

CIMB-Principal Asian Equity Fund

Unaudited Interim Report

For The Six Months Financial Period Ended 31 December 2019

CIMB-PRINCIPAL ASIAN EQUITY FUND

UNAUDITED INTERIM REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2019

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INVESTORS' LETTER

Dear Valued Investors,

As we write this letter, we're watching the impact the Coronavirus is having on families, communities and markets around the world. Our thoughts are with those directly impacted by this illness and hope that together, as a global community we can find ways to prevent the further spread of this virus.

From an investment perspective, yes, the Coronavirus outbreak is disrupting markets – but it's important to remember this is an event, not a trend. And, just how interlinked our economies really are and how ripple effects are felt globally.

Ahead of the virus outbreak, we were seeing many positive trends in the market and were anticipating an upturn. We're still optimistic that the upturn will happen – it's just a matter of when. We still encourage our investors to focus on the fundamentals, seek portfolio diversification and to focus on the long-term.

As a fund house, we've never been better positioned to help our investors navigate the market volatility that is becoming the new norm. Our capabilities span from local to global markets with products, strategies and ideas to position your portfolio of investments based on your unique risk tolerance and financial goals.

We're committed to helping meet the varying needs of our customers and in the past few months, we've launched several new funds, including: Principal Global Real Estate, Principal Greater Bay and Principal Islamic ASEAN Equity Fund. Together these funds showcase our breadth and depth of expertise and offerings – helping set us apart as the fund house of choice. You can learn more about each of these funds and other solutions at: www.principal.com.my.

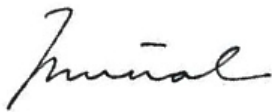
Thank you for your continuous support and allowing us to help you achieve your financial goals.

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?

Yes, 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 exchanges 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 is 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

When was the Fund launched?

1 March 2006

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

RM70.71 million (85.36 million units)

What is the Fund's benchmark?

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

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 six months financial period ended 31 December 2019?

The Fund distributed a total net income of RM2.33 million to unit holders. As a result, the NAV per unit dropped from RM0.8353 to RM0.8071 on 26 November 2019 during the six months financial period ended 31 December 2019.

PERFORMANCE DATA

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

	31.12.2019	31.12.2018	31.12.2017
	%	%	%
Collective investment schemes	2.94	3.08	3.17
Quoted securities			
- Communication Services	7.99	6.33	5.96
- Consumer Discretionary	15.85	11.64	14.87
- Consumer Staples	1.51	8.45	3.54
- Energy	2.64	5.33	2.94
- Financials	12.56	26.47	22.98
- Health Care	2.27	1.13	-
- Industrials	9.11	7.59	10.36
- Information Technology	23.35	9.71	15.63
- Materials	5.03	0.95	5.89
- Real Estate	12.78	11.81	3.84
Cash and other net assets	3.97	7.51	10.82
	<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.

Performance details of the Fund for the last three financial periods are as follows:

	31.12.2019	31.12.2018	31.12.2017
NAV (RM Million)	70.71	65.55	70.66
Units in circulation (Million)	85.36	90.23	80.03
NAV per unit (RM)	0.8284	0.7264	0.8829
	01.07.2019 to 31.12.2019	01.07.2018 to 31.12.2018	01.07.2017 to 31.12.2017
Highest NAV per unit (RM)	0.8424	0.8211	0.9081
Lowest NAV per unit (RM)	0.7807	0.7123	0.7790
Total return (%)	4.25	(10.92)	12.44
- Capital growth (%)	0.73	(10.92)	12.44
- Income distribution (%)	3.49	-	-
Management Expense Ratio ("MER") (%) ^	0.89	1.01	1.06
Portfolio Turnover Ratio ("PTR") (times) #	0.51	0.58	0.34

PERFORMANCE DATA (CONTINUED)

^ The Fund's MER decreased from 1.01% to 0.89% due to the lower expenses in the financial period under review.

The PTR has come off slightly from 0.58 to 0.51 for the period ended 2019 from the period 2018. This has been relatively stable despite a more volatile year marked by several geopolitical risks. However, we have remained steadfast that the fund was well positioned for regional economic recovery and hence a reduced need to reposition the fund.

	31.12.2019	31.12.2018	31.12.2017	31.12.2016	31.12.2015
	%	%	%	%	%
Annual total return	18.01	(17.74)	30.44	5.06	9.46

(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 period have been extracted from Lipper.

MARKET REVIEW (1 JULY 2019 TO 31 DECEMBER 2019)

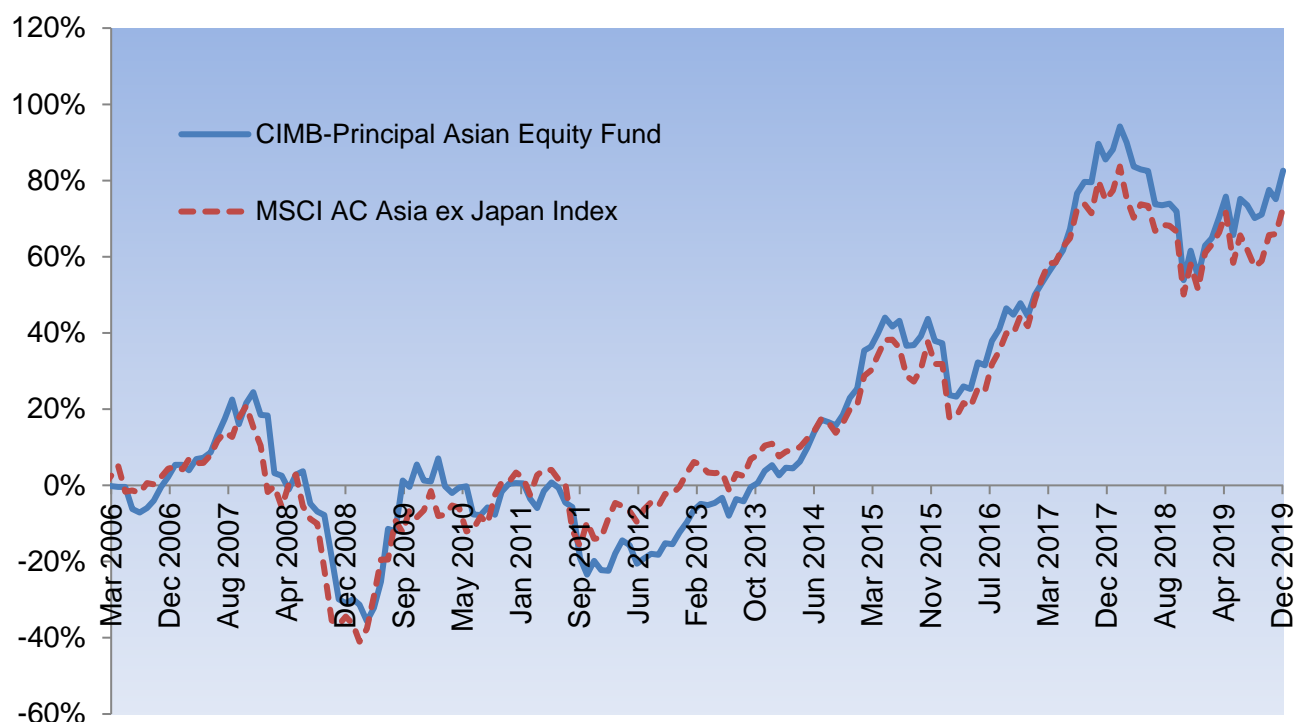
For the financial period under review, the Asia Ex-Japan stock markets gained despite weak start in the month of July 2019 as investors worried that the US & China were about to escalate the trade war. It eventually gained more than 5% in US Dollar ("USD") terms as measured by the MSCI Asia Ex-Japan index. There were several factors which supported the stock market recovery: 1) as the Chinese economy stumbled, the authorities incrementally stepped up fiscal & monetary stimulus; 2) the developed economies' central banks further eased including introducing new programs to purchase bonds; 3) improving manufacturing outlook led by the technology sector; and 4) finally, receding trade tensions with a interim deal between the US & China.

FUND PERFORMANCE

	6 months to	1 year to	3 years to	5 years to	Since
	31.12.2019	31.12.2019	31.12.2019	31.12.2019	inception to
	%	%	%	%	31.12.2019
Income	3.49	3.49	3.49	3.49	3.49
Capital	0.73	14.02	22.33	40.70	69.64
Total Return	4.25	18.01	26.62	45.61	82.61
Benchmark	4.39	14.19	22.02	42.84	72.93
Average Total Return	N/A	18.01	8.19	7.80	4.44

The Fund performed in-line with the benchmark over the past six months while it outperformed by almost 4% in the past year.

FUND PERFORMANCE (CONTINUED)



Changes in NAV

	31.12.2019	30.06.2019 Audited	Changes %
NAV (RM Million)	70.71	75.95	(6.90)
NAV/Unit (RM)	0.8284	0.8223	0.74

The NAV decreased by 6.90% but the NAV per unit rose by 0.74%. The difference is due to the dividends paid to unitholders and the new subscriptions to the Fund.

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 period have been extracted from Lipper.

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	31.12.2019	30.06.2019 Audited
Collective investment schemes	2.94	2.86
Quoted securities	93.09	90.28
Cash and other net assets	3.97	6.86
TOTAL	100.00	100.00

As at 31 December 2019, the Fund held 93.09% in quoted securities, 2.94% in collective investment schemes with the rest in cash. This is similar to the asset allocation at the end of June 2019.

MARKET OUTLOOK*

In the near term, the stock market is likely to be clouded by the uncertainty surrounding the Wuhan coronavirus outbreak. We expect a sharp drop in economic activities in the region especially in China as the authorities urgently strive to contain the spread of the virus. This event coupled with the preceding rally in the stock markets in the past few months was the catalyst for some investors to take profit and is expected to weigh on stock prices in the immediate period.

Beyond this, while the situation remains fluid, we expect this outbreak to be eventually contained. The authorities have taken unprecedented measures such as strict travel restrictions in a bid to contain the spread of the disease. Barring a far more dire situation, we expect more stimulus and other policy support measures in China and the region to help support the economy to eventually recover.

* 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 the expected sell-off in the stock market in the near term, we expect an indiscriminate selling of stocks. This will present the fund an opportunity to accumulate quality companies with a fundamentally and structurally strong long-term growth profile at more reasonable prices. These companies include leading internet companies and leading semiconductor companies among others.

Over the longer term, we remain positive on the outlook for Asian equities due to the young and growing population, growing middle class and strong economic growth potential. Our strategy will be to discover and exposed to stocks in these growing sectors early.

UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 31 December 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	16,905	1.38	1.62
5,001 - 10,000	496	3.67	4.30
10,001 - 50,000	1,331	29.97	35.11
50,001 - 500,000	443	45.39	53.17
500,001 and above	4	4.95	5.80
Total	19,179	85.36	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 period 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 unaudited financial statements set out on pages 9 to 41 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 December 2019 and of its financial performance, changes in net assets attributable to unit holders and cash flows for the financial period then ended in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134 - Interim Financial Reporting and International Accounting Standards (“IAS”) 34 - Interim Financial Reporting.

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
13 February 2020

**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 period ended 31 December 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.

During the financial year, a total distribution of 2.82 sen per unit (gross) has been distributed to the unit holders of the Fund. We are of the view that the distribution is consistent with the objective of the Fund.

For and on behalf of the Trustee

UNIVERSAL TRUSTEE (MALAYSIA) BERHAD

ONG TEE VANN

Chief Executive Officer

Kuala Lumpur
13 February 2020

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

		01.07.2019 to 31.12.2019	01.07.2018 to 31.12.2018
	Note	RM	RM
INCOME/(LOSS)			
Dividend income		503,312	802,484
Interest income from current accounts		9,326	7,995
Net gain/(loss) on financial assets at fair value through profit or loss	8	3,408,425	(7,930,515)
Net foreign exchange (loss)/gain		(87,859)	74,881
		<u>3,833,204</u>	<u>(7,045,155)</u>
EXPENSES			
Management fee	4	649,747	654,762
Trustee's and custodian fees	5	83,864	63,956
Audit fee		8,550	3,500
Tax agent's fee		13,326	16,686
Transaction costs		179,805	245,813
Other expenses		51,065	3,025
		<u>986,357</u>	<u>987,742</u>
PROFIT/(LOSS) BEFORE TAXATION		2,846,847	(8,032,897)
Taxation	7	-	(60,871)
PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD		<u>2,846,847</u>	<u>(8,093,768)</u>
Profit/(Loss) after taxation is made up as follows:			
Realised amount		3,005,118	(2,666,743)
Unrealised amount		(158,271)	(5,427,025)
		<u>2,846,847</u>	<u>(8,093,768)</u>

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

		31.12.2019	30.06.2019
	Note	RM	Audited RM
ASSETS			
Cash and cash equivalents	9	3,056,033	4,979,282
Financial assets at fair value through profit or loss	8	67,909,565	70,731,458
Amount due from stockbrokers		-	749,210
Amount due from Manager		67,393	182,281
Amount due from Manager of collective investment scheme			
-Management fee rebate		44,990	25,226
Dividends receivable		35,806	271,924
TOTAL ASSETS		<u>71,113,787</u>	<u>76,939,381</u>
LIABILITIES			
Amount due to stockbrokers		-	779,903
Amount due to Manager		277,308	89,366
Accrued management fee		106,961	109,623
Amount due to Trustee		2,087	2,131
Other payables and accruals		13,050	13,357
TOTAL LIABILITIES		<u>399,406</u>	<u>994,380</u>
NET ASSET VALUE OF THE FUND		<u>70,714,381</u>	<u>75,945,001</u>
EQUITY			
Unit holders' capital		29,881,047	35,627,562
Retained earnings		40,833,334	40,317,439
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>70,714,381</u>	<u>75,945,001</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	10	<u>85,362,140</u>	<u>92,356,440</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.8284</u>	<u>0.8223</u>

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

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

	Note	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 July 2019		35,627,562	40,317,439	75,945,001
Movement in unit holders' contributions:				
- Creation of units from applications		2,619,962	-	2,619,962
- Creation of units from distribution		2,330,003	-	2,330,003
- Cancellation of units		(10,696,480)	-	(10,696,480)
Total comprehensive income for the financial period		-	2,846,847	2,846,847
Distribution	6	-	(2,330,952)	(2,330,952)
Balance as at 31 December 2019		<u>29,881,047</u>	<u>40,833,334</u>	<u>70,714,381</u>
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		3,957,125	-	3,957,125
- Cancellation of units		(4,199,630)	-	(4,199,630)
Total comprehensive loss for the financial period		-	(8,093,768)	(8,093,768)
Balance as at 31 December 2018		<u>33,966,260</u>	<u>31,585,313</u>	<u>65,551,573</u>

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

**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

	01.07.2019 to 31.12.2019	01.07.2018 to 31.12.2018
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of quoted securities	39,196,942	40,343,593
Purchase of quoted securities	(33,171,842)	(42,702,475)
Dividend income received	739,430	879,257
Interest income received from current accounts	9,326	7,995
Management fee paid	(652,409)	(667,446)
Management fee rebate received	19,765	48,508
Trustee's and custodian fees paid	(83,908)	(64,191)
Payments for other fees and expenses	(73,249)	(21,558)
Net realised foreign exchange loss	(125,405)	(46,628)
Net cash generated from/(used in) operating activities	5,858,650	(2,222,945)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	2,734,849	4,202,489
Payments for cancellation of units	(10,508,537)	(4,720,786)
Distribution paid	(949)	-
Net cash used in financing activities	(7,774,637)	(518,297)
Net decrease in cash and cash equivalents	(1,915,987)	(2,741,242)
Effects of foreign exchange differences	(7,262)	123,984
Cash and cash equivalents at the beginning of the financial period	4,979,282	7,655,914
Cash and cash equivalents at the end of the financial period	3,056,033	5,038,656
<u>Cash and Cash equivalents comprised of:</u>		
Bank balances	3,056,033	5,038,656

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITY

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). The Fund may also invest in instruments issued by companies incorporated in the Asia ex Japan but listed or traded on exchanges 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 is in line with the objective of the Fund subject to the requirement of the SC Guidelines.

Asia ex Japan includes but is not limited to the following countries: Hong Kong 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 with 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.

Principal Asset Management Berhad (formerly known as CIMB-Principal Asset Management Berhad) 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.

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 International Financial Reporting Standards ("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 period.

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(k).

Standard that is effective:

(i) Financial period beginning on/after 1 January 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, other comprehensive income ("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.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2019 that have a material effect on the financial statements of the Fund.

(b) Financial assets and financial liabilities

Classification

The Fund classify its financial assets in the following measurement categories:

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Classification (continued)

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.

The Fund classifies cash and cash equivalents, amount due from stockbrokers, amount due from Manager, amount due from Manager of collective investment scheme, dividends receivable and other receivable 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 other financial liabilities as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

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

Financial liabilities, within the scope of MFRS 9 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 period which they arise.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Recognition and measurement (continued)

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

Impairment for assets carried at amortised costs

The Fund measures credit risk and expected credit losses ("ECL") using probability of default, exposure at default and loss given default. The Manager consider both historical analysis and forward looking information in determining any ECL. The Manager consider 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 management as any contractual payment which is more than 30 days past due.

Definition of default and credit-impaired financial assets

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

Write-off

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(c) Income recognition**

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

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

Realised gain or loss on disposal of collective investment scheme 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) The Fund’s units are denominated in RM.
- ii) All of the Fund’s expenses are denominated in RM.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-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 flow, cash and cash equivalents comprise bank balances and deposits held in highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value.

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

Tax on investment income from foreign investments are based on the tax regime of the respective countries the Fund invest in.

Withholding taxes on investment income from investment are based on tax regime of the respective countries that the Fund invests in. Such withholding taxes are not "income tax" in nature and are recognised and measured based on the requirements of MFRS 137. They are presented within other expenses line in the statement of comprehensive income.

(g) Amount due from/to stockbrokers

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

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amounts due from broker 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 management 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.

(h) Transaction costs

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

(i) Management fee rebate

Management fee rebate is derived from the collective investment scheme held by the Fund on an accruals basis to ensure no double charging of management fee. It is accrued daily based on the fair value of the collective investment scheme held.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(j) Unit holders' contributions**

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 period if unit holder exercises the right to put the unit back to the Fund.

Units are created and cancelled at prices based on the Fund's 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.

(k) 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 there are no accounting policies which require significant judgement to be exercised.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

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 (inclusive of 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.

(a) Market risk

(i) Price risk

Price risk is the risk that the fair value of investments in collective investment scheme 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 scheme 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 scheme, quoted securities and other financial instruments within specified limits according to the Deeds.

(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.

(b) Credit risk

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

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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(c) Liquidity risk**

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

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise bank balances, and deposits with licensed financial institutions which are capable of being converted into cash within 7 business days. Generally all investments are subject to a degree of liquidity risk depending on the nature of the investments 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.

(d) Capital risk management

The capital of the fund is represented by equity consisting of unit holders' capital and retained earnings. 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 period end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

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

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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

(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
31.12.2019				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	2,074,362	-	-	2,074,362
- Quoted securities	65,835,203	-	-	65,835,203
	<u>67,909,565</u>	<u>-</u>	<u>-</u>	<u>67,909,565</u>

3. 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
30.06.2019				
Audited				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	2,171,714	-	-	2,171,714
- Quoted securities	<u>68,559,744</u>	<u>-</u>	<u>-</u>	<u>68,559,744</u>
	<u>70,731,458</u>	<u>-</u>	<u>-</u>	<u>70,731,458</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 scheme. 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 Manager, amount due from Manager of collective investment scheme, dividends receivable and all current liabilities are a reasonable approximation of their fair values due to their short term nature.

4. MANAGEMENT FEE

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

For the six months financial period ended 31 December 2019, the management fee is recognised at a rate of 1.85% per annum (31.12.2018: 1.85% per annum).

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

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

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 in arrears. 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.

5. TRUSTEE'S AND CUSTODIAN FEES (CONTINUED)

For the six months financial period ended 31 December 2019, the Trustee's fee is recognised at a rate of 0.035% per annum (31.12.2018: 0.035% per annum) while the foreign sub-custodian fee is recognised at RM71,572 (31.12.2018: RM51,569).

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

6. DISTRIBUTION

Distribution to unit holders is derived from the following sources:

	01.07.2019 to 31.12.2019 RM	01.07.2018 to 31.12.2018 RM
Dividend income	25,264	-
Profit income	376	-
Net realised gain on disposal of Shariah-compliant investments	114,170	-
Prior financial years' realised income	2,224,290	-
	<u>2,364,101</u>	<u>-</u>
Less:		
Expenses	(33,149)	-
Net distribution amount	<u>2,330,952</u>	<u>-</u>
Distribution on 24 September 2019		
Gross/Net distribution per unit (sen)	<u>2.82</u>	<u>-</u>

Gross distribution is derived using total income less total expenses. Net distribution above is sourced from current and prior financial years' realised income.

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

There are unrealised losses of RM158,271 arising during the financial period.

7. TAXATION

	31.12.2019 RM	31.12.2018 RM
Tax charged for the financial period:		
- Current taxation	-	60,871

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

	01.07.2019 to 31.12.2019 RM	01.07.2018 to 31.12.2018 RM
Profit/(Loss) before taxation	2,846,847	(8,032,897)
Taxation at Malaysian statutory rate of 24% (31.12.2018: 24%)	683,243	(1,927,895)
Tax effects of:		
(Income not subject to tax)/Loss not deductible for tax purpose	(919,968)	1,690,837
Expenses not deductible for tax purposes	77,456	78,887
Restriction on tax deductible expenses for Unit Trust Funds	159,269	158,171
Effects of foreign tax on foreign taxable income	-	60,871
Taxation	-	60,871

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.12.2019 RM	30.06.2019 Audited RM
At fair value through profit or loss:		
- Collective investment scheme	2,074,362	2,171,714
- Quoted securities	65,835,203	68,559,744
	67,909,565	70,731,458
	01.07.2019 to 31.12.2019 RM	01.07.2018 to 31.12.2018 RM
Net gain/(loss) on financial assets at fair value through profit or loss:		
- Realised gain/(loss) on disposals	3,521,250	(2,412,393)
- Unrealised fair value loss	(152,354)	(5,551,768)
- Management fee rebate #	39,529	33,646
	3,408,425	(7,930,515)

Management fee rebate is derived from the collective investment scheme held by the Fund on an accrual basis to ensure no double charging of management fee. It is accrued daily based on the fair value of collective investment scheme held.

For the six months financial period ended 31 December 2019, the rebate is recognised at a rate of 2.00% per annum (31.12.2018: 2.00%) for Principal Indo Domestic Equity Fund, and 1.75% per annum (31.12.2018: 1.75%) for Principal SMART Equity Fund calculated and accrued daily based on the NAV of the collective investment scheme.

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2019				
COLLECTIVE				
INVESTMENT SCHEMES				
INDONESIA				
Principal Indo Domestic Equity Fund	2,840,500	750,932	788,132	1.12
Principal SMART Equity Fund	4,073,844	1,390,272	1,286,230	1.82
TOTAL COLLECTIVE INVESTMENT SCHEMES	6,914,344	2,141,204	2,074,362	2.94
ACCUMULATED UNREALISED LOSS ON COLLECTIVE INVESTMENT SCHEMES				
		(66,842)		
TOTAL COLLECTIVE INVESTMENT SCHEMES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		2,074,362		

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2019				
QUOTED SECURITIES				
CAYMAN ISLANDS				
Consumer Discretionary				
Alibaba Group Holding Ltd	5,348	3,703,031	4,639,331	6.56
TOTAL CAYMAN ISLANDS	5,348	3,703,031	4,639,331	6.56
CHINA				
Consumer Discretionary				
China International Travel Service Corporation - A	18,393	921,927	960,791	1.36
Financials				
Ping An Insurance Group Co of China Ltd - H	34,000	1,495,871	1,644,611	2.33
Industrials				
Centre Testing International Group Co Ltd - A	126,200	679,028	1,105,013	1.56
Information Technology				
Hangzhou Hikvision Digital Technology Co. Ltd	34,200	693,696	657,560	0.93
Materials				
Anhui Conch Cement Co. Ltd	50,500	1,323,438	1,506,484	2.13
TOTAL CHINA	263,293	5,113,960	5,874,459	8.31
HONG KONG SAR, CHINA				
Communication Services				
Tencent Hldg Ltd	19,900	3,449,311	3,925,576	5.55
Consumer Discretionary				
Galaxy Entertainment Grp Ltd	35,000	1,077,659	1,055,127	1.49
Sands China Ltd	49,600	1,043,692	1,084,979	1.53
Shenzhen International Group	23,400	1,264,612	1,399,795	1.98
	108,000	3,385,963	3,539,901	5.00

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2019 (CONTINUED)				
QUOTED SECURITIES				
(CONTINUED)				
HONG KONG SAR, CHINA (CONTINUED)				
Financials				
AIA Group Ltd	50,200	1,252,687	2,156,660	3.05
Health Care				
Jinxin Fertility Group Ltd	118,000	755,169	645,765	0.91
Wuxi Biologics Cayman Inc	18,500	857,792	958,503	1.36
	136,500	1,612,961	1,604,268	2.27
Industrials				
Techtronic Industries Co Ltd	76,000	1,676,637	2,536,611	3.59
Information Technology				
Kingboard Laminates Hldg Ltd	284,500	1,240,830	1,443,391	2.04
Sunny Optical Technology (Group) Co. Ltd	23,700	1,270,414	1,679,133	2.37
	308,200	2,511,244	3,122,524	4.41
Real Estate				
China Resources Land Ltd	80,000	1,447,584	1,630,221	2.31
TOTAL HONG KONG SAR, CHINA	778,800	15,336,387	18,515,761	26.18
INDIA				
Consumer Discretionary				
Eicher Motors Ltd	259	350,334	334,142	0.47
Energy				
Reliance Industries Ltd	21,504	1,084,122	1,865,581	2.64
Financials				
HDFC Bank Ltd	23,546	997,990	1,716,299	2.43
ICICI Bank Ltd	43,549	1,188,658	1,344,748	1.90
	67,095	2,186,648	3,061,047	4.33
Industrials				
Larsen & Toubro Ltd	15,413	1,353,677	1,146,525	1.62
Materials				
Ultra Tech Cement Ltd	3,424	852,232	793,816	1.12

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2019 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
INDIA (CONTINUED)				
Real Estate				
Godrej Properties Ltd	23,355	1,192,093	1,322,584	1.87
TOTAL INDIA	131,050	7,019,106	8,523,695	12.05
INDONESIA				
Consumer Discretionary				
Mitra Adiperkasa TBK PT	2,305,400	692,212	717,255	1.01
Financials				
Bank Mandiri	321,200	701,385	726,990	1.03
Materials				
Semen Indonesia Persero Tbk PT	356,100	1,268,851	1,260,167	1.78
Real Estate				
Ciputra Development TBK PT	2,110,500	650,251	647,282	0.92
Summarecon Agung TBK PT	2,188,700	778,281	648,675	0.92
	4,299,200	1,428,532	1,295,957	1.84
TOTAL INDONESIA	7,281,900	4,090,980	4,000,369	5.66
PHILIPPINES				
Financials				
Bank Of Philippine Islands	88,780	711,307	629,764	0.89
TOTAL PHILIPPINES	88,780	711,307	629,764	0.89
SINGAPORE				
Communication Services				
NetLink NBN Trust	236,900	606,028	680,634	0.96
Financials				
DBS Group Hldg Ltd	8,400	681,643	660,937	0.93
Industrials				
Singapore Technologies Engineering Ltd	81,500	859,588	976,271	1.38

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2019 (CONTINUED)				
QUOTED SECURITIES				
(CONTINUED)				
SINGAPORE				
(CONTINUED)				
Real Estate				
Capitaland Ltd	138,300	1,530,384	1,576,776	2.23
CDL Hospitality Trusts	211,000	1,097,449	1,039,235	1.47
Keppel DC REIT	113,187	474,836	715,775	1.01
Lendlease Global Commercial	511,600	1,367,552	1,446,538	2.05
	<u>974,087</u>	<u>4,470,221</u>	<u>4,778,324</u>	<u>6.76</u>
TOTAL SINGAPORE	<u>1,300,887</u>	<u>6,617,480</u>	<u>7,096,166</u>	<u>10.03</u>
SOUTH KOREA				
Communication Services				
NCISOFT	<u>547</u>	<u>1,042,881</u>	<u>1,046,723</u>	<u>1.48</u>
Consumer Staples				
LG Household & Health Care Ltd	<u>240</u>	<u>1,076,563</u>	<u>1,070,468</u>	<u>1.51</u>
Information Technology				
Samsung Electronics Co. Ltd	20,038	3,124,667	3,954,904	5.59
SK Hynix Inc	<u>4,207</u>	<u>1,211,558</u>	<u>1,400,263</u>	<u>1.98</u>
	<u>24,245</u>	<u>4,336,225</u>	<u>5,355,167</u>	<u>7.57</u>
TOTAL SOUTH KOREA	<u>25,032</u>	<u>6,455,669</u>	<u>7,472,358</u>	<u>10.56</u>
TAIWAN				
Information Technology				
ASE Technology Holding Co. Ltd	129,000	1,327,824	1,461,807	2.07
Largan Precision Co. Ltd	2,000	1,231,184	1,362,000	1.93
Taiwan Semiconductor Manufacturing Co Ltd	101,000	2,904,706	4,553,302	6.44
	<u>232,000</u>	<u>5,463,714</u>	<u>7,377,109</u>	<u>10.44</u>
TOTAL TAIWAN	<u>232,000</u>	<u>5,463,714</u>	<u>7,377,109</u>	<u>10.44</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2019 (CONTINUED)				
QUOTED SECURITIES				
(CONTINUED)				
THAILAND				
Industrials				
Airports Of Thailand - NVDR	<u>66,500</u>	<u>674,735</u>	<u>678,661</u>	<u>0.96</u>
TOTAL THAILAND	<u>66,500</u>	<u>674,735</u>	<u>678,661</u>	<u>0.96</u>
UNITED STATES				
Consumer Discretionary				
New Oriental Education & Technology Group Inc	<u>2,072</u>	<u>1,043,104</u>	<u>1,027,530</u>	<u>1.45</u>
UNITED STATES	<u>2,072</u>	<u>1,043,104</u>	<u>1,027,530</u>	<u>1.45</u>
TOTAL QUOTED SECURITIES	<u>10,175,662</u>	<u>56,229,473</u>	<u>65,835,203</u>	<u>93.09</u>
ACCUMULATED UNREALISED GAIN ON QUOTED SECURITIES		<u>9,605,730</u>		
TOTAL QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u><u>65,835,203</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 %
30.06.2019				
Audited				
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	6,914,344	2,141,204	2,171,714	2.86
ACCUMULATED UNREALISED GAIN ON COLLECTIVE INVESTMENT SCHEMES		30,510		
TOTAL COLLECTIVE INVESTMENT SCHEMES AT FAIR VALUE THROUGH PROFIT OR LOSS		2,171,714		
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 Internaltional 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

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 %
30.06.2019 (CONTINUED)				
Audited				
QUOTED SECURITIES				
(CONTINUED)				
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
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

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 %
30.06.2019 (CONTINUED)				
Audited				
QUOTED SECURITIES				
(CONTINUED)				
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
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

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 %
30.06.2019 (CONTINUED)				
Audited				
QUOTED SECURITIES				
(CONTINUED)				
INDONESIA (CONTINUED)				
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
	<u>5,010,600</u>	<u>1,647,716</u>	<u>1,729,663</u>	<u>2.28</u>
TOTAL INDONESIA	<u>7,786,200</u>	<u>5,080,192</u>	<u>5,710,224</u>	<u>7.53</u>
PHILIPPINES				
Industrials				
Megawide Construction Corporation	575,900	820,332	881,766	1.16
TOTAL PHILIPPINES	<u>575,900</u>	<u>820,332</u>	<u>881,766</u>	<u>1.16</u>
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
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
Fraser's 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
	<u>1,573,000</u>	<u>8,122,062</u>	<u>8,981,101</u>	<u>11.83</u>
TOTAL SINGAPORE	<u>2,485,200</u>	<u>13,894,103</u>	<u>15,443,702</u>	<u>20.34</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 %
30.06.2019 (CONTINUED)				
Audited				
QUOTED SECURITIES				
(CONTINUED)				
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
THAILAND				
Consumer Staples				
CP ALL PCL - NVDR ²	131,100	1,151,853	1,517,110	2.00
Real Estate				
Amata Corporation Public Co. Ltd - NVDR ²	229,500	727,108	753,509	0.99
TOTAL THAILAND	360,600	1,878,961	2,270,619	2.99
UNITED STATES				
Communication Services				
Autohome Inc	1,610	553,628	569,451	0.75
TOTAL UNITED STATES	1,610	553,628	569,451	0.75

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 %
30.06.2019 (CONTINUED)				
Audited				
QUOTED SECURITIES				
(CONTINUED)				
TOTAL QUOTED SECURITIES	<u>12,739,944</u>	58,899,012	<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>		

- 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 refer to the shares of mainland China-based companies that trade on the two Chinese Stock Exchanges which are Shanghai Stock Exchange and the Shenzhen Stock Exchange.

9. CASH AND CASH EQUIVALENTS

	31.12.2019	30.06.2019
	RM	Audited RM
Bank balances	<u>3,056,033</u>	<u>4,979,282</u>

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

	01.07.2019 to 31.12.2019	01.07.2018 to 30.06.2019 Audited
	No. of units	No. of units
At the beginning of the financial period/year	92,356,440	90,597,996
Add: Creation of units from applications	3,198,977	13,688,903
Add: Creation of units from distribution	2,886,882	-
Less: Cancellation of units	(13,080,159)	(11,930,459)
At the end of the financial period/year	<u>85,362,140</u>	<u>92,356,440</u>

11. MANAGEMENT EXPENSE RATIO ("MER")

	01.07.2019 to 31.12.2019 %	01.07.2018 to 31.12.2018 %
MER	<u>0.89</u>	<u>1.01</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 withholding tax
F	=	Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial period calculated on a daily basis is RM69,667,290 (31.12.2018: RM70,253,924).

12. PORTFOLIO TURNOVER RATIO ("PTR")

	01.07.2019 to 31.12.2019	01.07.2018 to 31.12.2018
PTR (times)	<u>0.51</u>	<u>0.58</u>

PTR is derived based on the following calculation:

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

where:

total acquisition for the financial period	=	RM32,303,841 (31.12.2018: RM41,366,101)
total disposal for the financial period	=	RM38,494,630 (31.12.2018: RM40,439,302)

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 (formerly known as CIMB-Principal Asset Management Berhad)	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
CGS-CIMB Securities (Singapore) Pte Ltd	Fellow related party to the Manager
CIMB Investment Bank Bhd	Fellow related party to the Manager

Units held by the Manager and parties related to the Manager

Manager	31.12.2019		30.06.2019	
	No. of units	RM	No. of units	Audited RM
Principal Asset Management Berhad (formerly known as CIMB-Principal Asset Management Berhad)	35,443	29,361	19,589	16,108

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.

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

	31.12.2019	30.06.2019
	RM	Audited RM
<u>Significant related party balances</u>		
Bank balance:		
- CIMB Bank Bhd	1,001	1,001

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

14. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the top 10 brokers/dealers for the six months financial period ended 31 December 2019 are as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Citigroup Global Markets Ltd	14,540,911	20.61	11,748	10.71
Macquarie Securities (Singapore) Pte Ltd	6,979,862	9.89	3,737	3.41
JP Morgan Securities LLC	6,924,115	9.81	2,077	1.89
CLSA Ltd	6,366,364	9.02	14,101	12.85
Morgan Stanley Asia (Singapore) Securities Pte Ltd	5,277,980	7.48	13,195	12.03
DBS Vickers Sec (Singapore) Pte Ltd	4,428,461	6.28	8,348	7.61
Credit Suisse (HK) Ltd	4,157,830	5.89	10,090	9.20
Instinet Pacific Ltd	3,873,440	5.49	10,784	9.83
CLSA Securities Malaysia Sdn Bhd	3,684,660	5.22	1,105	1.01
Daiwa Capital Markets Singapore Ltd	3,638,044	5.16	9,095	8.29
Others #	10,679,183	15.15	25,420	23.17
	<u>70,550,850</u>	<u>100.00</u>	<u>109,700</u>	<u>100.00</u>

14. TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)

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

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Sanford C. Bernstein & Co.	12,423,413	15.19	32,028	18.65
JP Morgan Securities Inc	12,007,937	14.68	3,602	2.10
Credit Suisse Securities (Hong Kong) Ltd	7,786,555	9.52	17,796	10.36
Citigroup Global Markets Ltd	7,053,066	8.62	11,654	6.79
CLSA (Hong Kong) Ltd	6,554,390	8.01	20,150	11.73
Instinet Singapore Services Pte Ltd	4,913,665	6.01	12,945	7.54
DBS Vickers Securities (Singapore) Pte Ltd	4,906,049	6.00	10,330	6.01
JP Morgan Securities Singapore Pte Ltd	3,985,268	4.87	11,840	6.89
Shenwan Hongyuan SG Pte Ltd	3,867,975	4.73	5,802	3.38
China International Capital Corporation	3,361,657	4.11	9,525	5.55
Others #	14,938,932	18.26	36,061	21.00
	<u>81,798,907</u>	<u>100.00</u>	<u>171,733</u>	<u>100.00</u>

Included in the transactions are trades conducted with CGS-CIMB Securities (Singapore) Pte Ltd and CIMB Investment Bank Bhd, fellow related parties of the Manager amounting to RM366,476 (31.12.2018: RM1,887,444) and Nil (31.12.2018: RM1,597,906). 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.

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