

# EASTSPRING INVESTMENTS DANA AL-ISLAH

## INTERIM REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD  
ENDED 30 SEPTEMBER 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 September 2017.**

You may also download these reports from our website at [www.eastspringinvestments.com.my](http://www.eastspringinvestments.com.my)

Should you require any assistance, please do not hesitate to contact our Client Services at 03-2332 1000.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Raymond Tang Chee Kin', written in a cursive style.

**Raymond Tang Chee Kin**

Non-Independent, Executive Director and Chief Executive Officer

# TABLE OF CONTENTS

Fund Information	1
Key Performance Data	3
Manager's Report	6
Market Review	12
Rebates and Soft Commissions	14
Statement by the Manager	16
Trustee's Report to the Unit Holders of Eastspring Investments Dana al-Islah	17
Shariah Adviser' Report to the Unit Holders of Eastspring Investments Dana al-Islah	18
Unaudited Statement of Comprehensive Income	19
Unaudited Statement of Financial Position	20
Unaudited Statement of Changes in Equity	21
Unaudited Statement of Cash Flows	22
Summary of Significant Accounting Policies	23
Notes to the Unaudited Financial Statements	32
Corporate Directory	61

## FUND INFORMATION

### Name of Fund

Eastspring Investments Dana al-Islah (the "Fund")

### Fund Category/ Type

Sukuk/income

### Fund Objective

The Fund seeks to provide investors with a stable income\*stream and an opportunity for capital appreciation from Shariah-compliant fixed income and equity securities.

#### **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 78% Quant Shop MGS Short Index + 22% FBMS.

The composite benchmark index is a reflection of the Fund's average asset allocation over the long-term of 78% of the Fund's NAV in sukuk and Islamic liquid assets, and 22% of the Fund's NAV in Shariah-compliant equities and equity-related securities.

#### **Source:**

Quant Shop MGS Short Index ([www.quantshop.com](http://www.quantshop.com))  
FBMS ([www.bursamalaysia.com](http://www.bursamalaysia.com))

The performance of the Fund against the benchmark is published in the Manager's monthly factsheet and is available from the Manager's website at [www.eastspringinvestments.com.my](http://www.eastspringinvestments.com.my).

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

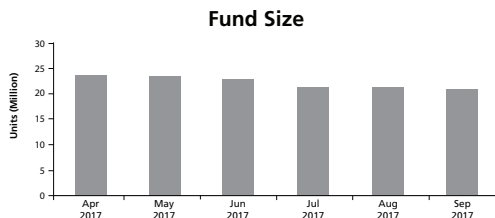
### Fund Income Distribution Policy

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

## FUND INFORMATION (CONTINUED)

### Breakdown of Unit Holdings by Size

As at 30 September 2017, the size of Eastspring Investments Dana al-Islah stood at 21.045 million units.



### Breakdown of Unit Holdings

Unit Holdings	No. of Unit Holders	%	No. of Units* ('000)	%
5,000 units and below	302	27.94	897	4.26
5,001 to 10,000 units	257	23.77	1,918	9.11
10,001 to 50,000 units	443	40.98	9,514	45.22
50,001 to 500,000 units	78	7.22	7,959	37.82
500,001 units and above	1	0.09	756	3.59
<b>Total</b>	<b>1,081</b>	<b>100.00</b>	<b>21,044</b>	<b>100.00</b>

\* excludes units held by the Manager.

## KEY PERFORMANCE DATA

FOR THE FINANCIAL PERIOD ENDED

Category	30.9.2017	30.9.2016	30.9.2015
	(%)	(%)	(%)
<b>Quoted Shariah-compliant securities</b>			
Construction	1.79	1.67	2.28
Consumer Product	1.35	2.14	2.11
Finance	-	-	2.10
Health Care	2.40	2.54	-
Industrial Product	2.31	2.99	2.56
Infrastructure Project Company	-	1.05	1.28
i-REITS	-	-	0.84
Plantation	0.84	2.33	0.99
Properties	0.96	0.02	0.56
Technology	1.60	-	0.90
Trading / Services	8.57	11.50	11.67
	19.82	24.24	25.29
Sukuk	72.74	65.51	68.75
Cash and other assets	7.44	10.25	5.96
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

## KEY PERFORMANCE DATA (CONTINUED)

Category	30.9.2017	30.9.2016	30.9.2015
Net Asset Value (NAV) (RM'000)	15,127	17,524	29,170
Units In Circulation (Units '000)	21,045	24,132	40,169
Net Asset Value Per Unit (RM)	0.7188	0.7262	0.7262
Highest Net Asset Value Per Unit (RM)	0.7195	0.7292	0.7377
Lowest Net Asset Value Per Unit (RM)	0.7080	0.7112	0.7142
Total Return (%)			
- Capital Growth	1.51	0.81	(1.01)
- Income Distribution	-	-	-
Total Return (%)	1.51	0.81	(1.01)
Gross Distribution Per Unit (RM)	-	-	-
Net Distribution Per Unit (RM)	-	-	-
Management Expense Ratio (MER) (%)*	0.81	0.80	0.85
Portfolio Turnover Ratio (PTR) (times)^	0.17	0.18	0.09

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

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

## KEY PERFORMANCE DATA (CONTINUED)

	1 year 1.10.2016 to 30.9.2017	3 years 1.10.2014 to 30.9.2017	5 years 1.10.2012 to 30.9.2017
	(%)	(%)	(%)
Average total return	3.07	2.46	3.46

Year ended	1.4.2016 to 31.3.2017	1.4.2015 to 31.3.2016	1.4.2014 to 31.3.2015	1.4.2013 to 31.3.2014	1.4.2012 to 31.3.2013
	(%)	(%)	(%)	(%)	(%)
Annual total return	2.35	2.24	3.00	6.94	5.47

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

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

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

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

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

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

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

Adjusted for unit split and distribution paid out for the period

n = Number of years

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



## MANAGER'S REPORT

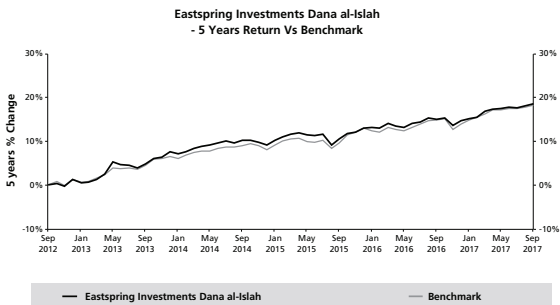
### Fund Performance

Over the 5-year period, the Fund recorded a return of 18.57%, outperforming the benchmark return of 18.31% by 0.26%.

For the period under review, the Fund registered a return of 1.51%, underperforming the benchmark return of 1.73% by 0.22%.

The underperformance was attributable to the performance of selected Shariah-compliant equities and sukuk which underperformed the benchmark.

Shariah-compliant equity portion also did not do well as the Fund did not have enough exposure in Tech, gloves and some mid & small cap names which have performed better than the blue chip Shariah-compliant stocks.



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

**Benchmark:** 78% Quant Shop MGS Short Index + 22% FBMS

**Source:** Lipper for Investment Management, [www.quantshop.com](http://www.quantshop.com) and [www.bursamalaysia.com](http://www.bursamalaysia.com), as at 30 September 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 September 2017:

<b>Income Return</b>	<b>Capital Return*</b>	<b>Total Return</b>	<b>Total Return of Benchmark</b>
<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
0.00	1.51	1.51	1.73

\* 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 September 2017.

### Investment Strategy During The Period Under Review

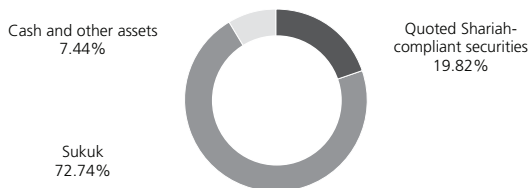
The Fund participated in selected quality sukuk for yield pick-up and traded on market volatility, subject to liquidity constraints.

## MANAGER'S REPORT (CONTINUED)

## Asset Allocation

Asset Allocation	30-Sep 2017 (%)	31-Mar 2017 (%)	Changes (%)
Quoted Shariah-compliant securities	19.82	27.90	(8.08)
Sukuk	72.74	67.21	5.53
Cash and other assets	7.44	4.89	2.55

## Asset Allocation as at 30 September 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 Master Prospectus dated 15 July 2017, the information in relation to the asset allocation, security risk, reclassification of Shariah status risk and minimum holdings of units have been revised as set out in (a) to (d) below.

#### a. Asset Allocation

Asset Class	% of the Fund's NAV
Sukuk	Minimum of 70%
Shariah-compliant equities and equity-related securities	Maximum of 30%
Islamic liquid assets	Minimum of 1%

#### b. Security Risk

*Applicable only to Eastspring Dana al-Islah*

Adverse price movements of a particular Shariah-compliant security invested by the Fund may adversely affect the Fund's Net Asset Value ("NAV"). The Manager strives to mitigate the impact of a particular Shariah-compliant security risk through a diversified portfolio of Shariah-compliant securities of different sectors or industries.

## MANAGER'S REPORT (CONTINUED)

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

Meanwhile investing in Shariah-compliant equity-related securities such as Shariah-compliant warrants, where price movement is dependent on the price movement of the underlying of the Shariah-compliant equity-related securities, the risk is generally higher than their Shariah-compliant equities as these Shariah-compliant equity-related securities are leveraged form of investment. The price of Shariah-compliant equity-related securities generally fluctuates more than the 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 Shariah-compliant equities and equity-related securities.

Shariah-compliant warrants are financial instruments that give the buyer the right but not the obligation to purchase or sell 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.

#### **c. Reclassification of Shariah status risk**

*Applicable only to Eastspring Dana al-Islah*

This is the risk that Shariah-compliant equities in the Fund may be reclassified to be Shariah non-compliant upon periodic review of the equities by the Shariah Advisory Council ("SAC") of the Securities Commission Malaysia ("SC"). If this occurs, the Manager will adopt the necessary steps to dispose such equities. There may be opportunity loss to the Fund due to the Fund not being allowed to retain the excess capital gains derived from the disposal of the Shariah non-compliant equities. The value of the Fund may also be adversely affected in the event of a disposal of Shariah non-compliant equities at a price lower than the investment cost.

## MANAGER'S REPORT (CONTINUED)

---

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

#### **d. Minimum Holdings of Units**

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

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

---

### Cross-Trade Transaction

During the period under review, there were cross-trades executed through a dealer or a financial institution on an arm's length and fair value basis and in the best interest of the unit holders.

## MARKET REVIEW

### **Bond**

During the period under review, Bank Negara Malaysia (“BNM”) kept the Overnight Policy Rate (“OPR”) at 3.00%. BNM believes that the current Overnight Policy Rate provides a degree of monetary accommodativeness which will ensure that the domestic economy continues on a steady growth path amid stable core inflation, supported by sustained financial intermediation in the economy. In the recent MPC meeting in September’17, Bank Negara commented that the global economy continues to strengthen with growth becoming more entrenched and synchronised across countries. Bank Negara also expects the domestic economic growth in 2017 will be stronger than earlier expected. However, BNM cautioned that the global outlook may be affected by political and policy developments in major economics and geopolitical risks.

Headline inflation increased to 3.7% year on year (“y-o-y”) in August 2017 from 3.2% y-o-y registered in July 2017 while core inflation decreased slightly to +2.4% y-o-y during the month from +2.6% y-o-y in the previous month. The increase in headline inflation was led price-related expansion in transport CPI (Aug: +11.7% y-o-y, Jul: +7.7% y-o-y) and slightly higher food and non-alcoholic beverages prices (Aug: +4.3% y-o-y, Jul: +4.2% y-o-y).

The US Federal Reserve (“Fed”) raised its key interest rates by 25bps to between 1.00%-1.25% during the Federal Open Market Committee (“FOMC”) meeting on 13-14 June. This is the third time that the Fed has raised its benchmark interest rate in the last nine months. The Fed believes that the current monetary policy remains accommodative to further support the labour market while sustaining inflation at 2%. The Fed also indicated that one more rate hike was on the table for the current fiscal year as the Fed remains optimistic on the economy.

Separately, the Fed confirmed that it will wind down its balance sheet as the central bank is expected to start reducing its balance sheet in October’17. The gradual unwinding of its massive USD4.5trillion balance sheet will be the first policy shift since the central bank started its stimulus program after the economy entered a severe recession nearly a decade ago. The Fed indicated that it will start reducing its balance sheet by trimming reinvestments by USD10billion in October and raising that amount gradually to USD50billion in the months to come.

For the period under review, the 3-, 5-, 10- and 15-year sovereign bond yields fell by 14bps, 24bps, 21bps and 13bps to close at 3.39%, 3.57%, 3.92% and 4.38% respectively<sup>1</sup>. Sovereign yields decreased in the second quarter after Bank Negara expanded short-selling of Malaysian Government Securities and allowing registered non-

<sup>1</sup> Source: Bloomberg

bank entities to have a net forward hedge position which helped to improve liquidity of the domestic bond market and onshore foreign exchange. Furthermore, sovereign bond yields also decreased due to strong buying interest from local investors.

Corporate bond yields generally moved in tandem with sovereign bond yields, albeit at a lag. Activities in the corporate bond market were supported by ample liquidity and a stable credit environment.

On the supply front, total new Malaysian Ringgit (MYR) Corporate Bond issuances as at end September 2017 stood around RM69billion of which approximately 30% was conventional and 70% was Islamic. Major primary issuances during the year were mainly government guaranteed bonds, corporates bonds and bank debts. Major issuances include RM7.1billion from Danainfra, RM6.75billion from LPPSA, RM4.2billion from Cagamas, RM4.0billion from Prasarana, RM4.0billion from PTPTN, RM4.2billion from GovCo Holdings Berhad, RM3.0billion from CIMB Bank Berhad and RM2.6billion from Genting Malaysia Berhad.

## Equity

Global markets continued their upward trend in the 2Q2017, despite uncertainty regarding United States of America ("US") President Trump and potential trade protectionist policy, French elections, United Kingdom ("UK") elections, tensions with North Korea, and crude oil supply concerns. North Korea has been busy testing the patience of the United Nations ("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% y-o-y, 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 Mergers & Acquisition ("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 Malaysian equity market started the 3Q2017 on a volatile note, sparked by the lackluster response for the IPO of Lotte Chemical Titan Berhad, the biggest Initial Public Offering (“IPO”) deal in Malaysia since 2012, as confidence in the IPO waned culminated by the disastrous results reported on the last day of the month. The annual Invest Malaysia conference did not provide much catalyst for the market, although the Prime Minister’s positive message on the state of economy and outlook provided investors with comfort. Malaysia’s lackluster 2Q2017 reported corporate earnings did nothing to help the direction of the market, in light of growing uncertainty regarding geopolitical tensions concerning North Korea, and the impact from US Hurricane Harvey which was the first major hurricane to make landfall in the United States since 2005. Malaysia’s GDP growth for 2Q of 5.8% y-o-y surprised on the upside but was not enough of a catalyst to drive investor interest. Equity markets in Malaysia ended the quarter lower, succumbing to selling pressure, when the Federal Reserve signaled one more rate hike towards the year end. The launch of Apple’s Iphone X and Iphone 8 in the US was a little disappointing given the minimal obvious differences between the Iphone 7 and Iphone 8, and the high price point of the Iphone X.

The FBM KLCI closed the year under review at 1,755.58 points, higher by 0.89%. The FBM Emas Index closed the period under review higher by 1.37% while the MSCI Asia Pacific ex-Japan Index gained by 10.52% in USD terms.<sup>2</sup>

## 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.

<sup>2</sup> Source: Bloomberg: World indices

# EASTSPRING INVESTMENTS DANA AL-ISLAH

## UNAUDITED FINANCIAL STATEMENTS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

## STATEMENT BY THE MANAGER

We, Tang Chee Kin and Khoo Chuan Keat, being two of the Directors of Eastspring Investments Berhad, do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements set out on pages 19 to 60 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 September 2017 and of its financial performance, changes in equity and cash flows for the six months financial period ended on that date in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the Manager,  
**EASTSPRING INVESTMENTS BERHAD**

**TANG CHEE KIN**  
Executive Director / Chief Executive Officer

**KHOO CHUAN KEAT**  
Director

Kuala Lumpur  
Date: 15 November 2017

## TRUSTEE'S REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS DANA AL-ISLAH

We have acted as Trustee for Eastspring Investments Dana al-Islah (the "Fund") for the financial period ended 30 September 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: 15 November 2017

## SHARIAH ADVISER'S REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS DANA AL-ISLAH

We have acted as the Shariah Adviser of Eastspring Investments Dana al-Islah. Our responsibility is to ensure that the procedures and processes employed by Eastspring Investments Berhad are in accordance with Shariah principles.

In our opinion, Eastspring Investments Berhad has managed and administered Eastspring Investments Dana al-Islah in accordance with Shariah principles and complied with applicable guidelines, rulings and decisions issued by the Securities Commission pertaining to Shariah matters for the financial period ended 30 September 2017.

In addition, we also confirm that the investment portfolio of Eastspring Investments Dana al-Islah comprises securities which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission ("SACSC"). As for the securities which are not certified by the SACSC, we have reviewed the said securities and opine that these securities are designated as Shariah-compliant.

For and on behalf of the Shariah Adviser

**IBFIM**

**DR. AHMAD ZAKIRULLAH BIN MOHAMED SHAARANI**

Managing Advisor (Shariah) / Designated Person Responsible for Shariah Advisory

Kuala Lumpur

Date: 15 November 2017

# UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

	Note	6-months financial period ended 30.9.2017	6-months financial period ended 30.9.2016
		RM	RM
<b>INVESTMENT INCOME</b>			
Gross dividend income		48,518	55,021
Profit income from Islamic deposits with licensed financial institutions		11,461	84,052
Profit income from sukuk		270,412	233,470
Net gain/(loss) on financial assets at fair value through profit or loss	6	53,646	(74,654)
		<u>384,037</u>	<u>297,889</u>
<b>EXPENSES</b>			
Management fee	3	(101,148)	(114,177)
Trustee fee	4	(9,026)	(9,025)
Audit fee		(3,259)	(3,259)
Tax agent fee		(1,705)	(1,706)
GST charges		(6,630)	(7,802)
Other expenses		(8,423)	(9,729)
Transaction costs		(14,151)	-
		<u>(144,342)</u>	<u>(145,698)</u>
<b>PROFIT BEFORE TAXATION</b>		239,695	152,191
<b>TAXATION</b>	5	-	-
<b>PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME</b>		<u>239,695</u>	<u>152,191</u>
Profit after taxation is made up of the following:			
Realised amount		314,998	370,930
Unrealised amount		(75,303)	(218,739)
		<u>239,695</u>	<u>152,191</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 SEPTEMBER 2017

	Note	2017	2016
		RM	RM
<b>ASSETS</b>			
Cash and cash equivalents	7	981,374	1,827,376
Amount due from broker		201,631	-
Amount due from Manager		3,472	97
Dividends receivable		6,490	3,500
Tax recoverable		883	883
Redemption receivable		18,966	18,966
Financial assets at fair value through profit or loss	6	13,999,852	15,729,607
<b>TOTAL ASSETS</b>		<u>15,212,668</u>	<u>17,580,429</u>
<b>LIABILITIES</b>			
Amount due to Manager		39,777	6,953
Accrued management fee		15,616	18,192
Amount due to Trustee		1,480	1,480
GST charges payable		1,026	1,180
Other payables and accruals		27,701	28,321
<b>TOTAL LIABILITIES</b>		<u>85,600</u>	<u>56,126</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>15,127,068</u>	<u>17,524,303</u>
<b>EQUITY</b>			
Unit holders' capital		9,298,807	11,524,566
Retained earnings		5,828,261	5,999,737
<b>NET ASSET ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>15,127,068</u>	<u>17,524,303</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	9	<u>21,044,655</u>	<u>24,131,926</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.7188</u>	<u>0.7262</u>

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

## UNAUDITED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

	Unit holders' capital	Retained earnings	Total
	RM	RM	RM
Balance as at 1 April 2017	11,129,285	5,588,566	16,717,851
Movement in unit holders' contribution:			
Creation of units from applications	677,855	-	677,855
Cancellation of units	(2,508,333)	-	(2,508,333)
Total comprehensive income for the financial period	-	239,695	239,695
Balance as at 30 September 2017	<u>9,298,807</u>	<u>5,828,261</u>	<u>15,127,068</u>
Balance as at 1 April 2016	12,812,972	5,847,546	18,660,518
Movement in unit holders' contribution:			
Creation of units from applications	1,684,753	-	1,684,753
Cancellation of units	(2,973,159)	-	(2,973,159)
Total comprehensive income for the financial period	-	152,191	152,191
Balance as at 30 September 2016	<u>11,524,566</u>	<u>5,999,737</u>	<u>17,524,303</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 SEPTEMBER 2017

Note	6-months financial period ended 30.9.2017	6-months financial period ended 30.9.2016
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from sale of Shariah-compliant investments	3,577,448	2,697,559
Purchase of Shariah-compliant investments	(1,867,098)	(3,830,402)
Dividends received	42,028	52,125
Profit income received from Islamic deposits	11,461	84,052
Profit income received from sukuk	312,777	227,401
Management fee paid	(103,336)	(115,914)
Trustee fee paid	(9,075)	(9,070)
Payment for other fees and expenses	(35,953)	(25,153)
Net cash generated from/(used in) operating activities	<u>1,928,252</u>	<u>(919,402)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash proceeds from units created	680,288	1,721,455
Payments for cancellation of units	(2,504,830)	(2,969,087)
Distribution paid	(2,832)	(4,171)
Net cash used in financing activities	<u>(1,827,374)</u>	<u>(1,251,803)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	100,878	(2,171,205)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	<u>880,496</u>	<u>3,998,581</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	7 <u>981,374</u>	<u>1,827,376</u>

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

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 under the historical cost convention in accordance with the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”), as modified by financial assets at fair value through profit or loss.

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

The 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 I to the financial statements.

The Fund has applied the following amendments for the first time for the financial year beginning 1 April 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:

- a. Financial year beginning on/after 1 April 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<sup>1</sup> are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument<sup>2</sup> is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest<sup>3</sup>.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives<sup>1</sup>. The main change is that, in cases 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.

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

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

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

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 or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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**

Profit income earned from Islamic deposits with licensed financial institutions and sukuk are recognised on an accrual basis, using the effective profit method.

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

Realised gain or loss on disposal of Shariah-compliant investments are accounted for as the difference between the net disposal proceeds and the carrying amount of Shariah-compliant securities, which is determined on a weighted average cost basis and on cost adjusted for accretion of discount and amortisation of premium on investments for sukuk.

## **C. TAXATION**

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

## **D. PRESENTATION AND FUNCTIONAL CURRENCY**

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

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

### **i. Classification**

The Fund designates its Shariah-compliant investment in quoted Shariah-compliant securities and sukuk as financial assets at fair value through profit or loss at inception.

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

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

The Fund's receivables comprise cash and cash equivalents, amount due from brokers, amount due from Manager, redemption receivable and dividends receivable.

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

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

ii. Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Fund commits to purchase or sell the asset. Shariah-compliant investments are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income.

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

Financial 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 is derecognised when the obligation under the liability 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 as part of gross dividend income when the Fund's right to receive payments is established.

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

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

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

Sukuk are carried at cost and adjusted for any amortisation of premium or accretion of discount from acquisition date to maturity date. The carrying cost is revalued to reflect its fair value on a daily basis using the net present value method based on fair value prices quoted by a bond pricing agency (‘BPA’) registered with the Securities Commission. Where such quotation are not available or where the Manager is of the view that the price quoted by the BPA for a specific sukuk differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager:

- a. records its basis for using non-BPA price;
- b. obtains necessary internal approvals to use the non-BPA price; and
- c. keeps an audit trail of all decisions and basis for adopting the market yield.

Receivables and other financial liabilities are subsequently carried at amortised cost using the effective profit rate method.

iii. Impairment for assets carried at amortised costs

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

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

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

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

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

## F. CASH AND CASH EQUIVALENTS

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



## **G. 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.

## **H. 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.

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

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

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

a. Estimate of fair value of sukuk

The Fund uses significant judgment in determining whether an investment is impaired. The Fund evaluates, among other factors, the duration and extent to which the fair value of the investment is less than cost, and the financial health and near-term business outlook for the investee, including factors such as industry and sector performance, macroeconomic factors and speculation.

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the Securities Commission valuation guidelines.

Sukuk are valued using fair value prices quoted by a bond pricing agency (BPA). Where the Manager is of the view that the price quoted by BPA for a specific sukuk differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager records its basis for using a non-BPA price, obtains necessary internal approvals to use the non-BPA price, and keeps an audit trail of all decisions and basis for adopting the use of non-BPA price. This is allowed for under the Securities Commission ("SC") Guidelines on Unit Trust Funds.

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

## 1. INFORMATION ON THE FUND

Eastspring Investments Dana al-Islah (the “Fund”) was constituted pursuant to the execution of a Master Deed dated 25 July 2002 as amended by a Supplemental Master Deed dated 22 June 2004 and a Second Supplemental Master Deed dated 25 January 2005, followed by Master Supplemental Deed dated 12 July 2007 and a Second Supplemental Master Deed dated 30 November 2009 between HSBC (Malaysia) Trustee Berhad (“HSBC Trustee”) and Eastspring Investments Berhad (the “Manager”). The Fund replaced HSBC Trustee with Deutsche Trustees Malaysia Berhad (the “Trustee”) effective 1 October 2010. A Supplemental Master Deed was entered into between the Manager and the Trustee on 30 July 2010 to effect the change of trustee from HSBC Trustee to the Trustee, followed by 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 14 August 2002 and will continue its operations until terminated by the Trustee or the Manager as provided under Part 12 of the Deed.

The Fund invests in a portfolio of sukuk and Shariah-compliant equities and equity-related securities, with more sukuk than Shariah-compliant equities, at all time. All Shariah-compliant investments will be subjected to the Securities Commission (the “SC”) Guidelines on Unit Trust Funds, the Deed and the objective of the Fund.

The Fund seeks to provide investors with a stable income stream, and an opportunity for capital appreciation from Shariah-compliant fixed income and equity securities.

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 price risk and exposure to interest rate risk), stock/issuer risk, liquidity risk, credit/default risk, fund management risk, non-compliance risk, capital risk and reclassification of Shariah status risk.

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

Financial instruments of the Fund are as follows:

	Note	Receivables	Financial assets at fair value through profit or loss	Total
		RM	RM	RM
<b>2017</b>				
Cash and cash equivalents	7	981,374	-	981,374
Amount due from broker		201,631	-	201,631
Amount due from Manager		3,472	-	3,472
Dividends receivable		6,490	-	6,490
Redemption receivable		18,966	-	18,966
Quoted Shariah-compliant securities	6	-	2,999,237	2,999,237
Sukuk	6	-	11,000,615	11,000,615
		<u>1,211,933</u>	<u>13,999,852</u>	<u>15,211,785</u>
<b>2016</b>				
Cash and cash equivalents	7	1,827,376	-	1,827,376
Amount due from Manager		97	-	97
Dividends receivable		3,500	-	3,500
Redemption receivable		18,966	-	18,966
Quoted Shariah-compliant securities	6	-	4,246,442	4,246,442
Sukuk	6	-	11,483,165	11,483,165
		<u>1,849,939</u>	<u>15,729,607</u>	<u>17,579,546</u>

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

## Market risk

### i. Price risk

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

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

	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Quoted Shariah-compliant securities and sukuk designated at fair value through profit or loss	13,999,852	15,729,607

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

<b>% Change in price of financial assets at fair value through profit or loss</b>	<b>Market value</b>	<b>Increase/(decrease) in profit after tax and net asset value</b>
	<b>RM</b>	<b>RM</b>
<u>2017</u>		
+5%	14,699,845	699,993
-5%	13,299,859	(699,993)
<hr/>		
<u>2016</u>		
+5%	16,516,087	786,480
-5%	14,943,127	(786,480)
<hr/>		

ii. Exposure to interest rate risk

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

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

The Fund is exposed to interest rate risk. Changes in interest rates will affect the value of the investments and its returns. To manage the risk, investments will be concentrated in investment grade issues by financial institutions and companies determined by the Manager.

This risk is crucial in a sukuk fund since sukuk portfolio management depends on forecasting interest rate movements valuation for sukuk move inversely to interest rate movements, therefore as interest rates rise, the valuation for sukuk

decrease and vice versa. Furthermore, sukuk with longer maturity and lower profit rates are more susceptible to interest rate movements.

Investors should note that sukuk are subject to interest rate fluctuations. Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to make payments of profit and principal, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

The above interest rate is a general economic indicator that will have an impact on the management of the Fund regardless whether it is a Shariah-compliant Unit Trust Fund or otherwise. It does not in any way suggest that the Fund will invest in conventional financial instruments. All the investments carried out for the Fund are in accordance with Shariah requirements. The Fund also holds a limited amount of cash and cash equivalents that expose the Fund to cash flow interest rate risk.

The table below summarises the sensitivity of the Fund's net asset value and profit after tax to movements in interest rate for investments at the end of each reporting period as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate increased by 1% (2016:1%) and decreased by 1% (2016:1%) with all other variables held constant.

This represents management's best estimate of a reasonable possible shift in the interest rate, having regard to the historical volatility of the interest rate.

% Movement in interest rate	2017	2016
	Impact on profit after tax/ net asset value	Impact on profit after tax/ net asset value
	RM	RM
<u>Sukuk</u>		
+1% (2016:+1%)	(14,413)	(16,722)
-1% (2016:-1%)	14,440	16,755

**Stock/issuer risk**

The Fund is restricted to investment in Shariah-compliant investments issued by and Shariah-compliant investments relating to any issuer of not more than tenth percent (10%) of its net asset value. Furthermore, the Fund is restricted to invest in Shariah-compliant investments issued by and Shariah-compliant investments relating to any group of companies of not more than twenty percent (20%) of its net asset value. Under such restrictions, the exposure risk to the Shariah-compliant investments of any single issuer or any one group of companies is minimised.

**Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector and other factors. For the purpose of the Fund, the Fund Manager will attempt to balance the entire portfolio by investing in a mix of assets with satisfactory trading volume and those that occasionally could encounter poor liquidity. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

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



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

	<b>Less than 1 month</b>	<b>Between 1 month to 1 year</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<u>2017</u>			
Amount due to Manager	39,777	-	39,777
Accrued management fee	15,616	-	15,616
Amount due to Trustee	1,480	-	1,480
GST charges payable	1,026	-	1,026
Other payables and accruals	-	27,701	27,701
Contractual cash outflows	<u>57,899</u>	<u>27,701</u>	<u>85,600</u>
<u>2016</u>			
Amount due to Manager	6,953	-	6,953
Accrued management fee	18,192	-	18,192
Amount due to Trustee	1,480	-	1,480
GST charges payable	1,180	-	1,180
Other payables and accruals	-	28,321	28,321
Contractual cash outflows	<u>27,805</u>	<u>28,321</u>	<u>56,126</u>

### **Credit/default risk**

Credit risk refers to the ability of an issuer or a counter party to make timely payments of profit income, principals and proceeds from realisation of Shariah-compliant investments. In the case of the Fund, both the Manager and the External Fund Manager regularly review the ratings assigned to the Issuer so that the necessary steps can be taken if the ratings fall below those prescribed by the Deed.

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

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

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

	Sukuk	Cash and cash equivalents	Dividends receivable	Amount due from broker	Amount due from Manager	Redemption receivable	Total
	RM	RM	RM	RM	RM	RM	RM
2017							
Finance							
-AAA	-	960,155	-	-	-	-	960,155
-AA1	-	21,219	-	-	-	-	21,219
Sukuk							
-AA2	2,442,644	-	-	-	-	-	2,442,644
-AA2(S)	220,180	-	-	-	-	-	220,180
-AA3	7,913,677	-	-	-	-	-	7,913,677
-AAA	303,602	-	-	-	-	-	303,602
-B-ID	120,512	-	-	-	-	-	120,512
Technology							
-NR	-	-	1,381	-	-	-	1,381
Trading/Services							
-NR	-	-	5,109	-	-	-	5,109
Other							
-NR	-	-	-	201,631	3,472	18,966	224,069
	11,000,615	981,374	6,490	201,631	3,472	18,966	12,212,548

	Sukuk		Cash and cash equivalents		Dividends receivable		Amount due from Manager		Redemption receivable		Total	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<u>2016</u>												
Finance												
-AAA	-	1,796,648	-	-	-	-	-	-	-	-	1,796,648	-
-AA1	-	30,728	-	-	-	-	-	-	-	-	30,728	-
Sukuk												
-AA2	2,454,095	-	-	-	-	-	-	-	-	-	2,454,095	-
-AA3	8,916,092	-	-	-	-	-	-	-	-	-	8,916,092	-
-B-ID	112,978	-	-	-	-	-	-	-	-	-	112,978	-
Health Care												
-NR	-	-	-	-	518	-	-	-	-	-	-	518
Trading/Services												
-NR	-	-	-	-	2,982	-	-	-	-	-	-	2,982
Other												
-NR	-	-	-	-	-	-	97	-	-	18,966	-	19,063
	<u>11,483,165</u>	<u>1,827,376</u>			<u>3,500</u>		<u>97</u>			<u>18,966</u>		<u>13,333,104</u>

None of these assets are past due or impaired.

**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 interests of unit holders.

**Non-compliance risk**

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

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

**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 Shariah-compliant investment activities of the Fund.

**Reclassification of Shariah Status Risk**

The risk refers to the risk that the currently held Shariah-compliant securities in the portfolio of Shariah-compliant Funds may be reclassified to be Shariah non-compliant upon review of the securities by the Shariah Advisory Council of the Securities Commission performed twice yearly. If this occurs, the Manager will take the necessary steps to dispose of such securities.

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

### **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 Shariah-compliant securities and sukuk) 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:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<u>2017</u>				
Financial assets at fair value through profit or loss:				
Quoted Shariah-compliant securities	2,999,237	-	-	2,999,237
Sukuk	-	11,000,615	-	11,000,615
				<hr/>
<u>2016</u>				
Financial assets at fair value through profit or loss:				
Quoted Shariah-compliant securities	4,246,442	-	-	4,246,442
Sukuk	-	11,483,165	-	11,483,165
				<hr/>

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

Financial instruments that trade in markets that are considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2, these include sukuk. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Fund's policies on valuation of these financial assets are stated in Note E to the financial statements.

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

### **3. MANAGEMENT FEE**

In accordance with the Deed, the Manager is entitled to a management fee at a rate not exceeding 3.00% per annum on the net asset value of the Fund calculated on daily basis.

For the financial period ended 30 September 2017, the management fee is recognised at a rate of 1.25% (2016: 1.25%) per annum on the net asset value of the Fund, calculated on daily basis.

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

### **4. TRUSTEE FEE**

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

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

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

## 5. TAXATION

	6-months financial period ended 30.9.2017	6-months financial period ended 30.9.2016
	RM	RM

Tax charged for the financial period:

Current taxation - local

- -

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 30.9.2017	6-months financial period ended 30.9.2016
	RM	RM
Profit before taxation	239,695	152,191
Tax at Malaysian statutory rate of 24% (2016 : 24%)	57,527	36,526
Tax effect of:		
Investment income exempt from tax	(92,169)	(71,493)
Expenses not deductible for tax purposes	7,993	4,910
Restriction on tax deductible expenses for Unit Trust Funds	26,649	30,057
Taxation	-	-



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

	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Designated at fair value through profit or loss:		
Quoted Shariah-compliant securities (Note 6 (i))	2,999,237	4,246,442
Sukuk (Note 6 (ii))	11,000,615	11,483,165
	<u>13,999,852</u>	<u>15,729,607</u>
Net gain/(loss) on financial assets at fair value through profit or loss:		
Realised gain on disposals	128,949	144,085
Change in unrealised fair value loss	(75,303)	(218,739)
	<u>53,646</u>	<u>(74,654)</u>

i. Quoted Shariah-compliant securities

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net asset value of the Fund
			30.9.2017	Fund
	Units	RM	RM	%
<u>Construction</u>				
Gamuda Berhad	30,000	137,141	158,400	1.05
Gamuda Berhad - Warrant	5,000	1,250	6,550	0.04
ML Global Berhad	83,100	80,852	105,537	0.70
	118,100	219,243	270,487	1.79
<u>Consumer Product</u>				
Nestle (Malaysia) Berhad	2,400	167,641	203,520	1.35
<u>Health Care</u>				
Hartalega Holdings Berhad	8,800	55,440	61,248	0.40
IHH Healthcare Berhad	31,700	148,323	182,275	1.20
Top Glove Corporation Bhd	21,900	115,906	121,545	0.80
	62,400	319,669	365,068	2.40
<u>Industrial Product</u>				
Cahaya Mata Sarawak Berhad	33,400	138,881	133,934	0.89
Petronas Chemicals Group Berhad	29,400	206,810	214,326	1.42
	62,800	345,691	348,260	2.31
<u>Plantation</u>				
IOI Corporation Berhad	28,100	131,087	127,574	0.84
<u>Properties</u>				
Eastern & Oriental Berhad- Warrant	18,420	-	3,131	0.02
LBS Bina Group Berhad	57,360	95,458	95,600	0.64
UEM Sunrise Berhad	40,300	46,529	45,942	0.30
	116,080	141,987	144,673	0.96
<u>Technology</u>				
Inari Amertron Berhad	49,300	100,572	125,222	0.83
Globetronics Technology Berhad	18,900	121,053	116,235	0.77
	68,200	221,625	241,457	1.60

## i. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net asset value of the Fund
			30.9.2017	
	Units	RM	RM	%
<u>Trading / Services</u>				
Axiata Group Berhad	44,175	268,131	231,477	1.53
Dialog Group Berhad	43,000	82,560	86,000	0.57
Maxis Berhad	26,200	173,575	151,960	1.00
POS Malaysia Berhad	19,400	101,013	101,850	0.67
Sapura Energy Berhad	54,000	96,443	82,080	0.54
Serba Dinamik Holdings Berhad	56,200	120,172	130,384	0.86
Sime Darby Berhad	8,379	60,602	75,579	0.50
Telekom Malaysia Berhad	32,269	208,934	209,748	1.39
Tenaga Nasional Berhad	16,000	195,866	229,120	1.51
	<u>299,623</u>	<u>1,307,296</u>	<u>1,298,198</u>	<u>8.57</u>
<b>TOTAL QUOTED SHARIAH-COMPLIANT SECURITIES</b>	<u>757,703</u>	<u>2,854,239</u>	<u>2,999,237</u>	<u>19.82</u>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
		<u>144,998</u>		
<b>FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
			<u>2,999,237</u>	

i. Quoted Shariah-compliant securities

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net asset value of the Fund
			30.9.2016	Fund
	Units	RM	RM	%
<u>Construction</u>				
Gamuda Berhad	30,000	137,141	147,000	0.84
Gamuda Berhad - Warrant	5,000	1,250	6,950	0.04
IJM Corporation Berhad	43,000	148,840	138,030	0.79
	78,000	287,231	291,980	1.67
<u>Consumer Product</u>				
Nestle (Malaysia) Berhad	3,100	216,536	244,466	1.40
PPB Group Berhad	8,000	133,082	129,440	0.74
	11,100	349,618	373,906	2.14
<u>Health Care</u>				
Hartalega Holdings Berhad	10,400	38,283	48,256	0.28
IHH Healthcare Berhad	39,600	185,287	250,668	1.43
KPJ Healthcare Berhad	34,526	130,843	146,045	0.83
	84,526	354,413	444,969	2.54
<u>Industrial Product</u>				
Petronas Chemicals Group Berhad	41,000	285,585	272,650	1.56
Petronas Gas Berhad	11,500	252,798	251,160	1.43
	52,500	538,383	523,810	2.99
<u>Infrastructure Project</u>				
<u>Company</u>				
Digi.Com Berhad	37,100	189,912	184,758	1.05
<u>Plantation</u>				
IOI Corporation Berhad	51,000	237,916	226,950	1.30
Kuala Lumpur Kepong Berhad	7,500	178,606	179,850	1.03
	58,500	416,522	406,800	2.33
<u>Properties</u>				
Eastern & Oriental Berhad	18,420	-	3,592	0.02

## i. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net asset value of the Fund
			30.9.2016	
	Units	RM	RM	%
<u>Trading / Services</u>				
Axiata Group Berhad	65,577	399,439	342,312	1.95
Maxis Berhad	26,200	173,575	161,392	0.92
MISC Berhad	10,900	95,063	82,295	0.47
Petronas Dagangan Berhad	4,200	106,047	98,700	0.56
Sapurakencana Petroleum Berhad	54,000	96,443	84,780	0.48
Sime Darby Berhad	46,000	332,295	351,900	2.01
Telekom Malaysia Berhad	32,069	208,836	217,428	1.24
Tenaga Nasional Berhad	47,400	580,252	677,820	3.87
	<u>286,346</u>	<u>1,991,950</u>	<u>2,016,627</u>	<u>11.50</u>
<b>TOTAL QUOTED SHARIAH-COMPLIANT SECURITIES</b>	<u>626,492</u>	<u>4,128,029</u>	<u>4,246,442</u>	<u>24.24</u>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
		<u>118,413</u>		
<b>FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
			<u>4,246,442</u>	

ii. Sukuk

Name of counter	Quantity	Carrying cost	Fair value as at	Percentage of net asset
			30.9.2017	value of the Fund
	Units	RM	RM	%
4.60% Perbadanan Kemajuan Negeri Selangor 25.05.2018 (AA3)	1,300,000	1,320,932	1,323,955	8.75
4.45% Perbadanan Kemajuan Negeri Selangor 26.10.2018 (AA3)	200,000	203,981	204,189	1.35
4.95% RHB Islamic Bank Berhad 15.05.2019 (AA3)	200,000	205,851	205,400	1.36
4.80% Hong Leong Islamic Bank Berhad 17.06.2019 (AA2)	1,900,000	1,936,126	1,934,688	12.79
8.00% Talam Transform Berhad 28.06.2019 (B- ID)	125,851	107,356	120,512	0.80
8.20% Mukah Power Generation Sdn Bhd 27.12.2019 (AA2 (S))	200,000	219,965	220,180	1.46
4.63% UMW Holdings Berhad 22.06.2020 (AA2)	500,000	506,796	507,956	3.36
5.02% Tanjung Bin Energy Issuer Berhad 15.09.2020 (AA3)	2,000,000	2,011,854	2,039,736	13.48
5.25% BGSM Management Sdn Bhd 24.12.2020 (AA3)	2,000,000	2,053,870	2,071,769	13.70

ii. Sukuk (continued)

Name of counter	Quantity	Carrying cost	Fair value as at 30.9.2017	Percentage of net asset value of the Fund
	Units	RM	RM	%
9.30% Jimah Energy Ventures Sdn Bhd 12.11.2021 (AA3)	1,700,000	2,026,574	2,068,628	13.68
4.58% Telekom Malaysia Berhad 03.09.2027 (AAA)	300,000	302,659	303,602	2.01
<b>TOTAL SUKUK</b>	<u>10,425,851</u>	10,895,964	<u>11,000,615</u>	72.74
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>104,651</u>		
<b>FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>11,000,615</u>		

ii. Sukuk

Name of counter	Quantity	Carrying cost	Fair value as at	Percentage of net asset value of the Fund
			30.9.2016	Fund
	Units	RM	RM	%
4.60% Perbadanan Kemajuan Negeri Selangor 25.05.2018 (AA3)	1,300,000	1,321,609	1,327,403	7.57
4.80% Hong Leong Islamic Bank Berhad 17.06.2024 (AA2)	2,400,000	2,453,384	2,454,095	14.00
6.00% Talam Transform Berhad [Fka Trinity Corporation Berhad] 28.06.2019 (B- ID)	125,851	95,287	112,978	0.64
5.02% Tanjung Bin Energy Issuer Berhad 15.09.2020 (AA3)	2,500,000	2,517,667	2,564,126	14.63
5.25% BGSM Management Sdn Bhd 24.12.2020 (AA3)	2,300,000	2,370,522	2,392,608	13.65
9.30% Jimah Energy Ventures Sdn Bhd 12.11.2021 (AA3)	2,100,000	2,573,106	2,631,955	15.02
<b>TOTAL SUKUK</b>	<u>10,725,851</u>	<u>11,331,575</u>	<u>11,483,165</u>	<u>65.51</u>

**ACCUMULATED  
UNREALISED GAIN ON  
FINANCIAL ASSETS  
AT FAIR VALUE  
THROUGH PROFIT  
OR LOSS**

151,590

**FAIR VALUE OF FINANCIAL  
ASSETS AT FAIR VALUE  
THROUGH PROFIT  
OR LOSS**

11,483,165



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

	<b>2017</b>	<b>2016</b>
	<b>%</b>	<b>%</b>
Sukuk	4.50	4.50

## 7. CASH AND CASH EQUIVALENTS

	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Bank balance with a licensed bank	21,219	30,728
Islamic deposit with a licensed financial institution	960,155	1,796,648
	<u>981,374</u>	<u>1,827,376</u>

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

	<b>2017</b>	<b>2016</b>
	<b>%</b>	<b>%</b>
Islamic deposit with a licensed financial institution	2.95	4.00

The Islamic deposit have an average maturity of 2 days (2016: 27 days).

## 8. SHARIAH INFORMATION OF THE FUND

The Shariah Adviser confirmed that the investments portfolio of the Fund is Shariah-compliant, which comprises:

- i. Equity investments listed in Bursa Malaysia which has been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission;
- ii. Sukuk are in order and as per the list of sukuk available at Bond Info Hub and Fully Automated System For Issuing/Tendering of Bank Negara Malaysia; and
- iii. Liquid assets in local market, which are placed in Shariah-compliant investments and/or instruments.

## 9. UNITS IN CIRCULATION

	<b>2017</b>	<b>2016</b>
	<b>No. of units</b>	<b>No. of units</b>
At the beginning of the financial period	23,608,683	25,904,326
Creation of units arising from applications during the financial period	954,092	2,345,486
Cancellation of units during the financial period	<u>(3,518,120)</u>	<u>(4,117,886)</u>
At the end of the financial period	<u>21,044,655</u>	<u>24,131,926</u>

**10. TRANSACTIONS WITH BROKERS/DEALERS**

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

Name of brokers/dealers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>2017</u>				
Public Investment Bank Berhad	2,550,806	45.26	6,377	68.28
AmBank (M) Berhad	802,660	14.24	-	-
RHB Investment Bank Berhad	760,394	13.49	-	-
Malayan Banking Berhad	500,400	8.88	-	-
Hong Leong Bank Berhad	201,410	3.57	-	-
CIMB Investment Bank Berhad	191,345	3.40	479	5.13
Credit Suisse Securities (M) Sdn Bhd	172,737	3.07	432	4.63
Maybank Investment Bank Berhad	171,513	3.04	1,345	14.40
UOB Kay Hian Securities (M) Sdn Bhd	162,119	2.88	405	4.34
Nomura Securities Malaysia Sdn Bhd	98,840	1.75	247	2.64
Others	23,437	0.42	54	0.58
	<u>5,635,661</u>	<u>100.00</u>	<u>9,339</u>	<u>100.00</u>

Name of brokers/dealers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>2016</u>				
Hong Leong Investment Bank Berhad	4,023,900	61.62	-	-
AmBank (M) Berhad	1,301,222	19.93	-	-
Nomura Securities Malaysia Sdn Bhd	321,376	4.92	1,154	47.03
RHB Investment Bank Berhad	306,170	4.69	-	-
AmInvestment Bank Berhad	251,667	3.85	1,001	40.79
Hong Leong Bank Berhad	243,200	3.72	-	-
J.P. Morgan Securities (Malaysia) Sdn Bhd	75,200	1.15	299	12.18
Direct	7,680	0.12	-	-
	<u>6,530,415</u>	<u>100.00</u>	<u>2,454</u>	<u>100.00</u>

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

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

	<b>2017</b>	<b>2016</b>
	<b>%</b>	<b>%</b>
MER	0.81	0.80

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 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 RM16,138,826 (2016: RM18,217,689).

## 12. PORTFOLIO TURNOVER RATIO ("PTR")

	2017	2016
PTR (times)	0.17	0.18

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 = RM1,856,582 (2016: RM3,830,402)

total disposals for the financial period = RM3,779,079 (2016: RM2,697,559)

## 13. UNITS HELD BY THE MANAGER

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

Related party	Relationship			
Eastspring Investments Berhad	The Manager			

	2017		2016	
	No. of units	RM	No. of units	RM
Eastspring Investments Berhad	1,284	923	1,233	896

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.

#### **14. SEGMENTAL INFORMATION**

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

The reportable operating segments derive its income by seeking Shariah-compliant investments to achieve targeted returns consummate with an acceptable level of risk within each portfolio. These returns consist of profit income, dividend income and gains on the appreciation in the value of Shariah-compliant investments.

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

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

The financial statements have been approved for issue by the Manager on 15 November 2017.

# CORPORATE DIRECTORY

## **THE MANAGER**

NAME

EASTSPRING INVESTMENTS BERHAD

COMPANY NO.

531241-U

REGISTERED OFFICE

16<sup>th</sup> Floor, Wisma Sime Darby

Jalan Raja Laut

50350 Kuala Lumpur

BUSINESS OFFICE

Level 12, Menara Prudential

No. 10, Jalan Sultan Ismail

50250 Kuala Lumpur

TELEPHONE NO.

603-2052 3388

FAX NO.

603-2070 6129

EMAIL

cs.my@eastspring.com

WEBSITE

www.eastspringinvestments.com.my

## **TRUSTEE**

NAME

DEUTSCHE TRUSTEES MALAYSIA BERHAD

COMPANY NO.

763590-H

REGISTERED OFFICE & BUSINESS OFFICE

Level 20, Menara IMC

No. 8, Jalan Sultan Ismail

50250 Kuala Lumpur

TELEPHONE NO.

603-2053 7522

FAX NO.

603-2053 7526

## **SHARIAH ADVISER**

NAME

IBFIM

COMPANY NO.

763075-W

REGISTERED ADDRESS

No. 149A, 149B, 151B

Persiaran Raja Muda Musa

42000 Port Klang

Selangor Darul Ehsan

BUSINESS ADDRESS

3<sup>rd</sup> Floor, Menara Takaful Malaysia

Jalan Sultan Sulaiman

50000 Kuala Lumpur

TELEPHONE NO.

603-2031 1010

FAX NO.

603-2078 5250

EMAIL

sba@ibfim.com

WEBSITE

www.ibfim.com



**SALE & PURCHASE OF UNITS**

**Eastspring Investments Berhad**

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

TELEPHONE NO.

603-2332 1000

FAX NO.

603-2052 3366

**BRANCHES**

**Petaling Jaya**

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

TELEPHONE NO.

603-7948 1288

**Kota Kinabalu**

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

TELEPHONE NO.

6088-238 613

**ENQUIRIES**

CLIENT SERVICES

603-2332 1000

Eastspring Investments Berhad (531241-U)  
Level 12, Menara Prudential  
No. 10, Jalan Sultan Ismail, 50250 Kuala Lumpur  
T: (603) 2052 3388 F: (603) 2070 6129  
[eastspringinvestments.com.my](http://eastspringinvestments.com.my)

Client Services  
T: (603) 2332 1000 F: (603) 2052 3366  
[cs.my@eastspring.com](mailto:cs.my@eastspring.com)