



A member of Prudential plc (UK) 

# EASTSPRING INVESTMENTS GLOBAL LEADERS MY FUND

## INTERIM REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD  
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](http://www.eastspringinvestments.com.my)

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

Yours sincerely,

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

**Raymond Tang Chee Kin**

Non-Independent, Executive Director and Chief Executive Officer

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## FUND INFORMATION

### Name of Fund

Eastspring Investments Global Leaders MY Fund (the "Fund")

### Fund Category/ Type

Feeder fund (global equity)/growth

### Fund Objective

The Fund seeks to maximise long-term total returns (the combination of income\* and growth of capital) by investing in the M&G Global Leaders Fund, which in turn invests in a wide range of global equities that are considered to be leading in their field. (If the Manager considers that the M&G Global Leaders Fund is no longer viable, the Manager reserves the right to invest in some other collective investment scheme which the Manager considers is similar to or has the same objective as the M&G Global Leaders Fund.)

**Note:** The Investment Manager of the M&G Global Leaders Fund has in April 2012 changed the investment objective of the M&G Global Leaders Fund to also allow for investment in global equities of companies which the Investment Manager considers has the potential to be leading in their field. The Investment Manager of M&G Global Leaders Fund made this change in order to explain better the way in which the M&G Global Leaders Fund is managed and to make clearer the key criteria by which the Manager selects leading companies for inclusion in the M&G Global Leaders Fund. The Investment Manager has indicated that there is no change to the way in which the M&G Global Leaders Fund is managed. For this reason, the Manager considers that there has been no material change to the investment objective and strategy of the M&G Global Leaders Fund.

**Should the Manager decide to invest in another collective investment scheme other than the M&G Global Leaders Fund for any reason whatsoever, Unit Holders' approval is required.**

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

## FUND INFORMATION (CONTINUED)

### Performance Benchmark

Morgan Stanley Capital International ("MSCI") World Index

**Source:** www.msci.com

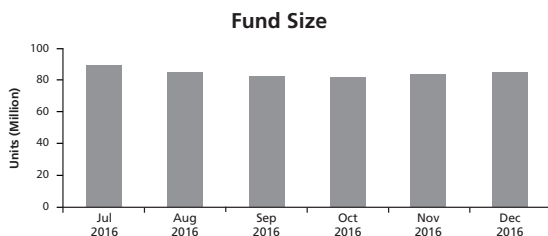
**Note:** The risk profile of the Fund is different from the risk profile of the performance benchmark.

### Fund Income Distribution Policy

Incidental

### Breakdown of Unit Holdings by Size

As at 31 December 2016, the size of Eastspring Investments Global Leaders MY Fund stood at 83.618 million units.



### Breakdown of Unit Holdings

Unit Holdings	No. of Unit Holders	%	No of Units* ('000)	%
5,000 units and below	113	7.25	302	0.36
5,001 to 10,000 units	260	16.68	2,346	2.81
10,001 to 50,000 units	986	63.25	21,402	25.60
50,001 to 500,000 units	187	11.99	20,013	23.93
500,001 units and above	13	0.83	39,554	47.30
<b>Total</b>	<b>1,559</b>	<b>100.00</b>	<b>83,617</b>	<b>100.00</b>

\* excludes units held by the Manager.

## KEY PERFORMANCE DATA

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER

Category	2016	2015	2014
	(%)	(%)	(%)
Collective investment scheme-Foreign	94.96	96.57	97.57
Cash and other assets	5.04	3.43	2.43
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Net Asset Value (NAV) (RM'000)	57,111	56,602	44,995
Units In Circulation (Units '000)	83,618	92,326	88,970
Net Asset Value Per Unit (RM)	0.6830	0.6131	0.5057
Highest Net Asset Value Per Unit (RM)	0.6851	0.6380	0.5154
Lowest Net Asset Value Per Unit (RM)	0.5547	0.4918	0.4478
Total Return (%)			
Capital Growth	24.09	9.11	(0.06)
Income Distribution	-	-	-
Total Return (%)	24.09	9.11	(0.06)
Gross Distribution Per Unit (RM)	-	-	-
Net Distribution Per Unit (RM)	-	-	-
Management Expense Ratio (MER) (%)*	0.08	0.08	0.11
Portfolio Turnover Ratio (PTR) (times)*	0.07	0.11	0.08

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

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

## KEY PERFORMANCE DATA (CONTINUED)

	1 year 1.7.2015 to 30.6.2016	3 years 1.7.2013 to 30.6.2016	5 years 1.7.2011 to 30.6.2016
	(%)	(%)	(%)
Average total return	11.40	10.77	14.79

Year ended	1.7.2015 to 30.6.2016	1.7.2014 to 30.6.2015	1.7.2013 to 30.6.2014	1.7.2012 to 30.6.2013	1.7.2011 to 30.6.2012
	(%)	(%)	(%)	(%)	(%)
Annual total return	(2.05)	11.05	19.34	20.49	(5.88)

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

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

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

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

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

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

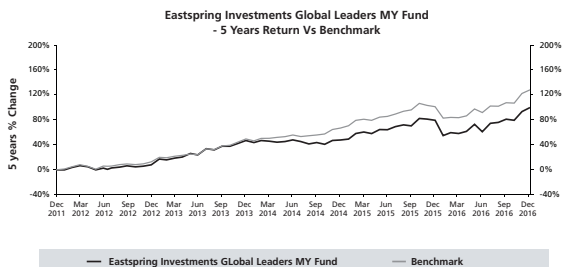
### Fund Performance

Over the 5-year period, the Fund recorded a return of 99.47%, underperforming the benchmark return of 127.75% by 28.28%.

During the period under review, the Fund registered a return of 24.09%, outperforming the benchmark return of 18.99% by 5.10%.

The outperformance for the interim period under review was mainly due to stock selection.

The Fund met its investment objective and outperformed the benchmark for the period under review.



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

**Benchmark:** MSCI World Index

**Source:** Lipper for Investment Management and [www.msci.com](http://www.msci.com) 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 period ended 31 December 2016:

<b>Income Return</b>	<b>Capital Return*</b>	<b>Total Return</b>	<b>Total Return of Benchmark</b>
<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
0.00	24.09	24.09	18.99

\* 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 31 December 2016.

**Investment Strategy During Period Under Review**

Japan remains the Target Fund's most significant above-index position. Valuations of Japanese equities are still attractive, but the government initiatives at the policy level need to be followed through by governance reform at the corporate level. Hence the Target Fund Managers believe that selecting companies that are pro-actively engaged in creating shareholder value will be a key differentiator in this market.

## MANAGER'S REPORT (CONTINUED)

## Asset Allocation

Asset Allocation	31-Dec 2016	30-Jun 2016	Changes
	(%)	(%)	(%)
Collective investment scheme-Foreign	94.96	97.40	(2.44)
Cash and other assets	5.04	2.60	2.44

## Asset Allocation as at 31 December 2016

Cash and other assets  
5.04%



Collective investment  
scheme-Foreign  
94.96%

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

## MANAGER'S REPORT (CONTINUED)

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

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

However, in the Eastspring Investments 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 (15<sup>th</sup>) day after the said six (6) months period at no cost. In the event the fifteenth (15<sup>th</sup>) day falls on a non-Business Day, reinvestment will be made on the following Business Day.

## MARKET REVIEW

Global stock markets enjoyed a solid 3Q2016, with most of the gains coming in the first month. Attention remained focus on central bank policy throughout the review period with the United States of America (“US”) Federal Reserve signaling gradual rate hikes in the near future. Shares rallied strongly in July extending their recovery from the sell-off in June that was sparked by the UK’s decision to leave the European Union. The standout sectors over the 3Q2016 were technology, materials and financials. On the other hand, defensive sectors lagged the broader market. The Target Fund performed well with an overweight position in technology and stock selection across a number of sectors added value.

There was a significant shift in investor sentiment during the final quarter of 2016. In late summer, investors had already begun to challenge the widely held view that interest rates, economic growth and inflation would all stay low for some time. However, following Donald Trump’s victory in the US Presidential election, expectations that taxes and regulations would be cut, giving the US economy a boost, became more prevalent. So too did the view that this would lead to higher inflation and interest rates, which contributed to a major switch out of bonds into equities, resulting in several major stock market indices hitting all-time highs. At a sector level, cyclicals were in favour particularly oil & gas and financials – which benefited from higher bond yields and the prospect of less regulation. The energy sector ended the quarter sharply higher after The Organisation of the Petroleum Exporting Countries (“OPEC”)’s decision in late November to cut production sparked a sharp rally in the oil price. Meanwhile, defensive sectors lagged the market. Against this backdrop, the Target Fund outperformed the benchmark driven mainly by stock selection.

## REBATES AND SOFT COMMISSIONS

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

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# EASTSPRING INVESTMENTS GLOBAL LEADERS MY FUND

## UNAUDITED FINANCIAL STATEMENTS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 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 46 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 31 December 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: 17 February 2017

## TRUSTEE'S REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS GLOBAL LEADERS MY FUND

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

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

For Deutsche Trustees Malaysia Berhad

**Soon Lai Ching**

Senior Manager, Trustee Operations

**Maresh Anchan**

Head, Trustee Operations

Kuala Lumpur

Date: 17 February 2017



# UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2016

	Note	6-months financial period ended 31.12.2016	6-months financial period ended 31.12.2015
		RM	RM
<b>INVESTMENT INCOME</b>			
Interest from deposits with licensed financial institutions		17,997	23,830
Net gain on financial assets at fair value through profit or loss	6	11,213,610	4,001,130
Net foreign currency exchange gain		8,404	36,807
		<u>11,240,011</u>	<u>4,061,767</u>
<b>EXPENSES</b>			
Management fee	3	(12,248)	(14,733)
Trustee fee	4	(18,341)	(18,106)
Audit fee		(3,428)	(3,707)
Tax agent fee		(1,715)	(1,709)
GST charges		(2,264)	(1,971)
Other expenses		(3,360)	(3,783)
		<u>(41,356)</u>	<u>(44,009)</u>
<b>PROFIT BEFORE TAXATION</b>		11,198,655	4,017,758
<b>TAXATION</b>	5	-	-
<b>PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME</b>		<u>11,198,655</u>	<u>4,017,758</u>
Profit after taxation is made up of the following:			
Realised amount		1,252,950	337,343
Unrealised amount		9,945,705	3,680,415
		<u>11,198,655</u>	<u>4,017,758</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 FINANCIAL POSITION

## AS AT 31 DECEMBER 2016

	Note	2016	2015
		RM	RM
<b>ASSETS</b>			
Cash and cash equivalents	7	2,494,860	2,219,322
Amount due from Manager		749,298	58,511
Financial assets at fair value through profit or loss	6	54,230,266	54,659,504
<b>TOTAL ASSETS</b>		<u>57,474,424</u>	<u>56,937,337</u>
<b>LIABILITIES</b>			
Amount due to Manager		331,249	294,386
Accrued management fee		3,224	2,299
Amount due to Trustee		3,352	3,322
GST charges payable		395	337
Other payables and accruals		25,435	34,790
<b>TOTAL LIABILITIES</b>		<u>363,655</u>	<u>335,134</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>57,110,769</u>	<u>56,602,203</u>
<b>EQUITY</b>			
Unit holders' capital		27,800,549	32,737,115
Retained earnings		29,310,220	23,865,088
<b>NET ASSET ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>57,110,769</u>	<u>56,602,203</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	8	<u>83,617,518</u>	<u>92,326,284</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.6830</u>	<u>0.6131</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 31 DECEMBER 2016

	Unit holders' capital	Retained earnings	Total
	RM	RM	RM
Balance as at 1 July 2016	29,911,648	18,111,565	48,023,213
Movement in unit holders' contribution:			
Creation of units from applications	13,384,628	-	13,384,628
Cancellation of units	(15,495,727)	-	(15,495,727)
Total comprehensive income for the financial period	-	11,198,655	11,198,655
Balance as at 31 December 2016	<u>27,800,549</u>	<u>29,310,220</u>	<u>57,110,769</u>
Balance as at 1 July 2015	23,553,886	19,847,330	43,401,216
Movement in unit holders' contribution:			
Creation of units from applications	27,179,290	-	27,179,290
Cancellation of units	(17,996,061)	-	(17,996,061)
Total comprehensive income for the financial period	-	4,017,758	4,017,758
Balance as at 31 December 2015	<u>32,737,115</u>	<u>23,865,088</u>	<u>56,602,203</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 31 DECEMBER 2016

	6-months financial period ended 31.12.2016	6-months financial period ended 31.12.2015
Note	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from sale of investments	5,479,316	1,452,161
Purchase of investments	(1,720,695)	(9,434,863)
Interest received	17,997	23,830
Management fee paid net of rebates	(10,185)	(13,787)
Trustee fee paid	(17,901)	(17,008)
Payment for other fees and expenses	(17,400)	(16,735)
Net foreign exchange gain	8,404	36,807
Net cash generated from/(used in) operating activities	<u>3,739,536</u>	<u>(7,969,595)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash proceeds from units created	13,448,017	27,486,778
Payments for cancellation of units	<u>(15,368,387)</u>	<u>(18,292,167)</u>
Net cash (used in)/generated from financing activities	<u>(1,920,370)</u>	<u>9,194,611</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,819,166	1,225,016
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	<u>675,694</u>	<u>994,306</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<u>7 2,494,860</u>	<u>2,219,322</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 31 DECEMBER 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 judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note J to the financial statements.

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

- i. Financial year beginning on/after 1 July 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 July 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 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.

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.

A new five-step process is applied before revenue can be recognised:

- Identify contracts with customers;
- Identify the separate performance obligations;
- Determine the transactions price of the contract;
- Allocate the transaction price to each of the separate performance obligations; and
- Recognise the revenue as each performance obligation is satisfied.

Key provisions of the new standard are as follows:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
- If the consideration varies (such as incentives, rebates, performance fees, royalties, success of an outcome etc), minimum amounts of revenue must be recognised if they are not at significant risk of reversal.
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
- There are new specific rules on licenses, warranties, non-refundable upfront fees, and consignment arrangements, to name a few.
- As with any new standard, there are also increased disclosures.

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 from short-term deposits is recognised on the accrual basis using the effective interest method.

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.

## D. PRESENTATION AND FUNCTIONAL CURRENCY

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("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 collective investment scheme as financial assets at fair value through profit or loss at inception.

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been included in current assets. The Fund's loans and receivables comprise 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 which 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. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised, and through the amortisation process.

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

Collective investment scheme are valued based on the last published net asset value per unit or share of such collective investment scheme 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 such selling price), where the published NAV or price per unit falls within the bid-ask spread. In circumstances where the published NAV or price per unit is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

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

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

Loans and receivables and other financial liabilities are subsequently carried at amortised cost using the effective interest rate 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' has 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 deposits with licensed financial institutions that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

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

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

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

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

**I. SEGMENTAL INFORMATION**

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

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

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

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

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2016

### 1. INFORMATION ON THE FUND

Eastspring Investments Global Leaders MY Fund (the “Fund”) was constituted pursuant to the execution of a Deed dated 6 March 2006 (the “Deed”), Master Supplemental Deed dated 12 July 2007, Second Supplemental Master Deed dated 30 November 2009 entered into between Eastspring Investments Berhad (the “Manager”) and HSBC (Malaysia) Trustee Berhad (“HSBC Trustee”). The Fund replaced HSBC Trustee with Deutsche Trustees Malaysia Berhad (the “Trustee”) effective 1 October 2010. A Supplemental Master Deed was entered into between Eastspring Investments Berhad (the “Manager”) and Deutsche Trustees Malaysia Berhad (the “Trustee”) on 30 July 2010 to effect the change of trustee from HSBC Trustee to the Trustee, followed by Second Supplemental Master Deed dated 28 January 2011, Third Supplemental Master Deed dated 9 March 2011, Fourth Supplemental Master Deed dated 20 January 2012, Fifth Supplemental Master Deed dated 26 March 2014, Sixth Supplemental Master Deed dated 2 January 2015, Seventh Supplemental Master Deed dated 11 July 2016 and Eight Supplemental Master Deed dated 25 January 2017 (collectively referred to as the “Deed”).

The Fund commenced operations on 23 March 2006 and will continue its operations until terminated as provided under Part 12 of the Deed.

The Fund seeks to maximise long-term total return (the combination of income and growth of capital) by investing in the M&G Global Leaders Fund, which in turn invests in a wide range of global equities that are considered to be leading in their field. (If the Manager consider that the M&G Global Leaders Fund is no longer viable, the Manager reserves the right to invest in some other collective investment scheme which the Manager was considers is similar to or has the same objective as the M&G Global Leaders Fund). All investments will be subject to the SC Guidelines, the SC requirements, the Deed, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund’s objective.

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

## 2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Financial instruments of the Fund are as follows:

	Note	Loans and receivables	Financial assets at fair value through profit or loss	Total
		RM	RM	RM
<u>2016</u>				
Cash and cash equivalents	7	2,494,860	-	2,494,860
Amount due from Manager		749,298	-	749,298
Collective investment scheme	6	-	54,230,266	54,230,266
		<u>3,244,158</u>	<u>54,230,266</u>	<u>57,474,424</u>
<u>2015</u>				
Cash and cash equivalents	7	2,219,322	-	2,219,322
Amount due from Manager		58,511	-	58,511
Collective investment scheme	6	-	54,659,504	54,659,504
		<u>2,277,833</u>	<u>54,659,504</u>	<u>56,937,337</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. The Underlying Fund that is the M&G Global Leaders Fund would generally hold a well-diversified portfolio of securities from different market sectors that the collapse of any one security or any one market sector would not impact too greatly on the value of the M&G Global Leaders Fund.

The table below shows assets of the Fund as at 31 December which are exposed to price risk:

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Collective investment scheme designated at fair value through profit or loss	<u>54,230,266</u>	<u>54,659,504</u>

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

<b>% Change in price of financial assets at fair value through profit or loss</b>	<b>Market value</b>	<b>Increase/(decrease) in profit after tax and net asset value</b>
	<b>RM</b>	<b>RM</b>
<u>2016</u>		
+5%	56,941,779	2,711,513
-5%	51,518,753	(2,711,513)
<u>2015</u>		
+5%	57,392,479	2,732,975
-5%	51,926,529	(2,732,975)

ii. Interest rate risk

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

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

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



iii. Foreign exchange/currency risk

As the Fund may invest its assets in collective investment schemes 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 particular point in time, choose to use forward or option contracts for hedging and risk reduction purposes.

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

	<b>Financial assets at fair value through profit or loss</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>
<u>2016</u>		
EURO	54,230,266	54,230,266
<u>2015</u>		
EURO	54,659,504	54,659,504

The table below summarises the sensitivity of the Fund's financial assets fair value to changes in foreign exchange movements at the end of the reporting period. The analysis is based on the assumption that the foreign exchange rate changes by 5% with all variables remain constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate having regard to historical volatility of this rate. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change in price	Impact on profit after tax	Total
	%	RM	RM
<u>2016</u>			
EURO	5	2,711,513	2,711,513
<u>2015</u>			
EURO	5	2,732,975	2,732,975

### 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>			
Amount due to Manager	331,249	-	331,249
Accrued management fee	3,224	-	3,224
Amount due to Trustee	3,352	-	3,352
GST charges payable	395	-	395
Other payables and accruals	-	25,435	25,435
Contractual cash outflows	338,220	25,435	363,655
<u>2015</u>			
Amount due to Manager	294,386	-	294,386
Accrued management fee	2,299	-	2,299
Amount due to Trustee	3,322	-	3,322
GST charges payable	337	-	337
Other payables and accruals	-	34,790	34,790
Contractual cash outflows	300,344	34,790	335,134

### Credit risk

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

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

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

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

	<b>Financial assets at fair value through profit or loss</b>	<b>Cash and cash equivalents</b>	<b>Amount due from Manager</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<u>2016</u>				
Collective investment scheme				
- NR	54,230,266	-	-	54,230,266
Finance				
- AA1	-	1,914,733	-	1,914,733
- AAA	-	580,127	-	580,127
Other				
- NR	-	-	749,298	749,298
	<u>54,230,266</u>	<u>2,494,860</u>	<u>749,298</u>	<u>57,474,424</u>
<u>2015</u>				
Collective investment scheme				
- NR	54,659,504	-	-	54,659,504
Finance				
- AA1	-	19,045	-	19,045
- AAA	-	2,200,277	-	2,200,277
Other				
- NR	-	-	58,511	58,511
	<u>54,659,504</u>	<u>2,219,322</u>	<u>58,511</u>	<u>56,937,337</u>

None of these assets are past due or impaired.

### **Fund management risk**

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

### **Non-compliance risk**

Non-compliance risk arises when the Manager and others associated with the Fund are not compliant 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.

### **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 publicly 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	54,230,266	-	-	54,230,266
<u>2015</u>				
Financial assets at fair value through profit or loss:				
Collective investment scheme	54,659,504	-	-	54,659,504

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.

- ii. The carrying value of cash and cash equivalents, 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 not exceeding 2.00% per annum of the net asset value of the Fund accrued and calculated on a daily basis.

For the financial period ended 31 December 2016, management fee is recognised at a rate of 1.75% (2015: 1.75%) per annum on the net asset value of the Fund, calculated on daily basis. As the Fund invests in collective investment scheme, any management fee charged by M&G Global Leaders Fund to the Fund will be fully refunded. The rebate of management fee is 1.75% per annum or RM446,287 (2015: 1.75% or RM437,912) calculated on net asset value of M&G Global Leaders Fund on a daily basis. In accordance with the SC Guidelines in Unit Trust Funds, there is no double charging of management fee to the Fund.

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

### 4. TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to an annual fee at a rate not exceeding 0.20% per annum of the net asset value of the Fund, subject to a minimum fee of RM18,000 per annum and a maximum fee of RM350,000 per annum.

For the financial period ended 31 December 2016, Trustee fee is recognised at a rate of 0.07% (2015: 0.07%) per annum on the net asset value of the Fund, subject to a minimum fee of RM18,000 per annum and a maximum fee of RM350,000 per annum (excluding foreign custodian fees and charges) calculated on a 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 31.12.2016	6-months financial period ended 31.12.2015
	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 31.12.2016	6-months financial period ended 31.12.2015
	RM	RM
Profit before taxation	11,198,655	4,017,758
Tax at Malaysian statutory rate of 24% (2015: 24%)	2,687,677	964,262
Tax effect of:		
Investment loss exempt from tax	(2,697,602)	(974,824)
Restriction on tax deductible expenses for Unit Trust Funds	3,762	4,426
Expenses not deductible for tax purposes	6,163	6,136
Taxation	-	-

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

	2016	2015
	RM	RM
Designated at fair value through profit or loss:		
Collective investment scheme	<u>54,230,266</u>	<u>54,659,504</u>
Net gain on financial assets at fair value through profit or loss:		
Realised gain on disposals	1,267,905	320,715
Change in unrealised fair value gain	9,945,705	3,680,415
	<u>11,213,610</u>	<u>4,001,130</u>

	Quantity	Aggregate cost	Fair value as at 31.12.2016	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Foreign</u>				
M&G Global Leaders Fund Class A Euro	<u>581,572</u>	39,001,214	<u>54,230,266</u>	<u>94.96</u>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>15,229,052</u>		
<b>FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>54,230,266</u>		

	Quantity	Aggregate cost	Fair value as at 31.12.2015	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Foreign</u>				
M&G Global Leaders Fund Class A Euro	655,520	43,156,671	54,659,504	96.57
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		11,502,833		
<b>FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		54,659,504		

The M&G Global Leaders Fund is a global equity fund which invests in select stocks from across the global equities universe that are undergoing positive internal change leading to improvements in return on capital. The aim of the M&G Global Leaders Fund is to maximise long-term total return (the combination of income and growth of capital) by investing in a wide range of global equities issued by companies that the Fund Manager considers to be, or have the potential to be, leading in their field in terms of improving shareholder value.

The investment manager of the M&G Global Leaders Fund is M&G Investment Management Limited (M&G), which is part of the Prudential Group.

## 7. CASH AND CASH EQUIVALENTS

	2016	2015
	RM	RM
Bank balance with a licensed bank	1,914,733	19,045
Deposit with a licensed financial institution	580,127	2,200,277
	<u>2,494,860</u>	<u>2,219,322</u>

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

	2016	2015
	%	%
Deposit with a licensed financial institution	<u>4.00</u>	<u>4.60</u>

The deposit has an average maturity of 3 days (2015: 4 days).

## 8. UNITS IN CIRCULATION

	2016	2015
	No. of units	No. of units
At the beginning of the financial period	87,247,935	77,243,471
Creation of units arising from applications during the financial period	20,749,712	44,990,364
Cancellation of units during the financial period	<u>(24,380,129)</u>	<u>(29,907,551)</u>
At the end of the financial period	<u>83,617,518</u>	<u>92,326,284</u>

## 9. TRANSACTIONS WITH ISSUER

Details of transactions with the issuer is as follow:

Name of issuer	Value of trades	Percentage of total trades
	RM	%
<u>2016</u>		
M&G Investment Management Limited	7,200,011	100.00

Details of transactions, primarily cash placements with financial institutions for the financial period ended 31 December 2016 are as follows:

Financial institutions	Value of placements	Percentage of total placements
	RM	%
CIMB Bank Berhad	142,860,000	100.00

Details of transactions with the issuer is as follow:

Name of issuer	Value of trades	Percentage of total trades
	RM	%
<u>2015</u>		
M&G Investment Management Limited	10,887,024	100.00

Details of transactions, primarily cash placements with financial institutions for the financial period ended 31 December 2015 are as follows:

Financial institutions	Value of placements	Percentage of total placements
	RM	%
CIMB Bank Berhad	158,190,000	100.00

M&G Investment Management Limited is part of the Prudential Group whose ultimate holding company, Prudential Plc is listed on both the London and New York Stock Exchange. The Manager is of the opinion that all transactions with the related company have been entered into in the normal course of business at agreed terms between the related party.

There are no brokerage fees charged by the issuer.

## 10. UNITS HELD BY THE MANAGER

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

Related party	Relationship
Eastspring Investments Berhad	The Manager

	2016		2015	
	No. of units	RM	No. of units	RM
Eastspring Investments Berhad	1,000	683	1,000	613

The above units were transacted at the prevailing market price.

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

**11. MANAGEMENT EXPENSE RATIO ("MER")**

	<b>2016</b>	<b>2015</b>
	%	%
MER	0.08	0.08

MER is derived from the following calculation:

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

- A = Management fee net of rebates of 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 RM51,976,531 (2015: RM51,449,493).



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

	2016	2015
PTR (times)	0.07	0.11

PTR is derived from the following calculation:

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

where:

total acquisitions for the financial period = RM1,720,695 (2015: RM9,434,863)

total disposals for the financial period = RM5,479,316 (2015: RM1,452,161)

## 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 income and gains on the appreciation in the value of investments.

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

## 14. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 17 February 2017.

# CORPORATE DIRECTORY

## **THE MANAGER**

NAME

EASTSPRING INVESTMENTS BERHAD

COMPANY NO.

531241-U

REGISTERED OFFICE

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

Jalan Raja Laut

50350 Kuala Lumpur

BUSINESS OFFICE

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603-2052 3388

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603-2070 6129

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WEBSITE

www.eastspringinvestments.com.my

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

Julian Christopher Vivian Pull

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

Iskander Bin Ismail Mohamed Ali

*(Independent, non-executive director)*

Khoo Chuan Keat

*(Independent, non-executive director)*

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**

NAME  
DEUTSCHE BANK (MALAYSIA) BERHAD

COMPANY NO.  
312552-W

REGISTERED OFFICE  
Level 18, Menara IMC  
No. 8, Jalan Sultan Ismail  
50250 Kuala Lumpur

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