

CIMB-PRINCIPAL DYNAMIC GROWTH FUND

UNAUDITED QUARTERLY REPORT

FOR THE QUARTER AND FINANCIAL PERIOD 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.

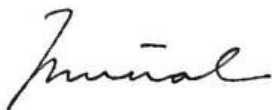
Principal Global Real Estate Fund, the dynamic real estate strategy is different from anything currently available in the market. The unique combination of real estate equity and fixed income securities helps cushion the impact of any unforeseen eventualities.

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 capital appreciation over the medium to long term.

Has the Fund achieved its objective?

Yes, the Fund has achieved its objective of capital appreciation over the medium to long-term.

What are the Fund investment policy and principal investment strategy?

The Fund will be managed with the aim of achieving a stable and positive investment returns over the medium to long term regardless of market conditions.

As this is an equity fund, under general market conditions, the Fund will invest in equities of companies which the Manager believes will exhibit good growth potential* when compared against its peers or the overall market. However, as the Fund adopts a dynamic strategy, the Fund may also be managed defensively by investing all or a substantial portion of its assets in debt instruments, money market instruments and/or deposits, when the Manager believes that the equity markets that the Fund invests in are experiencing excessive volatility, expected prolonged declines, or when there are other adverse conditions, such as political instability.

The asset allocation strategy for this Fund is as follows:

- Up to 100% of the Fund's Net Asset Value ("NAV") will be invested in equities; and
- Up to 100% of the Fund's NAV may be invested in debt instruments, money market instruments and/or deposits.

The investment universe of the Fund is unconstrained, but the Fund will generally focus its investment in the Asia Pacific ex Japan region, i.e. companies that are domiciled in, listed in, and/or have operations or businesses that focus in the Asia Pacific ex Japan region.

The Manager will adopt an active investment strategy by using a bottom-up equity selection process in searching for companies taking into consideration its growth potential compared against its peers or the overall market. To complement this strategy, the Manager combines it with a top-down risk framework. Analysis and studies will be made on the trends in the marketplace and how the Manager can capitalise the trends for the portfolio. The Manager investigates the potential companies to be invested in, focusing on the sustainability and quality of earnings. The Manager pays particular attention to the quality and adaptability of management in the dynamic environment they operate in. In addition the Manager analyses the quality and sustainability of cash flow and income of the companies. For the debt instruments, money market instruments and/or deposits portion, the Manager formulates an interest rate outlook through examining factors such as inflation rate, monetary policies and economic growth. With an interest rate outlook and yield curve analysis, the Manager identifies the weighting of the tenure and credit for the investments of the Fund.

* Companies that have a better growth than the gross domestic product ("GDP") of the respective country and reasonably priced based on the Manager's estimate.

Base Currency

US Dollar ("USD")

Fund category/type

Wholesale Fund (Equity)/Growth

How long should you invest for?

Recommended three (3) years or more

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

High

FUND OBJECTIVE AND POLICY (CONTINUED)

When was the Fund launched?

22 July 2015

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

USD16.99 million (15.42 million units)

What is the Fund's benchmark?

The performance of this Fund cannot be compared directly with any specific publicly available benchmark. However, the Fund has a target return of ten percent (10%) per annum.

This is not a guaranteed return and is only a measurement of the Fund's performance. The Fund may not achieve the target return in any particular financial period but targets to achieve this growth over the medium to long term.

What is the Fund distribution policy?

Given the Fund's investment objective, the Class of the Fund is not expected to make any distributions. However, the Manager has the discretion to make any distribution payment subject to the income and the performance of the Fund.

What was the net income distribution for the financial period from 1 July 2019 to 30 September 2019?

There was no distribution made for the financial period from 1 July 2019 to 30 September 2019.

PERFORMANCE DATA

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

	30.09.2019	30.09.2018	30.09.2017
	%	%	%
Collective investment scheme	4.09	2.95	2.88
Quoted securities			
- Basic Materials	-	4.31	5.50
- Communication Services	8.99	-	-
- Consumer Discretionary	11.79	-	-
- Consumer Staples	1.76	-	-
- Consumer Products	-	23.44	23.35
- Energy	2.43	8.57	-
- Financials	9.59	26.40	27.15
- Health Care	3.91	3.69	-
- Industrials	16.77	13.45	21.08
- Information Technology	12.68	11.14	9.15
- Materials	2.39	-	-
- Real Estate	19.45	-	-
- Telecommunications	-	-	2.41
- Trading/Services	-	1.93	2.94
- Utilities	-	-	-
Cash and other net assets	6.15	4.12	1.05
	<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 unaudited financial periods are as follows:

	30.09.2019	30.09.2018	30.09.2017
NAV (USD Million)			
- Class SGD	9.13	12.64	10.05
- Class USD	7.86	9.19	8.82
Units in circulation (Million)			
- Class SGD	9.52	12.74	10.24
- Class USD	5.90	6.67	6.47
NAV per unit (USD)			
- Class SGD	0.9590	0.9922	0.9815
- Class USD	1.3321	1.3781	1.3632

PERFORMANCE DATA (CONTINUED)

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

	01.07.2019 to 30.09.2019	01.07.2018 to 30.09.2018	01.07.2017 to 30.09.2017
Highest NAV per unit (USD)			
- Class SGD	1.0122	1.0227	1.0050
- Class USD	1.4059	1.4206	1.3960
Lowest NAV per unit (USD)			
- Class SGD	0.9388	0.9525	0.8858
- Class USD	0.13040	1.3230	1.2304
Total return (%)			
- Class SGD	(4.18)	(1.95)	9.68
- Class USD	(4.18)	(2.07)	9.65
Capital growth (%)			
- Class SGD	(4.18)	(1.95)	9.68
- Class USD	(4.18)	(2.07)	9.65
Income distribution (%)			
- Class SGD	-	-	-
- Class USD	-	-	-
Management Expense Ratio ("MER") (%)	0.44	0.44	0.45
Portfolio Turnover Ratio ("PTR") (times) #	0.21	0.22	0.18

The Fund's PTR has remained relatively stable for the financial period under review. The stock markets have not seen any significant increase in volatility as compared to the same period last year.

	30.09.2019	30.09.2018	30.09.2017	Since inception to 30.09.2016
	%	%	%	%
Annual total return				
- Class SGD	(3.91)	1.40	21.39	10.48
- Class USD	(3.71)	1.25	21.58	12.16

(Launch date: 22 July 2015)

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 JULY 2019 TO 30 SEPTEMBER 2019)

For the financial period under review, the Asia Pacific ex-Japan stock markets declined after a relatively strong start to the year. It lost 4.0% as measured by the Morgan Stanley Capital International (“MSCI”) Asia Pacific Ex-Japan index. The stock markets started the year on a positive as investors were relieved to see stabilising economic data from China, easing trade tensions between the US and China, easing monetary policies among the Asian central banks. However, the positive investor soon dissipated. Investor sentiment was subsequently buffeted by the on again off again trade talks between the US and China. It then escalated further as the US raise tariffs once again after talks broke down. In recent months, the economic data were also not encouraging with the manufacturing sector suffering contraction and exports slowing. This was compounded by lower investments as investors delayed their investment decisions with a series of elections across Asia.

However, the stock markets managed to stave off a more serious decline. The mitigating factors are the easing monetary policies among the most central banks and in a few cases, the return of incumbent business friendly leaders in Asia in their respective general elections.

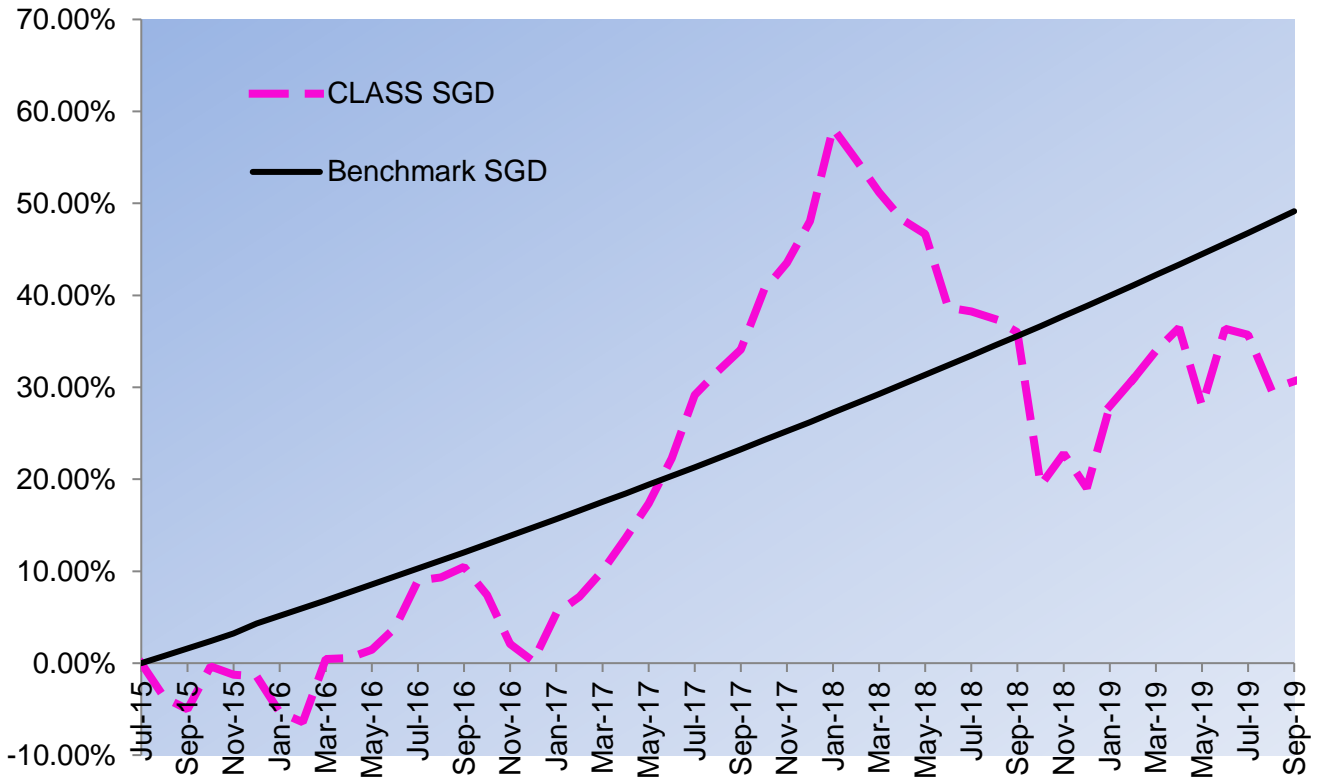
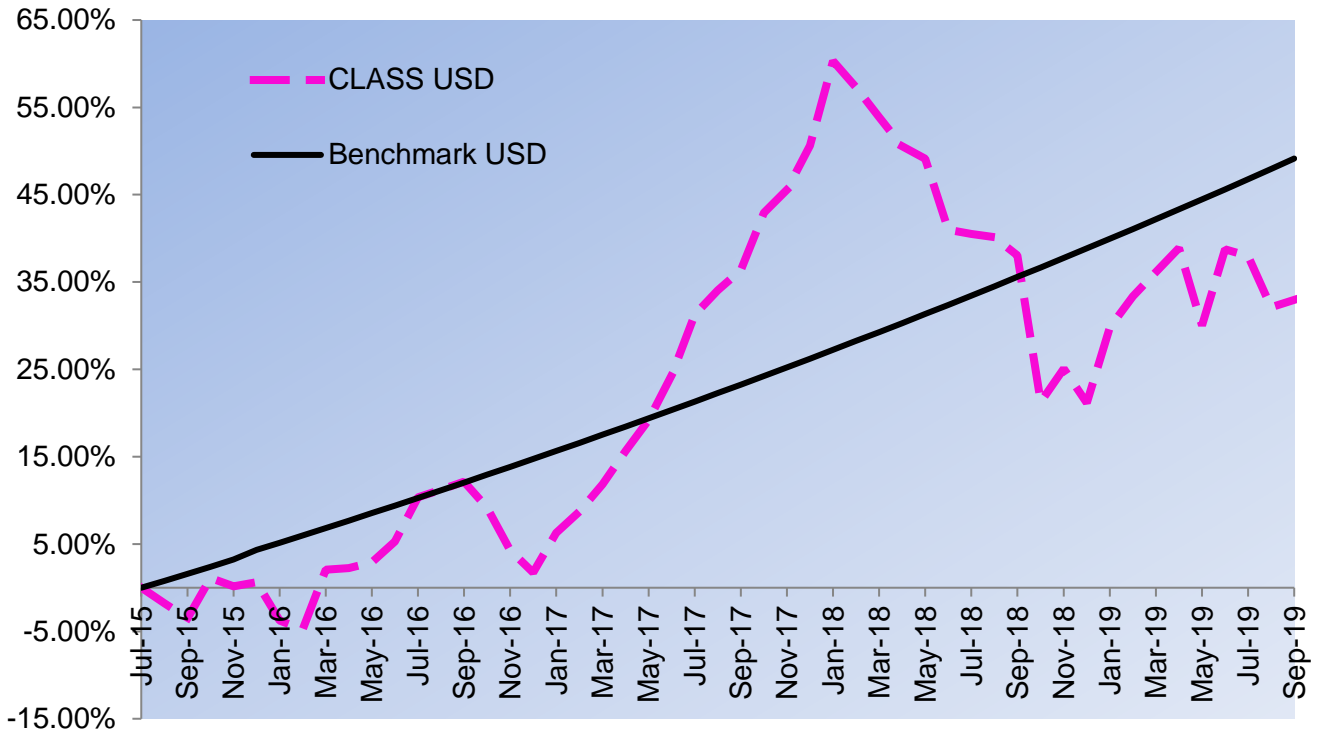
FUND PERFORMANCE

	3 months to 30.09.2019		6 months to 30.09.2019		1 year to 30.09.2019	
	Class SGD	Class USD	Class SGD	Class USD	Class SGD	Class USD
	%	%	%	%	%	%
Income	-	-	-	-	-	-
Capital	(4.18)	(4.18)	(2.46)	(2.34)	(3.91)	(3.71)
Total Return	(4.18)	(4.18)	(2.46)	(2.34)	(3.91)	(3.71)
Benchmark	2.41	2.41	4.88	4.88	10.00	10.00
Average Total Return	N/A	N/A	N/A	N/A	(3.91)	(3.71)

	3 years to 30.09.2019		Since inception to 30.09.2019	
	Class SGD	Class USD	Class SGD	Class USD
	%	%	%	%
Income	-	-	-	-
Capital	18.27	18.54	30.66	32.95
Total Return	18.27	18.54	30.66	32.95
Benchmark	33.10	33.10	49.14	49.14
Average Total Return	5.75	5.83	6.58	7.02

For the past three months, the Fund declined by 4.18%. This was a result of the weak market conditions during the review period.

FUND PERFORMANCE (CONTINUED)



Changes in NAV

CLASS SGD

	30.09.2019	31.03.2019	Changes
		Audited	%
NAV (USD Million)	9.13	10.54	(13.38)
NAV/Unit (USD)	0.9590	0.9802	(2.16)

CLASS USD

	30.09.2019	31.03.2019	Changes
		Audited	%
NAV (USD Million)	7.86	8.82	(10.88)
NAV/Unit (USD)	1.3321	1.3614	(2.15)

The NAV for the SGD and the USD classes declined by 13.38% and 10.88% respectively. The NAV per unit for class SGD and USD declined by 2.16% and 2.15%. The decline for both classes were due to redemptions of units and the fall in the prices of the underlying assets.

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

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	30.06.2019	31.03.2019
		Audited
Collective investment schemes	4.09	3.74
Quoted securities	89.76	93.12
Cash and other net assets	6.15	3.14
TOTAL	100.00	100.00

As at 30 September 2019, the Fund held 89.76% in quoted securities, 4.09% in collective investment schemes with the rest in cash and other net assets.

MARKET OUTLOOK*

In the near term, the stock markets in Asia is likely to be supported by the possibility of a truce in the trade war between the US and China. We are also likely to see a rebound in economic activity going forward after a long hiatus by businesses due to their reticence to invest with an uncertain global economic backdrop.

Beyond that, central banks globally are easing monetary policies to support economic growth. The US Federal Reserve (the “Fed”) has also stopped the balance sheet from contracting. We also expect China, India and other Asian nations to increase economic stimulus in the near term to shore up their weakening economy.

Investor sentiment will however, remain cautious as the Asian economies remain weak and this will likely cap a sharp rise in stock prices.

* This market outlook does not constitute an offer, invitation, commitment, advice or recommendation to make a purchase of any investment. The information given in this article represents the views of Principal Malaysia or based on data obtained from sources believed to be reliable by Principal Malaysia. Whilst every care has been taken in preparing this, Principal Malaysia makes no guarantee, representation or warranty and is under no circumstances liable for any loss or damage caused by reliance on, any opinion, advice or statement made in this market outlook.

INVESTMENT STRATEGY

The Fund will adopt a two-prong strategy of buying high yield stocks and high-quality growth companies in the near term. We like companies with sustainable high yield as we expect the interest rates to head lower and to subsequently stay low for an extended period. At the same time, we expect quality growth stocks with relatively high visibility to see strong investor interest as quality growth becomes scarce as the economic growth slows in the region.

Over the longer term, we remain positive on the outlook for Asian equities due to the young and growing population, growing middle class and strong economic growth potential.

UNIT HOLDINGS STATISTICS

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

CLASS SGD

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	1	0.00	0.00
5,001 - 10,000	-	-	-
10,001 - 50,000	-	-	-
50,001 - 500,000	1	0.10	1.05
500,001 and above	3	9.42	98.95
Total	5	9.52	100.00

CLASS USD

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	2	0.00	0.00
5,001 - 10,000	-	-	-
10,001 - 50,000	-	-	-
50,001 - 500,000	2	0.54	9.15
500,001 and above	1	5.36	90.85
Total	5	5.90	100.00

SOFT COMMISSIONS AND REBATES

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

During the financial period under review, the Manager and 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.

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 30 SEPTEMBER 2019**

	01.07.2019 to 30.09.2019	01.07.2018 to 30.09.2018
	USD	USD
LOSS		
Dividend income	97,918	232,677
Interest income from current account	8,805	1,130
Net loss on financial assets at fair value through profit or loss	(762,099)	(516,100)
Net foreign exchange gain/(loss)	8,083	(84,323)
	<u>(647,293)</u>	<u>(366,616)</u>
EXPENSES		
Management fee	67,831	83,709
Trustee's and custodian fees	7,752	7,745
Audit fee	800	2,625
Tax agent's fee	1,409	1,514
Transaction costs	18,062	30,980
Other expenses	8,585	1,601
	<u>104,439</u>	<u>128,173</u>
LOSS BEFORE TAXATION	(751,732)	(494,789)
Taxation	-	(17,728)
	<u>-</u>	<u>(17,728)</u>
DECREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	<u>(751,732)</u>	<u>(512,518)</u>
Decrease in net assets attributable to unit holders are made up as follows:		
Realised amount	397,386	134,466
Unrealised amount	(1,149,118)	(646,984)
	<u>(751,732)</u>	<u>(512,518)</u>

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

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

	30.09.2019	31.03.2019
	USD	Audited USD
ASSETS		
Cash and cash equivalents	1,340,827	751,467
Financial assets at fair value through profit or loss	15,944,954	18,757,687
Amount due from stockbrokers	-	171,581
Amount due from Manager of collective investment schemes		
- Management fee rebate	12,464	5,336
Dividends receivable	62,110	21,582
TOTAL ASSETS	17,360,356	19,707,653
LIABILITIES		
Amount due to stockbrokers	343,754	304,516
Amount due to Manager	-	8,690
Accrued management fee	19,937	23,273
Amount due to Trustee	704	813
Other payables and accruals	5,933	6,219
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)	370,328	343,511
NET ASSET VALUE OF THE FUND	16,990,027	19,364,142
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	16,990,027	19,364,142

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 SEPTEMBER 2019 (CONTINUED)**

	30.09.2019	31.03.2019
	USD	Audited USD
REPRESENTED BY:		
FAIR VALUE OF OUTSTANDING UNITS (USD)		
- Class SGD	9,130,256	10,544,569
- Class USD	<u>7,859,771</u>	<u>8,819,573</u>
	<u>16,990,027</u>	<u>19,364,142</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)		
- Class SGD	9,519,852	10,757,480
- Class USD	<u>5,900,202</u>	<u>6,477,948</u>
	<u>15,420,054</u>	<u>17,235,428</u>
NET ASSET VALUE PER UNIT (USD)		
- Class SGD	0.9590	0.9802
- Class USD	<u>1.3321</u>	<u>1.3614</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES		
- Class SGD	SGD1.3251	SGD1.3281
- Class USD	<u>USD1.3321</u>	<u>USD1.3614</u>

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

**UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 30 SEPTEMBER 2019**

	01.07.2019 to 30.09.2019 USD	01.07.2018 to 30.09.2018 USD
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD	19,254,794	22,358,099
Movement due to units created and cancelled during the financial period:		
Creation of units from applications		
- Class SGD	-	104,245
- Class USD	-	79,111
	<hr/>	<hr/>
	-	183,356
Cancellation of units		
- Class SGD	(873,302)	(20,688)
- Class USD	(639,733)	(181,020)
	<hr/>	<hr/>
	(1,513,036)	(201,708)
Decrease in net assets attributable to unit holders during the financial period	(751,732)	(512,518)
	<hr/>	<hr/>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL PERIOD	16,990,027	21,827,229

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

**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 30 SEPTEMBER 2019**

	01.07.2019 to 30.09.2019 USD	01.07.2018 to 30.09.2018 USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of quoted securities	4,839,857	4,247,689
Purchase of quoted securities	(3,387,832)	(4,594,579)
Dividend income received	90,962	192,658
Interest income received from current account	8,805	1,130
Management fee paid	(69,687)	(84,816)
Management fee rebate received	3,806	6,572
Trustee's and custodian fees paid	(7,814)	(7,816)
Payments for other fees and expenses	(3,908)	(2,086)
Net realised foreign exchange gain/(loss)	15,575	(5,282)
Net cash generated from/(used in) operating activities	1,489,763	(246,530)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	49,261	310,263
Payments for cancellation of units	(1,511,322)	(161,423)
Net cash (used in)/generated from financing activities	(1,462,061)	148,840
Net increase/(decrease) in cash and cash equivalents	27,703	(97,690)
Effects of foreign exchange differences	741	(6,561)
Cash and cash equivalents at the beginning of the financial period	1,312,383	940,652
Cash and cash equivalents at the end of the financial period	1,340,827	836,401
<u>Cash and cash equivalents comprises of:</u>		
Bank balances	1,340,827	836,401
Cash and cash equivalents at the end of the financial period	1,340,827	836,401

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

DIRECTORY

Head Office of the Manager

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