

EASTSPRING INVESTMENTS MASTER TRUST

INTERIM REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD
ENDED 30 JUNE 2016

Comprising 5 funds:

1. Eastspring Investments Small-cap Fund
2. Eastspring Investments Growth Fund
3. Eastspring Investments Balanced Fund
4. Eastspring Investments Bond Fund
5. Eastspring Investments Cash Management Fund



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,

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

Raymond Tang Chee Kin

Non-Independent, Executive Director and Chief Executive Officer

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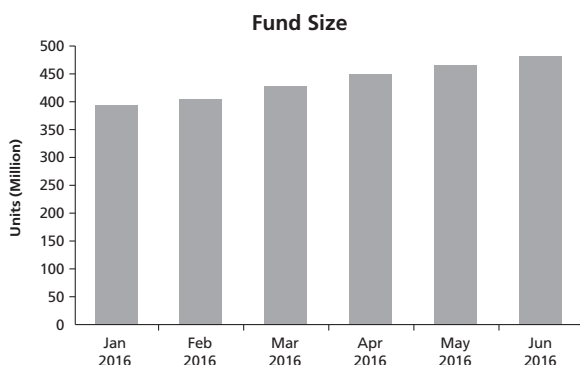
FUND INFORMATION

Name of Fund	Eastspring Investments Small-cap Fund (“the Fund”)
Fund Category/ Type	Equity (small-cap)/growth
Fund Objective	<p>The Fund seeks to provide investors with maximum capital appreciation by investing principally in small market capitalisation companies which will appreciate in value.</p> <p>Note: The Fund will invest in small market capitalisation companies at the point of acquisition.</p>
Performance Benchmark	<p>FTSE Bursa Malaysia Small Cap Index (FBMSC)</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	Incidental

FUND INFORMATION (CONTINUED)

Breakdown of Unit Holdings by Size

As at 30 June 2016, the size of Eastspring Investments Small-cap Fund stood at 481.299 million units.

**Breakdown of Unit Holdings**

Unit Holdings	No. of Unit Holders	%	No of Units* ('000)	%
5,000 units and below	3,173	26.03	8,105	1.68
5,001 to 10,000 units	2,283	18.73	16,829	3.50
10,001 to 50,000 units	5,029	41.26	118,248	24.57
50,001 to 500,000 units	1,656	13.58	184,232	38.28
500,001 units and above	49	0.40	153,880	31.97
Total	12,190	100.00	481,294	100.00

* excludes units held by the Manager.

KEY PERFORMANCE DATA

FOR THE FINANCIAL PERIOD ENDED

Category	30.6.2016	30.6.2015	30.6.2014
	(%)	(%)	(%)
Quoted Securities			
Construction	7.01	4.18	4.40
Consumer	6.00	3.64	-
Consumer Product	1.67	5.01	8.31
Finance	4.51	3.04	0.70
Hotel	-	0.91	-
Industrial Product	17.00	19.48	19.04
Infrastructure Project Company	2.25	2.52	0.23
Manufacturing	3.86	2.07	-
Plantation	2.13	3.73	0.58
Power/Utilities	0.70	-	-
Properties	8.44	13.36	8.12
REITS	0.71	2.47	3.32
Special Purpose Acquisition Company	-	-	0.88
Technology	5.70	10.42	8.64
Trading/Services	14.51	13.73	26.15
Transportation	0.69	0.31	-
	75.18	84.87	80.37
Cash and other assets	24.82	15.13	19.63
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)	328,665	219,173	164,821
Units In Circulation (Units '000)	481,299	335,126	126,021
Net Asset Value Per Unit (RM)	0.6829	0.6540	1.3079
Highest Net Asset Value Per Unit (RM)#	0.6847	0.6633	1.3079
Lowest Net Asset Value Per Unit (RM)#	0.6416	0.5512	1.0659
Total Return (%)			
Capital Growth	2.06	15.92	18.27
Income Distribution	-	-	6.18
Total Return (%)	2.06	15.92	25.58
Gross Distribution Per Unit (RM)	-	-	0.0663
Net Distribution Per Unit (RM)	-	-	0.0627
Management Expense Ratio (MER) (%)*	0.84	0.83	0.82
Portfolio Turnover Ratio (PTR) (times)^	0.28	0.45	0.60

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	10.96	22.44	19.08

Year ended	1.1.2015 to 31.12.2015	1.1.2014 to 31.12.2014	1.1.2013 to 31.12.2013	1.1.2012 to 31.12.2012	1.1.2011 to 31.12.2011
	(%)	(%)	(%)	(%)	(%)
Annual total return	26.03	16.59	64.02	11.07	(8.68)

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

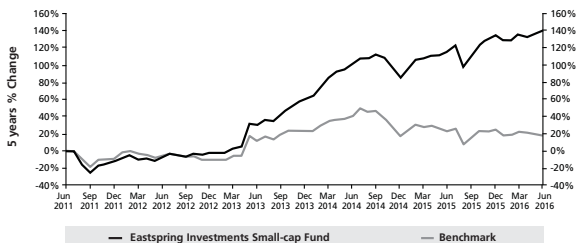
Fund Performance

Over the 5-year period, the Fund recorded a return of 139.66%, outperforming the benchmark return of 18.59% by 121.07%.

During the period under review, the Fund registered a return of 2.06%, outperforming the benchmark return of -5.35% by 7.41%.

The outperformance was due to good stock selection.

**Eastspring Investments Small-cap Fund -
5 Years Return Vs Benchmark**



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

Benchmark: FTSE Bursa Malaysia Small Cap Index (FBMSC)

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 period ended 30 June 2016:

Income Return	Capital Return*	Total Return	Total Return of Benchmark
(%)	(%)	(%)	(%)
0.00	2.06	2.06	(5.35)

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

1. Quoted securities
2. Cash and other assets

Distribution/ Unit Split

No distribution or unit split were declared for the financial period ended 30 June 2016.

Investment Strategy During Period Under Review

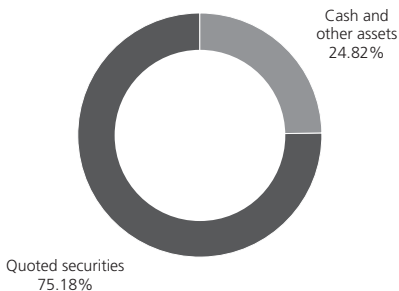
The Fund continues to maintain a bottoms-up approach in stock selection. The Fund increased exposure into consumer and construction related stocks during the period. Cash holding was generally high during the period under review due to uncertainties in global economy. Over the longer term, the Fund Manager remains confident that good quality small cap stocks should continue to outperform the broad market over the longer term. The Fund stays invested in companies with presence in ASEAN region with strong growth outlook.

MANAGER'S REPORT (CONTINUED)

Asset Allocation

Asset Allocation	30-Jun 2016 (%)	31-Dec 2015 (%)	Changes (%)
Quoted securities	75.18	77.75	(2.57)
Cash and other assets	24.82	22.25	2.57

Asset Allocation as at 30 June 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

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 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 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 period under review at 1,654.08 points, declining 2.27%. In tandem with the FBM KLCI, the FBM Emas Index closed the period under review lower by 2.23% while the MSCI Asia Pacific ex-Japan Index rose by 0.73% 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

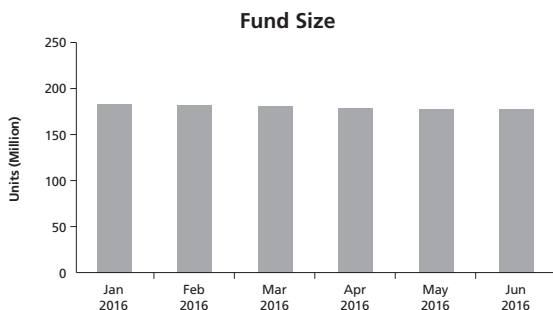
FUND INFORMATION

Name of Fund	Eastspring Investments Growth Fund (“the Fund”)
Fund Category/ Type	Equity/growth
Fund Objective	The Fund seeks to provide investors with long-term capital appreciation by investing principally in larger companies which will appreciate in value.
Performance Benchmark	<p>FTSE Bursa Malaysia 100 Index (FBM100)</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	Incidental

FUND INFORMATION (CONTINUED)

Breakdown of Unit Holdings by Size

As at 30 June 2016, the size of Eastspring Investments Growth Fund stood at 177.645 million units.

**Breakdown of Unit Holdings**

Unit Holdings	No. of Unit Holders	%	No of Units* ('000)	%
5,000 units and below	1,183	22.09	3,639	2.05
5,001 to 10,000 units	1,051	19.62	7,647	4.30
10,001 to 50,000 units	2,410	45.00	55,504	31.24
50,001 to 500,000 units	698	13.03	71,724	40.38
500,001 units and above	14	0.26	39,128	22.03
Total	5,356	100.00	177,642	100.00

* excludes units held by the Manager.

KEY PERFORMANCE DATA

FOR THE FINANCIAL PERIOD ENDED

Category	30.6.2016	30.6.2015	30.6.2014
	(%)	(%)	(%)
Quoted securities			
Construction	2.08	4.59	7.56
Consumer	2.46	-	-
Consumer Product	0.98	6.41	2.57
Finance	4.19	4.13	20.13
Health Care	23.11	-	-
Hotel	-	1.21	-
Industrial Product	4.56	9.85	1.81
Infrastructure Project Company	2.05	1.00	4.70
Manufacturing	1.88	-	-
Plantation	2.56	-	2.24
Power/Utilities	-	5.44	-
Properties	9.24	8.90	2.08
Special Purpose Acquisition Company	-	-	1.07
Technology	14.16	10.40	4.67
Trading/Services	11.47	33.99	41.56
	78.74	85.92	88.39
Cash and other assets	21.26	14.08	11.61
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)	115,244	126,396	121,885
Units In Circulation (Units '000)	177,645	183,693	82,647
Net Asset Value Per Unit (RM)	0.6487	0.6881	1.4748
Highest Net Asset Value Per Unit (RM) [#]	0.6836	0.7482	1.4748
Lowest Net Asset Value Per Unit (RM) [#]	0.6380	0.6591	1.3452
Total Return (%)			
Capital Growth	(4.95)	2.46	3.20
Income Distribution	-	-	4.24
Total Return (%)	(4.95)	2.46	7.57
Gross Distribution Per Unit (RM)	-	-	0.0572
Net Distribution Per Unit (RM)	-	-	0.0534
Management Expense Ratio (MER) (%) [*]	0.84	0.84	0.83
Portfolio Turnover Ratio (PTR) (times) [^]	0.42	0.46	0.37

[#] 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	(1.97)	4.93	5.44

Year ended	1.1.2015 to 31.12.2015	1.1.2014 to 31.12.2014	1.1.2013 to 31.12.2013	1.1.2012 to 31.12.2012	1.1.2011 to 31.12.2011
	(%)	(%)	(%)	(%)	(%)
Annual total return	5.67	3.80	20.72	12.86	(2.57)

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

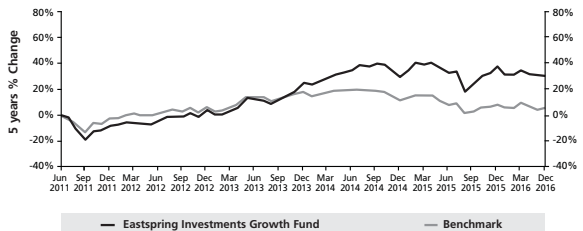
Fund Performance

Over the 5-year period, the Fund recorded a return of 30.39%, outperforming the benchmark return of 5.89% by 24.50%.

During the period under review, the Fund registered a return of -4.95%, underperforming the benchmark return of -2.03% by 2.92%.

The underperformance was due to the Fund's exposure to some exporters which were sold down as Ringgit strengthened in 1H2016. The Fund's underweight position in selective big cap stocks also dragged down its performance as some blue chip stocks rebounded.

**Eastspring Investments Growth Fund -
5 Years Return Vs Benchmark**



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

Benchmark: FTSE Bursa Malaysia 100 Index (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 period ended 30 June 2016:

Income Return	Capital Return*	Total Return	Total Return of Benchmark
(%)	(%)	(%)	(%)
0.00	(4.95)	(4.95)	(2.03)

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

1. Quoted securities
2. Cash and other assets

Distribution/ Unit Split

No distribution or unit split were declared for the financial period ended 30 June 2016.

Investment Strategy During Period Under Review

The Fund reduced its equity exposure towards end of June 2016 due to the surprising result of Brexit referendum to avoid volatility. The Fund continued to stay underweight in blue chip stocks such as telcos and banks due to rising competition. Exposure to mid & small cap stocks remains significant as there are more hidden values in this segment. The Fund increased its exposure to exporters after a sharp correction in their share prices in 1H2016.

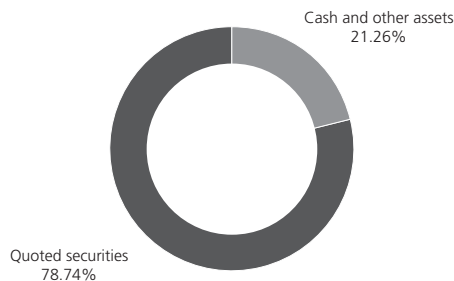
Going forward, the Fund will continue to focus on stocks which offer cheap valuation with good growth potential and/or selective stocks that trades at distressed valuation.

MANAGER'S REPORT (CONTINUED)

Asset Allocation

Asset Allocation	30-Jun 2016 (%)	31-Dec 2015 (%)	Changes (%)
Quoted securities	78.74	93.11	(14.37)
Cash and other assets	21.26	6.89	14.37

Asset Allocation as at 30 June 2016



The equity level fell from 93% to 78.7% in end-June 2016. This is due to the Brexit event which may cause a lot of disruption to financial market. The Fund Manager intends to raise the equity level back to above 90% in the next few months.

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

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 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 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 period under review at 1,654.08 points, declining 2.27%. In tandem with the FBM KLCI, the FBM Emas Index closed the period under review lower by 2.23% while the MSCI Asia Pacific ex-Japan Index rose by 0.73% 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

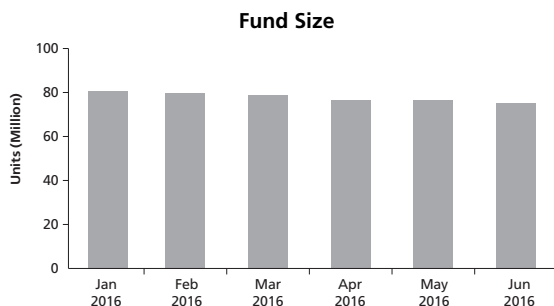
FUND INFORMATION

Name of Fund	Eastspring Investments Balanced Fund (“the Fund”)
Fund Category/ Type	Balanced/growth and income
Fund Objective	<p>The Fund seeks to provide investors with capital appreciation and a reasonable level of current income* by investing in a mixed portfolio of companies with good dividend yield and low price volatility and a portfolio of investment grade fixed income securities.</p> <p>Note: The Fund’s focus is on growth.</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>50% FTSE Bursa Malaysia 100 Index (FBM100) + 50% Maybank 12-month fixed deposit rate</p> <p>Source: www.bursamalaysia.com and 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 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 Balanced Fund stood at 75.349 million units.



Breakdown of Unit Holdings

Unit Holdings	No. of Unit Holders	%	No of Units* ('000)	%
5,000 units and below	998	34.52	2,753	3.65
5,001 to 10,000 units	639	22.10	4,756	6.31
10,001 to 50,000 units	1,074	37.15	22,919	30.42
50,001 to 500,000 units	173	5.99	17,364	23.05
500,001 units and above	7	0.24	27,556	36.57
Total	2,891	100.00	75,348	100.00

* excludes units held by the Manager.

KEY PERFORMANCE DATA

FOR THE FINANCIAL PERIOD ENDED

Category	30.6.2016	30.6.2015	30.6.2014
	(%)	(%)	(%)
Quoted securities			
Construction	1.89	4.37	8.79
Consumer	2.72	-	-
Consumer Product	-	3.90	4.72
Finance	2.53	4.21	8.11
Health Care	16.84	-	-
Hotel	-	1.04	-
Industrial Product	3.85	5.35	7.37
Manufacturing	1.77	-	-
Plantation	-	-	2.99
Power/Utilities	-	4.52	-
Properties	7.44	5.72	3.52
Special Purpose Acquisition Company	-	-	0.73
Technology	11.35	10.37	5.91
Trading/Services	8.26	22.27	24.72
	56.65	61.75	66.86
Unquoted fixed income securities	13.28	24.87	10.67
Cash and other assets	30.07	13.38	22.47
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)	72,902	89,136	86,479
Units In Circulation (Units '000)	75,349	88,418	83,491
Net Asset Value Per Unit (RM)	0.9675	1.0081	1.0358
Highest Net Asset Value Per Unit (RM) [#]	1.0057	1.0482	1.0358
Lowest Net Asset Value Per Unit (RM) [#]	0.9557	0.9204	0.9070
Total Return (%)			
Capital Growth	(3.45)	7.99	8.61
Income Distribution	-	-	4.19
Total Return (%)	(3.45)	7.99	13.16
Gross Distribution Per Unit (RM)	-	-	0.0381
Net Distribution Per Unit (RM)	-	-	0.0375
Management Expense Ratio (MER) (%) [*]	0.85	0.84	0.84
Portfolio Turnover Ratio (PTR) (times) [^]	0.36	0.58	0.73

[#] 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	(0.19)	8.60	7.91

Year ended	1.1.2015 to 31.12.2015	1.1.2014 to 31.12.2014	1.1.2013 to 31.12.2013	1.1.2012 to 31.12.2012	1.1.2011 to 31.12.2011
	(%)	(%)	(%)	(%)	(%)
Annual total return	11.64	7.27	16.36	10.31	3.66

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

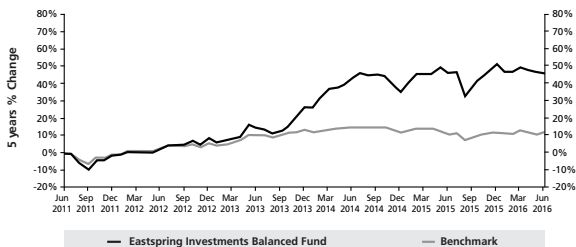
Fund Performance

Over the 5-year period, the Fund recorded a return of 46.38%, outperforming the benchmark return of 11.99% by 34.39%.

During the period under review, the Fund registered a return of -3.45%, underperforming the benchmark return of -0.17% by 3.28%.

The underperformance was due to the Fund's exposure to some exporters which were sold down as Ringgit strengthened in 1H2016. The Fund's underweight position in selective big cap stocks also dragged down its performance as some blue chip stocks rebounded.

**Eastspring Investments Balanced Fund -
5 Years Return Vs Benchmark**



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

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

Source: Lipper for Investment Management, www.bursamalaysia.com and www.maybank2u.com.my, 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 period ended 30 June 2016:

Income Return	Capital Return*	Total Return	Total Return of Benchmark
(%)	(%)	(%)	(%)
0.00	(3.45)	(3.45)	(0.17)

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

1. Quoted securities
2. Unquoted fixed income securities
3. Cash and other assets

Distribution/ Unit Split

No distribution or unit split were declared for the financial period ended 30 June 2016.

Investment Strategy During Period Under Review

The Fund reduced its equity exposure towards end of June 2016 due to the surprising result of Brexit referendum to avoid volatility. Fixed income securities and deposits grew to 52.7% of the Fund as at end June 2016. The Fund looks to increase its equity exposure towards 60%-65% level once the market condition stabilises. The Fund continued to stay underweight in blue chip stocks like telcos and banks due to rising competition. Exposure to mid & small cap stocks remains significant as there are more hidden values in this segment. The Fund increased its exposure to exporters after a sharp correction in their share prices in 1H2016.

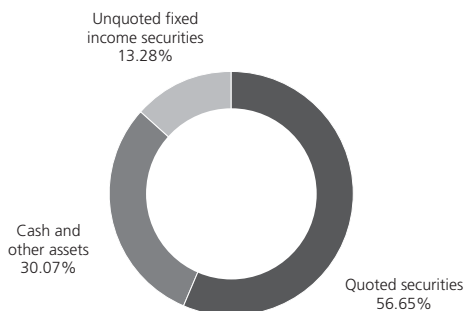
Going forward, the Fund will continue to focus on stocks which offer cheap valuation with good growth potential and/or selective stocks which trade at distressed valuation.

MANAGER'S REPORT (CONTINUED)

Asset Allocation

Asset Allocation	30-Jun 2016 (%)	31-Dec 2015 (%)	Changes (%)
Quoted securities	56.65	68.03	(11.38)
Unquoted fixed income securities	13.28	3.99	9.29
Cash and other assets	30.07	27.98	2.09

Asset Allocation as at 30 June 2016



The equity level dropped from 68% to 57% in end-June 2016 in response to the Brexit event. The Fund Manager intends to raise the equity level back to above 60% should market condition stabilise.

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.

Cross-Trade Transaction

During the period under review, there were cross-trades executed through a dealer or a financial institution on an arm's length and fair value basis and in the best interest of the unit holders.

MARKET REVIEW

Equity

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 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 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 period under review at 1,654.08 points, declining 2.27%. In tandem with the FBM KLCI, the FBM Emas Index closed the period under review lower by 2.23% while the MSCI Asia Pacific ex-Japan Index rose by 0.73% in USD terms¹.

Bond

At the Monetary Policy Committee (MPC) meeting on 19 May, BNM maintained the Overnight Policy Rate (OPR) at 3.25%. BNM stated that the global economic expansion continued moderately in major advanced and emerging market economies in the first quarter of 2016. In Asia, domestic demand drove growth amid the weak external sector. Volatility in the international financial markets had subsided and investor sentiment had improved but they remained susceptible to policy and market developments. The global economy was expected to be constrained by structural issues and geopolitical developments despite the highly accommodative monetary environment.

Headline inflation came in at 2.0% year-on-year (yoy) in May, down from 2.7% yoy in December. Consumer prices rose at a slower pace in May as cheaper fuel helped offset the impact of costlier alcoholic beverages and tobacco products. Headline inflation is expected to record a softer growth as the price impact of the GST slowly fades away. As CPI peaked in February (4.2%), the key underpinning factors for a moderate inflation rate this year are last year's high base effect and a status quo in fuel prices for this year. Underlying inflation is expected to remain contained amid stable domestic demand conditions.

For the period under review, the 3-, 5- and 10-year sovereign bond yields changed by -10bps, -9bps and -45bps to close at 3.19%, 3.36% and 3.72% respectively. Malaysian Government Securities (MGS) yields closed broadly lower across all benchmark tenors. This was primarily due to the result of the UK Referendum to exit the EU, following which the US Federal Reserve is expected to delay its rate hike as it monitors the economic and financial impact of the BREXIT, as well as heightened expectations of monetary easing by major central banks.

¹ **Source:** Bloomberg: World indices

Corporate bond yields generally moved in tandem with sovereign bond yields, albeit at a lag. Nevertheless, activities in the corporate bond market were supported by ample liquidity and a stable credit environment.

On the supply front, total outstanding Malaysian Ringgit (MYR) issuances at the end of June 2015 stood at about RM1,171bil, of which approximately 45.5% was conventional and 54.5% was Islamic². The proportion of corporate sukuk in the sukuk universe was higher at about 37.7% compared to the proportion of corporate bonds in the conventional bonds universe of about 24.6%. Major primary issuances were from the financial and real estate sectors as well as government guaranteed issuances. Major issuances included RM1.45bil from Pengurusan Air SPV Berhad and RM1.25bil from GovCo Holdings Berhad.

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.

² **Source:** Bond Pricing Agency Malaysia

FUND INFORMATION

Name of Fund

Eastspring Investments Bond Fund (“the Fund”)

**Fund Category/
Type**

Bond/income

Fund Objective

The Fund seeks to provide investors with a steady stream of income* returns by investing principally in a portfolio of investment grade fixed income securities with exposure in non-investment grade fixed income securities which yield above average returns.

* Income distributed will be reinvested into additional Units unless Unit Holder opts for the distribution to be paid out.

**Performance
Benchmark**

Quant Shop Malaysian Government Securities Medium Index (Quant Shop MGS Medium Index)

Source: www.quantshop.com

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

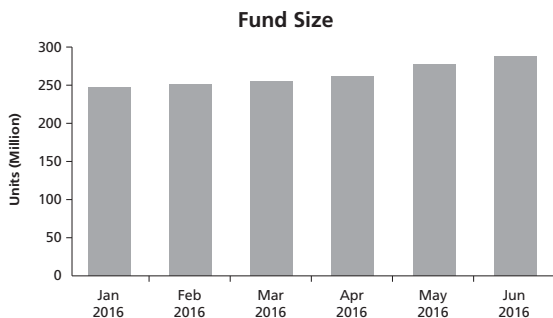
**Fund Income
Distribution Policy**

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 Bond Fund stood at 287.287 million units.

**Breakdown of Unit Holdings**

Unit Holdings	No. of Unit Holders	%	No of Units* ('000)	%
5,000 units and below	385	18.19	1,040	0.36
5,001 to 10,000 units	350	16.53	2,558	0.89
10,001 to 50,000 units	862	40.72	21,111	7.35
50,001 to 500,000 units	480	22.67	60,998	21.23
500,001 units and above	40	1.89	201,579	70.17
Total	2,117	100.00	287,286	100.00

* excludes units held by the Manager.

KEY PERFORMANCE DATA

FOR THE FINANCIAL PERIOD ENDED

Category	30.6.2016	30.6.2015	30.6.2014
	(%)	(%)	(%)
Unquoted fixed income securities	72.36	83.63	83.78
Cash and other assets	27.64	16.37	16.22
Total	100.00	100.00	100.00
Net Asset Value (NAV) (RM'000)	193,009	163,306	149,724
Units In Circulation (Units '000)	287,287	242,104	240,534
Net Asset Value Per Unit (RM)	0.6718	0.6745	0.6225
Highest Net Asset Value Per Unit (RM) [#]	0.6718	0.6745	0.6225
Lowest Net Asset Value Per Unit (RM) [#]	0.6540	0.6156	0.6134
Total Return (%)			
Capital Growth	2.74	9.53	(2.32)
Income Distribution	-	-	3.64
Total Return (%)	2.74	9.53	1.23
Gross Distribution Per Unit (RM)	-	-	0.0223
Net Distribution Per Unit (RM)	-	-	0.0223
Management Expense Ratio (MER) (%) [*]	0.58	0.57	0.55
Portfolio Turnover Ratio (PTR) (times) [^]	0.24	0.27	0.50

[#] 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	4.78	6.30	6.23

Year ended	1.1.2015 to 31.12.2015	1.1.2014 to 31.12.2014	1.1.2013 to 31.12.2013	1.1.2012 to 31.12.2012	1.1.2011 to 31.12.2011
	(%)	(%)	(%)	(%)	(%)
Annual total return	11.71	3.96	3.18	4.90	9.78

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

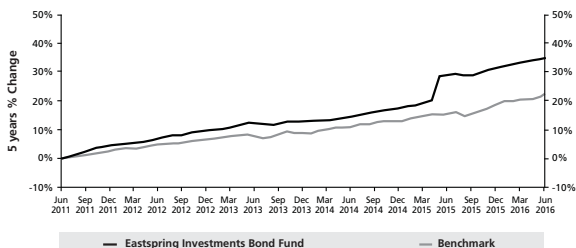
Fund Performance

Over the 5-year period, the Fund recorded a return of 35.30%, outperforming the benchmark return of 22.33% by 12.97%.

During the period under review, the Fund registered a return of 2.74%, underperforming the benchmark return of 2.96% by 0.22%.

The underperformance of the Fund for the period under review was mainly due to its overweight position in selected corporate bonds which underperformed the medium term government bond index.

**Eastspring Investments Bond Fund -
5 Years Return Vs Benchmark**



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

Benchmark: Quant Shop MGS Medium Index

Source: Lipper for Investment Management and www.quantshop.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 period ended 30 June 2016:

Income Return	Capital Return*	Total Return	Total Return of Benchmark
(%)	(%)	(%)	(%)
0.00	2.74	2.74	2.96

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

1. Unquoted fixed income securities
 2. Cash and other assets
-

**Distribution/
Unit Split**

No distribution or unit split were declared for the financial period ended 30 June 2016.

Investment Strategy During Period Under Review

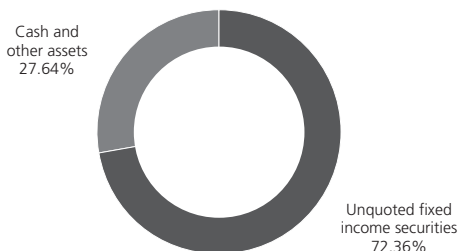
The Fund participated in selected quality issuances for yield pick-up, and traded on market volatility, subject to liquidity constraints.

MANAGER'S REPORT (CONTINUED)

Asset Allocation

Asset Allocation	30-Jun 2016 (%)	31-Dec 2015 (%)	Changes (%)
Unquoted fixed income securities	72.36	94.42	(22.06)
Cash and other assets	27.64	5.58	22.06

Asset Allocation as at 30 June 2016



During the period under review, cash levels were higher than usual in preparation for a large bond issuance.

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.

Cross-Trade Transaction

During the period under review, there were cross-trades executed through a dealer or a financial institution on an arm's length and fair value basis and in the best interest of the unit holders.

MARKET REVIEW

At the Monetary Policy Committee (MPC) meeting on 19 May, BNM maintained the Overnight Policy Rate (OPR) at 3.25%. BNM stated that the global economic expansion continued moderately in major advanced and emerging market economies in the first quarter of 2016. In Asia, domestic demand drove growth amid the weak external sector. Volatility in the international financial markets had subsided and investor sentiment had improved but they remained susceptible to policy and market developments. The global economy was expected to be constrained by structural issues and geopolitical developments despite the highly accommodative monetary environment.

Headline inflation came in at 2.0% year-on-year (yoy) in May, down from 2.7% yoy in December. Consumer prices rose at a slower pace in May as cheaper fuel helped offset the impact of costlier alcoholic beverages and tobacco products. Headline inflation is expected to record a softer growth as the price impact of the GST slowly fades away. As CPI peaked in February (4.2%), the key underpinning factors for a moderate inflation rate this year are last year's high base effect and a status quo in fuel prices for this year. Underlying inflation is expected to remain contained amid stable domestic demand conditions.

For the period under review, the 3, 5 and 10-year sovereign bond yields changed by -10bps, -9bps and -45bps to close at 3.19%, 3.36% and 3.72% respectively. Malaysian Government Securities (MGS) yields closed broadly lower across all benchmark tenors. This was primarily due to the result of the UK Referendum to exit the EU, following which the US Federal Reserve is expected to delay its rate hike as it monitors the economic and financial impact of the BREXIT, as well as heightened expectations of monetary easing by major central banks.

Corporate bond yields generally moved in tandem with sovereign bond yields, albeit at a lag. Nevertheless, activities in the corporate bond market were supported by ample liquidity and a stable credit environment.

On the supply front, total outstanding Malaysian Ringgit (MYR) issuances at the end of June 2015 stood at about RM1,171bil, of which approximately 45.5% was conventional and 54.5% was Islamic¹. The proportion of corporate sukuk in the sukuk universe was higher at about 37.7% compared to the proportion of corporate bonds in the conventional bonds universe of about 24.6%. Major primary issuances were from the financial and real estate sectors as well as government guaranteed issuances. Major issuances included RM1.45bil from Pengurusan Air SPV Berhad and RM1.25bil from GovCo Holdings Berhad.

¹ **Source:** Bond Pricing Agency Malaysia

REBATES AND SOFT COMMISSIONS

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

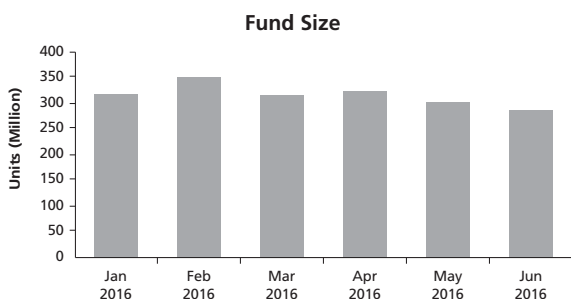
FUND INFORMATION

Name of Fund	Eastspring Investments Cash Management Fund (“the Fund”)
Fund Category/ Type	Money market/income
Fund Objective	The Fund seeks to provide a high level of liquidity with reasonable returns by investing in a portfolio of money market and other short-term debt instruments.
Performance Benchmark	<p>Maybank 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 once a month, 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 Cash Management Fund stood at 287.849 million units.



Breakdown of Unit Holdings

Unit Holdings	No. of Unit Holders	%	No of Units* ('000)	%
5,000 units and below	21	13.82	23	0.01
5,001 to 10,000 units	4	2.63	31	0.01
10,001 to 50,000 units	39	25.65	1,084	0.37
50,001 to 500,000 units	59	38.82	11,280	3.92
500,001 units and above	29	19.08	275,430	95.69
Total	152	100.00	287,848	100.00

* excludes units held by the Manager.

KEY PERFORMANCE DATA

FOR THE FINANCIAL PERIOD ENDED

Category	30.6.2016	30.6.2015	30.6.2014
	(%)	(%)	(%)
Unquoted fixed income securities	16.65	32.41	41.90
Cash and other assets	83.35	67.59	58.10
Total	100.00	100.00	100.00
Net Asset Value (NAV) (RM'000)	155,827	153,411	305,053
Units In Circulation (Units '000)	287,849	283,350	563,637
Net Asset Value Per Unit (RM)	0.5413	0.5414	0.5412
Highest Net Asset Value Per Unit (RM) [#]	0.5413	0.5414	0.5412
Lowest Net Asset Value Per Unit (RM) [#]	0.5406	0.5407	0.5406
Total Return (%)			
Capital Growth	(0.02)	(0.02)	-
Income Distribution	1.79	1.73	1.47
Total Return (%)	1.77	1.71	1.47
Gross Distribution Per Unit (RM)	0.0096	0.0093	0.0079
Net Distribution Per Unit (RM)	0.0096	0.0093	0.0079
Management Expense Ratio (MER) (%) [*]	0.30	0.29	0.28
Portfolio Turnover Ratio (PTR) (times) [^]	0.17	0.40	0.28

[#] Figures shown as ex-distribution.

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

[^] The PTR was lower than previous as the Fund purchased fewer securities and locked in with more attractive deposit rates.

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	3.55	3.31	3.21

Year ended	1.1.2015 to 31.12.2015	1.1.2014 to 31.12.2014	1.1.2013 to 31.12.2013	1.1.2012 to 31.12.2012	1.1.2011 to 31.12.2011
	(%)	(%)	(%)	(%)	(%)
Annual total return	3.50	3.13	3.00	3.11	2.94

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

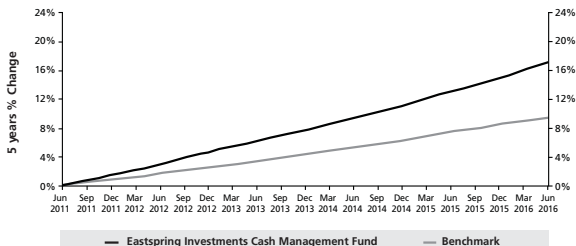
Fund Performance

Over the 5-year period, the Fund recorded a return of 17.11%, outperforming the benchmark return of 9.58% by 7.53%.

During the period under review, the Fund registered a return of 1.77%, outperforming the benchmark return of 1.00% by 0.77%.

Investments in short term corporate bonds and commercial papers have contributed to the outperformance of the Fund.

Eastspring Investments Cash Management Fund - 5 Years Return Vs Benchmark



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

Benchmark: Maybank overnight deposit rate

Source: Lipper for Investment Management and www.maybank2u.com.my, 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 period ended 30 June 2016:

Income Return	Capital Return*	Total Return	Total Return of Benchmark
(%)	(%)	(%)	(%)
1.79	(0.02)	1.77	1.00

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

1. Unquoted fixed income securities
2. Cash and other assets

MANAGER'S REPORT (CONTINUED)

Distribution/
Unit Split

Ex-date	15-Jan-16	15-Feb-16	15-Mar-16
Distribution Per Unit	(RM)	(RM)	(RM)
Gross	0.0016	0.0015	0.0017
Net	0.0016	0.0015	0.0017

Ex-date	15-Apr-16	16-May-16	15-Jun-16
Distribution Per Unit	(RM)	(RM)	(RM)
Gross	0.0016	0.0015	0.0017
Net	0.0016	0.0015	0.0017

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

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	0.5422	0.5422	0.5423
Less: distribution	(0.0016)	(0.0015)	(0.0017)
Net Asset Value after distribution	0.5406	0.5407	0.5406

Ex-date	15-Apr-16	16-May-16	15-Jun-16
	(RM per Unit)	(RM per Unit)	(RM per Unit)
Net Asset Value before distribution	0.5422	0.5422	0.5423
Less: distribution	(0.0016)	(0.0015)	(0.0017)
Net Asset Value after distribution	0.5406	0.5407	0.5406

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

MANAGER'S REPORT (CONTINUED)

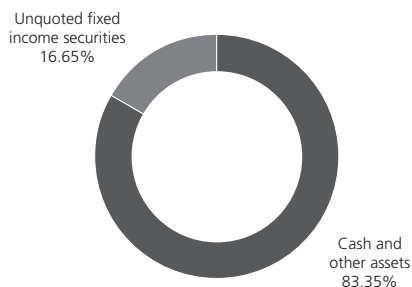
Investment Strategy During Period Under Review

The Fund participated in fixed deposits, selective quality short-term debt securities for yield pick-up and short-term money market instruments for liquidity purposes.

Asset Allocation

Asset Allocation	30-Jun 2016 (%)	31-Dec 2015 (%)	Changes (%)
Unquoted fixed income securities	16.65	29.78	(13.13)
Cash and other assets	83.35	70.22	13.13

Asset Allocation as at 30 June 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.

**Cross-Trade
Transaction**

During the period under review, there were cross-trades executed through a dealer or a financial institution on an arm's length and fair value basis and in the best interest of the unit holders.

MARKET REVIEW

At the Monetary Policy Committee (MPC) meeting on 19 May, BNM maintained the Overnight Policy Rate (OPR) at 3.25%. BNM stated that the global economic expansion continued moderately in major advanced and emerging market economies in the first quarter of 2016. In Asia, domestic demand drove growth amid the weak external sector. Volatility in the international financial markets had subsided and investor sentiment had improved but they remained susceptible to policy and market developments. The global economy was expected to be constrained by structural issues and geopolitical developments despite the highly accommodative monetary environment.

Headline inflation came in at 2.0% year-on-year (yoy) in May, down from 2.7% yoy in December. Consumer prices rose at a slower pace in May as cheaper fuel helped offset the impact of costlier alcoholic beverages and tobacco products. Headline inflation is expected to record a softer growth as the price impact of the GST slowly fades away. As CPI peaked in February (4.2%), the key underpinning factors for a moderate inflation rate this year are last year's high base effect and a status quo in fuel prices for this year. Underlying inflation is expected to remain contained amid stable domestic demand conditions.

For the period under review, the 3, 5 and 10-year sovereign bond yields changed by -10bps, -9bps and -45bps to close at 3.19%, 3.36% and 3.72% respectively. Malaysian Government Securities (MGS) yields closed broadly lower across all benchmark tenors. This was primarily due to the result of the UK Referendum to exit the EU, following which the US Federal Reserve is expected to delay its rate hike as it monitors the economic and financial impact of the BREXIT, as well as heightened expectations of monetary easing by major central banks.

Corporate bond yields generally moved in tandem with sovereign bond yields, albeit at a lag. Nevertheless, activities in the corporate bond market were supported by ample liquidity and a stable credit environment.

On the supply front, total outstanding Malaysian Ringgit (MYR) issuances at the end of June 2015 stood at about RM1,171bil, of which approximately 45.5% was conventional and 54.5% was Islamic¹. The proportion of corporate sukuk in the sukuk universe was higher at about 37.7% compared to the proportion of corporate bonds in the conventional bonds universe of about 24.6%. Major primary issuances were from the financial and real estate sectors as well as government guaranteed issuances. Major issuances included RM1.45bil from Pengurusan Air SPV Berhad and RM1.25bil from GovCo Holdings Berhad.

¹ **Source:** Bond Pricing Agency Malaysia

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 SMALL-CAP FUND

(Established in Malaysia)

UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2016

STATEMENT BY THE MANAGER

We, Tang Chee Kin and Iskander Bin Ismail Mohamed Ali, being two of the Directors of Eastspring Investments Berhad, do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements set out on pages 56 to 92, are drawn up in accordance with the provisions of the Master Deed and give a true and fair view of the state of affairs of Eastspring Investments Small-cap Fund as at 30 June 2016 and of its results, changes in net assets value and cash flows for the six months financial period ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Securities Commission's Guidelines on Unit Trust Funds in Malaysia.

For and on behalf of the Manager,
EASTSPRING INVESTMENTS BERHAD

TANG CHEE KIN
Chief Executive Officer/Executive Director

ISKANDER BIN ISMAIL MOHAMED ALI
Director

Kuala Lumpur
Date: 16 August 2016

TRUSTEE'S REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS SMALL-CAP FUND (Established in Malaysia)

We have acted as Trustee for Eastspring Investments Small-cap Fund (the "Fund") for the financial period ended 30 June 2016. To the best of our knowledge, for the period under review, Eastspring Investments Berhad (the "Manager"), has operated and managed the Fund in accordance with the following:

- a. limitations imposed on the investment powers of the Manager 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.

For Deutsche Trustees Malaysia Berhad

Soon Lai Ching

Senior Manager, Trustee Operations

Maresh Anchan

Head, Trustee Operations

Kuala Lumpur

Date: 16 August 2016

UNAUDITED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2016

	Note	2016	2015
		RM	RM
INVESTMENTS			
Quoted equities	4	247,088,401	186,009,117
Deposits with licensed financial institutions	5	69,750,000	29,730,000
		<u>316,838,401</u>	<u>215,739,117</u>
OTHER ASSETS			
Amount due from stockbrokers		2,250,227	3,362,367
Amount due from Manager		7,633,180	3,284,000
Other receivables	6	939,406	688,478
Tax recoverable		528	27,016
Bank balance with a licensed bank		2,125,409	159,439
		<u>12,948,750</u>	<u>7,521,300</u>
TOTAL ASSETS		<u>329,787,151</u>	<u>223,260,417</u>
LIABILITIES			
Amount due to stockbrokers		-	2,408,454
Amount due to Manager		661,803	1,345,660
Accrued management fee		393,827	270,968
Amount due to Trustee		21,004	14,452
Other payables and accrued expenses		45,808	47,397
		<u>1,122,442</u>	<u>4,086,931</u>
TOTAL LIABILITIES		<u>1,122,442</u>	<u>4,086,931</u>
NET ASSETS VALUE		<u>328,664,709</u>	<u>219,173,486</u>
REPRESENTED BY:			
Unit holders' capital		237,912,054	145,661,071
Undistributed income		90,752,655	73,512,415
		<u>328,664,709</u>	<u>219,173,486</u>
NET ASSETS VALUE ATTRIBUTABLE TO UNIT HOLDERS		<u>328,664,709</u>	<u>219,173,486</u>
NUMBER OF UNITS IN CIRCULATION	7	<u>481,299,082</u>	<u>335,125,772</u>
NET ASSETS VALUE ATTRIBUTABLE TO UNIT HOLDERS PER UNIT		<u>0.6829</u>	<u>0.6540</u>

The notes on pages 60 to 92 are an integral part of these unaudited financial statements.

UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2016

	Note	1.1.2016 to 30.6.2016	1.1.2015 to 30.6.2015
		RM	RM
Dividend income		3,013,174	2,616,156
Interest income		1,071,006	795,444
Net realised gain on sale of investments		9,029,485	8,445,876
Net unrealised (loss)/gain from financial instruments at fair value through profit or loss		(3,835,456)	20,370,890
TOTAL INCOME		9,278,209	32,228,366
Management fee	9	(2,122,806)	(1,584,122)
Trustee's fee	10	(113,216)	(92,803)
Auditors' remuneration		(2,983)	(2,976)
Tax agent's fee		(1,691)	(1,687)
Administrative expenses		(155,562)	(86,834)
TOTAL OPERATING EXPENSES		(2,396,258)	(1,768,422)
NET INCOME BEFORE TAX EXPENSE		6,881,951	30,459,944
Tax expense	11	(8,620)	-
NET INCOME/TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		6,873,331	30,459,944
Net income is made up as follows:			
Realised amount		3,037,875	10,089,054
Unrealised amount		3,835,456	20,370,890
		6,873,331	30,459,944

The notes on pages 60 to 92 are an integral part of these unaudited financial statements.

UNAUDITED STATEMENT OF CHANGES IN NET ASSETS VALUE

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2016

	Unit holders' capital	Undistributed income	Total
	RM	RM	RM
AT 1 JANUARY 2016	170,770,216	83,879,324	254,649,540
Movement in unit holders' contribution			
Creation of units from applications	120,495,865	-	120,495,865
Cancellation of units	(53,354,027)	-	(53,354,027)
Total comprehensive income for the period	-	6,873,331	6,873,331
AT 30 JUNE 2016	<u>237,912,054</u>	<u>90,752,655</u>	<u>328,664,709</u>
AT 1 JANUARY 2015	149,444,544	43,052,471	192,497,015
Movement in unit holders' contribution			
Creation of units from applications	63,555,947	-	63,555,947
Cancellation of units	(67,339,420)	-	(67,339,420)
Total comprehensive income for the period	-	30,459,944	30,459,944
AT 30 JUNE 2015	<u>145,661,071</u>	<u>73,512,415</u>	<u>219,173,486</u>

The notes on pages 60 to 92 are an integral part of these unaudited financial statements.

UNAUDITED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2016

	1.1.2016 to 30.6.2016	1.1.2015 to 30.6.2015
	RM	RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of investments	57,730,088	85,915,799
Purchase of investments	(102,884,419)	(101,366,829)
Movement in deposits with licensed financial institutions	(27,060,000)	18,530,000
Dividends received	2,768,656	2,700,422
Interest received from deposits with licensed financial institutions	1,115,620	826,372
Tax paid	(8,620)	-
Payments for other fees and expenses	(2,313,650)	(1,722,388)
NET CASH (USED IN)/GENERATED FROM OPERATING AND INVESTING ACTIVITIES	(70,652,325)	4,883,376
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	125,491,627	61,517,969
Payments for cancellation of units	(53,554,402)	(66,211,751)
Distribution paid	(73,299)	(47,347)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	71,863,926	(4,741,129)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,211,601	142,247
CASH AND CASH EQUIVALENTS AT 1 JANUARY	913,808	17,192
CASH AND CASH EQUIVALENTS AT 30 JUNE	2,125,409	159,439
CASH AND CASH EQUIVALENTS COMPRISE:		
Bank balance with a licensed bank	2,125,409	159,439

The notes on pages 60 to 92 are an integral part of these unaudited financial statements.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2016

1. INFORMATION ON THE FUND AND THE MANAGER

Eastspring Investments Small-cap Fund (the "Fund") was constituted pursuant to the execution of a Master Deed dated 4 May 2001, a Supplemental Master Deed dated 26 May 2003, a Supplemental Master Deed dated 15 February 2006, a Master Supplemental Deed dated 25 July 2007, and a Second Supplemental Master Deed dated 30 November 2009 between BHLB Trustee Berhad ("BHLB Trustee") and Eastspring Investments Berhad. The Fund replaced BHLB Trustee with Deutsche Trustees Malaysia Berhad (the "Trustee") effective 1 October 2010. A Supplemental Master Deed was entered into between the Manager and the Trustee on 30 July 2010 to effect the change of trustee from BHLB Trustee to the Trustee, followed by the 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, a Sixth Supplemental Master Deed dated 2 January 2015 and a Seventh Supplemental Master Deed dated 11 July 2016 (collectively referred to as the "Deed").

The Fund will invest principally in equity and equity-related of companies with market capitalisation of up to RM3 billion at the point of acquisition. All investments will be subject to the Guidelines, the Deed and Securities Commission's requirements and the objective of the Fund.

The Fund commenced operations on 29 May 2001 and will continue its operations until terminated according to the conditions stated in Part 12 of the Deed.

The main objective of the Fund seeks to provide investors with maximum capital appreciation by investing principally in small market capitalisation companies which will appreciate in value.

The Manager, 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 asset management business.

2. BASIS OF PREPARATION

a. Statement of compliance

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”) and International Financial Reporting Standards.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Fund plans to apply the abovementioned accounting standards, amendments and interpretations:

- Amendments to MFRS 9 and Amendments to MFRS 15 with effect from the annual period beginning on 1 January 2018.

b. Basis of measurement

These financial statements have been prepared on the historical cost basis other than as disclosed in Note 3 (a) (ii).

c. Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Fund’s functional currency.

d. Use of estimates and judgments

The preparation of financial statements in conformity with MFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in these financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

a. Financial instruments

i. Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

ii. Financial instrument categories and subsequent measurement

The Fund categorises financial instruments as follows:

Financial assets

a. Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

b. Loans and receivables

Loans and receivables category are debt instruments that are not quoted in an active market that comprises deposits, bank balances and receivables.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 3(c)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values cannot be reliably measured are measured at cost.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

iii. Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- a. the recognition of an asset to be received and the liability to pay for it on the trade date, and
- b. derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

iv. Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires.

On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

b. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Fund in the management of their short term commitments.

Cash and cash equivalents are categorised and measured as loans and receivables in accordance with policy Note 3 (a) (ii) (b).

c. Impairment

Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

d. Income recognition

Interest income is recognised as it accrues using the effective interest method in profit or loss.

Dividend income is recognised in profit or loss on the date that the Fund's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

The realised gain/(loss) on sale of investments is measured as the difference between the net disposal proceeds and the carrying amount of the investments. The carrying amount for determining the realised gain/(loss) on sale of investments is based on the weighted average cost method and where applicable, adjusted for accretion for discount and amortisation of premium.

e. Income tax

Income tax expense comprises current tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted by the end of reporting period, and any adjustment to tax payable in respect of previous financial periods.

f. Creation and cancellation of units

The Fund issues cancellable units, which are cancelled at the holder's option and are classified as equity. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value. The outstanding units are carried at the redemption amount that is payable at the financial position date if the holder exercises the right to put the unit back to the Fund.

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

Securities Commission's Guidelines on Unit Trust Funds in Malaysia, investment positions are valued based on the last traded market price for the purpose of determining the net assets value per unit for creations and cancellations.

g. Proceeds and payments on creation and cancellation of units

The net assets value per unit is computed for each dealing day. The price at which units are created or cancelled is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day. Units in the Fund are classified as equity in the statement of financial position and are stated at fair value representing the price at which unit holders can redeem the units from the Fund.

4. QUOTED EQUITIES

Name of counter	Quantity	Cost	Market	Percentage
			value at	of net
	Units	RM	30.6.2016	assets
			RM	value
				%
2016				
Main Market				
<u>Construction</u>				
Kerjaya Prospek	5,818,100	9,983,715	11,810,743	3.59
Muhibbah Engineering (M) Bhd	1,176,200	2,748,961	2,587,640	0.79
Pintaras Jaya Bhd	1,113,500	3,514,791	3,852,710	1.17
WCT Holdings Berhad	3,210,689	4,874,183	4,816,033	1.46
	11,318,489	21,121,650	23,067,126	7.01
<u>Consumer Product</u>				
Asia File Corporation Bhd	1,288,320	5,757,433	5,475,360	1.67
<u>Consumer</u>				
Hup Seng Industries Berhad	7,119,600	7,967,322	9,540,264	2.90
Magni Tech Indu	1,200,000	5,054,616	4,848,000	1.48
Salutica Berhad	5,235,600	4,166,828	5,340,312	1.62
	13,555,200	17,188,766	19,728,576	6.00
<u>Finance</u>				
AEON Credit Service (M) Berhad	453,000	5,051,772	5,861,820	1.78
OSK Holdings Berhad	892,700	1,430,213	1,419,393	0.43
Tune Protect Group Berhad	5,132,600	8,816,947	7,544,922	2.30
	6,478,300	15,298,932	14,826,135	4.51
<u>Industrial Product</u>				
Ann Joo Resources Berhad	743,100	857,952	847,134	0.26
Chin Well Holdings Berhad	3,773,300	6,114,950	5,471,285	1.66
Coastal Contracts Bhd	2,381,900	8,467,001	3,691,945	1.12
Favelle Favco Berhad	1,109,400	3,397,103	2,928,816	0.89

4. QUOTED EQUITIES (CONTINUED)

Name of counter	Quantity	Cost	Market	Percentage
			value at	of net
	Units	RM	30.6.2016	assets
			RM	value
				%
2016 (continued)				
Main Market (continued)				
<u>Industrial Product</u>				
<u>(continued)</u>				
Kian Joo Can Factory Berhad	1,244,700	3,618,840	3,758,994	1.14
KNM Group Berhad	6,868,000	3,470,400	2,815,880	0.86
Scientex Berhad	438,200	4,926,278	5,451,208	1.66
SKP Resources Bhd	4,360,600	5,939,221	5,058,296	1.54
United U-Li Corporation Berhad	3,917,200	6,457,788	25,853,520	7.87
	<u>24,836,400</u>	<u>43,249,533</u>	<u>55,877,078</u>	<u>17.00</u>
<u>Infrastructure Project</u>				
<u>Company</u>				
Lingkar Trans Kota Holdings Berhad	1,299,600	5,120,927	7,394,724	2.25
<u>Manufacturing</u>				
Evergreen Fibreboards Berhad	5,691,750	7,012,352	6,033,255	1.84
Pecca Group Berhad	1,177,700	1,672,334	1,884,320	0.57
Success Transformers Corporation Berhad	2,102,300	3,213,549	4,751,198	1.45
	<u>8,971,750</u>	<u>11,898,235</u>	<u>12,668,773</u>	<u>3.86</u>
<u>Plantation</u>				
Sarawak Oil Palms Berhad	592,900	3,389,179	2,371,600	0.72
Tanah Makmur Berhad	2,770,800	4,838,558	4,627,236	1.41
	<u>3,363,700</u>	<u>8,227,737</u>	<u>6,998,836</u>	<u>2.13</u>

4. QUOTED EQUITIES (CONTINUED)

Name of counter	Quantity	Cost	Market	Percentage
			value at	of net
	Units	RM	30.6.2016	assets
			RM	value
				%
2016 (continued)				
Main Market (continued)				
<u>Power/Utilities</u>				
Ranhill Holdings Berhad	2,544,500	2,619,042	2,290,050	0.70
<u>Properties</u>				
Eastern & Oriental Berhad	3,040,212	5,889,992	5,046,752	1.54
KSL Holdings Bhd	4,731,601	7,277,715	5,299,393	1.61
Malton Berhad	3,855,200	3,400,463	2,486,604	0.76
Matrix Concepts Holdings Berhad	2,741,217	5,620,694	6,798,218	2.07
MKH Berhad	1,200,000	2,998,152	3,060,000	0.93
Sentoria Group Berhad	3,500,000	3,510,535	2,975,000	0.90
TA Global Bhd	8,995,000	3,193,627	2,068,850	0.63
	28,063,230	31,891,178	27,734,817	8.44
<u>REITS</u>				
MRCB-Quill Reit	2,000,000	2,323,397	2,320,000	0.71
<u>Technology</u>				
Elsoft Research Berhad	1,876,200	3,081,430	2,739,252	0.83
Inari Amertron Berhad	4,732,171	8,495,666	14,054,548	4.28
Vitrox Corporation Berhad	512,000	1,848,312	1,930,240	0.59
	7,120,371	13,425,408	18,724,040	5.70
<u>Trading/Services</u>				
Berjaya Auto Berhad	6,430,340	11,732,153	14,918,389	4.54
Berjaya Food Berhad	3,290,000	6,476,965	5,987,800	1.82
Chin Hin Group	5,069,300	4,137,890	4,207,519	1.28
Cypark Resources Berhad	1,186,900	2,845,329	2,314,455	0.70

4. QUOTED EQUITIES (CONTINUED)

Name of counter	Quantity	Cost	Percentage of net assets value	
			Market value at 30.6.2016	
	Units	RM	RM	%
2016 (continued)				
Main Market (continued)				
<u>Trading/Services (continued)</u>				
Oldtown Berhad	5,333,400	8,026,520	10,240,128	3.12
Pantech Group Holdings Berhad	2,529,848	1,851,011	1,416,715	0.43
Pestech International Berhad	594,300	1,580,931	3,981,810	1.21
Salcon Bhd	3,491,700	2,590,013	2,025,186	0.62
Suria Capital Holdings Berhad	1,277,100	3,605,046	2,605,284	0.79
	<u>29,202,888</u>	<u>42,845,858</u>	<u>47,697,286</u>	<u>14.51</u>
<u>Transportation</u>				
Xin Hwa Holdings Berhad	<u>2,285,600</u>	<u>1,886,938</u>	<u>2,285,600</u>	<u>0.69</u>
TOTAL QUOTED EQUITIES	142,328,348	222,855,034	247,088,401	75.18

4. QUOTED EQUITIES (CONTINUED)

Name of counter	Quantity	Cost	Market value at 30.6.2015	Percentage
				of net assets value
	Units	RM	RM	%
2015				
Main Market				
<u>Construction</u>				
Kimlun Corporation Berhad	897,200	1,135,512	1,166,360	0.53
Pintaras Jaya Berhad	1,765,900	5,269,606	6,657,443	3.04
WCT Holdings Berhad	941,400	1,492,314	1,336,788	0.61
	<u>3,604,500</u>	<u>7,897,432</u>	<u>9,160,591</u>	<u>4.18</u>
<u>Consumer Product</u>				
Asia File Corporation Berhad	1,288,320	5,757,433	4,637,952	2.12
Power Root Berhad	3,146,200	5,834,417	6,323,862	2.89
	<u>4,434,520</u>	<u>11,591,850</u>	<u>10,961,814</u>	<u>5.01</u>
<u>Consumer</u>				
Hup Seng Industries Berhad	6,702,400	7,458,819	7,975,856	3.64
<u>Finance</u>				
MPHB Capital Berhad	1,150,200	2,385,589	1,955,340	0.89
Tune Insurance Holdings Berhad	2,867,200	6,019,162	4,702,208	2.15
	<u>4,017,400</u>	<u>8,404,751</u>	<u>6,657,548</u>	<u>3.04</u>
<u>Hotel</u>				
Landmarks Berhad	1,743,500	2,275,526	2,005,025	0.91
<u>Manufacturing</u>				
Evergreen Fibreboards Berhad	3,366,300	4,018,928	4,544,505	2.07

4. QUOTED EQUITIES (CONTINUED)

Name of counter	Quantity	Cost	Market	Percentage
			value at	of net
	Units	RM	30.6.2015	assets
			RM	value
				%
2015 (continued)				
Main Market (continued)				
<u>Industrial Product</u>				
Coastal Contracts Berhad	2,731,900	9,711,155	7,485,406	3.42
Favelle Favco Berhad	1,109,400	3,397,103	3,139,602	1.43
Kian Joo Can Factory Berhad	1,274,700	3,706,062	4,015,305	1.83
Muda Holdings Berhad	1,373,300	1,903,021	1,675,426	0.76
SLP Resources Berhad	5,287,100	4,127,003	7,613,424	3.47
United U-Li Corporation Berhad	3,917,200	6,457,788	16,726,444	7.63
Hume Industries Berhad	541,500	1,995,849	2,052,285	0.94
	16,235,100	31,297,981	42,707,892	19.48
<u>Infrastructure Project</u>				
<u>Company</u>				
Lingkar Trans Kota Holdings Berhad	1,299,600	5,120,927	5,523,300	2.52
<u>Plantation</u>				
Kim Loong Resources Berhad	320,800	785,996	888,616	0.41
Sarawak Oil Palms Berhad	592,900	3,389,179	2,762,914	1.26
Tanah Makmur Berhad	3,178,900	5,551,210	4,514,038	2.06
	4,092,600	9,726,385	8,165,568	3.73
<u>Properties</u>				
Eastern & Oriental Berhad	2,550,500	5,182,334	4,335,850	1.98
KSL Holdings Berhad	4,511,884	6,958,833	7,805,559	3.56
Malton Berhad	3,855,200	3,400,463	3,161,264	1.44
Matrix Concepts Holdings Berhad	2,402,500	5,747,206	7,447,750	3.40

4. QUOTED EQUITIES (CONTINUED)

Name of counter	Quantity	Cost	Market	Percentage
			value at	of net
	Units	RM	30.6.2015	assets
			RM	value
				%
2015 (continued)				
Main Market (continued)				
<u>Properties (continued)</u>				
Sentoria Group Berhad	3,500,000	3,510,535	3,710,000	1.69
TA Global Berhad	8,995,000	3,193,627	2,833,425	1.29
	25,815,084	27,992,998	29,293,848	13.36
<u>REITS</u>				
Capitamalls Malaysia Trust MRCB-Quill REIT (formerly known as Quill Capita Trust)	2,296,500	3,235,218	3,077,310	1.40
	2,000,000	2,323,397	2,340,000	1.07
	4,296,500	5,558,615	5,417,310	2.47
<u>Technology</u>				
Globetronics Technology Berhad	416,700	2,516,179	2,479,365	1.13
Inari Amertron Berhad - Warrant	454,237	-	622,305	0.28
Inari Amertron Berhad	3,388,137	6,276,165	11,011,445	5.02
JCY International Berhad	1,696,800	1,255,823	1,196,244	0.55
Opcom Holdings Berhad	1,536,000	1,462,653	1,182,720	0.54
Vitrox Corporation Berhad	1,000,000	3,239,244	3,380,000	1.54
Willowglen MSC Berhad	3,161,600	2,482,122	2,971,904	1.36
	11,653,474	17,232,186	22,843,983	10.42
<u>Trading/Services</u>				
Berjaya Auto Berhad	3,910,340	6,324,034	10,557,918	4.82
Cypark Resources Berhad	1,372,200	3,314,320	2,319,018	1.06
DKSH Holdings (Malaysia) Berhad	400,000	2,090,145	2,000,000	0.91
Pantech Group Holdings Berhad	2,504,800	1,851,011	1,653,168	0.75

4. QUOTED EQUITIES (CONTINUED)

Name of counter	Quantity	Cost	Market	Percentage
			value at	of net
	Units	RM	30.6.2015	assets
			RM	value
				%
2015 (continued)				
Main Market (continued)				
<u>Trading/Services (continued)</u>				
Pestech International Berhad	873,000	1,054,623	4,295,160	1.96
Salcon Berhad	3,983,000	2,954,441	3,086,825	1.41
Scicom (MSC) Berhad	554,300	1,059,311	1,130,772	0.52
Star Publications (Malaysia) Berhad	833,100	2,038,222	2,057,757	0.94
Suria Capital Holdings Berhad	1,277,100	3,605,046	2,975,643	1.36
	<u>15,707,840</u>	<u>24,291,153</u>	<u>30,076,261</u>	<u>13.73</u>
<u>Transportation</u>				
Xin Hwa Holdings Berhad	785,600	555,749	675,616	0.31
TOTAL QUOTED EQUITIES	103,754,418	163,423,300	186,009,117	84.87

5. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

	2016	2015
	RM	RM
Deposits with licensed financial institutions	<u>69,750,000</u>	<u>29,730,000</u>

6. OTHER RECEIVABLES

	2016	2015
	RM	RM
Dividend receivables	911,341	664,249
Interest receivables	28,065	24,229
	<u>939,406</u>	<u>688,478</u>

7. NUMBER OF UNITS IN CIRCULATION

	2016	2015
	No. of units	No. of units
At 1 January	380,597,579	341,165,788
Add: Creation of units	181,155,240	100,909,309
Less: Cancellation of units	(80,453,737)	(106,949,325)
At 30 June	<u>481,299,082</u>	<u>335,125,772</u>

8. FINANCIAL INSTRUMENTS

8.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- Loans and receivables (“L&R”);
- Fair value through profit or loss (“FVTPL”):
 - Held for trading (“HFT”); and
- Financial liabilities measured at amortised cost (“FL”).

	Carrying amount	L&R/ (FL)	FVTPL/ HFT
	RM	RM	RM
2016			
Financial assets			
Investments	316,838,401	69,750,000	247,088,401
Amount due from Manager	7,633,180	7,633,180	-
Amount due from stockbrokers	2,250,227	2,250,227	-
Other receivables	939,406	939,406	-
Bank balance with a licensed bank	2,125,409	2,125,409	-
	<u>329,786,623</u>	<u>82,698,222</u>	<u>247,088,401</u>
Financial liabilities			
Amount due to Manager	(661,803)	(661,803)	-
Accrued management fee	(393,827)	(393,827)	-
Amount due to Trustee	(21,004)	(21,004)	-
Other payables and accrued expenses	(45,808)	(45,808)	-
	<u>(1,122,442)</u>	<u>(1,122,442)</u>	<u>-</u>

	Carrying amount	L&R/ (FL)	FVTPL/ HFT
	RM	RM	RM
2015			
Financial assets			
Investments	215,739,117	29,730,000	186,009,117
Amount due from Manager	3,284,000	3,284,000	-
Amount due from stockbrokers	3,362,367	3,362,367	-
Other receivables	688,478	688,478	-
Bank balance with a licensed bank	159,439	159,439	-
	<u>223,233,401</u>	<u>37,224,284</u>	<u>186,009,117</u>
Financial liabilities			
Amount due to stockbrokers	(2,408,454)	(2,408,454)	-
Amount due to Manager	(1,345,660)	(1,345,660)	-
Accrued management fee	(270,968)	(270,968)	-
Amount due to Trustee	(14,452)	(14,452)	-
Other payables and accrued expenses	(47,397)	(47,397)	-
	<u>(4,086,931)</u>	<u>(4,086,931)</u>	<u>-</u>

8.2 Net gains and losses arising from financial instruments

	2016	2015
	RM	RM
Net gains arising on:		
Fair value through profit or loss:		
Held for trading - unrealised	3,835,456	20,370,890
- realised	9,029,485	8,445,876
Loans and receivables	1,071,006	795,444
	<u>13,935,947</u>	<u>29,612,210</u>

8.3 Financial risk management

The Fund has exposure to the following risks from its use of financial instruments:

- Investment risk
- Credit risk
- Liquidity risk
- Market risk
- Management company risk

8.4 Investment risk

Investments are bound by the provisions of the Master Deeds and prospectuses that govern the maximum securities holdings and maximum liquid assets holdings.

Investment risks for equity funds consist primarily of market risk, specific stock risk and liquidity risk. The mechanism employed to control investment risk for equity funds is by placing acceptable stock and sector bet limits.

Risk management objectives, policies and processes for managing the risk

The Manager has written policies and guidelines on risk management, which set out the overall investment risks strategies and general risk management philosophies. These processes monitor, measure and control risks associated with the business. Matters relating to investment risks in respect of funds portfolio are discussed during the monthly Investment Committee meetings of the Manager.

8.5 Credit risk

Credit risk is the risk of a financial loss to the Fund if a counterparty to a financial instrument fails to meet its contractual obligations. The Fund's exposure to credit risk arises principally from amount due from stockbrokers, amount due from Manager, other receivables and bank balances/deposits.

The Fund's maximum credit risk exposure at the reporting date is represented by the respective carrying amounts of the relevant financial assets in the statement of financial position.

No financial assets carried at amortised cost were past due or impaired as at date of statement of financial position.

8.6 Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. This may come about when realisation of units is in excess of normal amounts.

The Fund's exposure to liquidity risk arises principally from its amount due to stockbrokers, amount due to Manager, amount due to Trustee, accrued management fee and, other payables and accrued expenses.

The extent of exposure to this risk is contained in provisions set out in the prospectus, which allows the Manager to extend the payment period in the event of excessive redemptions. The Fund maintains a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

8.7 Market risk

Market risk is the risk that changes in market prices, such as interest rates and other prices will affect the Fund's financial position or cash flows.

Risk management objectives, policies and processes for managing the risk

In order to mitigate risks related to changes and developments in regulations, politics, technology and the economy of the country, the Fund would generally hold a diversified portfolio of securities from different market sectors as well as placement in short term deposits with various financial institutions to offset negative events affecting any market sector or financial institution.

8.7.1 Interest rate risk

The Fund's investments in fixed rate deposits are exposed to a risk of change in their fair value due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Fund's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2016	2015
	RM	RM
<u>Fixed rate instruments</u>		
Deposits with licensed financial institutions	69,750,000	29,730,000

Interest rate risk sensitivity analysisFair value sensitivity analysis for fixed rate instruments

The Fund accounts for the deposits with licensed financial institutions at amortised cost. Therefore a change in interest rates at the end of the reporting period would not affect profit or loss.

The effective interest rates for the fixed rate instruments are as follow:

	2016	2015
	%	%
Deposits with licensed financial institutions*	3.68	3.80

* Deposits with licensed financial institutions will mature within one year from the date of the statement of financial position.

8.7.2 Other price risk

Equity price risk arises from the Fund's investments in equity securities.

Equity price risk sensitivity analysis

A 10% (2015: 10%) strengthening in the quoted equity's market prices of the Fund's portfolio at the end of the reporting period would have increased equity and profit or loss by RM24,708,840 (2015: RM18,600,912). A weakening in the quoted equity's market prices would have had equal but opposite effect on equity and profit or loss respectively.

8.8 Effective interest rates and maturity dates

The effective interest rates and the maturity dates of the financial instruments of the Fund are disclosed in Note 8.7.1.

8.9 Management company risk

The Fund's Trustee ensures that the Manager operates and administers the Fund in accordance with the provisions of the Master Deeds, prospectuses, the Securities Commission Guidelines and Regulations and within acceptable business practices. The Manager's internal Compliance unit plays a complementary role to the Trustee to ensure compliance within the organisation with all relevant legislations and to supervise the monitoring of all prescribed limits to ensure compliance with securities related legislation.

8.10 Fair value information

The carrying amounts of cash and cash equivalents, demand deposits, receivables and payables approximate their fair values due to the relatively short term nature of these financial instruments.

The fair values of quoted equities, together with the carrying amounts shown in the statement of financial position, are already disclosed in Note 4.

The following summarises the methods used in determining the fair value of financial instruments:

Quoted equities

Quoted equities in Malaysia are valued at the last done market price quoted on the Bursa Malaysia at the date of the statement of financial position, in accordance with the Master Deed. Unrealised gain or loss is taken to the statement of profit or loss and other comprehensive income.

8.10 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value		Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
	RM	RM	RM	RM	RM	RM	RM	RM	RM
2016									
Financial assets									
Investments	247,088,401	-	-	247,088,401	-	-	-	247,088,401	247,088,401
	247,088,401	-	-	247,088,401	-	-	-	247,088,401	247,088,401
2015									
Financial assets									
Investments	186,009,117	-	-	186,009,117	-	-	-	186,009,117	186,009,117
	186,009,117	-	-	186,009,117	-	-	-	186,009,117	186,009,117

8.10.1 Fair value hierarchy

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial period. (2015: no transfer in either directions)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

9. MANAGEMENT FEE

The Deed provides that the Manager is entitled to a management fee at a rate not exceeding 3.00% per annum of the Net Assets Value of the Fund, calculated on a daily basis.

The Manager is currently entitled to a management fee at a rate of 1.50% per annum (2015: 1.50% per annum) of the Net Assets Value of the Fund, calculated on a daily basis.

10. TRUSTEE'S FEE

The Deed provides that the Trustee is entitled to a fee at a rate not exceeding 0.20% per annum of the Net Assets Value of the Fund, calculated on a daily basis and subject to a minimum of RM35,000 per annum.

Effective 16 March 2015, the Trustee Fee has been revised to 0.08% of the Net Assets Value of the Fund, calculated on a daily basis and subject to a minimum of RM35,000 per annum.

The Trustee is currently entitled to a fee at a rate of 0.08% per annum (2015: 0.08% per annum) of the Net Assets Value of the Fund, calculated on a daily basis and subject to a minimum of RM35,000 per annum.

11. TAX EXPENSE

	Note	1.1.2016 to 30.6.2016	1.1.2015 to 30.6.2015
		RM	RM
Current tax expense		8,620	-
<u>Reconciliation of tax expense</u>			
Net income before tax		6,881,951	30,459,944
Income tax using Malaysian tax rate of 24% (2015: 25%)		1,651,668	7,614,986
Non-assessable income	11.1	(2,206,082)	(8,057,091)
Non-deductible expenses		64,913	37,604
Restriction on the tax deductible expenses for unit trust funds		510,189	404,501
Income subject to different tax rate		(12,068)	-
Tax expense		8,620	-

11.1 Non-assessable income

Income from deposits placement is exempted from tax in accordance with Schedule 6, Para 35A of the Income Tax Act (ITA), 1967. Pursuant to Section 61(1)(b) of the ITA, 1967, gains from realisation of investments will not be treated as income of the Fund and hence are not subject to income tax. In accordance with Sections 61 and 63B of the ITA, 1967, interest income and gains on sale of investments are exempted from tax.

12. UNITS HELD BY THE MANAGER

Units held at the end of the financial period

	2016	2015
	No. of units	No. of units
Manager		
Eastspring Investments Berhad	5,105	4,808

The above units were transacted at the prevailing market prices on the transaction dates.

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.

13. STOCKBROKERS' TRANSACTIONS

The details of transactions with the top 10 brokers by value of trades are as follows:

Name of brokers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>Financial period ended 30 June 2016</u>				
Kenanga Investment Bank Berhad	19,326,900	12.01	61,218	11.96
Inter-Pacific Securities Sdn Berhad	15,176,861	9.43	45,416	8.87
KAF Seagroatt & Campbell Securities Sdn Bhd	15,014,246	9.33	47,297	9.24
CIMB Investment Bank Berhad	13,266,270	8.24	55,997	10.94
Credit Suisse Securities (Malaysia) Sdn Bhd	13,028,354	8.09	41,004	8.01
RHB Investment Bank Berhad	12,900,959	8.01	52,660	10.29
Affin Hwang Investment Bank Berhad	11,595,479	7.20	36,716	7.17
Maybank Investment Bank Berhad	11,364,543	7.06	28,977	5.66
Public Investment Bank Berhad	11,149,297	6.93	35,829	7.00
J.P. Morgan Securities (Malaysia) Sdn Bhd	9,144,585	5.68	29,390	5.74
Others	28,997,535	18.02	77,394	15.12
	160,965,029	100.00	511,896	100.00

13. STOCKBROKERS' TRANSACTIONS (CONTINUED)

Name of brokers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>Financial period ended 30 June 2015</u>				
Maybank Investment Bank Berhad	26,773,535	14.01	81,488	13.81
RHB Investment Bank Berhad	23,676,900	12.39	74,187	12.57
CIMB Investment Bank Berhad	23,445,536	12.27	72,187	12.23
Kenanga Investment Bank Berhad	22,493,458	11.77	68,355	11.59
Hong Leong Investment Bank	17,526,129	9.17	50,863	8.62
Credit Suisse Securities (Malaysia) Sdn Bhd	12,343,793	6.46	38,135	6.46
KAF Seagroatt & Campbell Securities Sdn Bhd	11,652,181	6.10	35,502	6.02
J.P. Morgan Securities (Malaysia) Sdn Bhd	10,884,279	5.69	34,038	5.77
Affin Hwang Investment Bank Berhad	9,780,362	5.12	30,757	5.21
Macquarie Capital Securities (Malaysia) Sdn Bhd	8,014,657	4.19	24,216	4.10
Others	24,530,151	12.83	80,290	13.62
	191,120,981	100.00	590,018	100.00

All brokers highlighted above are not related to the Manager.

14. MANAGEMENT EXPENSE RATIO (“MER”)

	2016	2015
	%	%
MER	0.84	0.83

MER includes management fee, trustee’s fee, auditor’s remuneration, tax agent’s fees and administrative expenses which is calculated as follows:

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

A = Management fee

B = Trustee’s fee

C = Auditor’s remuneration

D = Tax agent’s fees

E = Administrative expenses

F = Average Net Assets Value of the Fund calculated on a daily basis

The average Net Assets Value of the Fund for the financial period is RM284,582,912 (2015: RM212,957,075).

15. PORTFOLIO TURNOVER RATIO ("PTR")

	2016	2015
PTR (times)	0.28	0.45

PTR is derived from the following calculation:

$$\frac{(\text{Total acquisitions} + \text{total disposals for the financial period})/2}{\text{Average Net Asset Value of the Fund for the financial period calculated on a daily basis}}$$

	2016	2015
	RM	RM

Where:

Total acquisitions for the financial period	102,175,011	102,248,910
Total disposals for the financial period	58,600,980	89,278,165

EASTSPRING INVESTMENTS GROWTH FUND

(Established in Malaysia)

UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2016

STATEMENT BY THE MANAGER

We, Tang Chee Kin and Iskander Bin Ismail Mohamed Ali, being two of the Directors of Eastspring Investments Berhad, do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements set out on pages 96 to 130, are drawn up in accordance with the provisions of the Master Deed and give a true and fair view of the state of affairs of Eastspring Investments Growth Fund as at 30 June 2016 and of its results, changes in net assets value and cash flows for the six months financial period ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Securities Commission's Guidelines on Unit Trust Funds in Malaysia.

For and on behalf of the Manager,
EASTSPRING INVESTMENTS BERHAD

TANG CHEE KIN
Chief Executive Officer/Executive Director

ISKANDER BIN ISMAIL MOHAMED ALI
Director

Kuala Lumpur
Date: 16 August 2016

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

(Established in Malaysia)

We have acted as Trustee for Eastspring Investments Growth Fund (the "Fund") for the financial period ended 30 June 2016. To the best of our knowledge, for the period under review, Eastspring Investments Berhad (the "Manager"), has operated and managed the Fund in accordance with the following:

- a. limitations imposed on the investment powers of the Manager 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.

Soon Lai Ching
Senior Manager, Trustee Operations

Maresh Anchan
Head, Trustee Operations

Kuala Lumpur
Date: 16 August 2016

UNAUDITED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2016

	Note	2016	2015
		RM	RM
INVESTMENTS			
Quoted equities	4	90,739,885	108,597,960
Deposit with a licensed financial institution	5	29,870,000	6,240,000
		<u>120,609,885</u>	<u>114,837,960</u>
OTHER ASSETS			
Amount due from stockbrokers		226,525	3,874,012
Amount due from Manager		221,985	392,487
Other receivables	6	195,056	361,765
Tax recoverable		164,101	164,101
Bank balance with a licensed bank		22,213	7,232,220
		<u>829,880</u>	<u>12,024,585</u>
TOTAL ASSETS		<u>121,439,765</u>	<u>126,862,545</u>
LIABILITIES			
Amount due to stockbrokers		5,945,033	-
Amount due to Manager		46,470	237,049
Accrued management fee		141,538	160,036
Amount due to Trustee		7,548	8,535
Other payables and accrued expenses		55,431	61,412
		<u>6,196,020</u>	<u>467,032</u>
TOTAL LIABILITIES		<u>6,196,020</u>	<u>467,032</u>
NET ASSET VALUE		<u>115,243,745</u>	<u>126,395,513</u>
REPRESENTED BY:			
Unit holders' capital		6,305,118	6,547,411
Undistributed income		108,938,627	119,848,102
		<u>115,243,745</u>	<u>126,395,513</u>
NET ASSETS VALUE ATTRIBUTABLE TO UNIT HOLDERS		<u>115,243,745</u>	<u>126,395,513</u>
NUMBER OF UNITS IN CIRCULATION	7	<u>177,644,695</u>	<u>183,692,837</u>
NET ASSETS VALUE ATTRIBUTABLE TO UNIT HOLDERS PER UNIT		<u>0.6487</u>	<u>0.6881</u>

The notes on pages 100 to 130 are an integral part of these unaudited financial statements.

UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2016

	Note	1.1.2016 to 30.6.2016	1.1.2015 to 30.6.2015
		RM	RM
Dividend income		1,097,700	1,559,598
Interest income		91,261	128,775
Net realised gain on sale of investments		3,491,623	7,603,969
Net unrealised loss from financial instruments at fair value through profit or loss		(9,838,295)	(4,418,024)
TOTAL (LOSS)/INCOME		(5,157,711)	4,874,318
Management fee	9	(890,158)	(1,013,563)
Trustee's fee	10	(47,475)	(59,648)
Auditors' remuneration		(2,983)	(2,976)
Tax agent's fee		(1,691)	(1,687)
Administrative expenses		(61,109)	(62,419)
TOTAL OPERATING EXPENSES		(1,003,416)	(1,140,293)
NET (LOSS)/INCOME BEFORE TAX		(6,161,127)	3,734,025
Tax expense	11	220	-
NET (LOSS)/INCOME/TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		(6,160,907)	3,734,025
Net (loss)/income is made up as follows:			
Realised amount		3,677,388	8,152,049
Unrealised amount		(9,838,295)	(4,418,024)
		(6,160,907)	3,734,025

The notes on pages 100 to 130 are an integral part of these unaudited financial statements.

UNAUDITED STATEMENT OF CHANGES IN NET ASSETS VALUE

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2016

	Unit holders' capital	Undistributed income	Total
	RM	RM	RM
AT 1 JANUARY 2016	16,738,465	115,099,534	131,837,999
Movement in unit holders' contribution			
Creation of units from applications	2,802,063	-	2,802,063
Cancellation of units	(13,235,410)	-	(13,235,410)
Total comprehensive loss for the period	-	(6,160,907)	(6,160,907)
AT 30 JUNE 2016	<u>6,305,118</u>	<u>108,938,627</u>	<u>115,243,745</u>
AT 1 JANUARY 2015	18,654,572	116,114,077	134,768,649
Movement in unit holders' contribution			
Creation of units from applications	5,635,202	-	5,635,202
Cancellation of units	(17,742,363)	-	(17,742,363)
Total comprehensive income for the period	-	3,734,025	3,734,025
AT 30 JUNE 2015	<u>6,547,411</u>	<u>119,848,102</u>	<u>126,395,513</u>

The notes on pages 100 to 130 are an integral part of these unaudited financial statements.

UNAUDITED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2016

	1.1.2016 to 30.6.2016	1.1.2015 to 30.6.2015
	RM	RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of investments	62,624,673	75,467,372
Purchase of investments	(31,242,114)	(54,107,678)
Movement in deposits with financial institutions	(26,880,000)	(2,380,000)
Dividends received	1,144,501	1,411,836
Interest received	88,869	128,527
Payment for other fees and expenses	(1,037,064)	(1,191,865)
Tax refund	220	-
NET CASH GENERATED FROM OPERATING AND INVESTING ACTIVITIES	4,699,085	19,328,192
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	8,745,735	5,455,168
Payments for cancellation of units	(13,538,993)	(17,642,499)
Distribution paid	(33,838)	-
NET CASH USED IN FINANCING ACTIVITIES	(4,827,096)	(12,187,331)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(128,011)	7,140,861
CASH AND CASH EQUIVALENTS AT 1 JANUARY	150,224	91,359
CASH AND CASH EQUIVALENTS AT 30 JUNE	22,213	7,232,220
CASH AND CASH EQUIVALENTS COMPRISE:		
Bank balance in a licensed bank	22,213	7,232,220

The notes on pages 100 to 130 are an integral part of these unaudited financial statements.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2016

1. INFORMATION ON THE FUND AND THE MANAGER

Eastspring Investments Growth Fund (the “Fund”) was constituted pursuant to the execution of a Master Deed dated 4 May 2001, a Supplemental Master Deed dated 26 May 2003, a Supplemental Master Deed dated 15 February 2006, a Master Supplemental Deed dated 25 July 2007, and a Second Supplemental Master Deed dated 30 November 2009 between BHLB Trustee Berhad (“BHLB Trustee”) and Eastspring Investments Berhad. The Fund replaced BHLB Trustee with Deutsche Trustees Malaysia Berhad (the “Trustee”) effective 1 October 2010. A Supplemental Master Deed was entered into between the Manager and the Trustee on 30 July 2010 to effect the change of trustee from BHLB Trustee to the Trustee, followed by the 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, a Sixth Supplemental Master Deed dated 2 January 2015 and a Seventh Supplemental Master Deed dated 11 July 2016 (collectively referred to as the “Deed”).

The Fund will invest principally in a diversified portfolio of equity and equity-related securities of undervalued companies which have good growth potential. All investments will be subject to the Guidelines, the Deed and Securities Commission’s requirements and the objective of the Fund.

The Fund commenced operations on 29 May 2001 and will continue its operations until terminated according to the conditions stated in Part 12 of the Deed.

The main objective of the Fund seeks to provide investors with long term capital appreciation by investing principally in larger companies which will appreciate in value.

The Manager, 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 asset management business.

2. BASIS OF PREPARATION

a. Statement of compliance

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”) and International Financial Reporting Standards.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Fund plans to apply the abovementioned accounting standards, amendments and interpretations:

- Amendments to MFRS 9 and Amendments to MFRS 15 with effect from the annual period beginning on 1 January 2018.

b. Basis of measurement

These financial statements have been prepared on the historical cost basis other than as disclosed in Note 3 (a) (ii).

c. Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Fund’s functional currency.

d. Use of estimates and judgments

The preparation of financial statements in conformity with MFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in these financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

a. Financial instruments

i. Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

ii. Financial instrument categories and subsequent measurement

The Fund categorises financial instruments as follows:

Financial assets

a. Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

b. Loans and receivables

Loans and receivables category are debt instruments that are not quoted in an active market that comprises deposits, bank balances and receivables.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 3(c)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values cannot be reliably measured are measured at cost.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

iii. Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- a. the recognition of an asset to be received and the liability to pay for it on the trade date, and
- b. derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

iv. Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

b. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Fund in the management of their short term commitments.

Cash and cash equivalents are categorised and measured as loans and receivables in accordance with policy Note 3 (a) (ii) (b).

c. Impairment

Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

d. Income recognition

Interest income is recognised as it accrues using the effective interest method in profit or loss.

Dividend income is recognised in profit or loss on the date that the Fund's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

The realised gain/(loss) on sale of investments is measured as the difference between the net disposal proceeds and the carrying amount of the investments.

e. Income tax

Income tax expense comprises current tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted by the end of reporting period, and any adjustment to tax payable in respect of previous financial periods.

f. Creation and cancellation of units

The Fund issues cancellable units, which are cancelled at the holder's option and are classified as equity. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value. The outstanding units are carried at the redemption amount that is payable at the financial position date if the holder exercises the right to put the unit back to the Fund.

Units are created and cancelled at the holder's option at prices based on the Fund's net assets value per unit at the time of creation or cancellation. The Fund's net assets value per unit is calculated by dividing the net assets attributable to unit holders with the total number of outstanding units. In accordance with the Securities Commission's Guidelines on Unit Trust Funds in Malaysia, investment positions are valued based on the last traded market price for the purpose of determining the net assets value per unit for creations and cancellations.

g. Proceeds and payments on creation and cancellation of units

The net assets value per unit is computed for each dealing day. The price at which units are created or cancelled is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day. Units in the Fund are classified as equity in the statement of financial position and are stated at fair value representing the price at which unit holders can redeem the units from the Fund.

4. QUOTED EQUITIES

Name of counter	Quantity	Cost	Market	Percentage
			value at	of net
	Units	RM	30.6.2016	assets
			RM	value
				%
2016				
Main Market				
<u>Construction</u>				
Gamuda Berhad-Warrant	124,050	31,013	116,607	0.10
Protasco Berhad	1,387,900	2,374,556	2,276,156	1.98
	1,511,950	2,405,569	2,392,763	2.08
<u>Consumer</u>				
Salutica Berhad	1,696,600	1,456,463	1,730,532	1.50
Texchem Resources Berhad	708,200	1,165,000	1,104,792	0.96
	2,404,800	2,621,463	2,835,324	2.46
<u>Consumer Product</u>				
Guinness Anchor Berhad	74,500	1,011,558	1,127,930	0.98
<u>Finance</u>				
Public Bank Berhad	121,469	1,107,806	2,356,499	2.04
Syarikat Takaful Malaysia Berhad	611,900	2,501,350	2,478,195	2.15
	733,369	3,609,156	4,834,694	4.19
<u>Health Care</u>				
IHH Healthcare Berhad	982,700	4,324,470	6,485,820	5.63
Karex Berhad	3,544,387	5,020,797	8,541,973	7.41
Kossan Rubber Industries Berhad	519,800	3,259,868	3,560,630	3.09
KPJ Healthcare Berhad	691,700	2,416,431	2,925,891	2.54
Top Glove Corporation Berhad	1,112,800	5,575,368	5,118,880	4.44
	6,851,387	20,596,934	26,633,194	23.11

4. QUOTED EQUITIES (CONTINUED)

Name of counter	Quantity	Cost	Market	Percentage
			value at	of net
	Units	RM	30.6.2016	assets
			RM	value
				%
2016 (continued)				
Main Market (continued)				
<u>Industrial Product</u>				
Cahaya Mata Sarawak Berhad	798,600	3,572,321	2,858,988	2.48
Coastal Contracts Bhd	675,700	2,085,229	1,047,335	0.91
Ta Ann Holdings Berhad	408,600	1,374,898	1,348,380	1.17
	<u>1,882,900</u>	<u>7,032,448</u>	<u>5,254,703</u>	<u>4.56</u>
<u>Infrastructure Project</u>				
<u>Company</u>				
Digi.Com Berhad	493,100	2,303,859	2,357,018	2.05
<u>Manufacturing</u>				
Pecca Group Berhad	1,352,100	2,149,021	2,163,360	1.88
<u>Plantation</u>				
IOI Corporation Berhad	679,200	2,991,283	2,947,728	2.56
<u>Properties</u>				
Eastern & Oriental Berhad	1,030,992	2,136,954	1,711,447	1.49
Eastern & Oriental Berhad-Warrant	238,840	-	44,185	0.04
IOI Properties Group Berhad	878,166	2,165,105	2,063,690	1.79
Landmarks Berhad	759,100	1,017,366	588,303	0.51
LBS Bina Group Berhad	2,565,000	3,764,889	4,027,050	3.49
Matrix Concepts Holdings Berhad-Warrant	158,233	-	64,876	0.06
Sentoria Group Berhad	2,526,500	2,484,179	2,147,525	1.86
	<u>8,156,831</u>	<u>11,568,493</u>	<u>10,647,076</u>	<u>9.24</u>

4. QUOTED EQUITIES (CONTINUED)

Name of counter	Quantity	Cost	Market	Percentage
			value at	of net
	Units	RM	30.6.2016	assets
			RM	value
				%
2016 (continued)				
Main Market (continued)				
<u>Technology</u>				
Globetronics Technology Berhad	167,800	590,907	558,774	0.48
Inari Amertron Berhad	1,790,218	3,798,992	5,316,947	4.61
Inari Amertron Berhad-Warrant	272,968	-	363,047	0.31
N2N Connect Berhad	2,486,700	2,326,426	2,200,729	1.91
Unisem (M) Berhad	1,880,400	3,388,031	4,512,960	3.92
Vitrox Corporation Berhad	894,700	2,421,870	3,373,019	2.93
	<u>7,492,786</u>	<u>12,526,226</u>	<u>16,325,476</u>	<u>14.16</u>
<u>Trading/Services</u>				
Barakah Offshore Petroleum Berhad	2,177,500	2,024,694	1,513,362	1.31
Datasonic Group Berhad	846,900	1,581,880	1,067,094	0.93
MY E.G. Services Berhad	2,307,800	2,970,601	4,546,366	3.95
UMW Oil & Gas Corporation Berhad	2,587,000	6,811,874	2,418,845	2.10
Uzma Berhad	1,203,100	2,639,551	2,309,952	2.00
Westports Holdings Berhad	325,000	1,406,390	1,365,000	1.18
	<u>9,447,300</u>	<u>17,434,990</u>	<u>13,220,619</u>	<u>11.47</u>
TOTAL QUOTED EQUITIES	<u>41,080,223</u>	<u>86,251,000</u>	<u>90,739,885</u>	<u>78.74</u>

4. QUOTED EQUITIES (CONTINUED)

Name of counter	Quantity	Cost	Market	Percentage
			value at	of net
	Units	RM	30.6.2015	assets
			RM	value
				%
2015				
Main Market				
<u>Construction</u>				
Gamuda Berhad	486,400	2,235,261	2,271,488	1.80
Pintaras Jaya Berhad	249,900	961,404	942,123	0.74
Protasco Berhad	1,387,900	2,374,556	2,525,978	2.00
Sunway Construction Group Berhad	61,040	-	67,144	0.05
	<u>2,185,240</u>	<u>5,571,221</u>	<u>5,806,733</u>	<u>4.59</u>
<u>Consumer Product</u>				
Carlsberg Brewery Malaysia Berhad	104,800	1,358,633	1,310,000	1.04
Guinness Anchor Berhad	96,700	1,312,988	1,380,876	1.09
Karex Berhad	1,526,325	2,115,037	4,685,818	3.71
NTPM Holdings Berhad	1,067,400	829,553	720,495	0.57
	<u>2,795,225</u>	<u>5,616,211</u>	<u>8,097,189</u>	<u>6.41</u>
<u>Finance</u>				
Allianz Malaysia Berhad	39,700	509,990	467,666	0.37
Public Bank Berhad	254,169	2,318,039	4,758,044	3.76
	<u>293,869</u>	<u>2,828,029</u>	<u>5,225,710</u>	<u>4.13</u>
<u>Hotel</u>				
Landmarks Berhad	1,326,400	1,777,677	1,525,360	1.21
<u>Industrial Product</u>				
Cahaya Mata Sarawak Energy Berhad	592,500	2,807,918	3,051,375	2.41
Coastal Contracts Berhad	728,900	2,249,406	1,997,186	1.58
GUH Holdings Berhad	651,400	966,109	644,886	0.51
Petronas Gas Berhad	81,400	716,672	1,730,564	1.37

4. QUOTED EQUITIES (CONTINUED)

Name of counter	Quantity	Cost	Market value at 30.6.2015	Percentage of net assets value
	Units	RM	RM	%
2015 (continued)				
Main Market (continued)				
<u>Industrial Product (continued)</u>				
Press Metal Berhad	1,434,300	3,645,574	3,729,180	2.95
Ta Ann Holdings Berhad	340,500	1,374,898	1,297,305	1.03
	<u>3,829,000</u>	<u>11,760,577</u>	<u>12,450,496</u>	<u>9.85</u>
<u>Infrastructure Project Company</u>				
Digi.Com Berhad	234,900	1,086,506	1,259,064	1.00
<u>Power/Utilities</u>				
Malakoff Corporation Berhad	3,930,500	7,095,558	6,878,375	5.44
<u>Properties</u>				
Eastern and Oriental Berhad- Warrant	238,840	-	58,516	0.05
Eastern and Oriental Berhad	1,313,620	2,777,216	2,233,154	1.77
IOI Properties Group Berhad	1,312,666	3,236,358	2,428,432	1.92
Matrix Concepts Holdings Berhad	949,400	2,982,579	2,943,140	2.33
Sentoria Group Berhad	2,200,000	2,206,730	2,332,000	1.85
Sunway Berhad	360,400	1,087,237	1,239,776	0.98
	<u>6,374,926</u>	<u>12,290,120</u>	<u>11,235,018</u>	<u>8.90</u>
<u>Technology</u>				
Inari Amertron Berhad - Warrant	218,375	-	299,174	0.24
Inari Amertron Berhad	1,492,175	3,298,136	4,849,568	3.83
Unisem (M) Berhad	2,136,100	3,339,168	4,977,113	3.94
Vitrox Corporation Berhad	894,700	2,421,870	3,024,086	2.39
	<u>4,741,350</u>	<u>9,059,174</u>	<u>13,149,941</u>	<u>10.40</u>

4. QUOTED EQUITIES (CONTINUED)

Name of counter	Quantity	Cost	Market	Percentage
			value at	of net
	Units	RM	30.6.2015	assets
			RM	value
				%
2015 (continued)				
Main Market (continued)				
<u>Trading/Services</u>				
Barakah Offshore Petroleum Berhad	2,529,900	2,352,364	2,340,158	1.85
Berjaya Auto Berhad	1,527,260	1,926,525	4,123,602	3.26
Datasonic Group Berhad	846,900	1,581,880	906,183	0.72
Dayang Enterprise Holdings Berhad	575,200	1,369,959	1,294,200	1.02
IHH Healthcare Berhad	1,279,200	5,629,248	7,240,272	5.73
KPJ Healthcare Berhad	691,700	2,416,431	2,918,974	2.31
MY E.G. Services Berhad	1,838,100	4,139,222	5,109,918	4.04
Perisai Petroleum Teknologi Berhad	2,599,500	1,351,736	1,169,775	0.93
Sapurakencana Petroleum Berhad	2,715,900	7,248,461	6,409,524	5.07
Telekom Malaysia Berhad	194,032	1,186,789	1,268,969	1.00
Tenaga Nasional Berhad	148,350	1,347,981	1,875,144	1.48
Texchem Resources Berhad	708,200	1,165,000	1,062,300	0.84
UMW Oil & Gas Corporation Berhad	2,587,000	6,811,874	4,423,770	3.50
Uzma Berhad	1,203,100	2,639,551	2,827,285	2.24
	<u>19,444,342</u>	<u>41,167,021</u>	<u>42,970,074</u>	<u>33.99</u>
TOTAL QUOTED EQUITIES	45,155,752	98,252,094	108,597,960	85.92

5. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

	2016	2015
	RM	RM
Deposits with licensed financial institutions	29,870,000	6,240,000

6. OTHER RECEIVABLES

	2016	2015
	RM	RM
Dividend receivables	192,287	361,116
Interest receivables	2,769	649
	<u>195,056</u>	<u>361,765</u>

7. NUMBER OF UNITS IN CIRCULATION

	2016	2015
	No. of units	No. of units
At 1 January	193,170,781	200,660,669
Add: Creation of units	4,248,240	7,909,326
Less: Cancellation of units	(19,774,326)	(24,877,158)
At 30 June	<u>177,644,695</u>	<u>183,692,837</u>

8. FINANCIAL INSTRUMENTS

8.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- Loans and receivables (“L&R”);
- Fair value through profit or loss (“FVTPL”):
 - Held for trading (“HFT”); and
- Financial liabilities measured at amortised cost (“FL”).

	Carrying amount	L&R/ (FL)	FVTPL/ HFT
	RM	RM	RM
2016			
Financial assets			
Investments	120,609,885	29,870,000	90,739,885
Amount due from stockbrokers	226,525	226,525	-
Amount due from Manager	221,985	221,985	-
Other receivables	195,056	195,056	-
Bank balance with a licensed bank	22,213	22,213	-
	<u>121,275,664</u>	<u>30,535,779</u>	<u>90,739,885</u>
Financial liabilities			
Amount due to Manager	(46,470)	(46,470)	-
Amount due to stockbrokers	(5,945,033)	(5,945,033)	-
Accrued management fee	(141,538)	(141,538)	-
Amount due to Trustee	(7,548)	(7,548)	-
Other payables and accrued expenses	(55,431)	(55,431)	-
	<u>(6,196,020)</u>	<u>(6,196,020)</u>	<u>-</u>

	Carrying amount	L&R/ (FL)	FVTPL/ HFT
	RM	RM	RM
2015			
Financial assets			
Investments	114,837,960	6,240,000	108,597,960
Amount due from stockbrokers	3,874,012	3,874,012	-
Amount due from Manager	392,487	392,487	-
Other receivables	361,765	361,765	-
Bank balance with a licensed bank	7,232,220	7,232,220	-
	<u>126,698,444</u>	<u>18,100,484</u>	<u>108,597,960</u>
Financial liabilities			
Amount due to Manager	(237,049)	(237,049)	-
Accrued management fee	(160,036)	(160,036)	-
Amount due to Trustee	(8,535)	(8,535)	-
Other payables and accrued expenses	(61,412)	(61,412)	-
	<u>(467,032)</u>	<u>(467,032)</u>	<u>-</u>

8.2 Net gains and losses arising from financial instruments

	2016	2015
	RM	RM
Net (loss)/gain arising on:		
Fair value through profit or loss:		
Held for trading - unrealised	(9,838,295)	(4,418,024)
- realised	3,491,623	7,603,969
Loans and receivables	91,261	128,775
	<u>(6,255,411)</u>	<u>3,314,720</u>

8.3 Financial risk management

The Fund has exposure to the following risks from its use of financial instruments:

- Investment risk
- Credit risk
- Liquidity risk
- Market risk
- Management company risk

8.4 Investment risk

Investments are bound by the provisions of the Master Deeds and prospectuses that govern the maximum securities holdings and maximum liquid assets holdings.

Investment risks for equity funds consist primarily of market risk, specific stock risk and liquidity risk. The mechanism employed to control investment risk for equity funds is by placing acceptable stock and sector bet limits.

Risk management objectives, policies and processes for managing the risk

The Manager has written policies and guidelines on risk management, which set out the overall investment risks strategies and general risk management philosophies. These processes monitor, measure and control risks associated with the business. Matters relating to investment risks in respect of funds portfolio are discussed during the monthly Investment Committee meetings of the Manager.

8.5 Credit risk

Credit risk is the risk of a financial loss to the Fund if a counterparty to a financial instrument fails to meet its contractual obligations. The Fund's exposure to credit risk arises principally from amount due from stockbrokers, amount due from Manager, other receivables and bank balances/deposits.

The Fund's maximum credit risk exposure at the reporting date is represented by the respective carrying amounts of the relevant financial assets in the statement of financial position.

No financial assets carried at amortised cost were past due or impaired as at the date of the statement of financial position.

8.6 Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. This may come about when realisation of units is in excess of normal amounts.

The Fund's exposure to liquidity risk arises principally from its amount due to Manager, amount due to Trustee, accrued management fee and other payables and accrued expenses.

The extent of exposure to this risk is contained in provisions set out in the prospectus, which allows the Manager to extend the payment period in the event of excessive redemptions. The Fund maintains a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

8.7 Market risk

Market risk is the risk that changes in market prices, such as interest rates and other prices will affect the Fund's financial position or cash flows.

Risk management objectives, policies and processes for managing the risk

In order to mitigate risks related to changes and developments in regulations, politics, technology and the economy of the country, the Fund would generally hold a diversified portfolio of securities from different market sectors as well as placement in short term deposits with various financial institutions to offset negative events affecting any market sector or financial institution.

8.7.1 Interest rate risk

The Fund's investments in fixed rate deposits are exposed to a risk of change in their fair value due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Fund's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2016	2015
	RM	RM
<u>Fixed rate instruments</u>		
Deposit with a licensed financial institution	29,870,000	6,240,000

Interest rate risk sensitivity analysisFair value sensitivity analysis for fixed rate instruments

The Fund accounts for the deposit with a licensed financial institution at amortised cost. Therefore a change in interest rates at the end of the reporting period would not affect profit or loss.

The effective interest rates for the fixed rate instruments are as follow:

	2016	2015
	%	%
Deposit with a licensed financial institution*	3.38	3.80

- * Deposit with a licensed financial institution will mature within one year from the date of the statement of financial position.

8.7.2 Other price risk

Equity price risk arises from the Fund's investments in equity securities.

Equity price risk sensitivity analysis

A 10% (2015: 10%) strengthening in the quoted equity's market prices of the Fund's portfolio at the end of the reporting period would have increased equity and profit or loss by RM9,073,988 (2015: RM10,859,796). A weakening in the quoted equity's market prices would have had equal but opposite effect on equity and profit or loss respectively.

8.8 Effective interest rates and maturity dates

The effective interest rates and the maturity dates of the financial instruments of the Fund are disclosed in Note 8.7.1.

8.9 Management company risk

The Fund's Trustee ensures that the Manager operates and administers the Fund in accordance with the provisions of the Master Deeds, prospectuses, the Securities Commission Guidelines and Regulations and within acceptable business practices. The Manager's internal Compliance unit plays a complementary role to the Trustee to ensure compliance within the organisation with all relevant legislations and to supervise the monitoring of all prescribed limits to ensure compliance with securities related legislation.

8.10 Fair value information

The carrying amounts of cash and cash equivalents, demand deposits, receivables and payables approximate their fair values due to the relatively short term nature of these financial instruments.

The fair values of quoted equities, together with the carrying amounts shown in the statement of financial position, are already disclosed in Note 4.

The following summarises the methods used in determining the fair value of financial instruments:

Quoted equities

Quoted equities in Malaysia are valued at the last done market price quoted on the Bursa Malaysia at the date of the statement of financial position, in accordance with the Master Deed. Unrealised gain or loss is taken to statement of profit or loss and other comprehensive income.

8.10 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount		
	Level 1	Level 2	Level 3	Total	Level 1	Level 2			Level 3	Total
	RM	RM	RM	RM	RM	RM			RM	RM
2016										
Financial assets										
Investments	90,739,885	-	-	90,739,885	-	-	-	90,739,885		
	90,739,885	-	-	90,739,885	-	-	-	90,739,885		
2015										
Financial assets										
Investments	108,597,960	-	-	108,597,960	-	-	-	108,597,960		
	108,597,960	-	-	108,597,960	-	-	-	108,597,960		

8.10.1 Fair value hierarchy

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial period. (2015: no transfer in either directions)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

9. MANAGEMENT FEE

The Deed provides that the Manager is entitled to a management fee at a rate not exceeding 3.00% per annum of the Net Assets Value of the Fund, calculated on a daily basis.

The Manager is currently entitled to a management fee at a rate of 1.50% per annum (2015: 1.50% per annum) of the Net Assets Value of the Fund, calculated on a daily basis.

10. TRUSTEE'S FEE

The Deed provides that the Trustee is entitled to a fee at a rate not exceeding 0.20% per annum of the Net Assets Value of the Fund, calculated on a daily basis and subject to a minimum of RM35,000 per annum.

Effective 16 March 2015, the Trustee Fee has been revised to 0.08% of the Net Assets Value of the Fund, calculated on a daily basis and subject to a minimum of RM35,000 per annum.

The Trustee is currently entitled to a fee at a rate of 0.08% per annum (2015 : 0.08% per annum) of the Net Assets Value of the Fund, calculated on a daily basis and subject to a minimum of RM35,000 per annum.

11. TAX EXPENSE

	Note	1.1.2016 to 30.6.2016	1.1.2015 to 30.6.2015
		RM	RM
Current tax expense		220	-
<u>Reconciliation of tax expense</u>			
Net (loss)/income before tax		(6,161,127)	3,734,025
Income tax using Malaysian tax rate of 24% (2015 : 25%)		(1,478,671)	933,506
Non-assessable income	11.1	1,237,851	(1,218,579)
Non-deductible expenses		26,466	30,939
Restriction on the tax deductible expenses for unit trust funds		214,354	254,134
Over provision in prior year		220	-
Tax expense		220	-

11.1 Non-assessable income

Income from deposits placement is exempted from tax in accordance with Schedule 6, Para 35A of the Income Tax Act (ITA), 1967. Pursuant to Section 61(1)(b) of the ITA, 1967, gains from realisation of investment will not be treated as income of the Fund and hence are not subject to income tax. In accordance with Sections 61 and 63B of the ITA, 1967, interest income and gains on sale of investments are exempted from tax.

12. UNITS HELD BY THE MANAGER

Units held at the end of the financial period

	2016	2015
	No. of units	No. of units
Manager		
Eastspring Investments Berhad	2,386	2,298

The above units were transacted at the prevailing market prices on the transaction dates.

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.

13. STOCKBROKERS' TRANSACTIONS

The details of transactions with the top 10 brokers by value of trades are as follows:

Name of brokers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>Financial period ended 30 June 2016</u>				
KAF Seagroatt & Campbell Securities Sdn Bhd	23,244,629	23.22	72,915	23.10
Affin Hwang Investment Bank Berhad	12,200,059	12.19	38,472	12.19
Maybank Investment Bank Berhad	11,395,393	11.38	35,297	11.18
RHB Investment Bank Berhad	10,547,160	10.54	34,192	10.83
Nomura Securities Malaysia Sdn Bhd	7,764,442	7.76	25,010	7.92
CIMB Investment Bank Berhad	6,038,200	6.03	19,121	6.06
Kenanga Investment Bank Berhad	5,661,997	5.66	18,984	6.01
Hong Leong Investment Bank Berhad	5,551,107	5.55	15,149	4.80
J.P. Morgan Securities (Malaysia) Sdn Bhd	4,835,235	4.83	14,951	4.74
Inter-Pacific Securities Sdn Berhad	3,723,877	3.72	11,852	3.75
Others	9,126,628	9.12	29,728	9.42
	100,088,727	100.00	315,671	100.00

13. STOCKBROKERS' TRANSACTIONS (CONTINUED)

Name of brokers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>Financial period ended 30 June 2015</u>				
CIMB Investment Bank Berhad	18,361,481	14.88	55,227	12.99
Maybank Investment Bank Berhad	16,384,759	13.28	51,020	12.00
RHB Investment Bank Berhad	16,357,998	13.26	50,443	11.86
J.P. Morgan Securities (Malaysia) Sdn Bhd	10,550,664	8.55	78,336	18.42
Kenanga Investment Bank Berhad	10,435,727	8.46	31,925	7.51
Nomura Securities Malaysia Sdn Bhd	9,392,418	7.61	29,418	6.92
KAF Seagroatt & Campbell Securities Sdn Bhd	8,601,271	6.97	25,299	5.95
Hong Leong Investment Bank Berhad	6,733,313	5.46	21,637	5.09
Affin Hwang Investment Bank Berhad	6,703,450	5.43	19,408	4.56
Public Investment Bank Berhad	4,694,694	3.81	14,798	3.48
Others	15,156,734	12.29	47,716	11.22
	123,372,509	100.00	425,227	100.00

All brokers highlighted above are not related to the Manager.

14. MANAGEMENT EXPENSE RATIO (“MER”)

	2016	2015
	%	%
MER	0.84	0.84

MER includes management fee, trustee’s fee, auditor’s remuneration, tax agent’s fees and administrative expenses which is calculated as follows:

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

A = Management fee

B = Trustee’s fee

C = Auditors’ remuneration

D = Tax agent’s fees

E = Administrative expenses

F = Average Net Assets Value of the Fund calculated on a daily basis

The average Net Assets Value of the Fund for the financial period is RM119,334,404 (2015: RM136,255,617).

15. PORTFOLIO TURNOVER RATIO ("PTR")

	2016	2015
PTR (times)	0.42	0.46

PTR is derived from the following calculation:

$$\frac{(\text{Total acquisitions} + \text{total disposals for the financial period})/2}{\text{Average Net Assets Value of the Fund for the financial period calculated on a daily basis}}$$

	2016	2015
	RM	RM

Where:

Total acquisitions for the financial period	37,038,997	52,639,458
Total disposals for the financial period	62,851,198	71,776,044

EASTSPRING INVESTMENTS BALANCED FUND

(Established in Malaysia)

UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2016

STATEMENT BY THE MANAGER

We, Tang Chee Kin and Iskander Bin Ismail Mohamed Ali, being two of the Directors of Eastspring Investments Berhad, do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements set out on pages 134 to 169, are drawn up in accordance with the provisions of the Master Deed and give a true and fair view of the state of affairs of Eastspring Investments Balanced Fund as at 30 June 2016 and of its results, changes in net assets value and cash flows for the six months financial period ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Securities Commission's Guidelines on Unit Trust Funds in Malaysia.

For and on behalf of the Manager,
EASTSPRING INVESTMENTS BERHAD

TANG CHEE KIN
Chief Executive Officer/Executive Director

ISKANDER BIN ISMAIL MOHAMED ALI
Director

Kuala Lumpur
Date: 16 August 2016

TRUSTEE'S REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS BALANCED FUND (Established in Malaysia)

We have acted as Trustee for Eastspring Investments Balanced Fund (the "Fund") for the financial period ended 30 June 2016. To the best of our knowledge, for the period under review, Eastspring Investments Berhad (the "Manager"), has operated and managed the Fund in accordance with the following:

- a. limitations imposed on the investment powers of the Manager 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.

For Deutsche Trustees Malaysia Berhad

Soon Lai Ching

Senior Manager, Trustee Operations

Maresh Anchan

Head, Trustee Operations

Kuala Lumpur

Date: 16 August 2016

UNAUDITED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2016

	Note	2016	2015
		RM	RM
INVESTMENTS			
Quoted equities	4	41,296,432	55,057,087
Unquoted fixed income securities	5	9,675,973	22,160,315
Deposits with licensed financial institutions	6	28,710,000	6,100,000
		<u>79,682,405</u>	<u>83,317,402</u>
OTHER ASSETS			
Amount due from stockbrokers		37,750	3,303,160
Amount due from Manager		62,308	676,882
Other receivables	7	138,263	342,839
Tax recoverable		27,858	65,925
Bank balance with a licensed bank		15,376	1,973,531
		<u>281,555</u>	<u>6,362,337</u>
TOTAL ASSETS		<u>79,963,960</u>	<u>89,679,739</u>
LIABILITIES			
Amount due to Manager		188,008	380,033
Amount due to stockbrokers		6,741,485	-
Accrued management fee		90,251	114,532
Amount due to Trustee		4,813	6,108
Other payables and accrued expenses		37,825	43,119
		<u>7,062,382</u>	<u>543,792</u>
TOTAL LIABILITIES		<u>7,062,382</u>	<u>543,792</u>
NET ASSETS VALUE		<u>72,901,578</u>	<u>89,135,947</u>
REPRESENTED BY:			
Unit holders' capital		31,314,467	54,213,246
Undistributed income		41,587,111	34,922,701
NET ASSETS VALUE ATTRIBUTABLE TO UNIT HOLDERS		<u>72,901,578</u>	<u>89,135,947</u>
NUMBER OF UNITS IN CIRCULATION	8	<u>75,349,447</u>	<u>88,417,791</u>
NET ASSETS VALUE ATTRIBUTABLE TO UNIT HOLDERS PER UNIT		<u>0.9675</u>	<u>1.0081</u>

The notes on pages 138 to 169 are an integral part of these unaudited financial statements.

UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2016

	Note	1.1.2016 to 30.6.2016	1.1.2015 to 30.6.2015
		RM	RM
Dividend income		418,774	819,392
Interest income		548,939	622,374
Other income		-	2,549,252
Net realised gain on sale of investments		760,149	1,272,411
Net accretion of discount/(amortisation of premium)		(29,007)	40,329
Net unrealised (loss)/gain from financial instruments at fair value through profit or loss		(3,746,821)	4,632,001
TOTAL (LOSS)/INCOME		(2,047,966)	9,935,759
Management fee	10	(572,445)	(787,373)
Trustee's fee	11	(30,530)	(46,626)
Auditors' remuneration		(2,983)	(2,976)
Tax agent's fee		(1,691)	(1,687)
Administrative expenses		(40,869)	(45,580)
TOTAL OPERATING EXPENSES		(648,518)	(884,242)
NET (LOSS)/INCOME BEFORE TAX EXPENSE		(2,696,484)	9,051,517
Tax expense	12	116	-
NET (LOSS)/INCOME/TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		(2,696,368)	9,051,517
Net (loss)/income is made up as follows:			
Realised amount		1,050,453	4,419,516
Unrealised amount		(3,746,821)	4,632,001
		(2,696,368)	9,051,517

The notes on pages 138 to 169 are an integral part of these unaudited financial statements.

UNAUDITED STATEMENT OF CHANGES IN NET ASSETS VALUE

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2016

	Unit holders' capital	Undistributed income	Total
	RM	RM	RM
AT 1 JANUARY 2016	36,991,727	44,283,479	81,275,206
Movement in unit holders' contribution			
Creation of units from applications	4,310,545	-	4,310,545
Cancellation of units	(9,987,805)	-	(9,987,805)
Total comprehensive loss for the period	-	(2,696,368)	(2,696,368)
AT 30 JUNE 2016	31,314,467	41,587,111	72,901,578
AT 1 JANUARY 2015	89,886,038	25,871,184	115,757,222
Movement in unit holders' contribution			
Creation of units from applications	7,818,751	-	7,818,751
Cancellation of units	(43,491,543)	-	(43,491,543)
Total comprehensive income for the period	-	9,051,517	9,051,517
AT 30 JUNE 2015	54,213,246	34,922,701	89,135,947

The notes on pages 138 to 169 are an integral part of these unaudited financial statements.

UNAUDITED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2016

	1.1.2016 to 30.6.2016	1.1.2015 to 30.6.2015
	RM	RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of investments	31,838,990	78,217,005
Purchase of investments	(18,529,814)	(73,301,352)
Proceeds from recovery of a default bond	-	2,549,252
Movement in deposits with licensed financial institutions	(9,400,000)	29,770,000
Dividends received	520,748	778,675
Interest received	564,099	681,193
Payment for other fees and expenses	(673,417)	(910,855)
Tax refund	116	-
NET CASH GENERATED FROM OPERATING AND INVESTING ACTIVITIES	4,320,722	37,783,918
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	5,473,933	7,369,957
Payments for cancellation of units	(9,804,750)	(43,154,780)
Distribution paid	(33,961)	(36,653)
NET CASH USED IN FINANCING ACTIVITIES	(4,364,778)	(35,821,476)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(44,056)	1,962,442
CASH AND CASH EQUIVALENTS AT 1 JANUARY	59,432	11,089
CASH AND CASH EQUIVALENTS AT 30 JUNE	15,376	1,973,531
CASH AND CASH EQUIVALENTS COMPRISE:		
Bank balance in a licensed bank	15,376	1,973,531

The notes on pages 138 to 169 are an integral part of these unaudited financial statements.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2016

1. INFORMATION ON THE FUND AND THE MANAGER

Eastspring Investments Balanced Fund (the "Fund") was constituted pursuant to the execution of a Master Deed dated 4 May 2001, a Supplemental Master Deed dated 26 May 2003, a Supplemental Master Deed dated 15 February 2006, a Master Supplemental Deed dated 25 July 2007, and a Second Supplemental Master Deed dated 30 November 2009 between BHLB Trustee Berhad ("BHLB Trustee") and Eastspring Investments Berhad. The Fund replaced BHLB Trustee with Deutsche Trustees Malaysia Berhad (the "Trustee") effective 1 October 2010. A Supplemental Master Deed was entered into between the Manager and the Trustee on 30 July 2010 to effect the change of trustee from BHLB Trustee to the Trustee, followed by the 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, a Sixth Supplemental Master Deed dated 2 January 2015 and a Seventh Supplemental Master Deed dated 11 July 2016 (collectively referred to as the "Deed").

The Fund will invest in a balanced portfolio consisting of equities, equity-related securities and fixed income securities. All investments will be subject to the Guidelines, the Deed and Securities Commission's requirements and the objective of the Fund.

The Fund commenced operations on 29 May 2001 and will continue its operations until terminated according to the conditions stated in Part 12 of the Deed.

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

The Manager, 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 asset management business.

2. BASIS OF PREPARATION

a. Statement of compliance

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”) and International Financial Reporting Standards.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Fund plans to apply the abovementioned accounting standards, amendments and interpretations:

- Amendments to MFRS 9 and Amendments to MFRS 15 with effect from the annual period beginning on 1 January 2018.

b. Basis of measurement

These financial statements have been prepared on the historical cost basis other than as disclosed in Note 3 (a) (ii).

c. Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Fund’s functional currency.

d. Use of estimates and judgments

The preparation of financial statements in conformity with MFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in these financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

a. Financial instruments

i. Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

ii. Financial instrument categories and subsequent measurement

The Fund categorises financial instruments as follows:

Financial assets

a. Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

b. Loans and receivables

Loans and receivables category are debt instruments that are not quoted in an active market that comprises deposits, bank balances and receivables.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 3(c)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values cannot be reliably measured are measured at cost.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

iii. Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- a. the recognition of an asset to be received and the liability to pay for it on the trade date, and
- b. derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

iv. Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

b. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Fund in the management of their short term commitments.

Cash and cash equivalents are categorised and measured as loans and receivables in accordance with policy Note 3 (a) (ii) (b).

c. Impairment

Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the financial asset's recoverable amount is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

d. Income recognition

Interest income is recognised as it accrues using the effective interest method in profit or loss.

Dividend income is recognised in profit or loss on the date that the Fund's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

The realised gain/(loss) on sale of investments is measured as the difference between the net disposal proceeds and the carrying amount of the investments. The carrying amount for determining the realised gain/(loss) on sale of investments is based on the weighted average cost method and where applicable, on cost adjusted for accretion for discount and amortisation of premium.

e. Income tax

Income tax expense comprises current tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted by the end of reporting period, and any adjustment to tax payable in respect of previous financial periods.

f. Creation and cancellation of units

The Fund issues cancellable units, which are cancelled at the holder's option and are classified as equity. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value. The outstanding units are carried at the redemption amount that is payable at the financial position date if the holder exercises the right to put the unit back to the Fund.

Units are created and cancelled at the holder's option at prices based on the Fund's net assets value per unit at the time of creation or cancellation. The Fund's net assets value per unit is calculated by dividing the net assets attributable to unit holders with the total number of outstanding units. In accordance with the Securities Commission's Guidelines on Unit Trust Funds in Malaysia, investment positions are valued based on the last traded market price for the purpose of determining the net assets value per unit for creations and cancellations.

g. Proceeds and payments on creation and cancellation of units

The net assets value per unit is computed for each dealing day. The price at which units are created or cancelled is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day. Units in the Fund are classified as equity in the statement of financial position and are stated at fair value representing the price at which unit holders can redeem the units from the Fund.

4. QUOTED EQUITIES

Name of counter	Quantity	Cost	Market	Percentage
			value at	of net
	Units	RM	30.6.2016	assets
			RM	value
				%
2016				
Main Market				
<u>Construction</u>				
Gamuda Berhad	62,250	15,563	58,515	0.08
Protasco Berhad	805,700	1,363,809	1,321,348	1.81
	867,950	1,379,372	1,379,863	1.89
<u>Consumer</u>				
Salutica Berhad	1,080,500	926,730	1,102,110	1.51
Texchem Resources Berhad	566,900	932,606	884,364	1.21
	1,647,400	1,859,336	1,986,474	2.72
<u>Finance</u>				
Syarikat Takaful Malaysia Berhad	454,900	684,376	1,842,345	2.53
<u>Health Care</u>				
IHH Healthcare Berhad	336,700	1,458,398	2,222,220	3.05
Karex Berhad	1,653,437	2,338,776	3,984,783	5.47
Kossan Rubber Industries Berhad	300,900	1,920,345	2,061,165	2.83
KPJ Healthcare Berhad	357,200	1,253,088	1,510,956	2.07
Top Glove Corporation Berhad	541,800	2,682,304	2,492,280	3.42
	3,190,037	9,652,911	12,271,404	16.84
<u>Industrial Product</u>				
Cahaya Mata Sarawak Berhad	519,700	2,210,765	1,860,526	2.55
Coastal Contracts Bhd	610,900	1,926,868	946,895	1.30
	1,130,600	4,137,633	2,807,421	3.85
<u>Manufacturing</u>				
Pecca Group Berhad	808,400	1,266,422	1,293,440	1.77

4. QUOTED EQUITIES (CONTINUED)

Name of counter	Quantity	Cost	Market	Percentage
			value at	of net
	Units	RM	30.6.2016	assets
			RM	value
				%
2016 (continued)				
Main Market (continued)				
<u>Properties</u>				
Eastern & Oriental Berhad	617,051	1,359,940	1,024,305	1.41
Landmarks Berhad	575,600	773,312	446,090	0.61
LBS Bina Group Berhad	1,650,000	2,411,234	2,590,500	3.55
Sentoria Group Berhad	1,600,000	1,604,949	1,360,000	1.87
	<u>4,442,651</u>	<u>6,149,435</u>	<u>5,420,895</u>	<u>7.44</u>
<u>Technology</u>				
Inari Amertron Berhad	986,927	2,352,075	2,931,173	4.02
N2N Connect Berhad	246,200	219,178	217,887	0.30
Unisem (M) Berhad	1,047,900	1,814,120	2,514,960	3.45
Vitrox Corporation Berhad	693,200	1,854,296	2,613,364	3.58
	<u>2,974,227</u>	<u>6,239,669</u>	<u>8,277,384</u>	<u>11.35</u>
<u>Trading/Services</u>				
MY E.G. Services Berhad	1,217,200	1,853,662	2,397,884	3.29
UMW Oil & Gas Corporation Berhad	1,556,100	4,193,463	1,454,954	2.00
Uzma Berhad	674,900	1,407,061	1,295,808	1.78
Westports Holdings Berhad	206,800	894,939	868,560	1.19
	<u>3,655,000</u>	<u>8,349,125</u>	<u>6,017,206</u>	<u>8.26</u>
TOTAL QUOTED EQUITIES	<u>19,171,165</u>	<u>39,718,279</u>	<u>41,296,432</u>	<u>56.65</u>

4. QUOTED EQUITIES (CONTINUED)

Name of counter	Quantity	Cost	Market value at 30.6.2015	Percentage
				of net assets value
	Units	RM	RM	%
2015				
Main Market				
<u>Construction</u>				
Pintaras Jaya Berhad	457,800	1,814,502	1,725,906	1.94
Protasco Berhad	1,190,300	2,014,821	2,166,346	2.43
	1,648,100	3,829,323	3,892,252	4.37
<u>Consumer Product</u>				
Karex Berhad	1,130,925	1,792,260	3,471,940	3.90
<u>Finance</u>				
Allianz Malaysia Berhad	84,300	1,011,363	993,054	1.11
Syarikat Takaful Malaysia Berhad	726,000	1,092,234	2,758,800	3.10
	810,300	2,103,597	3,751,854	4.21
<u>Hotel</u>				
Landmarks Berhad	809,700	1,087,822	931,155	1.04
<u>Industrial Product</u>				
Coastal Contracts Berhad	659,000	2,078,583	1,805,660	2.03
Press Metal Berhad	706,900	1,772,108	1,837,940	2.06
Ta Ann Holdings Berhad	294,400	1,201,413	1,121,664	1.26
	1,660,300	5,052,104	4,765,264	5.35

4. QUOTED EQUITIES (CONTINUED)

Name of counter	Quantity	Cost	Market	Percentage
			value at	of net
	Units	RM	30.6.2015	assets
			RM	value
				%
2015 (continued)				
Main Market (continued)				
<u>Properties</u>				
Eastern & Oriental Berhad	918,580	2,064,979	1,561,586	1.75
Eastern & Oriental Berhad- Warrant	221,560	-	54,282	0.06
Matrix Concepts Holdings Berhad	578,900	1,853,270	1,794,590	2.01
Sentoria Group Berhad	1,600,000	1,604,949	1,696,000	1.90
	<u>3,319,040</u>	<u>5,523,198</u>	<u>5,106,458</u>	<u>5.72</u>
<u>Technology</u>				
Inari Amertron Berhad	993,862	2,144,972	3,230,051	3.62
Inari Amertron Berhad- Warrant	227,562	-	311,760	0.35
Unisem (M) Berhad	1,443,100	2,109,089	3,362,423	3.77
Vitrox Corporation Berhad	693,200	1,854,296	2,343,016	2.63
	<u>3,357,724</u>	<u>6,108,357</u>	<u>9,247,250</u>	<u>10.37</u>
<u>Trading/Services</u>				
Datasonic Group Berhad	710,900	1,305,852	760,663	0.85
Dayang Enterprise Holdings Berhad	342,500	814,725	770,625	0.86
IHH Healthcare Berhad	666,400	2,886,477	3,771,824	4.23
KPJ Healthcare Berhad	654,600	2,296,393	2,762,412	3.10
MY E.G. Services Berhad	1,097,500	2,126,720	3,051,050	3.42
Sapurakencana Petroleum Berhad	1,545,400	4,211,366	3,647,144	4.09
Texchem Resources Berhad	566,900	932,606	850,350	0.95

4. QUOTED EQUITIES (CONTINUED)

Name of counter	Quantity	Cost	Market	Percentage
			value at	of net
	Units	RM	30.6.2015	assets
			RM	value
				%
2015 (continued)				
Main Market (continued)				
<u>Trading/Services (continued)</u>				
UMW Oil & Gas Corporation Berhad	1,556,100	4,193,463	2,660,931	2.99
Uzma Berhad	674,900	1,407,062	1,586,015	1.78
	7,815,200	20,174,664	19,861,014	22.27
<u>Power/Utilities</u>				
Malakoff Corporation Berhad	2,302,800	4,188,977	4,029,900	4.52
TOTAL QUOTED EQUITIES	22,854,089	49,860,302	55,057,087	61.75

5. UNQUOTED FIXED INCOME SECURITIES

Name of counter	Rating	Maturity date	Quantity	Market value as at 30.6.2016		Percentage of net assets value
				Cost	RM	
			Units	RM	RM	%
2016						
Unlisted Corporate Bonds						
BGSM Management Sdn Berhad	AA3	28.12.2016	5,000,000	5,044,329	5,045,450	6.92
Hong Leong Bank Berhad	AA2	24.06.2019	1,400,000	1,400,084	1,397,214	1.92
Jimah Energy Ventures Sdn Bhd	AA3	10.05.2019	1,000,000	1,132,402	1,120,940	1.54
Perbadanan Kemajuan Negeri Selangor	AA3	25.05.2018	2,000,000	2,001,956	2,003,520	2.75
Talam Transform Berhad	B- ID	28.06.2019	125,851	90,711	108,849	0.15
Total Unquoted Fixed Income Securities			9,525,851	9,669,482	9,675,973	13.28

5. UNQUOTED FIXED INCOME SECURITIES (CONTINUED)

Name of counter	Rating	Maturity date	Quantity	Cost		Market value as at 30.6.2015		Percentage of net assets value
				Units	RM	RM	RM	
2015								
Unlisted Corporate Bonds								
BGSM Management Sdn Berhad	AA3	28.12.2015	8,800,000	8,872,324	8,873,920			9.96
BGSM Management Sdn Berhad	AA3	28.12.2016	1,000,000	1,024,529	1,024,560			1.15
Hong Leong Bank Berhad	AA2	05.05.2016	5,000,000	5,006,868	5,008,900			5.62
Hong Leong Bank Berhad	AA2	24.06.2019	1,000,000	1,004,652	996,820			1.12
Jimah Energy Ventures Sdn. Bhd.	AA3	10.05.2019	1,000,000	1,175,147	1,154,680			1.30
OCBC Bank (Malaysia) Berhad	AA1	04.11.2015	5,000,000	5,000,922	5,000,950			5.61
Talam Transform Berhad	B-ID	28.06.2019	128,269	82,810	100,485			0.11
Total Unquoted Fixed Income Securities			21,928,269	22,167,252	22,160,315			24.87

6. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

	2016	2015
	RM	RM
Deposits with licensed financial institutions	28,710,000	6,100,000

7. OTHER RECEIVABLES

	2016	2015
	RM	RM
Dividend receivables	89,363	239,659
Interest receivables	48,900	84,206
Other receivables	-	18,974
	<u>138,263</u>	<u>342,839</u>

8. NUMBER OF UNITS IN CIRCULATION

	2016	2015
	No. of units	No. of units
At 1 January	81,103,228	124,009,114
Add: Creation of units	4,395,513	7,823,478
Less: Cancellation of units	(10,149,294)	(43,414,801)
At 30 June	<u>75,349,447</u>	<u>88,417,791</u>

9. FINANCIAL INSTRUMENTS

9.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- Loans and receivables ("L&R");
- Fair value through profit or loss ("FVTPL");
 - Held for trading ("HFT"); and
- Financial liabilities measured at amortised cost ("FL").

	Carrying amount	L&R/ (FL)	FVTPL/ HFT
	RM	RM	RM
2016			
Financial assets			
Investments	79,682,405	28,710,000	50,972,405
Amount due from stockbrokers	37,750	37,750	-
Amount due from Manager	62,308	62,308	-
Other receivables	138,263	138,263	-
Bank balance with a licensed bank	15,376	15,376	-
	<u>79,936,102</u>	<u>28,963,697</u>	<u>50,972,405</u>
Financial liabilities			
Amount due to Manager	(188,008)	(188,008)	-
Amount due to stockbrokers	(6,741,485)	(6,741,485)	-
Accrued management fee	(90,251)	(90,251)	-
Amount due to Trustee	(4,813)	(4,813)	-
Other payables and accrued expenses	(37,825)	(37,825)	-
	<u>(7,062,382)</u>	<u>(7,062,382)</u>	<u>-</u>

	Carrying amount	L&R/ (FL)	FVTPL/ HFT
	RM	RM	RM

2015**Financial assets**

Investments	83,317,402	6,100,000	77,217,402
Amount due from stockbrokers	3,303,160	3,303,160	-
Amount due from Manager	676,882	676,882	-
Other receivables	342,839	342,839	-
Bank balance with a licensed bank	1,973,531	1,973,531	-
	<u>89,613,814</u>	<u>12,396,412</u>	<u>77,217,402</u>

Financial liabilities

Amount due to Manager	(380,033)	(380,033)	-
Accrued management fee	(114,532)	(114,532)	-
Amount due to Trustee	(6,108)	(6,108)	-
Other payables and accrued expenses	(43,119)	(43,119)	-
	<u>(543,792)</u>	<u>(543,792)</u>	<u>-</u>

9.2 Net gains and losses arising from financial instruments

	2016	2015
	RM	RM
Net (losses)/gains arising on:		
Fair value through profit or loss:		
Held for trading - unrealised	(3,746,821)	4,632,001
- realised	760,149	1,272,411
Loans and receivables	548,939	622,374
	<u>(2,437,733)</u>	<u>6,526,786</u>

9.3 Financial risk management

The Fund has exposure to the following risks from its use of financial instruments:

- Investment risk
- Credit risk
- Liquidity risk
- Market risk
- Management company risk

9.4 Investment risk

Investments are bound by the provisions of the Master Deeds and prospectuses that govern the maximum securities holdings and maximum liquid assets holdings.

Investment risks for equity funds consist primarily of market risk, specific stock risk and liquidity risk. The mechanism employed to control investment risk for equity funds is by placing acceptable stock and sector bet limits.

Investment risks for fixed income funds are in the form of interest rate and credit risks. To manage these risks, investments will be in investment grade bonds.

Risk management objectives, policies and processes for managing the risk

The Manager has written policies and guidelines on risk management, which set out the overall investment risks strategies and general risk management philosophies. These processes monitor, measure and control risks associated with the business. Matters relating to investment risks in respect of funds portfolio are discussed during the monthly Investment Committee meetings of the Manager.

9.5 Credit risk

Credit risk is the risk of a financial loss to the Fund if a counterparty to a financial instrument fails to meet its contractual obligations. The Fund's exposure to credit risk arises principally from amount due from stockbrokers, amount due from Manager, other receivables and bank balances/deposits.

The Fund's maximum credit risk exposure at the reporting date is represented by the respective carrying amounts of the relevant financial assets in the statement of financial position.

No financial assets carried at amortised cost were past due or impaired as at the date of the statement of financial position other than as disclosed in Note 4 & 5.

9.6 Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. This may come about when realisation of units is in excess of normal amounts.

The Fund's exposure to liquidity risk arises principally from its amount due to Manager, accrued management fee, amount due to Trustee and, other payables and accrued expenses.

The extent of exposure to this risk is contained in provisions set out in the prospectus, which allows the Manager to extend the payment period in the event of excessive redemptions. The Fund maintains a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

9.7 Market risk

Market risk is the risk that changes in market prices, such as interest rates and other prices will affect the Fund's financial position or cash flows.

Risk management objectives, policies and processes for managing the risk

In order to mitigate risks related to changes and developments in regulations, politics, technology and the economy of the country, the Fund would generally hold a diversified portfolio of securities from different market sectors as well as placement in short term deposits with various financial institutions to offset negative events affecting any market sector or financial institution.

9.7.1 Interest rate risk

The Fund's investments in fixed rate debt securities are exposed to a risk of change in their fair value due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Fund's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2016	2015
	RM	RM
<u>Fixed rate instruments</u>		
Unquoted fixed income securities	9,675,973	22,160,315
Deposits with licensed financial institutions	28,710,000	6,100,000
	<u>38,385,973</u>	<u>28,260,315</u>

Interest rate risk sensitivity analysisFair value sensitivity analysis for fixed rate instruments

The Fund accounts for the unquoted fixed income securities and deposits with licensed financial institutions at fair value through profit or loss, and at amortised cost, respectively.

The effective interest rates for the fixed rate instruments are as follows:

	2016	2015
	%	%
Unquoted fixed income securities*	4.60	4.50
Deposits with licensed financial institutions**	3.42	3.82

* Interest rate for unquoted fixed income securities is fixed throughout the duration until maturity.

** Deposits with licensed financial institutions will mature within one year from the date of the statement of financial position.

9.7.2 Other price risk

Equity price risk and bond price risk arises from the Fund's investments in equity securities and unquoted fixed income instruments respectively.

Equity price risk sensitivity analysis

A 10% (2015: 10%) strengthening in the quoted equity's market prices of the Fund's portfolio at the end of the reporting period would have increased equity and profit or loss by RM4,129,643 (2015: RM5,505,709). A 10% weakening in the quoted equity's market prices would have had equal but opposite effect on equity and profit or loss respectively.

Bond price risk sensitivity analysis

All investments in unquoted fixed income instruments are corporate bonds and have maturities of more than one year. Considering the possible bond market price increase of 10% (2015: 10%), the effect on the Fund's post-tax profit or loss and net assets attributable to unit holders is an increase of RM967,597 (2015: RM2,216,032) as at 30 June 2016. A weakening of bond market price would have resulted in an equal but opposite effect.

9.8 Effective interest rates and maturity dates

The effective interest rates and the maturity dates of the financial instruments of the Fund are disclosed in Notes 5 and 9.7.1.

9.9 Management company risk

The Fund's Trustee ensures that the Manager operates and administers the Fund in accordance with the provisions of the Master Deeds, prospectuses, the Securities Commission Guidelines and Regulations and within acceptable business practices. The Manager's internal Compliance unit plays a complementary role to the Trustee to ensure compliance within the organisation with all relevant legislations and to supervise the monitoring of all prescribed limits to ensure compliance with securities related legislation.

9.10 Fair value information

The carrying amounts of cash and cash equivalents, demand deposits, receivables and payables approximate their fair values due to the relatively short term nature of these financial instruments.

The fair values of quoted equities and unquoted fixed income securities, together with the carrying amounts shown in the statement of financial position, are already disclosed in Note 4 and Note 5 respectively.

The following summarises the methods used in determining the fair value of financial instruments:

Quoted equities

Quoted equities in Malaysia are valued at the last done market price quoted on the Bursa Malaysia at the date of the statement of financial position, in accordance with the Master Deed. Unrealised gain or loss is taken to statement of profit or loss and other comprehensive income.

Unquoted fixed income securities

Unquoted fixed income securities issued by Malaysian and foreign corporations are rated by the Rating Agency of Malaysia Berhad or Malaysian Rating Corporation Berhad and an independent bond pricing agency company respectively are carried at cost adjusted for the amortisation of any premium or accretion of any discount over their par values at the time of acquisition. The premium or discount is amortised or accreted on a yield to maturity basis over the remaining term of the investments from the date of acquisition.

This adjusted cost (carrying value) is then revalued to reflect its fair value (indicative market value) using the fair price quoted by a bond pricing agency company registered with the Securities Commission as per the Securities Commission's Guidance on Unit Trust Funds. If such quotations are not available, the value shall be determined by reference to the last available quote provided the quote obtained is within the previous 30 days. Surplus or deficit on revaluation is transferred to statement of profit or loss and other comprehensive income.

9.10 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM		
2016									
Financial assets									
Investments	41,296,432	9,675,973	-	50,972,405	-	-	-	-	50,972,405
	41,296,432	9,675,973	-	50,972,405	-	-	-	-	50,972,405
2015									
Financial assets									
Investments	55,057,087	22,160,315	-	77,217,402	-	-	-	-	77,217,402
	55,057,087	22,160,315	-	77,217,402	-	-	-	-	77,217,402

9.10.1 Fair value hierarchy

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial period. (2014 : no transfer in either directions)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

10. MANAGEMENT FEE

The Deed provides that the Manager is entitled to a management fee at a rate not exceeding 3.00% per annum of the Net Assets Value of the Fund, calculated on a daily basis.

The Manager is currently entitled to a management fee at a rate of 1.50% per annum (2015 : 1.50% per annum) of the Net Assets Value of the Fund, calculated on a daily basis.

11. TRUSTEE'S FEE

The Deed provides that the Trustee is entitled to a fee at a rate not exceeding 0.20% per annum of the Net Assets Value of the Fund, calculated on a daily basis and subject to a minimum of RM35,000 per annum.

Effective 16 March 2015, the Trustee Fee has been revised to 0.08% of the Net Assets Value of the Fund, calculated on a daily basis and subject to a minimum of RM35,000 per annum.

The Trustee is currently entitled to a fee at a rate of 0.08% per annum (2015 : 0.08% per annum) of the Net Assets Value of the Fund, calculated on a daily basis and subject to a minimum of RM35,000 per annum.

12. TAX EXPENSE

	Note	1.1.2016 to 30.6.2016	1.1.2015 to 30.6.2015
		RM	RM
Over provision in prior years		(116)	-
<u>Reconciliation of tax expense</u>			
(Loss)/income before tax		(2,696,484)	9,051,517
Income tax using Malaysian tax rates of 24% (2015: 25%)		(647,156)	2,262,879
Non-assessable income	12.1	491,512	(2,483,940)
Non-deductible expenses		17,542	23,473
Restriction on the tax deductible expenses for unit trust funds		138,102	197,588
Tax expense		-	-
Over provision in prior years		(116)	-
		(116)	-

12.1 Non-assessable income

Income from deposits placement and unquoted fixed income securities are exempted from tax in accordance with Schedule 6, Para 35A and Para 35 of the Income Tax Act (ITA), 1967. Pursuant to Section 61(1)(b) of the ITA, 1967, gains from realisation of investments will not be treated as income of the Fund and hence are not subject to income tax. In accordance with Sections 61 and 63B of the ITA, 1967, interest income and gains on sale of investments are exempted from tax.

13. UNITS HELD BY THE MANAGER

Units held at the end of the financial period

	2016	2015
	No. of units	No. of units
Manager		
Eastspring Investments Berhad	1,245	1,198

The above units were transacted at the prevailing market prices on the transaction dates.

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. STOCKBROKERS' TRANSACTIONS

The details of transactions with the top 10 brokers/dealers by value of trades are as follows:

Name of brokers/ dealers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>Financial period ended 30 June 2016</u>				
RHB Investment Bank Berhad	9,036,630	16.40	9,524	6.25
KAF Seagroatt & Campbell Securities Sdn Bhd	9,017,831	16.36	29,231	19.18
Affin Hwang Investment Bank Berhad	6,918,650	12.55	22,854	14.99
UOB Kay Hian Securities (M) Sdn Bhd	4,073,289	7.39	13,090	8.59
Credit Suisse Securities (M) Sdn Bhd	4,071,870	7.39	13,237	8.68
Maybank Investment Bank Berhad	4,043,847	7.34	13,080	8.58
Hong Leong Investment Bank Berhad	3,456,128	6.27	9,526	6.25
Nomura Securities Malaysia Sdn Bhd	3,092,270	5.61	10,646	6.98
Public Investment Bank Berhad	2,879,210	5.22	9,516	6.24
J.P. Morgan Securities (Malaysia) Sdn Bhd	2,852,129	5.18	9,065	5.95
Others	5,667,381	10.29	12,653	8.31
	55,109,235	100.00	152,422	100.00

14. STOCKBROKERS' TRANSACTIONS (CONTINUED)

Name of brokers/ dealers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>Financial period ended 30 June 2015</u>				
RHB Investment Bank Berhad	22,287,973	18.36	20,114	7.04
AmBank (M) Berhad	14,953,745	12.32	-	-
CIMB Investment Bank Berhad	11,364,749	9.36	36,629	12.83
J.P. Morgan Securities (Malaysia) Sdn Bhd	11,055,846	9.11	70,531	24.70
Bank Islam Malaysia Berhad	8,888,880	7.32	-	-
Maybank Investment Bank Berhad	6,807,371	5.61	22,905	8.02
Hong Leong Investment Bank Berhad	6,620,771	5.45	21,983	7.70
Affin Hwang Investment Bank Berhad	6,230,080	5.13	19,666	6.89
Kenanga Investment Bank Berhad	5,052,788	4.16	15,560	5.45
Macquarie Capital Securities (Malaysia) Sdn Bhd	5,041,689	4.15	17,646	6.18
Others	23,091,923	19.03	60,554	21.19
	121,395,815	100.00	285,588	100.00

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

15. MANAGEMENT EXPENSE RATIO (“MER”)

	2016	2015
	%	%
MER	0.85	0.84

MER includes management fee, trustee’s fee, auditor’s remuneration, tax agent’s fees, administrative expenses which is calculated as follows:

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

A = Management fee

B = Trustee’s fee

C = Auditor’s remuneration

D = Tax agent’s fees

E = Administration expenses

F = Average Net Assets Value of the Fund calculated on a daily basis

The average Net Assets Value of the Fund for the financial period is RM76,741,881 (2015: RM105,848,359).

16. PORTFOLIO TURNOVER RATIO ("PTR")

	2016	2015
PTR (times)	0.36	0.58

PTR is derived from the following calculation:

$$\frac{(\text{Total acquisitions} + \text{total disposals for the financial period})/2}{\text{Average Net Assets Value of the Fund for the financial period calculated on a daily basis}}$$

	2016	2015
	RM	RM

Where:

Total acquisitions for the financial period	25,197,308	73,184,650
Total disposals for the financial period	29,817,933	49,515,190

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EASTSPRING INVESTMENTS BOND FUND

(Established in Malaysia)

UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2016

STATEMENT BY THE MANAGER

We, Tang Chee Kin and Iskander Bin Ismail Mohamed Ali, being two of the Directors of Eastspring Investments Berhad, do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements set out on pages 174 to 203, are drawn up in accordance with the provisions of the Master Deed and give a true and fair view of the state of affairs of Eastspring Investments Bond Fund as at 30 June 2016 and of its results, changes in net assets value and cash flows for the six months financial period ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Securities Commission's Guidelines on Unit Trust Funds in Malaysia.

For and on behalf of the Manager,
EASTSPRING INVESTMENTS BERHAD

TANG CHEE KIN

Chief Executive Officer / Executive Director

ISKANDER BIN ISMAIL MOHAMED ALI

Director

Kuala Lumpur
Date: 16 August 2016

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

(Established in Malaysia)

We have acted as Trustee for Eastspring Investments Bond Fund (the "Fund") for the financial period ended 30 June 2016. To the best of our knowledge, for the period under review, Eastspring Investments Berhad (the "Manager"), has operated and managed the Fund in accordance with the following:

- a. limitations imposed on the investment powers of the Manager 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.

For Deutsche Trustees Malaysia Berhad

Soon Lai Ching

Senior Manager, Trustee Operations

Maresh Anchan

Head, Trustee Operations

Kuala Lumpur

Date: 16 August 2016

UNAUDITED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2016

	Note	2016	2015
		RM	RM
INVESTMENTS			
Unquoted fixed income securities	4	139,649,984	136,579,371
Deposit with a licensed financial institution	5	49,030,000	23,840,000
		<u>188,679,984</u>	<u>160,419,371</u>
OTHER ASSETS			
Amount due from Manager		4,504,494	1,472,846
Interest receivables		1,921,897	1,650,365
Other receivables		9,483	9,483
Bank balance with a licensed bank		333,867	226,493
		<u>6,769,741</u>	<u>3,359,187</u>
TOTAL ASSETS		<u>195,449,725</u>	<u>163,778,558</u>
LIABILITIES			
Amount due to Manager		2,228,103	284,328
Accrued management fee		155,032	133,263
Amount due to Trustee		12,403	10,661
Other payables and accrued expenses		44,725	44,482
		<u>2,440,263</u>	<u>472,734</u>
NET ASSETS VALUE		<u>193,009,462</u>	<u>163,305,824</u>
REPRESENTED BY:			
Unit holders' capital		155,706,055	127,875,692
Undistributed income		37,303,407	35,430,132
		<u>193,009,462</u>	<u>163,305,824</u>
NET ASSETS VALUE ATTRIBUTABLE TO UNIT HOLDERS		<u>193,009,462</u>	<u>163,305,824</u>
NUMBER OF UNITS IN CIRCULATION	6	<u>287,287,173</u>	<u>242,103,744</u>
NET ASSETS VALUE ATTRIBUTABLE TO UNIT HOLDERS PER UNIT		<u>0.6718</u>	<u>0.6745</u>

The notes on pages 178 to 203 are an integral part of these unaudited financial statements.

UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2016

	Note	1.1.2016 to 30.6.2016	1.1.2015 to 30.6.2015
		RM	RM
Interest income		4,187,126	3,729,053
Net of accretion of discount/(amortisation of premium)		(208,626)	37,521
Other income		-	10,197,007
Net realised gain on sale of investments		93,483	84,520
Net unrealised gain from financial instruments at fair value through profit or loss		1,598,924	1,343,884
TOTAL INCOME		5,670,907	15,391,985
Management fee	8	(858,277)	(803,457)
Trustee's fee	9	(68,662)	(64,277)
Auditors' remuneration		(4,972)	(4,959)
Tax agent's fee		(1,691)	(1,687)
Administrative expenses		(60,372)	(43,021)
TOTAL OPERATING EXPENSES		(993,974)	(917,401)
NET INCOME/TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		4,676,933	14,474,584
Net income is made up as follows:			
Realised amount		3,078,009	13,130,700
Unrealised amount		1,598,924	1,343,884
		4,676,933	14,474,584

The notes on pages 178 to 203 are an integral part of these unaudited financial statements.

UNAUDITED STATEMENT OF CHANGES IN NET ASSETS VALUE

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2016

	Unit holders' capital	Undistributed income	Total
	RM	RM	RM
AT 1 JANUARY 2016	129,336,884	32,626,474	161,963,358
Movement in unit holders' contribution			
Creation of units from applications	74,871,328	-	74,871,328
Cancellation of units	(48,502,157)	-	(48,502,157)
Total comprehensive income for the period	-	4,676,933	4,676,933
AT 30 JUNE 2016	<u>155,706,055</u>	<u>37,303,407</u>	<u>193,009,462</u>
AT 1 JANUARY 2015	141,905,636	20,955,548	162,861,184
Movement in unit holders' contribution			
Creation of units from applications	25,819,303	-	25,819,303
Cancellation of units	(39,849,247)	-	(39,849,247)
Total comprehensive income for the period	-	14,474,584	14,474,584
AT 30 JUNE 2015	<u>127,875,692</u>	<u>35,430,132</u>	<u>163,305,824</u>

The notes on pages 178 to 203 are an integral part of these unaudited financial statements.

UNAUDITED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2016

	1.1.2016 to 30.6.2016	1.1.2015 to 30.6.2015
	RM	RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of investments	54,504,790	55,414,558
Proceeds from recovery of a default bond	-	10,197,007
Purchase of investments	(39,739,108)	(71,310,445)
Movement in deposits with licensed financial institutions	(46,840,000)	17,530,000
Interest received	4,261,518	3,653,839
Payment for other fee and expenses	(985,355)	(907,707)
NET CASH (USED IN)/GENERATED FROM OPERATING AND INVESTING ACTIVITIES	<u>(28,798,155)</u>	<u>14,577,252</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	76,111,488	25,283,001
Payments for cancellation of units	(46,942,058)	(39,607,725)
Distribution paid	(54,222)	(37,892)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	<u>29,115,208</u>	<u>(14,362,616)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	317,053	214,636
CASH AND CASH EQUIVALENTS AT 1 JANUARY	16,814	11,857
CASH AND CASH EQUIVALENTS AT 30 JUNE	<u>333,867</u>	<u>226,493</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Bank balance in a licensed bank	<u>333,867</u>	<u>226,493</u>

The notes on pages 178 to 203 are an integral part of these unaudited financial statements.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2016

1. INFORMATION ON THE FUND AND THE MANAGER

Eastspring Investments Bond Fund (the "Fund") was constituted pursuant to the execution of a Master Deed dated 4 May 2001, Supplemental Master Deed dated 26 May 2003, Supplemental Master Deed dated 15 February 2006, Master Supplemental Deed dated 25 July 2007 and Second Supplemental Master Deed dated 30 November 2009 between BHLB Trustee Berhad ("BHLB Trustee") and Eastspring Investments Berhad. The Fund replaced BHLB Trustee with Deutsche Trustees Malaysia Berhad (the "Trustee") effective 1 October 2010. A Supplemental Master Deed was entered into between the Manager and the Trustee on 30 July 2010 to effect the change of trustee from BHLB Trustee to the Trustee, followed by the 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, a Sixth Supplemental Master Deed dated 2 January 2015 and a Seventh Supplemental Master Deed dated 11 July 2016 (collectively referred to as the "Deed").

The Fund will invest in a portfolio of fixed income securities. All investments will be subject to the Guidelines, the Deed and Securities Commission's requirements and the objective of the Fund.

The Fund commenced operations on 29 May 2001 and will continue its operations until terminated according to the conditions stated in Part 12 of the Deed.

The main objective of the Fund seeks to provide investors with a steady stream of income returns by investing principally in a portfolio of investment-grade fixed income securities with exposure in non-investment grade fixed income securities which yield above average returns.

The Manager, 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 asset management business.

2. BASIS OF PREPARATION

a. Statement of compliance

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”) and International Financial Reporting Standards.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Fund plans to apply the abovementioned accounting standards, amendments and interpretations:

- Amendments to MFRS 9 and Amendments to MFRS 15 with effect from the annual period beginning on 1 January 2018.

b. Basis of measurement

These financial statements have been prepared on the historical cost basis other than as disclosed in Note 3 (a) (ii).

c. Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Fund’s functional currency.

d. Use of estimates and judgments

The preparation of financial statements in conformity with MFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in these financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

a. Financial instruments**i. Initial recognition and measurement**

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

ii. Financial instrument categories and subsequent measurement

The Fund categorises financial instruments as follows:

Financial assets

a. Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

b. Loans and receivables

Loans and receivables category are debt instruments that are not quoted in an active market that comprises deposits, bank balances and receivables.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 3(c)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values cannot be reliably measured are measured at cost.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

iii. Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- a. the recognition of an asset to be received and the liability to pay for it on the trade date, and
- b. derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

iv. Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

b. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Fund in the management of their short term commitments.

Cash and cash equivalents are categorised and measured as loans and receivables in accordance with policy Note 3 (a) (ii) (b).

c. Impairment

Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

d. Income recognition

Interest income is recognised as it accrues using the effective interest method in profit or loss.

The realised gain/(loss) on sale of investments is measured as the difference between the net disposal proceeds and the carrying amount of the investments. The carrying amount for determining the realised gain/(loss) on sale of investments is based on the weighted average cost method and where applicable, adjusted for accretion for discount and amortisation of premium.

e. Income tax

Income tax expense comprises current tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted by the end of reporting period, and any adjustment to tax payable in respect of previous financial periods.

f. Creation and cancellation of units

The Fund issues cancellable units, which are cancelled at the holder's option and are classified as equity. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value. The outstanding units are carried at the redemption amount that is payable at the financial position date if the holder exercises the right to put the unit back to the Fund.

Units are created and cancelled at the holder's option at prices based on the Fund's net assets value per unit at the time of creation or cancellation. The Fund's net assets value per unit is calculated by dividing the net assets attributable to unit holders with the total number of outstanding units. In accordance with the Securities Commission's Guidelines on Unit Trust Funds in Malaysia, investment positions are valued based on the last traded market price for the purpose of determining the net assets value per unit for creations and cancellations.

g. Proceeds and payments on creation and cancellation of units

The net assets value per unit is computed for each dealing day. The price at which units are created or cancelled is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day. Units in the Fund are classified as equity in the statement of financial position and are stated at fair value representing the price at which unit holders can redeem the units from the Fund.

4. UNQUOTED FIXED INCOME SECURITIES

Name of counter	Rating	Maturity date	Quantity	Cost	Market value as at 30.6.2016	Percentage of net assets value
			Units	RM	RM	%
2016						
Unlisted Corporate Bonds						
AmBank (M) Berhad	AA3	31.12.2018	12,600,000	12,644,707	12,687,066	6.57
AmBank Islamic Berhad (fka AmIslamic Bank Berhad)	AA3	25.03.2019	2,300,000	2,300,000	2,311,523	1.20
BGSM Management Sdn Berhad	AA3	24.12.2020	2,000,000	2,035,967	2,043,040	1.06
BGSM Management Sdn Berhad	AA3	27.12.2023	3,200,000	3,262,811	3,335,744	1.73
BGSM Management Sdn Berhad	AA3	28.12.2022	4,300,000	4,838,144	4,827,696	2.50
BGSM Management Sdn Berhad	AA3	27.12.2019	4,700,000	4,963,639	5,001,364	2.59
Bumitama Agri Ltd	AA3	18.03.2019	1,400,000	1,426,981	1,426,782	0.74
Gulf Investment Corporation G.S.C	AAA	16.03.2021	10,100,000	10,146,546	10,194,637	5.28
Hong Leong Assurance Berhad	AA3	07.02.2020	8,000,000	7,969,525	7,915,920	4.10
Hong Leong Bank Berhad	AA2	24.06.2019	2,700,000	2,697,838	2,694,627	1.40
Jimah Energy Ventures Sdn Berhad	AA3	12.11.2021	1,070,000	1,283,955	1,302,404	0.67
Jimah Energy Ventures Sdn Berhad	AA3	10.05.2019	1,700,000	1,908,531	1,905,598	0.99
Jimah Energy Ventures Sdn Berhad	AA3	12.11.2020	2,400,000	2,788,045	2,816,568	1.46
Kimanis Power Sdn Berhad	AA-IS	08.08.2024	1,000,000	1,011,306	1,027,810	0.53
Krung Thai Bank Public Company Limited	AA2	06.07.2020	16,400,000	16,402,836	16,445,920	8.52
MEX II Sdn Berhad	AA-IS	29.04.2026	5,000,000	5,059,905	5,176,900	2.68
Mukah Power Generation Sdn Berhad	AA2	27.12.2019	1,000,000	1,106,072	1,116,220	0.58
Public Bank Berhad	AA1	25.09.2018	4,400,000	4,413,312	4,435,420	2.30
RHB Bank Berhad	AA3	08.05.2020	3,000,000	3,000,000	3,003,900	1.56
RHB Bank Berhad	AA3	08.07.2019	12,500,000	12,513,683	12,607,500	6.53

4. UNQUOTED FIXED INCOME SECURITIES (CONTINUED)

Name of counter	Rating	Maturity date	Quantity	Cost	Market value as at 30.6.2016	Percentage of net assets value
			Units	RM	RM	%
2016 (continued)						
Unlisted Corporate Bonds (continued)						
RHB Islamic Bank Berhad	AA3	15.05.2019	3,900,000	3,917,324	3,936,855	2.04
Special Port Vehicle Berhad	AAA	29.07.2016	5,000,000	5,000,045	4,975,200	2.58
Special Port Vehicle Berhad	AAA	28.07.2017	10,000,000	10,025,062	9,381,700	4.86
Talam Transform Berhad						
[fka Trinity Corporation Berhad]	B- ID	28.06.2019	377,726	272,258	326,695	0.17
Tanjung Bin Energy Issuer Berhad	AA3	15.09.2020	1,500,000	1,508,496	1,528,950	0.79
Tanjung Bin Energy Issuer Berhad	AA3	15.03.2024	3,500,000	3,610,108	3,645,775	1.89
Tanjung Bin Energy Issuer Berhad	AA3	16.03.2023	5,000,000	5,042,127	5,177,200	2.68
Tanjung Bin Energy Issuer Berhad	AA3	16.03.2028	5,000,000	5,305,458	5,399,650	2.80
YTL Power International Berhad	AA1	10.06.2022	3,000,000	3,008,917	3,001,320	1.56
Total Unquoted Fixed Income Securities			137,047,726	139,463,598	139,649,984	72.36

4. UNQUOTED FIXED INCOME SECURITIES (CONTINUED)

Name of counter	Rating	Maturity date	Quantity	Cost	Market value as at 30.6.2015		Percentage of net assets value
					RM	RM	
2015							
Unlisted Corporate Bonds							
AmBank (M) Berhad	AA3	16.10.2017	5,000,000	5,000,000	4,997,000		3.06
AmBank (M) Berhad	AA3	31.12.2018	8,000,000	8,020,185	8,057,680		4.93
AmIslamic Bank Berhad	AA3	25.03.2019	2,300,000	2,300,000	2,321,689		1.42
AmIslamic Bank Berhad	AA3	30.09.2016	3,000,000	3,001,867	3,014,460		1.85
BGSM Management Sdn Berhad	AA3	24.12.2020	2,000,000	2,043,013	2,048,980		1.25
BGSM Management Sdn Berhad	AA3	27.12.2023	3,200,000	3,269,511	3,335,968		2.04
BGSM Management Sdn Berhad	AA3	27.12.2019	4,700,000	5,031,554	5,074,543		3.11
Bumitama Agri Ltd	AA3	18.03.2019	300,000	308,018	307,809		0.19
CIMB Bank Berhad	AA1	16.10.2018	4,500,000	4,502,889	4,527,315		2.77
CIMB Bank Berhad	AA1	13.09.2018	9,000,000	9,003,957	9,063,810		5.55
First Resources Limited	AA2	31.07.2017	3,000,000	3,006,448	3,014,970		1.85
Hong Leong Assurance Berhad	AA3	07.02.2020	8,000,000	7,961,983	7,906,720		4.84
Hong Leong Bank Berhad	AA2	24.06.2019	12,000,000	11,987,435	11,961,840		7.32
Jimah Energy Ventures Sdn. Berhad	AA3	12.11.2021	870,000	1,068,909	1,074,041		0.66
Jimah Energy Ventures Sdn. Berhad	AA3	10.05.2019	1,700,000	1,975,428	1,962,956		1.20
Jimah Energy Ventures Sdn. Berhad	AA3	11.05.2018	4,500,000	4,980,384	4,981,500		3.05
Jimah Energy Ventures Sdn. Berhad	AA3	12.11.2020	1,000,000	1,197,031	1,197,390		0.73
Kimanis Power Sdn Berhad	AA-is	08.08.2024	1,000,000	1,012,422	1,032,830		0.63
Malakoff Power Berhad	AA-is	17.12.2019	1,800,000	1,810,769	1,832,742		1.12
Maybank Islamic Berhad	AA1	05.04.2019	1,900,000	1,914,966	1,920,463		1.18
Perbadanan Kemajuan Negeri Selangor	AA3	28.10.2016	2,500,000	2,502,801	2,505,075		1.53

4. UNQUOTED FIXED INCOME SECURITIES (CONTINUED)

Name of counter	Rating	Maturity date	Quantity	Cost	Market value as at 30.6.2015	Percentage of net assets value
			Units	RM	RM	%
2015 (continued)						
Unlisted Corporate Bonds (continued)						
Public Bank Berhad	AA1	25.09.2018	3,400,000	3,412,641	3,419,890	2.09
Public Islamic Bank Berhad	AA1	10.06.2019	3,200,000	3,201,704	3,210,304	1.97
RHB Bank Berhad	AA3	07.05.2020	3,000,000	3,000,000	3,027,510	1.85
RHB Bank Berhad	AA3	08.07.2019	12,000,000	12,013,619	12,220,200	7.48
RHB Islamic Bank Berhad	AA3	15.05.2019	1,700,000	1,700,000	1,728,509	1.06
Special Port Vehicle Berhad	AAA	29.07.2016	5,000,000	5,007,427	4,684,750	2.87
Special Port Vehicle Berhad	AAA	28.07.2017	10,000,000	10,047,537	8,866,200	5.43
Talam Transform Berhad (fka Trinity Corporation Berhad)	B-ID	28.06.2019	384,983	248,545	301,592	0.18
Tanjung Bin Energy Issuer Berhad	AA3	15.09.2020	1,500,000	1,510,299	1,519,275	0.93
Tanjung Bin Energy Issuer Berhad	AA3	15.03.2024	3,500,000	3,621,658	3,593,835	2.20
Tanjung Bin Energy Issuer Berhad	AA3	16.03.2023	5,000,000	5,048,908	5,108,050	3.13
Tanjung Bin Energy Issuer Berhad	AA3	16.03.2028	5,000,000	5,324,183	5,260,750	3.23
YTL Power International Berhad	AA1	10.06.2022	1,500,000	1,512,758	1,498,725	0.93
Total Unquoted Fixed Income Securities			135,454,983	137,548,849	136,579,371	83.63

5. DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION

	2016	2015
	RM	RM
Deposit with a licensed financial institution	49,030,000	23,840,000

6. NUMBER OF UNITS IN CIRCULATION

	2016	2015
	No. of units	No. of units
At 1 January 2016	247,704,188	264,450,401
Add: Creation of units	113,125,181	40,441,465
Less: Cancellation of units	(73,542,196)	(62,788,122)
At 30 June 2016	287,287,173	242,103,744

7. FINANCIAL INSTRUMENTS

7.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- Loans and receivables (“L&R”);
- Fair value through profit or loss (“FVTPL”):
 - Held for trading (“HFT”); and
- Financial liabilities measured at amortised cost (“FL”).

	Carrying amount	L&R/ (FL)	FVTPL/ HFT
	RM	RM	RM
2016			
Financial assets			
Investments	188,679,984	49,030,000	139,649,984
Amount due from Manager	4,504,494	4,504,494	-
Interest receivables	1,921,897	1,921,897	-
Other receivables	9,483	9,483	-
Bank balance with a licensed bank	333,867	333,867	-
	<u>195,449,725</u>	<u>55,799,741</u>	<u>139,649,984</u>
Financial liabilities			
Amount due to Manager	(2,228,103)	(2,228,103)	-
Accrued management fee	(155,032)	(155,032)	-
Amount due to Trustee	(12,403)	(12,403)	-
Other payables and accrued expenses	(44,725)	(44,725)	-
	<u>(2,440,263)</u>	<u>(2,440,263)</u>	<u>-</u>

	Carrying amount	L&R/ (FL)	FVTPL/ HFT
	RM	RM	RM

2015**Financial assets**

Investments	160,419,371	23,840,000	136,579,371
Amount due from Manager	1,472,846	1,472,846	-
Interest receivables	1,650,365	1,650,365	-
Other receivables	9,483	9,483	-
Bank balance with a licensed bank	226,493	226,493	-
	<u>163,778,558</u>	<u>27,199,187</u>	<u>136,579,371</u>

Financial liabilities

Amount due to Manager	(284,328)	(284,328)	-
Accrued management fee	(133,263)	(133,263)	-
Amount due to Trustee	(10,661)	(10,661)	-
Other payables and accrued expenses	(44,482)	(44,482)	-
	<u>(472,734)</u>	<u>(472,734)</u>	<u>-</u>

7.2 Net gains and losses arising from financial instruments

	2016	2015
	RM	RM
Net gains arising on:		
Fair value through profit or loss:		
Held for trading - unrealised	1,598,924	1,343,884
- realised	93,483	10,281,527
Loans and receivables	4,187,126	3,729,053
	<u>5,879,533</u>	<u>15,354,464</u>

7.3 Financial risk management

The Fund has exposure to the following risks from its use of financial instruments:

- Investment risk
- Credit risk
- Liquidity risk
- Market risk
- Management company risk

7.4 Investment risk

Investments are bound by the provisions of the Master Deeds and prospectuses that govern the maximum securities holdings and maximum liquid assets holdings.

Investment risks for fixed income funds are in the form of interest rate and credit risks. To manage these risks, investments will be in investment grade bonds.

Risk management objectives, policies and processes for managing the risk

The Manager has written policies and guidelines on risk management, which set out the overall investment risks strategies and general risk management philosophies. These processes monitor, measure and control risks associated with the business. Matters relating to investment risks in respect of funds portfolio are discussed during the monthly Investment Committee meetings of the Manager.

7.5 Credit risk

Credit risk is the risk of a financial loss to the Fund if a counterparty to a financial instrument fails to meet its contractual obligations. The Fund's exposure to credit risk arises principally from amount due from Manager, other receivables and bank balances/deposits.

The Fund's maximum credit risk exposure at the reporting date is represented by the respective carrying amounts of the relevant financial assets in the statement of financial position.

No financial assets carried at amortised cost were past due or impaired as at date of statement of financial position other than as disclosed in Note 4.

7.6 Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. This may come about when realisation of units is in excess of normal amounts.

The Fund's exposure to liquidity risk arises principally from its amount due to Manager, amount due to Trustee, accrued management fee and, other payables and accrued expenses.

The extent of exposure to this risk is contained in provisions set out in the prospectus, which allows the Manager to extend the payment period in the event of excessive redemptions. The Fund maintains a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

7.7 Market risk

Market risk is the risk that changes in market prices, such as interest rates and other prices will affect the Fund's financial position or cash flows.

Risk management objectives, policies and processes for managing the risk

In order to mitigate risks related to changes and developments in regulations, politics, technology and the economy of the country, the Fund would generally hold a diversified portfolio of securities from different market sectors as well as placement in short term deposits with various financial institutions to offset negative events affecting any market sector or financial institution.

7.7.1 Interest rate risk

The Fund's investments in fixed rate debt securities are exposed to a risk of change in their fair value due to changes in interest rates. Investments in short term receivables and payables are not significantly exposed to interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Fund's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2016	2015
	RM	RM
<u>Fixed rate instruments</u>		
Unquoted fixed income securities	139,649,984	136,579,371
Deposit with a licensed financial institution	49,030,000	23,840,000
	<u>188,679,984</u>	<u>160,419,371</u>

Interest rate risk sensitivity analysisFair value sensitivity analysis for fixed rate instruments

The Fund accounts for the unquoted fixed income securities and deposit with a licensed financial institution at fair value through profit or loss, and at amortised cost, respectively.

The effective interest rates for the fixed rate instruments are as follows:

	2016	2015
	%	%
Unquoted fixed income securities*	4.96	5.07
Deposit with a licensed financial institution**	3.39	3.80

* Interest rate for unquoted fixed income securities is fixed throughout the duration until maturity.

** Deposit with a licensed financial institution will mature within one year from the date of the statement of financial position.

7.7.2 Other price risk

Bond price risk sensitivity analysis

All investments in unquoted fixed income instruments are corporate bonds and have maturities of more than one year. Considering the possible bond market price increase of 10% (2015: 10%), the effect on the Fund's post-tax profit or loss and net assets attributable to unit holders is an increase of RM13,964,998 (2015: RM13,657,937) as at 30 June 2016. A weakening of bond market price would have resulted in an equal but opposite effect.

7.8 Effective interest rates and maturity dates

The effective interest rates and the maturity dates of the financial instruments of the Fund are disclosed in Notes 4 and 7.7.1.

7.9 Management company risk

The Fund's Trustee ensures that the Manager operates and administers the Fund in accordance with the provisions of the Master Deeds, prospectuses, the Securities Commission Guidelines and Regulations and within acceptable business practices. The Manager's internal Compliance unit plays a complementary role to the Trustee to ensure compliance within the organisation with all relevant legislations and to supervise the monitoring of all prescribed limits to ensure compliance with securities related legislation.

7.10 Fair value information

The carrying amounts of cash and cash equivalents, demand deposits, receivables and payables approximate their fair values due to the relatively short term nature of these financial instruments.

The fair values of unquoted fixed income securities, together with the carrying amounts shown in the statement of financial position, are already disclosed in Note 4.

The following summarises the methods used in determining the fair value of financial instruments:

Unquoted fixed income securities

Unquoted fixed income securities issued by Malaysian and foreign corporations are rated by the Rating Agency of Malaysia Berhad or Malaysian Rating Corporation Berhad and an independent bond pricing agency company respectively are carried at cost adjusted for the amortisation of any premium or accretion of any discount over their par values at the time of acquisition. The premium or discount is amortised or accreted on a yield to maturity basis over the remaining term of the investments from the date of acquisition.

This adjusted cost (carrying value) is then revalued to reflect its fair value (indicative market value) using the fair price quoted by a bond pricing agency company registered with the Securities Commission as per the Securities Commission's Guidance on Unit Trust Funds. If such quotations are not available, the value shall be determined by reference to the last available quote provided the quote obtained is within the previous 30 days. Surplus or deficit on revaluation is transferred to statement of profit or loss and other comprehensive income.

7.10 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2		
	RM	RM	RM	RM	RM	RM	RM	RM
2016								
Financial assets								
Investments	-	139,649,984	-	139,649,984	-	-	-	139,649,984
	-	139,649,984	-	139,649,984	-	-	-	139,649,984
2015								
Financial assets								
Investments	-	136,579,371	-	136,579,371	-	-	-	136,579,371
	-	136,579,371	-	136,579,371	-	-	-	136,579,371

7.10.1 Fair value hierarchy

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial period. (2015 : no transfer in either directions)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

8. MANAGEMENT FEE

The Deed provides that the Manager is entitled to a management fee at a rate not exceeding 2.00% per annum of the Net Assets Value of the Fund, calculated on a daily basis.

The Manager is currently entitled to a management fee at a rate of 1.00% per annum (2015 : 1.00% per annum) of the Net Assets Value of the Fund, calculated on a daily basis.

9. TRUSTEE'S FEE

The Deed provides that the Trustee is entitled to a fee at a rate not exceeding 0.20% per annum of the Net Assets Value of the Fund, calculated on a daily basis and subject to a minimum of RM30,000 per annum.

The Trustee is currently entitled to a fee at a rate of 0.08% per annum (2015 : 0.08% per annum) of the Net Assets Value of the Fund, calculated on a daily basis and subject to a minimum of RM30,000 per annum.

10. TAX EXPENSE

There is no taxation charge for the current and previous financial period. Income from deposits placement and unquoted fixed income securities are exempted from tax in accordance with Schedule 6, Para 35A and Para 35 of the Income Tax Act (ITA), 1967. Pursuant to Section 61(1)(b) of the ITA, 1967, gains from realisation of investments will not be treated as income of the Fund and hence are not subject to income tax. In accordance with Sections 61 and 63B of the ITA, 1967, interest income and gains on sale of investments are exempted from tax.

11. UNITS HELD BY THE MANAGER

Units held at the end of the financial period

	2016	2015
	No. of units	No. of units
Manager		
Eastspring Investments Berhad	1,248	1,187

The above units were transacted at the prevailing market prices on the transaction dates.

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. DEALERS' TRANSACTIONS

The details of transactions with the top dealers by value of trades are as follows:

Name of dealers	Value of trades	Percentage of total trades
	RM	%
<u>Financial period ended 30 June 2016</u>		
RHB Investment Bank Berhad	28,386,170	34.51
AmBank (M) Berhad	21,619,437	26.29
Hong Leong Bank Berhad	8,089,300	9.84
CIMB Bank Berhad	8,039,692	9.77
KAF Investment Bank Berhad	8,008,700	9.74
Hong Leong Investment Bank Berhad	5,019,000	6.10
Alliance Bank Malaysia Berhad	3,081,600	3.75
	82,243,899	100.00
<u>Financial period ended 30 June 2015</u>		
AmBank (M) Berhad	27,787,227	31.68
RHB Investment Bank Berhad	27,091,407	30.88
CIMB Bank Berhad	7,788,309	8.88
Hong Leong Investment Bank Berhad	6,506,130	7.42
Standard Chartered Bank Malaysia Berhad	4,953,425	5.65
Malayan Banking Berhad	4,925,570	5.61
Hong Leong Bank Berhad	4,818,135	5.49
Bank Islam Malaysia Berhad	3,854,800	4.39
	87,725,003	100.00

All dealers highlighted above are not related to the Manager.

No brokerage fee was incurred for the financial period under review (2015 : Nil).

13. MANAGEMENT EXPENSE RATIO ("MER")

	2016	2015
	%	%
MER	0.58	0.57

MER includes management fee, trustee's fee, auditor's remuneration, tax agent's fees and administrative expenses which is calculated as follows:

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

A = Management fee

B = Trustee's fee

C = Auditors' remuneration

D = Tax agent's fees

E = Administrative expenses

F = Average Net Assets Value of the Fund calculated on a daily basis

The average Net Assets Value of the Fund for the financial period is RM172,593,093 (2015: RM162,018,152).

14. PORTFOLIO TURNOVER RATIO ("PTR")

	2016	2015
PTR (times)	0.24	0.27

PTR is derived from the following calculation:

$$\frac{(\text{Total acquisitions} + \text{total disposals for the financial period})/2}{\text{Average Net Assets Value of the Fund for the financial period calculated on a daily basis}}$$

	2016	2015
	RM	RM

Where:

Total acquisitions for the financial period	39,739,109	71,310,445
Total disposals for the financial period	42,504,790	16,414,558

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EASTSPRING INVESTMENTS CASH MANAGEMENT FUND

(Established in Malaysia)

UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2016

STATEMENT BY THE MANAGER

We, Tang Chee Kin and Iskander Bin Ismail Mohamed Ali, being two of the Directors of Eastspring Investments Berhad, do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements set out on pages 208 to 237, are drawn up in accordance with the provisions of the Master Deed and give a true and fair view of the state of affairs of Eastspring Investments Cash Management Fund as at 30 June 2016 and of its results, changes in net assets value and cash flows for the six months financial period ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Securities Commission's Guidelines on Unit Trust Funds in Malaysia.

For and on behalf of the Manager,
EASTSPRING INVESTMENTS BERHAD

TANG CHEE KIN
Chief Executive Officer/Executive Director

ISKANDER BIN ISMAIL MOHAMED ALI
Director

Kuala Lumpur
Date: 16 August 2016

TRUSTEE'S REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS CASH MANAGEMENT FUND (Established in Malaysia)

We have acted as Trustee for Eastspring Investments Cash Management Fund (the "Fund") for the financial period ended 30 June 2016. To the best of our knowledge, for the period under review, Eastspring Investments Berhad (the "Manager"), has operated and managed the Fund in accordance with the following:

- a. limitations imposed on the investment powers of the Manager 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 six months financial period 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

UNAUDITED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2016

	Note	2016	2015
		RM	RM
INVESTMENTS			
Unquoted fixed income securities	4	25,943,264	49,714,189
Deposits with licensed financial institutions	5	127,490,000	103,250,000
		<u>153,433,264</u>	<u>152,964,189</u>
OTHER ASSETS			
Interest receivables		2,490,079	851,611
Bank balance with a licensed bank		17,423	17,692
		<u>2,507,502</u>	<u>869,303</u>
TOTAL ASSETS		<u>155,940,766</u>	<u>153,833,492</u>
LIABILITIES			
Amount due to Manager		15,286	325,285
Accrued management fee		66,997	64,529
Amount due to Trustee		6,700	6,453
Other payables and accrued expenses		25,133	25,980
		<u>114,116</u>	<u>422,247</u>
TOTAL LIABILITIES		<u>114,116</u>	<u>422,247</u>
NET ASSETS VALUE		<u>155,826,650</u>	<u>153,411,245</u>
REPRESENTED BY:			
Unit holders' capital		132,676,326	130,407,822
Undistributed income		23,150,324	23,003,423
		<u>155,826,650</u>	<u>153,411,245</u>
NET ASSETS VALUE ATTRIBUTABLE TO UNIT HOLDERS		<u>155,826,650</u>	<u>153,411,245</u>
NUMBER OF UNITS IN CIRCULATION	6	<u>287,849,151</u>	<u>283,349,721</u>
NET ASSETS VALUE ATTRIBUTABLE TO UNIT HOLDERS PER UNIT (EX-DISTRIBUTION)		<u>0.5413</u>	<u>0.5414</u>

The notes on pages 212 to 237 are an integral part of these unaudited financial statements.

UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2016

	Note	1.1.2016 to 30.6.2016	1.1.2015 to 30.6.2015
		RM	RM
Interest income		3,434,552	2,729,155
Amortisation of premium		197,367	334,787
Net realised loss on sale of investments		(58)	(445)
Net unrealised (loss)/gain from financial instruments at fair value through profit or loss		(3,882)	11,600
TOTAL INCOME		3,627,979	3,075,097
EXPENSES			
Management fee	8	(436,659)	(381,011)
Trustee's fee	9	(43,666)	(38,101)
Auditors' remuneration		(4,972)	(4,959)
Tax agent's fee		(1,691)	(1,687)
Administrative expenses		(33,121)	(23,049)
TOTAL OPERATING EXPENSES		(520,109)	(448,807)
NET INCOME/TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		3,107,870	2,626,290
Net income is made up as follows:			
Realised amount		3,111,752	2,614,690
Unrealised amount		(3,882)	11,600
		3,107,870	2,626,290

The notes on pages 212 to 237 are an integral part of these unaudited financial statements.

UNAUDITED STATEMENT OF CHANGES IN NET ASSETS VALUE

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2016

	Note	Unit holders' capital RM	Undistributed income RM	Total RM
AT 1 JANUARY 2016		154,511,824	23,185,151	177,696,975
Movement in unit holders' contribution				
Creation of units from application		73,169,923	-	73,169,923
Creation of units from distributions		3,142,697	-	3,142,697
Cancellation of units		(98,148,118)	-	(98,148,118)
Total comprehensive income for the period		-	3,107,870	3,107,870
Income distributions	10	-	(3,142,697)	(3,142,697)
AT 30 JUNE 2016		132,676,326	23,150,324	155,826,650
AT 1 JANUARY 2015		131,223,897	23,013,984	154,237,881
Movement in unit holders' contribution				
Creation of units from application		47,346,803	-	47,346,803
Creation of units from distributions		2,636,851	-	2,636,851
Cancellation of units		(50,799,729)	-	(50,799,729)
Total comprehensive income for the period		-	2,626,290	2,626,290
Income distributions	10	-	(2,636,851)	(2,636,851)
AT 30 JUNE 2015		130,407,822	23,003,423	153,411,245

The notes on pages 212 to 237 are an integral part of these unaudited financial statements.

UNAUDITED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2016

	1.1.2016 to 30.6.2016	1.1.2015 to 30.6.2015
	RM	RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of investments	58,579,950	79,868,480
Purchase of investments	(31,406,512)	(112,930,835)
Movement in deposit with licensed financial institutions	(4,380,000)	33,960,000
Interest received	2,632,851	2,681,431
Payment for other fees and expenses	(540,929)	(449,147)
NET CASH GENERATED FROM OPERATING AND INVESTING ACTIVITIES	<u>24,885,360</u>	<u>3,129,929</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	76,312,620	47,346,804
Payments for cancellation of units	(98,139,591)	(50,476,085)
Distributions paid	(3,142,697)	-
NET CASH USED IN FINANCING ACTIVITIES	<u>(24,969,668)</u>	<u>(3,129,281)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(84,308)	648
CASH AND CASH EQUIVALENTS AT 1 JANUARY	101,731	17,044
CASH AND CASH EQUIVALENTS AT 30 JUNE	<u>17,423</u>	<u>17,692</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Bank balance with a licensed bank	<u>17,423</u>	<u>17,692</u>

The notes on pages 212 to 237 are an integral part of these unaudited financial statements.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2016

1. INFORMATION ON THE FUND AND THE MANAGER

Eastspring Investments Cash Management Fund (the "Fund") was constituted pursuant to the execution of a Master Deed dated 4 May 2001, a Supplemental Master Deed dated 26 May 2003, a Supplemental Master Deed dated 15 February 2006, a Master Supplemental Deed dated 25 July 2007, and a Second Supplemental Master Deed dated 30 November 2009 between BHLB Trustee Berhad ("BHLB Trustee") and Eastspring Investments Berhad. The Fund replaced BHLB Trustee with Deutsche Trustees Malaysia Berhad (the "Trustee") effective 1 October 2010. A Supplemental Master Deed was entered into between the Manager and the Trustee on 30 July 2010 to effect the change of trustee from BHLB Trustee to the Trustee, followed by the 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, a Sixth Supplemental Master Deed dated 2 January 2015 and a Seventh Supplemental Master Deed dated 11 July 2016 (collectively referred to as the "Deed").

The Fund will invest in a portfolio of short-term money market instruments and other short-term debentures. All investments will be subject to the Guidelines, the Deed and Securities Commission's requirements and the objective of the Fund.

The Fund commenced operations on 29 May 2003 and will continue its operations until terminated according to the conditions stated in Part 12 of the Deed.

The main objective of the Fund seeks to provide investors with a high level of liquidity with reasonable returns by investing in a portfolio of money market and other short-term debt instruments.

The Manager, 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 asset management business.

2. BASIS OF PREPARATION

a. Statement of compliance

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Fund plans to apply the abovementioned accounting standards, amendments and interpretations:

- Amendments to MFRS 9 and Amendments to MFRS 15 with effect from the annual period beginning on 1 January 2018.

b. Basis of measurement

These financial statements have been prepared on the historical cost basis other than as disclosed in Note 3 (a) (ii).

c. Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Fund's functional currency.

d. Use of estimates and judgments

The preparation of financial statements in conformity with MFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in these financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

a. Financial instruments**i. Initial recognition and measurement**

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

ii. Financial instrument categories and subsequent measurement

The Fund categorises financial instruments as follows:

Financial assets

a. Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

b. Loans and receivables

Loans and receivables category are debt instruments that are not quoted in an active market that comprises deposits, bank balances and receivables.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 3(c)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values cannot be reliably measured are measured at cost.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

iii. Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- a. the recognition of an asset to be received and the liability to pay for it on the trade date, and
- b. derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

iv. Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

b. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Fund in the management of their short term commitments.

Cash and cash equivalents are categorised and measured as loans and receivables in accordance with policy Note 3 (a) (ii) (b).

c. Impairment

Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

d. Income recognition

Interest income is recognised as it accrues using the effective interest method in profit or loss.

The realised gain/(loss) on sale of investments is measured as the difference between the net disposal proceeds and the carrying amount of the investments. The carrying amount for determining the realised gain/(loss) on sale of investments is based on the weighted average cost method and where applicable, adjusted for accretion for discount and amortisation of premium.

e. Income tax

Income tax expense comprises current tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted by the end of reporting period, and any adjustment to tax payable in respect of previous financial periods.

f. Creation and cancellation of units

The Fund issues cancellable units, which are cancelled at the holder's option and are classified as equity. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value. The outstanding units are carried at the redemption amount that is payable at the financial position date if the holder exercises the right to put the unit back to the Fund.

Units are created and cancelled at the holder's option at prices based on the Fund's net assets value per unit at the time of creation or cancellation. The Fund's net assets value per unit is calculated by dividing the net assets attributable to unit holders with the total number of outstanding units. In accordance with the Securities Commission's Guidelines on Unit Trust Funds in Malaysia, investment positions are valued based on the last traded market price for the purpose of determining the net assets value per unit for creations and cancellations.

g. Proceeds and payments on creation and cancellation of units

The net assets value per unit is computed for each dealing day. The price at which units are created or cancelled is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day. Units in the Fund are classified as equity in the statement of financial position and are stated at fair value representing the price at which unit holders can redeem the units from the Fund.

4. UNQUOTED FIXED INCOME SECURITIES

Name of counter	Rating	Maturity date	Quantity	Cost	Market value as at 30.6.2016	Percentage of net assets value
			Units	RM	RM	%
2016						
Commercial Paper						
BGSM Management Sdn Berhad	P1	24.10.2016	5,000,000	4,929,366	4,929,366	3.16
Perbadanan Kemajuan Negeri Selangor	P1	09.08.2016	5,000,000	4,976,798	4,976,798	3.19
			10,000,000	9,906,164	9,906,164	6.35
Corporate Bonds						
AMMB Holdings Berhad	AA3	08.08.2017	5,000,000	4,991,918	4,985,850	3.20
BGSM Management Sdn Berhad	AA3	28.12.2016	5,000,000	5,044,115	5,045,450	3.24
First Resources Limited	AA2	31.07.2017	1,000,000	1,001,768	1,002,000	0.65
Gulf Investment Corporation G.S.C	AAA	03.08.2016	5,000,000	5,002,934	5,003,800	3.21
			16,000,000	16,040,735	16,037,100	10.30
Total Unquoted Fixed Income Securities			26,000,000	25,946,899	25,943,264	16.65

4. UNQUOTED FIXED INCOME SECURITIES (CONTINUED)

Name of counter	Rating	Maturity date	Quantity	Cost	Market value as at 30.6.2015	Percentage of net assets value
2015						
Commercial Paper						
Guinness Anchor Berhad	P1	10.07.2015	5,000,000	4,994,324	4,994,324	3.26
			5,000,000	4,994,324	4,994,324	3.26
Corporate Bonds						
BGSM Management Sdn Berhad	AA3	28.12.2015	10,000,000	10,082,645	10,084,000	6.57
BGSM Management Sdn Berhad	AA3	28.12.2016	4,000,000	4,098,118	4,098,240	2.67
Hong Leong Bank Berhad	AA2	05.05.2016	14,000,000	14,017,804	14,024,920	9.14
Malakoff Power Berhad	AA-is	17.12.2015	4,500,000	4,502,736	4,506,255	2.94
Maybank Islamic Berhad	AA+is	31.03.2016	1,000,000	1,001,025	1,002,520	0.65
OCBC Bank (Malaysia) Berhad	AA1	04.11.2015	10,000,000	10,001,462	10,001,900	6.52
Perbadanan Kemajuan Negeri Selangor	AA3	28.10.2016	1,000,000	1,001,952	1,002,030	0.66
			44,500,000	44,705,742	44,719,865	29.15
Total Unquoted Fixed Income Securities			49,500,000	49,700,066	49,714,189	32.41

5. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

	2016	2015
	RM	RM
Deposits with licensed financial institutions	<u>127,490,000</u>	<u>103,250,000</u>

6. NUMBER OF UNITS IN CIRCULATION

	Note	2016	2015
		No. of units	No. of units
At 1 January		328,233,191	284,852,437
Add: Creation of units	6.1	141,007,306	92,339,070
Less: Cancellation of units		(181,391,346)	(93,841,786)
At 30 June		<u>287,849,151</u>	<u>283,349,721</u>

6.1 Creation of units

During the financial period ended 30 June 2016, 5,812,652 units amounting to RM3,142,697 (30 June 2015: 4,877,697 units amounting to RM2,636,851) created from re-investment of income distributions.

7. FINANCIAL INSTRUMENTS

7.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- Loans and receivables (“L&R”);
- Fair value through profit or loss (“FVTPL”):
 - Held for trading (“HFT”); and
- Financial liabilities measured at amortised cost (“FL”).

	Carrying amount	L&R/ (FL)	FVTPL/ HFT
	RM	RM	RM

2016

Financial assets

Investments	153,433,264	127,490,000	25,943,264
Interest receivables	2,490,079	2,490,079	-
Bank balance with a licensed bank	17,423	17,423	-
	155,940,766	129,997,502	25,943,264

Financial liabilities

Amount due to Manager	(15,286)	(15,286)	-
Accrued management fee	(66,997)	(66,997)	-
Amount due to Trustee	(6,700)	(6,700)	-
Other payables and accrued expenses	(25,133)	(25,133)	-
	(114,116)	(114,116)	-

	Carrying amount	L&R/ (FL)	FVTPL/ HFT
	RM	RM	RM

2015**Financial assets**

Investments	152,964,189	103,250,000	49,714,189
Interest receivables	851,611	851,611	-
Bank balance with a licensed bank	17,692	17,692	-
	<u>153,833,492</u>	<u>104,119,303</u>	<u>49,714,189</u>

Financial liabilities

Amount due to Manager	(325,285)	(325,285)	-
Accrued management fee	(64,529)	(64,529)	-
Amount due to Trustee	(6,453)	(6,453)	-
Other payables and accrued expenses	(25,980)	(25,980)	-
	<u>(422,247)</u>	<u>(422,247)</u>	<u>-</u>

7.2 Net gains and losses arising from financial instruments

	2016	2015
	RM	RM

Net gains arising on:

Fair value through profit or loss:

Held for trading - unrealised	(3,882)	11,600
- realised	(58)	(445)
Loans and receivables	3,434,552	2,729,155
	<u>3,430,612</u>	<u>2,740,310</u>

7.3 Financial risk management

The Fund has exposure to the following risks from its use of financial instruments:

- Investment risk
- Credit risk
- Liquidity risk
- Market risk
- Management company risk

7.4 Investment risk

Investments are bound by the provisions of the Master Deeds and prospectuses that govern the maximum securities holdings and maximum liquid assets holdings.

Investment risks for fixed income funds are in the form of interest rate and credit risks. To manage these risks, investments will be in investment grade bonds.

Risk management objectives, policies and processes for managing the risk

The Manager has written policies and guidelines on risk management, which set out the overall investment risks strategies and general risk management philosophies. These processes monitor, measure and control risks associated with the business. Matters relating to investment risks in respect of funds portfolio are discussed during the monthly Investment Committee meetings of the Manager.

7.5 Credit risk

Credit risk is the risk of a financial loss to the Fund if a counterparty to a financial instrument fails to meet its contractual obligations. The Fund's exposure to credit risk arises principally from interest receivables and bank balances/deposits.

The Fund's maximum credit risk exposure at the reporting date is represented by the respective carrying amounts of the relevant financial assets in the statement of financial position.

No financial assets carried at amortised cost were past due or impaired as at date of statement of financial position other than as disclosed in Note 4.

7.6 Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. This may come about when realisation of units is in excess of normal amounts.

The Fund's exposure to liquidity risk arises principally from its amount due to Manager, amount due to Trustee, accrued management fee and, other payables and accrued expenses.

The extent of exposure to this risk is contained in provisions set out in the prospectus, which allows the Manager to extend the payment period in the event of excessive redemptions. The Fund maintains a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

7.7 Market risk

Market risk is the risk that changes in market prices, such as interest rates and other prices will affect the Fund's financial position or cash flows.

Risk management objectives, policies and processes for managing the risk

In order to mitigate risks related to changes and developments in regulations, politics, technology and the economy of the country, the Fund would generally hold a diversified portfolio of securities from different market sectors as well as placement in short term deposits with various financial institutions to offset negative events affecting any market sector or financial institution.

7.7.1 Interest rate risk

The Fund's investments in fixed rate debt securities are exposed to a risk of change in their fair value due to changes in interest rates. Investments in short term receivables and payables are not significantly exposed to interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Fund's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2016	2015
	RM	RM
<u>Fixed rate instruments</u>		
Unquoted fixed income securities	25,943,264	49,714,189
Deposits with licensed financial institutions	127,490,000	103,250,000
	<u>153,433,264</u>	<u>152,964,189</u>

Interest rate risk sensitivity analysisFair value sensitivity analysis for fixed rate instruments

The Fund accounts for the unquoted fixed income securities and deposits with licensed financial institutions at fair value through profit or loss and at amortised cost, respectively.

The effective interest rates for the fixed rate instruments are as follows:

	2016	2015
	%	%
Unquoted fixed income securities*	4.36	4.10
Deposits with licensed financial institutions**	4.26	3.91

* Interest rate for unquoted fixed income securities is fixed throughout the duration until maturity.

** Deposits with licensed financial institutions will mature within one year from the date of the statement of financial position.

7.7.2 Other price risk

Bond price risk sensitivity analysis

All investments in unquoted fixed income instruments are corporate bonds and have maturities of more than one year. Considering the possible bond market price increase of 10% (2015: 10%), the effect on the Fund's post-tax profit or loss and net assets attributable to unit holders is an increase of RM2,594,326 (2015: RM4,971,419) as at 30 June 2016. A weakening of bond market price would have resulted in an equal but opposite effect.

7.8 Effective interest rates and maturity dates

The effective interest rates and the maturity dates of the financial instruments of the Fund are disclosed in Notes 4 and 7.7.1.

7.9 Management company risk

The Fund's Trustee ensures that the Manager operates and administers the Fund in accordance with the provisions of the Master Deeds, prospectuses, the Securities Commission Guidelines and Regulations and within acceptable business practices. The Manager's internal Compliance unit plays a complementary role to the Trustee to ensure compliance within the organisation with all relevant legislations and to supervise the monitoring of all prescribed limits to ensure compliance with securities related legislation.

7.10 Fair value information

The carrying amounts of cash and cash equivalents, demand deposits, receivables and payables approximate their fair values due to the relatively short-term nature of these financial instruments.

The fair values of unquoted fixed income securities, together with the carrying amounts shown in the statement of financial position, are already disclosed in Note 4.

The following summarises the methods used in determining the fair value of financial instruments:

Unquoted fixed income securities

Unquoted fixed income securities issued by Malaysian and foreign corporations are rated by the Rating Agency of Malaysia Berhad or Malaysian Rating Corporation Berhad and an independent bond pricing agency company respectively are carried at cost adjusted for the amortisation of any premium or accretion of any discount over their par values at the time of acquisition. The premium or discount is amortised or accreted on a yield to maturity basis over the remaining term of the investments from the date of acquisition.

This adjusted cost (carrying value) is then revalued to reflect its fair value (indicative market value) using the fair price quoted by a bond pricing agency company registered with the Securities Commission as per the Securities Commission's Guidance on Unit Trust Funds. If such quotations are not available, the value shall be determined by reference to the last available quote provided the quote obtained is within the previous 30 days. Surplus or deficit on revaluation is transferred to the statement of profit or loss and other comprehensive income.

7.10 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2016										
Financial assets										
Investments	-	25,943,264	-	25,943,264	-	-	-	-	25,943,264	25,943,264
	-	25,943,264	-	25,943,264	-	-	-	-	25,943,264	25,943,264
2015										
Financial assets										
Investments	-	49,714,189	-	49,714,189	-	-	-	-	49,714,189	49,714,189
	-	49,714,189	-	49,714,189	-	-	-	-	49,714,189	49,714,189

7.10.1 Fair value hierarchy

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial period. (2015 : no transfer in either directions)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

8. MANAGEMENT FEE

The Deed provides that the Manager is entitled to a management fee at a rate not exceeding 2.00% per annum of the Net Assets Value of the Fund, calculated on a daily basis.

The Manager is currently entitled to a management fee at a rate of 0.50% per annum (2015 : 0.50% per annum) of the Net Assets Value of the Fund, calculated on a daily basis.

9. TRUSTEE'S FEE

The Deed provides that the Trustee is entitled to a fee at a rate not exceeding 0.20% per annum of the Net Assets Value of the Fund, calculated on a daily basis and subject to a minimum of RM18,000 per annum.

The Trustee is currently entitled to a fee at a rate of 0.05% per annum (2015 : 0.05% per annum) of the Net Assets Value of the Fund, calculated on a daily basis and subject to a minimum of RM18,000 per annum.

10. INCOME DISTRIBUTIONS

During the financial period, the Manager declared an aggregate gross distribution of 0.96 sen per unit (2015 - 0.93 sen) for investors of Eastspring Investments Cash Management Fund.

	1.1.2016 to 30.6.2016	1.1.2015 to 30.6.2015
	RM	RM
Distributions to unit holders is from previous years realised income:		
Interest income	62,801	44,690
Net realised gain/(loss) on sale of investments	5	(14)
Accretion of discount, net of amortisation of premium	3,471	7,280
Previous year's realised income	3,093,475	2,723,701
Expenses	(9,466)	(7,422)
	<u>3,150,286</u>	<u>2,768,235</u>
Distribution equalisation	(7,589)	(131,384)
Gross / Net distribution	<u>3,142,697</u>	<u>2,636,851</u>

During the financial period, distributions were made as follows:

Ex-date	Aggregate gross/net distribution	
	2016	2015
	Sen/unit	Sen/unit
15 January	0.16	0.17
15 February / 16 February	0.15	0.15
15 March / 16 March	0.17	0.15
15 April	0.16	0.17
16 May	0.15	0.15
15 June	0.17	0.14
Total	<u>0.96</u>	<u>0.93</u>

11. TAX EXPENSE

There is no tax expense charge for the current and previous financial period. Income from deposits placement and unquoted fixed income securities are exempted from tax in accordance with Schedule 6, Para 35A and Para 35 of the Income Tax Act (ITA), 1967. Pursuant to Section 61(1)(b) of the ITA, 1967, gains from realisation of investments will not be treated as income of the Fund and hence are not subject to income tax. In accordance with Sections 61 and 63B of the ITA, 1967, interest income and gains on sale of investments are exempted from tax.

12. UNITS HELD BY THE MANAGER

Units held at the end of the financial period

	2016	2015
	No. of units	No. of units
Manager		
Eastspring Investments Berhad	1,169	1,128

The above units were transacted at the prevailing market prices on the transaction dates.

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.

13. DEALERS' TRANSACTIONS

The details of dealers' transactions by value of trades are as follows:

Name of dealers	Value of trades	Percentage of total trades
	RM	%
<u>Financial period ended 30 June 2016</u>		
RHB Investment Bank Berhad	20,120,850	33.54
Malayan Banking Berhad	19,023,900	31.71
AmBank (M) Berhad	13,856,215	23.10
Alliance Bank Malaysia Berhad	4,990,750	8.32
Hong Leong Bank Berhad	1,001,850	1.67
CIMB Bank Berhad	992,897	1.66
	59,986,462	100.00
<u>Financial period ended 30 June 2015</u>		
RHB Investment Bank Berhad	54,387,242	43.93
Ambank (M) Berhad	43,856,528	35.43
Standard Chartered Bank (M) Berhad	14,825,425	11.98
Malayan Banking Berhad	10,029,000	8.10
Hong Leong Bank Berhad	701,120	0.56
	123,799,315	100.00

All dealers highlighted above are not related to the Manager.

No brokerage fee was incurred for the financial period under review (2015 : Nil).

14. MANAGEMENT EXPENSE RATIO ("MER")

	2016	2015
	%	%
MER	0.30	0.29

MER includes management fee, trustee's fee, auditor's remuneration, tax agent's fees and administrative expenses which is calculated as follows:

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

A = Management fee

B = Trustee's fee

C = Auditor's remuneration

D = Tax agent's fees

E = Administrative expenses

F = Average Net Assets Value of the Fund calculated on a daily basis

The average Net Assets Value of the Fund for the financial period is RM175,620,460 (2015: RM153,664,973).

15. PORTFOLIO TURNOVER RATIO ("PTR")

	2016	2015
PTR (times)	0.17	0.40

PTR is derived from the following calculation:

$$\frac{(\text{Total acquisitions} + \text{total disposals for the financial period})/2}{\text{Average Net Assets Value of the Fund for the financial period calculated on a daily basis}}$$

	2016	2015
	RM	RM

Where:

Total acquisitions for the financial period	31,406,512	112,930,835
Total disposals for the financial period	28,579,950	10,868,480

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THE MANAGER

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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)

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