

EASTSPRING INVESTMENTS GLOBAL BASICS MY 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

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 Global Basics MY Fund Fund	15
Unaudited Statement of Comprehensive Income	16
Unaudited Statement of Financial Position	17
Unaudited Statement of Changes in Equity	18
Unaudited Statement of Cash Flows	19
Summary of Significant Accounting Policies	20
Notes to the Unaudited Financial Statements	29
Corporate Directory	47

FUND INFORMATION

Name of Fund

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

**Fund Category/
Type**

Feeder fund (global equity)/growth

Fund Objective

The Fund seeks to maximise long term capital appreciation by investing in another collective investment scheme primarily the M&G Global Basics Fund, which invests wholly or mainly in companies operating in basic industries ['primary' industries (extracting raw materials) and 'secondary' industries (products and services)] and also in companies that service these industries.

SHOULD THE MANAGER DECIDE TO INVEST IN ANOTHER COLLECTIVE INVESTMENT SCHEME OTHER THAN THE M&G GLOBAL BASICS FUND FOR ANY REASON WHATSOEVER, UNIT HOLDERS' APPROVAL IS REQUIRED.

**Performance
Benchmark**

The performance benchmark of the Fund is FTSE Global Basics Composite Index.

Source: www.mandg.co.uk

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

**Fund Income
Distribution Policy**

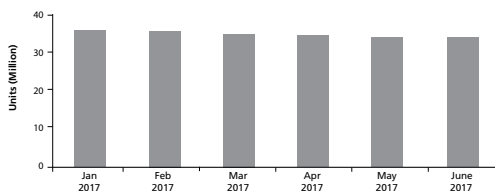
At least once a year, subject to the availability of income.

FUND INFORMATION (CONTINUED)

Breakdown of Unit Holdings by Size

As at 30 June 2017, the size of Eastspring Investments Global Basics MY Fund stood at 34.454 million units.

Fund Size



Breakdown of Unit Holdings

Unit Holdings	No. of Unit Holders	%	No of Units* ('000)	%
5,000 units and below	241	26.22	573	1.66
5,001 to 10,000 units	223	24.27	1,746	5.07
10,001 to 50,000 units	364	39.61	8,006	23.24
50,001 to 500,000 units	83	9.03	9,488	27.54
500,001 units and above	8	0.87	14,640	42.49
Total	919	100.00	34,453	100.00

* excludes units held by the Manager.

KEY PERFORMANCE DATA

FOR THE FINANCIAL PERIOD ENDED

Category	30.6.2017	30.6.2016	30.6.2015
	(%)	(%)	(%)
Collective investment scheme-Foreign	95.94	98.24	97.86
Cash and other assets	4.06	1.76	2.14
Total	100.00	100.00	100.00
Net Asset Value (NAV) (RM'000)	22,446	22,716	28,046
Units In Circulation (Units '000)	34,454	43,112	53,917
Net Asset Value Per Unit (RM)	0.6515	0.5269	0.5202
Highest Net Asset Value Per Unit (RM)	0.6647	0.5608	0.5394
Lowest Net Asset Value Per Unit (RM)	0.6137	0.4691	0.4706
Total Return (%)			
- Capital Growth	6.42	(1.94)	9.06
- Income Distribution	-	-	-
Total Return (%)	6.42	(1.94)	9.06
Gross Distribution Per Unit (RM)	-	-	-
Net Distribution Per Unit (RM)	-	-	-
Management Expense Ratio (MER) (%)*	0.15	0.12	0.15
Portfolio Turnover Ratio (PTR) (times)^	0.02	0.05	0.09

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

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

KEY PERFORMANCE DATA (CONTINUED)

	1 year 1.7.2016 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	23.65	10.35	9.64
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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	13.94	12.64	(0.54)	12.50	0.78
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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:

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

NAV_t = NAV at the end of the period

NAV_0 = NAV at the beginning of the period

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

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.

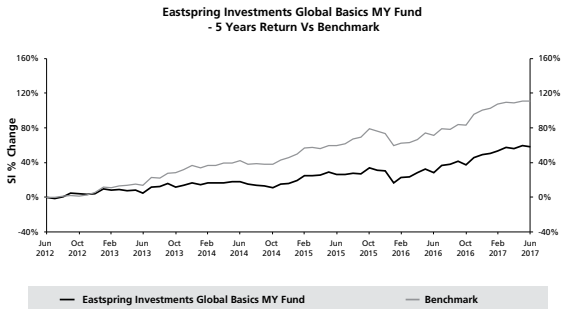
MANAGER'S REPORT

Fund Performance

For the 5-year period, the Fund recorded a return of 58.48%, underperforming the benchmark return of 110.86% by -52.38%.

During the period under review, the Fund registered a return of 6.42%, outperforming the benchmark return of 5.32% by 1.10%.

The Fund met its investment objective and outperformed the benchmark for the period under review due to positive contribution from stock selection in health care, basic materials and industrial sectors.



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

Benchmark: FTSE Global Basics Composite Index.

Source: Lipper for Investment Management and www.mandg.co.uk, 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.

Income Return	Capital Return*	Total Return	Total Return of Benchmark
(%)	(%)	(%)	(%)
0.00	6.42	6.42	5.32

* 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 30 June 2017.

Investment Strategy During Period Under Review

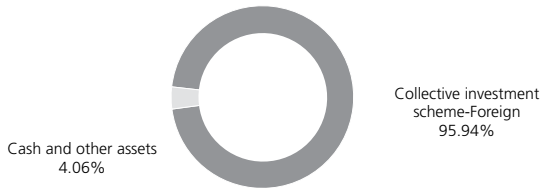
The Target Fund aims to identify companies that are set to benefit from long-term structural changes within economies, industries and societies that happen over time – via the analysis of global macroeconomics, demographics and government policies and spending, amongst other considerations. The Target Fund is focused on four main themes: Health (challenges and opportunities posed by an aging population), Infrastructure (growing need for transport links such as rail), Environment (increasing requirement for energy efficiency and pollution control), and security (particularly cyber and food security).

MANAGER'S REPORT (CONTINUED)

Asset Allocation

Asset Allocation	30-Jun 2017 (%)	31-Dec 2016 (%)	Changes (%)
Collective investment scheme-Foreign	95.94	96.82	(0.88)
Cash and other assets	4.06	3.18	0.88

Asset Allocation as at 30 June 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 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 temporary defensive positions and the 2nd paragraph of the errors in calculation of the net asset value of the target fund's risk as set out in (b) and (c) below have been deleted, and the currency risk, counterparty risk, investment strategy of the target fund, dilution adjustment table of the target fund and minimum holdings of units have been revised as set out in (d) to (h) below.

MANAGER'S REPORT (CONTINUED)

State of Affairs of the Fund (continued)

b. Temporary Defensive Positions

Deleted:

The Manager may not adopt temporary defensive positions.

c. Errors in Calculation of the net asset value of the M&G Global Basics Fund ("Target Fund")'s risk – 2nd paragraph

Deleted:

In view of the foregoing, Unit Holders must be aware that there are circumstances where neither the Target Fund nor the Manager will be bound to compensate final beneficial owners.

d. Currency Risk

As the investments of the Fund may be denominated in currencies other than the base currency, any fluctuation in the exchange rate between the base currency and the currencies in which the investments are denominated may have an impact on the value of these investments. Investors should be aware that if the currencies in which the investments are denominated depreciate against the base currency, this will have an adverse effect on the NAV of the Fund in the base currency and vice versa. Investors should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.

The impact of the exchange rate movement between the base currency of the Fund and the currency of the underlying investments may result in a depreciation of the value of the investments as expressed in the base currency of the Fund.

In the normal course of investment, the Fund does not engage any currency hedging strategy in mitigating the currency risk. The Manager may, however, depending on prevailing market circumstances at a particular point in time, choose to use forward or option contracts for hedging and risk reduction purposes.

MANAGER'S REPORT (CONTINUED)

State of Affairs of the Fund (continued)

e. Counterparty Risk

Applicable only to Eastspring Global Basics MY

The investment manager will place transactions, hold positions (including derivatives transactions) and deposit cash on deposit with a range of counterparties, there is a risk that a counterparty may default on its obligations or become insolvent, which may put the Target Fund's capital at risk.

f. Investment Strategy of the Target Fund

The M&G Global Basics Fund employs both a top-down and bottom-up investment process. The fund managers seek to identify sectors or industries which are set to benefit from long-term structural changes or themes. This is achieved through the analysis of global macroeconomics, global demographics and government policies and spending, among other considerations. In this way, they look to avoid investing in companies operating in industries which are structurally challenged.

The bottom-up stock selection process is designed to identify well-run companies trading on attractive valuations and with sustainable growth prospects. The team has a long-term investment horizon, adopting the mentality of a business owner when buying a stock.

The portfolio is constructed in a benchmark-agnostic manner with a focus on diversification and liquidity. It is invested across the market-cap spectrum and is geographically diversified.

MANAGER'S REPORT (CONTINUED)

State of Affairs of the Fund (continued)

g. Target Fund's dilution adjustment table

Typical dilution adjustment for the following Target Fund would be:

M&G Global Basics Fund	+ 0.30% / -0.18%
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Positive dilution adjustment figures indicate a typical increase from mid price when the Target Fund is experiencing net issues. Negative dilution adjustment figures indicate a typical decrease from mid price when the Target Fund is experiencing net redemptions. Figures are based on the historic costs of dealing in the underlying investments of the Target Fund for twelve months to 31 May 2016, including any spreads, commissions and transfer taxes.

h. 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.

MARKET REVIEW

The 1Q2017 was a positive one for global equities, with most stock markets extending gains from the final quarter in 2016. European and emerging markets performed well, but Japanese shares ended lower, partly due to the strength in yen affecting Japanese exporters. The United States of America (“US”) equity markets hit all time highs as investors were optimistic about President Trump’s ability to introduce pro-growth policies. Technology stocks did well, but energy shares significantly underperformed the broader market on the back of a drop in oil prices. Against this backdrop, the Target Fund outperformed the benchmark during the 1Q2017 as both stock selection and sector allocation contributed positively.

The 2Q2017 was a bit mixed for stock market performance, partly due to currency movements. Japanese shares rebounded after struggling in the previous quarter, benefiting from a weaker Yen. US Dollar weakness was also a feature which provided a tailwind for its stock market. Technology stocks did well, reporting strong financial results. Central banks (other than the US Federal reserve) seem to be preparing to call an end to ultra-loose monetary policy which caused bond yields to rise and provided a fillip for the financial sector, and falling oil prices, which kept the energy sector under pressure. Against this backdrop, the Target Fund outperformed its benchmark in the 2Q2017 benefiting from stock selection.

REBATES AND SOFT COMMISSIONS

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

EASTSPRING INVESTMENTS GLOBAL BASICS MY 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 46 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position of the Fund as at 30 June 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
Chief Executive Officer / Executive Director

KHOO CHUAN KEAT
Director

Kuala Lumpur
Date: 21 August 2017

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

We have acted as Trustee for Eastspring Investments Global Basics MY 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.

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 COMPREHENSIVE INCOME FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2017

	Note	6-months financial period ended 30.6.2017	6-months financial period ended 30.6.2016
		RM	RM
INVESTMENT INCOME/(LOSS)			
Interest income from deposits with licensed financial institutions		10,036	6,313
Net gain/(loss) on financial assets at fair value through profit or loss	6	1,413,696	(532,892)
Net foreign currency exchange gain/(loss)		2,938	(8,594)
		<u>1,426,670</u>	<u>(535,173)</u>
EXPENSES			
Management fee	3	(11,395)	(9,248)
Trustee fee	4	(8,927)	(8,951)
Audit fee		(3,224)	(3,232)
Tax agent fee		(1,687)	(1,691)
Other expenses		(7,744)	(3,074)
GST charges		(1,839)	(1,092)
		<u>(34,816)</u>	<u>(27,288)</u>
PROFIT/(LOSS) BEFORE TAXATION		1,391,854	(562,461)
TAXATION	5	-	-
PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS)		<u>1,391,854</u>	<u>(562,461)</u>
Profit/(loss) after taxation is made up of the following:			
Realised amount		320,781	293,185
Unrealised amount		1,071,073	(855,646)
		<u>1,391,854</u>	<u>(562,461)</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 30 JUNE 2017

	Note	2017	2016
		RM	RM
ASSETS			
Cash and cash equivalents	7	911,078	388,499
Amount due from Manager		57,548	75,673
Financial assets at fair value through profit or loss	6	21,534,851	22,315,626
TOTAL ASSETS		<u>22,503,477</u>	<u>22,779,798</u>
LIABILITIES			
Amount due to Manager		25,163	31,184
Accrued management fee		2,325	1,481
Amount due to Trustee		1,479	1,476
Other payables and accruals		27,965	29,382
GST charges payable		228	177
TOTAL LIABILITIES		<u>57,160</u>	<u>63,700</u>
NET ASSET VALUE OF THE FUND		<u>22,446,317</u>	<u>22,716,098</u>
EQUITY			
Unit holders' capital		9,746,060	14,848,445
Retained earnings		12,700,257	7,867,653
NET ASSET ATTRIBUTABLE TO UNIT HOLDERS		<u>22,446,317</u>	<u>22,716,098</u>
NUMBER OF UNITS IN CIRCULATION	8	<u>34,453,695</u>	<u>43,112,017</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.6515</u>	<u>0.5269</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 30 JUNE 2017

	Unit holders' capital	Retained earnings	Total
	RM	RM	RM
Balance as at 1 January 2017	10,590,013	11,308,403	21,898,416
Movement in unit holders' contribution:			
Creation of units from applications	1,875,864	-	1,875,864
Cancellation of units	(2,719,817)	-	(2,719,817)
Total comprehensive income for the financial period	-	1,391,854	1,391,854
Balance as at 30 June 2017	9,746,060	12,700,257	22,446,317
Balance as at 1 January 2016	17,344,547	8,430,114	25,774,661
Movement in unit holders' contribution:			
Creation of units from applications	506,361	-	506,361
Cancellation of units	(3,002,463)	-	(3,002,463)
Total comprehensive loss for the financial period	-	(562,461)	(562,461)
Balance as at 30 June 2016	14,848,445	7,867,653	22,716,098

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 30 JUNE 2017

	6-months financial period ended	6-months financial period ended
Note	30.6.2017	30.6.2016
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of investments	2,058,234	2,813,583
Interest income received	10,036	6,313
Management fee paid net of rebates	(11,199)	(9,790)
Trustee fee paid	(8,973)	(9,024)
Payment for other fees and expenses	(13,621)	(16,190)
Net realised foreign exchange gain/(loss)	2,938	(8,594)
Net cash generated from operating activities	2,037,415	2,776,298
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	1,829,043	442,005
Payments for cancellation of units	(3,837,288)	(3,051,663)
Net cash used in financing activities	(2,008,245)	(2,609,658)
NET INCREASE IN CASH AND CASH EQUIVALENTS	29,170	166,640
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	881,908	221,859
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	7 911,078	388,499

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 30 JUNE 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 and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial period. It also requires the Manager to exercise their judgment in the process of applying the Fund’s accounting policies. Although these estimates and judgment are based on the Manager’s best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note J to the financial statements.

The Fund has applied the following amendments for the first time for the financial year beginning 1 January 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.

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

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 January 2018

- MFRS 9 “Financial Instruments” (effective from 1 January 2018) will replace MFRS 139 “Financial Instruments: Recognition and Measurement”.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income (“OCI”). The basis of classification depends on the entity’s business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

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

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

- IC Interpretation 22 “Foreign Currency Transactions and Advance Consideration” (effective from 1 January 2018) applies when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. MFRS 121 requires an entity to use the exchange rate at the ‘date of the transaction’ to record foreign currency transactions.

IC Interpretation 22 provides guidance how to determine ‘the date of transaction’ when a single payment/receipt is made, as well as for situations where multiple payments/receipts are made.

The date of transaction is the date when the payment or receipt of advance consideration gives rise to the non-monetary asset or non-monetary liability when the entity is no longer exposed to foreign exchange risk.

If there are multiple payments or receipts in advance, the entity should determine the date of the transaction for each payment or receipt.

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

- MFRS 15 “Revenue from contracts with customers” (effective from 1 January 2018) replaces MFRS 118 “Revenue” and MFRS 111 “Construction contracts” and related interpretations. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods and services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

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

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

Key provisions of the new standard are as follows:

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

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

B. INCOME RECOGNITION

Interest income earned from short term deposits is recognised on the accrual basis using the effective interest method.

Realised gain or loss on sale of investments is accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on a weighted average cost basis.

C. TAXATION

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

Tax on dividend income from foreign collective investment scheme is based on the tax regime of the respective country that the Fund invests in.

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, which is the Fund’s presentation and functional currency.

E. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

i. Classification

The Fund designates its investment in collective investment scheme as financial assets at fair value through profit or loss at inception.

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been included in current assets.

The Fund’s loans and receivables comprise amount due from Manager and cash and cash equivalents.

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

The Fund’s financial liabilities include amount due to Manager, accrued management fee, amount due to Trustee, other payables and accruals and GST charges payable.

ii. Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value.

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

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

Financial liability are derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

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

Collective investment scheme are valued based on the last published net asset value per unit or share of such collective investment schemes or, if unavailable, on the average of the last published buying price and the last published selling price of such unit or share (excluding any sales charge included in selling in such selling price).

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

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

Loans and receivables and other financial liabilities are subsequently carried at amortised cost using the effective interest method.

iii. Impairment for assets carried at amortised costs

For assets carried at amortised cost, the Fund assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in statement of comprehensive income. If "loans and receivables" have a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, the Fund may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in statement of comprehensive income.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

F. CASH AND CASH EQUIVALENTS

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

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

H. UNIT HOLDERS' CAPITAL

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

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

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

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

I. SEGMENTAL INFORMATION

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

J. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

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

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2017

1. INFORMATION ON THE FUND

Eastspring Investments Global Basics MY Fund (the “Fund”) was constituted pursuant to the execution of a Deed dated 19 April 2006 (the “Deed”), Master Supplemental Deed dated 12 July 2007, Second Supplemental Master Deed dated 30 November 2009 entered into between Eastspring Investments Berhad (the “Manager”) and HSBC (Malaysia) Trustee Berhad (“HSBC Trustee”). The Fund replaced HSBC Trustee with Deutsche Trustees Malaysia Berhad (the “Trustee”) effective 1 October 2010. A Supplemental Master Deed was entered into between Eastspring Investments Berhad (the “Manager”) and Deutsche Trustees Malaysia Berhad (the “Trustee”) on 30 July 2010 to effect the change of trustee from HSBC Trustee to the Trustee, followed by Second Supplemental Master Deed dated 28 January 2011, Third Supplemental Master Deed dated 9 March 2011, Fourth Supplemental Master Deed dated 20 January 2012, Fifth Supplemental Master Deed dated 26 March 2014, Sixth Supplemental Master Deed dated 2 January 2015, Seventh Supplemental Master Deed dated 11 July 2016 and Eighth Supplemental Master Deed dated 25 January 2017 (collectively referred to as the “Deed”).

The Fund commenced operations on 17 January 2007 and will continue its operations until terminated by the Trustee as provided under Part 12 of the Deed.

The main objective of the Fund seeks to maximise long-term capital appreciation by investing in another collective investment scheme primarily the M&G Global Basics Fund (the “Underlying Fund”), which invests wholly or mainly in companies operating in basic industries [‘primary’ industries (extracting raw materials) and ‘secondary’ industries (products and services)] and also in companies that service these industries.

All investments will be subjected to the Securities Commission (the “SC”) Guidelines on Unit Trust Funds, the SC requirements, the Deed, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund’s objective.

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

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Financial instruments of the Fund are as follows:

	Note	Loans and receivables RM	Financial assets at fair value through profit or loss RM	Total RM
<u>2017</u>				
Collective investment scheme	6	-	21,534,851	21,534,851
Amount due from Manager		57,548	-	57,548
Cash and cash equivalents	7	911,078	-	911,078
		<u>968,626</u>	<u>21,534,851</u>	<u>22,503,477</u>
<u>2016</u>				
Collective investment scheme	6	-	22,315,626	22,315,626
Amount due from Manager		75,673	-	75,673
Cash and cash equivalents	7	388,499	-	388,499
		<u>464,172</u>	<u>22,315,626</u>	<u>22,779,798</u>

All liabilities are financial liabilities which are carried at amortised cost.

Market risk

i. Price risk

This risk refers to changes and developments in regulations, politics and the economy of the country. The very nature of a Unit Trust Fund, however, helps mitigate this risk. The Underlying Fund that is the M&G Global Basics Fund would generally hold a well-diversified portfolio of securities from different market sectors that the collapse of any one security or any one market sector would not impact too greatly on the value of the M&G Global Basics Fund.

The table below shows assets of the Fund as at 30 June which are exposed to price risk.

	2017	2016
	RM	RM
Collective investment scheme designated at fair value through profit or loss	21,534,851	22,315,626

The following table summarises the sensitivity of the Fund's net asset value and profit/(loss) after tax to movements in prices of collective investment scheme at the end of the reporting period. The analysis is based on the assumptions that the market price of the collective investment scheme increased 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 collective investment scheme, having regard to the historical volatility of the prices.

% Change in price of financial assets at fair value through profit or loss	2017		2016	
	Market value	Increase/ (decrease) in profit after tax and net asset value	Market value	Increase/ (decrease) in loss after tax and net asset value
	RM	RM	RM	RM
+5%	22,611,594	1,076,743	23,431,407	1,115,781
-5%	20,458,108	(1,076,743)	21,199,845	(1,115,781)

ii. Interest rate risk

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

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

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

iii. Foreign exchange/currency risk

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

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

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

	Financial assets at fair value through profit or loss	Total
	RM	RM
<u>2017</u>		
Euro	21,534,851	21,534,851
<u>2016</u>		
Euro	22,315,626	22,315,626

The table summarises the sensitivity of the Fund's investments fair value to changes in foreign exchange movements at the end of the reporting period. The analysis is based on the assumption that the foreign exchange rate changes by 5% with all variables remain constants. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate having regard to historical volatility of this rate. An increase/(decrease) in foreign exchange rate will result in a corresponding (decrease)/increase in net asset attributable to unit holders by approximately 5%.

Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change in price	Impact on profit/(loss) after tax	Impact on net asset value
	%	RM	RM
<u>2017</u>			
Euro	5	1,076,743	1,076,743
<u>2016</u>			
Euro	5	1,115,781	1,115,781

Single security risk

The Fund essentially invests in a single security, which is the M&G Global Basics Fund. The feeder fund mitigates single securities risk by investing in a diversified portfolio of equities.

This risk is associated with a feeder fund that essentially invests in a single security, which is the M&G Global Basics Fund in this case. The M&G Global Basics Fund, by investing in a diversified portfolio of equities helps to mitigate this single security risk.

Liquidity risk

The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of units by unit holders. Liquid assets comprise cash, deposit with a licensed financial institution and other instruments which are capable of being converted into cash within 7 days.

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

	Less than 1 month	Between 1 month to 1 year	Total
	RM	RM	RM
<u>2017</u>			
Amount due to Manager	25,163	-	25,163
Accrued management fee	2,325	-	2,325
Amount due to Trustee	1,479	-	1,479
Other payables and accruals	-	27,965	27,965
GST charges payable	228	-	228
Contractual cash outflows	29,195	27,965	57,160
<u>2016</u>			
Amount due to Manager	31,184	-	31,184
Accrued management fee	1,481	-	1,481
Amount due to Trustee	1,476	-	1,476
Other payables and accruals	-	29,382	29,382
GST charges payable	177	-	177
Contractual cash outflows	34,318	29,382	63,700

Fund management risk

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

Non-compliance risk

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

The non-compliance may expose the Fund to higher risks which may result in a fall in the value of the Fund which in turn may affect its investment goals. However, the risk can be mitigated by the internal controls and compliance monitoring undertaken by the Manager. For the Fund, foreign market risk is managed through portfolio diversification by the collective investment scheme which invests among markets/countries and in companies which are well researched.

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 risk

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

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

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

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

	Cash and cash equivalents	Amount due from Manager	Total
	RM	RM	RM
<u>2017</u>			
Financial			
- AAA	890,093	-	890,093
- AA1	20,985	-	20,985
Other			
- NR	-	57,548	57,548
	<u>911,078</u>	<u>57,548</u>	<u>968,626</u>
<u>2016</u>			
Financial			
- AAA	210,020	-	210,020
- AA1	178,479	-	178,479
Other			
- NR	-	75,673	75,673
	<u>388,499</u>	<u>75,673</u>	<u>464,172</u>

None of these assets are past due or impaired.

Fair value estimation

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

The fair value of financial assets traded in active market (such as trading securities) are based on quoted market prices at the close of trading on the period end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Fund Manager will determine the point within the bid-ask spread that is representative of the fair value.

An active market is a market in which transactions for the asset take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

Fair value hierarchy

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement.

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

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

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

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
<u>2017</u>				
Financial assets at fair value through profit or loss:				
Collective investment scheme	21,534,851	-	-	21,534,851
<u>2016</u>				
Financial assets at fair value through profit or loss				
Collective investment scheme	22,315,626	-	-	22,315,626

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include collective investment scheme. The Fund does not adjust the quoted prices for these instruments. The Fund’s policies on valuation of these financial assets are stated in Note E to the financial statements.

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

3. MANAGEMENT FEE

In accordance with the Deed, the Manager is entitled to a management fee at a rate not exceeding 2.00% (2016: 2.00%) per annum on the net asset value of the Fund accrued on a daily basis for the financial period.

For the financial period ended 30 June 2017, management fee is recognised at a rate of 1.80% (2016: 1.80%) per annum on the net asset value of the Fund, calculated on a daily basis. As the Fund invests in collective investment scheme, any management fee charged by M&G Global Basics Fund to the Fund will be fully refunded. The rebate of management fee is 1.75% per annum or RM189,384 (2016: 1.75% per annum or RM200,552) calculated on net asset value of M&G Global Basics Fund on a daily basis. In accordance with the SC Guidelines on Unit Trust Funds, there is no double charging of management fee to the Fund.

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

4. TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to a fee not exceeding 0.20% per annum on the net asset value of the Fund, accrued on a daily basis for the financial period subject to a minimum fee of RM18,000 per annum (excluding foreign custodian fees and charges).

For the financial period ended 30 June 2017, Trustee fee is recognised at a rate of 0.07% (2016: 0.07%) per annum on the net asset value of the Fund, subject to a minimum fee of RM18,000 per annum, calculated on daily basis.

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

5. TAXATION

	6-months financial period ended 30.6.2017	6-months financial period ended 30.6.2016
	RM	RM

Tax charged for the financial period:

Current taxation-local

-	-
---	---

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

	6-months financial period ended 30.6.2017	6-months financial period ended 30.6.2016
	RM	RM
Profit/(loss) before taxation	1,391,854	(562,461)
Tax at Malaysian statutory rate of 24% (2016: 24%)	334,045	(134,991)
Tax effect of:		
Investment income exempt from tax	(342,401)	128,442
Expenses not deductible for tax purposes	4,847	3,554
Restriction on tax deductible expenses for Unit Trust Funds	3,509	2,995
Taxation	-	-

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017	2016
	RM	RM
Designated at fair value through profit or loss:		
Collective investment scheme	21,534,851	22,315,626
Net gain/(loss) on financial assets at fair value through profit or loss:		
Realised gain on disposals	342,623	323,734
Change in unrealised fair value gain/(loss)	1,071,073	(856,626)
	<u>1,413,696</u>	<u>(532,892)</u>

Name of counter	Quantity	Aggregate cost	Fair value as at 30.6.2017	Percentage of net asset value of the Fund
	Units	RM	RM	%
M&G Global Basics Fund -Class A (Euro)	<u>144,683</u>	14,615,752	<u>21,534,851</u>	95.94
UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>6,919,099</u>		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>21,534,851</u>		

Name of counter	Quantity	Aggregate cost	Fair value	Percentage
			as at 30.6.2016	of net asset value of the Fund
	Units	RM	RM	%
M&G Global Basics Fund -Class A (Euro)	186,383	18,828,255	22,315,626	98.24
UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		3,487,371		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		22,315,626		

The M&G Global Basics Fund is a global equity fund which invests wholly or mainly in companies operating in basic industries ('primary' or 'secondary' industries) and also in companies that service these industries. The fund may also invest in other global equities. The aim of the M&G Global Basics Fund is to maximise long term total return (the combination of income and growth of capital) by investing in wide range of global equities that the Fund Manager considers to be leading in their field.

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

7. CASH AND CASH EQUIVALENTS

	2017	2016
	RM	RM
Bank balance	20,985	178,479
Deposit with a licensed financial institution	890,093	210,020
	<u>911,078</u>	<u>388,499</u>

The effective weighted average interest rate of deposit with a licensed financial institution per annum as at the date of the financial position are as follow:

	2017	2016
	%	%
Deposit with a licensed financial institution	<u>3.80</u>	<u>3.40</u>

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

8. UNITS IN CIRCULATION

	2017	2016
	No. of units	No. of units
At the beginning of the financial period	35,772,327	47,968,617
Creation of units arising from applications during the financial period	2,930,007	946,463
Cancellation of units during the financial period	(4,248,639)	(5,803,063)
At the end of the financial period	<u>34,453,695</u>	<u>43,112,017</u>

9. TRANSACTIONS WITH ISSUER

Details of transactions with the issuer are as follows:

Name of issuer	Value of trades	Percentage of total trades
	RM	%
2017		
M&G Investment Management Limited	1,080,063	100.00
2016		
M&G Investment Management Limited	2,450,189	100.00

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

There are no brokerage fees charged by the issuer.

10. UNITS HELD BY THE MANAGER

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

Related party	Relationship			
Eastspring Investments Berhad	The Manager			

	2017		2016	
	No. of units	RM	No. of units	RM
Eastspring Investments Berhad	1,000	651	1,000	527

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

11. MANAGEMENT EXPENSE RATIO ("MER")

	2017	2016
	%	%
MER	0.15	0.12

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 RM22,493,591 (2016: RM23,439,122).

12. PORTFOLIO TURNOVER RATIO ("PTR")

	2017	2016
PTR (times)	0.02	0.05

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 = RM Nil (2016: RM Nil)

total disposals for the financial period = RM1,080,063 (2016: RM2,450,189)

13. SEGMENTAL INFORMATION

The internal reporting provided to the chief operating decision-maker for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of MFRS and IFRS. The CEO, who is the chief operating decision-maker, is responsible for the performance of the Fund and considers the business to have a single operating segment located in Malaysia. Asset allocation decisions are based on a single, integrated investment strategy and the Fund's performance is evaluated on an overall basis.

The reportable operating segment derives its income by seeking investments to achieve targeted returns commensurate with an acceptable level of risk within the portfolio. These returns consist of interest income earned from investments and gains on the appreciation in the value of investments.

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

14. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 21 August 2017.

CORPORATE DIRECTORY

MANAGER

NAME

EASTSPRING INVESTMENTS BERHAD

COMPANY NO.

531241-U

REGISTERED OFFICE

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TRUSTEE

NAME

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COMPANY NO.

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REGISTERED OFFICE &

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SALE & PURCHASE OF UNITS

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ENQUIRIES

CLIENT SERVICES

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