



ANNUAL REPORT

EASTSPRING INVESTMENTS COUNTRY SELECTION FUND

(formerly known as Prudential Country Selection Fund)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011



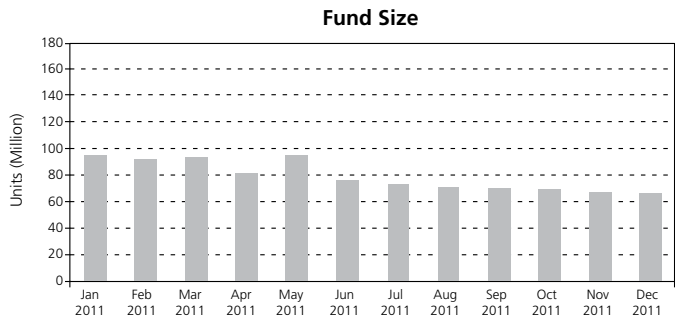
EASTSPRING INVESTMENTS COUNTRY SELECTION FUND
(formerly known as Prudential Country Selection Fund)

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Fund Information

Name of Fund	Eastspring Investments Country Selection Fund (formerly known as Prudential Country Selection Fund)
Fund Category/Type	Fund of Funds/Growth
Fund Objective	The Fund seeks to achieve steady capital growth in the medium-to-long-term through investments in a diversified portfolio of Exchange Traded Funds (ETFs)
Fund Benchmark	Morgan Stanley Capital International and All Country World Index (MSCI AC World Index) (obtainable from www.msci.com)
Fund Income Distribution Policy	Incidental
Breakdown of unit holding by size	As at 31 December 2011, the size of Eastspring Investments Country Selection Fund stood at 66.130 million units.



Fund Information (continued)

Breakdown of unit holding by size	Unitholdings	No. of		No. of Units*	
		Unitholders	%	('000)	%
	5,000 units and below	87	23.08	298	0.45
	5,001 to 10,000 units	55	14.59	405	0.61
	10,001 to 50,000 units	167	44.30	3,837	5.80
	50,001 to 500,000 units	60	15.92	8,440	12.76
	500,001 units and above	8	2.11	53,150	80.38
	Total	377	100.00	66,130	100.00
	*excludes units held by the Manager				

Fund Performance

The following information is for the financial year ended 31 December

Category	Since launch 18.3.2008 to 31-Dec-2008			
	2011 %	2010 %	2009 %	31-Dec-2008 %
Collective investment scheme - Foreign	98.04	99.34	98.05	94.63
Cash and cash equivalents	1.96	0.66	1.95	5.37
Total	100.00	100.00	100.00	100.00
Net Asset Value (RM'000)	9,671	17,398	30,052	28,750
Units In Circulation (Units '000)	66,130	96,747	154,711	198,228
Net Asset Value Per Unit (RM)	0.1462	0.1798	0.1942	0.1450
Highest Net Asset Value (RM)	0.1939	0.1988	0.2011	0.2621
Lowest Net Asset Value (RM)	0.1348	0.1522	0.1192	0.1158
Total Return (%)				
- Capital Growth	(17.95)	(8.19)	33.93	(41.99)
- Income Distributions	-	-	-	-
Total Annual Return (%)	(17.95)	(8.19)	33.93	(41.99)
Gross Distribution Per Unit (RM)	-	-	-	-
Net Distribution Per Unit (RM)	-	-	-	-
Management Expense Ratio (%)*	2.23	2.04	2.03	1.59
Portfolio Turnover Ratio (times)^	3.85	3.23	3.62	3.43

*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.

Fund Performance (continued)

	1 Year	3 Years
	1.1.11 to	1.1.09 to
	31.12.11	31.12.11
Annualised average total return	(17.95)	0.30

Year ended	Since launch			
	1.1.11 to	1.1.10 to	1.1.09 to	18.3.08 to
	31.12.11	31.12.10	31.12.09	31.12.08
Annual Total Return	(17.95)	(8.19)	33.93	(41.99)

Source: Lipper Hindsight 5 as at 31 December 2011

Bases of calculation and assumptions made in calculating returns:

Percentage growth = $\frac{NAV_t}{NAV_0} - 1$

NAV_t = NAV at the end of the period

NAV₀ = NAV at the beginning of the period

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

n = number of years

The unit prices of the Fund may go down as well as up and the past performance figures shown are not indicative of future performance.

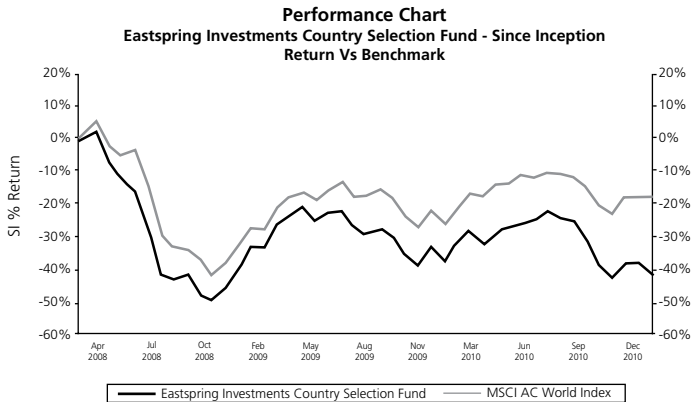
Manager's Report

Fund Performance

Since inception, the Fund recorded a return of -41.48%, underperforming the benchmark return of -18.04%.

During the 1-year period under review, the Fund registered a return of -17.95% and underperformed the benchmark return of -4.23%.

The Fund was unable to meet its objective of seeking to maximize long-term total return owing to the significant market volatility arising from the global financial crisis and Eurozone debt crisis.



Benchmark

MSCI AC World Index

Source : Lipper Hindsight 5, as at 31 December 2011

Past performance of the Fund is not an indication of its future performance.

Manager's Report (continued)

Analysis of Fund Performance	For the financial year ended to 31 December 2011			
	Income Return (%)	Capital Return * (%)	Total Return (%)	Total return of benchmark (%)
	0.00	(17.95)	(17.95)	(4.23)
	*Capital return components (NAV per unit to NAV per unit): 1) Collective investment scheme-Foreign 2) Cash and cash equivalents			
Distribution/ unit splits	No distribution or unit splits were declared for the financial year ended 31 December 2011.			
Investment Strategy During Period Under Review	As the Fund is structured as a fund-of-funds, at all times, the Fund will be investing in at least 5 different ETFs chosen from 22 preselected ETFs. The Fund is rebalanced every month based on the quant model developed by Citi Investment Research.			
Asset Allocation	Asset Allocation	31 December 2011 (%)	31 December 2010 (%)	Changes (%)
	Collective investment scheme-Foreign	98	99	(1)
	Cash and liquid assets	2	1	1
	There were no significant changes to the asset allocation since the last report.			
State of Affairs of the Fund	Switching Fee A switching fee of up to 0.5% on the amount switched within 6 months from the date of investment or date of switching into the Fund has been imposed effective 15 July 2011. For avoidance of doubt, Investor is required to pay Sales Charge where applicable when switching into a Fund. That investor will be charged the difference between the Sales Charge of these two (2) funds. No Sales Charge will be charged if the Fund to be switched into has a lower Sales Charge.			

MARKET REVIEW

The MSCI AC World benchmark fell by 7.6% in 2011 in USD terms, the weakest year since 2008.

Equities underperformed other risk assets over the year. Emerging market equities underperformed developed market equities meaningfully. Japan was the worst performing major country in local terms. The US was the best. The 2011 risk sell-off was evident at the global sector level. The worst three were all cyclical: Materials, Financials and Industrials. The best three were classic defensives: Healthcare, Consumer Staples and Telecom.

REBATES AND SOFT COMMISSIONS

The Manager and its delegates (if any) are not entitled to any rebates or to share in any commission from any broker in consideration for direct dealings in the investments of the Funds. Accordingly, any rebates and shared commissions are directed to the account of the relevant Funds.

Notwithstanding the aforesaid, the Manager may receive goods or services by way of soft commissions provided always that the goods or services are of demonstrable benefit to the Funds and that the execution of a transaction is consistent with the best execution standards.

During the period under review (1 January 2011 – 31 December 2011), the Manager and its delegates (if any) did not receive any soft commissions from stockbrokers.

TRUSTEE'S REPORT TO THE UNITHOLDERS OF EASTSPRING INVESTMENTS COUNTRY SELECTION FUND

(formerly known as Prudential Country Selection Fund)

We have acted as Trustee for Eastspring Investments Country Selection Fund (formerly known as Prudential Country Selection Fund) (Fund) for the financial year ended 31 December 2011. To the best of our knowledge, for the year under review, Eastspring Investments Berhad (formerly known as Prudential Fund Management Berhad) (Manager), has operated and managed the Fund in accordance with the following:-

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

For Deutsche Trustees Malaysia Berhad

JACQUELINE WILLIAM

Chief Executive Officer

RICHARD LIM

Head, Client Management
& Business Support

Date: 20 February 2012

Kuala Lumpur

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF EASTSPRING INVESTMENTS COUNTRY SELECTION FUND

(formerly known as Prudential Country Selection Fund)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Eastspring Investments Country Selection Fund (formerly known as Prudential Country Selection Fund), in pages 13 to 46 which comprise the statement of financial position as at 31 December 2011 of the Fund, and the statements of comprehensive income, changes in equity and cash flows of the fund for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Note 1 to 13.

Manager's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Fund's preparation of financial statements that give a true and fair view 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 Manager's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Fund as of 31 December 2011 and of its financial performance and cash flows for the financial year then ended.

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

Kuala Lumpur
Date: 20 February 2012

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

		2011	2010
	Note	RM	RM
INVESTMENT INCOME			
Interest income from deposit with licensed financial institutions		9,845	13,073
Dividend income		346,937	348,994
Net loss on financial assets at fair value through profit or loss	6	(1,896,208)	(1,654,452)
Net loss on foreign currency exchange		(59,281)	(46,542)
		(1,598,707)	(1,338,927)
EXPENSES			
Management fee	3	(247,657)	(404,957)
Trustee's fee	4	(18,670)	(17,998)
Transaction charges		(316,003)	(375,068)
Auditors' remuneration		(5,775)	(5,501)
Tax agent's fee		(3,400)	(3,602)
Other expenses		(31,769)	(25,277)
		(623,274)	(832,403)
NET LOSS BEFORE TAXATION		(2,221,981)	(2,171,330)
TAXATION	5	(128,160)	(79,955)
NET LOSS AFTER TAX AND TOTAL COMPREHENSIVE LOSS		(2,350,141)	(2,251,285)
Net loss after taxation is made up of the following:			
Realised amount		(3,539,530)	(3,029,041)
Unrealised amount		1,189,389	777,756
		(2,350,141)	(2,251,285)

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

		2011	2010
	Note	RM	RM
ASSETS			
CURRENT ASSETS			
Financial assets at fair value through profit or loss	6	9,481,787	18,112,390
Dividends receivable		82,333	81,136
Amount due from Manager		7,251	805
Deposit with a licensed financial institution	7	110,018	180,041
Bank balance with a licensed bank	7	34,440	776,454
TOTAL ASSETS		<u>9,715,829</u>	<u>19,150,826</u>
LIABILITIES			
CURRENT LIABILITIES			
Amount due to Manager		3,103	1,712,649
Accrued management fee		15,079	29,816
Amount due to Trustee		8,333	1,325
Auditors' remuneration		5,775	5,501
Tax agent's fee		3,400	3,402
Other payables and accrued expenses		9,003	-
TOTAL LIABILITIES		<u>44,693</u>	<u>1,752,693</u>
NET ASSET VALUE OF THE FUND	8	<u>9,671,136</u>	<u>17,398,133</u>
EQUITY			
Unitholders' capital		27,184,273	32,561,129
Accumulated losses		(17,513,137)	(15,162,996)
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	8	<u>9,671,136</u>	<u>17,398,133</u>
NUMBER OF UNITS IN CIRCULATION	8	<u>66,130,315</u>	<u>96,746,564</u>
NET ASSET VALUE PER UNIT		<u>0.1462</u>	<u>0.1798</u>

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

		Unitholders' capital	Accumulated losses	Total
	Note	RM	RM	RM
Balance as at 1 January 2011		32,561,129	(15,162,996)	17,398,133
Movement in unitholders' contribution:				
Creation of units	8	9,777,816	-	9,777,816
Cancellation of units	8	(15,154,672)	-	(15,154,672)
Total comprehensive loss for the financial year		-	(2,350,141)	(2,350,141)
Balance as at 31 December 2011		27,184,273	(17,513,137)	9,671,136
Balance as at 1 January 2010		42,963,473	(12,911,711)	30,051,762
Movement in unitholders' contribution:				
Creation of units	8	6,807,596	-	6,807,596
Cancellation of units	8	(17,209,940)	-	(17,209,940)
Total comprehensive loss for the financial year		-	(2,251,285)	(2,251,285)
Balance as at 31 December 2010		32,561,129	(15,162,996)	17,398,133

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	2011	2010
Note	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of investments	55,713,230	77,412,081
Purchase of investments	(49,294,838)	(68,092,966)
Dividend received	217,580	495,172
Interest received	9,845	13,097
Management fee paid	(262,394)	(421,974)
Trustee's fee paid	(11,662)	(18,754)
Payment for other fees and expenses	(31,669)	(34,177)
Net cash inflow from operating activities	<u>6,340,092</u>	<u>9,352,479</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	9,771,370	6,811,534
Payments for cancellation of units	(16,864,218)	(15,639,862)
Net cash outflow from financing activities	<u>(7,092,848)</u>	<u>(8,828,328)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(752,756)	524,151
EFFECT OF CURRENCY TRANSLATION	(59,281)	(45,199)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	<u>956,495</u>	<u>477,543</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	7 <u>144,458</u>	<u>956,495</u>

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

The following accounting policies have been used consistently 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 Financial Reporting Standards ("FRS") in Malaysia.

The preparation of financial statements in conformity with the FRS 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 L.

(i) Standards, amendments and interpretations to published standards that are applicable and effective:

- Amendments to FRS 7 "Financial instruments: Disclosures" and FRS 1 "First-time adoption of financial reporting standards" (effective 1 January 2011) requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy.

(ii) The new standards, amendments and interpretations to published standards which are relevant to the Fund and have not been early adopted are:

- (i) Financial year beginning on 1 January 2012

In the financial year beginning on 1 January 2012, the Fund will be adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards ("MFRS"). MFRS 1 "First-time adoption of MFRS" provides for certain optional exemptions and certain mandatory exceptions for first-time MFRS adopters. There is no significant impact to the Fund's financial statements arising from the transition of existing FRSs to MFRSs.

(ii) Financial year beginning on 1 January 2013

- MFRS 9 “Financial instruments - classification and measurement of financial assets and financial liabilities” (effective from 1 January 2013) replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The accounting and presentation for financial liabilities and for de-recognising financial instruments has been relocated from MFRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss (“FVTPL”). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability’s credit risk directly in other comprehensive income (OCI). There is no subsequent recycling of the amounts in OCI to profit or loss, but accumulated gains or losses may be transferred within equity.

The guidance in MFRS 139 on impairment of financial assets and hedge accounting continues to apply. The Fund will apply this standard when effective.

- MFRS 13 “Fair value measurement” (effective from 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7 “Financial instruments: Disclosures”, but apply to all assets and liabilities measured at fair value, not just financial ones. The Fund will apply this standard when effective.

B INCOME RECOGNITION

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

Dividend income is recognised on the ex-dividend date.

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

C TAXATION

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

Tax on dividend income from foreign collective investment scheme is based on the tax regime of the respective country that the Fund invests in.

D FUNCTIONAL AND PRESENTATION 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, which is the Fund’s functional and presentation currency.

E FINANCIAL ASSETS AND LIABILITIES

(i) Classification

The Fund designates its investment in collective investment scheme as financial

assets at fair value through profit or loss at inception.

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been included in current assets. The Fund’s loans and receivables comprise cash and cash equivalents, amount due from Manager and dividends receivable which are all due within 12 months.

The Fund classifies amount due to Manager, amount due to Trustee, accrued management fee and other payables and accrued expenses as other financial liabilities.

(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 are derecognized when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires.

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.

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.

Collective investment scheme are valued based on the last published net asset value per unit or share of such collective investment schemes or, if unavailable, on the average of the last published buying price and the last published selling price of such unit or share (excluding any sales charge included in selling in such selling price).

Unrealised gains or losses on change in fair value of financial assets at fair value through profit or loss are accounted for in the statement of comprehensive income,

any unrealised gains however are not distributable.

Foreign exchange gains and losses on the derivative 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 derivative financial instrument.

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

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 asset's carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If 'loans and receivables' or a 'held-to-maturity investment' has 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 CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents comprise cash and bank balances 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.

G 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.

Translation differences on non monetary financial assets such as foreign collective investment schemes classified as financial assets at fair value through profit and loss are included in the statement of comprehensive income as part of the fair value gain or loss.

The principal closing rate used in the translation of foreign currency is as follows:

<u>Foreign currency</u>	<u>2011</u>	<u>2010</u>
	RM	RM
1 US Dollar	<u>3.169</u>	<u>3.082</u>

H CREATION AND CANCELLATION OF UNITS

The Fund issues cancellable units, which are cancelled at the unit holder's option and are classified as equity. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value. The outstanding units is carried at the redemption amount that is payable at the net asset value if the holder exercises the right to put the unit back to the Fund.

Units are created and cancelled at the holder's option 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 unitholder with the total number of outstanding units.

I PROCEEDS AND PAYMENTS ON CREATION AND CANCELLATION OF UNITS

The net asset value per unit is computed for each dealing day. The price at which units are created or cancelled is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day. Units in the Fund are classified as equity in the statement of financial position and are stated at fair value representing the price at which unit holders can redeem the units from the Fund.

J SEGMENTAL INFORMATION

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

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 FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities. Fair value is the amount at which a financial asset could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the estimates of fair values as at the date of the statement of financial position.

K FINANCIAL INSTRUMENTS (CONTINUED)

	Note	Loans and receivables	Financial assets at fair value through profit or loss	Total
		RM	RM	RM
<u>31 December 2011</u>				
Financial assets at fair value through profit or loss	6	-	9,481,787	9,481,787
Receivables		89,584	-	89,584
Cash and cash equivalents	7	144,458	-	144,458
		234,042	9,481,787	9,715,829
<u>31 December 2010</u>				
Financial assets at fair value through profit or loss	6	-	18,112,390	18,112,390
Receivables		81,941	-	81,941
Cash and cash equivalents	7	956,495	-	956,495
		1,038,436	18,112,390	19,150,826

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

L CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with the Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the financial year. Although these estimates are based on the Manager's best knowledge of current events and actions, actual results may differ from those estimates.

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 FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

1 INFORMATION ON THE FUND

Eastspring Investments Country Selection Fund (formerly known as Prudential Country Selection Fund) (the "Fund") was constituted pursuant to the execution of a Deed dated 13 February 2008 (the "Deed") entered into between Eastspring Investments Berhad (formerly known as Prudential Fund Management Berhad) (the "Manager") and HSBC (Malaysia) Trustee Berhad ("HSBC Trustee"). The Fund replaced HSBC Trustee to Deutsche Trustees Malaysia Berhad (the "Trustee") effective 1 October 2010. A Supplemental Deed was entered into between Eastspring Investments Berhad (formerly known as Prudential Fund Management Berhad) (the "Manager") and Deutsche Trustees Malaysia Berhad (the "Trustee") on 30 July 2010 to effect the change of trustee from HSBC Trustee to the Trustee.

The Manager had changed its name from Prudential Fund Management Berhad to Eastspring Investments Berhad on 16 January 2012. A Fourth Supplemental Master Deed was entered into between the Manager and the Trustee on 20 January 2012 to effect the change of name of the Fund from Prudential Country Selection Fund to Eastspring Investments Country Selection Fund.

The Fund was launched on 18 March 2008 and will continue its operations until terminated by the Trustee or the Manager as provided under Clause 12 of the Deed.

The Fund invests in Exchange Traded Fund (ETF) that are liquid and registered with recognised exchanges and/or authorities. The respective ETF chosen are from 22 pre-selected ETFs. The fund is rebalanced every month as advised by CITI Institutional Consulting Group.

All investments will be subject to the SC Guidelines, 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 main objective of the Fund is to achieve steady capital growth in the medium to long-term through investments in a diversified portfolio of ETFs.

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

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks which include market risk inclusive of price risk, interest rate risk and foreign exchange/currency risk, stock/issuer risk, liquidity risk, country risk, fund management 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 by the SC Guidelines on Unit Trust Funds.

Market risk

(a) Price risk

Fund is exposed to equity securities price risk. This arises from investments held by the Fund for which prices in the future are uncertain. Where non-monetary financial instruments – for example, equity securities – are denominated in currencies other than the Ringgit Malaysia, the price initially expressed in foreign currency and then converted into Ringgit Malaysia will also fluctuate because of changes in foreign exchange rates. Paragraph (c) 'Foreign exchange/Currency risk' below sets out how this component of price risk is managed and measured.

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

	2011	2010
	RM	RM
Collective investment scheme designated at fair value through profit or loss	<u>9,481,787</u>	<u>18,112,390</u>

The following table summarises the sensitivity of the Fund's net asset value to movements in prices of collective investment scheme as at 31 December. The analysis is based on the assumptions that the market price of the collective investment scheme increased and decreased by 5% (2010: 5%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the collective investment scheme, having regard to the historical volatility of the prices.

% Change in price of collective investment scheme	2011		2010	
	Market value	Change in net asset value	Market value	Change in net asset value
	RM	RM	RM	RM
+5%	9,955,876	474,089	19,018,010	905,620
-5%	9,007,698	(474,089)	17,206,770	(905,620)

(b) Interest rate risk

The Fund is exposed to interest rate risk. To the extent the Fund invests in the Underlying Fund, it is exposed to the risk of interest rate changes. If the markets' interest change, the price of these securities may be deeply affected and this applies to a greater degree if the Underlying Fund holds securities with high correlation to the interest rates. Changes in interest rates will affect the value of the investments and its returns. To manage the risk, investments will be concentrated in investment grade issues by financial institutions and companies determined by the Manager.

Interest rate risk is a general economic indicator that will have an impact on the management of the fund. 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.

As at 31 December, the Fund is not exposed to a material level of interest rate risk.

(c) Foreign exchange/Currency risk

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

In the normal course of investment, the Fund Manager will usually not hedge foreign currency exposure. The Fund Manager may however depending on prevailing market circumstances at a

particular point in time, choose to use forward or option contracts for hedging and risk reduction purposes.

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

	Financial assets at fair value through and profit loss	Cash and cash equivalents	Other assets	Total
	RM	RM	RM	RM
As at 31 December 2011				
Malaysia	-	118,942	7,251	126,193
United States	9,481,787	25,516	82,333	9,589,636
	<u>9,481,787</u>	<u>144,458</u>	<u>89,584</u>	<u>9,715,829</u>
As at 31 December 2010				
Malaysia	-	195,189	805	195,994
United States	18,112,390	761,306	81,136	18,954,832
	<u>18,112,390</u>	<u>956,495</u>	<u>81,941</u>	<u>19,150,826</u>

The table summarises the sensitivity of the Fund's financial assets to changes in foreign exchange movements as at 31 December. The analysis is based on the assumption that the foreign exchange rate changes by 5% (2010: 5%) with all variables remain constants. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate having regard to historical volatility of this rate. An increase/decrease in foreign exchange rate will result in a corresponding increase/decrease in net assets attributable to unitholders by approximately 5% (2010: 5%).

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

	Change in price	Impact on income before tax	Impact on net asset value
	%	RM	RM
<u>2011</u>			
US Dollar	5	479,482	479,482
<u>2010</u>			
US Dollar	5	947,742	947,742

Stock/issuer risk

The performance of equities and money market instruments held by the Underlying Fund is also dependent on company specific factors like the issuer's business situation. If the company-specific factors deteriorate, the price of the specific security may drop significantly and permanently, possibly even regardless of an otherwise generally positive stock market trend. Risks include but are not limited to competitive operating environments, changing industry conditions and poor management.

Liquidity risk

The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of units by unitholders. Liquid assets comprise cash, deposits with licensed financial institutions and other instruments which are capable of being converted into cash within 7 days.

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

	Less than 1 month	1 month and above	Total
	RM	RM	RM

At 31 December 2011

Amount due to Manager:

- cancellation of units	3,103	-	3,103
- management fee	15,079	-	15,079
Amount due to Trustee	8,333	-	8,333
Auditors' remuneration	-	5,775	5,775
Tax agent's fee	-	3,400	3,400
Other payables and accrued expenses	-	9,003	9,003
Contractual cash out flows	<u>26,515</u>	<u>18,178</u>	<u>44,693</u>

At 31 December 2010

Amount due to Manager:

- cancellation of units	1,712,749	-	1,712,749
- management fee	29,816	-	29,816
Amount due to Trustee	1,325	-	1,325
Auditors' remuneration	-	5,501	5,501
Tax agent's fee	-	3,402	3,402
Other payables and accrued expenses	-	-	-
Contractual cash out flows	<u>1,743,890</u>	<u>8,903</u>	<u>1,752,793</u>

Country risk

The stock prices may be affected by the political and economic conditions of the country in which the stocks are listed. A unit trust fund that invests in foreign securities may experience more rapid and extreme changes in value than a unit trust fund that invests exclusively in securities of Malaysian companies. Nationalisation, expropriation or confiscatory taxation, currency blockage, political changes or diplomatic developments could adversely affect a unit trust fund's investment in a foreign country. In the event of nationalisation, expropriation or other confiscation, a unit trust fund could lose its entire investment in foreign securities. Adverse conditions in a certain region can adversely affect securities of other countries whose economies appear to be unrelated. Careful consideration shall be given to risk factors such as liquidity, political and economic environment before any investments are made in a foreign country.

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 unitholder.

Non-compliance risk

Non-adherence with laws, rules, regulations, prescribed practices, internal policies and procedures may result in tarnished reputation, limited business opportunities and reduced expansion potential for the management company. Unit holders' investment goals may also be affected should the fund manager not adhere to the investment mandate. Such risk is mitigated by the compliance unit of the management company which oversees the entire compliance matters of the management company.

Capital risk

The capital of the Fund is represented by equity consisting of unitholders' capital and retained earnings. 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 shareholders. 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 shareholders 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 Securities Commission's Guidelines on Unit Trust Funds.

The credit/default risk is minimal as all transactions in collective investment scheme are settled/paid upon delivery using approved brokers.

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

	Cash and cash equivalents	Dividends Receivable	Amount due from Manager	Total
	RM	RM	RM	RM
As at 31 December 2011				
Finance	144,458	-	-	144,458
Collective Investment				
Scheme-Foreign	-	82,333	-	82,333
Others	-	-	7,251	7,251
	<u>144,458</u>	<u>82,333</u>	<u>7,251</u>	<u>234,042</u>
As at 31 December 2010				
Finance	956,495	-	-	956,495
Collective Investment				
Scheme-Foreign	-	81,136	-	81,136
Others	-	-	805	805
	<u>956,495</u>	<u>81,136</u>	<u>805</u>	<u>1,038,436</u>

None of these assets are past due or impaired.

Fair value estimation

The fair value of financial assets and liabilities traded in active market (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the year end date. The quoted market price used for financial assets by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each year end date. Valuation techniques used for non-standardised financial instruments such as options, currency swaps and other over-the-counter derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

For instruments for which there is no active market, the Fund may use internally developed models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. Valuation models are used primarily to value unlisted equity, debt securities and other debt instruments for which market were or have been inactive during the financial year. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

The Fund adopted the amendments to FRS 7, effective 1 January 2011. This requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active market for identical assets or liabilities (level 1)
- 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 2)
- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The level in the fair value hierarchy within which the fair value measurement is categorized 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 at 31 December 2011:

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
Financial assets at fair value through profit or loss at inception:				
- Collective investment scheme	9,481,787	-	-	9,481,787

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equities, exchange traded funds and exchange traded derivatives. Investment in collective investment schemes, i.e. unit trust funds whose values are based on published prices in active markets is also 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 E.

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

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently.

3 MANAGEMENT FEE

In accordance with the Deed, the Manager is entitled to a management fee at a rate not exceeding 1.80% per annum on the net asset value of the Fund calculated on a daily basis.

For the financial year ended 31 December 2011, the management fee is recognised at a rate of 1.80% (2010: 1.80%) per annum on the net asset value of the Fund, calculated at a daily basis.

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

4 TRUSTEE'S FEE

In accordance with the Deed, the Trustee is entitled to an annual fee, inclusive of custodian fee, at a rate not exceeding 0.08% per annum on the net asset value of the Fund, subject to a minimum fee of RM18,000 per annum.

For the financial year ended 31 December 2011, the Trustee's fee is recognised at a rate of 0.08% (2010: 0.08%) per annum on the net asset value of the Fund, inclusive of local custodian fee, 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

	2011	2010
	RM	RM
Current taxation		
- foreign	128,160	79,955

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

	2011	2010
	RM	RM
Net loss before taxation	(2,221,981)	(2,171,330)
Tax at applicable rate of 25% (2010: 25%)	(555,495)	(542,833)
Tax effect of:		
Income exempt from tax	399,677	428,499
Expenses not deductible for tax purposes	87,148	10,108
Restriction on tax deductible expenses	68,670	104,226
Foreign income subject to tax	128,160	79,955
Tax expense	128,160	79,955

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2011	2010
	RM	RM
Designated at fair value through profit or loss:		
- Collective investment scheme	9,481,787	18,112,390
	<u>9,481,787</u>	<u>18,112,390</u>
Net loss on assets at fair value through profit or loss		
- Realised	75,795	(1,269,701)
- Unrealised	(2,221,022)	1,472,313
Net gain/(loss) on foreign currency exchange		
- Realised	(841,895)	(1,209,049)
- Unrealised	1,090,914	(648,015)
	<u>(1,896,208)</u>	<u>(1,654,452)</u>

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

<u>Name of counter</u>	Notional amount	Carrying cost	Fair value	Percentage of net assets value of Fund
As at 31 December 2011	RM	RM	RM	%
<u>EXCHANGE TRADED FUNDS</u>				
IShares Inc MSCI Australia	27,500	1,871,693	1,868,442	19.32
IShares Inc MSCI Brazil	10,400	1,720,499	1,891,437	19.56
IShares Inc MSCI Germany	30,900	2,175,434	1,882,063	19.46
IShares Inc MSCI South Korea	11,500	2,011,111	1,904,537	19.69
IShares Inc MSCI South Africa	10,000	2,004,097	1,935,308	20.01
	<u>90,300</u>	<u>9,782,834</u>	<u>9,481,787</u>	<u>98.04</u>
Effect of unrealised foreign exchange difference		201,717		
Unrealised loss on financial assets at fair value through profit or loss		<u>(502,764)</u>		
Fair value of financial assets at fair value through profit or loss		<u>9,481,787</u>		

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

<u>Name of counter</u>	Notional amount	Carrying cost	Fair value	Percentage of net assets value of Fund
As at 31 December 2010	RM	RM	RM	%
<u>EXCHANGE TRADED FUNDS</u>				
IShares Inc MSCI France	48,000	3,555,216	3,617,035	20.79
IShares Inc MSCI Germany	49,000	3,349,715	3,615,371	20.78
IShares Inc MSCI Netherlands	55,000	3,630,827	3,574,966	20.55
IShares Inc MSCI South Korea	20,000	3,160,145	3,771,752	21.68
IShares Inc MSCI United Kingdom	66,000	3,587,426	3,533,266	16.20
	<u>238,000</u>	<u>17,283,329</u>	<u>18,112,390</u>	<u>100.00</u>
Effect of unrealised foreign exchange difference		(889,197)		
Unrealised gain on financial assets at fair value through profit or loss		<u>1,718,258</u>		
Fair value of financial assets at fair value through profit or loss		<u>18,112,390</u>		

The IShares Exchange Traded Funds are distributed by SEI Investment Distribution Co. Barclays Global Fund Advisors (BGFA) serves as the investment advisor to the Funds.

The Fund invested in ETFs that are liquid and registered with recognised exchanges and/or authorities. As the Fund is structured as a fund-of-funds, at all times, the Fund will be investing in at least 5 different ETFs. The respective ETFs are chosen from 22 pre selected ETFs. The fund is rebalanced every month as advised by Citi Institutional Consulting Group. The ETFs invested vary from month-to-month. The Top-5 ranked ETFs will be selected from the model and will be updated.

Based on the research report of Citi Investment Research & Analysis, the Fund shall invest in the Top 5 ranked and selected ETFs. The 22 pre-selected ETFs are:

1. S&P 500 Depository Receipts
2. iShares MSCI United Kingdom
3. iShares MSCI Taiwan Index FD
4. iShares MSCI Switzerland Index
5. iShares MSCI Sweden Index FD
6. iShares MSCI Spain Index FD
7. iShares MSCI Singapore
8. iShares MSCI Netherlands Index
9. iShares MSCI Mexico
10. iShares MSCI Malaysia
11. iShares MSCI South Korea
12. iShares MSCI Japan Index FD
13. iShares MSCI Italy Index FD
14. iShares MSCI Hong Kong Index
15. iShares MSCI Germany Index
16. iShares MSCI France Index FD
17. iShares MSCI Canada
18. iShares MSCI Brazil
19. iShares MSCI Belgium
20. iShares MSCI Austria Index
21. iShares MSCI Australia Index
22. iShares MSCI South Africa Index

The ETFs, denominated in US Dollars, are listed on the New York Stock Exchange and designed to track MSCI All Countries World Index.

7 CASH AND CASH EQUIVALENTS

	2011	2010
	RM	RM
Bank balance with a licensed bank	34,440	776,454
Deposit with a licensed financial institution	110,018	180,041
	<u>144,458</u>	<u>956,495</u>

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

	2011	2010
	%	%
Deposit with a licensed financial institution	<u>3.05</u>	<u>2.48</u>

The deposit has an average maturity of less than one year (2010: less than one year).

8 NUMBER OF UNITS IN CIRCULATION AND NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	2011		2010	
	No. of units	RM	No. of units	RM
At beginning of the financial year	96,746,564	17,398,133	154,710,798	30,051,762
Creation of units during the financial year	53,574,855	9,777,816	38,700,510	6,807,596
Cancellation of units during the financial year	(84,191,104)	(15,154,672)	(96,664,744)	(17,209,940)
Total comprehensive loss for the financial year	-	(2,350,141)	-	(2,251,285)
At end of the financial year	66,130,315	9,671,136	96,746,564	17,398,133
Approved size of Fund	1,200,000,000		1,200,000,000	

In accordance with the Deed, the Manager may increase the size of the Fund from time to time with the approval of the Trustee and the SC. The maximum number of units that can be issued out for circulation by the Fund is 1,200,000,000. As at 31 December 2011, the number of units not yet issued by the Fund is 1,133,869,685 (2010: 1,103,253,436).

9 TRANSACTIONS WITH BROKERS

Details of transactions with the brokers are as follows:

Name of brokers	Value of trade	Percentage of total trades	Brokerage fees	Percentage of total brokerage
	RM	%	RM	%
2011				
Citigroup Global Markets Inc	48,621,235	46.29	122,028	38.61
OCBC Securities Pte Ltd	45,990,834	43.79	161,465	51.10
DBS Vickers Securities (S) Pte Ltd	6,368,546	6.06	22,344	7.07
UOB Kay Hian Securities Pte Ltd	4,051,451	3.86	10,166	3.22
	<u>105,032,066</u>	<u>100.00</u>	<u>316,003</u>	<u>100.00</u>
2010				
Citigroup Global Markets Inc	79,032,854	54.32	147,562	39.34
DBS Securities (S) Pte Ltd	37,483,208	19.92	131,213	34.98
OCBC Securities Pte Ltd	28,988,986	25.76	96,293	25.68
	<u>145,505,048</u>	<u>100.00</u>	<u>375,068</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 relationship with the Fund are as follows:

<u>Related parties</u>	<u>Relationship</u>
Eastspring Investments Berhad (formerly known as Prudential Fund Management Berhad)	The Manager

	2011		2010	
	No. of units	RM	No. of units	RM
Eastspring Investments Berhad (formerly known as Prudential Fund Management Berhad)	1,000	146	11,087	1,993

The above units were transacted at the prevailing market price.

The units are held beneficially by the Manager for bookings purpose. Other than the above, there were no units held by other Directors or parties related to the Manager.

11 MANAGEMENT EXPENSE RATIO ("MER")

	2011	2010
	%	%
MER	2.23	2.04

MER is derived from the following calculation:

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

- A = Management fee
- B = Trustee's fee
- C = Auditors' remuneration
- D = Tax agent's fee
- E = Other expenses
- F = Average net asset value of Fund calculated on daily basis

The average net asset value of the Fund for the financial year calculated on daily basis is RM13,757,356 (2010: RM22,500,689).

15 PORTFOLIO TURNOVER RATIO ("PTR")

	2011	2010
PTR (times)	3.85	3.23

PTR is derived from the following calculation:

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

where: total acquisition for the financial year = RM49,148,835 (2010: RM68,092,966)

total disposal for the financial year = RM56,649,331 (2010: RM77,412,081)

13 SEGMENT INFORMATION

The internal reporting provided to the CEO for the fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of FRS. The CEO is responsible for the performance of the Fund and considers the business to have a single operating segment.

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 interest income earned from investments and gains on the appreciation in the value of investments.

Corporate Directory

THE MANAGER

NAME

EASTSPRING INVESTMENTS BHD
(FORMERLY KNOWN AS PRUDENTIAL FUND
MANAGEMENT BERHAD)

COMPANY NO.

531241-U

REGISTERED OFFICE

18th Floor, Wisma Sime Darby
Jalan Raja Laut, 50350 Kuala Lumpur

HEAD OFFICE

Level 12, Menara Prudential
10, Jalan Sultan Ismail
50250 Kuala Lumpur

TELEPHONE NO.

03-2052 3388

FAX NO.

03-2070 6129

EMAIL

cs@eastspringinvestments.com.my

WEBSITE

www.eastspringinvestments.com.my

TRUSTEE

NAME

DEUTSCHE TRUSTEES MALAYSIA BERHAD

COMPANY NO.

763590-H

REGISTERED/BUSINESS OFFICE

Level 20, Menara IMC

8 Jalan Sultan Ismail

50250 Kuala Lumpur

TELEPHONE NO.

03-2053 7522

FACSIMILE NO.

03-2053 7526

THE TRUSTEE'S DELEGATE (CUSTODIAN)

THE MANAGER'S DELEGATE (FUND VALUER)

NAME

DEUTSCHE BANK (MALAYSIA) BERHAD

COMPANY NO.

312552-W

REGISTERED OFFICE

Level 18 Menara IMC

8 Jalan Sultan Ismail

50250 Kuala Lumpur

BUSINESS OFFICE

Level 18-20, Menara IMC

8 Jalan Sultan Ismail

50250 Kuala Lumpur

TELEPHONE NO.

03-2053 6788

FACSIMILE NO.

03-2031 8710

BOARD OF DIRECTORS OF THE MANAGER

Dato' Tharmaratnam a/l Kanagaratnam
(independent)

Ho Yik (independent)

Tan Sri Datuk Abdul Rahim bin Haji Din
(non-independent)

Cheah Lee Ling (non-independent)

Julian Christopher Vivian Pull
(non-independent)

INVESTMENT COMMITTEE

Ho Yik (independent)

Robert Yap Yen Choon (independent)

Tan Sri Datuk Abdul Rahim bin Haji Din
(non-independent)

Cheah Lee Ling (non-independent)

Abdul Khalil bin Abdul Hamid (independent,
for Shariah-compliant Funds only)

AUDIT & COMPLIANCE COMMITTEE

Dato' Tharmaratnam a/l Kanagaratnam
(independent)

Ho Yik (independent)

Lakshman Kumar (non-independent)

Andrew Brian Sims (non-independent)

COMPANY SECRETARY OF THE MANAGER

NAME

CHEONG CHOOI KEAT (MAICSA 7036394)

ADDRESS

RDL Corporate Services Sdn Bhd
18th Floor, Wisma Sime Darby
Jalan Raja Laut
50350 Kuala Lumpur

TELEPHONE NO.

03 - 2694 9999

AUDITORS FOR THE MANAGER

NAME

KPMG

ADDRESS

Level 10, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor

TELEPHONE NO.

03 -7721 3388

**AUDITORS & REPORTING ACCOUNTANTS
FOR THE FUND**

NAME

PRICEWATERHOUSECOOPERS

ADDRESS

Level 10, 1 Sentral
Jalan Travers
Kuala Lumpur Sentral
P O Box 10192
50706 Kuala Lumpur

TELEPHONE NO.

03 - 2173 1188

TAXATION ADVISOR FOR THE FUND

NAME

PRICEWATERHOUSECOOPERS TAXATION
SERVICES SDN BHD

ADDRESS

Level 10, 1 Sentral
Jalan Travers
Kuala Lumpur Sentral
P O Box 10192
50706 Kuala Lumpur

TELEPHONE NO.

03- 2173 1188

SOLICITORS

NAME

RAJA, DARRYL & LOH

ADDRESS

18th Floor, Wisma Sime Darby
Jalan Raja Laut
50350 Kuala Lumpur

TELEPHONE NO.

03 - 2694 9999

PRINCIPAL BANKERS

NAME

DEUTSCHE TRUSTEES (MALAYSIA) BERHAD

ADDRESS

Level 18, Menara IMC,
8 Jalan Sultan Ismail,
50250 Kuala Lumpur.

TELEPHONE NO.

03 - 2053 6788

NAME

HSBC BANK MALAYSIA BERHAD

ADDRESS

No. 2, Leboh Ampang
50100 Kuala Lumpur

TELEPHONE NO.

03 - 2070 0744

NAME

MALAYAN BANKING BERHAD

ADDRESS

100, Jalan Tun Perak
50050 Kuala Lumpur

TELEPHONE NO.

03 - 2070 8833

NAME

STANDARD CHARTERED BANK MALAYSIA
BERHAD

ADDRESS

No. 2, Jalan Ampang
50450 Kuala Lumpur

TELEPHONE NO.

03 - 2074 4309

FEDERATION OF INVESTMENT MANAGERS
MALAYSIA (FiMM)

ADDRESS

19-07-3, 7th Floor, PNB Damansara
19, Lorong Dungun, Damansara Heights
50490 Kuala Lumpur

TELEPHONE NO.

03-2093 2600

SALE & PURCHASE OF UNITS

Eastspring Investments Bhd

Level 12, Menara Prudential
10, Jalan Sultan Ismail
50250 Kuala Lumpur

BRANCHES

BRANCH

Unit B-1-28 & B-1-27
Block Bougainvillea
10 Boulevard, Jalan Cempaka
Kg Sg Kayu Ara
Lebuhraya Sprint, PJU 6A
47400 Petaling Jaya
Selangor

TELEPHONE NO.

03-7839 5288

BRANCH

Kota Kinabalu

Suite E3, 9th Floor
CPS Tower, Centre Point Sabah

No. 1, Jalan Centre Point
88000 Kota Kinabalu, Sabah

TELEPHONE NO.

088-238613

ENQUIRIES

CUSTOMER SERVICE

03-2332 1000

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