



A Prudential plc company 

# EASTSPRING INVESTMENTS BALANCED FUND

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024



**Dear Valued Investor,**

Greetings from Eastspring Investments Berhad!

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

**We are pleased to enclose a copy of the Annual/Semi-annual/Quarterly Fund Reports of Eastspring Investments Berhad's fund(s) for the reporting period ended 31 December 2024.**

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

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

Yours sincerely,

A handwritten signature in black ink, appearing to be 'YSH', written in a cursive style.

**YAP SIOK HOON**

Executive Director/Chief Executive Officer

# TABLE OF CONTENTS

Fund Information	1
Key Performance Data	3
Manager's Report	6
Market Review	11
Rebates and Soft Commissions	16
Securities Lending or Repurchase Transactions	16
Statement by the Manager	18
Trustee's Report to the Unit Holders of Eastspring Investments Balanced Fund	19
Independent Auditors' Report to the Unit Holders of Eastspring Investments Balanced Fund	20
Statement of Comprehensive Income	24
Statement of Financial Position	25
Statement of Changes In Equity	26
Statement of Cash Flows	27
Material Accounting Policy Information	28
Notes to the Financial Statements	36
Corporate Directory	76

## FUND INFORMATION

**Name of Fund**

Eastspring Investments Balanced Fund (the "Fund")

**Fund Category/  
Type**

Balanced/growth and income

**Fund Objective**

The Fund seeks to provide investors with capital appreciation and a reasonable level of current income\* by investing in a mixed portfolio of companies with good\*\* dividend yield and low\*\*\* price volatility and a portfolio of investment grade fixed income securities.

**Note: The Fund's focus is on growth.**

**ANY MATERIAL CHANGES TO THE FUND'S OBJECTIVE  
WOULD REQUIRE UNIT HOLDERS' APPROVAL.**

- \* Income distributed to a Unit Holder will be reinvested into additional Units unless Unit Holder opts for the distribution to be paid out.
- \*\* good generally refers to potentially higher dividend yield than the market average.
- \*\*\* low generally refers to potentially lower price volatility than the market average.

## FUND INFORMATION (CONTINUED)

### Performance Benchmark

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The performance benchmark of the Fund is 50% FTSE Bursa Malaysia 100 Index ("FBM100") + 50% Maybank 12-month fixed deposit rate.

The composite benchmark index is a reflection of the Fund's average asset allocation over the long-term of 50% of the Fund's NAV in equities and equity-related securities, and 50% of the Fund's NAV in fixed income securities and Deposits or liquid assets.

**Source:**

FTSE Bursa Malaysia 100 Index ("FBM100")  
([www.bursamalaysia.com](http://www.bursamalaysia.com))

Maybank 12-month fixed deposit rate ([www.maybank2u.com.my](http://www.maybank2u.com.my))

The performance of the Fund against the benchmark is published in the Manager's monthly factsheet and is available from the Manager's website at [www.eastspring.com/my](http://www.eastspring.com/my).

**Note:** The risk profile of the Fund is different from the risk profile of the performance benchmark.

### Fund Income Distribution Policy

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At least once a year, subject to the availability of income.

## KEY PERFORMANCE DATA

FOR THE FINANCIAL YEAR ENDED

Category	2024	2023	2022
	(%)	(%)	(%)
<b>Quoted securities</b>			
Construction	3.67	1.22	0.46
Consumer Products & Services	1.07	4.86	8.84
Energy	-	2.24	2.84
Financial Services	18.85	13.18	16.26
Health Care	3.73	1.31	2.20
Industrial Products & Services	4.54	7.25	4.15
Plantation	8.65	8.29	8.67
Property	3.25	2.62	1.64
Technology	2.51	2.94	4.08
Telecommunications & Media	5.41	6.33	5.14
Transportation & Logistics	1.47	1.99	1.17
Utilities	8.23	5.05	1.60
	61.38	57.28	57.05
Unquoted fixed income securities	37.14	36.57	36.51
Cash and other assets	1.48	6.15	6.44
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

## KEY PERFORMANCE DATA (CONTINUED)

Category	2024	2023	2022
Net Asset Value (NAV) (RM'000)	58,402	56,280	57,613
Units In Circulation (Units '000)	59,872	61,014	62,417
Net Asset Value Per Unit (RM)	0.9754	0.9224	0.9230
Highest Net Asset Value Per Unit (RM) <sup>#</sup>	0.9754	0.9233	0.9230
Lowest Net Asset Value Per Unit (RM) <sup>#</sup>	0.9570	0.9207	0.9125
Total Return (%)			
- Capital Growth	5.75	(0.07)	(5.52)
- Income Distribution	4.11	4.50	4.09
Total Return (%)	10.09	4.43	(1.65)
Gross Distribution Per Unit (RM)	0.0396	0.0414	0.0376
Net Distribution Per Unit (RM)	0.0396	0.0414	0.0376
Total Expense Ratio (TER) (%) <sup>*</sup>	1.64	1.63	1.63
Portfolio Turnover Ratio (PTR) (times) <sup>^</sup>	0.85	0.37	0.47

<sup>#</sup> Figures shown as ex-distribution.

<sup>\*</sup> There were no significant changes to the TER during the period under review.

<sup>^</sup> The increase in turnover was a result of portfolio rebalancing for equity exposure in 2024. During the year under review, heightened financial market volatility across the globe on the back of Middle East geopolitical tension in April as well as global selloff during August carry trade unwinding stemmed from BoJ rate normalization. The Fund undertook significant portfolio rebalancing to activities in order to increase Fund resiliency and switch out from holdings that may be cyclical in nature, to a more defensive tilt.

## KEY PERFORMANCE DATA (CONTINUED)

	1 year 1.1.2024 to 31.12.2024	3 years 1.1.2022 to 31.12.2024	5 years 1.1.2020 to 31.12.2024
	(%)	(%)	(%)
Average total return	10.09	4.17	6.01

Year ended	1.1.2024 to 31.12.2024	1.1.2023 to 31.12.2023	1.1.2022 to 31.12.2022	1.1.2021 to 31.12.2021	1.1.2020 to 31.12.2020
	(%)	(%)	(%)	(%)	(%)
Annual total return	10.09	4.43	(1.65)	(1.61)	20.40

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

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

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

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

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

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

Adjusted for unit split and distribution paid out for the period

$n$  = Number of years

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



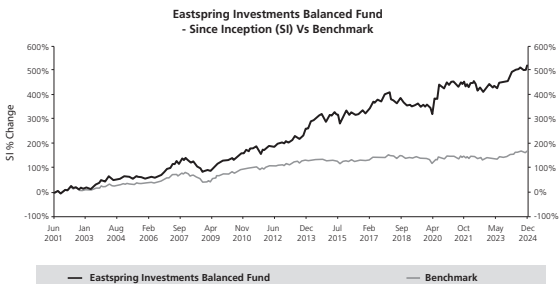
# MANAGER'S REPORT

## Fund Performance

Over the 5-year period, the Fund recorded a return of 33.94%, outperforming the benchmark return of 12.40% by 21.54%.

During the period under review, the Fund registered a return of 10.09%, outperforming the benchmark return of 9.59% by 0.50%.

The Fund outperformance was mainly due to stock and sector selections. The exposure to property, technology, and healthcare sectors boosted relative performance return vis-à-vis broad market. The detractors came from exposure to energy, material, and industrial sectors. The Fund performance was supported by positive return from investments in corporate bonds.



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

**Benchmark:** 50% FBM100 + 50% Maybank 12-month fixed deposit rate

**Source:** Lipper for Investment Management and [www.bursamalaysia.com](http://www.bursamalaysia.com), as at 31 December 2024.

**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 2024:

Income Return	Capital Return*	Total Return	Total Return of Benchmark
(%)	(%)	(%)	(%)
4.11	5.75	10.09	9.59

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

Distribution/  
Unit Split

Ex-Date	16-Dec-24
Distribution Per Unit	(RM)
Gross	0.0396
Net	0.0396

Impact on NAV arising from distribution for the financial year ended 31 December 2024.

Ex-Date	16-Dec-24
	(RM per Unit)
Net Asset Value before distribution	1.0035
Less: distribution	<u>(0.0396)</u>
Net Asset Value after distribution	<u>0.9639</u>

No unit split were declared for the financial year ended 31 December 2024.

## MANAGER'S REPORT (CONTINUED)

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### **Investment Strategy During the Period Under Review**

#### **Equity Strategy**

The Fund will continue to focus on stocks which can provide good capital appreciation potential and some dividend yield with strong fundamental. During this period, the Fund seek to invest in export-oriented sectors such as manufacturing, industrial, technology, plantation to leverage on potential global recovery play. The Fund also seek to invest in consumer discretionary, financial and property sectors for domestic consumption play on the back of civil servants and minimum wage hike, and govt infrastructure initiatives.

#### **Bond Strategy**

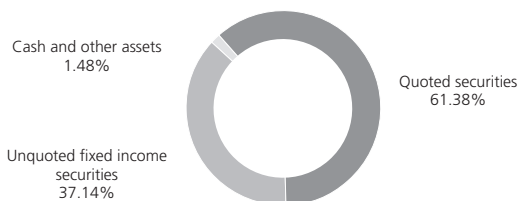
The Fund participated in selected quality issuances for yield pick-up, and trade on market volatility, subject to liquidity constraints.

## MANAGER'S REPORT (CONTINUED)

## Asset Allocation

Asset Allocation	31-Dec 2024	31-Dec 2023	Changes
	(%)	(%)	(%)
Quoted securities	61.38	57.28	4.10
Unquoted fixed income securities	37.14	36.57	0.57
Cash and other assets	1.48	6.15	(4.67)

## Asset Allocation as at 31 December 2024



There were no significant changes in asset allocation of the Fund for the period under review.

## MANAGER'S REPORT (CONTINUED)

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**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

## Equity

Malaysian equities started 2024 well, outperforming regional markets as one of the best performing markets. During January, the Johor-Singapore Special Economic Zone (“JS-SEZ”) MoU was signed between Malaysia and Singapore. The agreement with details to develop the economic zone will be signed at the Malaysia-Singapore Leader’s Retreat taking place end of 2024. The key initiatives mentioned as part of this SEZ include the formation of a one-stop business/investment services centre in Johor to facilitate the application process of various approvals and licences necessary for Singapore businesses to set up in Johor; an adoption/ implementation of a passport-free QR code clearance system on both sides; adoption of digitized processed for cargo clearance at land checkpoints; and facilitate the cooperation for renewable energy. On the 31 January 2024, Malaysia saw the installation of a new King, the Sultan of Johor, Sultan Ibrahim, with Sultan Nazrin (the ruler of the state of Perak) was re-elected as deputy King. The Malaysian equity markets continued its uptrend, reporting a gain for the second month in 2024, and has been reporting monthly gains for the last 5 consecutive months. The Lunar New Year holidays were in February, making a short month even shorter. February also saw corporate earnings reported which were a bit mixed, with weak earnings from plantations and petrochemicals companies. The changes to the MSCI indices as a result of their quarterly index rebalance saw YTL Corp and YTL Power added to the MSCI Asia Pacific Index, whilst Dialog was deleted. The Malaysian Ringgit hit a 26-year low versus the US dollar during the month, at levels last seen during the Asian Financial Crisis.

Taking a breather in March, the Malaysian equity markets, saw foreign investors become net sellers in March of RM2.8b, reversing 4 consecutive months net equity inflows. Newsflow in March was focused on infrastructure. The Cabinet approved the Penang LRT, and there was news that there were three concept proposals for the high speed rail (“HSR”). The government finally inked a new operating agreement (“OA”) with Malaysia Airports Holdings Berhad, which also saw the additional transit passenger charge approved, and changes to the passenger service charges for KLIA terminal 1, 2 and other airports across Malaysia.

The Malaysian equity markets continued its positive performance in the beginning of 2Q2024, outperforming Emerging Markets and Asia Ex-Japan, amidst the turbulence in the Middle East, recently exacerbated by the Iran-Israel conflict, and the US Fed renewed rhetoric of “higher for longer”. On the 13 April 2024, Iran launched dozens of drones towards Israel, escalating tensions and setting the stage for a direct military confrontation between the two nations. Thankfully, on the intervention of their allies, this de-escalated quickly post the incident. Domestically, the news for the month was the launch of the Energy Exchange (“ENEGEM”) by the Ministry of Energy Transition and Water Transformation, inviting interested parties to participate in the inaugural auction for

purchasing green electricity from Malaysia's supply system to be supplied to Singapore. The auction will begin with a 100MW pilot run, utilizing the existing interconnection between Singapore and Peninsular Malaysia. On 25 April, EPF announced the restructuring of contributors' accounts, to introduce a new Account 3, which will allow for the flexibility of withdrawals for those members below age 55 years old starting 11 May.

By the middle of the 2Q2024, Malaysian equities continued to register positive performance. The continued uptrend could be due to decent 1Q2024 earnings season, and M&A activities proposed which provided some excitement to the market. May also saw an influx of data centre announcements from tech giants, as Microsoft CEO committed to USD2b in investments, and this was followed by Google's USD2bn investments for data centres and cloud services. The technology sector saw significant gains in May, fuelled by net purchases from foreign investors, responding positively to the launch of Malaysia's National Semiconductor Strategy on 28 May. EPF restructured their members' contribution accounts to include an Account 3 (Flexible), for members to contribute 10% of their EPF savings (if they opt in) to Account 3, and future EPF contributions will automatically allocate 10% to Account 3. This together with the PM's announcement of a revised salary scheme for civil servants which will see a hike of up to 13% may help consumer spending to remain resilient.

By the end of 2Q2024, the Malaysian equity markets saw some consolidation which could be related to profit taking activities, following the strong 1H24 performance thus far, where the KLCI outperformed most markets. In the month of June diesel retail price at the pump was raised to RM3.35/litre from RM2.15/litre effective 10 June 2024 across Peninsular Malaysia. June also saw a flurry of news regarding Data Centres with the sale of land by Eco World and UEM Sunrise, and Telekom announced their partnership Singtel's Data Centre unit Nxera to develop data centres. China's Premier Li Qiang was in Malaysia for a three day maiden visit mid-June, and witnessed the signing of 14 memoranda of understanding and agreements involving nine Malaysian ministries.

For most of 3Q2024, Malaysian equity markets performed positively driven partly by a much stronger Malaysian Ringgit, on the expectations of the US FOMC will cut rates starting September, and better than expected macro data reported for Malaysia. In August, global markets corrected sharply in the beginning of the month, post the surprise BOJ rate hike on the 31 July, and the unwinding of the Yen carry trades. Economic indicators in the US were also of concern, as jobs data was spurring fears of a recession, prompting significant market volatility globally. The confluence of factors led to widespread declines across major stock indices. Thankfully, global markets rebounded soon after. Corporate earnings reported for the 2Q2024 were mostly in line, but the global concerns early in the month spurred many investors to take profits on the mid to smaller cap names, but Financials saw a rally. The Technology sector was hit hard from

weak corporate earnings reported for the 2Q2024, and the expectation that stronger MYR would be negative for exporters including technology companies. Investors also took profits on property names during the August market sell down as they rotated out to other themes. The oil and gas sector was also affected by weaker crude oil prices as Brent prices trended down from above USD85/bbl to about USD70/bbl on concerns over global growth and demand going forward. By the end of 3Q2024, Malaysian equity markets saw a correction, underperforming regional markets in September. Chinese stocks rallied hard in the last week of September, on the back of China's government stimulus announcement to provide a supportive stance towards the stock market and economy, and focus on stabilizing the property market. Many investors were underweight on China, and forced to jump back into the market, which may have seen foreign flows diverting out of Malaysia and other markets back to China. Despite that, the Malaysian Ringgit posted its best ever performance after the US Fed 50bps rate cut and news of the Chinese stimulus measures boosted Malaysia's trade outlook. The MYR rallied nearly 13% QTD, hitting a low of RM4.1235 as at 30 September 2024, levels last seen in June 2021.

For most of 4Q2024, Malaysian equity markets trended down in line with weakness in the region, as investors stayed on the sidelines ahead of the US elections in November. Month of October was fairly quiet, and domestic news was centered on Budget 2025. An expansionary budget focused on reforming the economy, fuelling change and bringing prosperity to the people. Minimal new taxes were introduced, and a timeline for RON95 subsidy rationalization was stated for mid-2025, although the mechanism of its rollout is still lacking. Cash aid was the highest in this budget at RM13b, and minimum wages will increase to RM1700/month effective 1 February 2025. The US Presidential Elections took centre stage in the beginning of November. President-elect Trump winning convincingly was a bit of a surprise as investors were expecting the race to be tighter. Nevertheless, emerging markets post this election result saw weakness as the threat of US imposing higher import tariffs have become more of a reality. The month of November was corporate results reporting for the 3Q2024, and results were either inline or below expectations, with some underlying weakness seen in some consumer and technology stocks. The impact of the sharp MYR appreciation up to end September 2024 when it reached RM4.1235/USD, also negatively affected many companies' earnings in unrealized forex losses, hitting exporters especially hard. By the end of 4Q2024, the Malaysian equity market rebounded likely on window dressing activities, as news flow was weak for the last month of the year. The signing of the JSSEZ was delayed from 9 December 2024, as Singapore's Prime Minister was infected with COVID-19. The KLCI saw two new constituents added to the index: Gamuda and 99 Speedmart, replacing Genting Malaysia and Genting Berhad. Foreign investors were net sellers of Malaysian equities for 4Q2024, to the tune of RM7.7b for the quarter.



The FBM KLCI closed the period under review at 1642.33 points, up 12.9%. The broader FBM Emas ("FBMEmas") Index closed the period under review higher by 16.28%. The MSCI Asia Pacific ex-Japan Index rose by 7.66% in USD terms.<sup>1</sup>

## **Bond**

In 2024, the US economy demonstrated exceptional strength, with GDP growth averaging 2.6% quarter-on-quarter annualized over the first three quarters. This robust performance was reflected in the S&P 500, which delivered a 25.0% return, driven by the "Magnificent Seven" AI stocks and a broadening of earnings expectations. During the period, the Federal Reserve ("Fed") lowered its federal funds rate by 100 bps during the review period to 4.25%-4.50% in reflection of the Federal Reserve's commitment to maximum employment and price stability. However, the US fiscal direction raised concerns, leading to a strong performance from gold, which ended the year with a 27.1% return. The Federal Reserve's policy normalization efforts were challenged by resilient growth and sticky inflation, causing markets to adjust their expectations for the pace of rate cuts.

In contrast, European economic momentum weakened significantly due to high energy costs, damaging regulations, and a lack of export demand, exacerbated by government-subsidized competition from China. Political turmoil in France and Germany, driven by fiscal pressures and the rise of populist parties, further fractured the political consensus, leading to underperformance in European equities with an 8.1% return. The UK saw a cyclical rebound with a 9.5% return, initially boosted by post-election optimism, but this was tempered by larger-than-expected tax rises in the autumn budget, particularly the increase in national insurance tax on employment, which negatively impacted business sentiment. In Asia, Chinese activity remained weak due to falling property prices and low consumer confidence, but cohesive policy announcements in September led to a rally in Chinese equities, resulting in a 19.8% return. Japanese equities also performed well, delivering a 20.5% return, supported by corporate reforms and a weak yen.

In Malaysia, Bank Negara Malaysia ("BNM") has decided to maintain the Overnight Policy Rate ("OPR") at 3% for 2024, with future adjustments being data dependent. BNM is closely monitoring developments to assess domestic inflation and growth trends, aiming to support economic growth while ensuring price stability. It is noted that the upside risk to inflation would be dependent on the extent of spillover effects of domestic policy

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

measures, such as RON95 petrol subsidy rationalisation and higher labour costs under Budget 2025 as well as global commodity prices and financial market developments. However, market participants generally expect OPR to stay at 3.00% over the next 6 to 12 months as the current monetary policy approach continues to support the economy and aligns with the prevailing outlook for inflation and growth. Malaysia's economy is expected to grow by 4.5%-5.5% in 2025, driven by strong domestic demand and export recovery. Inflation is projected to increase moderately to 2.0%-3.5%. The government plans to cut the deficit from 4.3% in 2024 to 3.8% in 2025, aiming for 3% by 2026.

The month of June 2024 saw the announcement of diesel fuel subsidy rationalisation with an increase in diesel retail price from RM2.15/litre to RM3.35/litre on 10 June which ticks another box in Budget 2024 strategies. The blanket removal of diesel subsidy is expected to produce annual savings of ~RM7bn going forward. Noting the potential impact on certain part of the economy and household, the Government has concurrently announced targeted assistance via fleet card application under the Subsidised Diesel Control System ("SKDS") alongside monthly Budi MADANI cash aid of RM200 to eligible recipients.

Also, the 2025 Budget, presented by Prime Minister Datuk Seri Anwar Ibrahim, focuses on economic reform, change, and prosperity. It projects a narrower fiscal deficit of 3.8% of GDP, with record-high expenditure of RM421 billion. Key measures include targeted RON95 subsidies, a minimum wage hike to RM1,700, and various tax reliefs to support households. The budget emphasizes public-private partnerships, with RM9 billion in investments expected, alongside RM25 billion in direct domestic investments by GLIC companies. Revenue is projected to rise by 5.5%, driven by higher tax collections. The budget aims to boost consumer spending, improve public finances, and support sectors like construction and healthcare, while addressing external risks and inflationary pressures. Additionally, it includes initiatives for subsidy rationalization, higher minimum wages, and targeted assistance to address the cost of living, aiming to enhance economic resilience and growth.

Malaysia's headline CPI declined to 1.8% year-on-year ("y-o-y") (October: 1.9%), while core inflation remained stable at 1.8% y-o-y (October: 1.8%). Unemployment rate improved to 3.2% in November (October: 3.2%). BNM international reserves amounted to US\$118.1bn as at 13 December 2024 (15 November: US\$118.0bn). The reserves position is sufficient to finance 4.6 months of imports and is 0.9x of the total short-term external debt. The Ringgit closed slightly weaker at 4.4718 against the USD, at 0.6% m-o-m. In 2024, the Ringgit appreciated over 2.73% against the US dollar, outperforming other major Asian currencies which either declined or stagnated, supported by the coordinated efforts between the government and BNM, Malaysia's promising economic prospects, and ongoing structural reforms.

Malaysia's MGS yield curve shifted higher during the year with 3-, 5-, 10- and 15-year yields closed at 3.50%, 3.64%, 3.83% and 3.97%, respectively. The increase in yields alongside rising UST yields across the curve over the year was bolstered by dimming outlook for Federal Reserve interest rate cuts against a backdrop of stubbornly high inflation.

## REBATES AND SOFT COMMISSIONS

During the period under review, the Manager, and its delegates (if any) received soft commissions from brokers/dealers in the form of goods and services which directly assist the investment management of the Fund, including research and advisory services, market analyses, data and quotation services, and computer hardware and software used for and/or in support of the investment process of fund managers. Such soft commissions received are utilised in the investment management of the Fund and are of demonstratable benefit to the Fund and Unitholders. There were no churning of trades.

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

## SECURITIES LENDING OR REPURCHASE TRANSACTIONS

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

# EASTSPRING INVESTMENTS BALANCED FUND

## FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## STATEMENT BY THE MANAGER

We, Yap Siok Hoon and John Campbell Tupling, being two of the Directors of Eastspring Investments Berhad, do hereby state that, in the opinion of the Manager, the accompanying financial statements set out on pages 24 to 75 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 2024 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**

**YAP SIOK HOON**

Executive Director/Chief Executive Officer

**JOHN CAMPBELL TUPLING**

Independent, Non-Executive Director

Kuala Lumpur

Date: 24 February 2025

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

We have acted as Trustee of the Fund for the financial year ended 31 December 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Eastspring Investments Berhad has operated and managed the Fund during the year covered by these financial statements in accordance with the following:-

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

We are of the opinion that the distribution of income by the Fund is appropriate and reflects the investment objective of the Fund.

For Deutsche Trustees Malaysia Berhad

**Ng Hon Leong**  
Head, Fund Operations

**Sylvia Beh**  
Chief Executive Officer

Kuala Lumpur  
Date: 24 February 2025

# INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS BALANCED FUND

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our opinion

In our opinion, the financial statements of Eastspring Investments Balanced Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 31 December 2024, 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 2024, 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 material accounting policy information, as set out on pages 24 to 75.

### 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 the 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 determines 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 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: 24 February 2025

# STATEMENT OF COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024	2023
		RM	RM
<b>INVESTMENT INCOME</b>			
Gross dividend income		1,247,187	1,168,710
Interest income from deposits with licensed financial institutions		123,092	160,343
Interest income from unquoted fixed income securities		854,958	797,337
Net gain on financial assets at fair value through profit or loss	7	4,594,194	1,310,225
		<u>6,819,431</u>	<u>3,436,615</u>
<b>EXPENSES</b>			
Management fee	3	(883,813)	(834,246)
Trustee fee	4	(47,137)	(44,493)
Audit fee		(7,400)	(7,400)
Tax agent fee		(3,834)	(3,700)
Other expenses		(22,344)	(18,313)
Transaction costs		(269,126)	(123,583)
		<u>(1,233,654)</u>	<u>(1,031,735)</u>
<b>PROFIT BEFORE TAXATION</b>		5,585,777	2,404,880
<b>TAXATION</b>	5	-	-
<b>PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME</b>		<u>5,585,777</u>	<u>2,404,880</u>
Profit after taxation is made up of the following:			
Realised amount		3,396,939	383,032
Unrealised amount		2,188,838	2,021,848
		<u>5,585,777</u>	<u>2,404,880</u>

The accompanying material accounting policy information and notes to the financial statements form an integral part of these financial statements.

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	2024	2023
		RM	RM
<b>ASSETS</b>			
Cash and cash equivalents	8	1,040,595	3,534,702
Financial assets at fair value through profit or loss	7	57,536,760	52,821,366
Amount due from Manager		78,704	95,406
Amount due from brokers		278,318	-
Dividends receivable		1,168	42,948
<b>TOTAL ASSETS</b>		<u>58,935,545</u>	<u>56,494,422</u>
<b>LIABILITIES</b>			
Accrued management fee		73,265	71,617
Amount due to Manager		116,324	123,329
Amount due to Trustee		3,907	3,820
Amount due to brokers		325,912	-
Other payables and accruals		14,438	15,678
<b>TOTAL LIABILITIES</b>		<u>533,846</u>	<u>214,444</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>58,401,699</u>	<u>56,279,978</u>
<b>EQUITY</b>			
Unit holders' capital		22,163,157	23,340,355
Retained earnings		36,238,542	32,939,623
<b>NET ASSET ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>58,401,699</u>	<u>56,279,978</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	9	<u>59,872,398</u>	<u>61,014,239</u>
<b>NET ASSET VALUE PER UNIT (EX-DISTRIBUTION) (RM)</b>		<u>0.9754</u>	<u>0.9224</u>

The accompanying material accounting policy information 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 2024

	Note	Unit holders' capital	Retained earnings	Total
		RM	RM	RM
Balance as at 1 January 2024		23,340,355	32,939,623	56,279,978
Movement in unit holders' contribution:				
Creation of units from applications		12,220,467	-	12,220,467
Creation of units from distribution		2,225,476	-	2,225,476
Cancellation of units		(15,623,141)	-	(15,623,141)
Distribution (Gross/Net: 3.96 sen)	6	-	(2,286,858)	(2,286,858)
Total comprehensive income for the financial year			5,585,777	5,585,777
Balance as at 31 December 2024		<u>22,163,157</u>	<u>36,238,542</u>	<u>58,401,699</u>
Balance as at 1 January 2023		24,665,159	32,947,433	57,612,592
Movement in unit holders' contribution:				
Creation of units from applications		4,443,284	-	4,443,284
Creation of units from distribution		2,355,699	-	2,355,699
Cancellation of units		(8,108,165)	-	(8,108,165)
Distribution (Gross/Net: 4.14 sen)	6	(15,622)	(2,412,690)	(2,428,312)
Total comprehensive income for the financial year		-	2,404,880	2,404,880
Balance as at 31 December 2023		<u>23,340,355</u>	<u>32,939,623</u>	<u>56,279,978</u>

The accompanying material accounting policy information 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 2024

	Note	2024	2023
		RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from sale of investments		51,419,574	24,591,483
Purchase of investments		(51,781,570)	(22,254,896)
Dividends received		1,288,967	1,152,214
Interest received from unquoted fixed income securities		874,222	952,693
Interest received from deposits with licensed financial institutions		123,092	160,343
Management fee paid		(882,165)	(835,626)
Trustee fee paid		(47,050)	(44,566)
Payment for other fees and expenses		(34,818)	(33,391)
Net cash generated from operating activities		<u>960,252</u>	<u>3,688,254</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash proceeds from units created		12,237,169	4,374,178
Payments for cancellation of units		(15,630,146)	(7,995,170)
Distribution paid		(61,382)	(72,613)
Net cash used in financing activities		<u>(3,454,359)</u>	<u>(3,693,605)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>			
		(2,494,107)	(5,351)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>			
		<u>3,534,702</u>	<u>3,540,053</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>			
	8	<u>1,040,595</u>	<u>3,534,702</u>

The accompanying material accounting policy information and notes to the financial statements form an integral part of these financial statements.

## MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with MFRS and International Financial Reporting Standards 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 revenue 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.

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

There are no standards, amendments to standards or interpretations that are applicable and effective for annual periods beginning on 1 January 2024 that have a material effect on the financial statements of the Fund.

- b. Standards and amendments that have been issued that are applicable to the Fund but not yet effective:
- Amendments to MFRS 9 and MFRS 7 ‘Amendments to the Classification and Measurement of Financial Instruments’ (effective 1 January 2026)
    - The amendments clarify that financial assets are derecognised when the rights to the cash flows expire or when the asset is transferred, and financial liabilities are derecognised at the settlement date (i.e. when the liability is extinguished or qualifies for derecognition).
    - There is an optional exception to derecognise a financial liability at a date earlier than the settlement date if the cash transfer takes place through an electronic payment system, provided that all the specified criteria are met;

- The amendments also clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (“SPPI”) criterion;
  - There are additional new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
  - The amendments update the disclosures for equity instrument designated at fair value through other comprehensive income (“FVOCI”).
- MFRS 18 ‘Presentation and Disclosure in Financial Statements’ (effective 1 January 2027) replaces MFRS 101 ‘Presentation of Financial Statements’
    - The new MFRS introduces a new structure of profit or loss statement.
      - i. Income and expenses are classified into 3 new main categories:
        - Operating category which typically included results from the main business activities;
        - Investing category that presents the results of investments in associates and joint venture and other assets that generate a return largely independently of other resources; and
        - Financing category that presents income and expenses from financing liabilities.
      - ii. Entities are required to present two new specified subtotals: ‘Operating profit or loss’ and ‘Profit or loss before financing and income taxes’
    - Management-defined performance measures are disclosed in a single note and reconciled to the most similar specified subtotal in MFRS Accounting Standards.
    - Changes to the guidance on aggregate and disaggregation which focus on grouping items based on their shared characteristic.

The Fund is currently still assessing the effect of the above standards and amendments. No other new standards or amendments to standards are expected to have a material effect on the financial statements of the Fund.



## **B. INCOME RECOGNITION**

Interest income from short-term deposits placed with licensed financial institutions and unquoted fixed income securities are recognised on an accrual basis using the effective interest rate method.

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

Dividend income is recognised on the ex-dividend date, when the right to receive the dividend has been established.

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

Realised gain or loss on disposal of unquoted fixed income securities accounted for as the difference between the net disposal proceeds and the carrying amount of the unquoted fixed income securities determined on cost adjusted for accretion of discount or amortisation of premium.

## **C. TAXATION**

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

## **D. FUNCTIONAL AND PRESENTATION CURRENCY**

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

## E. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

### i. Classification

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

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

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. 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, amount due from brokers and dividends receivable as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

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

### ii. Recognition and measurement

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

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

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

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

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

Quoted securities in Malaysia are valued at the last done market price quoted on the Bursa Malaysia Securities Berhad (“Bursa Securities”) at the date of the statement of financial position.

Unquoted fixed income securities are carried at cost and adjusted for any amortisation of premium or accretion of discount from acquisition date to maturity date. The carrying cost is revalued to reflect its fair value on a daily basis based on fair value prices quoted by a bond pricing agency (“BPA”) registered with the Securities Commission as per the Securities Commission’s (“SC”) Guidelines on Unit Trust Funds.

Where such quotations are not available or where the Manager is of the view that the price quoted by the BPA for a specific unquoted fixed income security differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager:

- (i) records its basis for using a non-BPA price;
- (ii) obtains necessary internal approvals to use the non-BPA price; and
- (iii) keeps an audit trail of all decisions and basis for adopting the market yield.

If a valuation based on the market price does not represent the fair value of the securities, for example during abnormal market conditions or when no market price is available, including in the event of a suspension in the quotation of the securities for

a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the quoted securities are valued as determined in good faith by the Manager, based on the methods or basis approved by the Trustee after appropriate technical consultation.

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. CASH AND CASH EQUIVALENTS**

For the purpose of the statement of cash flows, cash and cash equivalents comprise bank balances and short-term deposits with licensed financial institutions with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## **G. DISTRIBUTION**

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

## **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 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.

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

Amount due from and to broker 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. Refer to Note E for accounting policy on recognition and measurement.

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

Significant financial difficulties of the brokers, probability that the brokers will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

## **J. TRANSACTION COSTS**

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

## **K. 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 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 FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 1. INFORMATION ON THE FUND

Eastspring Investments Balanced Fund (the "Fund") was constituted pursuant to the execution of Master Deed dated 4 May 2001, Supplemental Master Deed dated 26 May 2003, Supplemental Master Deed dated 15 February 2006, Master Supplemental Deed dated 25 July 2007, and Second Supplemental Master Deed dated 30 November 2009 between BHLB Trustee Berhad ("BHLB Trustee") and Eastspring Investments Berhad (the "Manager"). The Fund replaced BHLB Trustee with Deutsche Trustees Malaysia Berhad (the "Trustee") effective 1 October 2010. A Supplemental Master Deed was entered into between Eastspring Investments Berhad (the "Manager") and Deutsche Trustees Malaysia Berhad (the "Trustee") on 30 July 2010 to effect the change of trustee from BHLB Trustee to the Trustee, followed by Second Supplemental Master Deed dated 28 January 2011, Third Supplemental Master Deed dated 9 March 2011, Fourth Supplemental Master Deed dated 20 January 2012, Fifth Supplemental Master Deed dated 26 March 2014, Sixth Supplemental Master Deed dated 2 January 2015, Seventh Supplemental Master Deed dated 11 July 2016, Eighth Supplemental Master Deed dated 25 January 2017, Ninth Supplemental Master Deed dated 11 December 2017, Tenth Supplemental Master Deed dated 4 June 2018, Eleventh Supplemental Master Deed dated 30 September 2021, Twelfth Supplemental Master Deed dated 29 June 2022 and Thirteenth Supplemental Master Deed dated 29 November 2022 (collectively referred to as the "Deeds").

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

The main objective of the Fund is to seeks to provide investors with capital appreciation and a reasonable level of current income by investing in a mixed portfolio of companies with good dividend yield and low price volatility and a portfolio of investment-grade fixed income securities.

The Fund will invest in a balanced portfolio consisting of equities, equity-related securities and fixed income securities.

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 and interest rate risk), stock/issuer risk, liquidity risk, non-compliance risk, fund management risk, capital risk and credit/default risk.

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

Financial instruments of the Fund are as follows:

	Note	Financial assets at amortised cost RM	Financial assets at fair value through profit or loss RM	Total RM
<u>2024</u>				
Cash and cash equivalents	8	1,040,595	-	1,040,595
Quoted securities	7	-	35,854,260	35,854,260
Unquoted fixed income securities	7	-	21,682,500	21,682,500
Amount due from Manager		78,704	-	78,704
Amount due from brokers		278,318	-	278,318
Dividends receivable		1,168	-	1,168
		<u>1,398,785</u>	<u>57,536,760</u>	<u>58,935,545</u>
<u>2023</u>				
Cash and cash equivalents	8	3,534,702	-	3,534,702
Quoted securities	7	-	32,239,964	32,239,964
Unquoted fixed income securities	7	-	20,581,402	20,581,402
Amount due from Manager		95,406	-	95,406
Dividends receivable		42,948	-	42,948
		<u>3,673,056</u>	<u>52,821,366</u>	<u>56,494,422</u>

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



**Market risk**

## i. Price risk

Price risk arises mainly from the uncertainty about future prices of investments. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Manager manages the risk of unfavourable changes in prices by continuous monitoring of the performance and risk profile of the investment portfolio.

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

	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
Financial assets at fair value through profit or loss:		
Quoted securities	35,854,260	32,239,964
Unquoted fixed income securities*	21,682,500	20,581,402
	<u>57,536,760</u>	<u>52,821,366</u>

\* Includes interest receivables of RM293,700 (2023: RM208,572).

The following table summarises the sensitivity of the Fund's profit after tax and net asset value to movements in prices of quoted securities and unquoted fixed income securities at the end of each financial reporting year. The analysis is based on the assumptions that the market price of the quoted securities and unquoted fixed income securities increased by 5% and decreased by 5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted securities and unquoted fixed income securities, having regard to the historical volatility of the prices.

% Change in price	Market value	Impact on profit after tax and net asset value
	RM	RM
<u>2024</u>		
+5%	60,105,213	2,862,153
-5%	54,380,907	(2,862,153)
<u>2023</u>		
+5%	55,243,434	2,630,640
-5%	49,982,154	(2,630,640)

ii. Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows.

In general, when interest rates rise, unquoted fixed income securities prices will tend to fall and vice versa. Therefore, the net asset value of the Fund may also tend to fall when interest rates rise or are expected to rise. However, investors should be aware that should the Fund holds an unquoted fixed income securities till maturity, such price fluctuations would dissipate as it approaches maturity, and thus the growth of the net asset value shall not be affected at maturity. In order to mitigate interest rates exposure of the Fund, the Manager will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the Manager, which is based on its continuous fundamental research and analysis.

Investors should note that the movement in prices of unquoted fixed income securities and money market instruments are benchmarked against interest rates. As such, the investments are exposed to the movement of the interest rates.

This risk is crucial since unquoted fixed income securities portfolio management depends on forecasting interest rate movements. Prices of unquoted fixed income securities move inversely to interest rate movements, therefore as interest rates rise, the prices of unquoted fixed income securities decrease and vice versa. Furthermore, unquoted fixed income securities with longer maturity and lower yield coupon rates are more susceptible to interest rate movements.

Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to make payments of interest income and principal, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

The table below summarises the sensitivity of the Fund's profit after tax and net asset value to movements in prices of unquoted fixed income securities held by the Fund at the end of each financial reporting year as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate changed by 1% (2023: 1%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the interest rate, having regard to the historical volatility of the interest rate.

% Change in interest rate of unquoted fixed income securities	Impact on profit after tax and net asset value	
	2024	2023
	RM	RM
+1% (2023: +1%)	(41,232)	(27,127)
- 1% (2023: - 1%)	41,350	27,191

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

**Stock/Issuer risk**

The Fund is restricted to investment in securities issued by and securities relating to any issuer of not more than ten percent (10%) of its net asset value. Furthermore, the Fund is restricted to invest in securities issued by and securities relating to any group of companies of not more than twenty percent (20%) of its net asset value. Under such restrictions, the exposure risk to the securities of any single issuer or any one group of companies is minimised.

**Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector and other factors. For the purpose of the Fund, the Manager will attempt to balance the entire portfolio by investing in a mix of assets with satisfactory trading volume and those that occasionally could encounter poor liquidity. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of units by unit holders. Liquid assets comprise bank 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.

	<b>Less than 1 month</b>	<b>Between 1 month to 1 year</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<u>2024</u>			
Accrued management fee	73,265	-	73,265
Amount due to Manager	116,324	-	116,324
Amount due to Trustee	3,907	-	3,907
Amount due to brokers	325,912	-	325,912
Other payables and accruals	-	14,438	14,438
Contractual undiscounted cash outflows	<u>519,408</u>	<u>14,438</u>	<u>533,846</u>
<u>2023</u>			
Accrued management fee	71,617	-	71,617
Amount due to Manager	123,329	-	123,329
Amount due to Trustee	3,820	-	3,820
Other payables and accruals	-	15,678	15,678
Contractual undiscounted cash outflows	<u>198,766</u>	<u>15,678</u>	<u>214,444</u>

**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.

**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 have an oversight function over management of the Fund by the management company to safeguard the interests of unit holders.

**Capital risk**

The capital of the Fund is represented by equity consisting of unit holders' capital of RM22,163,157 (2023: RM23,340,355) and retained earnings of RM36,238,542 (2023: RM32,939,623). 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.

### **Credit/Default risk**

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

Credit risk arising from cash and bank balances is managed by ensuring that they are held by parties with credit rating of AA1 or higher.

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. For amount due from brokers, the settlement terms are governed by the relevant rules and regulations as prescribed by Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC's Guidelines on Unit Trust Funds.

The credit/default risk is minimal as all transactions in quoted securities are settled/paid upon delivery using approved brokers.

For unquoted fixed income securities, the Manager regularly reviews the rating assigned to the issuer so that necessary steps can be taken if the rating falls below those described by the Deeds and the SC's Guidelines on Unit Trust Funds.

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		Dividends receivable		Amount due from Manager		Amount due from brokers		Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
<b>2024</b>											
Financial Services	-	1,040,595	-	-	-	-	-	216,215	1,256,810		
- AAA											
Technology	-	-	1,168	-	-	-	-	-	1,168		
- NR											
Unquoted Fixed Income Securities											
Consumer											
Discretionary											
- AA1 (S)	4,639,408	-	-	-	-	-	-	-	4,639,408		
Consumer Staples											
- AA2	3,584,232	-	-	-	-	-	-	-	3,584,232		
Financial											
- AA1	7,175,632	-	-	-	-	-	-	-	7,175,632		
Public Administration											
- NR	6,283,228	-	-	-	-	-	-	-	6,283,228		
Other											
- NR	-	-	-	-	-	-	78,704	62,103	140,807		
	21,682,500	1,040,595	1,168	-	-	-	78,704	278,318	23,081,285		



	Financial assets at fair value through profit or loss		Cash and cash equivalents		Dividends receivable		Amount due from Manager		Amount due from brokers		Total	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2023												
Financial Services												
- AAA	-	3,480,930	-	-	-	-	-	-	-	-	-	3,480,930
- AA1	-	53,772	-	-	-	-	-	-	-	-	-	53,772
- AA2	-	-	-	4,500	-	-	-	-	-	-	-	4,500
Energy												
- NR	-	-	-	8,608	-	-	-	-	-	-	-	8,608
Plantation												
- NR	-	-	-	22,307	-	-	-	-	-	-	-	22,307
Property												
- NR	-	-	-	4,475	-	-	-	-	-	-	-	4,475
Technology												
- NR	-	-	-	3,058	-	-	-	-	-	-	-	3,058

	Financial assets at fair value through profit or loss		Cash and cash equivalents		Dividends receivable		Amount due from Manager		Amount due from brokers		Total	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2023 (continued)												
Unquoted Fixed Income Securities												
Consumer												
Discretionary												
- AA1 (S)	4,668,285	-	-	-	-	-	-	-	-	-	-	4,668,285
Energy & Utilities												
- AAA	1,972,012	-	-	-	-	-	-	-	-	-	-	1,972,012
- AA1	4,077,157	-	-	-	-	-	-	-	-	-	-	4,077,157
Government Bond												
- NR	5,243,358	-	-	-	-	-	-	-	-	-	-	5,243,358
Industrials												
- AAA IS	3,557,796	-	-	-	-	-	-	-	-	-	-	3,557,796
Public												
Administration												
- NR	1,062,794	-	-	-	-	-	-	-	-	-	-	1,062,794
Other												
- NR	-	-	-	-	-	-	-	-	-	-	-	95,406
	20,581,402	3,534,702	42,948	95,406	95,406	-	24,254,458					

None of these financial assets are past due or impaired.

## **Fair value estimation**

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

The fair value of financial assets traded in active market (such as trading 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 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
<u>2024</u>				
Financial assets at fair value through profit or loss:				
Quoted securities	35,854,260	-	-	35,854,260
Unquoted fixed income securities	-	21,682,500	-	21,682,500
	<u>35,854,260</u>	<u>21,682,500</u>	<u>-</u>	<u>57,536,760</u>
<u>2023</u>				
Financial assets at fair value through profit or loss:				
Quoted securities	32,239,964	-	-	32,239,964
Unquoted fixed income securities	-	20,581,402	-	20,581,402
	<u>32,239,964</u>	<u>20,581,402</u>	<u>-</u>	<u>52,821,366</u>

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, includes active quoted securities. The Fund does not adjust the quoted prices for these instruments. The Fund's policies on valuation of these financial assets are stated in Note E to the financial statements.

Financial instruments that trade in markets that are considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include unquoted fixed income securities. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Fund's policies on valuation of these financial assets are stated in Note E to the financial statements.

- ii. The carrying value of cash and cash equivalents, amount due from Manager, amount due from brokers, dividends receivable and all liabilities are a reasonable approximation of their fair values due to their short-term nature.

### **3. MANAGEMENT FEE**

In accordance with the Deed, the Manager is entitled to a management fee at a rate not exceeding 3.00% per annum of the net asset value of the Fund accrued and calculated on daily basis.

For the financial year ended 31 December 2024, the management fee is recognised at a rate of 1.50% (2023: 1.50%) per annum on the net asset value of the Fund, calculated on daily basis.

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

#### **4. TRUSTEE FEE**

In accordance with the Deed, the Trustee is entitled to an annual fee at a rate not exceeding 0.20% per annum of the net asset value of the Fund, subject to a minimum fee of RM35,000 per annum.

For the financial year ended 31 December 2024, the Trustee fee is recognised at a rate of 0.08% (2023: 0.08%) subject to a minimum fee of RM35,000 per annum on the net asset value of the Fund, inclusive of local custodian fee, calculated on daily basis.

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

**5. TAXATION**

	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
Tax charged for the financial year:		
Current taxation	-	-

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

	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
Profit before taxation	5,585,777	2,404,880
Tax at Malaysian statutory rate of 24% (2023: 24%)	1,340,586	577,171
Tax effects of:		
Investment income not subject to tax	(1,636,663)	(824,787)
Expenses not deductible for tax purposes	82,186	45,622
Restriction on tax deductible expenses for Unit Trust Funds	213,891	201,994
Taxation	-	-

## 6. DISTRIBUTION

	2024	2023
	RM	RM
Distribution to unit holders is from the following sources:		
Prior financial years' realised income	1,752,819	1,361,465
Dividend income	630,549	1,123,405
Interest income	655,647	1,013,298
Accretion of discounts	(26,161)	(98,483)
Distribution equalisation (Memorandum account)	-	15,622
Gross realised income	3,012,854	3,415,307
Less: Expenses	(725,996)	(986,995)
	<u>2,286,858</u>	<u>2,428,312</u>
Gross distribution per unit (sen)	<u>3.96</u>	<u>4.14</u>
Net distribution per unit (sen)	<u>3.96</u>	<u>4.14</u>
Ex-Date	16 December 2024	15 December 2023

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

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

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



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

	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
Financial assets at fair value through profit or loss:		
Quoted securities (Note 7 (i))	35,854,260	32,239,964
Unquoted fixed income securities (Note 7 (ii))	21,682,500	20,581,402
	<u>57,536,760</u>	<u>52,821,366</u>
Net gain on financial assets at fair value through profit or loss:		
Realised gain/(loss) on disposals	2,405,356	(711,623)
Change in unrealised fair value gain	2,188,838	2,021,848
	<u>4,594,194</u>	<u>1,310,225</u>

i. Quoted securities

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2024	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Construction</u>				
Gamuda Berhad	242,000	1,159,193	1,147,080	1.96
IJM Corporation Berhad	128,000	390,589	389,120	0.67
Sunway Construction Group Berhad	66,000	297,191	305,580	0.52
WCT Holdings Berhad	321,000	296,829	304,950	0.52
	<u>757,000</u>	<u>2,143,802</u>	<u>2,146,730</u>	<u>3.67</u>
<u>Consumer Products &amp; Services</u>				
Mr D.I.Y. Group (M) Berhad	164,000	321,155	303,400	0.52
Sime Darby Berhad	137,000	366,653	323,320	0.55
	<u>301,000</u>	<u>687,808</u>	<u>626,720</u>	<u>1.07</u>
<u>Financial Services</u>				
Alliance Bank Malaysia Berhad	58,000	282,218	280,720	0.48
AMMB Holdings Berhad	110,000	573,953	602,800	1.03
CIMB Group Holdings Berhad	358,000	2,498,918	2,935,600	5.03
Hong Leong Bank Berhad	29,000	577,869	596,240	1.02
Malayan Banking Berhad	265,000	2,658,635	2,713,600	4.65
Public Bank Berhad	645,000	2,817,374	2,941,200	5.04
RHB Bank Berhad	144,000	898,647	933,120	1.60
	<u>1,609,000</u>	<u>10,307,614</u>	<u>11,003,280</u>	<u>18.85</u>

i. Quoted securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net asset value of the Fund
			31.12.2024	
	Units	RM	RM	%
<u>Health Care</u>				
Hartalega Holdings Berhad	91,000	273,181	359,450	0.62
IHH Healthcare Berhad	109,000	732,285	795,700	1.36
Kossan Rubber Industries Berhad	355,000	1,945,374	2,076,750	3.69
KPJ Healthcare Berhad	110,000	219,553	311,300	0.53
Top Glove Corporation Berhad	75,000	156,500	182,250	0.31
	397,000	493,044	531,980	0.91
	782,000	1,874,563	2,180,680	3.73
<u>Industrial Products &amp; Services</u>				
Engtex Group Berhad	371,000	217,294	230,020	0.39
Kelington Group Berhad	83,000	291,214	296,310	0.51
Malayan Cement Berhad	57,000	287,059	279,300	0.48
Malaysia Smelting Corporation Berhad	76,000	249,090	171,000	0.29
PETRONAS Chemicals Group Berhad	85,000	695,646	439,450	0.75
Press Metal Aluminium Holdings Berhad	169,000	928,086	828,100	1.42
Sunway Berhad	85,000	315,319	407,150	0.70
	926,000	2,983,708	2,651,330	4.54

i. Quoted securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2024	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Plantation</u>				
Hap Seng Plantations Holdings Berhad	255,000	619,508	507,450	0.87
IOI Corporation Berhad	227,000	989,850	880,760	1.51
Johor Plantations Group Berhad	413,000	499,600	557,550	0.95
Kuala Lumpur Kepong Berhad	48,100	1,084,282	1,048,580	1.80
Sarawak Oil Palms Berhad	168,000	548,081	534,240	0.91
SD Guthrie Berhad	236,000	1,155,951	1,168,200	2.00
TSH Resources Berhad	287,000	397,491	358,750	0.61
	<u>1,634,100</u>	<u>5,294,763</u>	<u>5,055,530</u>	<u>8.65</u>
<u>Property</u>				
Eastern & Oriental Berhad	298,000	314,701	284,590	0.49
S P Setia Berhad	442,000	669,851	645,320	1.10
Sime Darby Property Berhad	241,000	364,746	407,290	0.70
UEM Sunrise Berhad	519,000	590,542	560,520	0.96
	<u>1,500,000</u>	<u>1,939,840</u>	<u>1,897,720</u>	<u>3.25</u>

i. Quoted securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net asset value of the Fund
			31.12.2024	
	Units	RM	RM	%
<u>Technology</u>				
CTOS Digital Berhad	139,000	173,434	166,800	0.29
Frontken Corporation Berhad	98,000	426,506	437,080	0.75
Inari Amertron Berhad	196,000	640,929	599,760	1.03
SNS Network Technology Berhad	392,000	201,362	258,720	0.44
	825,000	1,442,231	1,462,360	2.51
<u>Telecommunications &amp; Media</u>				
Axiata Group Berhad	148,000	600,207	368,520	0.63
CelcomDigi Berhad	176,000	732,319	637,120	1.09
Maxis Berhad	116,000	442,939	423,400	0.72
REDtone Digital Berhad	181,000	124,968	155,660	0.27
Telekom Malaysia Berhad	178,000	944,245	1,183,700	2.03
TIME dotCom Berhad	83,000	427,557	389,270	0.67
	882,000	3,272,235	3,157,670	5.41
<u>Transportation &amp; Logistics</u>				
MISC Berhad	73,000	536,696	554,800	0.95
Westports Holdings Berhad	65,000	288,775	302,900	0.52
	138,000	825,471	857,700	1.47

i. Quoted securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net asset value of the Fund
	Units	RM	31.12.2024 RM	Fund %
<u>Utilities</u>				
PETRONAS Gas Berhad	33,000	587,769	583,440	1.00
Ranhill Utilities Berhad	278,000	353,519	422,560	0.72
Tenaga Nasional Berhad	183,000	2,353,837	2,734,020	4.68
YTL Corporation Berhad	222,000	623,278	592,740	1.01
YTL Power International Berhad	109,000	440,995	481,780	0.82
	<u>825,000</u>	<u>4,359,398</u>	<u>4,814,540</u>	<u>8.23</u>
<b>TOTAL QUOTED SECURITIES</b>	<u>10,179,100</u>	<u>35,131,433</u>	<u>35,854,260</u>	<u>61.38</u>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			<u>722,827</u>	
<b>TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			<u>35,854,260</u>	

i. Quoted securities

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net asset value of the Fund
	Units	RM	31.12.2023 RM	%
<u>Construction</u>				
Gamuda Berhad	53,800	236,720	246,942	0.44
IJM Corporation Berhad	234,000	429,481	439,920	0.78
	<u>287,800</u>	<u>666,201</u>	<u>686,862</u>	<u>1.22</u>
<u>Consumer Products &amp; Services</u>				
Genting Berhad	40,000	204,930	184,800	0.33
Genting Malaysia Berhad	67,000	198,028	180,230	0.32
Mr D.I.Y. Group (M) Berhad	192,000	385,914	278,400	0.49
Padini Holdings Berhad	47,000	169,030	164,970	0.29
PETRONAS Dagangan Berhad	12,400	304,280	270,816	0.48
PPB Group Berhad	33,000	564,270	477,840	0.85
QL Resources Berhad	60,800	355,678	347,168	0.62
Sime Darby Berhad	354,000	841,004	831,900	1.48
	<u>806,200</u>	<u>3,023,134</u>	<u>2,736,124</u>	<u>4.86</u>
<u>Energy</u>				
Dialog Group Berhad	82,000	293,067	169,740	0.30
Hibiscus Petroleum Berhad	430,400	1,081,689	1,093,216	1.94
	<u>512,400</u>	<u>1,374,756</u>	<u>1,262,956</u>	<u>2.24</u>

i. Quoted securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value	Percentage of net asset value of the Fund
			as at 31.12.2023	
	Units	RM	RM	%
<u>Financial Services</u>				
AMMB Holdings Berhad	75,000	273,915	300,750	0.53
Bursa Malaysia Berhad	38,500	311,024	266,035	0.47
CIMB Group Holdings Berhad	355,000	1,945,374	2,076,750	3.69
Malayan Banking Berhad	126,000	1,128,683	1,120,140	1.99
Public Bank Berhad	737,000	3,220,775	3,161,730	5.62
RHB Bank Berhad	90,600	510,902	493,770	0.88
	1,422,100	7,390,673	7,419,175	13.18
<u>Health Care</u>				
IHH Healthcare Berhad	47,000	279,927	283,410	0.50
KPJ Healthcare Berhad	316,000	331,272	455,040	0.81
	363,000	611,199	738,450	1.31



i. Quoted securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net asset value of the Fund
			31.12.2023	
	Units	RM	RM	%
<u>Industrial Products &amp; Services</u>				
HSS Engineers Berhad	275,000	194,260	266,750	0.47
Malayan Cement Berhad	71,000	275,608	300,330	0.53
Malaysia Smelting Corporation Berhad	171,000	346,853	347,130	0.62
PETRONAS Chemicals Group Berhad	205,000	1,690,806	1,467,800	2.61
Press Metal Aluminium Holdings Berhad	232,000	1,285,565	1,115,920	1.98
Solarvest Holdings Berhad	210,000	280,686	273,000	0.49
Sunway Berhad	150,000	275,386	309,000	0.55
	1,314,000	4,349,164	4,079,930	7.25
<u>Plantation</u>				
Hap Seng Plantations Holdings Berhad	336,000	816,292	577,920	1.03
IOI Corporation Berhad	188,000	855,507	738,840	1.31
Kuala Lumpur Kepong Berhad	65,600	1,477,394	1,431,392	2.54
Sarawak Oil Palms Berhad	200,000	652,477	518,000	0.92
Sime Darby Plantation Berhad	251,000	1,225,405	1,119,460	1.99
TSH Resources Berhad	287,000	397,491	279,825	0.50
	1,327,600	5,424,566	4,665,437	8.29

i. Quoted securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2023	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Property</u>				
Matrix Concepts Holdings Berhad	179,000	273,691	295,350	0.52
S P Setia Berhad	479,000	493,925	383,200	0.68
Sime Darby Property Berhad	523,000	406,751	326,875	0.58
UEM Sunrise Berhad	579,000	310,349	471,885	0.84
	<u>1,760,000</u>	<u>1,484,716</u>	<u>1,477,310</u>	<u>2.62</u>
<u>Technology</u>				
CTOS Digital Berhad	195,000	378,644	274,950	0.49
Frontken Corporation Berhad	53,000	173,864	171,720	0.31
Genetec Technology Berhad	113,000	281,506	266,680	0.47
Inari Amertron Berhad	139,000	477,841	418,390	0.74
ITMAX System Berhad	160,000	250,608	286,400	0.51
SNS Network Technology Berhad	1,000,000	252,857	235,000	0.42
	<u>1,660,000</u>	<u>1,815,320</u>	<u>1,653,140</u>	<u>2.94</u>

i. Quoted securities (continued)

<b>Name of counter</b>	<b>Quantity</b>	<b>Aggregate cost</b>	<b>Fair value as at 31.12.2023</b>	<b>Percentage of net asset value of the Fund</b>
	<b>Units</b>	<b>RM</b>	<b>RM</b>	<b>%</b>
<u>Telecommunications &amp; Media</u>				
Axiata Group Berhad	199,000	854,442	473,620	0.84
CelcomDigi Berhad	192,000	797,474	783,360	1.39
Maxis Berhad	68,000	307,221	261,800	0.47
REDtone Digital Berhad	650,000	337,346	455,000	0.81
Telekom Malaysia Berhad	208,000	998,402	1,154,400	2.05
TIME dotCom Berhad	80,300	345,407	433,620	0.77
	<u>1,397,300</u>	<u>3,640,292</u>	<u>3,561,800</u>	<u>6.33</u>
<u>Transportation &amp; Logistics</u>				
Malaysia Airports Holdings Berhad	39,000	283,269	287,040	0.51
MISC Berhad	114,000	838,127	831,060	1.48
	<u>153,000</u>	<u>1,121,396</u>	<u>1,118,100</u>	<u>1.99</u>

i. Quoted securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2023	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Utilities</u>				
PETRONAS Gas Berhad	27,000	465,140	469,800	0.83
Tenaga Nasional Berhad	167,000	1,774,887	1,676,680	2.98
YTL Corporation Berhad	202,000	272,780	381,780	0.68
YTL Power International Berhad	123,000	296,896	312,420	0.56
	<u>519,000</u>	<u>2,809,703</u>	<u>2,840,680</u>	<u>5.05</u>
<b>TOTAL QUOTED SECURITIES</b>	<u>11,522,400</u>	<u>33,711,120</u>	<u>32,239,964</u>	<u>57.28</u>
<b>ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>(1,471,156)</u>		
<b>TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>32,239,964</u>		

ii. Unquoted fixed income securities

Name of counter	Nominal value	Aggregate cost	Fair value as at 31.12.2024	Percentage of net asset value of the Fund
	RM	RM	RM	%
4.20% Bumitama Agri Ltd 22.7.2026 (AA2)	3,500,000	3,584,634	3,584,232	6.14
4.53% Danainfra Nasional Berhad 1.4.2037 (NR)	1,000,000	1,013,751	1,064,658	1.82
5.07% GENM Capital Berhad 5.5.2028 (AA1 (S))	1,500,000	1,511,876	1,521,701	2.61
5.30% GENM Capital Berhad 11.7.2028 (AA1 (S))	3,000,000	3,242,702	3,117,707	5.34
4.50% Malaysia Government 30.4.2029 (NR)	5,000,000	5,083,780	5,218,570	8.94
4.91% United Overseas Bank (Malaysia) Bhd 27.10.2032 (AA1)	3,000,000	3,115,668	3,106,632	5.32

ii. Unquoted fixed income securities (continued)

Name of counter	Nominal value	Aggregate cost	Fair value as at 31.12.2024	Percentage of net asset value of the Fund
	RM	RM	RM	%
4.01% United Overseas Bank (Malaysia) Bhd 8.2.2034 (AA1)	4,000,000	4,079,939	4,069,000	6.97
<b>TOTAL UNQUOTED FIXED INCOME SECURITIES</b>	<u>21,000,000</u>	21,632,350	<u>21,682,500</u>	<u>37.14</u>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>50,150</u>		
<b>TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			<u>21,682,500</u>	

ii. Unquoted fixed income securities

Name of counter	Nominal value	Aggregate cost	Fair value as at 31.12.2023	Percentage of net asset value of the Fund
	RM	RM	RM	%
4.47% Aman Sukuk Berhad 8.5.2025 (AAA IS)	3,500,000	3,550,950	3,557,796	6.32
4.53% Danainfra Nasional Berhad 1.4.2037 (NR)	1,000,000	1,013,771	1,062,794	1.89
5.07% GENM Capital Berhad 5.5.2028 (AA1 (S))	1,500,000	1,511,668	1,529,908	2.72
5.30% GENM Capital Berhad 11.7.2028 (AA1 (S))	3,000,000	3,287,496	3,138,377	5.58
4.504% Malaysia Government 30.4.2029 (NR)	5,000,000	5,092,945	5,243,358	9.32
3.32% Pengurusan Air SPV Berhad 4.6.2027 (AAA)	2,000,000	1,996,679	1,972,012	3.50

ii. Unquoted fixed income securities (continued)

Name of counter	Nominal value	Aggregate cost	Fair value as at 31.12.2023	Percentage of net asset value of the Fund
	RM	RM	RM	%
4.95% YTL Power International Berhad 11.10.2024 (AA1)	4,000,000	4,072,598	4,077,157	7.24
<b>TOTAL UNQUOTED FIXED INCOME SECURITIES</b>	<u>20,000,000</u>	20,526,107	<u>20,581,402</u>	36.57
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>55,295</u>		
<b>TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			<u>20,581,402</u>	

The effective weighted average interest rate of unquoted fixed income securities per annum as at the date of the statement of financial position are as follows:

	2024	2023
	%	%
Unquoted fixed income securities	<u>4.13</u>	<u>4.04</u>



**8. CASH AND CASH EQUIVALENTS**

	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
Bank balance with a licensed bank	270,526	53,772
Deposits with licensed financial institution	770,069	3,480,930
	<u>1,040,595</u>	<u>3,534,702</u>

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

	<b>2024</b>	<b>2023</b>
	<b>%</b>	<b>%</b>
Deposits with licensed financial institution	<u>3.25</u>	<u>3.25</u>

The deposits have an average maturity of 2 days (2023: 2 days).

**9. UNITS IN CIRCULATION**

	<b>2024</b>	<b>2023</b>
	<b>No. of units</b>	<b>No. of units</b>
At the beginning of the financial year	61,014,239	62,416,898
Creation of units during the financial year:		
- Arising from applications	12,303,919	4,692,735
- Arising from distribution	2,308,825	2,558,596
Cancellation of units during the financial year	<u>(15,754,585)</u>	<u>(8,653,990)</u>
At the end of the financial year	<u>59,872,398</u>	<u>61,014,239</u>

## 10. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the top 10 brokers and dealers are as follows:

Name of brokers/ dealers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>2024</u>				
RHB Investment Bank Berhad	12,909,378	13.41	15,458	9.58
CGS International Securities Malaysia Sdn Bhd	11,534,027	11.99	22,081	13.69
CLSA Securities Malaysia Sdn Bhd	11,273,001	11.71	22,197	13.76
Maybank Investment Bank Berhad	9,416,374	9.79	17,539	10.88
Kenanga Investment Bank Berhad	8,360,977	8.69	16,031	9.94
UOB Kay Hian Securities (M) Sdn Bhd	7,538,120	7.83	14,388	8.92
J.P. Morgan Securities (Malaysia) Sdn Bhd	6,428,879	6.68	12,267	7.61
UBS Securities Malaysia Sdn Bhd	6,128,601	6.37	11,644	7.22
CIMB Securities Sdn Bhd	4,429,125	4.60	10,231	6.34
Malayan Banking Berhad	4,016,000	4.17	-	-
Others	14,197,959	14.76	19,442	12.06
	<u>96,232,441</u>	<u>100.00</u>	<u>161,278</u>	<u>100.00</u>

Name of brokers/ dealers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<b>2023</b>				
RHB Investment Bank Berhad	7,722,934	18.60	8,095	11.82
Maybank Investment Bank Berhad	4,950,168	11.92	9,549	13.95
J.P. Morgan Securities (Malaysia) Sdn Bhd	4,475,711	10.78	8,504	12.42
Kenanga Investment Bank Berhad	3,875,596	9.33	6,979	10.19
CGS - CIMB Securities Sdn Bhd	3,711,411	8.94	7,052	10.30
CLSA Securities Malaysia Sdn Bhd	3,494,593	8.42	7,419	10.84
Macquarie Capital Securities (Malaysia) Sdn Bhd	2,406,244	5.80	4,580	6.69
KAF Equity Sdn Bhd	2,221,078	5.35	4,220	6.16
UOB Kay Hian Securities (M) Sdn Bhd	2,214,896	5.33	4,217	6.16
Credit Suisse Securities (Malaysia) Sdn Bhd	1,504,245	3.62	2,868	4.19
Others	4,944,580	11.91	4,987	7.28
	<b>41,521,456</b>	<b>100.00</b>	<b>68,470</b>	<b>100.00</b>

All brokers and dealers highlighted above are not related to the Manager.

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

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

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

### Units held by Manager:

	2024		2023	
	No. of units	RM	No. of units	RM
Eastspring Investments Berhad	1,803	1,759	1,732	1,598

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.

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

	<b>2024</b>	<b>2023</b>
	%	%
TER	1.64	1.63

TER is derived from the following calculation:

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

A = Management fee

B = Trustee fee

C = Audit fee

D = Tax agent fee

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

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

The average net asset value of the Fund for the financial year calculated on a daily basis is RM58,906,130 (2023: RM55,595,492).

### 13. PORTFOLIO TURNOVER RATIO (“PTR”)

	2024	2023
PTR (times)	0.85	0.37

PTR is derived from the following calculation:

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

where:

total acquisitions for the financial year = RM51,973,342 (2023: RM22,195,554)

total disposals for the financial year = RM47,832,878 (2023: RM19,332,854)

### 14. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 24 February 2025.

## CORPORATE DIRECTORY

### **THE MANAGER**

NAME

EASTSPRING INVESTMENTS BERHAD

COMPANY NO.

200001028634 (531241-U)

REGISTERED OFFICE

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BUSINESS OFFICE

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Persiaran TRX Barat

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### **TRUSTEE**

NAME

DEUTSCHE TRUSTEES MALAYSIA BERHAD

COMPANY NO.

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REGISTERED OFFICE & BUSINESS OFFICE

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FAX NO.

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### **SALE & PURCHASE OF UNITS**

#### **Eastspring Investments Berhad**

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Kuala Lumpur

TELEPHONE NO.

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**ENQUIRIES**

CLIENT SERVICES

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