

# EASTSPRING INVESTMENTS GLOBAL EMERGING MARKETS FUND

## INTERIM REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD  
ENDED 30 JUNE 2016



**Dear Valued Investor,**

Greetings from Eastspring Investments Berhad!

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

**We are pleased to enclose a copy of the Annual/Interim/Quarterly Fund Reports of Eastspring Investments Berhad's fund(s) for the reporting period ended 30 June 2016.**

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

# TABLE OF CONTENTS

Fund Information	1
Key Performance Data	3
Manager's Report	5
Market Review	9
Rebates and Soft Commissions	10
Statement by the Manager	12
Trustee's Report to the Unit Holders of Eastspring Investments Global Emerging Markets Fund	13
Unaudited Statement of Comprehensive Income	14
Unaudited Statement of Financial Position	15
Unaudited Statement of Changes in Equity	16
Unaudited Statement of Cash Flows	17
Summary of Significant Accounting Policies	18
Notes to the Unaudited Financial Statements	26
Corporate Directory	45

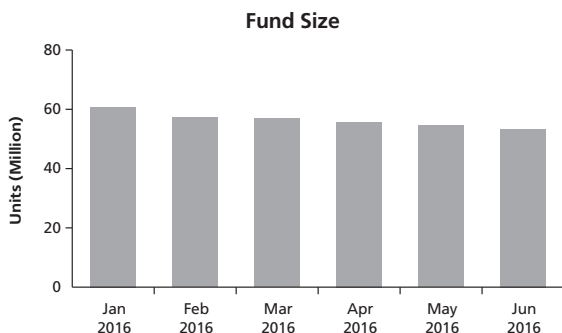
## FUND INFORMATION

<b>Name of Fund</b>	Eastspring Investments Global Emerging Markets Fund (“the Fund”)
<b>Fund Category/ Type</b>	Feeder fund (global equity)/growth
<b>Fund Objective</b>	<p>The Fund seeks to achieve long-term capital growth by investing in a collective investment scheme called the Schroder International Selection Fund Emerging Markets, which in turn seeks to provide capital growth primarily through investment in equity securities of emerging markets companies.</p> <p><b>Should the Manager decide to invest in another collective investment scheme other than the Schroder International Selection Fund Emerging Markets or any reason whatsoever, Unit Holders’ approval is required.</b></p>
<b>Performance Benchmark</b>	<p>Morgan Stanley Capital International Emerging Markets Net Total Return (MSCI EM Net TR)</p> <p><b>Source:</b> <a href="http://www.msci.com">www.msci.com</a></p> <p><b>Note:</b> The risk profile of the Fund is different from the risk profile of the performance benchmark.</p>
<b>Fund Income Distribution Policy</b>	Incidental

## FUND INFORMATION (CONTINUED)

### Breakdown of Unit Holdings by Size

As at 30 June 2016, the size of Eastspring Investments Global Emerging Markets Fund stood at 53.377 million units.



### Breakdown of Unit Holdings

Unit Holdings	No. of Unit Holders	%	No of Units* ('000)	%
5,000 units and below	86	15.36	256	0.48
5,001 to 10,000 units	84	15.00	629	1.18
10,001 to 50,000 units	261	46.61	6,712	12.58
50,001 to 500,000 units	118	21.07	15,824	29.64
500,001 units and above	11	1.96	29,955	56.12
<b>Total</b>	<b>560</b>	<b>100.00</b>	<b>53,376</b>	<b>100.00</b>

\* excludes units held by the Manager.

## KEY PERFORMANCE DATA

FOR THE FINANCIAL PERIOD ENDED

Category	30.6.2016	30.6.2015	30.6.2014
	(%)	(%)	(%)
Collective investment scheme-Foreign	98.87	96.12	97.92
Cash and other assets	1.13	3.88	2.08
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Net Asset Value (NAV) (RM'000)	14,248	19,772	27,620
Units In Circulation (Units '000)	53,377	69,861	106,324
Net Asset Value Per Unit (RM)	0.2669	0.2830	0.2598
Highest Net Asset Value Per Unit (RM)	0.2723	0.2967	0.2598
Lowest Net Asset Value Per Unit (RM)	0.2357	0.2570	0.2358
Total Return (%)			
Capital Growth	(2.95)	9.18	1.33
Income Distribution	-	-	-
Total Return (%)	(2.95)	9.18	1.33
Gross Distribution Per Unit (RM)	-	-	-
Net Distribution Per Unit (RM)	-	-	-
Management Expense Ratio (MER) (%) <sup>*</sup>	0.29	0.29	0.26
Portfolio Turnover Ratio (PTR) (times) <sup>^</sup>	0.06	0.10	0.10

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

<sup>^</sup> 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	(5.69)	5.65	1.32

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	6.10	1.09	4.95	14.53	(14.85)

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

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

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

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

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

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

n = Number of years

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

## MANAGER'S REPORT

### Fund Performance

For the 5-year period, the Fund recorded a return of 6.80%, underperforming the benchmark return of 9.98% by 3.18%.

During the period under review, the Fund registered a return of -2.95%, underperforming the benchmark return of -0.16% by 2.79%.

The underperformance was due to the exceptional degree of market volatility resulting in significant market rotation in the 1Q2016, and whilst the Target Fund performed better in the latter part of the period, it still underperformed the benchmark.

**Eastspring Investments Global Emerging Markets Fund -  
5 Years Return Vs Benchmark**



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

**Benchmark:** MSCI EM Net TR

**Source:** Lipper for Investment Management and [www.msci.com](http://www.msci.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:

<b>Income Return</b>	<b>Capital Return*</b>	<b>Total Return</b>	<b>Total Return of Benchmark</b>
<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
0.00	(2.95)	(2.95)	(0.16)

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

1. Collective investment scheme-Foreign
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 Target Fund has a balanced approach to investing in emerging markets. The Target Fund uses a mix of top-down analysis and bottom-up stock selection, looking to derive 50% of the added value from country allocation and 50% from stock selection. The Target Fund's core investment process does not target any particular style bias and aims to outperform in most market environments.

Emerging markets rose during the period, with the Target Fund underperforming the MSCI Emerging Markets Index.

Country allocation and stock selection were both negative in the 1Q2016. However, this was reversed in the 2Q2016.

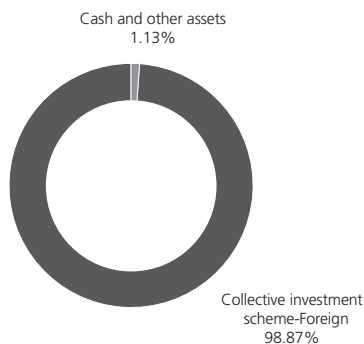
The Target Fund Manager believe that emerging markets can continue to outperform developed markets, not least given they are under-owned and trading on attractive relative valuations, but recent events only serve to underline the view that risks remain high and it is difficult to get excited in absolute terms.

## MANAGER'S REPORT (CONTINUED)

## Asset Allocation

Asset Allocation	30-Jun 2016 (%)	31-Dec 2015 (%)	Changes (%)
Collective investment scheme-Foreign	98.87	97.06	1.81
Cash and other assets	1.13	2.94	(1.81)

## Asset Allocation as at 30 June 2016



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

## MANAGER'S REPORT (CONTINUED)

### **State of Affairs of the Fund**

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

However, in the Eastspring Investments Supplementary Master Prospectus dated 13 May 2016, inclusion of information in relation to the pricing adjustment policy and dilution policy for the Fund has been made in place as set out below:

### **PRICING ADJUSTMENT POLICY AND DILUTION POLICY**

#### **Eastspring Investments Global Emerging Markets Fund**

The target fund relating to Eastspring Investments Global Emerging Markets Fund namely Schroder International Selection Fund – Emerging Markets (“Target Fund”), has a dilution policy in place.

When the policy is adopted, it will affect the Net Asset Value (“NAV”) of the Target Fund, which in turn affects the NAV of Eastspring Investments Global Emerging Markets Fund.

The dilution policy is a technique designed to protect existing investors from the performance dilution effects they may suffer as a result of transactions by other investors in the Target Fund, by adjusting the NAV accordingly.

Under the dilution policy, large-scale redemptions or subscriptions of Target Fund's units result in transaction costs which must be borne by the remaining investors.

## MARKET REVIEW

Global markets started the year poorly, in part, given concerns of a recession in the US and uncertainty over Chinese currency policy. The deferral of expectations for further monetary policy tightening in the US, however, led global markets to rebound. The dollar weakened by approximately 5% on a trade weighted basis and commodity prices recovered resulting in significant market rotations.

This was evident at the country level with markets perceived as fragile such as Indonesia, Malaysia, Brazil, Turkey and South Africa rebounding, supported by local currency appreciation compared to the US dollar. Commodity producers such as Russia, Peru and Colombia were also among the strongest performers.

The more cyclical materials and energy sectors outperformed and low quality, high margin companies and those stocks which had performed poorly previously were, generally speaking, among the strongest performers. So a sharp reversal of the quality growth trade which has dominated in recent years. Add in country and stock specific effects and it was a difficult backdrop in which to perform with both the Target Fund's country allocation (-122bps) and stock selection (-183bps) suffering, residual +37bps.

In 2Q2016, country allocation was positive. Underweight in Mexico and Malaysia added value as both markets underperformed. The overweight in outperformer Brazil was also accretive. The Mexican underperformance was driven entirely by currency weakness against the US dollar. Global risk-off sentiment post the Brexit referendum weighed on the peso. Malaysia underperformed after a strong performance in the previous quarter. Brazil outperformed primarily driven by real strength against the US dollar and political change with Michel Temer taking charge while impeachment proceedings continue against Dilma Rousseff.

This was somewhat offset by our overweight in Turkey, which underperformed. The resignation of prime minister Ahmet Davutoglu was taken negatively and concerns over the outlook for Europe following the Brexit referendum outweighed the positive of likely abundant global liquidity for longer.

Stock selection was positive in China (overweight Sinopec – the oil producer benefited from recovery in sentiment towards the energy sector as well as the announcement of good results; overweight Tencent – the leading internet group reported better than expected results), Korea (overweight Amorepacific – the cosmetic group outperformed due to continued strong growth in its industry; overweight Naver – the internet content service provider rose following strong domestic advertising growth and on the expected IPO of LINE, its Japanese messaging app business) and Russia (overweight Sberbank – the Russian

bank rose as interest rates have likely reached peak levels; underweight Magnit – the retailer underperformed on weak top line figures and expensive valuations). This was slightly offset by negative stock selection in Taiwan (overweight Chipbond Technology – the manufacturer underperformed on concerns over Apple sales and future product design; overweight Advanced Semiconductor Engineering (ASE) – the company underperformed following poor results and concerns about wider pricing pressure in the sector together with uncertainty over the SPIL acquisition) and Brazil (overweight Embraer – the aerospace conglomerate has reported weakening margins over the last two quarters and there have been concerns over a key customer).

## 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 GLOBAL EMERGING MARKETS FUND

## 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 14 to 44 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position of the Fund as at 30 June 2016 and of its financial performance, changes in equity and cash flows for the six months financial period ended on that date in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the Manager,  
**EASTSPRING INVESTMENTS BERHAD**

**TANG CHEE KIN**  
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 GLOBAL EMERGING MARKETS FUND

We have acted as Trustee for Eastspring Investments Global Emerging Markets Fund (the "Fund") for 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

**Mahesh Anchan**

Head, Trustee Operations

Kuala Lumpur

Date: 16 August 2016



# UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2016

	Note	6-months financial period ended 30.6.2016	6-months financial period ended 30.6.2015
		RM	RM
<b>INVESTMENT (LOSS)/INCOME</b>			
Interest income from deposits with licensed financial institutions		4,215	5,157
Net (loss)/gain on financial assets at fair value through profit or loss	6	(570,270)	1,947,818
Net foreign currency exchange loss		(1,834)	-
		<u>(567,888)</u>	<u>1,952,975</u>
<b>EXPENSES</b>			
Management fee	3	(23,778)	(33,244)
Trustee fee	4	(8,951)	(8,190)
Audit fee		(3,132)	(2,977)
Tax agent fee		(1,691)	(1,687)
Other expenses		(2,758)	(14,782)
GST charges		(1,964)	-
		<u>(42,274)</u>	<u>(60,880)</u>
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		(610,162)	1,892,095
<b>TAXATION</b>	5	-	-
<b>(LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME</b>		<u>(610,162)</u>	<u>1,892,095</u>
(Loss)/profit after taxation is made up of the following:			
Realised amount		60,898	571,541
Unrealised amount		(671,060)	1,320,554
		<u>(610,162)</u>	<u>1,892,095</u>

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

# UNAUDITED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Note	2016	2015
		RM	RM
<b>ASSETS</b>			
Cash and cash equivalents	7	297,664	271,815
Amount due from Manager		35,384	825,789
Financial assets at fair value through profit or loss	6	14,086,739	19,005,437
<b>TOTAL ASSETS</b>		<u>14,419,787</u>	<u>20,103,041</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Amount due to Manager		139,108	72,487
Amount due to a broker		-	229,107
Accrued management fee		3,765	5,344
Amount due to Trustee		1,476	1,271
Other payables and accruals		26,774	22,493
GST charges payable		314	-
<b>TOTAL LIABILITIES</b>		<u>171,437</u>	<u>330,702</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>14,248,350</u>	<u>19,772,339</u>
<b>EQUITY</b>			
Unit holders' capital		18,443,734	22,788,981
Accumulated loss		(4,195,384)	(3,016,642)
<b>NET ASSET ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>14,248,350</u>	<u>19,772,339</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	8	<u>53,377,224</u>	<u>69,861,266</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.2669</u>	<u>0.2830</u>

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

## UNAUDITED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2016

	Unit holders' capital	Accumulated loss	Total
	RM	RM	RM
Balance as at 1 January 2016	20,630,174	(3,585,222)	17,044,952
Movement in unit holders' contribution:			
Creation of units from applications	1,177,531	-	1,177,531
Cancellation of units	(3,363,971)	-	(3,363,971)
Total comprehensive loss for the financial period	-	(610,162)	(610,162)
Balance as at 30 June 2016	<u>18,443,734</u>	<u>(4,195,384)</u>	<u>14,248,350</u>
Balance as at 1 January 2015	26,393,336	(4,908,737)	21,484,599
Movement in unit holders' contribution:			
Creation of units from applications	2,881,015	-	2,881,015
Cancellation of units	(6,485,370)	-	(6,485,370)
Total comprehensive income for the financial period	-	1,892,095	1,892,095
Balance as at 30 June 2015	<u>22,788,981</u>	<u>(3,016,642)</u>	<u>19,772,339</u>

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

# UNAUDITED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2016

	Note	6-months financial period ended 30.6.2016	6-months financial period ended 30.6.2015
		RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from sale of investments		2,261,978	4,082,332
Interest income received		4,216	5,157
Management fee paid net of rebates		(24,849)	(34,042)
Trustee fee paid		(11,181)	(8,392)
Payment for other fees and expenses		(19,468)	(19,377)
Net realised foreign exchange loss		(1,834)	(17,356)
Net cash generated from operating activities		<u>2,208,862</u>	<u>4,008,322</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash proceeds from units created		1,170,344	2,070,872
Payments for cancellation of units		(3,225,973)	(6,439,368)
Net cash used in financing activities		<u>(2,055,629)</u>	<u>(4,368,496)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		153,233	(360,174)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>		<u>144,431</u>	<u>631,989</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	7	<u>297,664</u>	<u>271,815</u>

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

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2016

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

### **A. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

The following amendment has been adopted by the Fund for the first time for the financial year beginning on or after 1 January 2016.

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

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

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

i. Financial year beginning on/after 1 January 2017

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

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

ii. Financial year beginning on/after 1 January 2018

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

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

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

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the

entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

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

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

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

## **B. INCOME RECOGNITION**

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

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

## C. TAXATION

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

Tax on dividend income from foreign collective investment scheme is based on the tax regime of the respective country that the Fund invests in.

## D. PRESENTATION AND FUNCTIONAL CURRENCY

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

## E. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

### i. Classification

The Fund designates its investment in collective investment scheme as financial assets at fair value through profit or loss at inception.

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been included in current assets.

The Fund’s loans and receivables comprise amount due from Manager and cash and cash equivalents which are all due within 12 months.

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

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



ii. Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value.

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

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

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

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

Collective investment scheme are valued based on the last published net asset value per unit or share of such collective investment schemes or, if unavailable, on the average of the last published buying price and the last published selling price of such unit or share (excluding any sales charge included in selling in such selling price).

Foreign exchange gains and losses on the financial instrument are recognised in statement of comprehensive income when settled or at date of the statement of financial position at which time they are included in the measurement of the financial instrument.

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

Loans and receivables and other financial liabilities are subsequently carried at amortised cost using the effective interest method.

iii. Impairment for assets carried at amortised costs

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

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

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

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

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

## **F. CASH AND CASH EQUIVALENTS**

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

## **G. FOREIGN CURRENCY TRANSLATION**

Foreign currency transactions in the Fund are translated into the functional currency using the exchange rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges.

## **H. UNIT HOLDERS' CAPITAL**

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

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

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

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

**I. SEGMENTAL INFORMATION**

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

**J. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES**

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

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

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

## 1. INFORMATION ON THE FUND

Eastspring Investments Global Emerging Markets Fund (the “Fund”) was constituted pursuant to the execution of a Deed dated 7 December 2007 (the “Deed”), Second Supplemental Master Deed dated 30 November 2009 entered into between Eastspring Investments Berhad (the “Manager”) and HSBC (Malaysia) Trustee Berhad (“HSBC Trustee”). The Fund replaced HSBC Trustee with Deutsche Trustees Malaysia Berhad (the “Trustee”) effective 1 October 2010. A Supplemental Master Deed was entered into between Eastspring Investments Berhad (the “Manager”) and Deutsche Trustees Malaysia Berhad (the “Trustee”) on 30 July 2010 to effect the change of trustee from HSBC Trustee to the Trustee, followed by Second Supplemental Master Deed dated 28 January 2011, Third Supplemental Master Deed dated 9 March 2011, Fourth Supplemental Master Deed dated 20 January 2012, Fifth Supplemental Master Deed dated 26 March 2014, Sixth Supplemental Master Deed dated 2 January 2015 and Seventh Supplemental Master Deed dated 11 July 2016 (collectively referred to as the “Deed”).

The Fund was launched on 11 January 2008 and will continue its operations until terminated by the Trustee or the Manager as provided under Clause 12 of the Deed.

The Fund invests in a foreign collective investment scheme primarily the Schroder International Selection Fund - Emerging Markets (the “Target Fund”), incorporated in Luxembourg.

The main objective of the Fund seeks to achieve long-term capital growth by investing in a collective investment scheme called the Schroder International Selection Fund-Emerging Markets (the “Target Fund”), which in turn seeks to provide capital growth primarily through investment in equity securities of emerging markets companies.

All investments will be subject to the SC Guidelines, the SC requirements, the Deed, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund’s objective.

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

## 2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Financial instruments of the Fund are as follows:

	Note	Loans and receivables	Financial assets at fair value through profit or loss	Total
		RM	RM	RM
<u>2016</u>				
Collective investment scheme	6	-	14,086,739	14,086,739
Amount due from Manager		35,384	-	35,384
Cash and cash equivalents	7	297,664	-	297,664
		<u>333,048</u>	<u>14,086,739</u>	<u>14,419,787</u>
<u>2015</u>				
Collective investment scheme	6	-	19,005,437	19,005,437
Amount due from Manager		825,789	-	825,789
Cash and cash equivalents	7	271,815	-	271,815
		<u>1,097,604</u>	<u>19,005,437</u>	<u>20,103,041</u>

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

## Market risk

### i. Price risk

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

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

	2016	2015
	RM	RM
Collective investment scheme designated at fair value through profit or loss	14,086,739	19,005,437

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

% Change in price of financial assets at fair value through profit or loss	2016		2015	
	Market value RM	Increase/ (decrease) in loss after tax and net asset value RM	Market value RM	Increase/ (decrease) in profit after tax and net asset value RM
+5%	14,791,076	704,337	19,955,709	950,272
-5%	13,382,402	(704,337)	18,055,165	(950,272)

ii. Interest rate risk

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

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

The Fund's investment in deposit with a licensed financial institution is short-term in nature. Therefore, exposure to interest rate fluctuations is minimal.

iii. Foreign exchange/currency risk

As the Underlying Fund, Schroder International Selection Fund-Emerging Markets may invest its assets in securities denominated in a wide range of currencies other than Ringgit Malaysia, the net asset value of the Fund expressed in Ringgit Malaysia may be affected favourably or unfavourably by exchange control regulations or changes in the exchange rates between Ringgit Malaysia and such other currencies. This risk is minimised through investing in a wide range of foreign currencies denominated assets and thus, diversifying the risk of single currency exposure.

In the normal course of investment, the Fund Manager will usually not hedge foreign currency exposure. The Fund Manager may however depending on prevailing market circumstances at a particular point in time, choose to use forward or option contracts for hedging and risk reduction purposes.

The following table sets out the foreign exchange/currency risk concentrations and counterparties of the Fund.

	<b>Financial assets at fair value through profit or loss</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>
<u>2016</u>		
Euro	14,086,739	14,086,739
<u>2015</u>		
Euro	19,005,437	19,005,437



The table summarises the sensitivity of the Fund's investments fair value to changes in foreign exchange movements at the end of the reporting period. The analysis is based on the assumption that the foreign exchange rate changes by 5% with all variables remain constants. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate having regard to historical volatility of this rate. An increase/(decrease) in foreign exchange rate will result in a corresponding (decrease)/increase in net assets attributable to unit holders by approximately 5%.

Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	<b>Change in price</b>	<b>Impact on (loss)/ profit after tax</b>	<b>Impact on net asset value</b>
	<b>%</b>	<b>RM</b>	<b>RM</b>
<u>2016</u>			
Euro	5	704,337	704,337
<u>2015</u>			
Euro	5	950,272	950,272

### Stock/issuer risk

The performance of equities and money market instruments held by the Underlying Fund is also dependent on company specific factors like the issuer's business situation. If the company-specific factors deteriorate, the price of the specific security may drop significantly and permanently, possibly even regardless of an otherwise generally positive stock market trend. Risks include but are not limited to competitive operating environments, changing industry conditions and poor management.

### Fund management risk

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

## Liquidity risk

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

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

	Less than 1 month	Between 1 month to 1 year	Total
	RM	RM	RM
<u>2016</u>			
Amount due to Manager	139,108	-	139,108
Accrued management fee	3,765	-	3,765
Amount due to Trustee	1,476	-	1,476
Other payables and accruals	-	26,774	26,774
GST charges payable	314	-	314
Contractual cash outflows	144,663	26,774	171,437
<u>2015</u>			
Amount due to Manager	72,487	-	72,487
Amount due to a broker	229,107	-	229,107
Accrued management fee	5,344	-	5,344
Amount due to Trustee	1,271	-	1,271
Other payables and accruals	-	22,493	22,493
Contractual cash outflows	308,209	22,493	330,702

### Credit/default risk

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

The credit risk arising from placements of deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions. The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the Securities Commission's Guidelines on Unit Trust Funds.

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

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

	Cash and cash equivalents	Amount due from Manager	Total
	RM	RM	RM
<u>2016</u>			
Finance			
- AA1	297,664	-	297,664
Other			
- NR	-	35,384	35,384
	<u>297,664</u>	<u>35,384</u>	<u>333,048</u>
<u>2015</u>			
Finance			
- AAA	260,027	-	260,027
- AA1	11,788	-	11,788
Other			
- NR	-	825,789	825,789
	<u>271,815</u>	<u>825,789</u>	<u>1,097,604</u>

None of these assets are past due or impaired.

## Country risk

The stock prices may be affected by the political and economic conditions of the country in which the stocks are listed. A Unit Trust Fund that invests in foreign securities may experience more rapid and extreme changes in value than a unit trust fund that invests exclusively in securities of Malaysian companies. Nationalisation, expropriation or confiscatory taxation, currency blockage, political changes or diplomatic developments could adversely affect a unit trust fund's investment in a foreign country. In the event of nationalisation, expropriation or other confiscation, a unit trust fund could lose its entire investment in foreign securities. Adverse conditions in a certain region can adversely affect securities of other countries whose economies appear to be unrelated. Careful consideration shall be given to risk factors such as liquidity, political and economic environment before any investments are made in a foreign country.

## Emerging markets risk

Investments in securities of emerging market issuers entail significant risks in addition to those customarily associated with investing in securities of issuers in more developed markets, such as:

- i. low or non-existent trading volume, resulting in a lack of liquidity and increased volatility in prices for such securities, as compared to securities of comparable issuers in more developed capital markets,
- ii. uncertain national policies and social, political and economic instability, increasing the potential for expropriation of assets, confiscatory taxation, high rates of inflation or unfavourably diplomatic developments,
- iii. possible fluctuations in exchange rates, differing legal systems and the existence or possible imposition of exchange controls, custodial restrictions or other laws or restrictions applicable to such investments,
- iv. national policies which may limit a portfolio's investment opportunities such as restrictions on investment in issuers or industries deemed sensitive to national interests, and
- v. the lack of relatively early development of legal structures governing private and foreign investments and private property.

### **Non-compliance risk**

Non-compliance risk arises when the Manager and others associated with the Fund do not comply with the rules set out in the Fund's constitution or the law that governs the Fund or applicable internal control procedures, or act fraudulently or dishonestly.

The non-compliance may expose the Fund to higher risks which may result in a fall in the value of the Fund which in turn may affect its investment goals. However, the risk can be mitigated by the internal controls and compliance monitoring undertaken by the Manager. For the Fund, foreign market risk is managed through portfolio diversification by the collective investment scheme which invests among markets/countries and in companies which are well researched.

### **Capital risk**

The capital of the Fund is represented by equity consisting of unit holders' capital and retained earnings. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

### **Fair value estimation**

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

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

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

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

## Fair value hierarchy

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

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

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

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

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

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
<u>2016</u>				
Financial assets at fair value through profit or loss:				
Collective investment scheme	14,086,739	-	-	14,086,739
<u>2015</u>				
Financial assets at fair value through profit or loss:				
Collective investment scheme	19,005,437	-	-	19,005,437

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

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

### 3. MANAGEMENT FEE

In accordance with the Deed, the Manager is entitled to a management fee at a rate of 1.80% per annum on the net asset value of the Fund accrued on a daily basis.

For the financial period ended 30 June 2016, management fee is recognised at a rate of 1.80% (2015: 1.80%) per annum on the net asset value of the Fund, calculated on a daily basis. As the Fund invests in collective investment scheme, any management fee charged by Schroder International Selection Fund-Emerging Markets to the Fund will be fully refunded. The rebate of management fee is 1.50% per annum or RM107,495 (2015: 1.50% per annum or RM151,022) calculated on net asset value of Schroder International Selection Fund-Emerging Markets on a daily basis. In accordance with the SC Guidelines in Unit Trust Funds, there is no double charging of management fee to the Fund.

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

### 4. TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to an annual fee at a rate not exceeding 0.08% per annum on the net asset value of the Fund, subject to a minimum fee of RM18,000 per annum (excluding foreign custodian fees and charges).

For the financial period ended 30 June 2016, the Trustee fee is recognised at a rate of 0.08% per annum (2015: 0.08%) on the net asset value of the Fund, subject to a minimum fee of RM18,000 per annum, exclusive of foreign custodian fees and charges, calculated on daily basis.

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



## 5. TAXATION

	6-months financial period ended 30.6.2016	6-months financial period ended 30.6.2015
	RM	RM
Tax charged for the financial period:		
Current taxation-local	-	-

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

	6-months financial period ended 30.6.2016	6-months financial period ended 30.6.2015
	RM	RM
(Loss)/profit before taxation	(610,162)	1,892,095
Tax at Malaysian statutory rate of 24% (2015: 25%)	(146,439)	473,024
Tax effect of:		
Investment income exempt from tax	136,293	(488,244)
Expenses not deductible for tax purposes	3,687	6,164
Restriction on the tax deductible expenses for Unit Trust Funds	6,459	9,056
Taxation	-	-

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

	2016	2015
	RM	RM
Designated at fair value through profit or loss:		
Collective investment scheme	<u>14,086,739</u>	<u>19,005,437</u>
Net (loss)/gain on financial assets at fair value through profit or loss:		
Realised gain on disposals	104,917	627,264
Change in unrealised fair value (loss)/gain	<u>(675,187)</u>	<u>1,320,554</u>
	<u>(570,270)</u>	<u>1,947,818</u>

Name of counter	Quantity	Aggregate cost	Fair value as at 30.6.2016	Percentage
				of net asset value of the Fund
	Units	RM	RM	%
Schroder International Selection Fund-Emerging Markets – Class A	<u>311,083</u>	12,510,997	<u>14,086,739</u>	98.87
<b>UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			<u>1,575,742</u>	
<b>FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			<u>14,086,739</u>	

Name of counter	Quantity	Aggregate cost	Fair value	Percentage
			as at 30.6.2015	of net asset value of the Fund
	Units	RM	RM	%
Schroder International Selection Fund-Emerging Markets – Class A	<u>397,627</u>	15,950,258	<u>19,005,437</u>	96.12
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			<u>3,055,179</u>	
<b>FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			<u>19,005,437</u>	

Schroder International Selection Fund (“SICAV”) is an open-ended investment company organised as a “Société Anonyme” under the law of the Grand Duchy of Luxembourg and qualifies as a Société d’Investissement à Capital Variable (“SICAV”). The Schroder International Selection Fund Emerging Markets (“Target Fund”) was launched on 17 January 2000. The investment manager of the Target Fund is Schroder Investment Management Limited.

The Schroder International Selection Fund - Emerging Markets seeks to provide capital growth primarily through investment in equity securities of emerging markets companies.

## 7. CASH AND CASH EQUIVALENTS

	2016	2015
	RM	RM
Bank balance	297,664	11,788
Deposit with a licensed financial institution	-	260,027
	<u>297,664</u>	<u>271,815</u>

The effective weighted average interest rate of deposit with a licensed financial institution per annum as at the date of the statement of financial position are as follow:

	2016	2015
	%	%
Deposit with a licensed financial institution	<u>-</u>	<u>3.80</u>

The deposit has no average maturity (2015: 1 day).

## 8. UNITS IN CIRCULATION

	2016	2015
	No. of units	No. of units
At the beginning of the financial period	61,981,806	82,887,033
Creation of units arising from applications during the financial period	4,641,917	10,206,971
Cancellation of units during the financial period	<u>(13,246,499)</u>	<u>(23,232,738)</u>
At the end of the financial period	<u>53,377,224</u>	<u>69,861,266</u>

## 9. TRANSACTIONS WITH ISSUER

Details of transactions with the issuer are as follows:

Name of issuer	Value of trades	Percentage of total trades
	RM	%
<u>2016</u>		
Schroder Investment Management (Singapore) Limited	1,886,557	100.00
<u>2015</u>		
Schroder Investment Management (Singapore) Limited	4,311,439	100.00

The issuer highlighted above is not related to the Manager. There are no brokerage fees charged by the issuer.

## 10. UNITS HELD BY THE MANAGER

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

Related party	Relationship			
Eastspring Investments Berhad	The Manager			
	2016		2015	
	No. of units	RM	No. of units	RM
Eastspring Investments Berhad	1,000	267	1,000	283

The above units were transacted at the prevailing market price.

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

**11. MANAGEMENT EXPENSE RATIO (“MER”)**

	<b>2016</b>	<b>2015</b>
	<b>%</b>	<b>%</b>
MER	0.29	0.29

MER is derived from the following calculation:

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

- A = Management fee net of rebates on management fee
- B = Trustee fee
- C = Audit fee
- D = Tax agent fee
- E = Other expenses (including GST charges)
- F = Average net asset value of Fund calculated on a daily basis

The average net asset value of the Fund for the financial period calculated on a daily basis is RM14,665,760 (2015: RM20,643,412).

**12. PORTFOLIO TURNOVER RATIO (“PTR”)**

	<b>2016</b>	<b>2015</b>
PTR (times)	0.06	0.10

PTR is derived from the following calculation:

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

where:

total acquisitions for the financial period = RM Nil (2015: RM229,107)

total disposals for the financial period = RM1,886,557 (2015: RM4,082,332)

### **13. SEGMENTAL INFORMATION**

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

The reportable operating segment derives its income by seeking investments to achieve targeted returns commensurate with an acceptable level of risk within the portfolio. These returns consist of interest income earned from investments and gains on the appreciation in the value of investments.

There were no changes in reportable operating segment during the financial period.

### **14. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements have been approved for issue by the Manager on 16 August 2016.

# CORPORATE DIRECTORY

## **THE MANAGER**

NAME

EASTSPRING INVESTMENTS BERHAD

COMPANY NO.

531241-U

REGISTERED OFFICE

16<sup>th</sup> Floor, Wisma Sime Darby

Jalan Raja Laut

50350 Kuala Lumpur

BUSINESS OFFICE

Level 12, Menara Prudential

No. 10, Jalan Sultan Ismail

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603-2052 3388

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603-2070 6129

EMAIL

cs.my@eastspring.com

WEBSITE

www.eastspringinvestments.com.my

## **BOARD OF DIRECTORS OF THE MANAGER**

Julian Christopher Vivian Pull

*(Chairman, non-independent,  
non-executive director)*

Iskander bin Ismail Mohamed Ali

*(Independent, non-executive director)*

Khoo Chuan Keat

*(Independent, non-executive director)*

Jackie Chew Pei Pei (Jackie Zhou PeiPei)

*(Non-independent, non-executive director)*

Raymond Tang Chee Kin

*(Non-independent, executive director)*

## **INVESTMENT COMMITTEE OF THE FUND**

Ho Yik

*(Independent member)*

Robert Yap Yen Choon

*(Independent member)*

Abdul Khalil bin Abdul Hamid

*(Independent member)*

Dato' Saiful Bahri bin Zainuddin

*(Independent member)*

Raymond Tang Chee Kin

*(Non-independent member)*

## **AUDIT AND COMPLIANCE**

### **COMMITTEE OF THE MANAGER**

Iskander bin Ismail Mohamed Ali

*(Independent)*

Khoo Chuan Keat

*(Independent)*

Niall Dermot Grady

*(Non-independent)*

## **MANAGER'S DELEGATE - FUND VALUER**

NAME

DEUTSCHE BANK (MALAYSIA) BERHAD

COMPANY NO.

312552-W



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603-2053 6788

FAX NO.

603-2031 8710

**MANAGER'S DELEGATE -  
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NAME

KARVY COMPUTERSHARE  
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**COMPANY SECRETARY OF  
THE MANAGER**

NAME

VIJEY A/L R. MOHANA KRISHNAN  
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**TRUSTEE**

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**TAXATION ADVISER OF  
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**AUDITORS OF THE MANAGER**

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**AUDITORS AND REPORTING  
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