

# EASTSPRING INVESTMENTS MY FOCUS FUND

## INTERIM REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD  
ENDED 30 JUNE 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 30 June 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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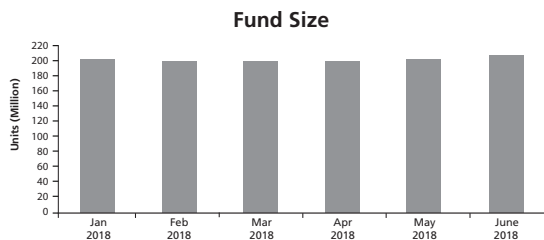
## FUND INFORMATION

<b>Name of Fund</b>	Eastspring Investments MY Focus Fund (the “Fund”)
<b>Fund Category/ Type</b>	Equity/growth
<b>Fund Objective</b>	<p>The Fund seeks to provide investors with capital appreciation in the medium to long-term with an opportunity for income* if any.</p> <p><b>Note: The Fund’s focus is on growth.</b></p> <p><b>ANY MATERIAL CHANGES TO THE FUND’S OBJECTIVE WOULD REQUIRE UNIT HOLDERS’ APPROVAL.</b></p> <p>* Income distributed to a Unit Holder will be reinvested into additional Units unless Unit Holder opts for the distribution to be paid out.</p>
<b>Performance Benchmark</b>	<p>The performance benchmark of the Fund is FTSE Bursa Malaysia KLCI Index (“FBMKLCI”).</p> <p><b>Source:</b> <a href="http://www.bursamalaysia.com">www.bursamalaysia.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 30 June 2018, the size of Eastspring Investments MY Focus Fund stood at 208.050 million units.



### Breakdown of Unit Holdings

Unit Holdings	No. of Unit Holders	%	No of Units* ('000)	%
5,000 units and below	3,224	32.70	8,663	4.16
5,001 to 10,000 units	2,361	23.95	17,413	8.37
10,001 to 50,000 units	3,614	36.67	78,645	37.81
50,001 to 500,000 units	637	6.46	61,563	29.59
500,001 units and above	22	0.22	41,765	20.07
<b>Total</b>	<b>9,858</b>	<b>100.00</b>	<b>208,049</b>	<b>100.00</b>

\* excludes units held by the Manager.

## KEY PERFORMANCE DATA

FOR THE FINANCIAL PERIOD ENDED

Category	30.6.2018	30.6.2017	30.6.2016
	(%)	(%)	(%)
<b>Quoted Securities</b>			
Construction	7.74	11.47	4.42
Consumer	4.31	5.15	8.76
Consumer Product	-	1.20	2.67
Finance	30.24	3.87	2.74
Health Care	2.13	6.47	-
Industrial Product	8.16	6.02	17.57
Infrastructure Project Company	1.51	-	-
Manufacturing	0.94	6.09	7.63
Plantation	-	1.16	-
Power/Utilities	-	1.30	3.38
Properties	2.94	7.23	12.38
REITS	0.96	1.37	-
Technology	30.69	2.27	3.39
Trading/Services	-	23.41	8.07
Transportation	-	1.52	1.60
	89.62	78.53	72.61
Cash and other assets	10.38	21.47	27.39
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

## KEY PERFORMANCE DATA (CONTINUED)

Category	30.6.2018	30.6.2017	30.6.2016
Net Asset Value (NAV) (RM'000)	216,407	173,410	116,697
Units In Circulation (Units '000)	208,050	162,558	125,168
Net Asset Value Per Unit (RM)	1.0402	1.0668	0.9323
Highest Net Asset Value Per Unit (RM)	1.1079	1.0831	0.9381
Lowest Net Asset Value Per Unit (RM)	1.0290	0.8984	0.8635
Total Return (%)			
- Capital Growth	(4.11)	19.38	2.39
- Income Distribution	-	-	-
Total Return (%)	(4.11)	19.38	2.39
Gross Distribution Per Unit (RM)	-	-	-
Net Distribution Per Unit (RM)	-	-	-
Management Expense Ratio (MER) (%)*	0.83	0.85	0.84
Portfolio Turnover Ratio (PTR) (times)^	0.94	0.40	0.42

\* There were no significant changes to the MER during the period under review.

^ The higher PTR during the period under review was due to volatilities associated with the 14<sup>th</sup> General Election.

## KEY PERFORMANCE DATA (CONTINUED)

	1 year 1.7.2017 to 30.6.2018	3 years 1.7.2015 to 30.6.2018	5 years 1.7.2013 to 30.6.2018
	(%)	(%)	(%)

Average total return	(2.49)	6.14	11.95
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Year ended	1.1.2017 to 31.12.2017	1.1.2016 to 31.12.2016	1.1.2015 to 31.12.2015	1.1.2014 to 31.12.2014	1.1.2013 to 31.12.2013
	(%)	(%)	(%)	(%)	(%)

Annual total return	21.40	(1.86)	11.50	12.89	45.36
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**Source:** The above total return of the Fund was sourced from Lipper for Investment Management.

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

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

$\text{NAV}_t$  = NAV at the end of the period

$\text{NAV}_0$  = 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.**



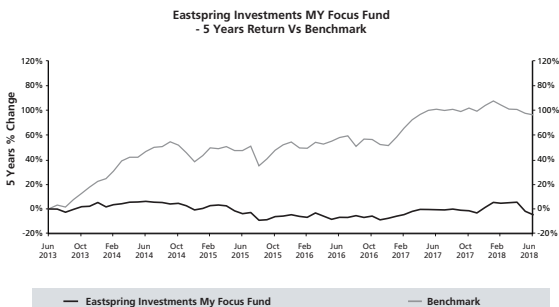
## MANAGER'S REPORT

### Fund Performance

Over the 5-year period, the Fund recorded a return of 75.87%, outperforming the benchmark return of -4.63% by 80.50%.

For the period under review, the Fund recorded a return of -4.11%, outperforming the benchmark return of -5.86% by 1.75%.

The outperformance was mainly due to good stock selection. The Fund achieved its objective to provide investors with capital appreciation in the medium to long-term period.



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

**Benchmark:** FTSE Bursa Malaysia KLCI Index ("FBMKLCI")

**Source:** Lipper for Investment Management and [www.bursamalaysia.com](http://www.bursamalaysia.com), as at 30 June 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 period ended 30 June 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	(4.11)	(4.11)	(5.86)

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

### Distribution/ Unit Split

No distribution or unit split were declared for the financial period ended 30 June 2018.

### Investment Strategy During The Period Under Review

The Fund maintained high cash buffer during the period under review due to rising concerns of trade war between US and China and ahead of the 14<sup>th</sup> General Election in May. We rotated out of small caps into larger cap stocks as investor risk appetite waned. The Fund's exposure into the glove sector and underweight in telecommunication stocks contributed to the outperformance. Our exposure into the construction and building material sectors mitigated the outperformance.

## MANAGER'S REPORT (CONTINUED)

### Asset Allocation

Asset Allocation	30-Jun 2018 (%)	31-Dec 2017 (%)	Changes (%)
Quoted securities	89.62	79.56	10.06
Cash and other assets	10.38	20.44	(10.06)

### Asset Allocation as at 30 June 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

As with the beginning of each New Year, 1Q2018 saw a good start for global markets and Malaysia, driven by improving economic prospect and positive investor sentiment despite the distraction of a three-day United States (“US”) government shutdown. Expectation of the ringgit to remain strong and continue to appreciate, amidst an environment of higher oil prices, Bank Negara Malaysia (“BNM”) hiking Overnight Policy Rate (“OPR”) by 25 basis points (“bps”), and inflow of foreign funds into Malaysia. However this rally was short lived as come February global markets corrected sharply, ironically spooked by the stronger job and wage data in the US, stoking fears of higher than expected inflation which may result in the US Federal Reserve being more hawkish, triggering a sell-off in the US bond market. The Malaysian equity market corrected as foreign investors reduced their exposure in Malaysia with Rm1.2bn net outflow in February. Global market correction continued in the third month of the 1Q2018 as investors sold down US stocks on concerns regarding global growth given US President Trump’s escalating protectionist stance. US imposed tariffs on steel and aluminum imports from China, Canada and the European Union (“EU”), resulting retaliating measures from the affected countries. Malaysian equity markets similarly was volatile in tandem with global markets, given the openness of the Malaysian economy. However, the Malaysian ringgit during the period managed to maintain its strength against the USD, appreciating 3.02% quarter on quarter (“q-o-q”), supported by firmer oil prices.

2Q2018 has been another volatile period for investors, concerned by a possible full-blown trade war between the US and China and the repercussions on other exporting nations. However higher oil prices that saw crude oil prices breach USD70/bbl, helped provide support for Malaysia’s ringgit and equity market, that saw the KLCI just one point shy of all-time highs that was hit in 2014. This rally was short lived as markets corrected over rising US treasury yields and the sell-off in technology stocks due to the weaker outlook guided by major handset component manufacturers and Facebook’s scandal of not protecting personal data properly. Middle of the quarter saw domestic investors surprised by the unexpected 14<sup>th</sup> General Elections outcome. After 61 years of Barisan Nasional rule, Malaysia voted in a new government under the coalition of Pakatan Harapan (“PH”). The first two weeks post GE14 saw the swearing in of the new Prime Minister, Tun Mahathir, and then the subsequent swearing in of 12 cabinet ministers. May was a month of change for Malaysia, as the new government worked quickly to meet expectations as proposed in their 100-Day manifesto, starting with the announcement to set GST at 0% effective 1 June 2018 from the current 6%, and to prepare to roll out Sales and Services Tax by 1 September 2018. Construction stocks were sold down on concerns that the mega rail projects would be delayed, terminated or reduce in value. Emerging Markets Asia performed poorly towards the end of the 2Q2018, as investors became more risk averse, faced with trade war concerns, hawkish US Fed statements, and weaker China economic data together with a weakening yuan. Malaysia experienced significant net selling bringing

6M2018 foreign net selling to RM6.8b. The ringgit depreciated 4.3% q-o-q, however, so has other emerging market currencies. During the month, the new Pakatan Harapan government announced the remaining cabinet line-up, a new Attorney General, and appointed a new BNM Governor.

The FBM KLCI closed the period under review at 1,691.5 points, declining 5.86%. In tandem with the FBM KLCI, the FBM Emas ("FBMEmas") Index closed the period under review down by 7.58% while the MSCI Asia Pacific ex-Japan Index declined by 5.36% in USD terms.<sup>1</sup>

## REBATES AND SOFT COMMISSIONS

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

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

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

# EASTSPRING INVESTMENTS MY FOCUS FUND

## UNAUDITED FINANCIAL STATEMENTS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 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 unaudited financial statements set out on pages 14 to 48 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 30 June 2018 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: 17 August 2018

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

We have acted as Trustee for Eastspring Investments MY Focus Fund (the "Fund") for the financial period ended 30 June 2018. 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.

**Wong Mun Loong**  
Manager, Trustee Operations

**Richard Lim Hock Seng**  
Chief Executive Officer

Kuala Lumpur  
Date: 17 August 2018



# UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIXTH MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2018

	Note	6-months financial period ended 30.6.2018	6-months financial period ended 30.6.2017
		RM	RM
<b>INVESTMENT (LOSS)/INCOME</b>			
Gross dividend income		3,738,181	1,117,706
Interest income from deposits with licensed financial institutions		660,868	450,604
Net (loss)/gain on financial assets at fair value through profit or loss	6	(10,622,839)	21,880,215
		<u>(6,223,790)</u>	<u>23,448,525</u>
<b>EXPENSES</b>			
Management fee	3	(1,619,053)	(1,014,008)
Trustee fee	4	(86,350)	(54,080)
Audit fee		(3,571)	(3,372)
Tax agent fee		(1,687)	(1,687)
Other expenses		(17,246)	(14,246)
Transaction costs		(1,171,813)	(326,033)
GST charges		(86,236)	(64,843)
		<u>(2,985,956)</u>	<u>(1,478,269)</u>
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		(9,209,746)	21,970,256
<b>TAXATION</b>	5	<u>(8,933)</u>	<u>(2,590)</u>
<b>(LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME</b>		<u>(9,218,679)</u>	<u>21,967,666</u>
(Loss)/profit after taxation is made up of the following:			
Realised amount		13,174,795	4,353,783
Unrealised amount		(22,393,474)	17,613,883
		<u>(9,218,679)</u>	<u>21,967,666</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 30 JUNE 2018

	Note	2018	2017
		RM	RM
<b>ASSETS</b>			
Cash and cash equivalents	7	25,952,183	35,914,455
Amount due from Manager		789,522	2,865,792
Amount due from brokers		2,518,069	1,318,888
Dividends receivable		1,079,242	144,101
Tax recoverable		2,167	2,167
Financial assets at fair value through profit or loss	6	193,910,175	136,177,289
<b>TOTAL ASSETS</b>		<u>224,251,358</u>	<u>176,422,692</u>
<b>LIABILITIES</b>			
Amount due to Manager		336,444	630,336
Amount due to brokers		7,200,159	2,126,590
Accrued management fee		269,614	208,602
Amount due to Trustee		14,379	11,126
Other payables and accruals		23,781	22,547
GST charges payable		-	13,184
<b>TOTAL LIABILITIES</b>		<u>7,844,377</u>	<u>3,012,385</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>216,406,981</u>	<u>173,410,307</u>
<b>EQUITY</b>			
Unit holders' capital		188,043,623	139,532,839
Retained earnings		28,363,358	33,877,468
<b>NET ASSET ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>216,406,981</u>	<u>173,410,307</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	8	<u>208,050,065</u>	<u>162,558,281</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>1.0402</u>	<u>1.0668</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 30 JUNE 2018

	Unit holders' capital	Retained earnings	Total
	RM	RM	RM
Balance as at 1 January 2018	181,020,711	37,582,037	218,602,748
Movement in unit holders' contribution:			
Creation of units from applications	26,865,127	-	26,865,127
Cancellation of units	(19,842,215)	-	(19,842,215)
Total comprehensive loss for the financial period	-	(9,218,679)	(9,218,679)
Balance as at 30 June 2018	<u>188,043,623</u>	<u>28,363,358</u>	<u>216,406,981</u>
Balance as at 1 January 2017	99,111,784	11,909,802	111,021,586
Movement in unit holders' contribution:			
Creation of units from applications	60,311,859	-	60,311,859
Cancellation of units	(19,890,804)	-	(19,890,804)
Total comprehensive income for the financial period	-	21,967,666	21,967,666
Balance as at 30 June 2017	<u>139,532,839</u>	<u>33,877,468</u>	<u>173,410,307</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 30 JUNE 2018

	6-months financial period ended	6-months financial period ended
Note	30.6.2018	30.6.2017
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from sale of investments	188,705,410	42,176,111
Purchase of investments	(221,062,041)	(65,569,690)
Dividends received	2,746,833	1,156,847
Interest income received	660,868	450,604
Management fee paid	(1,619,263)	(946,508)
Trustee fee paid	(86,362)	(50,479)
Payment for other fees and expenses	(1,305,505)	(403,233)
Net cash used in operating activities	<u>(31,960,060)</u>	<u>(23,186,348)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from units created	27,490,209	57,518,368
Payments for cancellation of units	(19,918,967)	(19,358,298)
Net cash generated from financing activities	<u>7,571,242</u>	<u>38,160,070</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(24,388,818)	14,973,722
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	<u>50,341,001</u>	<u>20,940,733</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	7 <u>25,952,183</u>	<u>35,914,455</u>

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

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 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 in accordance with the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”), under the historical cost convention, as modified by financial assets at fair value through profit or loss.

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

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

The Fund has applied the following standards for the first time for the financial year beginning 1 January 2018:

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

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

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

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

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

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

## **B. INCOME RECOGNITION**

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

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

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

## **C. TAXATION**

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

#### **D. PRESENTATION AND FUNCTIONAL CURRENCY**

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

#### **E. FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

##### **i. Classification**

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

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

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

##### **ii. Recognition and measurement**

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

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

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

Financial liability are derecognised when it 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 within dividend income when the Fund's right to receive payments is established.

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

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

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

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



iii. Impairment for assets carried at amortised costs

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

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

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

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

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

## **F. AMOUNT DUE FROM/(TO) BROKERS**

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

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

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

## **G. CASH AND CASH EQUIVALENTS**

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

## **H. UNIT HOLDERS' CAPITAL**

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

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

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

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

## **I. SEGMENTAL INFORMATION**

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

## **J. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES**

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

Estimates and judgments are continually evaluated by the Manager and 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 30 JUNE 2018

## 1. INFORMATION ON THE FUND

Eastspring Investments MY Focus Fund (the "Fund") was constituted pursuant to the execution of a Deed dated 25 November 2008 (the "Deed"), as amended by Supplemental Deed dated 11 May 2009 entered into between Eastspring Investments Berhad (the "Manager") and OSK Trustees Berhad (the "Trustee"). The Fund replaced OSK Trustees with Deutsche Trustees Malaysia Berhad (the "Trustee") effective 1 October 2010. A Supplemental Master Deed was entered into between Eastspring Investments Berhad (the "Manager") and Deutsche Trustees Malaysia Berhad (the "Trustee") on 30 July 2010 to effect the change of trustee from OSK Trustees to the Trustee, followed by Second Supplemental Master Deed dated 28 January 2011, Third Supplemental Master Deed dated 9 March 2011, Fourth Supplemental Master Deed dated 20 January 2012, Fifth Supplemental Master Deed dated 26 March 2014, Sixth Supplemental Master Deed dated 2 January 2015, Seventh Supplemental Master Deed dated 11 July 2016, Eighth Supplemental Master Deed dated 25 January 2017, Ninth Supplemental Master Deed dated 11 December 2017 and Tenth Supplemental Master Deed dated 4 June 2018 (collectively referred to as the "Deed").

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

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

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

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

## 2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Financial instruments of the Fund are as follows:

	Note	Loans and receivables RM	Financial assets at fair value through profit or loss RM	Total RM
<u>2018</u>				
Cash and cash equivalents	7	25,952,183	-	25,952,183
Amount due from Manager		789,522	-	789,522
Amount due from brokers		2,518,069	-	2,518,069
Dividends receivable		1,079,242	-	1,079,242
Financial assets at fair value through profit or loss	6	-	193,910,175	193,910,175
		<u>30,339,016</u>	<u>193,910,175</u>	<u>224,249,191</u>
<u>2017</u>				
Cash and cash equivalents	7	35,914,455	-	35,914,455
Amount due from Manager		2,865,792	-	2,865,792
Amount due from brokers		1,318,888	-	1,318,888
Dividends receivable		144,101	-	144,101
Financial assets at fair value through profit or loss	6	-	136,177,289	136,177,289
		<u>40,243,236</u>	<u>136,177,289</u>	<u>176,420,525</u>

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

## Market risk

### i. Price risk

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

The table below shows assets of the Fund as at 30 June which are exposed to price risk.

	2018	2017
	RM	RM
Quoted securities designated at fair value through profit or loss	193,910,175	136,177,289

The following table summarises the sensitivity of the Fund's net asset value and (loss)/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.

	2018		2017	
% Change in price of financial assets at fair value through profit or loss	Market value	Increase/ (decrease) in loss after tax and net asset value	Market value	Increase/ (decrease) in profit after tax and net asset value
	RM	RM	RM	RM
+5%	203,605,684	9,695,509	142,986,153	6,808,864
-5%	184,214,666	(9,695,509)	129,368,425	(6,808,864)

## ii. Interest rate risk

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

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

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

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

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

### **Stock/issuer risk**

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

### **Fund management risk**

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

### **Liquidity risk**

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 balance, deposits with licensed financial institutions and other instruments which are capable of being converted into cash within 7 days.



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

	<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>2018</b>			
Amount due to Manager	336,444	-	336,444
Amount due to brokers	7,200,159	-	7,200,159
Accrued management fee	269,614	-	269,614
Amount due to Trustee	14,379	-	14,379
Other payables and accruals	-	23,781	23,781
Contractual cash outflows	<u>7,820,596</u>	<u>23,781</u>	<u>7,844,377</u>
<b>2017</b>			
Amount due to Manager	630,336	-	630,336
Amount due to brokers	2,126,590	-	2,126,590
Accrued management fee	208,602	-	208,602
Amount due to Trustee	11,126	-	11,126
Other payables and accruals	-	22,547	22,547
GST charges payable	13,184	-	13,184
Contractual cash outflows	<u>2,989,838</u>	<u>22,547</u>	<u>3,012,385</u>

## **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 RM188,043,623 (2017: RM139,532,839) and retained earnings of RM28,363,358 (2017: RM33,877,468). The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

## **Credit/default risk**

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

The credit risk arising from placements of deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions. 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.

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/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	Amount due from broker	Total
	RM	RM	RM	RM	RM
<u>2018</u>					
Finance					
- AAA	17,065,355	-	-	-	17,065,355
- AA1	25,202	-	-	-	25,202
- AA2	8,861,626	-	-	-	8,861,626
- NR	-	566,848	-	-	566,848
Construction					
- NR	-	111,568	-	-	111,568
Technology					
- NR	-	22,802	-	-	22,802
Trading / Services					
- NR	-	378,024	-	-	378,024
Other					
- NR	-	-	789,522	2,518,069	3,307,591
	<u>25,952,183</u>	<u>1,079,242</u>	<u>789,522</u>	<u>2,518,069</u>	<u>30,339,016</u>

	Cash and cash equivalents	Dividends receivable	Amount due from Manager	Amount due from broker	Total
	RM	RM	RM	RM	RM
<b>2017</b>					
Finance					
- AAA	33,372,258	-	-	-	33,372,258
- AA1	2,542,197	-	-	-	2,542,197
Construction					
- NR	-	48,060	-	-	48,060
Health Care					
- NR	-	15,000	-	-	15,000
Trading / Services					
- NR	-	40,000	-	-	40,000
Technology					
- NR	-	41,041	-	-	41,041
Other					
- NR	-	-	2,865,792	1,318,888	4,184,680
	<u>35,914,455</u>	<u>144,101</u>	<u>2,865,792</u>	<u>1,318,888</u>	<u>40,243,236</u>

None of these assets are past due or impaired.

### Fair value estimation

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

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

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

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

### **Fair value hierarchy**

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

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

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

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

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

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
<u>2018</u>				
Financial assets at fair value through profit or loss:				
Quoted securities	193,910,175	-	-	193,910,175
<u>2017</u>				
Financial assets at fair value through profit or loss:				
Quoted securities	136,177,289	-	-	136,177,289

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

- ii. The carrying value of amount due from Manager, amount due from brokers, dividends receivable, cash and cash equivalents and all liabilities are a reasonable approximation of their fair values due to their short term nature.

### 3. MANAGEMENT FEE

In accordance with the Deed, the Manager is entitled to a management fee at a rate not exceeding 2.00% per annum of the net asset value of the Fund calculated on daily basis.

For the financial period ended 30 June 2018, the management fee is recognised at a rate of 1.50% (2017: 1.50%) per annum of the net asset value of the Fund, calculated on daily basis.

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

#### 4. TRUSTEE FEE

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

For the financial period ended 30 June 2018, the Trustee fee is recognised at a rate of 0.08% (2017: 0.08%) per annum on the net asset value of the Fund, exclusive 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>6-months financial period ended 30.6.2018</b>	<b>6-months financial period ended 30.6.2017</b>
	<b>RM</b>	<b>RM</b>
Tax charged for the financial period:		
Current taxation	8,933	2,590

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

	<b>6-months financial period ended 30.6.2018</b>	<b>6-months financial period ended 30.6.2017</b>
	<b>RM</b>	<b>RM</b>
(Loss)/profit before taxation	(9,209,746)	21,970,256
Tax at Malaysian statutory rate of 24%	(2,210,339)	5,272,861
Tax effect of:		
Investment loss/(income) exempt from tax	1,515,150	(5,621,431)
Expenses not deductible for tax purposes	327,200	110,613
Restriction on tax deductible expenses for Unit Trust Funds	389,430	244,171
Income subject to different tax rate	(12,508)	(3,624)
Taxation	8,933	2,590

## 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	193,910,175	136,177,289
Net (loss)/gain on financial assets at fair value through profit or loss:		
Realised gain on disposals	11,770,635	4,266,332
Change in unrealised fair value (loss)/gain	(22,393,474)	17,613,883
	(10,622,839)	21,880,215



Quoted Securities

Name of counter	Quantity	Aggregate cost	Fair value	Percentage of net asset value of the Fund
			as at 30.6.2018	
	Units	RM	RM	%
<u>Construction</u>				
Gamuda Berhad	800,000	3,125,120	2,616,000	1.21
IJM Corporation Berhad	2,714,000	8,019,418	4,858,060	2.24
Kerjaya Prospek Group Berhad	6,029,540	4,783,501	9,044,310	4.18
Kerjaya Prospek Group Berhad - Warrant	822,210	-	246,663	0.11
	10,365,750	15,928,039	16,765,033	7.74
<u>Consumer</u>				
British American Tobacco (Malaysia) Berhad	206,000	7,576,158	7,164,680	3.31
Hup Seng Industries Berhad	2,017,900	2,287,165	2,159,153	1.00
	2,223,900	9,863,323	9,323,833	4.31
<u>Finance</u>				
AMMB Holdings Berhad	590,500	2,154,005	2,214,375	1.02
Bursa Malaysia Berhad	1,779,750	13,100,500	13,081,162	6.04
CIMB Group Holdings Berhad	3,377,315	21,301,741	18,406,367	8.51
Hong Leong Financial Group Berhad	341,000	6,180,049	6,138,000	2.84
Malayan Banking Berhad	2,071,400	20,317,110	18,642,600	8.61
RHB Bank Berhad	1,276,700	6,679,816	6,970,782	3.22
	9,436,665	69,733,221	65,453,286	30.24
<u>Health Care</u>				
Top Glove Corporation Bhd	378,900	3,093,484	4,599,846	2.13

Quoted Securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value	Percentage
			as at 30.6.2018	of net asset value of the Fund
	Units	RM	RM	%
<u>Industrial Product</u>				
Lotte Chemical Titan Holding Berhad	844,700	4,281,021	4,181,265	1.93
Petronas Chemicals Group Berhad	1,347,500	10,940,857	11,332,475	5.24
United U-Li Corporation Berhad	2,504,400	2,988,223	2,141,262	0.99
	4,696,600	18,210,101	17,655,002	8.16
<u>Infrastructure Project Companies</u>				
Digi Telecommunications Sdn Berhad	785,400	3,325,611	3,259,410	1.51
<u>Manufacturing</u>				
Success Transformer Corporation Berhad	2,443,200	2,806,119	2,027,856	0.94
<u>Properties</u>				
Eastern & Oriental Berhad	2,874,100	5,745,899	4,512,337	2.09
KSL Holdings Berhad	529,500	774,959	444,780	0.21
S P Setia Berhad	450,067	1,393,492	1,395,208	0.64
	3,853,667	7,914,350	6,352,325	2.94
<u>REITS</u>				
KIP Real Estate Investment Trust	2,589,400	2,589,400	2,071,520	0.96

## Quoted Securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.6.2018	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Trading/Services</u>				
Airasia Group Berhad	1,600,000	5,815,100	4,784,000	2.21
Astro Malaysia Holdings Berhad	2,089,600	3,384,557	3,322,464	1.54
Axiata Group Berhad	477,300	1,951,966	1,813,740	0.84
Berjaya Sports Toto Berhad	913,600	2,090,835	2,238,320	1.03
Genting Berhad	2,305,600	21,310,392	19,390,096	8.96
Genting Malaysia Berhad	1,966,900	9,878,779	9,598,472	4.44
Tenaga Nasional Berhad	1,285,200	18,373,454	18,815,328	8.69
Westports Holdings Berhad	1,899,600	6,636,346	6,439,644	2.98
	<u>12,537,800</u>	<u>69,441,429</u>	<u>66,402,064</u>	<u>30.69</u>
<b>TOTAL QUOTED SECURITIES</b>	<u>49,311,282</u>	<u>202,905,077</u>	<u>193,910,175</u>	<u>89.62</u>
<b>ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>(8,994,902)</u>		
<b>FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>193,910,175</u>		

## Quoted Securities

Name of counter	Quantity	Aggregate cost	Fair value as at 30.6.2017	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Construction</u>				
Gamuda Berhad	1,300,000	6,514,680	7,150,000	4.12
IJM Corporation Berhad	1,103,000	3,703,386	3,816,380	2.20
Kerjaya Prospek Group Berhad	2,740,700	4,783,501	8,934,682	5.15
	<u>5,143,700</u>	<u>15,001,567</u>	<u>19,901,062</u>	<u>11.47</u>
<u>Consumer</u>				
Hup Seng Industries Berhad	2,508,000	2,842,664	3,034,680	1.75
Magni-Tech Industries Berhad	301,400	1,269,749	2,275,570	1.31
Salutica Berhad	2,341,600	2,144,886	3,629,480	2.09
	<u>5,151,000</u>	<u>6,257,299</u>	<u>8,939,730</u>	<u>5.15</u>
<u>Consumer Product</u>				
Asia File Corporation Bhd	649,860	2,711,226	2,079,552	1.20
<u>Finance</u>				
CIMB Group Holdings Berhad	1,019,779	5,081,546	6,710,146	3.87

Quoted Securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value	Percentage
			as at	of net
	Units	RM	30.6.2017	asset value
			RM	of the
				Fund
				%
<u>Health Care</u>				
Hartalega Holdings Berhad	180,000	1,111,717	1,328,400	0.77
IHH Healthcare Berhad	500,000	2,903,400	2,875,000	1.66
Top Glove Corporation Bhd	1,217,600	5,744,664	7,001,200	4.04
	1,897,600	9,759,781	11,204,600	6.47
<u>Industrial Product</u>				
Scientex Berhad	400,000	3,120,000	3,520,000	2.03
United U-Li Corporation Berhad	1,669,600	2,988,223	6,912,144	3.99
	2,069,600	6,108,223	10,432,144	6.02
<u>Manufacturing</u>				
Evergreen Fibreboard Berhad	2,101,750	2,468,769	1,765,470	1.02
Success Transformers Corporation Berhad	2,433,800	5,559,129	8,786,018	5.07
	4,535,550	8,027,898	10,551,488	6.09
<u>Plantation</u>				
IOI Corporation Berhad	452,400	2,004,132	2,013,180	1.16
<u>Power/Utilities</u>				
Malakoff Corporation Berhad	2,132,900	3,810,112	2,260,874	1.30
<u>Properties</u>				
Eastern & Oriental Berhad	2,874,100	5,745,899	4,885,970	2.82
IOI Properties Group Berhad	1,764,581	4,023,945	3,882,078	2.24
KSL Holdings Bhd	3,055,632	4,472,124	3,758,427	2.17
	7,694,313	14,241,968	12,526,475	7.23
<u>REITS</u>				
KIP Real Estate Investment Trust	2,589,400	2,589,400	2,382,248	1.37

## Quoted Securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net
			30.6.2017	asset value of the Fund
	Units	RM	RM	%
<u>Technology</u>				
Inari Amertron Berhad	1,865,486	1,781,299	3,936,175	2.27
<u>Trading/Services</u>				
Genting Berhad	870,000	8,637,634	8,186,700	4.72
Hap Seng Consolidated Berhad	500,000	4,621,700	4,615,000	2.66
Maxis Berhad	1,500,000	8,280,000	8,325,000	4.80
MMC Corporation Berhad	1,000,000	2,484,250	2,480,000	1.43
OldTown Berhad	950,000	1,767,797	2,736,000	1.58
Telekom Malaysia Berhad	400,000	2,464,000	2,660,000	1.53
Tenaga Nasional Berhad	820,000	11,400,714	11,594,800	6.69
	6,040,000	39,656,095	40,597,500	23.41
<u>Transportation</u>				
Xin Hwa Holdings Berhad	2,239,080	1,695,921	2,642,115	1.52
<b>TOTAL QUOTED SECURITIES</b>	<u>43,480,668</u>	<u>118,726,467</u>	<u>136,177,289</u>	<u>78.53</u>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>17,450,822</u>		
<b>FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			<u>136,177,289</u>	

## 7. CASH AND CASH EQUIVALENTS

	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Bank balance	25,202	2,542,197
Deposits with licensed financial institutions	25,926,981	33,372,258
	<u>25,952,183</u>	<u>35,914,455</u>

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

	<b>2018</b>	<b>2017</b>
	<b>%</b>	<b>%</b>
Deposits with licensed financial institutions	<u>3.81</u>	<u>4.00</u>

The deposits have an average maturity of 39 days (2017: 18 days).

## 8. UNITS IN CIRCULATION

	<b>2018</b>	<b>2017</b>
	<b>No. of units</b>	<b>No. of units</b>
At beginning of the financial period	201,516,108	124,238,456
Creation of units arising from applications during the financial period	24,887,249	58,005,612
Cancellation of units during the financial period	<u>(18,353,292)</u>	<u>(19,685,787)</u>
At end of the financial period	<u>208,050,065</u>	<u>162,558,281</u>

## 9. TRANSACTIONS WITH BROKERS

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

Name of brokers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>2018</u>				
CIMB Investment Bank Berhad	63,444,856	15.50	137,931	13.27
KAF Seagroatt & Campbell Securities Sdn Bhd	53,167,217	12.99	137,881	13.27
Maybank Investment Bank Berhad	47,800,600	11.68	129,443	12.46
Kenanga Investment Bank Berhad	41,206,868	10.07	108,529	10.44
J.P. Morgan Securities (Malaysia) Sdn Bhd	38,114,180	9.31	100,062	9.63
CLSA Securities Malaysia Sdn. Bhd	31,082,450	7.60	77,084	7.42
Affin Hwang Investment Bank Berhad	28,027,454	6.85	70,933	6.83
RHB Investment Bank Berhad	25,191,411	6.17	66,757	6.42
Nomura Securities Malaysia Sdn Bhd	20,930,183	5.11	54,587	5.25
UOB Kay Hian Securities (M) Sdn Bhd	13,343,399	3.26	35,129	3.38
Others	46,933,004	11.46	120,792	11.63
	<u>409,241,622</u>	<u>100.00</u>	<u>1,039,128</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>				
UOB Kay Hian Securities (M) Sdn Bhd	16,046,454	14.59	50,257	15.42
CIMB Investment Bank Berhad	14,229,240	12.94	38,150	11.70
RHB Investment Bank Berhad	13,553,861	12.33	32,882	10.09
Maybank Investment Bank Berhad	13,266,946	12.06	40,597	12.45
Nomura Securities Malaysia Sdn Bhd	12,777,653	11.62	38,987	11.96
Hong Leong Investment Bank Berhad	8,940,104	8.13	27,642	8.48
Affin Hwang Investment Bank Berhad	7,674,189	6.98	23,977	7.35
Credit Suisse Securities (Malaysia) Sdn. Bhd.	5,244,287	4.77	16,618	5.10
CLSA Securities Malaysia Sdn Bhd	4,969,150	4.52	14,428	4.42
Citigroup Global Markets (M) Sdn Bhd	3,706,148	3.37	11,600	3.56
Others	9,561,457	8.69	30,885	9.47
	<u>109,969,489</u>	<u>100.00</u>	<u>326,023</u>	<u>100.00</u>

All brokers highlighted above are not related to the Manager.

## 10. UNITS HELD BY THE MANAGER

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

Related party	Relationship				
Eastspring Investments Berhad	The Manager				
		2018		2017	
		No. of units	RM	No. of units	RM
Eastspring Investments Berhad	1,062	1,104	1,062	1,133	

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.

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

	2018	2017
	%	%
MER	0.83	0.85

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 (excluding transaction cost)

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 RM217,652,838 (2017: RM136,315,261).

## 12. PORTFOLIO TURNOVER RATIO (“PTR”)

	2018	2017
PTR (times)	0.94	0.40

PTR is derived from the following calculation:

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

where:

total acquisitions for the financial period = RM219,926,512 (2017: RM67,209,256)

total disposals for the financial period = RM189,315,110 (2017: RM42,760,233)

## 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 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 segment derives its income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within the portfolio. These returns consist of dividend income, interest income earned from investments and gains on the appreciation in the value of investments.

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

## 14. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 17 August 2018.

# CORPORATE DIRECTORY

## **THE MANAGER**

NAME

EASTSPRING INVESTMENTS BERHAD

COMPANY NO.

531241-U

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## **TRUSTEE**

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DEUTSCHE TRUSTEES MALAYSIA BERHAD

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