eastspring investments

A member of Prudential plc (UK)

EASTSPRING INVESTMENTS GLOBAL EMERGING MARKETS FUND

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Dear Valued Investor,

Greetings from Eastspring Investments Berhad!

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

We are pleased to enclose a copy of the Annual/Interim/Quarterly Fund Reports of Eastspring Investments Berhad's fund(s) for the reporting period ended 31 December 2021.

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,

Raymond Tang Chee Kin
Non-Independent, Executive Director and Chief Executive Officer

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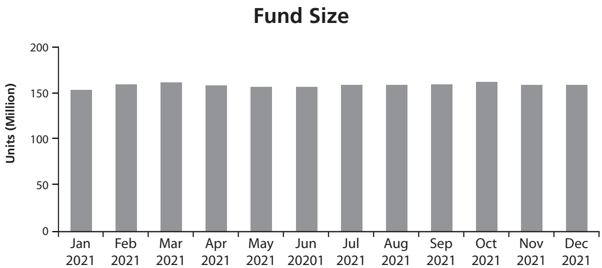
FUND INFORMATION

Name of Fund	Eastspring Investments Global Emerging Markets Fund (the "Fund")
Fund Category/ Type	Feeder fund (global equity)/growth
Fund Objective	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. 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.
Performance Benchmark	The performance benchmark of the Fund is Morgan Stanley Capital International All Country Asia Pacific ex Japan Index ("MSCI EM Net TR"). **Source:** www.msci.com **Note:** The risk profile of the Fund is different from the risk profile of the performance benchmark.
Fund Income Distribution Policy	Incidental

FUND INFORMATION (CONTINUED)

Breakdown of Unit Holdings by Size

As at 31 December 2021, the size of Eastspring Investments Global Emerging Markets Fund stood at 159.832 million units.



Breakdown of Unit Holdings

Unit Holdings	No. of Unit Holders	%	No of Units* ('000)	%
5,000 units and below	171	27.01	473	0.30
5,001 to 10,000 units	116	18.33	894	0.56
10,001 to 50,000 units	235	37.12	5,858	3.66
50,001 to 500,000 units	93	14.69	10,851	6.79
500,001 units and above	18	2.85	141,755	88.69
Total	**633**	**100.00**	**159,831**	**100.00**

* excludes units held by the Manager.

KEY PERFORMANCE DATA
FOR THE FINANCIAL YEAR ENDED

Category	2021	2020	2019
	(%)	(%)	(%)
Collective investment scheme	98.60	97.16	99.25
Cash and other assets	1.40	2.84	0.75
Total	**100.00**	**100.00**	**100.00**
Net Asset Value (NAV) (RM'000)	72,538	67,421	107,639
Units In Circulation (Units '000)	159,832	145,447	274,847
Net Asset Value Per Unit (RM)	0.4538	0.4635	0.3916
Highest Net Asset Value Per Unit (RM)	0.5229	0.4651	0.3988
Lowest Net Asset Value Per Unit (RM)	0.4440	0.2920	0.3471
Total Return (%)			
- Capital Growth	(2.09)	18.36	18.81
- Income Distribution	-	-	-
Total Return (%)	(2.09)	18.36	18.81
Gross Distribution Per Unit (RM)	-	-	-
Net Distribution Per Unit (RM)	-	-	-
Management Expense Ratio (MER) (%)*	1.92	1.93	1.90
Portfolio Turnover Ratio (PTR) (times)^	0.14	0.51	0.14

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

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

KEY PERFORMANCE DATA (CONTINUED)

	1 year 1.1.2021 to 31.12.2021	3 years 1.1.2019 to 31.12.2021	5 years 1.1.2017 to 31.12.2021
	(%)	**(%)**	**(%)**
Average total return	(2.09)	11.24	7.80

Year ended	**1.1.2021 to 31.12.2021**	**1.1.2020 to 31.12.2020**	**1.1.2019 to 31.12.2019**	**1.1.2018 to 31.12.2018**	**1.1.2017 to 31.12.2017**
	(%)	**(%)**	**(%)**	**(%)**	**(%)**
Annual total return	(2.09)	18.36	18.81	(14.68)	23.97

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

Bases of calculation and assumptions made in calculating returns:

Percentage growth = $\frac{NAV_t}{NAV_0} - 1$

NAV_t = NAV at the end of the period

NAV_0 = NAV at the beginning of the period

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

Adjusted for unit split and distribution paid out for the period

n = Number of years

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

MANAGER'S REPORT

Fund Performance

For the 5-year period, the Fund recorded a return of 45.64%, underperforming the benchmark return of 48.82% by 3.18%.

During the period under review, the Fund registered a return of -2.09%, underperforming the benchmark return of 0.93% by 3.02%.

The underweight position to India and zero weight to Saudi Arabia, both of which outperformed, and the overweight position to Brazil and Turkey, both of which underperformed, all contributed negatively to relative returns. Following a severe second wave of Covid-19 in the early part of 2021, India saw the year out with strong gains, the economy recovering as vaccination rates improved. Along with other net energy exporters, Saudi Arabia benefited from the strong recovery in oil and gas prices. Brazil lagged faced with the backdrop of the central bank hiking its policy rate, by a total of 725bps, in response to rising inflation, coupled with concerns over fiscal outlook and political uncertainty ahead of October 2022's presidential election. Turkey was the weakest index market as the central bank governor, installed in November 2020, was unexpectedly replaced in March. His successor cut interest rates despite ongoing above target and accelerating inflation, which hit 21.3% year-on-year in November. With the lira coming under significant pressure in Q4 as rate cuts mounted, President Erdogan announced an unorthodox scheme to compensate savers for lira weakness, in an effort to reduce dollarisation.

These negatives were somewhat offset by our underweight position to China, which underperformed, and the overweight position to Russia, which outperformed. Following China's strong post-lockdown recovery in 2020, regulatory actions were the initial cause of market weakness. This was compounded by the reintroduction of Covid-19 restrictions and consequent supply chain disruption in August. Worries about possible systemic financial system risks stemming from the potential collapse of real estate developer Evergrande, and power shortages also weighed on the growth outlook. Russia benefited from the global recovery in oil and gas prices, however the escalation in geopolitical tensions due to a buildup of Russian troops on the border with Ukraine restricted returns.

MANAGER'S REPORT (CONTINUED)

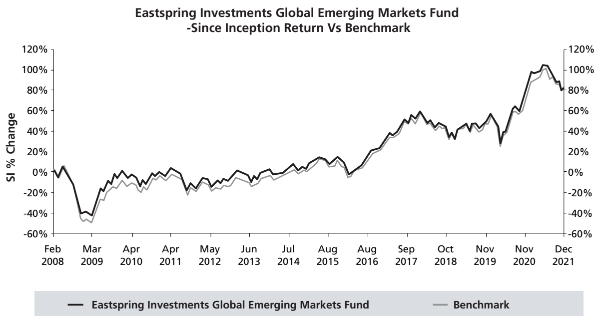
Fund Performance (continued)

Stock selection was negative in Brazil (u/w Petrobras and o/w Pagseguro; Petrobras participated in the global recovery in energy prices and further benefited from regulatory sign off on its pricing formula earlier in the year; Pagseguro meanwhile struggled owing to concerns over regulation and rising interest rates), Argentina (o/w Mercadolibre; the online marketplace operator struggled as rising interest rates has lead to a reassessment of the valuation, which has been compounded by growing competition concerns), China (o/w Alibaba and Ping An; Alibaba has faced tighter regulations for both e-commerce and fintech businesses, with competition and high levels of investment in other businesses depressing profitability; Ping An has seen falling/low yields hinder Chinese financials, particularly within insurance given reinvestment risk, with new business sales disappointing) and Turkey (o/w BIM; the retailer underperformed the market due to regulatory headwinds and further lagged behind companies with foreign revenue streams, as TRL depreciated). It was positive in South Africa (u/w Naspers and o/w FirstRand; Naspers struggled owing to weak performance from Tencent, with regulatory concerns manifested in a potential anti-monopoly fine for the subsidiary; FirstRand meanwhile reported a faster than anticipated recovery in earnings, with ROE returning to target levels sooner than expected), Korea (u/w Celltrion; o/w Naver and Korea Zinc; Celltrion receded during 2021, as high expectations related to sales benefits from the Covid-19 pandemic faded; Naver meanwhile outperformed as the listing of the Korean e-commerce company in the US earlier in the year highlighted a valuation differential; Korea Zinc also performed well, thanks to the launch of new electric vehicle battery projects) and Indonesia (o/w Sea Limited; strong performance momentum off the back of aggressive expansion into new country markets).

The Fund achieved its objective of providing investors with capital appreciation in medium to long-term by investing in a collective investments scheme called the Schroder International Selection Fund Emerging Markets.

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 31 December 2021.

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

MANAGER'S REPORT (CONTINUED)

Analysis of Fund Performance

For the financial year ended 31 December 2021:

Income Return (%)	Capital Return* (%)	Total Return (%)	Total Return of Benchmark (%)
0.00	(2.09)	(2.09)	0.93

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

Distribution/ Unit Split

No distribution or unit split were declared for the financial year ended 31 December 2021.

Investment Strategy During the Period Under Review

During the first quarter of 2021, we reduced the magnitude of the underweight positions to China, Thailand and Indonesia. The Chinese economy is normalising post lockdown however geopolitical tensions remain and the credit impulse is peaking. In Thailand, political uncertainty persists, tourism continues to be heavily impacted by the pandemic, and the domestic economy remains sluggish. However, tourism is a material driver of GDP and we expect a strong recovery when vaccines permit tourism to restart. In Indonesia, valuations are expensive, and the government is relatively limited in its ability to manage the Covid-19 crisis, but reform progress is positive and we have identified attractive stock opportunities. We also took Mexico to neutral from an underweight position, moving in line with the model recommendation. Although policy concerns persist, valuations are attractive relative to history. These moves were funded by taking some profit in Taiwan and Korea, where the magnitude of the overweight has been reduced. The overweight to Turkey was also reduced after the replacement of the central bank governor caused renewed policy concerns.

MANAGER'S REPORT (CONTINUED)

Investment Strategy During the Period Under Review (continued)

During the second quarter of 2021, we increased the magnitude of the overweight positions to Brazil and South Africa. In Brazil, the market has been pressured by a severe Covid wave, politics and consequent macro concerns. However, vaccine supply and distribution is now improving and restrictions should ease, while valuations are attractive and the currency is cheap. South Africa has performed well year-to-date, but valuations remain reasonable and, although economic reform is slow, there has been ongoing progress on the political front side which will support the reform effort. We also reduced the underweight position to Thailand following recent market weakness. Political risk is ongoing, while the domestic economy remains sluggish, and tourism has been heavily impacted by the pandemic. However, as vaccine distribution picks up, it should drive a revival in tourism and broader economic activity, and we have identified a strong stock opportunity. Similarly, we initiated a position in Malaysia, in part due to a strong stock opportunity.

Although political uncertainty is ongoing, the currency is undervalued, and equity valuations are cheap. These moves were funded partly from cash and by taking some profit in Korea, where the magnitude of the overweight has been reduced. The underweight to China was also increased; 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. The economy has normalised, and the credit impulse has now peaked. Meanwhile, regulatory pressures have widened to other sectors, beyond e-commerce. In Taiwan we moved from a small overweight to a small underweight as although 5G and other technology cycles remain supportive in the long term, valuations are relatively expensive.

MANAGER'S REPORT (CONTINUED)

Investment Strategy During the Period Under Review (continued)

During the third quarter of 2021 we increased the magnitude of the Russia overweight, in part due to a strong stock opportunity. Geopolitical risks persist and temper our appetite, but the economy and market should benefit from robust commodity prices and valuations are cheap. The model took Taiwan from neutral to overweight, owing to an improvement in its valuation score. We took the market from underweight to neutral and continued to override the model. The market is heavily weighted to technology names and, while 5G and other technology cycles provide structural support, there is an element of cyclicality to earnings and valuations remain relatively expensive. South Africa fell to neutral from overweight in the model. We implemented an override to stay overweight but reduced the size of our position, primarily attributable to a stock specific decision. Valuations remain reasonable but recent civil unrest highlights structural challenges and the need for more rapid reform. Similarly, we reduced the magnitude of the overweights to both South Korea and Brazil. In South Korea, although near term earnings momentum remains, the market is increasingly anticipating the earnings upcycle. In Brazil, equity valuations are reasonable, the currency is cheap, and the balance of payments is robust. However, inflation and monetary tightening have surprised on the upside, which could impact economic growth in 2022. These moves led to a modest increase in cash.

MANAGER'S REPORT (CONTINUED)

Investment Strategy During the Period Under Review (continued)

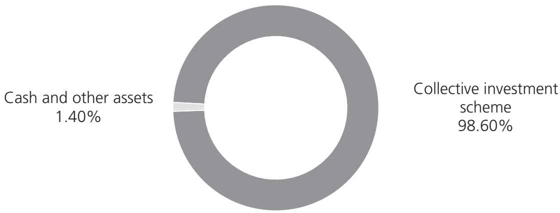
During the fourth quarter of 2021 we reduced the magnitude of the China underweight. The economy remains weak while regulatory pressures and geopolitical tensions persist. However, the credit impulse appears to have reached its trough, regulatory noise may have peaked, and the prospect of policy support is increasing. We took Taiwan to slightly overweight from neutral, which was a move to actual weight. Although aggregate valuations are expensive, 5G and other technology cycles are structurally supportive. We also initiated a position in Qatar but maintained an underweight. Valuations provide limited upside but the economy is resilient. To fund these moves we moderated overweight positions to Russia, South Korea, South Africa, Brazil and Hungary. In Russia, geopolitical risks increased as tensions with the West in relation to Ukraine escalated. The reduction in South Korea was largely stock led. In South Africa, valuations are reasonable but there is urgent need for structural reform. In Brazil, valuations are reasonable, and the currency is cheap, however, inflation has continued to surprise to the upside and monetary tightening by the central bank will impact growth in 2022. Furthermore, elections in October 2022 bring with them heightened political risk. In Hungary, we took some profit, moving to actual weight. We also took some profit in Indonesia, moving from neutral to underweight. The change brings us back in line with the model recommendation. In addition, we sold our position in the Czech Republic owing to a bottom-up decision and moved to zero-weight, in line with the model. These moves led to a slight increase in cash, reflecting our cautious outlook for markets.

MANAGER'S REPORT (CONTINUED)

Asset Allocation

Asset Allocation	31-Dec 2021	31-Dec 2020	Changes
	(%)	(%)	(%)
Collective investment scheme	98.60	97.16	1.44
Cash and other assets	1.40	2.84	(1.44)

Asset Allocation as at 31 December 2021



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.

In relation to this Fund, an Eleventh Supplemental Master Deed dated 30 September 2021 has been executed.

We also have issued the Sixth Supplementary Master Prospectus dated 15 December 2021 with the following changes:

MANAGER'S REPORT (CONTINUED)

State of Affairs of the Fund (continued)

a. Removed the audit and compliance committee from our company.

b. Under the policy and gearing section, we have changed the terminology of "borrowing" to "financing" and the related terms, these are merely cosmetic changes to provide better clarity.

c. We have updated in the supplementary prospectus that unit holders can now obtain the transaction forms from our website, www.eastspring.com/my.

d. We have updated in the supplementary prospectus that unit holders can now submit purchase, redemption, cooling-off and switching application through online submission via myEastspring other than manual submission.uIn addition, we have also provided more clarity in which our authorised distributors may have an earlier cut-off time than the cut-off time imposed by us, unit holders may check with the respective authorised distributors for their respective cut-off time.

e. For submission of application for units, Investors to provide the remittance application form together with deposit slip if the payment is made with bank draft. In addition, we have added in scenario for foreigner to indicate their passport number on the bank deposit slip.

f. Editorial name changes to one of our department, where our risk and compliance department is now known as risk, compliance and legal department. Furthermore, our chief risk and compliance officer is also renamed to head of risk, compliance and legal.

MANAGER'S REPORT (CONTINUED)

State of Affairs of the Fund (continued)

g. We have included one addition section below under background of Manager to provide more information about Eastspring Investments.

   Eastspring Investments companies (excluding joint venture companies) are ultimately wholly-owned/indirect subsidiaries/ associate of Prudential plc of the United Kingdom. Eastspring Investments companies (including joint venture companies) and Prudential plc are not affiliated in any manner with Prudential Financial, Inc., a company whose principal place of business is in the United States of America or with the Prudential Assurance Company, a subsidiary of M&G plc (a company incorporated in the United Kingdom).

h. We have also updated our board of directors. Below are our latest board of directors:

   Lilian Tham Ee Mern
   Chairman, non-independent, non-executive director

   Iskander bin Ismail Mohamed Ali
   Independent, non-executive director

   John Campbell Tupling
   Independent, non-executive director

   Raymond Tang Chee Kin
   Non-independent, executive director

MANAGER'S REPORT (CONTINUED)

State of Affairs of the Fund (continued)

i. We have updated our latest related party transactions and conflict of interest section as with an additional paragraph below:

- Eastspring Investments Group Pte Ltd (Singapore) is a substantial shareholder of various Eastspring entities including but not limited to Eastspring Investments (Singapore) Limited, Eastspring Investments Limited (Japan), Eastspring Al-Wara' Investments Berhad and the Manager.

j. We have removed our fax number from our head office and included our Sabah office fax number (6088 -232-136) for your reference.

MARKET REVIEW

Global equities delivered a robust return in 2021. The global economy continued to transition out of the Covid-19 pandemic, underpinned by the distribution of vaccines. Growth and inflation picked up and the US Federal Reserve ("Fed") began tapering its quantitative easing ("QE") programme in November. In December, given ongoing economic strength and the risk of higher inflation, the Fed announced it would increase the speed of the taper. In addition, the dot plot, the Fed's interest rate setting committees' individual rate forecasts, also shifted to indicate three rate rises next year. Against this backdrop the US dollar strengthened, which was a headwind for emerging markets ("EM").

Turkey was the weakest index market as the central bank governor, installed in November 2020, was unexpectedly replaced in March. His successor cut interest rates despite ongoing above target and accelerating inflation, which hit 21.3% year-on-year in November. With the lira coming under significant pressure in Q4 as rate cuts mounted, President Erdogan announced an unorthodox scheme to compensate savers for lira weakness, in an effort to reduce dollarisation. China underperformed by a wide margin. After the strong post-lockdown market and macroeconomic recovery in 2020, regulatory actions were the initial cause of market weakness. These were compounded by the re-imposition of some Covid-19 restrictions and consequent supply chain disruption in August, as well as post the identification of the Omicron variant in Q4. Worries about possible systemic financial system risks stemming from the potential collapse of real estate developer Evergrande, and power shortages also weighed on the growth outlook. Brazil lagged as the central bank hiked its policy rate by a total of 725bps in response to rising inflation. Meanwhile, concerns over the fiscal outlook, and political uncertainty ahead of October 2022's presidential election, also weighed on sentiment. Chile, where leftist Gabriel Boric was elected president, and Colombia, which saw uncertainty increase ahead of presidential elections in May 2022, both underperformed. South Korea posted a negative return as markets moved to anticipate a peak in the earnings cycle, notably in the memory sector. The ASEAN markets of Malaysia, where political uncertainty persisted, the Philippines, Thailand, and Indonesia also lagged. In several cases this was due in part to a delay in the easing of pandemic-induced restrictions, and economic reopening until later in the year.

By contrast, the Czech Republic was the best-performing index market. With inflation rising, the central bank responded by hiking its policy rate by a total of 350bps to 3.75%. The strong recovery in oil and gas prices was beneficial for many net exporters, including the UAE, Saudi Arabia, Kuwait, Russia and Qatar all of which outperformed. In Russia this was despite an escalation in geopolitical tensions with the West later in the year, amid a buildup of Russian troops on its border with Ukraine. India recorded a strong gain despite a severe second wave of Covid-19 cases early in the year. The economy subsequently began to recover while vaccinations picked up. Taiwan finished ahead of the index, aided by strong performance from IT stocks. The emerging European markets of Hungary and Poland, underpinned by strong performance from cyclical names, both outperformed. Greece finished ahead of the broader index as the outlook for a more sustainable recovery in tourism improved. The rebound in materials prices was supportive of net exporters such as South Africa.

REBATES AND SOFT COMMISSIONS

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

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EASTSPRING INVESTMENTS GLOBAL EMERGING MARKETS FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

STATEMENT BY THE MANAGER

We, Tang Chee Kin and Iskander Bin Ismail Mohamed Ali, being two of the Directors of Eastspring Investments Berhad, do hereby state that, in the opinion of the Manager, the accompanying financial statements set out on pages 26 to 59 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 December 2021 and of its financial performance, changes in equity and cash flows for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the Manager,
EASTSPRING INVESTMENTS BERHAD

TANG CHEE KIN
Executive Director/Chief Executive Officer

ISKANDER BIN ISMAIL MOHAMED ALI
Independent, Non-Executive Director

Kuala Lumpur
Date: 18 February 2022

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 year ended 31 December 2021. To the best of our knowledge, for the financial year under review, Eastspring Investments Berhad (the "Manager") has operated and managed the Fund in accordance with the following:-

a. limitations imposed on the investment powers of the Manager under the Deed(s), the Securities Commission's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;

b. valuation and pricing for the Fund is carried out in accordance with the Deed(s) of the Fund and any regulatory requirements; and

c. creation and cancellation of units for the Fund are carried out in accordance with the Deed(s) of the Fund and any regulatory requirements.

For Deutsche Trustees Malaysia Berhad

Soon Lai Ching
Senior Manager, Trustee Operations

Gerard Ang
Chief Executive Officer

Kuala Lumpur
Date: 18 February 2022

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS GLOBAL EMERGING MARKETS FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Eastspring Investments Global Emerging Markets Fund ("the Fund") give a true and fair view of the financial position of the Fund as at 31 December 2021, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 26 to 59.

Basis for Opinion

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

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

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

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

a. Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

d. Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

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

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
Date: 18 February 2022

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021	2020
		RM	RM
INVESTMENT (LOSS)/INCOME			
Interest income from deposits with licensed financial institutions		18,975	29,099
Net (loss)/gain on financial assets at fair value through profit or loss	6	(660,242)	12,758,688
Net foreign currency exchange loss		(140,889)	(906,648)
		(782,156)	11,881,139
EXPENSES			
Management fee	3	(1,394,022)	(1,471,564)
Trustee fee	4	(61,957)	(65,403)
Audit fee		(6,600)	(6,600)
Tax agent fee		(3,400)	(3,400)
Other expenses		(20,712)	(28,568)
		(1,486,691)	(1,575,535)
(LOSS)/PROFIT BEFORE TAXATION		(2,268,847)	10,305,604
TAXATION	5	-	-
(LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME		(2,268,847)	10,305,604
(Loss)/profit after taxation is made up of the following:			
Realised amount		1,302,562	5,357,103
Unrealised amount		(3,571,409)	4,948,501
		(2,268,847)	10,305,604

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021	2020
		RM	RM
ASSETS			
Cash and cash equivalents	7	1,100,867	1,336,394
Financial assets at fair value through profit or loss	6	71,521,020	65,506,987
Amount due from Manager		160,949	1,560,812
Management fee rebate receivables		91,125	82,091
TOTAL ASSETS		72,873,961	68,486,284
LIABILITIES			
Accrued management fee		111,002	99,904
Amount due to Manager		202,605	942,016
Amount due to Trustee		4,934	4,440
Other payables and accruals		17,307	18,623
TOTAL LIABILITIES		335,848	1,064,983
NET ASSET VALUE OF THE FUND		72,538,113	67,421,301
EQUITY			
Unit holders' capital		55,343,664	47,958,005
Retained earnings		17,194,449	19,463,296
NET ASSET ATTRIBUTABLE TO UNIT HOLDERS		72,538,113	67,421,301
NUMBER OF UNITS IN CIRCULATION	8	159,832,086	145,447,090
NET ASSET VALUE PER UNIT (RM)		0.4538	0.4635

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Unit holders' capital	**Retained earnings**	**Total**
	RM	**RM**	**RM**
Balance as at 1 January 2021	47,958,005	19,463,296	67,421,301
Movement in unit holders' contribution:			
Creation of units from applications	42,267,636	-	42,267,636
Cancellation of units	(34,881,977)	-	(34,881,977)
Total comprehensive loss for the financial year	-	(2,268,847)	(2,268,847)
Balance as at 31 December 2021	55,343,664	17,194,449	72,538,113
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	57,525,928	-	57,525,928
Cancellation of units	(108,049,461)	-	(108,049,461)
Total comprehensive income for the financial year	-	10,305,604	10,305,604
Balance as at 31 December 2020	47,958,005	19,463,296	67,421,301

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021	2020
		RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		7,257,113	72,670,280
Purchase of investments		(15,075,962)	(15,335,747)
Interest income received from deposits with licensed financial institutions		18,975	29,099
Management fee paid		(1,382,924)	(1,542,096)
Management fee rebate received		1,135,540	1,268,358
Trustee fee paid		(61,463)	(68,538)
Payment for other fees and expenses		(32,028)	(47,844)
Realised foreign exchange loss		(140,889)	(920,772)
Net cash (used in)/generated from operating activities		(8,281,638)	56,052,740
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		43,667,499	56,436,579
Payments for cancellation of units		(35,621,388)	(112,183,039)
Net cash generated from/(used in) financing activities		8,046,111	(55,746,460)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(235,527)	306,280
EFFECT OF FOREIGN EXCHANGE DIFFERENCES		-	14,124
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		1,336,394	1,015,990
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	7	1,100,867	1,336,394

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

A. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The preparation of financial statements in conformity with the MFRS and IFRS require the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires the Manager to exercise their judgement in the process of applying the Fund's accounting policies. Although these estimates and judgement are based on the Manager's best knowledge of current events and actions, actual results may differ.

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

a. Standards and amendments to existing standards effective 1 January 2021:

   There are no other standards, amendments to standards or interpretations that are effective for financial year beginning on 1 January 2021 that have a material effect on the financial statements of the Fund.

b. New standards, amendments and interpretations effective after 1 January 2021 and have not been early adapted:

   A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

B. INCOME RECOGNITION

Interest income from deposits placed with licensed financial 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).

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

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 year.

D. FUNCTIONAL AND PRESENTATION CURRENCY

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

E. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

i. Classification

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

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

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. 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 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 year in which they arise.

Collective investment scheme are valued based on the last published net asset value per unit or share of such collective investment scheme 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 considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 months expected credit losses as any such impairment would be wholly insignificant to the Fund.

iv. Significant increase in credit risk

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

v. Definition of default and credit-impaired financial assets

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

vi. Write-off

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

F. 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 amount due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12 months expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

If the credit risk increases to the point that it is considered to be credit impaired, 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.

G. CASH AND CASH EQUIVALENTS

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

H. 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 year-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.

I. UNIT HOLDERS' CAPITAL

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

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

The outstanding units are carried at the redemption amount that is payable at each financial 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.

J. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

Estimates and judgements are continually evaluated by the Manager and the Trustee and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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, Tenth Supplemental Master Deed dated 4 June 2018 and Eleventh Supplemental Master Deed dated 30 September 2021 (collectively referred to as the "Deeds").

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's ("SC") Guidelines on Unit Trust Funds, the Deeds, 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 Deeds.

Financial instruments of the Fund are as follows:

	Note	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Total
		RM	RM	RM
2021				
Cash and cash equivalents	7	1,100,867	-	1,100,867
Collective investment scheme	6	-	71,521,020	71,521,020
Amount due from Manager		160,949	-	160,949
Management fee rebate receivables		91,125	-	91,125
		1,352,941	71,521,020	72,873,961
2020				
Cash and cash equivalents	7	1,336,394	-	1,336,394
Collective investment scheme	6	-	65,506,987	65,506,987
Amount due from Manager		1,560,812	-	1,560,812
Management fee rebate receivables		82,091	-	82,091
		2,979,297	65,506,987	68,486,284

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

Market risk

i. Price risk

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

The price risk is managed through diversification and asset allocation whereby the collective investment scheme exposure will be reduced in the event of anticipated market weakness.

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

	2021	2020
	RM	RM
Financial assets at fair value through profit or loss:		
Collective investment scheme	71,521,020	65,506,987

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

		2021		2020
% Change in price	Market value	Impact on loss after tax/net asset value	Market value	Impact on profit after tax/net asset value
	RM	RM	RM	RM
+5%	75,097,071	3,576,051	68,782,336	3,275,349
-5%	67,944,969	(3,576,051)	62,231,638	(3,275,349)

ii. Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

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

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

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 Manager will usually not hedge foreign currency exposure. The 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
2021			
EURO	71,521,020	-	71,521,020
2020			
EURO	65,506,987	-	65,506,987

The table below summarises the sensitivity of the Fund's financial assets to changes in foreign exchange movements at the end of the reporting financial year. 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.

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
2021			
EURO	5	3,576,051	3,576,051
2020			
EURO	5	3,275,349	3,275,349

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 Funds. With close monitoring by the investment committee, back office system being incorporated with limits and controls, and regular reporting to the senior management team, the management company is able to manage such risk. The Trustee has an oversight function over management of the Fund by the management company to safeguard the 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 cash balances, 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
2021			
Accrued management fee	111,002	-	111,002
Amount due to Manager	202,605	-	202,605
Amount due to Trustee	4,934	-	4,934
Other payables and accruals	-	17,307	17,307
Contractual undiscounted cash outflows	318,541	17,307	335,848
2020			
Accrued management fee	99,904	-	99,904
Amount due to Manager	942,016	-	942,016
Amount due to Trustee	4,440	-	4,440
Other payables and accruals	-	18,623	18,623
Contractual undiscounted cash outflows	1,046,360	18,623	1,064,983

Credit/Default risk

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

The credit risk arising from placements of deposits with 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.

	Financial assets at fair value through profit or loss	Cash and cash equivalents	Amount due from Manager	Management fee rebate receivables	Total
	RM	RM	RM	RM	RM
2021					
Collective investment scheme					
- NR	71,521,020	-	-	-	71,521,020
Financial Services					
- AAA	-	1,060,052	-	-	1,060,052
- AA1	-	40,815	-	-	40,815
Other					
- NR	-	-	160,949	91,125	252,074
	71,521,020	1,100,867	160,949	91,125	72,873,961

	Financial assets at fair value through profit or loss	Cash and cash equivalents	Amount due from Manager	Management fee rebate receivables	Total
	RM	RM	RM	RM	RM
2020					
Collective investment scheme					
- NR	65,506,987	-	-	-	65,506,987
Financial Services					
- AAA	-	1,290,065	-	-	1,290,065
- AA1	-	46,329	-	-	46,329
Other					
- NR	-	-	1,560,812	82,091	1,642,903
	65,506,987	1,336,394	1,560,812	82,091	68,486,284

None of these financial 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.

Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital of RM55,343,664 (2020: RM47,958,005) and retained earnings of RM17,194,449 (2020: RM19,463,296). The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

Fair value estimation

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

The fair value of financial assets traded in active market (such as trading securities) are based on quoted market prices at the close of trading on the financial year end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is representative of the fair value.

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

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

i. Fair value hierarchy

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

The different levels have been defined as follows:

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

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

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

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

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

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
2021				
Financial assets at fair value through profit or loss:				
Collective investment scheme	71,521,020	-	-	71,521,020
2020				
Financial assets at fair value through profit or loss:				
Collective investment scheme	65,506,987	-	-	65,506,987

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 cash and cash equivalents, amount due from Manager, management fee rebate receivables 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 of the net asset value of the Fund calculated on daily basis.

For the financial year ended 31 December 2021, management fee is recognised at a rate of 1.80% (2020: 1.80%) per annum of 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 year ended 31 December 2021, the Trustee fee is recognised at a rate of 0.08% (2020: 0.08%) per annum of the net asset value of the Fund, calculated on daily basis.

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

5. TAXATION

	2021	2020
	RM	RM
Tax charged for the financial year:		
Current taxation	-	-

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

	2021	2020
	RM	RM
(Loss)/profit before taxation	(2,268,847)	10,305,604
Tax at Malaysian statutory rate of 24% (2020: 24%)	(544,523)	2,473,345
Tax effects of:		
Investment loss not deductible for tax purposes/ (investment income not subject to tax)	187,717	(2,851,473)
Expenses not deductible for tax purposes	20,657	23,369
Restriction on the tax deductible expenses for Unit Trust Funds	336,149	354,759
Taxation	-	-

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021	2020
	RM	RM
Financial assets at fair value through profit or loss:		
Collective investment scheme	71,521,020	65,506,987
Net (loss)/gain on financial assets at fair value through profit or loss:		
Realised gain on disposals	1,766,593	6,615,042
Change in unrealised fair value (loss)/gain	(3,571,409)	4,934,377
Management fee rebate on collective investment scheme #	1,144,574	1,209,269
	(660,242)	12,758,688

In arriving at the fair value of collective investment scheme, the management fee initially paid to the Manager of the collective investment scheme has 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 scheme has been refunded to the Fund. Accordingly, any rebate of management fee received from the Manager of collective investment scheme is reflected as an increase in the net asset value of the collective investment scheme. The rebate of management fee is 1.50% per annum or RM1,144,574 (2020: 1.50% per annum or RM1,209,269) calculated on net asset value of Schroder International Selection Fund Emerging Markets on a daily basis.

Collective investment scheme

	Quantity	Aggregate cost	Fair value as at 31.12.2021	Percentage of net asset value of the Fund
	Units	**RM**	**RM**	**%**
Schroder International Selection Fund Emerging Markets – Class A	880,691	59,418,388	71,521,020	98.60
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		12,102,632		
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		71,521,020		

Collective investment scheme

	Quantity	Aggregate cost	Fair value as at 31.12.2020	Percentage of net asset value of the Fund
	Units	RM	RM	%
Schroder International Selection Fund Emerging Markets – Class A	793,733	49,832,946	65,506,987	97.16
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		15,674,041		
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		65,506,987		

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 March 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

	2021	2020
	RM	RM
Bank balance with a licensed bank	40,815	46,329
Deposit with licensed financial institution	1,060,052	1,290,065
	1,100,867	1,336,394

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

	2021	2020
	%	%
Deposit with licensed financial institution	1.80	1.85

The deposits have an average maturity of 3 days (2020: 4 days).

8. UNITS IN CIRCULATION

	2021	2020
	No. of units	No. of units
At the beginning of the financial year	145,447,090	274,846,846
Creation of units arising from applications during the financial year	85,406,721	146,566,094
Cancellation of units during the financial year	(71,021,725)	(275,965,850)
At the end of the financial year	159,832,086	145,447,090

9. TRANSACTIONS WITH ISSUER

Details of transactions with the issuer are as follows:

Name of issuer	Value of trades	Percentage of total trades
	RM	%
2021		
Schroder Investment Management (Singapore) Limited	22,333,073	100.00
2020		
Schroder Investment Management (Singapore) Limited	83,541,252	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 AND PARTIES RELATED TO THE MANAGER

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

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

Units held by Manager:

		2021		2020
	No. of units	**RM**	**No. of units**	**RM**
Eastspring Investments Berhad	1,000	454	1,000	464

The above units were transacted at the prevailing market price.

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

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

11. MANAGEMENT EXPENSE RATIO ("MER")

	2021	2020
	%	%
MER	1.92	1.93

MER is derived from the following calculation:

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

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 Fund calculated on a daily basis

The average net asset value of the Fund for the financial year calculated on a daily basis is RM77,461,506 (2020: RM81,818,180).

12. PORTFOLIO TURNOVER RATIO ("PTR")

	2021	2020
PTR (times)	0.14	0.51

PTR is derived from the following calculation:

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

where:
total acquisitions for the financial year = RM15,075,959 (2020: RM15,335,747)
total disposals for the financial year = RM7,257,114 (2020: RM68,205,505)

13. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

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

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

14. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 18 February 2022.

CORPORATE DIRECTORY

THE MANAGER

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