

# EASTSPRING INVESTMENTS DANA DINAMIK

## INTERIM REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD  
ENDED 31 MARCH 2017



**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 March 2017.**

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

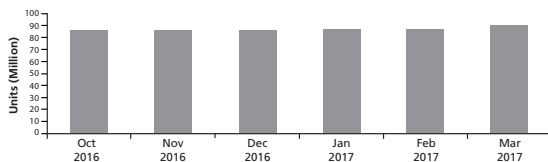
<b>Name of Fund</b>	Eastspring Investments Dana Dinamik (the “Fund”)
<b>Fund Category/ Type</b>	Mixed asset (Shariah)/growth
<b>Fund Objective</b>	<p>The Fund seeks to provide investors with capital appreciation by actively investing in Shariah approved equities and equity-related securities. For defensive considerations, the Fund may invest in Shariah-approved debentures and money market instruments.</p> <p><b>Note:</b> The Fund’s focus is on growth</p>
<b>Performance Benchmark</b>	<p>a) <u>If 100% of the Fund’s NAV invested in Shariah-compliant equities and equity-related securities:</u> FTSE Bursa Malaysia EMAS Shariah Index (“FBMS”)</p> <p>b) <u>If 100% of the Fund’s NAV invested in sukuk and Islamic liquid assets:</u> Maybank 12-month (GIA) Tier II rate</p> <p>c) <u>If the Fund is investing in a mixture of Shariah-compliant equities and equity-related securities, sukuk and Islamic liquid assets:</u> 50% FTSE Bursa Malaysia EMAS Shariah Index (“FBMS”) + 50% Maybank 12-month GIA Tier II rate</p> <p><b>Source:</b> www.bursamalaysia.com and www.maybank2u.com.my</p> <p><b>Note:</b> The risk profile of the Fund is different from the risk profile of the performance benchmark.</p>
<b>Fund Income Distribution Policy</b>	At least once a year, subject to the availability of income.

## FUND INFORMATION (CONTINUED)

### Breakdown of Unit Holdings by Size

As at 31 March 2017, the size of Eastspring Investments Dana Dinamik stood at 88.591 million units.

#### Fund Size



#### Breakdown of Unit Holdings

Unit Holdings	No. of Unit Holders	%	No of Units* ('000)	%
5,000 units and below	1,094	29.31	3,064	3.46
5,001 to 10,000 units	855	22.91	6,040	6.82
10,001 to 50,000 units	1,541	41.29	32,750	36.97
50,001 to 500,000 units	230	6.17	20,359	22.98
500,001 units and above	12	0.32	26,377	29.77
<b>Total</b>	<b>3,732</b>	<b>100.00</b>	<b>88,590</b>	<b>100.00</b>

\* excludes units held by the Manager.

## KEY PERFORMANCE DATA

FOR THE FINANCIAL PERIOD ENDED

Category	31.3.2017	31.3.2016	31.3.2015
	(%)	(%)	(%)
<b>Quoted Shariah-compliant securities</b>			
Construction	3.26	10.49	6.39
Consumer	4.09	-	-
Consumer Product	5.01	2.21	2.53
Finance	3.74	3.34	6.11
Health Care	6.83	4.88	-
Industrial Product	4.77	4.54	3.74
Infrastructure Project Company	7.67	1.86	5.51
i-REITS	1.94	1.57	1.74
Manufacturing	1.36	2.21	-
Plantation	6.09	2.82	5.96
Properties	5.60	8.52	9.68
Power/Utilities	-	1.79	-
Technology	5.52	11.18	11.67
Trading/Services	22.67	22.68	23.78
Transportation	-	0.25	-
	78.55	78.34	77.11
Sukuk	19.42	1.95	1.98
Cash and other assets	2.03	19.71	20.91
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

## KEY PERFORMANCE DATA (CONTINUED)

Category	31.3.2017	31.3.2016	31.3.2015
Net Asset Value (NAV) (RM'000)	85,849	78,304	77,247
Units In Circulation (Units '000)	88,591	80,549	79,211
Net Asset Value Per Unit (RM)	0.9690	0.9721	0.9752
Highest Net Asset Value Per Unit (RM)	0.9703	0.9931	0.9752
Lowest Net Asset Value Per Unit (RM)	0.9034	0.9271	0.8767
Total Return (%)			
Capital Growth	3.96	5.18	0.93
Income Distribution	-	-	-
Total Return (%)	3.96	5.18	0.93
Gross Distribution Per Unit (RM)	-	-	-
Net Distribution Per Unit (RM)	-	-	-
Management Expense Ratio (MER) (%)*	0.72	0.72	0.69
Portfolio Turnover Ratio (PTR) (times)^	0.22	0.08	0.45

\* 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 1.4.2016 to 31.3.2017	3 years 1.4.2014 to 31.3.2017	5 years 1.4.2012 to 31.3.2017
	(%)	(%)	(%)
Average total return	4.33	5.26	10.22

Year ended	1.10.2015 to 30.9.2016	1.10.2014 to 30.9.2015	1.10.2013 to 30.9.2014	1.10.2012 to 30.9.2013	1.10.2011 to 30.9.2012
	(%)	(%)	(%)	(%)	(%)
Annual total return	5.55	(0.57)	20.44	11.61	22.14

**Source:** Lipper for Investment Management, as at 31 March 2017.

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

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

NAV<sub>t</sub> = NAV at the end of the period

NAV<sub>0</sub> = NAV at the beginning of the period

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

n = Number of years

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



# MANAGER'S REPORT

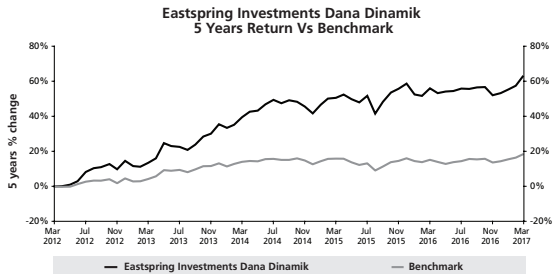
## Fund Performance

Over the 5-year period, the Fund recorded a return of 62.69%, outperforming the benchmark return of 18.50% by 44.19%.

During the period under review, the Fund registered a return of 3.96%, outperforming the benchmark return of 2.70% by 1.26%.

The outperformance of the Fund was due to Shariah-compliant stock selection and positive asset allocation.

The fund's outperformance was also boosted by investments in Sukuk without performed the 12-months GIA benchmark.



## MANAGER'S REPORT (CONTINUED)

### Fund Performance (continued)

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

#### Benchmark:

- a) If 100% of the Fund's NAV invested in Shariah-compliant equities and equity-related securities:  
FBMS
- b) If 100% of the Fund's NAV invested in sukuk and Islamic liquid assets:  
Maybank 12-month GIA Tier II rate
- c) If the Fund is investing in a mixture of Shariah-compliant equities and equity-related securities, sukuk and Islamic liquid assets:  
50% FBMS + 50% Maybank 12-month GIA Tier II rate

**Source:** Lipper for Investment Management, [www.bursamalaysia.com](http://www.bursamalaysia.com) and [www.maybank2u.com.my](http://www.maybank2u.com.my) as at 31 March 2017.

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

### Analysis of Fund Performance

For the financial period ended 31 March 2017:

Income Return	Capital Return*	Total Return	Total Return of Benchmark
(%)	(%)	(%)	(%)
0.00	3.96	3.96	2.70

\* 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 March 2017.

## MANAGER'S REPORT (CONTINUED)

### Investment Strategy During Period Under Review

The Fund's exposure in mid & small cap Shariah-compliant stocks especially in technology and property sectors helped the performance during the period under review.

We continue to look for new stock ideas and may take gains on profitable positions and/or exiting positions which have seen unfavourable changes to the company dynamics. We like well managed companies preferably in positive industry dynamics, with decent, sustainable earnings growth and good cash flow generation, preferably trading at attractive valuations.

For sukuk, the strategy was to provide liquidity for the Fund.

We believe the Fund will outperform its Index in the long run.

### Asset Allocation

Asset Allocation	31-Mar 2017 (%)	30-Sep 2016 (%)	Changes (%)
Quoted Shariah-compliant securities	78.55	73.10	5.45
Sukuk	19.42	16.48	2.94
Cash and other assets	2.03	10.42	(8.39)

#### Asset Allocation as at 31 March 2017



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 set out in (a) below, while in the Eastspring Investments Second Supplementary Master Prospectus dated 15 March 2017, the information in relation to the income reinvestment policy has been revised as disclosed in (b) below:

#### a) Auto reinvestment policy

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.

#### b) Income Reinvestment Policy

Income distributed to a Unit Holder will automatically be reinvested into additional Units in the Fund at the NAV per Unit at the end of the Business Day of the income distribution date at no cost if the Unit Holder did not elect the mode of distribution in the master account opening form or provide any written instruction to the Manager.

Should a Unit Holder elect the mode of distribution in the master account opening form or provide any written instruction to the Manager, the income distribution proceeds will either be paid by cheque or credited into the bank account located in Malaysia via telegraphic or online transfer at the cost and expense of the Unit Holder.

## MANAGER'S REPORT (CONTINUED)

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### **State of Affairs of the Fund (continued)**

The Manager reserves the right to reinvest income distribution without providing any reason if the instruction in the master account opening form or written instruction is incomplete.

Effective 17 April 2017, the management function of the Fund has been delegated to the external investment manager, Eastspring Al-Wara' Investments Berhad. Hence, in the Eastspring Investments Third Supplementary Master Prospectus dated 17 April 2017, information in relation to Eastspring Al-Wara' Investments Berhad and the designated fund manager has been added as set out below:

- **EXTERNAL INVESTMENT MANAGER FOR THE EASTSPRING INVESTMENTS DANA AL-ILHAM AND EASTSPRING INVESTMENTS DANA DINAMIK**

#### **Background of Eastspring Al-Wara' Investments Berhad**

Eastspring Al-Wara' Investments Berhad ("Eastspring Al-Wara'") was incorporated in June 2009 and is part of the Prudential Group. The ultimate parent company of the Prudential Group is Prudential plc whose shares are listed on the London, New York, Hong Kong and Singapore stock exchanges.

Eastspring Al-Wara' business is to manage funds on behalf of institutional clients and as at 31 January 2017, it manages more than RM451 million of Shariah compliant asset. Eastspring Al-Wara' is also part of the Malaysian International Islamic Financial Centre community, which focuses on supporting the development of the Malaysian Islamic capital market and positioning Malaysia as one of the leading global hub for Islamic finance.

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## MANAGER'S REPORT (CONTINUED)

### State of Affairs of the Fund (continued)

#### Roles and Duties of the External Investment Manager

The Manager has appointed Eastspring Al-Wara' as the external investment manager for Eastspring Investments Dana al-Ilham and Eastspring Investments Dana Dinamik. The External Investment Manager is to invest the investments of the Funds in accordance with the Funds' objective and its deeds, and subject to the Capital Markets and Services Act 2007 ("Act"), the Guidelines on Unit Trust Funds ("Guidelines") and any practice notes issued by the Securities Commission Malaysia ("SC") from time to time, as well as the internal policies and procedures of the Manager. The External Investment Manager reports to the investment committee of the Funds on a regular basis on the status of the portfolio, proposed investment strategy and other matters relating to the portfolio of the Funds. The designated fund manager for the Funds is Mohd Najman bin Md Isa.

#### Mohd Najman bin Md Isa

Mohd Najman bin Md Isa (Najman) joined Eastspring Al-Wara' in April 2016 as a fund manager. He previously worked for one of the foreign asset management houses in Malaysia for five (5) years as a fund manager where he assisted in managing the Malaysian and ASEAN equity portfolios. Prior to that, he worked in the corporate finance and performance department of the UEM Group Berhad and was part of the private equity team at CIMB Investment Bank.

### 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

4Q2016 was a volatile one for global markets. UK's parliament debated on their exit from the European Union ("EU"), as the Sterling fell to a low against the United States Dollar ("USD") and Euro. In November, the surprise win by Mr. Trump in the United States ("US") Presidential Elections gave rise to global uncertainties, which saw the Asia Pacific regional markets correct sharply, in anticipation potential negative trade policies to be enacted. The US equity market, after a brief but sharp decline post elections, rallied to all-time highs as investors are hopeful that talks of a corporate tax cut and increased fiscal spending will stimulate the economy. In December, the US Federal Reserve raised the target range for the Federal Funds Rate at 0.5-0.75% as expected, and the Federal Open Market Committee ("FOMC") gave indications of more interest rate hikes to come. Oil prices rallied as non-Organization of the Petroleum Exporting Countries ("OPEC") members agreed to reduce output, on top of the output cut agreed by OPEC members. Malaysian equities started 4Q 2016 off well with concerns over meeting fiscal deficit targets allayed somewhat leading up to the Budget 2017 announcement. Foreign investors' concerns were heightened when Bank Negara Malaysia ("BNM") reiterated that onshore banks are not to facilitate offshore banks with non-deliverable forwards ("NDFs") which they attributed speculation on the ringgit and the highly volatile movements in the exchange rate of late. The Malaysian ringgit continued its downwards trend ending the 4Q2016 at RM4.4862/USD, prompting BNM to come out with measures early in the month to restrict exporters from apparent hoarding of US Dollars.

1Q2017 saw global markets start the year on a positive note, on the expectations that Trump's policies for the US will be reflationary in nature, focused on tax cuts and corporate tax overhaul, infrastructure spending in the US, and increased protectionism. US corporates reporting 4Q 2016 results in February generally surprised the market with a higher percentage of companies beating consensus earnings expectations for their 4Q results, in particular the Technology related companies and Health care. China surprised the market by raising their Medium-term Lending Facility 6-month and 1-year rates by 10bps, the first in nearly 6 years. This was followed by China's raising of its overnight rates for the standing lending facility loans to 3.1% post the Lunar New Year break, which saw the Chinese Yuan firmer against the US Dollar. The US markets took a breather towards the end of the quarter, as oil prices corrected with rising inventory levels and higher rig counts in the US. US President Trump failed to push through his election promise of getting rid of Obama-care, and in the UK Prime Minister Theresa May triggered Article 50 to exit the European Union. Malaysian equities rallied in tandem with global markets, supported by a firmer ringgit given BNM's efforts to clamp down on currency speculation. Announcements by Permodalan Nasional Berhad ("PNB") related companies to restructure the UMW Holdings and UMW Oil and Gas, and Sime Darby's intentions to

spin-off various divisions brought some excitement to the market. M&A news dominated news in the 1Q as Saudi Aramco announced their JV with Petronas in RAPID during the Saudi Arabia King's visit to Malaysia, the media speculated the potential merger between Telekom Malaysia and Axiata, and Alibaba's Jack Ma's announcement of establishing an e-commerce hub in the new Digital Free Trade Zone in Sepang.

The FBM KLCI closed the period under review at 1,740.09 points, gaining 5.3%. In tandem with the FBM KLCI, the FBM Emas (FBMEmas) Index closed the period under review higher by 5.77% while the MSCI Asia Pacific ex-Japan Index rose by 6.31% in USD terms.<sup>1</sup>

## REBATES AND SOFT COMMISSIONS

IM to provide the data. During the period under review, the Manager and its delegates (if any) received goods and services which directly assist the investment management of the Fund, including research and advisory services, market analyses, data and quotation services, and computer hardware and software used for and/or in support of the investment process of fund managers.

The Manager and its delegates (if any) have not received any rebates or shared any commissions from any brokers during the same period under review.<sup>1</sup>

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



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# EASTSPRING INVESTMENTS DANA DINAMIK

UNAUDITED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2017

## 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 19 to 70 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 March 2017 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: 12 May 2017

## TRUSTEE'S REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS DANA DINAMIK

We have acted as Trustee for Eastspring Investments Dana Dinamik (the "Fund") for the financial period ended 31 March 2017. 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

**Richard Lim Hock Seng**

Chief Executive Officer

Kuala Lumpur

Date: 12 May 2017

## SHARIAH ADVISER'S REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS DANA DINAMIK

We have acted as the Shariah Adviser of Eastspring Investments Dana Dinamik. 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 Dana Dinamik in accordance with Shariah principles and complied with applicable guidelines, rulings and decisions issued by the Securities Commission pertaining to Shariah matters for the six months financial period ended 31 March 2017.

In addition, we also confirm that the investment portfolio of Eastspring Investments Dana Dinamik comprises securities which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission ("SACSC"). As for the securities which are not certified by the SACSC, 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: 12 May 2017

# UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2017

	Note	6-months financial period ended 31.3.2017	6-months financial period ended 31.3.2016
		RM	RM
<b>INVESTMENT INCOME</b>			
Gross dividend income		851,475	836,451
Profit income from Islamic deposits		51,210	236,935
Profit income from sukuk		346,651	29,367
Net gain on financial assets at fair value through profit or loss	6	2,650,749	3,284,305
		<u>3,900,085</u>	<u>4,387,058</u>
<b>EXPENSES</b>			
Management fee	3	(498,350)	(479,583)
Trustee fee	4	(27,908)	(26,857)
Audit fee		(3,391)	(4,194)
Tax agent fee		(1,696)	(1,700)
Other expenses		(11,812)	(8,850)
GST charges		(32,150)	(30,386)
Transaction cost		(103,482)	(41,865)
		<u>(678,789)</u>	<u>(593,435)</u>
<b>PROFIT BEFORE TAXATION</b>		3,221,296	3,793,623
<b>TAXATION</b>	5	<u>(3,592)</u>	<u>(3,014)</u>
<b>PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME</b>		<u>3,217,704</u>	<u>3,790,609</u>
Profit after taxation is made up of the following:			
Realised amount		1,592,846	736,115
Unrealised amount		1,624,858	3,054,494
		<u>3,217,704</u>	<u>3,790,609</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 MARCH 2017

	Note	2017	2016
		RM	RM
<b>ASSETS</b>			
Cash and cash equivalents	7	1,737,404	15,491,087
Amount due from Manager		437,453	415,117
Dividends receivable		19,649	84,454
Tax recoverable		1,730	23,092
Financial assets at fair value through profit or loss	6	84,114,435	62,882,531
<b>TOTAL ASSETS</b>		<u>86,310,671</u>	<u>78,896,281</u>
<b>LIABILITIES</b>			
Amount due to Manager		133,078	57,247
Amount due to brokers		191,926	404,558
Accrued management fee		89,047	82,039
Amount due to Trustee		4,987	4,594
Other payables and accruals		37,133	39,002
GST charges payable		5,642	5,198
<b>TOTAL LIABILITIES</b>		<u>461,813</u>	<u>592,638</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>85,848,858</u>	<u>78,303,643</u>
<b>EQUITY</b>			
Unit holders' capital		53,630,601	46,990,286
Retained earnings		<u>32,218,257</u>	<u>31,313,357</u>
<b>NET ASSET ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>85,848,858</u>	<u>78,303,643</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	9	<u>88,590,748</u>	<u>80,548,997</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.9690</u>	<u>0.9721</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 MARCH 2017

	Unit holders' capital	Retained earnings	Total
	RM	RM	RM
Balance as at 1 October 2016	50,544,435	29,000,553	79,544,988
Movement in unit holders' contribution:			
Creation of units from applications	13,305,456	-	13,305,456
Cancellation of units	(10,219,290)	-	(10,219,290)
Total comprehensive income for the financial period	-	3,217,704	3,217,704
Balance as at 31 March 2017	<u>53,630,601</u>	<u>32,218,257</u>	<u>85,848,858</u>
Balance as at 1 October 2015	45,862,815	27,522,748	73,385,563
Movement in unit holders' contribution:			
Creation of units from applications	11,154,141	-	11,154,141
Cancellation of units	(10,026,670)	-	(10,026,670)
Total comprehensive income for the financial period	-	3,790,609	3,790,609
Balance as at 31 March 2016	<u>46,990,286</u>	<u>31,313,357</u>	<u>78,303,643</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 MARCH 2017

Note	6-months financial period ended 31.3.2017	6-months financial period ended 31.3.2016
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from sale of Shariah-compliant investments	12,876,468	3,257,471
Purchase of Shariah-compliant investments	(22,375,696)	(8,406,812)
Dividends received	971,625	812,169
Profit income received from Islamic deposits	51,210	236,935
Profit income received from sukuk	309,721	29,325
Management fee paid	(490,381)	(471,605)
Trustee fee paid	(27,461)	(26,410)
Payment for other fees and expenses	(51,075)	(46,374)
Tax refund	21,362	-
Net cash used in operating activities	<u>(8,714,227)</u>	<u>(4,615,301)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash proceeds from units created	13,183,588	11,028,785
Payments for cancellation of units	(10,181,732)	(10,043,218)
Distribution paid	(27,926)	(18,745)
Net cash generated from financing activities	<u>2,973,930</u>	<u>966,822</u>

## UNAUDITED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2017

	6-months financial period ended 31.3.2017	6-months financial period ended 31.3.2016
Note	RM	RM
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(5,740,297)	(3,648,479)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	<u>7,477,701</u>	<u>19,139,566</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	7 <u>1,737,404</u>	<u>15,491,087</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 MARCH 2017

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 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 Fund has applied the following amendments for the first time for the financial year beginning 1 October 2016:

- Amendments to MFRS 101 'Presentation of financial statements' – Disclosure initiative
- Amendments to MFRS 10,12 & 128 "Investment entities – Applying the consolidation exception"
- Annual improvements to MFRSs 2012 – 2014 Cycle

There were no significant impact to other accounting policies of the Fund as a result of the above mentioned.

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 October 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 October 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 instruments<sup>1</sup> 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<sup>2</sup> 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<sup>3</sup>.

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<sup>1</sup>. The main change is that, in cases

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

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

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

where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

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

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

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

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

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

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 from short-term Islamic deposits and 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 Shariah-compliant investments, which is determined on a weighted average cost basis and on cost adjusted for accretion of discount and amortisation of premium on investments for 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.

#### **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. FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

##### **i. Classification**

The Fund designates its 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 cash and cash equivalents, amount due from Manager and dividends receivable which are all due within 12 months.

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

The Fund’s financial liabilities which include amount due to Manager, amount due to brokers, accrued management fee, amount due to Trustee, 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. Shariah-compliant investments are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income.

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

Financial liability, 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 liability is derecognised when the obligation under the liability is extinguished. Gain 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.

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.

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.

Sukuk are carried at cost and adjusted for any amortisation of premium or accretion of discount from acquisition date to maturity date. The carrying cost is revalued to reflect its fair value on a daily basis using the net present value method based on fair value prices quoted by a bond pricing agency ("BPA")



registered with the Securities Commission as per the Securities Commission's Guidelines on Unit Trust Funds. Where such quotations are not available or where the Manager is of the view that the price quoted by the BPA for a specific unquoted 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 market yield.

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

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 carrying amount of the asset is reduced and the amount of the loss is recognised in statement of comprehensive income. If 'receivables' have 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.

## **F. CASH AND CASH EQUIVALENTS**

For the purpose of the statement of cash flows, cash and cash equivalents comprise bank balance 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.

## **G. CREATION AND CANCELLATION OF UNITS**

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

Units are created and cancelled at the unit holder's option 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 asset attributable to unit holder with the total number of outstanding units.

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

The unit holders' contributions to the Fund meet the definition of puttable instruments classified as equity instruments under MFRS 132 "Financial Instruments: Presentation".

The units in the Fund are puttable instruments which entitle the unit holders to a pro-rata share of the net asset value of the Fund. The units are subordinated and

have identical features. There is no contractual obligation to deliver cash or another financial asset other than the obligation on the Fund to repurchase the units. The total expected cash flows from the units in the Fund over the life of the units are based on the change in the net asset value of the Fund.

## **I. SEGMENTAL INFORMATION**

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

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

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

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

### **i. Estimate of fair value of 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.

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. This is allowed for under Securities Commission's Guidelines on Unit Trust Funds.

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2017

### 1. INFORMATION ON THE FUND

Eastspring Investments Dana Dinamik (the "Fund") was constituted pursuant to the execution of a Deed dated 19 February 2004 as amended by a Master Supplemental Deed dated 12 July 2007 and a Second Supplemental Master Deed dated 30 November 2009 between HSBC (Malaysia) Trustee Bhd ("HSBC Trustee") and Eastspring Investments Berhad (the "Manager"). The Fund replaced HSBC Trustee with Deutsche Trustees Malaysia Berhad (the "Trustee") effective 1 October 2010. A Supplemental Master Deed was entered into between the Manager and the Trustee on 30 July 2010 to effect the change of trustee from HSBC Trustee to the Trustee followed by a Second Supplemental Master Deed dated 28 January 2011, a Third Supplemental Master Deed dated 9 March 2011, a Fourth Supplemental Master Deed dated 20 January 2012, a Fifth Supplemental Master Deed dated 26 March 2014, a Sixth Supplemental Master Deed dated 2 January 2015, a Seventh Supplemental Master Deed dated 11 July 2016 and an Eighth Supplemental Master Deed dated 25 January 2017 (collectively referred to as the "Deed").

The Fund was launched on 25 February 2004 and will continue its operations until terminated as provided under Part 12 of the Deed.

The Fund may invest in different asset classes of Shariah-compliant securities and equity-related securities, sukuk, and Islamic liquid assets depending on the investment market outlook. All Shariah-compliant investments will be subjected to the SC Guidelines on Unit Trust Funds, the Deed and the objective of the Fund.

The Fund seeks to provide investors with capital appreciation by actively investing in Shariah approved equity and equity-related securities. For defensive considerations, the fund may invest in Shariah-approved debentures and money market instruments.

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 and exposure to interest rate risk), non-compliance risk, reclassification of Shariah status risk, fund management risk, liquidity 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>2017</u>				
Cash and cash equivalents	7	1,737,404	-	1,737,404
Amount due from Manager		437,453	-	437,453
Dividends receivable		19,649	-	19,649
Quoted Shariah-compliant securities	6	-	67,442,461	67,442,461
Sukuk	6	-	16,671,974	16,671,974
		<u>2,194,506</u>	<u>84,114,435</u>	<u>86,308,941</u>

	Note	Receivables	Financial assets at fair value through profit or loss	Total
		RM	RM	RM
<u>2016</u>				
Cash and cash equivalents	7	15,491,087	-	15,491,087
Amount due from Manager		415,117	-	415,117
Dividends receivable		84,454	-	84,454
Quoted Shariah-compliant securities	6	-	61,349,409	61,349,409
Sukuk	6	-	1,533,122	1,533,122
		<u>15,990,658</u>	<u>62,882,531</u>	<u>78,873,189</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 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 March which are exposed to price risk:

	2017	2016
	RM	RM
Quoted Shariah-compliant securities designated at fair value through profit or loss	<u>67,442,461</u>	<u>61,349,409</u>
Sukuk designated at fair value through profit or loss	<u>16,671,974</u>	<u>1,533,122</u>

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 sukuk at the end of the reporting period. The analysis is based on the assumptions that the market price of the quoted Shariah-compliant securities and 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 sukuk, having regard to the historical volatility of the prices.

	2017		2016	
% Change in price of financial assets at fair value through profit or loss	Market value	Increase/ (decrease) in profit after tax and net asset value	Market value	Increase/ (decrease) in profit after tax and net asset value
	RM	RM	RM	RM
+5%	88,320,157	4,205,723	66,026,658	3,144,127
-5%	<u>79,908,713</u>	<u>(4,205,723)</u>	<u>59,738,404</u>	<u>(3,144,127)</u>



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, 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 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 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 sukuk portfolio management depends on forecasting interest rate movements. Valuation of sukuk move inversely to interest rate movements, therefore as interest rates rise, the valuation of sukuk decrease and vice versa. Furthermore, sukuk with longer maturity and lower yield coupon rates are more susceptible to interest rate movements.

Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to make payments of 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 carried out for the fund are in accordance with Shariah requirements.

The table below summarises the sensitivity of the Fund's profit after tax and NAV to movements in valuation of 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 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.

	2017	2016
% Movement in interest rate	Impact on profit after tax/ net asset value	Impact on profit after tax/ net asset value
	RM	RM
<b>Sukuk</b>		
+5%	(11,322)	(8,043)
-5%	11,339	8,093

### 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 funds may be reclassified to be Shariah non-compliant upon review of the securities by the Shariah Advisory Council of the Securities Commission performed twice yearly. If this occurs, the Manager will take the necessary steps to dispose of such securities.

There may be opportunity loss to the Fund due to the Fund not being allowed to retain the excess capital gains derived from the disposal of the Shariah non-compliant securities. The value of the Fund may also be adversely affected in the event of a disposal of Shariah non-compliant securities at a price lower than the investment cost.

### **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 have an oversight function over management of the Fund by the management company to safeguard the interests of unit holders.

### **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 bank balance, 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.

	<b>Less than 1 month</b>	<b>Between 1 month to 1 year</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<u>2017</u>			
Amount due to Manager	133,078	-	133,078
Amount due to brokers	191,926	-	191,926
Accrued management fee	89,047	-	89,047
Amount due to Trustee	4,987	-	4,987
Other payables and accruals	-	37,133	37,133
GST Charges Payable	5,642	-	5,642
Contractual cash outflows	<u>424,680</u>	<u>37,133</u>	<u>461,813</u>
<u>2016</u>			
Amount due to Manager	57,247	-	57,247
Amount due to brokers	404,558	-	404,558
Accrued management fee	82,039	-	82,039
Amount due to Trustee	4,594	-	4,594
Other payables and accruals	-	39,002	39,002
GST charges payable	5,198	-	5,198
Contractual cash outflows	<u>553,636</u>	<u>39,002</u>	<u>592,638</u>

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

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	Dividends receivable	Amount due from Manager	Total
	RM	RM	RM	RM	RM
2017					
Finance					
- AA1	-	87,271	-	-	87,271
- AAA	-	1,650,133	-	-	1,650,133
Consumer Product					
- NR	-	-	10,855	-	10,855
Technology					
- NR	-	-	8,794	-	8,794
Sukuk					
- AAA	3,009,587	-	-	-	3,009,587
- AA2	8,583,791	-	-	-	8,583,791
- AA3	3,560,943	-	-	-	3,560,943
- NR	1,517,653	-	-	-	1,517,653
Other					
- NR	-	-	-	437,453	437,453
	16,671,974	1,737,404	19,649	437,453	18,866,480

	Financial assets at fair value through profit or loss		Cash and cash equivalents		Dividends receivable		Amount due from Manager		Total	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2016										
Finance										
- AA1	-	19,731	-	-	-	-	-	-	19,731	-
- AAA	-	15,471,356	-	-	-	-	-	-	15,471,356	-
Construction										
- NR	-	-	-	1,839	-	-	-	-	1,839	-
Health Care										
- NR	-	-	-	4,989	-	-	-	-	4,989	-
Manufacturing										
- NR	-	-	-	13,116	-	-	-	-	13,116	-
Properties										
- NR	-	-	-	24,008	-	-	-	-	24,008	-
Technology										
- NR	-	-	-	21,731	-	-	-	-	21,731	-
Trading/Services										
- NR	-	-	-	18,771	-	-	-	-	18,771	-
Sukuk										
- NR	-	1,533,122	-	-	-	-	-	-	1,533,122	-
Other										
- NR	-	-	-	-	-	-	415,117	-	415,117	-
	1,533,122	15,491,087	84,454	415,117	17,523,780					

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>2017</u>				
Financial assets at fair value through profit or loss:				
Quoted Shariah-compliant securities	67,442,461	-	-	67,442,461
Sukuk	-	16,671,974	-	16,671,974
				<hr/>
<u>2016</u>				
Financial assets at fair value through profit or loss:				
Quoted Shariah-compliant securities	61,349,409	-	-	61,349,409
Sukuk	-	1,533,122	-	1,533,122
				<hr/>

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 E to the financial statements.

Financial instruments that trade in markets that are considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2, these include 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 E to the financial statements.

- 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 not exceeding 3.00% per annum on the net asset value of the Fund calculated on daily basis.

For the financial period ended 31 March 2017, the management fee is recognised at a rate of 1.25% (2016: 1.25%) per annum on the net asset value of the Fund, calculated on daily basis.

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

#### **4. TRUSTEE FEE**

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

For the financial period ended 31 March 2017, the Trustee fee is recognised at a rate of 0.07% (2016: 0.07%) subject to a minimum of RM18,000 per annum on the net asset value of the Fund, 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

	<b>6-months financial period ended 31.3.2017</b>	<b>6-months financial period ended 31.3.2016</b>
	<b>RM</b>	<b>RM</b>
Tax charged for the financial period:		
Current taxation - local	3,592	3,014

The numerical reconciliation between profit before taxation multiplied by the Malaysian statutory tax rate and tax expense of the Fund is as follows:

	<b>6-months financial period ended 31.3.2017</b>	<b>6-months financial period ended 31.3.2016</b>
	<b>RM</b>	<b>RM</b>
Profit before taxation	3,221,296	3,793,623
Tax at Malaysian statutory rate of 24% (2016: 24%)	773,111	910,470
Tax effects of:		
Investment income exempt from tax	(927,400)	(1,045,662)
Expenses not deductible for tax purposes	155,398	26,318
Restriction on tax deductible expenses for Unit Trust Funds	7,512	116,107
Income subject to different tax rate	(5,029)	(4,219)
Taxation	3,592	3,014

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

	2017	2016
	RM	RM
Designated at fair value through profit or loss:		
Quoted Shariah-compliant securities (Note 6 (i))	67,442,461	61,349,409
Sukuk (Note 6 (ii))	16,671,974	1,533,122
	84,114,435	62,882,531
Net gain on financial assets at fair value through profit or loss:		
Realised gain on disposals	1,025,891	229,811
Change in unrealised fair value gain	1,624,858	3,054,494
	2,650,749	3,284,305

i. Quoted Shariah-compliant securities

Name of counter	Quantity	Aggregate cost	Fair value	Percentage
			as at	of net asset
	Units	RM	31.3.2017	value of
			RM	the Fund
				%
<u>Construction</u>				
IJM Corporation Berhad	524,600	1,599,054	1,783,640	2.08
ML Global Berhad	1,000,000	820,000	1,010,000	1.18
	1,524,600	2,419,054	2,793,640	3.26
<u>Consumer</u>				
Hong Leong Industries Berhad	217,600	2,063,037	2,038,912	2.38
IQ Group Holdings Berhad	420,200	1,216,483	1,470,700	1.71
	637,800	3,279,520	3,509,612	4.09

i. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net asset value of the Fund
			31.3.2017	of the Fund
	Units	RM	RM	%
<u>Consumer Product</u>				
Nestle (Malaysia) Berhad	33,400	2,605,185	2,651,292	3.09
QL Resources Berhad	361,830	928,703	1,649,945	1.92
	395,230	3,533,888	4,301,237	5.01
<u>Finance</u>				
BIMB Holdings Berhad	261,300	989,871	1,162,785	1.35
Syarikat Takaful Malaysia Berhad	515,900	1,164,907	2,048,123	2.39
	777,200	2,154,778	3,210,908	3.74
<u>Health Care</u>				
IHH Healthcare Berhad	496,400	3,202,141	2,978,400	3.47
Kossan Rubber Industries Berhad	290,700	1,839,420	1,811,061	2.11
Top Glove Corporation Bhd	217,800	1,172,187	1,071,576	1.25
	1,004,900	6,213,748	5,861,037	6.83
<u>Industrial Product</u>				
Lafarge Malaysia Berhad	192,400	1,408,887	1,289,080	1.50
Petronas Gas Berhad	70,800	1,556,387	1,399,008	1.63
Scientex Berhad	191,300	595,010	1,411,794	1.64
	454,500	3,560,284	4,099,882	4.77

i. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net asset value of the Fund
			31.3.2017	of the Fund
	Units	RM	RM	%
<u>Infrastructure Project Company</u>				
Digi.Com Berhad	549,300	2,670,248	2,817,909	3.28
Lingkar Trans Kota Holdings Berhad	341,000	1,504,998	2,052,820	2.39
Time Dotcom Berhad	197,300	1,515,574	1,716,510	2.00
	<u>1,087,600</u>	<u>5,690,820</u>	<u>6,587,239</u>	<u>7.67</u>
<u>Manufacturing</u>				
Pecca Group Berhad	<u>744,300</u>	<u>1,149,822</u>	<u>1,168,551</u>	<u>1.36</u>
<u>Plantation</u>				
Batu Kawan Berhad	65,600	1,184,588	1,271,328	1.48
IOI Corporation Berhad	370,900	1,647,643	1,724,685	2.01
Kuala Lumpur Kepong Berhad	23,400	553,199	577,512	0.67
United Plantations Bhd	58,100	1,557,692	1,655,850	1.93
	<u>518,000</u>	<u>4,943,122</u>	<u>5,229,375</u>	<u>6.09</u>
<u>Properties</u>				
IOI Properties Group Berhad	1,020,832	2,429,301	2,113,122	2.46
LBS Bina Group Berhad	510,000	772,586	1,035,300	1.21
Malton Berhad	1,221,000	826,495	1,660,560	1.93
	<u>2,751,832</u>	<u>4,028,382</u>	<u>4,808,982</u>	<u>5.60</u>

i. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2017	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>i-REITS</u>				
Axis Real Estate Investment Trust	769,732	1,461,049	1,270,058	1.48
KLCC Property Holdings Berhad	50,000	368,791	396,500	0.46
	<u>819,732</u>	<u>1,829,840</u>	<u>1,666,558</u>	<u>1.94</u>
<u>Technology</u>				
Inari Amertron Berhad	488,536	452,307	996,613	1.16
Pentamaster Corporation Berhad	559,400	1,274,313	1,555,132	1.81
Unisem (M) Berhad	317,700	627,075	997,578	1.16
Vitrox Corporation Berhad	252,100	831,401	1,194,954	1.39
	<u>1,617,736</u>	<u>3,185,096</u>	<u>4,744,277</u>	<u>5.52</u>
<u>Trading/Services</u>				
Axiata Group Berhad	880,709	4,578,675	4,456,388	5.19
Bermaz Auto Berhad	857,740	1,572,418	1,715,480	2.00
Bumi Armada Berhad [Note 8(a)]	737,700	839,958	553,275	0.64
Dialog Group Berhad	699,200	1,084,881	1,237,584	1.44
Pestech International Berhad	987,500	1,208,847	1,629,375	1.90
Petra Energy Berhad	1,237,900	1,706,832	1,336,932	1.56
Sapura Energy Bhd	539,300	823,188	981,526	1.14



i. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net asset value of the Fund
			31.3.2017	of the Fund
	Units	RM	RM	%
<u>Trading/Services</u>				
(continued)				
Scicom (MSC) Berhad	400,000	856,000	960,000	1.12
Sime Darby Berhad	444,665	3,920,612	4,126,491	4.81
Tenaga Nasional Bhd	179,600	2,139,563	2,464,112	2.87
	<u>6,964,314</u>	<u>18,730,974</u>	<u>19,461,163</u>	<u>22.67</u>
<b>TOTAL QUOTED SHARIAH-COMPLIANT SECURITIES</b>				
	<u>19,297,744</u>	<u>60,719,328</u>	<u>67,442,461</u>	<u>78.55</u>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
		<u>6,723,133</u>		
<b>FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
		<u>67,442,461</u>		

i. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value	Percentage
			as at	of net asset
	Units	RM	31.3.2016	value of
			RM	the Fund
				%
<u>Construction</u>				
Gamuda Berhad	357,000	1,695,841	1,756,440	2.24
Gamuda Berhad-Warrant	59,500	14,875	65,450	0.08
IJM Corporation Berhad	424,000	1,260,022	1,496,720	1.91
Ikhmas Jaya Group Berhad	791,800	453,718	562,178	0.72
Malaysian Resources Corporation Berhad	1,048,400	1,334,739	1,310,500	1.67
Mitrajaya Holdings Berhad	735,000	801,560	904,050	1.15
Mitrajaya Holdings Berhad-Warrant	98,000	-	49,490	0.06
Sunway Construction Group Berhad	45,980	-	74,488	0.10
WCT Holdings Berhad	1,163,823	1,585,446	1,966,861	2.51
WCT Holdings Berhad-Warrant	181,720	-	37,253	0.05
	<u>4,905,223</u>	<u>7,146,201</u>	<u>8,223,430</u>	<u>10.49</u>
<u>Consumer Product</u>				
QL Resources Berhad	397,930	1,021,360	1,730,995	2.21
<u>Finance</u>				
BIMB Holdings Berhad	252,600	957,592	972,510	1.24
BIMB Holdings Berhad-Warrant	103,600	-	34,706	0.04
Syarikat Takaful Malaysia Berhad	398,000	691,051	1,615,880	2.06
	<u>754,200</u>	<u>1,648,643</u>	<u>2,623,096</u>	<u>3.34</u>

i. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net asset value of the Fund
			31.3.2016	of the Fund
	Units	RM	RM	%
<u>Health Care</u>				
Kossan Rubber Industries Berhad				
	249,600	1,554,116	1,510,080	1.93
KPJ Healthcare Berhad	285,100	998,399	1,217,377	1.55
Top Glove Corporation Bhd	217,800	1,168,519	1,093,356	1.40
	<u>752,500</u>	<u>3,721,034</u>	<u>3,820,813</u>	<u>4.88</u>
<u>Industrial Product</u>				
KNM Group Berhad	1,404,000	702,000	680,940	0.87
Petronas Gas Berhad	33,000	714,689	726,000	0.93
Scientex Berhad	165,500	1,029,527	2,144,880	2.74
	<u>1,602,500</u>	<u>2,446,216</u>	<u>3,551,820</u>	<u>4.54</u>
<u>Infrastructure Project</u>				
<u>Company</u>				
Lingkaran Trans Kota Holdings Berhad	285,900	1,190,972	1,458,090	1.86
<u>Manufacturing</u>				
Evergreen Fibreboards Berhad				
	1,311,600	1,122,052	1,324,716	1.69
Pecca Group Berhad	284,900	404,558	404,558	0.52
	<u>1,596,500</u>	<u>1,526,610</u>	<u>1,729,274</u>	<u>2.21</u>

i. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net asset value of the Fund
			31.3.2016	of the Fund
	Units	RM	RM	%
<u>Plantation</u>				
IJM Plantation Berhad	340,000	1,260,230	1,217,200	1.55
Sarawak Oil Palms Berhad	215,000	1,229,131	993,300	1.27
	555,000	2,489,361	2,210,500	2.82
<u>Power/Utilities</u>				
Malakoff Corporation Berhad	875,800	1,593,150	1,401,280	1.79
<u>Properties</u>				
Eastern & Oriental Berhad	480,420	930,429	792,693	1.01
Eastern & Oriental Berhad- Warrant	122,000	-	25,010	0.03
IOI Properties Group Berhad	816,666	2,147,552	1,886,498	2.41
KSL Holdings Berhad	590,961	1,116,732	780,068	1.00
LBS Bina Group Berhad	510,000	770,100	810,900	1.04
Matrix Concepts Holdings Berhad	640,200	1,601,765	1,587,696	2.03
Matrix Concepts Holdings Berhad- Warrant	122,500	-	53,287	0.07
UEM Sunrise Berhad	640,000	805,120	729,600	0.93
	3,922,747	7,371,698	6,665,752	8.52
<u>i-REITS</u>				
Axis Real Estate Investment Trust	765,142	1,454,164	1,231,879	1.57

i. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net asset value of the Fund
			31.3.2016	of the Fund
	Units	RM	RM	%
<u>Technology</u>				
Globetronics Technology Berhad	432,300	979,208	2,338,743	2.99
Inari Amertron Berhad	905,468	1,676,638	2,915,607	3.72
Inari Amertron Berhad-Warrant	124,218	-	204,960	0.26
Malaysian Pacific Industries Berhad	57,000	275,550	424,650	0.54
Unisem (M) Berhad	562,800	1,110,852	1,249,416	1.60
Vitrox Corporation Berhad	460,000	1,517,035	1,619,200	2.07
	<u>2,541,786</u>	<u>5,559,283</u>	<u>8,752,576</u>	<u>11.18</u>
<u>Trading/Services</u>				
Berjaya Auto Berhad	873,040	1,600,466	1,894,497	2.42
Bumi Armada Berhad [Note 8(a)]	624,200	757,218	493,118	0.63
Malaysia Marine and Heavy Engineering Holdings Berhad	653,800	768,859	686,490	0.88
Pestech International Berhad	397,500	1,933,110	2,671,200	3.41
Petra Energy Berhad	1,256,800	1,732,892	1,583,568	2.02
Sapurakencana Petroleum Berhad	373,800	757,032	695,268	0.89
Sime Darby Berhad	439,570	3,834,027	3,494,581	4.46
Telekom Malaysia Berhad	290,221	1,834,495	1,915,459	2.45
Tenaga Nasional Bhd	279,600	3,323,985	3,897,624	4.98
UMW Oil & Gas Corporation Berhad	462,900	600,937	421,239	0.54
	<u>5,651,431</u>	<u>17,143,021</u>	<u>17,753,044</u>	<u>22.68</u>

i. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2016	Percentage of net asset value of the Fund
	Units	RM	RM	%
Transportation				
Xin Hwa Holdings Berhad	193,000	136,532	196,860	0.25
<b>TOTAL QUOTED SHARIAH-COMPLIANT SECURITIES</b>	<u>24,799,659</u>	<u>54,448,245</u>	<u>61,349,409</u>	<u>78.34</u>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>6,901,164</u>		
<b>FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>61,349,409</u>		

ii. Sukuk

Name of issuer	Quantity	Carrying cost	Fair value as at 31.3.2017	Percentage of net asset value of the Fund
	Units	RM	RM	%
4.45% First Resources Limited 31.7.2017 (AA2)	7,500,000	7,563,957	7,565,496	8.81
4.60% Perbadanan Kemajuan Negeri Selangor 25.5.2018 (AA3)	1,000,000	1,016,243	1,016,970	1.18
4.60% Perbadanan Kemajuan Negeri Selangor 26.10.2018 (AA3)	2,500,000	2,551,539	2,543,973	2.96
4.80% Hong Leong Islamic Bank Berhad 17.6.2024 (AA2)	1,000,000	1,020,387	1,018,295	1.19
3.91% Government of Malaysia 13.8.2019 (NR)	1,500,000	1,505,646	1,517,653	1.77

ii. Sukuk (continued)

Name of issuer	Quantity	Carrying cost	Fair value as at 31.3.2017	Percentage of net asset value of the Fund
	Units	RM	RM	%
5.10% Gulf Investment Corporation G.S.C 16.3.2021 (AAA)	3,000,000	3,025,542	3,009,587	3.51
<b>TOTAL SUKUK</b>	<u>16,500,000</u>	16,683,314	<u>16,671,974</u>	19.42
<b>ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>(11,340)</u>		
<b>FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			<u>16,671,974</u>	



ii. Sukuk (continued)

Name of issuer	Quantity	Carrying cost	Fair value as at 31.3.2016	Percentage of net asset value of the Fund
	Units	RM	RM	%
3.91% Government of Malaysia 13.08.2019 (NR)	1,500,000	1,504,745	1,533,122	1.95
<b>TOTAL SUKUK</b>	<u>1,500,000</u>	1,504,745	<u>1,533,122</u>	1.95
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>28,377</u>		
<b>FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>1,533,122</u>		

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

	2017	2016
	%	%
Sukuk	<u>4.62</u>	<u>3.37</u>

## 7. CASH AND CASH EQUIVALENTS

	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Bank balances with a licensed bank	87,271	19,731
Islamic deposit with a licensed financial institution	1,650,133	15,471,356
	<u>1,737,404</u>	<u>15,491,087</u>

The effective weighted average rate of return of Islamic deposit with a licensed financial institution per annum as at the date of the statement of financial position are as follows:

	<b>2017</b>	<b>2016</b>
	<b>%</b>	<b>%</b>
Islamic deposit with a licensed financial institution	<u>2.95</u>	<u>3.20</u>

The Islamic deposit has an average maturity of 3 days (2016: 1 day).

## 8. 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; EXCEPT for Bumi Armada Berhad. This security was reclassified as Shariah non-compliant on 27 May 2016 by the Shariah Advisory Council of the Securities Commission. The said security will be disposed soonest practical, once the total amount of dividends received and the market value of this security equal the original investment cost.
- b. The investments in sukuk are in order and as per the list of sukuk available at Bond Info Hub and Fully Automated System For Issuing/Tendering of Bank Negara Malaysia; and
- c. Liquid assets in local market, which are placed in Shariah-compliant investments and/or instruments.

## 9. UNITS IN CIRCULATION

	2017	2016
	No. of units	No. of units
At the beginning of the financial period	85,340,595	79,408,366
Creation of units arising from applications during the financial period	14,257,208	11,503,696
Cancellation of units during the financial period	<u>(11,007,055)</u>	<u>(10,363,065)</u>
At the end of the financial period	<u>88,590,748</u>	<u>80,548,997</u>

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

	<b>2017</b>	<b>2016</b>
	%	%
MER	<u>0.72</u>	<u>0.72</u>

MER is derived from the following calculation:

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

A = Management fee

B = Trustee fee

C = Audit fee

D = Tax agent fee

E = Other expenses (inclusive of 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 RM79,951,931 (2016: RM76,730,388).

**11. PORTFOLIO TURNOVER RATIO ("PTR")**

	<b>2017</b>	<b>2016</b>
PTR (times)	<u>0.22</u>	<u>0.08</u>

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 = RM22,223,884 (2016: RM8,780,111)

total disposals for the financial period = RM12,397,627 (2016: RM3,257,471)

## 12. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the top 10 brokers and dealers for the financial period ended 31 March are as follows:

Name of brokers/ dealers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>2017</u>				
KAF Seagroatt & Campbell Securities Sdn Bhd	4,450,134	12.84	14,697	14.20
Maybank Investment Bank Berhad	4,244,041	12.24	13,928	13.46
Affin Hwang Investment Bank Berhad	3,769,854	10.87	12,389	11.97
Ambank (M) Berhad	3,514,380	10.14	-	-
Hong Leong Investment Bank Berhad	2,761,390	7.96	9,669	9.35
UOB Kay Hian Securities (M) Sdn Bhd	2,425,121	7.00	7,954	7.69
CIMB Investment Bank Berhad	1,796,311	5.18	6,070	5.87
Nomura Securities Malaysia Sdn Bhd	1,721,412	4.97	6,137	5.93
J.P. Morgan Securities (Malaysia) Sdn Bhd	1,656,376	4.78	5,716	5.52
RHB Investment Bank Berhad	1,655,967	4.78	5,515	5.33
Others	6,668,017	19.24	21,405	20.68
	<b>34,663,003</b>	<b>100.00</b>	<b>103,480</b>	<b>100.00</b>

Name of brokers/ dealers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>2016</u>				
Hong Leong Investment Bank Berhad	2,756,647	22.91	7,286	17.40
AmInvestment Bank Berhad	1,845,922	15.34	5,879	14.04
J.P. Morgan Securities (Malaysia) Sdn Bhd	1,720,512	14.30	5,506	13.15
Credit Suisse Securities (Malaysia) Sdn. Bhd	1,306,340	10.86	4,215	10.07
CIMB Investment Bank Berhad	805,120	6.69	2,590	6.19
RHB Investment Bank Berhad	770,100	6.40	2,486	5.94
UOB Kay Hian Securities (M) Sdn Bhd	735,766	6.11	2,384	5.69
Affin Hwang Investment Bank Berhad	720,105	5.98	2,338	5.58
Kenanga Investment Bank Berhad	702,000	5.83	7,441	17.77
Nomura Securities Malaysia Sdn Bhd	518,739	4.31	1,740	4.17
Others	152,062	1.27	-	-
	<b>12,033,313</b>	<b>100.00</b>	<b>41,865</b>	<b>100.00</b>

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

<b>Financial institutions</b>	<b>Value of placements</b>	<b>Percentage of total placements</b>
	<b>RM</b>	<b>%</b>
<u>2017</u>		
CIMB Islamic Bank Berhad	322,030,000	77.90
Hong Leong Islamic Bank Berhad	60,670,000	14.67
Maybank Islamic Berhad	30,700,000	7.43
	413,400,000	100.00
<u>2016</u>		
Bank Islam Malaysia Berhad	1,189,330,000	67.82
CIMB Islamic Bank Berhad	550,970,000	31.42
Hong Leong Islamic Bank Berhad	13,380,000	0.76
	1,753,680,000	100.00

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

### 13. 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

	2017		2016	
	No. of units	RM	No. of units	RM
Eastspring Investments Berhad	1,309	1,268	1,251	1,217

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 SC Guidelines on Unit Trust Funds. Other than the above, there were no units held by the Directors or parties related to the Manager.

### 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 their income by seeking Shariah-compliant investments to achieve targeted returns commensurate 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 reportable operating segment during the financial period.



## **15. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements have been approved for issue by the Manager on 12 May 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

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BUSINESS OFFICE

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EMAIL

cs.my@eastspring.com

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

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FAX NO.

603-2031 8710

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

NAME

KARVY COMPUTERSHARE  
(MALAYSIA) SDN BHD

COMPANY NO.

1178655-U

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**COMPANY SECRETARY OF  
THE MANAGER**

NAME

VIJEY A/L R. MOHANA KRISHNAN  
(BCN/143)

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**TRUSTEE**

NAME

DEUTSCHE TRUSTEES MALAYSIA BERHAD

COMPANY NO.

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FAX NO.

603-2053 7526

**TRUSTEE'S DELEGATE - CUSTODIAN**

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COMPANY NO.

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FAX NO.

603-2031 8710

**SHARIAH ADVISER**

NAME

IBFIM

COMPANY NO.

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**TAXATION ADVISER OF**

**THE FUND**

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**AUDITORS OF THE MANAGER**

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**AUDITORS AND REPORTING**

**ACCOUNTANT OF THE FUND**

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**PRINCIPAL BANKERS**

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NAME

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