

# EASTSPRING INVESTMENTS DANA DINAMIK

ANNUAL REPORT

FOR THE FINANCIAL YEAR 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

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## FUND INFORMATION

**Name of Fund**

Eastspring Investments Dana Dinamik (the "Fund")

**Fund Category/  
Type**

Mixed asset (Shariah)/growth

**Fund Objective**

The Fund seeks to provide investors with capital appreciation by actively investing in Shariah approved equities and equity-related securities. For defensive considerations, the Fund may invest in Shariah approved debentures\* and money market instruments.

**Note:** The Fund's focus is on growth.

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

\* Shariah approved debentures refer to sukuk.

## FUND INFORMATION (CONTINUED)

### Performance Benchmark

- 
- (a) If 100% of the Fund's NAV invested in Shariah-compliant equities and equity-related securities:  
FBMS
- (b) If 100% of the Fund's NAV invested in sukuk and Islamic liquid assets:  
Maybank 12-month GIA Tier II rate
- (c) If the Fund is investing in a mixture of Shariah-compliant equities and equity-related securities, sukuk and Islamic liquid assets:  
50% FBMS+ 50% Maybank 12-month GIA Tier II rate

The composite benchmark index is a reflection of the Fund's average asset allocation over the long-term of 50% of the Fund's NAV in Shariah-compliant equities and equity-related securities, and 50% of the Fund's NAV in sukuk and Islamic liquid assets.

**Source:**

FBMS ([www.bursamalaysia.com](http://www.bursamalaysia.com))

Maybank 12-month GIA Tier II rate ([www.maybank2u.com.my](http://www.maybank2u.com.my))

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

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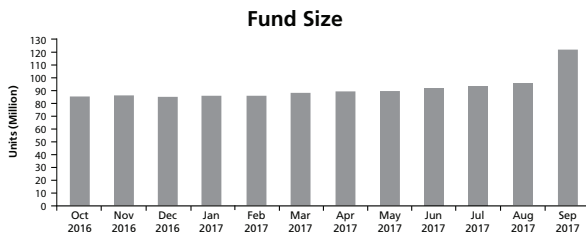
At least once a year, subject to the availability of income.

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## FUND INFORMATION (CONTINUED)

### Breakdown of Unit Holdings by Size

As at 30 September 2017, the size of Eastspring Investments Dana Dinamik stood at 121.881 million units.



### Breakdown of Unit Holdings

Unit Holdings	No. of Unit Holders	%	No. of Units* ('000)	%
5,000 units and below	1,173	29.64	3,264	2.68
5,001 to 10,000 units	897	22.66	6,382	5.24
10,001 to 50,000 units	1,623	41.01	34,340	28.17
50,001 to 500,000 units	253	6.39	22,377	18.36
500,001 units and above	12	0.30	55,517	45.55
<b>Total</b>	<b>3,958</b>	<b>100.00</b>	<b>121,880</b>	<b>100.00</b>

\* excludes units held by the Manager.

## KEY PERFORMANCE DATA FOR THE FINANCIAL YEAR ENDED

Category	30.9.2017	30.9.2016	30.9.2015
	(%)	(%)	(%)
<b>Quoted Shariah-compliant securities</b>			
Construction	8.47	2.12	9.77
Consumer	3.23	-	-
Consumer Product	4.52	3.70	2.17
Finance	3.75	3.40	5.11
Health Care	5.33	7.94	-
Industrial Product	5.54	4.29	5.82
Infrastructure Project Company	4.55	6.50	2.00
i-REITS	1.40	2.18	1.76
Manufacturing	0.64	2.03	2.28
Plantation	1.94	6.29	2.88
Power/Utilities	-	1.82	1.93
Properties	3.26	5.36	7.21
Technology	8.88	4.87	11.04
Trading / Services	25.70	22.60	19.34
Transportation	-	-	0.34
	77.21	73.10	71.65
Sukuk	2.19	16.48	2.05
Cash and other assets	20.60	10.42	26.30
<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)	116,265	79,545	73,386
Units In Circulation (Units '000)	121,881	85,341	79,408
Net Asset Value Per Unit (RM)	0.9539	0.9321	0.9242
Highest Net Asset Value Per Unit (RM)#	0.9539	0.9358	0.9249
Lowest Net Asset Value Per Unit (RM)#	0.9490	0.9321	0.9195
Total Return (%)			
- Capital Growth	2.34	0.85	(4.35)
- Income Distribution	4.70	4.66	3.94
Total Return (%)	7.15	5.55	(0.57)
Gross Distribution Per Unit (RM)	0.0446	0.0435	0.0364
Net Distribution Per Unit (RM)	0.0398	0.0430	0.0352
Management Expense Ratio (MER) (%)*	1.44	1.44	1.40
Portfolio Turnover Ratio (PTR) (times)^	0.52	0.40	0.76

# Figure shown as ex-distribution.

\* 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	7.15	3.99	8.60

Year ended	1.10.2016 to 30.9.2017	1.10.2015 to 30.9.2016	1.10.2014 to 30.9.2015	1.10.2013 to 30.9.2014	1.10.2012 to 30.9.2013
	(%)	(%)	(%)	(%)	(%)
Annual total return	7.15	5.55	(0.57)	20.44	11.61

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:

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

NAV<sub>t</sub> = NAV at the end of the period

NAV<sub>0</sub> = 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.**

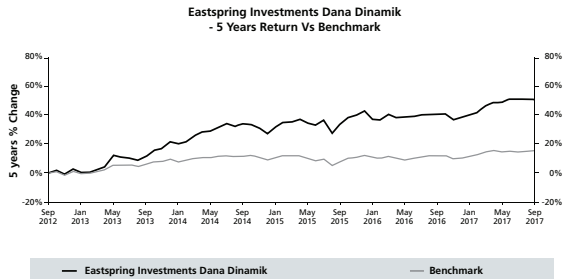
# MANAGER'S REPORT

## Fund Performance

Over the 5-year period, the Fund recorded a return of 51.15%, outperforming the benchmark return of 15.63% by 35.52%.

During the period under review, the Fund registered a return of 7.15%, outperforming the benchmark return of 3.43% by 3.72%.

The Fund met its investment objective of providing investors with capital appreciation by actively investing in Shariah-compliant equities and sukuk.



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

### Benchmark:

- a) If 100% of the Fund's NAV invested in Shariah-compliant equities and equity-related securities:  
FBMS
- b) If 100% of the Fund's NAV invested in sukuk and Islamic liquid assets:  
Maybank 12-month (GIA) Tier II rate
- c) If the Fund is investing in a mixture of Shariah-compliant equities and equity-related securities, sukuk and Islamic liquid assets:  
50% FBMS + 50% Maybank 12-month GIA Tier II rate

## MANAGER'S REPORT (CONTINUED)

**Fund Performance  
(continued)**

**Source:** Lipper for Investment Management, www.bursamalaysia.com and www.maybank2u.com.my as at 30 September 2017.

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

**Analysis of Fund  
Performance**

For the financial year ended 30 September 2017:

Income Return	Capital Return*	Total Return	Total Return of Benchmark
(%)	(%)	(%)	(%)
4.70	2.34	7.15	3.43

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

**Distribution/  
Unit Split**

Ex-date	26-Sep-17
Distribution Per Unit	(RM)
Gross	0.0446
Net	0.0398

Impact on NAV arising from distribution for the financial year ended 30 September 2017.

Ex-Date	26-Sep-17
	(RM per Unit)
Net Asset Value before distribution	0.9888
Less: distribution	(0.0398)
Net Asset Value after distribution	0.9490

No unit split were declared for the financial year ended 30 September 2017.

## MANAGER'S REPORT (CONTINUED)

### **Investment Strategy During The Period Under Review**

For the Shariah-compliant equity portion, the Fund raised exposure in construction and building material stocks as they are expected to benefit from the pipeline of infrastructure/construction projects. The Fund also increased exposure in tech and stayed overweight in glove stocks as demand is expected to remain robust given their strong market positioning. The Fund also maintained and/or added positions in selective mid-to-small cap companies and this had helped in overall outperformance relative to benchmark as the small cap companies had outperformed the overall market during the period under review. During the period, the Fund had gradually reduced exposure in telcos due to rising competition and high valuations.

We continue to look for new Shariah-compliant stock ideas and may take gains on profitable positions and/or exit positions that have seen unfavourable changes to the company or industry dynamics. We like well managed companies backed by healthy balance sheets and strong cash flow with decent and sustainable earnings growth, preferably trading at attractive valuations.

For sukuk portion, the strategy was to provide liquidity and stable income for the Fund.

## MANAGER'S REPORT (CONTINUED)

## Asset Allocation

Asset Allocation	30-Sep 2017 (%)	30-Sep 2016 (%)	Changes (%)
Quoted Shariah-compliant securities	77.21	73.10	4.11
Sukuk	2.19	16.48	(14.29)
Cash and other assets	20.60	10.42	10.18

## 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.

Effective 17 April 2017, the management function of the Fund has been delegated to the external investment manager, Eastspring Al-Wara' Investments Berhad. Hence, in the Eastspring Investments Third Supplementary Master Prospectus dated 17 April 2017, information in relation to Eastspring Al-Wara' Investments Berhad and the designated fund manager has been added as set out in (a) below:

#### **a. EXTERNAL INVESTMENT MANAGER FOR THE EASTSPRING INVESTMENTS DANA AL-ILHAM AND EASTSPRING INVESTMENTS DANA DINAMIK**

##### **Background of Eastspring Al-Wara' Investments Berhad**

Eastspring Al-Wara' Investments Berhad ("Eastspring Al-Wara'") was incorporated in June 2009 and is part of the Prudential Group. The ultimate parent company of the Prudential Group is Prudential plc whose shares are listed on the London, New York, Hong Kong and Singapore stock exchanges.

Eastspring Al-Wara' business is to manage funds on behalf of institutional clients and as at 31 January 2017, it manages more than RM451 million of Shariah compliant asset.

Eastspring Al-Wara' is also part of the Malaysian International Islamic Financial Centre community, which focuses on supporting the development of the Malaysian Islamic capital market and positioning Malaysia as one of the leading global hub for Islamic finance.

## MANAGER'S REPORT (CONTINUED)

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

#### Roles and Duties of the External Investment Manager

The Manager has appointed Eastspring Al-Wara' as the external investment manager for Eastspring Investments Dana al-Ilham and Eastspring Investments Dana Dinamik. The External Investment Manager is to invest the investments of the Funds in accordance with the Funds' objective and its deeds, and subject to the Capital Markets and Services Act 2007 ("Act"), the Guidelines on Unit Trust Funds ("Guidelines") and any practice notes issued by the Securities Commission Malaysia ("SC") from time to time, as well as the internal policies and procedures of the Manager. The External Investment Manager reports to the investment committee of the Funds on a regular basis on the status of the portfolio, proposed investment strategy and other matters relating to the portfolio of the Funds. The designated fund manager for the Funds is Mohd Najman bin Md Isa.

#### Mohd Najman bin Md Isa

Mohd Najman bin Md Isa (Najman) joined Eastspring Al-Wara' in April 2016 as a fund manager. He previously worked for one of the foreign asset management houses in Malaysia for five (5) years as a fund manager where he assisted in managing the Malaysian and ASEAN equity portfolios. Prior to that, he worked in the corporate finance and performance department of the UEM Group Berhad and was part of the private equity team at CIMB Investment Bank.

While in the Eastspring Investments Master Prospectus dated 15 July 2017, the information in relation to the security risk, reclassification of Shariah status risk and minimum holdings of units have been revised as set out in (b) to (d) below.

## MANAGER'S REPORT (CONTINUED)

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

#### b. Security Risk

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 portfolio diversification.

Meanwhile investing in Shariah-compliant equity-related securities such as rights and 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.



## MANAGER'S REPORT (CONTINUED)

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

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

*Applicable only to Eastspring Dana Dinamik*

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.

#### **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 year 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

### Equity

4Q2016 was a volatile one for global markets. In November, the surprise win by Mr. Trump in the United States of America (“US”) Presidential Elections gave rise to global uncertainties, which saw the Asia Pacific regional markets correct sharply, in anticipation potential negative trade policies to be enacted. The US equity market, after a brief but sharp decline post elections, rallied to all-time highs as investors are hopeful that talks of a corporate tax cut and increased fiscal spending will stimulate the economy. In December, the US Federal Reserve raised the target range for the Federal Funds Rate at 0.5-0.75% as expected, and the Federal Open Market Committee (“FOMC”) gave indications of more interest rate hikes to come. Oil prices rallied as non-Organization of the Petroleum Exporting Countries (“OPEC”) members agreed to reduce output, on top of the output cut agreed by OPEC members. Malaysian equities started 4Q2016 off well with concerns over meeting fiscal deficit targets allayed somewhat leading up to the Budget 2017 announcement. Foreign investors’ concerns were heightened when Bank Negara Malaysia (“BNM”) reiterated that onshore banks are not to facilitate offshore banks with non-deliverable forwards (“NDFs”) which they attributed speculation on the ringgit and the highly volatile movements in the exchange rate of late. The Malaysian ringgit continued its downwards trend ending the 4Q2016 at RM4.4862/USD, prompting BNM to come out with measures early in the month to restrict exporters from apparent hoarding of US Dollars.

1Q2017 saw global markets start the year on a positive note, on the expectations that Trump’s policies for the US will be reflationary in nature, focused on tax cuts and corporate tax overhaul, infrastructure spending in the US, and increased protectionism. 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 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. Mergers & Acquisitions (“M&A”) news dominated news in the 1Q as Saudi Aramco announced their Joint Venture (“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.

## MARKET REVIEW (CONTINUED)

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. 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% 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 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 Gross Domestic Product ("GDP") growth for 2Q of 5.8% yoy 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, up 6.23%. The broader FBM Emas Index closed the period under review higher by 7.22%. The MSCI Asia Pacific ex-Japan Index gained by 17.49% in USD terms.

## Bond

During the period under review, Bank Negara Malaysia (“BNM”) reduced the Overnight Policy Rate (“OPR”) by 25 basis points (“bps”) to 3.00% from 3.25% during its Monetary Policy Committee (“MPC”) meeting on 13 July 2016. BNM’s move to reduce the OPR was seen as a pre-emptive move by the central bank as BNM expects growth momentum in the major economies to moderate in the second half of 2016 coupled with increasing downside risks in light of possible repercussions from the European Union referendum in the United Kingdom. Following the rate cut in July’16 BNM kept the OPR at 3.00% in the subsequent Monetary Policy Committee meetings for 2016 and in the first half of 2017. BNM anticipates that the domestic economy is expected to remain robust and to grow between 4.3%-4.8% for 2017. In the recent Monetary Policy Committee meeting in May’17, Bank Negara believe that the current level of the OPR 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. Bank Negara also acknowledged that there are improvements in the global economy and highlighted evidence of a recovery in global trade.

Headline inflation moderated to 3.9% year-on-year (“y-o-y”) in May’17 from 4.4% y-o-y registered in April’17 while core inflation rose to 2.6% in May from 2.5% in the previous month. The moderation in headline inflation was led mainly by pump price-related contraction in transport prices (“May: +13.1% y-o-y, Apr: +16.7% y-o-y”) but was slightly offset the increase in food & non-alcoholic beverages prices (“May: +4.4% y-o-y, April: +4.1% y-o-y”).

In October’16, the Malaysian Prime Minister unveiled 2017 national budget with the theme “Accelerating Growth, Ensuring Fiscal Prudence, Enhancing Well-being of the Rakyat”. Overall, fiscal consolidation remains on track as the Government plan to achieve a budget deficit at RM40.3 billion or 3.0% of GDP in 2017. The Government expect revenue in 2016 to ease lower to RM212.6 billion (“2015: RM219.1 billion”) mainly due to lower collection of petroleum related revenue following lower crude oil prices. However, this impact is expected to be cushioned by improved Government Service Tax (“GST”) collection. Furthermore, the Government expects revenue collection to improve by 3% in 2017 on the back of larger tax revenue from corporate income tax collection. Separately, the Federal Government expects the Malaysian economy to gain some traction to grow between 4.0-5.0% in 2017 as the Government expects that growth will remain private sector-driven, supported by quicker expansions in private consumption and private investment with added support from public spending and continued recovery in exports.

## MARKET REVIEW (CONTINUED)

The surprise win by the Republican presidential nominee Donald Trump in the recent United States Presidential Election in November '16 spurred a broad flight to safety around the globe. Investors were left unsettled over the future of the American and global economy based on the economic policies that were advocated by Trump throughout his presidential campaign. Trump's future policies indicate higher fiscal spending and tax cuts which may lead to more debt supply higher bond yields. Separately, the market-implied chance of a United States Federal Reserve ("Fed") increased after Trump's triumph as investors expect the US Federal Reserve to continue its monetary tightening path in 2017 onwards.

Subsequently, the US Federal Reserve ("Fed") raised its key interest rates by 25bps to between 0.50%-0.75% in December '16. The Fed's move to raise interest rate was widely expected by the market as the Fed has been signalling for a rate hike for nearly a year ago since the Fed last raised interest rate in December '15 from a record low near zero set during the 2008 financial crisis. The Fed continued to raise its key interest rates by 25bps to between 0.75%-1.00% in March '17 and another 25bps to between 1.00%-1.25% in June '17. The FOMC's recent action signalled that the Fed believes that the U.S economy will continue to improve steadily coupled with a strengthening job market. The Fed policymakers also maintained their outlook for one more rate hike this year according to the "dot plot" of rate projections.

For the period under review, the 3-year, 5-year, 10-year and 15-year sovereign bond yields changed by +20bps, +26bps, +19bps and +40bps to 3.39%, 3.62%, 3.91% and 4.45% respectively. Sovereign bond yields fell across all tenors at the end of the third quarter of 2016, after Bank Negara Malaysia ("BNM") unexpectedly cut the OPR by 0.25% to 3.00% in July's Monetary Policy Committee meeting. However, sovereign yields spiked higher in November '16 after the Republican presidential nominee Donald Trump won the recent US Presidential Election. Investors were left unsettled over the future of the American and global economy based on the economic policies that were advocated by Trump throughout his presidential campaign. Furthermore, yields were higher in the first quarter of 2017 on the expectation of higher Fed rate hike and selling pressure from investors amid rising global yields.

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 June 2017 stood around RM45billion of which approximately 33% was conventional and 67% was Islamic. Major primary issuances were from the government guaranteed, corporates and banking sectors. Major issuances include RM7.1billion from Danainfra, RM2.6billion from Genting Capital Berhad, RM3.0billion from GovCo Holdings Berhad, RM2.5billion from YTL Power International, RM2.2billion from PTPN, RM1.1billion from Bank Pembangunan Berhad and RM1billion from Rantau Abang Capital Berhad.

## 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>1</sup> **Source:** Bloomberg: World indices

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# EASTSPRING INVESTMENTS DANA DINAMIK

## FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017



## TRUSTEE'S REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS DANA DINAMIK

We have acted as Trustee for Eastspring Investments Dana Dinamik (the "Fund") for financial year ended 30 September 2017. To the best of our knowledge, for the financial year under review, Eastspring Investments Berhad (the "Manager") has operated and managed the Fund in accordance with the following:

- a. limitations imposed on the investment powers of the Manager under the Deed(s), the Securities Commission's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- b. valuation and pricing for the Fund has been carried out in accordance with the Deed(s) of the Fund and applicable regulatory requirements; and
- c. creation and cancellation of units for the Fund have been carried out in accordance with the Deed(s) of the Fund and applicable regulatory requirements.

We are of the view that the distribution made during this financial year ended 30 September 2017 by the Manager is not inconsistent with the objectives of the Fund.

For Deutsche Trustees Malaysia Berhad

**Soon Lai Ching**

Senior Manager, Trustee Operations

**Richard Lim Hock Seng**

Chief Executive Officer

Kuala Lumpur

Date: 15 November 2017

## SHARIAH ADVISER'S REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS DANA DINAMIK

We have acted as the Shariah Adviser of Eastspring Investments Dana Dinamik. 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 Dinamik 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 year ended 30 September 2017.

In addition, we also confirm that the investment portfolio of Eastspring Investments Dana Dinamik 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

# INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS DANA DINAMIK

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our opinion

In our opinion, the financial statements of Eastspring Investments Dana Dinamik ("the Fund") give a true and fair view of the financial position of the Fund as at 30 September 2017, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

### What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 30 September 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 28 to 77.

### Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Information other than the financial statements and auditors' report thereon

The Manager of the Fund is responsible for the other information. The other information comprises Manager's Report, but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determine is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intend to liquidate the Fund or have no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- a. Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- d. Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- e. Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## OTHER MATTERS

This report is made solely to the unit holders of the Fund and for no other purpose. We do not assume responsibility to any other person for the content of this report.

### **PRICEWATERHOUSECOOPERS**

(No. AF: 1146)

Chartered Accountants

Kuala Lumpur

Date: 15 November 2017

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

	Note	2017	2016
		RM	RM
<b>INVESTMENT INCOME</b>			
Gross dividend income		1,698,186	1,720,446
Profit income from Islamic deposits with licensed financial institutions		177,060	391,585
Profit income from sukuk		594,297	184,538
Net gain on financial assets at fair value through profit or loss	7	4,525,905	3,017,492
		<u>6,995,448</u>	<u>5,314,061</u>
<b>EXPENSES</b>			
Management fee	3	(1,073,826)	(965,168)
Trustee fee	4	(60,134)	(54,049)
Audit fee		(6,800)	(7,594)
Tax agent fee		(3,400)	(4,000)
Other expenses		(21,590)	(22,244)
GST charges		(68,612)	(61,173)
Transaction cost		(301,544)	(174,583)
		<u>(1,535,906)</u>	<u>(1,288,811)</u>
<b>PROFIT BEFORE TAXATION</b>		5,459,542	4,025,250
<b>TAXATION</b>	6	<u>(7,272)</u>	<u>(6,353)</u>
<b>PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME</b>		<u>5,452,270</u>	<u>4,018,897</u>
Profit after taxation is made up of the following:			
Realised amount		1,609,533	2,539,981
Unrealised amount		3,842,737	1,478,916
		<u>5,452,270</u>	<u>4,018,897</u>

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

## STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2017

	Note	2017	2016
		RM	RM
<b>ASSETS</b>			
Cash and cash equivalents	8	14,802,369	7,477,701
Amount due from brokers		207,704	478,842
Amount due from Manager		15,244,640	315,584
Dividends receivable		83,763	143,391
Tax recoverable		1,730	23,092
Financial assets at fair value through profit or loss	7	92,296,231	71,360,244
<b>TOTAL ASSETS</b>		<u>122,636,437</u>	<u>79,798,854</u>
<b>LIABILITIES</b>			
Amount due to Manager		103,319	95,520
Accrued management fee		101,345	81,079
Amount due to Trustee		5,675	4,540
Amount due to brokers		6,092,361	-
Distribution payable		26,358	27,926
GST charges payable		6,421	5,137
Other payables and accruals		35,835	39,664
<b>TOTAL LIABILITIES</b>		<u>6,371,314</u>	<u>253,866</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>116,265,123</u>	<u>79,544,988</u>
<b>EQUITY</b>			
Unit holders' capital		83,399,801	50,544,435
Retained earnings		32,865,322	29,000,553
<b>NET ASSET ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>116,265,123</u>	<u>79,544,988</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	10	<u>121,881,294</u>	<u>85,340,595</u>
<b>NET ASSET VALUE PER UNIT (EX-DISTRIBUTION) (RM)</b>		<u>0.9539</u>	<u>0.9321</u>

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



## STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

	Note	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 October 2016		50,544,435	29,000,553	79,544,988
Movement in unit holders' contribution:				
Creation of units from applications		54,952,416	-	54,952,416
Creation of units from distribution		4,112,575	-	4,112,575
Cancellation of units		(23,658,193)	-	(23,658,193)
Total comprehensive income for the financial year		-	5,452,270	5,452,270
Distribution (Gross: 4.46 sen/Net: 3.98 sen)	5	(2,551,432)	(1,587,501)	(4,138,933)
Balance as at 30 September 2017		<u>83,399,801</u>	<u>32,865,322</u>	<u>116,265,123</u>
Balance as at 1 October 2015		45,862,815	27,522,748	73,385,563
Movement in unit holders' contribution:				
Creation of units from applications		19,718,307	-	19,718,307
Creation of units from distribution		3,471,339	-	3,471,339
Cancellation of units		(17,549,852)	-	(17,549,852)
Total comprehensive income for the financial year		-	4,018,897	4,018,897
Distribution (Gross: 4.35 sen/Net: 4.30 sen)	5	(958,174)	(2,541,092)	(3,499,266)
Balance as at 30 September 2016		<u>50,544,435</u>	<u>29,000,553</u>	<u>79,544,988</u>

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

# STATEMENT OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

	Note	2017	2016
		RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from sale of Shariah-compliant investments		43,878,210	23,429,195
Purchase of Shariah-compliant investments		(54,326,303)	(38,252,014)
Dividends received		1,750,541	1,633,887
Profit income received from Islamic deposits with licensed financial institutions		177,060	391,585
Profit income received from sukuk		694,264	97,328
Tax refund		21,362	-
Management fee paid		(1,053,559)	(957,884)
Trustee fee paid		(58,999)	(53,641)
Payment for other fees and expenses		(102,948)	(95,934)
Net cash used in operating activities		<u>(9,020,372)</u>	<u>(13,807,478)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash proceeds from units created		40,023,360	19,692,483
Payments for cancellation of units		(23,650,394)	(17,528,125)
Distribution paid		(27,926)	(18,745)
Net cash generated from financing activities		<u>16,345,040</u>	<u>2,145,613</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		7,324,668	(11,661,865)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<u>7,477,701</u>	<u>19,139,566</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	8	<u>14,802,369</u>	<u>7,477,701</u>

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

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR 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 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 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 year. 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 judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note L to the financial statements.

The Fund has applied the following amendments for the first time for the financial year beginning on 1 October 2016:

- Amendments to MFRS 101 "Presentation of financial statements" – Disclosure initiative
- Annual improvements to MFRSs 2012 – 2014 Cycle

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

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 October 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.

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

ii. Financial year beginning on/after 1 October 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 contractual 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.

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

- <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.

**B. INCOME RECOGNITION**

Profit income from short-term Islamic deposits is 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 quoted Shariah-compliant securities is accounted for as the difference between the net disposal proceeds and the carrying amount of Shariah-compliant investments, determined on a weighted average cost basis.

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

**C. TRANSACTION COSTS**

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to brokers and dealers. Transaction costs, when incurred, are immediately recognised in profit or loss as an expense.

**D. 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 year.

**E. 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.

## **F. FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

### **i. Classification**

The Fund designates its investment in quoted Shariah-compliant securities and unquoted 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 Manager, amount due from brokers 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 include accrued management fee, amount due to Trustee, amount due to Manager, amount due to brokers, distribution payable, 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. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised, and through the amortisation process.

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.

In accordance with the Deed, 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.

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 ("SC"). Where such quotations are not available or where the Manager is of the view that the price quoted by the BPA for a specific unquoted sukuk differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager:

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



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

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

## G. AMOUNT DUE FROM/(TO) BROKERS

Amount due from and to brokers represent receivables for Shariah-compliant securities sold and payables for Shariah-compliant 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 profit 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, profit income is recognised using the rate of profit used to discount the future cash flows for the purpose of measuring the impairment loss.

The effective profit method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the profit income or profit expense over the relevant period. The effective profit 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 profit 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 profit rate, transaction costs and all other premiums or discounts.

## **H. CASH AND CASH EQUIVALENTS**

For the purpose of the statement of cash flows, cash and cash equivalents comprise bank balance and Islamic 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.

## **I. 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.

**J. DISTRIBUTION**

A distribution to the Fund's unit holders is accounted for a deduction from realised reserves. A proposed distribution is recognised as a liability in the period in which it is approved by the Trustee.

**K. 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.

**L. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES**

The preparation of financial statements in conformity with the Malaysian Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on the Manager's best knowledge of current events and actions, actual results could differ from those estimates.

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.

i. 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

### 1. INFORMATION ON THE FUND

Eastspring Investments Dana Dinamik (the "Fund") was constituted pursuant to the execution of a Deed dated 19 February 2004 as amended by a Master Supplemental Deed dated 12 July 2007 and a Second Supplemental Master Deed dated 30 November 2009 between HSBC (Malaysia) Trustee Bhd ("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 a Second Supplemental Master Deed dated 28 January 2011, a Third Supplemental Master Deed dated 9 March 2011, a Fourth Supplemental Master Deed dated 20 January 2012, a Fifth Supplemental Master Deed dated 26 March 2014, a Sixth Supplemental Master Deed dated 2 January 2015, a Seventh Supplemental Master Deed dated 11 July 2016 and an Eighth Supplemental Master Deed dated 25 January 2017 (collectively referred to as the "Deed").

The Fund was launched on 25 February 2004 and will continue its operations until terminated by the Trustee or the Manager as provided under Part 12 of the Deed.

The Fund may invest in Shariah-compliant securities traded on Bursa Malaysia and other market considered as eligible market, sukuk, Islamic futures contracts and any other Shariah-compliant investments approved by the SC from time to time. All Shariah-compliant investments will be subjected to the Securities Commission's ("SC") Guidelines on Unit Trust Funds, the Deed and the objective of the Fund.

The Fund seeks to provide investors with capital appreciation by actively investing in Shariah approved equity and equity-related securities. For defensive considerations, the fund may invest in Shariah-approved debentures and money market instruments.

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

## 2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks which include market risk (inclusive of price risk and exposure to interest rate risk), non-compliance risk, reclassification of Shariah status risk, fund management risk, liquidity 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	Receivables	Financial assets at fair value through profit or loss	Total
		RM	RM	RM
<u>2017</u>				
Cash and cash equivalents	8	14,802,369	-	14,802,369
Amount due from brokers		207,704	-	207,704
Amount due from Manager		15,244,640	-	15,244,640
Dividends receivable		83,763	-	83,763
Quoted Shariah-compliant securities	7	-	89,755,270	89,755,270
Sukuk	7	-	2,540,961	2,540,961
		<u>30,338,476</u>	<u>92,296,231</u>	<u>122,634,707</u>
<u>2016</u>				
Cash and cash equivalents	8	7,477,701	-	7,477,701
Amount due from brokers		478,842	-	478,842
Amount due from Manager		315,584	-	315,584
Dividends receivable		143,391	-	143,391
Quoted Shariah-compliant securities	7	-	58,150,963	58,150,963
Sukuk	7	-	13,209,281	13,209,281
		<u>8,415,518</u>	<u>71,360,244</u>	<u>79,775,762</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 that the collapse of any one 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 designated at fair value through profit or loss	<u>89,755,270</u>	<u>58,150,963</u>
Sukuk designated at fair value through profit or loss*	<u>2,540,961</u>	<u>13,209,281</u>

\* Includes profit receivable of RM21,486 (2016: RM99,176).



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 the reporting year. 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%	96,888,482	4,613,737
-5%	87,661,008	(4,613,737)
<u>2016</u>		
+5%	74,824,121	3,563,053
-5%	67,698,015	(3,563,053)

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.

In general, when interest rates rise, sukuk valuation will tend to fall and vice versa. Therefore, the NAV of the Fund may also tend to fall when interest rates rise or are expected to rise. However, investors should be aware that should the Fund holds sukuk till maturity, such valuation fluctuations would dissipate as it approaches maturity, and thus the growth of the NAV shall not be affected at maturity. In order to mitigate interest rates exposure of the Fund, the Manager will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the Manager, which is based on its continuous fundamental research and analysis.

Investors should note that the movement in valuation of sukuk and Islamic money market instruments are benchmarked against interest rates. As such, the investments are exposed to the movement of the interest rates.

This risk is crucial since sukuk portfolio management depends on forecasting interest rate movements. Valuation of sukuk move inversely to interest rate movements, therefore as interest rates rise, the valuation of sukuk decrease and vice versa. Furthermore, sukuk with longer maturity and lower yield coupon rates are more susceptible to interest rate movements.

Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to make payments of profit income 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 Fund's investments in Islamic deposits with licensed financial institutions are short term in nature. Therefore, exposure to interest rate fluctuations is minimal.

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 are carried out for the Fund are in accordance with Shariah requirements.

The table below summarises the sensitivity of the Fund's profit after tax and NAV to movements in valuation of sukuk held by the Fund as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate changed 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.

	2017	2016
	Impact on profit after tax/ change in net asset value	Impact on profit after tax/ change in net asset value
% Movement in interest rate	RM	RM
<u>Sukuk</u>		
+1% (2016: +1%)	(1,649)	(48,561)
- 1% (2016: - 1%)	1,650	48,911

### 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.

### Reclassification of Shariah status risk

This 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 securities. The value of the Fund may also be adversely affected in the event of a disposal of Shariah non-compliant securities at a price lower than the investment cost.

### **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.

### **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 brokers	6,092,361	-	6,092,361
Amount due to Manager	103,319	-	103,319
Distribution payable	26,358	-	26,358
Accrued management fee	101,345	-	101,345
Amount due to Trustee	5,675	-	5,675
GST charges payable	6,421	-	6,421
Other payables and accruals	-	35,835	35,835
Contractual cash outflows	<u>6,335,479</u>	<u>35,835</u>	<u>6,371,314</u>
<u>2016</u>			
Amount due to Manager	95,520	-	95,520
Distribution payable	27,926	-	27,926
Accrued management fee	81,079	-	81,079
Amount due to Trustee	4,540	-	4,540
GST charges payable	5,137	-	5,137
Other payables and accruals	-	39,664	39,664
Contractual cash outflows	<u>214,202</u>	<u>39,664</u>	<u>253,866</u>

## Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital of RM83,399,801(2016:RM50,544,435) and retained earnings of RM32,865,322 (2016:RM29,000,553). 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.

## Credit/default risk

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

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. For amount due from brokers, the settlement terms are governed by the relevant rules and regulations as prescribed by Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC's Guidelines on Unit Trust Funds.

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

The Fund seeks to mitigate credit/default risk by investing in high quality sukuk.

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

	Financial assets at fair value through profit or loss	Cash and cash equivalents	Dividends receivable	Amount due from Manager	Amount due from brokers	Total
	RM	RM	RM	RM	RM	RM
2017						
Finance						
- AAA	-	14,752,384	-	-	-	14,752,384
- AA1	-	49,985	-	-	-	49,985
Construction						
- NR	-	-	4,407	-	-	4,407
i-REITS						
- NR	-	-	4,028	-	-	4,028
Technology						
- NR	-	-	36,637	-	-	36,637
Trading/Services						
- NR	-	-	38,691	-	-	38,691
Sukuk						
- AA2	1,018,257	-	-	-	-	1,018,257
- Govt	1,522,704	-	-	-	-	1,522,704
Other						
- NR	-	-	-	15,244,640	207,704	15,452,344
	2,540,961	14,802,369	83,763	15,244,640	207,704	32,879,437

	Financial assets at fair value through profit or loss		Cash and cash equivalents		Dividends receivable		Amount due from Manager		Amount due from brokers		Total	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2016												
Finance												
- AAA	-	4,400,701	-	-	-	-	-	-	-	-	-	4,400,701
- AA1	-	70,762	-	-	-	-	-	-	-	-	-	70,762
- AA3	-	3,006,238	-	-	-	-	-	-	-	-	-	3,006,238
Health Care												
- NR	-	-	-	4,277	-	-	-	-	-	-	-	4,277
Industrial Product												
- NR	-	-	-	1,534	-	-	-	-	-	-	-	1,534
Plantation												
- NR	-	-	-	-	-	-	-	-	59,134	-	-	59,134
Property												
- NR	-	-	-	71,817	-	-	-	-	-	-	-	71,817
Power/Utilities												
- NR	-	-	-	30,653	-	-	-	-	-	-	-	30,653
Sukuk												
- AAA	2,033,013	-	-	-	-	-	-	-	-	-	-	2,033,013
- AA2	8,605,661	-	-	-	-	-	-	-	-	-	-	8,605,661
- AA3	1,021,079	-	-	-	-	-	-	-	-	-	-	1,021,079
- Govt	1,549,528	-	-	-	-	-	-	-	-	-	-	1,549,528
Technology												
- NR	-	-	-	8,119	-	-	-	-	-	-	-	8,119
Trading/Services												
- NR	-	-	-	26,991	-	-	-	-	419,708	-	-	446,699
Other												
- NR	-	-	-	-	-	-	315,584	-	-	-	-	315,584
	13,209,281	7,477,701	143,391	315,584	478,842	21,624,799						

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 Shariah-compliant securities) are based on quoted market prices at the close of trading on the year 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 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>

### 2017

Financial assets

at fair value through  
profit or loss:

Quoted Shariah-

compliant Securities	89,755,270	-	-	89,755,270
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Sukuk	-	2,540,961	-	2,540,961
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### 2016

Financial assets

at fair value through  
profit or loss:

Quoted Shariah-

compliant Securities	58,150,963	-	-	58,150,963
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Sukuk	-	13,209,281	-	13,209,281
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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 F 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, which 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 F to the financial statements.

- ii. The carrying value of cash and cash equivalents, amount due from Manager, amount due from brokers, dividends 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 year 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 fee at a rate not exceeding 0.20% per annum on the net asset value of the Fund, subject to a minimum fee of RM18,000 per annum.

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

	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Distribution to unit holders are from the following sources:		
Distribution equalisation (Memorandum account)	2,551,432	958,174
Prior financial years' realised income	2,468,942	3,150,651
	<hr/>	<hr/>
Gross realised income	5,020,374	4,108,825
Less: Expenses	(380,125)	(565,450)
Less: Prior financial years' taxation	(501,316)	(44,109)
	<hr/>	<hr/>
	4,138,933	3,499,266
	<hr/>	<hr/>
Gross distribution per unit (sen)	4.46	4.35
	<hr/>	<hr/>
Net distribution per unit (sen)	3.98	4.30
	<hr/>	<hr/>
Ex-date	<hr/> <u>26 September 2017</u> <u>26 September 2016</u> <hr/>	

Gross distribution is derived using total income less total expenses. The distribution is made from prior year's realised income.

Gross distribution per unit is derived from gross realised income less expenses divided by the number of units in circulation, while net distribution per unit is derived from gross realised income less expenses and taxation divided by the number of units in circulation.

Distribution equalisation represents the average amount of distributable income included in the creation and cancellation prices of units. It is computed as at each date of creation and cancellation of units. For the purposes of determining amount available for distribution, income equalisation is included in the computation of realised gain or income available for distribution.

**6. TAXATION**

	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Tax charged for the financial year:		
Current taxation – local	<u>7,272</u>	<u>6,353</u>

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

	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Profit before taxation	<u>5,459,542</u>	<u>4,025,250</u>
Tax at Malaysian statutory rate of 24% (2016:24%)	1,310,290	966,060
Tax effects of:		
Investment loss exempt from tax	(1,661,455)	(1,260,130)
Expenses not deductible for tax purposes	109,267	75,853
Restriction on the tax deductible expenses for Unit Trust Funds	259,350	233,463
Income subject to different tax rate	<u>(10,180)</u>	<u>(8,893)</u>
Taxation	<u>7,272</u>	<u>6,353</u>

## 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017	2016
	RM	RM
Designated at fair value through profit or loss:		
Quoted Shariah-compliant securities (Note 7(i))	89,755,270	58,150,963
Sukuk (Note 7(ii))	2,540,961	13,209,281
	<u>92,296,231</u>	<u>71,360,244</u>
Net gain on financial assets at fair value through profit or loss:		
Realised gain on disposals	683,168	1,538,576
Change in unrealised fair value gain	3,842,737	1,478,916
	<u>4,525,905</u>	<u>3,017,492</u>

### i. Quoted Shariah-compliant securities

Name of counter	Quantity	Aggregate cost	Fair value	Percentage
			as at 30.9.2017	of net asset value of the Fund
	Units	RM	RM	%
<u>Construction</u>				
Advancecon Holdings Berhad	1,341,000	1,439,704	1,381,230	1.19
Ekovest Berhad	1,706,100	1,875,691	1,859,649	1.60
Gabungan AQRS Berhad	876,000	1,479,428	1,489,200	1.28
Gamuda Berhad	199,400	1,056,721	1,052,832	0.91
IJM Corporation Berhad	524,600	1,597,791	1,731,180	1.49
Kerjaya Prospek Group Berhad	294,400	1,104,925	1,077,504	0.93
ML Global Berhad	978,300	1,112,050	1,242,441	1.07
	<u>5,919,800</u>	<u>9,666,310</u>	<u>9,834,036</u>	<u>8.47</u>

i. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.9.2017	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Consumer</u>				
Hong Leong Industries Berhad	217,600	2,063,038	2,045,440	1.76
IQ Group Holdings Berhad	135,500	392,274	421,405	0.36
Magni-Tech Industries Berhad	189,500	1,377,540	1,284,810	1.11
	<u>542,600</u>	<u>3,832,852</u>	<u>3,751,655</u>	<u>3.23</u>
<u>Consumer Product</u>				
Nestle (Malaysia) Berhad	39,900	3,155,558	3,383,520	2.91
QL Resources Berhad	470,379	928,703	1,867,405	1.61
	<u>510,279</u>	<u>4,084,261</u>	<u>5,250,925</u>	<u>4.52</u>
<u>Finance</u>				
BIMB Holdings Berhad	421,900	1,697,182	1,852,141	1.59
Syarikat Takaful Malaysia Berhad	661,800	1,752,884	2,514,840	2.16
	<u>1,083,700</u>	<u>3,450,066</u>	<u>4,366,981</u>	<u>3.75</u>
<u>Health Care</u>				
Hartalega Holdings Berhad	76,300	525,981	531,048	0.46
IHH Healthcare Berhad	425,400	2,737,753	2,446,050	2.10
Kossan Rubber Industries Berhad	290,700	1,838,873	2,005,830	1.73
Top Glove Corporation Bhd	217,800	1,168,519	1,208,790	1.04
	<u>1,010,200</u>	<u>6,271,126</u>	<u>6,191,718</u>	<u>5.33</u>

i. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.9.2017	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Industrial Product</u>				
Comfort Gloves Berhad	873,800	821,243	808,265	0.70
Lotte Chemical Titan Holding Berhad	99,000	643,500	520,740	0.45
Prestar Resources Berhad	1,101,700	1,537,011	1,465,261	1.26
Scientex Berhad	251,000	1,107,039	2,208,800	1.90
Uchi Technologies Berhad	551,400	1,302,130	1,428,126	1.23
	<u>2,876,900</u>	<u>5,410,923</u>	<u>6,431,192</u>	<u>5.54</u>
<u>Infrastructure Project Company</u>				
Digi.Com Berhad	529,900	2,567,724	2,596,510	2.23
Lingkar Trans Kota Holdings Berhad	163,000	719,398	945,400	0.81
Time Dotcom Berhad	197,300	1,513,010	1,752,024	1.51
	<u>890,200</u>	<u>4,800,132</u>	<u>5,293,934</u>	<u>4.55</u>
<u>Manufacturing</u>				
Pecca Group Berhad	481,500	743,839	746,325	0.64
<u>Plantation</u>				
IOI Corporation Berhad	370,900	1,642,567	1,683,886	1.45
Kuala Lumpur Kepong Berhad	23,400	551,200	574,704	0.49
	<u>394,300</u>	<u>2,193,767</u>	<u>2,258,590</u>	<u>1.94</u>



i. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.9.2017	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Properties</u>				
IOI Properties Group Berhad	1,020,832	2,429,302	2,062,081	1.77
LBS Bina Group Berhad	510,000	770,100	912,900	0.79
LBS Bina Group Berhad Preference Share	102,000	112,200	107,100	0.09
Malton Berhad	600,900	406,749	709,062	0.61
	<u>2,233,732</u>	<u>3,718,351</u>	<u>3,791,143</u>	<u>3.26</u>
<u>i-REITS</u>				
Axis Real Estate Investment Trust	769,732	1,461,049	1,231,571	1.06
KLCC Property Holdings Berhad	50,000	367,500	400,000	0.34
	<u>819,732</u>	<u>1,828,549</u>	<u>1,631,571</u>	<u>1.40</u>
<u>Technology</u>				
Globetronics Technology Berhad	323,600	1,976,125	1,990,140	1.71
Inari Amertron Berhad	1,308,436	2,453,572	3,323,427	2.86
Pentamaster Corporation Berhad	559,400	1,274,313	2,651,556	2.28
Vitrox Corporation Berhad	530,400	939,180	2,354,976	2.03
	<u>2,721,836</u>	<u>6,643,190</u>	<u>10,320,099</u>	<u>8.88</u>

i. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value	Percentage of net asset value of the Fund
			as at 30.9.2017	
	Units	RM	RM	%
<u>Trading / Services</u>				
Axiata Group Berhad	586,630	3,041,794	3,073,941	2.64
Bermaz Auto Berhad	611,240	1,120,532	1,289,717	1.11
Dialog Group Berhad	975,700	1,632,275	1,951,400	1.68
MY E.G. Services Berhad	878,300	1,872,659	1,800,515	1.55
Pestech International Berhad	987,500	1,208,764	1,540,500	1.32
Pos Malaysia Berhad	361,600	1,857,930	1,898,400	1.63
Serba Dinamik Holdings Berhad	1,431,200	2,835,402	3,320,384	2.86
Sime Darby Berhad	831,165	7,451,286	7,497,108	6.45
Tenaga Nasional Berhad	524,800	7,062,429	7,515,136	6.46
	<u>7,188,135</u>	<u>28,083,071</u>	<u>29,887,101</u>	<u>25.70</u>
<b>TOTAL QUOTED SHARIAH-COMPLIANT SECURITIES</b>				
	<u>26,672,914</u>	<u>80,726,437</u>	<u>89,755,270</u>	<u>77.21</u>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
		<u>9,028,833</u>		
<b>FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
			<u>89,755,270</u>	

i. Quoted Shariah-compliant securities

Name of counter	Quantity	Aggregate cost	Fair value as at 30.9.2016	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Construction</u>				
IJM Corporation Berhad	524,600	1,597,790	1,683,966	2.12
<u>Consumer Product</u>				
Nestle (Malaysia) Berhad	6,100	468,843	481,046	0.60
QL Resources Berhad	397,930	1,021,360	1,762,830	2.22
Salutica Berhad	521,900	417,520	699,346	0.88
	925,930	1,907,723	2,943,222	3.70
<u>Finance</u>				
BIMB Holdings Berhad	252,600	957,592	1,045,764	1.31
Syarikat Takaful Malaysia Berhad	398,000	691,051	1,659,660	2.09
	650,600	1,648,643	2,705,424	3.40
<u>Health Care</u>				
Kossan Rubber Industries Berhad	249,600	1,554,116	1,717,248	2.16
Top Glove Corporation Bhd	217,800	1,168,519	1,110,780	1.40
IHH Healthcare Berhad	358,800	2,308,545	2,271,204	2.86
KPJ Healthcare Berhad	285,100	998,399	1,205,973	1.52
	1,111,300	6,029,579	6,305,205	7.94
<u>Industrial Product</u>				
Lafarge Malaysia Berhad	76,700	607,648	607,464	0.76
Petronas Gas Berhad	70,800	1,556,387	1,546,272	1.94
Scientex Berhad	191,300	595,010	1,266,406	1.59
	338,800	2,759,045	3,420,142	4.29

i. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.9.2016	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Infrastructure Project Company</u>				
Digi.Com Berhad	549,300	2,661,731	2,735,514	3.44
Lingkar Trans Kota Holdings Berhad	285,900	1,190,972	1,658,220	2.08
Time Dotcom Berhad	96,900	729,006	781,983	0.98
	932,100	4,581,709	5,175,717	6.50
<u>Manufacturing</u>				
Evergreen Fibreboard Berhad	1,311,600	1,122,052	1,239,462	1.56
Pecca Group Berhad	190,000	269,800	370,500	0.47
	1,501,600	1,391,852	1,609,962	2.03
<u>Plantation</u>				
Batu Kawan Berhad	65,600	1,180,447	1,192,608	1.50
IOI Corporation Berhad	370,900	1,642,568	1,650,505	2.07
Kuala Lumpur Kepong Berhad	23,400	551,200	561,132	0.71
United Plantations Berhad	58,100	1,552,234	1,597,750	2.01
	518,000	4,926,449	5,001,995	6.29
<u>Power / Utilities</u>				
Malakoff Corporation Berhad	875,800	1,593,150	1,445,070	1.82

i. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.9.2016	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Properties</u>				
Eastern & Oriental Berhad	480,420	930,429	807,106	1.01
IOI Properties Group Berhad	816,666	2,147,552	2,033,498	2.56
LBS Bina Group Berhad	510,000	770,100	907,800	1.14
Matrix Concepts Holdings Berhad	199,500	499,144	518,700	0.65
	<u>2,006,586</u>	<u>4,347,225</u>	<u>4,267,104</u>	<u>5.36</u>
<u>i-REITS</u>				
Axis Real Estate Investment Trust	769,732	1,461,049	1,347,031	1.69
KLCC Property Holdings Berhad	50,000	367,500	386,000	0.49
	<u>819,732</u>	<u>1,828,549</u>	<u>1,733,031</u>	<u>2.18</u>
<u>Technology</u>				
Inari Amertron Berhad	369,068	683,396	1,225,306	1.54
Malaysian Pacific Industries Berhad	53,300	257,663	415,740	0.52
Unisem (M) Berhad	439,600	867,680	1,107,792	1.39
Vitrox Corporation Berhad	301,300	993,658	1,132,888	1.42
	<u>1,163,268</u>	<u>2,802,397</u>	<u>3,881,726</u>	<u>4.87</u>

i. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.9.2016	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Trading / Services</u>				
Axiata Group Berhad	547,466	2,915,966	2,857,773	3.59
Berjaya Auto Berhad	873,040	1,600,466	1,990,531	2.50
Bumi Armada Berhad (Note 9 (a))	737,700	839,630	516,390	0.65
Dialog Group Berhad	699,200	1,081,072	1,020,832	1.28
Pestech International Berhad	967,100	1,175,793	1,615,057	2.03
Petra Energy Berhad	1,237,900	1,706,832	1,262,658	1.59
Sime Darby Berhad	359,370	3,134,112	2,749,180	3.46
Telekom Malaysia Berhad	290,221	1,834,495	1,967,698	2.47
Tenaga Nasional Berhad	279,600	3,323,985	3,998,280	5.03
	<u>5,991,597</u>	<u>17,612,351</u>	<u>17,978,399</u>	<u>22.60</u>
<b>TOTAL QUOTED SHARIAH-COMPLIANT SECURITIES</b>				
	<u>17,359,913</u>	53,026,462	<u>58,150,963</u>	73.10
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
			<u>5,124,501</u>	
<b>FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
			<u>58,150,963</u>	

ii. Sukuk

Name of counter	Nominal value	Aggregate cost	Fair value as at 30.9.2017	Percentage of net asset value of the Fund
	RM	RM	RM	%
3.91% Government of Malaysia 13.8.2019 (NR)	1,500,000	1,506,264	1,522,704	1.31
4.80% Hong Leong Islamic Bank Berhad 17.6.2019 (AA2)	1,000,000	1,019,014	1,018,257	0.88
<b>TOTAL SUKUK</b>	<u>2,500,000</u>	2,525,278	<u>2,540,961</u>	2.19
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>15,683</u>		
<b>FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>2,540,961</u>		

ii. Sukuk (continued)

Name of counter	Nominal value	Aggregate cost	Fair value as at 30.9.2016	Percentage of net asset value of the Fund
	RM	RM	RM	%
4.45% First Resources Limited 31.7.2017 (AA2)	7,500,000	7,573,429	7,583,121	9.46
3.91% Government of Malaysia 13.8.2019 (NR)	1,500,000	1,505,273	1,549,528	1.94
5.10% Gulf Investment Corporation G.S.C 16.3.2021 (AAA)	2,000,000	2,014,436	2,033,013	2.55
4.80% Hong Leong Islamic Bank Berhad 17.6.2019 (AA2)	1,000,000	1,022,243	1,022,540	1.27
4.60% Perbadanan Kemajuan Negeri Selangor 25.5.2018 (AA3)	1,000,000	1,016,622	1,021,079	1.26
<b>TOTAL SUKUK</b>	<u>13,000,000</u>	13,132,003	<u>13,209,281</u>	16.48
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			<u>77,278</u>	
<b>FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			<u>13,209,281</u>	



ii. Sukuk (continued)

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	3.79	4.15

**8. CASH AND CASH EQUIVALENTS**

	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Bank balance with a licensed bank	49,985	70,762
Islamic deposit with a licensed financial institution	14,752,384	7,406,939
	14,802,369	7,477,701

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	3.13

The Islamic deposit have an average maturity of 2 days (2016: 5 days).

## 9. SHARIAH INFORMATION OF THE FUND

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

- a. Equity securities listed in Bursa Malaysia which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission;
- b. 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
- c. Liquid assets in local market, which are placed in Shariah-compliant investments and/or instruments.

## 10. UNITS IN CIRCULATION

	2017	2016
	No. of Units	No. of Units
At the beginning of the financial year	85,340,595	79,408,366
Creation of units during the financial year:		
Arising from applications	56,711,936	20,368,161
Arising from distribution	4,333,587	3,717,831
Cancellation of units during the financial year	<u>(24,504,824)</u>	<u>(18,153,763)</u>
At the end of the financial year	<u>121,881,294</u>	<u>85,340,595</u>

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

	<b>2017</b>	<b>2016</b>
	<b>%</b>	<b>%</b>
MER	1.44	1.44

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 year calculated on a daily basis is RM85,902,798 (2016: RM77,210,505).

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

	<b>2017</b>	<b>2016</b>
PTR (times)	0.52	0.40

PTR is derived from the following calculation:

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

where:

total acquisitions for the financial year = RM59,822,079 (2016:RM38,158,855)

total disposals for the financial year = RM29,703,130 (2016: RM23,908,037)

### 13. 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>				
RHB Investment Bank Berhad	13,563,499	14.12	19,092	8.30
Maybank Investment Bank Berhad	10,605,603	11.04	40,910	17.78
UOB Kay Hian Securities (M) Sdn Bhd	9,465,217	9.86	23,701	10.30
Kaf Seagroatt & Campbell Securities Sdn Bhd	8,268,354	8.61	20,671	8.98
Credit Suisse Securities (Malaysia) Sdn Bhd	6,287,984	6.55	15,720	6.83
J.P. Morgan Securities (Malaysia) Sdn Bhd	6,277,942	6.54	15,695	6.82
Affin Hwang Investment Bank Berhad	6,017,222	6.27	15,043	6.54
Kenanga Investment Bank Berhad	5,341,713	5.56	13,354	5.80
Public Investment Bank Berhad	4,616,284	4.81	11,541	5.01
Nomura Securities Malaysia Sdn Bhd	4,143,663	4.32	10,359	4.50
Others	21,440,577	22.32	44,063	19.14
	<b>96,028,058</b>	<b>100.00</b>	<b>230,149</b>	<b>100.00</b>

Name of brokers/ dealers	Value	Percentage	Brokerage fees	Percentage
	of trades	of total trades		of total brokerage fees
	RM	%	RM	%
<u>2016</u>				
RHB Investment Bank Berhad	12,857,991	20.69	20,186	11.56
CIMB Investment Bank Berhad	6,352,222	10.22	21,164	12.12
Maybank Investment Bank Berhad	6,135,267	9.87	20,157	11.55
Credit Suisse Securities (Malaysia) Sdn Bhd	5,069,028	8.16	17,893	10.25
Hong Leong Investment Bank Berhad	4,526,194	7.28	9,620	5.51
J.P. Morgan Securities (Malaysia) Sdn Bhd	4,409,219	7.10	14,357	8.22
KAF Seagroatt & Campbell Securities Sdn Bhd	4,398,788	7.08	14,988	8.59
Nomura Securities Malaysia Sdn Bhd	3,944,295	6.35	13,134	7.52
Affin Hwang Investment Bank Berhad	3,113,449	5.01	10,754	6.16
AmBank (M) Berhad	3,012,540	4.85	-	-
Others	8,314,449	13.39	32,330	18.52
	<b>62,133,442</b>	<b>100.00</b>	<b>174,583</b>	<b>100.00</b>

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

#### 14. UNITS HELD BY THE MANAGER

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

Related party	Relationship			
Eastspring Investments Berhad	The Manager			
	2017		2016	
	No. of units	RM	No. of units	RM
Eastspring Investments Berhad	1,364	1,301	1,309	1,220

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.

#### 15. 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 their 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, and is derived from quoted Shariah-compliant securities listed on the Bursa Securities Malaysia and sukuk traded in Malaysia.

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

## **16. 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

TELEPHONE NO.  
6088-238 613

**ENQUIRIES**  
CLIENT SERVICES  
603-2332 1000

**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

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

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