

EASTSPRING INVESTMENTS MY FOCUS 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

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FUND INFORMATION

Name of Fund

Eastspring Investments MY Focus Fund (the "Fund")

Fund Category/ Type

Equity/growth

Fund Objective

The Fund seeks to provide investors with capital appreciation in the medium to long-term with an opportunity for income* if any.

Note: The Fund's focus is on growth.

ANY MATERIAL CHANGES TO THE FUND'S OBJECTIVE WOULD REQUIRE UNIT HOLDERS' APPROVAL.

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

Performance Benchmark

The performance benchmark of the Fund is FBMKLCI.

Source: www.bursamalaysia.com

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

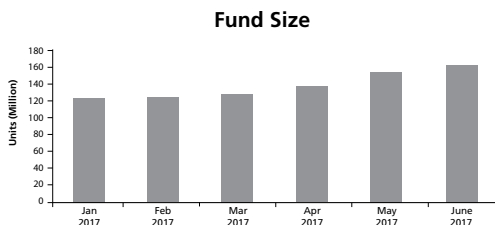
Fund Income Distribution Policy

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 MY Focus Fund stood at 162.558 million units.



Breakdown of Unit Holdings

Unit Holdings	No. of Unit Holders	%	No of Units* ('000)	%
5,000 units and below	2,623	35.28	6,698	4.12
5,001 to 10,000 units	1,676	22.55	11,960	7.36
10,001 to 50,000 units	2,631	35.40	56,706	34.88
50,001 to 500,000 units	486	6.54	48,812	30.03
500,001 units and above	17	0.23	38,381	23.61
Total	7,433	100.00	162,557	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
	(%)	(%)	(%)
Quoted Securities			
Construction	11.47	4.42	9.22
Consumer	5.15	8.76	3.71
Consumer Product	1.20	2.67	3.24
Finance	3.87	2.74	5.76
Health Care	6.47	-	-
Industrial Product	6.02	17.57	12.13
Infrastructure Project Company	-	-	3.52
Manufacturing	6.09	7.63	2.07
Plantation	1.16	-	-
Power / Utilities	1.30	3.38	2.84
Properties	7.23	12.38	16.32
REITS	1.37	-	-
Technology	2.27	3.39	7.09
Trading / Services	23.41	8.07	14.36
Transportation	1.52	1.60	0.31
	<hr/>	<hr/>	<hr/>
	78.53	72.61	80.57
Cash and other assets	21.47	27.39	19.43
Total	<hr/> 100.00	<hr/> 100.00	<hr/> 100.00

KEY PERFORMANCE DATA (CONTINUED)

Category	30.6.2017	30.6.2016	30.6.2015
Net Asset Value (NAV) (RM'000)	173,410	116,697	128,800
Units In Circulation (Units '000)	162,558	125,168	148,101
Net Asset Value Per Unit (RM)	1.0668	0.9323	0.8697
Highest Net Asset Value Per Unit (RM)	1.0831	0.9381	0.9099
Lowest Net Asset Value Per Unit (RM)	0.8984	0.8635	0.7939
Total Return (%)			
- Capital Growth	19.38	2.39	6.50
- Income Distribution	-	-	-
Total Return (%)	19.38	2.39	6.50
Gross Distribution Per Unit (RM)	-	-	-
Net Distribution Per Unit (RM)	-	-	-
Management Expense Ratio (MER) (%)*	0.85	0.84	0.82
Portfolio Turnover Ratio (PTR) (times)^	0.40	0.42	0.58

* 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	14.43	7.22	18.28
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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	(1.86)	11.50	12.89	45.36	14.65
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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.

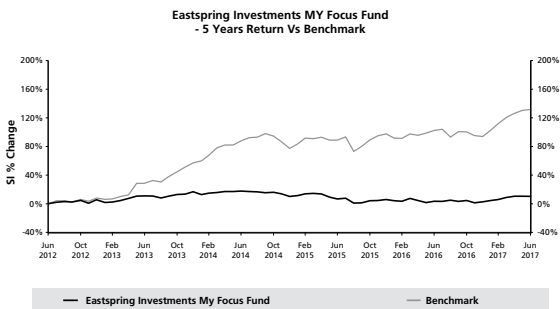
MANAGER'S REPORT

Fund Performance

Over the 5-year period, the Fund recorded a return of 131.63%, outperforming the benchmark return of 10.29% by 121.34%.

For the period under review, the Fund registered a gain of 19.38%, outperforming the benchmark return of 7.43% by 11.95%.

The outperformance was mainly due to good stock selection. The Fund achieved its objective to provide investors with capital appreciation in the medium to long-term period.



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

Benchmark: FTSE Bursa Malaysia KLCI Index (FBMKLCI)

Source: Lipper for Investment Management and www.bursamalaysia.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	19.38	19.38	7.43

* 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 The Period Under Review

During the period under review, the Fund increased exposure into banks, consumer and construction related stocks. The Fund will continue to maintain a bottom-up approach in stock selection. Cash holding was relatively high towards the end of the period under review as we were more aggressive in locking in gains. The Fund stays invested in companies with presence in ASEAN region with strong growth outlook.

MANAGER'S REPORT (CONTINUED)

Asset Allocation

Asset Allocation	30-Jun 2017 (%)	31-Dec 2016 (%)	Changes (%)
Quoted securities	78.53	80.48	(1.95)
Cash and other assets	21.47	19.52	1.95

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 the 2nd and 4th paragraph of the investment strategy, asset allocation, security risk and minimum holdings of units have been revised as set out in (b) to (e) below. The revision in the 2nd paragraph of the investment strategy was due to addition of explanation to "strong".

MANAGER'S REPORT (CONTINUED)

State of Affairs of the Fund (continued)

b. Investment strategy

(i) 2nd paragraph:

Value-oriented, bottom-up stock selection

The Manager of the Fund will employ a value-oriented investment style in security selection and investments. This strategy emphasises on bottom-up stock selection and invests in companies on the basis of strong** qualitative and quantitative factors.

** strong generally refers to consistent good track record and/or potential growth going forward.

(ii) 4th paragraph:

The Manager may also employ derivatives and derivative-related instruments and products (such as forward contracts and swaps) to hedge against stock price declines.

c. Asset Allocation

Asset Class	% of the Fund's NAV
Equities and equity-related securities	Minimum of 70%
Fixed income securities, money market instruments and deposits	Maximum of 30%
Deposits or liquid assets	Minimum of 1%

d. Security Risk

Adverse price movements of a particular security or Shariah-compliant security invested by the Fund may adversely affect the Fund's NAV. The Manager strives to mitigate the impact of a particular security or Shariah-compliant security risk through portfolio diversification.

MANAGER'S REPORT (CONTINUED)

State of Affairs of the Fund (continued)

Meanwhile investing in equity-related securities such as American Depository Receipts ("ADRs"), rights and warrants or Shariah-compliant equity-related securities such as Shariah-compliant warrants, where price movement is dependent on the price movement of the underlying of the equity-related securities or Shariah-compliant equity-related securities, the risk is generally higher than their equities or Shariah-compliant equities as these equity-related securities or Shariah-compliant equity-related securities are leveraged form of investment. The price of equity-related securities or Shariah-compliant equity-related securities generally fluctuates more than the equities or Shariah-compliant equities and consequently may affect the volatility of the Fund's NAV. To mitigate this risk, the Manager will conduct rigorous fundamental analysis of the equities and equity-related securities or Shariah-compliant equities and equity-related securities.

Warrants or Shariah-compliant warrants are financial instruments that give the buyer the right but not the obligation to purchase or sell equities or Shariah-compliant equities at a pre-determined price before the expiry date. Such investments may experience time decay, and the erosion of value accelerates as the instrument advances to its expiry date.

e. 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

1Q2017 saw global markets start the year on a positive note, on the expectations that Trump's policies for the United States ("US") will be reflationary in nature, focused on tax cuts and corporate tax overhaul, infrastructure spending in the US, and increased protectionism. US corporates reporting 4Q 2016 results in February generally surprised the market with a higher percentage of companies beating consensus earnings expectations for their 4Q results, in particular the Technology related companies and Health care. China surprised the market by raising their Medium-term Lending Facility 6-month and 1-year rates by 10bps, the first in nearly 6 years. This was followed by China's raising of its overnight rates for the standing lending facility loans to 3.1% post the Lunar New Year break, which saw the Chinese Yuan firmer against the US Dollar. The US markets took a breather towards the end of the quarter, as oil prices corrected with rising inventory levels and higher rig counts in the US. US President Trump failed to push through his election promise of getting rid of Obama-care, and in the United Kingdom ("UK") Prime Minister Theresa May triggered Article 50 to exit the European Union. Malaysian equities rallied in tandem with global markets, supported by a firmer ringgit given Bank Negara Malaysia ("BNM")'s efforts to clamp down on currency speculation. Announcements by Permodalan Nasional Berhad ("PNB") related companies to restructure the UMW Holdings and UMW Oil and Gas, and Sime Darby's intentions to spin-off various divisions brought some excitement to the market. M&A news dominated news in the 1Q as Saudi Aramco announced their JV with Petronas in RAPID during the Saudi Arabia King's visit to Malaysia, the media speculated the potential merger between Telekom Malaysia and Axiata, and Alibaba's Jack Ma's announcement of establishing an e-commerce hub in the new Digital Free Trade Zone in Sepang.

Global markets continued their upward trend in the 2Q2017, despite uncertainty regarding US President Trump and potential trade protectionist policy, French elections, UK elections, tensions with North Korea, and crude oil supply concerns. The French elections ended well with the winner, independent candidate Macron, who has never held elected office, but is more market friendly preferring closer European cooperation and maintain an open economy. U.K. Prime Minister Theresa May overestimated her support at the snap elections held on 8 June, and ended up with a minority government. North Korea has been busy testing the patience of the UN Security Council members, with 6 missile test launches in 2Q alone, seemingly making rapid progress in the development of their missile technology; unnerving the US, South Korea and Japan. Crude oil ended the quarter lower at about US\$46 per barrel, down almost 5% year-on-year, on supply concerns, despite the calls by Saudi Arabia and three other Gulf countries to boycott Qatar. Malaysian

equities continued its uptrend in the early part of 2Q, supported continued foreign fund flows and an appreciating ringgit. However the positive momentum hit a speed bump mid 2Q when TRX City announced that they were terminating the 60% stake sale of Bandar Malaysia to IWH-CREC joint venture, which brought up concerns of whether this could potentially jeopardise Malaysia's relationship with China ahead of China's One-Belt-One-Road Summit. Towards the end of the 2Q, profit taking activities set in ahead of the Hari Raya holidays, which also coincided with a flurry of M&A related news such as DRB Hicom and Zhejiang Geely signing the agreement for 49.9% stake in Proton, RHB Bank and AMMB Holdings announcing their commencement of merger discussions, and CIMB Group looking to dispose a stake of their Malaysian stockbroking business to China Galaxy Securities, after selling the international stockbroking arm. The FBM KLCI closed the period under review at 1,763.67 points, gaining 7.43%. In tandem with the FBM KLCI, the FBM Emas (FBMEmas) Index closed the period under review higher by 9.88% while the MSCI Asia Pacific ex-Japan Index rose by 18.35% in USD terms.

REBATES AND SOFT COMMISSIONS

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

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

¹ **Source:** Bloomberg: World indices

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EASTSPRING INVESTMENTS MY FOCUS 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 18 to 53 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 MY FOCUS FUND

We have acted as Trustee for Eastspring Investments MY Focus 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.

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			
Gross dividend income		1,117,706	1,250,551
Interest income from deposits with licensed financial institutions		450,604	377,963
Net gain on financial assets at fair value through profit or loss	6	21,880,215	2,398,007
		<u>23,448,525</u>	<u>4,026,521</u>
EXPENSES			
Management fee	3	(1,014,008)	(872,684)
Trustee fee	4	(54,080)	(46,543)
Audit fee		(3,372)	(3,381)
Tax agent fee		(1,687)	(1,691)
Other expenses		(14,246)	(7,653)
Transaction costs		(326,033)	(304,953)
GST charges		(64,843)	(55,153)
		<u>(1,478,269)</u>	<u>(1,292,058)</u>
PROFIT BEFORE TAXATION		21,970,256	2,734,463
TAXATION	5	<u>(2,590)</u>	<u>4</u>
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME		<u>21,967,666</u>	<u>2,734,467</u>
Profit after taxation is made up of the following:			
Realised amount		4,353,783	3,085,970
Unrealised amount		17,613,883	(351,503)
		<u>21,967,666</u>	<u>2,734,467</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	35,914,455	31,361,587
Amount due from Manager		2,865,792	836,863
Amount due from broker		1,318,888	-
Dividends receivable		144,101	121,649
Tax recoverable		2,167	2,167
Financial assets at fair value through profit or loss	6	136,177,289	84,733,698
TOTAL ASSETS		176,422,692	117,055,964
LIABILITIES			
Amount due to Manager		630,336	179,550
Amount due to brokers		2,126,590	-
Accrued management fee		208,602	142,867
Amount due to Trustee		11,126	7,620
Other payables and accruals		22,547	19,859
GST charges payable		13,184	9,029
TOTAL LIABILITIES		3,012,385	358,925
NET ASSET VALUE OF THE FUND		173,410,307	116,697,039
EQUITY			
Unit holders' capital		139,532,839	99,950,156
Retained earnings		33,877,468	16,746,883
NET ASSET ATTRIBUTABLE TO UNIT HOLDERS		173,410,307	116,697,039
NUMBER OF UNITS IN CIRCULATION	8	162,558,281	125,167,814
NET ASSET VALUE PER UNIT (RM)		1.0668	0.9323

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	99,111,784	11,909,802	111,021,586
Movement in unit holders' contribution:			
Creation of units from applications	60,311,859	-	60,311,859
Cancellation of units	(19,890,804)	-	(19,890,804)
Total comprehensive income for the financial period	-	21,967,666	21,967,666
Balance as at 30 June 2017	<u>139,532,839</u>	<u>33,877,468</u>	<u>173,410,307</u>
Balance as at 1 January 2016	107,911,022	14,012,416	121,923,438
Movement in unit holders' contribution:			
Creation of units from applications	12,040,868	-	12,040,868
Cancellation of units	(20,001,734)	-	(20,001,734)
Total comprehensive income for the financial period	-	2,734,467	2,734,467
Balance as at 30 June 2016	<u>99,950,156</u>	<u>16,746,883</u>	<u>116,697,039</u>

The accompanying summary of significant accounting policies and notes to the unaudited financial statements form an integral part of these unaudited financial statements.

UNAUDITED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 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	42,176,111	58,002,200
Purchase of investments	(65,569,690)	(39,976,192)
Dividends received	1,156,847	1,232,716
Interest income received	450,604	377,963
Management fee paid	(946,508)	(883,279)
Trustee fee paid	(50,479)	(47,108)
Payment for other fees and expenses	(403,233)	(72,967)
Tax (paid)/refund	-	4
Net cash (used in)/generated from operating activities	<u>(23,186,348)</u>	<u>18,633,337</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from units created	57,518,368	14,740,574
Payments for cancellation of units	(19,358,298)	(23,152,490)
Net cash generated from/(used in) financing activities	<u>38,160,070</u>	<u>(8,411,916)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	14,973,722	10,221,421
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>20,940,733</u>	<u>21,140,166</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>35,914,455</u>	<u>31,361,587</u>
	7	

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 unaudited financial statements are disclosed in Note J to the unaudited 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.

- 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 an accrual basis using the effective interest method.

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

Realised gain or loss on sale of investments is accounted for as the difference between the net disposal proceeds and the carrying amount of the 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.

D. PRESENTATION AND FUNCTIONAL CURRENCY

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

E. FINANCIAL ASSETS AND FINANCIAL LIABILITIES**i. Classification**

The Fund designates its investment in quoted securities 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, amount due from broker, dividends receivable 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 brokers, 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. Transaction costs are expensed in the statement of comprehensive income.

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

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

Financial 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.

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

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

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

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. AMOUNT DUE FROM/(TO) BROKERS

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

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

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

G. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise bank balance and deposits with licensed financial institutions that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

H. UNIT HOLDERS' CAPITAL

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

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

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

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

I. SEGMENTAL INFORMATION

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

J. 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 MY Focus Fund (the "Fund") was constituted pursuant to the execution of a Deed dated 25 November 2008 (the "Deed"), as amended by Supplemental Deed dated 11 May 2009 entered into between Eastspring Investments Berhad (the "Manager") and OSK Trustees Berhad (the "Trustee"). The Fund replaced OSK Trustees 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 OSK Trustees 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 1 March 2011 and will continue its operations until terminated as provided under Part 12 of the Deed.

The Fund seeks to provide investors with capital appreciation in the medium to long term with an opportunity for income, if any. The Fund targets to invest up to but not limited to 30 Malaysian securities that are expected to provide medium to long-term capital appreciation and income* potential.

All investments will be subjected to the 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 market risk (inclusive of price risk and interest rate risk), stock/issuer risk, fund management risk, liquidity risk, non-compliance risk, capital risk and credit/default risk.

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

Financial instruments of the Fund are as follows:

	Note	Loans and receivables	Financial assets at fair value through profit or loss	Total
		RM	RM	RM
<u>2017</u>				
Cash and cash equivalents	7	35,914,455	-	35,914,455
Amount due from Manager		2,865,792	-	2,865,792
Amount due from broker		1,318,888	-	1,318,888
Dividends receivable		144,101	-	144,101
Financial assets at fair value through profit or loss	6	-	136,177,289	136,177,289
		<u>40,243,236</u>	<u>136,177,289</u>	<u>176,420,525</u>
<u>2016</u>				
Cash and cash equivalents	7	31,361,587	-	31,361,587
Amount due from Manager		836,863	-	836,863
Dividends receivable		121,649	-	121,649
Financial assets at fair value through profit or loss	6	-	84,733,698	84,733,698
		<u>32,320,099</u>	<u>84,733,698</u>	<u>117,053,797</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 because a Fund would generally hold a well-diversified portfolio of securities from different market sectors so that the collapse of any one security or any one market sector would not impact too greatly on the value of the Fund.

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

	2017	2016
	RM	RM
Quoted securities designated at fair value through profit or loss	136,177,289	84,733,698

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

	2017		2016	
% Change in price of financial assets at fair value through profit or loss	Market value	Increase/ (decrease) in profit after tax and net asset value	Market value	Increase/ (decrease) in profit after tax and net asset value
+5%	142,986,153	6,808,864	88,970,383	4,236,685
-5%	129,368,425	(6,808,864)	80,497,013	(4,236,685)

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.

As at 30 June 2017 and 30 June 2016, the Fund does not hold any financial instruments that expose it to interest rate risk.

Stock/issuer risk

This risk refers to the individual risk of the respective companies issuing the securities. Specific risk includes but is not limited to changes in consumer tastes and demand, legal suits, competitive operating environments, changing industry conditions and management omissions and errors. However, this risk is minimised through investing in a wide range of companies in different sectors and thus function independently from one another.

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 bank balance, deposits with licensed financial institutions 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 Manager	630,336	-	630,336
Amount due to brokers	2,126,590	-	2,126,590
Accrued management fee	208,602	-	208,602
Amount due to Trustee	11,126	-	11,126
Other payables and accruals	-	22,547	22,547
GST charges payable	13,184	-	13,184
Contractual cash outflows	2,989,838	22,547	3,012,385
2016			
Amount due to Manager	179,550	-	179,550
Accrued management fee	142,867	-	142,867
Amount due to Trustee	7,620	-	7,620
Other payables and accruals	-	19,859	19,859
GST charges payable	9,029	-	9,029
Contractual cash outflows	339,066	19,859	358,925

Non-compliance risk

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

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

Capital risk

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

Credit/default risk

Credit risk refers to the ability of an issuer or a counter party to make timely payments of 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.

Credit/default risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Fund.

The credit/default risk is minimal as all transactions in quoted securities 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	Dividends receivable	Amount due from Manager	Amount due from broker	Total
	RM	RM	RM	RM	RM
<u>2017</u>					
Finance					
- AAA	33,372,258	-	-	-	33,372,258
- AA1	2,542,197	-	-	-	2,542,197
Construction					
- NR	-	48,060	-	-	48,060
Health Care					
- NR	-	15,000	-	-	15,000
Trading / Services					
- NR	-	40,000	-	-	40,000
Technology					
- NR	-	41,041	-	-	41,041
Other					
- NR	-	-	2,865,792	1,318,888	4,184,680
	<u>35,914,455</u>	<u>144,101</u>	<u>2,865,792</u>	<u>1,318,888</u>	<u>40,243,236</u>

	Cash and cash equivalents	Dividends receivable	Amount due from Manager	Total
	RM	RM	RM	RM
2016				
Finance				
- AAA	31,318,974	-	-	31,318,974
- AA1	42,613	-	-	42,613
Health Care				
- NR	-	29,250	-	29,250
Industrial Product				
- NR	-	62,505	-	62,505
Properties				
- NR	-	16,566	-	16,566
Technology				
- NR	-	13,328	-	13,328
Other				
- NR	-	-	836,863	836,863
	<u>31,361,587</u>	<u>121,649</u>	<u>836,863</u>	<u>32,320,099</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 judgement, considering factors specific to the asset or liability.

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

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

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
<u>2017</u>				
Financial assets at fair value through profit or loss:				
Quoted securities	136,177,289	-	-	136,177,289
<u>2016</u>				
Financial assets at fair value through profit or loss:				
Quoted securities	84,733,698	-	-	84,733,698

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

- ii. The carrying value of amount due from Manager, amount due from broker, dividends receivable, 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% per annum of the net asset value of the Fund calculated on daily basis.

For the financial period ended 30 June 2017, the management fee is recognised at a rate of 1.50% (2016: 1.50%) per annum of the net asset value of the Fund, calculated on daily basis.

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

4. TRUSTEE FEE

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

For the financial period ended 30 June 2017, the Trustee fee is recognised at a rate of 0.08% (2016: 0.08%) per annum on the net asset value of the Fund, 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:		
Over provision of taxation in previous financial period	-	(4)
Current tax expenses	2,590	-
	<u>2,590</u>	<u>(4)</u>

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

	6-months financial period ended 30.6.2017	6-months financial period ended 30.6.2016
	RM	RM
Profit before taxation	21,970,256	2,734,463
Tax at Malaysian statutory rate of 24% (2016:24%)	5,272,861	656,271
Tax effect of:		
Investment income exempt from tax	(5,621,431)	(966,365)
Expenses not deductible for tax purposes	110,613	99,838
Restriction on tax deductible expenses for Unit Trust Funds	244,171	210,256
Over provision in prior financial period	-	(4)
Income subject to different tax rate	(3,624)	-
Taxation	2,590	(4)

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017	2016
	RM	RM
Designated at fair value through profit or loss:		
Quoted securities	136,177,289	84,733,698
Net gain on financial assets at fair value through profit or loss:		
Realised gain on disposals	4,266,332	2,749,510
Change in unrealised fair value gain/(loss)	17,613,883	(351,503)
	21,880,215	2,398,007

Quoted Securities

Name of counter	Quantity	Aggregate cost	Fair value as at 30.6.2017	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Construction</u>				
Gamuda Berhad	1,300,000	6,514,680	7,150,000	4.12
IJM Corporation Berhad	1,103,000	3,703,386	3,816,380	2.20
Kerjaya Prospek Group Berhad	2,740,700	4,783,501	8,934,682	5.15
	5,143,700	15,001,567	19,901,062	11.47
<u>Consumer</u>				
Hup Seng Industries Berhad	2,508,000	2,842,664	3,034,680	1.75
Magni-Tech Industries Berhad	301,400	1,269,749	2,275,570	1.31
Salutica Berhad	2,341,600	2,144,886	3,629,480	2.09
	5,151,000	6,257,299	8,939,730	5.15
<u>Consumer Product</u>				
Asia File Corporation Bhd	649,860	2,711,226	2,079,552	1.20
<u>Finance</u>				
CIMB Group Holdings Berhad	1,019,779	5,081,546	6,710,146	3.87
<u>Health Care</u>				
Hartalega Holdings Berhad	180,000	1,111,717	1,328,400	0.77
IHH Healthcare Berhad	500,000	2,903,400	2,875,000	1.66
Top Glove Corporation Bhd	1,217,600	5,744,664	7,001,200	4.04
	1,897,600	9,759,781	11,204,600	6.47
<u>Industrial Product</u>				
Scientex Berhad	400,000	3,120,000	3,520,000	2.03
United U-Li Corporation Berhad	1,669,600	2,988,223	6,912,144	3.99
	2,069,600	6,108,223	10,432,144	6.02

Quoted Securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net
			30.6.2017	asset value of the Fund
	Units	RM	RM	%
<u>Manufacturing</u>				
Evergreen Fibreboard Berhad	2,101,750	2,468,769	1,765,470	1.02
Success Transformers Corporation Berhad	2,433,800	5,559,129	8,786,018	5.07
	4,535,550	8,027,898	10,551,488	6.09
<u>Plantation</u>				
IOI Corporation Berhad	452,400	2,004,132	2,013,180	1.16
<u>Power/Utilities</u>				
Malakoff Corporation Berhad	2,132,900	3,810,112	2,260,874	1.30
<u>Properties</u>				
Eastern & Oriental Berhad	2,874,100	5,745,899	4,885,970	2.82
IOI Properties Group Berhad	1,764,581	4,023,945	3,882,078	2.24
KSL Holdings Bhd	3,055,632	4,472,124	3,758,427	2.17
	7,694,313	14,241,968	12,526,475	7.23
<u>REITS</u>				
KIP Real Estate Investment Trust	2,589,400	2,589,400	2,382,248	1.37
<u>Technology</u>				
Inari Amertron Berhad	1,865,486	1,781,299	3,936,175	2.27

Quoted Securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value	Percentage
			as at 30.6.2017	of net asset value of the Fund
	Units	RM	RM	%
<u>Trading / Services</u>				
Genting Berhad	870,000	8,637,634	8,186,700	4.72
Hap Seng Consolidated Berhad	500,000	4,621,700	4,615,000	2.66
Maxis Berhad	1,500,000	8,280,000	8,325,000	4.80
MMC Corporation Berhad	1,000,000	2,484,250	2,480,000	1.43
OldTown Berhad	950,000	1,767,797	2,736,000	1.58
Telekom Malaysia Berhad	400,000	2,464,000	2,660,000	1.53
Tenaga Nasional Berhad	820,000	11,400,714	11,594,800	6.69
	<u>6,040,000</u>	<u>39,656,095</u>	<u>40,597,500</u>	<u>23.41</u>
<u>Transportation</u>				
Xin Hwa Holdings Berhad	2,239,080	1,695,921	2,642,115	1.52
TOTAL QUOTED SECURITIES	<u>43,480,668</u>	<u>118,726,467</u>	<u>136,177,289</u>	<u>78.53</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>17,450,822</u>		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>136,177,289</u>		

Quoted Securities

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net
			30.6.2016	asset value of the Fund
	Units	RM	RM	%
<u>Construction</u>				
Kerjaya Prospek Group Berhad	2,540,700	4,352,074	5,157,621	4.42
<u>Consumer</u>				
Hup Seng Industries Berhad	4,190,700	4,749,900	5,615,538	4.81
Magni-Tech Industries Berhad	387,600	1,625,964	1,565,904	1.34
Salutica Berhad	2,988,600	2,349,405	3,048,372	2.61
	7,566,900	8,725,269	10,229,814	8.76
<u>Consumer Product</u>				
Asia File Corporation Bhd	732,960	3,057,921	3,115,080	2.67
<u>Finance</u>				
RHB Capital Berhad	624,100	3,643,064	3,195,392	2.74
<u>Industrial Product</u>				
Coastal Contracts Bhd	1,235,500	4,781,893	1,915,025	1.64
KNM Group Berhad	6,144,000	3,129,797	2,519,040	2.16
SKP Resources Bhd	2,000,000	2,627,574	2,320,000	1.99
United U-Li Corporation Berhad	2,083,500	3,729,015	13,751,100	11.78
	11,463,000	14,268,279	20,505,165	17.57

Quoted Securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net
			30.6.2016	asset value of the Fund
	Units	RM	RM	%
<u>Manufacturing</u>				
Evergreen Fibreboards Berhad	3,343,550	3,921,025	3,544,163	3.04
Success Transformers Corporation Berhad	2,371,800	5,447,121	5,360,268	4.59
	5,715,350	9,368,146	8,904,431	7.63
<u>Power/Utilities</u>				
Malakoff Corporation Berhad	2,465,500	4,402,261	3,944,800	3.38
<u>Properties</u>				
Eastern & Oriental Berhad	2,203,200	4,677,828	3,657,312	3.13
IOI Properties Group Berhad	1,761,665	4,413,845	4,139,913	3.55
KSL Holdings Bhd	3,055,632	4,472,124	3,422,308	2.93
Sentoria Group Berhad	2,000,000	2,006,136	1,700,000	1.46
TA Global Berhad	6,626,500	2,557,127	1,524,095	1.31
	15,646,997	18,127,060	14,443,628	12.38
<u>Technology</u>				
Inari Amertron Berhad	1,332,743	2,542,667	3,958,247	3.39
<u>Trading / Services</u>				
Berjaya Auto Berhad	1,315,860	2,372,857	3,052,795	2.62
Cypark Resources Berhad	1,192,900	3,252,014	2,326,155	1.99
OldTown Berhad	1,425,600	2,200,454	2,737,152	2.35
Salcon Bhd	2,237,100	1,643,204	1,297,518	1.11
	6,171,460	9,468,529	9,413,620	8.07

Quoted Securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value	Percentage of net asset value of the Fund
			as at 30.6.2016	
	Units	RM	RM	%
Transportation Xin Hwa Holdings Berhad	1,865,900	1,695,921	1,865,900	1.60
TOTAL QUOTED SECURITIES	<u>56,125,610</u>	<u>79,651,191</u>	<u>84,733,698</u>	<u>72.61</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>5,082,507</u>		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>84,733,698</u>	

7. CASH AND CASH EQUIVALENTS

	2017	2016
	RM	RM
Bank balance	2,542,197	42,613
Deposits with licensed financial institutions	33,372,258	31,318,974
	<u>35,914,455</u>	<u>31,361,587</u>

The effective weighted average interest rate of short term deposits with licensed financial institutions per annum as at the date of the statement of financial position are as follows:

	2017	2016
	%	%
Deposits with licensed financial institutions	<u>4.00</u>	<u>4.00</u>

The deposits have an average maturity of 18 days (2016: 8 days).

8. UNITS IN CIRCULATION

	2017	2016
	No. of units	No. of units
At beginning of the financial period	124,238,456	133,912,725
Creation of units arising from applications during the financial period	58,005,612	13,323,894
Cancellation of units during the financial period	<u>(19,685,787)</u>	<u>(22,068,805)</u>
At end of the financial period	<u>162,558,281</u>	<u>125,167,814</u>

9. TRANSACTIONS WITH BROKERS

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

Name of brokers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>2017</u>				
UOB Kay Hian Securities (M) Sdn Bhd	16,046,454	14.59	50,257	15.42
CIMB Investment Bank Berhad	14,229,240	12.94	38,150	11.70
RHB Investment Bank Berhad	13,553,861	12.33	32,882	10.09
Maybank Investment Bank Berhad	13,266,946	12.06	40,597	12.45
Nomura Securities Malaysia Sdn Bhd	12,777,653	11.62	38,987	11.96
Hong Leong Investment Bank Berhad	8,940,104	8.13	27,642	8.48
Affin Hwang Investment Bank Berhad	7,674,189	6.98	23,977	7.35
Credit Suisse Securities (Malaysia) Sdn. Bhd.	5,244,287	4.77	16,618	5.10
CLSA Securities Malaysia Sdn Bhd	4,969,150	4.52	14,428	4.42
Citigroup Global Markets (M) Sdn Bhd	3,706,148	3.37	11,600	3.56
Others	9,561,457	8.69	30,885	9.47
	109,969,489	100.00	326,023	100.00

Name of brokers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>2016</u>				
RHB Investment Bank Berhad	14,332,848	14.63	47,730	15.65
Maybank Investment Bank Berhad	9,931,317	10.14	30,876	10.13
Kenanga Investment Bank Berhad	9,161,573	9.35	28,673	9.40
UOB Kay Hian Securities (M) Sdn Bhd	9,114,301	9.30	28,037	9.19
Public Investment Bank Berhad	8,840,511	9.03	27,639	9.06
KAF Seagroatt & Campbell Securities Sdn Bhd	8,770,798	8.95	27,447	9.00
CIMB Investment Bank Berhad	7,854,742	8.02	30,869	10.12
Nomura Securities Malaysia Sdn Bhd	7,783,575	7.95	22,437	7.36
Inter-Pacific Securities Sdn Berhad	5,548,000	5.66	17,066	5.60
Credit Suisse Securities (Malaysia) Sdn. Bhd.	5,037,726	5.14	16,152	5.30
Others	11,592,209	11.83	28,027	9.19
	<u>97,967,600</u>	<u>100.00</u>	<u>304,953</u>	<u>100.00</u>

All brokers highlighted above are not related to the Manager.

10. UNITS HELD BY THE MANAGER

The related party of and its relationships 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	1,062	1,133	1,062	990

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	0.85	0.84

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 RM136,315,261 (2016: RM116,991,786).

12. PORTFOLIO TURNOVER RATIO (“PTR”)

The related parties of and their relationship with the Fund are as follows:

	2017	2016
PTR (times)	0.40	0.42

PTR is derived from the following calculation:

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

where:

total acquisitions for the financial period = RM67,209,256 (2016: RM39,787,278)

total disposals for the financial period = RM42,760,233 (2016: RM58,002,200)

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 dividend income, 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

THE MANAGER

NAME

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ENQUIRIES

CLIENT SERVICES

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