

CIMB-Principal Australian Equity Fund

Unaudited Interim Report

For the six months financial period ended 31 March 2019

CIMB-PRINCIPAL AUSTRALIAN EQUITY FUND

UNAUDITED FINANCIAL STATEMENTS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2019

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INVESTORS' LETTER

Dear Valued Investor,

Thank you for your continued support and for the confidence that you have placed in us. Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) ("Principal Malaysia") has achieved RM64.50 billion in Asset under Management ("AUM") as of March 2019.

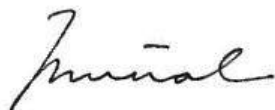
We continue to achieve prestigious recognitions, grabbing six individual awards at The Edge-Thomson Reuters Lipper Fund Awards 2018. In addition, we received recognition from Fundsupermart.com for 'Fund House of the Year' award and Recommended Unit Trust 2018/2019 awards for six funds.

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

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

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 achieve medium to long-term capital appreciation predominantly through investment in a portfolio of Australian securities.

Has the Fund achieved its objective?

For the financial period under review, the performance of the Fund is in line with its stated objective.

What are the Fund investment policy and principal investment strategy?

In order to achieve its objective, the Fund will invest at least 95% of its Net Asset Value ("NAV") in the Schroder Australian Equity Fund ("Target Fund"); an Australian-domiciled fund established on 3 March 1964 which invests in Australian equities, with an emphasis on investments in companies with sustainable competitive advantage in the long-term. Up to 5% of the Fund's NAV will be invested in liquid assets for liquidity purposes.

Information on the Target Fund:

Investment Manager/Management Company: Schroder Investment Management Australia Limited
Regulatory Authority: Australian Securities and Investments Commission

Fund category/type

Feeder Fund/Growth

How long should you invest for?

Recommended at three (3) years or more

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

High

When was the Fund launched?

20 March 2010

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

RM12.24 million (31.59 million units)

What is the Fund's benchmark?

The Fund adheres to the benchmark of the Target Fund, i.e. Standard & Poor's ("S&P")/Australian Securities Exchange 200 ("ASX200") Accumulation Index.

Note: The benchmark is for performance comparison only.

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 performance of the Fund.

What was the net income distribution for the six months financial period ended 31 March 2019?

There was no distribution made for the six months financial period ended 31 March 2019.

PERFORMANCE DATA

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

	31.03.2019 %	31.03.2018 %	31.03.2017 %
Collective investment scheme	99.93	99.85	98.93
Cash and other net assets	0.07	0.15	1.07
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	31.03.2019	31.03.2018	31.03.2017
NAV (RM Million)	12.24	13.39	21.10
Units in circulation (Million)	31.59	36.42	51.73
NAV per unit (RM)	0.3874	0.3675	0.4079
	01.10.2018 to 31.03.2019	01.10.2017 to 31.03.2018	01.10.2016 to 31.03.2017
Highest NAV per unit (RM)	0.4026	0.4140	0.4131
Lowest NAV per unit (RM)	0.3458	0.3685	0.3423
Total return (%)	(3.15)	(7.43)	18.39
- Capital growth (%)	(3.15)	(7.43)	18.39
- Income distribution (%)	-	-	-
Management Expense Ratio ("MER") (%) ^	0.78	0.80	0.72
Portfolio Turnover Ratio ("PTR") (times) #	0.34	0.09	0.34

^ The Fund's MER decreased from 0.80% to 0.78% due to decrease in expenses during the six months financial period under review.

For the financial period under review, the Fund's PTR increased from 0.09 times to 0.34 times. The higher turnover is due to more rebalancing activities done during the financial period

	31.03.2019 %	31.03.2018 %	31.03.2017 %	31.03.2016 %	31.03.2015 %
Annual total return	4.73	(9.20)	37.15	(10.43)	0.76

(Launch date: 20 March 2010)

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

MARKET REVIEW (1 OCTOBER 2018 TO 31 MARCH 2019)

The ASX200 Accumulation Index recorded a negative growth of 0.4% during the six months financial period under review.

October 2018 turned out to be a hard month for Australian equities as the ASX200 Accumulation Index fell by 6.1% during the month. To note, more than 80% of the S&P/Australian Securities Exchange 300 ("ASX300") Accumulation Index registered falls during October 2018. Among the residual about a quarter were gold stocks and a few were the subject of private equity bids: Mind Your Own Business ("MYOB") (+13.7%) from KKR & C. Inc., Navitas Ltd (+13.4%) and Healthscope Ltd (+0.5%) from BGH Capital Pty Ltd.

In November 2018, the ASX 200 Accumulation Index continued its fall from the previous month as it tumbled by 2.8%. To note, the Information Technology sector (+0.9%) was the only sector that managed to eke out a gain, while the Energy sector (-10.4%) weighing heavily on the Index. Meanwhile, the Australian Dollar ("AUD") emerged as one of the best performing currencies over the month, gaining by 3.3%. A narrowing of the United States ("US")-Australia ("AU") rate differential at both the long and short-end of the curve worked in support of the AUD.

The ASX 200 Accumulation Index ended the year by shedding 0.4% in December 2018, with only four Global Industry Classification Standard ("GICS") sectors delivering positive returns. The Materials sector was the top performer, gaining by 5.3%. Meanwhile, the Communication Services sector, in particular Media (-10.9%) stocks, exerted the largest drag on the Index.

The ASX 200 Accumulation Index kicked off 2019 on a positive note, with the Index increasing by 3.9% in January 2019. The Energy sector delivered the strongest sector performance as it was up by 11.5%, buoyed by the recovery in oil prices. This was followed by Information Technology sector (+9.3%) and Communication Services sector (+7.8%). Meanwhile, the Financials sector (-0.2%) was the only sector in the red, with banks (-1.3%) dragging the sector lower ahead of the release of the recommendations from the Royal Commission.

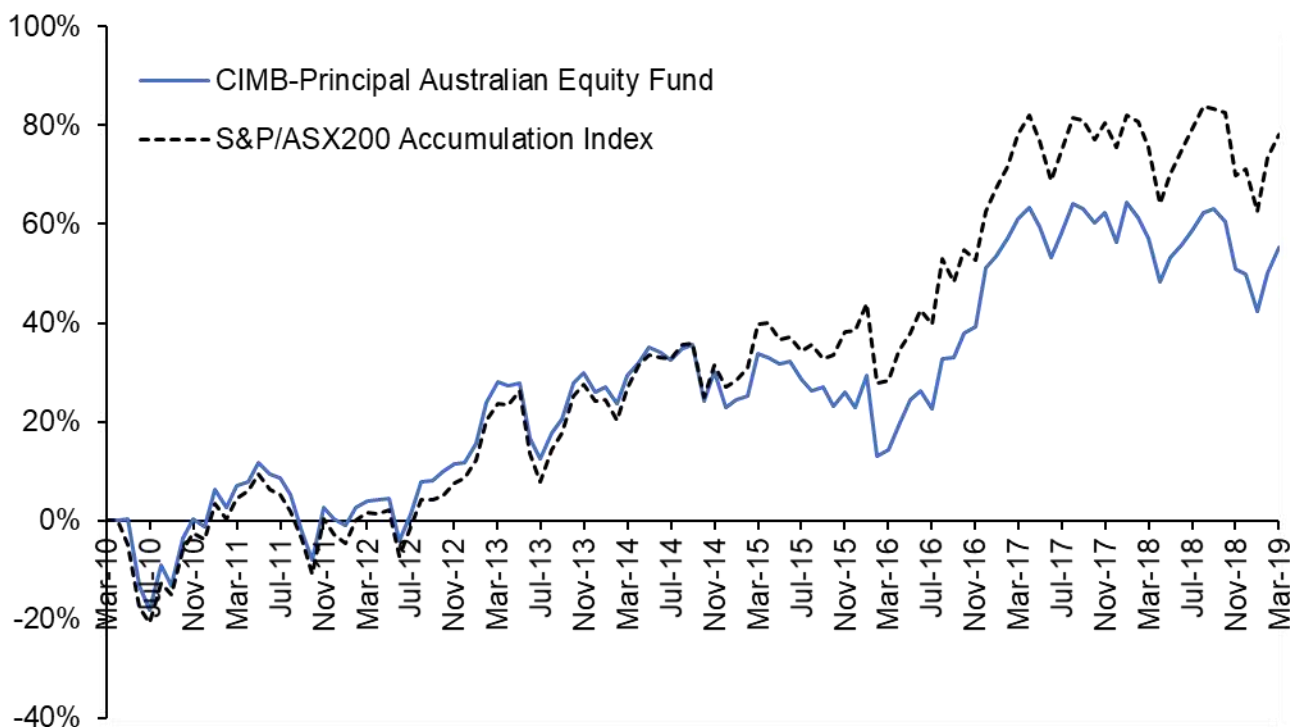
In February 2019, the ASX 200 Accumulation Index advanced by 5.2% to post its best monthly performance since July 2016. The Financials sector (+8.1%) led the Index higher as the sector enjoyed a relief rally post the release of the banking Royal Commission's final report. Meanwhile, Consumer staples was the only sector to end in the red, falling by 2.3%, largely due to a disappointing result from Coles Group Ltd (-9.4%).

The ASX200 Accumulation Index was rather flattish in March 2019, as it recorded an increase of 0.2% during the month. Nevertheless, on a quarterly basis, the first quarter of 2019 ASX200 Accumulation Index delivered its best quarterly return for nearly a decade, with the Index rising by 9.5% to the end of March 2019. In March 2019, Real Estate Investment Trusts ("REITS") delivered the strongest returns across most markets, with sagging 10-year bond yields boosting the sector. This dynamic had the opposite effect on Financials, which fell in most regions throughout the month. Energy was a laggard in Australia, with the sector turning in the weakest performance for the month, down by 4.7%. The Small-cap Index also endured a difficult March 2019, with the Index shedding by 0.7%.

FUND PERFORMANCE

	6 months to 31.03.2019	1 year to 31.03.2019	3 years to 31.03.2019	5 years to 31.03.2019	Since inception to 31.03.2019
	%	%	%	%	%
Income	-	-	-	-	-
Capital	(3.15)	4.73	30.42	17.70	55.41
Total Return	(3.15)	4.73	30.42	17.70	55.41
Benchmark	(1.45)	9.54	33.79	36.89	79.77
Average Total Return	N/A	4.73	9.26	3.31	5.00

For the financial period under review, the Fund declined by 3.15% underperforming the benchmark which also declined by 1.45%.



Changes in NAV

	31.03.2019	30.09.2018 Audited	Changes %
NAV (RM Million)	12.24	13.26	(7.69)
NAV/Unit (RM)	0.3874	0.4003	(3.22)

For the financial period under review, Fund’s total NAV and NAV per unit fell by 7.69% and 3.22% respectively. The fall in the total NAV was due to the total net redemption and the decline in NAV per unit was due to investment performance over the 6 months period.

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)	31.03.2019	30.09.2018 Audited
Collective investment scheme	99.93	100.22
Cash	1.98	0.13
Other net liabilities	(1.91)	(0.35)
TOTAL	100.00	100.00

The Fund was fully invested during the financial period under review. A minimal level of liquid assets was maintained primarily for liquidity purposes.

MARKET OUTLOOK*

Exceptionally low interest rates and manipulated bond yields is expected to remain in the foreseeable future. Whilst this policymaker overreach gives no guarantee that stability can be maintained, the experiment with peering over the edge and allowing markets to set interest rates seems unlikely to resurface soon. This reality would consequently cause a knee jerk reaction for investors to return to the real estate, infrastructure, and utilities sector. Nevertheless, given the already rich valuations of these sectors, we take the view that returns would likely be mediocre at best.

* 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

The Fund will continue to remain fully invested in the Target Fund with minimal cash kept for liquidity purposes. Our asset allocation decision will continue to be subjected to market conditions.

UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 31 March 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	6	0.02	0.06
5,001 to 10,000	11	0.08	0.25
10,001 to 50,000	49	1.32	4.18
50,001 to 500,000	38	5.00	15.83
500,001 and above	6	25.17	79.68
Total	110	31.59	100.00

SOFT COMMISSIONS AND REBATES

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

During the financial 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 AUSTRALIAN EQUITY FUND**

We, being the of 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 10 to 33 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 March 2019 and of its financial performance, changes in equity and cash flows for the financial period then ended in accordance with 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

PEDRO ESTEBAN BORDA

Director

Kuala Lumpur

15 May 2019

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

We have acted as Trustee of CIMB-Principal Australian Equity Fund (the "Fund") for the financial period ended 31 March 2019. To the best of our knowledge, Directors of Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the "Manager"), has operated and managed the Fund in accordance with the following: -

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

For HSBC (Malaysia) Trustee Berhad (Co. No. 001281 -T)

Tan Bee Nie
Manager, Investment Compliance Monitoring

Kuala Lumpur
15 May 2019

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

	Note	01.10.2018 to 31.03.2019 RM	01.10.2017 to 31.03.2018 RM
LOSS			
Dividend income		195,947	270,028
Interest income from current account		148	101
Net loss on financial assets at fair value through profit or loss	8	(643,406)	(1,258,363)
Net foreign exchange gain/(loss)		4,777	(48,380)
Other income	4	36,664	47,667
		<u>(405,870)</u>	<u>(988,947)</u>
EXPENSES			
Management fee	5	116,017	140,986
Trustee's fee	6	9,857	6,189
Audit fee		5,550	3,690
Tax Agent's fee		2,000	7,600
Other expenses		2,734	14,355
		<u>136,158</u>	<u>172,820</u>
LOSS BEFORE TAXATION		(542,028)	(1,161,767)
Taxation	7	(4,030)	(6,158)
LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD		<u>(546,058)</u>	<u>(1,167,925)</u>
Loss after taxation is made up as follows:			
Realised amount		33,582	446,687
Unrealised amount		(579,640)	(1,614,612)
		<u>(546,058)</u>	<u>(1,167,925)</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 MARCH 2019**

	Note	31.03.2019 RM	30.09.2018 Audited RM
ASSETS			
Cash and cash equivalents	9	241,795	17,196
Financial assets at fair value through profit or loss	8	12,229,910	13,285,882
Amount due from Manager		300	1,105
TOTAL ASSETS		<u>12,472,005</u>	<u>13,304,183</u>
LIABILITIES			
Amount due to Manager		43,998	5,706
Amount due from Manager of collective investment schemes			
- Purchase of collective investment scheme		144,565	-
Accrued management fee		13,450	13,792
Amount due to Trustee		21,364	15,767
Other payables and accruals		9,751	12,800
TOTAL LIABILITIES		<u>233,128</u>	<u>48,065</u>
NET ASSET VALUE OF THE FUND		<u>12,238,877</u>	<u>13,256,118</u>
EQUITY			
Unit holders' capital		7,918,498	8,389,681
Retained earnings		4,320,379	4,866,437
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>12,238,877</u>	<u>13,256,118</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	10	<u>31,589,848</u>	<u>33,112,822</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.3874</u>	<u>0.4003</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 MARCH 2019**

	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 October 2018	8,389,681	4,866,437	13,256,118
Movement in unit holders' contributions:			
- Creation of units from applications	4,121,898	-	4,121,898
- Cancellation of units	(4,593,081)	-	(4,593,081)
Total comprehensive loss for the financial period	-	(546,058)	(546,058)
Balance as at 31 March 2019	<u>7,918,498</u>	<u>4,320,379</u>	<u>12,238,877</u>
Balance as at 1 October 2017	12,239,518	4,810,562	17,050,080
Movement in unit holders' contributions:			
- Creation of units from applications	392,206	-	392,206
- Cancellation of units	(2,888,515)	-	(2,888,515)
Total comprehensive loss for the financial period	-	(1,167,925)	(1,167,925)
Balance as at 31 March 2018	<u>9,743,209</u>	<u>3,642,637</u>	<u>13,385,846</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 MARCH 2019**

	01.10.2018 to 31.03.2019 RM	01.10.2017 to 31.03.2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of collective investment scheme	4,662,411	2,349,694
Purchase of collective investment scheme	(4,095,750)	(263,949)
Dividend income received	191,917	263,870
Interest income received from current account	148	101
Management fee paid	(116,423)	(145,001)
Management fee rebate received	36,728	49,089
Trustee's fee paid	(4,260)	(6,367)
Payments for other fees and expenses	(13,332)	(25,242)
Net realised foreign exchange gain/(loss)	5,987	(19,399)
Net cash generated from operating activities	<u>667,426</u>	<u>2,202,796</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	4,122,703	361,193
Payments for cancellation of units	(4,554,789)	(2,702,096)
Net cash used in financing activities	<u>(432,086)</u>	<u>(2,340,903)</u>
Net increase/(decrease) in cash and cash equivalents	235,340	(138,107)
Effects of foreign exchange differences	(10,741)	(11,705)
Cash and cash equivalents at the beginning of the financial period	<u>17,196</u>	<u>156,030</u>
Cash and cash equivalents at the end of the financial period	<u>241,795</u>	<u>6,218</u>
<u>Cash and cash equivalents comprised of:</u>		
Bank balances	<u>241,795</u>	<u>6,218</u>
Cash and cash equivalents at the end of the financial period	<u>241,795</u>	<u>6,218</u>

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 MARCH 2019**

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES

CIMB-Principal Australian Equity Fund (the “Fund”) is governed by a Principal Master Deed dated 15 May 2008, a Seventh Supplemental Master Deed dated 11 February 2010, 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 HSBC (Malaysia) Trustee Berhad (the “Trustee”).

The Fund will invest at least 95% of its NAV in the Target Fund; an Australian-domiciled fund established on 3 March 1964 which invests in Australian equities, with an emphasis on investments in companies with sustainable competitive advantage in the long-term. Up to 5% of the Fund’s NAV will be invested in liquid assets for liquidity purposes.

All investments are subjected to the Securities Commission Malaysia (“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.

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

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

Standard that is effective:

The Fund has applied the following standard for the first time for the financial period beginning 1 October 2018:

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

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

MFRS 9 has been applied retrospectively by the Fund and did not result in a 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 October 2018 that have a material effect on the financial statements of the Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

The amendments to published standards 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 October 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.

(b) Financial assets and financial liabilities

Classification

Up to 30 September 2018, the Fund designates its investment in collective investment scheme as financial assets at fair value through profit or loss at inception.

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

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

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

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

From 1 October 2018, the Fund classifies 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 at fair value through other comprehensive income.

The contractual cash flows of the Fund's debt securities are solely principal and interest. However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale.

The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

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

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

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value.

Financial liabilities, within the scope of MFRS 139, up to 30 September 2018 and MFRS 9 from 1 October 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 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 and 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.

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

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

Deposits with licensed financial institutions are stated at cost plus accrued interest calculated on the effective interest method over the period from the date of placement to the date of maturity of the respective deposits.

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

Impairment for assets carried at amortised costs

Up to 30 September 2018, for assets carried at amortised cost, the Fund assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount 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 period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in statement of comprehensive income.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

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

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

Significant increase in credit risk

A significant increase in credit risk is defined by 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 period.

(c) 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 Malaysian Ringgit ("MYR") primarily due to the following factors:

- i) Units of the Fund are denominated in MYR.
- ii) All of the Fund's expenses are denominated in MYR.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(c) Foreign 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 period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(d) Income recognition

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

Interest income from deposits with licensed financial institutions is recognised on a time proportionate basis using the effective interest rate method on an accrual basis.

Up to 30 September 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 October 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 scheme is accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on a weighted average cost basis.

(e) Management fee rebate

Management fee rebate is derived from the Fund's investment in collective investment scheme 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.

(f) 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.

(g) Taxation

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Amount due to Manager of collective investment scheme (sales of investment)

Amounts due from Manager of collective investment scheme represent receivables for collective investment scheme sold and payables for collective investment scheme 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. A provision for impairment of amounts due from Manager of collective investment scheme is established when there is objective evidence that the Fund will not be able to collect all amounts due from the Manager of collective investment scheme. Significant financial difficulties of the Manager of collective investment scheme, probability that the Manager of collective investment scheme will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from Manager of collective investment scheme 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.

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.

(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 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.

(j) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 in applying these accounting policies, no significant judgement was required.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund aims to achieve medium to long-term capital appreciation predominantly through investment in a portfolio of Australian securities.

The Fund is exposed to a variety of risks which include market risk (inclusive of price risk, interest rate 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

This is the risk that the fair value of an investment in collective investment scheme 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 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 and other financial instruments within specified limits according to the Deeds.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(ii) Interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

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

The Fund's exposure to fair value interest rate risk arises from deposits with licensed financial institutions. The interest rate risk is expected to be minimal as the Fund's investments comprise mainly short term deposits with approved licensed financial institutions. As at the end of each financial period, the Fund is not exposed to a material level of interest rate risk.

The Fund is not exposed to cash flow interest rate risk as the Fund does not hold any financial instruments at variable interest risk.

(iii) 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 a counterparty will default on its contractual obligations resulting in financial loss to the Fund.

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

For amount due from Manager, the settlement terms 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 other instruments, which are capable of being converted into cash within 7 business days. The Fund's investment in collective investment scheme is realisable which are capable of being converted into cash within 10 business days. 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 of RM7,9178,498 (30.09.2018: RM8,389,681) and retained earnings of RM4,320,379 (30.09.2018: RM4,866,437). 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 were 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 a 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
31.03.2019				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	<u>12,229,910</u>	<u>-</u>	<u>-</u>	<u>12,229,910</u>
30.09.2018				
Audited				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	<u>13,285,882</u>	<u>-</u>	<u>-</u>	<u>13,285,882</u>

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include 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 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 of the collective investment scheme in which the Fund invests.

For the six months financial period ended 31 March 2019, the other income is recognised at a rate of 0.58% per annum (31.03.2018: 0.58% per annum) calculated and accrued daily based on the NAV of the collective investment scheme.

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.

For the six months financial period ended 31 March 2019, the management fee is recognised at a rate of 1.80% per annum (31.03.2018: 1.80% per annum).

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

6. TRUSTEE'S FEE

In accordance with the Deeds, the Trustee is entitled to a maximum fee of 0.20% per annum, calculated daily based on the NAV of the Fund, subject to a minimum fee of RM18,000 per annum. The Trustee's fee includes the local custodian fee but excludes the foreign sub-custodian fees (if any).

There are other fees indirectly incurred by a feeder fund such as annual custodian fees and transaction fees of the Target Fund. As such, Unit holders of a feeder fund are indirectly bearing the custodian fees and transaction fees charged at the Target Fund level. A dilution fee may be charged in relation to a Fund's application for and/or redemption of units in collective investment scheme managed by other fund managers.

For the six months financial period ended 31 March 2019, the Trustee's fee is recognised at a rate of 0.08% per annum (31.03.2018: 0.08% per annum).

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

7. TAXATION

	01.10.2018 to 31.03.2019 RM	01.10.2017 to 31.03.2018 RM
Tax charged for the financial period:		
- Withholding tax	<u>4,030</u>	<u>6,158</u>

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

	01.10.2018 to 31.03.2019 RM	01.10.2017 to 31.03.2018 RM
Loss before taxation	<u>(542,028)</u>	<u>(1,161,767)</u>
Taxation at Malaysian statutory rate of 24% (31.03.2018: 24%)	(130,087)	(278,824)
Tax effects of:		
Investment loss not deductible for tax purposes	97,409	237,347
Expenses not deductible for tax purposes	3,269	3,695
Restriction on tax deductible expenses for Unit Trust Funds	29,409	37,782
Investment income subject to withholding tax	<u>4,030</u>	<u>6,158</u>
Taxation	<u>4,030</u>	<u>6,158</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.03.2019 RM	30.09.2018 Audited RM
Designated at fair value through profit or loss at inception:		
- Collective investment scheme	<u>12,229,910</u>	<u>13,285,882</u>

	01.10.2018 to 31.03.2019 RM	01.10.2017 to 31.03.2018 RM
Loss on financial assets at fair value through profit or loss:		
- Realised (loss)/gain on disposals	(74,508)	321,032
- Unrealised fair value loss	<u>(568,898)</u>	<u>(1,579,395)</u>
	<u>(643,406)</u>	<u>(1,258,363)</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 %
31.03.2019				
COLLECTIVE INVESTMENT SCHEME				
Schroder Australian Equity Fund	<u>380,832</u>	<u>11,887,121</u>	<u>12,229,910</u>	<u>99.93</u>
TOTAL COLLECTIVE INVESTMENT SCHEME	<u>380,832</u>	<u>11,887,121</u>	<u>12,229,910</u>	<u>99.93</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>342,789</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>12,229,910</u>		
30.09.2018				
Audited COLLECTIVE INVESTMENT SCHEME				
Schroder Australian Equity Fund	<u>396,643</u>	<u>12,374,195</u>	<u>13,285,882</u>	<u>100.22</u>
TOTAL COLLECTIVE INVESTMENT SCHEME	<u>396,643</u>	<u>12,374,195</u>	<u>13,285,882</u>	<u>100.22</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>911,687</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>13,285,882</u>		

9. CASH AND CASH EQUIVALENTS

	31.03.2019	30.09.2018
	RM	Audited RM
Bank balances	<u>241,795</u>	<u>17,196</u>

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

	01.10.2018 to 31.03.2019	01.10.2017 to 30.09.2018
	No. of units	Audited No. of units
At the beginning of the financial period/year	33,112,822	42,633,886
Add : Creation of units from applications	10,825,064	41,771,306
Less: Cancellation of units	<u>(12,348,038)</u>	<u>(51,292,370)</u>
At the end of the financial period/year	<u>31,589,848</u>	<u>33,112,822</u>

11. MANAGEMENT EXPENSE RATIO (“MER”)

	01.10.2018 to 31.03.2019	01.10.2017 to 31.03.2018
	%	%
MER	<u>0.78</u>	<u>0.80</u>

MER is derived based on the following calculation:

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

- A = Management fee (including management fee rebate)
- B = Trustee’s fee
- C = Audit fee
- D = Tax Agent’s fee
- E = Other expenses
- 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 RM12,822,386 (31.03.2018: RM15,692,850).

12. PORTFOLIO TURNOVER RATIO (“PTR”)

	01.10.2018 to 31.03.2019	01.10.2017 to 31.03.2018
PTR (times)	<u>0.34</u>	<u>0.09</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 = RM4,048,398 (31.03.2018: RM263,870)

total disposal for the financial period = RM4,736,919 (31.03.2018: RM2,500,620)

13. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER, AND SIGNIFICANT RELATED PARTIES 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
CIMB Group Holdings Bhd	Ultimate holding company of shareholder of the Manager
CIMB Group Sdn Bhd	Shareholder of the Manager
Subsidiaries and associates of Principal Financial Group Incorporation, other than above, as disclosed in its financial statements	Fellow subsidiary and associated companies of the ultimate holding company of shareholder of the Manager

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

Units held by the Manager and parties related to the Manager

	31.03.2019		30.09.2018	
			Audited	
	<u>No. of</u>		<u>No. of</u>	
	units	RM	units	RM
Manager				
Principal Asset Management Bhd <i>(formerly known as CIMB-Principal Asset Management Berhad)</i>	<u>50,297</u>	<u>19,485</u>	<u>37,815</u>	<u>15,137</u>

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.

	01.10.2018	01.10.2017
	to 31.03.2019	to 31.03.2018
	RM	RM
<u>Significant related party transactions</u>		
Interest income from deposits with licensed financial institutions:		
- CIMB Bank Bhd	<u>-</u>	<u>40</u>
Cash placements with licensed financial institutions:		
- CIMB Bank Bhd	<u>-</u>	<u>245,000</u>

14. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the brokers/dealers for the financial period ended 31 March 2019 are as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Schroder Investment Management (S) Ltd	<u>8,701,278</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

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

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Schroder Investment Management (S) Ltd	<u>2,500,620</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

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 achieve medium to long-term capital appreciation predominantly through investment in a portfolio of Australian securities. The reportable operating segment derives its income by seeking investments to achieve targeted returns commensurate 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 Ringgit-denominated deposits with licensed financial institutions in Malaysia and Australian domiciled collective investment scheme.

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

16. MFRS 9 FINANCIAL INSTRUMENTS

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

The measurement category and the carrying amount of financial assets and financial liabilities in accordance with MFRS 139 and MFRS 9 at 1 October 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
Assets						
Cash and cash equivalents	Loans and receivables	Amortised cost	17,196	-	-	17,196
Investment in collective investment scheme	FVTPL	FVTPL	13,285,882	-	-	13,285,882
Amount due from Manager	Loans and receivables	Amortised cost	1,105	-	-	1,105

	Measurement category		Carrying amount			
	Original (MFRS 139)	New (MFRS 9)	Original (MFRS 139)	Reclassi- fications	Remeas- urements	New (MFRS 9)
			RM	RM	RM	RM
Liabilities						
Amount due to Manager	Amortised cost	Amortised cost	5,706	-	-	5,706
Accrued management fees	Amortised cost	Amortised cost	13,792	-	-	13,792
Amount due to Trustee	Amortised cost	Amortised cost	15,767	-	-	15,767
Other payables and accruals	Amortised cost	Amortised cost	12,800	-	-	12,800

DIRECTORY

Head office of the Manager

Principal Asset Management Berhad (Company No.: 304078-K)
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