

# EASTSPRING INVESTMENTS ASIA PACIFIC EQUITY MY FUND

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018



**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 March 2018.**

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

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

Yours sincerely,

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

**Raymond Tang Chee Kin**

Non-Independent, Executive Director and Chief Executive Officer

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## FUND INFORMATION

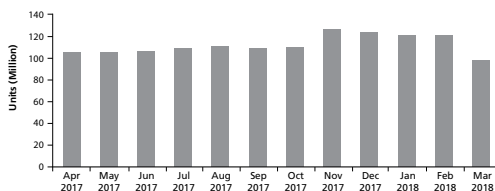
<b>Name of Fund</b>	Eastspring Investments Asia Pacific Equity MY Fund (the "Fund")
<b>Fund Category/ Type</b>	Equity/growth
<b>Fund Objective</b>	<p>The Fund seeks to provide a medium to long-term capital growth.</p> <p><b>ANY MATERIAL CHANGES TO THE FUND'S OBJECTIVE WOULD REQUIRE UNIT HOLDERS' APPROVAL.</b></p>
<b>Performance Benchmark</b>	<p>The performance benchmark of the Fund is MSCI AC APXJ Index</p> <p><b>Source:</b> <a href="http://www.msci.com">www.msci.com</a></p> <p><b>Note:</b> The risk profile of the Fund is different from the risk profile of the performance benchmark.</p>
<b>Fund Income Distribution Policy</b>	Incidental

## FUND INFORMATION (CONTINUED)

### Breakdown of Unit Holdings by Size

As at 31 March 2018, the size of Eastspring Investments Asia Pacific Equity MY Fund stood at 98.097 million units.

### Fund Size



### Breakdown of Unit Holdings

Unit Holdings	No. of Unit Holders	%	No of Units* ('000)	%
5,000 units and below	381	18.18	946	0.96
5,001 to 10,000 units	230	10.97	1,749	1.78
10,001 to 50,000 units	1,258	60.02	26,813	27.34
50,001 to 500,000 units	204	9.73	20,152	20.54
500,001 units and above	23	1.10	48,436	49.38
<b>Total</b>	<b>2,096</b>	<b>100.00</b>	<b>98,096</b>	<b>100.00</b>

\* excludes units held by the Manager.

## KEY PERFORMANCE DATA

FOR THE FINANCIAL YEAR ENDED

<b>Category</b>	<b>31.3.2018</b>	<b>31.3.2017</b>	<b>31.3.2016</b>
	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
<b>Quoted securities</b>			
Consumer Discretionary	5.40	8.00	5.03
Consumer Good	-	-	3.43
Consumer Staple	2.81	2.20	1.69
Energy	5.71	6.02	6.12
Financial	40.89	40.39	32.73
Health Care	-	-	0.63
Industrial	11.33	10.58	5.73
Information Technology	25.28	14.96	10.52
Material	4.76	4.06	4.04
Media	-	-	1.25
Oil and Gas	-	-	2.52
Property	-	-	1.45
Real Estate	-	-	7.32
Technology	-	5.25	8.99
Telecommunication	1.47	3.59	4.62
Trading/Services	-	-	1.15
Utilities	1.34	2.33	1.56
	98.99	97.38	98.78
Cash and other assets	1.01	2.62	1.22
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

## KEY PERFORMANCE DATA (CONTINUED)

Category	31.3.2018	31.3.2017	31.3.2016
Net Asset Value (NAV) (RM'000)	73,038	78,760	56,400
Units In Circulation (Units '000)	98,097	105,966	103,150
Net Asset Value Per Unit (RM)	0.7446	0.7433	0.5468
Highest Net Asset Value Per Unit (RM)	0.8241	0.7491	0.6673
Lowest Net Asset Value Per Unit (RM)	0.7207	0.5239	0.4959
Total Return (%)			
- Capital Growth	0.12	35.94	(13.47)
- Income Distribution	-	-	-
Total Return (%)	0.12	35.94	(13.47)
Gross Distribution Per Unit (RM)	-	-	-
Net Distribution Per Unit (RM)	-	-	-
Management Expense Ratio (MER) (%)*	1.98	2.29	1.84
Portfolio Turnover Ratio (PTR) (times)^	0.55	0.55	0.37

\* 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 1.4.2017 to 31.3.2018	3 years 1.4.2015 to 31.3.2018	5 years 1.4.2013 to 31.3.2018
	(%)	(%)	(%)
Average total return	0.12	5.60	8.17

Year ended	1.4.2017 to 31.3.2018	1.4.2016 to 31.3.2017	1.4.2015 to 31.3.2016	1.4.2014 to 31.3.2015	1.4.2013 to 31.3.2014
	(%)	(%)	(%)	(%)	(%)
Annual total return	0.12	35.94	(13.47)	18.76	5.93

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

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

$$\begin{aligned} \text{Percentage growth} &= \frac{\text{NAV}_t - 1}{\text{NAV}_0} \\ \text{NAV}_t &= \text{NAV at the end of the period} \\ \text{NAV}_0 &= \text{NAV at the beginning of the period} \\ \text{Performance annualised} &= (1 + \text{Percentage Growth})^{1/n} - 1 \\ &\quad \text{Adjusted for unit split and distribution paid out} \\ &\quad \text{for the period} \\ n &= \text{Number of years} \end{aligned}$$

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



# MANAGER'S REPORT

## Fund Performance

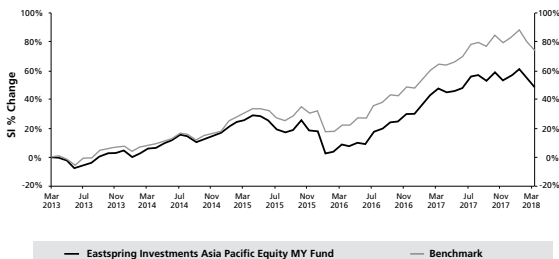
Over the 5-year period, the Fund recorded a return of 48.16%, underperforming the benchmark return of 73.84% by -25.68% (in MYR).

For the period under review, the Fund registered a return of 0.12% underperforming the benchmark return of 5.67% by -5.55% (in MYR).

The Fund underperformed its benchmark over the period driven by stock selection and as value style stocks as a whole saw significant underperformance of the market. We have seen a very narrow market dominated by expensive Chinese technology stocks. Investors rotated back into these more expensive growth names and avoided more attractively valued cyclically natured stocks. Stock selection in Korea and China was the largest detractor to performance over the year. Stock selection in Australia and Taiwan was the largest contributor to performance over the year. At a sector level stock selection in Industrials and Information Technology detracted the most while stock selection in Financials and Consumer Staples added most.

The Fund met its investment objective to provide a medium to long-term capital growth.

**Eastspring Investments Asia Pacific Equity MY Fund  
- 5 Years Return Vs Benchmark**



## MANAGER'S REPORT (CONTINUED)

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### Fund Performance (continued)

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

**Benchmark:** MSCI AC APxJ Index

**Source:** Lipper for Investment Management and [www.msci.com](http://www.msci.com), as at 31 March 2018.

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

## MANAGER'S REPORT (CONTINUED)

### Analysis of Fund Performance

For the financial year ended 31 March 2018:

<b>Income Return</b>	<b>Capital Return*</b>	<b>Total Return</b>	<b>Total Return of Benchmark</b>
<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
0.00	0.12	0.12	5.67

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

### Distribution/ Unit Split

No distribution or unit split were declared for the financial year ended 31 March 2018.

### Investment Strategy During Period Under Review

The portfolio manager has maintained his strategy of focusing on investing in companies trading at attractive valuations relative to an estimate of their sustainable earnings.

Investors have been ignoring the price they are paying for certainty, growth and quality for the last year creating a huge valuation anomaly within Asian equity markets between value and growth / quality. We have positioned the Fund to exploit this anomaly.

The Fund was overweight attractively valued cyclicals reflected by overweight positions in financials and energy stocks as well as being overweight selected information technology stocks. The expensive defensive sectors of health care and consumer staples were key underweights.

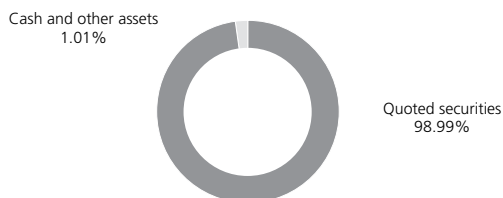
At the geographic level, the Fund was overweight cheaper stocks found in Hong Kong and Singapore underweight more expensive stocks found largely in Australia and India.

## MANAGER'S REPORT (CONTINUED)

## Asset Allocation

Asset Allocation	31-Mar 2018 (%)	31-Mar 2017 (%)	Changes (%)
Quoted securities	98.99	97.38	1.61
Cash and other assets	1.01	2.62	(1.61)

## Asset Allocation as at 31 March 2018



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

## 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.

## MARKET REVIEW

MSCI Asia Pac ex Japan gained 21.02% over the past one year in United States Dollar (“USD”) terms. It was a buoyant, but narrow equity market during most of the period as investors chased pockets of growth and price returns were supported by companies continuing to deliver strong earnings results. However, the end of the period saw a sharp correction in equity markets as the US Federal reserve hiked interest rates amidst fears of higher inflation while the US President begun releasing a series of trade tariffs which rattled equity investor confidence.

Chinese equities were the strongest performers over the period, bolstered by the performance of its technology sector where investors happily chased expensive stocks to even higher valuations. Thailand was close behind as the energy sector was supported by rising oil prices. Korea’s equity market performed well as cyclical tailwinds helped this trade oriented market and some of their major players such as Samsung Electronics delivered strong performance. However, later in the period concerns around trade tariffs led to a correction.

Australia and the Philippines equity markets were the key laggards over the period. Australia has seen weak employment growth and soft GDP growth along with continued pressure on its financial sector from ongoing reform as well as tracking back from relatively expensive valuations. The Philippines equity market has seen sentiment weaken amid concerns over rising inflation and unclear monetary policy. Given expensive valuations the equity market has seen a significant headwind.

## REBATES AND SOFT COMMISSIONS

During the period under review, the Manager and its delegates (if any) did not receive any soft commissions from stockbrokers.

# EASTSPRING INVESTMENTS ASIA PACIFIC EQUITY MY FUND

## FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

## 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 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 March 2018 and of its financial performance, changes in equity and cash flows for the financial year 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: 16 May 2018

# TRUSTEE'S REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS ASIA PACIFIC EQUITY MY FUND

We have acted as Trustee for Eastspring Investments Asia Pacific Equity MY Fund (the "Fund") for financial year ended 31 March 2018. To the best of our knowledge, for the financial year under review, Eastspring Investments Berhad (the "Manager") has operated and managed the Fund in accordance with the following:-

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

For Deutsche Trustees Malaysia Berhad

**Soon Lai Ching**  
Senior Manager, Trustee Operations

**Richard Lim Hock Seng**  
Chief Executive Officer

Kuala Lumpur  
Date: 16 May 2018



# INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS ASIA PACIFIC EQUITY MY FUND

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our opinion

In our opinion, the financial statements of Eastspring Investments Asia Pacific Equity MY Fund ("the Fund") give a true and fair view of the financial position of the Fund as at 31 March 2018, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

### What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 18 to 76.

### Basis for opinion

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

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

### Independence and other ethical responsibilities

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

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

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

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

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

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

### Responsibilities of the Manager for the financial statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved

standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

## OTHER MATTERS

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

### **PRICEWATERHOUSECOOPERS PLT**

LLP0014401-LCA & AF 1146

Chartered Accountants

Kuala Lumpur

Date: 16 May 2018

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	2018	2017
		RM	RM
<b>INVESTMENT INCOME</b>			
Interest income from deposits with licensed financial institutions		16,488	1,004
Gross dividend income		2,619,317	1,981,043
Net (loss)/gain on foreign currency exchange		(265,566)	71,186
Net gain on financial assets at fair value through profit or loss	6	275,561	17,578,570
		<u>2,645,800</u>	<u>19,631,803</u>
<b>EXPENSES</b>			
Management fee	3	(1,297,811)	(872,281)
Trustee fee	4	(60,565)	(40,706)
Custodian fee		(20,201)	(20,627)
Audit fee		(7,500)	(7,500)
Tax agent fee		(41,219)	(14,896)
Other expenses		(205,859)	(321,984)
GST charges		(82,677)	(55,550)
Transaction costs		(176,559)	(150,631)
		<u>(1,892,391)</u>	<u>(1,484,175)</u>
<b>PROFIT BEFORE TAXATION</b>		753,409	18,147,628
<b>TAXATION</b>	5	<u>(206,273)</u>	<u>(141,050)</u>
<b>PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME</b>		<u>547,136</u>	<u>18,006,578</u>
Profit after taxation is made up of the following:			
Realised amount		7,229,149	859,926
Unrealised amount		(6,682,013)	17,146,652
		<u>547,136</u>	<u>18,006,578</u>

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

# STATEMENT OF FINANCIAL POSITION

## AS AT 31 MARCH 2018

	Note	2018	2017
		RM	RM
<b>ASSETS</b>			
Cash and cash equivalents	7	1,988,521	1,620,316
Amount due from Manager		1,460,936	522,748
Amount due from brokers		6,393	-
Dividends receivable		385,691	344,799
Tax recoverable		903	903
Financial assets at fair value through profit or loss	6	72,293,790	76,718,490
<b>TOTAL ASSETS</b>		<u>76,136,234</u>	<u>79,207,256</u>
<b>LIABILITIES</b>			
Amount due to Manager		2,929,836	29,920
Amount due to brokers		12,279	290,757
Accrued management fee		107,669	96,328
Amount due to Trustee		5,025	4,495
Other payables and accruals		36,965	19,943
GST charges payable		6,562	6,049
<b>TOTAL LIABILITIES</b>		<u>3,098,336</u>	<u>447,492</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>73,037,898</u>	<u>78,759,764</u>
<b>EQUITY</b>			
Unit holders' capital		59,277,385	65,546,387
Retained earnings		13,760,513	13,213,377
<b>NET ASSET ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>73,037,898</u>	<u>78,759,764</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	8	<u>98,096,586</u>	<u>105,966,338</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.7446</u>	<u>0.7433</u>

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

## STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Unit holders' capital	Retained earnings	Total
	RM	RM	RM
Balance as at 1 April 2017	65,546,387	13,213,377	78,759,764
Movement in unit holders' contribution:			
Creation of units from applications	64,605,371	-	64,605,371
Cancellation of units	(70,874,373)	-	(70,874,373)
Total comprehensive income for the financial year	-	547,136	547,136
Balance as at 31 March 2018	<u>59,277,385</u>	<u>13,760,513</u>	<u>73,037,898</u>
Balance as at 1 April 2016	61,192,856	(4,793,201)	56,399,655
Movement in unit holders' contribution:			
Creation of units from applications	27,656,742	-	27,656,742
Cancellation of units	(23,303,211)	-	(23,303,211)
Total comprehensive income for the financial year	-	18,006,578	18,006,578
Balance as at 31 March 2017	<u>65,546,387</u>	<u>13,213,377</u>	<u>78,759,764</u>

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

# STATEMENT OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	2018	2017
		RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from sale of investments		49,548,895	30,505,624
Purchase of investments		(45,133,505)	(33,698,267)
Dividends received		2,372,154	1,829,328
Interest received		16,488	1,004
Management fee paid		(1,286,470)	(848,307)
Trustee fee paid		(60,035)	(39,588)
Custodian fee paid		(20,201)	(20,627)
Payment for other fees and expenses		(496,280)	(415,149)
Net foreign currency exchange (loss)/gain		(265,566)	71,186
Net cash generated from /(used in) operating activities		<u>4,675,480</u>	<u>(2,614,796)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash proceeds from units created		63,667,182	27,167,373
Payments for cancellation of units		<u>(67,974,457)</u>	<u>(23,420,927)</u>
Net cash (used in)/generated from financing activities		<u>(4,307,275)</u>	<u>3,746,446</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		368,205	1,131,650
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<u>1,620,316</u>	<u>488,666</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	7	<u>1,988,521</u>	<u>1,620,316</u>

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



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

The following accounting policies have been used in dealing with items which are considered material in relation to the financial statements.

### **A. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The financial statements have been prepared under the historical cost convention in accordance with the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”), as modified by financial assets at fair value through profit or loss.

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

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note K to the financial statements.

The Fund has applied the following amendments for the first time for the financial period beginning on 1 April 2017:

- Amendments to MFRS 107 ‘Statement of Cash Flows – Disclosure Initiative’ introduce an additional disclosure on changes in liabilities arising from financing activities.

Other than the above, the adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

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 April 2018

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

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

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

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

MFRS 9 introduces an expected credit loss (“ECL”) 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 has reviewed its financial assets and liabilities and has assessed the impacts from the adoption of the new standard on 1 January 2018 as below:

There will be no impact on the Fund's accounting for financial assets as the Fund's quoted securities currently measured at fair value through profit or loss will continue to be measured on the same basis under MFRS 9.

There will be no impact on the Fund's accounting for financial liabilities as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Fund does not have any such liabilities.

The new impairment model requires the recognition of impairment provisions based on ECL rather than only incurred credit losses as is the case under MFRS 139. It applies to financial assets classified at amortised cost. Based on the assessments undertaken to date, the Fund does not expect any loss allowance to be recognised upon adoption of MFRS 9.

## **B. INCOME RECOGNITION**

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.

Interest income are recognised on an accrual basis using the effective interest method.

## **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 year.

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 investments in quoted securities as financial assets at fair value through profit or loss at inception.

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been included in current assets. The Fund’s loans and receivables comprise amount due from Manager, amount due from brokers, 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 brokers, 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 and transaction costs are expensed in the statement of comprehensive income.

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

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

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

Unrealised gains or losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are presented in the statement of comprehensive income within “net gain/(loss) on financial assets at fair value through profit and loss” in the period in which they arise. Any unrealised gains however are not distributable.

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

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.

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 balances 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. 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 amount are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment for amounts 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.

## **J. 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.



## **K. 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.

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 Securities Commission Guidelines on Unit Trust Funds.

However, the Manager is of the opinion that in applying the accounting policies, no significant judgment was required.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

### 1. INFORMATION ON THE FUND

Eastspring Investments Asia Pacific Equity MY Fund (the "Fund") was constituted pursuant to the execution of a Deed dated 15 July 2005 as modified by a Supplemental Deed dated 27 July 2007 and the Second Supplemental Deed dated 30 November 2009 entered into between Eastspring Investments Berhad (the "Manager") and Mayban Trustees Berhad ("Maybank Trustees"). The Fund replaced Maybank Trustees with Deutsche Trustees Malaysia Berhad (the "Trustee") effective 1 October 2010. A Supplemental Master Deed ("Deed") was entered into between the Manager and the Trustee on 30 July 2010 to effect the change of trustee from Maybank Trustees to the Trustee, followed by a Second Supplemental Master Deed dated 28 January 2011, a Third Supplemental Master Deed dated 9 March 2011, a Fourth Supplemental Master Deed dated 20 January 2012, a Fifth Supplemental Master Deed dated 26 March 2014 a Sixth Supplemental Master Deed dated 2 January 2015, a Seventh Supplemental Master Deed dated 11 July 2016 and an Eighth Supplemental Master Deed dated 25 January 2017 (collectively referred to as the "Deed").

The Fund was launched on 21 July 2005 and will continue its operations until terminated as provided under Part 12 of the Deed.

The Fund invests primarily in local and Asia Pacific ex-Japan equities, and equity-related securities with good capital growth potential. All investments will be subjected to the Securities Commission's ("SC") Guidelines on Unit Trust Funds, the Deeds except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund's objective.

The Fund seeks to provide investors with medium to long term capital growth.

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

## 2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks, which include market risk (inclusive of price risk and 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>2018</u>				
Cash and cash equivalents	7	1,988,521	-	1,988,521
Amount due from Manager		1,460,936	-	1,460,936
Amount due from broker		6,393	-	6,393
Dividends receivable		385,691	-	385,691
Quoted securities	6	-	72,293,790	72,293,790
		<u>3,841,541</u>	<u>72,293,790</u>	<u>76,135,331</u>
<u>2017</u>				
Cash and cash equivalents	7	1,620,316	-	1,620,316
Amount due from Manager		522,748	-	522,748
Dividends receivable		344,799	-	344,799
Quoted securities	6	-	76,718,490	76,718,490
		<u>2,487,863</u>	<u>76,718,490</u>	<u>79,206,353</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 March which are exposed to price risk:

	2018	2017
	RM	RM
Quoted securities designated at fair value through profit or loss	72,293,790	76,718,490

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

% Change in price of financial assets at fair value through profit or loss	Market value	Impact on profit after tax/net asset value
	RM	RM
<u>2018</u>		
+5%	75,908,479	3,614,689
-5%	68,679,100	(3,614,689)
<u>2017</u>		
+5%	80,554,415	3,835,925
-5%	72,882,565	(3,835,925)

ii. 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 Manager will usually not hedge foreign currency exposure. The 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.

	<b>Financial assets at fair value through profit or loss</b>	<b>Amount due from brokers</b>	<b>Cash and cash equivalents</b>	<b>Dividends receivable</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<u>2018</u>					
AUD	10,703,111	-	30,815	89,389	10,823,315
HKD	25,353,482	-	4,771	44,509	25,402,762
IDR	1,771,626	-	27,555	32,653	1,831,834
INR	4,117,176	-	117,005	-	4,234,181
KRW	11,116,550	-	-	185,409	11,301,959
NZD	-	-	82	-	82
SGD	3,156,853	6,393	22,543	-	3,185,789
THB	1,144,142	-	13,918	-	1,158,060
TWD	8,971,420	-	216,734	-	9,188,154
USD	4,041,083	-	1,504,604	14,979	5,560,666
	<u>70,375,443</u>	<u>6,393</u>	<u>1,938,027</u>	<u>366,939</u>	<u>72,686,802</u>

	<b>Financial assets at fair value through profit or loss</b>	<b>Amount due from brokers</b>	<b>Cash and cash equivalents</b>	<b>Dividends receivable</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<u>2017</u>					
AUD	14,647,733	-	76,928	94,597	14,819,258
HKD	23,360,137	-	19,863	31,812	23,411,812
IDR	2,480,744	-	-	33,778	2,514,522
INR	6,365,912	-	505,336	-	6,871,248
KRW	11,094,541	-	-	149,825	11,244,366
NZD	-	-	91	-	91
SGD	4,290,307	-	-	-	4,290,307
THB	754,422	-	-	-	754,422
TWD	8,407,697	-	364,716	-	8,772,413
USD	3,627,146	-	634,067	15,840	4,277,053
	<u>75,028,639</u>	<u>-</u>	<u>1,601,001</u>	<u>325,852</u>	<u>76,955,492</u>

The following table summarises the sensitivity of the Fund's financial assets to changes in foreign exchange movements at the end of the reporting year. 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.

	<b>Change in exchange rate</b>	<b>Impact on profit after tax/change in net asset value</b>
	<b>%</b>	<b>RM</b>
<u>2018</u>		
AUD	5	541,166
HKD	5	1,270,138
IDR	5	91,592
INR	5	211,709
KRW	5	565,098
NZD	5	4
SGD	5	159,289
THB	5	57,903
TWD	5	459,408
USD	5	278,033
		<u>3,634,340</u>

	Change in exchange rate	Impact on profit after tax/change in net asset value
	%	RM
<u>2017</u>		
AUD	5	740,963
HKD	5	1,170,591
IDR	5	125,726
INR	5	343,562
KRW	5	562,218
NZD	5	5
SGD	5	214,515
THB	5	37,721
TWD	5	438,621
USD	5	213,853
		<u>3,847,775</u>

### 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.

	<b>Less than 1 month</b>	<b>Between 1 month to 1 year</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b><u>2018</u></b>			
Amount due to Manager	2,929,836	-	2,929,836
Accrued management fee	107,669	-	107,669
Amount due to Trustee	5,025	-	5,025
Amount due to brokers	12,279	-	12,279
Other payables and accruals	-	36,965	36,965
GST charges payable	6,562	-	6,562
Contractual cash outflows	<u>3,061,371</u>	<u>36,965</u>	<u>3,098,336</u>
<b><u>2017</u></b>			
Amount due to Manager	29,920	-	29,920
Accrued management fee	96,328	-	96,328
Amount due to Trustee	4,495	-	4,495
Amount due to brokers	290,757	-	290,757
Other payables and accruals	-	19,943	19,943
GST charges payable	6,049	-	6,049
Contractual cash outflows	<u>427,549</u>	<u>19,943</u>	<u>447,492</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.

For amount due from brokers, the settlement terms are governed by the relevant rules and regulations as prescribed by respective stock exchange.

The credit/default risk is minimal as all transactions in quoted securities are settled/paid upon delivery using approved brokers. The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC Guidelines on Unit Trust Funds.

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

	<b>Cash and cash equivalents</b>	<b>Dividends receivable</b>	<b>Amount due from brokers</b>	<b>Amount due from Manager</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>2018</b>					
Banking and Insurance -AA1	1,988,521	-	-	-	1,988,521
Consumer Discretionary -NR	-	49,948	-	-	49,948
Financial -NR	-	133,181	-	-	133,181
Industrial -NR	-	41,150	-	-	41,150
Information Technology -NR	-	28,689	-	-	28,689
Material -NR	-	67,740	-	-	67,740
Telecommunication Services -NR	-	41,506	-	-	41,506
Utilities -NR	-	23,477	-	-	23,477
Other -NR	-	-	6,393	1,460,936	1,467,329
	<b>1,988,521</b>	<b>385,691</b>	<b>6,393</b>	<b>1,460,936</b>	<b>3,841,541</b>

	Cash and cash equivalents	Dividends receivable	Amount due from Manager	Total
	RM	RM	RM	RM
<u>2017</u>				
Banking and Insurance -AA1	1,620,316	-	-	1,620,316
Consumer Discretionary -NR	-	67,261	-	67,261
Financial -NR	-	106,542	-	106,542
Industrial -NR	-	53,371	-	53,371
Information Technology -NR	-	40,881	-	40,881
Material -NR	-	7,113	-	7,113
Real Estate -NR	-	26,573	-	26,573
Telecommunication -NR	-	21,284	-	21,284
Utilities -NR	-	21,774	-	21,774
Other -NR	-	-	522,748	522,748
	<u>1,620,316</u>	<u>344,799</u>	<u>522,748</u>	<u>2,487,863</u>

### **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 do not comply to the rules set out in the Fund's constitution or the law that governs the Fund or applicable internal control procedures, or act fraudulently or dishonestly.

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

### **Capital risk**

The capital of the Fund is represented by equity consisting of unit holders' capital of RM59,277,385 (2017: RM65,546,387) and retained earnings of RM13,760,513 (2017: RM13,213,377). 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 year end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is representative of the fair value.

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

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

### **Fair value hierarchy**

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

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

Assessing the significance of a particular input to the fair value measurement in its entirety requires 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>2018</u>				
Financial assets at fair value through profit or loss:				
Quoted securities	72,293,790	-	-	72,293,790
<u>2017</u>				
Financial assets at fair value through profit or loss:				
Quoted securities	76,718,490	-	-	76,718,490

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1. 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, amount due from brokers, dividends receivable and all liabilities are a reasonable approximation of their fair values due to their short term nature.

### 3. MANAGEMENT FEE

In accordance with the Deeds, 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 year.

For the financial year ended 31 March 2018, the management fee is recognised at a rate of 1.50% (2017: 1.50%) 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 Deeds, 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 year subject to a minimum fee of RM18,000 per annum.

For the financial year ended 31 March 2018, the Trustee fee is recognised at a rate of 0.07% (2017: 0.07%) per annum on the net asset value of the Fund 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

	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Tax charged for the financial year:		
Current taxation - foreign	206,273	141,050



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

	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Profit before taxation	753,409	18,147,628
Tax at Malaysian statutory rate of 24% (2017: 24%)	180,818	4,355,431
Tax effects of:		
Investment income exempt from tax	(634,992)	(4,711,633)
Expenses not deductible for tax purposes	121,057	132,386
Restriction on the tax deductible expenses for Unit Trust Funds	333,117	223,816
Foreign income subject to different tax rate	206,273	141,050
Taxation	206,273	141,050

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

	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Designated at fair value through profit or loss:		
Quoted securities	72,293,790	76,718,490
Net gain on financial assets at fair value through profit or loss:		
Realised gain on disposals	6,940,115	449,111
Change in unrealised fair value (loss)/gain	(6,664,554)	17,129,459
	275,561	17,578,570

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2018	Percentage of net asset value of the Fund
	Units	RM	RM	%
<b>Local</b>				
<b>Malaysia Securities</b>				
<u>Consumer Discretionary</u>				
Genting Malaysia Berhad	162,200	771,051	794,780	1.09
<u>Financial</u>				
CIMB Group Holdings Berhad	156,268	900,541	1,123,567	1.54
<b>Total Malaysia Securities</b>	<b>318,468</b>	<b>1,671,592</b>	<b>1,918,347</b>	<b>2.63</b>
<b>Foreign</b>				
<b>Australia Securities</b>				
<u>Consumer Discretionary</u>				
Nine Entertainment Co Holdings Ltd	58,076	284,898	391,529	0.54
<u>Energy</u>				
Origin Energy Ltd	19,445	520,407	502,422	0.69
Whitehaven Coal Limited	109,294	1,093,781	1,444,436	1.98
Woodside Petroleum Ltd	11,543	1,184,274	1,002,393	1.37
	140,282	2,798,462	2,949,251	4.04

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2018	Percentage of net asset value of the Fund
	Units	RM	RM	%
<b>Foreign</b> (continued)				
<b>Australia Securities</b> (continued)				
<u>Financial</u>				
Australia and New Zealand Banking Group Limited	25,131	2,141,284	2,004,738	2.74
National Australia Bank Limited	13,523	1,296,455	1,144,214	1.57
QBE Insurance Group Limited	33,183	1,172,165	949,038	1.30
	<u>71,837</u>	<u>4,609,904</u>	<u>4,097,990</u>	<u>5.61</u>
<u>Industrial</u>				
Qantas Airways Ltd	73,164	1,036,301	1,266,799	1.73
<u>Material</u>				
BHP Billiton Ltd	20,885	1,893,237	1,749,764	2.40
<u>Telecommunication Services</u>				
Telstra Corporation Limited	26,570	357,061	247,778	0.34
<b>Total Australia Securities</b>	<b><u>390,814</u></b>	<b><u>10,979,863</u></b>	<b><u>10,703,111</u></b>	<b><u>14.66</u></b>

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2018	Percentage of net asset value of the Fund
	Units	RM	RM	%
<b>Foreign</b> (continued)				
<b>Hong Kong Securities</b>				
<u>Consumer Discretionary</u>				
Dongfeng Motor Group Company Limited	142,000	716,025	637,032	0.87
Parkson Retail Group Limited	440,500	608,854	197,397	0.27
	<u>582,500</u>	<u>1,324,879</u>	<u>834,429</u>	<u>1.14</u>
<u>Consumer Staple</u>				
Hengan International Group Co Ltd	13,500	536,241	483,306	0.66
Tingyi (Cayman Islands) Holding Corp.	148,000	819,366	1,186,507	1.62
	<u>161,500</u>	<u>1,355,607</u>	<u>1,669,813</u>	<u>2.28</u>
<u>Energy</u>				
Cnooc Limited	73,000	411,646	415,561	0.57
Kunlun Energy Company Limited	240,000	921,508	800,118	1.10
	<u>313,000</u>	<u>1,333,154</u>	<u>1,215,679</u>	<u>1.67</u>

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2018	Percentage of net asset value of the Fund
	Units	RM	RM	%
<b>Foreign</b> (continued)				
<b>Hong Kong Securities</b> (continued)				
<u>Financial</u>				
Bank of China Limited	660,400	1,187,368	1,372,378	1.88
BOC Hong Kong (Holdings) Limited	31,000	502,253	583,149	0.80
China Construction Bank Corporation	889,000	2,877,531	3,528,507	4.83
China Merchants Bank Co., Ltd.	124,719	1,300,555	1,974,549	2.70
China Overseas Land & Investment Limited	100,000	1,310,129	1,341,902	1.84
Guangzhou R&F Properties Company Limited	65,200	513,196	628,658	0.86
PICC Property and Casualty Company Limited	148,000	1,188,116	1,001,389	1.37
Sino Land Company Limited	79,001	476,184	494,072	0.68
Standard Chartered Plc	33,986	1,547,314	1,322,989	1.81
Sun Hung Kai Properties Limited	24,300	1,315,923	1,483,823	2.03
The Wharf (Holdings) Limited	23,000	593,540	305,240	0.42
Wharf Real Estate Investment Company Limited	20,000	36,195	503,275	0.69
	<b>2,198,606</b>	<b>12,848,304</b>	<b>14,539,931</b>	<b>19.91</b>

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2018	Percentage of net asset value of the Fund
	Units	RM	RM	%
<b>Foreign</b> (continued)				
<b>Hong Kong Securities</b> (continued)				
<u>Industrial</u>				
China Merchants Holdings (International) Co. Ltd.	131,569	1,554,145	1,120,866	1.53
CK Hutchison Holdings Limited	27,500	1,400,849	1,271,606	1.74
	159,069	2,954,994	2,392,472	3.27
<u>Information Technology</u>				
FIH Mobile Limited	562,000	746,426	470,478	0.64
Tencent Holdings Limited	17,300	2,019,524	3,489,477	4.78
	579,300	2,765,950	3,959,955	5.42
<u>Material</u>				
China Resources Cement Holdings Ltd	222,000	416,541	741,203	1.01
<b>Total Hong Kong Securities</b>	<b>4,215,975</b>	<b>22,999,429</b>	<b>25,353,482</b>	<b>34.70</b>

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2018	Percentage of net asset value of the Fund
	Units	RM	RM	%
<b>Foreign</b> (continued)				
<b>Indonesia Securities</b>				
<u>Consumer Staple</u>				
PT Salim Ivomas Pratama Tbk	2,313,300	595,664	386,084	0.53
<u>Financial</u>				
PT Bank Negara Indonesia (Persero) Tbk	569,400	998,649	1,385,542	1.90
<b>Total Indonesia Securities</b>	<b>2,882,700</b>	<b>1,594,313</b>	<b>1,771,626</b>	<b>2.43</b>

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2018	Percentage of net asset value of the Fund
	Units	RM	RM	%
<b>Foreign</b> (continued)				
<b>India Securities</b>				
<u>Financial</u>				
Axis Bank Limited	23,521	710,026	712,115	0.97
Indiabulls Housing Finance Limited	14,790	839,591	1,085,236	1.49
Rural Electrification Corporation Limited	56,418	504,722	417,237	0.57
	<b>94,729</b>	<b>2,054,339</b>	<b>2,214,588</b>	<b>3.03</b>
<u>Industrial</u>				
Infosys Limited	28,345	1,738,436	1,902,588	2.60
<b>Total India Securities</b>	<b>123,074</b>	<b>3,792,775</b>	<b>4,117,176</b>	<b>5.63</b>
<b>Republic of Korea Securities</b>				
<u>Consumer Discretionary</u>				
Hyundai Motor Company Ltd	3,686	2,134,559	1,921,643	2.63
<u>Financial</u>				
Hana Financial Group Ltd	7,241	949,697	1,203,525	1.65
<u>Industrial</u>				
LG Corporation	3,676	918,688	1,149,858	1.57



Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2018	Percentage of net asset value of the Fund
	Units	RM	RM	%
<b>Foreign</b> (continued)				
<b>Republic of Korea</b>				
<b>Securities</b> (continued)				
<u>Information Technology</u>				
LG Display Co., Ltd	6,748	755,751	641,080	0.88
Samsung Electronics Co Ltd	381	2,647,027	3,406,450	4.66
	7,129	3,402,778	4,047,530	5.54
<u>Material</u>				
Hyundai Steel Company	5,323	1,127,265	986,261	1.35
<u>Telecommunication</u>				
<u>Services</u>				
KT Corporation	8,273	905,676	828,038	1.13
<u>Utilities</u>				
Korea Electric Power Corporation	8,209	1,393,579	979,695	1.34
<b>Total Republic of Korea Securities</b>	<b>43,537</b>	<b>10,832,242</b>	<b>11,116,550</b>	<b>15.21</b>

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2018	Percentage of net asset value of the Fund
	Units	RM	RM	%
<b>Foreign</b> (continued)				
<b>Singapore Securities</b>				
<u>Financial</u>				
DBS Group Holdings Ltd	14,777	814,205	1,197,362	1.64
Oversea-Chinese Banking Corporation Limited	50,800	1,749,172	1,918,926	2.63
	<u>65,577</u>	<u>2,563,377</u>	<u>3,116,288</u>	<u>4.27</u>
<u>Industrial</u>				
Noble Group Limited	176,501	1,343,618	40,565	0.06
<b>Total Singapore Securities</b>	<b><u>242,078</u></b>	<b><u>3,906,995</u></b>	<b><u>3,156,853</u></b>	<b><u>4.33</u></b>

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2018	Percentage of net asset value of the Fund
	Units	RM	RM	%
<b>Foreign</b> (continued)				
<b>Taiwan Securities</b>				
<u>Financial</u>				
CTBC Financial Holding Co Limited	365,000	989,018	1,026,345	1.41
<u>Information Technology</u>				
Catcher Technology Co Ltd	29,000	1,111,652	1,365,498	1.87
Hon Hai Precision Industry Co Ltd	86,198	823,784	1,044,980	1.43
Taiwan Semiconductor Manufacturing Co Limited	132,000	2,719,728	4,306,989	5.90
United Microelectronics Corp.	601,000	1,233,732	1,227,608	1.68
	848,198	5,888,896	7,945,075	10.88
<b>Total Taiwan Securities</b>	<b>1,213,198</b>	<b>6,877,914</b>	<b>8,971,420</b>	<b>12.29</b>

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2018	Percentage of net asset value of the Fund
	Units	RM	RM	%
<b>Foreign</b> (continued)				
<b>Thailand Security</b>				
<u>Financial</u>				
Kasikornbank Public Company Ltd	43,600	1,056,023	1,144,142	1.57
<b>Total Thailand Security</b>	<b>43,600</b>	<b>1,056,023</b>	<b>1,144,142</b>	<b>1.57</b>
<b>Bermuda Security (Listed in United States)</b>				
<u>Industrial</u>				
Jardine Matheson Holdings Limited	3,181	741,389	757,003	1.04
<b>Total Bermuda Security (Listed in United States)</b>	<b>3,181</b>	<b>741,389</b>	<b>757,003</b>	<b>1.04</b>

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2018	Percentage of net asset value of the Fund
	Units	RM	RM	%
<b>Foreign</b> (continued)				
<b>China Securities</b> (Listed in United States)				
<u>Information Technology</u>				
Alibaba Group Holding Limited	800	600,469	567,065	0.78
Baidu, Inc.	2,255	1,835,801	1,943,719	2.66
	<u>3,055</u>	<u>2,436,270</u>	<u>2,510,784</u>	<u>3.44</u>
<u>Industrial</u>				
Hollysys Automation Technologies Ltd.	8,100	703,885	773,296	1.06
<b>Total China Securities</b> (Listed in United States)	<b>11,155</b>	<b>3,140,155</b>	<b>3,284,080</b>	<b>4.50</b>
<b>Total Foreign Securities</b>	<b>9,169,312</b>	<b>65,921,098</b>	<b>70,375,443</b>	<b>96.36</b>
<b>TOTAL QUOTED SECURITIES</b>	<b>9,487,780</b>	<b>67,592,690</b>	<b>72,293,790</b>	<b>98.99</b>
<b>ACCUMULATED UNREALISED GAIN OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>4,701,100</u>		
<b>FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b>72,293,790</b>		

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2017	Percentage of net asset value of the Fund
	Units	RM	RM	%
<b>Local</b>				
<b>Malaysia Securities</b>				
<u>Consumer Discretionary</u>				
Genting Malaysia Berhad	148,700	656,997	810,415	1.03
<u>Financial</u>				
CIMB Group Holdings Berhad	157,888	880,746	879,436	1.12
<b>Total Malaysia Securities</b>	<b>306,588</b>	<b>1,537,743</b>	<b>1,689,851</b>	<b>2.15</b>
<b>Foreign</b>				
<b>Australia Securities</b>				
<u>Consumer Discretionary</u>				
Nine Entertainment Co Holdings Limited	224,022	1,104,574	948,170	1.20
<u>Energy</u>				
Origin Energy Limited	27,489	739,523	653,582	0.83
Whitehaven Coal Limited	131,318	1,209,393	1,324,181	1.68
Woodside Petroleum Limited	9,212	1,024,360	996,644	1.27
	168,019	2,973,276	2,974,407	3.78

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2017	Percentage of net asset value of the Fund
	Units	RM	RM	%
<b>Foreign</b> (continued)				
<b>Australia Securities</b> (continued)				
<u>Financial</u>				
Australia and New Zealand Banking Group Limited	28,247	2,316,603	3,031,269	3.85
National Australia Bank Limited	17,923	1,716,117	2,015,247	2.56
QBE Insurance Group Limited	34,470	1,221,051	1,498,463	1.90
Stockland Corporation Limited	33,681	450,051	527,054	0.67
Westfield Corporation Limited	17,840	525,324	534,269	0.68
	<u>132,161</u>	<u>6,229,146</u>	<u>7,606,302</u>	<u>9.66</u>
<u>Industrial</u>				
Qantas Airways Limited	103,655	899,924	1,359,853	1.73
<u>Material</u>				
BHP Billiton Limited	21,696	1,993,761	1,759,001	2.23
<b>Total Australia Securities</b>	<b>649,553</b>	<b>13,200,681</b>	<b>14,647,733</b>	<b>18.60</b>

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2017	Percentage of net asset value of the Fund
	Units	RM	RM	%
<b>Foreign</b> (continued)				
<b>Hong Kong Securities</b>				
<u>Consumer Discretionary</u>				
Dongfeng Motor Group Company Limited	212,000	1,048,313	1,054,504	1.34
Parkson Retail Group Limited	474,000	781,425	261,968	0.33
Sands China Limited	27,200	467,349	557,917	0.71
	713,200	2,297,087	1,874,389	2.38
<u>Consumer Staple</u>				
Tingyi (Cayman Islands) Holding Corporation	134,000	666,755	745,166	0.95
<u>Energy</u>				
Kunlun Energy Company Limited	180,000	694,317	738,419	0.94
<u>Financial</u>				
Bank of China Limited	691,400	1,167,634	1,520,599	1.93
BOC Hong Kong (Holdings) Limited	33,000	485,213	596,975	0.76
China Construction Bank Corporation	892,000	2,686,782	3,176,457	4.03
China Overseas Land & Investment Limited	72,000	942,394	910,717	1.16
Sino Land Co Limited	83,001	460,092	644,108	0.82
Standard Chartered Plc	35,336	1,666,506	1,494,899	1.90
Sun Hung Kai Properties Limited	26,300	1,290,551	1,711,276	2.17
The Wharf (Holdings) Limited	23,000	614,872	874,081	1.11
	1,856,037	9,314,044	10,929,112	13.88



Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2017	Percentage of net asset value of the Fund
	Units	RM	RM	%
<b>Foreign</b> (continued)				
<b>Hong Kong Securities</b> (continued)				
<u>Industrial</u>				
China Merchants Holdings (International) Co., Limited	83,519	983,476	1,082,592	1.37
CK Hutchison Holdings Limited	23,000	1,140,624	1,252,806	1.59
	<u>106,519</u>	<u>2,124,100</u>	<u>2,335,398</u>	<u>2.96</u>
<u>Material</u>				
China Resources Cement Holdings Limited	228,000	357,420	565,096	0.72
<u>Telecommunication Services</u>				
China Mobile Limited	34,000	1,601,525	1,647,598	2.09
<b>Total Hong Kong Securities</b>	<b><u>3,251,756</u></b>	<b><u>17,055,248</u></b>	<b><u>18,835,178</u></b>	<b><u>23.92</u></b>

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2017	Percentage of net asset value of the Fund
	Units	RM	RM	%
<b>Foreign</b> (continued)				
<b>Indonesia Securities</b>				
<u>Consumer Staple</u>				
PT Salim Ivomas Pratama TBK	2,435,900	717,364	505,297	0.64
<u>Financial</u>				
Bank Negara Indonesia Persero TBK PT	597,800	879,594	1,284,704	1.63
<u>Utilities</u>				
PT Perusahaan Gas Negara Persero TBK	822,600	680,325	690,743	0.88
<b>Total Indonesia Securities</b>	<b>3,856,300</b>	<b>2,277,283</b>	<b>2,480,744</b>	<b>3.15</b>

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2017	Percentage of net asset value of the Fund
	Units	RM	RM	%
<b>Foreign</b> (continued)				
<b>India Securities</b>				
<u>Energy</u>				
Reliance Industries Limited	11,347	727,019	1,021,944	1.30
<u>Financial</u>				
Axis Bank Limited	15,144	436,839	506,782	0.64
Indiabulls Housing Finance Limited	19,151	925,820	1,302,835	1.65
Rural Electrification Corporation Limited	134,327	1,124,804	1,657,746	2.10
	168,622	2,487,463	3,467,363	4.39
<u>Industrial</u>				
Infosys Technologies Ltd	26,924	1,611,333	1,876,605	2.38
<b>Total India Securities</b>	<b>206,893</b>	<b>4,825,815</b>	<b>6,365,912</b>	<b>8.07</b>

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2017	Percentage of net asset value of the Fund
	Units	RM	RM	%
<b>Foreign</b> (continued)				
<b>Republic of Korea Securities</b>				
<u>Consumer Discretionary</u>				
Hyundai Motor Corporation	3,747	2,155,262	2,332,637	2.96
<u>Financial</u>				
Hana Financial Group Incorporation	7,602	856,275	1,110,261	1.41
<u>Industrial</u>				
LG Corporation	3,816	840,088	1,058,835	1.34
<u>Information Technology</u>				
Samsung Electronics Co Limited – PFD	136	361,591	861,698	1.09
Samsung Electronics Co Limited	310	1,531,913	2,524,130	3.20
	446	1,893,504	3,385,828	4.29
<u>Material</u>				
Hyundai Steel Company	3,797	784,352	877,969	1.11
<u>Telecommunication</u>				
KT Corporation	9,391	1,026,628	1,184,092	1.50
<u>Utilities</u>				
Korea Electric Power Corporation	6,236	1,124,322	1,144,919	1.45
<b>Total Republic of Korea Securities</b>	<b>35,035</b>	<b>8,680,431</b>	<b>11,094,541</b>	<b>14.06</b>

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2017	Percentage of net asset value of the Fund
	Units	RM	RM	%
<b>Foreign</b> (continued)				
<b>Singapore Securities</b>				
<u>Financial</u>				
Capitaland Limited	58,100	471,775	667,487	0.85
DBS Group Holdings Limited	25,896	1,242,693	1,589,990	2.02
Oversea-Chinese Banking Corporation Limited	26,200	755,676	805,986	1.02
	110,196	2,470,144	3,063,463	3.89
<u>Industrial</u>				
Noble Group Limited	1,998,148	2,533,193	1,226,844	1.56
<b>Total Singapore Securities</b>	<b>2,108,344</b>	<b>5,003,337</b>	<b>4,290,307</b>	<b>5.45</b>

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2017	Percentage of net asset value of the Fund
	Units	RM	RM	%
<b>Foreign</b> (continued)				
<b>Thailand Security</b>				
<u>Financial</u>				
Kasikornbank Public Company Limited	31,000	623,318	754,422	0.96
<b>Total Thailand Security</b>	<b>31,000</b>	<b>623,318</b>	<b>754,422</b>	<b>0.96</b>
<b>Taiwan Securities</b>				
<u>Information Technology</u>				
Asustek Computer Inc	8,000	347,077	348,984	0.44
Catcher Technology Co Ltd	42,000	1,381,326	1,832,166	2.33
Compal Electronics Inc	107,000	287,626	308,066	0.39
Hon Hai Precision Industry Co Ltd	148,198	1,199,711	1,961,002	2.49
Taiwan Semiconductor Manufacturing Co Ltd	144,000	2,221,271	3,957,479	5.02
<b>Total Taiwan Securities</b>	<b>449,198</b>	<b>5,437,011</b>	<b>8,407,697</b>	<b>10.67</b>

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2017	Percentage of net asset value of the Fund
	Units	RM	RM	%
<b>Foreign</b> (continued)				
<b>China Securities (Listed in United States)</b>				
<u>Consumer Discretionary</u>				
Vishop Holdings Limited	5,800	335,815	342,216	0.43
<u>Industrial</u>				
Hollysys Automation Technologies Ltd	6,400	544,302	479,241	0.61
<u>Technology</u>				
Baidu Inc	2,455	1,807,563	1,873,302	2.38
<b>Total China Securities (Listed in United States)</b>	<b>14,655</b>	<b>2,687,680</b>	<b>2,694,759</b>	<b>3.42</b>

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2017	Percentage of net asset value of the Fund
	Units	RM	RM	%
<b>Foreign</b> (continued)				
<b>China Securities</b> <b>(Listed in Hong Kong)</b>				
<u>Financial</u>				
China Merchants Bank Co Limited	152,219	1,263,794	1,782,292	2.26
Guangzhou R&F Properties Co Limited	800	5,535	5,534	0.01
	<u>153,019</u>	<u>1,269,329</u>	<u>1,787,826</u>	<u>2.27</u>
<u>Consumer Staple</u>				
Hengan International Group Company Limited	14,500	586,299	477,523	0.61
<u>Technology</u>				
Tencent Holdings Limited	17,800	1,457,686	2,259,609	2.87
<b>Total China Securities</b> <b>(Listed in Hong Kong)</b>	<b>185,319</b>	<b>3,313,314</b>	<b>4,524,958</b>	<b>5.75</b>



Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2017	Percentage of net asset value of the Fund
	Units	RM	RM	%
<b>Foreign</b> (continued)				
<b>Bermuda Security (Listed in United States)</b>				
<u>Financial</u>				
Jardine Matheson Holdings Limited	3,281	710,981	932,388	1.18
<b>Total Bermuda Security (Listed in United States)</b>	<b>3,281</b>	<b>710,981</b>	<b>932,388</b>	<b>1.18</b>
<b>Total Foreign Securities</b>	<b>10,791,334</b>	<b>63,815,099</b>	<b>75,028,639</b>	<b>95.23</b>
<b>TOTAL QUOTED SECURITIES</b>	<b>11,097,922</b>	<b>65,352,842</b>	<b>76,718,490</b>	<b>97.38</b>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		11,365,648		
<b>FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b>76,718,490</b>		

## 7. CASH AND CASH EQUIVALENTS

	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Bank balances	1,988,521	1,620,316

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

	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
AUD	30,815	76,928
HKD	4,771	19,863
IDR	27,555	-
INR	117,005	505,336
MYR	50,494	19,315
NZD	82	91
SGD	22,543	-
THB	13,918	-
TWD	216,734	364,716
USD	1,504,604	634,067
	<u>1,988,521</u>	<u>1,620,316</u>

## 8. UNITS IN CIRCULATION

	<b>2018</b>	<b>2017</b>
	<b>No. of units</b>	<b>No. of units</b>
At the beginning of the financial year	105,966,338	103,149,947
Creation of units arising from applications during the financial year	82,780,122	39,628,224
Cancellation of units during the financial year	<u>(90,649,874)</u>	<u>(36,811,833)</u>
At the end of the financial year	<u>98,096,586</u>	<u>105,966,338</u>

## 9. TRANSACTIONS WITH BROKERS

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

Name of brokers	Value	Percentage	Brokerage fees	Percentage
	of trades	of total trades		of total brokerage fees
	RM	%	RM	%
<u>2018</u>				
Macquarie Bank Limited	22,115,424	23.42	18,123	19.75
Deutsche Bank Limited	15,730,587	16.66	12,219	13.32
Merrill Lynch Int Ltd	12,586,873	13.33	9,432	10.28
Citigroup Global Markets Inc	9,964,851	10.55	13,327	14.53
UBS Securities Limited	5,245,092	5.56	7,745	8.44
Credit Suisse Limited	4,685,625	4.96	6,805	7.42
J.P. Morgan Securities, Inc.	4,128,485	4.37	4,384	4.78
Instinet Limited	4,092,720	4.34	2,018	2.20
CLSA Securities Limited	3,955,157	4.19	4,014	4.38
Morgan Stanley And Co	2,729,328	2.89	4,450	4.85
Others	9,176,173	9.73	9,225	10.05
	<u>94,410,315</u>	<u>100.00</u>	<u>91,742</u>	<u>100.00</u>

Name of brokers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>2017</u>				
CLSA Limited Group	16,698,916	26.06	25,169	16.71
Citigroup Global Markets Group	7,317,673	11.42	21,783	14.46
Merrill Lynch Ltd Group	6,635,537	10.36	16,787	11.14
UBS Securities Group	6,004,261	9.37	16,766	11.13
Morgan Stanley Ltd Group	4,401,714	6.87	11,222	7.45
Macquarie Equities Ltd Group	4,024,690	6.28	8,155	5.41
Credit Suisse Equities Ltd Group	3,641,202	5.68	10,618	7.05
Goldman Sachs & Co Group	2,924,210	4.56	7,663	5.09
JP Morgan Securities Group	2,736,712	4.27	8,092	5.37
Deutsche Bank Limited	1,752,925	2.74	4,925	3.27
Others	7,935,406	12.39	19,451	12.92
	<u>64,073,246</u>	<u>100.00</u>	<u>150,631</u>	<u>100.00</u>

All brokers highlighted above are not related to the Manager.

**10. MANAGEMENT EXPENSE RATIO (“MER”)**

	<b>2018</b>	<b>2017</b>
	%	%
MER	1.98	2.29

MER is derived from the following calculation:

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

A = Management fee

B = Trustee fee

C = Audit fee

D = Tax agent fee

E = Other expenses (inclusive of GST charges)

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

The average net asset value of the Fund for the financial year calculated on a daily basis is RM86,516,793 (2017: RM58,149,441).

**11. PORTFOLIO TURNOVER RATIO (“PTR”)**

	<b>2018</b>	<b>2017</b>
PTR (times)	0.55	0.55

PTR is derived from the following calculation:

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

where:

total acquisitions for the financial year = RM44,855,027 (2017: RM33,590,720)

total disposals for the financial year = RM49,555,288 (2017: RM30,482,529)

## 12. 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			
	2018		2017	
	No. of units	RM	No. of units	RM
Eastspring Investments Berhad	1,000	745	1,000	743

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.

## 13. SEGMENTAL INFORMATION

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

The reportable operating segments derive their income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within each portfolio. These returns consist of dividend income earned from investments, 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 year.

#### **14. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements have been approved for issue by the Manager on 16 May 2018.

# CORPORATE DIRECTORY

## **THE MANAGER**

NAME

EASTSPRING INVESTMENTS BERHAD

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531241-U

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## **TRUSTEE**

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603-2053 7526

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