

EASTSPRING INVESTMENTS BOND PLUS FUND

INTERIM REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD
ENDED 30 SEPTEMBER 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 September 2016.

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

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

Yours sincerely,

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

Raymond Tang Chee Kin

Non-Independent, Executive Director and Chief Executive Officer

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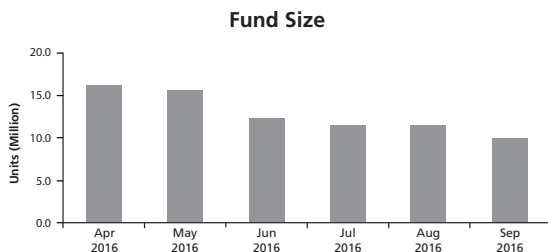
FUND INFORMATION

Name of Fund	Eastspring Investments Bond Plus Fund (the "Fund")
Fund Category/ Type	Bond/income
Fund Objective	<p>The Fund seeks to provide a steady stream of income*.</p> <p>* Income distributed to a Unit Holder will be reinvested into additional Units unless Unit Holder opts for the distribution to be paid out.</p>
Performance Benchmark	<p>Quant Shop Malaysian Government Securities ("MGS") Medium Index</p> <p>Source: www.quantshop.com</p> <p>Note: The risk profile of the Fund is different from the risk profile of the performance benchmark.</p>
Fund Income Distribution Policy	At least once a year, subject to the availability of income.

FUND INFORMATION (CONTINUED)

Breakdown of Unit Holdings by Size

As at 30 September 2016, the size of Eastspring Investments Bond Plus Fund stood at 9.984 million units.



Breakdown of Unit Holdings

Unit Holdings	No. of Unit Holders	%	No of Units* ('000)	%
5,000 units and below	14	13.87	39	0.39
5,001 to 10,000 units	22	21.78	179	1.79
10,001 to 50,000 units	36	35.64	874	8.76
50,001 to 500,000 units	25	24.75	3,124	31.30
500,001 units and above	4	3.96	5,766	57.76
Total	101	100.00	9,982	100.00

* excludes units held by the Manager.

KEY PERFORMANCE DATA

FOR THE FINANCIAL PERIOD ENDED

Category	30.9.2016	30.9.2015	30.9.2014
	(%)	(%)	(%)
Unquoted fixed income securities	80.33	86.86	81.08
Collective investment scheme - Foreign	17.05	10.05	19.09
Cash and other assets	2.62	3.09	(0.17)
Total	100.00	100.00	100.00
Net Asset Value (NAV) (RM'000)	5,689	8,778	12,529
Units In Circulation (Units '000)	9,984	16,228	24,552
Net Asset Value Per Unit (RM)	0.5698	0.5409	0.5103
Highest Net Asset Value Per Unit (RM)	0.5698	0.5418	0.5107
Lowest Net Asset Value Per Unit (RM)	0.5501	0.5286	0.4973
Total Return (%)			
Capital Growth	3.64	2.19	2.63
Income Distribution	-	-	-
Total Return (%)	3.64	2.19	2.63
Gross Distribution Per Unit (RM)	-	-	-
Net Distribution Per Unit (RM)	-	-	-
Management Expense Ratio (MER) (%)*	0.94	0.84	0.80
Portfolio Turnover Ratio (PTR) (times)^	0.25	0.12	0.66

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

^ The PTR was higher during the period due to trading opportunities especially in collective investment scheme.

KEY PERFORMANCE DATA (CONTINUED)

	1 year 1.10.2015 to 30.9.2016	3 years 1.10.2013 to 30.9.2016	Since commencement 30.4.2013 to 30.9.2016
	(%)	(%)	(%)

Average total return	5.34	4.72	3.89
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Year ended	1.4.2015 to 31.3.2016	1.4.2014 to 31.3.2015	Since commencement 30.4.2013 to 31.3.2014
	(%)	(%)	(%)

Annual total return	3.87	6.46	(0.56)
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Source: Lipper for Investment Management, as at 30 September 2016.

Bases of calculation and assumptions made in calculating returns:

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

NAV_t = NAV at the end of the period

NAV_0 = NAV at the beginning of the period

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

n = Number of years

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

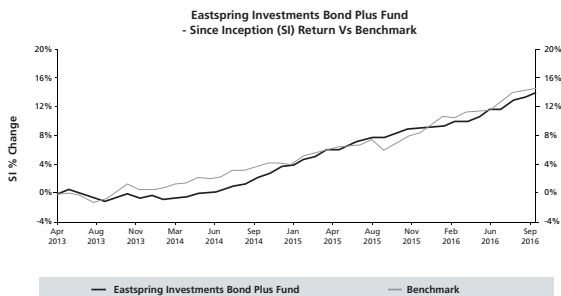
MANAGER'S REPORT

Fund Performance

Since inception, the Fund recorded a return of 13.96%, underperforming the benchmark return of 14.59% by 0.63%.

For the period under review the Fund recorded a return of 3.64%, outperforming the benchmark return of 3.01% by 0.63%.

The Fund's outperformance during the period was attributable to the Fund's position in the Collective Investment Scheme: Eastspring Investments Asian High Yield Bond Fund which outperformed the benchmark on the appreciation of the United States ("US") Dollar.



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

Benchmark: Quant Shop MGS Medium Index

Source: Lipper for Investment Management and www.quantshop.com, as at 30 September 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 September 2016:

Income Return	Capital Return*	Total Return	Total Return of Benchmark
(%)	(%)	(%)	(%)
0.00	3.64	3.64	3.01

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

Distribution/ Unit Split

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

Investment Strategy During Period Under Review

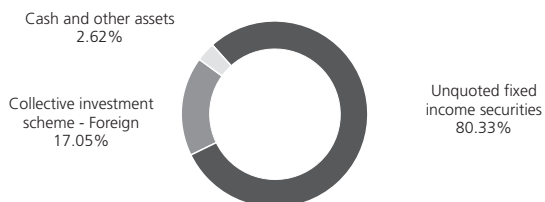
The Fund participated in selective quality issuances for yield pick-up, and traded on market volatility, subject to liquidity constraints.

MANAGER'S REPORT (CONTINUED)

Asset Allocation

Asset Allocation	30-Sep 2016	31-Mar 2016	Changes
	(%)	(%)	(%)
Unquoted fixed income securities	80.33	86.73	(6.40)
Collective investment scheme - Foreign	17.05	9.38	7.67
Cash and other assets	2.62	3.89	(1.27)

Asset Allocation as at 30 September 2016



During the period under review, the investment in collective investment scheme-foreign has increased to enhance portfolio return.

MANAGER'S REPORT (CONTINUED)

State of Affairs of the Fund

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

However, in the Eastspring Investments Supplementary Master Prospectus dated 13 May 2016, the information in relation to the 3rd paragraph of the investment strategy for the Fund has been revised as follows:

The Fund shall invest in domestic fixed income securities* which are issued by corporations and financial institutions 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 whilst foreign fixed income securities shall carry a minimum credit rating of BB3 or A-3 by Standard & Poor's, or its equivalent rating by any other global rating agencies. Should the credit rating of the domestic fixed income securities be downgraded by the rating agencies to below the minimum credit rating, Eastspring Investments Berhad ("the Manager") may dispose the affected domestic fixed income securities in the market.

- * domestic fixed income securities refer to the following:
- (a) fixed income securities that are issued and offered in Malaysia; or
 - (b) fixed income securities that are issued out of Malaysia and offered in Malaysia; and
- the issuer is domiciled in Malaysia or out of Malaysia.

Cross-Trade Transaction

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

MARKET REVIEW

Bank Negara Malaysia (“BNM”) maintained the Overnight Policy Rate (“OPR”) at 3.25% in the first half of 2016. However, on 13 July 2016, BNM cut its OPR for the first time since 2014 by 25 basis points (“bps”) to 3.00%. BNM’s move to ease monetary policy is seen as a pre-emptive move to spur the Malaysian economy from the slower global growth coupled with arising risks from British Exit (“BREXIT”) from the European Union. At the Monetary Policy Committee meeting on 7 September, BNM left the OPR unchanged at 3.00% as the central bank maintained its view that the OPR is consistent with the accommodativeness and that the global economy continues to expand at a moderate pace. BNM anticipates that the domestic economy is expected to remain robust and grow between 4%-4.5% for 2016 but global uncertainties could weight on Malaysia’s growth. BNM expects domestic demand to be the main driver of growth while private consumption is expected to be supported by stable wage and employment growth. BNM mentioned that that the central bank would be data dependent before deciding its next course of action.

Headline inflation decline from 2.6% year-on-year (“y-o-y”) in March to 1.5% y-o-y in August 2016. In the first eight months of 2016, inflation increased by 2.3% y-o-y mainly due to higher prices of Alcoholic Beverages & Tobacco (+21.4% y-o-y) and Food & Non-alcoholic beverages (+4.2% y-o-y). However, the rise in inflation was slightly offset by lower Transportation (-5.2% y-o-y) and Communication costs (-1.1% y-o-y). BNM expects inflation to be at the lower end of the 2% to 3% range for 2016 and to remain relatively stable in 2017 given the environment of low global energy and commodity prices, and generally subdued global inflation.

For the period under review, the 3-year, 5-year, 10-year and 15-year sovereign bond yields fell by 38bps, 16bps, 23bps and 25bps to close at 2.84%, 3.24%, 3.55% and 3.91% respectively¹. Malaysian Government Securities (“MGS”) rallied in 1Q2016 on the Statutory Reserve Requirement (“SRR”) cut by BNM which was announced on 21 January followed by the Federal Open Market Committee (“FOMC”)’s dovish statement on 16 March 2016 which signalled a very gradual path of rate hikes in 2016. Demand for MGS continued to remain strong as BNM cut the OPR by 25bps in July coupled with strong buying interest from foreign and domestic investors due to heightened expectations of monetary easing by major global central banks.

¹ Source: Bloomberg

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

On the supply front, total outstanding Malaysian Ringgit (“MYR”) issuances at the end of September 2016 stood at about MYR1,176 billion, of which approximately 43.8% was conventional and 56.2% was Islamic². The proportion of corporate sukuk in the sukuk universe was higher at about 59.2% compared to the proportion of corporate bonds in the conventional bonds universe of about 27.2%. Major primary issuances were from the banking and infrastructure sectors as well as government guaranteed issuances. Major issuances included MYR5.5 billion from Sarawak Hydro, MYR4.5 billion from Danainfra, MYR3.6 billion from Lebuhraya DUKE Fasa 3 and MYR2.6 billion from Jambatan Kedua Sdn Berhad.

REBATES AND SOFT COMMISSIONS

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

² **Source:** Bond Pricing Agency Malaysia

EASTSPRING INVESTMENTS BOND PLUS FUND

UNAUDITED FINANCIAL STATEMENTS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

STATEMENT BY THE MANAGER

We, Tang Chee Kin and Khoo Chuan Keat, 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 53 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 September 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
Executive Director/Chief Executive Officer

KHOO CHUAN KEAT
Director

Kuala Lumpur
Date: 18 November 2016

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

We have acted as Trustee for Eastspring Investments Bond Plus Fund (the "Fund") for the financial period ended 30 September 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: 18 November 2016

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

	Note	6-months financial period ended 30.9.2016	6-months financial period ended 30.9.2015
		RM	RM
INVESTMENT INCOME			
Interest income from deposits with licensed financial institutions		9,814	6,827
Interest income from unquoted fixed income securities		150,793	196,724
Net gain on financial assets at fair value through profit or loss	6	181,304	71,877
Net foreign currency exchange gain		-	13,761
		<u>341,911</u>	<u>289,189</u>
EXPENSES			
Management fee	3	(47,599)	(58,741)
Trustee fee	4	(9,026)	(9,009)
Audit fee		(3,360)	(3,253)
Tax agent fee		(1,706)	(1,702)
GST charges		(3,820)	(4,065)
Other expenses		(5,981)	(5,701)
		<u>(71,492)</u>	<u>(82,471)</u>
PROFIT BEFORE TAXATION		270,419	206,718
TAXATION	5	-	-
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME		<u>270,419</u>	<u>206,718</u>
Profit after taxation is made up of the following:			
Realised amount		135,332	249,416
Unrealised amount		135,087	(42,698)
		<u>270,419</u>	<u>206,718</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 SEPTEMBER 2016

	Note	2016	2015
		RM	RM
ASSETS			
Cash and cash equivalents	7	182,162	280,755
Financial assets at fair value through profit or loss	6	5,540,082	8,506,326
Amount due from Manager		294	73,415
TOTAL ASSETS		<u>5,722,538</u>	<u>8,860,496</u>
LIABILITIES			
Amount due to Manager		-	49,829
Accrued management fee		6,089	8,987
Amount due to Trustee		1,480	1,475
GST charges payable		454	628
Other payables and accruals		25,691	21,819
TOTAL LIABILITIES		<u>33,714</u>	<u>82,738</u>
NET ASSET VALUE OF THE FUND		<u>5,688,824</u>	<u>8,777,758</u>
EQUITY			
Unit holders' capital		4,435,442	7,953,000
Retained earnings		1,253,382	824,758
NET ASSET ATTRIBUTABLE TO UNIT HOLDERS		<u>5,688,824</u>	<u>8,777,758</u>
NUMBER OF UNITS IN CIRCULATION	8	<u>9,984,368</u>	<u>16,228,228</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.5698</u>	<u>0.5409</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 SEPTEMBER 2016

	Unit holders' capital	Retained earnings	Total
	RM	RM	RM
Balance as at 1 April 2016	7,986,681	982,963	8,969,644
Movement in unit holders' contribution:			
Creation of units from applications	1,172,502	-	1,172,502
Cancellation of units	(4,723,741)	-	(4,723,741)
Total comprehensive income for the financial period	-	270,419	270,419
Balance as at 30 September 2016	<u>4,435,442</u>	<u>1,253,382</u>	<u>5,688,824</u>
Balance as at 1 April 2015	9,194,555	618,040	9,812,595
Movement in unit holders' contribution:			
Creation of units from applications	2,052,934	-	2,052,934
Cancellation of units	(3,294,489)	-	(3,294,489)
Total comprehensive income for the financial period	-	206,718	206,718
Balance as at 30 September 2015	<u>7,953,000</u>	<u>824,758</u>	<u>8,777,758</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 SEPTEMBER 2016

	6-months financial period ended 30.9.2016	6-months financial period ended 30.9.2015
Note	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of investments	3,509,560	1,646,871
Purchase of investments	(315,630)	(528,040)
Interest income received from deposits with licensed financial institutions	9,814	6,827
Interest income received from unquoted fixed income securities	218,639	208,053
Management fee paid	(51,132)	(60,140)
Trustee fee paid	(9,061)	(9,061)
Payment for other fees and expenses	(14,356)	(20,311)
Net foreign currency exchange gain	-	13,761
Net cash generated from operating activities	<u>3,347,834</u>	<u>1,257,960</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from units created	1,177,398	2,033,616
Payments for cancellation of units	(4,738,751)	(3,296,967)
Net cash used in financing activities	<u>(3,561,353)</u>	<u>(1,263,351)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		
	(213,519)	(5,391)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD		
	<u>395,681</u>	<u>286,146</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD		
7	<u>182,162</u>	<u>280,755</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 SEPTEMBER 2016

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

A. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The preparation of financial statements in conformity with the MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial 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 judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note J.

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

- i. Financial year beginning on/after 1 April 2017
 - Amendments to MFRS 107 "Statement of Cash Flows – Disclosure Initiative" (effective from 1 January 2017) introduce an additional disclosure on changes in liabilities arising from financing activities.

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

ii. Financial year beginning on/after 1 April 2018

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

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

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

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

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

- MFRS 15 “Revenue from contracts with customers” (effective from 1 January 2018) replaces MFRS 118 ‘Revenue’ and MFRS 111 “Construction contracts” and related interpretations. The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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

B. INCOME RECOGNITION

Interest income earned from short-term deposits and unquoted fixed income securities are recognised on an accrual basis using the effective interest method.

Realised gain or loss on disposal of unquoted fixed income securities is accounted for as the difference between the net disposal proceeds and the carrying amount of the investments, determined on cost adjusted for accretion of discount or amortisation of premium.

Realised gain or loss on sale of investments are 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 for collective investment scheme.

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 as the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Fund's presentation and functional currency.

E. 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.

F. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

i. Classification

The Fund designates its investment in unquoted fixed income securities and 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.

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

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

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

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 the obligation under the liability is extinguished; i.e. when the obligation specified in the contract is discharged or cancelled or expired.

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

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

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).

Unquoted fixed income securities are carried at cost and adjusted for any amortisation of premium or accretion of discount from acquisition date to maturity date. The carrying cost is revalued to reflect its fair value on a daily basis using the net present value method based on fair value prices quoted by a bond pricing agency ('BPA') registered with the Securities Commission as per the Securities Commission's Guidelines on Unit Trust Funds. Where such quotations are not available or where the Manager is of the view that the price quoted by the BPA for a specific unquoted fixed income securities differs from the market price

by more than 20 basis points, the Manager may use the market price, provided that the Manager:

- records its basis for using a non-BPA price;
- obtains necessary internal approvals to use the non-BPA price; and
- keeps an audit trail of all decisions and basis for adopting the market yield.

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.

G. 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.

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.

i. Estimate of fair value of unquoted fixed income securities

The Fund uses significant judgment in determining whether an investment is impaired. The Fund evaluates, among other factors, the duration and extent to which the fair value of the investment is less than cost, and the financial health and near-term business outlook for the investee, including factors such as industry and sector performance, macroeconomic factors and speculation.

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the Securities Commission valuation guidelines.

Unquoted fixed income securities are valued using fair value prices quoted by a bond pricing agency (BPA). Where the Manager is of the view that the price quoted by BPA for a specific unquoted fixed income securities differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager records its basis for using a non-BPA price, obtains necessary internal approvals to use the non-BPA price, and keeps an audit trail of all decisions and basis for adopting the use of non-BPA price. This is allowed for under the Securities Commission ("SC") Guidelines on Unit Trust Funds.

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

1. INFORMATION ON THE FUND

Eastspring Investments Bond Plus Fund (the “Fund”) was constituted pursuant to the execution of a Deed dated 29 June 2012 (the “Deed”) as modified by Supplemental Deed dated 26 March 2014 and a Second Supplemental Deed dated 2 January 2015 (collectively referred to as the “Deeds”) entered into between Eastspring Investments Berhad (the “Manager”) and Deutsche Trustees Malaysia Berhad (the “Trustee”).

The Fund was launched on 1 April 2013 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 achieve its investment objective by investing a minimum of 70% of the Fund’s NAV in fixed income securities. Not more than 30% of the Fund’s NAV may be invested in foreign fixed income securities. The fixed income securities comprise, amongst others, sovereign bonds and corporate bonds (listed and unlisted). The Fund may also invest in fixed income collective investment schemes, as well as liquid assets including money market instruments and deposit placements with financial institutions.

The Fund seeks to provide a steady stream of income returns.

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, interest rate risk and foreign exchange risk), liquidity risk, fund management 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>				
Collective investment scheme	6	-	970,083	970,083
Unquoted fixed income securities	6	-	4,569,999	4,569,999
Cash and cash equivalents	7	182,162	-	182,162
Amount due from Manager		294	-	294
		<u>182,456</u>	<u>5,540,082</u>	<u>5,722,538</u>
<u>2015</u>				
Collective investment scheme	6	-	882,283	882,283
Unquoted fixed income securities	6	-	7,624,043	7,624,043
Cash and cash equivalents	7	280,755	-	280,755
Amount due from Manager		73,415	-	73,415
		<u>354,170</u>	<u>8,506,326</u>	<u>8,860,496</u>

All 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 September which are exposed to price risk:

	2016	2015
	RM	RM
Unquoted fixed income securities and collective investment scheme designated at fair value through profit or loss	5,540,082	8,506,326

The following table summarises the sensitivity of the Fund's net asset value and profit after tax to movements in prices of unquoted fixed income securities and collective investment scheme at the end of the reporting period. The analysis is based on the assumptions that the market price of the unquoted fixed income securities and 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 unquoted fixed income securities and 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	Market value	Impact on profit after tax/ net asset value
	RM	RM
<u>2016</u>		
+5%	5,817,086	277,004
-5%	5,263,078	(277,004)
<u>2015</u>		
+5%	8,931,642	425,316
-5%	8,081,010	(425,316)

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.

In general, when interest rates rise, unquoted fixed income securities prices will tend to fall and vice versa. Therefore, the NAV of the Fund may also tend to fall when interest rates rise or are expected to rise. However, investors should be aware that should the Fund holds an unquoted fixed income securities till maturity, such price fluctuations would dissipate as it approaches maturity, and thus the growth of the NAV shall not be affected at maturity. In order to mitigate interest rates exposure of the Fund, the Manager will manage the duration of the

portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the Manager, which is based on its continuous fundamental research and analysis.

Investors should note that the movement in prices of unquoted fixed income securities and money market instruments are benchmarked against interest rates. As such, the investments are exposed to the movement of the interest rates.

This risk is crucial since unquoted fixed income securities portfolio management depends on forecasting interest rate movements. Prices of unquoted fixed income securities move inversely to interest rate movements, therefore as interest rates rise, the prices of unquoted fixed income securities decrease and vice versa. Furthermore, unquoted fixed income securities with longer maturity and lower yield coupon rates are more susceptible to interest rate movements.

Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to make payments of interest income and principal, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

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

The table below summarises the sensitivity of the Fund's profit after tax and NAV to movements in prices of unquoted fixed income securities held by the Fund as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate increased by 1% (2015:5%) and decreased by 1% (2015:5%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the interest rate, having regard to the historical volatility of the interest rate.

	2016	2015
% Change in interest rate of unquoted fixed income securities	Impact on profit after tax/ net asset value	Impact on profit after tax/ net asset value
	RM	RM
+1% (2015:+5%)	(6,583)	(65,965)
-1% (2015:-5%)	6,598	66,708

iii. Foreign exchange risk

As the Fund 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. The 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 risk concentrations and counterparties of the Fund:

	Financial assets at fair value through profit or loss
	RM
<u>2016</u>	
USD	<u>970,083</u>
<u>2015</u>	
USD	<u>882,283</u>

Liquidity risk

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

The Fund maintains sufficient level of 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>			
Accrued management fee	6,089	-	6,089
Amount due to Trustee	1,480	-	1,480
GST charges payable	454	-	454
Other payables and accruals	-	25,691	25,691
Contractual cash outflows	<u>8,023</u>	<u>25,691</u>	<u>33,714</u>
<u>2015</u>			
Amount due to Manager	49,829	-	49,829
Accrued management fee	8,987	-	8,987
Amount due to Trustee	1,475	-	1,475
GST charges payable	628	-	628
Other payables and accruals	-	21,819	21,819
Contractual cash outflows	<u>60,919</u>	<u>21,819</u>	<u>82,738</u>

Fund management risk

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

Non-compliance risk

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

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

Capital Risk

The capital of the Fund is represented by equity consisting of unit holders' capital and retained earnings. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the 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. In the case of the Fund, both the Manager and the External Fund Manager regularly review the ratings assigned to the Issuer so that the necessary steps can be taken if the ratings fall below those prescribed by the Securities Commission.

The credit risk arising from placements of deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions. 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 Fund seeks to mitigate credit/default risk by investing in high quality fixed income securities.

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

	Financial assets at fair value through profit or loss	Cash and cash equivalents	Amount due from Manager	Total
	RM	RM	RM	RM
<u>2016</u>				
Finance				
- AAA	-	160,013	-	160,013
- AA1	-	22,149	-	22,149
Unquoted fixed income securities				
- AA2	306,680	-	-	306,680
- AA3	3,946,171	-	-	3,946,171
- AA-IS	317,148	-	-	317,148
Other				
- NR	970,083	-	294	970,377
	<u>5,540,082</u>	<u>182,162</u>	<u>294</u>	<u>5,722,538</u>
<u>2015</u>				
Finance				
- AAA	-	270,030	-	270,030
- AA1	-	10,725	-	10,725
Unquoted fixed income securities				
- AA2	1,200,262	-	-	1,200,262
- AA3	6,423,781	-	-	6,423,781
Other				
- NR	882,283	-	73,415	955,698
	<u>8,506,326</u>	<u>280,755</u>	<u>73,415</u>	<u>8,860,496</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 judgment, considering factors specific to the asset or liability.

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

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

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
<u>2016</u>				
Financial assets at fair value through profit or loss:				
Collective investment scheme	970,083	-	-	970,083
Unquoted fixed income securities	-	4,569,999	-	4,569,999
<u>2015</u>				
Financial assets at fair value through profit or loss:				
Collective investment scheme	882,283	-	-	882,283
Unquoted fixed income securities	-	7,624,043	-	7,624,043

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 F to the financial statements.

Financial instruments that trade in markets that are considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2 these include unquoted fixed income securities. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Fund's policies on valuation of these financial assets are stated in Note F to the financial statements.

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

3. MANAGEMENT FEE

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

For the financial period ended 30 September 2016, the management fee is recognised at a rate of 1.25% (2015: 1.25%) per annum of the net asset value of the Fund, calculated at a daily basis.

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

4. TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to an annual fee, at a rate not exceeding 0.08% per annum of 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 September 2016, the Trustee fee is recognized at a minimum fee of RM18,000 per annum instead of at a rate of 0.08% (2015: 0.08%) per annum on the net asset value of the Fund (excluding 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 30.9.2016	6-months financial period ended 30.9.2015
	RM	RM

Tax charged for the financial period:

Current taxation - local

-

-

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 30.9.2016	6-months financial period ended 30.9.2015
	RM	RM
Profit before taxation	270,419	206,718
Tax at Malaysian statutory rate of 24%	64,901	49,612
Tax effect of:		
Investment income exempt from tax	(82,059)	(69,405)
Expenses not deductible for tax purposes	5,845	4,914
Restriction on tax deductible expenses for Unit Trust Funds	11,313	14,879
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	970,083	882,283
Unquoted fixed income securities	4,569,999	7,624,043
	<u>5,540,082</u>	<u>8,506,326</u>
Net gain on financial assets at fair value through profit or loss:		
Realised gain on disposals	46,217	114,575
Change in unrealised fair value gain/(loss)	135,087	(42,698)
	<u>181,304</u>	<u>71,877</u>

Collective investment scheme

Name of counter	Quantity	Aggregate cost	Fair value as at 30.9.2016	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Unit Trust Fund</u>				
Eastspring Investments - Asian High Yield Bond Fund (Class D)	15,224	641,245	970,083	17.05
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>328,838</u>		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>970,083</u>	

Collective investment scheme (continued)

Name of counter	Quantity	Aggregate cost	Fair value	Percentage of net asset value of the Fund
			as at 30.9.2015	
	Units	RM	RM	%
<u>Unit Trust Fund</u>				
Eastspring Investments				
- Asian High Yield Bond Fund (Class D)				
	15,224	641,245	882,283	10.05
ACCUMULATED				
UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		241,038		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		882,283		

The Fund primarily invests in the Eastspring Investments-Asian High Yield Bond Fund, ("Target" Fund) which is one of the sub-funds of the Eastspring Investments Funds (the "SICAV", an abbreviation Société d' Investissement à Capital Variable) domiciled in Luxembourg. The SICAV is an open-ended investment company with variable capital registered in the Grand Duchy of Luxembourg on the official list of collective investment undertakings pursuant to Part I of the Luxembourg law of 17 December 2010 relating to undertakings for collective investment (the "2010 Law"), as amended, and the Directive 2009/65/EC of the European Union Parliament and of the council of 13 July 2009. The investment manager of the Target fund is Eastspring Investments (Singapore) Limited. Eastspring Investments (Singapore) Limited is a wholly owned subsidiary of Prudential Plc.

The investment objective of Eastspring Investments-Asian High Yield Bond Fund is to maximise total returns through investing primarily in fixed income/debt securities rated

below BBB- by investing in a diversified portfolio consisting primarily of high yield fixed income/debt securities issued by Asian entities or their subsidiaries. This Sub-Fund's portfolio primarily consists of securities denominated in US dollars as well as the various Asian currencies.

Unquoted fixed income securities

Name of counter	Quantity	Carrying cost	Fair value	Percentage
			as at 30.9.2016	of net asset value of the Fund
	Units	RM	RM	%
5.20% AmBank (M) Berhad 29.12.2023 (AA3)	700,000	711,592	718,223	12.62
5.25% Bumitama Agri Ltd 18.03.2019 (AA3)	600,000	601,036	614,374	10.80
5.05% AmIslamic Bank Berhad 25.03.2024 (AA3)	700,000	701,387	708,618	12.46
4.95% RHB Islamic Bank Berhad 15.05.2024 (AA3)	700,000	713,101	724,434	12.73
6.60% BGSM Management Sdn Berhad 27.12.2019 (AA3)	300,000	319,035	324,716	5.71
5.10% Krung Thai Bank Public Company Limited 04.07.2025 (AA2)	300,000	303,563	306,680	5.39
9.30% Jimah Energy Ventures Sdn Berhad 12.11.2021 (AA3)	500,000	612,644	626,656	11.02
7.10% BGSM Management Sdn Berhad 28.12.2022 (AA3)	200,000	227,873	229,150	4.03

Unquoted fixed income securities (continued)

Name of counter	Quantity	Carrying cost	Fair value as at 30.9.2016	Percentage of net asset value of the Fund
	Units	RM	RM	%
5.24% Lebuhraya Duke Fasa 3 Sdn Berhad 23.08.2027 (AA- IS)	300,000	317,188	317,148	5.57
TOTAL UNQUOTED FIXED INCOME SECURITIES	<u>4,300,000</u>	4,507,419	<u>4,569,999</u>	80.33
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>62,580</u>		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>4,569,999</u>		

Unquoted fixed income securities (continued)

Name of counter	Quantity	Carrying cost	Fair value as at	Percentage of net asset value of the Fund
			30.9.2015	
	Units	RM	RM	%
5.20% AmBank (M) Berhad 31.12.2018 (AA3)	1,500,000	1,526,801	1,517,039	17.28
5.25% Bumitama Agri Ltd 18.03.2019 (AA3)	700,000	701,309	713,363	8.13
5.05% AmIslamic Bank Berhad 25.03.2019 (AA3)	1,000,000	1,002,989	1,002,430	11.42
4.95% RHB Islamic Bank Berhad 15.05.2019 (AA3)	1,600,000	1,630,161	1,642,833	18.73
4.50% Hong Leong Bank Berhad 24.06.2019 (AA2)	900,000	915,652	899,075	10.24
6.60% BGSM Management Sdn Berhad 27.12.2019 (AA3)	300,000	322,850	324,950	3.70
5.10% Krung Thai Bank Public Company Limited 06.07.2020 (AA2)	300,000	303,647	301,187	3.43
9.30% Jimah Energy Ventures Sdn Berhad 12.11.2021 (AA3)	800,000	1,005,479	996,541	11.35

Unquoted fixed income securities (continued)

Name of counter	Quantity	Carrying cost	Fair value as at 30.9.2015	Percentage of net asset value of the Fund
	Units	RM	RM	%
7.10% BGSM Management Sdn Berhad 28.12.2022 (AA3)	200,000	231,089	226,625	2.58
TOTAL UNQUOTED FIXED INCOME SECURITIES	<u>7,300,000</u>	7,639,977	<u>7,624,043</u>	86.86
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(15,934)</u>		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>7,624,043</u>		

The effective weighted average rate of return of unquoted fixed income securities per annum as at the date of the statement of financial position are as follows:

	2016	2015
	%	%
Unquoted fixed income securities	<u>4.53</u>	<u>5.01</u>

7. CASH AND CASH EQUIVALENTS

	2016	2015
	RM	RM
Bank balance with a licensed bank	22,149	10,725
Deposit with a licensed financial institution	160,013	270,030
	<u>182,162</u>	<u>280,755</u>

The effective weighted average interest rate of short term deposit with a licensed financial institution per annum as at the date of the statement of financial position is as follows:

	2016	2015
	%	%
Deposit with a licensed financial institution	<u>3.10</u>	<u>4.00</u>

The deposit has an average maturity of 4 days (2015: 1 day).

8. UNITS IN CIRCULATION

	2016	2015
	No. of units	No. of units
At the beginning of the financial period	16,314,538	18,539,784
Creation of units arising from applications during the financial period	2,085,850	3,847,626
Cancellation of units during the financial period	<u>(8,416,020)</u>	<u>(6,159,182)</u>
At the end of the financial period	<u>9,984,368</u>	<u>16,228,228</u>

9. TRANSACTIONS WITH BROKERS/DEALERS

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

Name of brokers/dealers	Value of trades	Percentage of total trades
	RM	%
<u>2016</u>		
Alliance Bank Malaysia Berhad	1,754,550	45.87
AmBank (M) Berhad	1,263,830	33.04
RHB Investment Bank Berhad	806,810	21.09
	<u>3,825,190</u>	<u>100.00</u>

Details of transactions, primarily cash placements with financial institutions for the financial period ended 30 September 2016 are as follows:

Financial institutions	Value of placements	Percentage of total placements
	RM	%
CIMB Bank Berhad	56,690,000	98.27
Malayan Banking Berhad	1,000,000	1.73
	<u>57,690,000</u>	<u>100.00</u>

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

Name of brokers/dealers	Value of trades	Percentage of total trades
	RM	%
<u>2015</u>		
Eastspring Investments (Singapore) Limited#	726,881	33.42
AmBank (M) Berhad	410,960	18.90
RHB Investment Bank Berhad	410,360	18.87
CIMB Bank Berhad	300,000	13.79
Hong Leong Bank Berhad	228,040	10.49
KAF Investment Bank Berhad	98,670	4.53
	<u>2,174,911</u>	<u>100.00</u>

Details of transactions, primarily cash placements with financial institutions for the financial period ended 30 September 2015 are as follows:

Financial institutions	Value of placements	Percentage of total placements
	RM	%
CIMB Bank Berhad	<u>51,350,000</u>	<u>100.00</u>

Included in transactions by the Fund are trades conducted on normal terms in the investment management and stockbroking industry with Eastspring Investments (Singapore) Limited.

There are no brokerage fees charged by the brokers/dealers.

10. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

The related parties of and their relationship with the Fund are as follows:

Related party	Relationship
Eastspring Investments Berhad	The Manager
Eastspring Investments (Singapore) Limited	Related company of the Manager
Eastspring Investments Asian High Yield Bond Fund - Class D	Collective investment scheme managed by Eastspring Investments (Singapore) Limited

	2016		2015	
	No. of units	RM	No. of units	RM
Eastspring Investments Berhad	2,000	1,140	2,000	1,082

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.

Significant related party transactions

	2016	2015
	RM	RM
Sale of units in collective investment scheme managed by Eastspring Investments (Singapore) Limited	-	726,881

11. MANAGEMENT EXPENSE RATIO ("MER")

	2016	2015
	%	%
MER	0.94	0.84

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 (inclusive 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 RM7,594,641 (2015: RM9,388,522).

12. PORTFOLIO TURNOVER RATIO ("PTR")

	2016	2015
PTR (times)	0.25	0.12

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 = RM315,630 (2015: RM528,040)

total disposals for the financial period = RM3,509,560 (2015: RM1,646,871)

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 interest and gains on the appreciation in the value of investments.

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

14. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 18 November 2016.

CORPORATE DIRECTORY

THE MANAGER

NAME

EASTSPRING INVESTMENTS BERHAD

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531241-U

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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)

Michele Mi Kyung Bang

(Non-independent, non-executive director)

Raymond Tang Chee Kin

(Non-independent, executive director)

INVESTMENT COMMITTEE OF THE FUND

Ho Yik

(Independent member)

Robert Yap Yen Choon

(Independent member)

Abdul Khalil Bin Abdul Hamid

(Independent member)

Dato' Saiful Bahri Bin Zainuddin

(Independent member)

Raymond Tang Chee Kin

(Non-Independent member)

**AUDIT AND COMPLIANCE
COMMITTEE OF THE MANAGER**

Iskander Bin Ismail Mohamed Ali
(Independent)

Khoo Chuan Keat
(Independent)

Niall Dermot Grady
(Non-independent)

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