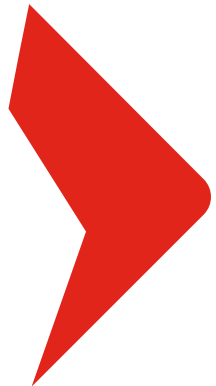


EASTSPRING INVESTMENTS MY FOCUS FUND

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 31 December 2017.

You may also download these reports from our website at www.eastspringinvestments.com.my

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

Yours sincerely,

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

Raymond Tang Chee Kin

Non-Independent, Executive Director and Chief Executive Officer

TABLE OF CONTENTS

Fund Information	1
Key Performance Data	3
Manager's Report	5
Market Review	12
Rebates and Soft Commissions	14
Trustee's Report to the Unit Holders of Eastspring Investments MY Focus Fund	16
Independent Auditors' Report to the Unit Holders of Eastspring Investments MY Focus Fund	17
Statement of Comprehensive Income	21
Statement of Financial Position	22
Statement of Changes in Equity	23
Statement of Cash Flows	24
Summary of Significant Accounting Policies	25
Notes to the Financial Statements	33
Corporate Directory	59

FUND INFORMATION

Name of Fund

Eastspring Investments MY Focus Fund (the "Fund")

Fund Category/ Type

Equity/growth

Fund Objective

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

Note: The Fund's focus is on growth.

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

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

Performance Benchmark

The performance benchmark of the Fund is FBMKLCI.

Source: www.bursamalaysia.com

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

Fund Income Distribution Policy

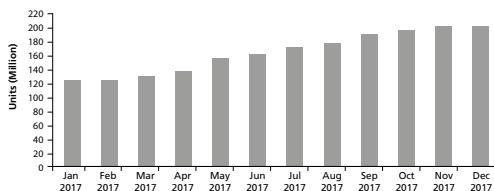
Incidental

FUND INFORMATION (CONTINUED)

Breakdown of Unit Holdings by Size

As at 31 December 2017, the size of Eastspring Investments MY Focus Fund stood at 201.516 million units.

Fund Size



Breakdown of Unit Holdings

Unit Holdings	No. of Unit Holders	%	No of Units* ('000)	%
5,000 units and below	3,185	33.03	8,392	4.16
5,001 to 10,000 units	2,269	23.53	16,657	8.27
10,001 to 50,000 units	3,542	36.73	76,801	38.11
50,001 to 500,000 units	627	6.50	61,393	30.47
500,001 units and above	20	0.21	38,272	18.99
Total	9,643	100.00	201,515	100.00

* excludes units held by the Manager.

KEY PERFORMANCE DATA

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER

Category	2017	2016	2015
	(%)	(%)	(%)
Quoted securities			
Conglomerate	-	-	1.04
Construction	11.73	8.24	12.10
Consumer	6.96	12.88	4.43
Consumer Product	-	2.32	2.75
Finance	20.63	7.52	5.56
Health Care	3.27	3.71	-
Industrial Product	5.63	5.16	17.97
Manufacturing	2.65	7.32	1.78
Power/Utilities	-	2.63	2.74
Properties	3.87	10.60	12.21
REITS	1.02	1.57	-
Technology	1.80	3.99	5.98
Trading/Services	22.00	12.51	14.28
Transportation	-	2.03	1.73
	79.56	80.48	82.57
Cash and other assets	20.44	19.52	17.43
Total	100.00	100.00	100.00

KEY PERFORMANCE DATA (CONTINUED)

Category	2017	2016	2015
Net Asset Value (NAV) (RM'000)	218,603	111,022	121,923
Units In Circulation (Units '000)	201,516	124,238	133,913
Net Asset Value Per Unit (RM)	1.0848	0.8936	0.9105
Highest Net Asset Value Per Unit (RM)	1.0848	0.9511	0.9105
Lowest Net Asset Value Per Unit (RM)	0.8984	0.8635	0.7664
Total Return (%)			
- Capital Growth	21.40	(1.86)	11.50
- Income Distribution	-	-	-
Total Return (%)	21.40	(1.86)	11.50
Gross Distribution Per Unit (RM)	-	-	-
Net Distribution Per Unit (RM)	-	-	-
Management Expense Ratio (MER) (%)*	1.70	1.70	1.61
Portfolio Turnover Ratio (PTR) (times)^	0.97	0.88	0.86

* 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 1.1.2017 to 31.12.2017		3 years 1.1.2015 to 31.12.2017		5 years 1.1.2013 to 31.12.2017	
	(%)		(%)		(%)	
Average total return	21.40		9.92		16.86	

Year ended	1.1.2017 to 31.12.2017	1.1.2016 to 31.12.2016	1.1.2015 to 31.12.2015	1.1.2014 to 31.12.2014	1.1.2013 to 31.12.2013
	(%)	(%)	(%)	(%)	(%)
Annual total return	21.40	(1.86)	11.50	12.89	45.36

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

Bases of calculation and assumptions made in calculating returns:

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

NAV_t = NAV at the end of the period
NAV₀ = 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.

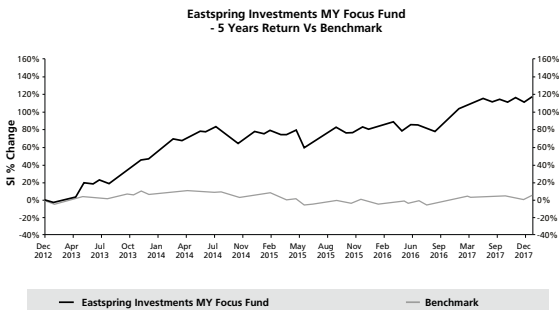
MANAGER'S REPORT

Fund Performance

Since inception, the Fund recorded a return of 117.99%, outperforming the benchmark return of 6.39% by 111.60%.

For the period under review, the Fund registered a return of 21.40%, outperforming the benchmark return of 9.45% by 11.95%.

The outperformance was mainly due to stock selection. The Fund achieved its investment objective of providing investors with capital appreciation by investing in our top conviction picks.



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

Benchmark: FTSE Bursa Malaysia KLCI Index (FBMKLCI)

Source: Lipper for Investment Management and www.bursamalaysia.com, as at 31 December 2017.

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

MANAGER'S REPORT (CONTINUED)

Analysis of Fund Performance

For the financial year ended 31 December 2017:

Income Return	Capital Return*	Total Return	Total Return of Benchmark
(%)	(%)	(%)	(%)
0.00	21.40	21.40	9.45

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

Distribution/ Unit Split

No distribution or unit split were declared for the financial year ended 31 December 2017.

Investment Strategy During The Period Under Review

During the period under review, the Fund benefitted from the run-up in small and mid cap stocks that did well in 1H2017. These are mainly holdings in the construction and technology sector. We reduced the small and mid cap exposure towards 2H2017.

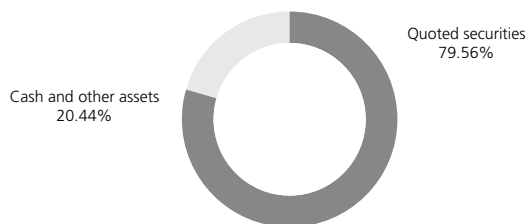
We continue to adopt a bottoms-up approach in selecting stocks. We prefer stocks with healthy earnings growth and strong balance sheet.

MANAGER'S REPORT (CONTINUED)

Asset Allocation

Asset Allocation	31-Dec 2017 (%)	31-Dec 2016 (%)	Changes (%)
Quoted securities	79.56	80.48	(0.92)
Cash and other assets	20.44	19.52	0.92

Asset Allocation as at 31 December 2017



There were no significant changes in asset allocation of the Fund for the period under review.

MANAGER'S REPORT (CONTINUED)

State of Affairs of the Fund

There have been neither significant change to the state of affairs of the Fund nor any circumstances that materially affect any interests of the unit holders during the period under review.

However, in the Eastspring Investments Second Supplementary Master Prospectus dated 15 March 2017, the information in relation to the income reinvestment policy has been revised as set out in (a) below:

a. Income Reinvestment Policy

Income distributed to a Unit Holder will automatically be reinvested into additional Units in the Fund at the Net Asset Value ("NAV") per Unit at the end of the Business Day of the income distribution date at no cost if the Unit Holder did not elect the mode of distribution in the master account opening form or provide any written instruction to the Manager.

Should a Unit Holder elect the mode of distribution in the master account opening form or provide any written instruction to the Manager, the income distribution proceeds will either be paid by cheque or credited into the bank account located in Malaysia via telegraphic or online transfer at the cost and expense of the Unit Holder.

The Manager reserves the right to reinvest income distribution without providing any reason if the instruction in the master account opening form or written instruction is incomplete.

While in the Eastspring Investments Master Prospectus dated 15 July 2017, the information in relation to the 2nd and 4th paragraph of the investment strategy, asset allocation, security risk and minimum holdings of units have been revised as set out in (b) to (e) below. The revision in the 2nd paragraph of the investment strategy was due to addition of explanation to "strong".

MANAGER'S REPORT (CONTINUED)

State of Affairs of the Fund (continued)

b. Investment strategy

(i) 2nd paragraph:

Value-oriented, bottom-up stock selection

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

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

(ii) 4th paragraph:

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

c. Asset Allocation

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

d. Security Risk

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

MANAGER'S REPORT (CONTINUED)

State of Affairs of the Fund (continued)

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

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

e. Minimum Holdings of Units

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

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

MARKET REVIEW

1Q2017 saw global markets start the year on a positive note, on the expectations that Trump's policies for the United States ("US") will be reflationary in nature, focused on tax cuts and corporate tax overhaul, infrastructure spending in the US, and increased protectionism. 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. Malaysian equities rallied in tandem with global markets, supported by a firmer ringgit given Bank Negara Malaysia ("BNM")'s efforts to clamp down on currency speculation. Announcements by Permodalan Nasional Berhad ("PNB") related companies to restructure the UMW Holdings and UMW Oil and Gas, and Sime Darby's intentions to spin-off various divisions brought some excitement to the market. Mergers and Acquisitions ("M&A") news dominated 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.

Global markets continued to perform well in the 2Q2017, despite uncertainty regarding US President Trump and potential trade protectionist policy, French elections, United Kingdom ("UK") elections, tensions with North Korea, and crude oil over-supply concerns. Investors spent much of the 2Q2017 distracted by the US policy issues with China, on normalization, and on potential tax reform. U.K. Prime Minister Theresa May overestimated her support at the snap elections held on 8 June, and ended up with a minority government. North Korea has been busy testing the patience of the UN Security Council members, with 6 missile test launches in 2Q alone, seemingly making rapid progress in the development of their missile technology; unnerving the US, South Korea and Japan. Crude oil ended the quarter lower at about US\$46 per barrel ("/bbl"), 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, and RHB Bank and AMMB Holdings announcing their commencement of merger discussions.

The Malaysian equity market started the 3Q2017 on a volatile note, sparked by the lack luster response for the biggest Initial Public Offering ("IPO") deal in Malaysia since 2012, as confidence in the IPO waned culminated by the disastrous results reported on the last

day of the month. The annual Invest Malaysia conference did not provide much catalyst for the market, although the Prime Minister's positive message on the state of economy and outlook provided investors with comfort. Malaysia's lackluster 2Q2017 reported corporate earnings did nothing to help the direction of the market, in light of growing uncertainty regarding geopolitical tensions concerning North Korea, and the impact from US Hurricane Harvey which was the first major hurricane to make landfall in the United States since 2005. Malaysia's GDP growth for 2Q of 5.8% y-o-y surprised on the upside but was not enough of a catalyst to drive investor interest. Equity markets in Malaysia ended the quarter lower, succumbing to selling pressure, when the Federal Reserve signaled one more rate hike towards the year end. The launch of Apple's Iphone X and Iphone 8 in the US was a little disappointing given the minimal obvious differences between the Iphone 7 and Iphone 8, and the high price point of the Iphone X.

The Malaysian equity market started the 4Q2017 in a correction mode, as the big cap stocks succumbed to some sell down, despite the rising Brent crude oil prices and the tabling of Budget 2018. The Budget 2018 announcement on the 27th October was as expected, focused on implementing measures to increase households' disposable income, in particular the bottom 40% ("B40") income group, with special cash payments to be made to the 1.6 million civil servants and civil servant retirees. Equity markets in Malaysia remained weak despite the stronger than expected 3Q2017 Gross Domestic Product ("GDP") growth data reported in November, and growing expectations of Bank Negara potentially hiking Overnight Policy Rate in 2018. OPEC also announced their decision to extend its production cutting deal for another nine-months, providing support for oil prices. By the end of the 4Q2017, Brent crude oil hit USD66.8/bbl, levels not seen since May 2015, on the back of extended production cuts by Organization of the Petroleum Exporting Countries ("OPEC") and improving demand outlook as global growth recovery continues to be underway. Being one of the few net beneficiaries in the regions of higher oil prices, the Malaysian ringgit appreciated sharply towards the end of the 4Q to close at RM4.046/USD. The FBM KLCI saw some changes to its constituents with the addition of Nestle, Press Metal, Sime Darby Plantations, whilst Westport, Sime Darby Property, IJM and BAT were removed. KLCI ended the 4Q on a new high due to window dressing activities.

The FTSE Bursa Malaysia KLCI ("FBMKLCI") closed the year under review at 1,796.81 points, higher by 9.45%. The broader FTSE Bursa Malaysia EMAS Index ("FBMEMAS") closed the period under review higher by 12.87%. The MSCI Asia Pacific ex-Japan Index rose by 33.5% in USD terms.

REBATES AND SOFT COMMISSIONS

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

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

EASTSPRING INVESTMENTS MY FOCUS FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

We have acted as Trustee for Eastspring Investments MY Focus Fund (the "Fund") for financial year ended 31 December 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 followings:-

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

For Deutsche Trustees Malaysia Berhad

Soon Lai Ching
Senior Manager, Trustee Operations

Richard Lim Hock Seng
Chief Executive Officer

Kuala Lumpur
Date: 14 February 2018

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS MY FOCUS FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Eastspring Investments MY Focus Fund ("the Fund") give a true and fair view of the financial position of the Fund as at 31 December 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 31 December 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 21 to 58.

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 are 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 holder of the Fund and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT

LLP0014401-LCA & AF 1146

Chartered Accountants

Kuala Lumpur

Date: 14 February 2018

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
		RM	RM
INVESTMENT INCOME			
Gross dividend income		3,282,593	2,549,046
Interest income from deposits with licensed financial institutions		1,150,446	798,964
Net gain/(loss) on financial assets at fair value through profit or loss	6	25,111,460	(2,851,348)
		<u>29,544,499</u>	<u>496,662</u>
EXPENSES			
Management fee	3	(2,504,652)	(1,734,617)
Trustee fee	4	(133,581)	(92,513)
Audit fee		(6,800)	(6,800)
Tax agent fee		(3,400)	(3,400)
Other expenses		(35,248)	(15,682)
GST charges		(159,777)	(109,635)
Transaction cost		(1,017,677)	(630,735)
		<u>(3,861,135)</u>	<u>(2,593,382)</u>
PROFIT/(LOSS) BEFORE TAXATION		25,683,364	(2,096,720)
TAXATION	5	<u>(11,129)</u>	<u>(5,894)</u>
PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS)		<u>25,672,235</u>	<u>(2,102,614)</u>
Profit/(loss) after taxation is made up of the following:			
Realised amount		12,361,553	3,431,476
Unrealised amount		13,310,682	(5,534,090)
		<u>25,672,235</u>	<u>(2,102,614)</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 31 DECEMBER 2017

	Note	2017 RM	2016 RM
ASSETS			
Cash and cash equivalents	7	50,341,001	20,940,733
Dividends receivable		96,827	185,832
Amount due from Manager		1,414,604	72,301
Amount due from a broker		1,908,369	734,766
Tax recoverable		2,167	2,167
Financial assets at fair value through profit or loss	6	173,921,611	89,361,028
TOTAL ASSETS		<u>227,684,579</u>	<u>111,296,827</u>
LIABILITIES			
Amount due to Manager		413,197	97,831
Amount due to brokers		8,335,688	-
Accrued management fee		269,824	141,102
Amount due to Trustee		14,390	7,525
GST charges payable		17,053	8,918
Other payables and accruals		31,679	19,865
TOTAL LIABILITIES		<u>9,081,831</u>	<u>275,241</u>
NET ASSET VALUE OF THE FUND		<u>218,602,748</u>	<u>111,021,586</u>
EQUITY			
Unit holders' capital		181,020,711	99,111,784
Retained earnings		37,582,037	11,909,802
NET ASSET ATTRIBUTABLE TO UNIT HOLDERS		<u>218,602,748</u>	<u>111,021,586</u>
NUMBER OF UNITS IN CIRCULATION	8	<u>201,516,108</u>	<u>124,238,456</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.0848</u>	<u>0.8936</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 31 DECEMBER 2017

	Unit holders' capital	Retained earnings	Total
	RM	RM	RM
Balance as at 1 January 2017	99,111,784	11,909,802	111,021,586
Movement in unit holders' contribution:			
Creation of units from applications	136,287,607	-	136,287,607
Cancellation of units	(54,378,680)	-	(54,378,680)
Total comprehensive income for the financial year	-	25,672,235	25,672,235
Balance as at 31 December 2017	<u>181,020,711</u>	<u>37,582,037</u>	<u>218,602,748</u>
Balance as at 1 January 2016	107,911,022	14,012,416	121,923,438
Movement in unit holders' contribution:			
Creation of units from applications	26,475,318	-	26,475,318
Cancellation of units	(35,274,556)	-	(35,274,556)
Total comprehensive loss for the financial year	-	(2,102,614)	(2,102,614)
Balance as at 31 December 2016	<u>99,111,784</u>	<u>11,909,802</u>	<u>111,021,586</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 31 DECEMBER 2017

	Note	2017	2016
		RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		130,305,432	105,307,045
Purchase of investments		(182,592,471)	(98,218,269)
Dividends received		3,360,468	2,461,134
Interest income received from deposits with licensed financial institutions		1,150,446	798,964
Management fee paid		(2,375,930)	(1,746,977)
Trustee fee paid		(126,716)	(93,172)
Payment for other fees and expenses		(1,202,953)	(140,713)
Net cash (used in)/generated from operating activities		<u>(51,481,724)</u>	<u>8,368,012</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		134,945,305	29,939,586
Payments for cancellation of units		(54,063,313)	(38,507,031)
Net cash generated from/(used in) financing activities		<u>80,881,992</u>	<u>(8,567,445)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		29,400,268	(199,433)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>20,940,733</u>	<u>21,140,166</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	7	<u>50,341,001</u>	<u>20,940,733</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 31 DECEMBER 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 J to the financial statements.

The Fund has applied the following amendments for the first time for the financial year beginning 1 January 2017:

- Amendments to MFRS 107 'Statement of Cash Flows – Disclosure Initiative'
- Annual improvements to MFRSs 2014 – 2016 Cycle: MFRS 12 'Disclosure of Interests in Other Entities'

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 January 2018
- MFRS 9 “Financial Instruments” will replace MFRS 139 “Financial Instruments: Recognition and Measurement”.

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

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main changes are:

- For financial liabilities classified as FVTPL, the fair value changes due to own credit risk should be recognised directly to OCI. There is no subsequent recycling to profit or loss.
- When a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss, being the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, should be recognised immediately in profit or loss.

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.

B. INCOME RECOGNITION

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

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

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

C. TAXATION

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

D. PRESENTATION AND FUNCTIONAL CURRENCY

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

E. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

i. Classification

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

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been included in current assets. The Fund's loans and receivables comprise cash and cash equivalents, amount due from a broker, amount due from Manager 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 amount due to Manager, amount due to brokers, accrued management fee, amount due to Trustee, GST charges payable and other payables and accruals.

ii. Recognition and measurement

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

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

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

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

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

iii. Impairment for assets carried at amortised costs

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

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

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

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

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

F. AMOUNT DUE FROM/(TO) BROKERS

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

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

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

G. CASH AND CASH EQUIVALENTS

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

H. UNIT HOLDERS' CAPITAL

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

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

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

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

I. SEGMENTAL INFORMATION

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

J. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

1. INFORMATION ON THE FUND

Eastspring Investments MY Focus Fund (the "Fund") was constituted pursuant to the execution of a Deed dated 25 November 2008 (the "Deed"), as amended by Supplemental Deed dated 11 May 2009 entered into between Eastspring Investments Berhad (the "Manager") and OSK Trustees Berhad (the "Trustee"). The Fund replaced OSK Trustees with Deutsche Trustees Malaysia Berhad (the "Trustee") effective 1 October 2010. A Supplemental Master Deed was entered into between Eastspring Investments Berhad (the "Manager") and Deutsche Trustees Malaysia Berhad (the "Trustee") on 30 July 2010 to effect the change of trustee from OSK Trustees to the Trustee, followed by Second Supplemental Master Deed dated 28 January 2011, Third Supplemental Master Deed dated 9 March 2011, Fourth Supplemental Master Deed dated 20 January 2012, Fifth Supplemental Master Deed dated 26 March 2014, Sixth Supplemental Master Deed dated 2 January 2015, Seventh Supplemental Master Deed dated 11 July 2016, Eighth Supplemental Master Deed dated 25 January 2017 and Ninth Supplemental Master Deed dated 11 December 2017 (collectively referred to as the "Deed").

The Fund was launched on 1 March 2011 and will continue its operations until terminated as provided under Part 12 of the Deed.

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

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

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

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to variety of risks which include market risk (inclusive of price risk and interest rate risk), stock/issuer risk, fund management risk, liquidity risk, non-compliance risk, capital risk and credit/default risk.

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

Financial instruments of the Fund are as follows:

	Note	Loans and receivables RM	Financial assets at fair value through profit or loss RM	Total RM
<u>2017</u>				
Cash and cash equivalents	7	50,341,001	-	50,341,001
Amount due from Manager		1,414,604	-	1,414,604
Amount due from a broker		1,908,369	-	1,908,369
Dividends receivable		96,827	-	96,827
Financial assets at fair value through profit or loss	6	-	173,921,611	173,921,611
		<u>53,760,801</u>	<u>173,921,611</u>	<u>227,682,412</u>
<u>2016</u>				
Cash and cash equivalents	7	20,940,733	-	20,940,733
Amount due from Manager		72,301	-	72,301
Amount due from a broker		734,766	-	734,766
Dividends receivable		185,832	-	185,832
Financial assets at fair value through profit or loss	6	-	89,361,028	89,361,028
		<u>21,933,632</u>	<u>89,361,028</u>	<u>111,294,660</u>

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

Market risk

i. Price risk

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

The table below shows assets of the Fund as at 31 December which are exposed to price risk:

	2017	2016
	RM	RM
Quoted securities designated at fair value through profit or loss	173,921,611	89,361,028

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

% Change in price of financial assets at fair value through profit and loss	2017		2016	
	Market value	Increase/ (decrease) in profit after tax and net asset value	Market value	Increase/ (decrease) in loss after tax and net asset value
	RM	RM	RM	RM
+5%	182,617,692	8,696,081	93,829,079	4,468,051
-5%	165,225,530	(8,696,081)	84,892,977	(4,468,051)

ii. Interest rate risk

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

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

Interest rate risk is a general economic indicator that will have an impact on the management of the Fund regardless of whether it is a Shariah-based Fund or otherwise. The reason for this is because a high level of interest rates will inevitably affect corporate profits and this will have an impact on the value of investments.

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

As at the end of the financial year, the Fund does not hold any other financial instruments that expose it to interest rate risk.

Stock/issuer risk

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

Fund management risk

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

Liquidity risk

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 liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of units by unit holders. Liquid assets comprise bank balances, deposits with licensed financial institutions and other instruments which are capable of being converted into cash within 7 days.

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

	Less than 1 month	Between 1 month to 1 year	Total
	RM	RM	RM
2017			
Amount due to Manager	413,197	-	413,197
Amount due to brokers	8,335,688	-	8,335,688
Accrued management fee	269,824	-	269,824
Amount due to Trustee	14,390	-	14,390
GST charges payable	17,053	-	17,053
Other payables and accruals	-	31,679	31,679
Contractual cash outflows	9,050,152	31,679	9,081,831
2016			
Amount due to Manager	97,831	-	97,831
Accrued management fee	141,102	-	141,102
Amount due to Trustee	7,525	-	7,525
GST charges payable	8,918	-	8,918
Other payables and accruals	-	19,865	19,865
Contractual cash outflows	255,376	19,865	275,241

Non-compliance risk

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

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

Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital of RM181,020,711 (2016: RM99,111,784) and retained earnings of RM37,582,037 (2016: RM11,909,802). The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

Credit/default risk

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

The credit risk arising from placements of deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions. For amount due from brokers, the settlement terms are governed by the relevant rules and regulations as prescribed by Bursa Securities. 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 securities are settled/paid upon delivery using approved brokers.

	Cash and cash equivalents	Dividends receivable	Amount due from Manager	Amount due from a broker	Total
	RM	RM	RM	RM	RM
<u>2017</u>					
Finance					
- AAA	49,817,543	-	-	-	49,817,543
- AA1	523,458	-	-	-	523,458
Consumer Product					
- NR	-	53,921	-	-	53,921
Technology					
- NR	-	42,906	-	-	42,906
Other					
- NR	-	-	1,414,604	1,908,369	3,322,973
	<u>50,341,001</u>	<u>96,827</u>	<u>1,414,604</u>	<u>1,908,369</u>	<u>53,760,801</u>

	Cash and cash equivalents	Dividends receivable	Amount due from Manager	Amount due from a broker	Total
	RM	RM	RM	RM	RM
<u>2016</u>					
Finance					
- AAA	20,878,591	-	-	-	20,878,591
- AA1	62,142	-	-	-	62,142
Consumer					
- NR	-	19,380	-	-	19,380
Consumer Product					
- NR	-	21,989	-	-	21,989
Industrial					
- NR	-	50,088	-	-	50,088
REITS					
- NR	-	54,393	-	-	54,393
Technology					
- NR	-	39,982	-	-	39,982
Other					
- NR	-	-	72,301	734,766	807,067
	<u>20,940,733</u>	<u>185,832</u>	<u>72,301</u>	<u>734,766</u>	<u>21,933,632</u>

None of these assets are past due or impaired.

Fair value estimation

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

The fair value of financial assets traded in active market (such as publicly trading 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 Fund Manager will determine the point within the bid-ask spread that is representative of the fair value.

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

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

Fair value hierarchy

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

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

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

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

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

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
2017				
Financial assets at fair value through profit or loss:				
Quoted securities	173,921,611	-	-	173,921,611
2016				
Financial assets at fair value through profit or loss:				
Quoted securities	89,361,028	-	-	89,361,028

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

- ii. The carrying value of cash and cash equivalents, amount due from Manager, amount due from a broker, 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 2.00% per annum of the net asset value of the Fund calculated on daily basis.

For the financial year ended 31 December 2017, the management fee is recognised at a rate of 1.50% (2016: 1.50%) per annum of the net asset value of the Fund, calculated on daily basis.

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

4. TRUSTEE FEE

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

For the financial year ended 31 December 2017, the Trustee fee is recognised at a rate of 0.08% (2016: 0.08%) subject to a minimum of RM18,000 per annum (excluding foreign custodian fees and charges) 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. TAXATION

	2017	2016
	RM	RM
Tax charged for the financial year:		
Current taxation	11,129	5,894
	<u>11,129</u>	<u>5,894</u>

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

	2017	2016
	RM	RM
Profit/(loss) before taxation	25,683,364	(2,096,720)
Tax at Malaysian statutory rate of 24% (2016: 24%)	6,164,007	(503,213)
Tax effects of:		
- investment income exempted from tax	(7,063,970)	(105,043)
- expenses not deductible for tax purposes	323,924	204,472
- restriction on tax deductible expenses for Unit Trust Funds	602,749	417,940
- income subject to different tax rate	(15,581)	(8,262)
Taxation	<u>11,129</u>	<u>5,894</u>

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017	2016
	RM	RM
Designated at fair value through profit or loss:		
Quoted securities	173,921,611	89,361,028
Net gain/(loss) on financial assets at fair value through profit or loss:		
Realised gain on disposals	11,800,778	2,682,742
Change in unrealised fair value gain/(loss)	13,310,682	(5,534,090)
	<u>25,111,460</u>	<u>(2,851,348)</u>

Name of counter	Quantity Units	Aggregate cost RM	Fair value as at 31.12.2017	Percentage of net asset value of the Fund
			RM	%
<u>2017</u>				
<u>Construction</u>				
Gamuda Berhad	1,300,000	6,514,680	6,448,000	2.95
IJM Corporation Berhad	2,648,200	8,098,030	8,077,010	3.69
Kerjaya Prospek Group Berhad	2,740,700	4,783,501	11,127,242	5.09
	<u>6,688,900</u>	<u>19,396,211</u>	<u>25,652,252</u>	<u>11.73</u>
<u>Consumer</u>				
British American Tobacco (Malaysia) Berhad	197,500	7,557,950	7,900,000	3.61
Hup Seng Industries Berhad	2,017,900	2,287,165	2,199,511	1.01
Magni-Tech Industries Berhad	301,400	1,269,749	1,714,966	0.78
Salutica Berhad	2,341,600	2,144,886	3,418,736	1.56
	<u>4,858,400</u>	<u>13,259,750</u>	<u>15,233,213</u>	<u>6.96</u>

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net asset value of the Fund
	Units	RM	31.12.2017 RM	Fund %
<u>Finance</u>				
AMMB Holdings Berhad	2,300,000	9,870,890	10,143,000	4.64
CIMB Group Holdings Berhad	2,482,641	14,775,328	16,236,472	7.43
Public Bank Berhad	900,000	18,592,400	18,702,000	8.56
	<u>5,682,641</u>	<u>43,238,618</u>	<u>45,081,472</u>	<u>20.63</u>
<u>Health Care</u>				
Hartalega Holdings Berhad	294,400	1,926,196	3,144,192	1.44
Top Glove Corporation Bhd	500,000	3,273,450	3,995,000	1.83
	<u>794,400</u>	<u>5,199,646</u>	<u>7,139,192</u>	<u>3.27</u>
<u>Industrial Product</u>				
Lotte Chemical Titan Holding Berhad	1,410,100	9,061,925	6,627,470	3.03
United U-Li Corporation Berhad	1,669,600	2,988,223	5,676,640	2.60
	<u>3,079,700</u>	<u>12,050,148</u>	<u>12,304,110</u>	<u>5.63</u>
<u>Manufacturing</u>				
Success Transformer Corporation Berhad	4,824,000	5,540,570	5,788,800	2.65

Name of counter	Quantity Units	Aggregate cost RM	Fair value as at 31.12.2017 RM	Percentage of net asset value of the Fund %
<u>Properties</u>				
Eastern & Oriental Berhad	2,874,100	5,745,899	4,109,963	1.88
IOI Properties Group Berhad	1,764,581	4,023,945	3,264,475	1.49
KSL Holdings Berhad	1,014,400	1,484,643	1,085,408	0.50
	<u>5,653,081</u>	<u>11,254,487</u>	<u>8,459,846</u>	<u>3.87</u>
<u>REITS</u>				
KIP Real Estate Investment Trust	<u>2,589,400</u>	<u>2,589,400</u>	<u>2,239,831</u>	<u>1.02</u>
<u>Technology</u>				
Inari Amertron Berhad	<u>1,159,886</u>	<u>1,107,542</u>	<u>3,943,612</u>	<u>1.80</u>
<u>Trading/Services</u>				
Airasia Berhad	807,200	2,484,400	2,704,120	1.24
Genting Berhad	1,140,000	11,081,134	10,488,000	4.80
Malaysia Airports Holdings Berhad	1,101,700	9,018,438	9,683,943	4.43
MMC Corporation Berhad	1,000,000	2,484,250	2,050,000	0.94
Telekom Malaysia Berhad	520,700	3,203,907	3,280,410	1.50
Tenaga Nasional Berhad	1,140,000	16,173,514	17,396,400	7.96
Westports Holdings Berhad	669,300	2,441,024	2,476,410	1.13
	<u>6,378,900</u>	<u>46,886,667</u>	<u>48,079,283</u>	<u>22.00</u>

Name of counter	Quantity	Aggregate	Fair value	Percentage
	Units	cost	as at 31.12.2017	of net asset value of the Fund
		RM	RM	%
TOTAL QUOTED SECURITIES	<u>41,709,308</u>	160,523,039	<u>173,921,611</u>	<u>79.56</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>13,398,572</u>	
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>173,921,611</u>	

Name of counter	Quantity Units	Aggregate cost RM	Fair value as at 31.12.2016 RM	Percentage of net asset value of the Fund %
2016				
<u>Construction</u>				
IJM Corporation Berhad	1,000,000	3,339,389	3,200,000	2.88
Kerjaya Prospek Group Berhad	2,740,700	4,768,074	5,947,319	5.36
	<u>3,740,700</u>	<u>8,107,463</u>	<u>9,147,319</u>	<u>8.24</u>
<u>Consumer</u>				
British American Tobacco (Malaysia) Berhad	96,500	4,191,107	4,303,900	3.88
Hup Seng Industries Berhad	3,392,900	3,845,643	3,969,693	3.58
Magni-Tech Industries Berhad	387,600	1,632,895	1,624,044	1.46
Salutica Berhad	3,463,500	3,154,032	4,398,645	3.96
	<u>7,340,500</u>	<u>12,823,677</u>	<u>14,296,282</u>	<u>12.88</u>
<u>Consumer Product</u>				
Asia File Corporation Bhd	732,960	3,057,921	2,572,690	2.32
<u>Finance</u>				
CIMB Group Holdings Berhad	1,200,000	5,580,525	5,412,000	4.87
RHB Bank Berhad	624,100	3,643,064	2,939,511	2.65
	<u>1,824,100</u>	<u>9,223,589</u>	<u>8,351,511</u>	<u>7.52</u>
<u>Health Care</u>				
Top Glove Corporation Bhd	770,600	3,447,313	4,122,710	3.71

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2016	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Industrial Product</u>				
United U-Li Corporation Berhad	1,669,600	2,988,223	5,726,728	5.16
<u>Manufacturing</u>				
Evergreen Fibreboard Berhad	3,343,550	3,921,025	3,209,808	2.89
Success Transformer Corporation Berhad	2,433,889	5,565,711	4,916,456	4.43
	5,777,439	9,486,736	8,126,264	7.32
<u>Power/Utilities</u>				
Malakoff Corporation Berhad	2,132,900	3,808,120	2,922,073	2.63
<u>Properties</u>				
Eastern & Oriental Berhad	2,874,100	5,742,508	4,167,445	3.75
IOI Properties Group Berhad	1,411,665	3,526,479	2,964,496	2.67
KSL Holdings Berhad	3,055,632	4,472,124	3,086,188	2.78
Sentoria Group Berhad	1,944,000	1,949,964	1,555,200	1.40
	9,285,397	15,691,075	11,773,329	10.60
<u>REITS</u>				
MRCB-Quill Reit	1,452,800	1,743,360	1,743,360	1.57
<u>Technology</u>				
Inari Amertron Berhad	1,332,743	2,542,667	4,424,707	3.99

Name of counter	Quantity Units	Aggregate cost RM	Fair value as at 31.12.2016 RM	Percentage of net asset value of the Fund %
<u>Trading/Services</u>				
Airasia Berhad	800,000	2,239,014	1,832,000	1.65
Bermaz Auto Berhad	681,260	1,223,611	1,451,084	1.31
Cypark Resources Berhad	1,192,900	3,252,014	2,481,232	2.23
Genting Berhad	730,000	5,720,709	5,840,000	5.26
Oldtown Berhad	1,200,000	2,221,725	2,292,000	2.06
	<u>4,604,160</u>	<u>14,657,073</u>	<u>13,896,316</u>	<u>12.51</u>
<u>Transportation</u>				
Xin Hwa Holdings Berhad	1,865,900	1,695,921	2,257,739	2.03
TOTAL QUOTED SECURITIES	<u>42,529,799</u>	<u>89,273,138</u>	<u>89,361,028</u>	<u>80.48</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>87,890</u>		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>89,361,028</u>	

7. CASH AND CASH EQUIVALENTS

	2017	2016
	RM	RM
Bank balance	523,458	62,142
Deposits with licensed financial institutions	49,817,543	20,878,591
	<u>50,341,001</u>	<u>20,940,733</u>

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

	2017	2016
	%	%
Deposits with licensed financial institutions	<u>3.60</u>	<u>4.03</u>

The deposits have an average maturity of 24 days (2016: 16 days).

8. UNITS IN CIRCULATION

	2017	2016
	No. of units	No. of units
At the beginning of the financial year	124,238,456	133,912,725
Creation of units arising from applications during the financial year	129,385,685	29,003,711
Cancellation of units during the financial year	<u>(52,108,033)</u>	<u>(38,677,980)</u>
At the end of the financial year	<u>201,516,108</u>	<u>124,238,456</u>

9. TRANSACTIONS WITH BROKERS

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

Name of brokers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>2017</u>				
Maybank Investment Bank Berhad	45,755,308	14.21	161,193	18.96
CIMB Investment Bank Berhad	40,013,084	12.43	106,619	12.54
UOB Kay Hian Securities (M) Sdn Bhd	39,726,371	12.35	99,343	11.69
RHB Investment Bank Berhad	34,631,367	10.76	78,778	9.27
Credit Suisse Securities (Malaysia) Sdn Bhd	34,009,347	10.56	85,023	10.00
Kenanga Investment Bank Berhad	28,422,998	8.83	71,058	8.36
KAF Seagroatt & Campbell Securities Sdn Bhd	27,078,786	8.41	67,697	7.96
Affin Hwang Investment Bank Berhad	14,509,895	4.51	36,275	4.27
Nomura Securities Malaysia Sdn Bhd	14,082,165	4.37	35,205	4.14
Hong Leong Investment Bank Berhad	10,918,699	3.39	27,297	3.21
Others	32,772,151	10.18	81,564	9.60
	<u>321,920,171</u>	<u>100.00</u>	<u>850,052</u>	<u>100.00</u>

Name of brokers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>2016</u>				
Maybank Investment Bank Berhad	32,159,560	15.75	96,409	15.29
RHB Investment Bank Berhad	24,238,630	11.87	77,668	12.31
UOB Kay Hian Securities (M) Sdn Bhd	21,437,422	10.50	66,090	10.48
Affin Hwang Investment Bank Berhad	20,593,355	10.08	64,178	10.18
CIMB Investment Bank Berhad	16,271,704	7.97	56,796	9.00
Nomura Securities Malaysia Sdn Bhd	13,450,269	6.59	40,247	6.38
Kenanga Investment Bank Berhad	13,342,706	6.53	41,882	6.64
KAF Seagroatt & Campbell Securities Sdn Bhd	11,303,803	5.54	35,408	5.61
Hong Leong Investment Bank Berhad	9,270,082	4.54	27,028	4.29
Public Investment Bank Berhad	8,840,511	4.33	27,639	4.38
Others	33,314,706	16.30	97,390	15.44
	<u>204,222,748</u>	<u>100.00</u>	<u>630,735</u>	<u>100.00</u>

All brokers highlighted above are not related to the Manager.

10. UNITS HELD BY THE MANAGER

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

Related party	Relationship			
Eastspring Investments Berhad	The Manager			

	No. of units	2017		2016	
		RM	No. of units	RM	RM
Eastspring Investments Berhad	1,062	1,152	1,062	949	

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

11. MANAGEMENT EXPENSE RATIO ("MER")

	2017	2016
	%	%
MER	1.70	1.70

MER is derived from the following calculation:

$$\text{MER} = \frac{(A + B + C + D + E)}{F} \times 100$$

A = Management fee

B = Trustee fee

C = Audit fee

D = Tax agent fee

E = Other expenses (inclusive of GST charges)

F = Average net asset value of the Fund calculated on a daily basis

The average net asset value of the Fund for the financial year calculated on a daily basis is RM166,969,161 (2016: RM115,635,830).

12. PORTFOLIO TURNOVER RATIO ("PTR")

	2017	2016
PTR (times)	0.97	0.88

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 = RM190,928,159 (2016: RM97,853,194)

total disposals for the financial year = RM131,479,036 (2016: RM106,041,811)

13. SEGMENTAL INFORMATION

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

The reportable operating segments derive their income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within each portfolio. These returns consist of interest income, dividend income and gains on the appreciation in the value of investments, and is derived from quoted securities listed on the Bursa Securities.

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

14. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 14 February 2018.

CORPORATE DIRECTORY

MANAGER

NAME

EASTSPRING INVESTMENTS BERHAD

COMPANY NO.

531241-U

REGISTERED OFFICE

16th 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

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, 9th Floor
CPS Tower, Centre Point Sabah
No. 1, Jalan Centre Point
88000 Kota Kinabalu, Sabah

TELEPHONE NO.

6088-238 613

ENQUIRIES

CLIENT SERVICES

603-2332 1000

This page is intentionally left blank.

This page is intentionally left blank.

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

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