

CIMB Principal Asia Pacific Dynamic Mixed Asset Fund

Annual Report

For The Financial Year Ended 31 May 2019

CIMB-PRINCIPAL ASIA PACIFIC DYNAMIC MIXED ASSET FUND
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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INVESTORS' LETTER

Dear Valued Investors,

Thank you for your continued support and for the confidence that you have placed in us. Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (“Principal Malaysia”) has achieved RM55.6 billion in Asset under Management (“AUM”) as of May 2019.

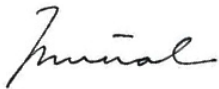
We continue to achieve prestigious recognitions, grabbing six individual awards at The Edge-Thomson Reuters Lipper Fund Awards 2018. In addition, we received recognition from Fundsupermart.com for ‘Fund House of the Year’ award and Recommended Unit Trust 2018/2019 awards for six funds.

We were also bestowed the ‘Best Wealth Manager’ in Malaysia at The Asset Triple A Private Banking, Wealth Management, Investment and Exchange-Traded Fund (“ETF”) Awards 2018. Latest, we were named the ‘Best Asset Management Company’ in Malaysia at the International Finance Awards 2018.

These prestigious awards are a celebration of the trust that you have placed in us and testament to our capability in bringing potential value to your financial goals and needs. We look forward to serving you for many years to come and to the best of our ability.

Effective 1 April 2019, we have appointed Amanie Advisors Sdn Bhd (“Amanie”) as our new Shariah advisor. Amanie is a Shariah advisory, consultancy, training and research and development boutique for institutional and corporate clientele focusing on Islamic financial services. It is a registered Shariah advisory company for Islamic unit trust with the Securities Commission Malaysia (“SC”). Amanie was established with the aim of addressing the global needs for experts' and Shariah scholars' pro-active input. This will ultimately allow the players in the industry to manage and achieve their business and financial goals in accordance with the Shariah Principles.

Yours faithfully,
for **Principal Asset Management Berhad**
(*formerly known as CIMB-Principal Asset Management Berhad*)



Munirah Khairuddin
Chief Executive Officer

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

The Fund aims to provide income and capital appreciation by investing in equities, debt securities, money market instruments and/or deposits.

Has the Fund achieved its objective?

For the financial year under review, the Fund is on track to achieve its long-term return objective.

What are the Fund investment policy and principal investment strategy?

The Fund will be managed with the aim to provide investors with income and capital appreciation over the medium to long term through investments in the Asia Pacific ex Japan region. The Fund seeks to achieve its investment objective through a diversified portfolio investment in equities, debt securities, money market instruments and/or Deposits. The investment in debt securities and money market instruments is to provide some capital stability to the Fund whilst the investment in equity portion will provide the added return in a rising market. The Fund may invest in Deposits for liquidity purpose.

The Fund may invest up to 100% of its Net Asset Value ("NAV") in equities, debt securities or money market instruments and Deposits with Financial Institutions. We have the flexibility to determine its asset allocation between different asset classes according to our views on the prevailing market condition. For example, we may invest up to 100% of the NAV in debt securities and liquid assets in the volatile market to preserve value of the Fund or we can invest up to 100% of the NAV in equities with the aim to generate added return in rising market. The minimum credit rating for these debt securities must be at least "BBB" by Fitch or its equivalent by Standard & Poor's ("S&P") and Moody's. The Fund may also invest up to 10% of the Fund's NAV in unrated fixed income securities.

At Manager discretion, the Fund may opt to access into the equities and/or debt securities market via the investment in units of other collective investment scheme, subject to the requirements of the Securities Commission Malaysia ("SC") Guidelines and the Standards of Qualifying collective investment scheme. When deemed necessary, we may also utilize derivative instruments such as futures contracts and currency forwards to hedge the portfolio, subject to the prevailing SC Guidelines and Standards of Qualifying collective investment scheme.

Fund category/type

Mixed Asset/Growth & Income

How long should you invest for?

Recommended three (3) years or more

Indication of short-term risk (low, moderate, high)

High

When was the Fund launched?

Class MYR

9 January 2017

Class USD

9 January 2017

What was the size of the Fund as at 31 May 2019?

RM217.56 million (209.10 million units)

FUND OBJECTIVE AND POLICY (CONTINUED)

What is the Fund's benchmark?

The performance of this Fund cannot be compared directly with any specific publicly available benchmark. However, the Fund has a target return of six percent (6%) per annum.

This is not a guaranteed return and is only a measurement of the Fund's performance. The Fund may not achieve the target return in any particular financial year but targets to achieve this growth over the medium to long term.

Note: Investors should note that the risk profile of the Fund is not same as the risk profile of the benchmark.

What is the Fund distribution policy?

Annually, depending on the level of the Fund's income and at our discretion.

What was the net income distribution for the financial year ended 31 May 2019?

There was no income distributed to unit holders for the financial year ended 31 May 2019.

PERFORMANCE DATA

Details of portfolio composition of the Fund for the last two financial year/period are as follows:

	31.05.2019	31.05.2018
	%	%
Unquoted securities	25.87	25.59
Quoted securities		
- Basic Materials	1.00	2.39
- Consumer Products	5.94	20.43
- Energy	2.53	2.35
- Finance	14.06	17.66
- Healthcare	-	0.37
- Industrials	3.23	12.91
- Real Estate Investment Trusts ("REITs")	17.79	-
- Technology	9.04	3.80
- Telecommunications	7.53	1.19
- Utilities	-	2.74
Cash and other net assets	13.01	10.57
	<u>100.00</u>	<u>100.00</u>

Performance details of the Fund for the last two financial year/period are as follows:

	31.05.2018	31.05.2018
NAV (RM Million)		
- Class MYR	209.21	262.44
- Class USD	8.35	9.18
Units in circulation (Million)		
- Class MYR	207.24	249.56
- Class USD	1.86	1.96
NAV per unit (RM)		
- Class MYR	1.0095	1.0516
- Class USD	4.4922	4.6796

PERFORMANCE DATA (CONTINUED)

Performance details of the Fund for the last two financial year/period are as follows: (continued)

	01.06.2018 to 31.05.2019	09.01.2017 (date of launch) to 31.05.2018
Highest NAV per unit (RM)		
- Class MYR	1.0731	5.1505
- Class USD	4.7754	1.1605
Lowest NAV per unit (RM)		
- Class MYR	0.9294	4.4185
- Class USD	4.1358	0.9955
Total return (%)		
- Class MYR	(3.98)	9.84
- Class USD	(3.96)	8.90
Capital growth (%)		
- Class MYR	(3.98)	5.13
- Class USD	(3.96)	4.76
Income return (%)		
- Class MYR	-	4.47
- Class USD	-	5.03
Management Expense Ratio ("MER") (%) ^	1.95	2.90
Portfolio Turnover Ratio ("PTR") (times) #	1.65	2.66

^ The Fund's MER declined from 2.90% to 1.95% due to higher average NAV during the financial year under review.

The Fund's PTR has declined from 2.66 times to 1.65 times during the financial year under review. This is consistent with the expected long-term average turnover of the Fund.

	1 year to 31.05.2019 %	Since inception to 31.05.2018 %
Date of distribution		13.04.2018
Gross/Net distribution per unit (sen)		
- Class MYR		4.68
- Class USD		5.03
Annual total return		
- Class MYR	(3.98)	9.84
- Class USD	(3.96)	8.90

(Launch date: 09 January 2017)

Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up. All performance figures for the financial year have been extracted from Lipper.

MARKET REVIEW (1 JUNE 2018 TO 31 MAY 2019)

During the financial year under review, equity markets as measured by Morgan Stanley Capital International (“MSCI”) Asia Pacific ex Japan lost 8.2% after considering re-invested dividends. Bond yields declined significantly, while the USD strengthened by 3.5% during the period. The reasons for bond outperformance over equities complemented by USD strength were; (a) weakening of global Purchasing Managers’ Index (“PMI”) and expectations of global economic slowdown, (b) lack of inflation and weakening of inflation expectations, and (c) poor risk-taking appetite amongst investors due to the ongoing trade disputes between US and China, as well as other geopolitical events.

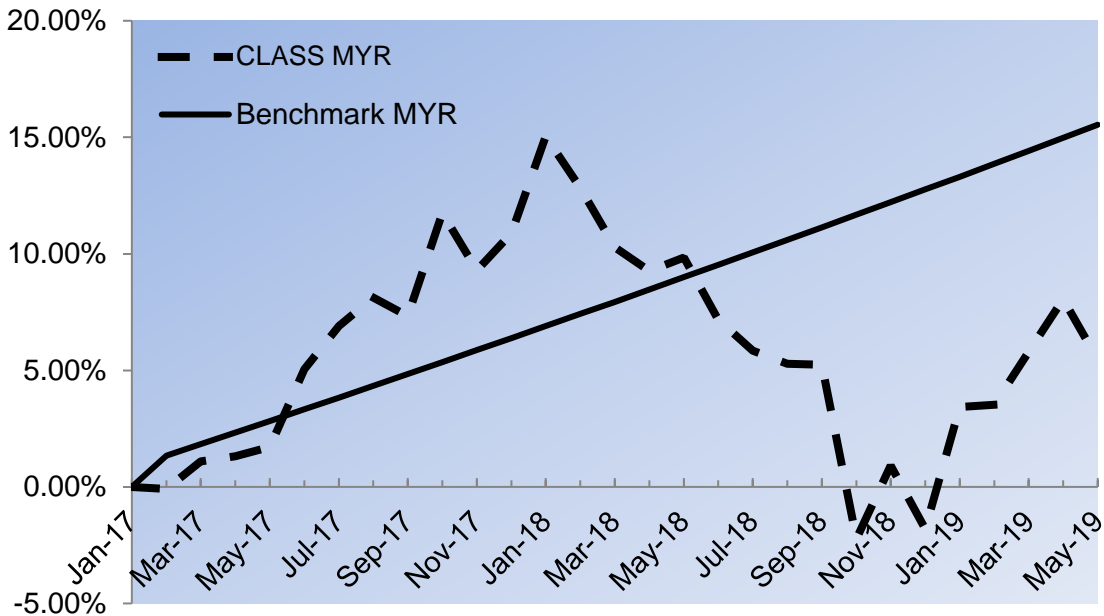
FUND PERFORMANCE

Class MYR	1 year to 31.05.2019 %	Since inception to 31.05.2019 %
Income	-	4.47
Capital	(3.98)	(3.92)
Total Return	(3.98)	0.44
Benchmark	6.00	9.00
Average Total Return	(3.98)	2.25
Class USD	1 year to 31.05.2019 %	Since inception to 31.05.2019 %
Income	-	4.36
Capital	(3.96)	0.58
Total Return	(3.96)	4.59
Benchmark	6.00	9.00
Average Total Return	(3.96)	1.89

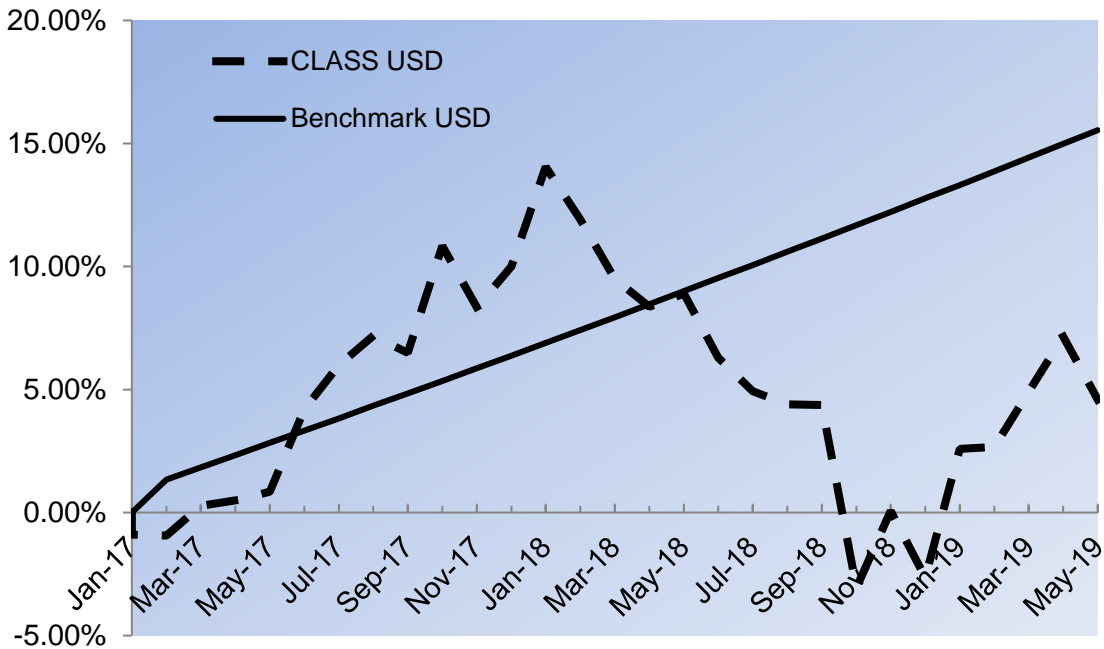
During the financial year under review, the Fund declined 3.96% in USD and 3.98% in MYR terms. The biggest contributor to the decline was the poor performance of the general equities market, which was down by 8.2% during the year. The strong USD which rose 3.5% during the year also worked against our returns because our assets are denominated in non-USD currencies. Despite these headwinds, our Fund performed better than the overall equities market due to our significant holdings in defensive, low-beta stocks, as well as having a sizeable portfolio of high dividend-yielding stocks. The Fund also owns a significant portion of fixed income issues which gained in value as interest rates declined. Our average holding of about 13% in cash also helped to buffer against overall declines in the market.

FUND PERFORMANCE (CONTINUED)

CLASS MYR



CLASS USD



FUND PERFORMANCE (CONTINUED)

Changes in NAV

Class MYR	31.05.2019	31.05.2018	Changes %
NAV (RM Million)	209.21	262.44	(20.28)
NAV/Unit (RM)	1.0095	1.0516	(4.00)

Class USD	31.05.2019	31.05.2018	Changes %
NAV (RM Million)	8.35	9.18	(9.04)
NAV/Unit (RM)	4.4922	4.6796	(4.00)

The NAV per unit for both Class MYR and class USD fell 4.00% during the financial year under review. The change is consistent with the market movement as described in the Market Review section.

Performance data represents the combined income and capital return as a result of holding units in the Fund for the specified length of time, based on NAV to NAV price. The performance data assumes that all earnings from the Fund are reinvested and are net of management and trustee fees. Past performance is not reflective of future performance and income distributions are not guaranteed. Unit prices and income distributions, if any, may fall and rise. All performance figures for the financial year have been extracted from Lipper.

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	31.05.2019	31.05.2018
Quoted securities	25.87	63.84
Unquoted fixed income securities	61.12	25.59
Cash and other net assets	13.01	10.57
TOTAL	100.00	100.00

During the financial year under review, we increased our cash holdings due to the uncertain market conditions. We took profits on many equities, particularly those in China, which had reached our valuation targets. We retained about 25.87% of NAV invested in high-grade Government bonds with medium duration, with the view that interest rates across the entire term structure would come down.

MARKET OUTLOOK*

We view that the technical aspects of Asia, particularly on fund flows, to be positive, but balanced with the expensive valuations in both equities and bonds. Fundamentals in Asia Pacific are currently balanced between positive and negative factors. Asia Pacific ex-Japan equities has been staging a strong rebound, backed by rate cut expectations and the belief that the US would reach a truce with China on trade relations. Singapore, with its REIT-heavy market, was the prime beneficiary of falling rate expectations. Subdued inflation worldwide has allowed central banks to adopt extremely accommodative monetary policies, with the consequent low interest rates across the entire term structure providing ample support for equity valuations. With anemic economic growth globally, we expect interest rates to stay lower for longer and liquidity would become more available for financial assets. We expect China, Indonesia, Thailand, India to be proactive in fiscal stimulus aimed at reforms and infrastructure.

MARKET OUTLOOK* (CONTINUED)

Meanwhile, most global funds are underweighted in Asian equities with the exception of Indonesia. Fund flows into Asia are turning positive and should be supported by the end of central bank balance sheet contraction. Asian equity valuation at 2019 Price-to-Earnings Ratio (“PER”) is 14.6 times, while 2020 consensus earnings growth expectation of 13% year-on-year (“y-o-y”) is likely optimistic. Earnings revision for South Korea remains deeply negative, but there are signs that earnings revision is turning positive in some countries like Singapore, Hong Kong and China.

*This market outlook does not constitute an offer, invitation, commitment, advice or recommendation to make a purchase of any investment. The information given in this article represents the views of Principal Malaysia or based on data obtained from sources believed to be reliable by Principal Malaysia. Whilst every care has been taken in preparing this, Principal Malaysia makes no guarantee, representation or warranty and is under no circumstances liable for any loss or damage caused by reliance on, any opinion, advice or statement made in this market outlook.

INVESTMENT STRATEGY

We believe the risk-reward profile for the markets is currently balanced, hence our hold call on Asia Pacific Ex Japan equities. Though valuations are not cheap, we think the low interest rate trend serves as an anchor for lower-than-usual equity risk premium. Our strategy is to deploy cash for investments with good long-term growth and to buy on market dips. On country allocation, we are over-weighted Singapore for the attractive dividends paid by companies on the exchange. We are also over-weighted India and Indonesia where growth remains a strong theme and a source of investment opportunities. We are under-weighted China but we are actively searching for investment targets. On fixed income, we believe there is room for central banks in Asia to ease rates as inflation throughout Asia is benign. Hence, we remain invested in medium duration sovereigns.

UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 31 May 2019 are as follows:

CLASS MYR

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	34	0.10	0.04
5,001-10,000	40	0.32	0.13
10,001-50,000	94	2.62	1.05
50,001-500,000	42	6.31	2.53
500,001 and above	3	240.21	96.25
Total	213	249.56	100.00

CLASS USD

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	1	0.00	0.01
5,001-10,000	-	-	-
10,001-50,000	1	0.02	1.21
50,001-500,000	-	-	-
500,001 and above	1	1.94	98.78
Total	3	1.96	100.00

SOFT COMMISSIONS AND REBATES

Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the “Manager”) and the Trustee will not retain any form of rebate or soft commission from, or otherwise share in any commission with, any broker in consideration for directing dealings in the investments of the Funds unless the soft commission received is retained in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Funds. All dealings with brokers are executed on best available terms.

During the financial year under review, the Manager and the Trustee did not receive any rebates from the brokers or dealers but the Manager has retained soft commission in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Funds.

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL ASIA PACIFIC DYNAMIC MIXED ASSET FUND**

We, being the Directors of Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying audited financial statements set out on pages 16 to 56 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 May 2019 and of its financial performance, changes in net assets attributable to unit holders and cash flows for the financial year then ended in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

For and on behalf of the Manager
Principal Asset Management Berhad (Company No.: 304078-K)
(formerly known as *CIMB-Principal Asset Management Berhad*)

MUNIRAH KHAIRUDDIN
Chief Executive Officer/Executive Director

JUAN IGNACIO EYZAGUIRRE BARAONA
Director

Kuala Lumpur
16 July 2019

**TRUSTEE'S REPORT TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL ASIA PACIFIC DYNAMIC MIXED ASSET FUND**

We have acted as Trustee of CIMB-Principal Asia Pacific Dynamic Mixed Asset Fund ("the Fund") for the financial year ended 31 May 2019. To the best of our knowledge, Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) ("the Manager"), has operated and managed the Fund in accordance with the following:

- a) limitations imposed on the investment powers of the Manager and the Trustee under the Deeds, the Securities Commission's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- b) valuation/pricing is carried out in accordance with the Deeds and any regulatory requirements; and
- c) creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirements.

For HSBC (Malaysia) Trustee Berhad

Tan Bee Nie
Manager, Investment Compliance Monitoring

Kuala Lumpur
16 July 2019

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL ASIA PACIFIC DYNAMIC MIXED ASSET FUND**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of CIMB-Principal Asia Pacific Dynamic Mixed Asset Fund (the "Fund") give a true and fair view of the financial position of the Fund as at 31 May 2019, and of its financial performance and its cash flows for the financial period from 9 January 2017 (date of launch) to 31 May 2019 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 May 2019, and the statement of comprehensive income, statement of changes in net assets attributable to unit holders and statement of cash flows for the financial year ended 31 May 2019, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 16 to 56.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL ASIA PACIFIC DYNAMIC MIXED ASSET FUND (CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL ASIA PACIFIC DYNAMIC MIXED ASSET FUND (CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL ASIA PACIFIC DYNAMIC MIXED ASSET FUND (CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT

LLP0014401-LCA & AF 1146

Chartered Accountants

Kuala Lumpur

16 July 2019

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019**

		2019	09.01.2017 (date of launch) to 31.05.2018
	Note	RM	RM
(LOSS)/INCOME			
Dividend income		5,371,882	9,059,934
Interest income from deposits with licensed financial institutions at amortised cost		314,522	322,749
Interest income from fixed income securities		2,024,031	3,068,231
Net (loss)/gain on financial assets at fair value through profit or loss	8	(11,743,114)	23,033,640
Net foreign exchange gain/(loss)		339,063	(3,166,461)
		<u>(3,693,616)</u>	<u>32,318,093</u>
EXPENSES			
Management fee	4	4,358,927	5,611,249
Trustee's and custodian fees	5	298,509	371,413
Audit fee		15,400	14,600
Tax agent's fee		36,490	9,500
Transaction costs		2,297,829	2,934,694
Other expenses		7,216	523,294
		<u>7,014,371</u>	<u>9,464,750</u>
(LOSS)/PROFIT BEFORE FINANCE COST AND TAXATION			
		(10,707,987)	22,853,343
Finance cost	6	-	(11,370,247)
(LOSS)/PROFIT BEFORE TAXATION			
		(10,707,987)	11,483,096
Taxation	7	(680,163)	(539,351)
(DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS			
		<u>(11,388,150)</u>	<u>10,943,745</u>
(Decrease)/Increase in net assets attributable to unit holders is made up as follows:			
Realised amount		(4,002,466)	4,869,404
Unrealised amount		(7,385,684)	6,074,341
		<u>(11,388,150)</u>	<u>10,943,745</u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2019**

	Note	31.05.2019 RM	31.05.2018 RM
ASSETS			
Cash and cash equivalents	9	30,620,601	23,684,665
Financial assets at fair value through profit or loss	8	189,262,693	242,912,323
Amount due from stockbrokers		1,013,409	-
Amount due from Manager		291,262	5,339,124
Dividends receivable		561,235	267,056
TOTAL ASSETS		<u>221,749,200</u>	<u>272,203,168</u>
LIABILITIES			
Amount due to Manager		3,811,262	117,882
Accrued management fee		344,388	411,832
Amount due to Trustee		9,566	11,440
Other payables and accruals		24,001	48,464
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)		<u>4,189,217</u>	<u>589,618</u>
NET ASSET VALUE OF THE FUND		<u>217,559,983</u>	<u>271,613,550</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>217,559,983</u>	<u>271,613,550</u>
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS (RM)			
- Class MYR		209,205,587	262,436,264
- Class USD		8,354,396	9,177,286
		<u>217,559,983</u>	<u>271,613,550</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)			
- Class MYR		207,236,394	249,556,972
- Class USD		1,859,748	1,961,106
	10	<u>209,096,142</u>	<u>251,518,078</u>
NET ASSET VALUE PER UNIT (RM)			
- Class MYR		1.0095	1.0516
- Class USD		4.4922	4.6796
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES			
- Class MYR		MYR1.0095	MYR1.0516
- Class USD		USD1.0724	USD1.1759

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

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019**

	2019 RM	09.01.2017 (date of launch) to 31.05.2018 RM
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR/PERIOD	271,613,550	-
Movement due to units created and cancelled during the financial year/period:		
- Creation of units from applications		
- Class MYR	18,781,957	444,904,905
- Class USD	2,852,238	19,040,829
	<u>21,634,195</u>	<u>463,945,734</u>
- Cancellation of units		
- Class MYR	(61,033,830)	(193,409,232)
- Class USD	(3,265,782)	(9,866,697)
	<u>(64,299,612)</u>	<u>(203,275,929)</u>
(Decrease)/Increase in net assets attributable to unit holders during the financial year/period	<u>(11,388,150)</u>	<u>10,943,745</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR/PERIOD	<u>217,559,983</u>	<u>271,613,550</u>

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019**

	Note	2019 RM	09.01.2017 (date of launch) to 31.05.2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from disposal of quoted securities		400,702,010	471,245,730
Proceeds from disposal of unquoted fixed income securities		10,303,325	24,307,649
Proceeds from redemption of unquoted fixed income securities		(376,991,370)	
Purchase of quoted securities		10,000,000	(619,199,987)
Purchase of unquoted fixed income securities		(5,986,573)	(97,832,215)
Dividend income received		4,725,564	8,335,189
Interest income received from deposits with licensed financial institutions		314,522	432,677
Interest income received from unquoted fixed income securities		2,316,928	3,442,162
Management fee paid		(4,426,371)	(5,199,417)
Trustee's and custodian fees paid		(300,383)	(359,973)
Payments for other fees and expenses		(83,569)	(498,930)
Net realised foreign exchange loss		(457,953)	(4,587,155)
Tax paid		(329,798)	(78,788)
Net cash generated from/(used in) operating activities		<u>39,786,332</u>	<u>(219,993,058)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		26,682,960	458,606,610
Payments for cancellation of units		(60,619,750)	(203,158,047)
Finance costs paid		-	(11,370,247)
Net cash (used in)/generated from financing activities		<u>(33,936,790)</u>	<u>244,078,316</u>
Net increase in cash and cash equivalents		5,849,542	24,085,258
Effects of foreign exchange differences		1,086,394	(400,593)
Cash and cash equivalents at the beginning of the financial year/period		<u>23,684,665</u>	-
Cash and cash equivalents at the end of the financial year/period	9	<u><u>30,620,601</u></u>	<u><u>23,684,665</u></u>
<u>Cash and cash equivalent comprised of:</u>			
Deposits with licensed financial institutions		-	13,900,041
Bank balance		<u>30,620,601</u>	<u>9,784,624</u>
Cash and cash equivalents at the end of the financial year/period	9	<u><u>30,620,601</u></u>	<u><u>23,684,665</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019**

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES

CIMB-Principal Asia Pacific Dynamic Mixed Asset Fund (the “Fund”) is governed by a Deed dated 11 July 2016 executed between Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the “Manager”) and HSBC (Malaysia) Trustee Berhad (the “Trustee”).

The Fund will be managed with the aim to provide investors with income and capital appreciation over the medium to long term through investments in the Asia Pacific ex Japan region. The Fund seeks to achieve its investment objective through a diversified portfolio investment in equities, debt securities, money market instruments and/or Deposits. The investment in debt securities and money market instruments is to provide some capital stability to the Fund whilst the investment in equity portion will provide the added return in a rising market. The Fund may invest in Deposits for liquidity purpose.

The Fund may invest up to 100% of its net asset value (NAV) in equities, debt securities or money market instruments and Deposits with Financial Institutions. The Manager has the flexibility to determine its asset allocation between different asset classes according to their views on the prevailing market condition. For example, Manager may invest up to 100% of the NAV in debt securities and liquid assets in the volatile market to preserve value of the Fund or Manager can invest up to 100% of the NAV in equities with the aim to generate added return in rising market. The minimum credit rating for these debt securities must be at least “BBB” by Fitch or its equivalent by S&P and Moody’s. The Fund may also invest up to 10% of the Fund’s NAV in unrated fixed income securities.

At the Manager’s discretion, the Fund may opt to access into the equities and/or debt securities market via the investment in units of other collective investment scheme, subject to the requirements of the SC Guidelines and the Standards of Qualifying collective investment scheme. When deemed necessary, Manager may also utilise derivative instruments such as futures contracts and currency forwards to hedge the portfolio, subject to the prevailing SC Guidelines and Standards of Qualifying collective investment scheme.

All investments are subjected to the SC Guidelines on Unit Trust Funds, SC requirements, the Deeds, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund’s objective.

The Manager, is a joint venture between Principal Financial Group®, a member of the FORTUNE 500® and a Nasdaq-listed global financial services and CIMB Group Holdings Berhad, one of Southeast Asia’s leading universal banking groups. The principal activities of the Manager are the establishment and management of unit trust funds and fund management activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements have been prepared in accordance with the provisions of the MFRS and IFRS.

The financial statements have been prepared under the historical cost convention, as modified by financial assets at fair value through profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

The preparation of financial statements in conformity with MFRS and IFRS 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 year.

It also requires the Manager to exercise their judgement in the process of applying the Fund's accounting policies. Although these estimates and assumptions are based on the Manager's best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 2(l).

Standard that is effective:

The Fund has applied the following standard for the first time for the financial year beginning on 1 June 2018:

- MFRS 9 'Financial Instruments' became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in MFRS 139.

Classification and measurement of debt assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest ("SPPI"). A debt instrument is measured at fair value through other comprehensive income ("OCI") if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through OCI. MFRS 9 also introduces a new expected credit loss ("ECL") impairment model.

MFRS 9 has been applied retrospectively by the Fund and did not result in any change to the classification or measurement of financial instruments as outlined in Note 2(b).

The Fund's investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. There was no material impact on adoption from the application of the new impairment model.

There are no other standards, amendments to published standards or interpretations that are effective for annual periods beginning on 1 June 2018 that have a material effect on the financial statements of the Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial assets and financial liabilities

The amendments to published standard that are applicable to the Fund but not yet effective and have not been early adopted are as follows:

(i) Financial year beginning on/after June 2018 (continued)

- Amendments to MFRS 112 'Income Taxes' (effective from 1 January 2019) clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised.

Accordingly, the tax consequences are recognised in profit or loss when an entity determines payments on such instruments are distribution of profits (that is, dividends). Tax on dividend should not be recognised in equity merely on the basis that it is related to a distribution to owners.

The Fund will apply these amendments to published standard when effective. These amendments to published standard are not expected to have a significant impact on the Fund's financial statements.

(b) Financial assets and financial liabilities

Classification

Up to 31 May 2018, the Fund designates its investment in quoted securities and unquoted fixed income 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 cash and cash equivalents, amount due from stockbrokers, amount due from Manager and dividends receivable.

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

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

From 1 June 2018, the Fund classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss, and
- those to be measured at amortised cost.

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Classification (continued)

The Fund has not taken the option to irrevocably designate any equity securities at fair value through OCI.

The contractual cash flows of the Fund's investments in unquoted fixed income securities are solely principal and interest. However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model objective. Consequently, the investments in unquoted fixed income securities are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents, amount due from stockbrokers, amount due from Manager and dividends receivable as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

The Fund classifies amount due to Manager, accrued management fee, amount due to Trustee, and other payables and accruals as other financial liabilities measured at amortised cost.

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 liabilities, within the scope of MFRS 139 up to 31 May 2018 and MFRS 9 from 1 June 2018, 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 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 recognised 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 fair value of the financial assets at fair value through profit or loss are presented in the statement of comprehensive income with net gain or loss on financial assets at fair value through profit or loss in the financial period 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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Recognition and measurement (continued)

Foreign quoted securities are valued at the last traded market price quoted on the respective foreign stock exchanges at the close of the business day of the respective foreign stock exchanges.

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

Unquoted fixed income securities denominated in Ringgit Malaysia (“RM”) are revalued on a daily basis based on fair value prices quoted by a Bond Pricing Agency (“BPA”) registered with the SC as per the SC Guidelines on Unit Trust Funds. Refer to Note 2(l) for further explanation.

Unquoted fixed income securities denominated in foreign currencies are revalued on a daily basis based on fair value prices quoted by Interactive Data Corporation (“IDC”), a provider of financial market data. However, if such quotations are not available on any business day, or should the gaps of the quotations provided by the financial institutions or IDC differ by more than 20 bps, the valuation shall be determined by reference to the value of such debt securities quoted by Bloomberg.

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.

Financial assets at amortised cost (2018: loans and receivables) and other financial liabilities are subsequently carried at amortised cost using the effective interest rate method.

Impairment for assets carried at amortised costs

Up to 31 May 2018, for assets carried at amortised cost, the Fund assesses at the end of the reporting year 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 profit rate. The asset’s carrying amount is reduced and the amount of the loss is recognised in statement of comprehensive income. If ‘loans and receivables’ has a variable profit rate, the discount rate for measuring any impairment loss is the current effective profit 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Impairment for assets carried at amortised costs (continued)

If, in a subsequent financial year, 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.

From 1 June 2018, the Fund measures credit risk and ECL using probability of default, exposure at default and loss given default. The Manager considers both historical analysis and forward looking information in determining any ECL. The Manager considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month ECL as any such impairment would be wholly insignificant to the Fund.

Significant increase in credit risk

A significant increase in credit risk is defined by the Manager as any contractual payment which is more than 30 days past due.

Definition of default and credit-impaired financial assets

Any contractual payment which is more than 90 days past due is considered credit impaired.

Write-off

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the financial year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Income recognition

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

For quoted equities, realised gains and losses on sale of investments are accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on a weighted average cost basis.

Interest income from deposits with licensed financial institutions and unquoted fixed income securities are recognised on a time proportionate basis using the effective interest rate method on an accrual basis.

Up to 31 May 2018, when a loan and receivable is impaired, the Fund reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continue unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

From 1 June 2018, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Realised gain or loss on disposal of quoted securities and unquoted fixed income securities is accounted for as the difference between the net disposal proceeds and the carrying amount of quoted securities and unquoted fixed income securities, determined on a weighted average cost basis.

(d) Foreign Currency

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 RM, which is the Fund’s functional and presentation currency.

Due to mixed factors in determining the functional currency of the Fund, the Manager has used its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have determined the functional currency to be in RM primarily due to the following factors:

- i) Significant portion of the Fund’s units are denominated in RM.
- ii) Significant portion of the Fund’s expenses are denominated in RM.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. 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 statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Creation and cancellation of units

The unit holders' contributions to the Fund meet the definition of puttable instruments classified as financial liability under MFRS 132 "Financial Instruments: Presentation".

The Fund issues cancellable units, in two classes of units, known as the Class MYR and Class USD, which are cancelled at the unit holder's option and do not have identical features subject to restrictions as stipulated in the Prospectus and SC's Guidelines on Unit Trust Funds. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's NAV of respective classes. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the member exercises the right to put back the unit to the Fund.

Units are created and cancelled at the unit holders' option at prices based on the Fund's NAV per unit of respective classes at the close of business on the relevant dealing day. The Fund's NAV per unit of respective classes is calculated by dividing the net assets attributable to members of respective classes with the total number of outstanding units of respective classes.

(f) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balances and deposits held in highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Taxation

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

(h) Transaction costs

Transaction costs are costs incurred to acquire or dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expenses.

(i) Increase/Decrease in net asset attributable to unit holders

Income not distributed is included in net asset attributable to unit holders.

(j) Finance cost

A distribution to the Fund's unit holders is accounted for as a finance cost in the statement of comprehensive income. A proposed distribution is recognised as a financial liability in the financial year in which it is approved by the Trustee.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Amount due from/(to) stockbrokers

Amounts due from stockbrokers represent receivables for investments sold that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. The amount due from stockbrokers balance is held for collection.

These amounts are recognised initially at fair value and, up to 31 May 2018, subsequently measured at amortised cost using the effective interest method, less provision for impairment for amounts due from stockbrokers. A provision for impairment of amounts due from stockbrokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant stockbroker. Significant financial difficulties of the stockbroker, probability that the stockbroker will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from stockbrokers 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 interest rate used to discount the future cash flows for the purpose of measuring the impairment loss.

From 1 June 2018, these amounts are subsequently measured at amortised cost. At each reporting date, the Fund measures the loss allowance on amounts due from stockbrokers at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by the Manager as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

(l) Segment information

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

(m) Critical accounting estimates and judgments in applying accounting policies

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Fund's 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Critical accounting estimates and judgments in applying accounting policies (continued)

Estimate of fair value of unquoted fixed income securities

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the SC Guidelines on Unit Trust Funds.

Ringgit-denominated unquoted fixed income securities are valued using fair value prices quoted by a BPA. Where the Manager is of the view that the price quoted by BPA for a specific unquoted fixed income securities differs from the market price by more than 20 bps, the Manager may use market price, provided that the Manager records its basis for using a non-BPA price, obtains necessary internal approvals to use the non-BPA price, and keeps an audit trail of all decisions and basis for adopting the use of non-BPA price.

Unquoted fixed income securities denominated in foreign currencies are shall be calculated daily by reference to the average of bid and offer prices quoted by three (3) independent and reputable financial institutions or any alternative valuation basis as may be permitted by the SC from time to time. However, where quotations are not available, such unlisted non RM-denominated debt securities will be valued at least weekly at fair price determined in good faith by us, based on the methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund are as follows:

	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
2019			
Cash and cash equivalents (Note 10)	-	30,620,601	30,620,601
Quoted securities (Note 9)	132,982,073	-	132,982,073
Unquoted fixed income securities (Note 9)	56,280,620	-	56,280,620
Amount due to stockbrokers	-	1,013,409	1,013,409
Amount due from Manager	-	291,262	291,262
Dividends receivable	-	561,235	561,235
	<u>189,262,693</u>	<u>32,486,507</u>	<u>221,749,200</u>

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

	Financial assets at fair value through profit or loss RM	Loans and receivables RM	Total RM
2018			
Cash and cash equivalents (Note 10)	-	23,684,665	23,684,665
Quoted securities (Note 9)	173,406,706	-	173,406,706
Unquoted fixed income securities (Note 9)	69,505,617	-	69,505,617
Amount due from Manager	-	5,339,124	5,339,124
Dividends receivable	-	267,056	267,056
	<u>242,912,323</u>	<u>29,290,845</u>	<u>272,203,168</u>

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

The Fund aims to provide income and capital appreciation by investing in equities, debt securities money market instruments and/or deposits.

The Fund is exposed to a variety of risks which include market risk (inclusive of price risk, currency risk and interest rate risk), credit risk and liquidity risk.

Financial risk management is carried out through internal control process adopted by the Manager and adherence to the investment restrictions as stipulated in the Deeds and SC Guidelines on Unit Trust Funds.

(a) Market risk

(i) Price risk

This is the risk that the fair value of an investment in quoted securities and unquoted fixed income securities will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk). The value of investments may fluctuate according to the activities of individual companies, sector and overall political and economic conditions. Such fluctuation may cause the Fund's NAV and prices of units to fall as well as rise, and income produced by the Fund may also fluctuate.

The price risk is managed through diversification and selection of quoted securities and other financial instruments within specified limits according to the Deeds.

The Fund's overall exposure to price risk was as follows:

	2019 RM	2018 RM
Financial assets at fair value through profit or loss:		
- Quoted securities	<u>132,982,073</u>	<u>173,406,706</u>

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(i) Price risk (continued)

The table below summarises the sensitivity of the Fund's profit or loss and NAV to movements in prices of quoted securities at the end of reporting period. The analysis is based on the assumptions that the price of the quoted securities fluctuates by 5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted securities, having regard to the historical volatility of the prices.

	% Change in price of quoted securities	Market value RM	Impact on profit or loss/NAV RM
	2019		
	-5%	126,332,969	(6,649,104)
	0%	132,982,073	-
	5%	<u>139,631,177</u>	<u>6,649,104</u>
	2018		
	-5%	164,736,371	(8,670,335)
	0%	173,406,706	-
	5%	<u>182,077,041</u>	<u>8,670,335</u>

The Fund is exposed to price risk arising from interest rate fluctuation in relation to its investments of RM56,280,260 (2018: RM69,505,617) in unquoted fixed income securities. The Fund's exposure to price risk arising from interest rate fluctuation and the related sensitivity analysis are disclosed in "interest rate risk" below.

(ii) Currency risk

Currency risk is associated with investments that are quoted and/or priced in foreign currency denomination. Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Manager will evaluate the likely directions of a foreign currency versus RM based on considerations of economic fundamentals such as interest rate differentials, balance of payments position, debt levels, and technical chart considerations.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(ii) Currency risk (continued)

The following table sets out the foreign currency risk concentrations arising from the denomination of the Fund's financial instrument in foreign currencies:

Financial assets	Cash and cash equivalents RM	Financial assets at fair value through profit or loss RM	Amount due from Manager RM	Dividend Receivables RM	Total RM
2019					
AUD	-	10,977,876	-	-	10,977,876
HKD	-	29,105,503	-	270,511	29,376,014
IDR	10	32,749,299	-	-	32,749,309
INR	-	22,219,603	-	-	22,219,603
KRW	-	1,136,523	-	17,803	1,154,326
SGD	71,125	61,317,038	-	272,921	61,661,084
PHP	-	2,178,830	-	-	2,178,830
THB	-	12,054,135	-	-	12,054,135
TWD	-	6,209,546	-	-	6,209,546
USD	28,753,001	1,100,839	-	-	29,853,840
	<u>28,824,136</u>	<u>179,049,192</u>	<u>-</u>	<u>561,235</u>	<u>208,434,563</u>
2018					
AUD	-	15,667,687	-	-	15,667,687
CNY	567,215	32,688,299	-	-	33,255,514
HKD	-	36,324,437	-	134,019	36,458,456
IDR	-	25,202,301	-	26,959	25,229,260
INR	-	3,884,758	-	-	3,884,758
KRW	-	12,755,809	-	-	12,755,809
SGD	4,146,017	43,935,745	-	106,078	48,187,840
THB	-	13,541,437	-	-	13,541,437
TWD	-	12,052,702	-	-	12,052,702
USD	5,050,408	5,872,033	44,097	-	10,966,538
	<u>9,763,640</u>	<u>201,925,208</u>	<u>44,097</u>	<u>267,056</u>	<u>212,000,001</u>

The table below summarises the sensitivity of the Fund's profit or loss and NAV to changes in foreign exchange movements at the end of each reporting year. The analysis is based on the assumption that the foreign exchange rate fluctuates by 5%, with all other 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. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

**3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES
(CONTINUED)**

(a) Market risk (continued)

(ii) Currency risk (continued)

	% Change in foreign exchange rate	Impact on profit or loss/NAV	
		2019 RM	2018 RM
AUD	+/- 5	+/- 548,894	+/- 783,384
CNY	+/- 5	-	+/- 1,662,776
HKD	+/- 5	+/-1,468,801	+/- 1,822,923
IDR	+/- 5	+/-1,637,465	+/- 1,261,463
INR	+/- 5	+/-1,110,980	+/- 194,238
KRW	+/- 5	+/- 57,716	+/- 637,790
SGD	+/- 5	+/-3,191,996	+/- 2,409,392
PHP	+/- 5	+/-108,942	-
THB	+/- 5	+/- 602,707	+/- 677,072
TWD	+/- 5	+/- 310,477	+/- 602,635
USD	+/- 5	+/-1,074,972	+/- 450,272

(iii) Interest rate risk

In general, when interest rates rise, unquoted fixed income securities prices will tend to fall and vice versa. Therefore, the NAV of the Fund may also tend to fall when interest rates rise or are expected to rise. However, investors should be aware that should the Fund holds an unquoted fixed income securities till maturity, such price fluctuations would dissipate as it approaches maturity, and thus the growth of the NAV shall not be affected at maturity. In order to mitigate interest rates exposure of the Fund, the Manager will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the Manager, which is based on its continuous fundamental research and analysis.

Investors should note that the movement in prices of unquoted fixed income securities and money market instruments are benchmarked against interest rates. As such, the investments are exposed to the movement of the interest rates.

This risk is crucial since unquoted fixed income securities portfolio management depends on forecasting interest rate movements. Prices of unquoted fixed income securities move inversely to interest rate movements, therefore as interest rates rise, the prices of unquoted fixed income securities decrease and vice versa. Furthermore, unquoted fixed income securities with longer maturity and lower yield coupon rates are more susceptible to interest rate movements.

Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to make payments of interest income and principal, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

**3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES
(CONTINUED)**

(iii) Interest rate risk (continued)

The table below summarises the sensitivity of the Fund's profit or loss and NAV to movements in prices of unquoted fixed income securities held by the Fund as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate changes by 1% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the interest rate, having regard to the historical volatility of the interest rate.

% Change in interest rate	Impact on profit or loss/NAV	
	2019 RM	2018 RM
+1%	(80,611)	(86,085)
-1%	80,913	86,261

The Fund's exposure to interest rates associated with deposits with licensed financial institutions is not material as the deposits are held on short-term basis.

(b) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligation resulting in financial loss to the Fund.

Investment in unquoted fixed income securities may involve a certain degree of credit/default risk with regards to the issuers.

Generally, credit risk or default risk is the risk of loss due to the issuer's non-payment or untimely payment of the investment amount as well as the returns on investment. This will cause a decline in value of the defaulted unquoted fixed income securities and subsequently depress the NAV of the Fund. Usually credit risk is more apparent for an investment with a longer tenure, i.e. the longer the duration, the higher the credit risk.

Credit risk can be managed by performing continuous fundamental credit research and analysis to ascertain the creditworthiness of its issuer. In addition, the Manager imposes a minimum rating requirement as rated by either local and/or foreign rating agencies and manages the duration of the investment in accordance with the objective of the Fund.

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.

For amount due from stockbrokers, the settlement terms are governed by the relevant rules and regulations as prescribed by respective stock exchange. The credit risk is minimal as all transactions in quoted securities are settled or paid upon delivery using approved stockbrokers.

For the amount due from Manager, the settlement terms of units receivable from the Manager are governed by the SC Guidelines on Unit Trust Funds.

**3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES
(CONTINUED)**

(b) Credit risk (continued)

	Cash and cash equivalents RM	Financial asset at fair value through profit or loss RM	Amount due from stock- brokers RM	Amount due from Manager RM	Dividends receivable RM	Total RM
2019						
Consumer Products						
- Not Rated					175,080	175,080
Finance						
- HSBC Bank Bhd (AAA)	30,620,601	-	-	-	-	30,620,601
- Not Rated	-	-	1,013,409	-	113,234	1,126,643
Government						
- AAA	-	14,852,838	-	-	-	14,852,838
- Baa1	-	12,054,135	-	-	-	12,054,135
- Not Rated	-	10,213,501	-	-	-	10,213,501
Telecommunications						
- Not Rated	-	-	-	-	272,921	272,921
Treasury						
- Baa2	-	13,135,700	-	-	-	13,135,700
- Not Rated	-	6,024,446	-	-	-	6,024,446
Others						
- Not Rated	-	-	-	291,262	-	291,262
	<u>30,620,601</u>	<u>56,280,620</u>	<u>1,013,409</u>	<u>291,262</u>	<u>561,235</u>	<u>88,767,127</u>
2018						
Consumer Products						
- Not Rated	-	-	-	-	147,670	147,670
Construction						
- AAA	-	10,155,573	-	-	-	10,155,573
- AA2	-	5,040,818	-	-	-	5,040,818
Finance						
- Hong Leong Bhd (AAA)	9,763,640	-	-	-	-	9,763,640
- HSBC Bank Bhd (AAA)	4,023,688	-	-	-	-	4,023,688
- Public Bank Bhd (AAA)	6,440,024	-	-	-	-	6,440,024
- Malayan Banking Bhd (AAA)	3,457,313	-	-	-	-	3,457,313
- Not Rated	-	-	-	-	106,077	106,077
Government						
- AAA	-	5,947,970	-	-	-	5,947,970
- Baa1	-	11,246,289	-	-	-	11,246,289
- Not Rated	-	18,906,878	-	-	-	18,906,878
Infrastructure						
- AA2	-	5,151,813	-	-	-	5,151,813
Technology						
- Not Rated	-	-	-	-	13,309	13,309
Treasury						
- Baa3	-	13,056,276	-	-	-	13,056,276
Others						
- Not Rated	-	-	-	5,339,124	-	5,339,124
	<u>23,684,665</u>	<u>69,505,617</u>	<u>-</u>	<u>5,339,124</u>	<u>267,056</u>	<u>98,796,462</u>

All financial assets of the Fund as at the end of the financial period are neither past due nor impaired.

**3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES
(CONTINUED)**

(c) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations.

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise bank balances and deposits with licensed financial institutions, which are capable of being converted into cash within 7 business days. Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector and other factors. For the purpose of the Fund, the Manager will attempt to balance the entire portfolio by investing in a mix of assets with satisfactory trading volume and those that occasionally could encounter poor liquidity. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

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

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
2019			
Amount due to Manager	3,811,262	-	3,811,262
Accrued management fee	344,388	-	344,388
Amount due to Trustee	9,566	-	9,566
Other payables and accruals	24,001	-	24,001
Net assets attributable to unit holders*	<u>217,559,983</u>	<u>-</u>	<u>217,559,983</u>
Contractual undiscounted cash flows	<u><u>221,749,200</u></u>	<u><u>-</u></u>	<u><u>221,749,200</u></u>
2019			
Amount due to Manager	117,882	-	117,882
Accrued management fee	411,832	-	411,832
Amount due to Trustee	11,440	-	11,440
Other payables and accruals	29,164	19,300	48,464
Net assets attributable to unit holders*	<u>271,613,550</u>	<u>-</u>	<u>271,613,550</u>
Contractual undiscounted cash flows	<u><u>272,183,868</u></u>	<u><u>19,300</u></u>	<u><u>272,203,168</u></u>

* Outstanding units are redeemed on demand at the unitholder's option. However, the Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Capital risk management

The capital of the fund is represented by net assets attributable to unit holders RM217,559,983 (2018: RM271,613,550). The amount of capital 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 to 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.

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

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

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

(i) Fair value hierarchy

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

- 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 categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

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

**3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES
(CONTINUED)**

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2019				
Financial assets at fair value through profit or loss:				
- Quoted securities	132,982,073	-	-	132,982,073
- Unquoted fixed income securities	-	56,280,620	-	56,280,620
	<u>132,982,073</u>	<u>56,280,620</u>	<u>-</u>	<u>189,262,693</u>
2018				
Financial assets at fair value through profit or loss:				
- Quoted securities	173,406,706	-	-	173,406,706
- Unquoted fixed income securities	-	69,505,617	-	69,505,617
	<u>173,406,706</u>	<u>69,505,617</u>	<u>-</u>	<u>242,912,323</u>

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equities. 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 2(b).

Financial instruments that trade in markets that are not 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. These include unquoted fixed income securities. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Fund's policies on valuation of these financial assets are stated in Note 2(b).

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

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

4. MANAGEMENT FEE

In accordance with the Deeds, the Manager is entitled to a maximum management fee of 3.00% per annum, calculated daily based on the NAV of the Fund.

For the financial year ended 31 May 2019, the management fee is recognised at a rate of 1.80% per annum (9 January 2017 (date of launch) to 31 May 2018: 1.80% per annum).

There is no further liability to the Manager in respect of management fee other than the amount recognised above.

5. TRUSTEE'S FEE AND CUSTODIAN FEES

In accordance with the Deeds, the Trustee is entitled to a maximum fee of 0.08% per annum calculated daily based on the NAV of the Fund. The Trustee's fee includes local/custodian fee but excludes foreign sub-custodian fees and charges.

For the financial year ended 31 May 2019, the Trustee's fee is recognised at a rate of 0.05% per annum (including local custodian fee but excluding foreign sub-custodian fee) on the NAV of the Fund. the foreign custodian fee is recognised at RM177,427 (9 January 2017 (date of launch) to 31 May 2018: RM 215,545).

There is no further liability to the Trustee and custodian in respect of Trustee's and custodian fee other than the amount recognised above.

6. FINANCE COST

Finance cost is derived from the following sources:

	2019	09.01.2017
	RM	(date of launch)
		to 31.05.2018
		RM
Interest income	-	1,769,857
Net realised gain on disposal of investments	-	10,288,452
Realised foreign exchange loss	-	(2,186,928)
Dividend Income	-	3,084,290
	<hr/>	<hr/>
	-	12,955,671
Less:		
Expenses	-	(1,585,424)
Net finance cost	<hr/>	<hr/>
	-	11,370,247
Finance cost on 13 April 2018		
Gross/Net finance cost per unit (sen)		
- Class MYR	-	4.68
- Class USD	-	5.03
	<hr/>	<hr/>

6. FINANCE COST (CONTINUED)

Gross finance cost is derived using total income less total expenses. Net finance cost above is sourced from current financial year's realised income.

Gross finance cost per unit is derived from gross realised income less expense, divided by the number of units in circulation. Net finance cost per unit is derived from gross realised income less expenses and taxation, divided by the number of units in circulation.

7. TAXATION

	2019 RM	09.01.2017 (date of launch) to 31.05.2018 RM
Tax charged for the financial period:		
- Withholding tax	<u>680,163</u>	<u>539,351</u>

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

	2019 RM	09.01.2017 (date of launch) to 31.05.2018 RM
(Loss)/Profit before taxation	<u>(10,707,987)</u>	<u>11,483,096</u>
Taxation at Malaysian statutory rate of 24% (2018: 24%)	(2,569,917)	2,755,943
Tax effects of:		
- Loss not deductible for tax purposes/(Income not subject to tax)	886,468	(7,756,342)
- Expenses not deductible for tax purposes	633,498	3,565,560
- Restriction on tax deductible expenses for Unit Trust Funds	1,049,951	1,434,839
Income subject to withholding tax	<u>680,163</u>	<u>539,351</u>
Taxation	<u>680,163</u>	<u>539,351</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 RM	2018 RM
At fair value through profit or loss at inception:		
- Quoted securities	132,982,073	173,406,706
- Unquoted fixed income securities	<u>56,280,620</u>	<u>69,505,617</u>
	<u>189,262,693</u>	<u>242,912,323</u>

	2019 RM	09.01.2017 (date of launch) to 31.05.2018 RM
Net (loss)/gain on financial assets at fair value through profit or loss:		
- Realised (loss)/gain on disposals	(10,760,202)	16,017,893
- Unrealised fair value (loss)/gain	<u>(982,912)</u>	<u>7,015,747</u>
	<u>(11,743,114)</u>	<u>23,033,640</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.05.2019				
QUOTED SECURITIES				
AUSTRALIA				
Industrials				
Cleanaway Waste Management Ltd	811,611	4,155,522	5,245,974	2.41
TOTAL AUSTRALIA	811,611	4,155,522	5,245,974	2.41
CHINA				
Finance				
Industrial and Commercial Bank Ltd	751,000	2,300,423	2,247,052	1.03
TOTAL CHINA	751,000	2,300,423	2,247,052	1.03
HONG KONG				
Consumer Products				
Sands China Ltd	157,600	3,242,853	2,989,302	1.37
Xinyi Glass Hldg Co. Ltd	512,000	2,489,503	2,147,459	0.99
	669,600	5,732,356	5,136,761	2.36
Finance				
AIA Group Ltd	43,200	1,645,966	1,699,972	0.78
Henderson Land Development	145,200	2,984,144	3,142,005	1.44
	188,400	4,630,110	4,841,977	2.22
REITs				
Link REIT	146,000	5,967,257	7,317,132	3.36
Technology				
Tencent Hldg Ltd	54,900	9,237,137	9,562,581	4.40
TOTAL HONG KONG	1,058,900	25,566,860	26,858,451	12.34
INDIA				
Consumer Products				
Dabur India Ltd	92,607	2,200,939	2,203,731	1.01
Energy				
Reliance Industries Ltd	68,872	5,086,316	5,505,766	2.53
Finance				
Godrej Properties Ltd	86,797	4,518,951	4,627,557	2.13
HDFC Bank Ltd	23,429	2,663,458	3,415,094	1.57
ICICI Bank Ltd	100,699	2,166,950	2,564,237	1.18
	210,925	9,349,359	10,606,888	4.88

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.05.2019 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
INDIA (CONTINUED)				
Technology				
Tata Consultancy Services Ltd	29,567	3,598,373	3,903,218	1.79
TOTAL INDIA	401,971	20,234,987	22,219,603	10.21
INDONESIA				
Consumer Products				
Gudang Garam TBK PT	48,800	1,159,180	1,152,627	0.53
Finance				
Bank Central Asia	379,700	2,797,934	3,242,961	1.49
Puradelta Lestari Tbk	43,653,000	2,347,510	3,203,039	1.47
	<u>44,032,700</u>	<u>5,145,444</u>	<u>6,446,000</u>	<u>2.96</u>
Telecommunications				
Telekomunikasi TBK PT	5,233,500	6,020,375	5,990,526	2.76
TOTAL INDONESIA	49,315,000	12,324,999	13,589,153	6.25
PHILIPPINES				
Basic Materials				
D&L Industries Inc	2,675,900	2,173,710	2,178,830	1.00
TOTAL PHILIPPINES	2,675,900	2,173,710	2,178,830	1.00
SINGAPORE				
Consumer Products				
ComfortDelGro Corp Ltd	292,300	2,351,710	2,187,015	1.01
Finance				
Capitaland Ltd	559,300	5,780,317	5,477,577	2.52
United Overseas Bank Ltd	13,700	1,086,899	979,211	0.45
	<u>573,000</u>	<u>6,867,216</u>	<u>6,456,788</u>	<u>2.97</u>
Industrials				
Venture Corp Ltd	38,800	2,194,096	1,783,134	0.82
REITs				
CapitaLand Mall Trust	1,496,900	10,283,004	10,972,299	5.04
CDL Hospitality Trusts	1,479,500	7,163,783	7,244,838	3.33
Keppel DC REIT	797,300	3,515,820	3,782,981	1.74
Mapletree Commercial Trust	1,616,000	8,201,008	9,387,772	4.32
	<u>5,389,700</u>	<u>29,163,615</u>	<u>31,387,890</u>	<u>14.43</u>
Telecommunications				
NetLink NBN Trust	4,112,300	10,093,400	10,381,275	4.77

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.05.2019 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
SINGAPORE(CONTINUED)				
TOTAL SINGAPORE	10,406,100	50,670,036	52,196,102	24.00
SOUTH KOREA				
Consumer Products				
Samsung Electronics Co. Ltd	7,604	1,379,763	1,136,523	0.51
TOTAL SOUTH KOREA	7,604	1,379,763	1,136,523	0.51
TAIWAN				
Technology				
Taiwan Semiconductor Manufacturing Co. Ltd	199,000	6,327,955	6,209,546	2.85
TOTAL TAIWAN	199,000	6,327,955	6,209,546	2.85
UNITED STATES				
Consumer Products				
Huazhu Group Ltd	8,588	1,166,078	1,100,839	0.52
TOTAL UNITED STATES	8,588	1,166,078	1,100,839	0.52
TOTAL QUOTED SECURITIES	65,635,674	126,300,333	132,982,073	61.12
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		6,681,740		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		132,982,073		

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
31.05.2019 (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES				
AUSTRALIA				
Australian Government 5.75% 15/7/2022 (Non- rated)	1,700,000	6,513,671	5,731,902	2.64
INDONESIA				
Indonesia Treasury Bond 7% 15/05/2022 (Baa2)	45,000,000,000	14,070,496	13,135,700	6.04
Indonesia Treasury Bond (Non-rated)	20,000,000,000	5,952,833	6,024,446	2.77
	<u>65,000,000,000</u>	<u>20,023,329</u>	<u>19,160,146</u>	<u>8.81</u>
MALAYSIA				
Malaysian Government 1/2017 3.88% 10/3/2022 (Non-rated)	10,000,000	10,140,362	10,213,501	4.69
SINGAPORE				
Singapore Government Bond 1.75% 1/2/2023 (Non-rated)	3,000,000	8,798,922	9,120,936	4.19
THAILAND				
Thailand Government Bond 1.88% 17/6/2022 (Baa1)	90,000,000	11,453,241	12,054,135	5.54
TOTAL UNQUOTED FIXED INCOME SECURITIES	<u>65,104,700,000</u>	<u>56,929,525</u>	<u>56,280,620</u>	<u>25.87</u>
ACCUMULATED UNREALISED LOSS ON UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		(648,905)		
TOTAL UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>56,280,620</u>		

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.05.2018				
QUOTED SECURITIES				
AUSTRALIA				
Basic Materials				
BHP Billiton Ltd	37,725	3,577,708	3,733,027	1.37
BlueScope Steel Ltd	52,647	2,580,341	2,761,302	1.02
	<u>90,372</u>	<u>6,158,049</u>	<u>6,494,329</u>	<u>2.39</u>
Industrials				
Cleanaway Waste Management Ltd	655,698	3,164,093	3,225,388	1.19
TOTAL AUSTRALIA	<u>746,070</u>	<u>9,322,142</u>	<u>9,719,717</u>	<u>3.58</u>
CAYMAN ISLANDS				
Consumer Products				
Alibaba Group Holding Ltd	7,452	4,157,334	5,872,033	2.16
TOTAL CAYMAN ISLANDS	<u>7,452</u>	<u>4,157,334</u>	<u>5,872,033</u>	<u>2.16</u>
CHINA				
Consumer Products				
Midea Group Co Ltd-A ¹	229,727	5,835,261	7,545,612	2.78
Finance				
Industrial and Commercial Bank Ltd	2,556,000	8,073,719	8,431,605	3.10
Ping An Insurance Group Co of China Ltd-H ²	144,000	5,940,943	5,619,852	2.07
	<u>2,700,000</u>	<u>14,014,662</u>	<u>14,051,457</u>	<u>5.17</u>
Industrials				
Beijing Oriental Yuhong Co. Ltd	118,471	2,942,671	2,581,451	0.95
Hangzhou Hikvision Digital Technology Co. Ltd	350,140	7,223,855	8,509,778	3.13
	<u>468,611</u>	<u>10,166,526</u>	<u>11,091,229</u>	<u>4.08</u>
TOTAL CHINA	<u>3,398,338</u>	<u>30,016,449</u>	<u>32,688,298</u>	<u>12.03</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.05.2018 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
HONG KONG				
Consumer Products				
Brilliance China				
Automotive Holding Ltd	548,000	4,212,737	4,077,093	1.50
China Mengniu Dairy Co. Ltd	314,000	3,827,835	4,541,618	1.67
Techtronic Industries Co. Ltd	138,500	3,344,892	3,307,086	1.22
Tingyi (Cayman Islands) Holding Corporation	824,000	6,617,845	7,343,241	2.70
Xinyi Glass Holdingg Co. Ltd	710,000	1,402,974	3,884,303	1.43
Sands China Ltd	182,800	3,712,193	4,355,598	1.61
	<u>2,717,300</u>	<u>23,118,476</u>	<u>27,508,939</u>	<u>10.13</u>
Industrials				
Sunny Optical Tech Co. Ltd	34,300	2,636,027	2,778,197	1.02
Technology				
Tencent Holding Ltd	29,800	5,381,583	6,037,301	2.22
TOTAL HONG KONG	<u>2,781,400</u>	<u>31,136,086</u>	<u>36,324,437</u>	<u>13.37</u>
INDIA				
Energy				
Reliance Industries Ltd	71,464	4,158,064	3,884,758	1.43
TOTAL INDIA	<u>71,464</u>	<u>4,158,064</u>	<u>3,884,758</u>	<u>1.43</u>
INDONESIA				
Consumer Products				
Mitra Adiperkasa TBK PT	2,354,100	4,617,050	5,678,272	2.09
Finance				
Bank Mandiri TBK PT	1,600,900	3,811,425	3,231,280	1.19
Telecommunications				
Telekomunikasi TBK PT	3,211,500	3,296,575	3,236,473	1.19
TOTAL INDONESIA	<u>7,166,500</u>	<u>11,725,050</u>	<u>12,146,025</u>	<u>4.47</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.05.2018 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
MALAYSIA				
Finance				
CIMB Group Holdings Bhd	527,333	3,324,284	3,111,265	1.14
Utilities				
Tenaga Nasional Bhd	516,000	8,206,258	7,430,400	2.74
TOTAL MALAYSIA	1,043,333	11,530,542	10,541,665	3.88
SINGAPORE				
Finance				
CapitaLand Commercial Trust	1,021,500	5,415,563	5,197,498	1.91
CDL Hospitality Trusts	1,305,800	6,788,707	6,488,631	2.39
City Developments Ltd	116,100	4,061,062	3,872,557	1.42
DBS Group Holding Ltd	115,100	8,634,255	9,716,159	3.58
	2,558,500	24,899,587	25,274,845	9.30
Industrials				
Venture Corporation Ltd	117,300	6,578,223	7,364,452	2.71
Energy				
Keppel Corporation Ltd	108,400	2,335,521	2,486,816	0.92
TOTAL SINGAPORE	2,784,200	33,813,331	35,126,113	12.93
SOUTH KOREA				
Consumer Products				
LG Electronics Inc.	6,086	2,506,744	2,080,790	0.77
Samsung Electronics Co. Ltd	36,416	6,888,896	6,816,876	2.51
	42,502	9,395,640	8,897,666	3.28
Health Care				
Osstem Implant Co. Ltd	5,461	1,367,273	1,014,204	0.37
Industrials				
LG Innotek Co. Ltd	5,349	2,625,886	2,843,939	1.05
TOTAL SOUTH KOREA	53,312	13,388,799	12,755,809	4.70

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.05.2018 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
TAIWAN				
Industrials				
AirTac International Group Ltd	47,000	3,123,078	3,212,003	1.18
Hon Hai Precision Industry Co. Ltd	401,000	4,922,487	4,560,328	1.68
	<u>448,000</u>	<u>8,045,565</u>	<u>7,772,331</u>	<u>2.86</u>
Technology				
Taiwan Semiconductor Manufacturing Co. Ltd	144,000	4,750,425	4,280,371	1.58
TOTAL TAIWAN	<u>592,000</u>	<u>12,795,990</u>	<u>12,052,702</u>	<u>4.44</u>
THAILAND				
Finance				
TMB Bank PLC - NVDR ³	7,459,500	2,337,955	2,295,149	0.84
TOTAL THAILAND	<u>7,459,500</u>	<u>2,337,955</u>	<u>2,295,149</u>	<u>0.85</u>
TOTAL QUOTED SECURITIES	<u>26,103,569</u>	<u>164,381,742</u>	<u>173,406,706</u>	<u>63.84</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>9,024,964</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>173,406,706</u>		

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
31.05.2018				
UNQUOTED FIXED INCOME SECURITIES				
AUSTRALIA				
Australian Government 5.75% 15/7/2022 (AAA)	1,700,000	6,704,243	5,947,970	2.19
INDONESIA				
Indonesia Treasury Bond 7.00% 15/05/2022 (Baa3)	45,000,000,000	14,116,687	13,056,276	4.80
MALAYSIA				
Malaysian Government 1/2017 3.88% 10/3/2022 (Non-rated)	10,000,000	10,158,404	10,097,246	3.72
WCT Holdings Bhd 5.32% 11/5/2022 (AA2)	5,000,000	5,019,512	5,040,818	1.86
Senari Synergy Sdn Bhd - 4.62% 02/08/2018 (AAA)	10,000,000	10,156,399	10,155,573	3.74
Anih Bhd 5.34% 29/11/2023 (AA2)	5,000,000	5,174,655	5,151,813	1.90
	<u>30,000,000</u>	<u>30,508,970</u>	<u>30,445,450</u>	<u>11.22</u>
SINGAPORE				
Singapore Government Bond 1.75% 1/2/2023 (Non-rated)	3,000,000	8,773,407	8,809,632	3.24
THAILAND				
Thailand Government Bond 1.88% 17/6/2022 (Baa1)	90,000,000	11,411,527	11,246,289	4.14
TOTAL UNQUOTED FIXED INCOME SECURITIES	<u>45,124,700,000</u>	<u>71,514,834</u>	<u>69,505,617</u>	<u>25.59</u>
ACCUMULATED UNREALISED LOSS ON UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		(2,009,217)		
TOTAL UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>69,505,617</u>		

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

- ¹ A-shares trade on the two Chinese stock exchanges, the Shanghai Stock Exchange and the Shenzhen Stock Exchange. A-shares are shares of mainland China-based companies, and are available for purchase to select foreign institutions through the Qualified Foreign Institutional Investor (“QFII”) system.
- ² H shares refer to the shares of companies incorporated in the Chinese mainland that are listed on the Hong Kong Stock Exchange or other foreign exchange. H shares are still regulated by Chinese law, but they are denominated in Hong Kong dollars and trade the same as other equities on the Hong Kong exchange.
- ³ NVDR, or non-voting depository receipt, is a trading instrument issued by Thai NVDR Company Limited, a subsidiary wholly owned by the Stock Exchange of Thailand (“SET”). It is a valid security as specified by the United States Securities and Exchange Commission (“SEC”) and is automatically regarded as a listed security by the SET. The underlying security is a listed security in the SET.

9. CASH AND CASH EQUIVALENTS

	2019	2018
	RM	RM
Deposits with licensed financial institutions	-	13,900,041
Bank balances	30,620,601	9,784,624
	<u>30,620,601</u>	<u>23,684,665</u>

The weighted average effective interest rate per annum is as follows:

	2019	2018
	%	%
Deposits with licensed financial institutions	<u>-</u>	<u>3.42</u>

Deposits with licensed Islamic financial institutions of the Fund have an average maturity of Nil days (2018: 5 days).

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2019	09.01.2017
	No. of units	(date of launch)
		to 31.05.2018
		No. of units
Class MYR (i)	207,236,394	249,556,972
Class USD (ii)	1,859,748	1,961,106
	<u>209,096,142</u>	<u>251,518,078</u>

10. NUMBER OF UNITS IN CIRCULATION (UNITS) (CONTINUED)

	2019	09.01.2017 (date of launch) to 31.05.2018
	No. of units	No. of units
(i) Class MYR		
At beginning of the financial year/date of launch	249,556,972	-
Add : Creation of units from applications	18,480,473	426,274,409
Less : Cancellation of units	<u>(60,801,051)</u>	<u>(176,717,437)</u>
At the end of the financial year/period	<u>207,236,394</u>	<u>249,556,972</u>
(ii) Class USD		
At beginning of the financial year/date of launch	1,961,106	-
Add : Creation of units from applications	635,520	4,041,063
Less : Cancellation of units	<u>(736,878)</u>	<u>(2,079,957)</u>
At the end of the financial year/period	<u>1,859,748</u>	<u>1,961,106</u>

11. MANAGEMENT EXPENSE RATIO ("MER")

	2019	09.01.2017 (date of launch) to 31.05.2018
	%	%
MER	<u>1.95</u>	<u>2.90</u>

MER is derived from the following calculation:

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

- A = Management fee
- B = trustee's and custodian fees
- C = Audit fee
- D = Tax agent's fee
- E = Other expenses excluding Goods and Services Tax ("GST") on transaction costs
- F = Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial period calculated on a daily basis is RM241,365,532 (9 January 2017 (date of launch) to 31 May 2018: RM224,802,841).

12. PORTFOLIO TURNOVER RATIO (“PTR”)

	2019	09.01.2017 (date of launch) to 31.05.2018
PTR (times)	<u>1.65</u>	<u>2.66</u>

PTR is derived based on the following calculation:

$$\frac{(\text{Total acquisition for the financial year/period} + \text{total disposal for the financial year/period}) \div 2}{\text{Average NAV of the Fund for the financial year/period calculated on a daily basis}}$$

where:

total acquisition for the financial year/period	=	RM391,990,405 (9 January 2017 (date of launch) to 31 May 2018: RM717,716,145)
total disposal for the financial year/period	=	RM402,822,234 (9 January 2017 (date of launch) to 31 May 2018: RM480,965,598)

13. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER, AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

The related parties and their relationship with the Fund are as follows:

<u>Related parties</u>	<u>Relationship</u>
Principal Asset Management Berhad <i>(formerly known as CIMB-Principal Asset Management Berhad)</i>	The Manager
Principal Financial Group, Inc.	Ultimate holding company of shareholder of the Manager
Principal International (Asia) Ltd	Shareholder of the Manager
Subsidiaries and associates of Principal Financial Group Inc., other than above, as disclosed in its financial statements	Fellow subsidiary and associated companies of the ultimate holding company of shareholder of the Manager
CIMB Group Holdings Bhd	Ultimate holding company of shareholder of the Manager
CIMB Group Sdn Bhd	Shareholder of the Manager
Subsidiaries and associates of CIMB Group Holdings Bhd, other than above, as disclosed in its financial statements	Fellow subsidiary and associated companies of the ultimate holding company of the Manager
CIMB Securities (Singapore) Pte Ltd	Fellow related party to the Manager
CIMB Securities Ltd (South Korea)	Fellow related party to the Manager
CIMB Islamic Bank Bhd	Fellow related party to the Manager

13. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER, AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Units held by the Manager and parties related to the Manager

	No. of units	2019 RM	No. of units	2018 RM
Manager				
Principal Asset Management Berhad <i>(formerly known as CIMB-Principal Asset Management Berhad)</i>				
- Class MYR	4,581	4,624	1,496	1,573
- Class USD	171	768	171	800

In the opinion of the Manager, the above units were transacted at the prevailing market price.

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

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The Manager is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties.

	2019 RM	09.01.2017 (date of launch) to 31.05.2018 RM
<u>Significant related party transactions</u>		
Interest income from deposits with licensed Islamic financial institutions:		
- CIMB Bank Bhd	203,242	51,930
- CIMB Islamic Bank Bhd	-	162
Cash placements with licensed financial institutions:		
- CIMB Bank Bhd	762,892,700	218,559,255
- CIMB Islamic Bank Bhd	-	2,000,000

14. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the top 10 brokers/dealers for the financial year ended 31 May 2019 are as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Sanford C. Bernstein & Co. LLC	92,802,206	11.68	208,208	13.04
Credit Suisse Securities (Hong Kong) Ltd	86,611,708	10.90	219,745	13.76
Citigroup Global Markets Ltd	80,933,229	10.18	99,081	6.21
JP Morgan Securities Asia Pacific Ltd	57,854,003	7.28	154,091	9.65
Instinet Pacific Limited	55,067,012	6.93	132,572	8.30
CLSA Ltd	52,847,626	6.65	117,269	7.35
JP Morgan Securities LLC	52,349,673	6.59	16,590	1.04
CICC Hong Kong Securities Ltd	41,016,708	5.16	103,942	6.51
DBS Vickers Securities (Singapore) Pte Ltd	35,531,939	4.47	72,696	4.55
CIMB Securities (Singapore) Pte Ltd #	34,469,898	4.34	84,073	5.27
Others	205,318,638	25.82	388,197	24.32
	<u>794,812,640</u>	<u>100.00</u>	<u>1,596,464</u>	<u>100.00</u>

14. TRANSACTIONS WITH BROKERS/DEALERS/FINANCIAL INSTITUTIONS (CONTINUED)

Details of transactions with the top 10 brokers/dealers for the financial period ended 31 May 2018 are as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Instinet Asia (Singapore) Services Pte Ltd	130,639,071	10.79	218,366	10.68
Citigroup Global Markets Ltd	106,490,137	8.79	141,150	6.90
CLSA Singapore Pte Ltd	96,813,934	7.99	79,015	3.86
Sanford C. Bernstein & Co. LLC	90,301,726	7.46	226,996	11.10
China International Capital Co. Ltd	68,345,224	5.64	150,718	7.37
Credit Suisse Securities (Hong Kong) Ltd	64,336,583	5.31	139,686	6.83
JP Morgan Securities Singapore Pte Ltd	61,623,853	5.09	121,627	5.95
CLSA (Hong Kong) Ltd	58,054,884	4.79	138,597	6.78
Macquarie Securities (Singapore) Pte Ltd	57,924,528	4.78	138,841	6.79
DBS Vickers Sec (Singapore) Pte Ltd	44,926,339	3.71	96,066	4.70
Others #	431,835,601	35.65	593,394	29.04
	<u>1,211,291,880</u>	<u>100.00</u>	<u>2,044,456</u>	<u>100.00</u>

Included in the transactions are trades conducted with CIMB Securities (Singapore) Pte Ltd, CIMB Investment Bank Bhd, CIMB Bank Bhd, and CIMB Securities Limited Korea, fellow related parties to the Manager amounting to RM34,453,164 (2018: RM26,245,658), Nil (2018: RM22,932,131), Nil (2018: RM10,192,000), and Nil (2018: RM5,660,817) respectively. The Manager is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties.

15. SEGMENT 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 Fund aims to provide income and capital appreciation by investing in equities, debt securities money market instruments and/or deposits. The reportable operating segment derives its income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within the portfolio.

15. SEGMENT INFORMATION (CONTINUED)

These returns consist of interest income and dividend income earned from investments and gains on the appreciation in the value of investments, which are derived from deposits with licensed financial institutions in Malaysia and, quoted securities listed on the Bursa Securities, Malaysia, foreign equities of companies domiciled in, listed in, and/or have significant operations in the Asia ex-Japan and unquoted fixed income securities traded in the Asia Pacific ex-Japan region.

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

16. MFRS 9 FINANCIAL INSTRUMENTS

As disclosed in Note 2(a), the Fund has adopted MFRS 9, which resulted in changes in accounting policies as disclosed in Note 2(b) and adjustments to the financial position. The main changes are as follows:

The measurement category and the carrying amount of financial assets and financial liabilities in accordance with MFRS 139 and MFRS 9 at 1 June 2018 are compared as follows:

	Measurement category		Carrying amount			
	Original (MFRS 139)	New (MFRS 9)	Original (MFRS 139)	Reclassi- fications	Remeasu- rements	New (MFRS 9)
			RM	RM	RM	RM
Assets						
Cash and cash equivalents	Financing and receivables	Amortised cost	23,684,665	-	-	23,684,665
Investment in quoted securities	FVTPL	FVTPL	173,406,706	-	-	173,406,706
Investment in unquoted fixed income securities	FVTPL	FVTPL	69,505,617	-	-	69,505,617
Amount due from Manager	Financing and receivables	Amortised cost	5,339,124	-	-	5,339,124
Dividends receivable	Financing and receivables	Amortised cost	267,056	-	-	267,056
Liabilities						
Amount due to Manager	Amortised cost	Amortised cost	117,882	-	-	117,882
Accrued management fee	Amortised cost	Amortised cost	411,832	-	-	411,832
Amount due to Trustee	Amortised cost	Amortised cost	11,440	-	-	11,440
Other payables and accruals	Amortised cost	Amortised cost	48,464	-	-	48,464

17. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 16 July 2019.

DIRECTORY

Head office of the Manager

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