

CIMB-Principal Equity Aggressive Fund 1

Annual Report

For the financial year ended 30 April 2019

CIMB-PRINCIPAL EQUITY AGGRESSIVE FUND 1
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

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INVESTORS' LETTER

Dear Valued Investor,

Thank you for your continued support and for the confidence that you have placed in us. Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) ("Principal Malaysia") has achieved RM55.7 billion in Asset under Management ("AUM") as of April 2019.

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

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

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

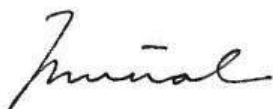
Thank you.

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 provide investors with long-term capital growth by investing principally in equities. The Fund also seeks to outperform the Financial Times Stock Exchange ("FTSE") Bursa Malaysia ("FBM") Kuala Lumpur Composite Index ("FBMKLCI") benchmark.

Has the Fund achieved its objective?

The Fund has achieved its objective of providing long-term capital growth.

What are the Fund investment policy and principal investment strategy?

The Fund will invest between 70% to 98% (both inclusive) of its Net Asset Value ("NAV") in equities and up to a maximum of 30% of its NAV may be invested in warrants and options. In line with its objective, the investment policy and strategy of the Fund will focus on investment in shares of companies with growth potential. The Fund may opt to seek investment exposure via Collective Investment Schemes that is in line with the Fund's objective, subject to the requirement of Securities Commission Malaysia ("SC") Guidelines. Liquid assets may also be strategically used if the Manager perceives that the downside risk of the market is high in the short-term.

Fund category/type

Equity/Growth

How long should you invest for?

Recommended five (5) years or more

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

High

When was the Fund launched?

18 August 2004

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

RM61.69 million (92.17 million units)

What is the Fund's benchmark?

FBMKLCI

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 financial year ended 30 April 2019?

The Fund distributed a total net income of RM5.47 million for the financial year ended 30 April 2019. As a result of distribution, the NAV per unit dropped from RM0.7632 to RM0.7032 (ex-distribution) on 18 July 2018.

PERFORMANCE DATA

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

	30.04.2019	30.04.2018	30.04.2017
	%	%	%
Quoted securities			
- Construction	0.17	6.03	4.49
- Consumer Products	-	3.28	0.88
- Consumer Products & Services	20.13	-	-
- Energy	11.09	-	-
- Financial Services	16.25	-	-
- Finance	-	17.01	14.46
- Health Care	6.52	-	-
- Industrials	-	14.57	12.40
- Industrial Products & Services	2.93	-	-
- Infrastructure Project Companies ("IPC")	-	0.55	3.74
- Plantation	10.99	3.30	7.38
- Property	2.67	1.79	2.26
- Real Estate Investment Trust ("REIT")	1.43	-	-
- Technology	8.43	7.56	1.39
- Telecommunications/Media	3.64	-	-
- Trading/Services	-	33.51	44.25
- Transportation/Logistics	3.58	-	-
- Utilities	8.75	-	-
Cash and other net assets	3.42	12.40	8.75
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	30.04.2019	30.04.2018	30.04.2017
NAV (RM Million)	61.69	70.34	94.43
Units in circulation (Million)	92.17	91.57	116.05
NAV per unit (RM)	0.6692	0.7681	0.8136
Highest NAV per unit (RM)	0.7684	0.8489	0.8138
Lowest NAV per unit (RM)	0.6131	0.7362	0.7085
Total return (%)	(5.47)	1.97	11.26
- Capital growth (%)	(12.89)	(5.58)	2.87
- Income distribution (%)	8.53	8.01	8.16
Management Expense Ratio ("MER") (%) ^	1.62	1.71	1.72
Portfolio Turnover Ratio ("PTR") (times) #	1.47	1.66	1.79

^ The Fund's MER decreased from 1.71% to 1.62% due to the decrease in expenses during the financial year.

The Fund's PTR decreased from 1.66 times to 1.47 times for the financial year under review as there was lesser trading activity during the financial year

Date of distribution	18.07.2018	18.07.2017	22.07.2016
Gross/Net distribution per unit (sen)	6.00	6.00	6.00

PERFORMANCE DATA (CONTINUED)

	30.04.2019	30.04.2018	30.04.2017	30.04.2016	30.04.2015
	%	%	%	%	%
Annual total return	(5.47)	1.97	11.26	0.79	(2.58)

(Launch date: 18 August 2004)

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

MARKET REVIEW (1 MAY 2018 TO 30 APRIL 2019)

For the financial year under review, the FBMKLCI decreased by 12.19% from 1870.37 points to 1642.29 points.

In May 2018, the FBMKLCI succumbed to heavy foreign selling, falling 6.9% or 129 points to a low of 1,719 points before closing at 1,740 points as investors repriced policy risk. The period after the 14th General Elections ("GE14") accounted for 5.7% of that fall. In May 2018, foreigners net sold RM5.60 billion, reversing year-to-date ("YTD") net foreign flows to RM1.90 billion. During the month, the Ringgit Malaysia ("RM") depreciated 1.4%, the 10-year Malaysian Government securities ("MGS") rose 5 basis points ("bps") to 4.18%, while Brent crude oil gained 3% to USD77 per barrel. The market sold off in May 2018, rattled by headline news of a higher national debt burden, concerns about the fiscal position, cancellation of mega infrastructure projects and the sanctity of toll roads concession agreements. Sentiment was further dampened by the weak first quarter of 2018 ("1Q2018") corporate earnings season. Meanwhile, global trade tensions were back in focus, and there was fear of contagion from Italian politics. These were happening against a backdrop of Central Banks' plans to normalise monetary policies, leading to worries of possible policy missteps.

The market continues to be sold off in June 2018. Telecommunications and financials have underperformed due to fear of lower broadband charges and re-pricing of risk arising from expectation of a slower Gross Domestic Product ("GDP") in 2018 and 2019 respectively. Sentiment was further dampened by the weak 1Q2018 corporate earnings season and downgrades of GDP forecast for 2018 and 2019. Meanwhile, on global front, it seems that trade tensions have intensified with US planning to impose tariffs on selected European Union ("EU") products and EU has vowed for a retaliatory tariffs for US goods on top of the ongoing trade disputes between US and China.

Early August 2018 saw the FBMKLCI Index succumbed to selling pressure due to the Turkish Lira ("TRY") crisis and the lower than expected Malaysia second quarter of 2018 ("2Q2018") GDP numbers. Nevertheless, global sentiment and risk appetite was given a boost from optimism over US-China trade talks and news of the new North American Free Trade Agreement ("NAFTA") deal. Chinese Government's continuous deleveraging measures have provided some stability to the Chinese Yuan Renminbi ("CNY") and regional bourses. Domestically, with the announcement on toll abolishment is deferred pending restoration of Government financials has provided a short-term lift to sentiment which led the Index to three-month high. Corporate earnings for 2Q2018 were rather mixed and meeting street's expectation with fewer corporations reporting earnings misses as compared to 1Q2018.

September 2018 saw the FBMKLCI retraced as investors locked in gains made in the previous month on worries that the USD200 billion trade tariffs imposed on China may impact global growth and Emerging Markets ("EM") currencies. The downtrend was exacerbated further by the financial crisis in Argentina which led investors to flee the Peso causing worry of a contagion effect in EM. Sentiment in the local bourses was further affected by the announcement of the cancellation of 3 China-backed projects (the East Coast Rail Line ("ECRL") and the 2 gas pipeline projects estimated at USD23 billion) and the deferment of High-speed rail ("HSR") to September 2020, which sent the Construction Index tumbling by 5.38% month-on-month ("m-o-m").

MARKET REVIEW (1 MAY 2018 TO 30 APRIL 2019) (CONTINUED)

The release of the mid-term review of the austere 11th Malaysia Plan offered no reprieve as investors further locked in gains made due to rising economic risk and uncertainties. Local investors were concerned that the Government will unveil new taxes and announce higher fiscal deficits during the 2019 Budget. Telecommunication companies were the largest loser on the back of regulatory risk, while construction sector underperformed on Mass Rapid Transit (“MRT”) Line 2 project cost cut.

During December 2018 month, the RM strengthened to RM4.133 per US Dollar (“USD”) from RM4.184 in the previous month. Brent crude oil slumped to USD53.80 per barrel, down by 8.36% m-o-m. The Street expects the budget deficit to narrow from 3.7% in 2018 to 3.4% in 2019 as the Government draws on Petroliaam Nasional Bhd (“Petronas”)’s financial resources with a RM30 billion special dividend. However, recent oil price weakness has dampened the Government’s finances as Budget 2019 was prepared based on average Brent crude oil price assumption of USD70 per barrel versus less than USD60 per barrel now. Should the current oil price weakness persist, the Malaysia Government will need to re-calibrate its budget to avoid further widening its budget deficit. If this materialises, GDP growth will face downside risk as government’s further cost rationalisation will be a dampener on the economy.

The KLCI commenced 2019 with an underperformance against the MSCI Asia Pacific ex-Japan Index (“MXASJ”) by 3.7% in January 2019. RM strengthened to RM4.09 per USD from RM4.13 in the previous month. Brent crude oil rose to USD61.89 per barrel, up by 15.03% m-o-m. On the external front, investors will continue to follow closely the latest developments on the ongoing US-China trade tensions, ongoing development of “Brexit” and negotiations on the US Federal (the “Fed”) Government budget as the temporary bill to fund US Government spending will expire on 15 February 2019. Policy uncertainty continues to be the order of the day as the ECRL on-again, off-again saga plays out. There is still no conclusive decision on the said mega project and a gag order has been issued to avoid any further confusion and escalation of rift with the Chinese Government. Conversation with business leaders revealed that the Government relationship with China is at all-time low. Business and consumer sentiment continued slipping for the 2nd consecutive quarter in the fourth quarter of 2018.

However, FBMKLCI took a turn and ended higher in February driven by higher Brent Crude Oil, which traded up 6.7% m-o-m to USD66.82 per barrel on supply constraints. In addition, sentiment in the local bourse was further lifted by announcement made the Communications and Multimedia Minister, which indicated there will not be further reductions in high speed broadband prices in 2019 and Fitch re-affirmed Malaysia’s sovereign rating.

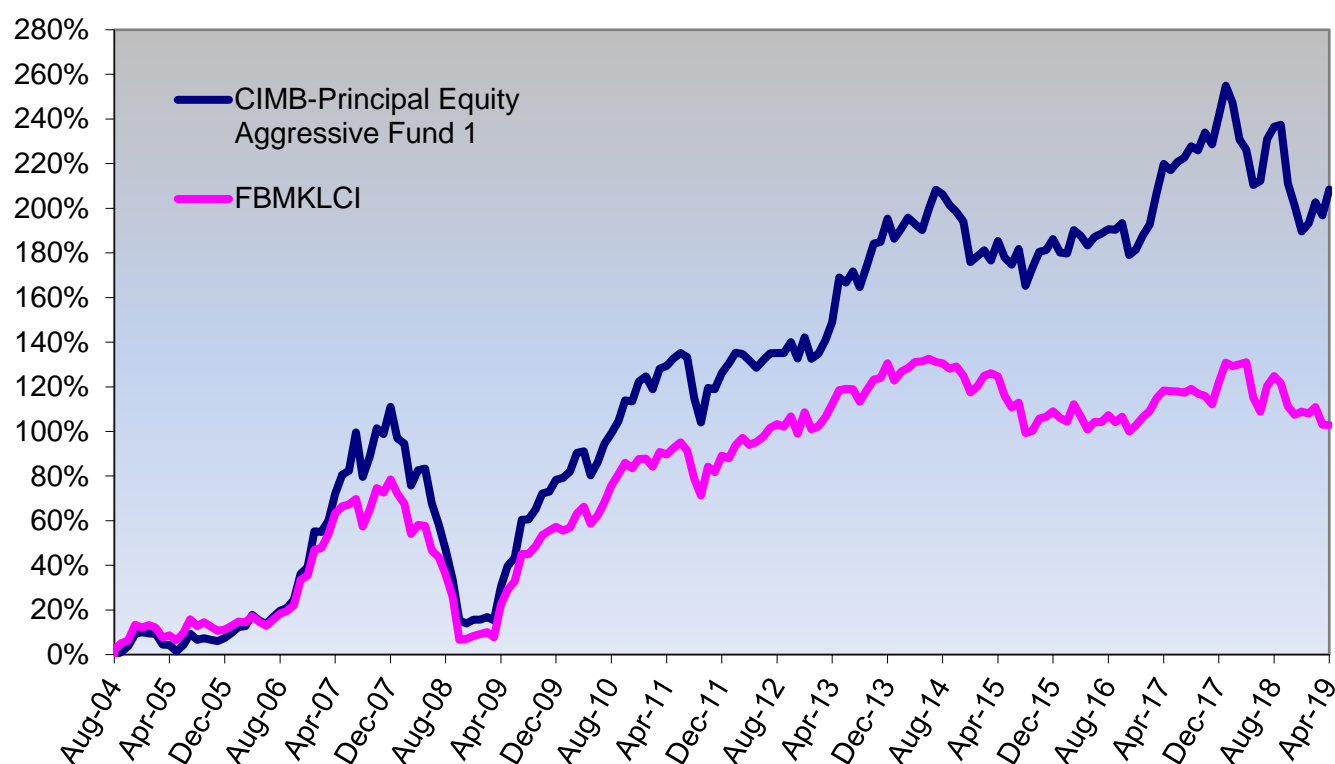
However, the rally did not last as FBMKLCI dipped 3.8% in March 2019 on receding concerns over moderation in global economic growth following the yield curve inversion in the US. Domestically, the downgrade in BNM’s growth forecast also weighed on sentiments, stoking expectation of a policy rate cut as early as May 2019. Growth trajectory remains lackluster in Malaysia as flagged by BNM during the release of its annual report in March 2019 where it lowered Malaysia’s 2019 GDP forecast to 4.3% to 4.8% versus earlier forecast of 4.9% by the Ministry of Finance. With inflationary pressure remaining tame (<2%), the Street expectation of a cut in the Overnight Policy Rate (“OPR”) is rising. Construction sector could see some re-rating on ECRL revival news flow as the Malaysian Government is reportedly close to finalising a revised contract with its China counterpart. In addition, it was reported that 121 infrastructure projects valued at RM13.9 billion awarded by the previous Government will continue after renegotiation which resulted in RM806 million savings. This is positive for the construction sector which has been one of the most affected sector post GE14 in May 2018. Further positive also comes from massive infrastructure spending by the Sarawak state Government ahead of its state election due by 2021.

The FBMKLCI was relatively unchanged in April 2019 as the Index inched lower by 0.08% as foreign investors continued to be net sellers of Malaysian equities. Positive news flow continues to buoy the construction sector as the revival of Bandar Malaysia project has lifted sentiment and expectation that the shelved HSR and MRT3 projects may be revived soon. Sustained rebound in crude oil prices have also seen the revival of job flows to oil & gas service providers. However, the positives were overshadowed by the news that Malaysia may be dropped from the FTSE World Government Bond Index during September 2019 review. The exclusion will cause further foreign outflows that will put on additional pressure to RM.

FUND PERFORMANCE

	1 year to 30.04.2019	3 years to 30.04.2019	5 years to 30.04.2019	Since inception to 30.04.2019
	%	%	%	%
Income	8.53	26.79	44.02	114.05
Capital	(12.89)	(15.38)	(26.87)	42.64
Total Return	(5.47)	7.25	5.31	208.43
Benchmark	(12.19)	(1.82)	(12.25)	102.86
Average Total Return	(5.47)	2.36	1.04	7.96

For the financial year under review, the Fund's declined by 5.47%, while the benchmark declined by 12.19%. As such, the Fund outperformed its benchmark by 6.72%.



Changes in NAV

	30.04.2019	30.04.2018	Changes %
NAV (RM Million)	61.63	70.34	(12.30)
NAV/Unit (RM)	0.6686	0.7681	(12.86)

The NAV per unit decreased by 12.95% due to negative investment performance during the financial year.

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

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	30.04.2019	30.04.2018
Quoted securities	96.58	87.60
Cash and other net assets	3.42	12.40
TOTAL	100.00	100.00

Asset allocation increased from 87.60% as at 30 April 2018 to 96.68% as at 30 April 2019 to capitalize on market opportunity during the financial year.

MARKET OUTLOOK*

Positive news flow continues to buoy the construction sector as the revival of Bandar Malaysia project has lifted sentiment and expectation that the shelved HSR and MRT3 projects may be revived soon. Sustained rebound in crude oil prices have also seen the revival of job flows to Oil & Gas service providers. Additionally, news that China had also recently agreed to purchase a minimum of 1.9 million metric tons of crude palm oil over 5 years' worth RM4.5 billion in addition to the earlier purchase contracts signed for 1.62 million metric tons for RM3.64 billion, provides additional boost to confidence that relationship with China has improved. Meanwhile on regulatory uncertainty, we believe risk is receding for telecommunication, airport and utilities sectors as much of the negatives have been priced in while the formalization of regulatory changes in the months to come would lift investors' sentiment

* 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

Although we have maintained a cautious call on Malaysia, given its valuation, tepid growth prospect and continued foreign outflow, we believe current valuation on certain large caps appears to be a good opportunity to accumulate. We are hopeful that more pro-growth government policies will be forthcoming, bottoming of earnings estimates and very underweight positioning by foreign investors may provide some impetus for the market to rebound. Hence, we have turned more neutral on the market and would maintain a high asset allocation and add alpha in sectors such as oil and gas and construction

UNIT HOLDINGS STATISTICS

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

Size of unit holdings(units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	19,247	1.94	2.10
5,001-10,000	525	3.88	4.21
10,001-50,000	1,456	34.57	37.51
50,001-500,000	468	45.68	49.56
500,001 and above	4	6.10	6.62
Total	21,700	92.17	100.00

SOFT COMMISSIONS AND REBATES

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

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

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL EQUITY AGGRESSIVE FUND 1**

We, being the Directors of Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying audited financial statements set out on pages 17 to 50 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 30 April 2019 and of its financial performance, changes in equity and cash flows for the financial year then ended in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

For and on behalf of the Manager

Principal Asset Management Berhad (Company No.: 304078-K)
(*formerly known as CIMB-Principal Asset Management Berhad*)

MUNIRAH KHAIRUDDIN

Chief Executive Officer/Executive Director

JUAN IGNACIO EYZAGUIRRE BARAONA

Director

Kuala Lumpur

18 June 2019

**TRUSTEE'S REPORT TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL EQUITY AGGRESSIVE FUND 1**

We, AmanahRaya Trustees Berhad, have acted as Trustee of CIMB-Principal Equity Aggressive Fund 1 for the financial year ended 30 April 2019. In our opinion, Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*), the Manager, has operated and managed CIMB-Principal Equity Aggressive Fund 1 in accordance with the limitations imposed on the investment powers of the management company under the Deeds, securities laws and the applicable Guidelines on Unit Trust Funds during the financial year then ended.

We are also of the opinion that:

- (a) Valuation and pricing is carried out in accordance with the Deeds and any regulatory requirement;
- (b) Creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirement; and
- (c) The distribution of income made by CIMB-Principal Equity Aggressive Fund 1 as declared by the Manager is appropriate and reflects the investment objective of CIMB-Principal Equity Aggressive Fund 1.

Yours faithfully

AMANAHRAYA TRUSTEES BERHAD (Company No.:766894-T)

HABSAH BINTI BAKAR

Chief Executive Officer

Kuala Lumpur, Malaysia

17 June 2019

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL EQUITY AGGRESSIVE FUND 1**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of CIMB-Principal Equity Aggressive Fund 1 (the "Fund") give a true and fair view of the financial position of the Fund as at 30 April 2019, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 30 April 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 17 to 50.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL EQUITY AGGRESSIVE FUND 1 (CONTINUED)****REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL EQUITY AGGRESSIVE FUND 1 (CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL EQUITY AGGRESSIVE FUND 1 (CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
18 June 2019

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

	Note	2019 RM	2018 RM
(LOSS)/INCOME			
Dividend income		1,951,668	2,505,433
Interest income from deposits with licensed financial institutions		206,432	111,855
Net (loss)/gain on financial assets at fair value through profit or loss	8	<u>(4,442,099)</u> <u>(2,283,999)</u>	<u>2,081,740</u> <u>4,699,028</u>
EXPENSES			
Management fee	4	989,714	1,248,256
Trustee's fee	5	39,589	49,930
Audit fee		13,600	12,900
Tax agent's fee		4,400	13,443
Transaction costs		585,431	825,410
Other expenses		<u>33,826</u>	<u>141,430</u>
		<u>1,666,560</u>	<u>2,291,369</u>
(LOSS)/PROFIT BEFORE TAXATION		(3,950,559)	2,407,659
Taxation	7	<u>-</u>	<u>(177,912)</u>
(LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL YEAR		<u>(3,950,559)</u>	<u>2,229,747</u>
(Loss)/Profit after taxation is made up as follows:			
Realised amount		(4,163,255)	7,796,742
Unrealised amount		<u>662,696</u>	<u>(5,566,995)</u>
		<u>(3,950,559)</u>	<u>2,229,747</u>

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

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

	Note	2019 RM	2018 RM
ASSETS			
Cash and cash equivalents	9	2,365,269	8,990,989
Financial assets at fair value through profit or loss	8	59,576,998	61,621,087
Amount due from stockbrokers		-	62,513
Amount due from Manager		106,231	53,843
Dividends receivable		31,610	21,400
TOTAL ASSETS		<u>62,080,108</u>	<u>70,749,832</u>
LIABILITIES			
Amount due to stockbrokers		254,322	178,458
Amount due to Manager		47,539	111,072
Accrued management fee		75,111	87,545
Amount due to Trustee		3,005	3,502
Other payables and accruals		14,735	28,465
TOTAL LIABILITIES		<u>394,712</u>	<u>409,042</u>
NET ASSET VALUE OF THE FUND		<u>61,685,396</u>	<u>70,340,790</u>
EQUITY			
Unit holders' capital		5,097,785	4,329,120
Retained earnings		56,587,611	66,011,670
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>61,685,396</u>	<u>70,340,790</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	10	<u>92,169,667</u>	<u>91,565,804</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.6692</u>	<u>0.7681</u>

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

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

	Note	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 May 2018		4,329,120	66,011,670	70,340,790
Movements in unit holders' contributions:				
- Creation of units from applications		12,016,380	-	12,016,380
- Creation of units from distribution		5,382,437	-	5,382,437
- Cancellation of units		(16,630,152)	-	(16,630,152)
Total comprehensive loss for the financial year		-	(3,950,559)	(3,950,559)
Distribution	6	-	(5,473,500)	(5,473,500)
Balance as at 30 April 2019		<u>5,097,785</u>	<u>56,587,611</u>	<u>61,685,396</u>
Balance as at 1 May 2017		23,987,271	70,441,149	94,428,420
Movements in unit holders' contributions:				
- Creation of units from applications		8,814,359	-	8,814,359
- Creation of units from distribution		6,592,861	-	6,592,861
- Cancellation of units		(35,065,371)	-	(35,065,371)
Total comprehensive income for the financial year		-	2,229,747	2,229,747
Distribution	6	-	(6,659,226)	(6,659,226)
Balance as at 30 April 2018		<u>4,329,120</u>	<u>66,011,670</u>	<u>70,340,790</u>

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

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

	Note	2019 RM	2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from disposal of quoted securities		95,366,882	151,716,587
Purchase of quoted securities		(98,211,946)	(126,841,641)
Interest income received from deposits with licensed financial institutions		206,432	111,855
Dividend income received		1,941,458	2,513,882
Management fee paid		(1,002,148)	(1,274,920)
Trustee's fee paid		(40,086)	(50,996)
Payments for other fees and expenses		(65,556)	(169,679)
Tax paid		-	(177,912)
Net cash (used in)/generated from operating activities		(1,804,964)	25,827,176
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		11,963,992	8,769,904
Payments for cancellation of units		(16,693,685)	(35,038,092)
Distribution paid		(91,063)	(66,365)
Net cash used in financing activities		(4,820,756)	(26,334,553)
Net decrease in cash and cash equivalents		(6,625,720)	(507,377)
Cash and cash equivalents at the beginning of the financial year		8,990,989	9,498,366
Cash and cash equivalents at the end of the financial year	9	2,365,269	8,990,989
<u>Cash and cash equivalents comprises of</u>			
Deposits with licensed financial institutions		2,345,212	8,964,728
Bank balances		20,057	26,261
Cash and cash equivalents at the end of the financial year	9	2,365,269	8,990,989

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITY

CIMB-Principal Equity Aggressive Fund 1 (the "Fund") was constituted pursuant to a Deed dated 18 August 2004, a First Supplemental Master Deed dated 25 June 2008, a Second Supplemental Master Deed dated 25 June 2008, a Third Supplemental Master Deed dated 14 July 2008, a Thirteenth Supplemental Master Deed dated 26 June 2012 and an Eighteenth Supplemental Master Deed dated 25 March 2015 (collectively referred to as the "Deeds"), made between Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the "Manager") and AmanahRaya Trustees Berhad (the "Trustee").

The Fund will invest between 70% to 98% (both inclusive) of its NAV in equities and up to a maximum of 30% of its NAV may be invested in warrants and options. In line with its objective, the investment policy and strategy of the Fund will focus on investment in shares of companies with growth potential. The Fund may also seek investment exposure via Collective Investment Scheme that is in line with the Fund's objective, subject to the requirement of the SC Guidelines. Liquid assets may also be strategically used if the Manager perceives that the downside risk of the market is high in the short-term.

All investments are subject 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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

Standard that is effective:

The Fund has applied the following standard for the first time for the financial year beginning on 1 May 2018:

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

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

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

The Fund's investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. There was no material impact on adoption from the application of the new impairment model.

There are no other standards, amendments to published standards or interpretations that are effective for annual periods beginning on 1 May 2018 that have a material effect on the financial statements of the Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

(i) Financial year beginning on/after 1 May 2019

- Amendments to MFRS 112 'Income Taxes' (effective from 1 January 2019) clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised.

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

The Fund will apply these amendments to published standard when effective. These amendments to published standard are not expected to have a significant impact on the Fund's financial statements.

(b) Financial assets and financial liabilities

Classification

Up to 30 April 2018, the Fund designates its investment in quoted securities as financial assets at fair value through profit or loss at inception.

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

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

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

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

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

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Classification (continued)

The Fund has not taken the option to irrevocably designate any equity securities at fair value through OCI.

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

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

Recognition and measurement

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

Financial liabilities, within the scope of MFRS 139 up to 30 April 2018 and MFRS 9 from 1 May 2018, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Recognition and measurement (continued)

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

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

Impairment for assets carried at amortised costs

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

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

(c) Income recognition

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

For quoted equities, realised gains and losses on sale of investments are accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on a weighted average cost basis.

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

Up to 30 April 2018, when a loan and receivable is impaired, the Fund reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continue unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

From 1 May 2018, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

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

(d) Functional and presentation currency

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

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 balance and deposits held in highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Taxation

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

(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, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expenses.

(h) Amount due from/(to) stockbrokers

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

These amounts are recognised initially at fair value and, up to 30 April 2018, subsequently measured at amortised cost using the effective interest method, less provision for impairment for amounts due from stockbrokers. A provision for impairment of amounts 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 stockbroker. Significant financial difficulties of the stockbroker, probability that the stockbroker will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from stockbrokers is impaired. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the interest rate used to discount the future cash flows for the purpose of measuring the impairment loss.

From 1 May 2018, these amounts are subsequently measured at amortised cost. At each reporting date, the Fund measures the loss allowance on amounts due from stockbrokers at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by the Manager as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(i) 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 year in which it is approved by the Trustee.

(j) Unit holders' capital

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

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

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

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

(k) Segment information

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

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

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

Estimates and judgement are continually evaluated by the Manager and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

However, the Manager is of the opinion that in applying this accounting policy, no significant judgement was required.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund are as follows:

	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
2019			
Cash and cash equivalents (Note 9)	-	2,365,269	2,365,269
Quoted securities (Note 8)	59,576,998	-	59,576,998
Amount due from Manager	-	106,231	106,231
Dividends receivable	-	31,160	31,160
	<u>59,576,998</u>	<u>2,503,110</u>	<u>62,080,108</u>
	Financial assets at fair value through profit or loss RM	Loans and receivables RM	Total RM
2018			
Cash and cash equivalents (Note 9)	-	8,990,989	8,990,989
Quoted securities (Note 8)	61,621,087	-	61,621,087
Amount due from stockbrokers	-	62,513	62,513
Amount due from Manager	-	53,843	53,843
Dividends receivable	-	21,400	21,400
	<u>61,621,087</u>	<u>9,128,745</u>	<u>70,749,832</u>

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

The investment objective of the Fund is to provide investors with long-term capital growth by investing principally in equities. The Fund also seeks to outperform the FBMKLCI benchmark.

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

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

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

(a) Market risk

(i) Price risk

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

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

	2019 RM	2018 RM
Financial assets at fair value through profit or loss:		
- Quoted securities	<u>59,576,998</u>	<u>61,621,087</u>

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

% Change in price of quoted securities	Market value RM	Impact on profit or loss/NAV RM
2019		
-5%	56,598,148	(2,978,850)
0%	59,576,998	-
5%	<u>62,555,848</u>	<u>2,978,850</u>
2018		
-5%	58,540,033	(3,081,054)
0%	61,621,087	-
5%	<u>64,702,141</u>	<u>3,081,054</u>

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

(a) Market risk (continued)

(ii) 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 investment in money market instruments. The interest rate risk is expected to be minimal as the Fund's investments comprise mainly short term deposits with approved licensed financial institutions.

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

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

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

(b) Credit risk

Credit risk refers to the risk that a 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 Manager, the settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC Guidelines on Unit Trust Funds.

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

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

(b) Credit risk (continued)

The following table sets out the credit risk concentration of the Fund:

	Cash and cash equivalents RM	Amount due from Manager RM	Dividends receivable RM	Total RM
2019				
Consumer Products & Services				
- Not Rated	-	-	14,084	14,084
Finance				
- CIMB Islamic Bank Bhd (AAA)	20,057	-	-	20,057
- Public Islamic Bank Bhd (AAA)	2,345,212	-	-	2,345,212
Industrial Products & Services				
- Not Rated	-	-	8,735	8,735
Telecommunications/Media				
- Not Rated	-	-	8,791	8,791
Others				
- Not Rated	-	106,231	-	106,231
	<u>2,365,269</u>	<u>106,231</u>	<u>31,610</u>	<u>2,503,110</u>

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

(b) Credit risk (continued)

	Cash and cash equivalents RM	Amount due from stockbrokers RM	Amount due from Manager RM	Dividends receivable RM	Total RM
2018					
Construction					
- Not Rated	-	61,048	-	-	61,048
Finance					
- CIMB Islamic Bank Bhd (AAA)	1,026,347	-	-	-	1,026,347
- Hong Leong Islamic Bank Bhd (AAA)	4,448,390	-	-	-	4,448,390
- Public Islamic Bank Bhd (AAA)	3,516,252	-	-	-	3,516,252
Industrials					
- Not Rated	-	-	-	694	694
Plantations					
- Not Rated	-	-	-	4,959	4,959
Trading/ Services					
- Not Rated	-	1,465	-	15,747	17,212
Others					
- Not Rated	-	-	53,843	-	53,843
	<u>8,990,989</u>	<u>62,513</u>	<u>53,843</u>	<u>21,400</u>	<u>9,128,745</u>

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

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

(c) Liquidity risk

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

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

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

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
2019			
Amount due to stockbrokers	254,322	-	254,322
Amount due to Manager	47,539	-	47,539
Accrued management fee	75,111	-	75,111
Amount due to Trustee	3,005	-	3,005
Other payables and accruals	-	14,735	14,735
Contractual undiscounted cash flows	379,977	14,735	394,712
2018			
Amount due to stockbrokers	178,458	-	178,458
Amount due to Manager	111,072	-	111,072
Accrued management fee	87,545	-	87,545
Amount due to Trustee	3,502	-	3,502
Other payables and accruals	5,463	23,002	28,465
Contractual undiscounted cash flows	386,040	23,002	409,042

(d) Capital risk management

The capital of the Fund is represented by equity consisting of unit holders' capital of RM5,097,785 (2018: RM4,329,120) and retained earnings of RM56,594,540 (2018: RM66,011,670). The amount of capital can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

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

(e) Fair value estimation

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

The fair value of financial assets traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the financial year end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

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

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

(i) Fair value hierarchy

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

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

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

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

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

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

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2019				
Financial assets at fair value through profit or loss				
- Quoted securities	<u>59,576,998</u>	<u>-</u>	<u>-</u>	<u>59,576,998</u>
2018				
Financial assets at fair value through profit or loss				
- Quoted securities	<u>61,621,087</u>	<u>-</u>	<u>-</u>	<u>61,621,087</u>

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

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

4. MANAGEMENT FEE

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

For the financial year ended 30 April 2019, the management fee is recognised at a rate of 1.50% per annum, (2018: 1.50% per annum).

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

5. TRUSTEE'S FEE

In accordance with the Deeds, the Trustee is entitled to a maximum fee of 0.06% per annum, calculated daily based on the NAV of the Fund.

For the financial year ended 30 April 2019, the Trustee's fee is recognised at a rate of 0.06% per annum (2018: 0.06% per annum).

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

6. DISTRIBUTION

Distribution to unit holders is derived from the following sources:

	2019 RM	2018 RM
Dividend income	210,519	2,505,433
Interest income from deposits with licensed financial institutions	9,568	111,855
Net realised gain on disposal of investments	-	2,081,740
Prior financial year's realised income	5,344,468	4,251,567
	<u>5,564,555</u>	<u>8,950,595</u>
Less:		
Expenses	(91,055)	(2,291,369)
Net distribution amount	<u>5,473,500</u>	<u>6,659,226</u>
Distribution on 18 July 2018		
Gross/Net distribution per unit (sen)	<u>6.00</u>	<u>-</u>
Distribution on 18 July 2017		
Gross/Net distribution per unit (sen)	<u>-</u>	<u>6.00</u>

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

Gross distribution per unit is derived from gross realised income less expense, divided by the number of units in circulation. Net distribution per unit is derived from gross realised income less expenses and taxation, divided by the number of units in circulation.

The Fund incurred unrealised loss of RM5,566,995 for the financial year ended 30 April 2018.

7. TAXATION

	2019 RM	2018 RM
Tax charged for the financial year:		
- Under provision in the prior financial years	<u>-</u>	<u>177,912</u>

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

	2019 RM	2018 RM
(Loss)/Profit before taxation	<u>(3,950,559)</u>	<u>2,407,659</u>
Taxation at Malaysian statutory rate of 24% (2018: 24%)	(948,134)	577,838
Tax effects of:		
Loss not deductible for tax purposes/(Income not subject to tax)	548,160	(1,127,767)
Expenses not deductible for tax purposes	154,379	225,136
Restriction on tax deductible expenses for Unit Trust Funds	245,595	324,793
Under provision in the prior financial years	<u>-</u>	<u>177,912</u>
Taxation	<u>-</u>	<u>177,912</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 RM	2018 RM
At fair value through profit or loss:		
- Quoted securities	<u>59,576,998</u>	<u>61,621,087</u>
Net (loss)/gain on financial assets at fair value through profit or loss		
- Realised (loss)/gain on disposals	(5,104,795)	7,648,735
- Unrealised fair value gain/(loss)	<u>662,696</u>	<u>(5,566,995)</u>
	<u>(4,442,099)</u>	<u>2,081,740</u>

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2019				
QUOTED SECURITIES				
Construction				
Gabungan AQRS Bhd	<u>68,900</u>	<u>102,406</u>	<u>103,350</u>	<u>0.17</u>
Consumer Products & Services				
Berjaya Food Bhd	731,500	1,080,282	1,302,070	2.11
Bermaz Auto Berhad	634,100	1,434,796	1,521,840	2.47
DRB-Hicom Bhd	753,800	1,525,738	1,643,284	2.66
Genting Bhd	497,700	3,530,288	3,503,808	5.68
Genting Malaysia Bhd	876,900	3,611,094	2,788,542	4.52
Sime Darby Bhd	<u>715,900</u>	<u>1,408,015</u>	<u>1,660,888</u>	<u>2.69</u>
	<u>4,209,900</u>	<u>12,590,213</u>	<u>12,420,432</u>	<u>20.13</u>
Energy				
Dialog Group Bhd	912,500	2,369,121	2,938,250	4.76
Sapura Energy Bhd	792,400	244,614	257,530	0.42
Serba Dinamik Holdings Bhd	329,800	1,199,292	1,378,564	2.23
Uzma Bhd	320,100	324,677	284,889	0.46
Yinson Holdings Bhd	<u>409,200</u>	<u>1,612,125</u>	<u>1,980,528</u>	<u>3.22</u>
	<u>2,764,000</u>	<u>5,749,829</u>	<u>6,839,761</u>	<u>11.09</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 %
2019 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
Financial Services				
CIMB Group Holdings Bhd	533,103	3,090,907	2,809,453	4.55
Malayan Banking Bhd	283,016	2,723,370	2,617,898	4.24
Public Bank Bhd	64,000	1,439,957	1,440,000	2.33
RHB Bank Bhd	382,300	2,147,149	2,278,508	3.69
Syarikat Takaful Malaysia Keluarga Bhd	145,600	820,656	883,792	1.44
	<u>1,408,019</u>	<u>10,222,039</u>	<u>10,029,651</u>	<u>16.25</u>
Health Care				
Duopharma Biotech Bhd	460,883	509,026	649,845	1.05
KPJ Healthcare Bhd	562,200	600,427	550,956	0.89
Top Glove Corporation Bhd	579,000	2,769,002	2,819,730	4.58
	<u>1,602,083</u>	<u>3,878,455</u>	<u>4,020,531</u>	<u>6.52</u>
Industrial Products & Services				
Chemical Company of Malaysia Bhd	355,666	582,581	771,795	1.25
HSS Engineers Bhd	184,000	178,864	204,240	0.33
Pecca Group Bhd	349,400	302,334	377,352	0.61
Uchi Technologies Bhd	160,500	433,315	457,425	0.74
	<u>1,049,566</u>	<u>1,497,094</u>	<u>1,810,812</u>	<u>2.93</u>
Plantation				
FGV Holdings Bhd	2,249,500	1,908,990	2,811,875	4.56
IOI Corporation Bhd	235,900	1,076,336	1,063,909	1.72
Sime Darby Plantation Bhd	562,600	2,919,480	2,903,016	4.71
	<u>3,048,000</u>	<u>5,904,806</u>	<u>6,778,800</u>	<u>10.99</u>
Property				
Malaysian Resources Corporation Bhd	994,300	897,053	1,024,129	1.66
Sime Darby Property Bhd	563,100	603,390	625,041	1.01
	<u>1,557,400</u>	<u>1,500,443</u>	<u>1,649,170</u>	<u>2.67</u>
REIT				
Axis REIT	499,700	900,415	884,469	1.43

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 %
2019 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
Technology				
Frontken Corporation Bhd	159,700	70,648	220,386	0.36
JHM Consolidation Bhd	1,154,800	1,350,471	1,466,596	2.38
MI Technovation Bhd	591,700	1,040,308	1,313,574	2.13
Pentamaster Corporation Bhd	445,208	1,045,608	1,923,299	3.12
Revenue Group Bhd	201,500	126,139	270,010	0.44
	<u>2,552,908</u>	<u>3,633,174</u>	<u>5,193,865</u>	<u>8.43</u>
Telecommunications/Media				
Astro Malaysia Holdings Bhd	1,011,000	1,594,949	1,465,950	2.38
Axiata Group Bhd	195,361	824,398	775,583	1.26
	<u>1,206,361</u>	<u>2,419,347</u>	<u>2,241,533</u>	<u>3.64</u>
Transportation/Logistics				
Malaysia Airports Holdings Bhd	91,400	620,277	697,382	1.13
MISC Bhd	218,600	1,474,665	1,508,340	2.45
	<u>310,000</u>	<u>2,094,942</u>	<u>2,205,722</u>	<u>3.58</u>
Utilities				
Tenaga Nasional Bhd	439,650	6,163,327	5,398,902	8.75
TOTAL QUOTED SECURITIES	<u>20,716,487</u>	<u>56,656,490</u>	<u>59,576,998</u>	<u>96.58</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>2,920,508</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>59,576,998</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 %
2018				
QUOTED SECURITIES				
Construction				
Ahmad Zaki Resources Bhd	95,300	98,009	70,522	0.10
Econpile Holdings Bhd	572,450	416,433	589,624	0.84
Gabungan AQRS Bhd	420,000	725,804	705,600	1.00
Gabungan AQRS Bhd - Warrant	130,000	56,401	49,400	0.07
Gamuda Bhd	128,400	665,981	659,976	0.94
Kerjaya Prospek Group Bhd	237,740	316,760	363,742	0.52
Muhibbah Engineering (M) Bhd	131,800	362,839	390,128	0.55
Sunway Construction Group Bhd	213,300	502,270	479,925	0.68
Vizione Holdings Bhd	4,208,300	561,657	547,079	0.78
WCT Holdings Bhd	311,900	380,814	383,637	0.55
	<u>6,449,190</u>	<u>4,086,968</u>	<u>4,239,633</u>	<u>6.03</u>
Consumer Products				
CCM Duopharma Biotech Bhd	178,826	447,716	518,595	0.74
Magni-Tech Industries Bhd	86,400	540,969	389,664	0.55
Padini Holdings Bhd	83,700	411,146	355,725	0.51
QL Resources Bhd	132,700	568,414	682,078	0.97
UMW Holdings Bhd	58,900	361,807	359,879	0.51
	<u>540,526</u>	<u>2,330,052</u>	<u>2,305,941</u>	<u>3.28</u>
Finance				
CIMB Group Holdings Bhd	391,036	2,374,922	2,815,459	4.00
Malayan Banking Bhd	430,462	4,144,202	4,640,380	6.60
Public Bank Bhd	189,600	4,250,668	4,512,480	6.41
	<u>1,011,098</u>	<u>10,769,792</u>	<u>11,968,319</u>	<u>17.01</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 %
2018 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
Industrials				
Cahaya Mata Sarawak Bhd	65,900	274,403	266,895	0.38
Chemical Company of Malaysia Bhd	351,066	573,665	705,643	1.00
Denko Industrial Corporation Bhd	457,600	696,684	755,040	1.07
EG Industries Bhd	278,225	147,230	140,504	0.20
EG Industries Bhd – Preference Share	467,525	222,074	233,763	0.33
Hartalega Holdings Bhd	181,200	956,675	1,063,644	1.51
Kossan Rubber Industries Bhd	90,000	686,747	602,100	0.86
Petronas Chemicals Group Bhd	169,300	1,203,944	1,430,585	2.04
Rohas Tecnic Bhd	244,800	322,607	318,240	0.45
SCGM Bhd	69,600	181,872	104,400	0.15
SKP Resources Bhd	365,500	587,234	544,595	0.77
Success Transformer Corporation Bhd	752,800	1,234,131	677,520	0.96
Top Glove Corporation Bhd	139,800	985,427	1,329,498	1.89
Uchi Technologies Bhd	242,600	705,888	659,872	0.94
United U-Li Corporation Bhd	138,800	660,501	222,080	0.32
V.S. Industry Bhd	329,700	690,283	741,825	1.05
V.S. Industry Bhd - Warrant	791,000	963,502	454,825	0.65
	<u>5,135,416</u>	<u>11,092,867</u>	<u>10,251,029</u>	<u>14.57</u>
IPC				
Time Dotcom Bhd	<u>48,200</u>	<u>409,941</u>	<u>387,046</u>	<u>0.55</u>
Plantation				
Felda Global Ventures Holdings Bhd	413,300	749,279	706,743	1.00
IOI Corporation Bhd	172,400	784,073	825,796	1.18
Sime Darby Plantation Bhd	<u>141,700</u>	<u>792,103</u>	<u>789,269</u>	<u>1.12</u>
	<u>727,400</u>	<u>2,325,455</u>	<u>2,321,808</u>	<u>3.30</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 %
2018 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
Properties				
LBS Bina Group Bhd	278,340	244,180	267,206	0.38
Malaysian Resources Corporation Bhd	560,700	492,400	577,521	0.82
Malton Bhd	52,300	56,185	42,363	0.06
SP Setia Bhd	117,509	361,440	374,854	0.53
	<u>1,008,849</u>	<u>1,154,205</u>	<u>1,261,944</u>	<u>1.79</u>
Technology				
Binasat Communcations Bhd	261,300	141,929	105,827	0.15
Frontken Corporation Bhd	2,483,600	961,129	993,440	1.41
Globetronics Technology Bhd	192,400	1,019,896	829,244	1.18
Inari Amertron Bhd	1,312,800	2,198,011	2,258,016	3.21
JHM Consolidation Bhd	217,700	231,510	239,470	0.35
Pentamaster Corporation Bhd	420,208	855,545	802,597	1.14
Vitrox Corporation Bhd	16,600	85,244	85,822	0.12
	<u>4,904,608</u>	<u>5,493,264</u>	<u>5,314,416</u>	<u>7.56</u>
Trading/Services				
Aeon Corporation (M) Bhd	308,800	572,690	623,776	0.89
Airasia Bhd	296,000	1,090,252	1,139,600	1.62
Axiata Group Bhd	105,502	541,701	559,161	0.79
Berjaya Food Bhd	95,300	165,199	163,916	0.23
Bermaz Auto Bhd	165,600	369,533	367,632	0.53
Bumi Armada Bhd	852,700	695,029	716,268	1.02
Datasonic Group Bhd	116,300	138,966	105,833	0.15
Destini Bhd	254,900	116,511	112,156	0.16
Dialog Group Bhd	709,600	1,348,157	2,185,568	3.11
Genting Bhd	200,900	1,913,626	1,794,037	2.55
Genting Malaysia Bhd	350,200	1,855,890	1,796,526	2.55
George Kent Malaysia Bhd	361,200	1,017,864	1,426,740	2.03
IHH Healthcare Bhd	121,400	735,245	738,112	1.05
Malaysia Airports Holdings Bhd	197,100	1,702,189	1,775,871	2.52

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 %
2018 (CONTINUED)				
QUOTED SECURITIES				
(CONTINUED)				
Trading/Services				
(Continued)				
My E.G. Services Bhd	265,100	628,977	694,562	0.99
Only World Group Holdings Bhd	61,000	70,166	57,950	0.08
Pos Malaysia Bhd	156,100	671,409	576,009	0.82
Serba Dinamik Holdings Bhd	145,400	479,659	484,182	0.69
Sime Darby Bhd	472,300	1,084,043	1,261,041	1.79
Sunway Bhd	137,400	228,831	207,474	0.29
Telekom Malaysia Bhd	69,100	367,495	366,230	0.52
Tenaga Nasional Bhd	317,150	4,601,883	5,023,656	7.14
Yinson Holdings Bhd	234,500	792,904	928,620	1.33
Yong Tai Bhd	319,200	512,512	466,031	0.66
	<u>6,312,752</u>	<u>21,700,731</u>	<u>23,570,951</u>	<u>33.51</u>
TOTAL QUOTED SECURITIES	<u>26,138,039</u>	<u>59,363,275</u>	<u>61,621,087</u>	<u>87.60</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>2,257,812</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>61,621,087</u>		

9. CASH AND CASH EQUIVALENTS

	2019 RM	2018 RM
Deposits with licensed financial institutions	2,345,212	8,964,728
Bank balance	<u>20,057</u>	<u>26,261</u>
	<u><u>2,365,269</u></u>	<u><u>8,990,989</u></u>

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

	2019 %	2018 %
Deposits with licensed financial institutions	<u>3.30</u>	<u>3.21</u>

Deposits with licensed financial institutions of the Fund have an average maturity of 1 day (2018: 2 days).

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2019 No. of units	2018 No. of units
At the beginning of the financial year	91,565,804	116,052,723
Add: Creation of units from applications	17,299,962	10,992,340
Add: Creation of units from distribution	7,654,205	8,802,218
Less: Cancellation of units	<u>(24,350,304)</u>	<u>(44,281,477)</u>
At the end of the financial year	<u><u>92,169,667</u></u>	<u><u>91,565,804</u></u>

11. MANAGEMENT EXPENSE RATIO ("MER")

	2019 %	2018 %
MER	<u>1.62</u>	<u>1.71</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 fee

C = Audit fee

D = Tax Agent's fee

E = Other expenses excluding Goods and Services Tax ("GST") on transaction costs

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 RM66,014,585 (2018: RM83,122,849).

12. PORTFOLIO TURNOVER RATIO ("PTR")

	2019	2018
PTR (times)	<u>1.47</u>	<u>1.66</u>

PTR is derived based on the following calculation:

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

where:

total acquisition for the financial year	=	RM97,987,296 (2018: RM124,605,429)
total disposal for the financial year	=	RM95,589,287 (2018: RM151,232,481)

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 (formerly known as CIMB-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
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 Manager
CIMB Group Holdings Bhd	Ultimate holding company of shareholder of the Manager
CIMB Islamic Bank Bhd	Fellow related party to the Manager
CIMB Investment Bank Bhd	Fellow related party to the Manager
CIMB Group Sdn Bhd	Shareholder of the Manager
Subsidiaries and associates of Principal Financial Group Incorporation, other than above, as disclosed in its financial statements	Fellow subsidiary and associated companies of the ultimate holding company of shareholder of the Manager

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

Units held by the Manager and parties related to the Manager

	2019		2018	
	No. of units	RM	No. of units	RM
Manager				
Principal Asset Management Berhad (formerly known as CIMB-Principal Asset Management Berhad)	51,023	34,145	2,321	1,783

In the opinion of the Manager, the above units were transacted at the prevailing market price.

The units are held beneficially by the Manager for booking purposes. Other than the above, there were no units held by the Directors or parties related to the Manager.

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The Manager is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties.

	2019 RM	2018 RM
<u>Significant related party transactions</u>		
Interest income from deposits with licensed financial institution:		
- CIMB Islamic Bank Bhd	47,716	26,260
Cash placements with licensed financial institutions:		
- CIMB Islamic Bank Bhd	139,919,500	111,179,500
<u>Significant related party balances</u>		
Deposits with licensed financial institutions:		
- CIMB Islamic Bank Bhd	-	1,000,086
Bank balances:		
- CIMB Islamic Bank Bhd	20,057	26,261

14. TRANSACTIONS WITH BROKERS/DEALERS

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

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
RHB Investment Bank Bhd	25,238,339	13.04	57,096	13.39
Affin Hwang Investment Bank Bhd	21,199,793	10.95	61,389	14.40
Macquarie Capital Securities (M) Sdn Bhd	20,396,825	10.54	46,184	10.83
CLSA Securities (M) Sdn Bhd	19,612,782	10.13	43,698	10.25
Maybank Investment Bank Bhd	18,940,437	9.78	40,481	9.50
JPMorgan Securities (M) Sdn Bhd	18,456,491	9.53	39,506	9.27
KAF Seagroatt & Campbell Securities Sdn Bhd	18,213,472	9.41	41,262	9.68
CIMB Investment Bank Bhd #	17,464,904	9.02	38,948	9.14
Credit Suisse Securities (M) Sdn Bhd	9,306,467	4.81	20,736	4.86
UBS Securities (M) Sdn Bhd	9,206,135	4.76	19,606	4.60
Others	15,540,938	8.03	17,357	4.08
	<u>193,576,583</u>	<u>100.00</u>	<u>426,263</u>	<u>100.00</u>

14. TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)

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

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Maybank Investment Bank Bhd	37,858,344	14.27	86,451	14.42
RHB Investment Bank Bhd	35,998,784	13.56	83,902	14.00
Macquarie Capital Securities (M) Sdn Bhd	33,944,266	12.79	75,801	12.65
CIMB Investment Bank Bhd #	32,705,202	12.32	71,240	11.89
Credit Suisse Securities (M) Sdn Bhd	26,573,523	10.01	59,312	9.90
Hong Leong Investment Bank Bhd	22,948,637	8.65	51,111	8.53
JPMorgan Securities (M) Sdn Bhd	22,143,722	8.34	49,957	8.33
CLSA Securities (M) Sdn Bhd	19,567,372	7.37	44,091	7.36
KAF Seagroatt & Campbell Securities Sdn Bhd	11,966,593	4.51	26,979	4.50
Kenanga Investment Bank Bhd	8,380,910	3.16	19,724	3.29
Others	13,295,123	5.02	30,825	5.13
	<u>265,382,476</u>	<u>100.00</u>	<u>599,393</u>	<u>100.00</u>

Included in the transactions are trades conducted with CIMB Investment Bank Bhd, related party of the Manager amounting to RM17,464,904 (2018: RM32,705,202). The Manager is of the opinion that all transactions with the related party have been entered into in the normal course of business at agreed terms between the related parties.

15. SEGMENT INFORMATION

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

The investment objective of the Fund is to provide investors with long-term capital growth by investing principally in equities. The Fund also seeks to outperform the FBMKLCI benchmark. The reportable operating segment derives its income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within the portfolio. These returns consist of interest and dividend income earned from investments and gains on the appreciation in the value of investments, which are derived from Ringgit-denominated deposits with licensed financial institutions in Malaysia, and quoted securities listed on the Bursa Securities, Malaysia.

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

16. MFRS 9 FINANCIAL INSTRUMENTS

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

The measurement category and the carrying amount of financial assets and financial liabilities in accordance with MFRS 139 and MFRS 9 at 1 May 2018 are compared as follows:

	Measurement category		Original (MFRS 139) RM	Carrying amount		New (MFRS 9) RM
	Original (MFRS 139)	New (MFRS 9)		Reclassi- fications RM	Remeasu- rements RM	
Assets						
Cash and cash equivalents	Loans and receivables	Amortised cost	8,990,989	-	-	8,990,989
Investment in quoted securities	FVTPL	FVTPL	61,621,087	-	-	61,621,087
Amount due from stockbrokers	Loans and receivables	Amortised cost	62,513	-	-	62,513
Amount due from Manager	Loans and receivables	Amortised cost	53,843	-	-	53,843
Dividends receivable	Loans and receivables	Amortised cost	21,400	-	-	21,400
Liabilities						
Amount due to stockbrokers	Amortised cost	Amortised cost	178,458	-	-	178,458
Amount due to Manager	Amortised cost	Amortised cost	111,072	-	-	111,072
Accrued management fee	Amortised cost	Amortised cost	87,545	-	-	87,545
Amount due to Trustee	Amortised cost	Amortised cost	3,502	-	-	3,502
Other payables and accruals	Amortised cost	Amortised cost	28,465	-	-	28,465

17. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 18 June 2019.

DIRECTORY**Head office of the Manager**

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