	<u>5,047,371</u>	<u>130,865,824</u>

	Amount due from brokers	Cash and cash equivalents	Dividends receivable	Amount due from Manager	Total
	RM	RM	RM	RM	RM
<u>2019</u>					
Construction					
- NR	-	-	350,457	-	350,457
Consumer Products & Services					
- NR	-	-	1,061,400	-	1,061,400
Financial Services					
- AAA	-	63,515,738	-	-	63,515,738
- AA1	-	860,133	-	-	860,133
- AA2	-	33,372,788	-	-	33,372,788
- NR	-	-	258,040	-	258,040
Industrial Products & Services					
- NR	-	-	701,774	-	701,774
Property					
- NR	-	-	105,737	-	105,737
Technology					
- NR	-	-	251,609	-	251,609
Other					
- NR	2,582,421	-	-	3,795,574	6,377,995
	<u>2,582,421</u>	<u>97,748,659</u>	<u>2,729,017</u>	<u>3,795,574</u>	<u>106,855,671</u>

None of these assets are past due or impaired.

Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital of RM583,409,304 (2019: RM688,106,830) and retained earnings of RM249,593,119 (2019: RM128,009,540). The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

Fair value estimation

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

The fair value of financial assets traded in active market (such as trading securities) are based on quoted market prices at the close of trading on the financial year end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the 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 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 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 judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment 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

2020

Financial assets at fair value through profit or loss:

Quoted securities	704,390,538	-	-	704,390,538
-------------------	-------------	---	---	-------------

2019

Financial assets at fair value through profit or loss:

Quoted securities	712,796,908	-	-	712,796,908
-------------------	-------------	---	---	-------------

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active quoted 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, amount due from brokers, dividends receivable, cash and cash equivalents 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 3.00% per annum of the net asset value of the Fund accrued and calculated on daily basis.

For the financial year ended 31 December 2020, the management fee is recognised at a rate of 1.50% (2019: 1.50%) per annum of 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 RM35,000 per annum.

For the financial year ended 31 December 2020, the Trustee's fee is recognised at a rate of 0.08% (2019: 0.08%) per annum of the net asset value of the Fund, inclusive of local custodian fee, calculated on daily basis.

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

5. DISTRIBUTION

	2020	2019
	RM	RM
Distribution to unit holders is from the following sources:		
Dividend income	8,598,655	8,625,295
Interest income	2,089,335	2,463,239
Net realised gain on sale of investments	14,654,750	8,547,301
Distribution equalisation (Memorandum account)	14,072,645	26,927,437
Gross realised income	39,415,385	46,563,272
Less: Expenses	(6,080,947)	(6,163,400)
	33,334,438	40,399,872
Gross distribution per unit (sen)	3.05	3.31
Net distribution per unit (sen)	3.05	3.31
Ex-Date	17 December 2020	17 December 2019

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

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

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

During the financial year ended 31 December 2020, the Fund incurred unrealised gains of RM65,665,403 (2019: RM119,495,003).

6. TAXATION

	2020	2019
	RM	RM

Tax charged for the financial year:

Current taxation - local

-

-

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

	2020	2019
	RM	RM
Profit before taxation	140,845,372	124,870,819
Tax at Malaysian statutory rate of 24% (2019: 24%)	33,802,889	29,968,996
Tax effect of:		
Investment income not subject to tax	(37,033,729)	(33,186,173)
Expenses not deductible for tax purposes	430,142	442,560
Restriction on tax deductible expenses for Unit Trust Funds	2,800,698	2,774,617
Taxation	-	-

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020	2019
	RM	RM
Financial assets at fair value through profit or loss:		
Quoted securities	704,390,538	712,796,908
Net gain on financial assets at fair value through profit or loss:		
Realised gain/(loss) on disposals	67,004,256	(6,892,136)
Change in unrealised fair value gain	65,665,403	119,495,003
	132,669,659	112,602,867

Quoted securities

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2020	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Construction</u>				
Gabungan AQRS Berhad	5,100,000	6,152,500	3,468,000	0.42
Kerjaya Prospek Group Berhad	18,446,458	16,154,692	19,553,245	2.35
Muhibbah Engineering (M) Bhd	3,990,800	9,816,483	3,990,800	0.48
WCT Holdings Berhad	10,931,452	14,196,660	5,793,670	0.70
	38,468,710	46,320,335	32,805,715	3.95
<u>Consumer Products & Services</u>				
AEON Co. (M) Bhd	3,354,300	5,008,966	3,589,101	0.43
Berjaya Sports Toto Berhad	500,800	1,021,957	1,096,752	0.13
Bermaz Auto Berhad	7,494,740	14,786,790	10,867,373	1.30
Cocoaland Holdings Berhad	6,691,000	13,853,839	11,642,340	1.40
DRB-HICOM Berhad	6,101,600	12,398,938	12,691,328	1.52
Hong Leong Industries Berhad	2,767,800	28,897,097	24,605,742	2.95
Hup Seng Industries Berhad	10,369,600	11,258,122	9,851,120	1.18
InNature Berhad	10,336,900	4,147,496	5,478,557	0.66
Johore Tin Berhad	22,900	44,918	46,029	0.01
Magni-Tech Industries Berhad	8,076,533	15,025,310	18,818,322	2.26
NTPM Holdings Berhad	5,319,900	4,126,905	4,043,124	0.49
Padini Holdings Berhad	2,189,800	7,696,388	6,306,624	0.76
Power Root Berhad	13,483,020	16,847,950	26,561,549	3.19
Three-A Resources Berhad	16,915,875	18,560,749	14,293,914	1.72
Young Onn Corporation Berhad	4,448,500	5,869,584	3,914,680	0.47
	98,073,268	159,545,009	153,806,555	18.47

Quoted securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2020	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Financial Services</u>				
Alliance Bank Malaysia Berhad	9,716,400	28,935,509	28,274,724	3.39
RCE Capital Berhad	2,522,900	4,184,090	6,937,975	0.83
Syarikat Takaful Malaysia Keluarga Berhad	1,290,200	7,456,856	6,244,568	0.75
	13,529,500	40,576,455	41,457,267	4.97
<u>Health Care</u>				
Kossan Rubber Industries Berhad	10,783,600	19,914,357	48,526,200	5.83
<u>Industrial Products & Services</u>				
Chin Well Holdings Berhad	6,921,300	11,455,377	7,751,856	0.93
Comfort Gloves Berhad	10,370,900	41,827,982	31,008,991	3.72
Dufu Technology Corp. Berhad	12,405,100	10,985,484	40,440,626	4.85
Favelle Favco Berhad	1,622,100	4,829,198	3,552,399	0.43
MTAG Group Berhad	9,707,000	7,074,074	7,183,180	0.86
Pestech International Berhad	11,144,500	19,741,292	10,420,108	1.25
Rohas Tecnic Berhad	14,072,100	14,698,277	4,854,874	0.58
Scientex Berhad	1,003,200	5,961,513	12,720,576	1.53
SLP Resources Berhad	11,038,900	15,935,726	9,935,010	1.19
Thong Guan Industries Berhad	8,939,000	17,200,726	22,615,670	2.71
Uchi Technologies Berhad	6,190,300	12,838,363	16,094,780	1.93
United U-Li Corporation Berhad	7,837,850	10,191,936	9,640,556	1.16
	101,252,250	172,739,948	176,218,626	21.14

Quoted securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2020	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Property</u>				
Malaysian Resources Corporation Berhad	7,600,000	5,997,700	3,610,000	0.43
Matrix Concept Holdings Berhad	3,524,571	5,843,570	6,238,491	0.75
Sime Darby Properties Berhad	19,157,800	11,955,167	12,739,937	1.53
	30,282,371	23,796,437	22,588,428	2.71
<u>REITS</u>				
Axis Real Estate Investment Trust	3,049,094	5,319,535	6,189,661	0.74
KIP Real Estate Investment Trust	9,423,300	9,423,300	7,632,873	0.92
Sentral Real Estate Investment Trust (Previously known as MRCB Quill Real Estate Investment Trust)	4,648,800	5,593,343	4,067,700	0.49
Sunway Real Estate Investment Trust	6,262,300	10,160,639	9,393,450	1.13
	23,383,494	30,496,817	27,283,684	3.28

Quoted securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2020	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Technology</u>				
Globetronics Technology Berhad	7,016,000	14,052,973	18,943,200	2.27
Inari Amertron Berhad	14,233,213	11,583,021	39,283,667	4.72
Malaysian Pacific Industries Berhad	1,686,500	16,421,040	43,781,540	5.26
Pentamaster Corporation Berhad	6,098,850	6,992,830	30,799,193	3.70
ViTrox Corporation Berhad	2,636,900	15,004,097	38,762,430	4.65
	<u>31,671,463</u>	<u>64,053,961</u>	<u>171,570,030</u>	<u>20.60</u>
<u>Transportation & Logistics</u>				
Lingkaran Trans Kota Holdings Berhad	1,282,400	6,406,544	5,257,840	0.63

Quoted securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2020	Percentage of net asset value of the Fund
	Units	RM	RM	%
Utilities				
Gas Malaysia Berhad	6,917,800	19,941,088	18,816,416	2.26
Malakoff Corporation Berhad	6,770,700	6,346,516	6,059,777	0.72
	13,688,500	26,287,604	24,876,193	2.98
TOTAL QUOTED SECURITIES	<u>362,415,556</u>	590,137,467	<u>704,390,538</u>	84.56
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>114,253,071</u>		
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>704,390,538</u>	

Quoted securities

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2019	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Construction</u>				
Gabungan AQRS Berhad	5,100,000	6,152,500	6,018,000	0.74
Kerjaya Prospek Group Berhad	18,263,820	16,154,693	23,925,604	2.93
Muhibbah Engineering (M) Bhd	3,990,800	9,816,483	9,817,368	1.20
Sunway Construction Group Berhad	7,755,900	14,093,820	14,813,769	1.82
WCT Holdings Berhad	10,823,220	14,196,660	9,416,201	1.15
	<u>45,933,740</u>	<u>60,414,156</u>	<u>63,990,942</u>	<u>7.84</u>

Quoted securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2019	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Consumer Products & Services</u>				
AEON Co. (M) Bhd	3,193,700	4,790,550	4,535,054	0.56
Berjaya Food Berhad	4,188,100	7,259,335	5,779,578	0.71
Berjaya Sports Toto Berhad	1,736,600	4,333,349	4,480,428	0.55
Bermaz Auto Berhad	7,494,740	14,786,790	15,738,954	1.93
British American Tobacco (Malaysia) Berhad	250,000	3,904,775	3,770,000	0.46
Carlsberg Brewery Malaysia Berhad	315,100	4,737,043	9,263,940	1.14
Cocoaland Holdings Berhad	6,487,700	13,502,138	12,780,769	1.57
DRB-HICOM Berhad	6,101,600	12,398,938	14,521,808	1.78
Guan Chong Berhad	6,692,800	12,883,640	20,613,824	2.53
Guan Chong Berhad-Warrant	1,115,466	-	1,695,508	0.21
Hong Leong Industries Berhad	2,674,800	28,154,597	27,871,416	3.42
Hup Seng Industries Berhad	10,369,600	11,258,122	9,332,640	1.14
Magni-Tech Industries Berhad	8,076,533	15,025,310	20,756,690	2.54
NTPM Holdings Berhad	7,317,100	5,676,230	3,731,721	0.46
Padini Holdings Berhad	1,848,300	6,687,058	5,988,492	0.73
Power Root Berhad	13,483,020	16,847,950	32,359,248	3.97
Three-A Resources Berhad	16,915,875	18,560,750	12,433,168	1.52
Yoong Onn Corporation Berhad	4,448,500	5,869,584	4,359,530	0.53
	102,709,534	186,676,159	210,012,768	25.75

Quoted securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2019	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Financial Services</u>				
Alliance Bank Malaysia Berhad	10,297,200	30,665,135	27,081,636	3.32
RCE Capital Berhad	2,522,900	4,184,090	4,162,785	0.51
Syarikat Takaful Malaysia Keluarga Berhad	1,290,200	7,456,856	7,354,140	0.90
Tune Protect Group Berhad	6,659,000	4,557,220	3,762,335	0.46
	<u>20,769,300</u>	<u>46,863,301</u>	<u>42,360,896</u>	<u>5.19</u>
<u>Health Care</u>				
Duopharma Biotech Berhad	4,193,800	5,619,692	5,955,196	0.73
Kossan Rubber Industries Berhad	13,213,500	48,803,435	54,968,160	6.74
Supermax Corporation Berhad	5,030,215	7,787,946	6,991,999	0.86
	<u>22,437,515</u>	<u>62,211,073</u>	<u>67,915,355</u>	<u>8.33</u>

Quoted securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2019	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Industrial Products & Services</u>				
Ann Joo Resources Berhad	3,214,100	11,686,128	3,921,202	0.48
ATA IMS Berhad	6,391,500	10,801,635	11,121,210	1.36
Chemical Company of Malaysia Berhad	2,513,000	4,441,524	3,090,990	0.38
Chin Well Holdings Berhad	6,921,300	11,455,377	9,551,394	1.17
Comfort Gloves Berhad	11,786,900	11,036,584	9,311,651	1.14
Dufu Technology Corp. Berhad	5,831,000	9,351,835	18,892,440	2.31
Favelle Favco Berhad	1,622,100	4,829,198	4,428,333	0.54
Pecca Group Berhad	2,833,300	3,894,506	3,088,297	0.38
Pestech International Berhad	11,144,500	19,741,292	14,599,295	1.79
Rohas Tecnic Berhad	14,072,100	14,698,277	9,006,144	1.10
Scientex Berhad	1,003,200	5,961,513	9,480,240	1.16
SKP Resources Bhd	8,529,400	10,812,623	11,599,984	1.42
SLP Resources Berhad	11,038,900	15,935,726	12,805,124	1.57
Uchi Technologies Berhad	5,811,600	11,941,920	16,156,248	1.98
United U-Li Corporation Berhad	6,988,650	9,618,863	3,459,382	0.42
	99,701,550	156,207,001	140,511,934	17.20

Quoted securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2019	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Property</u>				
KSL Holdings Berhad	2,140,500	3,292,321	1,616,078	0.20
Malaysian Resources Corporation Berhad	7,600,000	5,997,700	5,548,000	0.68
Matrix Concept Holdings Berhad	3,524,571	5,843,570	6,731,931	0.82
OSK Holding Berhad	7,786,650	8,164,211	8,098,116	0.99
Sime Darby Properties Berhad	3,667,000	2,658,575	3,355,305	0.41
	24,718,721	25,956,377	25,349,430	3.10
<u>REITS</u>				
Axis Real Estate Investment Trust	2,883,700	4,959,964	5,104,149	0.63
KIP Real Estate Investment Trust	9,669,900	9,669,900	8,316,114	1.02
Sentral Real Estate Investment Trust (Previously known as MRCB Quill Real Estate Investment Trust)	4,648,800	5,593,343	4,648,800	0.57
	17,202,400	20,223,207	18,069,063	2.22

Quoted securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2019	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Technology</u>				
Globetronics Technology Berhad	4,859,900	10,284,493	11,323,567	1.39
Inari Amertron Berhad	16,196,513	13,180,759	27,534,072	3.37
Malaysian Pacific Industries Berhad	1,686,500	16,421,040	19,293,560	2.36
Mi Technovation Berhad	2,214,850	3,559,933	4,230,364	0.52
Pentamaster Corporation Berhad	5,294,300	9,105,521	24,036,122	2.95
Vitrox Corporation Berhad	2,736,900	15,573,102	21,676,248	2.66
	<u>32,988,963</u>	<u>68,124,848</u>	<u>108,093,933</u>	<u>13.25</u>
<u>Telecommunications & Media</u>				
TIME dotCom Berhad	598,300	4,600,927	5,516,326	0.68
<u>Transportation & Logistics</u>				
Lingkar Trans Kota Holdings Berhad	1,282,400	6,406,543	5,886,216	0.72

Quoted securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2019	Percentage of net asset value of the Fund
	Units	RM	RM	%
Utilities				
Gas Malaysia Berhad	6,617,800	19,101,087	18,198,950	2.23
Malakoff Corporation Berhad	7,920,800	7,424,561	6,891,095	0.84
	<u>14,538,600</u>	<u>26,525,648</u>	<u>25,090,045</u>	<u>3.07</u>
TOTAL QUOTED SECURITIES	<u>382,881,023</u>	664,209,240	<u>712,796,908</u>	<u>87.35</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>48,587,668</u>		
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>712,796,908</u>	

8. CASH AND CASH EQUIVALENTS

	2020	2019
	RM	RM
Bank balance with a licensed bank	47,450	860,133
Deposit with a licensed financial institution	123,476,258	96,888,526
	<u>123,523,708</u>	<u>97,748,659</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	2019
	%	%
Deposit with a licensed financial institution	<u>1.85</u>	<u>3.40</u>

The deposits have an average maturity of 4 days (2019: 7 days).

9. UNITS IN CIRCULATION

	2020	2019
	No. of units	No. of units
At the beginning of the financial year	1,289,188,358	1,203,972,711
Creation of units during the financial year:		
Arising from applications	499,714,738	309,053,850
Arising from distribution	45,039,283	63,337,361
Cancellation of units during the financial year	<u>(685,303,623)</u>	<u>(287,175,564)</u>
At the end of the financial year	<u>1,148,638,756</u>	<u>1,289,188,358</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>2020</u>				
Credit Suisse Securities (Malaysia) Sdn Bhd	57,310,460	13.89	121,498	13.89
Maybank Investment Bank Berhad	46,827,180	11.35	99,274	11.35
CGS - CIMB Securities Sdn Bhd	43,392,899	10.52	91,993	10.52
CLSA Securities Malaysia Sdn Bhd	38,788,952	9.40	82,233	9.40
Kenanga Investment Bank Berhad	37,752,478	9.15	80,035	9.15
RHB Investment Bank Berhad	36,902,736	8.95	78,234	8.95
KAF Seagroatt & Campbell Securities Sdn Bhd	33,257,275	8.06	70,505	8.06
Affin Hwang Investment Bank Berhad	22,305,297	5.41	47,287	5.41
Macquarie Capital Securities (Malaysia) Sdn Bhd	22,303,514	5.41	47,288	5.41
UOB Kay Hian Securities (Malaysia) Sdn Bhd	20,896,351	5.07	44,300	5.07
Others	52,792,296	12.79	111,852	12.79
	<u>412,529,438</u>	<u>100.00</u>	<u>874,499</u>	<u>100.00</u>

Name of brokers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>2019</u>				
CGS - CIMB Securities Sdn Bhd	58,087,203	14.49	147,162	15.66
Maybank Investment Bank Berhad	51,952,838	12.96	120,204	12.79
KAF Seagroatt & Campbell Securities Sdn Bhd	47,685,298	11.90	100,925	10.74
CLSA Securities Malaysia Sdn Bhd	40,377,121	10.07	85,539	9.10
Macquarie Capital Securities (Malaysia) Sdn Bhd	37,222,450	9.29	78,003	8.30
AmlInvestment Bank Berhad	26,751,181	6.67	132,032	14.05
Citigroup Global Markets (Malaysia) Sdn Bhd	20,351,086	5.08	42,831	4.56
RHB Investment Bank Berhad	19,167,693	4.79	40,227	4.29
UOB Kay Hian Securities (Malaysia) Sdn Bhd	18,908,602	4.73	39,934	4.26
Credit Suisse Securities (Malaysia) Sdn Bhd	18,641,672	4.65	39,355	4.19
Others	61,642,164	15.37	113,388	12.06
	<u>400,787,308</u>	<u>100.00</u>	<u>939,600</u>	<u>100.00</u>

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
Eastspring Investments Berhad	The Manager
Prudential Plc	Ultimate holding company of the Manager
Director of Eastspring Investments Berhad	Director of the Manager

Units held by Manager and parties related to the Manager:

	2020		2019	
	No. of units	RM	No. of units	RM
Eastspring Investments Berhad	6,556	4,755	6,293	3,984
Director of Eastspring Investments Berhad	8,405	6,095	8,067	5,107

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. MANAGEMENT EXPENSE RATIO ("MER")

	2020	2019
	%	%
MER	1.59	1.59

MER is derived from the following calculation:

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

A = Management fee

B = Trustee fee

C = Audit fee

D = Tax agent fee

E = Other expenses (excluding 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 year calculated on a daily basis is RM771,116,318 (2019: RM770,160,100).

13. PORTFOLIO TURNOVER RATIO ("PTR")

	2020	2019
PTR (times)	0.27	0.26

PTR is derived from the following calculation:

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

where:

total acquisitions for the financial year = RM135,830,478 (2019: RM241,322,223)

total disposals for the financial year = RM276,906,508 (2019: RM159,465,085)

14. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

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.

15. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 17 February 2021.

CORPORATE DIRECTORY

THE MANAGER

NAME

EASTSPRING INVESTMENTS BERHAD

COMPANY NO.

200001028634 (531241-U)

REGISTERED OFFICE

Level 25, Menara Hong Leong

No. 6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

BUSINESS OFFICE

Level 22, Menara Prudential

Persiaran TRX Barat

55188 Tun Razak Exchange

Kuala Lumpur

TELEPHONE NO.

603-2778 3888

FAX NO.

603-2789 7220

EMAIL

cs.my@eastspring.com

WEBSITE

www.eastspring.com/my

TRUSTEE

NAME

DEUTSCHE TRUSTEES MALAYSIA BERHAD

COMPANY NO.

200701005591 (763590-H)

REGISTERED OFFICE & BUSINESS OFFICE

Level 20, Menara IMC

No. 8, Jalan Sultan Ismail

50250 Kuala Lumpur

TELEPHONE NO.

603-2053 7522

FAX NO.

603-2053 7526

SALE & PURCHASE OF UNITS

Eastspring Investments Berhad

Level 22, Menara Prudential

Persiaran TRX Barat

55188 Tun Razak Exchange

Kuala Lumpur

TELEPHONE NO.

603-2778 1000

BRANCHES

Petaling Jaya

Eastspring Investments Berhad
A-17-P1 & M
Block A, Jaya One
72A, Jalan Universiti
46200 Petaling Jaya, Selangor

TELEPHONE NO.

603-7948 1288

Kota Kinabalu

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

TELEPHONE NO.

6088-238 613

ENQUIRIES

CLIENT SERVICES

603-2778 1000

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

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