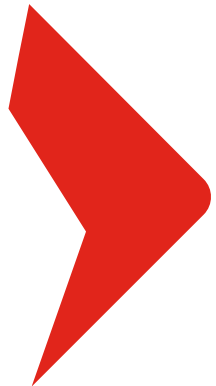


EASTSPRING INVESTMENTS ASIA PACIFIC EX-JAPAN TARGET RETURN FUND

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

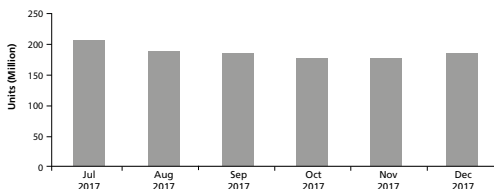
Name of Fund	Eastspring Investments Asia Pacific ex-Japan Target Return Fund (the "Fund")
Fund Category/ Type	Equity/growth
Fund Objective	<p>The Fund seeks to provide capital appreciation by investing in securities in the Asia Pacific ex-Japan region.</p> <p>ANY MATERIAL CHANGES TO THE FUND'S OBJECTIVE WOULD REQUIRE UNIT HOLDERS' APPROVAL.</p>
Performance Benchmark	<p>The performance benchmark of the Fund is 8% growth of NAV per annum over the medium to long-term.</p> <p>Note: This is not a guaranteed return and is only a measurement of the Fund's performance. The Fund may not achieve a targeted return of 8% growth of NAV per annum in any particular financial year but strives to achieve this return over the medium to long-term.</p>
Fund Income Distribution Policy	<p>At least once a year, subject to the availability of income.</p>

FUND INFORMATION (CONTINUED)

Breakdown of Unit Holdings by Size

As at 31 December 2017, the size of Eastspring Investments Asia Pacific ex-Japan Target Return Fund stood at 185.032 million units.

FUND SIZE



Unit Holdings	No. of Unit Holders	%	No of Units* ('000)	%
5,000 units and below	226	20.45	609	0.33
5,001 to 10,000 units	142	12.85	1,047	0.57
10,001 to 50,000 units	469	42.44	11,381	6.14
50,001 to 500,000 units	237	21.45	31,449	17.00
500,001 units and above	31	2.81	140,544	75.96
Total	1,105	100.00	185,030	100.00

* excludes units held by the Manager.

KEY PERFORMANCE DATA

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER

Category	2017	2016	2015
	(%)	(%)	(%)
Quoted Securities			
Conglomerate	-	-	1.22
Consumer	-	-	1.04
Consumer Discretionary	18.41	8.99	8.28
Consumer Goods	-	2.07	11.77
Consumer Services	-	-	5.76
Consumer Staple	2.00	14.40	5.21
Energy	1.08	2.50	0.97
Financial	23.28	14.16	15.41
Health Care	4.60	8.00	10.31
Industrial	10.63	7.75	5.09
Information Technology	19.59	11.57	0.57
Manufacturing	-	-	1.01
Material	5.18	0.94	-
Properties	-	-	3.31
Real Estate	2.00	-	-
Technology	-	-	8.85
Telecommunication	2.10	5.42	2.79
Utilities	2.02	6.81	4.28
Total quoted securities	90.89	82.61	85.87
Cash and other assets	9.11	17.39	14.13
Total	100.00	100.00	100.00

KEY PERFORMANCE DATA (CONTINUED)

Category	2017	2016	2015
Net Asset Value (NAV) (RM'000)	104,613	155,070	187,753
Units In Circulation (Units '000)	185,032	309,819	360,122
Net Asset Value Per Unit (RM)	0.5654	0.5005	0.5214
Highest Net Asset Value Per Unit (RM) [#]	0.5654	0.5245	0.5214
Lowest Net Asset Value Per Unit (RM) [#]	0.5594	0.4879	0.5197
Total Return (%)			
Capital Growth	4.26	2.31	(3.07)
Income Distribution	5.20	2.33	4.21
Total Return (%)	9.68	4.69	1.01
Gross Distribution Per Unit (RM)	0.0291	0.0114	0.0219
Net Distribution Per Unit (RM)	0.0291	0.0114	0.0219
Management Expense Ratio (MER) (%) [*]	1.08	1.04	0.95
Portfolio Turnover Ratio (PTR) (times) [^]	0.96	0.84	0.52

[#] Figure shown as ex-distribution.

^{*} There were no significant changes to the MER during the period under review.

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

KEY PERFORMANCE DATA (CONTINUED)

	1 year 1.1.2017 to 31.12.2017	3 years 1.1.2015 to 31.12.2017	Since commencement 3.11.2014 to 31.12.2017
	(%)	(%)	(%)
Average total return	18.84	8.10	7.79

Year ended	1.7.2016 to 30.6.2017	1.7.2015 to 30.6.2016	Since commencement 3.11.2014 to 30.6.2015
	(%)	(%)	(%)
Annual total return	13.43	(5.22)	7.58

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

Bases of calculation and assumptions made in calculating returns:

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

NAV_t = NAV at the end of the period

NAV_0 = NAV at the beginning of the period

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

Adjusted for unit split and distribution paid out for the period

n = Number of years

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

MANAGER'S REPORT

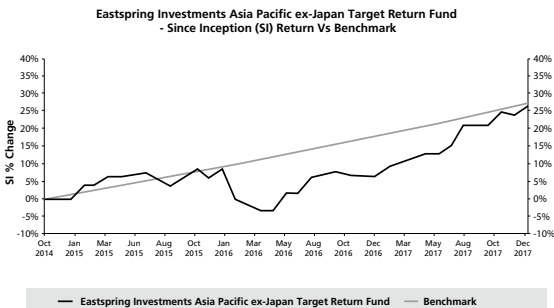
Fund Performance

Since inception, the Fund recorded a return of 26.85%, underperforming the benchmark return of 27.60% by 0.75%.

During the period under review, the Fund registered a return of 9.68%, outperforming the benchmark return of 3.92% by 5.76%.

The strong positive return was driven by the generally bullish markets in the region and to a lesser extent country allocations and stock selections.

For the 6 months under review, the Fund met its investment objective to provide investors with a positive return above the 8%pa target return.



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

Benchmark: The performance benchmark of the Fund is 8% growth of NAV per annum over the medium to long-term.

Source: Lipper for Investment Management 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
(%)	(%)	(%)	(%)
5.20	4.26	9.68	3.92

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

Distribution/ Unit Split

Ex-date	27-Dec-17
Distribution Per Unit	(RM)
Gross	0.0291
Net	0.0291

Impact on NAV arising from distribution for the financial period ended 31 December 2017.

Ex-date	27-Dec-17
	(RM per Unit)
Net Asset Value before distribution	0.5885
Less: distribution	<u>(0.0291)</u>
Net Asset Value after distribution	<u>0.5594</u>

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

MANAGER'S REPORT (CONTINUED)

Investment Strategy During The Period Under Review

The Fund increased its allocation to the Hong Kong/China markets (including Chinese ADRs listed in US) significantly during this period from 25% to 37% as at 29 December 2017.

While the overall Chinese economy is expected to slow down, macro and micro-fundamentals are improving with the focus shifting towards fast growing information technology and consumer sectors. We see this as the bright spots of China's future growth.

To fund this, we trimmed our exposure to most markets with the exception of Taiwan where we still favor the technology sector on the back of positive trends in global semiconductor sales.

MANAGER'S REPORT (CONTINUED)

Asset Allocation

Asset Allocation	31-Dec 2017 (%)	30-Jun 2017 (%)	Changes (%)
Quoted securities	90.89	94.53	(3.64)
Cash and other assets	9.11	5.47	3.64

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 1st sentence in 4th paragraph of the investment strategy, security risk, currency risk and minimum holdings of units have been revised as set out in (b) to (e) below. The revision in the 1st sentence in 4th paragraph of the investment strategy was due to addition of explanation to "good".

MANAGER'S REPORT (CONTINUED)

State of Affairs of the Fund (continued)

b. Investment Strategy – 1st sentence in 4th paragraph

The Manager seeks to invest in companies which have a sustainable business model with good** management and corporate governance, and trading at prices below the Manager's estimate of fair value.

** good generally refers to a more effective management companies as compared to market average.

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

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

MANAGER'S REPORT (CONTINUED)

State of Affairs of the Fund (continued)

d. Currency Risk

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 in any currency hedging to mitigate currency risk.

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

Overall the regional markets ended in positive territory benefitting from earnings revisions and still reasonable market valuation.

The best performing market in the region was China and Hong Kong with the Hang Seng China 100 Index gaining 22.6% and the Hang Seng Index gaining 18.2%. The strong gains in the indices were largely driven technology, pharmaceuticals and auto-related names.

The third best performing market was Thailand with the Stock Exchange of Thailand Index gaining 12.7% as foreign investors turned buyers after a period of lagged performance, with domestic activity recovering after the period of mourning its former King, export recovery and strong tourist arrivals numbers.

On the flip side, the weakest performing market was Malaysia with the FTSE Bursa Malaysia Top 100 Index gaining 4.81% due to its more defensive nature and slower corporate earnings growth.

The second weakest performing market was Taiwan with the Taiwan Stock Exchange Weighted Index gaining 5.3% largely held back by heavy weight Apply supply chain names like Largan Precision, Catcher Technology and Hon Hai Precision on weaker iPhone orders.

The third weakest market was Singapore with the Straits Times Index gaining 7.2% with the export centric nation benefitting from a pick-up in global GDP and this trickling down into the broader economy with retail sales, housing activity and industrial production all picking up.

In Ringgit terms (above performances are in local currencies), the strong Ringgit eroded some of the performances gaining 2.9% against Singapore dollar, 7.7% against Indonesia Rupiah, 1.9% against the Thai Baht, 4.8% against the Philippine Peso, 6.2% against the Hong Kong dollar, 3.7% against the Taiwanese dollar, 4.9% against the Indian Rupee and 4.5% against the Australian dollar.

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 ASIA PACIFIC EX-JAPAN TARGET RETURN FUND

INTERIM REPORT
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 18 to 76 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 ASIA PACIFIC EX-JAPAN TARGET RETURN FUND

We have acted as Trustee for Eastspring Investments Asia Pacific ex-Japan Target Return Fund (the "Fund") for 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.

We are of the view that the distribution made during this financial period ended 31 December 2017 by the Manager is not inconsistent with the objectives of the Fund.

For Deutsche Trustees Malaysia Berhad

Soon Lai Ching
Senior Manager, Trustee Operations

Richard Lim Hock Seng
Chief Executive Officer

Kuala Lumpur
Date: 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		744,644	2,184,674
Interest income from deposits with licensed financial institutions		34,004	63,881
Net (loss)/gain on foreign currency exchange		(1,040,754)	2,454,839
Net gain on financial assets at fair value through profit or loss	7	12,844,374	6,342,058
		<u>12,582,268</u>	<u>11,045,452</u>
EXPENSES			
Management fee	3	(992,362)	(1,530,491)
Trustee fee	4	(44,105)	(68,022)
Audit fee		(3,781)	(3,781)
Tax agent fee		(19,438)	(1,715)
Transaction costs		(643,465)	(827,927)
GST charges		(63,188)	(96,383)
Other expenses		(60,380)	(57,842)
		<u>(1,826,719)</u>	<u>(2,586,161)</u>
PROFIT BEFORE TAXATION		10,755,549	8,459,291
TAXATION	5	(76,259)	(86,505)
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME		<u>10,679,290</u>	<u>8,372,786</u>
Profit after taxation is made up of the following:			
Realised amount		6,288,299	15,689,512
Unrealised amount		4,390,991	(7,316,726)
		<u>10,679,290</u>	<u>8,372,786</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 RM	2016 RM
ASSETS			
Cash and cash equivalents	8	9,871,167	27,280,667
Amount due from brokers		-	144,056
Amount due from Manager		36,644	1,713
Dividends receivable		36,731	33,663
Financial assets at fair value through profit or loss	7	95,084,797	128,106,549
TOTAL ASSETS		<u>105,029,339</u>	<u>155,566,648</u>
LIABILITIES			
Amount due to Manager		45,852	180,021
Accrued management fee		156,935	236,380
Amount due to Trustee		6,974	10,506
GST charges payable		9,635	14,813
Other payables and accruals		196,534	55,042
TOTAL LIABILITIES		<u>415,930</u>	<u>496,762</u>
NET ASSET VALUE OF THE FUND		<u>104,613,409</u>	<u>155,069,886</u>
EQUITY			
Unit holders' capital		88,088,869	156,642,996
Retained earnings/(accumulated losses)		16,524,540	(1,573,110)
NET ASSET ATTRIBUTABLE TO UNIT HOLDERS		<u>104,613,409</u>	<u>155,069,886</u>
NUMBER OF UNITS IN CIRCULATION	9	<u>185,031,615</u>	<u>309,819,363</u>
NET ASSET VALUE PER UNIT (EX-DISTRIBUTION) (RM)		<u>0.5654</u>	<u>0.5005</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

	Note	Unit holders' capital RM	Retained earnings/ (accumulated losses) RM	Total RM
Balance as at 1 July 2017		113,785,016	10,143,901	123,928,917
Movement in unit holders' contribution:				
Creation of units from applications		3,100,358	-	3,100,358
Creation of units from distribution		4,947,904	-	4,947,904
Cancellation of units		(32,915,062)	-	(32,915,062)
Total comprehensive income for the financial period		-	10,679,290	10,679,290
Distribution (Gross/Net: 2.91 sen)	6	(829,347)	(4,298,651)	(5,127,998)
Balance as at 31 December 2017		<u>88,088,869</u>	<u>16,524,540</u>	<u>104,613,409</u>
Balance as at 1 July 2016		181,810,721	(6,489,478)	175,321,243
Movement in unit holders' contribution:				
Creation of units from applications		7,137,250	-	7,137,250
Creation of units from distribution		3,422,346	-	3,422,346
Cancellation of units		(35,727,321)	-	(35,727,321)
Total comprehensive income for the financial period		-	8,372,786	8,372,786
Distribution (Gross/Net: 1.14 sen)	6	-	(3,456,418)	(3,456,418)
Balance as at 31 December 2016		<u>156,642,996</u>	<u>(1,573,110)</u>	<u>155,069,886</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 investments		129,227,630	153,956,284
Purchase of investments		(95,208,146)	(131,886,903)
Dividend received		890,808	2,573,172
Interest received		34,004	63,881
Management fee paid		(1,021,743)	(1,553,185)
Trustee's fee paid		(45,412)	(69,030)
Payment for other fees and expenses		(809,500)	(170,713)
Net foreign currency exchange (loss)/gain		(1,040,754)	2,454,839
Net cash generated from operating activities		32,026,887	25,368,345
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		3,079,734	7,275,735
Payments for cancellation of units		(33,071,173)	(36,457,502)
Net cash used in financing activities		(29,991,439)	(29,181,767)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		2,035,448	(3,813,422)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD			
		7,835,719	31,094,089
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD			
	8	9,871,167	27,280,667

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 M 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 instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

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

- 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

Interest income earned from short term deposits is recognised on the 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 disposal of investments is accounted for as the difference between the net disposal proceeds and the carrying amount of 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 during the financial period.

Tax on dividend income from foreign quoted 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 of the primary economic environment in which the Fund operates (the “functional currency”). The financial statements are presented in Ringgit Malaysia (“RM”), which is the Fund’s presentation and functional currency.

E. 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 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.

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

ii. Recognition and measurement

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

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

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

Financial liability is derecognised when the obligation under the liability is extinguished; i.e when the obligation specified in the contract is discharged or cancelled or expired.

Unrealised gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss 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.

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

In accordance with the Deed, quoted 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 securities outside Malaysia are valued at the market last done prices quoted of the respective foreign stock exchanges as 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 when 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.

Foreign exchange gains and losses on the financial instrument are recognised in statement of comprehensive income when settled or at date of the statement of financial position at which time they are included in the measurement of the financial instrument.

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 rate method.

iii. Impairment for assets carried at amortised costs

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

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the 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.

G. CASH AND CASH EQUIVALENTS

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

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

I. UNIT HOLDERS' CAPITAL

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

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

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

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

J. 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.

K. TRANSACTION COSTS

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

L. 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.

M. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

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

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2017

1. INFORMATION ON THE FUND

Eastspring Investments Asia Pacific ex-Japan Target Return Fund (the "Fund") was constituted pursuant to the execution of a Deed dated 24 April 2014 as modified by a Supplemental Deed dated 21 July 2014 and the Second Supplemental Deed dated 2 January 2015 entered into between Eastspring Investments Berhad (the "Manager") and Deutsche Trustees Malaysia Berhad (the "Trustee") (collectively referred to as the "Deed").

The Fund was launched on 10 October 2014 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 provide capital appreciation by investing in securities in the Asia Pacific ex-Japan region.

The Fund seeks to achieve its objective by investing in equities and equity-related securities such as ADRs, right issues and warrants, which are domiciled in, listed in, and/or have significant operations in the Asia Pacific ex-Japan region. The Fund's investments may also include liquid assets.

The Fund will invest in markets where the regulatory authority is a member of International Organisation of Security Commissions ("IOSCO"). The markets where the Fund will invest in include but not limited to Australia, Hong Kong, India, Indonesia, Malaysia, New Zealand, South Korea, Taiwan, Vietnam, Singapore, Philippines and Thailand.

All investments will be subjected to the Securities Commission's (the "SC") Guidelines on Unit Trust Funds, the Deed except where exemptions or variations have been approved by the Securities Commission, 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 a variety of risks, which include market risk (inclusive of price risk, interest rate risk and foreign exchange/currency risk), liquidity risk, credit/default risk, fund management risk, non-compliance risk and capital risk.

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

Financial instruments of the Fund are as follows:

	Note	Loans and receivables	Financial assets at fair value through profit or loss	Total
		RM	RM	RM
<u>2017</u>				
Cash and cash equivalents	8	9,871,167	-	9,871,167
Amount due from Manager		36,644	-	36,644
Dividends receivable		36,731	-	36,731
Quoted securities	7	-	95,084,797	95,084,797
		<u>9,944,542</u>	<u>95,084,797</u>	<u>105,029,339</u>
<u>2016</u>				
Cash and cash equivalents	8	27,280,667	-	27,280,667
Amount due from brokers		144,056	-	144,056
Amount due from Manager		1,713	-	1,713
Dividends receivable		33,663	-	33,663
Quoted securities	7	-	128,106,549	128,106,549
		<u>27,460,099</u>	<u>128,106,549</u>	<u>155,566,648</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 of the 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	95,084,797	128,106,549

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

% 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%	99,839,037	4,754,240
-5%	90,330,557	(4,754,240)
<u>2016</u>		
+5%	134,511,876	6,405,327
-5%	121,701,222	(6,405,327)

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 is a general economic indicator that will have an impact on the management of the Fund. The Fund's exposure to the interest risk is mainly confined to short term placements with financial institutions. The Manager overcomes the exposure by way of maintaining deposits on short-term basis.

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

iii. Foreign exchange/currency risk

As the Fund may invest its assets in 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 forward or 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 and loss	Cash and cash equivalents	Dividends receivable	Total
	RM	RM	RM	RM
<u>2017</u>				
AUD	5,383,750	-	892	5,384,642
HKD	35,019,664	-	-	35,019,664
IDR	4,339,673	-	-	4,339,673
INR	4,124,143	-	-	4,124,143
KRW	3,830,158	-	-	3,830,158
PHP	3,296,261	-	-	3,296,261
SGD	7,223,732	-	-	7,223,732
THB	8,474,630	-	27,460	8,502,090
TWD	14,809,150	-	-	14,809,150
USD	4,091,336	7,003,574	-	11,094,910
	<u>90,592,497</u>	<u>7,003,574</u>	<u>28,352</u>	<u>97,624,623</u>

	Financial assets at fair value through profit and loss	Cash and cash equivalents	Dividends receivable	Amount due from brokers	Total
	RM	RM	RM	RM	RM
<u>2016</u>					
AUD	7,801,734	-	33,663	-	7,835,397
HKD	23,718,528	-	-	-	23,718,528
IDR	16,287,538	-	-	-	16,287,538
INR	11,520,608	-	-	-	11,520,608
KRW	12,948,547	-	-	-	12,948,547
PHP	9,886,779	-	-	-	9,886,779
SGD	12,247,954	-	-	144,056	12,392,010
THB	12,908,912	-	-	-	12,908,912
TWD	7,884,084	-	-	-	7,884,084
USD	-	23,720,689	-	-	23,720,689
	<u>115,204,684</u>	<u>23,720,689</u>	<u>33,663</u>	<u>144,056</u>	<u>139,103,092</u>

The following table summarises the sensitivity of the Fund's financial assets fair value to changes in foreign exchange movements at the end of the 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 exchange rate	Impact on profit after tax	Impact on net asset value
	%	RM	RM
<u>2017</u>			
AUD	5	269,232	269,232
HKD	5	1,750,983	1,750,983
IDR	5	216,984	216,984
INR	5	206,207	206,207
KRW	5	191,508	191,508
PHP	5	164,813	164,813
SGD	5	361,187	361,187
THB	5	425,105	425,105
TWD	5	740,458	740,458
USD	5	554,746	554,746
<u>2016</u>			
AUD	5	391,770	391,770
HKD	5	1,185,926	1,185,926
IDR	5	814,377	814,377
INR	5	576,030	576,030
KRW	5	647,427	647,427
PHP	5	494,339	494,339
SGD	5	619,600	619,600
THB	5	645,446	645,446
TWD	5	394,204	394,204
USD	5	1,186,034	1,186,034

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 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
<u>2017</u>			
Amount due to Manager	45,852	-	45,852
Accrued management fee	156,935	-	156,935
Amount due to Trustee	6,974	-	6,974
GST charges payable	9,635	-	9,635
Other payables and accruals	-	196,534	196,534
Contractual cash outflows	219,396	196,334	415,930

	Less than 1 month	Between 1 month to 1 year	Total
	RM	RM	RM
<u>2016</u>			
Amount due to Manager	180,021	-	180,021
Accrued management fee	236,380	-	236,380
Amount due to Trustee	10,506	-	10,506
GST charges payable	14,813	-	14,813
Other payables and accruals	-	55,042	55,042
Contractual cash outflows	<u>441,720</u>	<u>55,042</u>	<u>496,762</u>

Credit/default risk

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

The credit risk arising from placements of deposits with licensed financial institutions is managed by ensuring that the Fund will only place deposits with reputable licensed financial institutions. The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the 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.

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

	Cash and cash equivalents	Dividends receivable	Amount due from Manager	Total
	RM	RM	RM	RM
<u>2017</u>				
Financial				
- AA1	7,040,399	-	-	7,040,399
- AAA	2,830,768	-	-	2,830,768
Industrial				
- NR	-	28,352	-	28,352
Technology				
- NR	-	8,379	-	8,379
Other				
- NR	-	-	36,644	36,644
	<u>9,871,167</u>	<u>36,731</u>	<u>36,644</u>	<u>9,944,542</u>

	Cash and cash equivalents	Dividends receivable	Amount due from Manager	Amount due from brokers	Total
	RM	RM	RM	RM	RM
<u>2016</u>					
Financial					
- AA1	23,769,898	-	-	-	23,769,898
- AAA	3,510,769	-	-	-	3,510,769
Utilities					
- NR	-	33,663	-	-	33,663
Consumer Staples					
- NR	-	-	-	144,056	144,056
Other					
- NR	-	-	1,713	-	1,713
	<u>27,280,667</u>	<u>33,663</u>	<u>1,713</u>	<u>144,056</u>	<u>27,460,099</u>

None of these assets are past due or impaired.

Fund management risk

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

Non-compliance risk

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

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

Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital of RM88,088,869 (2016: RM156,642,996) and retained earnings/(accumulated loss) of RM16,524,540 (2016: RM(1,573,110)). 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.

Fair value estimation

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

The fair value of financial assets traded in active market (such as trading securities) are based on quoted market prices at the close of trading on the period end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is representative of the fair value.

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

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

- 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 judgment, considering factors specific to the asset or liability.

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

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

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
<u>2017</u>				
Financial assets at fair value through profit or loss:				
Quoted securities	95,084,797	-	-	95,084,797
<u>2016</u>				
Financial assets at fair value through profit or loss:				
Quoted securities	128,106,549	-	-	128,106,549

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 F to the financial statements.

- 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 not exceeding 2.00% per annum on the net asset value of the Fund accrued on a daily basis for the financial period.

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

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

4. TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to a fee at a rate not exceeding 0.20% per annum on the net asset value of the Fund, accrued on a daily basis for the financial period subject to a minimum fee of RM18,000 per annum excluding foreign custodian fees and charges.

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 of foreign custodian fees and charges, calculated on daily basis.

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

5. TAXATION

	6-months financial period ended 31.12.2017	6-months financial period ended 31.12.2016
	RM	RM
Tax charged for the financial period:		
Current taxation – local	-	12,415
Current taxation – foreign	76,259	74,090
	<u>76,259</u>	<u>86,505</u>

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

	6-months financial period ended 31.12.2017	6-months financial period ended 31.12.2016
	RM	RM
Profit before taxation	10,755,549	8,459,291
Tax at Malaysian statutory rate of 24%	2,581,332	2,030,230
Tax effects of:		
Investment income exempt from tax	(3,019,744)	(2,621,112)
Expenses not deductible for tax purposes	199,338	252,453
Restriction on the tax deductible expenses for Unit Trust Funds	239,074	368,225
Investment income subject to different tax rate	76,259	56,709
Taxation	76,259	86,505

6. DISTRIBUTION

	6-months financial period ended 31.12.2017	6-months financial period ended 31.12.2016
	RM	RM
Distribution to unit holders is from the following sources:		
Current and previous financial year's realised income:		
Dividend income	2,386,340	3,023,948
Interest income	123,694	311,772
Net realised gain on sale of investments	8,272,040	3,915,223
Distribution equalisation	(829,347)	-
	<hr/>	<hr/>
Gross realised income	9,952,727	7,250,943
Less: Expenses	(4,824,729)	(3,794,525)
	<hr/>	<hr/>
	5,127,998	3,456,418
	<hr/>	<hr/>
Gross distribution per unit (RM)	0.0291	0.0114
	<hr/>	<hr/>
Net distribution per unit (RM)	0.0291	0.0114
	<hr/>	<hr/>
Ex-date	27 December 2017	27 December 2016
	<hr/>	<hr/>

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

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

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017	2016
	RM	RM
Designated at fair value through profit or loss:		
Quoted securities	95,084,797	128,106,549
Net gain on financial assets at fair value through profit or loss:		
Realised gain on disposals	8,461,671	13,663,316
Change in unrealised fair value gain/(loss)	4,382,703	(7,321,258)
	<u>12,844,374</u>	<u>6,342,058</u>

Name of counter	Quantity	Aggregate cost	Fair value	Percentage of net asset value of the Fund
			as at 31.12.2017	
	Units	RM	RM	%
Local				
Malaysia Securities				
<u>Consumer Discretionary</u> Padini Holdings Berhad	401,700	1,618,634	2,120,976	2.03
<u>Energy</u> Serba Dinamik Holdings Berhad	349,600	1,019,169	1,132,704	1.08
<u>Information Technology</u> Inari Amertron Berhad	364,300	1,093,967	1,238,620	1.18
Total Malaysia Securities	1,115,600	3,731,770	4,492,300	4.29

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2017	Percentage of net asset value of the Fund
				Units
Foreign				
Australia Securities				
<u>Consumer Staples</u>				
The A2 Milk Company Limited	89,876	2,026,445	2,095,260	2.00
<u>Industrial</u>				
Transurban Group	1,167	45,069	45,885	0.04
<u>Material</u>				
Rio Tinto Limited	13,522	3,101,854	3,242,605	3.10
Total Australia Securities	104,565	5,173,368	5,383,750	5.14

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2017	Percentage of net asset value of the Fund
				Units
Foreign (continued)				
Hong Kong Securities				
<u>Consumer Discretionary</u>				
Brilliance China Automotive Holdings Limited	188,000	1,385,443	2,035,749	1.95
Minth Group Limited	92,000	1,862,450	2,247,448	2.15
Nexteer Automotive Group Limited	239,000	1,958,006	2,305,673	2.20
Techtronic Industries Company Limited	87,000	1,926,419	2,296,591	2.20
	606,000	7,132,318	8,885,461	8.50
<u>Financial</u>				
AIA Group Limited	68,000	2,070,748	2,348,168	2.24
Bank of China Limited	1,073,000	2,348,594	2,134,770	2.04
Industrial and Commercial Bank of China Limited	760,000	2,353,843	2,476,763	2.37
Ping An Insurance (Group) Company of China, Limited	77,000	3,108,123	3,245,402	3.10
	1,978,000	9,881,308	10,205,103	9.75
<u>Health Care</u>				
CSPC Pharmaceutical Group Limited	256,000	1,494,416	2,092,990	2.00
Shanghai Fosun Pharmaceutical (Group) Company Limited	104,500	1,868,275	2,715,235	2.60
	360,500	3,362,691	4,808,225	4.60

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2017	Percentage of net asset value of the Fund
				Units
Foreign (continued)				
Hong Kong Securities (continued)				
<u>Industrial</u>				
Haitian International Holdings Limited	256,000	3,126,014	3,116,937	2.98
<u>Information Technology</u>				
Sunny Optical Technology (Group) Company Limited	52,000	2,104,185	2,691,467	2.57
Tencent Holdings Limited	15,200	2,158,388	3,197,347	3.06
	67,200	4,262,573	5,888,814	5.63
<u>Utilities</u>				
China Resources Gas Group Limited	144,000	2,134,315	2,115,124	2.02
Total Hong Kong Securities	3,411,700	29,899,219	35,019,664	33.48
India Securities				
<u>Consumer Discretionary</u>				
Maruti Suzuki India Limited	5,026	1,740,539	3,097,176	2.96
<u>Financial</u>				
Housing Development Finance Corporation Limited	9,480	825,508	1,026,967	0.98
Total India Securities	14,506	2,566,047	4,124,143	3.94

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2017	Percentage
				of net asset value of the Fund
	Units	RM	RM	%
Foreign (continued)				
Indonesia Securities				
<u>Financial</u>				
Bank Rakyat Indonesia PT TBK	1,973,700	2,000,497	2,140,912	2.05
<u>Telecommunication Services</u>				
Perusahaan Perseroan (Persero) Telekomunikasi Indonesia PT TBK	1,661,800	2,148,167	2,198,761	2.10
Total Indonesia Securities	3,635,500	4,148,664	4,339,673	4.15
Philippines Securities				
<u>Financial</u>				
Metropolitan Bank & Trust Co.	264,510	2,053,556	2,171,561	2.08
<u>Material</u>				
D&L Industries Inc.	1,256,000	1,054,516	1,124,700	1.08
Total Philippines Securities	1,520,510	3,108,072	3,296,261	3.16

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2017	Percentage of net asset value of the Fund
				Units
Foreign (continued)				
Republic of Korea Securities				
<u>Information Technology</u>				
Samsung Electronics Co Ltd	201	1,247,197	1,936,739	1.85
SK Hynix Inc.	6,545	2,111,609	1,893,419	1.81
	6,746	3,358,806	3,830,158	3.66
Total Republic of Korea Securities	6,746	3,358,806	3,830,158	3.66
Singapore Securities				
<u>Consumer Discretionary</u>				
Thai Beverage Public Company Limited	359,800	1,082,574	1,001,522	0.96
<u>Financial</u>				
DBS Group Holdings Ltd	28,180	1,927,762	2,118,746	2.03
<u>Industrial</u>				
Venture Corporation Limited	32,500	1,803,413	2,012,856	1.92
<u>Real Estate</u>				
UOL Group Limited	77,900	1,914,982	2,090,608	2.00
Total Singapore Securities	498,380	6,728,731	7,223,732	6.91

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2017	Percentage of net asset value of the Fund
				Units
Foreign (continued)				
Taiwan Securities				
<u>Financial</u>				
Cathay Financial Holding Company Limited	343,000	2,551,667	2,500,733	2.39
<u>Industrial</u>				
Airtac International Group	48,502	2,550,681	3,536,167	3.38
<u>Information Technology</u>				
Accton Technology Corporation	182,000	2,540,603	2,629,037	2.51
Chipbond Technology Corporation	264,000	1,734,687	2,029,095	1.94
Taiwan Semiconductor Manufacturing Company Limited	98,000	2,648,412	3,064,984	2.93
	544,000	6,923,702	7,723,116	7.38
<u>Material</u>				
Formosa Plastics Corporation	78,000	1,046,313	1,049,134	1.00
Total Taiwan Securities	1,013,502	13,072,363	14,809,150	14.15

Name of counter	Quantity	Aggregate cost	Fair value	Percentage of net asset value of the Fund
			as at 31.12.2017	
	Units	RM	RM	%
Foreign (continued)				
Thailand Securities				
<u>Consumer Discretionary</u>				
Somboon Advance Technology Public Company Limited	694,500	1,794,234	1,878,114	1.80
<u>Financial</u>				
Amata Corporation Public Company Limited	641,100	1,765,742	2,067,723	1.98
Bangkok Bank Public Company Limited	77,900	2,078,992	2,116,288	2.02
	719,000	3,844,734	4,184,011	4.00
<u>Industrial</u>				
Airports of Thailand Public Company Limited	286,000	1,607,893	2,412,505	2.31
Total Thailand Securities	1,699,500	7,246,861	8,474,630	8.11

Name of counter	Quantity	Aggregate cost	Fair value	Percentage of net asset value of the Fund
			as at 31.12.2017	
	Units	RM	RM	%
Foreign (continued)				
United States				
<u>Consumer Discretionary</u>				
JD.Com Inc	6,700	910,607	1,122,267	1.07
New Oriental Education & Technology Group Inc.	3,000	1,103,978	1,140,408	1.09
	9,700	2,014,585	2,262,675	2.16
<u>Information Technology</u>				
Alibaba Group Holding Limited	1,400	586,438	976,230	0.93
Baidu Inc	900	928,542	852,431	0.81
	2,300	1,514,980	1,828,661	1.74
Total United States Securities	12,000	3,529,565	4,091,336	3.90
Total Foreign Securities	11,916,909	78,831,696	90,592,497	86.60

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 SECURITIES	<u>13,032,509</u>	<u>82,563,466</u>	<u>95,084,797</u>	90.89
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>12,521,331</u>		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>95,084,797</u>		

Name of counter	Quantity	Aggregate cost	Fair value	Percentage of net asset value of the Fund
			as at 31.12.2016	
	Units	RM	RM	%
Local				
Malaysia Securities				
<u>Financial</u>				
Hong Leong Financial Group Berhad	104,313	1,711,738	1,483,331	0.96
IGB Real Estate Investment Trust	503,800	763,759	811,118	0.52
Pavilion Real Estate Investment Trust	1,015,500	1,772,825	1,929,450	1.24
Sunway Real Estate Investment Trust	1,090,900	1,745,162	1,876,348	1.21
	2,714,513	5,993,484	6,100,247	3.93
<u>Health Care</u>				
Top Glove Corporation Bhd	393,900	1,857,829	2,107,365	1.36
<u>Industrial</u>				
IJM Corporation Berhad	472,900	1,668,231	1,513,280	0.98
Kimlun Corporation Berhad	722,713	1,286,258	1,503,243	0.97
	1,195,613	2,954,489	3,016,523	1.95
<u>Utilities</u>				
Tenaga Nasional Berhad	120,700	1,690,322	1,677,730	1.08
Total Malaysia Securities	4,424,726	12,496,124	12,901,865	8.32

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net asset value of the Fund
			31.12.2016	
	Units	RM	RM	%
Foreign				
Australia Securities				
<u>Consumer Staples</u>				
Wesfarmers Limited	12,537	1,648,069	1,716,001	1.11
<u>Financial</u>				
Commonwealth Bank of Australia	3,984	971,131	1,066,421	0.69
<u>Health Care</u>				
CSL Ltd	5,096	1,624,652	1,662,018	1.07
Healthscope Limited	230,527	1,663,862	1,714,694	1.11
	235,623	3,288,514	3,376,712	2.18
<u>Utilities</u>				
Transurban Group	49,003	1,716,041	1,642,600	1.06
Total Australia Securities	301,147	7,623,755	7,801,734	5.04

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2016	Percentage of net asset value of the Fund
				Units
Foreign (continued)				
China Securities (Listed in Hong Kong)				
<u>Consumer Discretionary</u>				
Great Wall Motor Co Ltd	688,000	3,391,990	2,883,260	1.86
Minh Group Limited	150,000	2,298,754	2,096,839	1.35
	838,000	5,690,744	4,980,099	3.21
<u>Information Technology</u>				
Alibaba Group Holding Limited	7,400	3,098,698	2,914,001	1.88
Tencent Holdings Limited	35,000	3,746,610	3,843,193	2.48
Travelsky Technology Limited	177,000	1,638,959	1,670,005	1.08
	219,400	8,484,267	8,427,199	5.44
Total China Securities (Listed in Hong Kong)	1,057,400	14,175,011	13,407,298	8.65

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2016	Percentage
				of net asset value of the Fund
	Units	RM	RM	%
Foreign (continued)				
Hong Kong Securities				
<u>Financial</u>				
Ping An Insurance (Group) Co of China Ltd	86,000	1,719,408	1,931,466	1.24
<u>Telecommunication Services</u>				
China Mobile Limited	34,000	1,623,605	1,617,736	1.04
HKT Trust	638,000	3,720,770	3,512,028	2.26
	672,000	5,344,375	5,129,764	3.30
<u>Utilities</u>				
Cheung Kong Infrastructure Holdings Ltd	91,000	3,374,442	3,250,000	2.10
Total Hong Kong Securities	849,000	10,438,225	10,311,230	6.64

Name of counter	Quantity	Aggregate cost	Fair value	Percentage of net asset value of the Fund
			as at 31.12.2016	
	Units	RM	RM	%
Foreign (continued)				
India Securities				
<u>Consumer Goods</u>				
Maruti Suzuki India Ltd	9,143	3,155,070	3,211,575	2.07
<u>Consumer Staples</u>				
Godrej Consumer Products Limited	16,528	1,586,586	1,647,925	1.06
<u>Financial</u>				
Housing Development Finance Corporation Limited	39,509	3,429,940	3,293,944	2.12
<u>Health Care</u>				
Dr. Reddy's Laboratories Ltd	9,436	2,160,658	1,906,868	1.23
<u>Material</u>				
Asian Paints Limited	24,819	1,548,330	1,460,296	0.94
Total India Securities	99,435	11,880,584	11,520,608	7.42

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2016	Percentage of net asset value of the Fund
				Units
Foreign (continued)				
Indonesia Securities				
<u>Consumer Staples</u>				
Indofood CBP Sukses Makmur PT TBK	1,371,800	3,705,600	3,914,788	2.52
<u>Energy</u>				
Bukit Asam (Persero) PT TBK	368,600	1,608,295	1,533,376	0.99
United Tractors PT TBK	331,400	2,408,454	2,343,661	1.51
	700,000	4,016,749	3,877,037	2.50
<u>Financial</u>				
Bumi Serpong Damai PT TBK	5,997,900	4,244,078	3,503,157	2.26
<u>Industrial</u>				
Semen Indonesia (Persero) PT TBK	556,100	1,998,417	1,698,018	1.10
<u>Telecommunication Services</u>				
Telekomunikasi Indonesia PT TBK	2,487,300	3,287,082	3,294,538	2.12
Total Indonesia Securities	11,113,100	17,251,926	16,287,538	10.50

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2016	Percentage of net asset value of the Fund
				Units
Foreign (continued)				
Philippines Securities				
<u>Consumer Staples</u>				
Universal Robina Corp	96,240	1,705,334	1,422,450	0.92
<u>Consumer Discretionary</u>				
Jollibee Foods Corp	162,090	3,282,714	2,842,638	1.83
<u>Financial</u>				
Ayala Land Inc.	1,063,200	3,424,671	3,075,591	1.98
<u>Utilities</u>				
Metro Pacific Investments Corporation	4,229,000	2,570,932	2,546,100	1.64
Total Philippines Securities	5,550,530	10,983,651	9,886,779	6.37

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2016	Percentage of net asset value of the Fund
				Units
Foreign (continued)				
Singapore Securities				
<u>Consumer Staples</u>				
First Real Estate Investment Trust	152,887	566,210	600,301	0.39
Sheng Siong Group Ltd.	1,040,100	3,248,375	3,050,806	1.97
	<u>1,192,987</u>	<u>3,814,585</u>	<u>3,651,107</u>	<u>2.36</u>
<u>Health Care</u>				
Religare Health Trust	1,066,400	3,325,379	3,028,649	1.95
<u>Industrial</u>				
Sats Ltd	112,800	1,603,401	1,698,082	1.10
Venture Corporation Limited	126,200	3,597,904	3,870,116	2.50
	<u>239,000</u>	<u>5,201,305</u>	<u>5,568,198</u>	<u>3.60</u>
Total Singapore Securities	2,498,387	12,341,269	12,247,954	7.91

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2016	Percentage of net asset value of the Fund
				Units
Foreign (continued)				
Republic of Korea Securities				
<u>Consumer Staples</u>				
LG Household & Healthcare Ltd	1,263	4,691,722	4,027,577	2.60
<u>Consumer Discretionary</u>				
Amorepacific Corporation	2,291	3,235,651	2,740,727	1.77
<u>Information Technology</u>				
Samsung Electronics Co., Ltd	706	4,371,597	4,733,901	3.05
<u>Utilities</u>				
Korea Electric Power Corporation	8,824	1,735,493	1,446,342	0.93
Total Republic of Korea Securities	13,084	14,034,463	12,948,547	8.35

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2016	Percentage of net asset value of the Fund
				Units
Foreign (continued)				
Taiwan Securities				
<u>Consumer Discretionary</u>				
Pou Chen Corporation	292,000	1,907,207	1,625,651	1.05
<u>Financial</u>				
Fubon Financial Holding Co., Ltd.	427,000	2,591,956	3,015,897	1.94
<u>Information Technology</u>				
Taiwan Semiconductor Manufacturing Co., Ltd	129,000	3,185,478	3,242,536	2.09
Total Taiwan Securities	848,000	7,684,641	7,884,084	5.08
Thailand Securities				
<u>Consumer Discretionary</u>				
Minor International Public Company Limited	382,000	1,753,278	1,746,570	1.13
<u>Consumer Staples</u>				
CP All Public Company Limited	463,800	3,373,693	3,631,119	2.34
Thai Beverage Public Company Limited	876,900	2,414,635	2,313,538	1.49
	1,340,700	5,788,328	5,944,657	3.83

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2016	Percentage of net asset value of the Fund
				Units
Foreign (continued)				
Thailand Securities (continued)				
<u>Health Care</u>				
Bangkok Dusit Medical Centre	683,800	1,667,307	1,978,658	1.28
<u>Industrial</u>				
The Siam Cement Public Company Limited	27,400	1,649,166	1,709,266	1.10
<u>Information Technology</u>				
KCE Electronics Public Company Limited	100,100	1,295,795	1,529,761	0.99
Total Thailand Securities	2,534,000	12,153,874	12,908,912	8.33
Total Foreign Securities	24,864,083	118,567,399	115,204,684	74.29

Name of counter	Quantity	Aggregate cost	Fair value as at 31.12.2016	Percentage of net asset value of the Fund
				Units
TOTAL QUOTED SECURITIES	<u>29,288,809</u>	131,063,523	<u>128,106,549</u>	82.61
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(2,956,974)</u>		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>128,106,549</u>	

8. CASH AND CASH EQUIVALENTS

	2017	2016
	RM	RM
Bank balances with a licensed bank	7,040,399	23,769,898
Deposit with a licensed financial institution	2,830,768	3,510,769
	<u>9,871,167</u>	<u>27,280,667</u>

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

	2017	2016
	RM	RM
MYR	2,867,593	3,559,978
USD	7,003,574	23,720,689
	<u>9,871,167</u>	<u>27,280,667</u>

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

	2017	2016
	%	%
Deposit with a licensed financial institution	<u>3.30</u>	<u>4.00</u>

The 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	228,506,910	358,403,037
Creation of units during the financial period:		
Arising from applications	5,340,807	13,946,798
Arising from distribution	8,845,021	6,984,380
Cancellation of units during the financial period	(57,661,123)	(69,514,852)
	<hr/>	<hr/>
At the end of the financial period	<u>185,031,615</u>	<u>309,819,363</u>

10. 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>				
Morgan Stanley & Co Inc	41,183,747	19.59	60,966	16.09
UBS Securities Pte Ltd	31,493,488	14.98	56,453	14.90
CitiGroup Global Markets Limited	27,545,231	13.10	44,414	11.72
CLSA Ltd	19,135,634	9.10	49,090	12.95
Merrill Lynch International Ltd	16,528,198	7.86	26,286	6.94
Credit Suisse Limited	14,597,472	6.94	13,481	3.56
Macquarie Securities Ltd	12,582,870	5.99	22,563	5.95
Maybank Investment Bank Berhad	11,031,926	5.25	27,580	7.28
CIMB Investment Bank Berhad	9,006,782	4.28	22,517	5.94
Goldman Sach Limited	8,313,293	3.95	15,252	4.02
Others	18,811,502	8.96	40,386	10.65
	210,230,143	100.00	378,988	100.00

Name of brokers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>2016</u>				
Credit Suisse Limited	57,585,550	20.26	177,109	21.39
Morgan Stanley & Co Inc	47,247,989	16.61	84,153	10.16
CLSA Ltd	45,611,427	16.04	131,509	15.89
UBS Securities Pte Ltd	37,606,846	13.22	134,479	16.24
Merrill Lynch International Ltd	36,644,751	12.88	73,479	8.87
Macquarie Securities Ltd	12,540,512	4.41	44,670	5.39
Goldman Sach Limited	11,890,194	4.18	44,537	5.38
CitiGroup Global Markets Limited	11,267,767	3.96	50,280	6.08
Deutsche Securities Asia Ltd	10,136,544	3.56	50,053	6.05
Malayan Banking Berhad	6,375,384	2.24	20,101	2.43
Others	7,531,046	2.64	17,561	2.12
	284,438,010	100.00	827,931	100.00

All brokers highlighted above are not related to the Manager.

11. MANAGEMENT EXPENSE RATIO ("MER")

	2017	2016
	%	%
MER	1.08	1.04

MER is derived from the following calculation:

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

A = Management fee

B = Trustee fee

C = Audit fee

D = Tax agent fee

E = Other expenses (inclusive of GST charges)

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

The average net asset value of the Fund for the financial period calculated on a daily basis is RM109,357,592 (2016: RM168,659,022).

12. PORTFOLIO TURNOVER RATIO (“PTR”)

	2017	2016
PTR (times)	0.96	0.84

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 = RM87,701,944 (2016: RM129,822,356)

total disposals for the financial period = RM122,634,398 (2016: RM154,100,341)

13. UNITS HELD BY THE MANAGER

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

Related party	Relationship			
Eastspring Investments Berhad	The Manager			
	2017		2016	
	No. of units	RM	No. of units	RM
Eastspring Investments Berhad	2,244	1,269	2,133	1,067

The above units were transacted at the prevailing market price.

The units are held legally by the Manager and are within the prescribed limit allowed by SC’s Guidelines on Unit Trust Funds. Other than the above, there were no units held by the Directors or parties related to the Manager.

14. SEGMENTAL INFORMATION

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

The reportable operating segments derive their income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within each portfolio. These returns consist of dividend income earned from investments, interest income, foreign exchange gains/losses and gains/losses on the appreciation in the value of 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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BUSINESS OFFICE

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FAX NO.

603-2070 6129

EMAIL

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WEBSITE

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TRUSTEE

NAME

DEUTSCHE TRUSTEES MALAYSIA BERHAD

COMPANY NO.

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SALE & PURCHASE OF UNITS

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