

BIMB-ARABESQUE / GLOBAL DIVIDEND FUND 1



**SECOND QUARTER REPORT
FOR THE FINANCIAL PERIOD
FROM
1 JULY 2016 TO 30 SEPTEMBER 2016**

TABLE OF CONTENTS

1.0	FUND KEY INFORMATION	3
2.0	MANAGER'S REPORT	5
3.0	SHARIAH COMMITTEE'S REPORT	11
4.0	FINANCIAL STATEMENTS (UNAUDITED)	12
5.0	CORPORATE DIRECTORY	19

1.0 FUND KEY INFORMATION

Fund Name	BIMB-ARABESQUE iGlobal Dividend Fund 1 (BiGDF1)
Target Fund Name	Arabesque Q3.17 Systematic (USD)
Fund Type/ Fund Category	Income & Growth/ Feeder (Wholesale)
Base Currency of the Fund	USD
Fund Investment Objective	<p>The Fund seeks to achieve long-term capital appreciation.</p> <p><i>Any material changes to the investment objective of the Fund would require Unit Holders' approval.</i></p>
Fund Benchmark	<p>MSCI AC World Index</p> <p>Source: https://www.msci.com/indexes</p>
Asset Allocation	<p>A minimum of 70% of the Fund's NAV to be invested in the Target Fund; and</p> <p>A maximum of 30% of the Fund's NAV to be invested in Islamic fixed deposits, Islamic money market instruments and/or Islamic liquid assets.</p>
Investor Profile	<p>The Fund is primarily suitable for Sophisticated Investors:</p> <ol style="list-style-type: none">i. seeking exposure to Shariah-compliant global developed markets equityii. seeking capital appreciationiii. with moderate to high risk toleranceiv. with a 5-year or more investment horizon

<p>Distribution Policy and Mode of Distribution</p>	<p>The Manager will declare annual distributions (subject to availability of income), after the end of its first financial year.</p> <p>The Fund will be measured against an average income distribution yield of 6% per annum over a 5-year period. This is not a guaranteed return and it is only a measurement of the Fund's performance. The Fund may or may not achieve 6% per annum growth rate in any particular financial year.</p>
<p>Policy on Rebates and Soft Commissions</p>	<p>The Manager or any delegate thereof shall not retain any rebate from, or otherwise share in any commission with, any broker in consideration for direct dealings in the investments of the Fund. Accordingly, any rebate or shared commission shall be directed to the account of the Fund concerned. However, the Manager or any delegate thereof may retain goods and services ("Soft Commissions") from any broker/dealer, only if the goods and services are of demonstrable benefit to the Unit Holders such as research materials and advisory services which are incidental to the investment management activities of the Fund.</p>
<p>Dividend Distribution</p>	<p>There were no dividend declared for the period under review.</p>
<p>State of Affair of the Fund</p>	<p>There were also no significant changes in the state of affairs of the Fund and no circumstances that materially affected the interest of the Unit Holders for the period under review.</p>

2.0 MANAGER'S REPORT

Feeder Fund Performance Review	<p><u>RM Class</u></p> <p><u>Since Inception from 5 November 2015 to 30 Sep 2016</u> The Fund's performance since inception registered a positive return of 0.24%. The Fund had underperformed the benchmark by -7.65% as the benchmark registered a positive return of 7.89% since inception.</p> <p><u>Financial period from 1 July 2016 to 30 Sep 2016</u> Subsequently, during the financial period under review, the Fund registered a positive return of 7.09%, outperforming the benchmark by 0.73% as the benchmark performance registered a 6.36% return.</p> <p>This effect is mostly due to the fund's performance and the US Dollar appreciation against the Malaysian Ringgit that occurred during the period under review.</p> <p>As at 30 September 2016, the NAV per unit of the Fund was RM0.5012 while units in circulation were 135,707,224 units.</p> <p><u>USD Class</u></p> <p><u>Since Inception from 5 November 2015 to 30 Sep 2016</u> The Fund's performance since inception registered a positive return of 4.00%. The Fund had underperformed the benchmark by -3.89% as the benchmark registered a positive return of 7.89% since inception.</p> <p><u>Financial period from 1 July 2016 to 30 Sep 2016</u> Subsequently, during the financial period under review, the Fund registered a positive return of 4.23%, underperforming the benchmark by -2.13% as the benchmark performance registered a 6.36% return.</p> <p>As at 30 Sep 2016, the NAV per unit of the Fund was USD0.5200 while units in circulation were 183,992 units.</p> <p><i>Past performance is no indication of the future performance of the Fund.</i></p>
Target Fund Performance	<p>The third quarter of 2016 was a generally positive quarter for markets and volatility. Markets recovered from the initial shock of the late June U.K. referendum vote to leave the EU as expectations of additional monetary support and stable economic data calmed investor concerns. The modest risk-on environment during Q3 boosted cyclical equity sectors, such as information technology, financials, and industrials. International equity markets posted strong returns in Q3. Commodity-producing regions held up despite a fall in commodity prices. After a prolonged period of a strengthening U.S. dollar, currency performance in 2016 has been mixed.</p>

	<p>US equities advanced and expectations rose that the Fed would increase rates before the end of 2016. Equities in the Eurozone returned gains, strongly supported by good performance of the information technology and consumer discretionary sectors. UK stocks also performed strongly, while the Bank of England launched a series of monetary easing measures. The sterling has depreciated significantly against all major currencies following the result of the referendum and remained volatile during Q3. Stocks in Japan were supported following details released by the government of a fiscal spending package designed to run alongside the Bank of Japan's continuing aggressive monetary policy. Emerging market equities performed strongly following investors' focus on high yielding assets.</p> <p>The Arabesque Q3.17 Systematic underperformance compared to the benchmark (MSCI ACWI) can be attributed to the allocation effects (cash in July, overweight in Basic Materials in August and underweight in financial stocks in August). The summer was characterized by a low turnover in the portfolio since markets moved sideways on a high level. The largest exposures are sector overweights of Technology Services, Producer Manufacturing and Non-Energy Minerals and underweights in Finance, Energy and Utilities.</p> <p><i>Source : Arabesque Asset Management Ltd (the Target Fund's investment manager)</i></p>
<p>Target Fund Market Outlook</p>	<p>Given the bottom-up, quantitative, and momentum-based nature of the strategy, we do not perform any macro analysis and do not manage the fund based on views/expected outlook.</p> <p><i>Source : Arabesque Asset Management Ltd (the Target Fund's investment manager)</i></p>
<p>Target Fund Strategy</p>	<p>The 0% target cash allocation indicates a healthy technical state of the market; a lot of stocks are still in upward trends. Recently volatility increased and the system replaced a couple of positions due to individual stop loss triggers breached.</p> <p><i>Source : Arabesque Asset Management Ltd (the Target Fund's investment manager)</i></p>

FUND PERFORMANCE DATA

FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

BIMB-Arabesque / Global Dividend Fund 1	1 July 2016 to 30 September 2016
Net Asset Value (USD)	
- RM Class	16,442,823
- USD Class	95,683
Units in Circulation	
- RM Class	135,707,224
- USD Class	183,992
NAV per Unit in USD	
- RM Class	0.1212
- USD Class	0.5200
NAV per Unit in respective class currencies	
- RM Class	0.5012
- USD Class	0.5200
Highest NAV per Unit in respective class currencies	
- RM Class	0.5032
- USD Class	0.5284

BIMB-Arabesque / Global Dividend Fund 1	1 July 2016 to 30 September 2016
Lowest NAV per Unit in respective class currencies	
- RM Class	0.4702
- USD Class	0.5049
Total Return (%) ⁽¹⁾	
- RM Class	7.09
- USD Class	4.23
Capital Return (%)	
- RM Class	7.09
- USD Class	4.23
Income Return (%)	
- RM Class	-
- USD Class	-
Management Expense Ratio (MER)(%) ⁽²⁾	1.30
Portfolio Turnover Ratio (PTR)(times) ⁽³⁾	0.60

Note:

- 1) Total return is the actual return of the Fund for the respective financial period computed based on the net asset value per unit and net of all fees.
- 2) Management expense ratio ("MER") is calculated based on the total fees and expenses incurred by the Fund divided by the average fund size calculated on a daily basis.
- 3) Portfolio turnover ratio ("PTR") is calculated based on the average of the total acquisitions and total disposals of investment securities of the Fund divided by the average fund size calculated on a daily basis.

Annual Total Return ^(a)	Fund MYR Class	Fund USD Class	MSCI AC World Index
Since launch from 5 Nov 2015 to 30 Sep 2016 ^(b)	0.24%	4.00%	7.89%

- (a) Independently verified by Novagni Analytics and Advisory Sdn. Bhd.
(b) Actual returns for the financial period from 5 November 2015 to 30 September 2016 given the Fund has not completed its first financial year.

Average Total Return ^(a)	Fund MYR Class	Fund USD Class	MSCI AC World Index
Since launch from 5 Nov 2015 to 30 Sep 2016 ^(b)	0.24%	4.00%	7.89%

- (a) Average Total Return is not applicable given the Fund has not completed its first financial year.
(b) Actual returns for the financial period from 5 November 2015 to 30 September 2016 given the Fund has not completed its first financial year.

Bases of calculation and assumptions made in calculating returns:

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

NAV_t = NAV at the end of the period

NAV₀ = NAV at the beginning of the period

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

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.

Breakdown of Unit Holding by Size “RM” Class as at 30 September 2016

Size of Holding	Number of Unit Holders	Number of Units Held
Below 5,000	0	0.00
5,001 to 10,000	0	0.00
10,001 to 50,000	0	0.00
50,001 to 500,000	230	29,449,667.06
500,001 and above	17	106,257,557.37
Total	247	135,707,224.43

Breakdown of Unit Holding by Size “USD” Class as at 30 September 2016

Size of Holding	Number of Unit Holders	Number of Units Held
Below 5,000	0	0.00
5,001 to 10,000	0	0.00
10,001 to 50,000	2	49,819.25
50,001 to 500,000	1	134,173.02
500,001 and above	0	0.00
Total	3	183,992.27

3.0 SHARIAH COMMITTEE'S REPORT

SECOND QUARTER REPORT FOR THE FINANCIAL PERIOD FROM 1 JULY 2016 TO 30 SEPTEMBER 2016

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To the Unitholders of

BIMB-ARABESQUE i GLOBAL DIVIDEND FUND 1

We have acted as the Shariah Committee of BIMB-ARABESQUE i Global Dividend Fund 1.

Our responsibilities are to ensure that the procedures and processes employed by BIMB Investment Management Berhad and that the provisions of the Deed dated 2 November 2015 are in accordance with Shariah principles.

In our opinion, BIMB Investment Management Berhad has managed and administrated BIMB-ARABESQUE i Global Dividend Fund 1 in accordance with Shariah principles and complied with applicable guidelines, ruling or decision issued by the Securities Commission pertaining to Shariah matters for the financial period from 1 July 2016 to 30 September 2016.

In addition, we also confirm that the investment portfolio of BIMB-ARABESQUE i Global Dividend Fund 1 comprises investments which are Shariah-compliant.

والله أعلم

For and on behalf of the Shariah Committee

.....
USTAZ DR. AHMAD SHAHBARI@SOBRI SALAMON
(Chairman)

.....
USTAZ DR. YUSOF RAMLI
(Committee Member)

.....
USTAZAH DR. ASMAK AB. RAHMAN
(Committee Member)

4.0 FINANCIAL STATEMENTS

4.1 Unaudited Statement of Financial Position as at 30 September 2016

	Note	30.9.2016 USD
Assets		
Investment in foreign collective investment scheme	1	16,806,106
Amount due from Manager		26,385
Other receivables		84
Cash and cash equivalent	2	599,194
Total assets		<u>17,431,769</u>
Liabilities		
Amount due to Manager		856,021
Other payables		37,242
Total liabilities		<u>893,263</u>
		<u>16,538,506</u>
Unitholders' fund		
Unitholders' capital	5	15,653,081
Retained profit		885,425
		<u>16,638,506</u>
Net asset value attributable to unitholders		
- RM class		16,442,823
- USD class		95,683
		<u>16,538,506</u>
Number of units in circulation		
	5	
- RM class		135,707,225
- USD class		183,992
		<u>135,891,217</u>
Net asset value per unit (sen) in USD		
- RM class		12.12
- USD class		52.00
		<u>12.12</u>
Net asset value per unit (sen) in respective currencies		
- RM class		50.12
- USD class		52.00
		<u>50.12</u>

The accompanying notes to the financial statements form an integral part of the unaudited financial statements.

4.2 Unaudited Statement of Profit or Loss and Other Comprehensive Income for the financial period from 1 July 2016 to 30 September 2016

	Note	1.7.2016 to 30.9.2016 USD
Income		
Gain on sale of foreign collective investment scheme		11,335
Income from short term investments		2,937
Realised loss on foreign exchange		(15,649)
Other unrealised loss on foreign exchange		(3,183)
Unrealised gain from financial instruments at fair value through profit or loss		<u>763,597</u>
Gross income		<u>759,037</u>
Expenses		
Manager's fee	3	43,131
Trustee's fee	4	2,571
Administrative expenses		<u>10,036</u>
		<u>55,738</u>
Net income before taxation		703,299
Tax expense		<u>-</u>
Net income after taxation		703,299
Other comprehensive income for the period		<u>-</u>
Total comprehensive income for the period		<u>703,299</u>
Total comprehensive income for the period consist of:		
Realised amount		(57,115)
Unrealised amount		<u>760,414</u>
		<u>703,299</u>

The accompanying notes to the financial statements form an integral part of the unaudited financial statements.

4.3 Unaudited Statement of Changes in Net Asset Value for the financial period from 1 July 2016 to 30 September 2016

	Unitholders' capital USD	Retained profit USD	Total USD
As at 30 June 2016	16,212,454	182,126	16,394,580
Movement in unitholders' contribution			
Creation of units			
– RM class	1,280,540	-	1,280,540
– USD class	70,173	-	70,173
Cancellation of units			
– RM class	(1,910,086)	-	(1,910,086)
– USD class	-	-	-
Total attributable to unitholders'	(559,373)	-	(559,373)
Net income for the period		703,299	703,299
As at 30 September 2016	15,653,081	885,425	16,538,506

The accompanying notes to the financial statements form an integral part of the unaudited financial statements.

4.4 Unaudited Statement of Cash Flows for the financial period from 1 July 2016 to 30 September 2016

	1.7.2016 to 30.9.2016 USD
Cash flows from operating activities	
Purchase of investments	(392,724)
Income from short term investments	2,884
Loss from foreign exchange	(15,649)
Manager's fee paid	(41,863)
Trustee fee paid	(2,492)
Payment for administrative expenses	(9,550)
Loss on foreign currency exchange fluctuation	(3,183)
Net cash used in operating activities	<u>(462,577)</u>
Cash flows from financing activities	
Cash receipt for creation of units	1,394,853
Cash payment for cancellation of units	(1,054,065)
Net cash generated from financing activities	<u>340,788</u>
Net decrease in cash and cash equivalents	(121,789)
Cash and cash equivalents at the beginning of the financial period	<u>720,983</u>
Cash and cash equivalents at the end of the financial period	<u><u>599,194</u></u>
Cash and cash equivalents comprise:	
Cash at bank	89,926
Short term placements	509,268
	<u><u>599,194</u></u>

The accompanying notes to the financial statements form an integral part of the unaudited financial statements.

4.5 Unaudited Notes to the Financial Statements

1. Investments

	As at 30.9.2016 USD
Financial assets at FVTPL	
At cost:	
Foreign collective investment scheme	<u>15,766,522</u>
At market value:	
Foreign collective investment scheme	<u>16,806,106</u>

Details of the investment as at 30 September 2016 are as follows:

Foreign collective investment scheme	Number of units	Cost USD	Market Value USD	Percentage of value of fund as at 30.9.2016 %
Arabesque Q3.17 SICAV – Arabesque Q3.17 Systematic ("Target Fund")	<u>166,496</u>	<u>15,766,522</u>	<u>16,806,106</u>	<u>101.62</u>

The Fund will be investing a minimum of 70% of the Fund's net asset value into the Target Fund. The objective of the investment policy of the Target Fund is long-term capital appreciation through investments into a sustainable Shariah-compliant equity universe (Arabesque Prime League) and Shariah-compliant cash instruments.

The Manager may take temporary defensive positions that may be inconsistent with the Fund's principal strategy by reducing its investments into the Target Fund and raise liquidity level of the Fund during adverse market conditions to protect the unitholders' interest.

4.5 Unaudited Notes to the financial statements (continued)

2. Cash and cash equivalents

	As at 30.9.2016 USD
Short term placements in a licensed financial institutions:	
Commodity Murabahah	509,268
Cash at bank	<u>89,926</u>
	<u><u>599,194</u></u>

3. Manager's fee

The manager's fee payable to the Manager of the Fund is based on 1.80% per annum of the net asset value of the Fund calculated on a daily basis.

As the Fund is investing in a Target Fund, Arabesque Q3.17 SICAV - Arabesque Q3.17 Systematic, Manager's fee was charged as follows:

	1.7.2016 to 30.9.2016 % p.a
Manager's fee charged by Target Fund's Manager, Arabesque Asset Management Ltd on the net asset value of the Target Fund (Note a)	0.82
Manager's fee charged by the Manager, BIMB Investment Management Berhad, on the net asset value of the Target Fund (Note b)	0.98
Manager's fee charged by the Manager, BIMB Investment Management Berhad on remaining net asset value of the Fund (Note b)	1.80

Note a) The Fund's share of manager's fee to Target Fund Manager had been accounted for as part of net unrealised gain on changes in value of investment in foreign collective investment scheme.

Note b) Manager's fee of the Fund as reported in the Statement of Profit or Loss and Other Comprehensive Income only relates to 0.98% on the net asset value of the Target Fund and 1.80% on the remaining net asset value of the Fund.

4. Trustee's fee

The trustee's fee is payable to the trustee of the Fund based on 0.06% per annum of the net asset value of the Fund calculated on a daily basis.

5. Unitholders' capital

	No. of units	USD
At beginning of the period	140,886,646	16,212,454
Creation of units		
– RM class	10,590,067	1,280,540
– USD class	134,173	70,173
Cancellation of units		
– RM class	(15,719,669)	(1,910,086)
– USD class	-	-
As at 30 September 2016	<u>135,891,217</u>	<u>15,653,081</u>

6. Management Expense Ratio ("MER")

The management expense ratio for the financial period is 1.30%. Management expense ratio is the ratio of total fees and recovered expenses of the Fund expressed as a percentage of the Fund's average net asset value. It is a total management expenses expressed as an annual percentage of the Fund's average net asset value.

7. Portfolio Turnover Ratio ("PTR")

The portfolio turnover ratio for the financial period is 0.60 times. It represents the average of total acquisitions and disposals of the investments in the Fund for the financial period over the average net asset value of the Fund calculated on a daily basis.

8. Comparative Figures

There are no comparative amounts presented as this is the Fund's first set of financial statements since its commencement date.

5.0 CORPORATE DIRECTORY

Manager	<p>BIMB Investment Management Berhad</p> <p>Registered Office Level 32, Menara Bank Islam, No. 22, Jalan Perak 50450, Kuala Lumpur</p> <p>Business Office Level 19, Menara Bank Islam, No. 22, Jalan Perak 50450, Kuala Lumpur</p>
Board of Directors	<p>Dato' Sri Zukri Samat (Chairman – Non-Executive Non Independent Director – Resigned w.e.f. 24 June 2016) Khairul Kamarudin (Chairman - Non-Executive Non Independent Director) Mustapha Hamat (Non-Executive Independent Director – Resigned w.e.f. 16 April 2016) Dato' Ghazali Awang (Non-Executive Independent Director) Datuk Noripah Kamso (Non-Executive Independent Director) Dr. Mohd Hatta Dagap (Non-Executive Independent Director) Malkiat Singh @ Malkit Singh Maan (Non-Executive Non Independent Director) Najmuddin Mohd Lutfi (Chief Executive Officer)</p>
Shariah Committee	<p>Ustaz Dr. Ahmad Shahbari @ Sobri Salamon Ustaz Dr. Yusof Ramli Ustazah Dr. Asmak Ab. Rahman</p>
Investment Committee	<p>Khairul Muzamel Perera Abdullah (Chairman – Non Independent Member) Datuk Noripah Kamso (Independent Member – Appointed w.e.f. 1 March 2016) Darawati Hussain (Independent Member – Appointed w.e.f. 1 March 2016) Dato' Ghazali Awang (Chairman – Independent Member – Resigned w.e.f. 1 March 2016) Mustapha Hamat (Independent Member – Resigned w.e.f. 1 March 2016)</p>
Audit Committee	<p>Dato' Ghazali Awang (Chairman – Independent Member) Dr. Mohd Hatta Dagap (Independent Member – Appointed w.e.f. 15 April 2016) Malkiat Singh @ Malkit Singh Maan (Non Independent Member) Mustapha Hamat (Chairman – Independent Member – Resigned w.e.f. 15 April 2016)</p>

Company Secretaries

Aidil Haznul Zulkifli (MACS 01638)
Level 32, Menara Bank Islam, No.22 Jalan Perak,
50450 Kuala Lumpur

Norhidayati Mohamat Salim (MIA 27364)
Level 32, Menara Bank Islam, No. 22, Jalan Perak 50450,
Kuala Lumpur

Key Management

Najmuddin Mohd Lutfi (Chief Executive Officer)
Badrol Ahmad Fathan (Head of Investment)
Azman Ali (Head of Compliance)
Noor Rose Mona Aziz (Head of Finance and Operations)

Principal Banker

Bank Islam Malaysia Berhad
Ground Floor, Menara Bank Islam
No. 22, Jalan Perak
50450 Kuala Lumpur

Trustee

Deutsche Trustees Malaysia Berhad (763590-H)
Level 20, Menara IMC
8, Jalan Sultan Ismail
50250 Kuala Lumpur

**Federation of
Investment Managers
Malaysia (FIMM)**

19-06-1, 6th Floor, Wisma Tune
No.19, Lorong Dungun
Damansara Heights
50490 Kuala Lumpur

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