

EASTSPRING INVESTMENTS ASEAN AL-ADIIL FUND

INTERIM REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD
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

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FUND INFORMATION

Name of Fund

Eastspring Investments ASEAN al-Adil Fund (the "Fund")

Fund Category/ Type

Balanced (Shariah)/growth and income

Fund Objective

The Fund seeks to provide capital appreciation and income* by investing in Shariah-compliant securities in the ASEAN markets.

Note: The Fund's focus is on growth and income.

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 the Unit Holder opts for the distribution to be paid out.

Performance Benchmark

The performance benchmark of the Fund is 50% DJIM ASEAN Index + 50% Maybank 12-month GIA.

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:

DJIM ASEAN Index (www.djindexes.com)

Maybank 12-month GIA (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

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

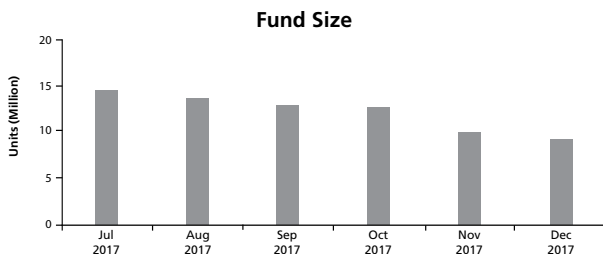
FUND INFORMATION (CONTINUED)

Fund Income Distribution Policy

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

Breakdown of Unit Holdings by Size

As at 31 December 2017, the size of Eastspring Investments ASEAN al-Adiil Fund stood at 9.212 million units.



Breakdown of Unit Holdings

Unit Holdings	No. of Unit Holders	%	No. of Units* ('000)	%
5,000 units and below	29	34.93	69	0.75
5,001 to 10,000 units	8	9.64	62	0.68
10,001 to 50,000 units	22	26.51	571	6.20
50,001 to 500,000 units	22	26.51	3,125	33.92
500,001 units and above	2	2.41	5,384	58.45
Total	83	100.00	9,211	100.00

* excludes units held by the Manager.

KEY PERFORMANCE DATA

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER

Category	2017	2016	2015
	(%)	(%)	(%)
Quoted Shariah-compliant securities			
Basic Material	10.94	3.30	2.35
Conglomerate	-	-	1.52
Consumer Goods	0.67	4.37	1.43
Consumer Services	-	2.05	3.35
Energy	1.02	-	-
Financial	5.60	5.64	6.53
Health Care	3.60	9.09	10.23
Industrial	22.54	14.72	18.47
Oil and Gas	-	2.57	6.91
Technology	4.55	-	-
Power/Utilities	-	-	1.94
Telecommunication	5.13	8.92	6.69
	54.05	50.66	59.42
Sukuk	39.04	25.85	28.93
Cash and other assets	6.91	23.49	11.65
Total	100.00	100.00	100.00

KEY PERFORMANCE DATA (CONTINUED)

Category	2017	2016	2015
Net Asset Value (NAV) (RM'000)	5,502	8,105	9,243
Units In Circulation (Units '000)	9,212	13,686	15,462
Net Asset Value Per Unit (RM)	0.5973	0.5923	0.5978
Highest Net Asset Value Per Unit (RM)	0.6003	0.5951	0.5986
Lowest Net Asset Value Per Unit (RM)	0.5762	0.5703	0.5435
Total Return (%)			
- Capital Growth	3.21	3.24	4.24
- Income Distribution	-	-	-
Total Return (%)	3.21	3.24	4.24
Gross Distribution Per Unit (RM)	-	-	-
Net Distribution Per Unit (RM)	-	-	-
Management Expense Ratio (MER) (%)*	1.29	1.20	1.10
Portfolio Turnover Ratio (PTR) (times)^	0.38	0.11	0.17

* 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	Since commencement 28.10.2013 to 31.12.2017
	(%)	(%)	(%)
Average total return	5.54	6.38	6.77

Year ended	1.7.2016 to 30.6.2017	1.7.2015 to 30.6.2016	1.7.2014 to 30.6.2015	Since commencement 28.10.2013 to 30.6.2014
	(%)	(%)	(%)	(%)
Annual total return	5.57	4.67	10.84	3.48

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

Bases of calculation and assumptions made in calculating returns:

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

NAV_t = NAV at the end of the period

NAV_0 = NAV at the beginning of the period

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

Adjusted for unit split and distribution paid out for the period

$$n = \text{Number of years}$$

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

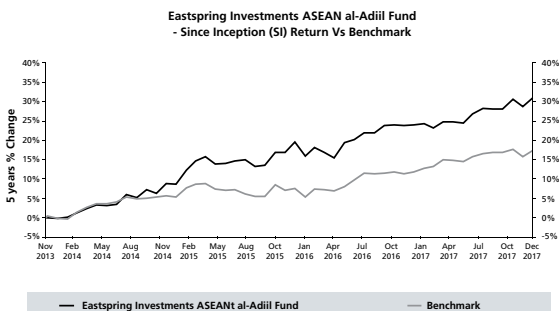
MANAGER'S REPORT

Fund Performance

Since inception, the Fund recorded a return of 30.81%, outperforming the benchmark return of 17.23% by 13.58%.

During the period under review, the Fund registered a return of 3.21%, outperforming the benchmark return of 1.36% by 1.85%.

The outperformance was driven by Shariah-compliant asset allocation of overweighting equities and better Shariah-compliant stock selection within equities. Positive contributors were several material stocks such as Press Metal and Ann Joo Resources, as well as technology stocks such as Vitrox Corp and Inari Ametron.



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

Benchmark: 50% DJIM ASEAN Index + 50% Maybank 12-month GIA

Source: Lipper for Investment Management, www.djindexes.com and www.maybank2u.com.my 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 period ended 31 December 2017:

Income Return	Capital Return*	Total Return	Total Return of Benchmark
(%)	(%)	(%)	(%)
0.00	3.21	3.21	1.36

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

Distribution/ Unit Split

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

Investment Strategy During The Period Under Review

Equity Strategy

Over the period, equity exposure was raised slightly due to the positive outlook surrounding equity markets. In terms of country allocation, the Fund Manager added more weight into Malaysia due to seeking exposure in base metal commodity stocks and technology stocks. In turn, the exposure to defensive stocks that proxies interest rates were reduced due to the rising yield environment.

The Fund Manager continues to look for new stock ideas and may take gains on profitable positions and/or exit positions which have seen unfavourable changes to the company dynamics. The Fund Manager favours well managed companies backed by healthy balance sheets and strong cash flow with decent and sustainable earnings growth, preferably trading at attractive valuations.

Sukuk Strategy

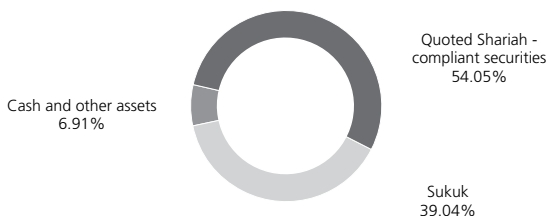
The Fund participated in selected quality Sukuk issuances for yield pick-up, and trade on market volatility, subject to liquidity constraints.

MANAGER'S REPORT (CONTINUED)

Asset Allocation

Asset Allocation	31-Dec 2017	30-Jun 2017	Changes
	(%)	(%)	(%)
Quoted Shariah-compliant securities	54.05	55.56	(1.51)
Sukuk	39.04	34.62	4.42
Cash and other assets	6.91	9.82	(2.91)

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 security risk, currency risk, reclassification of Shariah status risk and minimum holdings of units have been revised as set out in (b) to (e) below:

MANAGER'S REPORT (CONTINUED)

State of Affairs of the Fund (continued)

b. 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.

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

MANAGER'S REPORT (CONTINUED)

State of Affairs of the Fund (continued)

c. Currency Risk

Applicable only to Eastspring ASEAN al-Adiil

As the investments of the Fund may be denominated in currencies other than the base currency, any fluctuation in the exchange rate between the base currency and the currencies in which the investments are denominated may have an impact on the value of these investments. Investors should be aware that if the currencies in which the investments are denominated depreciate against the base currency, this will have an adverse effect on the NAV of the Fund in the base currency and vice versa. Investors should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.

The impact of the exchange rate movement between the base currency of the Fund and the currency of the underlying investments may result in a depreciation of the value of the investments as expressed in the base currency of the Fund.

The Fund does not intend to engage any currency hedging to mitigate the currency risk.

MANAGER'S REPORT (CONTINUED)

State of Affairs of the Fund (continued)

d. Reclassification of Shariah Status Risk

Applicable only to Eastspring ASEAN al-Adiil

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 of the Securities Commission Malaysia, the Shariah adviser or the Shariah boards of the relevant Islamic indices. 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.

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.

Cross-Trade Transaction

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

MARKET REVIEW

Equity

For the period of July to December 2017, Dow Jones Islamic ASEAN Index trended upward and closed at 1242 vs 1157 at the start of the period with all ASEAN country markets posting positive gains. Thailand was the best performer during the period, with the Stock Exchange of Thailand Index rising 11% as foreign investors turned buyers after a period of lagged performance, with domestic activity recovering after the period of mourning its former King. The Philippines market also did well during the period, with the Philippines Composite Index up 8.8% after President Duterte's tax reform plans and new spending budget was greeted positively by investors. Indonesia was the next best with the Jakarta Composite up 7.5% after it received a sovereign ratings upgrade from Fitch. Singapore's Straits Times Index posted a 5.6% return, with the export centric nation benefitting from a pick-up in global GDP and this soon rippled into the broader economy with retail sales, housing activity and industrial production all picking up. Lastly, Malaysia's FTSE Bursa 100 Index lagged its ASEAN peers, rising 2.85% during the period due to its more defensive nature and slower corporate earnings growth.

Bond

During the period under review, Bank Negara Malaysia ("BNM") adopted an accommodative monetary policy by keeping the Overnight Policy Rate ("OPR") at 3.00%, to ensure that the domestic economy continues on a steady growth path amid stable core inflation. However, BNM's tone turned more hawkish in the latest Monetary Policy Committee ("MPC") meeting on 9 November, citing that they may consider reviewing the current degree of monetary policy accommodation given the strength of the global and domestic macroeconomic conditions.

On the economic front, Malaysia's economy grew at a faster pace of 6.2% year-on-year ("y-o-y") (consensus: 5.7%) in third quarter of 2017, is on track to beat government's forecast of 5.2-5.7%. Meanwhile, headline inflation inched higher this year though is still within BNM's expected range of 3-4%. Notably, the increase was mainly driven by rise in transportation costs and food and non-alcoholic beverages while core inflation (2.2% y-o-y in November) remained stable. For 2018, headline inflation is projected to moderate on expectations of a smaller effect from global cost factors. Nevertheless, the trend of headline inflation will be dependent on future global oil prices which remain highly uncertain.

On 27 October, the Federal Government unveiled its 2018 national budget with the theme "Prospering an Inclusive Economy, Balancing between Worldly and Hereafter, For The Wellbeing of Rakyat, Towards TN50 Aspirations". Overall, fiscal consolidation remains

on track as the Government remains committed to a budget deficit at 3.0% of GDP in 2017 and expects it to improve further to 2.8% of GDP in 2018. Meanwhile, the Federal Government's debt to GDP has dropped to 50.9% as at end-June 2017 (2016: 53.2%) in line with continued efforts to embrace prudent debt management efforts.

In the US, the Federal Reserve ("Fed") continued to normalize its monetary policy by making the third hike of the year in December, bringing its key interest rates to between 1.25-1.50% (from 1.00-1.25%) despite subdued inflation, on robust growth and a strong labor market. Meanwhile, the Fed raised their forecast for US economic growth in 2018 to 2.5% from 2.1%, as the Fed expects economic boost from potential tax cuts. Fed policymakers also maintained its forecast of three rate hikes in 2018.

Separately, the Fed confirmed that it will wind down its balance sheet as the central bank is expected to start reducing its balance sheet in October 2017. The gradual unwinding of its massive USD4.5 trillion balance sheet will be the first policy shift since the central bank started its stimulus program after the economy entered a severe recession nearly a decade ago. The Fed indicated that it will start reducing its balance sheet by trimming reinvestments by USD10 billion in October and raising that amount gradually to USD50 billion in the months to come.

For the period under review, the 3-, 5- and 15-year Malaysian Government Securities ("MGS") yields decreased by 7bps, 9bps and 6bps to close at 3.32%, 3.53% and 4.39% respectively¹, while the 10-year MGS yield remained at 3.91%. MGS managed to withstand the higher US interest rate environment on the back of improving investor sentiment as Ringgit recovered towards the end of the year.

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 corporate bond issuances as at end December 2017 stood around RM102 billion of which approximately 30% was conventional and 70% was Islamic. Major primary issuances during the year were mainly government guaranteed bonds, corporates bonds and bank debts. Notable issuances include RM10.1 billion from Danainfra, RM6.75 billion from LPPSA, RM8.7 billion from Cagamas, RM6.0 billion from Prasarana, RM4.0 billion from PTPTN, RM4.2 billion from GovCo Holdings Berhad, RM4.5 billion from CIMB Bank Berhad and RM3.7 billion from Southern Power Generation.

¹ Source: Bloomberg

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.

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EASTSPRING INVESTMENTS ASEAN AL-ADIIL FUND

UNAUDITED FINANCIAL STATEMENTS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2017

STATEMENT BY THE MANAGER

We, Tang Chee Kin and Khoo Chuan Keat, being two of the Directors of Eastspring Investments Berhad, do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements set out on pages 21 to 72 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position of the Fund as at 31 December 2017 and of its financial performance, changes in equity and cash flows for the six months financial period ended on that date in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the Manager,

EASTSPRING INVESTMENTS BERHAD

TANG CHEE KIN

Executive Director/Chief Executive Officer

KHOO CHUAN KEAT

Director

Kuala Lumpur

Date: 14 February 2018

TRUSTEE'S REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS ASEAN AL-ADIIL FUND

We have acted as Trustee for Eastspring Investments ASEAN al-Adiil Fund (the "Fund") for the financial period ended 31 December 2017. To the best of our knowledge, for the financial period under review, Eastspring Investments Berhad (the "Manager") has operated and managed the Fund in accordance with the following:

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

For Deutsche Trustees Malaysia Berhad

Soon Lai Ching

Senior Manager, Trustee Operations

Richard Lim Hock Seng

Chief Executive Officer

Kuala Lumpur

Date: 14 February 2018

SHARIAH ADVISER'S REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS ASEAN AL-ADIIL FUND

We have acted as the Shariah Adviser of Eastspring Investments ASEAN al-Adiil Fund. 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 ASEAN al-Adiil Fund in accordance with Shariah principles and complied with applicable guidelines, rulings and decisions issued by the Securities Commission pertaining to Shariah matters for the financial period ended 31 December 2017.

In addition, we also confirm that the investment portfolio of Eastspring Investments ASEAN al-Adiil Fund comprises securities which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission ("SACSC") and/or the Shariah Supervisory Board of Dow Jones Islamic Market ASEAN Index. As for the securities which are not certified by the SACSC and/or the Shariah Advisory Board of Dow Jones Islamic Market ASEAN Index, 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

MOHD ASYRAF SHARUNUDIN

Consultant (Shariah)/Designated Person Responsible for Shariah Advisory

Kuala Lumpur

Date: 14 February 2018

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2017

	Note	6-months financial period ended 31.12.2017	6-months financial period ended 31.12.2016
		RM	RM
INVESTMENT INCOME			
Gross dividend income		40,149	46,230
Profit income from Islamic deposits with licensed financial institutions		1,323	14,781
Profit income from unquoted sukuk		62,794	49,768
Net gain on financial assets at fair value through profit or loss	6	273,203	153,111
Net foreign currency exchange (loss)/gain		(18,161)	94,358
		<u>359,308</u>	<u>358,248</u>
EXPENSES			
Custody fee		(664)	(668)
Management fee	3	(65,956)	(74,027)
Trustee fee	4	(9,075)	(9,075)
Audit fee		(3,529)	(3,529)
Tax agent fee		(1,715)	(1,715)
Other expenses		(7,906)	(3,856)
GST charges		(5,204)	(5,427)
Transaction cost		(21,804)	(3,818)
		<u>(115,853)</u>	<u>(102,115)</u>
PROFIT BEFORE TAXATION		243,455	256,133
TAXATION	5	<u>(3,312)</u>	<u>(1,614)</u>
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME		<u>240,143</u>	<u>254,519</u>

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2017

Note	6-months financial period ended 31.12.2017	6-months financial period ended 31.12.2016
	RM	RM
Profit after taxation is made up of the following:		
Realised amount	495,014	224,474
Unrealised amount	(254,871)	30,045
	<u>240,143</u>	<u>254,519</u>

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

UNAUDITED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	2017	2016
		RM	RM
ASSETS			
Cash and cash equivalents	8	381,142	1,934,089
Amount due from Manager		23,000	189
Dividends receivable		11,039	10,897
Financial assets at fair value through profit or loss	6	5,123,367	6,202,032
TOTAL ASSETS		<u>5,538,548</u>	<u>8,147,207</u>
LIABILITIES			
Accrued management fee		8,543	12,693
Amount due to Trustee		1,529	1,529
GST charges payable		605	853
Other payables and accruals		25,580	26,648
TOTAL LIABILITIES		<u>36,257</u>	<u>41,723</u>
NET ASSET VALUE OF THE FUND		<u>5,502,291</u>	<u>8,105,484</u>
EQUITY			
Unit holders' capital		2,783,279	5,436,631
Retained earnings		2,719,012	2,668,853
NET ASSET ATTRIBUTABLE TO UNIT HOLDERS		<u>5,502,291</u>	<u>8,105,484</u>
NUMBER OF UNITS IN CIRCULATION	9	<u>9,212,454</u>	<u>13,685,682</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.5973</u>	<u>0.5923</u>

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

UNAUDITED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2017

	Unit holders' capital	Retained earnings	Total
	RM	RM	RM
Balance as at 1 July 2017	5,844,373	2,478,869	8,323,242
Movement in unit holders' contribution:			
Creation of units from applications	51,849	-	51,849
Cancellation of units	(3,112,943)	-	(3,112,943)
Total comprehensive income for the financial period	-	240,143	240,143
Balance as at 31 December 2017	<u>2,783,279</u>	<u>2,719,012</u>	<u>5,502,291</u>
Balance as at 1 July 2016	5,555,685	2,414,334	7,970,019
Movement in unit holders' contribution:			
Creation of units from applications	707,901	-	707,901
Cancellation of units	(826,955)	-	(826,955)
Total comprehensive income for the financial period	-	254,519	254,519
Balance as at 31 December 2016	<u>5,436,631</u>	<u>2,668,853</u>	<u>8,105,484</u>

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

UNAUDITED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2017

	Note	6-months financial period ended 31.12.2017	6-months financial period ended 31.12.2016
		RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of Shariah-compliant investments		4,379,077	929,686
Purchase of Shariah-compliant investments		(1,426,643)	(838,775)
Dividends received		43,572	41,081
Profit income received from Islamic deposits with licensed financial institutions		1,323	14,781
Profit income received from unquoted sukuk		76,187	59,069
Management fee paid		(69,766)	(73,131)
Trustee fee paid		(9,026)	(9,022)
Payment for other fees and expenses		(43,600)	(19,280)
Net foreign currency exchange (loss)/gain		(18,161)	94,358
Net cash generated from operating activities		<u>2,932,963</u>	<u>198,767</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		29,039	707,712
Payments for cancellation of units		(3,110,943)	(827,458)
Distribution paid		(266)	(375)
Net cash used in financing activities		<u>(3,082,170)</u>	<u>(120,121)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(149,207)	78,646
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD		<u>530,349</u>	<u>1,855,443</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	8	<u>381,142</u>	<u>1,934,089</u>

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 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 period. It also requires the Manager to exercise their judgment in the process of applying the Fund’s accounting policies. Although these estimates and judgment are based on the Manager’s best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of 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 1 July 2017:

- Amendments to MFRS 107 “Statement of Cash Flows – Disclosure Initiative” (effective from 1 January 2017) introduce an additional disclosure on changes in liabilities arising from financing activities.

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

The new standards, amendments to published standards and interpretations to existing standards that are applicable to the Fund but not yet effective and have not been early adopted are as follows:

(i) Financial year beginning on/after 1 July 2018

- MFRS 9 “Financial Instruments” (effective from 1 January 2018) will replace MFRS 139 “Financial Instruments: Recognition and Measurement”.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income (“OCI”). The basis of classification depends on the entity’s business model and the cash flow characteristics of the financial asset. Investments in equity instruments¹ 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 instruments² is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest³.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives¹. 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.

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

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

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

- IC Interpretation 22 “Foreign Currency Transactions and Advance Consideration” (effective from 1 January 2018) applies when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. MFRS 121 requires an entity to use the exchange rate at the ‘date of the transaction’ to record foreign currency transactions.

IC Interpretation 22 provides guidance how to determine ‘the date of transaction’ when a single payment/receipt is made, as well as for situations where multiple payments/receipts are made.

The date of transaction is the date when the payment or receipt of advance consideration gives rise to the non-monetary asset or non-monetary liability when the entity is no longer exposed to foreign exchange risk.

If there are multiple payments or receipts in advance, the entity should determine the date of the transaction for each payment or receipt.

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

B. INCOME RECOGNITION

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

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

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

C. TAXATION

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

Tax on dividend income from foreign quoted Shariah-compliant securities is based on the tax regime of the respective countries that the Fund invested in.

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. FOREIGN CURRENCY TRANSLATION

Foreign currency transactions in the Fund are translated into the functional currency using the exchange rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges.

F. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

i. Classification

The Fund designates its Shariah-compliant 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 and have been included in current assets. The Fund's receivables comprise amount due from Manager, dividends receivable and cash and cash equivalents.

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

The Fund's financial liabilities include 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. 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. Gain 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' including the effects of currency translation, 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.

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

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

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

Quoted Shariah-compliant securities outside Malaysia are valued at the last traded market price quoted on the respective foreign stock exchanges at the close of the business day.

Unquoted sukuk denominated in Ringgit Malaysia are revalued on a daily basis based on fair value prices quoted by a bond pricing agency ("BPA") registered with the Securities Commission (the "SC") as per the SC's Guidelines on Unit Trust Funds. Refer to Note L to the financial statements for further explanation.

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.

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' has 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. CASH AND CASH EQUIVALENTS

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

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. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities. 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 information presented herein represents the estimates of fair values as at the date of the statement of financial position.

K. 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 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 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.

L. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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 and in compliance with the SC valuation guidelines.

Ringgit denominated unquoted 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 UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2017

1. INFORMATION ON THE FUND

Eastspring Investments ASEAN al-Adiil Fund (the “Fund”) was constituted pursuant to the execution of a Deed dated 16 April 2013 (the “Deed”) entered into between Eastspring Investments Berhad (the “Manager”) and Deutsche Trustees Malaysia Berhad (the “Trustee”) followed by Supplemental Deed dated 26 March 2014, Second Supplemental Deed dated 2 January 2015 and Third Supplemental Deed dated 11 December 2017 (collectively referred to as the “Deed”).

The Fund was launched on 28 October 2013 and will continue its operations until terminated by the Trustee or the Manager as provided under Part 12 of the Deed.

The Fund seeks to achieve its investment objective by investing in Shariah-compliant equities and equity-related securities such as rights and warrants of companies which are listed on the ASEAN exchanges. The Fund also invests in domestic and/or foreign sukuk issued by corporations, financial institutions and governments of ASEAN member countries which are traded in the ASEAN markets or listed on the exchange ASEAN exchanges.

The Fund seeks to provide capital appreciation and income by investing in Shariah-compliant securities in the ASEAN markets.

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, exposure to interest rate risk and foreign exchange/currency risk), liquidity risk, fund management risk, non-compliance risk, reclassification of Shariah status 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	381,142	-	381,142
Amount due from				
Manager		23,000	-	23,000
Dividends receivable		11,039	-	11,039
Unquoted sukuk	6	-	2,149,039	2,149,039
Quoted Shariah-compliant securities	6	-	2,974,328	2,974,328
		<u>415,181</u>	<u>5,123,367</u>	<u>5,538,548</u>
<u>2016</u>				
Cash and cash equivalents	8	1,934,089	-	1,934,089
Amount due from				
Manager		189	-	189
Dividends receivable		10,897	-	10,897
Unquoted sukuk	6	-	2,095,637	2,095,637
Quoted Shariah-compliant securities	6	-	4,106,395	4,106,395
		<u>1,945,175</u>	<u>6,202,032</u>	<u>8,147,207</u>

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

Market risk

i. Price risk

This risk refers to changes and developments in regulations, politics and the economy of the country. The very nature of a Shariah-compliant Unit Trust Fund, however, helps mitigate this risk because a Fund would generally hold a well-diversified portfolio of Shariah-compliant securities from different market sectors so that the collapse of any one 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 31 December which are exposed to price risk:

	2017	2016
	RM	RM
Quoted Shariah-compliant securities and *unquoted sukuk designated at fair value through profit or loss	5,123,367	6,202,032

* Includes profit receivable of RM10,567 (2016: RM11,056).

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 unquoted sukuk at the end of each reporting period. The analysis is based on the assumptions that the market price of the quoted Shariah-compliant securities and unquoted 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 unquoted sukuk, having regard to the historical volatility of the prices.

% Change in price of financial assets at fair value through profit or loss	Market value	Increase/(decrease) in profit after tax and net asset value
	RM	RM
<u>2017</u>		
+5%	5,379,535	256,168
-5%	4,867,199	(256,168)
<u>2016</u>		
+5%	6,512,134	310,102
-5%	5,891,930	(310,102)

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, unquoted 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 an unquoted 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 unquoted 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 unquoted sukuk portfolio management depends on forecasting interest rate movements. Valuation of unquoted sukuk move inversely to interest rate movements, therefore as interest rates rise, the valuation of unquoted sukuk decrease and vice versa. Furthermore, unquoted sukuk with longer maturity and lower profit 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.

The above interest rate is a general economic indicator that will have an impact on the management of the Fund regardless whether it is a Shariah-compliant Unit

Trust Fund or otherwise. It does not in any way suggest that the Fund will invest in conventional financial instruments. All the investments are carried out for the fund are not in accordance with Shariah requirements.

The table below summarises the sensitivity of the Fund's profit after tax and NAV to movements in prices of unquoted 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.

% Movement in interest rate	2017	2016
	Impact on profit after tax/ net asset value	Impact on profit after tax/ net asset value
	RM	RM
<u>Unquoted sukuk</u>		
+1% (2016: +1%)	(1,980)	(2,309)
-1% (2016: -1%)	1,982	2,312

iii. Foreign exchange/currency risk

As the Fund may invest its assets in Shariah-compliant securities denominated in a wide range of currencies other than Ringgit Malaysia, the net asset value of the Fund expressed in Ringgit Malaysia may be affected favourably or unfavourably by exchange control regulations or changes in the exchange rates between Ringgit Malaysia and such other currencies. The risk is minimised through investing in a wide range of foreign currencies denominated assets and thus, diversifying the risk of single currency exposure.

In the normal course of investment, the Fund Manager will usually not hedge foreign currency exposure. The Fund Manager may however depending on prevailing market circumstances at a particular point in time, choose to use Islamic forward or Islamic option contracts for hedging and risk reduction purposes.

The following table sets out the foreign exchange/currency risk concentrations and counterparties of the Fund.

	Financial assets at fair value through profit or loss	Cash and cash equivalents	Dividends receivable	Total
	RM	RM	RM	RM
<u>2017</u>				
IDR	564,327	-	-	564,327
PHP	447,859	-	-	447,859
SGD	397,727	-	4,032	401,759
THB	620,408	6	4,023	624,437
USD	-	211,080	-	211,080
	<u>2,030,321</u>	<u>211,086</u>	<u>8,055</u>	<u>2,249,462</u>
<u>2016</u>				
IDR	1,227,705	-	-	1,227,705
PHP	618,217	-	-	618,217
SGD	707,937	18	5,153	713,108
THB	719,069	33	2,591	721,693
USD	-	818,643	-	818,643
	<u>3,272,928</u>	<u>818,694</u>	<u>7,744</u>	<u>4,099,366</u>

The table below summarises the sensitivity of the Fund's financial assets to changes in foreign exchange movements at the end of each reporting period. The analysis is based on the assumption that the foreign exchange rate changes by 5% with all variables remain constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate having regard to historical volatility of this rate.

Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change in foreign exchange rate	Impact on profit after tax	Impact on net asset value
	%	RM	RM
<u>2017</u>			
IDR	5	28,216	28,216
PHP	5	22,393	22,393
SGD	5	20,088	20,088
THB	5	31,222	31,222
USD	5	10,554	10,554
<hr/>			
<u>2016</u>			
IDR	5	61,385	61,385
PHP	5	30,911	30,911
SGD	5	35,655	35,655
THB	5	36,085	36,085
USD	5	40,932	40,932
<hr/>			

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 bank balance, 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.

	Less than 1 month	Between 1 month to 1 year	Total
	RM	RM	RM
<u>2017</u>			
Accrued management fee	8,543	-	8,543
Amount due to Trustee	1,529	-	1,529
GST charges payable	605	-	605
Other payables and accruals	-	25,580	25,580
Contractual cash outflows	<u>10,677</u>	<u>25,580</u>	<u>36,257</u>

	Less than 1 month	Between 1 month to 1 year	Total
	RM	RM	RM
<u>2016</u>			
Accrued management fee	12,693	-	12,693
Amount due to Trustee	1,529	-	1,529
GST charges payable	853	-	853
Other payables and accruals	-	26,648	26,648
Contractual cash outflows	15,075	26,648	41,723

Fund management risk

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

Non-compliance risk

Non-compliance risk arises when the Manager and others associated with the Fund 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.

Reclassification of Shariah status risk

This risk refers to the risk that the currently held Shariah-compliant securities in the portfolio of Shariah-compliant fund may be reclassified to be Shariah non-compliant in the periodic review of the securities by the Shariah Advisory Council of the SC, the Shariah Adviser or the Shariah Boards of the relevant Islamic Indices. If this occurs, 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.

Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital of RM2,783,279 (2016: RM5,436,631) and retained earnings of RM2,719,012 (2016: RM2,668,853). The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

Credit/default risk

Credit risk refers to the ability of an issuer or a counter party to make timely payments of 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 in licensed financial institutions is managed by ensuring that the Fund will only place Islamic deposits in reputable licensed financial institutions. The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC's Guidelines on Unit Trust Funds.

The Fund seeks to mitigate credit/default risk by investing in high quality unquoted 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		Amount due from Manager		Dividends receivable		Total	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<u>2017</u>										
Finance										
- AAA	-	140,035	-	-	-	-	-	-	140,035	-
- AA1	-	241,107	-	-	-	-	-	-	241,107	-
Health Care										
- NR	-	-	-	-	-	-	710	-	710	-
Industrial										
- NR	-	-	-	-	-	-	4,854	-	4,854	-
Technology										
- NR	-	-	-	-	-	-	1,443	-	1,443	-
Telecommunication										
- NR	-	-	-	-	-	-	4,032	-	4,032	-
Sukuk										
- AA2	502,524	-	-	-	-	-	-	-	502,524	-
- AA2 (S)	321,422	-	-	-	-	-	-	-	321,422	-
- AA3	1,325,093	-	-	-	-	-	-	-	1,325,093	-
Other										
- NR	-	-	-	-	23,000	-	-	-	23,000	-
	<u>2,149,039</u>	<u>381,142</u>	<u>381,142</u>	<u>23,000</u>	<u>23,000</u>	<u>11,039</u>	<u>11,039</u>	<u>2,564,220</u>	<u>2,564,220</u>	

	Financial assets at fair value through profit or loss		Cash and cash equivalents	Amount due from Manager	Dividends receivable	Total
	RM	RM				
2016						
Finance						
- AAA	-	1,090,185	-	-	-	1,090,185
- AA1	-	843,904	-	-	-	843,904
Health Care						
- NR	-	-	-	1,200	-	1,200
Industrials						
- NR	-	-	-	4,544	-	4,544
Telecommunication						
- NR	-	-	-	5,153	-	5,153
Sukuk						
- AA2 (S)	877,408	-	-	-	-	877,408
- AA3	1,218,229	-	-	-	-	1,218,229
Other						
- NR	-	-	-	189	-	189
	2,095,637	1,934,089	189	10,897	-	4,040,812

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 period end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the 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

Shariah-compliant
securities

2,974,328 - - 2,974,328

Unquoted sukuk

- 2,149,039 - 2,149,039

2016

Financial assets

at fair value through
profit or loss:

Quoted

Shariah-compliant
securities

4,106,395 - - 4,106,395

Unquoted sukuk

- 2,095,637 - 2,095,637

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 statement.

Financial instruments that trade in markets that are considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2, these include unquoted 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 statement.

- ii. The carrying value of cash and cash equivalents, amount due from Manager, 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 of not exceeding 2.00% per annum of the net asset value of the Fund accrued and calculated on daily basis.

For the financial period ended 31 December 2017, the management fee is recognised at a rate of 1.80% (2016: 1.80%) per annum of the net asset value of the Fund, calculated at a 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, inclusive of local custodian 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.

For the financial period ended 31 December 2017, the Trustee fee is recognised at a rate of 0.08% (2016: 0.08%) per annum on the net asset value of the Fund, subject to a minimum fee of RM18,000 per annum, excluding foreign custodian charges, calculated on daily basis.

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

5. TAXATION

	6-months financial period ended 31.12.2017	6-months financial period ended 31.12.2016
	RM	RM
Tax charged for the financial period:		
Current taxation – foreign	3,312	1,614

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

	6-months financial period ended 31.12.2017	6-months financial period ended 31.12.2016
	RM	RM
Profit before taxation	243,455	256,133
Tax at Malaysian statutory rate of 24%	58,429	61,472
Tax effects of:		
Investment income exempt from tax	(86,234)	(85,980)
Expenses not deductible for tax purposes	11,128	5,894
Restriction on the tax deductible expenses for Unit Trust Funds	16,677	18,614
Foreign income subject to different tax rate	3,312	1,614
Taxation	3,312	1,614

6. 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 6 (i))	2,974,328	4,106,395
Unquoted sukuk (Note 6 (ii))	2,149,039	2,095,637
	<u>5,123,367</u>	<u>6,202,032</u>
Net gain on financial assets at fair value through profit or loss:		
Realised gain on disposals	527,767	122,244
Change in unrealised fair value (loss)/gain	(254,564)	30,867
	<u>273,203</u>	<u>153,111</u>

i. Quoted Shariah-compliant securities

Name of counter	Quantity	Aggregate cost	Fair value	Percentage
			as at 31.12.2017	of net asset value of the Fund
	Units	RM	RM	%
Indonesia Securities				
<u>Basic Material</u>				
United Tractors TBK PT	12,100	104,642	127,645	2.32
<u>Consumer Goods</u>				
Indofood CBP Sukses Makmur TBK PT	13,800	26,729	36,600	0.67
<u>Financial</u>				
Bumi Serpong Damai TBK PT	182,200	118,906	92,303	1.68

i. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2017	Percentage of net asset value of the Fund
	Units	RM	RM	%
Indonesia Securities				
(continued)				
<u>Industrial</u>				
Semen Indonesia TBK PT	58,400	202,187	172,292	3.13
<u>Telecommunication</u>				
Telekomunikasi Indonesia TBK PT	102,400	85,934	135,487	2.46
Total Indonesia Securities	368,900	538,398	564,327	10.26
Malaysia Securities				
<u>Basic Material</u>				
Ann Joo Resources Berhad	27,500	83,875	106,150	1.93
Press Metal Aluminium Holdings Berhad	25,200	81,124	135,828	2.47
	52,700	164,999	241,978	4.40
<u>Energy</u>				
Lotte Chemical Titan Holding Berhad	11,900	77,350	55,930	1.02
<u>Health Care</u>				
Kossan Rubber Industries Berhad	14,200	91,352	115,162	2.09

i. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value	Percentage
			as at	of net asset
	Units	RM	31.12.2017	value of
			RM	the Fund
				%
Malaysia Securities				
(continued)				
<u>Industrial</u>				
Gabungan AQRS Berhad	28,900	49,159	55,777	1.01
Inari Amertron Berhad	36,124	45,984	122,822	2.23
MY E.G. Services Berhad	45,750	39,961	102,023	1.85
	110,774	135,104	280,622	5.09
<u>Technology</u>				
Unisem (M) Berhad	32,000	118,554	116,800	2.12
Vitrox Corporation Berhad	21,500	69,073	133,515	2.43
	53,500	187,627	250,315	4.55
Total Malaysia Securities	243,074	656,432	944,007	17.15
Philippines Securities				
<u>Basic Material</u>				
D&L Industries Inc	259,400	118,370	232,283	4.22
<u>Financial</u>				
Ayala Land Inc	59,700	178,375	215,576	3.92
Total Philippines Securities	319,100	296,745	447,859	8.14

i. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value	Percentage
			as at 31.12.2017	of net asset value of the Fund
	Units	RM	RM	%
Singapore Securities				
<u>Industrial</u>				
Singapore Post Limited	31,800	142,220	119,305	2.17
Yoma Strategic Holdings Limited	80,500	132,134	131,523	2.39
	112,300	274,354	250,828	4.56
<u>Telecommunication</u>				
Singapore				
Telecommunications Limited	13,600	135,985	146,899	2.67
Total Singapore Securities	125,900	410,339	397,727	7.23
Thailand Securities				
<u>Health Care</u>				
Bangkok Dusit Medical Services Public Company Limited	32,100	63,207	83,223	1.51
<u>Industrial</u>				
Airports of Thailand Public Company Limited	41,900	161,241	353,440	6.42
KCE Electronics Public Company Limited	17,900	217,807	183,745	3.34
	59,800	379,048	537,185	9.76
Total Thailand Securities	91,900	442,255	620,408	11.27

i. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2017	Percentage of net asset value of the Fund
	Units	RM	RM	%
TOTAL QUOTED SHARIAH-COMPLIANT SECURITIES	<u>1,148,874</u>	2,344,169	<u>2,974,328</u>	<u>54.05</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>630,159</u>		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>2,974,328</u>	

i. Quoted Shariah-compliant securities

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2016	Percentage of net asset value of the Fund
	Units	RM	RM	%
Indonesia Securities				
<u>Consumer Goods</u>				
Indofood CBP Sukses Makmur TBK PT	65,500	126,838	186,921	2.31
Nippon Indosari Corpindo TBK PT	312,900	137,191	166,613	2.06
	<u>378,400</u>	<u>264,029</u>	<u>353,534</u>	<u>4.37</u>
<u>Financial</u>				
Bumi Serpong Damai TBK PT	182,200	118,666	106,416	1.31
<u>Industrial</u>				
Arwana Citramulia TBK PT	899,200	142,163	155,612	1.92
Indocement Tunggal Prakarsa TBK PT	32,500	164,743	166,566	2.05
	<u>931,700</u>	<u>306,906</u>	<u>322,178</u>	<u>3.97</u>
<u>Telecommunication</u>				
Telekomunikasi Indonesia PT	336,400	282,305	445,577	5.50
Total Indonesia Securities	<u>1,828,700</u>	<u>971,906</u>	<u>1,227,705</u>	<u>15.15</u>

i. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2016	Percentage of net asset value of the Fund
	Units	RM	RM	%
Malaysia Securities				
<u>Consumer Services</u>				
Bermaz Auto Berhad	78,120	132,018	166,396	2.05
<u>Health Care</u>				
IHH Healthcare Berhad	37,400	220,014	237,490	2.93
Kossan Rubber Industries Berhad	24,000	154,092	158,160	1.95
	61,400	374,106	395,650	4.88
<u>Industrial</u>				
Inari Amertron Berhad	36,112	74,901	119,892	1.48
MY E.G. Services Bhd	100,350	87,651	151,529	1.87
	136,462	162,552	271,421	3.35
Total Malaysia Securities	275,982	668,676	833,467	10.28
Philippines Securities				
<u>Basic Material</u>				
D&L Industries Inc	259,400	118,370	267,324	3.30
<u>Financial</u>				
Ayala Land Inc.	121,300	358,936	350,893	4.33
Total Philippines Securities	380,700	477,306	618,217	7.63

i. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2016	Percentage of net asset value of the Fund
	Units	RM	RM	%
Singapore Securities				
<u>Industrial</u>				
Singapore Post Limited	62,500	279,521	284,201	3.51
Yoma Strategic Holdings Ltd	80,500	131,702	146,170	1.80
	143,000	411,223	430,371	5.31
<u>Telecommunication</u>				
Singapore Telecommunications Limited	24,500	244,974	277,566	3.42
Total Singapore Securities	167,500	656,197	707,937	8.73
Thailand Securities				
<u>Health Care</u>				
Bangkok Dusit Medical Services PCL	117,800	231,956	340,869	4.21
<u>Industrial</u>				
Airports of Thailand Plc	3,400	111,914	169,509	2.09
<u>Oil & Gas</u>				
Energy Absolute PCL	56,000	136,273	208,691	2.57
Total Thailand Securities	177,200	480,143	719,069	8.87

i. Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2016	Percentage of net asset value of the Fund
	Units	RM	RM	%
TOTAL QUOTED SHARIAH-COMPLIANT SECURITIES	<u>2,830,082</u>	3,254,228	<u>4,106,395</u>	50.66
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>852,167</u>		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>4,106,395</u>	

ii. Unquoted sukuk

Name of counter	Nominal value	Aggregate cost	Fair value as at 31.12.2017	Percentage of net asset value of the Fund
	RM	RM	RM	%
5.25% BGSM Management Sdn Bhd 24.12.2020 (AA3)	300,000	305,957	306,503	5.57
8.20% Mukah Power Generation Sdn Bhd 27.12.2019 (AA2 (S))	300,000	320,503	321,422	5.84
4.60% Perbadanan Kemajuan Negeri Selangor 25.05.2018 (AA3)	300,000	301,482	301,751	5.48
4.85% Perbadanan Kemajuan Negeri Selangor 29.05.2020 (AA3)	200,000	201,323	201,568	3.66
5.02% Tanjung Bin Energy Issuer Berhad 15.09.2020 (AA3)	500,000	515,104	515,271	9.36
4.63% UMW Holdings Berhad 22.06.2020 (AA2)	500,000	501,014	502,524	9.13

ii. Unquoted sukuk (continued)

Name of counter	Nominal value	Aggregate cost	Fair value as at 31.12.2016	Percentage of net asset value of the Fund
	RM	RM	RM	%
TOTAL UNQUOTED SUKUK	<u>2,100,000</u>	2,145,383	<u>2,149,039</u>	39.04
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>3,656</u>		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>2,149,039</u>	

Name of counter	Nominal value	Aggregate cost	Fair value as at 31.12.2016	Percentage of net asset value of the Fund
	RM	RM	RM	%
8.20% Mukah Power Generation Sdn Bhd 27.12.2019 (AA2 (S))	800,000	879,920	877,408	10.82
4.60% Perbadanan Kemajuan Negeri Selangor 25.5.2018 (AA3)	700,000	703,512	702,987	8.67
5.02% Tanjung Bin Energy Issuer Berhad 15.9.2020 (AA3)	500,000	517,729	515,242	6.36
TOTAL UNQUOTED SUKUK	<u>2,000,000</u>	2,101,161	<u>2,095,637</u>	25.85
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(5,524)</u>		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>2,095,637</u>		

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

	2017	2016
	%	%
Unquoted sukuk	4.46	4.64

7. 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 SC;
- b. Equity securities in foreign markets which have been classified as Shariah-compliant either by the Shariah Supervisory Board of Dow Jones Islamic Market ASEAN Index and duly verified by the Shariah Adviser and/or those securities which have been reviewed and classified as Shariah-compliant by the Shariah Adviser;
- c. The investments in sukuk are as per the list of sukuk available at Bond Info Hub and Fully Automated System For Issuing/Tendering of Bank Negara Malaysia; and
- d. Liquid assets in local market, which are placed in Shariah-compliant investments and/or instruments.

8. CASH AND CASH EQUIVALENTS

	2017	2016
	RM	RM
Bank balances with a licensed bank	241,107	843,904
Islamic deposit with a licensed financial institution	140,035	1,090,185
	<u>381,142</u>	<u>1,934,089</u>

The currency exposure profile of cash and cash equivalents are as follows:

	2017	2016
	RM	RM
MYR	170,056	1,115,395
SGD	-	18
THB	6	33
USD	211,080	818,643
	<u>381,142</u>	<u>1,934,089</u>

The effective weighted average profit rate of short term Islamic deposit per annum as at the date of the statement of financial position are as follows:

	2017	2016
	%	%
Islamic deposit with a licensed financial institution	<u>3.00</u>	<u>3.10</u>

The Islamic deposit has an average maturity of 2 days (2016: 3 days).

9. UNITS IN CIRCULATION

	2017	2016
	No. of units	No. of units
At the beginning of the financial period	14,382,639	13,891,317
Creation of units arising from applications during the financial period	87,647	1,200,667
Cancellation of units during the financial period	<u>(5,257,832)</u>	<u>(1,406,302)</u>
At the end of the financial period	<u>9,212,454</u>	<u>13,685,682</u>

10. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the top 10 brokers/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>				
Maybank Investment Bank Berhad	1,769,052	32.18	7,133	50.19
CIMB Investment Bank Berhad	1,184,677	21.55	2,968	20.89
RHB Investment Bank Berhad	722,195	13.14	-	-
Citigroup Global Markets Limited	621,151	11.30	982	6.91
Goldman, Sachs And Co.	312,673	5.69	970	6.82
Merrill Lynch International Limited	258,636	4.71	767	5.40
UBS Securities Singapore Pte Ltd	236,626	4.30	490	3.45
CLSA Limited	172,956	3.15	605	4.26
Deutsche Securities Asia Limited	125,794	2.29	63	0.44
Macquarie Bank Limited	92,615	1.69	232	1.63
Others	253	-	1	0.01
	5,496,628	100.00	14,211	100.00

Name of brokers/ dealers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>2016</u>				
RHB Investment Bank Berhad	730,704	41.27	-	-
Malayan Banking Berhad	359,743	20.32	1,443	37.78
CIMB Investment Bank Berhad	209,054	11.81	831	21.75
UBS Securities Singapore Pte Ltd	131,702	7.44	432	11.31
Deutsche Securities Asia Limited	93,245	5.27	358	9.37
Macquarie Bank Limited	82,795	4.68	248	6.52
Merrill Lynch International Ltd	82,338	4.65	86	2.25
Morgan Stanley and Co.	80,750	4.56	420	11.02
	<u>1,770,331</u>	<u>100.00</u>	<u>3,818</u>	<u>100.00</u>

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

11. UNITS HELD BY THE MANAGER

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

Related party	Relationship
Eastspring Investments Berhad	The Manager

	2017		2016	
	No. of units	RM	No. of units	RM
Eastspring Investments Berhad	1,095	654	1,046	620

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.

12. MANAGEMENT EXPENSE RATIO ("MER")

	2017	2016
	%	%
MER	1.29	1.20

MER is derived from the following calculation:

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

A = Management fee

B = Trustee and custodian fees

C = Audit fee

D = Tax agent fee

E = Other expenses (inclusive GST charges)

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

The average net asset value of the Fund for the financial period calculated on a daily basis is RM7,268,307 (2016: RM8,157,730).

13. PORTFOLIO TURNOVER RATIO ("PTR")

	2017	2016
PTR (times)	0.38	0.11

PTR is derived from the following calculation:

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

where:

total acquisitions for the financial period = RM1,426,643 (2016: RM837,801)

total disposals for the financial period = RM4,069,985 (2016: RM929,686)

14. SEGMENTAL INFORMATION

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

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

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

15. APPROVAL OF FINANCIAL STATEMENTS

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

CORPORATE DIRECTORY

THE MANAGER

NAME

EASTSPRING INVESTMENTS BERHAD

COMPANY NO.

531241-U

REGISTERED OFFICE

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