

# EASTSPRING INVESTMENTS MY FOCUS 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'. The signature is fluid and cursive, with the first name 'Raymond' being the most prominent part.

**Raymond Tang Chee Kin**

Non-Independent, Executive Director and Chief Executive Officer

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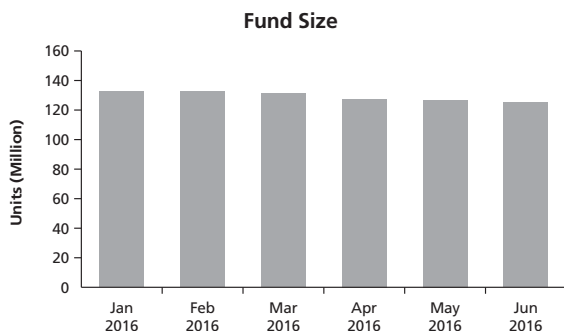
## FUND INFORMATION

<b>Name of Fund</b>	Eastspring Investments MY Focus Fund (“the Fund”)
<b>Fund Category/ Type</b>	Equity/growth
<b>Fund Objective</b>	<p>The Fund seeks to provide investors with capital appreciation in the medium to long-term with an opportunity for income*, if any.</p> <p><b>Note: The Fund’s focus is on growth.</b></p> <p>* Income distributed will be reinvested into additional Units unless Unit Holder opts for the distribution to be paid out.</p>
<b>Performance Benchmark</b>	<p>FTSE Bursa Malaysia KLCI Index (FBMKLCI)</p> <p><b>Source:</b> <a href="http://www.bursamalaysia.com">www.bursamalaysia.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 MY Focus Fund stood at 125.168 million units.



### Breakdown of Unit Holdings

Unit Holdings	No. of Unit Holders	%	No of Units* ('000)	%
5,000 units and below	1,926	36.99	4,788	3.83
5,001 to 10,000 units	1,082	20.78	7,476	5.97
10,001 to 50,000 units	1,818	34.91	38,352	30.64
50,001 to 500,000 units	368	7.07	37,693	30.11
500,001 units and above	13	0.25	36,858	29.45
<b>Total</b>	<b>5,207</b>	<b>100.00</b>	<b>125,167</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
	(%)	(%)	(%)
<b>Quoted securities</b>			
Construction	4.42	9.22	6.95
Consumer	8.76	3.71	-
Consumer Product	2.67	3.24	8.41
Finance	2.74	5.76	10.75
Industrial Product	17.57	12.13	8.11
Infrastructure Project Company	-	3.52	-
Manufacturing	7.63	2.07	2.47
Plantation	-	-	3.01
Power/Utilities	3.38	2.84	-
Properties	12.38	16.32	7.25
Technology	3.39	7.09	6.98
Trading/Services	8.07	14.36	29.57
Transportation	1.60	0.31	-
	72.61	80.57	83.50
Cash and other assets	27.39	19.43	16.50
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

## KEY PERFORMANCE DATA (CONTINUED)

Category	30.6.2016	30.6.2015	30.6.2014
Net Asset Value (NAV) (RM'000)	116,697	128,800	93,004
Units In Circulation (Units '000)	125,168	148,101	107,500
Net Asset Value Per Unit (RM)	0.9323	0.8697	0.8652
Highest Net Asset Value Per Unit (RM) <sup>#</sup>	0.9381	0.9099	0.8657
Lowest Net Asset Value Per Unit (RM) <sup>#</sup>	0.8635	0.7939	0.7282
Total Return (%)			
Capital Growth	2.39	6.50	12.54
Income Distribution	-	-	6.28
Total Return (%)	2.39	6.50	19.61
Gross Distribution Per Unit (RM)	-	-	0.0461
Net Distribution Per Unit (RM)	-	-	0.0453
Management Expense Ratio (MER) (%) <sup>*</sup>	0.84	0.82	0.82
Portfolio Turnover Ratio (PTR) (times) <sup>^</sup>	0.42	0.58	1.04

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

<sup>\*</sup> 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	7.20	16.36	15.40

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	Since commencement 1.3.2011 to 31.12.2011
	(%)	(%)	(%)	(%)	(%)
Annual total return	11.50	12.89	45.36	14.65	(7.76)

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

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

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

$\text{NAV}_t$  = 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.**



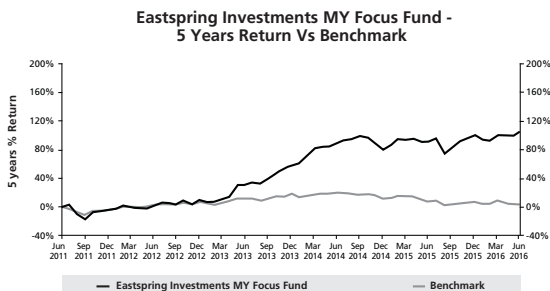
## MANAGER'S REPORT

### Fund Performance

Over the 5-year period, the Fund recorded a return of 104.85%, outperforming the benchmark return of 4.75% by 100.10%.

For the period under review, the Fund registered a gain of 2.39%, outperforming the benchmark return of -2.27% by 4.66%.

The outperformance was due to good stock selection and high cash buffer.



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

**Benchmark:** FTSE Bursa Malaysia KLCI Index (FBMKLCI)

**Source:** Lipper for Investment Management and [www.bursamalaysia.com](http://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	2.39	2.39	(2.27)

\* 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

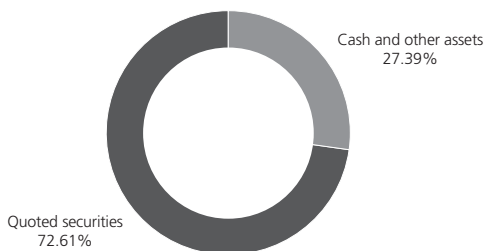
During the period under review, the Fund increased exposure into mid-to-small cap stocks, and reduced exposure in banking and plantation stocks. The Fund held relatively high level of cash for the period under review due to uncertainties in global economy. The Fund will continue to maintain a bottom-up approach in stock selection.

## MANAGER'S REPORT (CONTINUED)

### Asset Allocation

Asset Allocation	30-Jun 2016	31-Dec 2015	Changes
	(%)	(%)	(%)
Quoted securities	72.61	82.57	(9.96)
Cash and other assets	27.39	17.43	9.96

### 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)

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

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

However, in the Eastspring Investments Supplementary Master Prospectus dated 13 May 2016, the information in relation to the 7<sup>th</sup> 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 BBB3 or P2 by RAM Rating Services Berhad ("RAM"), or its equivalent rating by any other domestic rating agencies. Should the credit rating of the fixed income securities be downgraded by the rating agencies to below the minimum credit rating, the Manager may dispose the affected fixed income securities in the market.

## MARKET REVIEW

The 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 terms<sup>1</sup>.

## 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.

<sup>1</sup> **Source:** Bloomberg: World Indices

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# EASTSPRING INVESTMENTS MY FOCUS 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 16 to 52 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 MY FOCUS FUND

We have acted as Trustee for Eastspring Investments MY Focus Fund (the "Fund") for financial period ended 30 June 2016. To the best of our knowledge, for the financial 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

**Mahesh Anchan**  
Head, Trustee Operations

Kuala Lumpur  
Date: 16 August 2016

## UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIXTH 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 INCOME</b>			
Gross dividend income		1,250,551	1,939,937
Interest income from deposits with licensed financial institutions		377,963	426,462
Net gain on financial assets at fair value through profit or loss	6	2,398,007	8,715,567
		<u>4,026,521</u>	<u>11,081,966</u>
<b>EXPENSES</b>			
Management fee	3	(872,684)	(1,036,361)
Trustee fee	4	(46,543)	(55,263)
Audit fee		(3,381)	(3,092)
Tax agent fee		(1,691)	(1,685)
Other expenses		(7,653)	(51,387)
Transaction costs		(304,953)	(515,615)
GST charges		(55,153)	-
		<u>(1,292,058)</u>	<u>(1,663,403)</u>
<b>PROFIT BEFORE TAXATION</b>		2,734,463	9,418,563
<b>TAXATION</b>	5	4	-
<b>PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME</b>		<u>2,734,467</u>	<u>9,418,563</u>
Profit after taxation is made up of the following:			
Realised amount		3,085,970	(738,682)
Unrealised amount		(351,503)	10,157,245
		<u>2,734,467</u>	<u>9,418,563</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	31,361,587	25,373,635
Amount due from Manager		836,863	838,424
Dividends receivable		121,649	409,822
Tax recoverable		2,167	2,167
Financial assets at fair value through profit or loss	6	84,733,698	103,771,740
<b>TOTAL ASSETS</b>		<u>117,055,964</u>	<u>130,395,788</u>
<b>LIABILITIES</b>			
Amount due to Manager		179,550	632,757
Amount due to brokers		-	762,227
Accrued management fee		142,867	162,135
Amount due to Trustee		7,620	8,647
Other payables and accruals		19,859	30,413
GST charges payable		9,029	-
<b>TOTAL LIABILITIES</b>		<u>358,925</u>	<u>1,596,179</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>116,697,039</u>	<u>128,799,609</u>
<b>EQUITY</b>			
Unit holders' capital		99,950,156	120,037,851
Retained earnings		16,746,883	8,761,758
<b>NET ASSET ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>116,697,039</u>	<u>128,799,609</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	8	<u>125,167,814</u>	<u>148,101,422</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.9323</u>	<u>0.8697</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

	Note	Unit holders' capital	Retained earnings	Total
		RM	RM	RM
Balance as at 1 January 2016		107,911,022	14,012,416	121,923,438
Movement in unit holders' contribution:				
Creation of units from applications		12,040,868	-	12,040,868
Cancellation of units		(20,001,734)	-	(20,001,734)
Total comprehensive income for the financial period		-	2,734,467	2,734,467
Balance as at 30 June 2016		99,950,156	16,746,883	116,697,039
Balance as at 1 January 2015		143,141,850	(656,805)	142,485,045
Movement in unit holders' contribution:				
Creation of units from applications		30,062,434	-	30,062,434
Cancellation of units		(53,166,433)	-	(53,166,433)
Total comprehensive income for the financial period		-	9,418,563	9,418,563
Balance as at 30 June 2015		120,037,851	8,761,758	128,799,609

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

	6-months financial period ended 30.6.2016	6-months financial period ended 30.6.2015
Note	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from sale of investments	58,002,200	91,336,237
Purchase of investments	(39,976,192)	(73,029,652)
Dividends received	1,232,716	1,744,859
Interest income received	377,963	426,462
Management fee paid	(883,279)	(1,056,861)
Trustee fee paid	(47,108)	(56,357)
Payment for other fees and expenses	(72,967)	(44,114)
Tax refund	4	-
Net cash generated from operating activities	<u>18,633,337</u>	<u>19,320,574</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from units created	14,740,574	30,322,597
Payments for cancellation of units	(23,152,490)	(52,598,025)
Net cash used in financing activities	<u>(8,411,916)</u>	<u>(22,275,428)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	10,221,421	(2,954,854)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>		
	<u>21,140,166</u>	<u>28,328,489</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>		
7	<u>31,361,587</u>	<u>25,373,635</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 an accrual basis using the effective interest method.

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

Realised gain or loss on sale of investments is accounted for as the difference between the net disposal proceeds and the carrying amount of the investments, 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.

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

Items included in the financial statements of the Fund are measured using the currency as 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 quoted securities as financial assets at fair value through profit or loss at inception.

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been included in current assets. The Fund's loans and receivables comprise amount due from Manager, dividends receivable and cash and cash equivalents which are all due within 12 months.

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

The Fund's financial liabilities which include amount due to Manager, amount due to brokers, 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. Transaction costs are expensed in the statement of comprehensive income.

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

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

Financial 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.

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

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

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

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

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

iii. Impairment for assets carried at amortised costs

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

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

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

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

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

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

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

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

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

## **G. CASH AND CASH EQUIVALENTS**

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

## **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 MY Focus Fund (the "Fund") was constituted pursuant to the execution of a Deed dated 25 November 2008 (the "Deed"), as amended by Supplemental Deed dated 11 May 2009 entered into between Eastspring Investments Berhad (the "Manager") and OSK Trustees Berhad (the "Trustee"). The Fund replaced OSK Trustees 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 OSK Trustees 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 1 March 2011 and will continue its operations until terminated by the Trustee or the Manager as provided under Part 12 of the Deed.

The Fund seeks to provide investors with capital appreciation in the medium to long term with an opportunity for income, if any. The Fund targets to invest up to but not limited to 30 Malaysian securities that are expected to provide medium to long-term capital appreciation and income\* potential. All investments will be subjected to the SC Guidelines on Unit Trust Funds, the Deed and the objective of the Fund.

The main objective of the Fund seeks to provide investors with capital appreciation in the medium to long term with an opportunity for income, if any.

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 market risk (inclusive of price risk and interest rate risk), stock/ issuer risk, fund management risk, liquidity risk, non-compliance risk, capital risk and credit/default risk.

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to the investment restrictions as stipulated in the 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>				
Financial assets at fair value through profit or loss	6	-	84,733,698	84,733,698
Amount due from Manager		836,863	-	836,863
Dividends receivable		121,649	-	121,649
Cash and cash equivalents	7	31,361,587	-	31,361,587
		<u>32,320,099</u>	<u>84,733,698</u>	<u>117,053,797</u>
<u>2015</u>				
Financial assets at fair value through profit or loss	6	-	103,771,740	103,771,740
Amount due from Manager		838,424	-	838,424
Dividends receivable		409,822	-	409,822
Cash and cash equivalents	7	25,373,635	-	25,373,635
		<u>26,621,881</u>	<u>103,771,740</u>	<u>130,393,621</u>

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

## Market risk

### i. Price risk

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

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

	2016	2015
	RM	RM
Quoted securities designated at fair value through profit or loss	84,733,698	103,771,740

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

	2016		2015	
% Change in price of financial assets at fair value through profit or loss	Market value	Increase/ (decrease) in profit after tax and net asset value	Market value	Increase/ (decrease) in profit after tax and net asset value
	RM	RM	RM	RM
+5%	88,970,383	4,236,685	108,960,327	5,188,587
-5%	80,497,013	(4,236,685)	98,583,153	(5,188,587)

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.

As at 30 June 2016 and 30 June 2015, the Fund does not hold any financial instruments that expose it to interest rate risk.

**Stock/issuer risk**

This risk refers to the individual risk of the respective companies issuing the securities. Specific risk includes but is not limited to changes in consumer tastes and demand, legal suits, competitive operating environments, changing industry conditions and management omissions and errors. However, this risk is minimised through investing in a wide range of companies in different sectors and thus function independently from one another.

**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, deposits with licensed financial institutions and other instruments which are capable of being converted into cash within 7 days.

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

	Less than 1 month	Between 1 month to 1 year	Total
	RM	RM	RM
<u>2016</u>			
Amount due to Manager	179,550	-	179,550
Accrued management fee	142,867	-	142,867
Amount due to Trustee	7,620	-	7,620
Other payables and accruals	-	19,859	19,859
GST charges payable	9,029	-	9,029
Contractual cash outflows	339,066	19,859	358,925
<u>2015</u>			
Amount due to brokers	762,227	-	762,227
Amount due to Manager	632,757	-	632,757
Accrued management fee	162,135	-	162,135
Amount due to Trustee	8,647	-	8,647
Other payables and accruals	-	30,413	30,413
Contractual cash outflows	1,565,766	30,413	1,596,179

### 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.

### **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.

### **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.

Credit/default risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Fund.

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

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

	Cash and cash equivalents	Dividends receivable	Amount due from Manager	Total
	RM	RM	RM	RM
<u>2016</u>				
Finance				
- AAA	31,318,974	-	-	31,318,974
- AA1	42,613	-	-	42,613
Health Care				
- NR	-	29,250	-	29,250
Industrial Product				
- NR	-	62,505	-	62,505
Properties				
- NR	-	16,566	-	16,566
Technology				
- NR	-	13,328	-	13,328
Other				
- NR	-	-	836,863	836,863
	<u>31,361,587</u>	<u>121,649</u>	<u>836,863</u>	<u>32,320,099</u>
<u>2015</u>				
Finance				
- AAA	22,352,327	-	-	22,352,327
- AA1	12,875	-	-	12,875
- AA2	3,008,433	-	-	3,008,433
Construction				
- NR	-	83,006	-	83,006
Industrial Product				
- NR	-	25,002	-	25,002
Properties				
- NR	-	91,403	-	91,403
Technology				
- NR	-	43,455	-	43,455
Trading/Services				
- NR	-	166,956	-	166,956
Other				
- NR	-	-	838,424	838,424
	<u>25,373,635</u>	<u>409,822</u>	<u>838,424</u>	<u>26,621,881</u>

None of these assets are past due or impaired.

## Fair value estimation

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

The fair value of financial assets traded in active market (such as trading securities) are based on quoted market prices at the close of trading on the 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:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>2016</b>				
Financial assets at fair value through profit or loss:				
Quoted securities	84,733,698	-	-	84,733,698
<b>2015</b>				
Financial assets at fair value through profit or loss:				
Quoted securities	103,771,740	-	-	103,771,740

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

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



### **3. MANAGEMENT FEE**

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

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

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

### **4. TRUSTEE FEE**

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

For the financial period ended 30 June 2016, the Trustee fee is recognised at a rate of 0.08% (2015: 0.08%) per annum on the net asset value of the Fund, 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:		
Over provision of taxation in previous financial period	4	-

The numerical reconciliation between 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
Profit before taxation	2,734,463	9,418,563
Tax at Malaysian statutory rate of 24% (2015: 25%)	656,271	2,354,641
Tax effect of:		
Investment income exempt from tax	(966,365)	(2,770,492)
Expenses not deductible for tax purposes	99,838	155,988
Restriction on tax deductible expenses for Unit Trust Funds	210,256	259,863
Over provision in prior financial period	(4)	-
Taxation	(4)	-

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

	2016	2015
	RM	RM
Designated at fair value through profit or loss:		
Quoted securities	84,733,698	103,771,740
Net gain on financial assets at fair value through profit or loss:		
Realised gain/(loss) on disposals	2,749,510	(1,441,678)
Change in unrealised fair value (loss)/gain	(351,503)	10,157,245
	2,398,007	8,715,567

Name of counter	Quantity	Aggregate cost	Fair value	Percentage
			as at 30.6.2016	of net asset value
	Units	RM	RM	%
<u>Construction</u>				
Kerjaya Prospek Group Berhad	2,540,700	4,352,074	5,157,621	4.42
<u>Consumer</u>				
Hup Seng Industries Berhad	4,190,700	4,749,900	5,615,538	4.81
Magni-Tech Industries Berhad	387,600	1,625,964	1,565,904	1.34
Salutica Berhad	2,988,600	2,349,405	3,048,372	2.61
	7,566,900	8,725,269	10,229,814	8.76
<u>Consumer Product</u>				
Asia File Corporation Bhd	732,960	3,057,921	3,115,080	2.67
<u>Finance</u>				
RHB Capital Berhad	624,100	3,643,064	3,195,392	2.74
<u>Industrial Product</u>				
Coastal Contracts Bhd	1,235,500	4,781,893	1,915,025	1.64
KNM Group Berhad	6,144,000	3,129,797	2,519,040	2.16
SKP Resources Bhd	2,000,000	2,627,574	2,320,000	1.99
United U-Li Corporation Berhad	2,083,500	3,729,015	13,751,100	11.78
	11,463,000	14,268,279	20,505,165	17.57

Name of counter	Quantity	Aggregate cost	Fair value as at 30.6.2016	Percentage of net asset value
	Units	RM	RM	%
<u>Manufacturing</u>				
Evergreen Fibreboards Berhad	3,343,550	3,921,025	3,544,163	3.04
Success Transformers Corporation Berhad	2,371,800	5,447,121	5,360,268	4.59
	<u>5,715,350</u>	<u>9,368,146</u>	<u>8,904,431</u>	<u>7.63</u>
<u>Power/Utilities</u>				
Malakoff Corporation Berhad	2,465,500	4,402,261	3,944,800	3.38
<u>Properties</u>				
Eastern & Oriental Berhad	2,203,200	4,677,828	3,657,312	3.13
IOI Properties Group Berhad	1,761,665	4,413,845	4,139,913	3.55
KSL Holdings Bhd	3,055,632	4,472,124	3,422,308	2.93
Sentoria Group Berhad	2,000,000	2,006,136	1,700,000	1.46
TA Global Bhd	6,626,500	2,557,127	1,524,095	1.31
	<u>15,646,997</u>	<u>18,127,060</u>	<u>14,443,628</u>	<u>12.38</u>
<u>Technology</u>				
Inari Amertron Berhad	1,332,743	2,542,667	3,958,247	3.39
<u>Trading/Services</u>				
Berjaya Auto Berhad	1,315,860	2,372,857	3,052,795	2.62
Cypark Resources Berhad	1,192,900	3,252,014	2,326,155	1.99
OldTown Berhad	1,425,600	2,200,454	2,737,152	2.35
Salcon Bhd	2,237,100	1,643,204	1,297,518	1.11
	<u>6,171,460</u>	<u>9,468,529</u>	<u>9,413,620</u>	<u>8.07</u>

Name of counter	Quantity	Aggregate cost	Fair value as at 30.6.2016	Percentage of net asset value
	Units	RM	RM	%
<u>Transportation</u>				
Xin Hwa Holdings Berhad	1,865,900	1,695,921	1,865,900	1.60
<b>TOTAL QUOTED SECURITIES</b>	<u>56,125,610</u>	79,651,191	<u>84,733,698</u>	72.61
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>5,082,507</u>		
<b>FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>84,733,698</u>		

Name of counter	Quantity	Aggregate cost	Fair value as at 30.6.2015	Percentage of net asset value
	Units	RM	RM	%
<u>Construction</u>				
Gamuda Bhd	1,490,000	7,275,966	6,958,300	5.40
IJM Corporation Berhad	754,600	4,904,109	4,919,992	3.82
	2,244,600	12,180,075	11,878,292	9.22
<u>Consumer</u>				
Hup Seng Industries Berhad	4,010,900	4,517,148	4,772,971	3.71
<u>Consumer Product</u>				
Asia File Corporation Berhad	1,160,960	4,843,543	4,179,456	3.24
<u>Finance</u>				
CIMB Group Holdings Berhad	255,600	1,354,511	1,398,132	1.09
Malayan Banking Berhad	213,218	1,935,663	1,948,813	1.51
RHB Capital Berhad	552,909	4,513,289	4,074,939	3.16
	1,021,727	7,803,463	7,421,884	5.76
<u>Industrial Product</u>				
Coastal Contracts Bhd	1,501,900	5,809,701	4,115,206	3.20
Muda Holdings Berhad	833,400	1,357,868	1,016,748	0.79
United U-Li Corporation Berhad	2,456,300	4,396,246	10,488,401	8.14
	4,791,600	11,563,815	15,620,355	12.13
<u>Infrastructure Project Company</u>				
Digi.Com Berhad	846,500	4,809,271	4,537,240	3.52
<u>Manufacturing</u>				
Evergreen Fibreboards Berhad	1,975,000	2,459,649	2,666,250	2.07
<u>Power/Utilities</u>				
Malakoff Corporation Berhad	2,088,100	3,758,580	3,654,175	2.84

Name of counter	Quantity	Aggregate cost	Fair value as at 30.6.2015	Percentage of net asset value
	Units	RM	RM	%
<u>Properties</u>				
Eastern & Oriental Berhad	2,160,000	4,663,950	3,672,000	2.85
IOI Properties Group Berhad	1,761,665	4,413,845	3,259,080	2.53
KSL Holdings Berhad	2,913,740	4,266,192	5,040,770	3.91
Matrix Concepts Holdings Berhad	1,541,250	4,330,667	4,777,875	3.71
Sentoria Group Berhad	2,000,000	2,000,000	2,120,000	1.65
TA Global Berhad	6,841,500	2,639,586	2,155,072	1.67
	<u>17,218,155</u>	<u>22,314,240</u>	<u>21,024,797</u>	<u>16.32</u>
<u>Technology</u>				
Inari Amertron Berhad	1,893,075	4,127,904	6,152,494	4.78
Inari Amertron Berhad- Warrant	343,675	-	470,835	0.37
Vitrox Corporation Berhad	740,000	2,390,200	2,501,200	1.94
	<u>2,976,750</u>	<u>6,518,104</u>	<u>9,124,529</u>	<u>7.09</u>
<u>Trading/Services</u>				
Berjaya Auto Berhad	2,015,860	3,125,572	5,442,822	4.23
Cypark Resources Berhad	1,160,000	3,194,110	1,960,400	1.52
Deleum Berhad	766,600	1,265,788	1,073,240	0.83
Salcon Berhad	2,437,100	1,784,712	1,888,753	1.47
Sapurakencana Petroleum Berhad	763,500	2,425,300	1,801,860	1.40
Tenaga Nasional Berhad	500,000	6,806,638	6,320,000	4.91
	<u>7,643,060</u>	<u>18,602,120</u>	<u>18,487,075</u>	<u>14.36</u>

Name of counter	Quantity	Aggregate cost	Fair value as at 30.6.2015	Percentage of net asset value
	Units	RM	RM	%
<u>Transportation</u>				
Xin Hwa Holdings Berhad	470,600	329,420	404,716	0.31
<b>TOTAL QUOTED SECURITIES</b>	<u>46,447,952</u>	<u>99,699,428</u>	<u>103,771,740</u>	<u>80.57</u>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>4,072,312</u>		
<b>FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>103,771,740</u>		



**7. CASH AND CASH EQUIVALENTS**

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Bank balance	42,613	12,875
Deposits with licensed financial institutions	31,318,974	25,360,760
	<u>31,361,587</u>	<u>25,373,635</u>

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

	<b>2016</b>	<b>2015</b>
	<b>%</b>	<b>%</b>
Deposits with licensed financial institutions	<u>4.00</u>	<u>3.80</u>

The deposits have an average maturity of 8 days (2015: 2 days).

**8. UNITS IN CIRCULATION**

	<b>2016</b>	<b>2015</b>
	<b>No. of units</b>	<b>No. of units</b>
At beginning of the financial period	133,912,725	174,479,090
Creation of units during the financial period:		
Arising from applications	13,323,894	34,607,139
Cancellation of units during the financial period	<u>(22,068,805)</u>	<u>(60,984,807)</u>
At end of the financial period	<u>125,167,814</u>	<u>148,101,422</u>

## 9. TRANSACTIONS WITH BROKERS

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

Name of brokers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>2016</u>				
RHB Investment Bank Berhad	14,332,848	14.63	47,730	15.65
Maybank Investment Bank Berhad	9,931,317	10.14	30,876	10.13
Kenanga Investment Bank Berhad	9,161,573	9.35	28,673	9.40
UOB Kay Hian Securities (M) Sdn Bhd	9,114,301	9.30	28,037	9.19
Public Investment Bank Berhad	8,840,511	9.03	27,639	9.06
KAF Seagroatt & Campbell Securities Sdn Bhd	8,770,798	8.95	27,447	9.00
CIMB Investment Bank Berhad	7,854,742	8.02	30,869	10.12
Nomura Securities Malaysia Sdn Bhd	7,783,575	7.95	22,437	7.36
Inter-Pacific Securities Sdn Berhad	5,548,000	5.66	17,066	5.60
Credit Suisse Securities (Malaysia) Sdn. Bhd.	5,037,726	5.14	16,152	5.30
Others	11,592,209	11.83	28,027	9.19
	<b>97,967,600</b>	<b>100.00</b>	<b>304,953</b>	<b>100.00</b>

Name of brokers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>2015</u>				
Maybank Investment Bank Berhad	33,676,309	20.79	99,440	19.29
RHB Investment Bank Berhad	22,103,433	13.65	66,627	12.92
Hong Leong Investment Bank Berhad	17,188,806	10.61	50,651	9.82
Kenanga Investment Bank Berhad	14,301,837	8.83	43,673	8.47
CIMB Investment Bank Berhad	10,967,210	6.77	33,331	6.46
Nomura Securities Malaysia Sdn Bhd	10,895,934	6.73	32,624	6.33
J.P. Morgan Securities (M) Sdn Bhd	10,148,143	6.27	59,758	11.59
KAF Seagroatt & Campbell Securities Sdn Bhd	9,051,956	5.59	27,472	5.33
Credit Suisse Securities (Malaysia) Sdn Bhd	7,781,489	4.80	23,170	4.49
Affin Hwang Investment Bank Berhad	6,917,139	4.27	20,773	4.03
Others	18,948,667	11.69	58,091	11.27
	<u>161,980,923</u>	<u>100.00</u>	<u>515,610</u>	<u>100.00</u>

All brokers highlighted above are not related to the Manager.

## 10. UNITS HELD BY THE MANAGER

The related party of and its relationships 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	1,062	990	1,062	924

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")

	2016	2015
	%	%
MER	0.84	0.82

MER is derived from the following calculation:

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

A = Management fee

B = Trustee fee

C = Audit fee

D = Tax agent fee

E = Other expenses (including GST charges)

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

The average net asset value of the Fund for the financial period calculated on a daily basis is RM116,991,786 (2015: RM139,322,569).

## 12. PORTFOLIO TURNOVER RATIO ("PTR")

	2016	2015
PTR (times)	0.42	0.58

PTR is derived from the following calculation:

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

where:

total acquisitions for the financial period = RM39,787,278 (2015: RM70,372,170)

total disposals for the financial period = RM58,002,200 (2015: RM91,336,237)

## 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 consummate with an acceptable level of risk within the portfolio. These returns consist of dividend income, 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

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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)*

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

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COMPANY NO.

312552-W



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**COMPANY SECRETARY OF  
THE MANAGER**

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**TRUSTEE**

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