



A member of Prudential plc (UK) 

EASTSPRING INVESTMENTS EQUITY INCOME FUND

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 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 30 June 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,



Raymond Tang Chee Kin

Non-Independent, Executive Director and Chief Executive Officer

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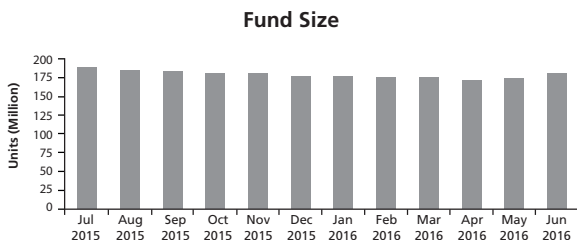
FUND INFORMATION

| | |
|--|--|
| Name of Fund | Eastspring Investments Equity Income Fund (“the Fund”) |
| Fund Category/ Type | Equity/income |
| Fund Objective | <p>The Fund seeks to provide a stable income* stream with medium to long-term capital growth.</p> <p>* Income distributed to a Unit Holder will be reinvested into additional Units unless Unit Holder opts for the distribution to be paid out.</p> |
| Performance Benchmark | <p>FTSE Bursa Malaysia (FBM)100</p> <p>Source: www.bursamalaysia.com</p> <p>Note: The risk profile of the Fund is different from the risk profile of the performance benchmark.</p> |
| Fund Income Distribution Policy | At least once a year, subject to the availability of income. |

FUND INFORMATION (CONTINUED)

Breakdown of Unit Holdings by Size

As at 30 June 2016, the size of Eastspring Investments Equity Income Fund stood at 180.239 million units.



Breakdown of Unit Holdings

| Unit Holdings | No. of Unit Holders | % | No of Units* ('000) | % |
|-------------------------|---------------------|---------------|---------------------|---------------|
| 5,000 units and below | 1,377 | 24.12 | 3,766 | 2.09 |
| 5,001 to 10,000 units | 1,154 | 20.22 | 8,381 | 4.65 |
| 10,001 to 50,000 units | 2,560 | 44.85 | 56,994 | 31.62 |
| 50,001 to 500,000 units | 598 | 10.48 | 57,746 | 32.04 |
| 500,001 units and above | 19 | 0.33 | 53,349 | 29.60 |
| Total | 5,708 | 100.00 | 180,236 | 100.00 |

* excludes units held by the Manager.

KEY PERFORMANCE DATA

FOR THE FINANCIAL YEAR ENDED

| Category | 30.6.2016 | 30.6.2015 | 30.6.2014 |
|--------------------------------|---------------|---------------|---------------|
| | (%) | (%) | (%) |
| Quoted securities | | | |
| Construction | 3.58 | 7.44 | 5.18 |
| Consumer | 2.88 | 1.24 | - |
| Consumer Product | 8.18 | 7.29 | 7.65 |
| Finance | 7.74 | 15.09 | 15.93 |
| Health Care | 2.28 | - | - |
| Industrial Product | - | 1.20 | 3.69 |
| Infrastructure Project Company | 6.42 | 7.63 | 4.53 |
| Manufacturing | 2.27 | - | - |
| Plantation | 2.57 | 4.62 | 3.77 |
| Power/Utilities | 4.75 | 2.68 | - |
| Properties | 2.41 | 5.16 | 4.33 |
| REITS | 8.84 | 6.38 | 6.66 |
| Technology | 3.82 | 3.26 | 3.11 |
| Trading/Services | 11.40 | 21.13 | 24.68 |
| Transportation | 1.08 | 0.32 | - |
| | 68.22 | 83.44 | 79.53 |
| Cash and other assets | 31.78 | 16.56 | 20.47 |
| Total | 100.00 | 100.00 | 100.00 |

KEY PERFORMANCE DATA (CONTINUED)

| Category | 30.6.2016 | 30.6.2015 | 30.6.2014 |
|---|-----------|-----------|-----------|
| Net Asset Value (NAV) (RM'000) | 141,474 | 143,814 | 122,910 |
| Units In Circulation (Units '000) | 180,239 | 188,793 | 140,273 |
| Net Asset Value Per Unit (RM) | 0.7849 | 0.7618 | 0.8762 |
| Highest Net Asset Value Per Unit (RM)# | 0.7860 | 0.7668 | 0.8762 |
| Lowest Net Asset Value Per Unit (RM)# | 0.7761 | 0.7613 | 0.8762 |
| Total Return (%) | | | |
| Capital Growth | 3.03 | (13.06) | 4.24 |
| Income Distribution | 0.05 | 12.36 | 12.84 |
| Total Return (%) | 8.37 | (2.31) | 17.62 |
| Gross Distribution Per Unit (RM) | 0.0402 | 0.0930 | 0.1048 |
| Net Distribution Per Unit (RM) | 0.0396 | 0.0914 | 0.1013 |
| Management Expense Ratio (MER) (%)* | 1.68 | 1.61 | 1.65 |
| Portfolio Turnover Ratio (PTR) (times)^ | 0.83 | 0.74 | 0.92 |

Figures shown as ex-distribution.

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

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

KEY PERFORMANCE DATA (CONTINUED)

| | 1 year 1.7.2015 to 30.6.2016 | 3 years 1.7.2013 to 30.6.2016 | 5 years 1.7.2011 to 30.6.2016 |
|--|------------------------------------|-------------------------------------|-------------------------------------|
| | (%) | (%) | (%) |

| | | | |
|----------------------|------|------|-------|
| Average total return | 8.37 | 7.58 | 11.11 |
|----------------------|------|------|-------|

| Year ended | 1.7.2015 to 30.6.2016 | 1.7.2014 to 30.6.2015 | 1.7.2013 to 30.6.2014 | 1.7.2012 to 30.6.2013 | 1.7.2011 to 30.6.2012 |
|------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | (%) | (%) | (%) | (%) | (%) |

| | | | | | |
|---------------------|------|--------|-------|-------|-------|
| Annual total return | 8.37 | (2.31) | 17.62 | 21.93 | 11.61 |
|---------------------|------|--------|-------|-------|-------|

Source: Lipper for Investment Management, as at 30 June 2016.

Bases of calculation and assumptions made in calculating returns:

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

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

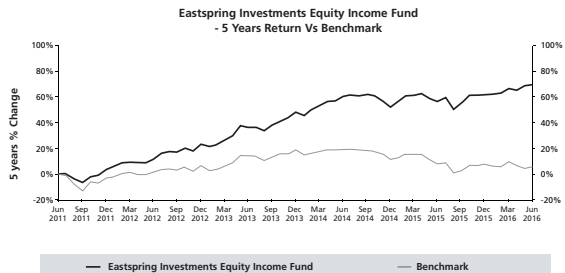
Fund Performance

Over the 5-year period, the Fund recorded a return of 69.47%, outperforming the benchmark return of 5.89% by 63.58%.

During the period under review, the Fund registered a return of 8.37% outperforming the benchmark return of -1.93% by 10.30%.

The outperformance was due to superior stock selection and dividend received.

The Fund met its objective to provide a stable income stream with medium to long-term capital growth.



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

Benchmark: FBM100

Source: Lipper for Investment Management and www.bursamalaysia.com, as at 30 June 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 30 June 2016:

| Income Return | Capital Return* | Total Return | Total Return of Benchmark |
|---------------|-----------------|--------------|---------------------------|
| (%) | (%) | (%) | (%) |
| 0.05 | 3.03 | 8.37 | (1.93) |

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

1. Quoted securities
2. Cash and other assets

Distribution/
Unit Split

| Ex-date | 27-Jun-16 |
|-----------------------|-----------|
| Distribution Per Unit | (RM) |
| Gross | 0.0402 |
| Net | 0.0396 |

Impact on NAV arising from distribution for the financial year ended 30 June 2016.

| Ex-date | 27-Jun-16 |
|-------------------------------------|---------------|
| | (RM per Unit) |
| Net Asset Value before distribution | 0.8157 |
| Less: distribution | (0.0396) |
| Net Asset Value after distribution | <u>0.7761</u> |

No unit split were declared for the financial year ended 30 June 2016.

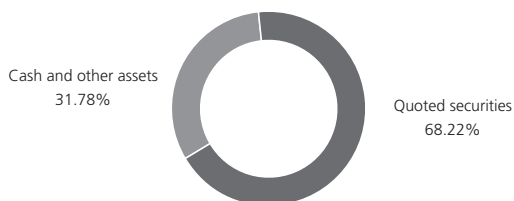
MANAGER'S REPORT (CONTINUED)

Investment Strategy During Period Under Review

During the period under review, the Fund stayed invested in consumer stocks and REITs. Exposure in banks and plantations was reduced. The Fund held relatively high level of cash during the period under review. The Fund invested in selective small cap stocks with good cash flow generation capability and high dividend yield. The Fund will continue to maintain a bottom-up approach in stock selection.

Asset Allocation

| Asset Allocation | 30-Jun 2016 (%) | 30-Jun 2015 (%) | Changes (%) |
|-------------------------|--------------------------------|--------------------------------|------------------------|
| Quoted securities | 68.22 | 83.44 | (15.22) |
| Cash and other assets | 31.78 | 16.56 | 15.22 |

Asset Allocation as at 30 June 2016

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

MANAGER'S REPORT (CONTINUED)

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.

However, in the Eastspring Investments Supplementary Master Prospectus dated 13 May 2016, the information in relation to the 2nd paragraph of the investment strategy for the Fund has been revised as follows:

The Fund shall invest in fixed income securities with a minimum credit rating of BBB or P2 by RAM Rating Services Berhad ("RAM"), or its equivalent rating by any other domestic rating agencies. Should the credit rating of the fixed income securities be downgraded by the rating agencies to below the minimum credit rating, the Manager may dispose the affected fixed income securities in the market.

MARKET REVIEW

The 3Q2015 started off on fairly firm footing following a resolution to the Greek crisis. However global equity markets corrected sharply mid-3Q2015 amid concerns over China's weak economic growth, the Renminbi (RMB) devaluation, tepid global growth, weak commodity prices, and fears of a US Federal interest rate lift-off. Emerging market currencies were much weaker during the quarter, and were further exacerbated by the surprising RMB devaluation in August. Some stability returned to global equity markets by the end of the quarter after the US decided to hold rates steady. The FBMKLCI corrected sharply during the quarter as investors reacted to a confluence of negative factors such as the continued international media reports on 1MDB, increased political uncertainty, weak crude oil prices, weak corporate earnings reporting, threat of US rate hikes, the sudden RMB devaluation, and the sharply lower Malaysian Ringgit (MYR). The MYR depreciated by 16.5% quarter-on-quarter (q-o-q) against the USD to end the 3Q2015 at RM4.395/USD, levels not seen in more than 17 years since the Asian Financial Crisis of 1998. Towards the end of 3Q2015, the FBMKLCI rebounded on the announcement of economic measures by the government which included aims to shore up domestic investments by encouraging government linked companies to repatriate their overseas investments and re-invest locally, and the reactivation of the government equity investment firm ValueCap with an injection of RM20bil, to boost the stock market.

The 4Q2015 started off on a positive note with global equities rallying on signs of China's economy stabilising, better US corporates' earnings results and resilient economic data from the Eurozone. The International Monetary Fund's (IMF) board announced that the RMB has been officially approved for inclusion in the Special Drawing Rights (SDR) effective 1 October 2016. Post the last meeting for the year, the US Federal Open Market Committee (FOMC) announced the long awaited lift-off, with the FOMC unanimously voting to increase the target range for the Fed Funds Rate by 25bps (to 0.25%-0.5%). In Malaysia the 2016 budgeted fiscal deficit was revised to 3.1%, only slightly lower than 2015 fiscal deficit of 3.2%, on the back of better than expected GST revenue collection amid declining investment income from Petronas. Investor sentiment improved with the announcement that 1MDB would sell its power assets under Edra Global Energy Bhd to unlisted China General Nuclear Power Corporation (CGN) for RM9.83bil. However, towards the end of the quarter, the Malaysian equity market corrected amid concerns of the sharply lower crude oil prices and the weaker China economy.

The start of 1Q2016 was a very volatile period for global equity markets as investors fretted over the state of the US economy, weak oil prices with seemingly little impact on oil production, and continued concerns over China's stock market rout. China lifted the ruling that regulators put in place in 2015 to now allow shareholders with holdings exceeding 5% and insiders to sell their stakes. China's Securities Regulatory Commission

(CSRC) introduced the use of circuit breakers in an attempt to tame the wild gyrations of the market, but had the opposite reaction, resulting in increased selling pressure triggering the circuit breaker many times in the first week of trading, until the CSRC abandoned it four days later. This was further complicated by weakness in the US Dollar as expectations for the US Federal Reserve to continue their hawkish stance diminished significantly early February due to the tighter financial conditions. Given the sharply lower oil prices, the Malaysian government announced a recalibrated Budget 2016 in an effort to maintain fiscal discipline. The 4Q2015 results reporting season ended with consensus adjusting down 2015 earnings to a contraction of 2%-3%, and 2016 Earnings Per Share (EPS) is now expected to grow by 5%-6% year-on-year (y-o-y), down from 7%-8% at the beginning of 2016. The MYR strengthened from RM4.29/USD at the end of 4Q2015 to RM3.90/USD by end of 1Q2016. Foreign institutional investors were net buy Malaysian equities for the 1Q2016 of RM5.7bil, after six consecutive quarters of net foreign outflow. Crude oil prices also rebounded from the low of USD27.10/bbl in January 2016, to end the quarter at USD38.34/bbl as production from shale oil production in the US started showing signs of declining.

Markets consolidated early in 2Q2016 amidst steadily higher crude oil prices and volatility in currencies against the USD. After months of uncertainty regarding the changing risk probability of a United Kingdom exit from the European Union (BREXIT), US interest rate hike and slower economic data from China, global markets corrected sharply towards the end of the 2Q2016 as the unexpected happened: on the 23 June 2016, UK voted to leave the European Union. Panic selling ensued but markets quickly rebounded thereafter as UK's Prime Minister stepped down following the result, and investors digest the mechanics of how UK will leave the European Union, and how it will be a long drawn out affair. The demand for safe haven currencies took hold, and the Japanese Yen strengthened below Yen100/USD intraday near the end of June (strengthening about 16% year to date), whilst the British Pound depreciated by 10% YTD. Domestically, Malaysia trended down during the 2Q2016 despite the stronger crude oil prices which bounced back from US\$40/bbl to US\$50/bbl during the quarter. Investor sentiment was weak following the concerns over the technical default on the 1MDB bond which missed a payment given the dispute between the issuer (1MDB) and the guarantor (IPIC), which led to speculation over potential cross defaults and putting sovereign ratings at risk. 1Q2016 results season was once again a disappointment, and consensus has cut 2016 earnings by 4.5%, and now expects 2016 earnings to still grow by 1.3%. However, despite the weak earnings growth outlook, the Malaysian economy remained fairly resilient in light of the external volatilities such as BREXIT.

The FBM KLCI closed the year under review at 1,654.08 points, down 3.08%. The broader FBM Emas Index closed the period under review lower at 2.05%. The Morgan Stanley Capital International (MSCI) Asia Pacific ex-Japan Index declined by 12.96% in USD terms¹.

REBATES AND SOFT COMMISSIONS

During the period under review, the Manager and its delegates (if any) received goods and services which directly assist the investment management of the Fund, including research and advisory services, market analyses, data and quotation services, and computer hardware and software used for and/or in support of the investment process of fund managers.

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

¹ **Source:** Bloomberg; World indices

EASTSPRING INVESTMENTS EQUITY INCOME FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

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

We have acted as Trustee for Eastspring Investments Equity Income Fund (the "Fund") for financial year ended 30 June 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 distribution made during this financial year ended 30 June 2016 by the Manager are not inconsistent with the objectives of the Fund.

For Deutsche Trustees Malaysia Berhad

Soon Lai Ching

Senior Manager, Trustee Operations

Maresh Anchan

Head, Trustee Operations

Kuala Lumpur

Date: 16 August 2016

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Eastspring Investments Equity Income Fund (the "Fund") on pages 17 to 58, which comprise the statement of financial position as at 30 June 2016 of the Fund, 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 is 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 30 June 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: 16 August 2016

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

| | Note | 2016 | 2015 |
|---|------|--------------------|--------------------|
| | | RM | RM |
| INVESTMENT INCOME/(LOSS) | | | |
| Gross dividend income | | 4,193,226 | 3,910,569 |
| Interest income from deposits with licensed financial institutions | | 866,684 | 1,118,981 |
| Net gain/(loss) on financial assets at fair value through profit or loss | 7 | 9,205,158 | (5,611,903) |
| | | <u>14,265,068</u> | <u>(582,353)</u> |
| EXPENSES | | | |
| Management fee | 3 | (2,105,092) | (2,205,458) |
| Trustee fee | 4 | (98,238) | (102,921) |
| Audit fee | | (7,408) | (6,192) |
| Tax agent fee | | (3,900) | (3,400) |
| Other expenses | | (16,219) | (46,367) |
| Transaction cost | | (742,092) | (665,879) |
| GST charges | | (132,443) | (49,414) |
| | | <u>(3,105,392)</u> | <u>(3,079,631)</u> |
| PROFIT/(LOSS) BEFORE TAXATION | | 11,159,676 | (3,661,984) |
| TAXATION | 6 | <u>(50,540)</u> | <u>3,807</u> |
| PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) | | <u>11,109,136</u> | <u>(3,658,177)</u> |
| Profit/(loss) after taxation is made up of the following: | | | |
| Realised amount | | 8,634,466 | 7,385,746 |
| Unrealised amount | | 2,474,670 | (11,043,923) |
| | | <u>11,109,136</u> | <u>(3,658,177)</u> |

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 30 JUNE 2016

| | Note | 2016 | 2015 |
|--|------|--------------------|--------------------|
| | | RM | RM |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 8 | 42,060,999 | 24,563,532 |
| Amount due from Manager | | 1,597,335 | 613,949 |
| Amount due from brokers | | 1,872,214 | - |
| Tax recoverable | | - | 30,739 |
| Dividends receivable | | 104,111 | 350,807 |
| Financial assets at fair value through profit or loss | 7 | 96,518,758 | 120,004,111 |
| TOTAL ASSETS | | <u>142,153,417</u> | <u>145,563,138</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Amount due to Manager | | 298,325 | 222,063 |
| Amount due to brokers | | - | 1,138,208 |
| Accrued management fee | | 172,843 | 180,544 |
| Amount due to Trustee | | 8,066 | 8,425 |
| Distribution payable | | 157,680 | 150,046 |
| GST charges payable | | 10,855 | 11,338 |
| Tax payable | | 6,340 | - |
| Other payables and accruals | | 25,398 | 38,426 |
| TOTAL LIABILITIES | | <u>679,507</u> | <u>1,749,050</u> |
| NET ASSET VALUE OF THE FUND | | <u>141,473,910</u> | <u>143,814,088</u> |
| EQUITY | | | |
| Unit holders' capital | | 99,773,865 | 109,123,955 |
| Retained earnings | | 41,700,045 | 34,690,133 |
| NET ASSET ATTRIBUTABLE TO UNIT HOLDERS | | <u>141,473,910</u> | <u>143,814,088</u> |
| NUMBER OF UNITS IN CIRCULATION | 9 | <u>180,239,325</u> | <u>188,793,304</u> |
| NET ASSET VALUE PER UNIT (EX-DISTRIBUTION) (RM) | | <u>0.7849</u> | <u>0.7618</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 30 JUNE 2016

| | Note | Unit holders' capital | Retained earnings | Total |
|--|------|-----------------------|-------------------|--------------|
| | | RM | RM | RM |
| Balance as at 1 July 2015 | | 109,123,955 | 34,690,133 | 143,814,088 |
| Movement in unit holders' contribution: | | | | |
| Creation of units from applications | | 28,328,260 | - | 28,328,260 |
| Creation of units from distribution | | 6,621,759 | - | 6,621,759 |
| Cancellation of units | | (41,619,894) | - | (41,619,894) |
| Distribution (Gross: 4.02 sen per unit/ Net: 3.96 sen per unit) | 5 | (2,680,215) | (4,099,224) | (6,779,439) |
| Total comprehensive income for the financial year | | - | 11,109,136 | 11,109,136 |
| Balance as at 30 June 2016 | | 99,773,865 | 41,700,045 | 141,473,910 |
| Balance as at 1 July 2014 | | 75,593,726 | 47,316,100 | 122,909,826 |
| Movement in unit holders' contribution: | | | | |
| Creation of units from applications | | 67,121,625 | - | 67,121,625 |
| Creation of units from distributions | | 15,784,561 | - | 15,784,561 |
| Cancellation of units | | (42,226,474) | - | (42,226,474) |
| Distributions (Gross: 9.30 sen per unit/ Net: 9.14 sen per unit) | 5 | (7,149,483) | (8,967,790) | (16,117,273) |
| Total comprehensive loss for the financial year | | - | (3,658,177) | (3,658,177) |
| Balance as at 30 June 2015 | | 109,123,955 | 34,690,133 | 143,814,088 |

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 30 JUNE 2016

| | Note | 2016 | 2015 |
|---|------|---------------------|---------------------|
| | | RM | RM |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Proceeds from sale of investments | | 130,688,531 | 96,486,157 |
| Purchase of investments | | (101,750,536) | (123,486,584) |
| Dividends received | | 4,389,382 | 3,741,544 |
| Interest received from deposits with licensed financial institutions | | 866,684 | 1,118,981 |
| Management fee paid | | (2,239,099) | (2,171,788) |
| Trustee fee paid | | (104,491) | (101,350) |
| Payment for other fees and expenses | | (34,940) | (69,494) |
| Tax refund | | 30,739 | - |
| Net cash generated from/(used in) operating activities | | <u>31,846,270</u> | <u>(24,482,534)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Cash proceeds from units created | | 27,344,874 | 68,782,885 |
| Payments for cancellation of units | | (41,543,631) | (42,271,113) |
| Distributions paid | | (150,046) | (353,372) |
| Net cash (used in)/generated from financing activities | | <u>(14,348,803)</u> | <u>26,158,400</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | | |
| | | 17,497,467 | 1,675,866 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR | | | |
| | | <u>24,563,532</u> | <u>22,887,666</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR | | | |
| | 8 | <u>42,060,999</u> | <u>24,563,532</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 30 JUNE 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 in accordance with the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") under the historical cost convention, as modified by financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with the MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial 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 L to the financial statements.

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 July 2017
 - Amendments to MFRS 107 'Statement of Cash Flows – Disclosure Initiative' (effective from 1 January 2017) introduce an additional disclosure on changes in liabilities arising from financing activities.

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

ii. Financial year beginning on/after 1 July 2018

- 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 cash flow characteristics of the financial asset. Investments in equity instruments 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 for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. 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 loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss 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.

- 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.

B. INCOME RECOGNITION

Interest income from short-term deposits is recognised on the accrual basis using the effective interest method.

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

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

C. TAXATION

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

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 investment in quoted securities 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.

Loans and 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 loans and receivables comprise amount due from Manager, amount due from brokers, dividends receivable and 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 include amount due to Manager, amount due to brokers, accrued management fee, amount due to Trustee, distribution payable, 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. 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, 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 liability is derecognised when the obligation under the liability is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

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

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

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

If a valuation based on the market price does not represent the fair value of the securities, for example during abnormal market conditions or no market price is available, including in the event of a suspension in the quotation of the securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the securities are valued as determined in good faith by the Manager, based on the methods or bases approved by the Trustee after appropriate technical consultation.

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

Loans and receivables and other financial liabilities are subsequently carried at amortised cost using the effective interest 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 interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in statement of comprehensive income. If 'loans and receivables' or a 'held-to-maturity investment' have a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest 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 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 deposits with licensed financial institutions that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

G. DISTRIBUTION

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

H. UNIT HOLDERS' CAPITAL

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

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

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

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

I. AMOUNT DUE FROM/(TO) BROKERS

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

These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment for amount due from brokers. A provision for impairment of amount due from brokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from brokers is impaired. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

J. SEGMENTAL INFORMATION

Operating segments are reported in a manner consistent with the internal reporting used by 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.

K. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities. Fair value is 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 information presented herein represents the estimates of fair values as at the date of the statement of financial position.

L. 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 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 30 JUNE 2016

1. INFORMATION ON THE FUND

Eastspring Investments Equity Income Fund (the “Fund”) was constituted pursuant to the execution of a Deed dated 8 October 2004, Master Supplemental Deed dated 12 July 2007 and Second Supplemental Master Deed dated 30 November 2009 between HSBC (Malaysia) Trustee Berhad (“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 was entered into between Eastspring Investments Berhad (the “Manager”) and Deutsche Trustees Malaysia Berhad (the “Trustee”) on 30 July 2010 to effect the change of trustee from HSBC Trustee to the Trustee, followed by Second Supplemental Master Deed dated 28 January 2011, Third Supplemental Master Deed dated 9 March 2011, Fourth Supplemental Master Deed dated 20 January 2012, Fifth Supplemental Master Deed dated 26 March 2014, Sixth Supplemental Master Deed dated 2 January 2015 and Seventh Supplemental Master Deed dated 11 July 2016 (collectively referred to as the “Deed”).

The Fund was launched on 18 October 2004 and will continue its operations until terminated by the Trustee or the Manager as provided under Part 12 of the Deed.

The Fund invests in equities and equity-related securities of companies that have consistent track record of dividend distributions and prospects for capital growth or increase in future dividend distributions. All investments will be subjected to the SC Guidelines on Unit Trust Funds, the Deed and the objective of the Fund.

The Fund seeks to provide a stable income stream with medium to long-term capital growth.

The Manager is a company incorporated in Malaysia and is related to Prudential Plc., a public listed company in the United Kingdom. The principal activity of the Manager is the establishment and management of unit trust funds and asset management.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

| | Note | Loans and receivables RM | Financial assets at fair value through profit or loss RM | Total RM |
|----------------------------|------|--------------------------------|--|--------------------|
| 2016 | | | | |
| Quoted securities | 7 | - | 96,518,758 | 96,518,758 |
| Amount due from Manager | | 1,597,335 | - | 1,597,335 |
| Amount due from brokers | | 1,872,214 | - | 1,872,214 |
| Dividends receivable | | 104,111 | - | 104,111 |
| Cash and cash equivalents | 8 | 42,060,999 | - | 42,060,999 |
| | | <u>45,634,659</u> | <u>96,518,758</u> | <u>142,153,417</u> |
| 2015 | | | | |
| Quoted securities | 7 | - | 120,004,111 | 120,004,111 |
| Amount due from Manager | | 613,949 | - | 613,949 |
| Dividends receivable | | 350,807 | - | 350,807 |
| Cash and cash equivalents | 8 | 24,563,532 | - | 24,563,532 |
| | | <u>25,528,288</u> | <u>120,004,111</u> | <u>145,532,399</u> |

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

Market risk

i. Price risk

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

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

| | 2016 | 2015 |
|---|------------|-------------|
| | RM | RM |
| Quoted securities designated at fair value through profit or loss | 96,518,758 | 120,004,111 |

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

| % Change in price of financial assets at fair value through profit or loss | Market value | Impact on profit/(loss) after tax/net asset value |
|--|--------------|---|
| | RM | RM |
| <u>2016</u> | | |
| +5% | 101,344,696 | 4,825,938 |
| -5% | 91,692,820 | (4,825,938) |
| <hr/> | | |
| <u>2015</u> | | |
| +5% | 126,004,317 | 6,000,206 |
| -5% | 114,003,905 | (6,000,206) |
| <hr/> | | |

ii. Interest rate risk

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

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

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

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

Stock/issuer risk

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

Fund management risk

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

Liquidity risk

Liquidity risk can be defined as the ease with which a security can be sold at or near its fair value depending on the volume traded in the market. If a security encounters a liquidity crunch, the security may need to be sold at a discount to the market fair value of the security. This in turn would depress the NAV and/or growth of the Fund. Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector and other factors. For the purpose of the Fund, the Fund Manager will attempt to balance the entire portfolio by investing in a mix of assets with satisfactory trading volume and those that occasionally could encounter poor liquidity. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of units by unit holders. Liquid assets comprise bank balance and deposits with licensed financial institutions and other instruments which are capable of being converted into cash within 7 days.

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

| | Less than 1 month | Between 1 month to 1 year | Total |
|-----------------------------|------------------------------|--|------------------|
| | RM | RM | RM |
| <u>2016</u> | | | |
| Amount due to Manager | 298,325 | - | 298,325 |
| Accrued management fee | 172,843 | - | 172,843 |
| Amount due to Trustee | 8,066 | - | 8,066 |
| Distribution payable | 157,680 | - | 157,680 |
| Other payables and accruals | - | 25,398 | 25,398 |
| GST charges payable | 10,855 | - | 10,855 |
| Contractual cash outflows | <u>647,769</u> | <u>25,398</u> | <u>673,167</u> |
| <u>2015</u> | | | |
| Amount due to Manager | 222,063 | - | 222,063 |
| Accrued management fee | 180,544 | - | 180,544 |
| Amount due to brokers | 1,138,208 | - | 1,138,208 |
| Amount due to Trustee | 8,425 | - | 8,425 |
| Distribution payable | 150,046 | - | 150,046 |
| Other payables and accruals | - | 38,426 | 38,426 |
| GST charges payable | 11,338 | - | 11,338 |
| Contractual cash outflows | <u>1,710,624</u> | <u>38,426</u> | <u>1,749,050</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 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.

Credit/default risk

Credit risk refers to the ability of an issuer or a counter party to make timely payments of interest, principals and proceeds from realisation of investments. In the case of the Fund, both the Manager and the External Fund Manager regularly review the ratings assigned to the Issuer so that the necessary steps can be taken if the ratings fall below those prescribed by the Securities Commission.

The credit risk arising from placements of deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions. For amount due from brokers, the settlement terms are governed by the relevant rules and regulations as prescribed by Bursa Securities. The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the Securities Commission's Guidelines on Unit Trust Funds.

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

The following table sets out the credit risk concentrations and counterparties of the Fund:

| | Amount due from brokers | Cash and cash equivalents | Dividends receivable | Amount due from Manager | Total |
|----------------------|-------------------------------|---------------------------------|-------------------------|-------------------------------|-------------------|
| | RM | RM | RM | RM | RM |
| <u>2016</u> | | | | | |
| Finance | | | | | |
| - AAA | - | 41,983,345 | - | - | 41,983,345 |
| - AA1 | - | 77,654 | - | - | 77,654 |
| Health Care | | | | | |
| - NR | - | - | 56,300 | - | 56,300 |
| Plantation | | | | | |
| - NR | - | - | 17,500 | - | 17,500 |
| Properties | | | | | |
| - NR | - | - | 3 | - | 3 |
| Trading/ Services | | | | | |
| - NR | - | - | 8,279 | - | 8,279 |
| Trust | | | | | |
| - NR | - | - | 3,837 | - | 3,837 |
| Technology | | | | | |
| - NR | - | - | 18,192 | - | 18,192 |
| Other | | | | | |
| - NR | 1,872,214 | - | - | 1,597,335 | 3,469,549 |
| | <u>1,872,214</u> | <u>42,060,999</u> | <u>104,111</u> | <u>1,597,335</u> | <u>45,634,659</u> |

| | Cash and cash equivalents | Dividends receivable | Amount due from Manager | Total |
|------------------|---------------------------------|-------------------------|-------------------------------|-------------------|
| | RM | RM | RM | RM |
| <u>2015</u> | | | | |
| Construction | | | | |
| - NR | - | 89,100 | - | 89,100 |
| Finance | | | | |
| - AAA | 19,512,031 | - | - | 19,512,031 |
| - AA1 | 36,405 | - | - | 36,405 |
| - AA2 | 5,015,096 | - | - | 5,015,096 |
| - NR | - | 65,605 | - | 65,605 |
| Plantation | | | | |
| - NR | - | 32,100 | - | 32,100 |
| Power/Utilities | | | | |
| - NR | - | 66,075 | - | 66,075 |
| Properties | | | | |
| - NR | - | 46,816 | - | 46,816 |
| Trading/Services | | | | |
| - NR | - | 18,420 | - | 18,420 |
| Trust | | | | |
| - NR | - | 3,837 | - | 3,837 |
| Technology | | | | |
| - NR | - | 28,854 | - | 28,854 |
| Other | | | | |
| - NR | - | - | 613,949 | 613,949 |
| | <u>24,563,532</u> | <u>350,807</u> | <u>613,949</u> | <u>25,528,288</u> |

None of these assets are past due or impaired.

Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital 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 investment activities of the Fund.

Fair value estimation

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

The fair value of financial assets traded in active market (such as trading securities) are based on quoted market prices at the close of trading on the 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 take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

Fair value hierarchy

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

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

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

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

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

| | Level 1 | Level 2 | Level 3 | Total |
|--|-------------|---------|---------|-------------|
| | RM | RM | RM | RM |
| <u>2016</u> | | | | |
| Financial assets at fair value through profit or loss: | | | | |
| Quoted securities | 96,518,758 | - | - | 96,518,758 |
| <u>2015</u> | | | | |
| Financial assets at fair value through profit or loss: | | | | |
| Quoted securities | 120,004,111 | - | - | 120,004,111 |

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

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

3. MANAGEMENT FEE

In accordance with the Deed, the Manager is entitled to a management fee at a rate not exceeding 2.00% per annum of the net asset value of the Fund accrued and calculated on daily basis.

For the financial year ended 30 June 2016, the management fee is recognised at a rate of 1.50% (2015: 1.50%) per annum of the net asset value of the Fund, calculated on daily basis.

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

4. TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to an annual fee, inclusive of local custodian fee, at a rate not exceeding 0.20% per annum of the net asset value of the Fund, subject to a minimum fee of RM18,000 per annum.

For the financial year ended 30 June 2016, the Trustee's fee is recognised at a rate of 0.07% (2015: 0.07%) per annum of the net asset value of the Fund, inclusive of local custodian fee, calculated on daily basis.

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

5. DISTRIBUTION

| | 2016 | 2015 |
|---|------------------|------------------------------------|
| | RM | RM |
| Distribution to unit holders is from the following sources: | | |
| Prior years' income: | | |
| Dividend income | 1,655,242 | 3,327,951 |
| Interest income | 274,702 | 486,012 |
| Net accretion of discounts on fixed income securities | 1,202 | 3,405 |
| Net realised gain on sale of investments | 3,148,715 | 7,006,361 |
| Distribution equalisation (Memorandum account) | 2,680,215 | 7,149,483 |
| Gross realised income | 7,760,076 | 17,973,212 |
| Less: Expenses | (881,219) | (1,568,193) |
| Less: Taxation | (99,418) | (287,746) |
| | <u>6,779,439</u> | <u>16,117,273</u> |
| Gross distribution per unit (RM) | <u>0.0402</u> | <u>0.0930</u> |
| Net distribution per unit (RM) | <u>0.0396</u> | <u>0.0914</u> |
| Ex-date | 27 June 2016 | 30 December 2014 & 26 June 2015 |

Gross distribution is derived using total income less total expenses. The distribution is made from prior 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.

6. TAXATION

| | 2016 | 2015 |
|---|---------------|----------------|
| | RM | RM |
| Tax charged for the financial year: | | |
| Current taxation – local | 50,540 | 31,968 |
| Over provision in prior financial year's taxation | - | (35,775) |
| | <u>50,540</u> | <u>(3,807)</u> |

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

| | 2016 | 2015 |
|--|-------------------|--------------------|
| | RM | RM |
| Profit/(loss) before taxation | <u>11,159,676</u> | <u>(3,661,984)</u> |
| Tax at Malaysian statutory rate of 24% (2015: 25%) | 2,678,322 | (915,496) |
| Tax effects of: | | |
| Investment income exempt from tax | (3,299,521) | 225,508 |
| Expenses not deductible for tax purposes | 236,374 | 1,332,991 |
| Restriction on the tax deductible expenses for Unit Trust Funds | 508,920 | (563,083) |
| Income subject to different tax rate | (73,555) | (47,952) |
| Over provision of prior financial year's taxation | - | (35,775) |
| Taxation | <u>50,540</u> | <u>(3,807)</u> |

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 2016 | 2015 |
|---|------------|--------------|
| | RM | RM |
| Designated at fair value through profit or loss: | | |
| Quoted securities | 96,518,758 | 120,004,111 |
| Net gain/(loss) on financial assets at fair value through profit or loss: | | |
| Realised gain on disposals | 6,730,488 | 5,432,020 |
| Change in unrealised fair value gain/(loss) | 2,474,670 | (11,043,923) |
| | 9,205,158 | (5,611,903) |

Quoted securities

| Name of counter | Quantity | Aggregate cost | Fair value | Percentage |
|-----------------------------------|-----------|----------------|-----------------|--------------------------------|
| | | | as at 30.6.2016 | of net asset value of the Fund |
| | Units | RM | RM | % |
| <u>Construction</u> | | | | |
| Gamuda Bhd | 267,700 | 1,326,002 | 1,301,022 | 0.92 |
| Kerjaya Prospek Group Berhad | 1,852,300 | 3,056,295 | 3,760,169 | 2.66 |
| | 2,120,000 | 4,382,297 | 5,061,191 | 3.58 |
| <u>Consumer</u> | | | | |
| Hup Seng Industries Berhad | 1,850,000 | 2,088,360 | 2,479,000 | 1.75 |
| Salutica Berhad | 1,564,100 | 1,241,658 | 1,595,382 | 1.13 |
| | 3,414,100 | 3,330,018 | 4,074,382 | 2.88 |
| <u>Consumer Product</u> | | | | |
| Carlsberg Brewery Malaysia Berhad | 247,400 | 3,001,643 | 3,270,628 | 2.31 |
| Guinness Anchor Berhad | 380,200 | 5,480,593 | 5,756,228 | 4.07 |
| Nestle (Malaysia) Berhad | 33,300 | 1,891,093 | 2,548,116 | 1.80 |
| | 660,900 | 10,373,329 | 11,574,972 | 8.18 |

Quoted securities (continued)

| Name of counter | Quantity | Aggregate cost | Fair value as at 30.6.2016 | Percentage of net asset value of the Fund |
|---------------------------------------|------------------|-------------------|----------------------------|---|
| | Units | RM | RM | % |
| <u>Finance</u> | | | | |
| Bursa Malaysia Berhad | 895,900 | 7,132,647 | 7,668,904 | 5.42 |
| RHB Capital Berhad | 641,100 | 3,595,677 | 3,282,432 | 2.32 |
| | <u>1,537,000</u> | <u>10,728,324</u> | <u>10,951,336</u> | <u>7.74</u> |
| <u>Health Care</u> | | | | |
| Top Glove Corporation Berhad | 700,000 | 3,898,720 | 3,220,000 | 2.28 |
| <u>Infrastructure Project Company</u> | | | | |
| Digi.Com Berhad | 203,800 | 939,141 | 974,164 | 0.69 |
| Lingkaran Trans Kota Holdings Berhad | 1,425,500 | 5,423,271 | 8,111,095 | 5.73 |
| | <u>1,629,300</u> | <u>6,362,412</u> | <u>9,085,259</u> | <u>6.42</u> |
| <u>Manufacturing</u> | | | | |
| Evergreen Fibreboards Berhad | 2,066,350 | 2,585,045 | 2,190,331 | 1.55 |
| Pecca Group Berhad | 639,500 | 908,090 | 1,023,200 | 0.72 |
| | <u>2,705,850</u> | <u>3,493,135</u> | <u>3,213,531</u> | <u>2.27</u> |
| <u>Plantation</u> | | | | |
| IOI Corporation Berhad | 513,500 | 2,131,025 | 2,228,590 | 1.58 |
| Sarawak Oil Palms Berhad | 350,000 | 2,047,233 | 1,400,000 | 0.99 |
| | <u>863,500</u> | <u>4,178,258</u> | <u>3,628,590</u> | <u>2.57</u> |
| <u>Power/Utilities</u> | | | | |
| Malakoff Corporation Berhad | 4,202,500 | 7,184,500 | 6,724,000 | 4.75 |
| <u>Properties</u> | | | | |
| A&M Realty Berhad | 340,700 | 291,384 | 243,601 | 0.17 |
| KSL Holdings Bhd | 859,085 | 1,436,960 | 962,175 | 0.68 |
| S P Setia Bhd | 760,790 | 2,518,339 | 2,206,291 | 1.56 |
| | <u>1,960,575</u> | <u>4,246,683</u> | <u>3,412,067</u> | <u>2.41</u> |

Quoted securities (continued)

| Name of counter | Quantity | Aggregate cost | Fair value as at 30.6.2016 | Percentage of net asset value of the Fund |
|-------------------------------|-----------|----------------|----------------------------|---|
| | Units | RM | RM | % |
| <u>Technology</u> | | | | |
| Inari Amertron Berhad | 1,819,250 | 3,942,160 | 5,403,172 | 3.82 |
| <u>Trading/Services</u> | | | | |
| Berjaya Auto Berhad | 1,186,400 | 2,539,783 | 2,752,448 | 1.95 |
| Berjaya Food Berhad | 1,000,000 | 1,900,000 | 1,820,000 | 1.29 |
| Berjaya Sports Toto Berhad | 833,000 | 2,374,051 | 2,532,320 | 1.79 |
| Cypark Resources Berhad | 462,700 | 1,246,172 | 902,265 | 0.64 |
| Media Prima Berhad | 1,313,500 | 2,895,118 | 1,812,630 | 1.28 |
| OldTown Berhad | 1,995,300 | 3,020,107 | 3,830,976 | 2.71 |
| Suria Capital Holdings Berhad | 1,209,000 | 3,281,667 | 2,466,360 | 1.74 |
| | 7,999,900 | 17,256,898 | 16,116,999 | 11.40 |
| <u>Transportation</u> | | | | |
| Xin Hwa Holdings Berhad | 1,530,800 | 1,302,760 | 1,530,800 | 1.08 |

Quoted securities (continued)

| Name of counter | Quantity | Aggregate cost | Fair value as at 30.6.2016 | Percentage of net asset value of the Fund |
|---|-------------------|-------------------|----------------------------|---|
| | Units | RM | RM | % |
| REITS | | | | |
| Capitamalls Malaysia Trust | 3,180,000 | 4,554,214 | 4,929,000 | 3.48 |
| IGB Real Estate Investment Trust | 1,802,300 | 2,273,981 | 2,901,703 | 2.05 |
| Pavillion Real Estate Investment Trust | 1,827,400 | 3,056,580 | 3,161,402 | 2.23 |
| Sunway Real Estate Investment Trust | 921,900 | 1,291,331 | 1,530,354 | 1.08 |
| | <u>7,731,600</u> | <u>11,176,106</u> | <u>12,522,459</u> | <u>8.84</u> |
| TOTAL QUOTED SECURITIES | <u>38,875,275</u> | 91,855,600 | <u>96,518,758</u> | 68.22 |
| ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | | <u>4,663,158</u> | |
| FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | | <u>96,518,758</u> | |

Quoted securities (continued)

| Name of counter | Quantity | Aggregate cost | Fair value as at | Percentage of net asset value of the Fund |
|---|-----------|----------------|------------------|---|
| | | | 30.6.2015 | |
| | Units | RM | RM | % |
| <u>Construction</u> | | | | |
| Gamuda Bhd | 1,160,000 | 5,745,845 | 5,417,200 | 3.77 |
| IJM Corporation Berhad | 810,000 | 5,217,011 | 5,281,200 | 3.67 |
| | 1,970,000 | 10,962,856 | 10,698,400 | 7.44 |
| <u>Consumer</u> | | | | |
| Hup Seng Industries Berhad | 1,500,000 | 1,665,000 | 1,785,000 | 1.24 |
| <u>Consumer Product</u> | | | | |
| British American Tobacco (Malaysia) Berhad | 72,900 | 4,567,953 | 4,519,800 | 3.14 |
| Carlsberg Brewery Malaysia Berhad | 286,900 | 3,525,736 | 3,586,250 | 2.49 |
| Nestle (Malaysia) Berhad | 33,300 | 1,891,093 | 2,380,950 | 1.66 |
| | 393,100 | 9,984,782 | 10,487,000 | 7.29 |
| <u>Finance</u> | | | | |
| BIMB Holdings Berhad | 525,300 | 2,135,146 | 2,122,212 | 1.48 |
| Bursa Malaysia Bhd | 755,900 | 5,996,659 | 6,153,026 | 4.28 |
| CIMB Group Holdings Berhad | 174,400 | 931,685 | 953,968 | 0.66 |
| LPI Capital Bhd | 65,800 | 389,337 | 913,304 | 0.64 |
| Malayan Banking Berhad | 513,218 | 4,676,896 | 4,690,812 | 3.26 |
| Malaysia Building Society Berhad | 137,695 | 305,208 | 232,705 | 0.16 |
| Public Bank Berhad | 192,752 | 3,276,635 | 3,608,317 | 2.51 |
| RHB Capital Berhad | 409,628 | 3,200,798 | 3,018,958 | 2.10 |
| | 2,774,693 | 20,912,364 | 21,693,302 | 15.09 |
| <u>Industrial Product</u> | | | | |
| Daibochi Plastic and Packaging Industry Bhd | 400,000 | 1,712,000 | 1,720,000 | 1.20 |

Quoted securities (continued)

| Name of counter | Quantity | Aggregate cost | Fair value | Percentage of net asset value of the Fund |
|---------------------------------------|------------------|-------------------|-------------------|---|
| | | | as at 30.6.2015 | |
| | Units | RM | RM | % |
| <u>Infrastructure Project</u> | | | | |
| <u>Company</u> | | | | |
| Digi.Com Berhad | 1,154,400 | 6,124,252 | 6,187,584 | 4.30 |
| Lingkarans Trans Kota Holdings Berhad | 1,125,500 | 3,920,661 | 4,783,375 | 3.33 |
| | <u>2,279,900</u> | <u>10,044,913</u> | <u>10,970,959</u> | <u>7.63</u> |
| <u>Plantation</u> | | | | |
| Boustead Plantations Berhad | 1,000,000 | 1,616,000 | 1,400,000 | 0.97 |
| Genting Plantation Berhad | 365,000 | 3,682,739 | 3,617,150 | 2.52 |
| Sarawak Oil Palms Berhad | 350,000 | 2,047,233 | 1,631,000 | 1.13 |
| | <u>1,715,000</u> | <u>7,345,972</u> | <u>6,648,150</u> | <u>4.62</u> |
| <u>Power/Utilities</u> | | | | |
| Malakoff Corporation Berhad | 2,202,500 | 3,964,500 | 3,854,375 | 2.68 |
| <u>Properties</u> | | | | |
| IOI Properties Group Berhad | 991,665 | 2,027,697 | 1,834,580 | 1.28 |
| Matrix Concepts Holdings Berhad | 1,101,550 | 2,391,403 | 3,414,805 | 2.37 |
| S P Setia Bhd | 700,000 | 2,355,465 | 2,170,000 | 1.51 |
| | <u>2,793,215</u> | <u>6,774,565</u> | <u>7,419,385</u> | <u>5.16</u> |
| <u>Technology</u> | | | | |
| Inari Amertron Berhad | 1,374,000 | 2,194,254 | 4,465,500 | 3.11 |
| Inari Amertron Berhad-Warrant | 157,500 | - | 215,775 | 0.15 |
| | <u>1,531,500</u> | <u>2,194,254</u> | <u>4,681,275</u> | <u>3.26</u> |

Quoted securities (continued)

| Name of counter | Quantity | Aggregate cost | Fair value as at 30.6.2015 | Percentage of net asset value of the Fund |
|-------------------------------------|------------------|-------------------|----------------------------|---|
| | Units | RM | RM | % |
| <u>Trading/Services</u> | | | | |
| Berjaya Auto Berhad | 840,000 | 2,140,020 | 2,268,000 | 1.58 |
| Berjaya Sports Toto Berhad | 1,366,300 | 4,578,109 | 4,481,464 | 3.12 |
| Cypark Resources Berhad | 450,000 | 1,223,820 | 760,500 | 0.53 |
| Media Chinese International Limited | 1,000,000 | 942,832 | 605,000 | 0.42 |
| Media Prima Berhad | 1,313,500 | 2,895,118 | 1,917,710 | 1.33 |
| Petronas Dagangan Bhd | 140,000 | 3,000,578 | 2,881,200 | 2.00 |
| Salcon Bhd | 614,000 | 445,202 | 475,850 | 0.33 |
| Sapurakencana Petroleum Berhad | 714,500 | 2,455,282 | 1,686,220 | 1.17 |
| Sime Darby Berhad | 449,778 | 4,176,502 | 3,832,109 | 2.66 |
| Suria Capital Holdings Berhad | 1,209,000 | 3,281,667 | 2,816,970 | 1.96 |
| Telekom Malaysia Berhad | 327,720 | 2,093,084 | 2,143,289 | 1.49 |
| Tenaga Nasional Berhad | 516,900 | 5,517,511 | 6,533,616 | 4.54 |
| | <u>8,941,698</u> | <u>32,749,725</u> | <u>30,401,928</u> | <u>21.13</u> |
| <u>Transportation</u> | | | | |
| Xin Hwa Holdings Berhad | 530,800 | 371,560 | 456,488 | 0.32 |

Quoted securities (continued)

| Name of counter | Quantity | Aggregate cost | Fair value as at 30.6.2015 | Percentage of net asset value of the Fund |
|---|-------------------|--------------------|----------------------------|---|
| | Units | RM | RM | % |
| REITS | | | | |
| Capitamalls Malaysia Trust | 3,180,000 | 4,554,214 | 4,261,200 | 2.96 |
| IGB Real Estate Investment Trust | 2,652,300 | 3,346,435 | 3,527,559 | 2.45 |
| Sunway Real Estate Investment Trust | 908,500 | 1,232,483 | 1,399,090 | 0.97 |
| | <u>6,740,800</u> | <u>9,133,132</u> | <u>9,187,849</u> | <u>6.38</u> |
| TOTAL QUOTED SECURITIES | <u>33,773,206</u> | <u>117,815,623</u> | <u>120,004,111</u> | <u>83.44</u> |
| ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | | | |
| | | <u>2,188,488</u> | | |
| FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | | | |
| | | <u>120,004,111</u> | | |

8. CASH AND CASH EQUIVALENTS

| | 2016 | 2015 |
|---|-------------------|-------------------|
| | RM | RM |
| Bank balance with a licensed bank | 77,654 | 36,405 |
| Deposits with licensed financial institutions | 41,983,345 | 24,527,127 |
| | <u>42,060,999</u> | <u>24,563,532</u> |

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

| | 2016 | 2015 |
|---|-------------|-------------|
| | % | % |
| Deposits with licensed financial institutions | <u>3.60</u> | <u>3.80</u> |

The deposits have an average maturity of 9 days (2015: 4 days).

9. UNITS IN CIRCULATION

| | 2016 | 2015 |
|---|---------------------|---------------------|
| | RM | RM |
| At the beginning of the financial year | 188,793,304 | 140,273,230 |
| Creation of units during the financial year: | | |
| Arising from applications | 35,798,692 | 78,322,686 |
| Arising from distributions | 8,532,094 | 20,377,950 |
| Cancellation of units during the financial year | <u>(52,884,765)</u> | <u>(50,180,562)</u> |
| At the end of the financial year | <u>180,239,325</u> | <u>188,793,304</u> |

10. TRANSACTIONS WITH BROKERS

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

| Name of brokers | Value of trades | Percentage of total trades | Brokerage fees | Percentage of total brokerage fees |
|---|--------------------|----------------------------|----------------|------------------------------------|
| | RM | % | RM | % |
| <u>2016</u> | | | | |
| Affin Hwang Investment Bank Berhad | 28,922,308 | 12.42 | 87,814 | 11.83 |
| RHB Investment Bank Berhad | 28,162,693 | 12.10 | 91,018 | 12.27 |
| Maybank Investment Bank Berhad | 24,180,388 | 10.39 | 73,588 | 9.92 |
| CIMB Investment Bank Berhad | 19,952,053 | 8.57 | 83,614 | 11.27 |
| Kenanga Investment Bank Berhad | 18,830,084 | 8.09 | 58,086 | 7.83 |
| Credit Suisse Securities (Malaysia) Sdn. Bhd. | 17,732,314 | 7.62 | 54,051 | 7.28 |
| Nomura Securities Malaysia Sdn Bhd | 15,369,649 | 6.60 | 47,291 | 6.37 |
| Public Investment Bank Berhad | 13,048,894 | 5.60 | 40,144 | 5.41 |
| Macquarie Capital Securities (Malaysia) Sdn Bhd | 12,446,775 | 5.35 | 38,476 | 5.18 |
| KAF Seagroatt & Campbell Securities Sdn Bhd | 12,145,329 | 5.22 | 37,615 | 5.07 |
| Others | 42,008,992 | 18.04 | 130,395 | 17.57 |
| | <u>232,799,479</u> | <u>100.00</u> | <u>742,092</u> | <u>100.00</u> |

| Name of brokers | Value of trades | Percentage of total trades | Brokerage fees | Percentage of total brokerage fees |
|---|--------------------|----------------------------|----------------|------------------------------------|
| | RM | % | RM | % |
| <u>2015</u> | | | | |
| RHB Investment Bank Berhad | 31,518,790 | 13.09 | 80,193 | 11.79 |
| Public Bank Berhad | 27,486,077 | 11.41 | 26,902 | 3.96 |
| CIMB Investment Bank Berhad | 26,232,925 | 10.89 | 78,631 | 11.56 |
| Maybank Investment Bank Berhad | 26,133,913 | 10.85 | 77,925 | 11.46 |
| Kenanga Investment Bank Berhad | 23,721,813 | 9.85 | 71,955 | 10.58 |
| Hong Leong Investment Bank Berhad | 15,788,338 | 6.56 | 46,578 | 6.85 |
| Nomura Securities Malaysia Sdn Bhd | 15,696,634 | 6.52 | 46,693 | 6.87 |
| Credit Suisse Securities (Malaysia) Sdn Bhd | 14,442,990 | 6.00 | 43,192 | 6.35 |
| KAF Seagroatt & Campbell Securities Sdn Bhd | 13,672,425 | 5.68 | 41,099 | 6.04 |
| J. P. Morgan Securities (M) Sdn Bhd | 11,566,219 | 4.80 | 65,240 | 9.59 |
| Others | 34,566,220 | 14.35 | 101,702 | 14.95 |
| | <u>240,826,344</u> | <u>100.00</u> | <u>680,110</u> | <u>100.00</u> |

All brokers highlighted above are not related to the Manager.

11. UNITS HELD BY THE MANAGER

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

| Related party | Relationship |
|-------------------------------|--------------|
| Eastspring Investments Berhad | The Manager |

| | 2016 | | 2015 | |
|-------------------------------|--------------|-------|--------------|-------|
| | No. of units | RM | No. of units | RM |
| Eastspring Investments Berhad | 3,085 | 2,421 | 2,935 | 2,236 |

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.

12. MANAGEMENT EXPENSE RATIO ("MER")

| | 2016 | 2015 |
|-----|-------------|-------------|
| | % | % |
| MER | <u>1.68</u> | <u>1.61</u> |

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 RM140,333,068 (2015: RM147,024,115).

13. PORTFOLIO TURNOVER RATIO (“PTR”)

| | 2016 | 2015 |
|-------------|------|------|
| PTR (times) | 0.83 | 0.74 |

PTR is derived from the following calculation:

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

where:

total acquisitions for the financial year = RM100,276,089 (2015: RM122,429,694)

total disposals for the financial year = RM132,560,746 (2015: RM94,274,368)

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 segments derive their income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within each portfolio. These returns consist of interest income, dividends income and gains on the appreciation in the value of investments.

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 16 August 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

BUSINESS 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)*

Iskander Bin Ismail Mohamed Ali

(Independent, non-executive director)

Khoo Chuan Keat

(Independent, non-executive director)

Jackie Chew Pei Pei (Jackie Zhou PeiPei)

(Non-independent, non-executive director)

Raymond Tang Chee Kin

(Non-independent, executive director)

INVESTMENT COMMITTEE OF THE FUND

Ho Yik

(Independent member)

Robert Yap Yen Choon

(Independent member)

Abdul Khalil Bin Abdul Hamid

(Independent member)

Dato' Saiful Bahri Bin Zainuddin

(Independent member)

Raymond Tang Chee Kin

(Non-Independent member)

**AUDIT AND COMPLIANCE
COMMITTEE OF THE MANAGER**

Iskander Bin Ismail Mohamed Ali
(Independent)

Khoo Chuan Keat
(Independent)

Niall Dermot Grady
(Non-independent)

MANAGER'S DELEGATE - FUND VALUER

NAME

DEUTSCHE BANK (MALAYSIA) BERHAD

COMPANY NO.

312552-W

REGISTERED OFFICE

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

BUSINESS 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

KARVY COMPUTERSHARE
(MALAYSIA) SDN BHD

COMPANY NO.

1178655-U

REGISTERED OFFICE

16th Floor, Wisma Sime Darby
Jalan Raja Laut
50350 Kuala Lumpur

BUSINESS OFFICE

Suite 16.1, Level 16, Menara IMC
No. 8, Jalan Sultan Ismail
50250 Kuala Lumpur

TELEPHONE NO.

603-2022 4900

FAX NO.

603-2022 4099

**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

REGISTERED OFFICE

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

BUSINESS OFFICE

Level 18-20, Menara IMC
No. 8, Jalan Sultan Ismail
50250 Kuala Lumpur

TELEPHONE NO.

603-2053 6788

FAX NO.

603-2031 8710

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 Universiti
46200 Petaling Jaya, Selangor

TELEPHONE NO.
603-7948 1288

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

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