

# CIMB-Principal Balanced Fund

Unaudited Interim Report

For The Six Months Financial Period Ended 30 June 2019

**CIMB-PRINCIPAL BALANCED FUND**

**UNAUDITED FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2019**

<b>CONTENTS</b>	<b>PAGE(S)</b>
INVESTORS' LETTER	1
MANAGER'S REPORT	2 - 7
Fund Objective and Policy	
Performance Data	
Market Review	
Fund Performance	
Portfolio Structure	
Market Outlook	
Investment Strategy	
Unit Holdings Statistics	
Soft Commissions and Rebates	
STATEMENT BY MANAGER	8
TRUSTEE'S REPORT	9
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME	10
UNAUDITED STATEMENT OF FINANCIAL POSITION	11
UNAUDITED STATEMENT OF CHANGES IN EQUITY	12
UNAUDITED STATEMENT OF CASH FLOWS	13
NOTES TO THE FINANCIAL STATEMENTS	14 - 41
DIRECTORY	42

## INVESTORS' LETTER

Dear Valued Investor,

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

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

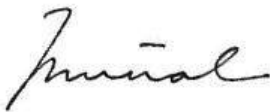
Thanks to the trust you've placed in us, we have been recognized Asia Asset Management 2019 Awards for the Fund Launch of the Year Award in Best of the Best Awards Malaysia category, and the Best Asset Management House in ASEAN in Best of the Best ASEAN category.

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

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

Thank you.

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



**Munirah Khairuddin**  
Chief Executive Officer

**MANAGER'S REPORT****FUND OBJECTIVE AND POLICY****What is the investment objective of the Fund?**

The Fund aims to grow the value of investments over the long-term through investment in a diversified mix of Malaysian assets.

**Has the Fund achieved its objective?**

The Fund has met its objective for the financial period under review. the Fund's total return was 2.54% which outperformed the benchmark by 96 basis points ("bps").

**What are the Fund investment policy and principal investment strategy?**

The Fund aims to invest in a diversified portfolio of equities and fixed income investments. In line with its objective, the investment policy and strategy will be to maintain a balanced portfolio between equities and fixed income investments in the ratio of 70:30. The fixed income portion of the Fund is to provide some capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The investments by the Fund in equity securities shall be between 50% to 70% (both inclusive) of its Net Asset Value ("NAV") and investments in fixed income securities and liquid assets shall not be less than 30% of its NAV with a minimum credit rating of "BBB3" or "P2" by RAM Ratings ("RAM") or equivalent rating by Malaysian Rating Corporation Berhad ("MARC") or by local rating agency(ies) of the country of issuance or "BBB-" by Standard & Poor's ("S&P") or equivalent rating by Moody's or Fitch. The Fund may invest up to 40% of its NAV in Unrated Fixed Income Securities\*. The Fund may opt to seek investment exposure via Collective Investment Schemes that is in line with the Fund's objective, subject to the requirement of the Securities Commission Malaysia ("SC") Guidelines.

\* With effective 1 October 2017, the investment limit in Unrated Fixed Income Securities will be changed from 25% to 40%.

**Fund category/type**

Balanced/Growth

**How long should you invest for?**

Recommended five (5) years or more

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

Moderate

**When was the Fund launched?**

12 March 1998

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

RM60.24 million (154.03 million units)

**What is the Fund's benchmark?**

70% Financial Times Stock Exchange ("FTSE") Bursa Malaysia ("FBM") Top 100 ("FBM100") Index + 30% CIMB Bank 1-Month Fixed Deposit Rate

Note: The benchmark is for performance comparison only. The benchmark is customised as such to align it closer to the structure of the portfolio and the objective of the Fund. Thus, investors are cautioned that the risk profile of the Fund is higher than the benchmark.

**What is the Fund distribution policy?**

Distribution (if any) is expected to be distributed once a year every January at the Manager's discretion.

**What was the net income distribution for the six months financial period ended 30 June 2019?**

The Fund distributed a total net income of RM2.61 million to unit holders for the six months financial period ended 30 June 2019. As a result, the NAV per unit dropped from RM0.4013 to RM0.3840 on 22 January 2019.

**PERFORMANCE DATA**

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

	<b>30.06.2019</b>	<b>30.06.2018</b>	<b>30.06.2017</b>
	%	%	%
Quoted securities			
- Construction	5.60	2.13	6.19
- Consumer Products	-	3.28	-
- Consumer Products & Services	9.08	-	-
- Energy	8.11	-	-
- Finance	-	15.86	17.29
- Financial Services	17.51	-	-
- Health Care	1.71	-	-
- Industrials	-	8.04	5.39
- Industrial Products & Services	3.03	-	-
- Infrastructure Project Companies ("IPC")	-	1.97	0.74
- Plantation	-	-	0.67
- Property	0.09	0.72	1.99
- Real Estate Investment Trusts ("REITs")	3.06	-	-
- Technology	0.78	3.22	1.66
- Telecommunications & Media	4.66	-	-
- Trading/Services	-	23.82	23.96
- Transportation & Logistics	5.24	-	-
- Utilities	6.43	-	-
Unquoted fixed income securities	31.89	31.74	32.60
Cash and other net assets	2.81	9.22	9.51
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

Note: Effective 24 September 2018, Bursa Malaysia has changed its sectoral index and classification.

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

	<b>30.06.2019</b>	<b>30.06.2018</b>	<b>30.06.2017</b>
NAV (RM Million)	60.24	64.38	76.94
Units in circulation (Million)	154.03	157.81	181.66
NAV per unit (RM)	0.3911	0.4079	0.4235
	<b>01.01.2019 to 30.06.2019</b>	<b>01.01.2018 to 30.06.2018</b>	<b>01.01.2017 to 30.06.2017</b>
Highest NAV per unit (RM)	0.4005	0.4626	0.4268
Lowest NAV per unit (RM)	0.3764	0.4046	0.3902
Total return (%)	2.54	(3.42)	10.61
- Capital growth (%)	(1.89)	(3.42)	4.04
- Income distribution (%)	4.53	-	6.28
Management Expense Ratio ("MER") (%) ^	0.98	1.03	1.05
Portfolio Turnover Ratio ("PTR") (times) #	0.58	0.53	0.50

^ The Fund's MER decreased from 1.03% to 0.98% mainly due to decrease in expenses during the financial period under review.

# The Fund's PTR increased marginally from 0.53 times to 0.58 times as there were some rebalancing of the portfolio.

**PERFORMANCE DATA (CONTINUED)**

	<b>01.01.2019 to 30.06.2019</b>	<b>01.01.2018 to 30.06.2018</b>	<b>01.01.2017 to 30.06.2017</b>		
Date of distribution	22.01.2019	24.01.2018	24.01.2017		
Gross/Net distribution per unit (sen)	1.73	2.65	2.45		
	<b>30.06.2019</b>	<b>30.06.2018</b>	<b>30.06.2017</b>	<b>30.06.2016</b>	<b>30.06.2015</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Annual total return	0.22	2.12	9.99	0.61	(6.63)

(Launch date: 12 March 1998)

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 JANUARY 2019 TO 30 JUNE 2019)**

**Equities**

For Malaysia, the FBM Kuala Lumpur Composite Index (“FBMKLCI”) closed marginally higher (+1.3% month-on-month (“m-o-m”)) to end at 1,672 points. Foreign investor flows registered a net buying of RM0.1 billion in June 2019 after registering four consecutive months of net selling; bringing sixth months of 2019 net sell of RM4.7 billion. No changes to the constituents of the FBMKLCI were made following the semi-annual review. Defensive Utilities (i.e. Tenaga National Bhd (“TNB”)) and Telecommunications (i.e. Axiata Group Bhd (“Axiata”) & Telekom Malaysia Bhd (“TM”)) were outperformed. Despite 3% m-o-m higher Brent crude oil, Energy (i.e. Dialog Group Bhd (“Dialog”)) and Financials (i.e. Public Bank Bhd (“PBB”)) were underperformed. Utilities (mainly TNB and Malaysia Airports Holdings Bhd (“MAHB”)) and Telecommunications (TM) led the gains on a m-o-m basis.

**Fixed Income**

In the first two months of 2019, Consumer Price Index (“CPI”) declined by 0.7% and 0.4% year-on-year (“y-o-y”) respectively for the months of January and February 2019. The decline was mainly due to the drop in the CPI’s transport component due to cheaper fuel. In the month of April 2019, inflation inched up by 0.2% y-o-y matching the same pace in March 2019. Generally, apart from the cost of transport which declined by 2.6% in April 2019, the other segments registered stable inflation or saw moderation during the month. It remained steady at 0.2% for the third straight month in May 2019.

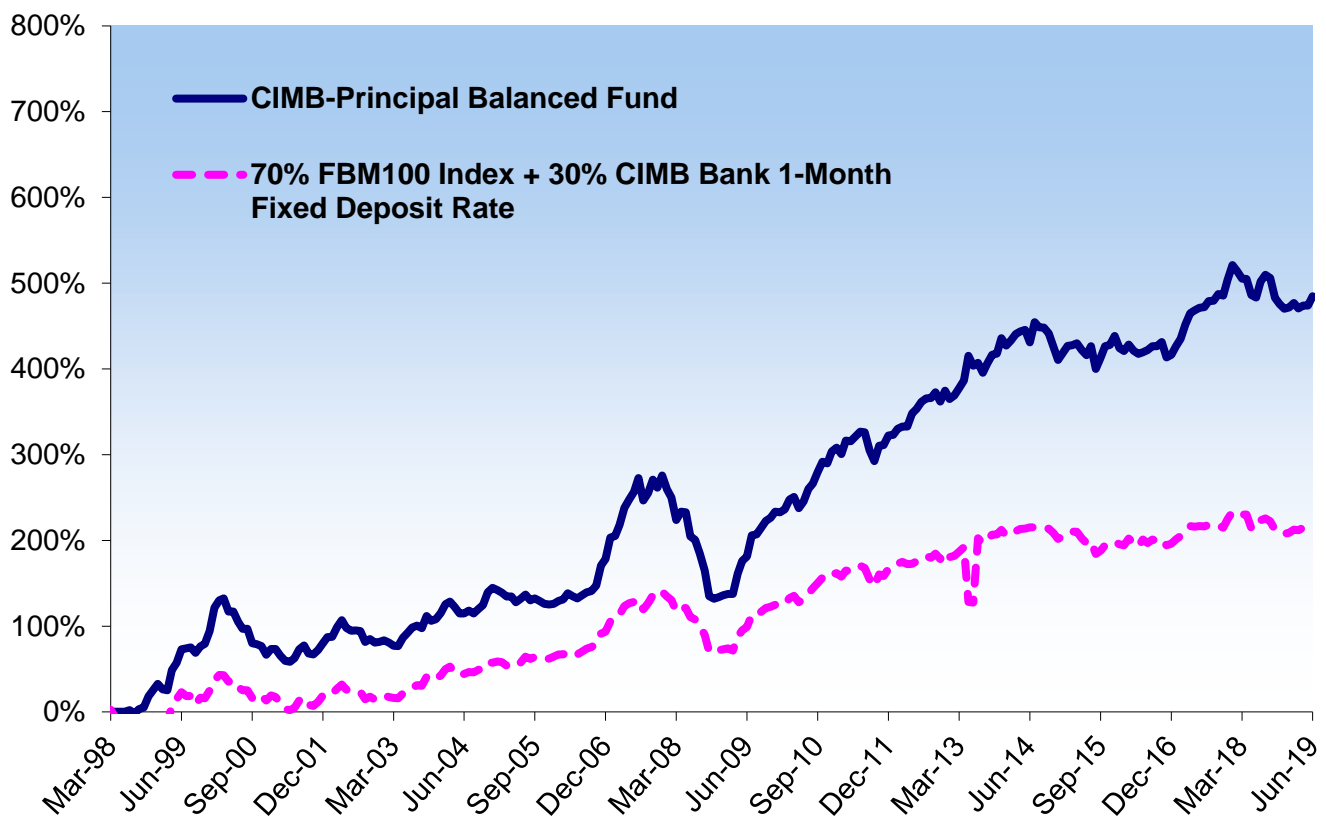
On 7 May 2019, Bank Negara Malaysia’s (“BNM”) Monetary Policy Committee (“MPC”) cut the Overnight Policy Rate (“OPR”) by 25 bps to 3.00% as widely anticipated by the market. The MPC statement highlighted that while domestic monetary and financial conditions remain supportive of economic growth, there are some signs of tightening of financial conditions. The adjustment to the OPR is therefore intended to preserve the degree of monetary accommodativeness. BNM also announced that it was taking several development initiatives to improve domestic foreign exchange (“FX”) and bond market liquidity, likely in response to FTSE Russell’s action whereby Malaysia was placed on the watch list for their World Government Bond Index (“WGBI”).

The Malaysian economy grew by 4.5% in the first quarter of the 2019, driven mainly by private sector activity and firm private consumption growth. In the 2018 BNM annual report, the Central Bank downgraded 2019 growth in between 4.3% and 4.8% (2018: 4.7%), below Ministry of Finance’s (“MoF”) forecast of 4.9% in October 2018. 2019 headline CPI forecast was also revised down to in between 0.7% and 1.7% (i.e. 2.5% to 3.5% during Budget 2019 projection) given the lower oil prices and price ceiling mechanism on domestic retail fuel prices. The Central Bank expects average headline inflation to be broadly stable in 2019 compared to 2018.

FUND PERFORMANCE

	6 months to 30.06.2019	1 year to 30.06.2019	3 years to 30.06.2019	5 years to 30.06.2019	Since inception to 30.06.2019
	%	%	%	%	%
Income	4.53	4.53	17.87	33.79	417.57
Capital	(1.89)	(4.12)	(4.47)	(21.01)	(21.80)
Total Return	2.54	0.22	12.57	5.75	484.64
Benchmark	1.58	0.14	5.16	(0.97)	220.92
Average Total Return	N/A	0.22	4.03	1.13	8.64

The Fund had recorded a gain due to tactical asset and sector allocation during financial period under review. On a 3-years and 5-years basis, the Fund has gained by 12.57% and 5.75% respectively, i.e. outperforming the benchmark return in both periods.



Changes in NAV

	30.06.2019	31.12.2018 Audited	Changes %
NAV (RM Million)	60.24	60.29	(0.08)
NAV/Unit (RM)	0.3911	0.3989	(1.96)

The NAV per unit fell by 1.96% and the NAV of the Fund fell by 0.08% in the financial period under review due to a negative performance in the market.

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)	30.06.2019	31.12.2018 Audited
Quoted securities	65.30	55.72
Unquoted fixed income securities	31.89	39.73
Cash and other net assets	2.81	4.55
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>

As at 30 June 2019, the Fund held 65.30% in quoted securities, 31.89% in unquoted fixed income securities, with the rest in cash and other net assets. The asset allocation has shifted towards more equities as we upgraded our call on equities from “underweight” to “neutral” during the financial period under review.

### MARKET OUTLOOK\*

#### Equity

We turn “neutral” from “underweight” on Malaysia. We are taking a balanced approach on the domestic market for the remaining part of 2019 given moderating Gross Domestic Products (“GDP”) growth, tepid corporate earnings growth and regulatory uncertainty on one hand and potential stronger consumption from China which can help drive exports and commodity prices on the other. Having said that, we believe value is emerging in Malaysian equities as Malaysia tend to be more defensive when volatility in global equity markets rises.

#### Fixed Income

On 7 May 2019, the MPC cut the OPR by 0.25% to 3.00% as widely anticipated by the market. We believe the current monetary policy remains accommodative and are of the view that BNM will maintain its OPR unchanged for the remainder of 2019 unless the trade wars worsen significantly, or domestic growth is significantly lower than expected.

The domestic bond market is expected to stay range bound as no major catalyst is expected for a while following the recent rate cut seen at the MPC meeting held on 7 May 2019. We are expecting some primary issuances in the second half of 2019 but supply seems to be fairly limited in the near term. The domestic bond market should remain well supported due to the ample domestic liquidity as well as the lack of primary issuances.

\* 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**

**Equity**

For Malaysia, we will continue with the high equity weighting with low beta investment strategy balanced with some alpha picks for the portfolio. At the same time, we are reducing exposure on some of the Technology-related names on the back of rising trade conflicts. We reiterate our capital preservation investment strategy with preference on big cap Government-linked companies (“GLCs”) and companies with strong fundamentals and solid cash flow and dividends in sectors such as Utilities & Renewable Energy, REITs, Consumer Staples and Industrials.

**Fixed Income**

We continue to have a preference for credit over sovereign bonds, particularly in the AA-rated space with strong fundamentals for better total return and yield pick-up.

**UNIT HOLDINGS STATISTICS**

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

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	462	1.41	0.92
5,001-10,000	490	3.54	2.30
10,001-50,000	1,089	25.24	16.39
50,001-500,000	394	47.71	30.97
500,001 and above	19	76.13	49.42
<b>Total</b>	<b>2,454</b>	<b>154.03</b>	<b>100.00</b>

**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 BALANCED 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 10 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 30 June 2019 and of its financial performance, changes in equity and cash flows for the financial period then ended in accordance with the provisions of 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  
14 August 2019

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

We have acted as Trustee of CIMB-Principal Balanced Fund (the "Fund") for the financial period ended 30 June 2019. To the best of our knowledge, Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the "Manager") has managed the Fund in the financial period under review in accordance with the following:

- (1) Limitations imposed on the investment powers of the Manager under the Deeds, securities laws and Guidelines on Unit Trust Funds;
- (2) Valuation and pricing of the Fund are carried out in accordance with the Deeds and any regulatory requirement; and
- (3) Creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirement.

An income distribution of 1.73 sen per unit (gross) has been declared to the unit holders of the Fund for the financial period ended 30 June 2019.

We are of the view that the distribution is consistent with the investment objective and distribution policy of the Fund.

For **Maybank Trustees Berhad**  
(Company No.: 5004-P)

**BERNICE K M LAU**  
Head, Operations

Kuala Lumpur, Malaysia  
14 August 2019

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2019**

	Note	01.01.2019 to 30.06.2019 RM	01.01.2018 to 30.06.2018 RM
<b>INCOME/(LOSS)</b>			
Dividend income		688,658	610,907
Interest income from deposits with licensed financial institutions and current account		43,576	41,909
Interest income from unquoted fixed income securities		470,037	456,015
Net gain/(loss) on financial assets at fair value through profit or loss	<b>8</b>	<u>976,817</u>	<u>(2,465,940)</u>
		<u>2,179,088</u>	<u>(1,357,109)</u>
<b>EXPENSES</b>			
Management fee	<b>4</b>	551,726	627,932
Trustee's fee	<b>5</b>	23,858	27,154
Transaction costs		139,100	199,106
Audit fee		9,750	9,750
Tax agent's fee		1,800	(1,125)
Other expenses		<u>7,762</u>	<u>47,824</u>
		<u>733,996</u>	<u>910,641</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		1,445,092	(2,267,750)
Taxation	<b>7</b>	<u>-</u>	<u>-</u>
<b>PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD</b>		<u>1,445,092</u>	<u>(2,267,750)</u>
Profit/(Loss) after taxation is made up as follows:			
Realised amount		806,887	3,113,339
Unrealised amount		<u>638,205</u>	<u>(5,381,089)</u>
		<u>1,445,092</u>	<u>(2,267,750)</u>

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

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

		<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>Note</b>	<b>RM</b>	<b>Audited RM</b>
<b>ASSETS</b>			
Cash and cash equivalents	<b>9</b>	1,484,112	2,906,786
Financial assets at fair value through profit or loss	<b>8</b>	58,549,186	57,546,751
Amount due from stockbrokers		1,094,562	295,478
Amount due from Manager		24,486	300
Dividends receivable		92,371	21,603
Tax recoverable		103,097	103,097
<b>TOTAL ASSETS</b>		<u>61,347,814</u>	<u>60,874,015</u>
<b>LIABILITIES</b>			
Amount due to stockbrokers		977,021	435,942
Amount due to Manager		14,406	27,665
Accrued management fee		90,843	95,076
Amount due to Trustee		3,928	4,111
Other payables and accruals		16,854	21,342
<b>TOTAL LIABILITIES</b>		<u>1,103,052</u>	<u>584,136</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>60,244,762</u>	<u>60,289,879</u>
<b>EQUITY</b>			
Unit holders' capital		50,242,830	49,127,020
Retained earnings		10,001,932	11,162,859
<b>NET ASSETS ATTRIBUTABLE TO UNIT</b>		<u>60,244,762</u>	<u>60,289,879</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>	<b>10</b>	<u>154,032,681</u>	<u>151,109,097</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.3911</u>	<u>0.3989</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 30 JUNE 2019**

	Note	Unit holders' capital RM	Retained earnings RM	Total RM
<b>Balance as at 1 January 2019</b>		49,127,020	11,162,859	60,289,879
Movement in unit holders' contributions:				
- Creation of units from applications		2,140,732	-	2,140,732
- Creation of units from distribution		2,405,176	-	2,405,176
- Cancellation of units		(3,430,098)	-	(3,430,098)
Total comprehensive income for the financial period		-	1,445,092	1,445,092
Distribution	6	-	(2,606,019)	(2,606,019)
<b>Balance as at 30 June 2019</b>		<u>50,242,830</u>	<u>10,001,932</u>	<u>60,244,762</u>
<b>Balance as at 1 January 2018</b>		52,595,465	18,915,086	71,510,551
Movement in unit holders' contributions:				
- Creation of units from applications		1,568,625	-	1,568,625
- Creation of units from distribution		3,833,270	-	3,833,270
- Cancellation of units		(6,092,283)	-	(6,092,283)
Total comprehensive loss for the financial period		-	(2,267,750)	(2,267,750)
Distribution	6	-	(4,171,183)	(4,171,183)
<b>Balance as at 30 June 2018</b>		<u>51,905,077</u>	<u>12,476,153</u>	<u>64,381,230</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 30 JUNE 2019**

	<b>01.01.2019 to 30.06.2019 RM</b>	<b>01.01.2018 to 30.06.2018 RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from disposal of quoted securities	20,975,169	35,120,280
Proceeds from disposal of unquoted fixed income securities	12,923,059	6,130,352
Purchase of quoted securities	(26,623,192)	(26,732,402)
Purchase of unquoted fixed income securities	(7,615,935)	(5,135,240)
Dividend income received	614,581	631,784
Interest income received from deposits with licensed financial institutions and current account	43,576	41,909
Interest income received from unquoted fixed income securities	388,213	446,817
Management fee paid	(555,959)	(639,733)
Trustee's fee paid	(24,041)	(27,665)
Payments for other fees and expenses	(20,491)	(74,600)
<b>Net cash generated from operating activities</b>	<b>104,980</b>	<b>9,761,502</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash proceeds from units created	2,116,546	1,472,901
Payments for cancellation of units	(3,443,357)	(6,127,551)
Distribution paid	(200,843)	(337,913)
<b>Net cash used in financing activities</b>	<b>(1,527,654)</b>	<b>(4,992,563)</b>
Net (decrease)/increase in cash and cash equivalents	(1,422,674)	4,768,939
Cash and cash equivalents at the beginning of the financial period	2,906,786	2,063,742
Cash and cash equivalents at the end of the financial period	1,484,112	6,832,681
<b>Cash and cash equivalents comprised of:</b>		
Deposits with licensed financial institutions	1,362,358	6,762,003
Bank balances	121,754	70,678
Cash and cash equivalents at the end of financial period	1,484,112	6,832,681

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 30 JUNE 2019****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES**

CIMB-Principal Balanced Fund (the “Fund”) is governed by a Principal Master Deed dated 15 May 2008, an Eighth Supplemental Master Deed dated 14 June 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”), between Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the “Manager”) and Maybank Trustees Berhad (the “Trustee”).

The Fund aims to invest in a diversified portfolio of equities and fixed income investments. In line with its objective, the investment policy and strategy will be to maintain a balanced portfolio between equities and fixed income investments in the ratio of 70:30. The fixed income portion of the Fund is to provide some capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The investments by the Fund in equity securities shall be between 50% to 70% (both inclusive) of its NAV and investments in fixed income securities and liquid assets shall not be less than 30% of its NAV with a minimum credit rating of “BBB3” or “P2” by RAM or equivalent rating by MARC or by local rating agency(ies) of the country of issuance or “BBB-” by S&P or equivalent rating by Moody’s or Fitch. The Fund may invest up to 40% of its NAV in Unrated Fixed Income Securities. The Fund may opt to seek investment exposure via Collective Investment Schemes that is in line with the Fund’s objective, subject to the requirement of the SC Guidelines.

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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of preparation (continued)

It also requires the Manager to exercise their judgement in the process of applying the Fund's accounting policies. Although these estimates and judgement 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 assumptions and estimates are significant to the financial statements are disclosed in Note 2(l).

#### Standard that is effective:

The Fund has applied the following standard for the first time for the financial period beginning 1 January 2019:

#### (i) Financial year 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 classifies its financial assets in the following measurement categories:

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

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through OCI.

The contractual cash flows of the Funds' unquoted fixed income securities are solely principal and profit. 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 measure at fair value through profit or loss.

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

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

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

Recognition and measurement

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

Financial liabilities 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.

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

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

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

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

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

Impairment for assets carried at amortised costs

The Fund measures credit risk and expected credit loss (“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 the Manager as any contractual payment which is more than 30 days past due.

Definition of default and credit-impaired financial assets

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

Write-off

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

**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.

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

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

Realised gain or loss on disposal of unquoted fixed income securities is accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on cost adjusted for accretion of discount or amortisation of premium.

**(d) Functional and presentation currency**

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in RM, which is the Fund's functional and presentation currency.

**(e) Cash and cash equivalents**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(f) Amount due from/to stockbrokers**

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

These amounts are measured at amortised cost. At each reporting date, the Fund 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.

**(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.

**(h) Distribution**

A distribution to the Fund's unit holders is accounted for as a deduction from realised reserve. A proposed distribution is recognised as a liability in the financial period in which it is approved by the Trustee.

**(i) Transaction costs**

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (j) 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.

### (k) Segment information

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

### (l) Critical accounting estimates and judgements in applying accounting policies

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

Estimates and judgements 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.

#### Estimate of fair value of unquoted fixed income securities

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

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

### 3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to grow the value of investments over the long-term through investment in a diversified mix of Malaysian assets.

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

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

#### (a) Market risk

##### (i) Price risk

This is the risk that the fair value of an investment in quoted securities and unquoted fixed income securities will fluctuate because of changes in market prices (other than those arising from interest rate risk). The value of investment in quoted securities and unquoted fixed income 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 quoted securities, unquoted fixed income securities and other financial instruments within specified limits according to the Deeds.

##### (ii) Interest rate risk

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

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

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



**3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****(a) Market risk (continued)****(ii) Interest rate risk (continued)**

Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to meet the obligation under the instrument, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

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

**(b) Credit risk**

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

Investment in unquoted fixed income securities may involve a certain degree of credit/default risk with regards to the issuers. Generally, credit risk or default risk is the risk of loss due to the issuer's non-payment or untimely payment of the investment amount as well as the returns on investment. This will cause a decline in value of the defaulted unquoted fixed income securities and subsequently depress the NAV of the Fund. Usually credit risk is more apparent for an investment with a longer tenure, i.e. the longer the duration, the higher the credit risk. Credit risk can be managed by performing continuous fundamental credit research and analysis to ascertain the creditworthiness of its issuer.

In addition, the Manager imposes a minimum rating requirement as rated by either local and/or foreign rating agencies and manages the duration of the investment in accordance with the objective of the Fund. For this Fund, the unquoted fixed income securities must satisfy a minimum credit rating of "BBB3" or "P2" by RAM or equivalent rating by MARC or by local rating agency(ies) of the country of issuance or "BBB-" by S&P or equivalent rating by Moody's or Fitch.

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

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

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

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

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

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

**(d) Capital risk management**

The capital of the Fund is represented by equity consisting of unit holders' capital of RM50,242,830 (31.12.2018: RM49,127,020) and retained earnings of RM10,001,932 (31.12.2018: RM11,162,859) 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.

### 3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### (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 values 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 market price falls within the bid-ask spread. In circumstances where the last traded market price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

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

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

#### (i) Fair value hierarchy

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

- Quoted prices (unadjusted) in active market for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

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

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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

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
<b>30.06.2019</b>				
Financial assets at fair value through profit or loss:				
- Quoted securities	39,339,342	-	-	39,339,342
- Unquoted fixed income securities	-	19,209,844	-	19,209,844
	<u>39,339,342</u>	<u>19,209,844</u>	<u>-</u>	<u>58,549,186</u>
<b>31.12.2018</b>				
<b>Audited</b>				
Financial assets at fair value through profit or loss:				
- Quoted securities	33,596,485	-	-	33,596,485
- Unquoted fixed income securities	-	23,950,266	-	23,950,266
	<u>33,596,485</u>	<u>23,950,266</u>	<u>-</u>	<u>57,546,751</u>

**3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****(e) Fair value estimation (continued)****(i) Fair value hierarchy (continued)**

Quoted securities whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equities. The Fund does not adjust the quoted prices for these instruments. The Fund's policies on valuation of these financial assets are stated in Note 2(b).

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. This includes unquoted fixed income securities. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Fund's policies on valuation of these financial assets are stated in Note 2(b).

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

**4. MANAGEMENT FEE**

In accordance with the Deeds, the Manager is entitled to a maximum management fee of 2.00% per annum, calculated daily based on the NAV of the Fund.

For the six months financial period ended 30 June 2019, the management fee is recognised at a rate of 1.85% per annum (30.06.2018: 1.85% per annum).

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

**5. TRUSTEE'S FEE**

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

For the six months financial period ended 30 June 2019, the Trustee's fee is recognised at a rate of 0.08% per annum (30.06.2018: 0.08% per annum).

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

**6. DISTRIBUTION**

Distribution to unit holders is derived from the following sources:

	<b>01.01.2019 to 30.06.2019</b>	<b>01.01.2018 to 30.06.2018</b>
	<b>RM</b>	<b>RM</b>
Dividend income	243,184	435,908
Interest income	178,245	335,005
Net realised gain on disposal of investments	301,875	1,096,155
Prior financial periods' realised income	<u>1,955,887</u>	<u>2,430,935</u>
	2,679,191	4,298,003
Less:		
Expenses	<u>(73,172)</u>	<u>(126,820)</u>
Net distribution amount	<u><u>2,606,019</u></u>	<u><u>4,171,183</u></u>
<b>Distribution on 22 January 2019</b>		
Gross/Net distribution per unit (sen)	<u>1.73</u>	<u>-</u>
<b>Distribution on 24 January 2018</b>		
Gross/Net distribution per unit (sen)	<u>-</u>	<u>2.65</u>

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

Gross distribution per unit is derived from gross realised income less expenses, 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.

During the six month financial period ended 30 June 2019, the Fund incurred unrealised loss of Nil (30.06.2018: RM5,381,089).

**7. TAXATION**

	<b>01.01.2019 to 30.06.2019</b>	<b>01.01.2018 to 30.06.2018</b>
	<b>RM</b>	<b>RM</b>
Tax charged for the financial period	<u>-</u>	<u>-</u>

**7. TAXATION (CONTINUED)**

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:

	<b>01.01.2019 to 30.06.2019</b>	<b>01.01.2018 to 30.06.2018</b>
	<b>RM</b>	<b>RM</b>
Profit/(Loss) before taxation	<u>1,445,092</u>	<u>(2,267,750)</u>
Taxation at Malaysian statutory rate of 24% (30.06.2018: 24%)	346,822	(544,260)
Tax effects of: (Investment Income not subject to tax)/Investment loss not deductible for tax purposes	(522,981)	325,706
Expenses not deductible for tax purposes	40,804	57,284
Restriction on tax deductible expenses for Unit Trust Funds	<u>135,355</u>	<u>161,270</u>
Taxation	<u>-</u>	<u>-</u>

**8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM</b>	<b>Audited RM</b>
Designated at fair value through profit or loss at inception:		
- Quoted securities	39,339,342	33,596,485
- Unquoted fixed income securities	<u>19,209,844</u>	<u>23,950,266</u>
	<u>58,549,186</u>	<u>57,546,751</u>
	<b>01.01.2019 to 30.06.2019</b>	<b>01.01.2018 to 30.06.2018</b>
	<b>RM</b>	<b>RM</b>
Net gain/(loss) on financial assets at fair value through profit or loss:		
- Realised gain on disposals	339,990	2,946,665
- Unrealised fair value gain/(loss)	<u>636,827</u>	<u>(5,412,605)</u>
	<u>976,817</u>	<u>(2,465,940)</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 %
<b>30.06.2019</b>				
<b>QUOTED SECURITIES</b>				
<b>Construction</b>				
Econpile Holdings Bhd	1,200,000	861,156	864,000	1.44
Gamuda Bhd	260,000	792,645	977,600	1.62
IJM Corporation Bhd	600,000	1,255,272	1,440,000	2.39
TRC Synergy Bhd	140,600	98,083	89,984	0.15
	<u>2,200,600</u>	<u>3,007,156</u>	<u>3,371,584</u>	<u>5.60</u>
<b>Consumer Products &amp; Services</b>				
Aeon Co. M Bhd	535,000	834,600	904,150	1.50
Bermaz Auto Bhd	100,000	212,686	266,000	0.44
Genting Bhd	250,000	1,904,674	1,692,500	2.81
Genting Malaysia Bhd	272,000	1,058,743	881,280	1.46
Nestle Malaysia Bhd	4,000	575,615	596,400	0.99
Sime Darby Bhd	500,000	1,261,133	1,130,000	1.88
	<u>1,661,000</u>	<u>5,847,451</u>	<u>5,470,330</u>	<u>9.08</u>
<b>Energy</b>				
Dialog Group Bhd	404,600	1,188,309	1,318,996	2.19
Hibiscus Petroleum Bhd	1,500,000	1,562,840	1,605,000	2.66
Sapura Energy Bhd	3,412,500	1,124,876	1,023,750	1.70
Yinson Holdings Bhd	154,200	566,687	939,078	1.56
	<u>5,471,300</u>	<u>4,442,712</u>	<u>4,886,824</u>	<u>8.11</u>
<b>Financial Services</b>				
CIMB Group Holdings Bhd	410,024	2,303,153	2,205,929	3.66
Malayan Banking Bhd	367,545	3,349,037	3,263,800	5.42
Public Bank Bhd	130,947	2,968,809	3,011,781	5.00
RHB Bank Bhd	260,000	1,435,854	1,453,400	2.41
RHB Capital Bhd #	108,100	-	-	-
Syarikat Takaful Malaysia Keluarga Bhd	90,000	545,697	616,500	1.02
	<u>1,366,616</u>	<u>10,602,550</u>	<u>10,551,410</u>	<u>17.51</u>
<b>Health Care</b>				
IHH Healthcare Bhd	118,600	694,580	687,880	1.14
Top Glove Corporation Bhd	70,100	241,647	344,191	0.57
	<u>188,700</u>	<u>936,227</u>	<u>1,032,071</u>	<u>1.71</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 %
<b>30.06.2019 (CONTINUED)</b>				
<b>QUOTED SECURITIES (CONTINUED)</b>				
<b>Industrial Products &amp; Services</b>				
HSS Engineers Bhd	500,000	577,276	580,000	0.96
Petronas Chemicals Group Bhd	107,000	926,580	898,800	1.49
Uchi Technologies Bhd	120,400	368,149	346,752	0.58
	<u>727,400</u>	<u>1,872,005</u>	<u>1,825,552</u>	<u>3.03</u>
<b>Property</b>				
LBS Bina Group Bhd - Preference Share	57,840	63,624	46,272	0.08
UOA Development Bhd	3,200	7,488	7,680	0.01
	<u>61,040</u>	<u>71,112</u>	<u>53,952</u>	<u>0.09</u>
<b>REITs</b>				
IGB REIT	509,000	865,418	972,190	1.61
Sunway REIT	465,400	841,789	870,298	1.45
	<u>974,400</u>	<u>1,707,207</u>	<u>1,842,488</u>	<u>3.06</u>
<b>Technology</b>				
Revenue Group Bhd	330,700	467,823	469,594	0.78
<b>Telecommunications &amp; Media</b>				
Axiata Group Bhd	182,000	727,945	906,360	1.51
Digi.com Bhd	200,000	917,877	1,010,000	1.68
Time Dotcom Bhd	99,000	865,993	888,030	1.47
	<u>481,000</u>	<u>2,511,815</u>	<u>2,804,390</u>	<u>4.66</u>
<b>Transportation &amp; Logistics</b>				
Malaysia Airports Holdings Bhd	54,900	453,582	468,297	0.78
Malaysian Resources Corporation Bhd	900,000	877,208	855,000	1.42
MISC Bhd	91,000	602,911	650,650	1.08
Westports Holdings Bhd	300,000	1,136,708	1,182,000	1.96
	<u>1,345,900</u>	<u>3,070,409</u>	<u>3,155,947</u>	<u>5.24</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 %
<b>30.06.2019 (CONTINUED)</b>				
<b>QUOTED SECURITIES (CONTINUED)</b>				
<b>Utilities</b>				
Tenaga Nasional Bhd	<u>280,000</u>	<u>3,836,918</u>	<u>3,875,200</u>	<u>6.43</u>
<b>TOTAL QUOTED SECURITIES</b>	<b><u>15,088,656</u></b>	<b><u>38,373,385</u></b>	<b><u>39,339,342</u></b>	<b><u>65.30</u></b>
<b>ACCUMULATED UNREALISED GAIN ON QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>965,957</u></b>		
<b>TOTAL QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>39,339,342</u></b>		

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

Name of issuer	Nominal Value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>30.06.2019 (CONTINUED)</b>				
<b>UNQUOTED FIXED INCOME SECURITIES</b>				
Exsim Capital Resources Bhd 5.00% 28/01/2022 (AA3)	3,000,000	3,068,418	3,089,016	5.13
Fortune Premiere Sdn Bhd 4.65% 21/12/2022 (AA)	1,000,000	1,002,555	1,017,954	1.69
Fortune Premiere Sdn Bhd 4.85% 07/09/2023 (AA)	1,000,000	1,015,414	1,040,974	1.73
GENM Capital Bhd 4.98% 11/07/2023 (AAA)	1,500,000	1,534,996	1,590,676	2.64
IJM Corporation Bhd 4.76% 10/04/2029 (AA3)	500,000	506,066	515,147	0.86
IJM Land Bhd 5.65% 17/03/2119 (A2)	500,000	508,049	529,769	0.88
Krung Thai Bank PCL 5.10% 04/07/2025 (AA2)	1,500,000	1,544,612	1,549,353	2.57
Malaysian Government 4.23% 30/06/2031 ^ (NR)	2,000,000	2,069,192	2,081,270	3.45
Sabah Development Bank Bhd 5.25% 27/12/2023 (AA1)	3,500,000	3,504,849	3,606,769	5.99
Sabah Development Bank Bhd 5.30% 11/05/2022 (AA1)	2,000,000	2,015,188	2,065,190	3.43
Sports Toto Malaysia Sdn Bhd 4.95% 30/06/2022 (AA3)	1,600,000	1,602,878	1,602,859	2.66
UEM Sunrise Bhd 4.75% 22/03/2024 (AA3)	500,000	507,156	520,867	0.86
<b>TOTAL UNQUOTED FIXED INCOME SECURITIES</b>	<b><u>18,600,000</u></b>	<b><u>18,879,373</u></b>	<b><u>19,209,844</u></b>	<b><u>31.89</u></b>
<b>ACCUMULATED UNREALISED GAIN ON UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>330,471</u></b>		
<b>TOTAL UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>19,209,844</u></b>		

## 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 %
<b>31.12.2018</b>				
<b>Audited</b>				
<b>QUOTED SECURITIES</b>				
<b>Construction</b>				
Gabungan AQRS Bhd - Warrant*	26,100	-	5,090	0.01
Gamuda Bhd	185,600	434,473	434,304	0.72
	<u>211,700</u>	<u>434,473</u>	<u>439,394</u>	<u>0.73</u>
<b>Consumer Products &amp; Services</b>				
Bermaz Auto Bhd	270,300	574,890	581,145	0.96
British American Tobacco Bhd	28,500	981,090	1,028,280	1.71
Fraser & Neave Holdings Bhd	12,600	400,075	422,100	0.70
Genting Bhd	89,800	809,419	547,780	0.91
Genting Malaysia Bhd	95,500	493,470	288,410	0.48
Mynews Holdings Bhd	148,500	248,077	222,750	0.37
Nestle Malaysia Bhd	4,000	575,615	589,600	0.98
Petronas Dagangan Bhd	18,600	487,707	492,900	0.82
Sime Darby Bhd	227,000	623,372	544,800	0.90
	<u>894,800</u>	<u>5,193,715</u>	<u>4,717,765</u>	<u>7.83</u>
<b>Energy</b>				
Dialog Group Bhd	404,600	1,188,309	1,258,306	2.09
Yinson Holdings Bhd	104,000	314,662	436,800	0.73
	<u>508,600</u>	<u>1,502,971</u>	<u>1,695,106</u>	<u>2.82</u>
<b>Financial Services</b>				
Alliance Bank Malaysia Bhd	113,000	453,259	454,260	0.75
CIMB Group Holdings Bhd	434,424	2,551,480	2,480,561	4.11
Hong Leong Bank Bhd	97,300	1,746,453	1,984,920	3.29
Malayan Banking Bhd	392,834	3,624,438	3,731,923	6.19
Public Bank Bhd	216,747	4,818,455	5,366,656	8.90
RHB Bank Bhd	170,000	917,329	899,300	1.49
RHB Capital Bhd #	108,100	-	-	-
	<u>1,532,405</u>	<u>14,111,414</u>	<u>14,917,620</u>	<u>24.73</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 %
<b>31.12.2018 (CONTINUED)</b>				
<b>Audited (continued)</b>				
<b>QUOTED SECURITIES (CONTINUED)</b>				
<b>Health Care</b>				
Hartalega Holdings Bhd	27,800	165,455	170,692	0.28
IHH Healthcare Bhd	92,600	552,191	499,114	0.83
Top Glove Corporation Bhd	70,100	241,647	392,560	0.65
	<u>190,500</u>	<u>959,293</u>	<u>1,062,366</u>	<u>1.76</u>
<b>Industrial Products &amp; Services</b>				
Petronas Chemicals Group Bhd	296,200	2,260,867	2,751,698	4.56
Uchi Technologies Bhd	120,400	368,149	305,816	0.51
	<u>416,600</u>	<u>2,629,016</u>	<u>3,057,514</u>	<u>5.07</u>
<b>Plantation</b>				
IOI Corporation Bhd	<u>205,000</u>	<u>929,081</u>	<u>912,250</u>	<u>1.51</u>
<b>Property</b>				
LBS Bina Group Bhd - Preference Share	57,840	63,624	59,575	0.10
SP Setia Bhd	24,165	81,680	56,305	0.09
	<u>82,005</u>	<u>145,304</u>	<u>115,880</u>	<u>0.19</u>
<b>REIT</b>				
IGB REIT	<u>509,000</u>	<u>865,418</u>	<u>880,570</u>	<u>1.46</u>
<b>Technology</b>				
Globetronics Technology Bhd	182,600	450,309	319,550	0.53
Inari Amertron Bhd	136,000	268,314	204,000	0.34
	<u>318,600</u>	<u>718,623</u>	<u>523,550</u>	<u>0.87</u>
<b>Telecommunications &amp; Media</b>				
Digi.com Bhd	<u>305,500</u>	<u>1,402,057</u>	<u>1,374,750</u>	<u>2.28</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 %
<b>31.12.2018 (CONTINUED)</b>				
<b>Audited (continued)</b>				
<b>QUOTED SECURITIES (CONTINUED)</b>				
<b>Transportation &amp; Logistics</b>				
Malaysia Airports Holdings Bhd	<u>46,000</u>	<u>388,731</u>	<u>385,480</u>	<u>0.64</u>
<b>Utilities</b>				
Tenaga Nasional Bhd	<u>258,400</u>	<u>3,618,577</u>	<u>3,514,240</u>	<u>5.83</u>
<b>TOTAL QUOTED SECURITIES</b>	<b><u>5,479,110</u></b>	<b><u>32,898,673</u></b>	<b><u>33,596,485</u></b>	<b><u>55.72</u></b>
<b>ACCUMULATED UNREALISED GAIN ON QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>697,812</u></b>		
<b>TOTAL QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>33,596,485</u></b>		

\* As at 31 December 2018, the Fund holds warrants in Gabungan AQRS Bhd from the bonus issue of warrants exercise on 21 September 2018. The warrants have been issued at no cost to the shareholders of Gabungan AQRS Bhd and the exercise price of the warrants has been fixed at RM1.12 each.

# As at 30 June 2019 and 31 December 2018, the Fund holds shares in RHB Capital Bhd, which has been delisted to facilitate the transfer of shares and listing status to RHB Bank Bhd. Following the spin-off event on 2 June 2016, there is no cost and market value for the said security as all assets and liabilities have been vested to RHB Bank Bhd.

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>31.12.2018 (CONTINUED)</b>				
<b>Audited (Continued)</b>				
<b>UNQUOTED FIXED INCOME SECURITIES</b>				
Fortune Premiere Sdn Bhd 4.85% 07/09/2023 (AA2)	1,000,000	1,015,414	1,021,964	1.69
Genm Capital Bhd 4.98% 11/07/2023 (AAA)	1,500,000	1,535,610	1,551,855	2.57
Impian Ekspresi Sdn Bhd 4.58% 29/11/2019 (AAA)	5,000,000	5,031,345	5,038,554	8.36
Jimah Energy Ventures Sdn Bhd 9.30% 12/05/2020 (AA3)	2,000,000	2,141,369	2,157,429	3.58
Kapar Energy Ventures Sdn Bhd 4.63% 05/07/2022 (AA1)	3,000,000	3,085,389	3,092,619	5.13
Krung Thai Bank PCL 5.10% 04/07/2025 (AA2)	2,500,000	2,582,003	2,579,752	4.28
Malaysian Government Securities 4.23% 30/06/2031 ^ (NR)	2,000,000	2,071,438	1,962,774	3.26
Sabah Development Bank Bhd 5.25% 27/12/2023 (AA1)	3,500,000	3,505,621	3,508,572	5.82
Sabah Development Bank Bhd 5.30% 11/05/2022 (AA1)	2,000,000	2,015,652	2,029,721	3.37
Sarawak Energy Bhd 4.70% 24/11/2028 (AA1)	1,000,000	1,004,636	1,007,026	1.67
<b>TOTAL UNQUOTED FIXED INCOME SECURITIES</b>	<b><u>2,350,000</u></b>	<b><u>23,988,477</u></b>	<b><u>23,950,266</u></b>	<b><u>39.73</u></b>
<b>ACCUMULATED UNREALISED LOSS ON UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>(38,211)</u></b>		
<b>TOTAL UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>23,950,266</u></b>		

^ The unquoted fixed income securities which are not rated as at the end of each financial period are issued, backed or guaranteed by government or government agencies.

**9. CASH AND CASH EQUIVALENTS**

	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM</b>	<b>Audited RM</b>
Deposits with licensed financial institutions	1,362,358	2,832,934
Bank balance	121,754	73,852
	<b>1,484,112</b>	<b>2,906,786</b>

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

	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>%</b>	<b>Audited %</b>
Deposits with licensed financial institutions	3.20	3.66

Deposits with licensed financial institutions of the Fund have an average maturity of 1 day (31.12.2018: 2 days).

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

	<b>01.01.2019 to 30.06.2019</b>	<b>01.01.2018 to 31.12.2018</b>
	<b>No. of units</b>	<b>Audited No. of units</b>
At the beginning of the financial period/year	151,109,097	159,488,747
Add : Creation of units from applications	5,568,144	9,995,489
Add : Creation of units from distribution	6,263,479	8,832,419
Less : Cancellation of units	(8,908,039)	(27,207,558)
At the end of the financial period/year	<b>154,032,681</b>	<b>151,109,097</b>

**11. MANAGEMENT EXPENSE RATIO ("MER")**

	<b>01.01.2019 to 30.06.2019</b>	<b>01.01.2018 to 30.06.2018</b>
	<b>%</b>	<b>%</b>
MER	0.98	1.03

MER is derived from the following calculation:

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

- A = Management fee
- B = Trustee's fee
- C = Audit fee
- D = Tax agent's fee
- E = Other expenses excluding GST on transaction costs
- F = Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial period calculated on a daily basis is RM60,137,941 (30.06.2018: RM68,421,339).



12. PORTFOLIO TURNOVER RATIO (“PTR”)

	01.01.2019 to 30.06.2019	01.01.2018 to 30.06.2018
PTR (times)	<u>0.58</u>	<u>0.53</u>

PTR is derived from 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 = RM34,698,641 (30.06.2018: RM32,292,906)  
 total disposal for the financial period = RM34,580,557 (30.06.2018: RM40,908,512)

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

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

Units held by the Manager and parties related to the Manager

Manager	30.06.2019		31.12.2018 Audited	
	No. of units	RM	No. of units	RM
Principal Asset Management Berhad <i>(formerly known as CIMB-Principal Asset Management Berhad)</i>	4,145	1,621	2,692	1,074

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.

	01.01.2019 to 30.06.2019 RM	01.01.2018 to 30.06.2018 RM
<u>Significant related party transactions</u>		
Interest income from deposits with licensed financial institution:		
- CIMB Bank Bhd	1,605	88
Cash placement with licensed financial institution:		
- CIMB Bank Bhd	12,718,000	1,000,000
	30.06.2019 RM	31.12.2018 Audited RM
<u>Significant related party balances</u>		
Bank balances		
- CIMB Bank Bhd	-	73,852

14. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the top 10 brokers/dealers for the six months financial period ended 30 June 2019 are as follows:

<b>Brokers/Dealers</b>	<b>Value of trades RM</b>	<b>Percentage of total trades %</b>	<b>Brokerage fees RM</b>	<b>Percentage of total brokerage fees %</b>
RHB Investment Bank Bhd	8,271,849	11.95	14,075	14.27
Macquarie Capital Securities (M) Sdn Bhd	8,188,478	11.83	16,396	16.62
KAF Seagroatt & Campbell Securities Sdn Bhd	7,730,489	11.17	17,394	17.63
RHB Bank Bhd	7,588,745	10.96	-	-
JP Morgan Securities (M) Sdn Bhd	4,591,763	6.63	4,688	4.75
Maybank Investment Bank Bhd	4,382,277	6.33	9,860	9.99
UBS Securities (M) Sdn Bhd	4,140,379	5.98	6,569	6.66
Alliance Bank Malaysia Bhd	4,110,420	5.94	-	-
Hong Leong Investment Bank Bhd	3,481,531	5.03	7,833	7.94
Affin Hwang Investment Bank Bhd	3,420,525	4.94	7,729	7.83
Others #	13,330,256	19.24	14,119	14.31
	<u>69,236,712</u>	<u>100.00</u>	<u>98,663</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 30 June 2018 are as follows:

<b>Brokers/Dealers</b>	<b>Value of trades RM</b>	<b>Percentage of total trades %</b>	<b>Brokerage fees RM</b>	<b>Percentage of total brokerage fees %</b>
RHB Investment Bank Bhd	16,635,186	22.94	26,049	18.54
Maybank Investment Bank Bhd	13,818,210	19.05	32,696	23.27
CIMB Investment Bank Bhd #	7,682,064	10.59	18,272	13.00
JP Morgan Securities (M) Sdn Bhd	5,093,764	7.02	11,466	8.16
Credit Suisse Securities (Malaysia) Sdn Bhd	5,001,435	6.90	11,253	8.01
Affin Hwang Investment Bank Bhd	4,673,330	6.44	10,141	7.22
Hong Leong Investment Bank Bhd	4,070,823	5.61	9,186	6.54
RHB Bank Bhd	4,003,020	5.52	-	-
Macquarie Capital Securities (M) Sdn Bhd	3,773,594	5.20	8,491	6.04
CLSA Securities (M) Sdn Bhd	2,558,342	3.53	5,756	4.10
Others	5,208,619	7.20	7,198	5.12
	<u>72,518,387</u>	<u>100.00</u>	<u>140,508</u>	<u>100.00</u>

# Included in the transactions are trades conducted with CIMB Bank Bhd and CIMB Investment Bank Bhd, fellow related parties to the Manager amounting to RM3,103,540 (30.06.2018: nil) and RM nil (30.06.2018: RM7,682,064). The Manager is of the opinion that all transactions with the related company have been entered into in the normal course of business at agreed terms between the related parties.

**15. SEGMENT INFORMATION**

The internal reporting provided to the chief operating decision-maker for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of MFRS and IFRS. The chief operating decision-maker is responsible for the performance of the Fund and considers the business to have a single operating segment located in Malaysia. Asset allocation decisions are based on a single, integrated investment strategy and the Fund's performance is evaluated on an overall basis.

The investment objective of the Fund is to grow the value of investments over the long-term through investment in a diversified mix of Malaysian assets. The reportable operating segment derives its income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within the portfolio. These returns consist of interest income and dividend 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, quoted securities listed on Bursa Securities, Malaysia and unquoted fixed income securities traded in Malaysia.

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

**DIRECTORY**

**Head office of the Manager**

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

**Website**

<http://www.principal.com.my>

**E-mail address**

[service@principal.com.my](mailto:service@principal.com.my)

**General investment enquiries**

(03) 7718 3000

**Trustee for the CIMB-Principal Balanced Fund**

Maybank Trustees Berhad (Company No. : 5004-P)  
8<sup>th</sup> Floor, Menara Maybank,  
100, Jalan Tun Perak,  
50050 Kuala Lumpur, MALAYSIA.  
Tel: (03) 2078 8363, 2070 8833  
Fax: (03) 2070 9387

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

Enquiries:

Customer Care Centre  
(603)7718 3000

Email  
[service@principal.com.my](mailto:service@principal.com.my)

Website  
[www.principal.com.my](http://www.principal.com.my)