

EASTSPRING INVESTMENTS GLOBAL EMERGING MARKETS 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

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

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FUND INFORMATION

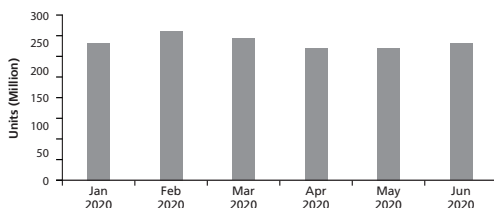
Name of Fund	Eastspring Investments Global Emerging Markets Fund (the "Fund")
Fund Category/Type	Feeder fund (global equity)/growth
Fund Objective	<p>The Fund seeks to achieve long-term capital growth by investing in a collective investment scheme called the Schroder International Selection Fund Emerging Markets, which in turn seeks to provide capital growth primarily through investment in equity securities of emerging markets companies.</p> <p>SHOULD THE MANAGER DECIDE TO INVEST IN ANOTHER COLLECTIVE INVESTMENT SCHEME OTHER THAN THE SCHRODER INTERNATIONAL SELECTION FUND EMERGING MARKETS FOR ANY REASON WHATSOEVER, UNIT HOLDERS' APPROVAL IS REQUIRED.</p>
Performance Benchmark	<p>The performance benchmark of the Fund is Morgan Stanley Capital International All Country Asia Pacific ex Japan Index ("MSCI EM Net TR").</p> <p>Source: www.msci.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 30 June 2020, the size of Eastspring Investments Global Emerging Markets Fund stood at 249.228 million units.

Fund Size



Breakdown of Unit Holdings

Unit Holdings	No. of Unit Holders	%	No of Units* ('000)	%
5,000 units and below	97	22.72	269	0.11
5,001 to 10,000 units	71	16.63	526	0.21
10,001 to 50,000 units	162	37.93	3,981	1.60
50,001 to 500,000 units	79	18.50	10,743	4.31
500,001 units and above	18	4.22	233,708	93.77
Total	427	100.00	249,227	100.00

* excludes units held by the Manager.

KEY PERFORMANCE DATA

FOR THE FINANCIAL PERIOD ENDED

Category	30.6.2020	30.6.2019	30.6.2018
	(%)	(%)	(%)
Collective investment scheme-Foreign	98.84	99.41	97.08
Cash and other assets	1.16	0.59	2.92
Total	100.00	100.00	100.00
Net Asset Value (NAV) (RM'000)	92,302	124,585	139,380
Units In Circulation (Units '000)	249,228	337,750	387,726
Net Asset Value Per Unit (RM)	0.3704	0.3689	0.3595
Highest Net Asset Value Per Unit (RM)	0.4038	0.3768	0.4036
Lowest Net Asset Value Per Unit (RM)	0.2920	0.3242	0.3524
Total Return (%)			
- Capital Growth	(5.41)	11.92	(6.94)
- Income Distribution	-	-	-
Total Return (%)	(5.41)	11.92	(6.94)
Gross Distribution Per Unit (RM)	-	-	-
Net Distribution Per Unit (RM)	-	-	-
Management Expense Ratio (MER) (%)*	0.96	0.95	0.25
Portfolio Turnover Ratio (PTR) (times)^	0.18	0.03	0.16

* 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 (%)
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Average total return	0.41	1.82	5.52
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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 (%)
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Annual total return	18.81	(14.68)	23.97	13.31	6.10
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Source: The above total return of the Fund was sourced from Lipper for Investment Management.

Bases of calculation and assumptions made in calculating returns:

$$\begin{aligned} \text{Percentage growth} &= \frac{\text{NAV}_t - \text{NAV}_0}{\text{NAV}_0} - 1 \\ \text{NAV}_t &= \text{NAV at the end of the period} \\ \text{NAV}_0 &= \text{NAV at the beginning of the period} \\ \text{Performance annualised} &= (1 + \text{Percentage Growth})^{1/n} - 1 \\ &\quad \text{Adjusted for unit split and distribution paid out for the period} \\ n &= \text{Number of years} \end{aligned}$$

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

For the 5-year period, the Fund recorded a return of 30.88%, outperforming the benchmark return of 30.79% by 0.09%.

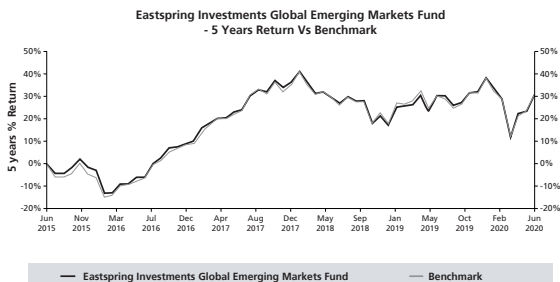
During the period under review, the Fund registered a return of -5.41%, outperforming the benchmark return of -5.43% by 0.02%.

From a country perspective, the overweights to Brazil and Russia were the key headwinds. Being overweight to Hungary was also negative. These effects were partly offset by the underweights to South Africa, Indonesia and India.

Stock selection, primarily in South Korea, underpinned excess returns. In Korea, the overweights to Samsung SDI and Naver were positive. Samsung SDI's stock rallied as demand for electric vehicle ("EV") batteries was seen to be recovering quickly from the impact of the novel coronavirus ("Covid-19") pandemic. Internet search company Naver, gained as its online businesses grew, including successful growth in its search offering for other online businesses. The off-benchmark position in Nexon and the overweight to LG Chemical also worked well. LG Chemical benefited from an improving outlook for EV batteries, while margins in its chemical business also saw improvement. Nexon's stock rallied sharply as Covid-19-related lockdowns led to higher demand. In Brazil, the off-benchmark allocation to Pagseguro Digital was positive. The digital payment provider advanced as it saw demand accelerate during pandemic-related lockdowns. The zero-weight to Banco Bradesco was also beneficial. The stock fell sharply amid concerns that new entrants will disrupt the Brazilian banking system, and as lower returns on equity were aggravated by the likely negative impact of Covid-19 on asset quality. Stock selection in South Africa, where the overweight to Naspers added value, and Argentina, in particular the off-benchmark position in Mercado Libre, was also beneficial. By contrast, stock selection in China was negative. The overweight to state controlled oil company CNOOC was the largest detractor. The stock was down amid a sell off in crude oil prices. The overweight to Ping An Insurance and off-benchmark position in AIA Group were also negative. The insurance sector was hit by falling yields and as lockdowns limited agency force activity.

MANAGER'S REPORT (CONTINUED)

Fund Performance (continued)



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

Benchmark: Morgan Stanley Capital International All Country Asia Pacific ex Japan Index ("MSCI EM Net TR").

Source: Lipper for Investment Management and www.msci.com, as at 30 June 2020.

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

Analysis of Fund Performance

For the financial period ended 30 June 2020:

Income Return	Capital Return*	Total Return	Total Return of Benchmark
(%)	(%)	(%)	(%)
0.00	(5.41)	(5.41)	(5.43)

* 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.

MANAGER'S REPORT (CONTINUED)

Investment Strategy During the Period Under Review

At the start of the year, we took Poland from neutral to overweight, in line with the model. The economy is strong and valuations are reasonable. However, we applied a judgment overlay to remain at a lesser overweight than the model recommendation, owing to Swiss franc litigation risk in the banking sector and the preponderance of state-owned companies in the listed sector. We also slightly reduced the magnitude of the India underweight due to a combination of bottom-up stock opportunities. Over the quarter, as the Covid-19 virus appeared in China and then began to spread to other countries, we increased our cash position. We moved to a zero-weight position in Thailand, which the model took to underweight from neutral. The economy is materially exposed to tourism, the currency is expensive on a real effective exchange rate basis, valuations are rich, and earnings revisions are negative. We reduced the magnitude of the South Korea overweight. Valuations are reasonable, the government appears to be managing the pandemic well, using a test, trace, isolate strategy and deploying fiscal stimulus, and the DRAM earnings cycle is near to trough. However, we reduced some positions that are highly exposed to global growth. We took China from neutral to a small underweight position. Despite the growth uncertainty related to the Covid-19 outbreak and trade tensions, valuations remain reasonable and stimulus is ongoing. Our move was due to bottom-up stock decisions.

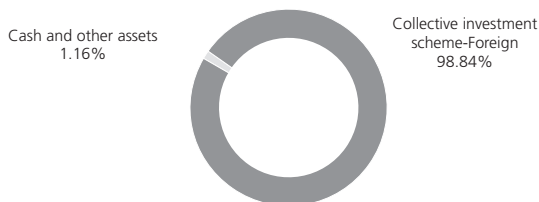
During the second quarter of 2020, we reduced the magnitude of the underweight to South Africa, moving closer to the model neutral recommendation. Debt-to-GDP is elevated and rising rapidly and reform is needed. However, valuations are attractive, the currency is cheap and we have identified attractive stock opportunities. We increased the size of the South Korea overweight. The economy is relatively highly exposed to global growth, but valuations are attractive and the government is providing additional fiscal support. We also increased the magnitude of the Russia overweight owing to strong stock opportunities. The changes were funded by increasing the size of the underweight to China: the country's index weight was increased following MSCI's Semi-Annual Index Review at the end of May and we moved to actual weight. We took Poland from overweight to neutral as, although valuations are reasonable, policy concerns continue to escalate. We also sold Greece and Qatar to zero, in line with the model. As a result of the above moves, cash fell slightly.

MANAGER'S REPORT (CONTINUED)

Asset Allocation

Asset Allocation	30-Jun 2020	31-Dec 2019	Changes
	(%)	(%)	(%)
Collective investment scheme-Foreign	98.84	99.25	(0.41)
Cash and other assets	1.16	0.75	0.41

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

Global equities sold-off over the six-month period, negatively impacted by a new coronavirus (“Covid-19”) pandemic. Measures to contain the virus centred on lockdowns and restrictions on movement, resulting in sharp falls in economic activity. A global recession is now expected this year. Global central banks and governments responded with substantial stimulus and fiscal support packages. The US Federal Reserve (“Fed”) cut its policy rate by 1.5% to 0.25%. It also announced material quantitative easing (“QE”), while the European Central Bank expanded its existing QE programme. US Congress passed a \$484 billion package of additional relief funds. Proposals for a €750 billion eurozone recovery fund, with funding to begin in 2021, will be discussed at the next European Union summit in July. Emerging market equities corrected, despite a sharp rally later in the period. Dollar strength was a headwind for much of the period. China was the only index country to post a positive return. The MSCI Emerging Markets Index decreased in value and underperformed the MSCI World.

Colombia was the weakest performing index market, negatively impacted by a sharp selloff in crude oil prices. Weaker crude prices also weighed on Russian equities and the rouble. Greece and Brazil underperformed. In Greece, the implications of virus-related travel restrictions mean this year’s tourist season is likely to be materially impacted. The sector accounts for around 25% of GDP, and provides employment to 33% of the workforce. In Brazil, currency weakness amplified negative returns. The central bank cut its headline interest rate by a total of 225bps to 2.25%. It announced measures including reserve requirement reductions for banks and agreed an FX swap line with the Fed. Mexico underperformed as the government remained reluctant to provide meaningful fiscal support. India finished behind the index as economic growth slowed and fiscal concerns increased. The government implemented a ten-week nationwide lockdown. However, the easing of restrictions in June subsequently saw new daily cases of Covid-19 accelerate.

Those EM countries with high foreign financing needs came under pressure, notably Pakistan, but also South Africa and Indonesia. In South Africa, Q1 GDP, released at the end of June, showed that activity had shrunk by 2% year-on-year. The economy is likely to have fallen deeper into recession in Q2, when the greatest impact of the pandemic hit the country.

By contrast, China outperformed. China was the first country to implement lockdowns, which were successful in containing the spread of the virus. It began to lift restrictions midway through the period, with economic activity gradually normalising. The government announced a mixture of fiscal and interest rate cuts in response to the crisis. Additional stimulus was unveiled at the National People’s Congress in May. However, tensions with the US re-escalated and broadened beyond trade. The US tightened sanctions on Chinese telecoms company Huawei. Meanwhile, China imposed a new security law

on Hong Kong SAR which drew criticism from Western countries. In addition, tensions with India increased, amid skirmishes on the disputed Himalayan border. Taiwan and Korea also outperformed. Taiwan had relatively few cases of Covid-19, attributable to the government's proactive response, deploying a plan developed following the SARS outbreak in 2003. Meanwhile South Korea was successful in containing the virus spread via its track and trace programme.

REBATES AND SOFT COMMISSIONS

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

EASTSPRING INVESTMENTS GLOBAL EMERGING MARKETS 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 45 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 GLOBAL EMERGING MARKETS FUND

We have acted as Trustee for Eastspring Investments Global Emerging Markets Fund (the "Fund") for the 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
INVESTMENT (LOSS)/INCOME			
Interest income from deposits with licensed financial institutions		18,754	30,834
Net (loss)/gain on financial assets at fair value through profit or loss	6	(5,544,532)	15,424,592
Net foreign currency exchange loss		(450,403)	(100,522)
		<u>(5,976,181)</u>	<u>15,354,904</u>
EXPENSES			
Management fee	3	(814,697)	(1,102,046)
Trustee fee	4	(36,209)	(48,980)
Audit fee		(3,281)	(3,272)
Tax agent fee		(1,691)	(1,687)
Other expenses		(13,881)	(11,293)
		<u>(869,759)</u>	<u>(1,167,278)</u>
(LOSS)/PROFIT BEFORE TAXATION		(6,845,940)	14,187,626
TAXATION	5	-	-
(LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME		<u>(6,845,940)</u>	<u>14,187,626</u>
(Loss)/profit after taxation is made up of the following:			
Realised amount		48,947	(306,702)
Unrealised amount		(6,894,887)	14,494,328
		<u>(6,845,940)</u>	<u>14,187,626</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
ASSETS			
Cash and cash equivalents	7	1,189,351	1,460,475
Amount due from broker		240,455	705,420
Amount due from Manager		762,708	276,785
Management fee rebate receivables		109,120	150,577
Financial assets at fair value through profit or loss	6	91,227,412	123,844,455
TOTAL ASSETS		93,529,046	126,437,712
LIABILITIES			
Amount due to Manager		1,071,750	1,644,388
Accrued management fee		132,998	183,031
Amount due to Trustee		5,911	8,135
Other payables and accruals		16,335	16,876
TOTAL LIABILITIES		1,226,994	1,852,430
NET ASSET VALUE OF THE FUND		92,302,052	124,585,282
EQUITY			
Unit holders' capital		89,990,300	122,150,075
Retained earnings		2,311,752	2,435,207
NET ASSET ATTRIBUTABLE TO UNIT HOLDERS		92,302,052	124,585,282
NUMBER OF UNITS IN CIRCULATION	8	249,227,774	337,749,881
NET ASSET VALUE PER UNIT (RM)		0.3704	0.3689

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	98,481,538	9,157,692	107,639,230
Movement in unit holders' contribution:			
Creation of units from applications	26,560,438	-	26,560,438
Cancellation of units	(35,051,676)	-	(35,051,676)
Total comprehensive loss for the financial period	-	(6,845,940)	(6,845,940)
Balance as at 30 June 2020	89,990,300	2,311,752	92,302,052
Balance as at 1 January 2019	124,750,659	(11,752,419)	112,998,240
Movement in unit holders' contribution:			
Creation of units from applications	14,695,691	-	14,695,691
Cancellation of units	(17,296,275)	-	(17,296,275)
Total comprehensive income for the financial period	-	14,187,626	14,187,626
Balance as at 30 June 2019	122,150,075	2,435,207	124,585,282

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
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		24,889,566	6,288,866
Purchase of investments		(11,278,719)	(3,027,440)
Interest income received		18,754	30,834
Management fee paid		(852,135)	(1,098,330)
Management fee rebate received		700,915	899,445
Trustee fee paid		(37,873)	(48,815)
Payment for other fees and expenses		(30,417)	(20,258)
Net realised foreign exchange loss		(450,403)	(100,522)
Net cash generated from operating activities		<u>12,959,688</u>	<u>2,923,780</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		26,269,193	14,738,617
Payments for cancellation of units		(39,055,520)	(16,861,194)
Net cash used in financing activities		<u>(12,786,327)</u>	<u>(2,122,577)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		173,361	801,203
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD		<u>1,015,990</u>	<u>659,272</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	7	<u>1,189,351</u>	<u>1,460,475</u>

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 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 in accordance with the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS"), under the historical cost convention, 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 I.

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 earned from short term deposits is recognised on the accrual basis using the effective interest 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).

Realised gain or loss on sale of investments are accounted for as the difference between the net disposal proceeds and the carrying amount of investment, which is determined on a weighted average cost basis.

C. TAXATION

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

Tax on dividend income from foreign collective investment scheme is based on the tax regime of the respective country that the Fund invests in.

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 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 contractual cash flows of the Fund’s debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund’s business model’s objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents, amount due from broker, amount due from Manager and management fee rebate receivables as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

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

ii. Recognition and measurement

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

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” including the effects of currency translation are presented in the statement of comprehensive income within “net gain/(loss) on financial assets at fair value through profit or loss” in the financial period in which they arise. Any unrealised gains however are not distributable.

Collective investment scheme are valued based on the last published net asset value per unit or share of such collective investment schemes or, if unavailable, on the average of the last published buying price and the last published selling price of such unit or share (excluding any sales charge included in selling in such selling price).

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

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.

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 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. FOREIGN CURRENCY TRANSLATION

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

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. 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 of the estimates, certain key variables that are anticipated to have material impact 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 Global Emerging Markets Fund (the “Fund”) was constituted pursuant to the execution of a Deed dated 7 December 2007 (the “Deed”), Second Supplemental Master Deed dated 30 November 2009 entered into between Eastspring Investments Berhad (the “Manager”) and HSBC (Malaysia) Trustee Berhad (“HSBC Trustee”). The Fund replaced HSBC 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 HSBC 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 11 January 2008 and will continue its operations until terminated as provided under Clause 12 of the Deed.

The Fund invests in a foreign collective investment scheme primarily the Schroder International Selection Fund - Emerging Markets (the “Target Fund”), incorporated in Luxembourg.

The main objective of the Fund seeks to achieve long-term capital growth by investing in a collective investment scheme called the Schroder International Selection Fund-Emerging Markets (the “Target Fund”), which in turn seeks to provide capital growth primarily through investment in equity securities of emerging markets companies.

All investments will be subjected to the Securities Commission (the “SC”) Guidelines on Unit Trust Funds, the SC requirements, the Deed, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund’s objective.

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, interest rate risk and foreign exchange/currency risk), stock/issuer risk, fund management risk, liquidity risk, credit/default risk, country risk, emerging markets risk, non-compliance 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
2020				
Amount due from broker		240,455	-	240,455
Amount due from Manager		762,708	-	762,708
Cash and cash equivalents	7	1,189,351	-	1,189,351
Collective investment scheme	6	-	91,227,412	91,227,412
Management fee rebate receivable		109,120	-	109,120
		2,301,634	91,227,412	93,529,046
2019				
Amount due from broker		705,420	-	705,420
Amount due from Manager		276,785	-	276,785
Cash and cash equivalents	7	1,460,475	-	1,460,475
Collective investment scheme	6	-	123,844,455	123,844,455
Management fee rebate receivable		150,577	-	150,577
		2,593,257	123,844,455	126,437,712

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. The Underlying Fund that is the Schroder International Selection Fund-Emerging Markets would generally hold a well-diversified portfolio of securities from different market sectors that the collapse of any one security or any one market sector would not impact too greatly on the value of the Schroder International Selection Fund-Emerging Market.

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

	2020	2019
	RM	RM
Collective investment scheme designated at fair value through profit or loss	91,227,412	123,844,455

The following table summarises the sensitivity of the Fund's net asset value and (loss)/profit after tax to movements in prices of collective investment scheme at the end of the reporting financial period. The analysis is based on the assumptions that the market price of the collective investment scheme 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 collective investment scheme, having regard to the historical volatility of the prices.

	2020		2019	
% Change in price	Market value	Increase/(decrease) in loss after tax and net asset value	Market value	Increase/(decrease) in profit after tax and net asset value
	RM	RM	RM	RM
+5%	95,788,783	4,561,371	130,036,678	6,192,223
-5%	86,666,041	(4,561,371)	117,652,232	(6,192,223)

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.

Interest rate is a general economic indicator that will have an impact on the management of the Fund. The Fund's exposure to the interest risk is mainly confined to short term placements with financial institutions. The Manager overcomes the exposure by way of maintaining deposits on short-term basis.

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.

iii. Foreign exchange/Currency risk

As the Underlying Fund, Schroder International Selection Fund - Emerging Markets may invest its assets in securities denominated in a wide range of currencies other than Ringgit Malaysia, the net asset value of the Fund expressed in Ringgit Malaysia may be affected favourably or unfavourably by exchange control regulations or changes in the exchange rates between Ringgit Malaysia and such other currencies. This risk is minimised through investing in a wide range of foreign currencies denominated assets and thus, diversifying the risk of single currency exposure.

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

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

	Financial assets at fair value through profit or loss	Amount due from broker	Total
	RM	RM	RM
<u>2020</u>			
EURO	91,227,412	240,455	91,467,867
<u>2019</u>			
EURO	123,844,455	705,420	124,549,875

The table summarises the sensitivity of the Fund's investments fair value to changes in foreign exchange movements at the end of the reporting financial period. The analysis is based on the assumption that the foreign exchange rate changes by 5% with all variables remain constants. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate having regard to historical volatility of this rate. An increase/(decrease) in foreign exchange rate will result in a corresponding (decrease)/increase in net assets attributable to unit holders by approximately 5%.

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

	Change in price	Impact on (loss)/profit after tax	Impact on net asset value
	%	RM	RM
<u>2020</u>			
EURO	5	4,573,393	4,573,393
<u>2019</u>			
EURO	5	6,227,494	6,227,494

Stock/Issuer risk

The performance of equities and money market instruments held by the Underlying Fund is also dependent on company specific factors like the issuer's business situation. If the company-specific factors deteriorate, the price of the specific security may drop significantly and permanently, possibly even regardless of an otherwise generally positive stock market trend. Risks include but are not limited to competitive operating environments, changing industry conditions and poor management.

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 Fund Manager will attempt to balance the entire portfolio by investing in a mix of assets with satisfactory trading volume and those that occasionally could encounter poor liquidity. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of units by unit holders. Liquid assets comprise cash, 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
2020			
Amount due to Manager	1,071,750	-	1,071,750
Accrued management fee	132,998	-	132,998
Amount due to Trustee	5,911	-	5,911
Other payables and accruals	-	16,335	16,335
Contractual cash outflows	<u>1,210,659</u>	<u>16,335</u>	<u>1,226,994</u>
2019			
Amount due to Manager	1,644,388	-	1,644,388
Accrued management fee	183,031	-	183,031
Amount due to Trustee	8,135	-	8,135
Other payables and accruals	-	16,876	16,876
Contractual cash outflows	<u>1,835,554</u>	<u>16,876</u>	<u>1,852,430</u>

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. 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 collective investment scheme 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	Amount due from Manager	Amount due from broker	Management fee rebate receivables	Total
	RM	RM	RM	RM	RM
<u>2020</u>					
Finance					
- AAA	1,140,064	-	-	-	1,140,064
- AA1	49,287	-	-	-	49,287
Other					
- NR	-	762,708	240,455	109,120	1,112,283
	<u>1,189,351</u>	<u>762,708</u>	<u>240,455</u>	<u>109,120</u>	<u>2,301,634</u>
<u>2019</u>					
Finance					
- AAA	720,183	-	-	-	720,183
- AA1	740,292	-	-	-	740,292
Other					
- NR	-	276,785	705,420	150,577	1,132,782
	<u>1,460,475</u>	<u>276,785</u>	<u>705,420</u>	<u>150,577</u>	<u>2,593,257</u>

None of these assets are past due or impaired.

Country risk

The stock prices may be affected by the political and economic conditions of the country in which the stocks are listed. A unit trust fund that invests in foreign securities may experience more rapid and extreme changes in value than a unit trust fund that invests exclusively in securities of Malaysian companies. Nationalisation, expropriation or confiscatory taxation, currency blockage, political changes or diplomatic developments could adversely affect a unit trust fund's investment in a foreign country. In the event of nationalisation, expropriation or other confiscation, a unit trust fund could lose its entire investment in foreign securities. Careful consideration shall be given to risk factors such as liquidity, political and economic environment before any investments are made in a foreign country.

Adverse conditions in a certain region can adversely affect securities of other countries whose economies appear to be unrelated.

Emerging markets risk

Investments in securities of emerging market issuers entail significant risks in addition to those customarily associated with investing in securities of issuers in more developed markets, such as:

- i. low or non-existent trading volume, resulting in a lack of liquidity and increased volatility in prices for such securities, as compared to securities of comparable issuers in more developed capital markets,
- ii. uncertain national policies and social, political and economic instability, increasing the potential for expropriation of assets, confiscatory taxation, high rates of inflation or unfavourably diplomatic developments,
- iii. possible fluctuations in exchange rates, differing legal systems and the existence or possible imposition of exchange controls, custodial restrictions or other laws or restrictions applicable to such investments,
- iv. national policies which may limit a portfolio's investment opportunities such as restrictions on investment in issuers or industries deemed sensitive to national interests, and
- v. the lack of relatively early development of legal structures governing private and foreign investments and private property.

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. For the Fund, foreign market risk is managed through portfolio diversification by the collective investment scheme which invests among markets/ countries and in companies which are well researched.

Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital of RM89,990,300 (2019: RM122,150,075) and retained earnings of RM2,311,752 (2019: RM2,435,207). 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 judgement, considering factors specific to the asset or liability.

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

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

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM

2020

Financial assets at fair value
through profit or loss:

Collective investment
scheme

91,227,412	-	-	91,227,412
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2019

Financial assets at fair value
through profit or loss:

Collective investment
scheme

123,844,455	-	-	123,844,455
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Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include collective investment scheme. 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, amount due from broker, management fee rebate receivables, 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 1.80% per annum on the net asset value of the Fund accrued on a daily basis for the financial period.

For the financial period ended 30 June 2020, management fee is recognised at a rate of 1.80% (2019: 1.80%) per annum on the net asset value of the Fund, calculated on a 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 0.08% per annum on the net asset value of the Fund, subject to a minimum fee of RM18,000 per annum (excluding foreign custodian fees and charges).

For the financial period ended 30 June 2020, the Trustee fee is recognised at a rate of 0.08% per annum (2019: 0.08%) on the net asset value of the Fund, subject to a minimum fee of RM18,000 per annum, exclusive of foreign custodian fees and charges, calculated on daily basis.

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

5. TAXATION

	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

-

-

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	(6,845,940)	14,187,626
Tax at Malaysian statutory rate of 24% (2019: 24%)	(1,643,026)	3,405,030
Tax effect of:		
Investment loss not deductible for tax purposes/ (investment income exempt from tax)	1,434,284	(3,468,201)
Expenses not deductible for tax purposes	12,427	14,870
Restriction on the tax deductible expenses for Unit Trust Funds	196,315	48,301
Taxation	-	-

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020	2019
	RM	RM
Designated at fair value through profit or loss:		
Collective investment scheme	91,227,412	123,844,455
Net (loss)/gain on financial assets at fair value through profit or loss:		
Realised gain on disposals	695,624	26,202
Change in unrealised fair value (loss)/gain	(6,909,011)	14,494,328
Management fee rebate on collective investment schemes [#]	668,855	904,062
	(5,544,532)	15,424,592

[#] In arriving at the fair value of collective investment schemes, the management fee initially paid to the Manager of the collective investment schemes have been considered as part of its net asset value. In order to prevent the double charging of management fee which is not permissible under SC Guidelines, management fee charged on the Fund's investments in collective investment schemes have been refunded to the Fund. Accordingly, any rebate of management fee received from the Manager of collective investment schemes is reflected as an increase in the net asset value of the collective investment schemes. The rebate of management fee is 1.50% per annum or RM668,855 (2019: 1.50% per annum or RM904,062) calculated on net asset value of Schroder International Selection Fund Emerging Markets on a daily basis.

Name of counter	Quantity	Aggregate cost	Fair value as at 30.6.2020	Percentage of net asset value of the Fund
	Units	RM	RM	%
Schroder International Selection Fund Emerging Markets – Class A	<u>1,400,549</u>	87,396,759	<u>91,227,412</u>	98.84
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>3,830,653</u>		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>91,227,412</u>	

Name of counter	Quantity	Aggregate cost	Fair value as at 30.6.2019	Percentage of net asset value of the Fund
	Units	RM	RM	%
Schroder International Selection Fund Emerging Markets – Class A	1,917,180	118,889,471	123,844,455	99.41

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

4,954,984

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

123,844,455

The Target Fund is a Sub-fund of the Schroder International Selection Fund which is a SICAV (“Société d’Investissement à Capital Variable”).

Schroder International Selection Fund (“SICAV”) is an open-ended investment company organised as a “Société Anonyme” under the law of the Grand Duchy of Luxembourg and qualifies as a SICAV. The Target Fund was launched on 17 January 2006. The Investment Manager of the Target Fund is Schroder Investment Management Limited in UK.

The Target Fund seeks to provide capital growth primarily through investment in equity and equity-related securities of emerging markets companies.

7. CASH AND CASH EQUIVALENTS

	2020	2019
	RM	RM
Bank balance with a licensed bank	49,287	740,292
Deposit with a licensed financial institution	1,140,064	720,183
	<u>1,189,351</u>	<u>1,460,475</u>

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

	2020	2019
	%	%
Deposit with a licensed financial institution	<u>2.05</u>	<u>3.10</u>

The deposit has an average maturity of 1 day (2019: 1 day).

8. UNITS IN CIRCULATION

	2020	2019
	No. of units	No. of units
At the beginning of the financial period	274,846,846	344,666,321
Creation of units arising from applications during the financial period	70,753,065	41,135,036
Cancellation of units during the financial period	(96,372,137)	(48,051,476)
At the end of the financial period	<u>249,227,774</u>	<u>337,749,881</u>

9. TRANSACTIONS WITH ISSUER

Details of transactions with the issuer are as follows:

Name of issuer	Value of trades	Percentage of total trades
	RM	%
<u>2020</u>		
Schroder Investment Management (Singapore) Limited	31,943,966	100.00
<u>2019</u>		
Schroder Investment Management (Singapore) Limited	8,425,973	100.00

The issuer highlighted above is not related to the Manager. There are no brokerage fees charged by the issuer.

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		370	1,000	369	
	1,000				

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")

	2020	2019
	%	%
MER	0.96	0.95

MER is derived from the following calculation:

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

A = Management fee excluding management fee rebate

B = Trustee fee

C = Audit fee

D = Tax agent fee

E = Other expenses

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

The average net asset value of the Fund for the financial period calculated on a daily basis is RM90,983,390 (2019: RM123,463,033).

12. PORTFOLIO TURNOVER RATIO ("PTR")

	2020	2019
PTR (times)	0.18	0.03

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 = RM11,278,720 (2019: RM3,027,439)

total disposals for the financial period = RM20,665,246 (2019: RM5,398,534)

13. COMPARATIVE FIGURES

The comparative figures have been reclassified to conform with the presentation of current period financial statements.

14. 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.

15. 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

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No. 6, Jalan Damanela

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BUSINESS OFFICE

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TRUSTEE

NAME

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COMPANY NO.

763590-H

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SALE & PURCHASE OF UNITS

Eastspring Investments Berhad

Level 22, Menara Prudential

Persiaran TRX Barat

55188 Tun Razak Exchange

Kuala Lumpur

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