

# EASTSPRING INVESTMENTS CASH MANAGEMENT FUND

## INTERIM REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD  
ENDED 30 JUNE 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 30 June 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

# TABLE OF CONTENTS

Fund Information	1
Key Performance Data	3
Manager's Report	5
Market Review	12
Rebates and Soft Commissions	12
Statement by Manager	14
Trustee's Report to the Unit Holders of Eastspring Investments Cash Management Fund	15
Unaudited Statement of Financial Position	16
Unaudited Statement of Profit or Loss and Other Comprehensive Income	17
Unaudited Statement of Changes in Net Assets Value	18
Unaudited Statement of Cash Flows	19
Notes to the Unaudited Financial Statements	20
Corporate Directory	48

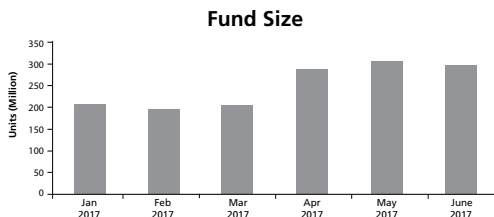
## FUND INFORMATION

<b>Name of Fund</b>	Eastspring Investments Cash Management Fund (the "Fund")
<b>Fund Category/ Type</b>	Money market/income
<b>Fund Objective</b>	<p>The Fund seeks to provide a high level of liquidity with reasonable returns by investing in a portfolio of money market and other short-term debt instruments.</p> <p>ANY MATERIAL CHANGES TO THE FUND'S OBJECTIVE WOULD REQUIRE UNIT HOLDERS' APPROVAL.</p>
<b>Performance Benchmark</b>	<p>The performance benchmark of the Fund is Maybank overnight deposit rate.</p> <p><b>Source:</b> <a href="http://www.maybank2u.com.my">www.maybank2u.com.my</a></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 30 June 2017, the size of Eastspring Investments Cash Management Fund stood at 295.777 million units.



### Breakdown of Unit Holdings

Unit Holdings	No. of Unit Holders	%	No of Units* ('000)	%
5,000 units and below	22	17.05	29	0.01
5,001 to 10,000 units	5	3.88	38	0.01
10,001 to 50,000 units	26	20.16	705	0.24
50,001 to 500,000 units	49	37.98	8,944	3.02
500,001 units and above	27	20.93	286,060	96.72
<b>Total</b>	<b>129</b>	<b>100.00</b>	<b>295,776</b>	<b>100.00</b>

\* excludes units held by the Manager.

## KEY PERFORMANCE DATA

FOR THE FINANCIAL PERIOD ENDED

Category	30.6.2017	30.6.2016	30.6.2015
	(%)	(%)	(%)
Unquoted fixed income securities	40.29	16.65	32.41
Cash and other assets	59.71	83.35	67.59
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Net Asset Value (NAV) (RM'000)	159,924	155,827	153,411
Units In Circulation (Units '000)	295,777	287,849	283,350
Net Asset Value Per Unit (RM)	0.5407	0.5413	0.5414
Highest Net Asset Value Per Unit (RM) <sup>#</sup>	0.5407	0.5413	0.5414
Lowest Net Asset Value Per Unit (RM) <sup>#</sup>	0.5400	0.5406	0.5407
Total Return (%)			
- Capital Growth	(0.09)	(0.02)	(0.02)
- Income Distribution	1.87	1.79	1.73
Total Return (%)	1.77	1.77	1.71
Gross Distribution Per Unit (RM)	0.0100	0.0096	0.0093
Net Distribution Per Unit (RM)	0.0100	0.0096	0.0093
Management Expense Ratio (MER) (%) <sup>*</sup>	0.30	0.30	0.29
Portfolio Turnover Ratio (PTR) (times) <sup>^</sup>	0.09	0.17	0.40

<sup>#</sup> Figures shown as ex-distribution.

<sup>\*</sup> There were no significant changes to the MER during the period under review.

<sup>^</sup> There were no significant changes to the PTR during the period under review.

## KEY PERFORMANCE DATA (CONTINUED)

	1 year 1.7.2016 to 30.6.2017	3 years 1.7.2014 to 30.6.2017	5 years 1.7.2012 to 30.6.2017
	(%)	(%)	(%)
Average total return	3.36	3.43	3.29

Year ended	1.1.2016 to 31.12.2016	1.1.2015 to 31.12.2015	1.1.2014 to 31.12.2014	1.1.2013 to 31.12.2013	1.1.2012 to 31.12.2012
	(%)	(%)	(%)	(%)	(%)
Annual total return	3.36	3.50	3.13	3.00	3.11

**The unit prices of the Fund may go down as well as up and the past performance figures shown are not indicative of future performance.**

**Source:** The above total return of the Fund was sourced from Lipper for Investment Management.

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

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

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

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

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

Adjusted for unit split and distribution paid out for the period

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.**

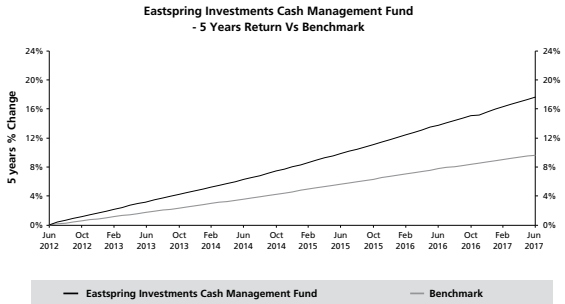
# MANAGER'S REPORT

## Fund Performance

Over the 5-year period, the Fund recorded a return of 17.59%, outperforming the benchmark return of 9.64% by 7.95%.

During the period under review, the Fund registered a return of 1.77%, outperforming the benchmark return of 0.87% by 0.90%.

Investments in short term corporate bonds and commercial papers have contributed to the outperformance of the Fund.



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

**Benchmark:** Maybank overnight deposit rate

**Source:** Lipper for Investment Management and [www.maybank2u.com.my](http://www.maybank2u.com.my), as at 30 June 2017.

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



## MANAGER'S REPORT (CONTINUED)

### Analysis of Fund Performance

For the financial period ended 30 June 2017:

<b>Income Return</b>	<b>Capital Return*</b>	<b>Total Return</b>	<b>Total Return of Benchmark</b>
<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
1.87	(0.09)	1.77	0.87

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

### Distribution/ Unit Split

<b>Ex-date</b>	<b>16-Jan-17</b>	<b>15-Feb-17</b>	<b>15-Mar-17</b>
<b>Distribution Per Unit</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
Gross	0.0019	0.0019	0.0016
Net	0.0019	0.0019	0.0016

<b>Ex-date</b>	<b>17-Apr-17</b>	<b>15-May-17</b>	<b>15-Jun-17</b>
<b>Distribution Per Unit</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
Gross	0.0015	0.0015	0.0016
Net	0.0015	0.0015	0.0016

Impact on NAV arising from distribution for the financial period ended 30 June 2017.

## MANAGER'S REPORT (CONTINUED)

Distribution/  
Unit Split  
(continued)

Ex-date	16-Jan-17	15-Feb-17	15-Mar-17
	(RM per Unit)	(RM per Unit)	(RM per Unit)
Net Asset			
Value before distribution	0.5422	0.5421	0.5415
Less: distribution	(0.0019)	(0.0019)	(0.0016)
Net Asset			
Value after distribution	0.5403	0.5402	0.5399

Ex-date	17-Apr-17	15-May-17	15-Jun-17
	(RM per Unit)	(RM per Unit)	(RM per Unit)
Net Asset			
Value before distribution	0.5417	0.5416	0.5416
Less: distribution	(0.0015)	(0.0015)	(0.0016)
Net Asset			
Value after distribution	0.5402	0.5401	0.5400

No unit split were declared for the financial period ended 30 June 2017.

Investment  
Strategy During  
The Period Under  
Review

The Fund participated in fixed deposits, selective quality short-term debt securities for yield pick-up and short-term money market instruments for liquidity purposes.

## MANAGER'S REPORT (CONTINUED)

## Asset Allocation

Asset Allocation	30-Jun 2017 (%)	31-Dec 2016 (%)	Changes (%)
Unquoted fixed income securities	40.29	66.16	(25.87)
Cash and other assets	59.71	33.84	25.87

## Asset Allocation as at 30 June 2017



The percentage holding of Cash and other assets increased to 73.21% as at End Jun 2017 as the Fund invested in deposits with attractive yields.

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

#### a. Income Reinvestment Policy

Income distributed to a Unit Holder will automatically be reinvested into additional Units in the Fund at the Net Asset Value ("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.

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.

While in the Eastspring Investments Master Prospectus dated 15 July 2017, the information in relation to investment strategy, asset allocation, 2<sup>nd</sup> paragraph of the interest rate risk, 10<sup>th</sup> paragraph of how to redeem units and minimum holdings of units have been revised as set out in (b) to (f) below.

#### b. Investment Strategy

The Fund seeks to achieve its objective by investing in a portfolio of money market instruments and short-term\* debentures.

## MANAGER'S REPORT (CONTINUED)

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

The Fund shall invest in money market instruments issued by financial institutions in Malaysia and/or short-term debentures issued and offered in Malaysia. The money market instruments and/or short-term debentures shall carry minimum credit rating of BBB or P2 by RAM Rating Services Berhad, or its equivalent rating by any other domestic rating agencies. Should the credit rating of the money market instruments and/or short-term debentures or the issuing financial institutions and/or corporations be downgraded by the rating agencies to below the minimum credit rating, the Manager shall cease to place new monies with the financial institutions concerned and/or dispose the affected short-term debentures in the market.

\* Investments which have a remaining maturity period of not more than 732 days.

### c. Asset Allocation

Asset Class	% of the Fund's NAV
Investments in permitted investments which have a remaining maturity period of not more than 365 days	Minimum of 90%
Investments in permitted investments which have a remaining maturity period of more than 365 days but fewer than 732 days	Minimum of 10%
Deposits or liquid assets	Minimum of 1%

### d. Interest Rate Risk – 2<sup>nd</sup> paragraph

Additionally, interest rate fluctuations will affect the fixed deposit or Islamic deposit returns of the Fund. Interest rates offered by the financial institutions will fluctuate according to the overnight policy rate determined by Bank Negara Malaysia and this has direct impact on the Fund's future placement in fixed deposit or Islamic deposit. The Fund will benefit from higher interest rate and in the event that the interest rate is low, the Fund's returns will also be low.

## MANAGER'S REPORT (CONTINUED)

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

#### e. How To Redeem Units – 10<sup>th</sup> paragraph

The Manager shall despatch the redemption proceeds to you within ten (10) calendar days (except for Eastspring Cash Management, Eastspring Islamic Income and Eastspring Institutional Income where redemption proceeds shall be despatched within four (4) Business Days) via E-payment according to your bank account details stated in the form from the date the Manager receives the duly completed transaction form. If you redeem immediately after the purchase of Units, the Manager shall have the right to withhold the redemption application until sufficient time has elapsed to ensure that the amount remitted by you (for purchase of Units) is realised and credited to the Manager's principal bank account.

#### f. Minimum Holdings of Units

There is no limit on the frequency of redemption. In the case of a partial redemption, instructions will be carried out only if the minimum holding of Units (being 1,000 Units\* or such other number of Units as the Manager may determine from time to time) remains in the Fund after the redemption. If the Units in a Unit Holder's account are less than the minimum holding of Units for the Fund after a redemption application is made, all Units that the Unit Holders holds in the Fund will be redeemed automatically. The same applies for partial switching out.

\* should we increase the minimum holdings of Units in future, Unit Holder will be informed via post mail at least 14 days prior to the implementation been made effective.

### 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

For the period under review, Bank Negara Malaysia (BNM) kept its Overnight Policy Rate (OPR) unchanged at 3.0%, since July 2016. At the Monetary Policy Committee (MPC) meeting held in May 2017, BNM cited that global economy has continued to strengthen with more synchronized growth across advanced and emerging economies. Growth in the advanced economies is expected to be supported by broad-based increase in investments and growth in consumption. The emerging economies will benefit from stronger external demand and supported by sustained domestic activity. While the global economy is projected to expand, there remain risks to global growth arising from threats of protectionism, geopolitical developments, heightened volatility of financial market and commodity prices. Malaysian economy is projected to register higher growth in 2017 supported by favorable global growth prospects leading to sustained export performance and generate positive spillovers to the domestic economy. Domestic growth is expected to be driven by higher wages and employment, and implementation of new and ongoing infrastructure projects, as well as capital spending in the manufacturing and services sectors. Headline inflation declined to 3.9% yoy in May from April's 4.4% yoy, attributed to lower fuel prices in May, and it is likely to be moderated in the second half of 2017. The MPC viewed that at the current level of the OPR, the stance of monetary policy remained accommodative to ensure that the domestic economy continues on a steady growth path amid stable core inflation, supported by sustained healthy financial intermediation in the economy.

Reflecting the unchanged OPR, short-term rates remained relatively stable with the overnight and 1-week rates traded at 2.95% to 3.06% respectively, while the 1-month rates dealt in the range of 3.15% to 3.18%.

In the short-term bills market, both 1-month and 1-year yields rose by 3bps to 4bps to close the period at 3.05% and 3.14% respectively.

## REBATES AND SOFT COMMISSIONS

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

# EASTSPRING INVESTMENTS CASH MANAGEMENT FUND

## UNAUDITED FINANCIAL STATEMENTS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 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 16 to 47, are drawn up in accordance with the provisions of the Master Deed and give a true and fair view of the state of affairs of Eastspring Investments Cash Management Fund as at 30 June 2017 and of its results, changes in net assets value and cash flows for the six months financial period ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Securities Commission's Guidelines on Unit Trust Funds in Malaysia.

For and on behalf of the Manager,

**Eastspring Investments Berhad**

**Tang Chee Kin**

Executive Director / Chief Executive Director

**Khoo Chuan Keat**

Director

Kuala Lumpur

Date: 21 August 2017

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

We have acted as Trustee for Eastspring Investments Cash Management Fund (the "Fund") for the financial period ended 30 June 2017. To the best of our knowledge, for the financial 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 under the Deed(s), the Securities Commission's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007, and other applicable laws;
- b. valuation and pricing for the Fund has been carried out in accordance with the Deed(s) 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(s) of the Fund and applicable regulatory requirements.

We are of the view that the distributions made during this six months financial period ended 30 June 2017 by the Manager are not inconsistent with the objectives of the Fund.

For Deutsche Trustees Malaysia Berhad

**Soon Lai Ching**  
Senior Manager, Trustee Operations

**Richard Lim Hock Seng**  
Chief Executive Officer

Kuala Lumpur  
Date: 21 August 2017

## UNAUDITED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2017

	Note	2017	2016
		RM	RM
<b>INVESTMENTS</b>			
Unquoted fixed income securities	4	64,429,855	25,943,264
Deposits with licensed financial institutions	5	92,680,000	127,490,000
		<u>157,109,855</u>	<u>153,433,264</u>
<b>OTHER ASSETS</b>			
Interest receivables		972,090	2,490,079
Bank balance with a licensed bank		2,025,722	17,423
		<u>2,997,812</u>	<u>2,507,502</u>
<b>TOTAL ASSETS</b>		<u>160,107,667</u>	<u>155,940,766</u>
<b>LIABILITIES</b>			
Amount due to Manager		69,972	15,286
Accrued management fee		67,588	66,997
Amount due to Trustee		6,758	6,700
Other payables and accrued expenses		39,723	25,133
		<u>184,041</u>	<u>114,116</u>
<b>TOTAL LIABILITIES</b>		<u>184,041</u>	<u>114,116</u>
<b>NET ASSETS VALUE</b>		<u>159,923,626</u>	<u>155,826,650</u>
<b>REPRESENTED BY:</b>			
Unit holders' capital		137,809,697	132,683,915
Undistributed income		22,113,929	23,142,735
		<u>159,923,626</u>	<u>155,826,650</u>
<b>NET ASSETS VALUE ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>159,923,626</u>	<u>155,826,650</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	6	<u>295,777,063</u>	<u>287,849,151</u>
<b>NET ASSETS VALUE ATTRIBUTABLE TO UNIT HOLDERS PER UNIT (EX-DISTRIBUTION)</b>		<u>0.5407</u>	<u>0.5413</u>

The notes on pages 20 to 47 are an integral part of these unaudited financial statements.

# UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2017

	Note	1.1.2017 to 30.6.2017	1.1.2016 to 30.6.2016
		RM	RM
Interest income		2,630,573	3,434,552
Net of (amortisation of premium) /accretion of discounts		(63,960)	197,367
Net realised loss on sale of investments		-	(58)
Net unrealised gain/(loss) from financial instruments at fair value through profit or loss		118,730	(3,882)
<b>TOTAL INCOME</b>		<u>2,685,343</u>	<u>3,627,979</u>
<b>EXPENSES</b>			
Management fee	8	(328,613)	(436,659)
Trustee's fee	9	(32,861)	(43,666)
Auditors' remuneration		(4,959)	(4,972)
Tax agent's fee		(1,687)	(1,691)
Administrative expenses		(28,098)	(33,121)
<b>TOTAL OPERATING EXPENSES</b>		<u>(396,218)</u>	<u>(520,109)</u>
<b>NET INCOME/TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u>2,289,125</u>	<u>3,107,870</u>
Net income is made up as follows:			
Realised amount		2,170,395	3,111,752
Unrealised amount		118,730	(3,882)
		<u>2,289,125</u>	<u>3,107,870</u>

The notes on pages 20 to 47 are an integral part of these unaudited financial statements.

## UNAUDITED STATEMENT OF CHANGES IN NET ASSETS VALUE FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2017

	Note	Unit holders' capital	Undistributed income	Total
	RM	RM	RM	RM
<b>AT 1 JANUARY 2017</b>		77,529,829	22,922,644	100,452,473
Movement in unit holders' contribution				
Creation of units from applications		102,071,993	-	102,071,993
Creation of units from distributions		2,449,425	-	2,449,425
Cancellation of units		(44,889,723)	-	(44,889,723)
Total comprehensive income for the period		-	2,289,125	2,289,125
Income distributions	10	(648,173)	(1,801,494)	(2,449,667)
<b>AT 30 JUNE 2017</b>		<u>136,513,351</u>	<u>23,410,275</u>	<u>159,923,626</u>
<b>AT 1 JANUARY 2016</b>		154,511,824	23,185,151	177,696,975
Movement in unit holders' contribution				
Creation of units from applications		73,169,923	-	73,169,923
Creation of units from distributions		3,142,697	-	3,142,697
Cancellation of units		(98,148,118)	-	(98,148,118)
Total comprehensive income for the period		-	3,107,870	3,107,870
Income distributions	10	7,589	(3,150,286)	(3,142,697)
<b>AT 30 JUNE 2016</b>		<u>132,683,915</u>	<u>23,142,735</u>	<u>155,826,650</u>

The notes on pages 20 to 47 are an integral part of these unaudited financial statements.

# UNAUDITED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2017

	<b>1.1.2017 to 30.6.2017</b>	<b>1.1.2016 to 30.6.2016</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from sale of investments	25,000,000	58,579,950
Purchase of investments	(22,911,550)	(31,406,512)
Movement in deposits with licensed financial institutions	(59,470,000)	(4,380,000)
Interest received	2,622,202	2,632,851
Payment for other fees and expenses	(362,095)	(540,929)
<b>NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES</b>	<u>(55,121,443)</u>	<u>24,885,360</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	102,071,993	76,312,620
Payments for cancellation of units	(44,945,529)	(98,139,591)
Distribution paid	(242)	(3,142,697)
<b>NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES</b>	<u>57,126,222</u>	<u>(24,969,668)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	2,004,779	(84,308)
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<u>20,943</u>	<u>101,731</u>
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<u>2,025,722</u>	<u>17,423</u>
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Bank balance with a licensed bank	<u>2,025,722</u>	<u>17,423</u>

The notes on pages 20 to 47 are an integral part of these unaudited financial statements.

# NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2017

## 1. INFORMATION ON THE FUND AND THE MANAGER

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

The Fund will invest in a portfolio of short-term money market instruments and other short-term debentures. All investments will be subject to the Securities Commission's ("SC") Guidelines, the SC requirements, the Deed, except where exemptions or variations have been approved by the SC, internal policies and procedures, and Fund's objective.

The Fund commenced operations on 29 May 2003 and will continue its operations until terminated according to the conditions stated in Part 12 of the Deed.

The main objective of the Fund seeks to provide investors with a high level of liquidity with reasonable returns by investing in a portfolio of money market and other short-term debt instruments.

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

## 2. BASIS OF PREPARATION

### a. Statement of compliance

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

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

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

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

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

- MFRS 16, *Leases*



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

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

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

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

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

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

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

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

**ii. MFRS 9, *Financial Instruments***

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

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

**b. Basis of measurement**

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

**c. Functional and presentation currency**

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

**d. Use of estimates and judgments**

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

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

#### a. Financial instruments

##### i. Initial recognition and measurement

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

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

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

##### ii. Financial instrument categories and subsequent measurement

The Fund categorises financial instruments as follows:

#### Financial assets

##### a. Financial assets at fair value through profit or loss

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

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

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

b. Loans and receivables

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

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

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

Financial liabilities

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

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

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

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

iii. Regular way purchase or sale of financial assets

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

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

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

iv. Derecognition

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

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

**b. Cash and cash equivalents**

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

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

**c. Impairment**Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

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

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

**d. Income recognition**

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

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

**e. Income tax**

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

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

**f. Creation and cancellation of units**

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

Units are created and cancelled at the holder's option at prices based on the Fund's net assets value per unit at the time of creation or cancellation. The Fund's net assets value per unit is calculated by dividing the net assets attributable to unit holders with the total number of outstanding units. In accordance with the Securities Commission's Guidelines on Unit Trust Funds in Malaysia, investment positions are valued based on the last traded market price for the purpose of determining the net assets value per unit for creations and cancellations.

### **g. Proceeds and payments on creation and cancellation of units**

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

### **h. Fair value measurements**

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

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

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

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



## 4. UNQUOTED FIXED INCOME SECURITIES

Name of counter	Rating	Maturity date	Quantity	Cost	Market value as at 30.6.2017	Percentage of net assets value
<b>2017</b>						
<b>Corporate Bonds</b>						
AmBank (M) Berhad	AA3	16.10.2017	5,000,000	5,003,955	5,007,300	3.13
AMMB Holdings Berhad	AA3	08.08.2017	5,000,000	4,998,819	5,001,000	3.13
BGSM Management Sdn Bhd	AA3	28.12.2017	10,000,000	10,097,529	10,090,600	6.31
First Resources Limited	AA2	08.12.2017	5,000,000	5,004,016	5,000,950	3.13
First Resources Limited	AA2	31.07.2017	2,500,000	2,500,416	2,500,525	1.57
Jimah Energy Ventures Sdn Bhd	AA3	12.11.2018	5,000,000	5,300,709	5,300,150	3.31
OCBC Bank (Malaysia) Berhad	AA1	15.08.2017	10,000,000	9,999,395	10,002,400	6.25
Perbadanan Kemajuan Negeri Selangor	AA3	09.08.2017	10,000,000	10,000,184	10,001,500	6.25
Public Bank Berhad	AA1	25.09.2018	5,000,000	5,026,709	5,030,500	3.15
RHB Investment Bank Berhad	AA3	11.12.2017	5,000,000	5,002,643	5,001,800	3.13
Special Port Vehicle Berhad	AAA	28.07.2017	1,500,000	1,492,728	1,493,130	0.93
<b>Total Unquoted Fixed Income Securities</b>			<b>64,000,000</b>	<b>64,427,103</b>	<b>64,429,855</b>	<b>40.29</b>

## 4. UNQUOTED FIXED INCOME SECURITIES (CONTINUED)

Name of counter	Rating	Maturity date	Quantity	Cost		Market value as at 30.6.2016		Percentage of net assets value
				RM	RM	RM	%	
<b>2016</b>								
<b>Commercial Paper</b>								
BGSM Management Sdn Berhad	P1	24.10.2016	5,000,000	4,929,366	4,929,366	4,929,366	3.16	
Perbadanan Kemajuan Negeri Selangor	P1	09.08.2016	5,000,000	4,976,798	4,976,798	4,976,798	3.19	
			10,000,000	9,906,164	9,906,164	9,906,164	6.35	
<b>Corporate Bonds</b>								
AMMB Holdings Berhad	AA3	08.08.2017	5,000,000	4,991,918	4,985,850	4,985,850	3.20	
BGSM Management Sdn Berhad	AA3	28.12.2016	5,000,000	5,044,115	5,045,450	5,045,450	3.24	
First Resources Limited	AA2	31.07.2017	1,000,000	1,001,768	1,002,000	1,002,000	0.65	
Gulf Investment Corporation G.S.C	AAA	03.08.2016	5,000,000	5,002,934	5,003,800	5,003,800	3.21	
			16,000,000	16,040,735	16,037,100	16,037,100	10.30	
<b>Total Unquoted Fixed Income Securities</b>			26,000,000	25,946,899	25,943,264	25,943,264	16.65	

**5. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS**

	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Deposits with a licensed financial institution	<u>92,680,000</u>	<u>127,490,000</u>

**6. NUMBER OF UNITS IN CIRCULATION**

		<b>2017</b>	<b>2016</b>
	<b>Note</b>	<b>No. of units</b>	<b>No. of units</b>
At 1 January		185,606,440	328,233,191
Add: Creation of units	6.1	193,144,344	141,007,306
Less: Cancellation of units		<u>(82,973,721)</u>	<u>(181,391,346)</u>
At 30 June		<u>295,777,063</u>	<u>287,849,151</u>

**6.1 Creation of units**

During the financial period ended 30 June 2017, 4,534,821 units amounting to RM2,449,425 (30 June 2016: 5,812,652 units amounting to RM3,142,697) created from re-investment of income distributions.

## 7. FINANCIAL INSTRUMENTS

### 7.1 Categories of financial instruments

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

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

	Carrying amount	L&R/ (FL)	FVTPL/ HFT
	RM	RM	RM
<b>2017</b>			
<b>Financial assets</b>			
Investments	157,109,855	92,680,000	64,429,855
Interest receivables	972,090	972,090	-
Bank balance with a licensed bank	2,025,722	2,025,722	-
	160,107,667	95,677,812	64,429,855
<b>Financial liabilities</b>			
Amount due to Manager	(69,972)	(69,972)	-
Accrued management fee	(67,588)	(67,588)	-
Amount due to Trustee	(6,758)	(6,758)	-
Other payables and accrued expenses	(39,723)	(39,723)	-
	(184,041)	(184,041)	-

	Carrying amount	L&R/ (FL)	FVTPL/ HFT
	RM	RM	RM
<b>2016</b>			
<b>Financial assets</b>			
Investments	153,433,264	127,490,000	25,943,264
Interest receivables	2,490,079	2,490,079	-
Bank balance with a licensed bank	17,423	17,423	-
	155,940,766	129,997,502	25,943,264
<b>Financial liabilities</b>			
Amount due to Manager	(15,286)	(15,286)	-
Accrued management fee	(66,997)	(66,997)	-
Amount due to Trustee	(6,700)	(6,700)	-
Other payables and accrued expenses	(25,133)	(25,133)	-
	(114,116)	(114,116)	-

## 7.2 Net gains and losses arising from financial instruments

	2017	2016
	RM	RM
Net gains arising on:		
Fair value through profit or loss:		
Held for trading - unrealised	118,730	(3,882)
- realised	-	(58)
Loans and receivables	2,630,573	3,434,552
	2,749,303	3,430,612

### 7.3 Financial risk management

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

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

### 7.4 Investment risk

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

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

#### Risk management objectives, policies and processes for managing the risk

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

### 7.5 Credit risk

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

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

No financial assets carried at amortised cost were past due or impaired as at date of statement of financial position other than as disclosed in Note 4.

## **7.6 Liquidity risk**

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

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

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

## **7.7 Market risk**

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

### Risk management objectives, policies and processes for managing the risk

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

### **7.7.1 Interest rate risk**

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

Exposure to interest rate risk

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

	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
<u>Fixed rate instruments</u>		
Unquoted fixed income securities	64,429,855	25,943,264
Deposits with licensed financial institutions	92,680,000	127,490,000
	<u>157,109,855</u>	<u>153,433,264</u>

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

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

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

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

	<b>2017</b>	<b>2016</b>
	<b>%</b>	<b>%</b>
Unquoted fixed income securities*	4.24	4.36
Deposits with licensed financial institutions**	<u>3.81</u>	<u>4.26</u>

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

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



### **7.7.2 Other price risk**

#### Bond price risk sensitivity analysis

Investments in unquoted fixed income instruments consist of corporate bonds and commercial papers. All commercial papers have maturities of less than one year. Considering the possible bond market price increase of 10% (2016: 10%), the effect on the Fund's post-tax profit or loss and net assets attributable to unit holders is an increase of RM6,442,985 (2016: RM2,594,326) as at 30 June 2017. A weakening of bond market price would have resulted in an equal but opposite effect.

### **7.8 Effective interest rates and maturity dates**

The effective interest rates and the maturity dates of the financial instruments of the Fund are disclosed in Notes 4 and 7.7.1.

### **7.9 Management company risk**

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

### **7.10 Fair value information**

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

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

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

Unquoted fixed income securities

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

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

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

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2		
	RM	RM	RM	RM	RM	RM	RM	RM
<b>2017</b>								
<b>Financial assets</b>								
Unquoted fixed income securities	-	64,429,855	-	64,429,855	-	-	-	64,429,855
	-	64,429,855	-	64,429,855	-	-	-	64,429,855
<b>2016</b>								
<b>Financial assets</b>								
Unquoted fixed income securities	-	25,943,264	-	25,943,264	-	-	-	25,943,264
	-	25,943,264	-	25,943,264	-	-	-	25,943,264

### 7.10.1 Fair value hierarchy

#### Policy on transfer between levels

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

#### Level 1 fair value

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

#### Level 2 fair value

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

#### Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial period. (2016: no transfer in either directions).

#### Level 3 fair value

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

## 8. MANAGEMENT FEE

The Deed provides that the Manager is entitled to a management fee at a rate not exceeding 2.00% per annum of the Net Assets Value of the Fund, calculated on a daily basis.

The Manager is currently entitled to a management fee at a rate of 0.50% per annum (2016: 0.50% per annum) of the Net Assets Value of the Fund, calculated on a daily basis.

## 9. TRUSTEE'S FEE

The Deed provides that the Trustee is entitled to a fee at a rate not exceeding 0.20% per annum of the Net Assets Value of the Fund, calculated on a daily basis and subject to a minimum of RM18,000 per annum.

The Trustee is currently entitled to a fee at a rate of 0.05% per annum (2016: 0.05% per annum) of the Net Assets Value of the Fund, calculated on a daily basis and subject to a minimum of RM18,000 per annum.

## 10. INCOME DISTRIBUTIONS

During the current financial period, the Manager declared an aggregate gross distribution of 1.00 sen per unit (2016 : 0.96 sen) for investors of Eastspring Investments Cash Management Fund.

	<b>1.1.2017 to 30.6.2017</b>	<b>1.1.2016 to 30.6.2016</b>
	<b>RM</b>	<b>RM</b>
Distributions to unit holders is from previous years realised income:		
Interest income	30,158	62,801
Net realised gain on sale of investments	-	5
Accretion of discount, net of amortisation of premium	(623)	3,471
Previous year's realised income	1,776,501	3,093,475
Expenses	(4,542)	(9,466)
	<u>1,801,494</u>	<u>3,150,286</u>
Distribution equalisation	648,173	(7,589)
<b>Gross / Net distribution</b>	<u><b>2,449,667</b></u>	<u><b>3,142,697</b></u>

During the financial period, distributions were made as follows:

Ex-date	Aggregate gross/net distribution	
	2017	2016
	Sen/unit	Sen/unit
16 January / 15 January	0.19	0.16
15 February	0.19	0.15
15 March	0.16	0.17
17 April / 15 April	0.15	0.16
15 May /16 May	0.15	0.15
15 June	0.16	0.17
<b>Total</b>	<b>1.00</b>	<b>0.96</b>

## 11. TAX EXPENSE

There is no tax expense charge for the current and previous financial period. Income from deposits placement and unquoted fixed income securities are exempted from tax in accordance with Schedule 6, Para 35 and Para 35A of the Income Tax Act (ITA), 1967. Pursuant to Section 61(1)(b) of the ITA, 1967, gains from realisation of investments will not be treated as income of the Fund and hence are not subject to income tax. In accordance with Sections 61 and 63B of the ITA, 1967, interest income and gains on sale of investments are exempted from tax.

## 12. UNITS HELD BY THE MANAGER

Units held at the end of the financial period

	<b>2017</b>	<b>2016</b>
	<b>No. of units</b>	<b>No. of units</b>
Manager		
Eastspring Investments Berhad	1,209	1,169

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

### 13. DEALERS' TRANSACTIONS

The details of dealers' transactions by value of trades are as follows:

Name of dealers	Value of trades	Percentage of total trades
	RM	%
<u>Financial period ended 30 June 2017</u>		
Hong Leong Investment Bank Berhad	12,847,250	56.07
RHB Investment Bank Berhad	10,064,300	43.93
	<u>22,911,550</u>	<u>100.00</u>
<u>Financial period ended 30 June 2016</u>		
RHB Investment Bank Berhad	20,120,850	33.54
Malayan Banking Berhad	19,023,900	31.71
AmBank (M) Berhad	13,856,215	23.10
Alliance Bank Malaysia Berhad	4,990,750	8.32
Hong Leong Bank Berhad	1,001,850	1.67
CIMB Bank Berhad	992,897	1.66
	<u>59,986,462</u>	<u>100.00</u>

All dealers highlighted above are not related to the Manager.

No brokerage fee was incurred for the financial period under review (2016 : Nil).



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

	<b>2017</b>	<b>2016</b>
	%	%
MER	0.30	0.30

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

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

A = Management fee

B = Trustee's fee

C = Auditor's remuneration

D = Tax agent's fees

E = Administrative expenses

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

The average Net Assets Value of the Fund for the financial period is RM132,532,236 (2016: RM175,620,460).

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

	<b>2017</b>	<b>2016</b>
PTR (times)	0.09	0.17

PTR is derived from the following calculation:

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

	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>

Where:

Total acquisitions for the financial period	22,911,550	31,406,512
Total disposals for the financial period	-	28,579,950

## CORPORATE DIRECTORY

### **THE MANAGER**

NAME

EASTSPRING INVESTMENTS BERHAD

COMPANY NO.

531241-U

REGISTERED OFFICE

16<sup>th</sup> Floor, Wisma Sime Darby  
Jalan Raja Laut  
50350 Kuala Lumpur

BUSINESS OFFICE

Level 12, Menara Prudential  
No. 10, Jalan Sultan Ismail  
50250 Kuala Lumpur

TELEPHONE NO.

603-2052 3388

FAX NO.

603-2070 6129

EMAIL

cs.my@eastspring.com

WEBSITE

www.eastspringinvestments.com.my

### **TRUSTEE**

NAME

DEUTSCHE TRUSTEES MALAYSIA BERHAD

COMPANY NO.

763590-H

REGISTERED OFFICE & BUSINESS OFFICE

Level 20, Menara IMC  
No. 8, Jalan Sultan Ismail  
50250 Kuala Lumpur

TELEPHONE NO.

603-2053 7522

FAX NO.

603-2053 7526

### **SALE & PURCHASE OF UNITS**

#### **Eastspring Investments Berhad**

Level 12, Menara Prudential  
No. 10, Jalan Sultan Ismail  
50250 Kuala Lumpur

TELEPHONE NO.

603-2332 1000

FAX NO.

603-2052 3366

**BRANCHES**

**Petaling Jaya**

Eastspring Investments Berhad  
A-17-P1 & M  
Block A, Jaya One  
72A, Jalan Universiti  
46200 Petaling Jaya, Selangor

TELEPHONE NO.

603-7948 1288

**Kota Kinabalu**

Eastspring Investments Berhad  
Suite E3, 9<sup>th</sup> Floor  
CPS Tower, Centre Point Sabah  
No. 1, Jalan Centre Point  
88000 Kota Kinabalu, Sabah

TELEPHONE NO.

6088-238 613

**ENQUIRIES**

CLIENT SERVICES

603-2332 1000

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Eastspring Investments Berhad (531241-U)

Level 12, Menara Prudential

No. 10, Jalan Sultan Ismail, 50250 Kuala Lumpur

T: (603) 2052 3388 F: (603) 2070 6129

[eastspringinvestments.com.my](http://eastspringinvestments.com.my)

Client Services

T: (603) 2332 1000 F: (603) 2052 3366

[cs.my@eastspring.com](mailto:cs.my@eastspring.com)