eastspring investments

A member of Prudential plc (UK)

EASTSPRING INVESTMENTS GLOBAL EMERGING MARKETS 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,

Raymond Tang Chee Kin
Non-Independent, Executive Director and Chief Executive Officer

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FUND INFORMATION

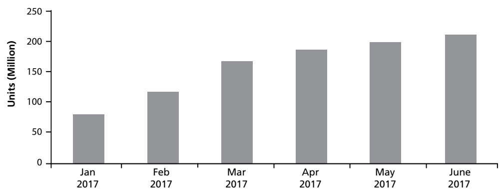
Name of Fund	Eastspring Investments Global Emerging Markets Fund (the "Fund")
Fund Category/ Type	Feeder fund (global equity)/growth
Fund Objective	The Fund seeks to achieve long-term capital growth by investing in a collective investment scheme called the Schroder International Selection Fund Emerging Markets, which in turn seeks to provide capital growth primarily through investment in equity securities of emerging markets companies. SHOULD THE MANAGER DECIDE TO INVEST IN ANOTHER COLLECTIVE INVESTMENT SCHEME OTHER THAN THE SCHRODER INTERNATIONAL SELECTION FUND EMERGING MARKETS FOR ANY REASON WHATSOEVER, UNIT HOLDERS' APPROVAL IS REQUIRED.
Performance Benchmark	The performance benchmark of the Fund is MSCI EM Net TR. **Source:** www.msci.com **Note:** The risk profile of the Fund is different from the risk profile of the performance benchmark.
Fund Income Distribution Policy	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 Emerging Markets Fund stood at 212.947 million units.

Fund Size



Breakdown of Unit Holdings

Unit Holdings	No. of Unit Holders	%	No of Units* ('000)	%
5,000 units and below	84	16.67	238	0.11
5,001 to 10,000 units	70	13.89	519	0.24
10,001 to 50,000 units	227	45.04	5,759	2.70
50,001 to 500,000 units	104	20.63	15,118	7.10
500,001 units and above	19	3.77	191,312	89.85
Total	**504**	**100.00**	**212,946**	**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	93.92	98.87	96.12
Cash and other assets	6.08	1.13	3.88
Total	**100.00**	**100.00**	**100.00**
Net Asset Value (NAV) (RM'000)	74,719	14,248	19,772
Units In Circulation (Units '000)	212,947	53,377	69,861
Net Asset Value Per Unit (RM)	0.3509	0.2669	0.2830
Highest Net Asset Value Per Unit (RM)	0.3561	0.2723	0.2967
Lowest Net Asset Value Per Unit (RM)	0.3129	0.2357	0.2570
Total Return (%)			
- Capital Growth	12.61	(2.95)	9.18
- Income Distribution	-	-	-
Total Return (%)	12.61	(2.95)	9.18
Gross Distribution Per Unit (RM)	-	-	-
Net Distribution Per Unit (RM)	-	-	-
Management Expense Ratio (MER) (%)*	0.30	0.29	0.29
Portfolio Turnover Ratio (PTR) (times)^	0.57	0.06	0.10

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

^ PTR was higher due to inflows to the Fund 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	31.47	10.53	9.52

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	13.31	6.10	1.09	4.95	14.53

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:

Percentage growth = $\frac{NAV_t}{NAV_0} - 1$

NAV_t = NAV at the end of the period

NAV_0 = NAV at the beginning of the period

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.

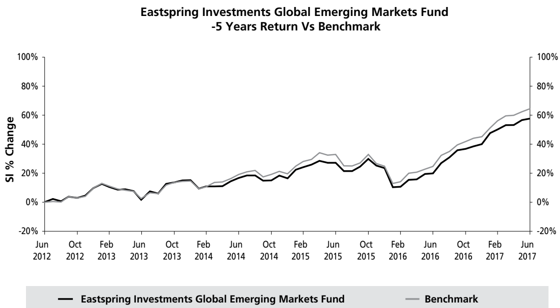
MANAGER'S REPORT

Fund Performance

For the 5-year period, the Fund recorded a return of 57.64% underperforming the benchmark return of 64.45% by -6.81%

During the period under review, the Fund registered a return of 12.61% underperforming the benchmark return of 13.32% by -0.71%.

The Fund underperformed its benchmark during the period under review due to timing effects as a result of different pricing points between the Fund and the benchmark (intra-day versus closing price), however these effects are expected to even out over time.



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

Benchmark: MSCI EM Net TR.

Source: Lipper for Investment Management and www.msci.com, 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	12.61	12.61	13.32

* 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 has a balanced approach to investing in emerging markets. The Target Fund uses a mix of top-down analysis and bottom-up stock selection, looking to derive 50% of the added value from country allocation and 50% from stock selection. The Target Fund's core investment process does not target any particular style bias and aims to outperform in most market environments.

Country allocation had a negative impact on returns while stock selection contributed to the fund's outperformance.
The overweight to Russia, which underperformed, detracted value.

Stock selection in Russia added to returns, and positive contribution came from stock selection in India, China and Taiwan.

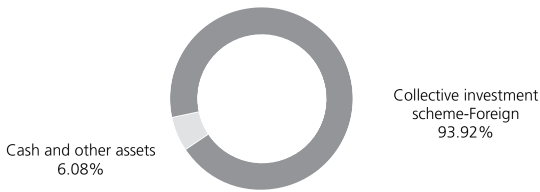
With growth in developed markets maintaining a steady recovery and inflation contained, the external environment remains supportive for emerging markets.

MANAGER'S REPORT (CONTINUED)

Asset Allocation

Asset Allocation	30-Jun 2017	31-Dec 2016	Changes
	(%)	(%)	(%)
Collective investment scheme-Foreign	93.92	96.07	(2.15)
Cash and other assets	6.08	3.93	2.15

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 asset allocation, currency risk, investment strategy of the target fund and minimum holdings of units have been revised as set out in (d) to (g) below. There is also amendments on permitted investments & investment restrictions and limits of the target fund as set out in (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. Asset Allocation

Asset Class	% of the Fund's NAV
Schroder International Selection Fund Emerging Markets	Minimum of 95%
Deposits or liquid assets	Minimum of 1%

MANAGER'S REPORT (CONTINUED)

State of Affairs of the Fund (continued)

e. 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.

f. Investment Strategy of the Target Fund

The Target Fund invest at least two-thirds of its assets in equity and equity-related securities of companies in emerging markets.

The Target Fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the Target Fund more efficiently. The Target Fund may also invest in money market instruments and hold cash.

MANAGER'S REPORT (CONTINUED)

State of Affairs of the Fund (continued)

g. 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.

h. Permitted Investments & Investment Restrictions and Limits of the Target Fund

1. Terminology changes

a) "financial derivatives instruments" to "derivatives"
b) "UCITS Directive" to "UCITS IV Directive"
c) "fourth Directive 78/660/EEC" or "directive 83/349/EEC" to "Directive 2013/34/EU"
d) "circular 13/559 relating to ESMA guidelines on ETFs and other UCITS issues" to "circular 14/592"
e) "depository" to "custody"

2. Insertion or deletion

a) Deletion of footnote in section 7 – Miscellaneous
b) Deletion of 1. E (3)

MANAGER'S REPORT (CONTINUED)

State of Affairs of the Fund (continued)

Deleted:
The company may acquire no more than 25% of the units of the same Undertaking for Collective Investment In Transferable Securities ("UCITS") and/or other Undertakings for Collective Investment ("UCI"). This limit may be disregarded at the time of acquisition if at that time the gross amount of the units in issue cannot be calculated. In case of a UCITS or other UCI with multiple sub-funds, this restriction is applicable by reference to all units issued by the UCITS/UCI concerned, all sub-funds combined.

c) Addition of new paragraph under section 3:
Since the counterparties with which the Target Fund enter into total return swaps do not assume any discretion over the Target Fund's investments (including the reference assets, if any), no approval of the counterparties is required for any transactions relating to the investments of the Target Fund.

d) Addition of new sentence under 5 (E):
By way of derogation, the Target Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, Eligible State or a public international body to which one or more of its local Member States belong. In that case the Target Fund must receive securities from at least six different issues, but securities from any single issue shall not account for more than 30% of the net asset value of the Target Fund.

e) Addition of new sentence under section 6:
This supplementary information includes the VaR levels set for the Target Fund using such risk measure.

MANAGER'S REPORT (CONTINUED)

State of Affairs of the Fund (continued)

3. Revision

a) 1. (E) No Target Fund may invest more than 10% of its net assets in units of UCITS or other UCIs, unless otherwise specified in appendix III of the Target Fund prospectus and funds identified as Feeder UCITS as provided for in the investment objective and policy in appendix III of the Target Fund prospectus. In addition, except for funds identified as Feeder UCITS, the following limits shall apply:

b) 2. (F) The Company may acquire securities in which it is permitted to invest in pursuit of its investment objective and policy through underwriting or sub-underwriting.

c) 5. (I) (4) invested in short-term money market funds as defined in the "ESMA" Guidelines on a Common Definition of European Money Market Funds". Re-invested cash collateral shall be diversified in accordance with the diversification requirements applicable to non-cash collateral.

MARKET REVIEW

Global equities performed well in the first quarter, supported by improved global growth. In the United States (“US”), economic data remained firm and the Federal Reserve (“Fed”) hiked interest rates by 25bps, in line with expectations. However, optimism towards reflation in the US moderated as the market questioned the ability of the Trump administration to deliver its pro-growth agenda following its failure to reform healthcare. The US dollar weakened in response, which was a positive for emerging markets (“EM”). Taken in combination with a lack of US protectionist trade policy action, the MSCI Emerging Markets Index posted a robust return and outperformed the MSCI World.

Global equities generated a strong return in the second quarter, as global growth maintained a steady recovery. In the US, macroeconomic data was mixed but the Fed continued to gradually normalise monetary policy, raising its key rate by 25bps to 1.25% in June. However, political uncertainty reduced expectations for the scale and timing of fiscal expansion, and the US dollar weakened. In Europe, political risk eased following the victory of Emmanuel Macron in the French presidential election. Meanwhile, macroeconomic data strengthened and European Central Bank governor Mario Draghi indicated that a continuation of this positive trend could lead to the removal of economic stimulus. Emerging market equities were beneficiaries of a supportive global backdrop and the MSCI Emerging Markets Index registered a strong gain, outperforming the MSCI World.

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 EMERGING MARKETS FUND

FINANCIAL STATEMENTS

FOR THE 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 18 to 50 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 EMERGING MARKETS FUND

We have acted as Trustee for Eastspring Investments Global Emerging Markets 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		36,509	4,216
Net gain/(loss) on financial assets at fair value through profit or loss	6	4,693,857	(570,270)
Net foreign currency exchange loss		(146,573)	(1,834)
		4,583,793	(567,888)
EXPENSES			
Management fee	3	(100,214)	(23,778)
Trustee fee	4	(20,278)	(8,951)
Audit fee		(3,124)	(3,132)
Tax agent fee		(1,687)	(1,691)
Other expenses		(19,555)	(2,758)
GST charges		(7,795)	(1,964)
		(152,653)	(42,274)
PROFIT/(LOSS) BEFORE TAXATION		4,431,140	(610,162)
TAXATION	5	-	-
PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS)		4,431,140	(610,162)
Profit/(loss) after taxation is made up of the following:			
Realised amount		292,416	60,898
Unrealised amount		4,138,724	(671,060)
		4,431,140	(610,162)

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	4,273,501	297,664
Amount due from Manager		1,309,550	35,384
Financial assets at fair value through profit or loss	6	70,175,450	14,086,739
TOTAL ASSETS		75,758,501	14,419,787
LIABILITIES			
Amount due to Manager		35,536	139,108
Amount due to a broker		951,221	-
Accrued management fee		22,433	3,765
Amount due to Trustee		4,718	1,476
Other payables and accruals		24,368	26,774
GST charges payable		1,629	314
TOTAL LIABILITIES		1,039,905	171,437
NET ASSET VALUE OF THE FUND		74,718,596	14,248,350
EQUITY			
Unit holders' capital		72,100,603	18,443,734
Retained earnings/(accumulated loss)		2,617,993	(4,195,384)
NET ASSET ATTRIBUTABLE TO UNIT HOLDERS		74,718,596	14,248,350
NUMBER OF UNITS IN CIRCULATION	8	212,947,264	53,377,224
NET ASSET VALUE PER UNIT (RM)		0.3509	0.2669

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/ (accumulated loss)**	**Total**
	RM	**RM**	**RM**
Balance as at 1 January 2017	19,509,092	(1,813,147)	17,695,945
Movement in unit holders' contribution:			
Creation of units from applications	67,612,224	-	67,612,224
Cancellation of units	(15,020,713)	-	(15,020,713)
Total comprehensive income for the financial period	-	4,431,140	4,431,140
Balance as at 30 June 2017	72,100,603	2,617,993	74,718,596
Balance as at 1 January 2016	20,630,174	(3,585,222)	17,044,952
Movement in unit holders' contribution:			
Creation of units from applications	1,177,531	-	1,177,531
Cancellation of units	(3,363,971)	-	(3,363,971)
Total comprehensive loss for the financial period	-	(610,162)	(610,162)
Balance as at 30 June 2016	18,443,734	(4,195,384)	14,248,350

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

	Note	6-months financial period ended 30.6.2017	6-months financial period ended 30.6.2016
		RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		4,410,919	2,261,978
Purchase of investments		(51,940,616)	-
Interest income received		36,509	4,216
Management fee paid net of rebates		(83,226)	(24,849)
Trustee fee paid		(17,085)	(11,181)
Payment for other fees and expenses		(31,438)	(19,468)
Net realised foreign exchange loss		(146,573)	(1,834)
Net cash (used in)/generated from operating activities		(47,771,510)	2,208,862
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		66,399,959	1,170,344
Payments for cancellation of units		(15,078,384)	(3,225,973)
Net cash generated from/(used in) financing activities		51,321,575	(2,055,629)
NET INCREASE IN CASH AND CASH EQUIVALENTS		3,550,065	153,233
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD		723,436	144,431
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	7	4,273,501	297,664

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 investment, which is 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, amount due to a broker, 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.

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

Loans and receivables and other financial liabilities are subsequently carried at amortised cost using the effective interest 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 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 Emerging Markets Fund (the “Fund”) was constituted pursuant to the execution of a Deed dated 7 December 2007 (the “Deed”), 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 was launched on 11 January 2008 and will continue its operations until terminated as provided under Clause 12 of the Deed.

The Fund invests in a foreign collective investment scheme primarily the Schroder International Selection Fund - Emerging Markets (the “Target Fund”), incorporated in Luxembourg.

The main objective of the Fund seeks to achieve long-term capital growth by investing in a collective investment scheme called the Schroder International Selection Fund-Emerging Markets (the “Target Fund”), which in turn seeks to provide capital growth primarily through investment in equity securities of emerging markets companies.

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), stock/issuer risk, fund management risk, liquidity risk, credit/default risk, country risk, emerging markets risk, non-compliance risk and capital risk.

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

Financial instruments of the Fund are as follows:

	Note	Loans and receivables	Financial assets at fair value through profit or loss	Total
		RM	RM	RM
2017				
Amount due from Manager		1,309,550	-	1,309,550
Cash and cash equivalents	7	4,273,501	-	4,273,501
Collective investment scheme	6	-	70,175,450	70,175,450
		5,583,051	70,175,450	75,758,501
2016				
Amount due from Manager		35,384	-	35,384
Cash and cash equivalents	7	297,664	-	297,664
Collective investment scheme	6	-	14,086,739	14,086,739
		333,048	14,086,739	14,419,787

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 Schroder International Selection Fund-Emerging Markets 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 Schroder International Selection Fund-Emerging Market.

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	70,175,450	14,086,739

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.

		2017		2016
% Change in price of financial assets at fair value through profit or loss	Market value	Increase/ (decrease) in profit after tax and net asset value	Market value	Increase/ (decrease) in loss after tax and net asset value
	RM	RM	RM	RM
+5%	73,684,223	3,508,773	14,791,076	704,337
-5%	66,666,677	(3,508,773)	13,382,402	(704,337)

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, Schroder International Selection Fund-Emerging Markets may invest its assets in securities denominated in a wide range of currencies other than Ringgit Malaysia, the net asset value of the Fund expressed in Ringgit Malaysia may be affected favourably or unfavourably by exchange control regulations or changes in the exchange rates between Ringgit Malaysia and such other currencies. 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	Amount due to a broker	Total
	RM	RM	RM
2017			
Euro	70,175,450	(951,221)	69,224,229
2016			
Euro	14,086,739	-	14,086,739

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 assets 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
2017			
Euro	5	3,461,211	3,461,211
2016			
Euro	5	704,337	704,337

Stock/issuer risk

The performance of equities and money market instruments held by the Underlying Fund is also dependent on company specific factors like the issuer's business situation. If the company-specific factors deteriorate, the price of the specific security may drop significantly and permanently, possibly even regardless of an otherwise generally positive stock market trend. Risks include but are not limited to competitive operating environments, changing industry conditions and poor management.

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.

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
2017			
Amount due to a broker	951,221	-	951,221
Amount due to Manager	35,536	-	35,536
Accrued management fee	22,433	-	22,433
Amount due to Trustee	4,718	-	4,718
Other payables and accruals	-	24,368	24,368
GST charges payable	1,629	-	1,629
Contractual cash outflows	1,015,537	24,368	1,039,905
2016			
Amount due to Manager	139,108	-	139,108
Accrued management fee	3,765	-	3,765
Amount due to Trustee	1,476	-	1,476
Other payables and accruals	-	26,774	26,774
GST charges payable	314	-	314
Contractual cash outflows	144,663	26,774	171,437

Credit/default 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**
2017			
Finance			
- AAA	4,250,442	-	4,250,442
- AA1	23,059	-	23,059
Other			
- NR	-	1,309,550	1,309,550
	4,273,501	1,309,550	5,583,051
2016			
Finance			
- AA1	297,664	-	297,664
Other			
- NR	-	35,384	35,384
	297,664	35,384	333,048

None of these assets are past due or impaired.

Country risk

The stock prices may be affected by the political and economic conditions of the country in which the stocks are listed. A Unit Trust Fund that invests in foreign securities may experience more rapid and extreme changes in value than a unit trust fund that invests exclusively in securities of Malaysian companies. Nationalisation, expropriation or confiscatory taxation, currency blockage, political changes or diplomatic developments could adversely affect a Unit Trust Fund's investment in a foreign country. In the event of nationalisation, expropriation or other confiscation, a unit trust fund could lose its entire investment in foreign securities. Adverse conditions in a certain region can adversely affect securities of other countries whose economies appear to be unrelated. Careful consideration shall be given to risk factors such as liquidity, political and economic environment before any investments are made in a foreign country.

Emerging markets risk

Investments in securities of emerging market issuers entail significant risks in addition to those customarily associated with investing in securities of issuers in more developed markets, such as:

i. low or non-existent trading volume, resulting in a lack of liquidity and increased volatility in prices for such securities, as compared to securities of comparable issuers in more developed capital markets,

ii. uncertain national policies and social, political and economic instability, increasing the potential for expropriation of assets, confiscatory taxation, high rates of inflation or unfavourably diplomatic developments,

iii. possible fluctuations in exchange rates, differing legal systems and the existence or possible imposition of exchange controls, custodial restrictions or other laws or restrictions applicable to such investments,

iv. national policies which may limit a portfolio's investment opportunities such as restrictions on investment in issuers or industries deemed sensitive to national interests, and

v. the lack of relatively early development of legal structures governing private and foreign investments and private property.

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.

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 judgement, considering factors specific to the asset or liability.

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

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

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

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
2017				
Financial assets at fair value through profit or loss:				
Collective investment scheme	70,175,450	-	-	70,175,450
2016				
Financial assets at fair value through profit or loss				
Collective investment scheme	14,086,739	-	-	14,086,739

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 1.80% 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 Schroder International Selection Fund-Emerging Markets to the Fund will be fully refunded. The rebate of management fee is 1.50% per annum or RM351,823 (2016: 1.50% per annum or RM107,495) calculated on net asset value of Schroder International Selection Fund-Emerging Markets on a daily basis. In accordance with the SC's 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 an annual fee, at a rate not exceeding 0.08% per annum on the net asset value of the Fund, subject to a minimum fee of RM18,000 per annum (excluding foreign custodian fees and charges).

For the financial period ended 30 June 2017, the Trustee fee is recognised at a rate of 0.08% per annum (2016: 0.08%) on the net asset value of the Fund, subject to a minimum fee of RM18,000 per annum, exclusive of foreign custodian fees and charges, calculated on daily basis.

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

5. TAXATION

	6-months financial period ended 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	4,431,140	(610,162)
Tax at Malaysian statutory rate of 24% (2016: 24%)	1,063,473	(146,439)
Tax effect of:		
Investment income exempt from tax	(1,100,110)	136,293
Expenses not deductible for tax purposes	11,836	3,687
Restriction on tax deductible expenses for Unit Trust Funds	24,801	6,459
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	70,175,450	14,086,739
Net gain/(loss) on financial assets at fair value through profit or loss:		
Realised gain on disposals	557,267	104,917
Change in unrealised fair value gain/(loss)	4,136,590	(675,187)
	4,693,857	(570,270)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.6.2017	Percentage of net asset value of the Fund
	Units	RM	RM	%
Schroder International Selection Fund-Emerging Markets – Class A	1,152,750	62,195,626	70,175,450	93.92
UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		7,979,824		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		70,175,450		

Name of counter	Quantity	Aggregate cost	Fair value as at 30.6.2016	Percentage of net asset value of the Fund
	Units	RM	RM	%
Schroder International Selection Fund-Emerging Markets – Class A	311,083	12,510,997	14,086,739	98.87
UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		1,575,742		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		14,086,739		

Schroder International Selection Fund ("SICAV") is an open-ended investment company organised as a "Société Anonyme" under the law of the Grand Duchy of Luxembourg and qualifies as a Société d'Investissement à Capital Variable ("SICAV"). The Schroder International Selection Fund Emerging Markets ("Target Fund") was launched on 17 January 2000. The investment manager of the Target Fund is Schroder Investment Management Limited.

The Schroder International Selection Fund - Emerging Markets seeks to provide capital growth primarily through investment in equity securities of emerging markets companies.

7. CASH AND CASH EQUIVALENTS

	2017	2016
	RM	RM
Bank balance	23,059	297,664
Deposit with a licensed financial institution	4,250,442	-
	4,273,501	297,664

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

	2017	2016
	%	%
Deposit with a licensed financial institution	3.80	-

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

8. UNITS IN CIRCULATION

	2017	2016
	No. of units	No. of units
At the beginning of the financial period	56,783,942	61,981,806
Creation of units arising from applications during the financial period	199,519,154	4,641,917
Cancellation of units during the financial period	(43,355,832)	(13,246,499)
At the end of the financial period	212,947,264	53,377,224

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		
Schroder Investment Management (Singapore) Limited	57,302,756	100.00
2016		
Schroder Investment Management (Singapore) Limited	1,886,557	100.00

The issuer highlighted above is not related to the Manager. 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	351	1,000	267

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	0.30	0.29

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 RM50,641,846 (2016: RM14,665,760).

12. PORTFOLIO TURNOVER RATIO ("PTR")

	2017	2016
PTR (times)	0.57	0.06

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 = RM52,891,837 (2016: RM Nil)
total disposals for the financial period = RM4,410,919 (2016: RM1,886,557)

13. SEGMENTAL INFORMATION

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

The reportable operating segment derives its income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within the portfolio. These returns consist of interest income 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

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EASTSPRING INVESTMENTS BERHAD

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531241-U

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