

CIMB-Principal China-India-Indonesia Equity Fund

Annual Report

For The Financial Year Ended 30 September 2019

CIMB-PRINCIPAL CHINA-INDIA-INDONESIA EQUITY FUND
ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

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INVESTORS' LETTER

Dear Valued Investors,

We have recently launched two new funds – Principal Global Real Estate Fund and Principal Greater Bay Fund in our effort to help you diversify your investments portfolios. These funds will enable you to have the opportunity to increase your investment potential in generating income and capital appreciation with diversified global portfolios.

The Principal Greater Bay Fund seeks investment opportunities in equities of companies which benefit from the development of the Greater Bay Area which includes Hong Kong, Macau, Shenzhen, and Guangdong to achieve capital appreciation over the medium to long term. It provides a variety of asset classes, namely the China A and H shares, focusing on large and/or mid-capitalisation companies in equities from sectors under the Benchmark Index, which includes but not limited to technology, financials and consumer sector.

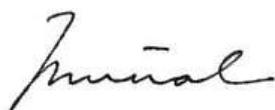
Principal Global Real Estate Fund, the dynamic real estate strategy is different from anything currently available in the market. The unique combination of real estate equity and fixed income securities helps cushion the impact of any unforeseen eventualities.

The Principal Global Real Estate Fund intends to increase investor investment potential, while limiting their downside exposure. This unique combination allows investors to benefit from the growing popularity of Real Estate Investment Trusts ("REITs") have experienced in recent years for their strong performance in low interest rate and volatile global market conditions; and from Commercial Mortgage-backed Securities ("CMBS"), historically known for strong yields without additional risk exposure. Talk to your consultant today to know more how you can further diversify your portfolios with these funds.

As of September 2019, our Assets under Management ("AUM") stood at RM57.06 billion. 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 achieve medium to long-term capital appreciation by capitalising on investments ideas in undervalued listed companies which are domiciled or have significant operations in China, India and Indonesia.

Has the Fund achieved its objective?

For the financial year under review, the Fund's total return outperformed the benchmark return. The Fund's objective is still in place which is to provide capital growth over the long-term.

What are the Fund investment policy and principal investment strategy?

The Fund seeks to achieve its objective by investing primarily in equities and equity related securities of undervalued listed companies which are domiciled or have significant operations in China, India and Indonesia markets which offer attractive valuations and medium-term to long-term growth potential. The target companies are companies which are traded at attractive valuations and have the potential to ride on the future recovery and growth of China, India and Indonesia.

The 'significant operations' means the major business of the company. The Fund can invest in companies not only listed in China, India and Indonesia, but also those that have major businesses in China, India and Indonesia markets. For example, the Fund can invest in a company with business/operations in China but listed on Hong Kong Stock Exchange. The threshold for 'significant operations' would be if more than 30% of total group revenue derive from China, India or Indonesia. Whereas, the 'attractive valuations' means stocks or companies that have valuations based on Price-to-Earnings ("PE") or Price-to-Book ("PB") ratios that are lower than the respective sector or country valuations at that time. Where necessary, we will obtain the licenses/permits for investments in countries that require licenses/permits. If we are unable to obtain the necessary licenses/permits, or the licenses/permits are revoked or not renewed (as the case may be), we will seek to invest in other accessible markets.

The Fund will generally invest between 70% to 98% (both inclusive) of its Net Asset Value ("NAV") in equities and equity related securities with at least 2% of the Fund's NAV invested in liquid assets for liquidity purposes. The Fund may also invest up to 28% of its NAV in other permissible investments. The Fund's allocation to each of the aforesaid countries will vary depending on the Manager and its delegate's outlook for each country. The Fund may also 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.

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

Fund category/type

Equity/Growth

How long should you invest for?

Recommended at least three (3) years

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

High

When was the Fund launched?

21 January 2010

FUND OBJECTIVE AND POLICY (CONTINUED)

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

RM99.50 million (226.06 million units)

What is the Fund's benchmark?

An equally weighted custom composite index of Morgan Stanley Capital International ("MSCI") China Index, MSCI India Index and MSCI Indonesia Index.

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

What is the Fund distribution policy?

Given its investment objective, the Fund is not expected to pay any distribution.

PERFORMANCE DATA

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

	30.09.2019	30.09.2018	30.09.2017
	%	%	%
Collective investment schemes	9.77	8.23	4.61
Quoted securities			
- Communication Services	10.51	8.76	12.64
- Consumer Discretionary	11.88	19.68	18.74
- Consumer Staples	-	4.09	5.80
- Energy	4.71	11.03	4.77
- Financials	19.02	23.79	26.30
- Health Care	5.90	1.28	-
- Industrials	5.81	5.53	4.33
- Information Technology	13.71	3.77	4.85
- Materials	4.46	4.63	3.69
- Real Estate	8.80	3.51	2.89
- Utilities	0.53	0.88	1.84
Cash and other net assets	4.90	4.82	9.54
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

Note: The Fund had applied the Global Industry Classification Standard ("GICS") sectors classification.

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

	30.09.2019	30.09.2018	30.09.2017
NAV (RM Million)	99.50	123.69	131.59
Units in circulation (Million)	226.06	310.82	302.87
NAV per unit (RM)	0.4401	0.3979	0.4344
Highest NAV per unit (RM)	0.4669	0.4622	0.4435
Lowest NAV per unit (RM)	0.3621	0.3912	0.3478
Total return (%)	10.61	(8.40)	19.41
- Capital growth (%)	10.61	(8.40)	19.41
- Income distribution (%)	-	-	-

PERFORMANCE DATA (CONTINUED)

	30.09.2019	30.09.2018	30.09.2017
Management Expense Ratio ("MER") (%) ^	2.12	1.94	2.14
Portfolio Turnover Ratio ("PTR") (times) #	1.29	1.85	1.65

^ The Fund's MER increased from 1.94% to 2.12% due to the decrease in average NAV during the financial year under review.

The Fund's PTR decreased from 1.85 times to 1.29 times as we limited portfolio changes given positioning has been appropriate for fundamental conditions.

	30.09.2019	30.09.2018	30.09.2017	30.09.2016	30.09.2015
	%	%	%	%	%
Annual total return	10.61	(8.40)	19.41	13.72	17.74

(Launch date: 21 January 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 year have been extracted from Lipper.

MARKET REVIEW (1 OCTOBER 2018 TO 30 SEPTEMBER 2019)

The relevant equity market universe rebounded over the financial year under review as monetary policy in the US moved towards a more accommodative stance, and China stepped up its stimulus plans leading the market to expect some stabilization in economic conditions eventually.

FUND PERFORMANCE

	1 year	3 years	5 years	Since
	to 30.09.2019	to 30.09.2019	to 30.09.2019	inception
	%	%	%	to 30.09.2019
	%	%	%	%
Income	-	-	-	-
Capital	10.61	20.97	61.98	76.25
Total Return	10.61	20.97	61.98	76.25
Benchmark	4.08	14.08	45.91	53.81
Average Total Return	10.61	6.55	10.13	6.02

For the 1-year period under review, the Fund's total return was 10.61%, outperforming the benchmark by 6.53%.

FUND PERFORMANCE (CONTINUED)



Changes in NAV

	30.09.2019	30.09.2018	Changes %
NAV (RM Million)	99.50	123.69	(19.56)
NAV/Unit (RM)	0.4401	0.3979	10.61

NAV of the Fund decreased by 19.56% for the financial year under review due to unit redemptions while NAV per unit increased by 10.61% due to strong investment performance of the Fund.

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

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	30.09.2019	30.09.2018
Collective investment schemes	9.77	8.23
Quoted securities	85.33	86.95
Cash and other net assets	4.90	4.82
TOTAL	100.00	100.00

Asset allocation on equities has remained largely stable from 95.18% as at 30 September 2018 to 95.10% as at 30 September 2019.

MARKET OUTLOOK*

We have a cautiously benign view of the world with the global economy muddling along into 2020 without a deeper downturn. Equity and fixed income markets will probably be in a trading band. Combining fiscal and monetary policy is a possibility to cope with the next downturn given the lack of monetary policy flexibility especially in countries with negative rates. If so, downside risk in growth would be arrested and markets would likely undergo a relief rally.

* 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

Our strategy now is to preserve capital, while retaining exposure to areas which are fundamentally healthy. The Fund will continue to be tactical in China, and neutral/overweight India and Indonesia which continue to grow at 5% - 7% in real terms driven by resilient consumption and public investment which, though still below their respective growth potential, is much better than many other countries. India and Indonesia also benefit from low oil price, interest rates coming down globally (as they are capital-starved countries) and better economic growth differentials.

UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 30 September 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	202	0.57	0.25
5,001-10,000	158	1.15	0.51
10,001-50,000	646	15.87	7.02
50,001-500,000	409	50.09	22.16
500,001 and above	15	158.38	70.06
Total	1,430	226.06	100.00

SOFT COMMISSIONS AND REBATES

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

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

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL CHINA-INDIA-INDONESIA EQUITY FUND**

We, being the Directors of Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying financial statements set out on pages 13 to 51 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 September 2019 and of its financial performance, changes in equity and cash flows for the financial year then ended in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

For and on behalf of the Manager

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

(formerly known as CIMB-Principal Asset Management Berhad)

MUNIRAH KHAIRUDDIN

Chief Executive Officer/Executive Director

JUAN IGNACIO EYZAGUIRRE BARAONA

Executive Director

Kuala Lumpur

14 November 2019

**TRUSTEE'S REPORT TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL CHINA-INDIA-INDONESIA EQUITY FUND**

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

- (a) the Fund is being managed in accordance with the limitations imposed on the investment powers of the Manager and the Trustee under the Deeds, the Securities Commission's Guidelines on 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 relevant regulatory requirements; and
- (c) creation and cancellation of units is carried out in accordance with the Deeds and relevant regulatory requirements.

For and on behalf of the Trustee
UNIVERSAL TRUSTEE (MALAYSIA) BERHAD

ONG TEE VANN
Chief Executive Officer

Kuala Lumpur
14 November 2019

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL CHINA-INDIA-INDONESIA EQUITY FUND**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

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

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 30 September 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 13 to 51.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL CHINA-INDIA-INDONESIA EQUITY FUND (CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL CHINA-INDIA-INDONESIA EQUITY FUND (CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL CHINA-INDIA-INDONESIA EQUITY FUND (CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
14 November 2019

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

	Note	2019 RM	2018 RM
INCOME/(LOSS)			
Dividend income		1,811,834	2,359,392
Interest income from deposits with licensed financial institutions at amortised cost		77,818	50,212
Net gain/(loss) on financial assets at fair value through profit or loss	7	15,714,494	(8,988,668)
Net foreign exchange loss		<u>(430,195)</u>	<u>(674,017)</u>
		<u>17,173,951</u>	<u>(7,253,081)</u>
EXPENSES			
Management fee	4	2,089,619	2,669,113
Trustee's and custodian fees	5	275,661	382,655
Audit fee		13,600	12,900
Tax agent's fee		74,641	41,199
Transaction costs		923,161	1,936,639
Other expenses		<u>218,555</u>	<u>255,167</u>
		<u>3,595,237</u>	<u>5,297,673</u>
PROFIT/(LOSS) BEFORE TAXATION		13,578,714	(12,550,754)
Taxation	6	<u>(637,233)</u>	<u>(953,833)</u>
PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR		<u>12,941,481</u>	<u>(13,504,587)</u>
Profit/(Loss) after taxation is made up as follows:			
Realised amount		4,178,079	273,542
Unrealised amount		<u>8,763,402</u>	<u>(13,778,129)</u>
		<u>12,941,481</u>	<u>(13,504,587)</u>

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

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

	Note	2019 RM	2018 RM
ASSETS			
Cash and cash equivalents	8	5,115,155	5,677,266
Financial assets at fair value through profit or loss	7	94,624,663	117,733,052
Amount due from stockbrokers		959,661	4,258,325
Amount due from Manager		370,480	64,418
Amount due from Manager of collective investment schemes			
- Management fee rebate		177,586	77,534
Dividends receivable		73,886	201,159
TOTAL ASSETS		<u>101,321,431</u>	<u>128,011,754</u>
LIABILITIES			
Amount due to stockbrokers		1,055,879	3,562,575
Amount due to Manager		610,393	554,395
Accrued management fee		132,153	171,405
Amount due to Trustee		6,560	8,237
Other payables and accruals		16,100	20,400
TOTAL LIABILITIES		<u>1,821,085</u>	<u>4,317,012</u>
NET ASSET VALUE OF THE FUND		<u>99,500,346</u>	<u>123,694,742</u>
EQUITY			
Unit holders' capital		84,142,143	121,278,020
Retained earnings		15,358,203	2,416,722
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>99,500,346</u>	<u>123,694,742</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	9	<u>226,055,564</u>	<u>310,818,006</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.4401</u>	<u>0.3979</u>

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

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

	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 October 2018	121,278,020	2,416,722	123,694,742
Movement in unit holders' contributions:			
- Creation of units from applications	24,172,272	-	24,172,272
- Cancellation of units	(61,308,149)	-	(61,308,149)
Total comprehensive income for the financial year	-	12,941,481	12,941,481
Balance as at 30 September 2019	<u>84,142,143</u>	<u>15,358,203</u>	<u>99,500,346</u>
Balance as at 1 October 2017	115,665,847	15,921,309	131,587,156
Movement in unit holders' contributions:			
- Creation of units from applications	76,793,958	-	76,793,958
- Cancellation of units	(71,181,785)	-	(71,181,785)
Total comprehensive loss for the financial year	-	(13,504,587)	(13,504,587)
Balance as at 30 September 2018	<u>121,278,020</u>	<u>2,416,722</u>	<u>123,694,742</u>

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019**

	Note	2019 RM	2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from disposal of quoted securities		172,022,762	265,586,670
Purchase of quoted securities		(133,721,172)	(282,085,415)
Dividend income received		1,710,174	1,259,192
Interest income received from deposits with licensed financial institutions		77,818	50,212
Management fee paid		(2,127,342)	(2,653,757)
Management fee rebate received		238,699	541,221
Trustee's and custodian fees paid		(277,338)	(381,287)
Payments for other fees and expenses		(102,938)	(326,778)
Net realised foreign exchange loss		(506,411)	(1,140,857)
Foreign tax paid		(637,233)	-
Net cash generated from/(used in) operating activities		<u>36,677,019</u>	<u>(19,150,799)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		23,866,210	87,991,101
Payments for cancellation of units		(61,252,151)	(71,116,361)
Net cash (used in)/generated from financing activities		<u>(37,385,941)</u>	<u>16,874,740</u>
Net decrease in cash and cash equivalents		(708,922)	(2,276,059)
Effects of foreign exchange differences		146,811	360,007
Cash and cash equivalents at the beginning of the financial year		<u>5,677,266</u>	<u>7,593,318</u>
Cash and cash equivalents at the end of the financial year	8	<u>5,115,155</u>	<u>5,677,266</u>
<u>Cash and cash equivalents comprised of:</u>			
Deposits with licensed financial institutions		1,578,137	334,091
Bank balances		<u>3,537,018</u>	<u>5,343,175</u>
Cash and cash equivalents at the end of the financial year	8	<u>5,115,155</u>	<u>5,677,266</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES**

CIMB-Principal China-India-Indonesia Equity Fund (the “Fund”) is governed by a Principal Master Deed dated 15 May 2008, a Sixth Supplemental Master Deed dated 16 December 2009, a Thirteenth Supplemental Master Deed dated 26 June 2012 and an Eighteenth Supplemental Master Deed dated 25 March 2015 (collectively referred to as the “Deeds”), between Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the “Manager”) and Universal Trustee (Malaysia) Berhad (the “Trustee”).

The Fund seeks to achieve its objective by investing primarily in equities and equity related securities of undervalued listed companies which are domiciled or have significant operations in China, India and Indonesia markets which offer attractive valuations and medium-term to long-term growth potential. The target companies are companies which are traded at attractive valuations and have the potential to ride on the future recovery and growth of China, India and Indonesia.

The “significant operations” means the major business of the company. The Fund can invest in companies not only listed in China, India and Indonesia, but also those that have major businesses in China, India and Indonesia markets. For example, the Fund can invest in a company with business/operations in China but listed on Hong Kong Stock Exchange. The threshold for “significant operations” would be if more than 30% of total group revenue derive from China, India or Indonesia. Whereas, the “attractive valuations” means stocks or companies that have valuations based on PE or PB ratios that are lower than the respective sector or country valuations at that time. Where necessary, we will obtain the licenses/permits for investments in countries that require licenses/permits. If we are unable to obtain the necessary licenses/permits, or the licenses/permits are revoked or not renewed (as the case may be), we will seek to invest in other accessible markets.

The Fund will generally invest between 70% to 98% (both inclusive) of its NAV in equities and equity related securities with at least 2% of the Fund’s NAV invested in liquid assets for liquidity purposes. The Fund may also invest up to 28% of its NAV in other permissible investments. The Fund’s allocation to each of the aforesaid countries will vary depending on the Manager and its delegate’s outlook for each country. The Fund may also 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.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:

(a) Basis of preparation

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

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

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported year.

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

Standard that is effective and relevant:

The Fund has applied the following amendments for the first time for the financial year beginning 1 October 2018:

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

In accordance with the transitional provisions provided in MFRS 9, comparative information was not restated and continued to be reported under previous accounting policies governed under MFRS 139.

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.

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

(i) Financial year beginning on/after 1 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, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised.

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

The Fund will apply this 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 investments in collective investment schemes and quoted securities as financial assets at fair value through profit or loss at inception.

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

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

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

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

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

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

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

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

Investment in collective investment scheme has contractual cash flows that do not represent SPPI, and therefore are classified as fair value through profit or loss.

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

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

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

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

Financial liabilities, within the scope of MFRS 139 up to 30 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 arising from changes in the fair value of the financial assets at fair value through profit or loss are presented in the statement of comprehensive income within net gain or loss on financial assets at fair value through profit or loss in the financial year which they arise.

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

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

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

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 method.

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

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

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in statement of comprehensive income. If 'loans and receivables' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

If, in a subsequent financial year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in statement of comprehensive income.

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

From 1 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.

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

(c) Income recognition

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

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

(d) 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)**(e) Foreign currency**Functional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). The financial statements are presented in 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) Significant portion of the Fund’s expenses are denominated in MYR.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income.

(f) Taxation

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

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

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

(g) Transaction costs

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

(h) Management fee rebate

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

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

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

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

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

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

(j) Amount due from/to stockbrokers

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

These amounts are recognised initially at fair value and up to 30 September 2018, subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of amounts due stockbrokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the stockbrokers. Significant financial difficulties of the stockbrokers, probability that the stockbrokers will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from stockbrokers is impaired. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the interest rate used to discount the future cash flows for the purpose of measuring the impairment loss.

From 1 October 2018, these amounts are subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amounts due from stockbrokers at an amount equal to the lifetime ECL if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the stockbrokers, probability that the stockbrokers will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by the Manager as any contractual payment which is more than 30 days past due.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) 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 this accounting policy, no significant judgement was required.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund are as follows:

	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
2019			
Cash and cash equivalents (Note 9)	-	5,115,155	5,115,155
Collective investment schemes (Note 8)	9,723,078	-	9,723,078
Quoted securities (Note 8)	84,901,585	-	84,901,585
Amount due from stockbrokers	-	959,661	959,661
Amount due from Manager	-	370,480	370,480
Amount due from Manager of collective investment schemes - Management fee rebate	-	177,586	177,586
Dividends receivable	-	73,886	73,886
	<u>94,624,663</u>	<u>6,696,768</u>	<u>101,321,431</u>
	Financial assets at fair value through profit or loss RM	Loans and receivables RM	Total RM
2018			
Cash and cash equivalents (Note 9)	-	5,677,266	5,677,266
Collective investment schemes (Note 8)	10,181,561	-	10,181,561
Quoted securities (Note 8)	107,551,491	-	107,551,491
Amount due from stockbrokers	-	4,258,325	4,258,325
Amount due from Manager	-	64,418	64,418
Amount due from Manager of collective investment schemes - Management fee rebate	-	77,534	77,534
Dividends receivable	-	201,159	201,159
	<u>117,733,052</u>	<u>10,278,702</u>	<u>128,011,754</u>

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

The Fund aims to achieve medium to long-term capital appreciation by capitalising on investments ideas in undervalued listed companies which are domiciled or have significant operations in China, India and Indonesia.

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

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

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

(a) Market risk

(i) Price risk

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

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

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

	2019 RM	2018 RM
Financial assets at fair value through profit or loss:		
- Collective investment schemes	9,723,078	10,181,561
- Quoted securities	84,901,585	107,551,491
	<u>94,624,663</u>	<u>117,733,052</u>

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

% Change in price of collective investment schemes and quoted securities	Market value RM	Impact on profit or loss/NAV RM
2019		
-5%	89,893,430	(4,731,233)
0%	94,624,663	-
5%	<u>99,355,896</u>	<u>4,731,233</u>
2018		
-5%	111,846,399	(5,886,653)
0%	117,733,052	-
5%	<u>123,619,705</u>	<u>5,886,653</u>

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

(a) Market risk (continued)

(ii) Currency risk

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

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

Financial assets	Cash and cash equivalents RM	Financial assets at fair value through profit or loss RM	Amount due from stockbrokers RM	Amount due from Manager of collective investment schemes RM	Dividends receivable RM	Total RM
2019						
CNY	538	-	-	-	-	538
HKD	-	17,911,642	959,661	-	28,371	18,899,674
IDR	-	36,162,926	-	177,586	-	36,340,512
INR	68	30,340,635	-	-	19,676	30,360,379
USD	3,516,106	10,209,460	-	-	25,839	13,751,405
	<u>3,516,712</u>	<u>94,624,663</u>	<u>959,661</u>	<u>177,586</u>	<u>73,886</u>	<u>99,352,508</u>
2018						
CNY	579,796	1,262,680	-	-	-	1,842,476
HKD	59,938	30,635,604	4,258,325	-	192,212	35,146,079
IDR	258,905	41,042,330	-	77,534	-	41,378,769
INR	62	37,293,167	-	-	8,947	37,302,176
USD	4,010,698	7,499,271	-	-	-	11,509,969
	<u>4,909,399</u>	<u>117,733,052</u>	<u>4,258,325</u>	<u>77,534</u>	<u>201,159</u>	<u>127,179,469</u>

Financial liabilities	Amount due to stockbrokers RM
2019	
HKD	<u>1,055,879</u>
	<u>1,055,879</u>
2018	
INR	<u>2,734,546</u>
USD	<u>828,029</u>
	<u>3,562,575</u>

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

(a) Market risk (continued)

(ii) Currency risk (continued)

The table below summarises the sensitivity of the Fund's profit or loss and NAV to changes in foreign exchange movements at the end of each reporting year. The analysis is based on the assumption that the foreign exchange rate fluctuates by 5%, with all other variables remain constants. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change in foreign exchange rate	%	Impact on profit or loss/NAV	
			2019 RM	2018 RM
CNY		5	27	92,124
HKD		5	892,190	1,757,304
IDR		5	1,817,026	2,068,938
INR		5	1,518,019	1,865,109
USD		5	687,570	575,498
			<u>4,914,832</u>	<u>6,358,973</u>

(iii) Interest rate risk

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

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

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.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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

As at the end of each financial year, the Fund is not exposed to a material level of interest rate risk.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligation resulting in financial loss to the Fund. The credit risk arising from placements of deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

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

(b) Credit risk (continued)

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

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

The following table sets out the credit risk concentration of the Fund at the end of each reporting year:

	Cash and cash equivalents	Amount due from stockbrokers	Amount due from Manager	Amount due from Manager of collective investment schemes	Dividends receivable	Total
	RM	RM	RM	RM	RM	RM
2019						
- AAA	5,115,155	-	-	-	-	5,115,155
- Not rated	-	959,661	370,480	177,586	73,886	1,581,613
	<u>5,115,155</u>	<u>959,661</u>	<u>370,480</u>	<u>177,586</u>	<u>73,886</u>	<u>6,696,768</u>
2018						
- AAA	5,677,266	-	-	-	-	5,677,266
- Not rated	-	4,258,325	64,418	77,534	201,159	4,601,436
	<u>5,677,266</u>	<u>4,258,325</u>	<u>64,418</u>	<u>77,534</u>	<u>201,159</u>	<u>10,278,702</u>

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

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

(c) Liquidity risk

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

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

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

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
2019			
Amount due to stockbrokers	1,055,879	-	1,055,879
Amount due to Manager	610,393	-	610,393
Accrued management fee	132,153	-	132,153
Amount due to Trustee	6,560	-	6,560
Other payables and accruals	-	16,100	16,100
Contractual undiscounted cash flows	1,804,985	16,100	1,821,085
2018			
Amount due to stockbrokers	3,562,575	-	3,562,575
Amount due to Manager	554,395	-	554,395
Accrued management fee	171,405	-	171,405
Amount due to Trustee	8,237	-	8,237
Other payables and accruals	-	20,400	20,400
Contractual undiscounted cash flows	4,296,612	20,400	4,317,012

(d) Capital risk management

The capital of the Fund is represented by equity consisting of unit holders' capital of RM84,142,143 (2018: RM121,278,020) and retained earnings of RM15,358,203 (2018: RM2,416,722). 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. FINANCIAL INSTRUMENTS AND 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 value of financial assets traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the financial year end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

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

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

(i) Fair value hierarchy

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

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

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

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

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

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

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2019				
Financial assets at fair value through profit or loss:				
- Collective investment schemes	9,723,078	-	-	9,723,078
- Quoted securities	84,901,585	-	-	84,901,585
	<u>94,624,663</u>	<u>-</u>	<u>-</u>	<u>94,624,663</u>
2018				
Financial assets at fair value through profit or loss:				
- Collective investment schemes	10,181,561	-	-	10,181,561
- Quoted securities	107,551,491	-	-	107,551,491
	<u>117,733,052</u>	<u>-</u>	<u>-</u>	<u>117,733,052</u>

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

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

4. MANAGEMENT FEE

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

For financial year ended 30 September 2019, the management fee is recognised at a rate of 1.80% per annum (2018: 1.80% per annum).

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

5. TRUSTEE'S AND CUSTODIAN FEES

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

The foreign sub-custodian fee is dependent on the country invested and is charged monthly.

During the financial year 30 September 2019, the Fund incurred custodian fees of RM182,790 (2018: RM263,543).

For the financial year ended 30 September 2019, the Trustee's fee is recognised at a rate of 0.08% per annum (2018: 0.08% per annum).

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

6. TAXATION

	2019	2018
	RM	RM
Tax charged for the financial year:		
- Withholding tax	-	241,948
- Capital gain tax	637,233	711,885
	<u>637,233</u>	<u>953,833</u>

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

	2019	2018
	RM	RM
Profit/(Loss) before taxation	<u>13,578,714</u>	<u>(12,550,754)</u>
Taxation at Malaysian statutory rate of 24% (2018: 24%)	3,258,891	(3,012,181)
Tax effects of:		
(Income not subject to tax)/Loss not deductible for tax purpose	(4,121,748)	1,740,739
Expenses not deductible for tax purposes	357,125	598,730
Restriction on tax deductible expenses for Unit Trust Funds	505,732	672,712
Income subject to withholding tax	-	241,948
Income subject to capital gains tax	637,233	711,885
Taxation	<u>637,233</u>	<u>953,833</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019	2018
	RM	RM
At fair value through profit or loss:		
- Collective investment schemes	9,723,078	10,181,561
- Quoted securities	84,901,585	107,551,491
	<u>94,624,663</u>	<u>117,733,052</u>

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

	2019	2018
	RM	RM
Net gain/(loss) on financial assets at fair value through profit or loss:		
- Realised gain on disposals	6,764,251	4,720,494
- Unrealised fair value gain/(loss)	8,609,963	(14,134,200)
- Management fee rebate #	340,280	425,038
	<u>15,714,494</u>	<u>(8,988,668)</u>

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

For the financial year ended 30 September 2019, the rebate is recognised at a rate of 2.00% and 1.75% per annum for PT CIMB-Principal Asset Management Reksa Dana Indo Domestic Equity Fund and PT CIMB-Principal Asset Management Reksa Dana SMART Equity Fund respectively (2018: 2.00% and 1.75% per annum respectively), calculated and accrued daily based on the NAV of the collective investment schemes.

Name of counter	Quantity	Aggregate	Market	Percentage
	Units	cost	value	of NAV
		RM	RM	%
2019				
COLLECTIVE				
INVESTMENT SCHEMES				
PT CIMB-Principal Asset Management Reksa Dana Indo Domestic Equity Fund	9,919,754	2,668,119	2,746,924	2.76
PT CIMB-Principal Asset Management Reksa Dana SMART Equity Fund	<u>22,269,718</u>	<u>7,244,588</u>	<u>6,976,154</u>	<u>7.01</u>
TOTAL COLLECTIVE INVESTMENT SCHEMES	<u>32,189,472</u>	<u>9,912,707</u>	<u>9,723,078</u>	<u>9.77</u>
ACCUMULATED UNREALISED LOSS ON COLLECTIVE INVESTMENT SCHEMES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(189,629)</u>		
TOTAL COLLECTIVE INVESTMENT SCHEMES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>9,723,078</u>		

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 (CONTINUED)				
QUOTED SECURITIES				
CAYMAN ISLANDS				
Consumer Discretionary				
Alibaba Group Holding Ltd	6,869	4,671,110	4,809,045	4.83
TOTAL CAYMAN ISLANDS	6,869	4,671,110	4,809,045	4.83
CHINA				
Real Estate				
China Vanke Co Ltd - H	65,800	1,000,880	959,246	0.96
TOTAL CHINA	65,800	1,000,880	959,246	0.96
HONG KONG Special Administrative Region ("SAR"), CHINA				
Communication Services				
Tencent Holdings Ltd	26,600	4,442,012	4,690,293	4.71
Consumer Discretionary				
TCL Electronics Holdings Ltd	1,666,000	3,577,932	3,496,300	3.50
Energy				
CNOOC Ltd	161,000	1,116,535	1,028,249	1.04
Financials				
AIA Group Ltd	25,000	927,986	988,568	1.00
Health Care				
Jinxin Fertility Group Ltd	480,000	3,023,518	2,911,795	2.93
Wuxi Biologics Cayman Inc	45,500	2,012,979	1,943,760	1.95
	525,500	5,036,497	4,855,555	4.88
Industrials				
Techtronic Industries Co	65,000	1,775,651	1,893,431	1.91
TOTAL HONG KONG SAR, CHINA	2,469,100	16,876,613	16,952,396	17.04

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
INDIA				
Consumer Discretionary				
Maruti Suzuki India Ltd	3,698	1,523,079	1,467,750	1.47
Energy				
Reliance Industries Ltd	46,449	2,900,528	3,657,207	3.67
Financials				
HDFC Bank Ltd	33,964	2,239,649	2,463,827	2.47
Housing Development Finance Corp Ltd	16,568	1,736,621	1,935,866	1.95
ICICI Bank Ltd	61,535	1,568,112	1,577,245	1.59
	112,067	5,544,382	5,976,938	6.01
Health Care				
Dr Reddys Labs	6,305	906,519	1,006,927	1.02
Industrials				
Larsen & Toubro Ltd	44,486	3,910,324	3,875,984	3.90
Information Technology				
Infosys Ltd	79,097	3,484,799	3,766,118	3.79
Tata Consultancy Services Ltd	36,051	4,237,253	4,472,798	4.49
	115,148	7,722,052	8,238,916	8.28
Materials				
Asian Paints Ltd	14,311	1,175,328	1,490,390	1.50
Ultra Tech Cement Ltd	4,287	1,173,174	1,099,906	1.11
	18,598	2,348,502	2,590,296	2.61
Real Estate				
Godrej Properties Ltd	48,831	2,457,956	2,997,597	3.00
Utilities				
Indraprastha Gas Ltd	25,597	458,388	529,020	0.53
TOTAL INDIA	421,179	27,771,730	30,340,635	30.49

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
INDONESIA				
Communication Services				
PT Telekomunikasi Tbk	4,545,100	5,091,024	5,774,950	5.80
Consumer Discretionary				
PT Astra International Tbk	259,600	582,668	505,099	0.51
PT Mitra Adiperkasa Tbk	5,128,600	1,519,092	1,557,269	1.57
	5,388,200	2,101,760	2,062,368	2.08
Financials				
PT Bank Central Asia	247,100	1,706,727	2,210,848	2.22
PT Bank Mandiri	1,697,400	3,621,026	3,490,245	3.51
PT Bank Rakyat Indonesia	5,145,400	5,688,103	6,249,479	6.28
	7,089,900	11,015,856	11,950,572	12.01
Materials				
Semen Indonesia Persero Tbk	540,500	1,944,686	1,840,370	1.85
Real Estate				
PT Ciputra Development Tbk	8,818,200	2,687,634	2,742,584	2.76
PT Puradelta Lestari Tbk	24,887,700	1,108,492	2,069,004	2.08
	33,705,900	3,796,126	4,811,588	4.84
TOTAL INDONESIA	51,269,600	23,949,452	26,439,848	26.58
UNITED STATES				
Information Technology				
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	27,753	4,957,633	5,400,415	5.43
TOTAL UNITED STATES	27,753	4,957,633	5,400,415	5.43

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
TOTAL QUOTED SECURITIES	<u>54,260,301</u>	79,227,418	<u>84,901,585</u>	<u>85.33</u>
ACCUMULATED UNREALISED GAIN ON QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>5,674,167</u>		
TOTAL QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>84,901,585</u>		

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2018				
COLLECTIVE INVESTMENT SCHEMES				
PT CIMB-Principal Asset Management Reksa Dana Indo Domestic Equity Fund	9,919,754	2,668,119	2,520,704	2.04
PT CIMB-Principal Asset Management Reksa Dana SMART Equity Fund	<u>26,537,886</u>	<u>8,633,071</u>	<u>7,660,857</u>	<u>6.19</u>
TOTAL COLLECTIVE INVESTMENT SCHEMES	<u>36,457,640</u>	<u>11,301,190</u>	<u>10,181,561</u>	<u>8.23</u>
ACCUMULATED UNREALISED LOSS ON COLLECTIVE INVESTMENT SCHEMES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(1,119,629)</u>		
TOTAL COLLECTIVE INVESTMENT SCHEMES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>10,181,561</u>		

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2018				
QUOTED SECURITIES				
CAYMAN ISLANDS				
Consumer Discretionary				
Alibaba Group Holding Ltd	5,615	3,551,088	3,827,252	3.09
TOTAL CAYMAN ISLANDS	5,615	3,551,088	3,827,252	3.09
CHINA				
Materials				
Beijing Oriental Yuhong Waterproof Technology Co Ltd	144,338	2,156,569	1,262,680	1.02
TOTAL CHINA	144,338	2,156,569	1,262,680	1.02
HONG KONG SAR, CHINA				
Communication Services				
Tencent Holdings Ltd	21,300	3,684,386	3,638,967	2.94
Consumer Discretionary				
Galaxy Entertainment Group Ltd	92,000	3,084,280	2,414,539	1.95
Energy				
CNOOC Ltd	329,000	2,366,019	2,695,596	2.18
PetroChina Co Ltd -H**	872,000	2,691,867	2,922,355	2.36
	1,201,000	5,057,886	5,617,951	4.54
Financials				
HSBC Holdings Plc	34,800	1,455,784	1,272,953	1.03
Industrial & Commercial Bank of China Ltd -H**	1,026,465	3,102,708	3,103,611	2.51
Ping An Insurance Group Co of China Ltd -H**	77,000	2,769,732	3,235,825	2.62
	1,138,265	7,328,224	7,612,389	6.16
Industrials				
Techtronic Industries Co Ltd	143,000	3,600,008	3,779,490	3.06
Materials				
Anhui Conch Cement Co Ltd -H**	155,000	3,893,578	3,871,334	3.13

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2018 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
HONG KONG SAR, CHINA (CONTINUED)				
Real Estate				
China Overseas Land & Investment Ltd	92,000	1,259,786	1,191,464	0.96
China Vanke Co Ltd -H**	88,100	1,385,057	1,206,154	0.98
Link REIT	32,000	1,262,944	1,303,316	1.05
	<u>212,100</u>	<u>3,907,787</u>	<u>3,700,934</u>	<u>2.99</u>
TOTAL HONG KONG SAR, CHINA	<u>2,962,665</u>	<u>30,556,149</u>	<u>30,635,604</u>	<u>24.77</u>
INDIA				
Consumer Discretionary				
Maruti Suzuki India Ltd	<u>11,030</u>	<u>5,965,221</u>	<u>4,627,834</u>	<u>3.74</u>
Consumer Staples				
Dabur India Ltd	52,623	1,175,511	1,282,738	1.04
Hindustan Unilever Ltd	13,161	1,230,230	1,208,702	0.98
	<u>65,784</u>	<u>2,405,741</u>	<u>2,491,440</u>	<u>2.02</u>
Energy				
Reliance Industries Ltd	<u>111,839</u>	<u>6,278,545</u>	<u>8,033,277</u>	<u>6.49</u>
Financials				
HDFC Bank Ltd	40,015	4,838,782	4,583,536	3.71
Housing Development Finance Corp Ltd	40,953	4,258,131	4,102,751	3.32
ICICI Bank Ltd	108,873	2,173,575	1,899,497	1.54
IndusInd Bank Ltd	11,005	1,197,558	1,062,003	0.86
	<u>200,846</u>	<u>12,468,046</u>	<u>11,647,787</u>	<u>9.43</u>
Health Care				
Dr Reddy's Laboratories Ltd	<u>10,965</u>	<u>1,576,523</u>	<u>1,584,444</u>	<u>1.28</u>
Industrials				
Larsen & Toubro Ltd	<u>35,291</u>	<u>2,815,666</u>	<u>2,563,429</u>	<u>2.07</u>
Information Technology				
HCL Technologies Ltd	20,496	1,224,893	1,273,076	1.03
Tata Consultancy Services Ltd	27,180	2,949,604	3,389,054	2.74
	<u>47,676</u>	<u>4,174,497</u>	<u>4,662,130</u>	<u>3.77</u>
Materials				
UltraTech Cement Ltd	<u>2,571</u>	<u>711,596</u>	<u>596,017</u>	<u>0.48</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2018 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
INDIA (CONTINUED)				
Utilities				
Indraprastha Gas Ltd	78,343	1,498,102	1,086,809	0.88
TOTAL INDIA	564,345	37,893,937	37,293,167	30.16
INDONESIA				
Communication Services				
PT Telekomunikasi Indonesia Persero Tbk	5,381,300	6,057,150	5,437,610	4.40
PT XL Axiata Tbk	2,297,100	1,614,507	1,759,983	1.42
	<u>7,678,400</u>	<u>7,671,657</u>	<u>7,197,593</u>	<u>5.82</u>
Consumer Discretionary				
PT Ace Hardware Indonesia Tbk	5,305,500	1,937,217	2,120,842	1.71
PT Astra International Tbk	747,200	1,547,000	1,524,557	1.23
PT Mitra Adiperkasa Tbk	5,847,800	1,193,145	1,339,263	1.08
PT Ramayana Lestari Sentosa Tbk	13,394,300	4,927,522	4,833,735	3.91
	<u>25,294,800</u>	<u>9,604,884</u>	<u>9,818,397</u>	<u>7.93</u>
Consumer Staples				
PT Astra Agro Lestari Tbk	193,900	686,346	667,450	0.54
PT Gudang Garam Tbk	62,200	1,284,977	1,278,601	1.03
PT Indofood Sukses Makmur Tbk	376,800	651,423	617,138	0.50
	<u>632,900</u>	<u>2,622,746</u>	<u>2,563,189</u>	<u>2.07</u>
Financials				
PT Bank Central Asia Tbk	392,900	2,341,752	2,634,017	2.13
PT Bank Mandiri Persero Tbk	1,029,800	2,232,042	1,922,492	1.55
PT Bank Negara Indonesia Persero Tbk	363,700	874,263	747,127	0.60
PT Bank Rakyat Indonesia Persero Tbk	5,257,700	4,514,737	4,597,543	3.72
PT BFI Finance Indonesia Tbk	1,430,600	314,563	244,238	0.20
	<u>8,474,700</u>	<u>10,277,357</u>	<u>10,145,417</u>	<u>8.20</u>
Industrials				
PT Blue Bird Tbk	578,600	458,326	497,920	0.40

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2018 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
Real Estate				
PT Summarecon Agung Tbk	<u>3,510,200</u>	<u>1,153,832</u>	<u>638,253</u>	<u>0.52</u>
TOTAL INDONESIA	<u>46,169,600</u>	<u>31,788,802</u>	<u>30,860,769</u>	<u>24.94</u>
UNITED STATES				
Consumer Discretionary				
Huazhu Group Ltd	<u>27,480</u>	<u>3,610,742</u>	<u>3,672,019</u>	<u>2.97</u>
TOTAL UNITED STATES	<u>27,480</u>	<u>3,610,742</u>	<u>3,672,019</u>	<u>2.97</u>
TOTAL QUOTED SECURITIES	<u>49,874,043</u>	<u>109,557,287</u>	<u>107,551,491</u>	<u>86.95</u>
ACCUMULATED UNREALISED LOSS ON QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(2,005,796)</u>		
TOTAL QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>107,551,491</u>		

** H shares refer to the shares of companies incorporated in the Chinese mainland that are listed on the Hong Kong Stock Exchange or other foreign exchange. H shares are still regulated by Chinese law, but they are denominated in Hong Kong dollars and trade the same as other equities on the Hong Kong Stock Exchange

8. CASH AND CASH EQUIVALENTS

	2019	2018
	RM	RM
Deposits with licensed financial institutions	1,578,137	334,091
Bank balances	<u>3,537,018</u>	<u>5,343,175</u>
	<u><u>5,115,155</u></u>	<u><u>5,677,266</u></u>

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

	2019	2018
	%	%
Deposits with licensed financial institutions	<u>3.15</u>	<u>3.30</u>

Deposits with licensed financial institutions of the Fund have an average maturity 1 day. (2018: 1 day)

9. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2019	2018
	No. of units	No. of units
At the beginning of the financial year	310,818,006	302,873,707
Add : Creation of units from applications	55,471,662	174,842,055
Less : Cancellation of units	<u>(140,234,104)</u>	<u>(166,897,756)</u>
At the end of the financial year	<u><u>226,055,564</u></u>	<u><u>310,818,006</u></u>

10. MANAGEMENT EXPENSE RATIO (“MER”)

	2019	2018
	%	%
MER	<u>2.12</u>	<u>1.94</u>

MER is derived based on the following calculation:

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

- A = Management fee
- B = Trustee’s and custodian fees
- C = Audit fee
- D = Tax agent’s fee
- E = Other expenses excluding Sales and Services Tax (“SST”) on transaction costs and withholding tax
- F = Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on a daily basis is RM116,052,961 (2018: RM147,905,225).

11. PORTFOLIO TURNOVER RATIO (“PTR”)

	2019	2018
PTR (times)	<u>1.29</u>	<u>1.85</u>

PTR is derived based on the following calculation:

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

where:

total acquisition for the financial year = RM130,589,847 (2018: RM277,541,057)
 total disposal for the financial year = RM169,072,451 (2018: RM269,440,556)

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

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

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

12. 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	2019		2018	
	No. of units	RM	No. of units	RM
Principal Asset Management Berhad <i>(formerly known as CIMB-Principal Asset Management Berhad)</i>	153,942	67,750	40,704	16,196

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 company have been entered into in the normal course of business at agreed terms between the related parties.

	2019	2018
	RM	RM
<u>Significant related party transactions</u>		
Interest income from deposits with licensed financial institution:		
- CIMB Bank Bhd	<u>574</u>	<u>789</u>
Cash placements with licensed financial institution:		
- CIMB Bank Bhd	<u>3,461,000</u>	<u>2,785,000</u>

13. TRANSACTIONS WITH BROKERS/DEALERS

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

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Instinet Pacific Ltd	29,254,521	9.76	85,003	13.88
Citigroup Global Markets Ltd	25,857,987	8.63	33,874	5.53
CLSA (Hong Kong) Ltd	25,274,895	8.43	49,660	8.11
JP Morgan Securities LLC	24,759,498	8.26	7,428	1.21
DBS Vickers Securities (Singapore) Pte Ltd	24,652,357	8.23	54,654	8.93
Credit Suisse (Hong Kong) Ltd	23,838,208	7.96	48,676	7.95
Shenwan Hongyuan SG Pte Ltd	23,581,120	7.87	35,372	5.78
Macquarie Securities (Singapore) Pte Ltd	22,360,660	7.46	66,450	10.85
Sanford C Bernstein (Hong Kong) Ltd	21,401,275	7.14	58,096	9.49
CGS-CIMB Sec (Singapore) Pte Ltd	15,838,360	5.29	32,405	5.29
Others #	62,843,417	20.97	140,650	22.98
	299,662,298	100.00	612,268	100.00

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

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Instinet Pacific Ltd	93,802,565	17.15	262,447	19.38
China International Capital Corporation (Hong Kong) Ltd	46,765,355	8.55	110,995	8.20
Morgan Stanley	46,527,231	8.51	116,318	8.59
Macquarie Securities (Singapore) Pte Ltd	46,074,699	8.42	136,799	10.10
Sanford C Bernstein (Hong Kong) Ltd	44,129,833	8.07	121,028	8.94
JP Morgan Securities Singapore Pte Ltd	42,957,708	7.85	122,315	9.03
Citigroup Global Markets Ltd	37,898,741	6.93	91,054	6.72
DBS Vickers Securities (Singapore) Pte Ltd	37,696,221	6.89	86,110	6.36
CLSA (Hong Kong) Ltd	29,829,332	5.45	76,214	5.63
Bloomberg Tradebook LLC	23,480,048	4.29	38,031	2.81
Others #	97,818,894	17.89	193,042	14.24
	546,980,627	100.00	1,354,353	100.00

13. TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)

Included in the transactions are trades conducted with CIMB Securities (Singapore) Pte Ltd and PT CIMB-Principal Asset Management, fellow related parties to the Manager amounting to RM15,835,360 (2018: RM15,835,215) and RM1,402,227 (2018: RM10,020,450) respectively. The Manager is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties.

14. MFRS 9 FINANCIAL INSTRUMENTS

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

The measurement category and the carrying amount of financial assets and financial liabilities in accordance with MFRS 139 and MFRS 9 at 1 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
Financial assets						
Cash and cash equivalents	Loans and receivables	Amortised cost	5,677,266	-	-	5,677,266
Investment in collective investment scheme and quoted securities	FVTPL	FVTPL	117,733,052	-	-	117,733,052
Amount due from stockbrokers	Loans and receivables	Amortised cost	4,258,325	-	-	4,258,325
Amount due from Manager	Loans and receivables	Amortised cost	64,418	-	-	64,418
Amount due from Manager of collective investment scheme - Management fee rebate	Loans and receivables	Amortised cost	77,534	-	-	77,534
Dividend receivable	Loans and receivables	Amortised cost	201,159	-	-	201,159

14. MFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

	Measurement category			Carrying amount		
	Original (MFRS 139)	New (MFRS 9)	Original (MFRS 139)	Reclassi- fications	Remeas- urements	New (MFRS 9)
			RM	RM	RM	RM
Financial liabilities						
Amount due to stockbrokers	Amortised cost	Amortised cost	3,562,575	-	-	3,562,575
Amount due to Manager	Amortised cost	Amortised cost	554,395	-	-	554,395
Accrued management fee	Amortised cost	Amortised cost	171,405	-	-	171,405
Amount due to Trustee	Amortised cost	Amortised cost	8,237	-	-	8,237
Other payables and accruals	Amortised cost	Amortised cost	20,400	-	-	20,400

15. APPROVAL OF FINANCIAL STATEMENTS

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

DIRECTORY

Head Office of the Manager

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

Website

www.principal.com.my

E-mail address

service@principal.com.my

General investment enquiries

(03) 7718 3000

Trustee for the CIMB-Principal China-India-Indonesia Equity Fund

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

Auditors of the Trusts and of the Manager

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146)
Level 10, 1 Sentral,
Jalan Rakyat, Kuala Lumpur Sentral,
PO Box 10192, 50706 Kuala Lumpur, MALAYSIA.
Tel: (03) 2173 1188
Fax: (03) 2173 1288

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

Enquiries:

Customer Care Centre
(603)7718 3000

Email
service@principal.com.my

Website
www.principal.com.my