



A member of Prudential plc (UK) 

EASTSPRING INVESTMENTS BALANCED FUND

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 31 December 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'.

Raymond Tang Chee Kin

Non-Independent, Executive Director and Chief Executive Officer

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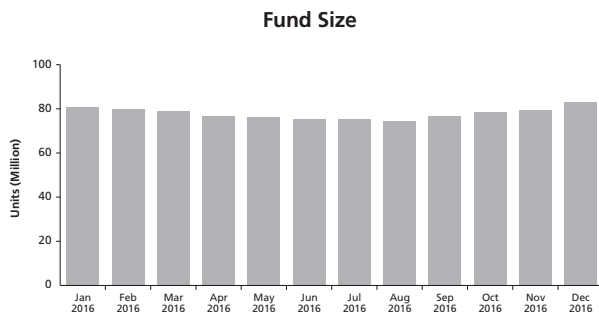
FUND INFORMATION

Name of Fund	Eastspring Investments Balanced Fund (the "Fund")
Fund Category/ Type	Balanced/growth and income
Fund Objective	<p>The Fund seeks to provide investors with capital appreciation and a reasonable level of current income* by investing in a mixed portfolio of companies with good dividend yield and low price volatility and a portfolio of investment grade fixed income securities.</p> <p>Note: The Fund's focus is on growth.</p> <p>* Income distributed 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>50% FTSE Bursa Malaysia 100 Index ("FBM100") + 50% Maybank 12-month fixed deposit rate</p> <p>Source: www.bursamalaysia.com and www.maybank2u.com.my</p> <p>Note: The risk profile of the Fund is different from the risk profile of the performance benchmark.</p>
Fund Income Distribution Policy	At least once a year, subject to the availability of income.

FUND INFORMATION (CONTINUED)

Breakdown of Unit Holdings by Size

As at 31 December 2016, the size of Eastspring Investments Balanced Fund stood at 82.966 million units.



Breakdown of Unit Holdings

Unit Holdings	No. of Unit Holders	%	No of Units* ('000)	%
5,000 units and below	894	31.22	2,372	2.86
5,001 to 10,000 units	666	23.25	4,770	5.75
10,001 to 50,000 units	1,115	38.93	23,714	28.58
50,001 to 500,000 units	182	6.36	18,087	21.80
500,001 units and above	7	0.24	34,022	41.01
Total	2,864	100.00	82,965	100.00

* excludes units held by the Manager.

KEY PERFORMANCE DATA

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER

Category	2016	2015	2014
	(%)	(%)	(%)
Quoted securities			
Construction	4.00	6.01	4.62
Consumer	7.11	4.56	-
Consumer Product	-	4.18	4.44
Finance	1.86	3.00	3.56
Hotel	-	1.00	-
Industrial Product	14.27	9.21	6.09
Infrastructure Project Company	-	-	3.98
Properties	6.81	3.48	10.80
Technology	11.72	10.74	8.76
Trading/Services	19.77	25.85	18.43
	65.54	68.03	60.68
Unquoted fixed income securities	17.69	3.99	1.94
Cash and other assets	16.77	27.98	37.38
Total	100.00	100.00	100.00

KEY PERFORMANCE DATA (CONTINUED)

Category	2016	2015	2014
Net Asset Value (NAV) (RM'000)	78,934	81,275	115,757
Units In Circulation (Units '000)	82,966	81,103	124,009
Net Asset Value Per Unit (RM)	0.9514	1.0021	0.9335
Highest Net Asset Value Per Unit (RM)#	0.9514	1.0031	0.9351
Lowest Net Asset Value Per Unit (RM)#	0.9450	0.9986	0.9335
Total Return (%)			
Capital Growth	(5.06)	7.35	(2.12)
Income Distribution	4.70	4.00	9.60
Total Return (%)	(0.60)	11.64	7.27
Gross Distribution Per Unit (RM)	0.0444	0.0399	0.0866
Net Distribution Per Unit (RM)	0.0441	0.0396	0.0857
Management Expense Ratio (MER) (%)*	1.70	1.71	1.67
Portfolio Turnover Ratio (PTR) (times)^	0.59	0.83	1.31

Figures shown as ex-distribution.

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

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

KEY PERFORMANCE DATA (CONTINUED)

	1 year 1.1.2016 to 31.12.2016	3 years 1.1.2014 to 31.12.2016	5 years 1.1.2012 to 31.12.2016
	(%)	(%)	(%)
Average total return	(0.60)	5.98	8.84

Year ended	1.1.2016 to 31.12.2016	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
	(%)	(%)	(%)	(%)	(%)
Annual total return	(0.60)	11.64	7.27	16.36	10.31

Source: Lipper for Investment Management, as at 31 December 2016.

Bases of calculation and assumptions made in calculating returns:

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

NAV_t = NAV at the end of the period

NAV_0 = NAV at the beginning of the period

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

n = Number of years

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

MANAGER'S REPORT

Fund Performance

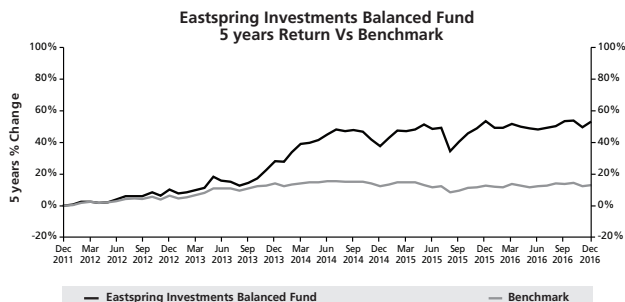
Over the 5-year period, the Fund recorded a return of 52.79%, outperforming the benchmark return of 13.14% by 39.65%.

During the period under review, the Fund registered a return of -0.60%, underperforming the benchmark return of 0.40% by 1.00%.

The Fund underperformed its benchmark in 2016 due to a drag in its equity portion. The stock selections did not do well in 2016.

The Fund holdings in selected corporate bonds contributed positively to the Fund.

The Fund did not achieve its investment objective of providing investors with capital appreciation and a reasonable level of current income for the period under review.



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

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

Source: Lipper for Investment Management, www.bursamalaysia.com and www.maybank2u.com.my, as at 31 December 2016.

Past performance of the Fund is not necessarily indicative of its future performance.

MANAGER'S REPORT (CONTINUED)

Analysis
of Fund
Performance

For the financial year ended 31 December 2016:

Income Return	Capital Return*	Total Return	Total Return of Benchmark
(%)	(%)	(%)	(%)
4.70	(5.06)	(0.60)	0.40

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

Distribution/
Unit Split

Ex-date	27-Dec-16
Distribution Per Unit	(RM)
Gross	0.0444
Net	0.0441

Impact on NAV arising from distribution for the financial year ended 31 December 2016.

Ex-date	27-Dec-16
	(RM per Unit)
Net Asset Value before distribution	0.9891
Less: distribution	(0.0441)
Net Asset Value after distribution	0.9450

No unit split were declared for the financial year ended 31 December 2016.

Investment
Strategy
During Period
Under Review

Equity Strategy

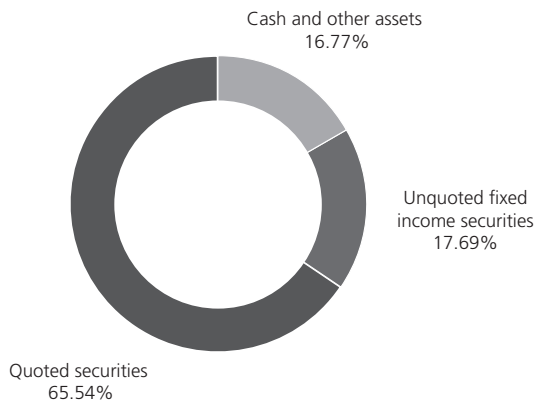
The Fund's underweight position in Telcos and Banks did well, but it missed out some of the dividend yielding stocks rally in 1H2016. The Fund's investment in certain tech stocks did not do well in 1H2016 due to weakness in global tech cycles, but were performed better in 2H2016 as the tech cycle turned up again. The Fund's overweight position in some exporters did well in 2H2016 after Ringgit weakened further against USD.

MANAGER'S REPORT (CONTINUED)

**Investment
Strategy
During Period
Under Review
(continued)**
**Asset
Allocation**
Bond Strategy

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

Asset Allocation	31-Dec 2016 (%)	31-Dec 2015 (%)	Changes (%)
Quoted securities	65.54	68.03	(2.49)
Unquoted fixed income securities	17.69	3.99	13.70
Cash and other assets	16.77	27.98	(11.21)

Asset Allocation as at 31 December 2016


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

MANAGER'S REPORT (CONTINUED)

State of Affairs of the Fund

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

However, in the Eastspring Investments First Supplementary Master Prospectus dated 24 November 2016, the information in relation to the auto reinvestment policy has been revised as follows:

Any moneys payable to Unit Holder as a result of income distribution which remains unclaimed after six (6) months from the date of payment shall automatically be reinvested into additional Units of the Fund at the Net Asset Value ("NAV") per Unit on the closing of the fifteenth (15th) day after the said six (6) months period at no cost. In the event the fifteenth (15th) day falls on a non-Business Day, reinvestment will be made on the following Business Day.

Cross-trade Transaction

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

MARKET REVIEW

Equity

The start of 1Q2016 was a very volatile period for global equity markets as investors fretted over the state of the United States of America ("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 United States Dollar ("USD") 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 Earning Per Share ("EPS") is now expected to grow by 5%-6% year-on-year ("y-o-y"), down from 7%-8% at the beginning of 2016. The Malaysian Ringgit ("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 RM5.7b, after six consecutive quarters of net foreign outflow. Crude oil prices also rebounded from the low of USD27.10 per barrel ("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 British Exit ("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, United Kingdom ("UK") voted to leave the European Union ("EU"). 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% year-to-date ("YTD"). Domestically, Malaysia trended down during the 2Q2016 despite the stronger crude oil prices which bounced back from USD40/bbl to USD50/bbl during the quarter. Investor sentiment was weak following the concerns over the technical default on the 1Malaysia Development

Berhad (“1MDB”) bond which missed a payment given the dispute between the issuer (1MDB) and the guarantor (International Petroleum Investment Company (“IPIC”)), which led to speculation over potential cross defaults and putting sovereign ratings at risk. Even the announcement of Datuk Muhammad Ibrahim, who was the Bank Negara Malaysia (“BNM”) deputy governor, as the new governor of BNM failed to excite the market. 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.

In 3Q2016 global markets enjoyed a decent rally on the back of expected continued global efforts to ensure accommodative monetary policy is still on the agenda. European markets stabilised somewhat as there was a quick resolution to the UK Prime Minister’s position that was vacated by David Cameron due to the BREXIT outcome. Towards the end of the 3Q2016, the launch of Apple’s iPhone 7 was well received with stock of the new model all out within a couple of days post launch. Samsung Electronics were badly affected by the recall of their latest Galaxy Note 7 due to the incidences of exploding batteries. The US Presidential debate was also in focus as the race between the two candidates remained tight with just five weeks before the elections. Crude oil prices rebounded as Organisation of the Petroleum Exporting Countries’ (“OPEC’s”) meeting in Algiers saw an agreement of sorts to freeze production. Malaysian equities corrected early 3Q2016 on the back of negative news flow from the announcement by the US Department of Justice filing a civil suit to seize assets tied to 1MDB, under the Kleptocracy Asset Recovery Initiative. Fitch Ratings downgraded Petronas’ Long term Foreign and Local Currency Issuer Default Ratings (“IDRs”) to A- from A, but affirmed their short term foreign currency IDR at F1. The outlook on the Long Term IDRs is Stable. The 2Q2016 results season delivered yet another round of lower than expected earnings, resulting in consensus downgrade of Malaysian earnings growth for 2016 to approximately -2% y-o-y, the third year of negative growth. The 3Q ended with more focus on the upcoming 2017 Budget, and concerns over whether Malaysia’s fiscal deficit target of 3.1% for 2016 would be met.

4Q2016 was a volatile one for global markets. UK’s parliament debated on their exit from the EU, as the Sterling fell to a low against the US dollar and Euro. In November, the surprise win by Mr. Trump in the US Presidential Elections gave rise to global uncertainties, which saw the Asia Pacific regional markets correct sharply, in anticipation potential negative trade policies to be enacted. The US equity market, after a brief but sharp decline post elections, rallied to all-time highs as investors are hopeful that talks of a corporate tax cut and increased fiscal spending will stimulate the economy. In December, the US Federal Reserve raised the target range for the Federal Funds Rate at 0.5-0.75% as expected,

and the Federal Open Market Committee (“FOMC”) gave indications of more interest rate hikes to come. Oil prices rallied as non-OPEC members agreed to reduce output, on top of the output cut agreed by OPEC members. Malaysian equities started 4Q2016 off well with concerns over meeting fiscal deficit targets allayed somewhat leading up to the Budget 2017 announcement. Foreign investors’ concerns were heightened when BNM reiterated that onshore banks are not to facilitate offshore banks with non-deliverable forwards (“NDFs”) which they attributed speculation on the ringgit and the highly volatile movements in the exchange rate of late. The Malaysian ringgit continued its downwards trend ending the 4Q2016 at RM4.4862/USD, prompting BNM to come out with measures early in the month to restrict exporters from apparent hoarding of USD.

The FTSE Bursa Malaysia KLCI (“FBMKLCI”) closed the year under review at 1,641.73 points, down 3.0%. The broader FTSE Bursa Malaysia EMAS Index (“FBMEMAS”) closed the period under review lower by 2.77%. The MSCI Asia Pacific ex-Japan Index rose by 3.74% in USD terms.

Bond

At the Monetary Policy Committee (“MPC”) meeting on 13 July 2016, Bank Negara Malaysia (“BNM”) unexpectedly reduced the Overnight Policy Rate (“OPR”) by 25 basis points (“bps”) to 3.00% from 3.25%. BNM’s move to reduce the OPR was seen as a pre-emptive move by the central bank as BNM expects growth momentum in the major economies to moderate in the second half of the year coupled with increasing downside risks in light of possible repercussions from the European Union referendum in the United Kingdom. Following the rate cut in July BNM kept the OPR at 3.00% in the subsequent Monetary Policy Committee meetings for 2016. BNM anticipates that the domestic economy is expected to remain robust and to grow between 4% - 4.5% for 2016 however global uncertainties could weigh on Malaysia’s growth. Nevertheless, 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. Overall investment is expected to be supported by the on-going implementation of infrastructure projects and capital spending in the manufacturing and services sectors. Exports are projected to remain weak following more subdued demand from Malaysia’s key trading partners.

Headline inflation eased from 2.7% year-on-year (“y-o-y”) in December 2015 to 1.8% y-o-y in November 2016. The drop was mainly driven by a fall in transportation costs (-1.5% y-o-y), communications (-2.7% y-o-y) and clothing inflation (-0.5% y-o-y). On the other hand, food and non-alcoholic beverages inflation was relatively stable at 3.9% y-o-y in December 2015 and 3.8% y-o-y in November 2016. For 2017, headline inflation is

expected to increase due to the removal of subsidies coupled with higher energy prices as oil price has rebounded up from around USD41 per barrel in January to around USD53 per barrel as at end December 2016.

In his budget speech in October, the Prime Minister unveiled 2017 national budget with the theme "Accelerating Growth, Ensuring Fiscal Prudence, Enhancing Well-being of the Rakyat". Overall, fiscal consolidation remains on track as the Government plan to achieve a budget deficit at RM40.3 billion or 3.0% of GDP in 2017. The Government expect revenue in 2016 to ease lower to RM212.6 billion (2015: RM219.1 billion) mainly due to lower collection of petroleum related revenue following lower crude oil prices. However, this impact is expected to be cushioned by improved Government Service Tax ("GST") collection. Furthermore, the Government expects revenue collection to improve by 3% in 2017 on the back of larger tax revenue from corporate income tax collection. Separately, the Federal Government expects the Malaysian economy to gain some traction to grow between 4.0-5.0% in 2017 as the Government expects that growth will remain private sector-driven, supported by quicker expansions in private consumption and private investment with added support from public spending and continued recovery in exports. The surprise win by the Republican presidential nominee Donald Trump in the recent United States Presidential Election in November spurred a broad flight to safety around the globe. Investors were left unsettled over the future of the American and global economy based on the economic policies that were advocated by Trump throughout his presidential campaign. Trump's future policies indicate higher fiscal spending and tax cuts which may lead to more debt supply higher bond yields. Separately, the market-implied chance of a United States Federal Reserve ("Fed") increased after Trump's triumph as investors now expects the Fed to continue its monetary tightening path in December and 2017 onwards. In December, the Fed raised its key interest rates by 25bps to between 0.50%-0.75%. The Fed's move to raise interest rate was widely expected by the market as the Fed has been signalling for a rate hike for nearly a year since the Fed last raised interest rate in December last year from a record low near zero set during the 2008 financial crisis. The FOMC's recent action signalled that the Fed believe that the United States ("US") economy has improved over the past year and expect that the US economic activity will continue expand at a moderate pace with improving labour market conditions.

For the period under review, the 3-year, 5-year, 10-year and 15-year sovereign bond yields changed by +27bps, +27bps, +5bps and +7bps to 3.57%, 3.72%, 4.22% and 4.65% respectively. In 1Q2016, Malaysian Government Securities ("MGS") yields drifted lower after BNM reduced the SRR from 4.00% to 3.50% effective 1 February to ensure sufficient liquidity in the financial system. Furthermore, yields continued to trend downwards after a dovish statement by the Federal Open Market Committee ("FOMC") which indicated a

very gradual path of rate hike in 2016. Sovereign bond yields continued to fall across all tenors at the end of the second and third quarter of 2017, following United Kingdom's Referendum on 23 June to withdraw from European Union and after Bank Negara Malaysia ("BNM") unexpectedly cut the OPR by 0.25% to 3.00% in July's Monetary Policy Committee meeting. However, sovereign yields spiked higher in November after the Republican presidential nominee Donald Trump won the recent US Presidential Election. Investors were left unsettled over the future of the American and global economy based on the economic policies that were advocated by Trump throughout his presidential campaign. Furthermore, yields we traded higher on the expectation of higher Fed rate hike as the Fed are now forecasting three rate increases in 2017 instead of two rate hikes as previously projected.

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 new Malaysian Ringgit ("MYR") Corporate Bond issuances in 2016 were relatively flat around RM71 billion of which approximately 25% was conventional and 75% was Islamic. Major primary issuances were from the government guaranteed, power, toll roads and banking sectors. Major issuances include RM9 billion from Danainfra, RM5.5 billion from Sarawak Hydro, RM4.2 billion from Cagamas and RM3.6 billion from Lebuhraya Duke Phasa-3.

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.

EASTSPRING INVESTMENTS BALANCED FUND

(Established in Malaysia)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

We have acted as Trustee for Eastspring Investments Balanced Fund (the "Fund") for the financial year ended 31 December 2016. To the best of our knowledge, for the financial year under review, Eastspring Investments Berhad (the "Manager"), has operated and managed the Fund in accordance with the following:

- a. limitations imposed on the investment powers of the Manager and Trustee under the Deed, the Securities Commission's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- b. the valuation/pricing for the Fund has been carried out in accordance with the Deed of the Fund and applicable regulatory requirements; and
- c. creation and cancellation of units for the Fund have been carried out in accordance with the Deed of the Fund and applicable regulatory requirements.

We are of view that the distribution made by the Manager during the financial year ended 31 December 2016 is not inconsistent with the objectives of the Fund.

For Deutsche Trustees Malaysia Berhad

Soon Lai Ching
Senior Manager, Trustee Operations

Mahesh Anchan
Head, Trustee Operations

Kuala Lumpur
Date: 17 February 2017

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

(Established in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Eastspring Investments Balanced Fund, which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in net assets value and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 20 to 57.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as of 31 December 2016 and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Fund in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Responsibilities of the Directors for the Financial Statements

The Directors of the Manager ("Directors") are responsible for the preparation of financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The

Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Directors are responsible for assessing the ability of the Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Fund.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Fund to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OTHER MATTERS

This report is made solely to the unit holders of the Fund, as a body, in accordance with the Securities Commission's Guidelines on Unit Trust Funds in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT

(LLP0010081-LCA & AF 0758)
Chartered Accountants

Loh Kam Hian

Approval Number: 02941/09/2018(J)
Chartered Accountant

Petaling Jaya, Selangor
Date: 17 February 2017

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	2016	2015
		RM	RM
INVESTMENTS			
Quoted equities	4	51,735,428	55,293,131
Unquoted fixed income securities	5	13,978,346	3,241,587
Deposits with licensed financial institutions		12,940,000	19,310,000
		<u>78,653,774</u>	<u>77,844,718</u>
OTHER ASSETS			
Amount due from stockbrokers		-	2,058,807
Amount due from Manager		114,177	1,225,696
Other receivables	6	280,553	255,396
Tax recoverable		27,858	27,858
Bank balance with a licensed bank		24,431	59,432
		<u>447,019</u>	<u>3,627,189</u>
TOTAL ASSETS		<u>79,100,793</u>	<u>81,471,907</u>
LIABILITIES			
Amount due to Manager		1,000	4,953
Accrued management fee		105,352	102,087
Amount due to Trustee		5,619	5,444
Other payables and accrued expenses		54,485	84,217
TOTAL LIABILITIES		<u>166,456</u>	<u>196,701</u>
NET ASSETS VALUE		<u>78,934,337</u>	<u>81,275,206</u>
REPRESENTED BY:			
Unit holders' capital		46,963,518	46,206,419
Undistributed income		31,970,819	35,068,787
NET ASSETS VALUE ATTRIBUTABLE TO UNIT HOLDERS		<u>78,934,337</u>	<u>81,275,206</u>
NUMBER OF UNITS IN CIRCULATION	7	<u>82,966,219</u>	<u>81,103,228</u>
NET ASSETS VALUE ATTRIBUTABLE TO UNIT HOLDERS PER UNIT (EX-DISTRIBUTION)		<u>0.9514</u>	<u>1.0021</u>

The notes on pages 24 to 57 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016	2015
		RM	RM
Dividend income		916,163	1,447,879
Interest income		1,143,162	1,261,639
Net realised gain on sale of investments		1,998,627	3,218,085
Proceeds from default bond		-	2,740,710
Net amortisation of premium		(100,464)	(61,054)
Net unrealised (loss)/gain from financial instruments at fair value through profit or loss		(3,029,686)	4,773,619
TOTAL INCOME		927,802	13,380,878
Management fee	9	(1,144,871)	(1,401,411)
Trustee's fee	10	(61,060)	(79,374)
Auditors' remuneration		(6,000)	(6,000)
Tax agent's fee		(3,400)	(3,400)
Administrative expenses		(79,049)	(104,204)
Transaction cost		(230,915)	(386,286)
TOTAL OPERATING EXPENSES		(1,525,295)	(1,980,675)
NET (LOSS)/INCOME BEFORE TAX EXPENSE		(597,493)	11,400,203
Tax expense	11	115	-
NET (LOSS)/INCOME/TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(597,378)	11,400,203
Net (loss)/income is made up as follows:			
Realised amount		2,432,308	6,626,584
Unrealised amount		(3,029,686)	4,773,619
		(597,378)	11,400,203

The notes on pages 24 to 57 are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS VALUE

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Unit holders' capital	Undistributed income	Total
		RM	RM	RM
AT 1 JANUARY 2015		89,886,038	25,871,184	115,757,222
Movement in unit holders' contribution				
Creation of units		16,750,176	-	16,750,176
Cancellation of units		(59,506,365)	-	(59,506,365)
Total comprehensive income for the year		-	11,400,203	11,400,203
Income distribution	12	(923,430)	(2,202,600)	(3,126,030)
AT 31 DECEMBER 2015/ 1 JANUARY 2016		46,206,419	35,068,787	81,275,206
Movement in unit holders' contribution				
Creation of units		20,449,432	-	20,449,432
Cancellation of units		(18,692,299)	-	(18,692,299)
Total comprehensive loss for the year		-	(597,378)	(597,378)
Income distribution	12	(1,000,034)	(2,500,590)	(3,500,624)
AT 31 DECEMBER 2016		46,963,518	31,970,819	78,934,337

The notes on pages 24 to 57 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of investments	45,063,389	112,339,469
Purchase of investments	(51,546,077)	(85,897,155)
Movement in deposits with licensed financial institutions	6,370,000	16,560,000
Dividends received	925,452	1,455,484
Interest received	1,108,833	1,359,578
Proceeds from default bond	-	2,740,710
Payment for other fees and expenses	(1,311,476)	(1,626,973)
Tax refund	-	38,067
NET CASH GENERATED FROM OPERATING ACTIVITIES	610,121	46,969,180
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	18,085,091	12,660,499
Payments for cancellation of units	(18,696,252)	(59,544,682)
Distribution paid	(33,961)	(36,654)
NET CASH USED IN FINANCING ACTIVITIES	(645,122)	(46,920,837)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(35,001)	48,343
CASH AND CASH EQUIVALENTS AT 1 JANUARY	59,432	11,089
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	24,431	59,432
CASH AND CASH EQUIVALENTS COMPRISE:		
Bank balance with a licensed bank	24,431	59,432

The notes on pages 24 to 57 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

1. INFORMATION ON THE FUND AND THE MANAGER

Eastspring Investments Balanced Fund (the "Fund") was constituted pursuant to the execution of a Master Deed dated 4 May 2001, a Supplemental Master Deed dated 26 May 2003, a Supplemental Master Deed dated 15 February 2006, a Master Supplemental Deed dated 25 July 2007, and a Second Supplemental Master Deed dated 30 November 2009 between BHLB Trustee Berhad ("BHLB Trustee") and Eastspring Investments Berhad. The Fund replaced BHLB Trustee with Deutsche Trustees Malaysia Berhad (the "Trustee") effective 1 October 2010. A Supplemental Master Deed was entered into between the Manager and the Trustee on 30 July 2010 to effect the change of trustee from BHLB Trustee to the Trustee, followed by the Second Supplemental Master Deed dated 28 January 2011, a Third Supplemental Master Deed dated 9 March 2011, a Fourth Supplemental Master Deed dated 20 January 2012, a Fifth Supplemental Master Deed dated 26 March 2014, a Sixth Supplemental Master Deed dated 2 January 2015, a Seventh Supplemental Master Deed dated 11 July 2016 and an Eight Supplemental Master Deed dated 25 January 2017 (collectively referred to as the "Deed").

The Fund will invest in a balanced portfolio consisting of equities, equity-related securities and fixed income securities. All investments will be subject to the Securities Commission's ("SC") Guidelines, the SC requirements, the Deed, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund's objective.

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

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

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

2. BASIS OF PREPARATION

a. Statement of compliance

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

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Fund:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

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

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

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

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

- from the annual period beginning on 1 January 2017 for those amendments that are effective for annual periods beginning on or after 1 January 2017, except for Amendments to MFRS 12 and Amendments to MFRS 112, which are not applicable to the Fund.
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2018, except for Amendments to MFRS 1, Amendments to MFRS 2, Amendments to MFRS 4, Amendments to MFRS 128, Amendments to MFRS 140 and IC Interpretation 22, which are not applicable to the Fund.
- from the annual period beginning on 1 January 2019 for the accounting standard that is effective for annual periods beginning on or after 1 January 2019, except for MFRS 16, *Leases*, which is not applicable to the Fund.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impact to the current year and prior year financial statements of the Fund, except as mention mentioned below:

i. MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC

Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Fund is currently assessing the financial impact that may arise from the adoption of MFRS 15.

ii. MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Fund is currently assessing the financial impact that may arise from the adoption of MFRS 9.

b. Basis of measurement

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

c. Functional and presentation currency

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

d. Use of estimates and judgments

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial instruments

i. Initial recognition and measurement

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

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

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

ii. Financial instrument categories and subsequent measurement

The Fund categorises financial instruments as follows:

Financial assets

a. Financial assets at fair value through profit or loss

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

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

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

b. Loans and receivables

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

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

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

Financial liabilities

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

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

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

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

iii. Regular way purchase or sale of financial assets

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

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

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

iv. Derecognition

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

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

b. Cash and cash equivalents

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

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

c. Impairment

Financial assets

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

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

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

d. Income recognition

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

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

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

e. Income tax

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

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

f. Creation and cancellation of units

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

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

positions are valued based on the last traded market price for the purpose of determining the net assets value per unit for creations and cancellations.

g. Proceeds and payments on creation and cancellation of units

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

h. Fair value measurements

Fair value of an asset or a liability is determined 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. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Fund uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Fund recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. QUOTED EQUITIES

Name of counter	Quantity	Cost	Market	Percentage
			value at	of net
	Units	RM	31.12.2016	assets
			RM	value
				%
2016				
Main Market				
<u>Construction</u>				
ML Global Berhad	2,500,000	1,875,000	2,087,500	2.65
Protasco Berhad	944,625	1,279,174	1,067,426	1.35
	3,444,625	3,154,174	3,154,926	4.00
<u>Consumer</u>				
Salutica Berhad	1,030,500	883,846	1,308,735	1.66
Karex Berhad	1,824,037	2,749,520	4,304,727	5.45
	2,854,537	3,633,366	5,613,462	7.11
<u>Finance</u>				
Syarikat Takaful Malaysia Berhad	354,900	533,931	1,469,286	1.86
<u>Industrial Products</u>				
Cahaya Mata Sarawak Berhad	519,700	2,210,765	2,078,800	2.63
Coastal Contracts Bhd	610,900	1,926,868	849,151	1.08
Kossan Rubber Industries Berhad	300,900	1,920,345	1,982,931	2.51
Pecca Group Berhad	708,400	1,109,764	1,126,356	1.43
Top Glove Corporation Bhd	977,100	4,591,811	5,227,485	6.62
	3,117,000	11,759,553	11,264,723	14.27

4. QUOTED EQUITIES (CONTINUED)

Name of counter	Quantity	Cost	Market	Percentage
			value at	of net
	Units	RM	31.12.2016	assets
			RM	value
				%
2016 (continued)				
Main Market (continued)				
<u>Properties</u>				
Eastern & Oriental Berhad	617,051	1,359,940	894,724	1.13
LBS Bina Group Berhad	1,600,000	2,338,166	2,672,000	3.39
Malaysian Resources Corporation Berhad	400,000	506,671	532,000	0.67
Sentoria Group Berhad	1,600,000	1,604,949	1,280,000	1.62
	<u>4,217,051</u>	<u>5,809,726</u>	<u>5,378,724</u>	<u>6.81</u>
<u>Technology</u>				
Inari Amertron Berhad	1,034,127	2,589,924	3,433,302	4.35
N2N Connect Berhad	1,485,000	1,259,122	1,121,175	1.42
Unisem (M) Berhad	947,900	1,641,000	2,237,044	2.83
Vitrox Corporation Berhad	663,200	1,774,046	2,460,472	3.12
	<u>4,130,227</u>	<u>7,264,092</u>	<u>9,251,993</u>	<u>11.72</u>
<u>Trading/Services</u>				
Genting Berhad	178,900	1,424,110	1,431,200	1.81
KPJ Healthcare Berhad	177,200	621,633	740,696	0.94
MY E.G. Services Berhad	2,537,400	2,752,147	3,831,474	4.86
Sapurakencana Petroleum Berhad	3,499,600	5,343,809	5,669,352	7.18
Texchem Resources Berhad	616,900	1,011,418	900,674	1.14
UMW Oil & Gas Corporation Berhad	1,956,100	4,513,490	1,711,588	2.17
Uzma Berhad	774,900	1,549,063	1,317,330	1.67
	<u>9,741,000</u>	<u>17,215,670</u>	<u>15,602,314</u>	<u>19.77</u>
TOTAL QUOTED EQUITIES	<u>27,859,340</u>	<u>49,370,512</u>	<u>51,735,428</u>	<u>65.54</u>

4. QUOTED EQUITIES (CONTINUED)

Name of counter	Quantity	Cost	Market	Percentage
			value at	of net
	Units	RM	31.12.2015	assets
			RM	value
				%
2015				
Main Market				
<u>Construction</u>				
Gamuda Bhd	373,500	1,776,968	1,740,510	2.14
Pintaras Jaya Berhad	373,100	1,478,792	1,231,230	1.51
Protasco Berhad	1,190,300	2,014,821	1,916,383	2.36
	1,936,900	5,270,581	4,888,123	6.01
<u>Consumer Product</u>				
Karex Berhad	823,225	1,304,625	3,399,919	4.18
<u>Finance</u>				
Syarikat Takaful Malaysia Berhad	626,000	941,788	2,441,400	3.00
<u>Industrial Product</u>				
Cahaya Mata Sarawak Berhad	398,800	2,298,734	2,045,844	2.52
Coastal Contracts Bhd	659,000	2,078,583	1,212,560	1.49
KNM Group Berhad	977,000	493,678	498,270	0.61
Press Metal Berhad	1,095,600	2,524,293	2,289,804	2.82
SKP Resources Bhd	580,000	785,524	759,800	0.94
Ta Ann Holdings Berhad	134,400	548,471	674,688	0.83
	3,844,800	8,729,283	7,480,966	9.21
<u>Consumer</u>				
Kim Teck Cheong Consolidated Berhad	6,361,000	964,264	2,671,620	3.29
Texchem Resources Berhad	566,900	932,606	1,031,758	1.27
	6,927,900	1,896,870	3,703,378	4.56

4. QUOTED EQUITIES (CONTINUED)

Name of counter	Quantity	Cost	Market	Percentage
			value at	of net
	Units	RM	31.12.2015	assets
			RM	value
				%
2015 (continued)				
Main Market (continued)				
<u>Hotels</u>				
Landmarks Berhad	809,700	1,087,822	809,700	1.00
<u>Properties</u>				
Eastern & Oriental Berhad	936,951	2,064,979	1,339,840	1.65
Sentoria Group Berhad	1,600,000	1,604,949	1,488,000	1.83
	2,536,951	3,669,928	2,827,840	3.48
<u>Technology</u>				
Inari Amertron Berhad	765,862	1,652,898	3,507,648	4.32
Unisem (M) Berhad	1,193,100	1,743,714	2,839,578	3.49
Vitrox Corporation Berhad	693,200	1,854,296	2,384,608	2.93
	2,652,162	5,250,908	8,731,834	10.74
<u>Trading/Services</u>				
Datasonic Group Berhad	710,900	1,305,852	995,260	1.22
Dayang Enterprise Holdings Berhad	342,500	814,725	479,500	0.59
IHH Healthcare Berhad	502,400	2,176,119	3,305,792	4.07
KPJ Healthcare Berhad	414,600	1,454,452	1,749,612	2.15
MY E.G. Services Berhad	746,500	1,446,557	3,224,880	3.97
Sapurakencana Petroleum Berhad	1,545,400	4,211,366	3,121,708	3.84
Sime Darby Berhad	107,073	832,239	829,816	1.02
Tenaga Nasional Bhd	258,000	3,054,405	3,436,560	4.23
UMW Oil & Gas Corporation Berhad	1,556,100	4,193,463	1,665,027	2.05

4. QUOTED EQUITIES (CONTINUED)

Name of counter	Quantity	Cost	Market	Percentage
			value at	of net
	Units	RM	31.12.2015	assets
			RM	value
				%
2015 (continued)				
Main Market (continued)				
<u>Trading/Services</u> (continued)				
Uzma Berhad	674,900	1,407,062	1,349,800	1.66
Westports Holdings Berhad	206,800	894,939	852,016	1.05
	<u>7,065,173</u>	<u>21,791,179</u>	<u>21,009,971</u>	<u>25.85</u>
TOTAL QUOTED EQUITIES	<u>27,222,811</u>	<u>49,942,984</u>	<u>55,293,131</u>	<u>68.03</u>

5. UNQUOTED FIXED INCOME SECURITIES

Name of counter	Rating	Maturity/ Callable date	Quantity	Market value as at 31.12.2016		Percentage of net assets value
				Cost	RM	
			Units	RM	RM	%
2016						
Unlisted Corporate Bonds						
Ambank (M) Berhad	AA3	29.12.2023	100,000	101,163	100,443	0.13
Ambank Islamic Berhad	AA3	25.03.2024	600,000	601,224	601,302	0.76
Gulf Investment Corporation G.S.C	AA2	16.03.2021	1,000,000	1,009,360	996,490	1.26
Hong Leong Bank Berhad	AA3	21.06.2024	1,400,000	1,400,064	1,394,288	1.77
Hong Leong Islamic Bank Berhad	AA2	17.06.2024	5,000,000	5,038,098	5,006,750	6.34
Jimah Energy Ventures Sdn Berhad	AA3	10.05.2019	1,000,000	1,110,228	1,096,700	1.39
Jimah Energy Ventures Sdn Berhad	AA3	12.11.2021	400,000	477,475	476,440	0.60
Perbadanan Kemajuan Negeri Selangor	AA3	25.05.2018	2,000,000	2,001,442	1,999,940	2.53
Perbadanan Kemajuan Negeri Selangor	AA3	26.10.2018	2,000,000	2,003,799	1,991,920	2.52
RHB Islamic Bank Berhad	AA3	15.05.2024	200,000	202,422	200,954	0.25
Talam Transform Berhad	B- ID	28.06.2019	125,851	96,207	113,119	0.14
			13,825,851	14,041,482	13,978,346	17.69
Total Unquoted Fixed Income Securities			13,825,851	14,041,482	13,978,346	17.69

5. UNQUOTED FIXED INCOME SECURITIES (CONTINUED)

Name of counter	Rating	Maturity/ Callable date	Quantity	Cost		Market value as at 31.12.2015		Percentage of net assets value
				Units	RM	RM	RM	
2015								
Unlisted Corporate Bonds								
BGSM Management Sdn Berhad	AA3	28.12.2016	1,000,000	1,016,443	1,015,700		1.25	
Hong Leong Bank Berhad	AA2	24.06.2019	1,000,000	1,004,105	989,970		1.22	
Jimah Energy Ventures Sdn Berhad	AA3	10.05.2019	1,000,000	1,153,944	1,131,020		1.39	
Talam Transform Berhad	B- ID	28.06.2019	125,851	85,776	104,897		0.13	
			3,125,851	3,260,268	3,241,587		3.99	
Total Unquoted Fixed Income Securities			3,125,851	3,260,268	3,241,587		3.99	

6. OTHER RECEIVABLES

	2016	2015
	RM	RM
Dividend receivables	182,164	191,337
Interest receivables	79,415	45,085
Other receivables	18,974	18,974
	<u>280,553</u>	<u>255,396</u>

7. NUMBER OF UNITS IN CIRCULATION

	Note	2016	2015
		No. of units	No. of units
At 1 January		81,103,228	124,009,114
Add: Creation of units	7.1	20,780,889	16,835,613
Less: Cancellation of units		(18,917,898)	(59,741,499)
At 31 December		<u>82,966,219</u>	<u>81,103,228</u>

7.1 Creation of units

During the year, 3,678,158 units (2015: 3,096,404 units) amounting to RM3,475,860 (2015: RM3,092,069) were created from reinvestment of income distribution.

8. FINANCIAL INSTRUMENTS

8.1 Categories of financial instruments

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

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

	Carrying amount	L&R/ (FL)	FVTPL/ HFT
	RM	RM	RM
2016			
Financial assets			
Investments	78,653,774	12,940,000	65,713,774
Amount due from Manager	114,177	114,177	-
Other receivables	280,553	280,553	-
Bank balance with a licensed bank	24,431	24,431	-
	<u>79,072,935</u>	<u>13,359,161</u>	<u>65,713,774</u>
Financial liabilities			
Accrued management fee	(105,352)	(105,352)	-
Amount due to Manager	(1,000)	(1,000)	-
Amount due to Trustee	(5,619)	(5,619)	-
Other payables and accrued expenses	(54,485)	(54,485)	-
	<u>(166,456)</u>	<u>(166,456)</u>	<u>-</u>

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

2015**Financial assets**

Investments	77,844,718	19,310,000	58,534,718
Amount due from stockbrokers	2,058,807	2,058,807	-
Amount due from Manager	1,225,696	1,225,696	-
Other receivables	255,396	255,396	-
Bank balance with a licensed bank	59,432	59,432	-
	<u>81,444,049</u>	<u>22,909,331</u>	<u>58,534,718</u>

Financial liabilities

Accrued management fee	(102,087)	(102,087)	-
Amount due to Manager	(4,953)	(4,953)	-
Amount due to Trustee	(5,444)	(5,444)	-
Other payables and accrued expenses	(84,217)	(84,217)	-
	<u>(196,701)</u>	<u>(196,701)</u>	<u>-</u>

8.2 Net gains and losses arising from financial instruments

	2016	2015
	RM	RM
Net gains arising on:		
Fair value through profit or loss:		
Held for trading - unrealised	(3,029,686)	4,773,619
- realised	3,348,939	8,011,669
Loans and receivables	608,549	595,590
	<u>927,802</u>	<u>13,380,878</u>

8.3 Financial risk management

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

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

8.4 Investment risk

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

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

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

Risk management objectives, policies and processes for managing the risk

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

8.5 Credit risk

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

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

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

8.6 Liquidity risk

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

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

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

8.7 Market risk

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

Risk management objectives, policies and processes for managing the risk

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

8.7.1 Interest rate risk

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

Exposure to interest rate risk

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

	2016	2015
	RM	RM
<u>Fixed rate instruments</u>		
Unquoted fixed income securities	13,978,346	3,241,587
Deposits with licensed financial institutions	12,940,000	19,310,000
	<u>26,918,346</u>	<u>22,551,587</u>

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

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

A change in interest rates at the end of the reporting period would not significantly affect profit or loss.

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

	2016	2015
	%	%
Unquoted fixed income securities*	4.83	5.04
Deposits with licensed financial institutions**	4.00	4.59

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

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

8.7.2 Other price risk

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

Equity price risk sensitivity analysis

A 10% (2015: 10%) strengthening in the quoted equity's market prices of the Fund's portfolio at the end of the reporting period would have increased equity and profit or loss by RM5,173,543 (2015: RM5,529,313). A 10% weakening in the quoted equity's market prices would have had equal but opposite effect on equity and profit or loss respectively.

Bond price risk sensitivity analysis

All investments in unquoted fixed income instruments are corporate bonds and have varying maturities as disclosed in Note 5. Considering the possible bond market price increase of 10% (2015: 10%), the effect on the Fund's post-tax profit or loss and net assets attributable to unit holders is an increase of RM1,397,835 (2015: RM324,159) as at 31 December 2016. A weakening of bond market price would have resulted in an equal but opposite effect.

8.8 Effective interest rates and maturity dates

The effective interest rates and the maturity dates of the financial instruments of the Fund are disclosed in Notes 5 and 8.7.1.

8.9 Management company risk

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

8.10 Fair value information

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

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

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

Quoted equities

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

Unquoted fixed income securities

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

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

8.10 Fair value information (continued)

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

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2016										
Financial assets										
Investments	51,735,428	13,978,346	-	65,713,774	-	-	-	-	65,713,774	65,713,774
2015										
Financial assets										
Investments	55,293,131	3,241,587	-	58,534,718	-	-	-	-	58,534,718	58,534,718

8.10.1 Fair value hierarchy

Policy on transfer between levels

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

Level 1 fair value

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

Level 2 fair value

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

Transfer between Level 1 and Level 2 fair values

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

Level 3 fair value

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

9. MANAGEMENT FEE

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

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

10. TRUSTEE'S FEE

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

Effective 16 March 2015, the Trustee is currently entitled to a fee at a rate of 0.08% per annum (2015: 0.08% per annum) of the Net Assets Value of the Fund, calculated on a daily basis and subject to a minimum of RM35,000 per annum.

11. TAX EXPENSE

	Note	2016	2015
		RM	RM
Over provision in prior years		115	-
Reconciliation of tax expense			
Net (loss)/income before tax		(597,493)	11,400,203
Income tax using Malaysian tax rate of 24% (2015 : 25%)		(143,398)	2,850,051
Non-assessable income	11.1	(222,673)	(3,248,648)
Non-deductible expenses		89,862	37,747
Restriction on the tax deductible expenses for unit trust funds		276,209	360,850
Over provision in prior years		115	-
		115	-

11.1 Non-assessable income

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

12. INCOME DISTRIBUTION

During the current financial year, the Manager declared an aggregate gross distribution of 4.44 sen per unit (2015: 3.99 sen per unit) for investors of Eastspring Investments Balanced Fund.

	2016	2015
	RM	RM
Distribution to unit holders is from previous years realised income:		
Dividend income	541,897	444,269
Interest income	474,057	373,408
Net realised gain on sale of investments	2,055,870	1,833,315
Accretion of discounts	(2,228)	5,706
Expenses	(546,743)	(431,673)
Taxation	(22,263)	(22,425)
	<u>2,500,590</u>	<u>2,202,600</u>
Distribution equalisation	1,000,034	923,430
Net distribution	<u>3,500,624</u>	<u>3,126,030</u>
Gross distribution per unit	<u>0.0444</u>	<u>0.0399</u>
Net distribution per unit	<u>0.0441</u>	<u>0.0396</u>
Ex-date	<u>27 December 2016</u>	<u>29 December 2015</u>

13. UNITS HELD BY THE MANAGER AND DIRECTORS OF THE MANAGER

Units held at the end of the financial year

	2016	2015
	No. of units	No. of units
Manager		
Eastspring Investments Berhad	<u>1,303</u>	<u>1,245</u>

The above units were transacted at the prevailing market prices on the transaction dates. The units are held beneficially by the Manager for bookings purpose. Other than the above, there were no units held by the Directors or parties related to the Manager.

14. STOCKBROKERS' TRANSACTIONS

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

Name of broker	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>Financial year ended</u>				
<u>31 December 2016</u>				
CIMB Bank Berhad*	1,694,190,000	89.81	-	-
Malayan Banking Berhad*	70,820,000	3.74	-	-
Public Bank Berhad*	19,180,000	1.02	-	-
RHB Investment Bank Berhad	13,321,429	0.71	22,151	9.59
RHB Bank Berhad*	12,710,000	0.67	-	-
Affin Hwang Investment Bank Berhad	10,763,469	0.57	35,212	15.25
Hong Leong Investment Bank Berhad	9,950,675	0.53	14,713	6.37
KAF Seagroatt & Campbell Securities Sdn Bhd	9,000,404	0.48	29,231	12.66
UOB Kay Hian Securities (M) Sdn Bhd	6,069,405	0.32	20,416	8.84
Ambank (M) Berhad	5,461,950	0.29	-	-
Others	34,967,765	1.86	109,192	47.29
	1,886,435,097	100.00	230,915	100.00

The details of transactions above consists of placements of deposits with financial institutions and trading activities of both quoted equities and unquoted fixed securities income amounting to RM1,796,900,000 and RM89,535,097 respectively. Transactions relating to placements of deposits with financial institutions are marked with " * " .

Name of broker	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>Financial year ended 31 December 2015</u>				
CIMB Bank Berhad*	1,348,860,000	83.69	-	-
Public Bank Berhad*	77,190,000	4.79	-	-
RHB Investment Bank Berhad	31,174,776	1.93	40,154	10.39
CIMB Investment Bank Berhad	20,763,208	1.29	47,601	12.32
Hong Leong Bank Berhad*	15,000,000	0.93	-	-
AmBank (M) Berhad	14,953,745	0.93	-	-
J.P. Morgan Securities (Malaysia) Sdn Bhd	11,636,717	0.72	72,654	18.81
Maybank Investment Bank Berhad	11,449,594	0.71	37,685	9.76
Malayan Banking Berhad*	10,000,000	0.62	-	-
Bank Islam Malaysia Berhad	8,888,880	0.55	-	-
Others	61,871,293	3.84	188,193	48.72
	1,611,788,213	100.00	386,286	100.00

The details of transactions above consists of placements of deposits with financial institutions and trading activities of both quoted equities and unquoted fixed securities income amounting to RM1,457,550,000 and RM154,238,213 respectively. Transactions relating to placements of deposits with financial institutions are marked with " * ".

The details of transactions above has been adjusted to reflect the placements of deposits with financial institutions.

All brokers highlighted above are not related to the Manager.

15. MANAGEMENT EXPENSE RATIO ("MER")

	2016	2015
	%	%
MER	1.70	1.71

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

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

A = Management fee

B = Trustee's fee

C = Auditors' remuneration

D = Tax agent's fees

E = Administrative expenses

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

The average Net Assets Value of the Fund for the financial year is RM76,321,270 (2015: RM93,423,161).

16. PORTFOLIO TURNOVER RATIO ("PTR")

	2016	2015
PTR (times)	<u>0.59</u>	<u>0.83</u>

PTR is derived from the following calculation:

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

* Calculation of disposal excludes redemption of investments

	2016	2015
	RM	RM
Where:		
Total acquisitions for the financial year	51,437,704	85,729,836
Total disposals for the financial year	<u>38,004,582</u>	<u>68,593,300</u>

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CORPORATE DIRECTORY

THE MANAGER

NAME

EASTSPRING INVESTMENTS BERHAD

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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)

MANAGER'S DELEGATE - FUND VALUER

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REGISTRAR AND TRANSFER AGENT**

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