

CIMB-Principal Asian Equity Fund

Annual Report

For The Financial Year Ended 30 June 2019

CIMB-PRINCIPAL ASIAN EQUITY FUND
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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INVESTORS' LETTER

Dear Valued Investor,

As we have announced in April this year, we are now officially known as Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) ("Principal Malaysia"). With Principal Financial Group ("Principal") taking on the role of primary shareholder, Principal Malaysia is able to bring additional global perspectives and asset management capabilities into the region. With the combination of scale, investment expertise, and deep regional relationships, we are optimistic of solidifying our position as an Association of Southeast Asian Nations ("ASEAN") market leader in the asset management and retirement industry of the region.

As of June 2019, our Assets under Management ("AUM") in Malaysia stands at RM56.1 billion. For the second quarter of fiscal 2019, our dividend distribution was RM126.51 million for 25 of our Funds. Today, we have a total of 83 Funds including both conventional, Islamic Unit Trust Funds, and Exchange-traded Funds ("ETFs"), and 10 Private Retirement Scheme ("PRS") Funds.

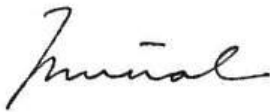
Thanks to the trust you've placed in us, we have been recognized Asia Asset Management 2019 Awards for the Fund Launch of the Year Award in Best of the Best Awards Malaysia category, and the Best Asset Management House in ASEAN in Best of the Best ASEAN category.

Going forward, you will be receiving e-newsletter from us as part of our commitment in helping you along your financial journey. On a monthly basis, we will share information that will help you better understand your investments and keep you updated on the industry. We have also revamped our website to keep it fresh and aligned with our new brand. Please visit www.principal.com.my should you decide to have a peek at our new website.

Once again, thank you for your continuous support and allowing us to help you achieve your financial goals and live your best life.

Thank you.

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 seek capital growth by investing primarily in equities and equity related instruments in the Asia ex Japan.

Has the Fund achieved its objective?

The Fund has achieved its objective of capital appreciation over the medium to long-term.

What are the Fund investment policy and principal investment strategy?

The Fund aims to achieve capital growth by investing primarily in equity securities of companies domiciled in, listed in, and/or have significant operations in Asia ex Japan. 'Significant operations' means major businesses of the company. For example, the Fund can invest in a company with significant business/operations in Thailand but listed on the New York Stock Exchange ("NYSE"). The threshold for 'significant operations' would be if more than 30% of total group revenue derives from countries in Asia ex Japan. The calculation would be based on the most recent financial reports released by the companies (e.g. interim and annual reports). The Fund may also invest in instruments issued by companies incorporated in the Asia ex Japan but listed or traded on exchange outside Asia ex Japan. Under normal market conditions, the Fund will invest primarily in common stocks. The Fund may seek investment opportunities in other types of transferable securities, including fixed income securities as well as collective investment schemes that are in line with the objective of the Fund subject to the requirement of the Securities Commission Malaysia ("SC") Guidelines.

The Asia ex Japan includes but is not limited to the following countries: Hong Kong Special Administrative Region ("SAR"), India, Indonesia, Korea, the People's Republic of China, Pakistan, the Philippines, Singapore, Sri Lanka, Taiwan, Malaysia and Thailand. The investments of the Fund in the foreign markets are in accordance to the SC Guidelines.

The Fund will invest between 70% to 99.5% (both inclusive) of the Fund's Net Asset Value ("NAV") in equity securities in Asia ex Japan, up to 28% of the Fund's NAV in other permissible investments, and at least 0.5% of the Fund's NAV in liquid assets.

The Manager has appointed Principal Asset Management (S) Pte Ltd (*formerly known as CIMB-Principal Asset Management (S) Pte Ltd*) ("Principal (S)"), a company incorporated in Singapore, as the Sub-Manager of the Fund. Principal (S) will be responsible for investing and managing the Fund in accordance with the investment objective and within the investment restrictions.

Fund category/type

Equity/Growth

How long should you invest for?

Recommended five (5) years or more

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

High

When was the Fund launched?

1 March 2006

What was the size of the Fund as at 30 June 2019?

RM75.95 million (92.36 million units)

What is the Fund's benchmark?

Morgan Stanley Capital International ("MSCI") All Country ("MSCI AC") Asia ex Japan Index

Note: The benchmark is for performance comparison only. Investors are cautioned that the risk profile of the Fund is higher than the benchmark.

FUND OBJECTIVE AND POLICY (CONTINUED)

What is the Fund distribution policy?

The Manager has the discretion to distribute part or all of the Fund's distributable income. The distribution (if any) may vary from period to period depending on the investment objective and the performance of the Fund.

What was the net income distribution for the financial year ended 30 June 2019?

There was no distribution made for the financial year ended 30 June 2019.

PERFORMANCE DATA

Details of portfolio composition of the Fund for the last three financial years are as follows:

	30.06.2019	30.06.2018	30.06.2017
	%	%	%
Collective investment schemes	2.86	2.56	1.88
Quoted securities *			
- Communication Services	8.81	6.75	5.05
- Consumer Discretionary	8.26	17.36	14.31
- Consumer Staples	4.47	5.45	1.10
- Energy	3.59	5.11	1.70
- Financials	17.21	17.36	24.90
- Industrials	11.69	7.00	10.16
- Information Technology	9.10	21.32	27.10
- Materials	1.48	3.68	4.67
- Real Estate	25.67	4.99	4.11
Cash and other net assets	6.86	8.42	5.02
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

* Note: The Fund has adopted the Global Industry Classification Standard ("GICS") sectors classification.

	30.06.2019	30.06.2018	30.06.2017
NAV (RM Million)	75.95	73.89	47.85
Units in circulation (Million)	92.36	90.60	60.90
NAV per unit (RM)	0.8223	0.8155	0.7856
Highest NAV per unit (RM)	0.8354	0.9266	0.7910
Lowest NAV per unit (RM)	0.7123	0.7790	0.6137
Total return (%)	0.83	3.83	27.21
- Capital growth (%)	0.83	3.83	27.21
- Income distribution (%)	-	-	-
Management Expense Ratio ("MER") (%) ^	2.01	2.12	2.38
Portfolio Turnover Ratio ("PTR") (times) #	0.95	0.76	1.28

^ The Fund's MER decreased from 2.12% to 2.01% due to increase in average NAV during the financial year under review.

The PTR has risen slightly from 0.76 times to 0.95 times due to the volatility of the underlying markets which has given us the opportunity to switch from better performing stocks during the financial year under review.

PERFORMANCE DATA (CONTINUED)

	30.06.2019	30.06.2018	30.06.2017	30.06.2016	30.06.2015
	%	%	%	%	%
Annual total return	0.83	3.83	27.21	(8.12)	25.51

(Launch date: 1 March 2006)

Performance data 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 JULY 2018 TO 30 JUNE 2019)

For the financial year under review, the Asia ex Japan stock markets declined overall. It declined close to 3% as measured by the MSCI AC Asia ex Japan Index. While the fall was relatively mild, the stock markets was experienced a volatile period. It declined before staging a comeback. There are several reasons to the decline. Among these factors was the tightening of US monetary policy where the US Federal Reserve (the “Fed”) raise rates several times throughout 2018. Other developed countries’ Central Banks policies were also somewhat on a tightening path. At the same time, the Asian economies were experiencing slowing growth. This cause the Asian currencies to fall which forced their respective Central Banks to shore up their currencies by raising rates at a time perpetuated a deteriorating growth outlook. This was felt most acutely among countries which had current and fiscal deficits such as Philippines, Indonesia, India and etc. Beyond that, the US-China ratcheted their trade disputes by imposing trade tariffs on each other’s goods which cause further consternation among investors. As a result, the earnings outlook deteriorated in Asia. Foreign fund flows were decidedly negative as investors sold Asian equities.

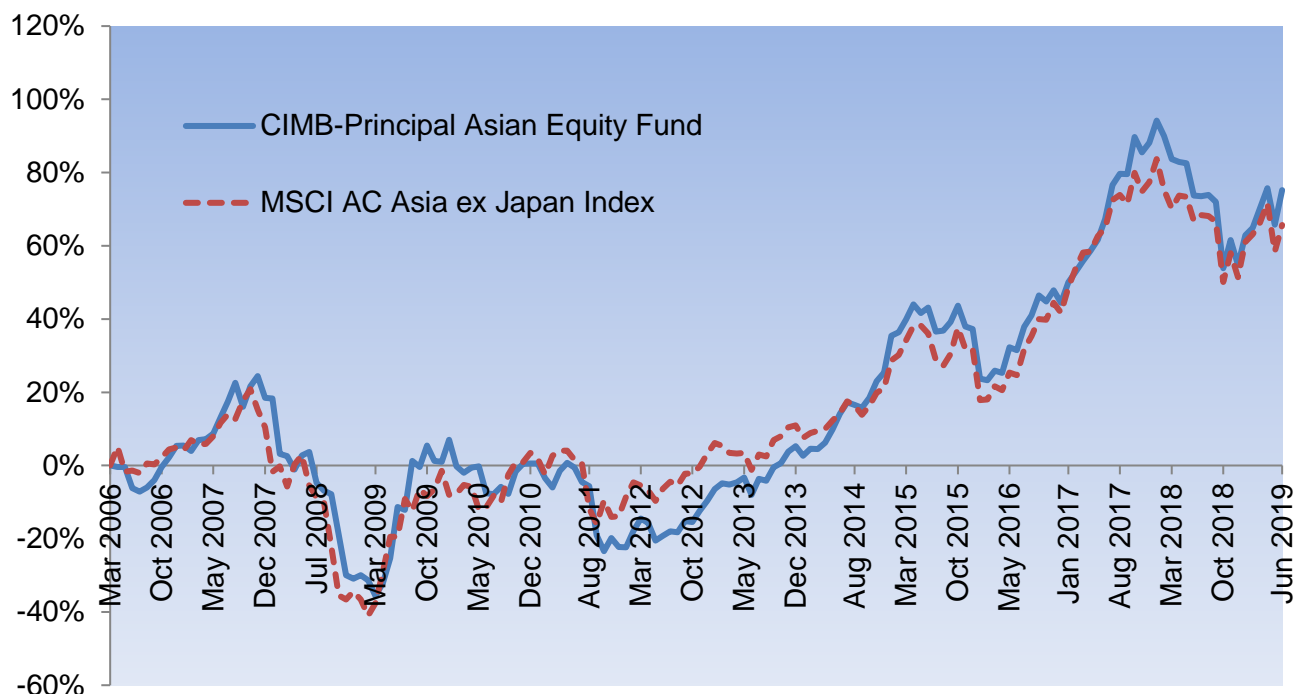
However, in the past few months of the financial year under review, the stock markets of Asia appear to have turned as the Fed took a dovish stance which weaken the US Dollar (“USD”), strengthen Asian currencies and Asian equities. The trade talks between the US and China while still uncertain, have also seen a truce in recent days. China has also stopped its deleveraging policies and started to stimulate its economy which is shoring up the economy.

FUND PERFORMANCE

	1 year to 30.06.2019	3 years to 30.06.2019	5 years to 30.06.2019	Since inception to 30.06.2019
	%	%	%	%
Income	-	-	-	-
Capital	0.83	33.18	53.58	75.17
Total Return	0.83	33.18	53.58	75.17
Benchmark	(0.68)	32.82	44.93	65.66
Average Total Return	0.83	10.02	8.96	4.29

The Fund recorded a slight gain of 0.83% and outperformed the benchmark by 1.51% during the financial year under review.

FUND PERFORMANCE (CONTINUED)



Changes in NAV

	30.06.2019	30.06.2018	Changes %
NAV (RM Million)	75.95	73.89	2.79
NAV/Unit (RM)	0.8223	0.8155	0.83

The NAV of the Fund has increased by 2.79% due to the net fund inflows and the NAV per unit has increased by 0.83% due to positive market performance during the financial year under review.

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)	30.06.2019	30.06.2018
Collective investment schemes	2.86	2.56
Quoted securities	90.28	89.02
Cash and other net assets	6.86	8.42
TOTAL	100.00	100.00

As at 30 June 2019, the Fund held 90.28% in quoted securities, 2.86% in collective investment schemes, with the rest in cash and other net assets for liquidity purpose. The investments allocation in the Fund were similar to the previous year.

MARKET OUTLOOK*

In the near term, the stock market outlook in Asia is still clouded by the unresolved trade war between the US and China and other geopolitical spats. The trade row is now on hold and negotiations are ongoing. In the meantime, trade will be slow as a result as companies are unlikely to commit in any significant fashion while uncertainties prevail.

However, we remain more positive on the outlook for the Asian stock markets over the longer term. In the near term, we expect the developed markets monetary policy accommodative cycle to persist this year. This will alleviate the pressure on the Asian currencies and the need to raise interest rates further. The Fed committee is also considering slowing the pace of balance sheet reduction which again will mean a more accommodative liquidity background. Asian economic growth could also be supported by more easing measure in China. The Asian stock markets remain attractive due to the numerous growth opportunities available to the investors. Asia remains a fast-growing region supported by a young, growing population with increasing urbanisation and innovations.

*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

With inflation begin, the monetary policies around the world are generally accommodative. In this environment, companies that can exhibit strong growth will likely trade at a premium. The strategy for the Fund is to identify and invest in these companies which trades at reasonable multiples. We still see several opportunities that resonate with our strategy. The Fund will also seek high dividend yield opportunities as the accommodative monetary environment remains attractive for these assets.

UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 30 June 2019 are as follows:

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	16,467	1.59	1.72
5,001-10,000	605	4.55	4.93
10,001-50,000	1,500	34.16	36.99
50,001-500,000	468	47.32	51.23
500,001 and above	4	4.74	5.13
Total	19,044	92.36	100.00

SOFT COMMISSION 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 ASIAN EQUITY 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 13 to 55 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 30 June 2019 and of its financial performance, changes in equity 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
14 August 2019

**TRUSTEE'S REPORT TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL ASIAN EQUITY FUND**

We, Universal Trustee (Malaysia) Berhad, being the Trustee for CIMB-Principal Asian Equity Fund (the "Fund"), are of the opinion that Principal Asset Management *Berhad* (formerly known as *CIMB-Principal Asset Management Berhad*) (the "Manager"), acting in the capacity of Manager of the Fund, have fulfilled their duties in the following manner for the financial year ended 30 June 2019:

- (a) the Fund is being managed in accordance with the limitations imposed on the investment powers of the Manager and the Trustee under the Deeds, the Securities Commission's Guidelines on the 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 and on behalf of the Trustee
UNIVERSAL TRUSTEE (MALAYSIA) BERHAD

ONG TEE VANN
Chief Executive Officer

Kuala Lumpur
14 August 2019

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL ASIAN EQUITY FUND**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of CIMB-Principal Asian Equity Fund (the "Fund") give a true and fair view of the financial position of the Fund as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 30 June 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 13 to 55.

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 ASIAN EQUITY 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 auditor's 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 in Malaysia. 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 ASIAN EQUITY 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 ASIAN EQUITY 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
14 August 2019

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019**

	Note	2019 RM	2018 RM
INCOME			
Dividend income		1,933,219	1,879,949
Interest income from current account at amortised cost		15,104	34,453
Net gain on financial assets at fair value through profit or loss	8	738,155	520,040
Net foreign exchange loss		(73,802)	(298,087)
Other income	4	60,292	71,352
		<u>2,672,968</u>	<u>2,207,707</u>
EXPENSES			
Management fee	5	1,319,018	1,255,660
Trustee's and custodian fees	6	122,888	121,012
Audit fee		13,600	12,900
Tax agent's fee		32,271	38,875
Transaction costs		407,474	331,024
Other expenses		139,359	102,434
		<u>2,034,610</u>	<u>1,861,905</u>
PROFIT BEFORE TAXATION		638,358	345,802
Taxation	7	-	(142,987)
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>638,358</u>	<u>202,815</u>
Profit after taxation is made up as follows:			
Realised amount		(1,992,208)	1,514,251
Unrealised amount		2,630,566	(1,311,436)
		<u>638,358</u>	<u>202,815</u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

	Note	2019 RM	2018 RM
ASSETS			
Cash and cash equivalents	9	4,979,282	7,655,914
Financial assets at fair value through profit or loss	8	70,731,458	67,664,635
Amount due from stockbrokers		749,210	-
Amount due from Manager		182,281	265,638
Amount due from Manager of collective investment schemes			
- Management fee rebate		25,226	32,771
Dividends receivable		271,924	149,299
TOTAL ASSETS		<u>76,939,381</u>	<u>75,768,257</u>
LIABILITIES			
Amount due to stockbrokers		779,903	1,183,795
Amount due to Manager		89,366	564,579
Accrued management fee		109,623	114,611
Amount due to Trustee		2,131	2,223
Other payables and accruals		13,357	15,203
TOTAL LIABILITIES		<u>994,380</u>	<u>1,880,411</u>
NET ASSET VALUE OF THE FUND		<u>75,945,001</u>	<u>73,887,846</u>
EQUITY			
Unit holders' capital		35,627,562	34,208,765
Retained earnings		40,317,439	39,679,081
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>75,945,001</u>	<u>73,887,846</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	10	<u>92,356,440</u>	<u>90,597,996</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.8223</u>	<u>0.8155</u>

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019**

	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 July 2018	34,208,765	39,679,081	73,887,846
Movement in unit holders' contributions:			
- Creation of units from applications	10,750,410	-	10,750,410
- Cancellation of units	(9,331,613)	-	(9,331,613)
Total comprehensive income for the financial year	-	638,358	638,358
Balance as at 30 June 2019	<u>35,627,562</u>	<u>40,317,439</u>	<u>75,945,001</u>
Balance as at 1 July 2017	8,370,842	39,476,266	47,847,108
Movement in unit holders' contributions:			
- Creation of units from applications	40,219,867	-	40,219,867
- Cancellation of units	(14,381,944)	-	(14,381,944)
Total comprehensive income for the financial year	-	202,815	202,815
Balance as at 30 June 2018	<u>34,208,765</u>	<u>39,679,081</u>	<u>73,887,846</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 30 JUNE 2019**

	2019	2018
Note	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of quoted securities	65,340,006	40,195,468
Purchase of quoted securities	(69,235,222)	(59,644,129)
Purchase of collective investment schemes	-	(1,390,272)
Dividend income received	1,676,338	1,706,934
Interest income received from current account	15,104	34,453
Management fee paid	(1,324,006)	(1,209,002)
Management fee rebates received	67,837	61,746
Trustee's and custodian fees paid	(122,980)	(120,134)
Payments for other fees and expenses	(52,683)	(163,794)
Net realised foreign exchange loss	(166,876)	(210,272)
Tax paid	-	(32,191)
Net cash used in operating activities	<u>(3,802,482)</u>	<u>(20,771,193)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	10,833,767	40,283,919
Payments for cancellation of units	(9,806,826)	(13,952,675)
Net cash generated from financing activities	<u>1,026,941</u>	<u>26,331,244</u>
Net (decrease)/increase in cash and cash equivalents	(2,775,541)	5,560,051
Effects of foreign exchange differences	98,909	(96,673)
Cash and cash equivalents at the beginning of the financial year	<u>7,655,914</u>	<u>2,192,536</u>
Cash and cash equivalents at the end of the financial year	9 <u>4,979,282</u>	<u>7,655,914</u>
<u>Cash and cash equivalents comprised of:</u>		
Bank balances	9 <u>4,979,282</u>	<u>7,655,914</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 30 JUNE 2019****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES**

CIMB-Principal Asian Equity Fund (the "Fund") is governed by a Principal Master Deed dated 15 May 2008, a First Supplemental Master Deed dated 25 June 2008, a Third Supplemental Master Deed dated 14 July 2008, a Fourth Supplemental Master Deed dated 18 March 2009, a Thirteenth Supplemental Master Deed dated 26 June 2012 and an Eighteenth Supplemental Master Deed dated 25 March 2015 (collectively referred to as the "Deeds"), made between Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the "Manager") and Universal Trustee (Malaysia) Berhad (the "Trustee").

The Fund aims to achieve capital growth by investing primarily in equity securities of companies domiciled in, listed in, and/or have significant operations in Asia ex Japan. 'Significant operations' means major businesses of the company. For example, the Fund can invest in a company with significant business/operations in Thailand but listed on the NYSE. The threshold for 'significant operations' would be if more than 30% of total group revenue derives from countries in Asia ex Japan. The calculation would be based on the most recent financial reports released by the companies (e.g. interim and annual reports). Under normal market conditions, the Fund will invest primarily in common stocks. The Fund may seek investment opportunities in other types of transferable securities, including fixed income securities as well as collective investment schemes that are in line with the objective of the Fund subject to the requirement of the SC Guidelines.

The Asia ex Japan includes but is not limited to the following countries: SAR, India, Indonesia, Korea, the People's Republic of China, Pakistan, the Philippines, Hong Kong, Singapore, Sri Lanka, Taiwan, Malaysia and Thailand. The investments of the Fund in the foreign markets are in accordance to the SC Guidelines.

The Fund will invest between 70% to 99.5% (both inclusive) of the Fund's NAV in equity securities in Asia ex Japan, up to 28% of the Fund's NAV in other permissible investments and at least 0.5% of the Fund's NAV in liquid assets.

The Manager has appointed Principal Singapore, a company incorporated in Singapore, as the Sub-Manager of the Fund. Principal Singapore will be responsible for investing and managing the Fund in accordance with the investment objective and within the investment restrictions.

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.

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(I).

Standard that is effective:

The Fund has applied the following standard for the first time for the financial year beginning 1 July 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(a) Basis of preparation (continued)**

The Fund has applied the following standard for the first time for the financial year beginning 1 July 2018: (continued)

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 standards or interpretations that are effective for annual periods beginning on 1 July 2018 that have a material effect on the financial statements of the Fund.

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 1 July 2019

- 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, OCI 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(b) Financial assets and financial liabilities**Classification

Up to 30 June 2018, the Fund designates its investments in collective investment schemes and quoted securities as financial assets at fair value through profit or loss at inception.

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been included in current assets. The Fund's loans and receivables comprise cash and cash equivalents, amount due from stockbrokers, amount due from Manager, amount due from Manager of collective investment schemes 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 stockbrokers, amount due to Manager, accrued management fee, amount due to Trustee, and other payables and accruals as other financial liabilities.

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

- those to be measured subsequently at fair value 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. The Fund has not taken the option to irrevocably designate any equity securities as fair value through OCI.

Investments in collective investment schemes are debt instruments with contractual cash flows that do not represent SPPI, and therefore are classified as fair value through profit or loss.

The Fund classifies cash and cash equivalents, amount due from stockbrokers, amount due from Manager, amount due from Manager of collective investment schemes 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 stockbrokers, amount due to Manager, accrued management fee, amount due to Trustee, and other payables and accruals as financial liabilities measured at amortised cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(b) Financial assets and financial liabilities (continued)**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 30 June 2018 and MFRS 9 from 1 July 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 derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

Unrealised gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss are presented in the statement of comprehensive income within net gain or loss on financial assets at fair value through profit or loss in the financial year which they arise.

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

Collective investment schemes are valued based on the most recent published NAV per unit or share of such collective investment schemes or, if unavailable, the last published price of such unit or share (excluding any sales charge included in such selling price).

Foreign quoted securities outside Malaysia 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.

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

If a valuation based on the market price does not represent the fair value of the 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 bases approved by the Trustee after appropriate technical consultation.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(b) Financial assets and financial liabilities (continued)**Impairment for assets carried at amortised costs

Up to 30 June 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 interest 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 interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

If, in a subsequent 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 July 2018 onwards, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(b) Financial assets and financial liabilities (continued)**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.

(c) Income recognition

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

Up to 30 June 2018, when a loans 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 loans and receivables are recognised using the original effective interest rate.

From 1 July 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 collective investment schemes and quoted securities are accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on a weighted average cost basis.

(d) Foreign CurrencyFunctional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("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) Units of the Fund are denominated in RM.
- (ii) Significant portion of the Fund's expenses are denominated in RM.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Functional and presentation currency (continued)

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 financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income.

(e) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balances which are subject to an insignificant risk of changes in value.

(f) 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.

Tax on dividend income from foreign quoted securities is based on the tax regime of the respective countries that the Fund invests in.

(g) 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, advisors, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expenses.

(h) Other income

Other income represents the Fund's entitlement to management fee rebate derived from the Manager and Manager of the collective investment schemes on an accrual basis to ensure no double charging of management fee. It is accrued daily based on the fair value of collective investment schemes held.

(i) Unit holders' capital

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(i) Unit holders' capital (continued)**

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

(j) Amount due from/to stockbrokers

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

These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment for amount due from stockbrokers. A provision for impairment of amount 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 stockbrokers. Significant financial difficulties of the stockbrokers, probability that the stockbrokers 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 July 2018, these amounts are subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amounts due from stockbrokers at an amount equal to the lifetime ECL 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 ECL. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(k) 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.

(l) Critical accounting estimates and judgements 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 judgement are continually evaluated by the Manager and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

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

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 9)	-	4,979,282	4,979,282
Collective investment schemes (Note 8)	2,171,714	-	2,171,714
Quoted securities (Note 8)	68,559,744	-	68,559,744
Amount due from stockbrokers	-	749,210	749,210
Amount due from Manager	-	182,281	182,281
Amount due from Manager of collective investment schemes	-	25,226	25,226
Dividends receivable	-	271,924	271,924
	<u>70,731,458</u>	<u>6,207,923</u>	<u>76,939,381</u>
	Financial assets at fair value through profit or loss RM	Loans and receivables RM	Total RM
2018			
Cash and cash equivalents (Note 9)	-	7,655,914	7,655,914
Collective investment schemes (Note 8)	1,890,623	-	1,890,623
Quoted securities (Note 8)	65,774,012	-	65,774,012
Amount due from Manager	-	265,638	265,638
Amount due from Manager of collective investment schemes	-	32,771	32,771
Dividends receivable	-	149,299	149,299
	<u>67,664,635</u>	<u>8,103,622</u>	<u>75,768,257</u>

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

The Fund aims to seek capital growth by investing primarily in equities and equity related instruments in the Asia ex Japan.

The Fund is exposed to a variety of risks which include market risk (price risk and currency 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.

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

(a) Market risk

(i) Price risk

This is the risk that the fair value of investment in collective investment schemes and quoted securities will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk). The value of collective investment schemes and quoted securities 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 collective investment schemes, 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:		
- Collective investment schemes	2,171,714	1,890,623
- Quoted securities	<u>68,559,744</u>	<u>65,774,012</u>
	<u>70,731,458</u>	<u>67,664,635</u>

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

% Change in prices of collective investment schemes and quoted securities	Market value RM	Impact on profit or loss/ NAV RM
2019		
-5%	67,194,885	(3,536,573)
0%	70,731,458	-
+5%	<u>74,268,031</u>	<u>3,536,573</u>
2018		
-5%	64,281,403	(3,383,232)
0%	67,664,635	-
+5%	<u>71,047,867</u>	<u>3,383,232</u>

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

(a) Market risk (continued)

(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.

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

Financial assets	Cash and cash equivalents RM	Financial assets at fair value through profit or loss RM	Amount due from stock-brokers RM	Amount due from Manager of collective investment scheme RM	Dividends receivable RM	Total RM
2019						
AUD	1,816	-	-	-	-	1,816
CNY	39,902	2,580,483	-	-	-	2,620,385
HKD	14,054	22,300,860	-	-	183,858	22,498,772
IDR	-	7,881,938	65,065	25,226	-	7,972,229
INR	6,076	9,934,454	156,457	-	10,560	10,107,547
KRW	38	3,405,992	-	-	-	3,406,030
PHP	443	881,766	-	-	-	882,209
SGD	6,556	15,443,702	527,688	-	-	15,977,946
THB	67	2,270,619	-	-	-	2,270,686
TWD	256,840	2,931,000	-	-	77,506	3,265,346
USD	4,231,844	3,100,644	-	-	-	7,332,488
	<u>4,557,636</u>	<u>70,731,458</u>	<u>749,210</u>	<u>25,226</u>	<u>271,924</u>	<u>76,335,454</u>
Financial liabilities						Amount due to stockbrokers RM
2019						
IDR						<u>779,903</u>

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 instruments in foreign currencies: (continued)

Financial assets	Cash and cash equivalents RM	Financial assets at fair value through profit or loss RM	Amount due from Manager of collective investment scheme RM	Dividends receivable RM	Total RM
2018					
AUD	1,869	-	-	-	1,869
CNY	40,063	3,867,440	-	-	3,907,503
HKD	-	23,160,985	-	47,358	23,208,343
IDR	27,153	3,668,251	32,771	-	3,728,175
INR	6,004	4,683,514	-	17,746	4,707,264
KRW	39	6,547,683	-	-	6,547,722
PHP	416	561,596	-	-	562,012
SGD	6,472	8,238,979	-	-	8,245,451
THB	61	2,370,178	-	-	2,370,239
TWD	107,374	5,572,558	-	84,195	5,764,127
USD	7,045,643	6,041,481	-	-	13,087,124
	<u>7,235,094</u>	<u>64,712,665</u>	<u>32,771</u>	<u>149,299</u>	<u>72,129,829</u>

Financial liabilities	Amount due to stockbrokers RM
2018	
HKD	657,885
USD	525,910
	<u>1,183,795</u>

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

(a) Market risk (continued)

(ii) Currency risk (continued)

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.

	Change in foreign exchange rate	Impact on profit or loss/NAV	
		2019 RM	2018 RM
	%		
AUD	+/- 5	+/- 91	+/- 93
CNY	+/- 5	+/- 131,019	+/- 195,375
HKD	+/- 5	+/- 1,124,939	+/- 1,127,523
IDR	+/- 5	+/- 359,616	+/- 186,409
INR	+/- 5	+/- 505,377	+/- 235,363
KRW	+/- 5	+/- 170,302	+/- 327,386
PHP	+/- 5	+/- 44,110	+/- 28,101
SGD	+/- 5	+/- 798,897	+/- 412,273
THB	+/- 5	+/- 113,534	+/- 118,512
TWD	+/- 5	+/- 163,267	+/- 288,206
USD	+/- 5	+/- 366,624	+/- 628,061
		<u>+/- 3,777,776</u>	<u>+/- 3,547,302</u>

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

(b) Credit risk

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

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

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

For amount due from Manager of collective investment scheme, the Fund will invest with an investment management company of the collective investment scheme which is authorised or approved by the relevant regulatory authority in its home jurisdiction.

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/paid upon delivery using approved stockbrokers.

The following table sets out the credit risk concentration of the Fund:

	Cash and cash equivalents	Amount due from stock-brokers	Amount due from Manager	Amount due from Manager of collective investment schemes	Dividends receivable	Total
	RM	RM	RM	RM	RM	RM
2019						
Consumer Staples						
- Not Rated	-	65,065	-	-	-	65,065
Energy						
- Not Rated	-	156,457	-	-	-	156,457
Financials						
- Citibank Bhd (AAA)	4,978,281	-	-	-	-	4,978,281
- CIMB Bank Bhd (AAA)	1,001	-	-	-	-	1,001
- Not Rated	-	-	-	-	86,894	86,894
Information Technology						
- Not Rated	-	214,320	-	-	77,506	291,826
Real Estate						
- Not Rated	-	313,368	-	-	107,524	420,892
Others						
- Not Rated	-	-	182,281	25,226	-	207,507
	<u>4,979,282</u>	<u>749,210</u>	<u>182,281</u>	<u>25,226</u>	<u>271,924</u>	<u>6,207,923</u>

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

(b) Credit risk (continued)

The following table sets out the credit risk concentration of the Fund (continued):

	Cash and cash equivalents RM	Amount due from Manager RM	Amount due from Manager of collective investment schemes RM	Dividends receivable RM	Total RM
2018					
Energy					
- Not Rated	-	-	-	11,354	11,354
Financials					
- Citibank Bhd (AAA)	7,655,156	-	-	-	7,655,156
- CIMB Bank Bhd (AAA)	758	-	-	-	758
- Not Rated	-	-	-	53,750	53,750
Technology					
- Not Rated	-	-	-	84,195	84,195
Others					
- Not Rated	-	265,638	32,771	-	298,409
	<u>7,655,914</u>	<u>265,638</u>	<u>32,771</u>	<u>149,299</u>	<u>8,103,622</u>

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

(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 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 period as at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

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

(c) Liquidity risk (continued)

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
2019			
Amount due to stockbrokers	779,903	-	779,903
Amount due to Manager	89,366	-	89,366
Accrued management fee	109,623	-	109,623
Amount due to Trustee	2,131	-	2,131
Other payables and accruals	-	13,357	13,357
Contractual undiscounted cash flows	<u>981,023</u>	<u>13,357</u>	<u>994,380</u>
2018			
Amount due to stockbrokers	1,183,795	-	1,183,795
Amount due to Manager	564,579	-	564,579
Accrued management fee	114,611	-	114,611
Amount due to Trustee	2,223	-	2,223
Other payables and accruals	-	15,203	15,203
Contractual undiscounted cash flows	<u>1,865,208</u>	<u>15,203</u>	<u>1,880,411</u>

(d) Capital risk management

The capital of the fund is represented by equity consisting of unit holders' capital of RM35,627,562 (2018: RM34,208,765) and retained earnings of RM40,317,439 (2018: RM39,679,081). 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) are based on quoted market prices at the close of trading on the financial year end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is 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.

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

(e) Fair value estimation (continued)

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 judgement, considering factors specific to the asset or liability.

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2019				
Financial assets at fair value through profit or loss:				
- Collective investment schemes	2,171,714	-	-	2,171,714
- Quoted securities	68,559,744	-	-	68,559,744
	<u>70,731,458</u>	<u>-</u>	<u>-</u>	<u>70,731,458</u>

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

(e) **Fair value estimation (continued)**

(i) Fair value hierarchy (continued)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2018				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	1,890,623	-	-	1,890,623
- Quoted securities	<u>65,774,012</u>	<u>-</u>	<u>-</u>	<u>65,774,012</u>
	<u>67,664,635</u>	<u>-</u>	<u>-</u>	<u>67,664,635</u>

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

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

4. **OTHER INCOME**

Other income represents the Fund's entitlement to management fee rebate from the Manager and the Manager of collective investment schemes the Fund invests in.

For the financial year ended 30 June 2019, the rebates are recognised at a rate of 2.00% (2018: 2.00%) for PT CIMB-Principal Asset Management Indo Domestic Equity Fund and 1.75% (2018: 1.75%) for PT CIMB-Principal Asset Management SMART Equity Fund, calculated and accrued daily based on the NAV of the collective investment schemes.

5. **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 excluding foreign sub-custodian fees and charges.

For the financial year ended 30 June 2019, the management fee is recognised at a rate of 1.85% per annum (2018: 1.85% per annum).

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

6. TRUSTEE'S AND CUSTODIAN FEES

In accordance with the Deeds, the Trustee is entitled to a maximum fee of 0.035% per annum, calculated daily based on the NAV of the Fund.

The foreign custodian fee (safekeeping fee and transaction fee, including out of pocket charges) is subject to a minimum of USD500 per month and is charged monthly. The safekeeping fee ranges from a minimum of 0.04% per annum to a maximum of 0.38% per annum of the market value of the respective foreign portfolios, depending on the country invested. The transaction fee is charged for every transaction and the amounts are dependent on the country invested.

For the financial year ended 30 June 2019, the Trustee's fee is recognised at a rate of 0.035% per annum (2018: 0.035% per annum) while the foreign sub-custodian fee is recognised at RM97,934 (2018: RM97,286).

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

7. TAXATION

	2019	2018
	RM	RM
Tax charged for the financial year:		
- Withholding tax	-	110,796
- Capital gains tax	-	32,191
	<u>-</u>	<u>142,987</u>

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

	2019	2018
	RM	RM
Profit before taxation	<u>638,358</u>	<u>345,802</u>
Taxation at Malaysian statutory rate of 24% (2018: 24%)	153,206	82,992
Tax effects of:		
- Investment income not subject to tax	(641,512)	(529,850)
- Expenses not deductible for tax purposes	167,748	123,481
- Restriction on tax deductible expenses for Unit Trust		
Funds	320,558	323,377
Investment income subject to withholding tax	-	110,796
Capital gains tax	-	32,191
Taxation	<u>-</u>	<u>142,987</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 RM	2018 RM
At fair value through profit or loss:		
- Collective investment schemes	2,171,714	1,890,623
- Quoted securities	68,559,744	65,774,012
	<u>70,731,458</u>	<u>67,664,635</u>
Net gain on financial assets at fair value through profit or loss:		
- Realised (loss)/gain on disposals	(1,794,283)	1,734,137
- Unrealised fair value gain/(loss)	2,532,438	(1,214,097)
	<u>738,155</u>	<u>520,040</u>

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2019				
COLLECTIVE INVESTMENT SCHEMES				
INDONESIA				
PT. CIMB-Principal Asset Management Indo Domestic Equity Fund	2,840,500	750,932	830,205	1.09
PT. CIMB-Principal Asset Management SMART Equity Fund	4,073,844	1,390,272	1,341,509	1.77
TOTAL COLLECTIVE INVESTMENT SCHEMES	<u>6,914,344</u>	<u>2,141,204</u>	<u>2,171,714</u>	<u>2.86</u>
ACCUMULATED UNREALISED GAIN ON COLLECTIVE INVESTMENT SCHEMES		<u>30,510</u>		
TOTAL COLLECTIVE INVESTMENT SCHEMES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>2,171,714</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 %
2019 (CONTINUED)				
QUOTED SECURITIES				
CAYMAN ISLANDS				
Consumer Discretionary				
Alibaba Group Holding Ltd	3,616	2,326,209	2,531,193	3.33
TOTAL CAYMAN ISLANDS	3,616	2,326,209	2,531,193	3.33
CHINA				
Consumer Discretionary				
China International Travel Service Corporation	18,393	921,927	980,655	1.29
Industrials				
Centre Testing International Group Co Ltd	246,300	1,325,235	1,599,828	2.11
TOTAL CHINA	264,693	2,247,162	2,580,483	3.40
HONG KONG				
Communication Services				
Tencent Holdings Ltd	22,500	3,874,666	4,194,441	5.52
Consumer Discretionary				
Galaxy Entertainment Group Ltd	25,000	805,259	695,901	0.92
Shenzhou International Group	24,400	1,275,952	1,385,490	1.82
	49,400	2,081,211	2,081,391	2.74
Financials				
AIA Group Ltd	77,600	1,936,424	3,456,535	4.55
Industrial and Commercial Bank of China Ltd	507,000	1,515,614	1,527,890	2.01
Ping An Insurance Group Co of China Ltd - H ¹	16,000	561,597	793,473	1.05
	600,600	4,013,635	5,777,898	7.61

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 %
2019 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
HONG KONG (CONTINUED)				
Industrials				
Techtronic Industries Co Ltd	90,500	1,996,522	2,861,272	3.77
Information Technology				
Sunny Optical Technology (Group) Co Ltd	17,700	877,152	755,190	0.99
Real Estate				
China Resources Land Ltd	102,000	1,642,185	1,855,103	2.44
Henderson Land Development Co Ltd	67,100	1,474,811	1,527,232	2.01
Link REIT	64,000	2,549,275	3,248,333	4.28
	233,100	5,666,271	6,630,668	8.73
TOTAL HONG KONG	1,013,800	18,509,457	22,300,860	29.36
INDIA				
Energy				
Reliance Industries Ltd	36,395	1,834,850	2,727,273	3.59
Financials				
HDFC Bank Ltd	11,773	997,990	1,720,462	2.27
Housing Development Finance Corporation Ltd	7,191	942,415	942,651	1.24
ICICI Bank Ltd	40,713	874,084	1,064,180	1.40
Indusind Bank Ltd	7,688	676,727	648,467	0.85
	67,365	3,491,216	4,375,760	5.76
Industrials				
Larsen & Toubro Ltd	15,413	1,353,677	1,431,580	1.89
Real Estate				
Godrej Properties Ltd	23,355	1,192,093	1,399,841	1.84
TOTAL INDIA	142,528	7,871,836	9,934,454	13.08

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 %
2019 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
INDONESIA				
Consumer Discretionary				
Ace Hardware Indonesia Tbk PT	1,292,900	418,909	684,260	0.90
Consumer Staples				
Gudang Garam Tbk PT	33,300	727,687	748,526	0.99
Financials				
Bank Rakyat Indonesia	1,117,600	1,108,752	1,424,788	1.88
Materials				
Semen Indonesia Persero Tbk PT	331,800	1,177,128	1,122,987	1.48
Real Estate				
Ciputra Development Tbk PT	2,821,900	869,435	948,892	1.25
Summarecon Agung Tbk PT	2,188,700	778,281	780,771	1.03
	5,010,600	1,647,716	1,729,663	2.28
TOTAL INDONESIA	7,786,200	5,080,192	5,710,224	7.53
PHILIPPINES				
Industrials				
Megawide Construction Corporation	575,900	820,332	881,766	1.16
TOTAL PHILIPPINES	575,900	820,332	881,766	1.16
SINGAPORE				
Communication Services				
NetLink NBN Trust	708,900	1,813,478	1,927,968	2.54
Financials				
DBS Group Holdings Ltd	18,800	1,251,675	1,491,377	1.96

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 %
2019 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
SINGAPORE (CONTINUED)				
Industrials				
Singapore Technologies Engineering Ltd	165,400	1,744,490	2,092,477	2.76
Information Technology				
Venture Corporation Ltd	19,100	962,398	950,779	1.25
Real Estate				
Capitaland Ltd	103,700	1,145,326	1,118,609	1.47
CapitaLand Mall Trust	249,300	1,594,158	2,003,563	2.64
CDL Hospitality Trust	227,200	1,181,708	1,131,673	1.49
Frasers Logistics & Industrial Trust	411,400	1,450,989	1,521,159	2.00
Keppel DC REIT	395,100	1,774,216	2,016,269	2.66
Mapletree Commercial Trust	186,300	975,665	1,189,828	1.57
	1,573,000	8,122,062	8,981,101	11.83
TOTAL SINGAPORE	2,485,200	13,894,103	15,443,702	20.34
SOUTH KOREA				
Consumer Staples				
LG Household & Health Care Ltd	240	1,076,563	1,127,058	1.48
Information Technology				
Samsung Electronics Co. Ltd	13,557	2,045,773	2,278,934	3.00
TOTAL SOUTH KOREA	13,797	3,122,336	3,405,992	4.48
TAIWAN				
Information Technology				
Taiwan Semiconductor Manufacturing Co Ltd	92,000	2,594,796	2,931,000	3.86
TOTAL TAIWAN	92,000	2,594,796	2,931,000	3.86

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 %
2019 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
THAILAND				
Consumer Staples				
CP ALL PCL - NVDR ²	<u>131,100</u>	<u>1,151,853</u>	<u>1,517,110</u>	<u>2.00</u>
Real Estate				
Amata Corporation Public Co. Ltd - NVDR ²	<u>229,500</u>	<u>727,108</u>	<u>753,509</u>	<u>0.99</u>
TOTAL THAILAND	<u>360,600</u>	<u>1,878,961</u>	<u>2,270,619</u>	<u>2.99</u>
UNITED STATES				
Communication Services				
Autohome Inc	<u>1,610</u>	<u>553,628</u>	<u>569,451</u>	<u>0.75</u>
TOTAL UNITED STATES	<u>1,610</u>	<u>553,628</u>	<u>569,451</u>	<u>0.75</u>
TOTAL QUOTED SECURITIES	<u>12,739,944</u>	<u>58,899,012</u>	<u>68,559,744</u>	<u>90.28</u>
ACCUMULATED UNREALISED GAIN ON QUOTED SECURITIES		<u>9,660,732</u>		
TOTAL QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>68,559,744</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 %
2018				
COLLECTIVE				
INVESTMENT SCHEMES				
INDONESIA				
PT. CIMB Principal Asset Management Indo Domestic Equity Fund	2,840,500	750,932	718,680	0.97
PT. CIMB-Principal Asset Management SMART Equity Fund	<u>4,073,844</u>	<u>1,390,272</u>	<u>1,171,943</u>	<u>1.59</u>
TOTAL COLLECTIVE INVESTMENT SCHEMES	<u>6,914,344</u>	<u>2,141,204</u>	<u>1,890,623</u>	<u>2.56</u>
ACCUMULATED UNREALISED LOSS ON COLLECTIVE INVESTMENT SCHEMES		<u>(250,581)</u>		
TOTAL COLLECTIVE INVESTMENT SCHEMES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u><u>1,890,623</u></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 %
2018 (CONTINUED)				
QUOTED SECURITIES				
CAYMAN ISLANDS				
Consumer Discretionary				
Alibaba Group Holding Ltd	5,145	3,007,880	3,854,003	5.22
TOTAL CAYMAN ISLANDS	5,145	3,007,880	3,854,003	5.22
CHINA				
Consumer Discretionary				
Midea Group Co Ltd - A ³	54,560	1,323,696	1,737,139	2.35
Information Technology				
Hangzhou Hikvision Digital Technology Co Ltd	79,510	1,506,041	1,799,990	2.43
Materials				
Beijing Oriental Yuhong Waterproof Technology Co Ltd	31,849	460,907	330,311	0.45
TOTAL CHINA	165,919	3,290,644	3,867,440	5.23
HONG KONG				
Communication Services				
Tencent Holdings Ltd	20,600	2,715,743	4,174,579	5.65
Consumer Discretionary				
Brilliance China Automotive Holdings Ltd	78,000	596,588	568,365	0.77
Galaxy Entertainment Group Ltd	81,000	2,609,040	2,532,218	3.43
Techtronic Industries Co Ltd	63,500	1,349,624	1,429,623	1.93
	222,500	4,555,252	4,530,206	6.13
Consumer Staples				
China Mengniu Dairy Co Ltd	134,000	1,568,908	1,834,240	2.48

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 %
2018 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
HONG KONG (CONTINUED)				
Energy				
CNOOC Ltd	275,000	1,831,021	1,916,113	2.59
Financials				
AIA Group Ltd	66,400	1,560,612	2,344,024	3.17
HSBC Holdings PLC	26,000	1,111,043	984,739	1.33
Industrial and Commercial Bank of China Ltd	966,000	2,876,627	2,917,998	3.95
Ping An Insurance Group Co of China Ltd - H ¹	28,500	741,339	1,058,892	1.44
	1,086,900	6,289,621	7,305,653	9.89
Information Technology				
Sunny Optical Technology Group Co Ltd	10,400	795,235	781,369	1.06
Materials				
Anhui Conch Cement Co Ltd	71,000	1,202,604	1,644,147	2.23
Real Estate				
China Vanke Co Ltd - H ¹	69,000	877,827	974,678	1.32
TOTAL HONG KONG	1,889,400	19,836,211	23,160,985	31.35
INDIA				
Energy				
Reliance Industries Ltd	32,402	1,520,161	1,859,050	2.52
Financials				
HDFC Bank Ltd	8,334	596,490	1,036,738	1.40
ICICI Bank Ltd	6,312	119,432	102,561	0.14
IndusInd Bank Ltd	7,168	550,743	817,151	1.11
	21,814	1,266,665	1,956,450	2.65
Industrials				
Larsen & Toubro Ltd	11,538	1,015,430	868,014	1.17
TOTAL INDIA	65,754	3,802,256	4,683,514	6.34

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 %
2018 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
INDONESIA				
Communication Services				
Telekomunikasi Indonesia Persero Tbk PT	769,700	834,071	813,092	1.10
Consumer Discretionary				
Ace Hardware Indonesia Tbk PT	1,292,900	418,909	462,547	0.63
Mitra Adiperkasa Tbk PT	1,980,000	411,377	501,989	0.68
	3,272,900	830,286	964,536	1.31
TOTAL INDONESIA	4,042,600	1,664,357	1,777,628	2.41
MALAYSIA				
Consumer Discretionary				
Bermaz Auto Bhd	359,800	752,642	791,560	1.07
Financials				
CIMB Group Holdings Bhd	50,000	299,260	272,500	0.37
Industrials				
Malaysia Airports Holdings Bhd	140,200	1,043,627	1,233,760	1.67
Sime Darby Bhd	267,000	706,076	654,150	0.88
	407,200	1,749,703	1,887,910	2.55
TOTAL MALAYSIA	817,000	2,801,605	2,951,970	3.99
PHILIPPINES				
Industrials				
Megawide Construction Corporation	370,500	474,192	561,596	0.76
TOTAL PHILIPPINES	370,500	474,192	561,596	0.76

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 %
2018 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
SINGAPORE				
Financials				
DBS Group Holdings Ltd	28,400	1,890,828	2,237,850	3.02
Industrials				
Keppel Corp Ltd	57,800	1,365,102	1,223,775	1.66
Information Technology				
Venture Corp Ltd	39,100	1,970,146	2,065,567	2.80
Real Estate				
CDL Hospitality Trusts	290,900	1,513,023	1,352,419	1.83
City Developments Ltd	42,000	1,437,322	1,359,368	1.84
	332,900	2,950,345	2,711,787	3.67
TOTAL SINGAPORE	458,200	8,176,421	8,238,979	11.15
SOUTH KOREA				
Consumer Staples				
Amorepacific Corp	660	780,434	770,794	1.04
Information Technology				
Samsung Electronics Co Ltd	24,572	3,707,953	4,151,038	5.62
SK Hynix Inc	2,851	990,452	884,795	1.20
	27,423	4,698,405	5,035,833	6.82
Materials				
Posco	622	714,726	741,056	1.00
TOTAL SOUTH KOREA	28,705	6,193,565	6,547,683	8.86

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 %
2018 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
TAIWAN				
Financials				
CTBC Financial Holding Co Ltd	356,000	930,096	1,035,382	1.39
CTBC Financial Holding Co Ltd - Preference Share	3,191	26,364	26,214	0.04
	<u>359,191</u>	<u>956,460</u>	<u>1,061,596</u>	<u>1.43</u>
Industrials				
AirTac International Group	<u>11,000</u>	<u>637,975</u>	<u>631,826</u>	<u>0.86</u>
Information Technology				
Silergy Corp	10,000	781,421	981,825	1.33
Taiwan Semiconductor Manufacturing Co Ltd	101,000	2,354,137	2,897,311	3.92
	<u>111,000</u>	<u>3,135,558</u>	<u>3,879,136</u>	<u>5.25</u>
TOTAL TAIWAN	<u>481,191</u>	<u>4,729,993</u>	<u>5,572,558</u>	<u>7.54</u>
THAILAND				
Consumer Discretionary				
Erawan Group PCL - NVDR ²	<u>1,229,300</u>	<u>938,211</u>	<u>945,390</u>	<u>1.28</u>
Consumer Staples				
CP ALL PCL - NVDR ²	<u>158,800</u>	<u>1,378,441</u>	<u>1,424,788</u>	<u>1.93</u>
TOTAL THAILAND	<u>1,388,100</u>	<u>2,316,652</u>	<u>2,370,178</u>	<u>3.21</u>
UNITED STATES				
Information Technology				
Nvidia Corp	<u>2,287</u>	<u>2,070,851</u>	<u>2,187,478</u>	<u>2.96</u>
TOTAL UNITED STATES	<u>2,287</u>	<u>2,070,851</u>	<u>2,187,478</u>	<u>2.96</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 %
2018 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
TOTAL QUOTED SECURITIES	<u>9,714,801</u>	58,364,627	<u>65,774,012</u>	<u>89.02</u>
ACCUMULATED UNREALISED GAIN ON QUOTED SECURITIES		<u>7,409,385</u>		
TOTAL QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>65,774,012</u>		

- ¹ 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.
- ² 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.
- ³ 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 selected foreign institutions through the Qualified Foreign Institutional Investor (“QFII”) system.

9. CASH AND CASH EQUIVALENTS

	2019	2018
	RM	RM
Bank balances	<u>4,979,282</u>	<u>7,655,914</u>

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2019	2018
	No. of units	No. of units
At the beginning of the financial year	90,597,996	60,904,560
Add: Creation of units from applications	13,688,903	46,318,660
Less: Cancellation of units	<u>(11,930,459)</u>	<u>(16,625,224)</u>
At the end of the financial year	<u>92,356,440</u>	<u>90,597,996</u>

11. MANAGEMENT EXPENSE RATIO (“MER”)

	2019	2018
	%	%
MER	<u>2.01</u>	<u>2.12</u>

MER is derived from the following calculation:

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

- A = Management fee (including management fee rebate)
- 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 and withholding tax
- F = Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on a daily basis is RM71,322,635 (2018: RM67,826,574).

12. PORTFOLIO TURNOVER RATIO (“PTR”)

	2019	2018
PTR (times)	<u>0.95</u>	<u>0.76</u>

PTR is derived based on the following calculation:

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

where:

- total acquisition for the financial year = RM68,603,237 (2018: RM62,083,094)
- total disposal for the financial year = RM66,274,570 (2018: RM40,371,931)

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 shareholder of the Manager
CIMB Bank Bhd	Fellow related party to the Manager
CIMB Investment Bank Bhd	Fellow related party to the Manager
CIMB Securities (S) Pte Ltd	Fellow related party to the Manager

Units held by the Manager and parties related to the Manager

Manager	2019		2018	
	No. of units	RM	No. of units	RM
Principal Asset Management Berhad <i>(formerly known as CIMB-Principal Asset Management Berhad)</i>	19,589	16,108	19,587	15,973

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

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	2018 RM
<u>Significant related party balances</u>		
Bank balances		
- CIMB Bank Bhd	1,001	758

There were no significant related party transactions during each financial year, other than those already disclosed in the financial statements.

14. TRANSACTIONS WITH BROKERS

Details of transactions with the top 10 brokers for the financial year ended 30 June 2019 are as follows:

Brokers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Credit Suisse Hong Kong Ltd	16,620,273	12.32	39,307	13.72
Sanford C. Bernstein & Co	14,972,810	11.10	38,819	13.55
JP Morgan Securities Singapore Pte Ltd	14,060,752	10.43	4,218	1.47
Instinet Pacific Ltd	12,861,823	9.54	33,575	11.72
CLSA Hong Kong Ltd	12,771,086	9.47	31,581	11.02
Citigroup Global Markets Inc	11,121,976	8.25	20,082	7.01
DBS Vickers Securities Singapore Pte Ltd	9,835,743	7.29	19,808	6.91
Shenwan Hongyuan Singapore Pte Ltd	6,438,740	4.77	9,658	3.37
CIMB Securities (S) Pte Ltd #	6,195,144	4.59	13,074	4.56
JP Morgan Securities (Asia Pacific) Ltd	5,625,655	4.17	17,348	6.05
Others #	24,367,309	18.07	59,067	20.62
	<u>134,871,311</u>	<u>100.00</u>	<u>286,537</u>	<u>100.00</u>

14. TRANSACTIONS WITH BROKERS (CONTINUED)

Details of transactions with the top 10 brokers for the financial year ended 30 June 2018 are as follows:

Brokers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Instinet Singapore Services Pte Ltd	11,868,554	11.82	27,960	12.40
DBS Vickers Securities Singapore Pte Ltd	10,491,331	10.45	21,403	9.50
CLSA Hong Kong Ltd	9,195,203	9.16	25,310	11.23
Credit Suisse Hong Kong Ltd	8,235,319	8.20	20,092	8.91
Citigroup Global Markets Inc	7,957,240	7.92	11,065	4.91
Sanford C. Bernstein & Co Macquarie Securities (S) Pte Ltd	7,573,089	7.54	19,145	8.49
JP Morgan Securities Singapore Pte Ltd	6,153,686	6.13	18,436	8.18
China International Capital Corporation Ltd	5,793,627	5.77	13,727	6.09
Bloomberg Tradebook LLC	4,975,325	4.95	11,308	5.02
Others #	3,734,539	3.72	5,602	2.49
	<u>24,443,301</u>	<u>24.34</u>	<u>51,350</u>	<u>22.78</u>
	<u>100,421,214</u>	<u>100.00</u>	<u>225,398</u>	<u>100.00</u>

Included in the transactions are trades conducted with CIMB Securities (S) Pte Ltd and CIMB Investment Bank Bhd, related parties to the Manager amounting to RM6,195,144 (2018: RM1,456,873) and RM1,597,906 (2018: RM1,788,673) respectively. The Manager is of the opinion that all transactions with the related company 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 seek capital growth by investing primarily in equities and equity related instruments in the Asia ex Japan. The reportable operating segment derives its income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within the portfolio. These returns consist of dividend income and interest income earned from investments and gains on the appreciation in the value of investments, which are derived from quoted securities listed in the Bursa Securities, Malaysia, collective investment schemes and foreign equities of companies domiciled in, listed in, and/or have significant operations in Asia ex Japan.

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 the following changes in accounting policies as disclosed in Note 2(b) and adjustments to the financial position 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 July 2018 are compared as follows:

	Measurement category		Carrying amount			
	Original (MFRS 139)	New (MFRS 9)	Original (MFRS 139)	Reclassi- fications	Remeas- urements	New (MFRS 9)
			RM	RM	RM	RM
Financial assets						
Cash and cash equivalents	Loans and receivables	Amortised cost	7,655,914	-	-	7,655,914
Investment in collective investment schemes	FVTPL	FVTPL	1,890,623	-	-	1,890,623
Investment in quoted securities	FVTPL	FVTPL	65,774,012			65,774,012
Amount due from Manager	Loans and receivables	Amortised cost	265,638			265,638
Amount due from Manager of collective investment schemes	Loans and receivables	Amortised cost	32,771			32,771
Dividend receivable	Loans and receivables	Amortised cost	149,299			149,299
Financial liabilities						
Amount due to stockbrokers	Amortised cost	Amortised cost	1,183,795	-	-	1,183,795
Amount due to Manager	Amortised cost	Amortised cost	564,579	-	-	564,579
Accrued management fee	Amortised cost	Amortised cost	114,611			114,611
Amount due to Trustee	Amortised cost	Amortised cost	2,223	-	-	2,223
Other payables and accruals	Amortised cost	Amortised cost	15,203	-	-	15,203

17. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 14 August 2019.

DIRECTORY

Head office of the Manager

Principal Asset Management Berhad (Company No.: 304078-K)
(formerly known as CIMB-Principal Asset Management Berhad)
10th Floor, Bangunan CIMB,
Jalan Semantan,
Damansara Heights,
50490 Kuala Lumpur, MALAYSIA.
Tel: (03) 2084 8888

Website

www.principal.com.my

E-mail address

service@principal.com.my

General investment enquiries

(03) 7718 3000

Trustee for the CIMB-Principal Asian Equity Fund

Universal Trustee (Malaysia) Berhad (Company No.:17540-D)
No. 1 Jalan Ampang (3rd Floor),
50450 Kuala Lumpur, MALAYSIA.
Tel: (03) 2070 8050
Fax: (03) 2031 8715, (03) 2032 3194, (03) 2070 1296

Auditors of the Fund and of the Manager

PricewaterhouseCoopers (Company No. AF: 1146)
Level 10, 1 Sentral,
Jalan Rakyat, Kuala Lumpur Sentral,
PO Box 10192, 50706 Kuala Lumpur,
MALAYSIA.
Tel: (03) 2173 1188
Fax: (03) 2173 1288

Principal Asset Management Berhad (304078-K)
(formerly known as CIMB-Principal Asset Management Berhad)

Enquiries:

Customer Care Centre
(603)7718 3000

Email
service@principal.com.my

Website
www.principal.com.my