

CIMB-Principal Equity Aggressive Fund 3

Unaudited Interim Report

For The Six Months Financial Period Ended 30 June 2019

CIMB-PRINCIPAL EQUITY AGGRESSIVE FUND 3

UNAUDITED FINANCIAL STATEMENTS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2019

CONTENTS	PAGE(S)
INVESTORS' LETTER	1
MANAGER'S REPORT	2 - 7
Fund Objective and Policy	
Performance Data	
Market Review	
Fund Performance	
Portfolio Structure	
Market Outlook	
Investment Strategy	
Unit Holdings Statistics	
Soft Commissions and Rebates	
STATEMENT BY MANAGER	8
TRUSTEE'S REPORT	9
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME	10
UNAUDITED STATEMENT OF FINANCIAL POSITION	11
UNAUDITED STATEMENT OF CHANGES IN EQUITY	12
UNAUDITED STATEMENT OF CASH FLOWS	13
NOTES TO THE FINANCIAL STATEMENTS	14 - 35
DIRECTORY	36

INVESTORS' LETTER

Dear Valued Investor,

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

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

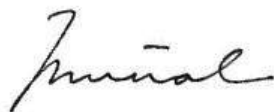
Thanks to the trust you've placed in us, we have been recognized Asia Asset Management 2019 Awards for the Fund Launch of the Year Award in Best of the Best Awards Malaysia category, and the Best Asset Management House in ASEAN in Best of the Best ASEAN category.

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

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

Thank you.

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



Munirah Khairuddin
Chief Executive Officer

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

The Fund aims to grow the value of investments over the long-term through investment in Malaysian shares.

Has the Fund achieved its objective?

For the financial period under review, the Fund has achieved its objective of providing long-term capital growth.

What are the Fund investment policy and principal investment strategy?

The Fund may invest between 70% to 98% (both inclusive) of the Fund's Net Asset Value ("NAV") in local equities and at least 2% of the Fund's NAV in liquid assets. The investment policy and strategy of the Fund will be to invest in stocks which are selected based on their future growth prospects. The Fund may opt to seek investment exposure via collective investment scheme that is in line with the Fund's objective, subject to the requirement of the Securities Commission Malaysia ("SC") Guidelines. In addition, liquid assets may also be strategically used if the Manager feels that the market downside risk is high in the short term.

The Fund will be managed with high tracking error. The investment strategy of the Fund will be predominantly based on bottom up stock selection instead of investing mainly in the stocks represented in the benchmark. Consequently, the Fund's individual stock and sector weightage will deviate significantly from the benchmark, thus leads to high tracking error. The strategy of the Fund includes utilizing liquid assets dynamically in the changing market conditions. For example, high level of cash holdings in the bearish market will result in higher tracking error as the cash positions helps minimize the degree of the decline in Fund's NAV as compared to the benchmark which have 100% exposure to the market downside.

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?

12 March 1998

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

RM63.39 million (53.84 million units)

What is the Fund's benchmark?

Financial Times Stock Exchange ("FTSE") Bursa Malaysia ("FBM") Top 100 ("FBM100") Index

Note: The Fund's benchmark is for performance comparison purpose only. Investors are cautioned that the risk profile of the Fund is higher than the benchmark.

What is the Fund distribution policy?

No distribution is expected to be paid, however, distribution, if any, will be incidental and will vary from period to period depending on interest rates, market conditions and the performance of the Fund.

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

There was no distribution made for the six months financial period ended 30 June 2019.

PERFORMANCE DATA

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

	30.06.2019	30.06.2018	30.06.2017
	%	%	%
Quoted securities			
- Construction	-	3.11	8.19
- Consumer Products	-	10.73	3.36
- Consumer Products & Services	16.07	-	-
- Energy	14.18	-	-
- Finance	-	16.99	24.22
- Financial Services	21.21	-	-
- Health Care	1.48	-	-
- Industrials	-	13.19	9.24
- Industrial Products & Services	6.38	-	-
- Infrastructure Project Companies ("IPC")	-	-	2.44
- Plantation	10.26	2.82	4.71
- Properties	2.61	0.63	1.03
- Real Estate Investment Trust ("REIT")	1.42	-	-
- Technology	5.89	10.68	2.53
- Telecommunications & Media	5.85	-	-
- Trading/Services	-	34.31	40.13
- Transportation & Logistics	3.53	-	-
- Utilities	6.00	-	-
Cash and other net assets	5.12	7.54	4.15
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

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

	30.06.2019	30.06.2018	30.06.2017
NAV (RM Million)	63.39	67.45	74.80
Units in circulation (Million)	53.84	57.30	62.15
NAV per unit (RM)	1.1774	1.1772	1.2035
	01.01.2019	01.01.2018	01.01.2017
	to 30.06.2019	to 30.06.2018	to 30.06.2017
Highest NAV per unit (RM)	1.1826	1.3546	1.2254
Lowest NAV per unit (RM)	1.0759	1.1619	1.0591
Total return (%)	7.88	(8.07)	13.72
- Capital growth (%)	7.88	(8.07)	13.72
- Income distribution (%)	-	-	-
Management Expense Ratio ("MER") (%) ^	0.98	1.05	1.06
Portfolio Turnover Ratio ("PTR") (times) #	0.84	0.79	1.30

^ The Fund's MER decreased from 1.05% to 0.98% due to decrease in expenses during the six months financial period under review.

The Fund's PTR increased slightly from 0.79 times to 0.84 times due to decreased average NAV during the six months financial period under review.

PERFORMANCE DATA (CONTINUED)

	30.06.2019	30.06.2018	30.06.2017	30.06.2016	30.06.2015
	%	%	%	%	%
Annual total return	0.01	(2.18)	11.28	3.27	(11.29)

(Launch date: 12 March 1998)

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

MARKET REVIEW (1 JANUARY 2019 TO 30 JUNE 2019)

For the financial period under review, the FBM100 Index increased by 1.64% from 11,443.61 points to 11,631.65 points.

FBM100 Index commenced 2019 with a rally and Ringgit Malaysia (“RM”) strengthened to RM4.09 against US Dollar (“USD”) from RM4.13 in the previous month. Brent crude oil rose to USD61.89 per barrel, up by 15.03% month-on-month (“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 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 East Coast Rail Line (“ECRL”) on-again, off-again saga plays out. As of now, 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. But the damage seems to have been done already. Conversation with business leaders revealed that the Government relationship with China is at all-time low. Business and consumer sentiment continued slipping for the second consecutive quarter in the fourth quarter of 2018.

FBM100 Index continued its rally along with FBM Kuala Lumpur Composite Index (“FBMKLCI”) ended higher in February 2019 driven by higher Brent crude oil, which traded up by 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 Ratings (“Fitch”) re-affirmed Malaysia’s sovereign rating.

Positive news flow continues to buoy the construction sector as the revival of Bandar Malaysia project has lifted sentiment and expectation that the shelved high-speed rail (“HSR”) and Mass Rapid Transit (“MRT”) 3 projects may be revived soon. Sustained rebound in crude oil prices have also seen the revival of job flows to oil and gas service providers. Additionally, news that China had also recently agreed to purchase a minimum of 1.9 million metric tonnes of crude palm oil (“CPO”) over 5 years’ worth RM4.5 billion in addition to the earlier purchase contracts signed for 1.62 million metric tonnes 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 formalisation of regulatory changes in the months to come would lift investors’ sentiment.

However, FBM100 Index along with regional markets took a turn and was sold down after a statement by US President Donald Trump that there would not be a deal after all for US-China trade negotiation. The fall-out has resulted in global manufacturing Purchasing Managers’ Index (“PMI”) falling into contraction for the first time since 2012. In addition to external factors, RM faced additional selling pressure as Malaysia may be dropped from the FTSE World Government Bond Index during September 2019 review.

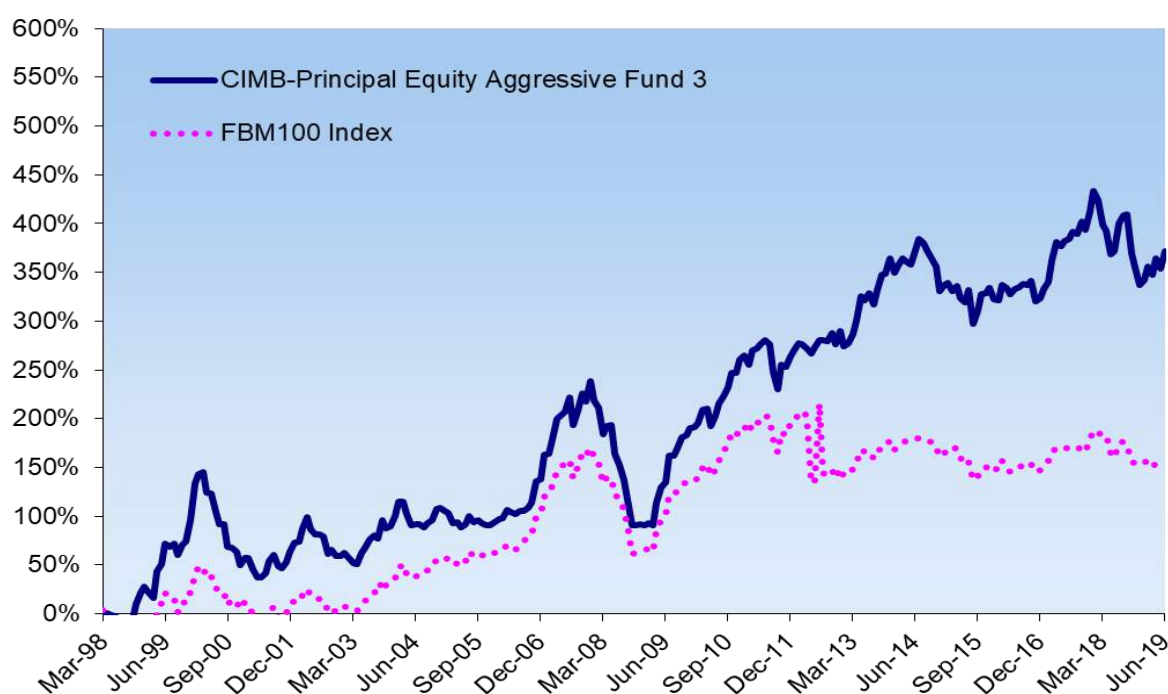
MARKET REVIEW (1 JANUARY 2019 TO 30 JUNE 2019) (CONTINUED)

Malaysian equities benefitted from relief rally in June 2019 stemming from expectation of the US Federal Reserve (the “Fed”) rate cuts and de-escalation of US-China trade war. Domestic factors which also helped to boost the market include dissipating concern over regulatory risk particularly for airport operator Malaysia Airports Holdings Bhd (“MAHB”) following the release of the latest consultation paper on the implementation of Regulatory Asset Base (“RAB”) framework. We also observed improving investors’ risk appetite for small and mid-cap stocks judging by FBM Small Cap Index’s gain of 3.6% in June 2019. Malaysia’s Nikkei manufacturing PMI fell again in June 2019 to 47.8 from 48.8 in May 2019, largely dragged by weak external demand. While Malaysia is expected to be a medium-term beneficiary of trade diversion arising from trade war between US and China, adverse impact from supply chain disruption and weaker end demand will hurt Malaysia’s near-term export. As such, we expect downside risk to Malaysian Gross Domestic Product (“GDP”) going forward. To counter the growth slowdown, Bank Negara Malaysia (“BNM”) has pre-emptively slashed Overnight Policy Rate (“OPR”) by 25 basis points (“bps”) in May 2019 to 3%. With benign inflation, BNM has further room to cut its OPR should the need arises. On the other hand, we expect Government fiscal spending to pick up going forward following the recent revival of mega projects such as ECRL and Light Rail Transit Line 3 (“LRT3”). Most recently, the RM32 billion Penang Transport Master Plan will likely be sanctioned to proceed, which is a positive for the construction sector.

FUND PERFORMANCE

	6 months to 30.06.2019	1 year to 30.06.2019 %	3 years to 30.06.2019 %	5 years to 30.06.2019 %	Since inception to 30.06.2019 %
Income	-	-	-	-	-
Capital	7.88	0.01	8.87	(0.26)	371.36
Total Return	7.88	0.01	8.87	(0.26)	371.36
Benchmark	1.64	(1.07)	3.50	(8.26)	156.78
Average Total Return	N/A	0.01	2.87	(0.05)	7.57

For the six months financial period under review, the Fund’s total return increased by 7.88%, while the benchmark gained by 1.64%. As such, the Fund outperformed its benchmark by 6.24%.



FUND PERFORMANCE (CONTINUED)**Changes in NAV**

	30.06.2019	31.12.2018 Audited	Changes %
NAV (RM Million)	63.40	61.56	2.99
NAV/Unit (RM)	1.1774	1.0914	7.88

The Fund's NAV per unit increased by 7.88% due to positive investment performance during the six months financial period under review.

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

PORTFOLIO STRUCTURE**Asset allocation**

(% of NAV)	30.06.2019	31.12.2018 Audited
Quoted securities	94.88	80.53
Cash and other net assets	5.12	19.47
TOTAL	100.00	100.00

Asset allocation increased from 80.53% as at 30 June 2018 to 94.88% as at 30 June 2019 to capitalise on market opportunities during the six months financial period under review.

MARKET OUTLOOK*

Towards the end of May 2019, sentiment was buoyed by two merger and acquisition announcements involving Axiata Group Bhd and Telenor ASA, and YTL Cement Bhd and Lafarge Malaysia Bhd, and partly driven by foreign buying in the last three days of May 2019. First quarter of 2019 earnings season ended with another disappointment as there were still more misses than beats. Plantation, technology, aviation and basic materials were the major disappointments while positive results came from automotive, construction, telecommunication and utilities. While the moderation in the first quarter of 2019 GDP growth of 4.5% was shallower than street expectation, growth drivers going forward are weak given the escalating trade tension between the US and its major trading partners, and slowing private investments due to dampened sentiment. Freshly out May 2019 PMI numbers (48.8 versus 49.4 in April 2019) for Malaysia showed further weakening in external demand. While still maintaining its 4.3% to 4.8% GDP forecast for 2019, BNM has flagged that a full-blown US-China trade could shave 1.3% to 1.5% off Malaysia's GDP growth. This suggests that risk to growth is clearly on the downside. In addition to external factors, RM could face additional selling pressure as Malaysia may be dropped from the FTSE World Government Bond Index during September 2019 review. On the bright side, recent resumption of mega infrastructure projects such as ECRL and LRT3 will provide some boost to growth from second half of 2019 onwards.

* 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

Overall, we remain cautious on Malaysia given lack of earnings growth (consensus penciled in negative earnings growth for 2019) which is balanced by undemanding valuation now. Having said that, we are of the opinion that value is emerging in Malaysian equities and Malaysia tend to be more defensive when volatility in global equity markets rises. We look to add into names that are domestically driven and companies that payout high dividend. At the same time, we are reducing exposure on some of the Technology-related names on the back of rising trade conflicts.

UNIT HOLDINGS STATISTICS

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

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	1,826	5.49	10.19
5,001 - 10,000	888	6.19	11.49
10,001 - 50,000	872	16.58	30.81
50,001 - 500,000	141	14.82	27.52
500,001 and above	4	10.76	19.99
Total	3,731	53.84	100.00

SOFT COMMISSIONS AND REBATES

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

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

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL EQUITY AGGRESSIVE FUND 3**

We, being the Directors of Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the "Manager"), do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements set out on pages 10 to 35 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 30 June 2019 of its financial performance, changes in equity and cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 - Interim Financial Reporting and International Accounting Standards ("IAS") 34 - Interim Financial Reporting.

For and on behalf of the Manager

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

(formerly known as CIMB-Principal Asset Management Berhad)

MUNIRAH KHAIRUDDIN

Chief Executive Officer/Executive Director

JUAN IGNACIO EYZAGUIRRE BARAONA

Director

Kuala Lumpur

14 August 2019

**TRUSTEE'S REPORT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

TO THE UNIT HOLDERS OF CIMB-PRINCIPAL EQUITY AGGRESSIVE FUND 3

We have acted as Trustee for CIMB-PRINCIPAL EQUITY AGGRESSIVE FUND 3 ("the Fund") for the financial period ended 30 June 2019. To the best of our knowledge, Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the "Manager") has managed the Fund in the financial period under review in accordance with the following:

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

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

BERNICE K M LAU
Head, Operations

Kuala Lumpur, Malaysia
14 August 2019

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

	Note	01.01.2019 to 30.06.2019 RM	01.01.2018 to 30.06.2018 RM
INCOME/(LOSS)			
Dividend income		864,072	923,896
Interest income from deposits with licensed financial institutions		90,642	74,572
Net gain/(loss) on financial assets at fair value through profit or loss	7	<u>4,701,404</u>	<u>(6,179,352)</u>
		<u>5,656,118</u>	<u>(5,180,884)</u>
EXPENSES			
Management fee	4	572,075	682,548
Trustee's & custodian fees	5	27,369	29,516
Transaction costs		299,363	369,734
Audit fee		8,550	8,600
Tax agent's fee		1,500	2,500
Other expenses		<u>15,280</u>	<u>58,640</u>
		<u>924,137</u>	<u>1,151,538</u>
PROFIT/(LOSS) BEFORE TAXATION		4,731,981	(6,332,422)
Taxation	6	<u>-</u>	<u>-</u>
PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD		<u>4,731,981</u>	<u>(6,332,422)</u>
Profit/(Loss) after taxation is made up as follows:			
Realised amount		(599,761)	(486,194)
Unrealised amount		<u>5,331,742</u>	<u>(5,846,228)</u>
		<u>4,731,981</u>	<u>(6,332,422)</u>

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

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

		30.06.2019	31.12.2018
	Note	RM	Audited RM
ASSETS			
Cash and cash equivalents	8	3,590,589	9,947,744
Financial assets at fair value through profit or loss	7	60,149,702	49,569,912
Amount due from stockbrokers		363,409	2,329,134
Amount due from Manager		14,473	-
Dividends receivable		108,492	82,894
TOTAL ASSETS		<u>64,226,665</u>	<u>61,929,684</u>
LIABILITIES			
Amount due to stockbrokers		674,279	247,039
Amount due to Manager		46,491	2,879
Accrued management fee		94,863	97,995
Amount due to Trustee		4,102	4,238
Other payables and accruals		14,405	19,862
TOTAL LIABILITIES		<u>834,140</u>	<u>372,013</u>
NET ASSET VALUE OF THE FUND		<u>63,392,525</u>	<u>61,557,671</u>
EQUITY			
Unit holders' capital		833,656	3,730,783
Retained earnings		62,558,869	57,826,888
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>63,392,525</u>	<u>61,557,671</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	9	<u>53,840,768</u>	<u>56,398,186</u>
NET ASSET VALUE PER UNIT		<u>1.1774</u>	<u>1.0914</u>

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

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2019**

	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 January 2019	3,730,783	57,826,888	61,557,671
Movement in unit holders' contributions:			
- Creation of units from applications	871,328	-	871,328
- Cancellation of units	(3,768,455)	-	(3,768,455)
Total comprehensive income for the financial period	-	4,731,981	4,731,981
Balance as at 30 June 2019	<u>833,656</u>	<u>62,558,869</u>	<u>63,392,525</u>
Balance as at 1 January 2018	4,422,135	68,952,893	73,375,028
Movement in unit holders' contributions:			
- Creation of units from applications	11,978,518	-	11,978,518
- Cancellation of units	(11,567,178)	-	(11,567,178)
Total comprehensive loss for the financial period	-	(6,332,422)	(6,332,422)
Balance as at 30 June 2018	<u>4,833,475</u>	<u>62,620,471</u>	<u>67,453,946</u>

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

**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2019**

	01.01.2019 to 30.06.2019	01.01.2018 to 30.06.2018
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of quoted securities	51,124,340	58,651,899
Purchase of quoted securities	(54,917,014)	(57,311,890)
Dividend income received	837,527	747,597
Interest income received from deposits with licensed financial institutions	90,642	74,572
Management fee paid	(575,207)	(689,210)
Trustee's fee paid	(27,505)	(29,804)
Payments for other fees and expenses	(21,950)	(74,586)
Other income	-	1,696
Net cash (used in)/generated from operating activities	(3,489,167)	1,370,274
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	856,855	11,868,922
Payments for cancellation of units	(3,724,843)	(10,082,911)
Net cash (used in)/generated from financing activities	(2,867,988)	1,786,011
Net (decrease)/increase in cash and cash equivalents	(6,357,155)	3,156,285
Cash and cash equivalents at the beginning of the financial period	9,947,744	2,388,210
Cash and cash equivalents at the end of the financial period	3,590,589	5,544,495
<u>Cash and cash equivalents comprised of:</u>		
Deposits with licensed financial institutions	3,550,121	5,473,083
Bank balance	40,468	71,412
Cash and cash equivalents at the end of the financial period	3,590,589	5,544,495

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2019****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES**

CIMB-Principal Equity Aggressive Fund 3 (the "Fund") is governed by a Principal Master Deed dated 15 May 2008, a Fourth Supplemental Master Deed dated 18 March 2009, a Thirteenth Supplemental Master Deed dated 26 June 2012 and an Eighteenth Supplemental Master Deed dated 25 March 2015 (collectively referred to as the "Deeds") entered into between Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the "Manager") and Maybank Trustees Berhad (the "Trustee").

The Fund may invest between 70% to 98% (both inclusive) of the Fund's NAV in local equities and at least 2% of the Fund's NAV in liquid assets. The investment policy and strategy of the Fund will be to invest in stocks which are selected based on their future growth prospects. The Fund may opt to seek investment exposure via collective investment scheme that is in line with the Fund's objective, subject to the requirement of the SC Guidelines. In addition, liquid assets may also be strategically used if the Manager feels that the market downside risk is high in the short term.

The Fund will be managed with high tracking error. The investment strategy of the Fund will be predominantly based on bottom up stock selection instead of investing mainly in the stocks represented in the benchmark. Consequently, the Fund's individual stock and sector weightage will deviate significantly from the benchmark, thus leads to high tracking error. The strategy of the Fund includes utilizing liquid assets dynamically in the changing market conditions. For example, high level of cash holdings in the bearish market will result in higher tracking error as the cash positions helps minimize the degree of the decline in Fund's NAV as compared to the benchmark which have 100% exposure to the market downside.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

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

Standard that is effective:

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

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

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

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

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

(b) Financial assets and financial liabilities

Classification

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

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

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

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

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

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 as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

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

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

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

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

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

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

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

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

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

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

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

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

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

(c) Functional and presentation currency

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

(d) Cash and cash equivalents

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(e) Income recognition**

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

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

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

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

(f) Taxation

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

(g) Transactions costs

Transaction costs are costs incurred to acquire or dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisors, stockbrokers 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 quoted securities sold and payables for quoted securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

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

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

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

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

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

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

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

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

(j) 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.

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

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

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

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

However, the Manager is of the opinion that in applying these accounting policies, significant judgement was required.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to grow the value of investments over the long-term through investment in Malaysian shares.

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

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

(a) Market risk

(i) Price risk

Price risk 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 and currency 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 Deed.

(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.

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 period, the Fund is not exposed to a material level of interest rate risk.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(b) Credit risk**

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

The credit risk arising from placements of deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

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

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

(c) Liquidity risk

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

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

(d) Capital risk management

The capital of the Fund is represented by equity consisting of unit holders' capital of RM833,656 (31.12.2018: RM3,730,783) and retained earnings of RM62,558,869 (31.12.2018: RM57,826,888). The amount of capital can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation

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

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

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

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

(i) Fair value hierarchy

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

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

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. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

(i) Fair value hierarchy

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
30.06.2019				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>60,149,702</u>	<u>-</u>	<u>-</u>	<u>60,149,702</u>
31.12.2018				
Audited				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>49,569,912</u>	<u>-</u>	<u>-</u>	<u>49,569,912</u>

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

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

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

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

5. TRUSTEE'S FEE

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

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

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

6. TAXATION

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

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

	01.01.2019 to 30.06.2019	01.01.2018 to 30.06.2018
	RM	RM
Profit/(Loss) before taxation	<u>4,731,981</u>	<u>(6,332,422)</u>
Taxation at Malaysian statutory rate of 24% (30.06.2018: 24%)	1,135,675	(1,519,781)
Tax effects of:		
Investment loss not deductible for tax purpose/ (Investment income not subject to tax)	(1,357,468)	1,243,411
Expenses not deductible for tax purposes	81,460	102,720
Restriction on tax deductible expenses for Unit Trust Fund	<u>140,333</u>	<u>173,650</u>
Taxation	<u>-</u>	<u>-</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.06.2019	31.12.2018
	RM	Audited RM
At fair value through profit or loss:		
- Quoted securities	<u>60,149,702</u>	<u>49,569,912</u>

	01.01.2019 to 30.06.2019	01.01.2018 to 30.06.2018
	RM	RM
Net gain/(loss) on financial assets at fair value through profit or loss:		
- Realised loss on disposals	(630,341)	(333,124)
- Unrealised fair value gain/(loss)	<u>5,331,745</u>	<u>(5,846,228)</u>
	<u>4,701,404</u>	<u>(6,179,352)</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2019				
QUOTED SECURITIES				
Consumer Products & Services				
Berjaya Food Bhd	713,600	1,053,846	1,184,576	1.87
Bermaz Auto Bhd	629,300	1,424,717	1,673,938	2.64
Carlsberg Brewery Malaysia Bhd	4,100	100,369	105,206	0.17
DRB-Hicom Bhd	567,000	1,146,969	1,247,400	1.97
Genting Bhd	455,900	3,228,197	3,086,443	4.87
Genting Malaysia Bhd	662,300	2,745,058	2,145,852	3.39
Sime Darby Bhd	325,200	819,849	734,952	1.16
	<u>3,357,400</u>	<u>10,519,005</u>	<u>10,178,367</u>	<u>16.07</u>
Energy				
Dayang Enterprise Holdings Bhd	1,172,300	1,301,385	1,383,314	2.18
Dialog Group Bhd	1,023,800	2,746,451	3,337,588	5.26
Sapura Energy Bhd	5,721,800	1,752,701	1,716,540	2.71
Serba Dinamik Holdings Bhd	235,800	856,066	950,274	1.50
Yinson Holdings Bhd	263,400	1,034,248	1,604,107	2.53
	<u>8,417,100</u>	<u>7,690,851</u>	<u>8,991,823</u>	<u>14.18</u>
Financial Services				
CIMB Group Holdings Bhd	1,092,863	6,041,158	5,879,603	9.27
Malayan Banking Bhd	289,713	2,792,566	2,572,651	4.06
Public Bank Bhd	62,800	1,408,928	1,444,400	2.28
RHB Bank Bhd	449,000	2,522,701	2,509,910	3.96
Syarikat Takaful Malaysia Keluarga Bhd	151,400	853,345	1,037,090	1.64
	<u>2,045,776</u>	<u>13,618,698</u>	<u>13,443,654</u>	<u>21.21</u>
Health Care				
Duopharma Biotech Bhd	465,752	519,956	638,080	1.01
Top Glove Corporation Bhd	60,800	291,005	298,528	0.47
	<u>526,552</u>	<u>810,961</u>	<u>936,608</u>	<u>1.48</u>
Industrial Products & Services				
Chemical Company Malaysia Bhd	353,333	744,659	738,466	1.16
HSS Engineers Bhd	187,000	181,869	216,920	0.34
Pecca Group Bhd	353,800	304,911	410,408	0.65
Petronas Chemicals Group Bhd	265,000	2,238,973	2,226,000	3.51
Uchi Technologies Bhd	159,100	460,422	458,208	0.72
	<u>1,318,233</u>	<u>3,930,834</u>	<u>4,050,002</u>	<u>6.38</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2019 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
Plantation				
FGV Holdings Bhd	2,305,300	2,724,988	2,581,936	4.07
IOI Corporation Bhd	282,200	1,268,881	1,199,350	1.89
Sime Darby Plantation Bhd	554,000	2,873,892	2,725,680	4.30
	<u>3,141,500</u>	<u>6,867,761</u>	<u>6,506,966</u>	<u>10.26</u>
Property				
Malaysian Resources Corporation Bhd	1,143,600	1,026,582	1,086,420	1.71
Sime Darby Property Bhd	552,200	591,716	568,766	0.90
	<u>1,695,800</u>	<u>1,618,298</u>	<u>1,655,186</u>	<u>2.61</u>
REIT				
Axis REIT	514,700	927,443	900,725	1.42
Technology				
JHM Consolidation Bhd	1,217,300	1,422,889	1,533,798	2.42
Pentamaster Corporation Bhd	654,702	1,024,121	1,885,542	2.97
Revenue Group Berhad	221,700	138,732	314,814	0.50
	<u>2,093,702</u>	<u>2,585,742</u>	<u>3,734,154</u>	<u>5.89</u>
Telecommunications & Media				
Astro Malaysia Holdings Bhd	1,046,300	1,650,629	1,517,135	2.39
Axiata Group Bhd	378,143	1,672,999	1,883,152	2.97
Telekom Malaysia Bhd	78,200	275,600	312,800	0.49
	<u>1,502,643</u>	<u>3,599,228</u>	<u>3,713,087</u>	<u>5.85</u>
Transportation & Logistics				
Malaysia Airports Holdings Bhd	262,000	1,948,268	2,234,860	3.53
Utilities				
Tenaga Nasional Bhd	274,875	3,816,614	3,804,270	6.00

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2019 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
TOTAL QUOTED SECURITIES	<u>25,150,281</u>	<u>57,933,703</u>	<u>60,149,702</u>	<u>94.88</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>2,215,999</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>60,149,702</u>		
31.12.2018				
Audited				
QUOTED SECURITIES				
Construction				
Econpile Holdings Bhd	909,300	576,571	350,080	0.57
Gabungan AQRS Bhd	180,900	277,640	154,670	0.25
Gamuda Bhd	150,800	516,889	352,872	0.57
Muhibbah Engineering (M) Bhd	197,800	564,900	551,862	0.90
Sunway Construction Group Bhd	194,000	444,825	258,020	0.42
Vizione Holdings Bhd	57,628	55,157	49,272	0.08
	<u>1,690,428</u>	<u>2,435,982</u>	<u>1,716,776</u>	<u>2.79</u>
Consumer Products & Services				
Aeon Co. (M) Bhd	367,900	714,292	540,813	0.88
AirAsia Group Bhd	210,800	596,787	626,076	1.02
Berjaya Food Bhd	97,600	169,183	136,640	0.22
Bermaz Auto Bhd	252,000	569,893	541,800	0.88
Bioalpha Holdings Bhd	617,300	139,755	129,633	0.21
British American Tobacco Bhd	38,200	1,200,028	1,378,256	2.24
DRB-Hicom Bhd	155,200	316,334	263,840	0.43
Fraser & Neave Holdings Bhd	13,200	428,760	442,200	0.72
Genting Bhd	69,800	585,549	425,780	0.69
Genting Malaysia Bhd	584,500	2,665,817	1,765,190	2.87

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2018				
Audited				
QUOTED SECURITIES				
Consumer Products & Services (continued)				
Kawan Food Bhd	4,800	10,249	9,168	0.01
Magni-Tech Industries Bhd	74,100	444,310	296,400	0.48
Mynews Holdings Bhd	135,400	199,939	203,100	0.33
Padini Holdings Bhd	95,300	428,929	334,503	0.54
Power Root Bhd	235,200	333,230	324,576	0.53
QL Resources Bhd	105,500	450,427	718,455	1.17
Sime Darby Bhd	531,800	1,395,880	1,276,320	2.07
UMW Holdings Bhd	87,400	425,961	478,078	0.78
	<u>3,676,000</u>	<u>11,075,323</u>	<u>9,890,828</u>	<u>16.07</u>
Energy				
Dialog Group Bhd	611,700	1,431,764	1,902,387	3.09
Hibiscus Petroleum Bhd	680,700	680,722	571,788	0.93
Serba Dinamik Holdings Bhd	120,500	414,984	455,490	0.74
Uzma Bhd	512,400	578,806	294,630	0.48
Yinson Holdings Bhd	214,500	763,324	900,900	1.46
	<u>2,139,800</u>	<u>3,869,600</u>	<u>4,125,195</u>	<u>6.70</u>
Financial Services				
Bursa Malaysia Bhd	45,500	359,159	311,220	0.50
CIMB Group Holdings Bhd	436,963	2,571,031	2,495,059	4.05
Hong Leong Bank Bhd	31,500	651,971	642,600	1.04
Hong Leong Financial Group Bhd	63,100	1,161,040	1,171,136	1.90
Malayan Banking Bhd	325,413	3,152,572	3,091,424	5.02
Public Bank Bhd	142,800	3,203,741	3,535,728	5.74
	<u>1,045,276</u>	<u>11,099,514</u>	<u>11,247,167</u>	<u>18.25</u>
Health Care				
CCM Duopharma Biotech Bhd	495,952	553,671	471,154	0.77
Hartalega Holdings Bhd	140,800	810,693	864,512	1.40
IHH Healthcare Bhd	110,200	560,795	593,978	0.96
Kossan Rubber Industries Bhd	56,700	245,962	246,078	0.40
KPJ Healthcare Bhd	554,100	591,125	576,264	0.94
Top Glove Corporation Bhd	175,800	936,046	984,480	1.60
	<u>1,533,552</u>	<u>3,698,292</u>	<u>3,736,466</u>	<u>6.07</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2018 (CONTINUED)				
Audited (continued)				
QUOTED SECURITIES				
(CONTINUED)				
Industrial Products & Services				
ATA IMS Bhd	305,300	464,810	503,745	0.82
Chemical Co. Malaysia Bhd	353,333	744,659	632,466	1.03
EG Industries Bhd	288,500	151,727	141,365	0.23
EG Industries Bhd - Preference Shares	347,162	164,902	164,902	0.27
HSS Engineers Bhd	50,000	45,170	43,000	0.07
Pecca Group Bhd	302,300	262,007	222,191	0.36
Petronas Chemicals Group Bhd	203,800	1,549,238	1,893,302	3.07
Rohas Tecnic Bhd	307,600	413,813	209,168	0.34
Success Transformer Corporation Bhd	672,800	1,103,008	349,856	0.57
Sunway Bhd	127,900	206,092	188,013	0.30
Uchi Technologies Bhd	159,100	460,422	404,114	0.66
V.S. Industry Bhd	451,100	837,650	329,303	0.53
V.S. Industry Bhd - Warrant	953,375	447,110	4,767	0.01
	<u>4,522,270</u>	<u>6,850,608</u>	<u>5,086,192</u>	<u>8.26</u>
Technology				
Frontken Corporation Bhd	1,744,300	734,082	1,229,731	2.00
Globetronics Technology Bhd	452,400	1,015,720	791,700	1.29
Inari Amertron Bhd	532,750	1,079,771	799,125	1.30
Inari Amertron Bhd - Warrant	35,800	49,848	34,726	0.06
JHM Consolidation Bhd	619,600	663,622	526,660	0.86
MI Equipment Holding Bhd	468,700	731,037	1,049,888	1.71
My E.G. Services Bhd	281,000	323,302	273,975	0.45
Pentamaster Corporation Bhd	451,168	1,003,554	1,240,712	2.02
Revenue Group Bhd	221,700	138,732	303,729	0.49
Unisem (M) Bhd	7,400	23,235	24,272	0.04
Vitrox Corporation Bhd	47,500	304,097	298,775	0.49
	<u>4,862,318</u>	<u>6,067,000</u>	<u>6,573,293</u>	<u>10.71</u>
Telecommunications & Media				
Axiata Group Bhd	316,443	1,348,108	1,243,621	2.02

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2018 (CONTINUED)				
Audited (continued)				
QUOTED SECURITIES (CONTINUED)				
Transportation & Logistics				
Malaysia Airports Holdings Bhd	169,000	1,464,968	1,416,220	2.30
Malaysian Pacific Industries Bhd	9,000	97,508	89,550	0.15
Malaysian Resources Corporation Bhd	338,600	283,016	208,239	0.34
MISC Bhd	36,200	220,235	242,540	0.39
	<u>552,800</u>	<u>2,065,727</u>	<u>1,956,549</u>	<u>3.18</u>
Utilities				
Taliworks Corporation Bhd	471,500	355,740	372,485	0.60
Tenaga Nasional Bhd	266,275	3,819,764	3,621,340	5.88
	<u>737,775</u>	<u>4,175,504</u>	<u>3,993,825</u>	<u>6.48</u>
TOTAL QUOTED SECURITIES	<u>21,076,662</u>	<u>52,685,658</u>	<u>49,569,912</u>	<u>80.53</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(3,115,746)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>49,569,912</u>		

8. CASH AND CASH EQUIVALENTS

	30.06.2019	31.12.2018
	RM	Audited RM
Deposits with licensed financial institutions	3,550,121	9,843,870
Bank balances	40,468	103,874
	<u>3,590,589</u>	<u>9,947,744</u>

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

	30.06.2019	31.12.2018
	%	Audited %
Deposits with licensed financial institutions	<u>3.17</u>	<u>3.61</u>

Deposits with licensed financial institutions of the Fund have an average maturity of 1 day (31.12.2018: 3 days).

9. NUMBER OF UNITS IN CIRCULATION (UNITS)

	01.01.2019 to 30.06.2019	01.01.2018 to 31.12.2018
	No. of units	Audited No. of units
At the beginning of the financial period/year	56,398,186	57,292,431
Add : Creation of units from applications	768,617	10,979,632
Less: Cancellation of units	(3,326,035)	(11,873,877)
At the end of the financial period/year	<u>53,840,768</u>	<u>56,398,186</u>

10. MANAGEMENT EXPENSE RATIO ("MER")

	01.01.2019 to 30.06.2019	01.01.2018 to 30.06.2018
	%	%
MER	<u>0.98</u>	<u>1.05</u>

MER is derived from the following calculation:

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

- A = Management fee
- B = Trustee's fee
- C = Audit fee
- D = Tax agent's fee
- E = Other expenses excluding 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 period calculated on a daily basis is RM62,355,721 (30.06.2018: RM74,423,525).

11. PORTFOLIO TURNOVER RATIO (“PTR”)

	01.01.2019 to 30.06.2019	01.01.2018 to 30.06.2018
PTR (times)	<u>0.84</u>	<u>0.79</u>

PTR is derived based on the following calculation:

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

where:

total acquisition for the financial period = RM55,181,168 (30.06.2018: RM57,751,081)

total disposal for the financial period = RM49,302,783 (30.06.2018: RM60,071,356)

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

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

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

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

Units held by the Manager and parties related to the Manager

Manager	30.06.2019		31.12.2018	
	No. of units	RM	No. of units	Audited RM
Principal Asset Management Berhad <i>(formerly known as CIMB-Principal Asset Management Berhad)</i>	279	329	191	208

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

	01.01.2019 to 30.06.2019	01.01.2018 to 30.06.2018
	RM	RM
<u>Significant related party transactions</u>		
Interest income from deposits with licensed financial institution:		
- CIMB Bank Bhd	3,419	2,083
Cash placements with licensed financial institution:		
- CIMB Bank Bhd	6,702,000	7,296,000
	30.06.2019	31.12.2018
	RM	Audited RM
<u>Significant related party balance</u>		
Deposits with licensed financial institution		
- CIMB Bank Bhd	871,000	-

13. TRANSACTIONS WITH BROKERS/DEALERS

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

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage Fees RM	Percentage of total brokerage fees %
RHB Investment Bank Bhd	18,327,989	17.54	41,314	18.67
Macquarie Capital Securities (M) Sdn Bhd	14,749,270	14.12	29,441	13.30
Maybank Investment Bank Bhd	12,441,574	11.91	25,748	11.64
KAF-Seagroatt & Campbell Sdn Bhd	11,962,719	11.45	27,026	12.21
Affin Hwang Investment Bank Bhd	10,637,405	10.18	23,987	10.84
UBS Securities Malaysia Sdn Bhd	9,805,983	9.39	17,660	7.98
JP Morgan Securities (M) Sdn Bhd	9,562,295	9.15	18,600	8.41
CGS-CIMB Securities Sdn Bhd #	6,134,418	5.87	13,876	6.27
CLSA Securities (M) Sdn Bhd	5,863,501	5.61	12,719	5.75
Hong Leong Investment Bank Bhd	2,090,895	2.00	4,767	2.15
Others	2,907,902	2.78	6,158	2.78
	<u>104,483,951</u>	<u>100.00</u>	<u>221,296</u>	<u>100.00</u>

13. TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)

Details of transactions with the top 10 brokers/dealers for the six months financial period ended 30 June 2018 are as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage Fees RM	Percentage of total brokerage fees %
Credit Suisse (M) Sdn Bhd	15,374,986	13.05	34,752	12.71
CLSA Securities (M) Sdn Bhd	14,970,232	12.71	33,441	12.23
CIMB Investment Bank Bhd #	14,889,292	12.64	33,772	12.35
RHB Investment Bank Bhd	12,829,964	10.89	30,733	11.24
JP Morgan Securities (M) Sdn Bhd	11,713,581	9.94	26,538	9.70
Maybank Investment Bank Bhd	10,621,926	9.02	25,002	9.14
Macquarie Capital Securities (M) Sdn Bhd	9,032,523	7.67	20,429	7.47
Affin Hwang Investment Bank Bhd	8,523,714	7.23	32,386	11.84
KAF Seagrott & Campbell Securities Sdn Bhd	7,362,509	6.25	16,590	6.07
Hong Leong Investment Bank Bhd	6,874,617	5.83	12,501	4.57
Others	5,629,093	4.77	7,370	2.68
	<u>117,822,437</u>	<u>100.00</u>	<u>273,514</u>	<u>100.00</u>

Included in the transactions are trades conducted with CGS-CIMB Securities Sdn Bhd and CIMB Investment Bank Bhd, fellow related parties to the Manager amounting to RM6,134,418 (30.06.2018: Nil) and Nil (30.06.2018: RM14,889,292). The Manager is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties.

14. SEGMENT INFORMATION

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

The investment objective of the Fund is to grow the value of investments over the long-term through investment in Malaysian shares. The reportable operating segment derives its income by seeking investments to achieve targeted returns commensurate with an acceptable level of risk within the portfolio. These returns consist of interest income and dividend income earned from investments and gains on the appreciation in the value of investments, which are derived from Ringgit denominated deposits with licensed financial institutions in Malaysia and quoted securities listed on Bursa Securities, Malaysia.

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

DIRECTORY

Head office of the Manager

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

Website

www.principal.com.my

E-mail address

service@principal.com.my

General investment enquiries

(03) 7718 3000

Trustee for the CIMB-Principal Equity Aggressive Fund 3

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

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

Enquiries:

Customer Care Centre
(603)7718 3000

Email
service@principal.com.my

Website
www.principal.com.my