

# EASTSPRING INVESTMENTS SMALL-CAP FUND

## INTERIM REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD  
ENDED 30 JUNE 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 30 June 2020.**

You may also download these reports from our website at [www.eastspring.com/my](http://www.eastspring.com/my)

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

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Raymond Tang', with a stylized flourish at the end.

**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	9
Rebates and Soft Commissions	10
Statement by the Manager	12
Trustee's Report to the Unit Holders of Eastspring Investments Small-cap Fund	13
Unaudited Statement of Comprehensive Income	14
Unaudited Statement of Financial Position	15
Unaudited Statement of Changes in Equity	16
Unaudited Statement of Cash Flows	17
Summary of Significant Accounting Policies	18
Notes to the Unaudited Financial Statements	26
Corporate Directory	57

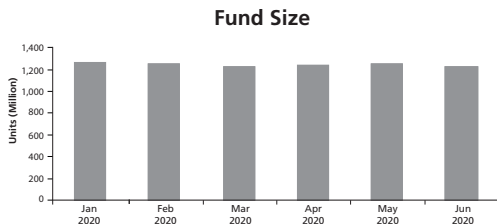
## FUND INFORMATION

<b>Name of Fund</b>	Eastspring Investments Small-cap Fund (the "Fund")
<b>Fund Category/ Type</b>	Equity (small-cap)/growth
<b>Fund Objective</b>	<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><b>Note:</b> The Fund will invest in small market capitalisation companies at the point of acquisition.</p> <p><b>ANY MATERIAL CHANGES TO THE FUND'S OBJECTIVE WOULD REQUIRE UNIT HOLDERS' APPROVAL.</b></p>
<b>Performance Benchmark</b>	<p>The performance benchmark of the Fund is FTSE Bursa Malaysia Small Cap Index ("FBMSC").</p> <p><b>Source:</b> <a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a></p> <p><b>Note:</b> The risk profile of the Fund is different from the risk profile of the performance benchmark.</p>
<b>Fund Income Distribution Policy</b>	Incidental

## FUND INFORMATION (CONTINUED)

### Breakdown of Unit Holdings by Size

As at 30 June 2020, the size of Eastspring Investments Small-cap Fund stood at 1,236.000 million units.



### Breakdown of Unit Holdings

Unit Holdings	No. of Unit Holders	%	No of Units* ('000)	%
5,000 units and below	5,611	21.29	14,730	1.19
5,001 to 10,000 units	4,560	17.31	34,113	2.76
10,001 to 50,000 units	11,481	43.57	272,479	22.05
50,001 to 500,000 units	4,593	17.44	517,100	41.84
500,001 units and above	104	0.39	397,572	32.16
<b>Total</b>	<b>26,349</b>	<b>100.00</b>	<b>1,235,994</b>	<b>100.00</b>

\* excludes units held by the Manager.

# KEY PERFORMANCE DATA

## FOR THE FINANCIAL PERIOD ENDED

Category	30.6.2020	30.6.2019	30.6.2018
	(%)	(%)	(%)
<b>Quoted Securities</b>			
Construction	4.84	9.90	9.59
Consumer	-	-	8.87
Consumer Products & Services	18.51	21.66	3.92
Energy	-	1.75	-
Financial Services	4.22	0.78	1.12
Health Care	13.31	7.58	5.38
Industrial Products & Services	15.47	16.43	17.85
Infrastructure Project Company	-	-	0.62
Manufacturing	-	-	0.76
Plantation	-	0.17	0.15
Power/Utilities	-	-	0.25
Property	2.91	2.04	4.40
REITS	2.20	1.70	1.92
Technology	14.78	15.64	12.00
Telecommunications & Media	-	0.69	-
Trading/Services	-	-	5.66
Transportation & Logistics	1.02	0.85	0.61
Utilities	3.29	2.42	-
	80.55	81.61	73.10
Cash and other assets	19.45	18.39	26.90
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

## KEY PERFORMANCE DATA (CONTINUED)

Category	30.6.2020	30.6.2019	30.6.2018
Net Asset Value (NAV) (RM'000)	780,874	772,425	679,317
Units In Circulation (Units '000)	1,236,000	1,250,794	1,037,605
Net Asset Value Per Unit (RM)	0.6318	0.6176	0.6547
Highest Net Asset Value Per Unit (RM)	0.6496	0.6305	0.7503
Lowest Net Asset Value Per Unit (RM)	0.4395	0.5585	0.6257
Total Return (%)			
- Capital Growth	(0.19)	9.43	(11.15)
- Income Distribution	-	-	-
Total Return (%)	(0.19)	9.43	(11.15)
Gross Distribution Per Unit (RM)	-	-	-
Net Distribution Per Unit (RM)	-	-	-
Management Expense Ratio (MER) (%)*	0.79	0.79	0.83
Portfolio Turnover Ratio (PTR) (times)^	0.12	0.12	0.23

\* 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 1.7.2019 to 30.6.2020	3 years 1.7.2017 to 30.6.2020	5 years 1.7.2015 to 30.6.2020
	(%)	(%)	(%)

Average total return	7.66	(0.26)	4.84
----------------------	------	--------	------

Year ended	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	1.1.2015 to 31.12.2015
	(%)	(%)	(%)	(%)	(%)

Annual total return	18.03	(18.97)	21.72	0.28	26.03
---------------------	-------	---------	-------	------	-------

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

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

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

$\text{NAV}_t$  = NAV at the end of the period

$\text{NAV}_0$  = NAV at the beginning of the period

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

Adjusted for unit split and distribution paid out for the period

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

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



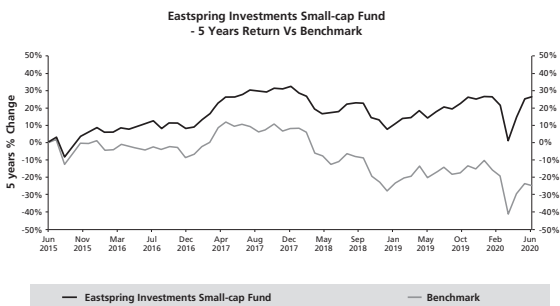
## MANAGER'S REPORT

### Fund Performance

Over the 5-year period, the Fund recorded a return of 26.69%, outperforming the benchmark return of -24.73% by 51.42%.

During the period under review, the Fund recorded a return of -0.19%, outperforming the benchmark return of -16.28% by 16.09%.

The outperformance was mainly due to good stock selection.



**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](http://www.bursamalaysia.com), as at 30 June 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 period ended 30 June 2020:

Income Return	Capital Return*	Total Return	Total Return of Benchmark
(%)	(%)	(%)	(%)
0.00	(0.19)	(0.19)	(16.28)

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

### Distribution/ Unit Split

No distribution or unit split were declared for the financial period ended 30 June 2020.

### Investment Strategy During the Period Under Review

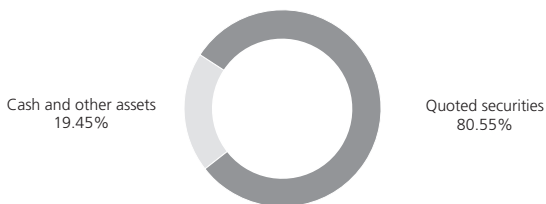
The period under review was extremely challenging as the global economy was hit by the Covid-19 pandemic. Malaysia had a change in government and initiated a lockdown to battle the pandemic. The intensity of selling was unprecedented in a short span of time and hit a low in March 2020. We took advantage of the market sell down to accumulate stocks with good long-term prospect. These companies should emerge stronger after every crisis. We focused mainly on consumer, healthcare and technology stocks. Meanwhile, we reduced our exposure to construction and companies with high operating leverage.

## MANAGER'S REPORT (CONTINUED)

### Asset Allocation

Asset Allocation	30-Jun 2020	31-Dec 2019	Changes
	(%)	(%)	(%)
Quoted securities	80.55	87.35	(6.80)
Cash and other assets	19.45	12.65	6.80

### Asset Allocation as at 30 June 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.

## 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 effective 4 May which saw relaxed movement control rules and extended the CMCO period to 9 June 2020. 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.

The FBM KLCI closed the period under review at 1,500.67 points, down 5.53%. In tandem with the FBM KLCI, the FBM Emas ("FBMEmas") Index closed the period under review lower 6.81% while the MSCI Asia Pacific ex-Japan Index declined by 7.15% in USD terms.<sup>1</sup>

## 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.

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

# EASTSPRING INVESTMENTS SMALL-CAP FUND

## UNAUDITED FINANCIAL STATEMENTS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2020

## STATEMENT BY THE MANAGER

We, Tang Chee Kin and Iskander Bin Ismail Mohamed Ali, being two of the Directors of Eastspring Investments Berhad, do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements set out on pages 14 to 56 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position of the Fund as at 30 June 2020 and of its financial performance, changes in equity and cash flows for the six months financial period ended on that date in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the Manager,

**EASTSPRING INVESTMENTS BERHAD**

**TANG CHEE KIN**

Executive Director/Chief Executive Officer

**ISKANDER BIN ISMAIL MOHAMED ALI**

Independent, Non-Executive Director

Kuala Lumpur

Date: 14 August 2020

## 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 financial period ended 30 June 2020. To the best of our knowledge, for the financial period under review, Eastspring Investments Berhad (the "Manager") has operated and managed the Fund in accordance with the following:-

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

For Deutsche Trustees Malaysia Berhad

**Ng Hon Leong**

Head, Trustee Operations

**Richard Lim Hock Seng**

Chief Executive Officer

Kuala Lumpur

Date: 14 August 2020



# UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2020

	Note	6-months financial period ended 30.6.2020	6-months financial period ended 30.6.2019
		RM	RM
<b>INVESTMENT INCOME</b>			
Gross dividend income		8,929,748	8,931,593
Interest income from deposits with licensed financial institutions		1,498,041	3,009,212
Net (loss)/gain on financial assets at fair value through profit or loss	6	(7,397,751)	59,310,171
		<u>3,030,038</u>	<u>71,250,976</u>
<b>EXPENSES</b>			
Management fee	3	(5,569,537)	(5,529,571)
Trustee fee	4	(297,042)	(294,911)
Audit fee		(3,980)	(5,968)
Tax agent fee		(1,690)	(1,687)
Other expenses		(85,058)	(35,444)
Transaction cost		(448,375)	(452,963)
		<u>(6,405,682)</u>	<u>(6,320,544)</u>
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		(3,375,644)	64,930,432
<b>TAXATION</b>	5	-	(56,860)
<b>(LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME</b>		<u>(3,375,644)</u>	<u>64,873,572</u>
(Loss)/profit after taxation is made up of the following:			
Realised amount		4,577,425	(4,386,234)
Unrealised amount		(7,953,069)	69,259,806
		<u>(3,375,644)</u>	<u>64,873,572</u>

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

# UNAUDITED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	2020	2019
		RM	RM
<b>ASSETS</b>			
Cash and cash equivalents	7	147,716,682	141,465,405
Amount due from brokers		-	581,964
Amount due from Manager		7,024,024	2,270,176
Dividends receivable		2,375,337	1,942,631
Tax recoverable		-	528
Financial assets at fair value through profit or loss	6	629,166,143	630,316,027
<b>TOTAL ASSETS</b>		<b>786,282,186</b>	<b>776,576,731</b>
<b>LIABILITIES</b>			
Amount due to brokers		420,690	127,707
Amount due to Manager		3,947,629	3,012,314
Accrued management fee		967,171	938,733
Amount due to Trustee		51,582	50,066
Distribution payable		468	-
Other payables and accruals		20,833	22,682
<b>TOTAL LIABILITIES</b>		<b>5,408,373</b>	<b>4,151,502</b>
<b>NET ASSET VALUE OF THE FUND</b>		<b>780,873,813</b>	<b>772,425,229</b>
<b>EQUITY</b>			
Unit holders' capital		656,239,917	690,940,501
Retained earnings		124,633,896	81,484,728
<b>NET ASSET ATTRIBUTABLE TO UNIT HOLDERS</b>		<b>780,873,813</b>	<b>772,425,229</b>
<b>NUMBER OF UNITS IN CIRCULATION</b>	8	<b>1,236,000,218</b>	<b>1,250,793,887</b>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<b>0.6318</b>	<b>0.6176</b>

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

# UNAUDITED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2020

	Unit holders' capital	Retained earnings	Total
	RM	RM	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	142,605,966	-	142,605,966
Cancellation of units	(174,472,879)	-	(174,472,879)
Total comprehensive loss for the financial period	-	(3,375,644)	(3,375,644)
Balance as at 30 June 2020	<u>656,239,917</u>	<u>124,633,896</u>	<u>780,873,813</u>
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	92,968,895	-	92,968,895
Cancellation of units	(64,945,359)	-	(64,945,359)
Total comprehensive income for the financial period	-	64,873,572	64,873,572
Balance as at 30 June 2019	<u>690,940,501</u>	<u>81,484,728</u>	<u>772,425,229</u>

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

# UNAUDITED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2020

	Note	6-months financial period ended 30.6.2020	6-months financial period ended 30.6.2019
		RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from sale of investments		132,533,552	83,295,458
Purchase of investments		(53,297,427)	(116,823,533)
Dividends received		9,283,428	9,078,714
Interest received from deposits with licensed financial institutions		1,498,041	3,009,212
Management fee paid		(5,630,555)	(5,472,371)
Trustee fee paid		(300,297)	(291,860)
Payment for other fees and expenses		(547,557)	(500,215)
Net cash generated from/(used in) operating activities		83,539,185	(27,704,595)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash proceeds from units created		139,377,516	92,174,502
Payments for cancellation of units		(172,948,677)	(63,061,187)
Distributions paid		-	(296,764)
Net cash (used in)/generated from financing activities		(33,571,161)	28,816,551
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
		49,968,024	1,111,956
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>			
		97,748,658	140,353,449
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>			
	7	147,716,682	141,465,405

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

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 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 requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial period. It also requires the Manager to exercise their judgment in the process of applying the Fund's accounting policies. Although these estimates and judgment are based on the Manager's best knowledge of current events and actions, actual results may differ.

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

#### **a. Standards, amendments that have been issued and effective:**

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.

The amendments shall be applied prospectively.

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

## **B. INCOME RECOGNITION**

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

Interest income 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 period.

## **D. FUNCTIONAL AND PRESENTATION AND 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 classify its financial assets in the following measurement categories:

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

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

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

## ii. Recognition and measurement

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

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

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

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

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

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

Quoted 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 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 method.

iii. Impairment for assets carried at amortised costs

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

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

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

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

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

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

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

The outstanding units are carried at the redemption amount that is payable at each financial year if unit holder exercises the right to put the unit back to the Fund.

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

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

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

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.

## **I. 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.

## **J. 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 SC's Guidelines on Unit Trust Funds.

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 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 "Deed").

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

The Fund will principally invest in small market capitalisation companies. All investments will be subjected to the Securities Commission's ("SC") Guidelines on Unit Trust Funds, the Deed, 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 Deed.

Financial instruments of the Fund are as follows:

	Note	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Total
		RM	RM	RM
<u>2020</u>				
Quoted securities	6	-	629,166,143	629,166,143
Amount due from Manager		7,024,024	-	7,024,024
Dividends receivable		2,375,337	-	2,375,337
Cash and cash equivalents	7	147,716,682	-	147,716,682
		<u>157,116,043</u>	<u>629,166,143</u>	<u>786,282,186</u>
<u>2019</u>				
Quoted securities	6	-	630,316,027	630,316,027
Amount due from Manager		2,270,176	-	2,270,176
Amount due from brokers		581,964	-	581,964
Dividends receivable		1,942,631	-	1,942,631
Cash and cash equivalents	7	141,465,405	-	141,465,405
		<u>146,260,176</u>	<u>630,316,027</u>	<u>776,576,203</u>

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

## Market risk

### i. Price risk

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

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

	2020	2019
	RM	RM
Quoted securities designated at fair value through profit or loss	629,166,143	630,316,027

The following table summarises the sensitivity of the Fund's net asset value and (loss)/profit after tax to movements in prices of quoted securities at the end of the reporting financial period. 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 (loss)/profit after tax/net asset value
	RM	RM
<u>2020</u>		
+5%	660,624,450	31,458,307
-5%	597,707,836	(31,458,307)
<u>2019</u>		
+5%	661,831,828	31,515,801
-5%	598,800,226	(31,515,801)

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 period, 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 deposits with licensed financial institutions and other instruments which are capable of being converted into cash within 7 days.

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

	Less than 1 month	Between 1 month to 1 year	Total
	RM	RM	RM
<b>2020</b>			
Amount due to Manager	3,947,629	-	3,947,629
Amount due to brokers	420,690	-	420,690
Accrued management fee	967,171	-	967,171
Amount due to Trustee	51,582	-	51,582
Distribution payable	468	-	468
Other payables and accruals	-	20,833	20,833
Contractual cash outflows	5,387,540	20,833	5,408,373
<b>2019</b>			
Amount due to Manager	3,012,314	-	3,012,314
Amount due to brokers	127,707	-	127,707
Accrued management fee	938,733	-	938,733
Amount due to Trustee	50,066	-	50,066
Other payables and accruals	-	22,682	22,682
Contractual cash outflows	4,128,820	22,682	4,151,502

**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, 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. 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>				
Finance				
- AAA	147,669,142	-	-	147,669,142
- AA1	47,540	-	-	47,540
Consumer Products & Services				
- NR	-	539,321	-	539,321
Industrial Products & Services				
- NR	-	1,016,425	-	1,016,425
Property				
- NR	-	170,873	-	170,873
Real Estate				
- NR	-	54,011	-	54,011
Technology				
- NR	-	296,906	-	296,906
Utilities				
- NR	-	297,801	-	297,801
Other				
- NR	-	-	7,024,024	7,024,024
	<u>147,716,682</u>	<u>2,375,337</u>	<u>7,024,024</u>	<u>157,116,043</u>

	Amount due from brokers	Cash and cash equivalents	Dividends receivable	Amount due from Manager	Total
	RM	RM	RM	RM	RM
<u>2019</u>					
Finance					
- AAA	-	140,437,672	-	-	140,437,672
- AA1	-	1,027,733	-	-	1,027,733
Construction					
- NR	161,584	-	365,276	-	526,860
Consumer Products & Services					
- NR	420,380	-	350,892	-	771,272
Industrial Products & Services					
- NR	-	-	382,064	-	382,064
Plantation					
- NR	-	-	27,135	-	27,135
Property					
- NR	-	-	114,549	-	114,549
Technology					
- NR	-	-	513,706	-	513,706
Utilities					
- NR	-	-	189,009	-	189,009
Other					
- NR	-	-	-	2,270,176	2,270,176
	<u>581,964</u>	<u>141,465,405</u>	<u>1,942,631</u>	<u>2,270,176</u>	<u>146,260,176</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 RM656,239,917 (2019: RM690,940,501) and retained earnings of RM124,633,896 (2019: RM81,484,728). 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 period end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Fund Manager will determine the point within the bid-ask spread that is representative of the fair value.

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

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

## Fair value hierarchy

- i. The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:
- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.
  - Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
  - Level 3: Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs).

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

Assessing the significance of a particular input to the fair value measurement in its entirety requires 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 that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

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

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM

2020

Financial assets at  
fair value through  
profit or loss:

Quoted securities	629,166,143	-	-	629,166,143
-------------------	-------------	---	---	-------------

2019

Financial assets at  
fair value through  
profit or loss:

Quoted securities	630,316,027	-	-	630,316,027
-------------------	-------------	---	---	-------------

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 amount due from Manager, 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 period ended 30 June 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 period ended 30 June 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. TAXATION

	6-months financial period ended 30.6.2020	6-months financial period ended 30.6.2019
	RM	RM

Tax charged for the financial period:

Current taxation – local	-	56,860
--------------------------	---	--------

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

	6-months financial period ended 30.6.2020	6-months financial period ended 30.6.2019
	RM	RM
(Loss)/profit before taxation	(3,375,644)	64,930,432
Tax at Malaysian statutory rate of 24% (2019: 24%)	(810,155)	15,583,304
Tax effects of:		
Investment income exempt from tax	(727,209)	(16,963,771)
Expenses not deductible for tax purposes	199,720	188,402
Restriction on tax deductible expenses for Unit Trust Funds	1,337,644	1,328,529
Income subject to different tax rate	-	(79,604)
Taxation	-	56,860

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

	2020	2019
	RM	RM
Designated at fair value through profit or loss:		
Quoted securities	629,166,143	630,316,027
Net (loss)/gain on financial assets at fair value through profit or loss:		
Realised gain/(loss) on disposals	555,318	(9,949,635)
Change in unrealised fair value (loss)/gain	(7,953,069)	69,259,806
	(7,397,751)	59,310,171

### Quoted securities

Name of counter	Quantity	Aggregate cost	Fair value as at 30.6.2020	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Construction</u>				
Gabungan AQRS Berhad	5,100,000	6,152,500	4,335,000	0.56
Kerjaya Prospek Group Berhad	18,263,820	16,154,692	19,542,287	2.50
Muhibbah Engineering (M) Bhd	3,990,800	9,816,483	3,731,398	0.48
Sunway Construction Group Berhad	2,628,100	4,775,715	4,940,828	0.63
WCT Holdings Berhad	10,823,220	14,196,660	5,195,146	0.67
	40,805,940	51,096,050	37,744,659	4.84

Quoted securities (continued)

<b>Name of counter</b>	<b>Quantity</b>	<b>Aggregate cost</b>	<b>Fair value as at 30.6.2020</b>	<b>Percentage of net asset value of the Fund</b>
	<b>Units</b>	<b>RM</b>	<b>RM</b>	<b>%</b>
<u>Consumer Products &amp; Services</u>				
AEON Co. (M) Bhd	3,354,300	5,008,966	3,387,843	0.43
Bermaz Auto Berhad	7,494,740	14,786,790	11,092,215	1.42
British American Tobacco (Malaysia) Berhad	500,000	7,703,525	5,390,000	0.69
Cocoaland Holdings Berhad	6,590,700	13,682,326	11,336,004	1.45
DRB-HICOM Berhad	6,101,600	12,398,938	10,433,736	1.34
Hong Leong Industries Berhad	2,674,800	28,154,597	21,425,148	2.74
Hup Seng Industries Berhad	10,369,600	11,258,122	9,851,120	1.26
InNature Berhad	934,200	312,957	326,970	0.04
Magni-Tech Industries Berhad	8,076,533	15,025,310	16,960,719	2.17
NTPM Holdings Berhad	5,319,900	4,126,905	2,633,351	0.34
Padini Holdings Berhad	2,164,800	7,642,888	5,390,352	0.69
Power Root Berhad	13,483,020	16,847,950	30,336,795	3.88
Three-A Resources Berhad	16,915,875	18,560,750	13,278,962	1.70
Yoong Onn Corporation Berhad	4,448,500	5,869,584	2,824,798	0.36
	88,428,568	161,379,608	144,668,013	18.51

Quoted securities (continued)

<b>Name of counter</b>	<b>Quantity</b>	<b>Aggregate cost</b>	<b>Fair value as at 30.6.2020</b>	<b>Percentage of net asset value of the Fund</b>
	<b>Units</b>	<b>RM</b>	<b>RM</b>	<b>%</b>
<u>Financial Services</u>				
Alliance Bank Malaysia Berhad	10,297,200	30,665,135	22,447,895	2.87
RCE Capital Berhad	2,522,900	4,184,090	4,793,510	0.61
Syarikat Takaful Malaysia Keluarga Berhad	1,290,200	7,456,856	5,741,390	0.74
	14,110,300	42,306,081	32,982,795	4.22
<u>Health Care</u>				
Duopharma Biotech Berhad	4,151,000	5,562,340	6,724,620	0.86
Kossan Rubber Industries Berhad	11,428,400	42,210,253	97,255,684	12.45
	15,579,400	47,772,593	103,980,304	13.31

Quoted securities (continued)

<b>Name of counter</b>	<b>Quantity</b>	<b>Aggregate cost</b>	<b>Fair value as at 30.6.2020</b>	<b>Percentage of net asset value of the Fund</b>
	<b>Units</b>	<b>RM</b>	<b>RM</b>	<b>%</b>
<u>Industrial Products &amp; Services</u>				
Chin Hin Group Berhad	4,707,300	2,777,824	3,036,209	0.39
Chin Well Holdings Berhad	6,921,300	11,455,377	6,990,513	0.90
Dufu Technology Corp. Berhad	6,331,000	11,212,985	30,705,350	3.93
Favelle Favco Berhad	1,622,100	4,829,198	3,568,620	0.46
Pestech International Berhad	11,144,500	19,741,292	10,030,050	1.28
Rohas Tecnic Berhad	14,072,100	14,698,277	6,051,003	0.77
Scientex Berhad	1,003,200	5,961,513	8,928,480	1.14
SKP Resources Bhd	7,529,400	9,544,934	10,164,690	1.30
SLP Resources Berhad	11,038,900	15,935,726	9,162,287	1.17
Thong Guan Industries Berhad	3,619,000	13,065,078	13,788,390	1.77
Uchi Technologies Berhad	6,190,300	12,838,363	15,909,070	2.04
United U-Li Corporation Berhad	7,053,650	9,651,688	2,468,778	0.32
	<u>81,232,750</u>	<u>131,712,255</u>	<u>120,803,440</u>	<u>15.47</u>

Quoted securities (continued)

<b>Name of counter</b>	<b>Quantity</b>	<b>Aggregate cost</b>	<b>Fair value as at 30.6.2020</b>	<b>Percentage of net asset value of the Fund</b>
	<b>Units</b>	<b>RM</b>	<b>RM</b>	<b>%</b>
<u>Property</u>				
KSL Holdings Berhad	2,140,500	3,292,321	1,273,598	0.16
Malaysian Resources Corporation Berhad	7,600,000	5,997,700	3,572,000	0.46
Matrix Concept Holdings Berhad	3,524,571	5,843,570	6,379,474	0.82
OSK Holding Berhad	5,695,750	5,971,927	4,585,079	0.59
Sime Darby Properties Berhad	10,067,000	6,430,495	6,845,560	0.88
	29,027,821	27,536,013	22,655,711	2.91
<u>REITS</u>				
Axis Real Estate Investment Trust	3,049,094	5,319,535	6,281,134	0.80
KIP Real Estate Investment Trust	9,423,300	9,423,300	7,491,524	0.96
MRCB-Quill REIT	4,648,800	5,593,343	3,416,868	0.44
	17,121,194	20,336,178	17,189,526	2.20
<u>Technology</u>				
Globetronics Technology Berhad	7,016,000	14,052,973	15,014,240	1.92
Inari Amertron Berhad	15,658,613	12,743,015	26,463,055	3.39
Malaysian Pacific Industries Berhad	1,686,500	16,421,040	18,551,500	2.38
Pentamaster Corporation Berhad	5,294,300	9,105,521	27,265,645	3.49
Unisem (M) Berhad	1,524,800	3,240,155	3,125,840	0.40
Vitrox Corporation Berhad	2,736,900	15,573,102	25,015,265	3.20
	33,917,113	71,135,806	115,435,545	14.78

Quoted securities (continued)

<b>Name of counter</b>	<b>Quantity</b>	<b>Aggregate cost</b>	<b>Fair value as at 30.6.2020</b>	<b>Percentage of net asset value of the Fund</b>
	<b>Units</b>	<b>RM</b>	<b>RM</b>	<b>%</b>
<u>Transportation &amp; Logistics</u>				
Lingkaran Trans Kota Holdings Berhad	1,282,400	6,406,544	5,386,080	0.69
MMC Corporation Berhad	3,537,400	2,324,767	2,582,302	0.33
	4,819,800	8,731,311	7,968,382	1.02
<u>Utilities</u>				
Gas Malaysia Berhad	6,617,800	19,101,088	18,529,840	2.37
Malakoff Corporation Berhad	7,920,800	7,424,562	7,207,928	0.92
	14,538,600	26,525,650	25,737,768	3.29
<b>TOTAL QUOTED SECURITIES</b>	<u>339,581,486</u>	588,531,545	<u>629,166,143</u>	80.55
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>40,634,598</u>		
<b>FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			<u>629,166,143</u>	

Quoted securities

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net asset value of the Fund
			30.6.2019	Fund
	Units	RM	RM	%
<u>Construction</u>				
Gabungan AQRS Berhad	5,100,000	6,152,500	6,936,000	0.90
Kerjaya Prospek Group Berhad	18,263,820	16,154,692	25,204,072	3.26
Muhibbah Engineering (M) Bhd	3,783,600	9,277,763	10,442,736	1.35
Sunway Construction Group Berhad	11,137,400	20,238,594	22,386,174	2.90
WCT Holdings Berhad	10,823,220	14,196,660	11,472,613	1.49
	49,108,040	66,020,209	76,441,595	9.90



Quoted securities (continued)

<b>Name of counter</b>	<b>Quantity</b>	<b>Aggregate cost</b>	<b>Fair value as at 30.6.2019</b>	<b>Percentage of net asset value of the Fund</b>
	<b>Units</b>	<b>RM</b>	<b>RM</b>	<b>%</b>
<u>Consumer Products &amp; Services</u>				
Bermaz Auto Berhad	8,532,940	16,835,112	22,697,620	2.94
Berjaya Food Berhad	4,138,100	7,179,335	6,869,246	0.89
Berjaya Sports Toto Berhad	2,984,800	7,447,990	8,238,048	1.07
Carlsberg Brewery Malaysia Berhad	315,100	4,737,043	8,085,466	1.05
Cocoaland Holdings Berhad	5,729,500	12,042,978	10,484,985	1.36
DRB-HICOM Berhad	6,328,900	12,860,830	13,923,580	1.80
Hong Leong Industries Berhad	2,277,800	24,043,159	25,693,584	3.33
Hup Seng Industries Berhad	10,369,600	11,258,122	9,747,424	1.26
Leong Hup International Berhad	1,146,000	1,260,600	1,168,920	0.15
Magni-Tech Industries Berhad	3,028,700	15,025,310	14,749,769	1.91
NTPM Holdings Berhad	8,917,100	6,917,428	3,789,768	0.49
Padini Holdings Berhad	642,600	2,381,423	2,326,212	0.30
Power Root Berhad	13,483,020	16,847,950	20,629,021	2.67
Power Root Berhad - Warrant	524,320	-	144,188	0.02
Three-A Resources Berhad	16,915,875	18,560,750	13,871,018	1.80
Young Onn Corporation Berhad	4,448,500	5,869,584	4,804,380	0.62
	<u>89,782,855</u>	<u>163,267,614</u>	<u>167,223,229</u>	<u>21.66</u>

Quoted securities (continued)

<b>Name of counter</b>	<b>Quantity</b>	<b>Aggregate cost</b>	<b>Fair value as at 30.6.2019</b>	<b>Percentage of net asset value of the Fund</b>
	<b>Units</b>	<b>RM</b>	<b>RM</b>	<b>%</b>
<u>Energy</u>				
Dayang Enterprise Holdings Berhad	3,608,200	3,761,528	4,257,676	0.55
Sapura Energy Berhad	30,989,700	8,636,248	9,296,910	1.20
	<u>34,597,900</u>	<u>12,397,776</u>	<u>13,554,586</u>	<u>1.75</u>
<u>Financial Services</u>				
RCE Capital Berhad	2,319,900	3,855,270	3,758,238	0.49
Tune Protect Group Berhad	3,309,900	2,302,596	2,267,282	0.29
	<u>5,629,800</u>	<u>6,157,866</u>	<u>6,025,520</u>	<u>0.78</u>
<u>Health Care</u>				
Kossan Rubber Industries Berhad	13,213,500	48,803,435	52,721,865	6.83
Supermax Corporation Berhad	3,454,000	5,403,246	5,768,180	0.75
	<u>16,667,500</u>	<u>54,206,681</u>	<u>58,490,045</u>	<u>7.58</u>

Quoted securities (continued)

<b>Name of counter</b>	<b>Quantity</b>	<b>Aggregate cost</b>	<b>Fair value as at 30.6.2019</b>	<b>Percentage of net asset value of the Fund</b>
	<b>Units</b>	<b>RM</b>	<b>RM</b>	<b>%</b>
<u>Industrial Products &amp; Services</u>				
ATA IMS Berhad	6,391,500	10,801,635	10,098,570	1.31
Ann Joo Resources Berhad	3,214,100	11,686,128	4,949,714	0.64
Chemical Company of Malaysia Berhad	2,513,000	4,441,524	5,252,170	0.68
Chin Well Holdings Berhad	6,120,600	10,085,181	11,017,080	1.43
Comfort Gloves Berhad	11,786,900	11,036,584	9,606,324	1.24
Dufu Technology Corp. Berhad	4,732,300	7,277,736	7,382,388	0.96
Favelle Favco Berhad	1,109,400	3,397,103	3,106,320	0.40
Pecca Group Berhad	2,833,300	3,894,506	3,286,628	0.43
Pestech International Berhad	11,144,500	19,741,292	12,370,395	1.60
Rohas Tecnic Berhad	14,072,100	14,698,277	7,458,213	0.97
Scientex Berhad	1,003,200	5,961,513	8,667,648	1.12
SKP Resources Bhd	10,529,400	13,346,188	13,793,514	1.79
SLP Resources Berhad	9,838,900	14,375,726	12,790,570	1.66
Success Transformer Corporation Berhad	1,275,500	1,002,818	1,218,103	0.16
Uchi Technologies Berhad	4,052,500	7,101,327	11,671,200	1.51
United U-Li Corporation Berhad	6,988,650	9,618,863	4,123,304	0.53
	<b>97,605,850</b>	<b>148,466,401</b>	<b>126,792,141</b>	<b>16.43</b>
<u>Plantation</u>				
Sarawak Oil Palms Berhad	542,700	1,822,569	1,302,480	0.17

Quoted securities (continued)

<b>Name of counter</b>	<b>Quantity</b>	<b>Aggregate cost</b>	<b>Fair value as at 30.6.2019</b>	<b>Percentage of net asset value of the Fund</b>
	<b>Units</b>	<b>RM</b>	<b>RM</b>	<b>%</b>
<u>Property</u>				
KSL Holdings Berhad	2,140,500	3,292,321	1,669,590	0.22
Matrix Concepts Holdings Berhad	3,524,571	5,843,570	6,696,685	0.87
OSK Holdings Berhad	7,786,650	8,164,211	7,319,451	0.95
	13,451,721	17,300,102	15,685,726	2.04
<u>REITS</u>				
KIP Real Estate Investment Trust	9,669,900	9,669,900	8,122,716	1.05
MRCB-Quill REIT	4,648,800	5,593,343	5,020,704	0.65
	14,318,700	15,263,243	13,143,420	1.70
<u>Technology</u>				
D&O Green Technologies Berhad	13,884,500	9,221,038	7,219,940	0.93
Elsoft Research Berhad	9,523,520	8,673,142	7,618,816	0.99
Globetronics Technology Berhad	8,991,800	19,488,852	15,016,306	1.94
Inari Amertron Berhad	16,196,513	13,180,759	25,914,421	3.35
Malaysian Pacific Industries Berhad	1,493,400	14,801,536	13,769,148	1.78
Mi Technovation Berhad	8,065,300	19,445,063	13,469,051	1.74
MMS Ventures Berhad	1,823,250	2,278,718	1,267,159	0.16
Pentamaster Corporation Berhad	7,207,800	12,396,497	20,758,464	2.69
Vitrox Corporation Berhad	2,281,300	12,412,872	15,946,287	2.06
	69,467,383	111,898,477	120,979,592	15.64
<u>Telecommunications &amp; Media</u>				
TIME dotCom Berhad	598,300	4,600,927	5,366,751	0.69

Quoted securities (continued)

<b>Name of counter</b>	<b>Quantity</b>	<b>Aggregate cost</b>	<b>Fair value as at 30.6.2019</b>	<b>Percentage of net asset value of the Fund</b>
	<b>Units</b>	<b>RM</b>	<b>RM</b>	<b>%</b>
<u>Transportation &amp; Logistics</u>				
Lingkaran Trans Kota Holdings Berhad	1,032,400	5,279,044	5,058,760	0.65
Tiong Nam Logistics Holdings Berhad	3,607,752	5,677,597	1,551,332	0.20
	4,640,152	10,956,641	6,610,092	0.85
<u>Utilities</u>				
Gas Malaysia Berhad	4,200,200	12,180,486	11,928,567	1.54
Malakoff Corporation Berhad	7,920,800	7,424,562	6,772,283	0.88
	12,121,000	19,605,048	18,700,850	2.42
<b>TOTAL QUOTED SECURITIES</b>	<u>408,531,901</u>	631,963,554	<u>630,316,027</u>	81.61
<b>ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>(1,647,527)</u>		
<b>FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			<u>630,316,027</u>	

## 7. CASH AND CASH EQUIVALENTS

	2020	2019
	RM	RM
Bank balance with a licensed bank	47,540	1,027,733
Deposits with licensed financial institutions	147,669,142	140,437,672
	<u>147,716,682</u>	<u>141,465,405</u>

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

	2020	2019
	%	%
Deposits with licensed financial institutions	<u>2.40</u>	<u>3.88</u>

The deposits have an average maturity of 17 days (2019: 6 days).

## 8. UNITS IN CIRCULATION

	2020	2019
	No. of units	No. of units
At the beginning of the financial period	1,289,188,358	1,203,972,711
Creation of units arising from applications during the financial period	239,144,495	154,289,856
Cancellation of units during the financial period	<u>(292,332,635)</u>	<u>(107,468,680)</u>
At the end of the financial period	<u>1,236,000,218</u>	<u>1,250,793,887</u>

## 9. 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>				
CGS - CIMB Securities Sdn Bhd	30,949,903	16.85	65,614	16.85
CLSA Securities Malaysia Sdn Bhd	24,925,225	13.57	52,841	13.57
Kenanga Investment Bank Berhad	19,899,775	10.83	42,188	10.84
Maybank Investment Bank Berhad	19,313,729	10.52	40,945	10.52
KAF Seagroatt & Campbell Securities Sdn Bhd	14,703,953	8.01	31,172	8.01
Credit Suisse Securities (Malaysia) Sdn Bhd	11,966,301	6.52	25,369	6.52
Affin Hwang Investment Bank Berhad	11,590,314	6.31	24,571	6.31
RHB Investment Bank Berhad	11,180,392	6.09	23,702	6.09
Citigroup Global Markets (M) Sdn Bhd	11,058,850	6.02	23,445	6.02
J.P. Morgan Securities (Malaysia) Sdn Bhd	10,297,531	5.61	21,831	5.61
Others	17,783,275	9.67	37,633	9.66
	<b>183,669,248</b>	<b>100.00</b>	<b>389,311</b>	<b>100.00</b>

Name of brokers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>2019</u>				
Maybank Investment Bank Berhad	20,455,651	11.66	53,430	13.48
Macquarie Capital Securities (M) Sdn Bhd	19,787,545	11.28	41,041	10.35
CIMB Investment Bank Berhad	19,324,252	11.02	40,570	10.23
CLSA Securities Malaysia Sdn Bhd	17,774,296	10.13	37,621	9.49
KAF Seagroatt & Campbell Securities Sdn Bhd	16,746,310	9.55	35,334	8.91
Citigroup Global Markets (M) Sdn Bhd	13,876,289	7.91	29,105	7.34
AmlInvestment Bank Berhad	13,867,541	7.91	63,748	16.08
UOB Kay Hian Securities (M) Sdn Bhd	10,951,446	6.24	23,065	5.82
Credit Suisse Securities (Malaysia) Sdn Bhd	10,312,048	5.88	21,697	5.47
Affin Hwang Investment Bank Berhad	7,405,367	4.22	15,373	3.88
Others	24,919,043	14.20	35,445	8.95
	<u>175,419,788</u>	<u>100.00</u>	<u>396,429</u>	<u>100.00</u>

All brokers highlighted above are not related to the Manager.



## 10. UNITS HELD BY THE MANAGER

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

Related party		Relationship		
Eastspring Investments Berhad		The Manager		

		2020		2019	
		No. of units	RM	No. of units	RM
Eastspring Investments Berhad		6,293	3,976	5,980	3,693

The above units were transacted at the prevailing market price.

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

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

	<b>2020</b>	<b>2019</b>
	<b>%</b>	<b>%</b>
MER	0.79	0.79

MER is derived from the following calculation:

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

A = Management fee

B = Trustee fee

C = Audit fee

D = Tax agent fee

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

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

The average net asset value of the Fund for the financial period calculated on a daily basis is RM745,998,301 (2019: RM743,353,996).

## 12. PORTFOLIO TURNOVER RATIO ("PTR")

	2020	2019
PTR (times)	0.12	0.12

PTR is derived from the following calculation:

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

where:

total acquisitions for the financial period = RM53,718,117 (2019: RM114,044,370)

total disposals for the financial period = RM129,951,131 (2019: RM61,375,418)

## 13. SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

The worsening macro-economic outlook as a result of Covid-19, both domestically and globally, has resulted in the deterioration of the Fund's Net Asset Value/unit as of the date of this report. This is mainly due to the decrease in fair value of the Fund's investments at fair value through profit or loss.

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

## 14. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 14 August 2020.

# 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](http://www.eastspring.com/my)

## **TRUSTEE**

NAME

DEUTSCHE TRUSTEES MALAYSIA BERHAD

COMPANY NO.

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, 9<sup>th</sup> 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](http://eastspring.com/my)

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