

CIMB-Principal China-India-Indonesia Equity Fund

Interim Report

For The Financial Period Ended 31 March 2020

CIMB-PRINCIPAL CHINA-INDIA-INDONESIA EQUITY FUND
INTERIM REPORT
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2020

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INVESTORS' LETTER

Dear Valued Investor,

We are now two months into our shared “quarantine” and I hope you and your family are staying well. Around the world, communities and Governments are working together to break the chain of the Coronavirus Disease 2019 (“COVID-19”). This unprecedented crisis has been met with unimaginable action. The global response to fighting the pandemic has been encouraging.

Global equity market has shown signs of recovery towards the end of April 2019 in rebounding by approximately 11% from a decline in March 2019 of this year. Governments around the world launched fiscal stimulus packages, estimated at over 3% of global Gross Domestic Product (“GDP”), to help stabilise their local businesses and citizens amongst the strain that COVID-19 has placed on all of us. In Malaysia alone, the Government unveiled a RM260 billion stimulus package.

As an investment house, we’re refining our short-term asset allocation within our investment portfolio to an equal split between equities and fixed income. We favour Large cap, high quality defensive stocks and Asian equities due to the region having more policy room relative to the rest of the world and China is likely to return to normalcy ahead of the rest. For our:

- **Conservative investors, we recommend:** Malaysia focus bond and balanced funds that consistently pay dividends.
- **More aggressive investors, we recommend:** Growth-oriented funds that offer exposure to growth areas in China, Asia-Pacific and Global Technology.

I know this may be a challenging time for you. Please know we’re committed to being by your side throughout this year and beyond. I encourage you to check our website (www.principal.com.my) and Facebook account (@PrincipalAssetMY) for up-to-date market commentaries and investment content.

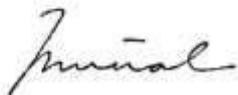
We are well positioned and experienced to manage through this period of adversity. While we may face some short-term challenges and headwinds, we will continue to focus on what we can control, and I have no doubt that we will emerge from this crisis stronger.

Because of the trust you’ve placed in us, we continue to win accolades - the most recent recognition coming from Lipper Refinitiv for our Principal Titans Income Plus Fund (*formerly known as CIMB-Principal Equity Income Fund*) on its 2019 performance.

Even in challenging times, we all can celebrate the simple joys. To that end, my sincere wishes to our Muslim customers for a most peaceful and blessed Ramadhan Kareem.

Stay safe everyone. We appreciate your continuous support and the trust you place in us.

Yours faithfully,
for **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 capitalizing 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 period under review, the Fund's total return was -21.51% underperforming the benchmark return which was -18.94%. 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, the Manager will obtain the licenses/permits for investments in countries that require licenses/permits. If the Manager are unable to obtain the necessary licenses/permits, or the licenses/permits are revoked or not renewed (as the case may be), the Manager 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 Securities Commission Malaysia ("SC") Guidelines.

The asset allocation strategy for this Fund is as follows:

- between 70% to 98% (both inclusive) of the Fund's NAV will be invested in equities and equity related securities;
- up to 28% of the Fund's NAV will be invested in other permissible investments; and
- at least 2% of the Fund's NAV will be invested in liquid assets for liquidity purposes.

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

FUND OBJECTIVE AND POLICY (CONTINUED)

Fund category/type

Equity/Growth

How long should you invest for?

Recommended medium to long terms

When was the Fund launched?

21 January 2010

What was the size of the Fund as at 31 March 2020?

RM63.49 million (189.41 million units)

What is the Fund's benchmark?

An equally weighted custom composite index of 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?

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

What was the net income distribution for the six months financial period ended 31 March 2020?

The Fund distributed a total net income of RM3.02 million to unit holders, as a result, the NAV per unit dropped from RM0.4477 to RM0.4343 on 18 October 2019 for the six months financial period ended 31 March 2020.

PERFORMANCE DATA

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

	31.03.2020	31.03.2019	31.03.2018
	%	%	%
Collective investment schemes	5.36	8.63	7.44
Quoted securities			
- Communication Services	13.77	9.69	9.39
- Consumer Discretionary	19.11	17.94	15.21
- Consumer Staples	1.15	3.07	6.69
- Energy	5.32	3.77	10.82
- Financials	14.85	36.34	26.52
- Health Care	3.73	0.84	-
- Industrials	6.61	1.87	4.18
- Information Technology	5.21	3.51	2.87
- Materials	4.21	2.08	4.99
- Real Estate	14.55	7.81	6.46
- Utilities	-	2.00	1.96
Cash and other net assets	6.13	2.45	3.47
	<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 DATA (CONTINUED)

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

	31.03.2020	31.03.2019	31.03.2018
NAV (RM Million)	63.49	125.19	151.23
Units in circulation (Million)	189.41	284.75	360.02
NAV per unit (RM)	0.3351	0.4396	0.4200
	01.10.2019 to 31.03.2020	01.10.2018 to 31.03.2019	01.10.2017 to 31.03.2018
Highest NAV per unit (RM)	0.4609	0.4400	0.4622
Lowest NAV per unit (RM)	0.3101	0.3621	0.4171
Total return (%)	(21.51)	10.48	(3.18)
- Capital growth (%)	(24.33)	10.48	(3.18)
- Income distribution (%)	3.09	-	-
Management Expense Ratio ("MER") (%) ^	1.03	1.08	0.99
Portfolio Turnover Ratio ("PTR") (times) #	0.71	0.61	1.03

^ The Fund's MER decreased from 1.08% to 1.03% due to the decrease in expenses during the financial period under review.

The Fund's PTR increased from 0.61 times to 0.71 times due to decrease in average NAV.

	01.10.2019 to 31.03.2020	01.10.2018 to 31.03.2019	01.10.2017 to 31.03.2018
Date of distribution	18.10.2019	-	-
Gross/Net distribution per unit (sen)	1.34	-	-

	31.03.2020	31.03.2019	31.03.2018	31.03.2017	31.03.2016
	%	%	%	%	%
Annual total return	(21.42)	4.52	8.10	27.95	(7.40)

(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 period have been extracted from Lipper.

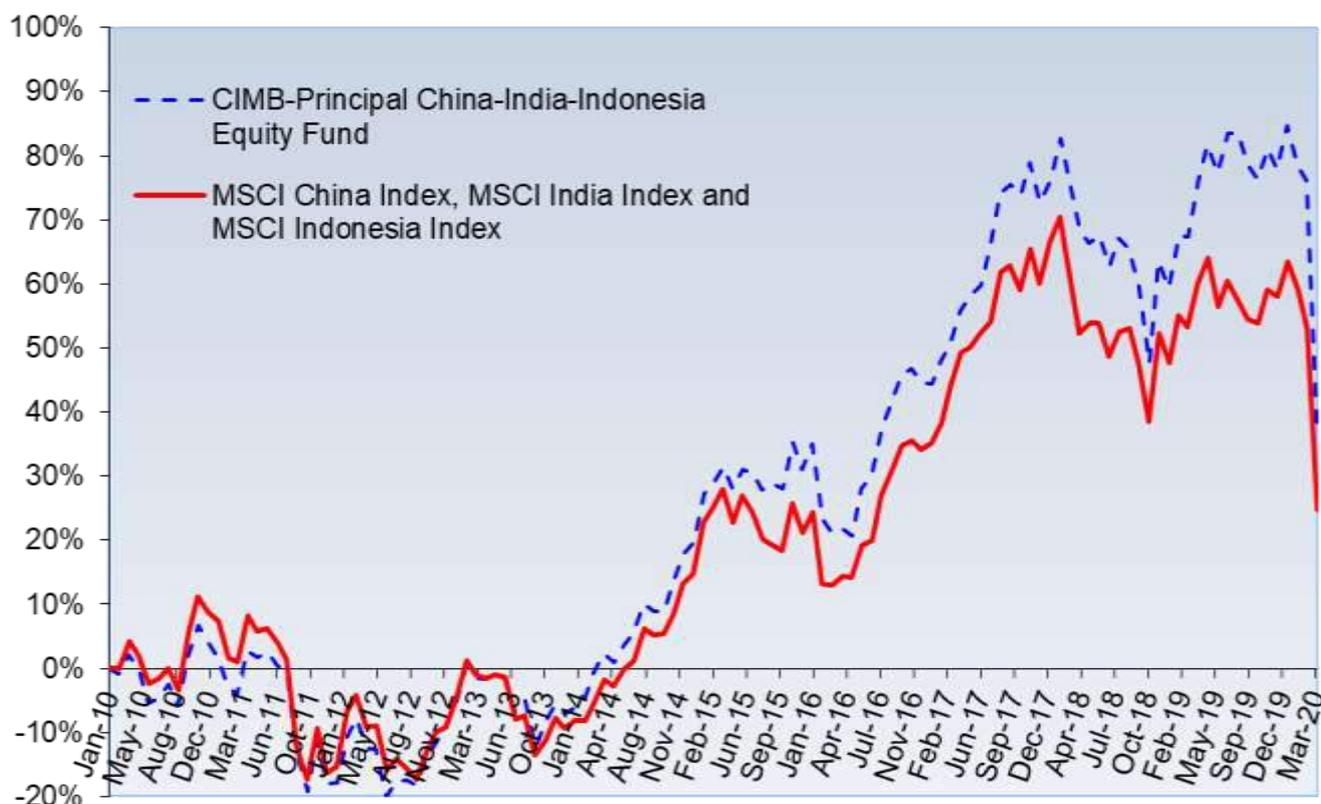
MARKET REVIEW (1 OCTOBER 2019 TO 31 MARCH 2020)

Equity markets were approaching the highs before correcting significantly in early of 2020 as the outbreak of COVID-19 progressed to be a global pandemic. Markets started getting clarity on the extent of economic impact it would have on the economy, and the difficulty Governments would face in controlling infections.

FUND PERFORMANCE

	6 months to 31.03.2020	1 year to 31.03.2020	3 years to 31.03.2020	5 years to 31.03.2020	Since Inception to 31.03.2020
	%	%	%	%	%
Income	3.09	3.09	3.09	3.09	3.09
Capital	(24.33)	(24.24)	(14.41)	1.42	33.21
Total Return	(21.51)	(21.42)	(11.22)	5.19	38.34
Benchmark	(18.94)	(22.13)	(16.49)	(2.58)	24.68
Average Total Return	N/A	(21.42)	(3.89)	1.02	3.23

For the 1-year period under review, the Fund's total return was -21.42% outperforming the benchmark by 0.71%.



Changes in NAV

	31.03.2020	30.09.2019 Audited	Changes %
NAV (RM Million)	63.49	99.50	(36.19)
NAV/Unit (RM)	0.3351	0.4401	(23.86)

The Fund's NAV decreased by 36.19% for the financial period under review due to unit redemptions and equity market weakness while NAV per unit decreased by 23.86% due to equity markets.

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

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	31.03.2020	30.09.2019 Audited
Collective investment schemes	5.36	9.77
Quoted securities	88.51	85.33
Cash and other net assets	6.13	4.90
TOTAL	100.00	100.00

Asset allocation on quoted securities has remained largely stable from 85.33% as at 30 September 2019 to 88.51% as at 31 March 2020.

MARKET OUTLOOK*

The outlook for Asia has deteriorated as the COVID-19 outbreak progressed from a China-centric event to a global pandemic. With major demand centers across the world now in almost total shutdown, and with some parts of Asia still relatively early in moving up the infection curve, we expect post-outbreak recoveries to be more labored.

Longer-term investors would do well to ride out the near-term volatility with a view that equities would be the most attractive asset class once containment measures are lifted and economic activity resumes. China is seeing a gradual recovery in its economy from very depressed levels being the first to have been affected by COVID-19. India and Indonesia are both seeing increase in cases now, and lockdowns starting but unfortunately the fiscal space to provide support is more limited. With that said valuations have fallen to very attractive levels, and further downside is likely limited unless we see further dislocations/a banking system crisis which is not what we believe will happen.

* 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 Asset Management Berhad ("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

Near term, we are focused on downside mitigation of portfolio values. We have reduced exposure to markets and sectors which present relatively higher risk to the downside should the COVID-19 virus pandemic persist for longer-than-expected. We are also avoiding deep cyclicals, banks and consumer discretionary as these sectors are vulnerable to a prolonged recession. Whilst maintaining a higher level of cash (in between 10% to 12%) than usual, the Fund will look to remain disciplined in deploying cash to quality stocks at the appropriate time to benefit from the eventual rebound. Triggers for this may include; i.e. 1) as we near the tail-end of serious public healthcare measures globally particularly in US and Europe (which would impact economies sharply in the near-term but provide visibility to an end to the healthcare crisis); 2) breakthroughs in any treatments/vaccine for COVID-19 reducing fear in the general populace and allowing Governments to ease lockdown measures to let economies function again. The Fund is currently 10% overweight China, 10% underweight Indonesia and 10% underweight India. The Fund is approximately 90% invested.

UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 31 March 2020 are as follows:

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	174	0.48	0.25
5,001-10,000	145	1.08	0.57
10,001-50,000	621	15.70	8.29
50,001-500,000	360	44.33	23.41
500,001 and above	17	127.82	67.48
Total	1,317	189.41	100.00

SOFT COMMISSIONS AND REBATES

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

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

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

We, being the Directors of Principal Asset Management Berhad (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements set out on pages 10 to 39 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 March 2020 and of its financial performance, changes in equity and cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134 - Interim Financial Reporting and International Accounting Standards (“IAS”) 34 - Interim Financial Reporting.

For and on behalf of the Manager

Principal Asset Management Berhad (Company No.: 199401018399 (304078-K))

MUNIRAH KHAIRUDDIN
Chief Executive Officer/Executive Director

JUAN IGNACIO EYZAGUIRRE BARAONA
Director

Kuala Lumpur
14 May 2020

**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 (the "Manager"), acting in the capacity of the Manager of the Fund, have fulfilled their duties in the following manner for the financial period ended 31 March 2020:

- (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 during the financial period ended 31 March 2020;
- (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.
- (d) during this financial period, a total distribution of 1.34 sen per unit (gross) has been distributed to the unit holders of the funds. we are of the view that the distribution is consistent with the objective of the fund.

For and on behalf of the Trustee

UNIVERSAL TRUSTEE (MALAYSIA) BERHAD (Company No.:17540-D)

ONG TEE VANN

Chief Executive Officer

Kuala Lumpur

14 May 2020

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2020**

	Note	01.10.2019 to 31.03.2020 RM	01.10.2018 to 31.03.2019 RM
(LOSS)/INCOME			
Dividend income		805,118	214,693
Interest income from deposits with licensed financial institutions		9,585	10,009
Net (loss)/gain on financial assets at fair value through profit or loss	8	(16,647,534)	13,823,925
Net foreign exchange loss		<u>(332,476)</u>	<u>(273,406)</u>
		<u>(16,165,307)</u>	<u>13,775,221</u>
EXPENSES			
Management fee	4	841,556	1,081,045
Trustee's and custodian fees	5	101,127	134,535
Audit fee		8,550	8,550
Tax Agent's fee		1,750	67,205
Transaction costs		356,462	491,984
Other expenses		<u>106,752</u>	<u>7,746</u>
		<u>1,416,197</u>	<u>1,791,065</u>
(LOSS)/PROFIT BEFORE TAXATION		(17,581,504)	11,984,156
Taxation	6	<u>-</u>	<u>(7,578)</u>
(LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL PERIOD		<u>(17,581,504)</u>	<u>11,976,578</u>
 (Loss)/Profit after taxation is made up as follows:			
Realised amount		1,295,594	(2,818,324)
Unrealised amount		<u>(18,877,098)</u>	<u>14,794,902</u>
		<u>(17,581,504)</u>	<u>11,976,578</u>

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020**

		31.03.2020	30.09.2019
	Note	RM	Audited RM
ASSETS			
Cash and cash equivalents	9	4,141,563	5,115,155
Financial assets at fair value through profit or loss	8	59,595,268	94,624,663
Amount due from stockbrokers		-	959,661
Amount due from Manager		287,619	370,480
Amount due from Manager of collective investment schemes			
- Management fee rebate		232,350	177,586
Dividends receivable		6,016	73,886
TOTAL ASSETS		<u>64,262,816</u>	<u>101,321,431</u>
LIABILITIES			
Amount due to stockbrokers		-	1,055,879
Amount due to Manager		654,406	610,393
Accrued management fee		102,674	132,153
Amount due to Trustee		4,836	6,560
Distribution payable		(200)	-
Other payables and accruals		13,800	16,100
TOTAL LIABILITIES		<u>775,516</u>	<u>1,821,085</u>
NET ASSET VALUE OF THE FUND		<u>63,487,300</u>	<u>99,500,346</u>
EQUITY			
Unit holders' capital		68,728,881	84,142,143
(Accumulated losses)/Retained earnings		<u>(5,241,581)</u>	<u>15,358,203</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>63,487,300</u>	<u>99,500,346</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	10	<u>189,414,737</u>	<u>226,055,564</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.3351</u>	<u>0.4401</u>

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**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2020**

		Unit holders' capital RM	(Accumulated losses)/ Retained earnings RM	Total RM
Balance as at 1 October 2019	Note	84,142,143	15,358,203	99,500,346
Movement in unit holders' contributions:				
- Creation of units from applications		7,295,238	-	7,295,238
- Creation of units from distribution		2,836,421	-	2,836,421
- Cancellation of units		(25,544,921)	-	(25,544,921)
Total comprehensive loss for the financial period		-	(17,581,504)	(17,581,504)
Distribution for the financial period	7	-	(3,018,280)	(3,018,280)
Balance as at 31 March 2020		<u>68,728,881</u>	<u>(5,241,581)</u>	<u>63,487,300</u>
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		7,815,413	-	7,815,413
- Cancellation of units		(18,296,106)	-	(18,296,106)
Total comprehensive income for the financial period		-	11,976,578	11,976,578
Balance as at 31 March 2019		<u>110,797,327</u>	<u>14,393,300</u>	<u>125,190,627</u>

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

**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2020**

	01.10.2019 to 31.03.2020	01.10.2018 to 31.03.2019
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of quoted securities	76,394,297	82,113,780
Purchase of quoted securities	(58,697,974)	(72,408,479)
Dividend income received	752,699	372,208
Interest income received from deposits with licensed financial institutions	9,585	10,009
Management fee paid	(880,343)	(982,393)
Trustee's and custodian fees paid	(102,851)	(134,393)
Payments for other fees and expenses	(18,295)	(88,752)
Net realised foreign exchange loss	(246,987)	(167,295)
Management fee rebate received	64,070	93,491
Net cash generated from operating activities	17,274,201	8,808,176
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	7,378,099	7,550,096
Payments for distribution	(182,059)	-
Payments for cancellation of units	(25,500,908)	(17,976,129)
Net cash used in financing activities	(18,304,868)	(10,426,033)
Net decrease in cash and cash equivalents	(1,030,667)	(1,617,857)
Effects of foreign exchange differences	57,075	30,151
Cash and cash equivalents at the beginning of the financial period	5,115,155	5,677,266
Cash and cash equivalents at the end of the financial period	4,141,563	4,089,560
<u>Cash and cash equivalents comprised of:</u>		
Deposits with licensed financial institutions	631,044	410,116
Bank balances	3,510,519	3,679,444
Cash and cash equivalents at the end of the financial period	4,141,563	4,089,560

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2019****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES**

CIMB-Principal 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 (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, the Manager will obtain the licenses/permits for investments in countries that require licenses/permits. If the Manager are unable to obtain the necessary licenses/permits, or the licenses/permits are revoked or not renewed (as the case may be), the Manager will seek to invest in other accessible markets.

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The asset allocation strategy for this Fund is as follows:

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- up to 28% of the Fund’s NAV will be invested in other permissible investments; and
- at least 2% of the Fund’s NAV will be invested in liquid assets for liquidity purposes.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements have been prepared in accordance with the provisions of the MFRS and International Financial Reporting Standards (“IFRS”).

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

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

It also requires the Manager to exercise their judgement in the process of applying the Fund’s accounting policies. Although these estimates and assumptions are based on the Manager’s best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 2(m).

Standards, amendments to published standards or interpretation that are effective and relevant:

The Fund has applied the following amendments to published standards for the first time for the financial period beginning 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 (“OCI”) or equity) depends on where the past transactions that generated distributable profits were recognised.

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

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

There are no applicable standards, amendments to standards or interpretations that re effective for interim periods beginning on/after 1 October 2020 to the financial statements of the Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) Financial assets and financial liabilities

Classification

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

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

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

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

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

Recognition and measurement

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

Financial liabilities are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

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

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

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

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.

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

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

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

Impairment for assets carried at amortised costs

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

Significant increase in credit risk

A significant increase in credit risk is defined by the Manager as any contractual payment which is more than 30 days past due.

Definition of default and credit-impaired financial assets

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

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

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

(c) Income recognition

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

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

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

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

(d) Foreign currencyFunctional and presentation currency

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

Due to mixed factors in determining the functional currency of the Fund, the Manager has used its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have determined the functional currency to be in RM primarily due to the following factors:

- (i) Units of the Fund are denominated in RM.
- (ii) Significant portion of the Fund's expenses are denominated in RM.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Cash and cash equivalents

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

(f) Taxation

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

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

(g) Transaction costs

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

(h) 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.

(i) Unit holders' contributions

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

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

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

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

(j) Amount due from/to stockbrokers

Amount 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.

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

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

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.

(k) Distribution

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

(l) Realised and unrealised portions of profit or loss after tax

The analysis of realised and unrealised profit or loss after tax as presented on the statement of comprehensive income is prepared in accordance with SC Guidelines on Unit Trust Funds.

(m) 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. RISK MANAGEMENT OBJECTIVES AND POLICIES

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.

(a) Market risk

(i) Price risk

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

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

(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.

(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.

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

As at the end of each financial period, 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.

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.

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.

(c) Liquidity risk

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

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

(d) Capital risk management

The capital of the Fund is represented by equity consisting of unit holders' capital and accumulated losses/retained earnings. The amount of capital can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

The fair 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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

(i) Fair value hierarchy

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31.03.2020				
Financial assets at fair value through profit or loss:				
- Collective investment schemes	3,406,202	-	-	3,406,202
- Quoted securities	<u>56,189,066</u>	<u>-</u>	<u>-</u>	<u>56,189,066</u>
	<u>59,595,268</u>	<u>-</u>	<u>-</u>	<u>59,595,268</u>
30.09.2019				
Audited				
Financial assets at fair value through profit or loss:				
- Collective investment schemes	9,723,078	-	-	9,723,078
- Quoted securities	<u>84,901,585</u>	<u>-</u>	<u>-</u>	<u>84,901,585</u>
	<u>94,624,663</u>	<u>-</u>	<u>-</u>	<u>94,624,663</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 the six months financial period ended 31 March 2020, the management fee is recognised at a rate of 1.80% per annum (31.03.2019: 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 in arrears.

For the six months financial period ended 31 March 2020, the Trustee's fee is recognised at a rate of 0.08% per annum (31.03.2019: 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

	01.10.2019 to 31.03.2020	01.10.2018 to 31.03.2019
	RM	RM
Tax charged for the financial period:		
- Current taxation	<u>-</u>	<u>7,578</u>

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

	01.10.2019 to 31.03.2020	01.10.2018 to 31.03.2019
	RM	RM
(Loss)/Profit before taxation	<u>(17,581,504)</u>	<u>11,984,156</u>
Taxation at Malaysian statutory rate of 24% (31.03.2019: 24%)	(4,219,561)	2,876,198
Tax effects of:		
Loss not deductible for tax purposes/(Income not subject to tax)	3,879,674	(3,306,053)
Expenses not deductible for tax purposes	134,206	167,600
Restriction on tax deductible expenses for Unit Trust Funds	205,681	262,255
Investment income subject to withholding tax	-	7,578
Taxation	<u>-</u>	<u>7,578</u>

7. DISTRIBUTION

Distributions to unit holders are derived from the following sources:

	01.10.2019 to 31.03.2020	01.10.2018 to 31.03.2019
	RM	RM
Dividend income	83,968	-
Interest income	9,585	-
Realised loss on disposal of financial assets at fair value through profit or loss	(63,660)	-
Prior financial period's realised income	<u>3,081,758</u>	<u>-</u>
	3,111,651	-
Less:		
Expenses	<u>93,371</u>	<u>-</u>
Net distribution amount	<u>3,018,280</u>	<u>-</u>
Distribution on 18 October 2019		
Gross/Net distribution per unit (sen)	<u>1.34</u>	<u>-</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.03.2020	30.09.2019
	RM	Audited RM
Financial assets at fair value through profit or loss:		
- Collective investment schemes	3,406,202	9,723,078
- Quoted securities	<u>56,189,066</u>	<u>84,901,585</u>
	<u>59,595,268</u>	<u>94,624,663</u>
	01.10.2019 to 31.03.2020	01.10.2018 to 31.03.2019
	RM	RM
Net (loss)/gain on financial assets at fair value through profit or loss:		
- Realised gain/(loss) on disposals	2,176,575	(1,137,361)
- Unrealised fair value (loss)/gain	(18,933,636)	14,767,184
- Management fee rebate #	<u>109,527</u>	<u>194,102</u>
	<u>(16,647,534)</u>	<u>13,823,925</u>

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

For the six months financial period ended 31 March 2020, the rebate is recognised at a rate of 2.00% and 1.75% per annum for Principal Indo Domestic Equity Fund and Principal SMART Equity Fund respectively (31.03.2019: 2.00% and 1.75% per annum respectively), calculated and accrued daily based on the NAV of the collective investment schemes.

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.03.2020				
COLLECTIVE INVESTMENT SCHEMES				
Principal Indo Domestic Equity Fund	5,370,771	1,444,577	939,578	1.48
Principal SMART Equity Fund	<u>12,867,633</u>	<u>4,185,985</u>	<u>2,466,624</u>	<u>3.88</u>
TOTAL COLLECTIVE INVESTMENT SCHEMES	<u>18,238,404</u>	<u>5,630,562</u>	<u>3,406,202</u>	<u>5.36</u>
ACCUMULATED UNREALISED LOSS ON COLLECTIVE INVESTMENT SCHEMES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>(2,224,360)</u>		
TOTAL COLLECTIVE INVESTMENT SCHEMES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>3,406,202</u>		

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.03.2020				
QUOTED SECURITIES				
CHINA				
Information Technology				
Hangzhou Hikvision Digital Technology Co Ltd	62,400	1,339,251	1,060,837	1.67
Materials				
Anhui Conch Cement Co Ltd	46,000	1,193,701	1,379,745	2.17
TOTAL CHINA	108,400	2,532,952	2,440,582	3.84
HONG KONG, CHINA				
Communication Services				
Tencent Holdings Ltd	29,200	4,988,719	6,183,725	9.74
Consumer Discretionary				
Galaxy Entertainment Group Ltd	24,000	684,553	552,767	0.87
Meituan Dianping	33,700	1,786,657	1,757,895	2.77
Sands China Ltd	80,400	1,548,769	1,271,831	2.00
	138,100	4,019,979	3,582,493	5.64
Health Care				
Jinxin Fertility Group Ltd	494,000	3,249,130	2,366,359	3.73
Industrials				
China Conch Venture Holdings Ltd	60,000	1,222,917	1,156,332	1.82
Techtronic Industries Co Ltd	35,000	1,173,347	980,598	1.55
	95,000	2,396,264	2,136,930	3.37
Real Estate				
China Overseas Land & Investment Ltd	184,000	2,493,792	2,464,836	3.88
China Resources Land Ltd	124,000	2,266,596	2,210,176	3.48
Link REIT	40,500	1,624,772	1,482,093	2.34
	348,500	6,385,160	6,157,105	9.70
TOTAL HONG KONG, CHINA	1,104,800	21,039,252	20,426,612	32.18

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.03.2020 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
INDIA				
Consumer Staples				
Dabur India Ltd	28,462	761,137	731,412	1.15
Energy				
Reliance Industries Ltd	53,060	3,472,047	3,374,357	5.32
Financials				
HDFC Bank Ltd	34,089	2,317,894	1,677,673	2.64
HDFC Life Insurance Co Ltd	27,828	960,520	701,296	1.11
Housing Development Finance Corporation Ltd	24,940	2,779,689	2,325,655	3.66
	86,857	6,058,103	4,704,624	7.41
Industrials				
Larsen & Toubro Ltd	44,486	3,910,324	2,053,712	3.24
Information Technology				
Tata Consultancy Services Ltd	15,630	1,837,072	1,629,745	2.57
Real Estate				
Godrej Properties Ltd	53,461	2,794,027	1,841,495	2.90
TOTAL INDIA	281,956	18,832,710	14,335,345	22.59
INDONESIA				
Communication Services				
PT Telekomunikasi Tbk	3,057,700	3,214,401	2,556,653	4.03
Consumer Discretionary				
PT Astra International Tbk	540,500	911,200	557,764	0.88
PT Mitra Adiperkasa Tbk	8,029,600	2,429,248	1,002,826	1.58
	8,570,100	3,340,448	1,560,590	2.46

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.03.2020 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
INDONESIA (CONTINUED)				
Financials				
PT Bank Central Asia	314,000	2,337,419	2,295,207	3.62
PT Bank Mandiri	1,396,200	2,983,642	1,728,954	2.72
PT Bank Negara Indonesia	32,900	75,014	33,254	0.05
PT Bank Rakyat Indonesia	836,900	925,171	668,760	1.05
	<u>2,580,000</u>	<u>6,321,246</u>	<u>4,726,175</u>	<u>7.44</u>
Materials				
PT Semen Indonesia Persero Tbk	<u>641,000</u>	<u>2,337,806</u>	<u>1,293,266</u>	<u>2.04</u>
Real Estate				
PT Ciputra Development Tbk	5,903,300	1,792,188	693,534	1.09
PT Puradelta Lestari Tbk	9,968,900	444,013	377,201	0.59
PT Summarecon Agung Tbk	1,639,000	496,183	173,472	0.27
	<u>17,511,200</u>	<u>2,732,384</u>	<u>1,244,207</u>	<u>1.95</u>
TOTAL INDONESIA	<u>32,360,000</u>	<u>17,946,285</u>	<u>11,380,891</u>	<u>17.92</u>
UNITED STATES				
Consumer Discretionary				
Alibaba Group Holding Ltd	4,900	3,402,494	4,114,370	6.48
New Oriental Education & Technology Group	6,155	3,081,167	2,876,393	4.53
	<u>11,055</u>	<u>6,483,661</u>	<u>6,990,763</u>	<u>11.01</u>
Information Technology				
Taiwan Semiconductor Manufacturing Co Ltd	<u>2,980</u>	<u>578,944</u>	<u>614,873</u>	<u>0.97</u>
TOTAL UNITED STATES	<u>9,135</u>	<u>3,660,111</u>	<u>3,491,266</u>	<u>5.50</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.03.2020 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
TOTAL QUOTED SECURITIES	<u>33,869,191</u>	<u>67,413,804</u>	<u>56,189,066</u>	<u>88.51</u>
ACCUMULATED UNREALISED LOSS ON QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(11,224,738)</u>		
TOTAL QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>56,189,066</u>		
30.09.2019				
Audited				
COLLECTIVE INVESTMENT SCHEMES				
Principal Indo Domestic Equity Fund	9,919,754	2,668,119	2,746,924	2.76
Principal 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 INVESTMENTSCHEMS 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>		

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.09.2019 (CONTINUED)				
Audited (Continued)				
QUOTED SECURITIES				
HONG KONG, 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	1.03
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
Real Estate				
China Vanke Co Ltd - H*	65,800	1,000,880	959,246	0.96
TOTAL HONG KONG, CHINA	2,534,900	17,877,493	17,911,642	18.01

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.09.2019 (CONTINUED)				
Audited (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

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.09.2019 (CONTINUED)				
Audited (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
	<u>5,388,200</u>	<u>2,101,760</u>	<u>2,062,368</u>	<u>2.08</u>
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
	<u>7,089,900</u>	<u>11,015,856</u>	<u>11,950,572</u>	<u>12.01</u>
Materials				
PT 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
	<u>33,705,900</u>	<u>3,796,126</u>	<u>4,811,588</u>	<u>4.84</u>
TOTAL INDONESIA	<u>51,269,600</u>	<u>23,949,452</u>	<u>26,439,848</u>	<u>26.58</u>
UNITED STATES				
Consumer Discretionary				
Alibaba Group Holding Ltd	6,869	4,671,110	4,809,045	4.83
Information Technology				
Taiwan Semiconductor Manufacturing Co Ltd	27,753	4,957,633	5,400,415	5.43
TOTAL UNITED STATES	<u>34,622</u>	<u>9,628,743</u>	<u>10,209,460</u>	<u>10.26</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.09.2019 (CONTINUED)				
Audited (Continued)				
QUOTED SECURITIES (CONTINUED)				
TOTAL QUOTED SECURITIES	<u>54,260,301</u>	<u>79,227,418</u>	<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>		

* 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

9. CASH AND CASH EQUIVALENTS

	31.03.2020	30.09.2019
	RM	Audited RM
Deposits with licensed financial institutions	631,044	1,578,137
Bank balances	<u>3,510,519</u>	<u>3,537,018</u>
	<u><u>4,141,563</u></u>	<u><u>5,115,155</u></u>

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

	01.10.2019 to 31.03.2020	01.10.2018 to 30.09.2019
	No. of units	Audited No. of units
At the beginning of the financial period/year	226,055,564	310,818,006
Add : Creation of units from applications	16,799,823	55,471,662
Add : Creation of units from distribution	6,531,020	-
Less : Cancellation of units	<u>(59,971,670)</u>	<u>(140,234,104)</u>
At the end of the financial period/year	<u><u>189,414,737</u></u>	<u><u>226,055,564</u></u>

11. MANAGEMENT EXPENSE RATIO (“MER”)

	01.10.2019 to 31.03.2020	01.10.2018 to 31.03.2019
	%	%
MER	<u>1.03</u>	<u>1.08</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 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 RM93,441,817 (31.03.2019: RM120,392,115).

12. PORTFOLIO TURNOVER RATIO (“PTR”)

	01.10.2019 to 31.03.2020	01.10.2018 to 31.03.2019
PTR (times)	<u>0.71</u>	<u>0.61</u>

PTR is derived based on the following calculation:

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

where:

- total acquisition for the financial period = RM57,479,761 (31.03.2019: RM68,849,433)
- total disposal for the financial period = RM75,752,096 (31.03.2019: RM78,093,131)

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

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

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

Units held by the Manager and parties related to the Manager

Manager	31.03.2020		30.09.2019 Audited	
	No. of units	RM	No. of units	RM
Principal Asset Management Berhad	163,973	54,947	153,942	67,750

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.

	01.10.2019 to 31.03.2020 RM	01.10.2018 to 31.03.2019 RM
<u>Significant related party transactions</u>		
Cash placements with licensed financial institution:		
- CIMB Bank Bhd	-	1,600,000

There were no significant related party balances during each of the financial period/year.

14. TRANSACTIONS WITH BROKERS

Details of transactions with the top 10 brokers for the six months financial period ended 31 March 2020 are as follows:

Brokers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Citigroup Global Markets Ltd	18,526,685	14.35	10,002	4.31
DBS Vickers Securities (Singapore) Pte Ltd	15,848,378	12.28	28,894	12.45
Macquarie Capital Securities (Malaysia) Sdn Bhd	13,245,843	10.26	31,896	13.74
China International Capital Corporation Hong Kong Securities Ltd	11,607,846	8.99	29,020	12.50
J.P. Morgan Securities LLC	9,543,341	7.39	2,863	1.23
Instinet Pacific Ltd	9,042,745	7.00	26,115	11.25
CLSA Ltd	8,773,422	6.80	9,549	4.11
Shenwan Hongyuan Singapore Pte Ltd	6,511,221	5.04	9,767	4.21
CGS-CIMB Securities (Singapore) Pte Ltd #	6,316,870	4.89	15,300	6.59
Morgan Stanley Securities Ltd	5,638,431	4.37	14,096	6.07
Others	24,042,720	18.63	54,653	23.54
	<u>129,097,502</u>	<u>100.00</u>	<u>232,155</u>	<u>100.00</u>

14. TRANSACTIONS WITH BROKERS (CONTINUED)

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

Brokers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Instinet Pacific Ltd	16,499,393	11.23	47,297	13.92
CLSA Ltd	15,760,380	10.73	32,405	9.53
Sanford C. Bernstein & Co LLC	13,603,555	9.26	36,774	10.82
Shenwan Hongyuan Singapore Pte Ltd	12,863,938	8.75	19,296	5.68
Macquarie Bank Ltd	11,858,620	8.07	34,944	10.28
DBS Vickers Securities (Singapore) Pte Ltd	11,387,609	7.75	25,255	7.43
Credit Suisse (Hong Kong) Ltd	11,216,809	7.63	24,727	7.28
Citigroup Global Markets Ltd	10,697,487	7.28	24,255	7.14
CGS-CIMB Securities (Singapore) Pte Ltd #	10,132,732	6.90	24,262	7.14
J.P. Morgan Securities LLC	9,144,157	6.22	27,432	8.07
Others	23,777,884	16.18	43,209	12.71
	<u>146,942,564</u>	<u>100.00</u>	<u>339,856</u>	<u>100.00</u>

Included in the transactions are trades conducted with CGS-CIMB Securities (Singapore) Pte Ltd, fellow related party to the Manager amounting to RM6,316,870 (31.03.2019: RM10,132,732). 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.

15. SIGNIFICANT EVENT DURING THE YEAR

The worsening of the macro-economic outlook as a result of COVID-19, both domestically and globally, has impacted the Fund's performance after the financial period end.

The Manager is monitoring the situation closely and will be managing the portfolio to achieve the Fund's objective.

16. SUBSEQUENT EVENT

The Fund has changed its name from CIMB-Principal China-India-Indonesia Equity Fund to Principal China-India-Indonesia Opportunities Fund following the issuance of the Replacement Master Prospectus dated 17 April 2020.

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