



A member of Prudential plc (UK) 

EASTSPRING INVESTMENTS ASEAN AL-ADIIL 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

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 ASEAN al-Adiil Fund (the "Fund")

Fund Category/ Type

Balanced (Shariah)/growth and income

Fund Objective

The Fund seeks to provide capital appreciation and income* by investing in Shariah-compliant securities in the ASEAN markets.

Note: The Fund's focus is on growth and income.

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

Performance Benchmark

50% Dow Jones Islamic Market Greater ("DJIM") ASEAN Index + 50% Maybank 12-month GIA

Source: www.djindexes.com and www.maybank2u.com.my

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

Fund Income Distribution Policy

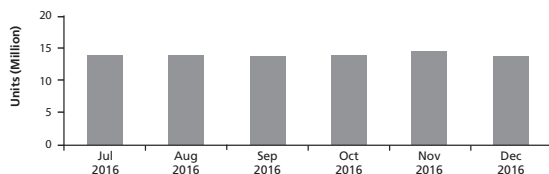
At least once a year, subject to the availability of income.

FUND INFORMATION (CONTINUED)

Breakdown of Unit Holdings by Size

As at 31 December 2016, the size of Eastspring Investments ASEAN al-Adiil Fund stood at 13.686 million units.

Fund Size



Breakdown of Unit Holdings

Unit Holdings	No. of Unit Holders	%	No of Units* ('000)	%
5,000 units and below	19	23.75	43	0.32
5,001 to 10,000 units	10	12.50	81	0.59
10,001 to 50,000 units	29	36.25	783	5.72
50,001 to 500,000 units	18	22.50	2,298	16.79
500,001 units and above	4	5.00	10,480	76.58
Total	80	100.00	13,685	100.00

* excludes units held by the Manager.

KEY PERFORMANCE DATA

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER

Category	2016	2015	2014
	(%)	(%)	(%)
Quoted Shariah-compliant securities			
Basic Material	3.30	2.35	3.54
Conglomerate	-	1.52	-
Consumer Goods	4.37	1.43	4.07
Consumer Services	2.05	3.35	2.49
Financial	5.64	6.53	7.21
Health Care	9.09	10.23	2.95
Industrial	14.72	18.47	9.85
Oil and Gas	2.57	6.91	-
Power/Utilities	-	1.94	4.90
Telecommunication	8.92	6.69	14.46
	50.66	59.42	49.47
Sukuk	25.85	28.93	16.30
Cash and other assets	23.49	11.65	34.23
Total	100.00	100.00	100.00

KEY PERFORMANCE DATA (CONTINUED)

Category	2016	2015	2014
Net Asset Value (NAV) (RM'000)	8,105	9,243	12,388
Units In Circulation (Units '000)	13,686	15,462	22,804
Net Asset Value Per Unit (RM)	0.5923	0.5978	0.5432
Highest Net Asset Value Per Unit (RM)	0.5951	0.5986	0.5482
Lowest Net Asset Value Per Unit (RM)	0.5703	0.5435	0.5162
Total Return (%)			
Capital Growth	3.24	4.24	4.99
Income Distribution	-	-	-
Total Return (%)	3.24	4.24	4.99
Gross Distribution Per Unit (RM)	-	-	-
Net Distribution Per Unit (RM)	-	-	-
Management Expense Ratio (MER) (%)*	1.20	1.10	1.26
Portfolio Turnover Ratio (PTR) (times)^	0.11	0.17	0.66

* 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	Since commencement 28.10.2013 to 31.12.2016
	(%)	(%)	(%)
Average total return	3.67	7.48	7.17

Year ended	1.7.2015 to 30.6.2016	1.7.2014 to 30.6.2015	Since commencement 28.10.2013 to 30.6.2014
	(%)	(%)	(%)
Annual total return	4.67	10.84	3.48

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

Bases of calculation and assumptions made in calculating returns:

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

NAV_t = NAV at the end of the period

NAV₀ = NAV at the beginning of the period

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

n = Number of years

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

MANAGER'S REPORT

Fund Performance

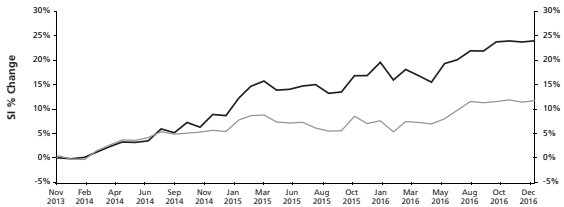
Since inception, the Fund recorded a return of 23.95%, outperforming the benchmark return of 11.72% by 12.23%.

During the period under review, the Fund registered a return of 3.24%, outperforming the benchmark return of 1.81% by 1.43%.

The outperformance was driven by both country allocation and stock selection. At the sector level for equities, underweighting telco helped but was negated by underweight positions in energy. The positive contributors were led by Singapore Post, D&L Industries and underweighting Singapore Telecommunication whilst the negative contributors were led by Ayala Land and not holding PTT Exploration and Production and United Tractors.

However, the fund holdings in selected corporate sukuk dampened the fund's outperformance Fund.

Eastspring Investments ASEAN al-Adiil Fund
- Since Inception (SI) Return Vs Benchmark



MANAGER'S REPORT (CONTINUED)

Fund Performance (continued)

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

Benchmark: 50% DJIM ASEAN Index + 50% Maybank 12-month GIA

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

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

Analysis of Fund Performance

For the financial period ended 31 December 2016:

Income Return	Capital Return*	Total Return	Total Return of Benchmark
(%)	(%)	(%)	(%)
0.00	3.24	3.24	1.81

* 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

Equity Strategy

Over the period, Shariah-compliant equity exposure was reduced slightly to 50% as the Fund Manager realised some gains. No significant changes to country allocation i.e neutral in Malaysia, underweight positions in Thailand and Singapore whilst overweighting Philippines and Indonesia.

The Fund Manager continues to look for new stock ideas and may take gains on profitable positions and/or exit positions which have seen unfavourable changes to the company dynamics. The Fund Manager favours well managed companies backed by healthy balance sheets and strong cash flow with

MANAGER'S REPORT (CONTINUED)

Investment Strategy During Period Under Review (continued)

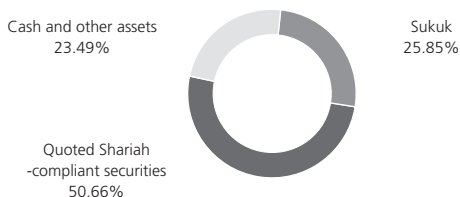
decent and sustainable earnings growth, preferably trading at attractive valuations.

Sukuk Strategy

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

Asset Allocation

Asset Allocation	31-Dec 2016	30-Jun 2016	Changes
	(%)	(%)	(%)
Quoted Shariah-compliant securities	50.66	54.35	(3.69)
Sukuk	25.85	22.85	3.00
Cash and other assets	23.49	22.80	0.69

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

MARKET REVIEW

Equity

For the period of July to December 2016, Dow Jones Islamic ASEAN Index generally trended downward and closed at 1049 vs 1148 at the start of the period. Thailand was the best performing market with improvement across the board sans the telco sector. However, this was likely liquidity driven as the market lacked a strong theme. Indonesia was the next best as the market was buoyed by the tax amnesty program announced by the Government where Fitch subsequently revised the country's rating outlook to Positive. The market turned volatile post United States of America ("US") election in November given the concerns on strong United States Dollar ("USD"), and political tensions in Jakarta between the muslims and non-muslims. On the flipside, the worst performing market was Singapore as the telco sector dragged given the concern of 4th player disrupting the market. Philippines equities declined as heightened political noise around President Duterte and negative impact of nationalistic approach in the US led to foreigners' outflows. Malaysian equities were also dragged down by the telco sector given intense competition and price war in the industry, whilst the property sector continued to be weak.

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 ("EU") referendum in the United Kingdom ("UK"). Following the rate cut in July BNM kept the OPR at 3.00% in the subsequent MPC 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 increased from 1.1% year-on-year ("y-o-y") in July 2016 to 1.8% y-o-y in November 2016. The increase in November was mainly driven by lower 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 4.2% y-o-y in June 2016 and 3.8% y-o-y in November 2016. For 2017, headline inflation is expected to increase due to the removal of subsidies.

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 Gross Domestic Product ("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 and 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 ("US") 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 US 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 Federal Open Market Committee's ("FOMC's") recent action signalled that the Fed believe that the 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 +38bps, +36bps, +50bps and +60bps to 3.57%, 3.72%, 4.22% and 4.65% respectively. Sovereign bond yields fall across all tenors at the end of the second and third quarter of 2017, following UK's Referendum on 23 June to withdraw from EU and after BNM unexpectedly cut the OPR by 0.25% to 3.00% in July's MPC 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 ASEAN AL-ADIIL 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 17 to 66 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 ASEAN AL-ADIIL FUND

We have acted as Trustee for Eastspring Investments ASEAN al-Adiil 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

Mahesh Anchan

Head, Trustee Operations

Kuala Lumpur

Date: 17 February 2017

SHARIAH ADVISER'S REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS ASEAN AL-ADIIL FUND

We have acted as the Shariah Adviser of Eastspring Investments ASEAN al-Adiil Fund. Our responsibility is to ensure that the procedures and processes employed by Eastspring Investments Berhad are in accordance with Shariah principles.

In our opinion, Eastspring Investments Berhad has managed and administered Eastspring Investments ASEAN al-Adiil Fund in accordance with Shariah principles and complied with applicable guidelines, rulings and decisions issued by the Securities Commission pertaining to Shariah matters for the financial period ended 31 December 2016.

In addition, we also confirm that the investment portfolio of Eastspring Investments ASEAN al-Adiil Fund comprises securities which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission ("SACSC") and/or the Shariah Supervisory Board of Dow Jones Islamic Market ASEAN Index. As for the securities which are not certified by the SACSC and/or the Shariah Advisory Board of Dow Jones Islamic Market ASEAN Index, we have reviewed the said securities and opine that these securities are designated as Shariah-compliant.

For and on behalf of the Shariah Adviser

IBFIM

AHMAD ZAKIRULLAH BIN MOHAMED SHAARANI

Managing Advisor (Shariah)/Designated Person Responsible for Shariah Advisory

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
INVESTMENT INCOME			
Gross dividend income		46,230	63,121
Profit income from Islamic deposits with licensed financial institutions		14,781	16,111
Profit income from unquoted sukuk		49,768	94,131
Net gain on financial assets at fair value through profit or loss	6	153,111	264,979
Net foreign currency exchange gain		94,358	156,102
		<u>358,248</u>	<u>594,444</u>
EXPENSES			
Custody fee		(668)	(705)
Management fee	3	(74,027)	(107,158)
Trustee fee	4	(9,075)	(9,049)
Audit fee		(3,529)	(3,931)
Tax agent fee		(1,715)	(1,709)
Other expenses		(3,856)	(7,437)
GST charges		(5,427)	(6,972)
Transaction cost		(3,818)	(10,585)
		<u>(102,115)</u>	<u>(147,546)</u>
PROFIT BEFORE TAXATION		256,133	446,898
TAXATION	5	<u>(1,614)</u>	<u>(2,225)</u>
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME		<u>254,519</u>	<u>444,673</u>
Profit after taxation is made up of the following:			
Realised amount		224,474	251,713
Unrealised amount		30,045	192,960
		<u>254,519</u>	<u>444,673</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
ASSETS			
Cash and cash equivalents	8	1,934,089	234,272
Amount due from brokers		-	894,531
Amount due from Manager		189	1,611
Dividends receivable		10,897	12,669
Financial assets at fair value through profit or loss	6	6,202,032	8,166,918
TOTAL ASSETS		<u>8,147,207</u>	<u>9,310,001</u>
LIABILITIES			
Amount due to Manager		-	16,362
Accrued management fee		12,693	16,703
Amount due to Trustee		1,529	1,524
GST charges payable		853	1,094
Other payables and accruals		26,648	31,105
TOTAL LIABILITIES		<u>41,723</u>	<u>66,788</u>
NET ASSET VALUE OF THE FUND		<u>8,105,484</u>	<u>9,243,213</u>
EQUITY			
Unit holders' capital		5,436,631	6,501,146
Retained earnings		2,668,853	2,742,067
NET ASSET ATTRIBUTABLE TO UNIT HOLDERS		<u>8,105,484</u>	<u>9,243,213</u>
NUMBER OF UNITS IN CIRCULATION	9	<u>13,685,682</u>	<u>15,462,357</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.5923</u>	<u>0.5978</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	5,555,685	2,414,334	7,970,019
Movement in unit holders' contribution:			
Creation of units from applications	707,901	-	707,901
Cancellation of units	(826,955)	-	(826,955)
Total comprehensive income for the financial period	-	254,519	254,519
Balance as at 31 December 2016	<u>5,436,631</u>	<u>2,668,853</u>	<u>8,105,484</u>
Balance as at 1 July 2015	10,782,520	2,297,394	13,079,914
Movement in unit holders' contribution:			
Creation of units from applications	1,382,122	-	1,382,122
Cancellation of units	(5,663,496)	-	(5,663,496)
Total comprehensive income for the financial period	-	444,673	444,673
Balance as at 31 December 2015	<u>6,501,146</u>	<u>2,742,067</u>	<u>9,243,213</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
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of Shariah-compliant investments	929,686	2,801,399
Purchase of Shariah-compliant investments	(838,775)	(1,460,576)
Dividends received	41,081	72,766
Profit income received from Islamic deposits with licensed financial institutions	14,781	16,111
Profit income received from unquoted sukuk	59,069	129,247
Management fee paid	(73,131)	(111,145)
Trustee fee paid	(9,022)	(9,197)
Payment for other fees and expenses	(19,280)	(25,203)
Net foreign currency exchange gain	94,358	156,102
Net cash generated from operating activities	<u>198,767</u>	<u>1,569,504</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	707,712	1,430,780
Payments for cancellation of units	(827,458)	(5,708,618)
Distribution paid	(375)	-
Net cash used in financing activities	<u>(120,121)</u>	<u>(4,277,838)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	78,646	(2,708,334)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>1,855,443</u>	<u>2,942,606</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	8 <u>1,934,089</u>	<u>234,272</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 K 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 contractual cash flow characteristics of the financial asset. Investments in equity instruments¹ 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 instruments² is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest³.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives¹. 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.

¹ For the purposes of the investments made by the Fund, equity instruments and derivatives refers to Shariah-compliant equity instruments and Shariah-compliant derivatives.

² For the purposes of the investments made by the Fund, debt instruments refers to sukuk.

³ For the purposes of this Fund, interest refers to profits earned from Shariah-compliant investments.

- 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

Profit income earned from short-term Islamic deposits with licensed financial institutions and unquoted sukuk are recognised on an accrual basis, using the effective profit method.

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

Realised gain or loss on disposal of Shariah-compliant investments are accounted for as the difference between the net disposal proceeds and the carrying amount of quoted Shariah-compliant securities, which is determined on a weighted average cost basis and on cost adjusted for accretion of discount and amortisation of premium on investments for unquoted sukuk.

C. TAXATION

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

Tax on dividend income from foreign quoted Shariah-compliant securities is based on the tax regime of the respective countries that the Fund invested in.

D. PRESENTATION AND FUNCTIONAL CURRENCY

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

E. FOREIGN CURRENCY TRANSLATION

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

F. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

i. Classification

The Fund designates its Shariah-compliant investment in quoted Shariah-compliant securities and unquoted sukuk 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.

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 receivables comprise amount due from Manager, dividends receivable and cash and cash equivalents which are all due within 12 months.

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

The Fund's financial liabilities 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. Transaction costs are expensed in the statement of comprehensive income.

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

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

Financial liabilities are derecognised when 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.

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

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

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

Quoted Shariah-compliant securities outside Malaysia are valued at the last traded market price quoted on the respective foreign stock exchanges at the close of the business day.

Unquoted sukuk denominated in Ringgit Malaysia are revalued on a daily basis based on fair value prices quoted by a bond pricing agency ("BPA") registered with the Securities Commission as per the Securities Commission's Guidelines on Unit Trust Funds. Refer to Note K for further explanation.

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

Receivables and other financial liabilities are subsequently carried at amortised cost using the effective profit 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 profit 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 'receivables' or a 'held-to-maturity investment' has a variable profit rate, the discount rate for measuring any impairment loss is the current effective profit 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 balances and Islamic deposit with a licensed financial institution that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

H. UNIT HOLDERS' CAPITAL

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

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

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

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

I. SEGMENTAL INFORMATION

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

J. AMOUNT DUE FROM/(TO) BROKERS

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

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

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

K. 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.

i. Estimate of fair value of sukuk

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

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

Ringgit denominated unquoted sukuk are valued using fair value prices quoted by a bond pricing agency ("BPA"). Where the Manager is of the view that the price quoted by BPA for a specific sukuk differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager records its basis for using a non-BPA price, obtains necessary internal approvals to use the non-BPA price, and keeps an audit trail of all decisions and basis for adopting the use of non-BPA price.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2016

1. INFORMATION ON THE FUND

Eastspring Investments ASEAN al-Adiil Fund (the "Fund") was constituted pursuant to the execution of a Deed dated 16 April 2013 (the "Deed") entered into between Eastspring Investments Berhad (the "Manager") and Deutsche Trustees Malaysia Berhad (the "Trustee") followed by Supplemental Deed dated 26 March 2014 and Second Supplemental Deed dated 2 January 2015 (collectively referred to as the "Deed").

The Fund was launched on 28 October 2013 and will continue its operations until terminated as provided under Part 12 of the Deed.

The Fund seeks to achieve its investment objective by investing in Shariah-compliant equities and equity-related securities such as rights and warrants of companies which are listed on the ASEAN exchanges. The Fund also invests in domestic and/or foreign sukuk issued by corporations, financial institutions and governments of ASEAN member countries which are traded in the ASEAN markets or listed on the ASEAN exchanges.

The main objective of the Fund is to provide capital appreciation and income by investing in Shariah-compliant securities in the ASEAN markets.

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, exposure to interest rate risk and foreign exchange/currency risk), liquidity risk, fund management risk, non-compliance risk, reclassification of Shariah status risk, capital risk and credit/default risk.

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

Financial instruments of the Fund are as follows:

	Note	Receivables	Financial assets at fair value through profit or loss	Total
		RM	RM	RM
<u>2016</u>				
Cash and cash equivalents	8	1,934,089	-	1,934,089
Amount due from Manager		189	-	189
Dividends receivable		10,897	-	10,897
Unquoted sukuk	6	-	2,095,637	2,095,637
Quoted Shariah-compliant securities	6	-	4,106,395	4,106,395
		<u>1,945,175</u>	<u>6,202,032</u>	<u>8,147,207</u>
<u>2015</u>				
Cash and cash equivalents	8	234,272	-	234,272
Amount due from brokers		894,531	-	894,531
Amount due from Manager		1,611	-	1,611
Dividends receivable		12,669	-	12,669
Unquoted sukuk	6	-	2,674,332	2,674,332
Quoted Shariah-compliant securities	6	-	5,492,586	5,492,586
		<u>1,143,083</u>	<u>8,166,918</u>	<u>9,310,001</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 Shariah-compliant Unit Trust Fund, however, helps mitigate this risk because a Fund would generally hold a well-diversified portfolio of Shariah-compliant securities from different market sectors so that the collapse of any one Shariah-compliant security or any one market sector would not impact too greatly on the value of the Fund.

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

	2016	2015
	RM	RM
Quoted Shariah-compliant securities and unquoted sukuk* designated at fair value through profit or loss	6,202,032	8,166,918

* Includes interest receivable of RM11,056 (2015: RM9,732).

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

% Change in price of financial assets at fair value through profit or loss	Market value	Increase/(decrease) in profit after tax and net asset value
	RM	RM
<u>2016</u>		
+5%	6,512,134	310,102
-5%	5,891,930	(310,102)
<u>2015</u>		
+5%	8,575,264	408,346
-5%	7,758,572	(408,346)

ii. Exposure to interest rate risk

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

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

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

assets depending on the view of the future interest rate trend of the Manager, which is based on its continuous fundamental research and analysis.

Investors should note that the movement in valuation of unquoted sukuk and Islamic money market instruments are benchmarked against interest rates. As such, the investments are exposed to the movement of the interest rates.

This risk is crucial since unquoted sukuk portfolio management depends on forecasting interest rate movements. Valuation of unquoted sukuk move inversely to interest rate movements, therefore as interest rates rise, the valuation of unquoted sukuk decrease and vice versa. Furthermore, unquoted sukuk with longer maturity and lower profit rates are more susceptible to interest rate movements.

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

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

The above interest rate is a general economic indicator that will have an impact on the management of the Fund regardless whether it is a Shariah-compliant Unit Trust Fund or otherwise. It does not in any way suggest that the Fund will invest in conventional financial instruments. All the investments are carries out for the fund are not in accordance with Shariah requirements.

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

% Movement in interest rate	2016	2015
	Impact on profit after tax/ net asset value	Impact on profit after tax/ net asset value
	RM	RM
<u>Unquoted sukuk</u>		
+1% (2015:+5%)	(2,309)	(19,330)
-1% (2015:-5%)	2,312	19,507

iii. Foreign exchange/currency risk

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

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

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

	Financial assets at fair value through profit or loss	Cash and cash equivalents	Dividends receivable	Total
	RM	RM	RM	RM
<u>2016</u>				
IDR	1,227,705	-	-	1,227,705
PHP	618,217	-	-	618,217
SGD	707,937	18	5,153	713,108
THB	719,069	33	2,591	721,693
USD	-	818,643	-	818,643
	<u>3,272,928</u>	<u>818,694</u>	<u>7,744</u>	<u>4,099,366</u>
<u>2015</u>				
IDR	1,617,800	-	-	1,617,800
PHP	217,164	-	-	217,164
SGD	479,974	-	5,084	485,058
THB	838,374	6	1,995	840,375
	<u>3,153,312</u>	<u>6</u>	<u>7,079</u>	<u>3,160,397</u>

The table below summarises the sensitivity of the Fund's financial assets to changes in foreign exchange movements at the end of each 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 foreign exchange rate	Impact on profit after tax	Impact on net asset value
	%	RM	RM
<u>2016</u>			
IDR	5	61,385	61,385
PHP	5	30,911	30,911
SGD	5	35,655	35,655
THB	5	36,085	36,085
USD	5	40,932	40,932
<u>2015</u>			
IDR	5	80,890	80,890
PHP	5	10,858	10,858
SGD	5	24,253	24,253
THB	5	42,019	42,019

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 Islamic liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of units by unit holders. Islamic liquid assets comprise cash, Islamic deposits with licensed financial institutions and other Shariah-compliant instruments which are capable of being converted into cash within 7 days.

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

	Less than 1 month	Between 1 month to 1 year	Total
	RM	RM	RM
<u>2016</u>			
Accrued management fee	12,693	-	12,693
Amount due to Trustee	1,529	-	1,529
GST charges payable	853	-	853
Other payables and accruals	-	26,648	26,648
Contractual cash outflows	<u>15,075</u>	<u>26,648</u>	<u>41,723</u>
<u>2015</u>			
Amount due to Manager	16,362	-	16,362
Accrued management fee	16,703	-	16,703
Amount due to Trustee	1,524	-	1,524
GST charges payable	1,094	-	1,094
Other payables and accruals	-	31,105	31,105
Contractual cash outflows	<u>35,683</u>	<u>31,105</u>	<u>66,788</u>

Fund management risk

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

Non-compliance risk

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

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

Reclassification of Shariah status risk

This risk refers to the risk that the currently held Shariah-compliant securities in the portfolio of Shariah-compliant Fund may be reclassified to be Shariah non-compliant in the periodic review of the securities by the Shariah Advisory Council of the Securities Commission, the Shariah Adviser or the Shariah Boards of the relevant Islamic Indices. If this occurs, Manager will take the necessary steps to dispose of such securities.

Capital risk

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

Credit/default risk

Credit risk refers to the ability of an issuer or a counter party to make timely payments of profit, principals and proceeds from realisation of Shariah-compliant investments. In the case of the Fund, both the Manager and the External Fund Manager regularly review the ratings assigned to the issuer so that the necessary steps can be taken if the ratings fall below those prescribed by the Securities Commission.

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

The Fund seeks to mitigate credit/default risk by investing in high quality unquoted sukuk.

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

	Financial assets at fair value through profit or loss	Cash and cash equivalents	Amount due from Manager	Dividends receivable	Total
	RM	RM	RM	RM	RM
2016					
Finance					
- AAA	-	1,090,185	-	-	1,090,185
- AA1	-	843,904	-	-	843,904
Health Care					
- NR	-	-	-	1,200	1,200
Industrial					
- NR	-	-	-	4,544	4,544
Telecommunication					
- NR	-	-	-	5,153	5,153
Sukuk					
- AA2	877,408	-	-	-	877,408
- AA3	1,218,229	-	-	-	1,218,229
Other					
- NR	-	-	189	-	189
	<u>2,095,637</u>	<u>1,934,089</u>	<u>189</u>	<u>10,897</u>	<u>4,040,812</u>

	Financial assets						Total
	at fair value through profit or loss	Cash and cash equivalents	Amount due from brokers	Amount due from Manager	Dividends receivable		
	RM	RM	RM	RM	RM	RM	RM
<u>2015</u>							
Finance							
- AAA	-	220,027	-	-	-	-	220,027
- AA1	-	14,245	-	-	-	-	14,245
Health Care							
- NR	-	-	-	-	1,160	-	1,160
Industrial							
- NR	-	-	-	-	1,995	-	1,995
Financial							
- NR	-	-	-	-	4,430	-	4,430
Telecommunication							
- NR	-	-	-	-	5,084	-	5,084
Sukuk							
- AA1	1,002,863	-	-	-	-	-	1,002,863
- AA2	1,122,301	-	-	-	-	-	1,122,301
- AA3	549,168	-	-	-	-	-	549,168
Other							
- NR	-	-	894,531	1,611	-	-	896,142
	<u>2,674,332</u>	<u>234,272</u>	<u>894,531</u>	<u>1,611</u>	<u>12,669</u>	<u>3,817,415</u>	

None of these assets are past due or impaired.

Fair value estimation

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

The fair value of financial assets traded in active market (such as publicly trading Shariah-compliant 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 or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

Fair value hierarchy

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement

in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement.

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

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

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

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
<u>2016</u>				
Financial assets at fair value through profit or loss:				
Quoted Shariah-compliant securities	4,106,395	-	-	4,106,395
Unquoted sukuk	-	2,095,637	-	2,095,637
<u>2015</u>				
Financial assets at fair value through profit or loss:				
Quoted Shariah-compliant securities	5,492,586	-	-	5,492,586
Unquoted sukuk	-	2,674,332	-	2,674,332

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

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

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

3. MANAGEMENT FEE

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

For the financial period ended 31 December 2016, the management fee is recognised at a rate of 1.80% (2015:1.80%) per annum of the net asset value of the Fund, calculated at a daily basis.

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

4. TRUSTEE FEE

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

For the financial period ended 31 December 2016, the Trustee fee is recognised at a rate of 0.08% (2015: 0.08%) per annum on the net asset value of the Fund, subject to a minimum fee of RM18,000 per annum, excluding foreign custodian charges, calculated on daily basis.

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

5. TAXATION

	6-months financial period ended 31.12.2016	6-months financial period ended 31.12.2015
	RM	RM
Tax charged for the financial period:		
Current taxation - foreign	1,614	2,225

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	256,133	446,898
Tax at Malaysian statutory rate of 24% (2015: 24%)	61,472	107,256
Tax effect of:		
Investment income exempt from tax	(85,980)	(142,667)
Expenses not deductible for tax purposes	5,894	8,750
Restriction on tax deductible expenses for Unit Trust Funds	18,614	26,661
Income subject to different tax rate	1,614	2,225
Taxation	1,614	2,225

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016	2015
	RM	RM
Designated at fair value through profit or loss:		
Quoted Shariah-compliant securities (Note 6 (a))	4,106,395	5,492,586
Unquoted sukuk (Note 6 (b))	2,095,637	2,674,332
	6,202,032	8,166,918
Net gain on financial assets at fair value through profit or loss:		
Realised gain on disposals	122,244	72,150
Change in unrealised fair value gain	30,867	192,829
	153,111	264,979

a. Quoted Shariah-compliant securities

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net asset value of the Fund
			31.12.2016	value of the Fund
	Units	RM	RM	%
Indonesia Securities				
<u>Consumer Goods</u>				
Indofood CBP Sukses Makmur TBK PT	65,500	126,838	186,921	2.31
Nippon Indosari Corpindo TBK PT	312,900	137,191	166,613	2.06
	378,400	264,029	353,534	4.37
<u>Financial</u>				
Bumi Serpong Damai TBK PT	182,200	118,666	106,416	1.31

a. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value	Percentage of net asset value of the Fund
			as at 31.12.2016	
	Units	RM	RM	%
Indonesia Securities				
(continued)				
<u>Industrial</u>				
Arwana Citramulia TBK PT	899,200	142,163	155,612	1.92
Indocement Tunggal Prakarsa TBK PT	32,500	164,743	166,566	2.05
	931,700	306,906	322,178	3.97
<u>Telecommunication</u>				
Telekomunikasi Indonesia PT	336,400	282,305	445,577	5.50
Total Indonesia Securities	1,828,700	971,906	1,227,705	15.15
Malaysia Securities				
<u>Consumer Services</u>				
Bermaz Auto Berhad	78,120	132,018	166,396	2.05
<u>Health Care</u>				
IHH Healthcare Berhad	37,400	220,014	237,490	2.93
Kossan Rubber Industries Berhad	24,000	154,092	158,160	1.95
	61,400	374,106	395,650	4.88
<u>Industrial</u>				
Inari Amertron Berhad	36,112	74,901	119,892	1.48
MY E.G. Services Berhad	100,350	87,651	151,529	1.87
	136,462	162,552	271,421	3.35
Total Malaysia Securities	275,982	668,676	833,467	10.28

a. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net asset value of the Fund
			31.12.2016	
	Units	RM	RM	%
Philippines Securities				
<u>Basic Material</u>				
D&L Industries Inc	259,400	118,370	267,324	3.30
<u>Financial</u>				
Ayala Land Inc.	121,300	358,936	350,893	4.33
Total Philippines Securities	380,700	477,306	618,217	7.63
Singapore Securities				
<u>Industrial</u>				
Singapore Post Limited	62,500	279,521	284,201	3.51
Yoma Strategic Holdings Ltd	80,500	131,702	146,170	1.80
	143,000	411,223	430,371	5.31
<u>Telecommunication</u>				
Singapore Telecommunications Limited	24,500	244,974	277,566	3.42
Total Singapore Securities	167,500	656,197	707,937	8.73

a. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net asset value of the Fund
			31.12.2016	
	Units	RM	RM	%
Thailand Securities				
<u>Health Care</u>				
Bangkok Dusit Medical Services PCL	117,800	231,956	340,869	4.21
<u>Industrial</u>				
Airports of Thailand Plc	3,400	111,914	169,509	2.09
<u>Oil & Gas</u>				
Energy Absolute PCL	56,000	136,273	208,691	2.57
Total Thailand Securities	177,200	480,143	719,069	8.87
TOTAL QUOTED SHARIAH-COMPLIANT SECURITIES	2,830,082	3,254,228	4,106,395	50.66
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		852,167		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		4,106,395		

a. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net asset value of the Fund
			31.12.2015	
	Units	RM	RM	%
Indonesia Securities				
<u>Consumer Goods</u>				
Indofood CBP Sukses Makmur TBK PT	31,600	120,552	132,469	1.43
<u>Consumer Services</u>				
Matahari Putra Prima TBK PT	250,400	192,089	142,166	1.54
<u>Financial</u>				
Bumi Serpong Damai TBK PT	573,200	279,314	320,981	3.47
<u>Industrial</u>				
Arwana Citramulia TBK PT	845,100	123,022	131,455	1.42
AKR Corporindo TBK PT	163,500	212,367	364,955	3.95
	1,008,600	335,389	496,410	5.37
<u>Telecommunication</u>				
Telekomunikasi Indonesia PT	359,000	278,523	346,782	3.75
<u>Power/Utilities</u>				
Perusahaan Gas Negara Persero TBK PT	209,600	183,542	178,992	1.94
Total Indonesia Securities	2,432,400	1,389,409	1,617,800	17.50

a. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net asset value of the Fund
			31.12.2015	
	Units	RM	RM	%
Malaysia Securities				
<u>Conglomerate</u>				
Cahaya Mata Sarawak Berhad	27,300	155,444	140,049	1.52
<u>Consumer Services</u>				
Berjaya Auto Berhad	78,120	132,018	167,177	1.81
<u>Financial</u>				
Syarikat Takaful Malaysia Berhad	36,600	83,272	142,740	1.54
Matrix Concepts Holdings Berhad	56,383	140,912	140,394	1.52
	92,983	224,184	283,134	3.06
<u>Health Care</u>				
IHH Healthcare Berhad	37,400	220,014	246,092	2.66
KPJ Healthcare Berhad	54,700	234,084	230,834	2.50
	92,100	454,098	476,926	5.16
<u>Industrial</u>				
Inari Amertron Berhad	91,850	238,133	420,673	4.55
Inari Amertron Berhad – Warrants	12,250	-	32,585	0.35
Coastal Contracts Bhd	61,000	179,360	112,240	1.21
MY E.G. Services Berhad	69,000	180,806	298,080	3.23
	234,100	598,299	863,578	9.34

a. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net asset value of the Fund
			31.12.2015	
	Units	RM	RM	%
Malaysia Securities				
(continued)				
<u>Oil & Gas</u>				
SapuraKencana Petroleum Bhd	85,000	213,041	171,700	1.86
Barakah Offshore Petroleum Bhd	155,600	138,305	138,484	1.50
UMW Oil & Gas Corporation Bhd	91,800	221,221	98,226	1.06
	<u>332,400</u>	<u>572,567</u>	<u>408,410</u>	<u>4.42</u>
Total Malaysia Securities	857,003	2,136,610	2,339,274	25.31
Philippines Security				
<u>Basic Material</u>				
D&L Industries Inc	259,400	118,370	217,164	2.35
Total Philippines Security	259,400	118,370	217,164	2.35

a. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net asset value of the Fund
			31.12.2015	
	Units	RM	RM	%
Singapore Securities				
<u>Industrial</u>				
Singapore Post Ltd	42,000	191,619	208,197	2.25
<u>Telecommunication</u>				
Singapore Telecommunications Ltd	24,500	244,974	271,777	2.94
Total Singapore Securities	66,500	436,593	479,974	5.19

a. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value	Percentage of net asset value of the Fund
			as at 31.12.2015	
	Units	RM	RM	%
Thailand Securities				
<u>Health Care</u>				
Bangkok Dusit Medical Services PCL	176,500	347,540	468,382	5.07
<u>Industrial</u>				
Airports of Thailand Plc	3,400	111,914	139,993	1.51
<u>Oil & Gas</u>				
Energy Earth PCL	85,900	208,034	229,999	2.49
Total Thailand Securities	265,800	667,488	838,374	9.07
TOTAL QUOTED SHARIAH-COMPLIANT SECURITIES	3,881,103	4,748,470	5,492,586	59.42
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		744,116		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		5,492,586		

b. Unquoted sukuk

Name of counter	Quantity	Carrying cost	Fair value	Percentage of net asset value of the Fund
			as at 31.12.2016	
	Units	RM	RM	%
8.20% Mukah Power Generation Sdn Bhd 27.12.2019 (AA2 (S))	800,000	879,920	877,408	10.82
4.60% Perbadanan Kemajuan Negeri Selangor 25.5.2018 (AA3)	700,000	703,512	702,987	8.67
5.02% Tanjung Bin Energy Issuer Berhad 15.9.2020 (AA3)	500,000	517,729	515,242	6.36
TOTAL UNQUOTED SUKUK	<u>2,000,000</u>	2,101,161	<u>2,095,637</u>	25.85
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(5,524)</u>		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>2,095,637</u>	

b. Unquoted sukuk (continued)

Name of counter	Quantity	Carrying cost	Fair value as at 31.12.2015	Percentage of net asset value of the Fund
	Units	RM	RM	%
8.50% Jimah Energy Ventures Sdn Berhad 11.05.2018 (AA3)	500,000	554,050	549,168	5.94
8.20% Mukah Power Generation Sdn Berhad 27.12.2019 (AA2)	1,000,000	1,147,900	1,122,301	12.14
4.75% Public Islamic Bank Berhad 10.06.2019 (AA1)	1,000,000	1,007,500	1,002,863	10.85
TOTAL UNQUOTED SUKUK	<u>2,500,000</u>	2,709,450	<u>2,674,332</u>	<u>28.93</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>(35,118)</u>	
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>2,674,332</u>	

The effective weighted average rate of return of unquoted sukuk per annum as at the date of the statement of financial position is as follows:

	2016	2015
	%	%
Unquoted sukuk	4.64	4.76

7. SHARIAH INFORMATION OF THE FUND

The Shariah Adviser confirmed that the investments portfolio of the Fund is Shariah-compliant, which comprises:

- a. Equity securities listed in Bursa Malaysia which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission;
- b. Equity securities in foreign markets which have been classified as Shariah-compliant either by the Shariah Supervisory Board of Dow Jones Islamic Market ASEAN Index and duly verified by the Shariah Adviser and/or those securities which have been reviewed and classified as Shariah-compliant by the Shariah Adviser;
- c. The investments in sukuk are as per the list of sukuk available at Bond Info Hub and Fully Automated System For Issuing/Tendering of Bank Negara Malaysia; and
- d. Liquid assets in local market, which are placed in Shariah-compliant investments and/or instruments.

8. CASH AND CASH EQUIVALENTS

	2016	2015
	RM	RM
Bank balances with a licensed bank	843,904	14,245
Islamic deposit with a licensed financial institution	1,090,185	220,027
	<u>1,934,089</u>	<u>234,272</u>

The currency exposure profile of cash and cash equivalents are as follows:

	2016	2015
	RM	RM
MYR	1,115,395	234,266
SGD	18	-
THB	33	6
USD	818,643	-
	<u>1,934,089</u>	<u>234,272</u>

The effective weighted average profit rate of short term Islamic deposit per annum as at the date of the statement of financial position are as follows:

	2016	2015
	%	%
Islamic deposit with a licensed financial institution	<u>3.10</u>	<u>4.40</u>

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

9. UNITS IN CIRCULATION

	2016	2015
	No. of units	No. of units
At the beginning of the financial period	13,891,317	22,808,648
Creation of units arising from applications during the financial period	1,200,667	2,354,550
Cancellation of units during the financial period	<u>(1,406,302)</u>	<u>(9,700,841)</u>
At the end of the financial period	<u>13,685,682</u>	<u>15,462,357</u>

10. TRANSACTIONS WITH BROKERS/DEALERS

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

Name of brokers/ dealers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>2016</u>				
RHB Investment Bank Berhad	730,704	41.27	-	-
Malayan Banking Berhad	359,743	20.32	1,443	37.78
CIMB Investment Bank Berhad	209,054	11.81	831	21.75
UBS Securities Singapore Pte Ltd	131,702	7.44	432	11.31
Deutsche Securities Asia Limited	93,245	5.27	358	9.37
Macquarie Bank Limited	82,795	4.68	248	6.52
Merrill Lynch Int Ltd	82,338	4.65	86	2.25
Morgan Stanley and Co.	80,750	4.56	420	11.02
	<u>1,770,331</u>	<u>100.00</u>	<u>3,818</u>	<u>100.00</u>

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 Islamic Bank Berhad	<u>122,350,000</u>	<u>100.00</u>

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

Name of brokers/ dealers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>2015</u>				
Macquarie Securities Limited	1,023,342	25.84	2,168	20.48
CIMB Investment Bank Berhad	757,312	19.13	2,645	24.99
Hong Leong Bank Berhad	500,075	12.63	-	-
Malayan Banking Berhad	463,538	11.71	1,865	17.62
Deutsche Securities Asia Ltd	422,969	10.68	1,696	16.02
Morgan Stanley & Co International	320,350	8.09	516	4.87
CLSA Singapore Pte Ltd	261,813	6.61	999	9.44
Credit Suisse Hong Kong Limited	142,686	3.60	427	4.04
J.P Morgan Securities Sdn Bhd	67,776	1.71	269	2.54
	3,959,861	100.00	10,585	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 Islamic Bank Berhad	81,710,000	95.56
Bank Islam Malaysia Berhad	3,300,000	3.86
Malayan Banking Berhad	500,000	0.58
	<u>85,510,000</u>	<u>100.00</u>

All brokers and dealers highlighted above are not related to the Manager.

11. 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	<u>1,046</u>	<u>620</u>	<u>1,000</u>	<u>598</u>

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.

12. MANAGEMENT EXPENSE RATIO ("MER")

	2016	2015
	%	%
MER	1.20	1.10

MER is derived from the following calculation:

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

A = Management fee

B = Trustee and custodian 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 RM8,157,730 (2015: RM11,841,018).

13. PORTFOLIO TURNOVER RATIO ("PTR")

	2016	2015
PTR (times)	0.11	0.17

PTR is derived from the following calculation:

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

where:

total acquisitions for the financial period = RM837,801 (2015: RM1,456,961)

total disposals for the financial period = RM929,686 (2015: RM2,495,930)

14. 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 segments derive its income by seeking Shariah-compliant investments to achieve targeted returns consummate with an acceptable level of risk within each portfolio. These returns consist of profit income, dividend income and gains on the appreciation in the value of Shariah-compliant investments.

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

15. 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

16th Floor, Wisma Sime Darby

Jalan Raja Laut

50350 Kuala Lumpur

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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

NAME
DEUTSCHE BANK (MALAYSIA) BERHAD

COMPANY NO.
312552-W

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TELEPHONE NO.
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603-2031 8710

**MANAGER'S DELEGATE -
REGISTRAR AND TRANSFER AGENT**

NAME
KARVY COMPUTERSHARE
(MALAYSIA) SDN BHD

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1178655-U

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