



A member of Prudential plc (UK) 

ANNUAL REPORT

EASTSPRING INVESTMENTS ISLAMIC INCOME FUND

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

Dear Valued Investor,

Greetings from Eastspring Investments Berhad!

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

We are pleased to enclose a copy of the Annual/Interim/Quarterly Fund Reports of Eastspring Investments Berhad's fund(s) for the reporting period ended 31 March 2016.

You may also download these reports from our website at www.eastspringinvestments.com.my

Should you require any assistance, please do not hesitate to contact our Client Services at 03-2332 1000.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Raymond Tang', written in a cursive style.

Raymond Tang Chee Kin

Non-Independent, Executive Director and Chief Executive Officer

TABLE OF CONTENTS

Fund Information	1
Key Performance Data	3
Manager's Report	5
Market Review	9
Rebates and Soft Commissions	10
Trustee's Report to the Unit Holders of Eastspring Investments Islamic Income Fund	12
Shariah Adviser's Report to the Unit Holders of Eastspring Investments Islamic Income Fund	13
Independent Auditors' Report to the Unit Holders of Eastspring Investments Islamic Income Fund	14
Statement of Comprehensive Income	16
Statement of Financial Position	17
Statement of Changes in Equity	18
Statement of Cash Flows	19
Summary of Significant Accounting Policies	20
Notes to the Financial Statements	27
Corporate Directory	43

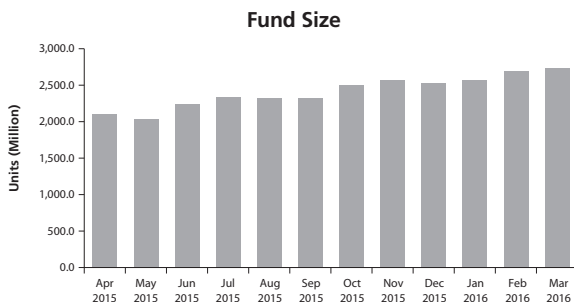
FUND INFORMATION

Name of Fund	Eastspring Investments Islamic Income Fund ("the Fund")
Fund Category/ Type	Islamic money market/income
Fund Objective	<p>The Fund seeks to provide liquidity and a steady income* stream by investing in money market instruments and short-term debentures which are Shariah-compliant.</p> <p>* Income distributed will be reinvested into additional Units unless Unit Holder opts for the distribution to be paid out.</p>
Performance Benchmark	<p>Maybank Islamic overnight deposit rate</p> <p>Source: www.maybank2u.com.my</p> <p>Note: The risk profile of the Fund is different from the risk profile of the performance benchmark.</p>
Fund Income Distribution Policy	At least monthly, subject to the availability of income.

FUND INFORMATION (CONTINUED)

Breakdown of Unit Holdings by Size

As at 31 March 2016, the size of Eastspring Investments Islamic Income Fund stood at 2,731.176 million units.



Breakdown of Unit Holdings

Unit Holdings	No. of Unit Holders	%	No of Units* ('000)	%
5,000 units and below	5	4.67	7	-
5,001 to 10,000 units	3	2.80	20	-
10,001 to 50,000 units	8	7.48	202	0.01
50,001 to 500,000 units	23	21.50	4,250	0.15
500,001 units and above	68	63.55	2,726,696	99.84
Total	107	100.00	2,731,175	100.00

* excludes units held by the Manager.

KEY PERFORMANCE DATA

FOR THE FINANCIAL YEAR ENDED

Category	31.3.2016	31.3.2015	31.3.2014
	(%)	(%)	(%)
Cash and other assets	100.00	100.00	100.00
Total	100.00	100.00	100.00
Net Asset Value (NAV) (RM'000)	1,421,279	973,746	687,332
Units In Circulation (Units '000)	2,731,176	1,870,900	1,321,531
Net Asset Value Per Unit (RM)	0.5204	0.5205	0.5201
Highest Net Asset Value Per Unit (RM)#	0.5204	0.5205	0.5200
Lowest Net Asset Value Per Unit (RM)#	0.5195	0.5197	0.5195
Total Return (%)			
- Capital Growth	(0.02)	0.08	0.02
- Income Distribution	3.84	3.40	3.07
Total Return (%)	3.82	3.48	3.08
Gross Distribution Per Unit (RM)	0.0196	0.0174	0.0157
Net Distribution Per Unit (RM)	0.0196	0.0174	0.0157
Management Expense Ratio (MER) (%) [*]	0.31	0.30	0.30
Portfolio Turnover Ratio (PTR) (times) [^]	5.79	7.25	10.05

Figures shown as ex-distribution.

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

[^] The PTR was lower as the incremental cash inflow permits cash allocation towards a more diversified and longer tenure deposits portfolio.

KEY PERFORMANCE DATA (CONTINUED)

	1 year 1.4.2015 to 31.3.2016	3 years 1.4.2013 to 31.3.2016	5 years 1.4.2011 to 31.3.2016
	(%)	(%)	(%)
Average total return	3.82	3.46	3.28

Year ended	1.4.2015 to 31.3.2016	1.4.2014 to 31.3.2015	1.4.2013 to 31.3.2014	1.4.2012 to 31.3.2013	1.4.2011 to 31.3.2012
	(%)	(%)	(%)	(%)	(%)
Annual total return	3.82	3.48	3.08	3.05	3.01

Source: Lipper for Investment Management, as at 31 March 2016.

Bases of calculation and assumptions made in calculating returns:

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

NAV_t = NAV at the end of the period

NAV_0 = NAV at the beginning of the period

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

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

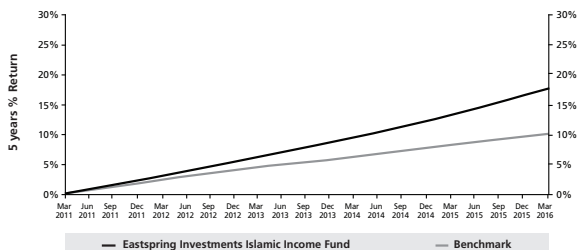
Over the 5-year period, the Fund recorded a positive return of 17.55%, outperforming its benchmark return of 10.02% by 7.53%.

For the period under review, the Fund registered a positive return of 3.82%, outperforming its benchmark return of 1.85% by 1.97%.

The outperformance of the Fund was contributed by investing in short-term Islamic deposits and Islamic money market placements of various tenures to capture interest rate movement while maintaining its liquidity requirements.

The Fund met its investment objective of providing liquidity and a steady income stream by investing in Islamic money market instruments and short-term Islamic debentures.

**Eastspring Investments Islamic Income Fund -
5 Years Return Vs Benchmark**



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

Benchmark: Maybank Islamic overnight deposit rate

Source: Lipper for Investment Management and www.maybank2u.com.my, as at 31 March 2016.

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 March 2016:

Income Return	Capital Return*	Total Return	Total Return of Benchmark
(%)	(%)	(%)	(%)
3.84	(0.02)	3.82	1.85

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

1. Cash and other assets

Distribution/
Unit Split

Ex-date	15-Apr-15	15-May-15	15-Jun-15
Distribution Per Unit	(RM)	(RM)	(RM)
Gross	0.0018	0.0016	0.0015
Net	0.0018	0.0016	0.0015

Ex-date	15-Jul-15	17-Aug-15	15-Sep-15
Distribution Per Unit	(RM)	(RM)	(RM)
Gross	0.0016	0.0017	0.0014
Net	0.0016	0.0017	0.0014

Ex-date	15-Oct-15	16-Nov-15	15-Dec-15
Distribution Per Unit	(RM)	(RM)	(RM)
Gross	0.0017	0.0016	0.0016
Net	0.0017	0.0016	0.0016

Ex-date	15-Jan-16	15-Feb-16	15-Mar-16
Distribution Per Unit	(RM)	(RM)	(RM)
Gross	0.0018	0.0016	0.0017
Net	0.0018	0.0016	0.0017

MANAGER'S REPORT (CONTINUED)

**Distribution/
Unit Split
(continued)**

Impact on NAV arising from distribution for the financial year ended 31 March 2016.

Ex-date	15-Apr-15	15-May-15	15-Jun-15
	(RM per Unit)	(RM per Unit)	(RM per Unit)
Net Asset Value before distribution	0.5213	0.5210	0.5211
Less: distribution	(0.0018)	(0.0016)	(0.0015)
Net Asset Value after distribution	0.5195	0.5194	0.5196

Ex-date	15-Jul-15	17-Aug-15	15-Sep-15
	(RM per Unit)	(RM per Unit)	(RM per Unit)
Net Asset Value before distribution	0.5211	0.5212	0.5210
Less: distribution	(0.0016)	(0.0017)	(0.0014)
Net Asset Value after distribution	0.5195	0.5195	0.5196

Ex-date	15-Oct-15	16-Nov-15	15-Dec-15
	(RM per Unit)	(RM per Unit)	(RM per Unit)
Net Asset Value before distribution	0.5212	0.5212	0.5212
Less: distribution	(0.0017)	(0.0016)	(0.0016)
Net Asset Value after distribution	0.5195	0.5196	0.5196

Ex-date	15-Jan-16	15-Feb-16	15-Mar-16
	(RM per Unit)	(RM per Unit)	(RM per Unit)
Net Asset Value before distribution	0.5213	0.5212	0.5212
Less: distribution	(0.0018)	(0.0016)	(0.0017)
Net Asset Value after distribution	0.5195	0.5196	0.5195

No unit split were declared for the financial year ended 31 March 2016.

MANAGER'S REPORT (CONTINUED)

Investment Strategy During Period Under Review

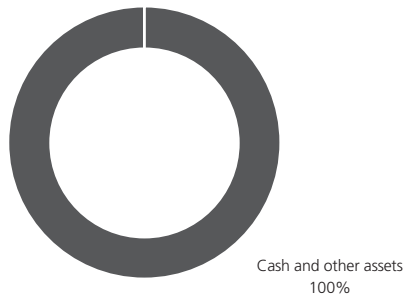
While seeking potential reasonable returns, the Fund also aims to ensure liquidity and preservation of capital.

During the period under review, the Fund invested in a portfolio of short-term Islamic deposits and Islamic money market placements that would meet the investors' short-term liquidity management requirements.

Asset Allocation

Asset Allocation	31-Mar 2016 (%)	31-Mar 2015 (%)	Changes (%)
Cash and other assets	100.00	100.00	0.00

Asset Allocation as at 31 March 2016



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

State of Affairs of the Fund

There have been neither significant change to the state of affairs of the Fund nor any circumstances that materially affect any interests of the unit holders during the period under review.

MARKET REVIEW

For the period under review, Bank Negara Malaysia (BNM) had maintained the Overnight Policy Rate (OPR) at 3.25%. In a separate statement in January 2016, BNM had also decided to cut the Statutory Reserve Requirement (SRR) by 50bps to 3.5% to ensure sufficient liquidity in the domestic financial system and to support the orderly functioning of the domestic financial markets. At the Monetary Policy Committee (MPC) meeting on 9 March 2016, BNM cited that the global economy continued to expand moderately. Growth in the advance economics was modest and uneven. In Asia, domestic demand has continued to support economic activity despite weaker exports. The international financial markets remained volatile. Global growth has also become vulnerable to downside risks arising from excessive leverage, sharp declines in commodity prices and geopolitical risks.

The Malaysian economy is expected to expand moderately in 2016 after a 5% growth in 2015. Domestic demand remains the key driver of growth. Private consumption is expected to moderate. Household spending is anticipated to be supported by the growth in income and employment, and additional disposable income from the measures announced in the 2016 Budget Recalibration. Overall investment has continued to be driven by infrastructure development projects and capital spending in manufacturing and services sectors.

Headline inflation is projected to trend higher in 2016 on adjustments in administered prices and the weaker ringgit. However, inflation was likely to be mitigated by low energy and commodity prices and subdued global inflation.

The MPC viewed that at the current OPR level, the stance of monetary policy remained accommodative and supportive of economic activity. The MPC recognised that there are heightened risks in the global economic and financial environment. The MPC will continue to monitor those risks and assess their implications on domestic price stability and growth to ensure sustainable of overall growth of the Malaysian economy.

Reflecting the unchanged OPR and following the move in SRR cut to ensure sufficient liquidity in the financial system, the short-term rates were capped within a tight trading range with the overnight and 1-week rates traded at 3.20% to 3.30%, while the 1-month rates were dealt in the range of 3.36% to 3.40%.

In the short-term bills market, yields across all tenures fell significantly. Yield on 1-month fell by 82bps to 2.36% and yield on 12-month shed by 74bps to close the month at 2.49%.

REBATES AND SOFT COMMISSIONS

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

EASTSPRING INVESTMENTS ISLAMIC INCOME FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

TRUSTEE'S REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS ISLAMIC INCOME FUND

We have acted as Trustee for Eastspring Investments Islamic Income Fund (the "Fund") for financial year ended 31 March 2016. To the best of our knowledge, for the year under review, Eastspring Investments Berhad (the "Manager") has operated and managed the Fund in accordance with the following:

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

We are of the view that the distributions made during this financial year ended 31 March 2016 by the Manager are not inconsistent with the objectives of the Fund.

For Deutsche Trustees Malaysia Berhad

Wong Mun Loong

Manager, Trustee Operations

Soon Lai Ching

Manager, Trustee Operations

Kuala Lumpur

Date: 13 May 2016

SHARIAH ADVISER'S REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS ISLAMIC INCOME FUND

We have acted as the Shariah Adviser of Eastspring Investments Islamic Income Fund. Our responsibility is to ensure that the procedures and processes employed by Eastspring Investments Berhad are in accordance with Shariah principles.

In our opinion, Eastspring Investments Berhad has managed and administered Eastspring Investments Islamic Income Fund in accordance with Shariah principles and complied with applicable guidelines, rulings and decisions issued by the Securities Commission pertaining to Shariah matters for the financial year ended 31 March 2016.

In addition, we also confirm that the investment portfolio of Eastspring Investments Islamic Income Fund comprises securities which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission ("SACSC"). As for the securities which are not certified by the SACSC, we have reviewed the said securities and opine that these securities are designated as Shariah-compliant.

For and on behalf of the Shariah Adviser
IBFIM

AHMAD ZAKIRULLAH BIN MOHAMED SHAARANI

Shariah Advisor/Designated Person Responsible for Shariah Advisory

Kuala Lumpur
Date: 13 May 2016

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS ISLAMIC INCOME FUND

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Eastspring Investments Islamic Income Fund (the "Fund") on pages 16 to 42, which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Fund for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 15 to the financial statements.

Manager's Responsibility for the Financial Statements

The Manager of the Fund is responsible for the preparation of financial statements so as to 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 are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Fund's preparation of financial statements that give a true and fair view 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 Manager's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as of 31 March 2016 and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

(No. AF: 1146)

Chartered Accountants

Kuala Lumpur

Date: 13 May 2016

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	2016	2015
		RM	RM
INVESTMENT INCOME			
Profit income from Islamic deposits with licensed financial institutions		50,482,800	26,833,626
EXPENSES			
Management fee	3	(3,101,226)	(1,782,223)
Trustee fee	4	(496,196)	(285,156)
Audit fee		(7,000)	(6,552)
Tax agent fee		(3,400)	(3,400)
Other expenses		(24,427)	(33,955)
GST charges		(216,197)	-
		(3,848,446)	(2,111,286)
PROFIT BEFORE TAXATION		46,634,354	24,722,340
TAXATION	6	-	-
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME		46,634,354	24,722,340
Profit after taxation is made up of the following:			
Realised amount		46,634,354	24,722,340

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2016

	Note	2016	2015
		RM	RM
ASSETS			
Financial assets at fair value through profit or loss	7	1,421,557,772	973,996,893
Cash and cash equivalents		117,796	10,443
TOTAL ASSETS		<u>1,421,675,568</u>	<u>974,007,336</u>
LIABILITIES			
Accrued management fee		301,207	203,971
Amount due to Trustee		48,193	32,635
Other payables and accruals		25,802	25,215
GST charges payable		20,964	-
TOTAL LIABILITIES		<u>396,166</u>	<u>261,821</u>
NET ASSET VALUE OF THE FUND		<u>1,421,279,402</u>	<u>973,745,515</u>
EQUITY			
Unit holders' capital		1,419,502,788	971,692,942
Retained earnings		1,776,614	2,052,573
NET ASSET ATTRIBUTABLE TO UNIT HOLDERS		<u>1,421,279,402</u>	<u>973,745,515</u>
NUMBER OF UNITS IN CIRCULATION	9	<u>2,731,175,638</u>	<u>1,870,899,619</u>
NET ASSET VALUE PER UNIT (RM) (EX-DISTRIBUTION)		<u>0.5204</u>	<u>0.5205</u>

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	Unit holders' capital	Retained earnings	Total
		RM	RM	RM
Balance as at 1 April 2015		971,692,942	2,052,573	973,745,515
Movement in unit holders' contribution:				
Creation of units from applications		1,570,804,553	- 1,570,804,553	
Creation of units from distributions		46,910,313	- 46,910,313	
Cancellation of units		(1,169,905,020)	- (1,169,905,020)	
Distributions				
(Gross/Net : 1.96 sen per unit)	5	- (46,910,313)	(46,910,313)	
Total comprehensive income for the financial year		-	46,634,354	46,634,354
Balance as at 31 March 2016		<u>1,419,502,788</u>	<u>1,776,614</u>	<u>1,421,279,402</u>
Balance as at 1 April 2014		685,716,786	1,615,390	687,332,176
Movement in unit holders' contribution:				
Creation of units from applications		1,241,714,768	- 1,241,714,768	
Creation of units from distributions		24,285,157	- 24,285,157	
Cancellation of units		(980,023,769)	- (980,023,769)	
Distributions				
(Gross/Net : 1.74 sen per unit)	5	- (24,285,157)	(24,285,157)	
Total comprehensive income for the financial year		-	24,722,340	24,722,340
Balance as at 31 March 2015		<u>971,692,942</u>	<u>2,052,573</u>	<u>973,745,515</u>

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	2016	2015
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from maturity of Islamic deposits with licensed financial institutions	6,960,019,121	5,022,334,803
Placement of Islamic deposits with licensed financial institutions	(7,407,580,000)	(5,308,723,000)
Profit income received from Islamic deposits with licensed financial institutions	50,482,800	26,833,626
Management fee paid	(3,003,990)	(1,739,237)
Trustee fee paid	(480,638)	(278,278)
Payment for other fees and expenses	(229,473)	(39,110)
Net cash used in operating activities	<u>(400,792,180)</u>	<u>(261,611,196)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	1,617,714,866	1,265,999,925
Payments for cancellation of units	(1,169,905,020)	(980,103,769)
Distributions paid	(46,910,313)	(24,285,157)
Net cash generated from financing activities	<u>400,899,533</u>	<u>261,610,999</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	107,353	(197)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	<u>10,443</u>	<u>10,640</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	<u>117,796</u>	<u>10,443</u>

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

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

A. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

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

The following amendment has been adopted by the Fund for the first time for the financial year beginning on or after 1 April 2015.

- Annual Improvements to MFRSs 2010 – 2012 Cycle
- Annual Improvements to MFRSs 2011 – 2013 Cycle

The adoption of these amendments did not have any impact on the current or any prior year and are not likely to affect future periods.

b. The new standards, amendments to published standards and interpretations to existing standards that are applicable to the Fund but not yet effective and have not been early adopted are as follows:

i. Financial year beginning on/after 1 April 2018

- MFRS 15 “Revenue from contracts with customers” (effective from 1 January 2018) replaces MFRS 118 “Revenue” and MFRS 111 “Construction contracts” and related interpretations. The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Fund will apply this standard when effective. This standard is not expected to have a significant impact on the Fund’s financial statements.

- MFRS 9 “Financial Instruments” (effective from 1 January 2018) will replace MFRS 139 “Financial Instruments: Recognition and Measurement”.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income (“OCI”). The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments¹ are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held

¹ For the purposes of the investments made by the Fund, equity instruments and derivatives refers to Shariah-compliant equity instruments and Shariah-compliant derivatives.

for trading). A debt instruments² is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest³.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives¹. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

MFRS 9 introduces an expected credit losses model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The Fund will apply this standard when effective. This standard is not expected to have a significant impact on the Fund's financial statements.

B. INCOME RECOGNITION

Profit income earned from Islamic deposits with licensed financial institutions is recognised on an accrual basis using the effective profit method.

C. TAXATION

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

¹ For the purposes of the investments made by the Fund, equity instruments and derivatives refers to Shariah-compliant equity instruments and Shariah-compliant derivatives.

² For the purposes of the investments made by the Fund, debt instruments refers to sukuk.

³ For the purposes of this Fund, interest refers to profits earned from Shariah-compliant investments.

D. PRESENTATION AND FUNCTIONAL 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 presentation and functional currency.

E. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

i. Classification

The Fund designates its Islamic deposits with licensed financial institutions as financial assets at fair value through profit or loss at inception.

Financial assets are designated at fair value through profit or loss when they are managed and their performance evaluated on a fair value basis.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been included in current assets. The Fund’s receivables comprise cash and cash equivalents which are all due within 12 months.

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

The Fund’s financial liabilities which include accrued management fee, amount due to Trustee, other payables and accruals and GST charges payable.

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. Shariah-compliant investments are initially recognised at fair value.

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

Financial liabilities, within the scope of MFRS 139, 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 the obligation under the liability is extinguished. i.e. when the obligation specified in the contract is discharged or cancelled or expired.

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

Receivables and other financial liabilities are subsequently carried at amortised cost using the effective profit rate method.

iii. Impairment for assets carried at amortised costs

For assets carried at amortised cost, the Fund assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective profit rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If "receivables" or a "held-to-maturity investment" have a variable profit rate, the discount rate for measuring any impairment loss is the current effective profit rate determined under the contract.

As a practical expedient, the Fund may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

F. CASH AND CASH EQUIVALENTS

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

G. UNIT HOLDERS' CAPITAL

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

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

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

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

H. DISTRIBUTIONS

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 period in which it is approved by the Board of Directors of the Manager.

I. SEGMENTAL INFORMATION

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Investment Committee of the Fund's Manager that undertakes strategic decisions for the Fund.

J. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

1. INFORMATION ON THE FUND

Eastspring Investments Islamic Income Fund (the "Fund") was constituted pursuant to the execution of a Deed dated 10 January 2007 as modified by a Master Supplemental Deed dated 12 July 2007 and the Second Supplemental Master Deed dated 30 November 2009 between HSBC (Malaysia) Trustee Bhd ("HSBC Trustee") and Eastspring Investments Berhad (the "Manager"). The Fund replaced HSBC Trustee with Deutsche Trustees Malaysia Berhad (the "Trustee") effective 1 October 2010. A Supplemental Master Deed ("Deed") was entered into between the Manager and the Trustee on 30 July 2010 to effect the change of trustee from HSBC Trustee to the Trustee followed by a Second Supplemental Master Deed dated 28 January 2011, a Third Supplemental Master Deed dated 9 March 2011, a Fourth Supplemental Master Deed dated 20 January 2012, a Fifth Supplemental Master Deed dated 26 March 2014 and a Sixth Supplemental Master Deed dated 2 January 2015 (collectively referred to as the "Deed").

The Fund was launched on 8 February 2007 and will continue its operations until terminated by the Trustee and the Manager as provided under Part 12 of the Deed.

The Fund invests in a portfolio of Shariah-compliant money market instruments and short-term sukuk approved by the Securities Commission ("SC") from time to time. All Shariah-compliant investments will be subjected to the SC Guideline on Unit Trust Funds, the Deed and the objective of the Fund.

The Fund seeks to provide liquidity and a steady income stream by investing in money market instruments and short-term debentures which are Shariah-compliant.

The Manager is a company incorporated in Malaysia, 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 fund management services.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Financial instruments of the Fund are as follows:

	Note	Receivables	Financial assets at fair value through profit or loss	Total
		RM	RM	RM
2016				
Islamic deposits with licensed financial institutions	7	-	1,421,557,772	1,421,557,772
Bank balance with a licensed bank		117,796	-	117,796
		<u>117,796</u>	<u>1,421,557,772</u>	<u>1,421,675,568</u>
2015				
Islamic deposits with licensed financial institutions	7	-	973,996,893	973,996,893
Bank balance with a licensed bank		10,443	-	10,443
		<u>10,443</u>	<u>973,996,893</u>	<u>974,007,336</u>

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

Market risk

i. Exposure to interest rate risk

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

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

Interest rate is a general economic indicator that will have an impact on the management of the Fund regardless whether it is a Shariah-compliant Unit Trust Fund or otherwise. It does not in any way suggest that the Fund will invest in conventional financial instruments. All the investments are carried out for the Fund are in accordance with Shariah requirements.

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

As at the date of the statement of financial position, all the financial assets and financial liabilities have no exposure to interest rate movement except for Islamic deposits with licensed financial institutions of RM1,421,557,772 (2015: RM973,996,893) which have maturities of less than 132 days (2015: 102 days).

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations.

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

The Fund maintains sufficient level of Islamic liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of units by unit holders. Islamic liquid assets comprise cash, Islamic deposits with licensed financial institutions

and other Shariah-compliant instruments which are capable of being converted into cash within 7 days.

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

	Less than 1 month	Between 1 month to 1 year	Total
	RM	RM	RM
<u>2016</u>			
Accrued management fee	301,207	-	301,207
Amount due to Trustee	48,193	-	48,193
Other payables and accruals	-	25,802	25,802
GST charges payables	20,964	-	20,964
Contractual cash outflows	370,364	25,802	396,166
<u>2015</u>			
Accrued management fee	203,971	-	203,971
Amount due to Trustee	32,635	-	32,635
Other payables and accruals	-	25,215	25,215
Contractual cash outflows	236,606	25,215	261,821

Credit/default risk

Credit risk refers to the ability of an issuer or a counter party to make timely payments of profit, principals and proceeds from realisation of Shariah-compliant investments. The risk arising from placements of Islamic deposits with licensed financial institutions is managed by ensuring that the Fund will only place Islamic deposits with reputable licensed financial institutions.

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	Total
	RM	RM	RM
<u>2016</u>			
Finance			
- AAA	496,192,436	-	496,192,436
- AA1	105,388,417	117,796	105,506,213
- AA2	417,678,355	-	417,678,355
- AA3	240,517,194	-	240,517,194
- NR	161,781,370	-	161,781,370
	<u>1,421,557,772</u>	<u>117,796</u>	<u>1,421,675,568</u>
<u>2015</u>			
Finance			
- AAA	381,089,657	-	381,089,657
- AA1	175,319,799	10,443	175,330,242
- AA2	103,194,220	-	103,194,220
- AA3	120,181,827	-	120,181,827
- NR	194,211,390	-	194,211,390
	<u>973,996,893</u>	<u>10,443</u>	<u>974,007,336</u>

None of these assets are past due or impaired.

Fund management risk

There is the risk that the management company may not adhere to the investment mandate of the respective Fund. With close monitoring by the investment committee, back office system being incorporated with limits and controls, and regular reporting to the senior management team, the management company is able to manage such risk. The Trustee has an oversight function over management of the Fund by the management company to safeguard the interests of unit holder.

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 law that governs the Fund or applicable internal control procedures, or act fraudulently or dishonestly.

The non-compliance may expose the Fund to higher risks which may result in a fall in the value of the Fund which in turn may affect its investment goals. However, the risk can be mitigated by the internal controls and compliance monitoring undertaken by the Manager.

Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital and retained earnings. 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 Shariah-compliant investment activities of the Fund.

Fair value estimation

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

The fair value of financial assets traded in active market (such as publicly traded Shariah-compliant derivatives and trading Shariah-compliant securities) are based on quoted market prices at the close of trading on the year end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the

bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Fund Manager will determine the point within the bid-ask spread that is representative of the fair value.

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

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

Fair value hierarchy

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

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

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

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

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

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
<u>2016</u>				
Financial assets at fair value through profit or loss:				
Islamic deposits with licensed financial institutions	-	1,421,557,772	-	1,421,557,772
<u>2015</u>				
Financial assets at fair value through profit or loss:				
Islamic deposits with licensed financial institutions	-	973,996,893	-	973,996,893

The financial assets are short term financial instruments for which the carrying amount approximates the fair values.

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 Islamic deposits. 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 and all current 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 2.50% per annum on the net asset value of the Fund calculated on daily basis.

For the financial year ended 31 March 2016, the management fee is recognised at a rate of 0.25% (2015: 0.25%) per annum of the net asset value of the Fund, calculated at a daily basis.

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

4. TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to an annual fee, inclusive of local custodian fee, at a rate not exceeding 0.50% per annum on the net asset value of the Fund, subject to a minimum fee of RM18,000 per annum.

For the financial year ended 31 March 2016, the Trustee fee is recognised at a rate of 0.04% (2015: 0.04%) per annum of the net asset value of the Fund, calculated on a daily basis.

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

5. DISTRIBUTIONS

	2016	2015
	RM	RM
Distributions to unit holders are from the following sources:		
Profit income earned from Islamic deposits	41,630,002	23,508,975
Distribution equalisation (Memorandum account)	8,658,485	1,276,716
Gross realised income	50,288,487	24,785,691
Less: Expenses	(3,378,174)	(500,534)
	<u>46,910,313</u>	<u>24,285,157</u>

During the financial year, distributions were made as follows:

	Gross/net distribution	
	2016/2015	2015/2014
	RM/unit	RM/unit
15 April	0.0018	0.0014
15 May	0.0016	0.0013
15 June/16 June	0.0015	0.0014
15 July/16 July	0.0016	0.0013
17 August/15 August	0.0017	0.0014
15 September	0.0014	0.0014
15 October	0.0017	0.0015
16 November/17 November	0.0016	0.0015
15 December	0.0016	0.0014
15 January	0.0018	0.0017
15 February/16 February	0.0016	0.0016
15 March/16 March	0.0017	0.0015
	<u>0.0196</u>	<u>0.0174</u>

Gross distribution is derived using total income less total expenses. Gross distribution per unit is derived from gross realised income less expenses divided by the number of units in circulation, while net distribution for 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 purpose of determining amount available for distribution, distribution equalisation is included in the computation of realised gains or income available for distribution.

6. TAXATION

	2016	2015
	RM	RM
Current taxation	-	-

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

	2016	2015
	RM	RM
Profit before taxation	46,634,354	24,722,340
Tax at Malaysian statutory rate of 24% (2015: 25%)	11,192,245	6,180,585
Tax effect of:		
Investment income exempt from tax	(12,115,872)	(6,708,407)
Expenses not deductible for tax purposes	130,417	75,198
Restriction on tax deductible expenses for unit trust funds	793,210	452,624
Taxation	-	-

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016	2015
	RM	RM
Designated at fair value through profit or loss: Islamic deposits with licensed financial institutions*	1,421,557,772	973,996,893

* Includes profit receivable of RM16,537,772 (2015: RM 8,256,893)

The effective weighted average rate of return of Islamic deposits placement with licensed financial institutions per annum as at the date of the statement of financial position are as follows:

	2016	2015
	%	%
Islamic deposits with licensed financial institutions	4.19	4.10

The Islamic deposits have an average maturity of 132 days (2015: 102 days).

The Fund's investments in Islamic deposits with licensed financial institutions are short term in nature. Therefore, the fair value of Islamic deposits with licensed financial institutions is taken to approximate its carrying values.

8. SHARIAH INFORMATION OF THE FUND

The Shariah Adviser confirmed that the investments portfolio of the Fund is Shariah-compliant, which comprises liquid assets in local market, which are placed in Shariah-compliant investments and/or instruments.

9. UNITS IN CIRCULATION

	2016	2015
	No. of units	No. of units
At the beginning of the financial year	1,870,899,619	1,321,531,340
Creation of units during the financial year:		
Arising from applications	3,018,952,129	2,386,918,892
Arising from distributions	90,293,143	46,744,443
Cancellation of units during the financial year	<u>(2,248,969,253)</u>	<u>(1,884,295,056)</u>
At the end of the financial year	<u>2,731,175,638</u>	<u>1,870,899,619</u>

10. TRANSACTIONS WITH FINANCIAL INSTITUTIONS

Details of transactions with financial institutions are as follows:

Name of financial institutions	Value of trades	Percentage of total trades
	RM	%
<u>2016</u>		
CIMB Islamic Bank Berhad	2,515,510,000	33.96
Bank Islam Malaysia Berhad	2,049,890,000	27.67
Maybank Islamic Berhad	932,780,000	12.59
RHB Islamic Bank Berhad	746,630,000	10.08
Hong Leong Islamic Bank Berhad	582,720,000	7.87
Amlslamic Bank Berhad	341,030,000	4.60
OCBC Al-Amin Bank Bhd	189,490,000	2.56
Public Islamic Bank Berhad	49,530,000	0.67
	<u>7,407,580,000</u>	<u>100.00</u>
<u>2015</u>		
CIMB Islamic Bank Berhad	1,535,933,000	28.93
RHB Islamic Bank Berhad	1,471,280,000	27.71
Hong Leong Islamic Bank Berhad	661,080,000	12.45
Public Islamic Bank Berhad	421,610,000	7.94
OCBC Al-Amin Bank Berhad	399,880,000	7.53
Malayan Banking Berhad	308,610,000	5.81
Maybank Islamic Berhad	205,680,000	3.88
Amlslamic Bank Berhad	156,830,000	2.96
Bank Islam Malaysia Berhad	147,820,000	2.79
	<u>5,308,723,000</u>	<u>100.00</u>

All financial institutions highlighted above are not related to the Manager.

There are only 8 financial institutions for the financial year ended 31 March 2016 (31 March 2015: 9 financial institutions).

11. MANAGEMENT EXPENSE RATIO ("MER")

	2016	2015
	%	%
MER	0.31	0.30

MER is derived from the following calculation:

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

A = Management fee

B = Trustee fee

C = Audit fee

D = Tax agent fee

E = Other expenses (including GST charges)

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 RM1,239,953,041 (2015: RM 712,883,677).

12. PORTFOLIO TURNOVER RATIO ("PTR")

	2016	2015
PTR (times)	5.79	7.25

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 = RM7,407,580,000 (2015: RM5,308,723,000)

total disposals for the financial year = RM6,960,019,122 (2015: RM5,022,334,803)

13. UNITS HELD BY THE MANAGER

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

Related party	Relationship			
Eastspring Investments Berhad	The Manager			

	2016		2015	
	No. of units	RM	No. of units	RM
Eastspring Investments Berhad	1,164	606	1,121	583

The above units were transacted at the prevailing market price.

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

14. SEGMENTAL INFORMATION

The internal reporting provided to the chief operating decision-maker for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of MFRS and IFRS. The CEO, who is the chief operating decision-maker, is responsible for the performance of the Fund and considers the business to have a single operating segment located in Malaysia. Asset allocation decisions are based on a single, integrated investment strategy and the Fund's performance is evaluated on an overall basis.

The reportable operating segment derives its income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within the portfolio. These returns consist of profit income earned from Islamic deposits with licensed financial institutions.

There were no changes in the reportable operating segments during the financial year.

15. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 13 May 2016.

CORPORATE DIRECTORY

THE MANAGER

NAME

EASTSPRING INVESTMENTS BERHAD

COMPANY NO.

531241-U

REGISTERED OFFICE

16th Floor, Wisma Sime Darby

Jalan Raja Laut

50350 Kuala Lumpur

HEAD OFFICE

Level 12, Menara Prudential

No. 10, Jalan Sultan Ismail

50250 Kuala Lumpur

TELEPHONE NO.

603-2052 3388

FAX NO.

603-2070 6129

EMAIL

cs.my@eastspring.com

WEBSITE

www.eastspringinvestments.com.my

BOARD OF DIRECTORS OF THE MANAGER

Julian Christopher Vivian Pull

(Chairman, non-independent,

non-executive director)

Jackie Chew Pei Pei (Jackie Zhou PeiPei)

(Non-independent, non-executive director)

Khoo Chuan Keat

(Independent, non-executive director)

Iskander Bin Ismail Mohamed Ali

(Independent, non-executive director)

Raymond Tang Chee Kin

(Non-independent, executive director)

INVESTMENT COMMITTEE OF THE FUND

Raymond Tang Chee Kin

(Non-Independent member)

Ho Yik

(Independent member)

Robert Yap Yen Choon

(Independent member)

Abdul Khalil Bin Abdul Hamid

(Independent member)

Dato' Saiful Bahri Bin Zainuddin

(Independent member)

AUDIT AND COMPLIANCE

COMMITTEE OF THE MANAGER

Khoo Chuan Keat

(Independent)

Iskander Bin Ismail Mohamed Ali

(Independent)

Niall Dermot Grady

(Non-independent)

MANAGER'S DELEGATE - FUND VALUER

NAME

DEUTSCHE BANK (MALAYSIA) BERHAD

COMPANY NO.

312552-W

BUSINESS OFFICE

Level 18-20, Menara IMC

No. 8, Jalan Sultan Ismail

50250 Kuala Lumpur

HEAD OFFICE

Level 18-20, Menara IMC

No. 8, Jalan Sultan Ismail

50250 Kuala Lumpur

TELEPHONE NO.

603-2053 6788

FAX NO.

603-2031 8710

**MANAGER'S DELEGATE -
REGISTRAR AND TRANSFER AGENT**

NAME

DEUTSCHE TRUSTEES MALAYSIA BERHAD

COMPANY NO.

763590-H

REGISTERED OFFICE &
BUSINESS OFFICE

Level 20, Menara IMC

No. 8, Jalan Sultan Ismail

50250 Kuala Lumpur

TELEPHONE NO.

603-2053 7522

FAX NO.

603-2053 7526

**COMPANY SECRETARY OF
THE MANAGER**

NAME

VIJEY A/L R. MOHANA KRISHNAN

(BCN/143)

ADDRESS

RDL Corporate Services Sdn Bhd

16th Floor, Wisma Sime Darby

Jalan Raja Laut

50350 Kuala Lumpur

TELEPHONE NO.

603-2694 9999

TRUSTEE

NAME

DEUTSCHE TRUSTEES MALAYSIA BERHAD

COMPANY NO.

763590-H

REGISTERED OFFICE &
BUSINESS OFFICE

Level 20, Menara IMC

No. 8, Jalan Sultan Ismail

50250 Kuala Lumpur

TELEPHONE NO.

603-2053 7522

FAX NO.

603-2053 7526

TRUSTEE'S DELEGATE - CUSTODIAN

NAME

DEUTSCHE BANK (MALAYSIA) BERHAD

COMPANY NO.

312552-W

BUSINESS OFFICE

Level 18-20, Menara IMC

No. 8, Jalan Sultan Ismail

50250 Kuala Lumpur

HEAD OFFICE

Level 18-20, Menara IMC

No. 8, Jalan Sultan Ismail

50250 Kuala Lumpur

TELEPHONE NO.

603-2053 6788

FAX NO.

603-2031 8710

SHARIAH ADVISER

NAME

IBFIM

COMPANY NO.

763075-W

REGISTERED ADDRESS

No. 149A, 149B, 151B

Persiaran Raja Muda Musa

42000 Port Klang

Selangor Darul Ehsan

BUSINESS ADDRESS

3rd Floor, Menara Takaful Malaysia

Jalan Sultan Sulaiman

50000 Kuala Lumpur

TELEPHONE NO.

603-2031 1010

FAX NO.

603-2078 5250

WEBSITE

www.ibfim.com

TAXATION ADVISER OF

THE FUND

NAME

PRICEWATERHOUSECOOPERS

TAXATION SERVICES SDN BHD

ADDRESS

Level 10, 1 Sentral

Jalan Rakyat

Kuala Lumpur Sentral

PO Box 10192

50706 Kuala Lumpur

TELEPHONE NO.

603-2173 1188

AUDITORS OF THE MANAGER

NAME

KPMG

ADDRESS

Level 10, KPMG Tower

No. 8, First Avenue

Bandar Utama

47800 Petaling Jaya

Selangor

TELEPHONE NO.

603-7721 3388

**AUDITORS AND REPORTING
ACCOUNTANT OF THE FUND**

NAME

PRICEWATERHOUSECOOPERS

ADDRESS

Level 10, 1 Sentral
Jalan Rakyat
Kuala Lumpur Sentral
PO Box 10192
50706 Kuala Lumpur

TELEPHONE NO.

603-2173 1188

PRINCIPAL BANKERS

NAME

DEUTSCHE BANK (MALAYSIA) BERHAD

ADDRESS

Level 18, Menara IMC
No. 8, Jalan Sultan Ismail
50250 Kuala Lumpur

TELEPHONE NO.

603-2053 6788

NAME

MALAYAN BANKING BERHAD

ADDRESS

No. 100, Jalan Tun Perak
50050 Kuala Lumpur

TELEPHONE NO.

603-2070 8833

NAME

STANDARD CHARTERED BANK
MALAYSIA BERHAD

ADDRESS

Level 16, Menara Standard Chartered
No. 30, Jalan Sultan Ismail
50250 Kuala Lumpur

TELEPHONE NO.

603-2117 7777

NAME

HSBC BANK MALAYSIA BERHAD

ADDRESS

No. 2, Leboh Ampang
50100 Kuala Lumpur

TELEPHONE NO.

603-2075 3000

SOLICITORS

NAME

MESSRS NAQIZ & PARTNERS

ADDRESS

No. 42A, Lorong Dungun
Damansara Heights
50490 Kuala Lumpur

TELEPHONE NO.

603-2081 7888

**FEDERATION OF INVESTMENT
MANAGERS MALAYSIA (FiMM)**

ADDRESS

19-06-1, 6th Floor
Wisma Tune
No. 19, Lorong Dungun
Damansara Heights
50490 Kuala Lumpur

TELEPHONE NO.
603-2093 2600

FAX NO.
603-2093 2700

EMAIL
info@fimm.com.my

WEBSITE
www.fimm.com.my

SALE & PURCHASE OF UNITS
Eastspring Investments Berhad

Level 12, Menara Prudential
No. 10, Jalan Sultan Ismail
50250 Kuala Lumpur

TELEPHONE NO.
603-2332 1000

FAX NO.
603-2052 3366

BRANCHES

Petaling Jaya

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

TELEPHONE NO.
603-7839 5288

Kota Kinabalu

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

TELEPHONE NO.
6088-238 613

ENQUIRIES

CLIENT SERVICES
603-2332 1000

This page is intentionally left blank

This page is intentionally left blank

This page is intentionally left blank

Eastspring Investments Berhad (531241-U)
Level 12, Menara Prudential
No. 10, Jalan Sultan Ismail, 50250 Kuala Lumpur
T: (603) 2052 3388 F: (603) 2070 6129
eastspringinvestments.com.my

Client Services
T: (603) 2332 1000 F: (603) 2052 3366
cs.my@eastspring.com