

CIMB-Principal Equity Fund

Unaudited Interim Report

For The Six Months Financial Period Ended 31 December 2019

CIMB-PRINCIPAL EQUITY FUND

UNAUDITED INTERIM REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2019

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INVESTORS' LETTER

Dear Valued Investor,

As we write this letter, we're watching the impact the Coronavirus is having on families, communities and markets around the world. Our thoughts are with those directly impacted by this illness and hope that together, as a global community we can find ways to prevent the further spread of this virus.

From an investment perspective, yes, the Coronavirus outbreak is disrupting markets – but it's important to remember this is an event, not a trend. And, just how interlinked our economies really are and how ripple effects are felt globally.

Ahead of the virus outbreak, we were seeing many positive trends in the market and were anticipating an upturn. We're still optimistic that the upturn will happen – it's just a matter of when. We still encourage our investors to focus on the fundamentals, seek portfolio diversification and to focus on the long-term.

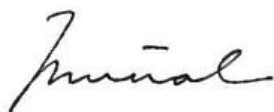
As a fund house, we've never been better positioned to help our investors navigate the market volatility that is becoming the new norm. Our capabilities span from local to global markets with products, strategies and ideas to position your portfolio of investments based on your unique risk tolerance and financial goals.

We're committed to helping meet the varying needs of our customers and in the past few months, we've launched several new funds, including: Principal Global Real Estate, Principal Greater Bay and Principal Islamic ASEAN Equity Fund. Together these funds showcase our breadth and depth of expertise and offerings – helping set us apart as the fund house of choice. You can learn more about each of these funds and other solutions at: www.principal.com.my.

Thank you for your continuous support and allowing us to help you achieve your financial goals.

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 maximise capital growth over the medium to long-term through the stock market.

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 may invest between 70% to 98% (both inclusive) of its Net Asset Value ("NAV") in equities and other equity related securities. The Fund may also invest up to 28% of its NAV in other permissible investments. In line with its objective, the investment policy and strategy of the Fund will focus on investment in shares of companies with growth potential and listed on the main market. 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 the Securities Commission Malaysia ("SC") Guidelines.

Fund category/type

Equity/Growth

How long should you invest for?

Recommended five (5) years or more

When was the Fund launched?

1 August 1995

What was the size of the Fund as at 31 December 2019?

RM327.91 million (246.58 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?

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

What was the net income distribution for the six months financial period ended 31 December 2019?

The Fund distributed a total net income of RM17.01 million to unit holders. As a result, the NAV per unit has dropped from RM1.3702 to RM1.3160 on 24 October 2019 during the six months financial period ended 31 December 2019.

PERFORMANCE DATA

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

	31.12.2019	31.12.2018	31.12.2017
	%	%	%
Quoted securities			
- Construction	1.58	0.72	4.35
- Consumer Products	-	-	0.99
- Consumer Products & Services	9.42	7.36	-
- Energy	10.55	4.85	-
- Finance	-	-	31.57
- Financial Services	33.60	27.65	-
- Health Care	1.49	-	-
- Industrials	-	-	7.74
- Industrial Products & Services	3.38	8.48	-
- Plantation	11.46	5.73	9.52
- Property	2.03	-	-
- Properties	-	-	2.02
- Real Estate Investment Trust ("REIT")	2.05	-	-
- Technology	6.94	3.47	2.54
- Telecommunications & Media	6.73	4.72	-
- Trading/Services	-	-	37.05
- Transportation & Logistics	1.40	8.29	-
- Utilities	6.93	9.20	-
Cash and other net assets	2.44	19.53	4.22
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

PERFORMANCE DATA

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

	31.12.2019	31.12.2018	31.12.2017
NAV (RM Million)	327.91	430.38	484.86
Units in circulation (Million)	246.58	324.52	302.08
NAV per unit (RM)	1.3298	1.3261	1.6050
	01.07.2019 to 31.12.2019	01.07.2018 to 31.12.2018	01.07.2017 to 31.12.2017
Highest NAV per unit (RM)	1.4100	1.5995	1.6942
Lowest NAV per unit (RM)	1.3026	1.2931	1.5260
Total return (%)	0.07	(4.06)	2.44
Capital growth (%)	(3.89)	(11.75)	(4.36)
Income distribution (%)	4.12	8.72	7.11

PERFORMANCE DATA (CONTINUED)

	01.07.2019 to 31.12.2019	01.07.2018 to 31.12.2018	01.07.2017 to 31.12.2017
Management Expense Ratio ("MER") ^	0.76	0.77	0.82
Portfolio Turnover Ratio ("PTR") #	0.51	0.38	0.39

^ The Fund's MER decreased marginally from 0.77% to 0.76% mainly due to decrease in expenses during the financial period under review.

The Fund's PTR increased from 0.38 times to 0.51 times to capitalize on market opportunities.

Date of distribution	24.10.2019	24.10.2018	23.10.2017
Gross/Net distribution per unit (sen)	5.42	12.00	11.00

	31.12.2019	31.12.2018	31.12.2017	31.12.2016	31.12.2015
	%	%	%	%	%
Annual total return	4.43	(10.18)	14.05	(2.00)	3.58

(Launch date: 1 August 1995)

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

MARKET REVIEW (1 JULY 2019 TO 31 DECEMBER 2019)

For the financial period under review, FBM100 Index (the "Index") decreased by 4.45% from 11,631.65 points to 11,114.55 points.

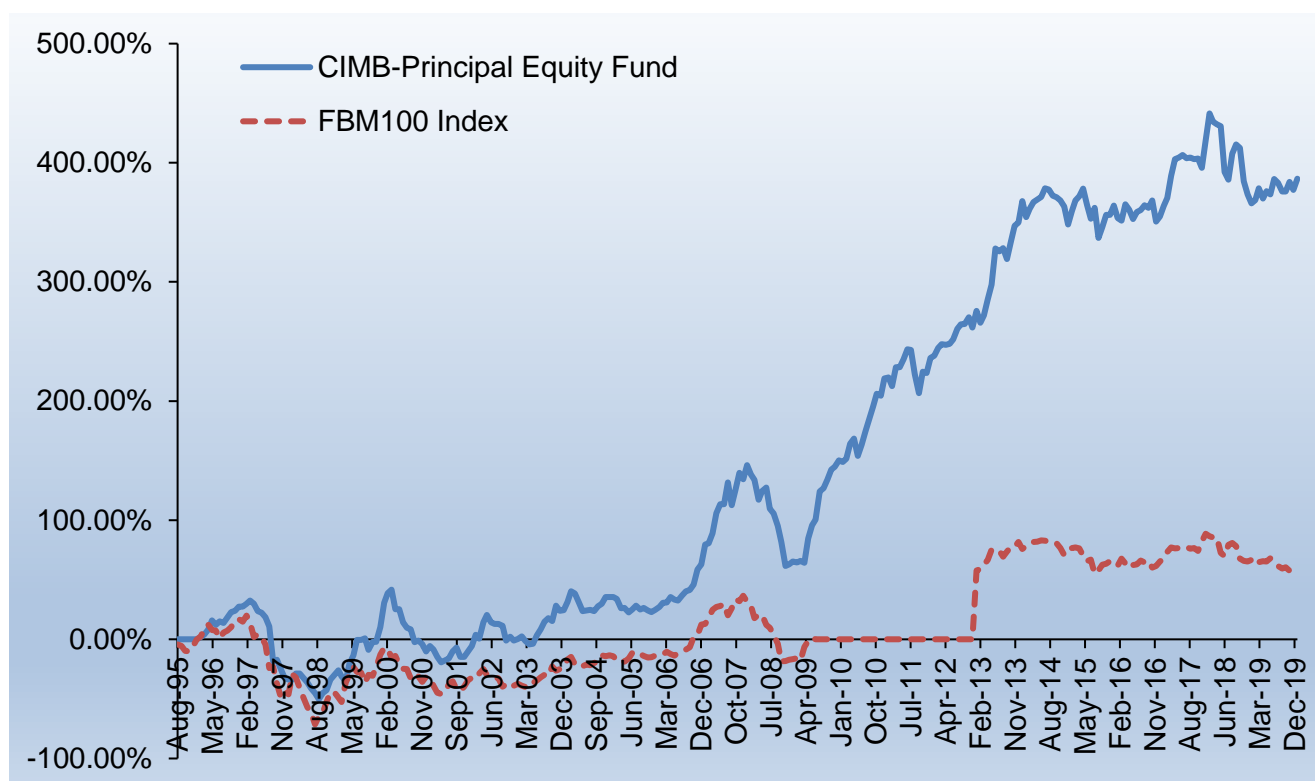
The rally in June 2019 did not last whereby the Index shed 1.29% in July 2019 largely due to weak petrochemical and crude palm oil ("CPO") prices as reflected by a weak second quarter of 2019 earnings season. The breakdown in Axiata Group Bhd and Norway's Telenor SA ("Axiata-Telenor") merger talks added to the selling pressure in the month of September 2019. However, risk appetite returned on the back of easing US-China trade war concern, and the US Federal Reserve's (the "Fed") further monetary easing. In addition, financial results from companies related to 5G, Internet-of-Things and oil and gas are showing signs of recoveries, hence, the outperformance of FBM Small Cap Index ("FBMSCAP") as compared to FBM EMAS Shariah Index ("FBMS"). The latter's underperformance was due to the facts that financials, telecommunications and petrochemical companies were still showing margin compressions.

However, the rally was dented towards the end of November 2019 due to persisting concerns on U.S.-China trade deal and ongoing civil unrest in Hong Kong. Furthermore, Malaysia along with other Association of Southeast Asian Nations ("ASEAN") markets were facing fund outflows in November 2019 due to Morgan Stanley Capital International ("MSCI") rebalancing as the weightage for ASEAN was reduced to accommodate higher weighting for China and Saudi Arabia. Nonetheless, the Index staged a strong rebound in December 2019 largely helped by the continued surge in CPO prices and the optimism on the resolution of Phase 1 trade deal between US and China.

FUND PERFORMANCE

	6 months to 31.12.2019	1 year to 31.12.2019	3 years to 31.12.2019	5 years to 31.12.2019	Since inception to 31.12.2019
	%	%	%	%	%
Income	4.12	4.12	21.26	39.46	265.83
Capital	(3.89)	0.30	(11.78)	(22.13)	33.03
Total Return	0.07	4.43	6.98	8.60	386.67
Benchmark	(4.45)	(2.88)	(0.67)	(5.91)	60.49
Average Total Return	N/A	4.43	2.28	1.66	6.69

For the financial period under review, the Fund's performance increased by 0.07%, while the benchmark fell by 4.45%. As such, the Fund outperformed its benchmark by 4.52%.



Changes in NAV

	31.12.2019	30.06.2019 Audited	Changes %
NAV (RM Million)	327.91	434.46	(24.52)
NAV/Unit (RM)	1.3298	1.3837	(3.90)

The NAV and NAV per unit declined by 24.52% and 3.90% respectively due to redemptions during the 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)	31.12.2019	30.06.2019 Audited
Quoted securities	97.56	91.21
Cash and other net assets	2.44	8.79
TOTAL	100.00	100.00

Asset allocation increased from 91.21% as at 30 June 2019 to 97.56% as at 31 December 2019 to capitalize on market opportunities during the financial period under review.

MARKET OUTLOOK*

Despite on-going trade tension, we expect growth to be sustained at a moderate rate going into 2020. This will be underpinned by more growth-oriented Budget 2020 such as higher fiscal deficit, resumption of mega infrastructure projects, and accommodative monetary policy. Externally, the rebound in Purchasing Managers' Index ("PMI") to 50 in December 2019 after hitting a low of 46.8 in December 2018 bodes well for exports outlook particularly in the electronics and electrical segment. Furthermore, the plantation sector will also be boosted by improving supply and demand dynamics which have led to CPO prices surging past RM3,000 per metric tonne. Given a modest consensus earnings growth expectation of 7.3% in 2020, we believe earnings upside risks outweigh downside risks. While political and regulatory risks remain elevated, we do not believe that this will deteriorate further.

*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

We believe earnings downside risk has narrowed significantly following recent cuts which is further supported by undemanding valuation now. As such, we take a barbell approach on high yield sectors like REITs and utilities and increasing on cyclical growth sectors like banks, plantation, oil and gas, and the technology sectors.

UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 31 December 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	50,410	10.85	4.48
5,001 to 10,000	2,417	17.31	7.02
10,001 to 50,000	4,587	100.59	40.79
50,001 to 500,000	879	81.75	33.07
500,001 and above	16	36.08	14.64
Total	58,309	246.58	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 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 FUND**

We, being the Directors of Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying 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 31 December 2019 and of its financial performance, changes in equity and cash flows for the financial period then ended in accordance with the 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

13 February 2020

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

We, Universal Trustee (Malaysia) Berhad, being the Trustee of CIMB-Principal Equity Fund (the "Fund"), are of the opinion that Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the "Manager"), acting in the capacity of Manager of the Fund, have fulfilled their duties in the following manner for the six months financial period ended 31 December 2019:

- (a) the Fund is being managed in accordance with the limitations imposed on the investment powers of the Manager and the Trustee under the Deeds, the Securities Commission's Guidelines on the Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) valuation/pricing is carried out in accordance with the Deeds and relevant regulatory requirements; and
- (c) creation and cancellation of units are carried out in accordance with the Deeds and relevant regulatory requirements.

During this financial period, a total distribution of 5.42 sen per unit (gross) has been distributed to the unit holders of the Fund. We are of the view that the distribution is consistent with the objective of the Fund.

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

ONG TEE VANN
Chief Executive Officer

Kuala Lumpur
13 February 2020

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

	Note	01.07.2019 to 31.12.2019 RM	01.07.2018 to 31.12.2018 RM
INCOME/(LOSS)			
Dividend income		5,747,869	6,813,340
Interest income from deposits with licensed financial institutions at amortised cost		509,303	1,115,482
Net loss on financial assets at fair value through profit or loss	8	<u>(2,392,298)</u>	<u>(22,507,831)</u>
		<u>3,864,874</u>	<u>(14,579,009)</u>
EXPENSES			
Management fee	4	3,094,762	3,466,786
Trustee's fee	5	45,209	50,789
Audit fee		8,550	3,500
Tax agent's fee		2,050	100
Transaction costs		996,252	881,639
Other expenses		<u>66,610</u>	<u>1,322</u>
		<u>4,213,433</u>	<u>4,404,136</u>
LOSS BEFORE TAXATION		(348,559)	(18,983,145)
Taxation	7	<u>-</u>	<u>-</u>
LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD		<u>(348,559)</u>	<u>(18,983,145)</u>
Loss after taxation is made up as follows:			
Realised amount		7,528,857	(11,300,656)
Unrealised amount		<u>(7,877,416)</u>	<u>(7,682,489)</u>
		<u>(348,559)</u>	<u>(18,983,145)</u>

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

		31.12.2019	30.06.2019
	Note	RM	Audited RM
ASSETS			
Cash and cash equivalents	9	8,013,417	38,384,307
Financial assets at fair value through profit or loss	8	319,920,883	396,265,714
Amount due from stockbrokers		2,366,093	-
Amount due from Manager		99,552	132,543
Dividends receivable		73,750	563,473
Tax recoverable		-	208,861
TOTAL ASSETS		<u>330,473,695</u>	<u>435,554,898</u>
LIABILITIES			
Amount due to stockbrokers		1,119,989	-
Amount due to Manager		975,313	545,368
Accrued management fee		434,675	529,383
Amount due to Trustee		5,446	5,995
Other payables and accruals		30,049	17,268
TOTAL LIABILITIES		<u>2,565,472</u>	<u>1,098,014</u>
NET ASSET VALUE OF THE FUND		<u>327,907,223</u>	<u>434,456,884</u>
EQUITY			
Unit holders' capital		197,427,473	286,618,788
Retained earnings		130,480,750	147,838,096
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>327,907,223</u>	<u>434,456,884</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	10	<u>246,578,617</u>	<u>313,969,814</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.3298</u>	<u>1.3837</u>

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

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

	Note	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 July 2019		286,618,788	147,838,096	434,456,884
Movement in unit holders' contributions:				
- Creation of units from applications		11,760,266	-	11,760,266
- Creation of units from distribution		13,035,825	-	13,035,825
- Cancellation of units		(113,987,406)	-	(113,987,406)
Total comprehensive loss for the financial period		-	(348,559)	(348,559)
Distribution	6	-	(17,008,787)	(17,008,787)
Balance as at 31 December 2019		<u>197,427,473</u>	<u>130,480,750</u>	<u>327,908,223</u>
Balance as at 1 July 2018		269,566,912	184,926,884	454,493,796
Movement in unit holders' contributions:				
- Creation of units from applications		18,754,816	-	18,754,816
- Creation of units from distribution		35,368,534	-	35,368,534
- Cancellation of units		(22,897,966)	-	(22,897,966)
Total comprehensive loss for the financial period		-	(18,983,145)	(18,983,145)
Distribution	6	-	(36,359,210)	(36,359,210)
Balance as at 31 December 2018		<u>300,792,296</u>	<u>129,584,529</u>	<u>430,376,825</u>

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

**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

	01.07.2019 to 31.12.2019 RM	01.07.2018 to 31.12.2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of quoted securities	246,085,313	185,048,009
Purchase of quoted securities	(174,375,137)	(168,305,716)
Dividend income received	6,237,592	8,389,116
Interest income received from deposits with licensed financial institutions	509,303	1,115,482
Management fee paid	(3,189,470)	(3,491,154)
Trustee's fee paid	(45,758)	(50,869)
Payments for other fees and expenses	(64,428)	(7,620)
Tax refund received	208,861	-
Net cash generated from operating activities	75,366,276	22,697,248
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	11,793,257	18,928,472
Payments for cancellation of units	(113,557,461)	(24,136,156)
Distribution paid	(3,972,962)	(990,676)
Net cash used in financing activities	(105,737,166)	(6,198,360)
Net (decrease)/increase in cash and cash equivalents	(30,370,890)	16,498,888
Cash and cash equivalents at the beginning of the financial period	38,384,307	71,545,090
Cash and cash equivalents at the end of the financial period	8,013,417	88,043,978
<u>Cash and cash equivalents comprise of</u>		
Deposits with licensed financial institutions	7,625,878	87,431,844
Bank balances	387,539	612,134
Cash and cash equivalents at the end of the financial period	8,013,417	88,043,978

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

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

CIMB-Principal Equity Fund (the “Fund”) is governed by a Principal Master Deed dated 15 May 2008, a First Supplemental Master Deed dated 25 June 2008, a Third Supplemental Master Deed dated 14 July 2008, a Fourth Supplemental Master Deed dated 18 March 2009, a Fifth Supplemental Master Deed dated 16 July 2009 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 Universal Trustee (Malaysia) Berhad (the “Trustee”).

The Fund may invest between 70% to 98% (both inclusive) of its net asset value (“NAV”) in equities and other equity related securities. The Fund may also invest up to 28% of its NAV in other permissible investments. In line with its objective, the investment policy and strategy of the Fund will focus on investment in shares of companies with growth potential and listed on the main market. 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 the SC Guidelines.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(a) Basis of preparation (continued)**

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

The Fund has applied the following amendments to published standards for the first time for the financial year beginning 1 July 2019:

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

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

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

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

(b) Financial assets and financial liabilitiesClassification

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

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

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

The contractual cash flows of the Fund's debt securities are solely principal and interest. However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

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

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 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 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 subsequently carried at amortised cost using the effective interest method.

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

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

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

(c) Income recognition

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

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.

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

(d) 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) Taxation**

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

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

(f) Cash and cash equivalents

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

(g) Distribution

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

(h) Transaction costs

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

(i) Amount due from/to stockbrokers

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

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund measure the loss allowance on amounts due from stockbrokers at an amount equal to the lifetime ECL if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month 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, profit 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)**(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 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.

(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, no significant judgement was required.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund aims to maximise capital growth over the medium to long-term through the stock market.

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 restriction as stipulated in the Deeds and SC Guidelines on Unit Trust Funds.

(a) Market risk

(i) Price risk

This is the risk that the fair value of 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.

(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 deposits with licensed financial institutions. The interest rate risk is expected to be minimal as the Fund's investments comprise mainly short term deposits with approved licensed financial institutions.

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

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

As at the end of each reporting 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 bank balances and 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 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.

(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 and other instruments, which are capable of being converted into cash within 7 business days. Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector and other factors. For the purpose of the Fund, the Manager will attempt to balance the entire portfolio by investing in a mix of assets with satisfactory trading volume and those that occasionally could encounter poor liquidity. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

(d) Capital risk management

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

(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 values 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 period 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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

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 judgment, 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.

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31.12.2019				
Financial asset at fair value through profit or loss:				
- Quoted securities	<u>319,920,883</u>	<u>-</u>	<u>-</u>	<u>319,920,883</u>
30.06.2019				
Audited				
Financial asset at fair value through profit or loss:				
- Quoted securities	<u>396,265,714</u>	<u>-</u>	<u>-</u>	<u>396,265,714</u>

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(e) Fair value estimation****(i) Fair value hierarchy (continued)**

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 the Deeds, the Manager is entitled to a maximum management fee of 1.50% per annum, calculated daily based on the NAV of the Fund.

For the six months financial period ended 31 December 2019, the management fee is recognised at a rate of 1.50% per annum (31.12.2018: 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 AND CUSTODIAN FEES

In accordance with the Deeds, the Trustee is entitled to a fee at the following rates for both the current and the previous financial period:

Size of the Fund	Rate per annum on the NAV
First RM20 million	0.06%
Next RM20 million	0.05%
Next RM20 million	0.04%
Next RM20 million	0.03%
Next RM20 million	0.02%
Any amount in excess of RM100 million	0.01%

The Trustee's fee is calculated daily based on the NAV of the Fund. The custodian fee is accrued at an annual fee of RM25,000.

For the six months financial period ended 31 December 2019 and 31 December 2018, the Trustee's fee is recognised at the above mentioned rates and the custodian fees is recognised at an annual fee of RM25,000 per annum (2018: RM25,000 per annum).

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

6. DISTRIBUTION

Distribution to unit holders is derived from the following sources:

	01.07.2019 to 31.12.2019	01.07.2018 to 31.12.2018
	RM	RM
Dividend income	1,418,638	153,427
Interest income from deposits with licensed financial institutions	81,772	71,285
Net realised (loss)/profit from disposal of financial assets at fair value through profit or loss	(704,782)	271,233
Prior financial periods' realised income	<u>17,854,135</u>	<u>35,944,380</u>
	18,649,763	36,440,325
Less:		
Expenses	<u>(1,640,976)</u>	<u>(81,115)</u>
Net distribution amount	<u><u>17,008,787</u></u>	<u><u>36,359,210</u></u>

Distribution on 24 October 2019

Gross/Net distribution per unit (sen)	<u>5.42</u>	<u></u>
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Distribution on 24 October 2018

Gross/Net distribution per unit (sen)	<u></u>	<u>12.00</u>
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Gross distribution is derived using total income less total expenses. Net distribution above is sourced from current and prior financial periods' realised income.

Gross distribution per unit is derived from gross realised income less expenses, 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.

During the six months financial period ended 31 December 2019, the Fund incurred unrealised losses of RM7,877,416 (31.12.2018: RM7,682,489).

7. TAXATION

	01.07.2019 to 31.12.2019	01.07.2018 to 31.12.2018
	RM	RM
Tax charged for the financial period:		
- Current taxation	<u>-</u>	<u>-</u>

7. TAXATION (CONTINUED)

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

	01.07.2019 to 31.12.2019	01.07.2018 to 31.12.2018
	RM	RM
Loss before taxation	<u>(348,559)</u>	<u>(18,983,145)</u>
Taxation at Malaysian statutory rate of 24% (31.12.2018: 24%)	(83,654)	(4,555,955)
Tax effects of: (Income not subject to tax)/Investment loss not deductible for tax purposes	(927,570)	3,498,962
Expenses not deductible for tax purposes	262,776	223,957
Restriction on tax deductible expenses for Unit Trust Funds	<u>748,448</u>	<u>833,036</u>
Taxation	<u>-</u>	<u>-</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.12.2019	30.06.2019
	RM	Audited RM
At fair value through profit or loss:		
- Quoted securities	<u>319,920,883</u>	<u>396,265,714</u>
	01.07.2019 to 31.12.2019	01.07.2018 to 31.12.2018
	RM	RM
Net loss on financial assets at fair value through profit or loss:		
- Realised gain/(loss) on disposals	5,485,115	(14,825,344)
- Unrealised fair value loss	<u>(7,877,413)</u>	<u>(7,682,487)</u>
	<u>(2,392,298)</u>	<u>(22,507,831)</u>

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2019				
QUOTED SECURITIES				
Construction				
Gamuda Bhd	184,700	701,731	720,330	0.22
IJM Corporation Bhd	<u>2,059,200</u>	<u>4,194,218</u>	<u>4,468,464</u>	<u>1.36</u>
	<u>2,243,900</u>	<u>4,895,949</u>	<u>5,188,794</u>	<u>1.58</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2019 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
Consumer Products & Services				
Bermaz Auto Bhd	2,126,400	5,191,492	4,465,440	1.36
DRB-Hicom Bhd	4,063,500	10,207,610	9,671,130	2.95
Genting Bhd	876,300	7,915,693	5,301,615	1.62
Genting Malaysia Bhd	2,028,900	6,370,922	6,675,081	2.04
Sime Darby Bhd	2,137,800	5,013,972	4,745,916	1.45
	<u>11,232,900</u>	<u>34,699,689</u>	<u>30,859,182</u>	<u>9.42</u>
Energy				
Dayang Enterprise Holdings Bhd	2,667,100	6,004,060	6,694,421	2.04
Dialog Group Bhd	1,439,600	4,211,491	4,966,620	1.51
Hibiscus Petroleum Bhd	2,470,400	2,249,456	2,322,176	0.71
Sapura Energy Bhd	12,708,700	4,382,967	3,431,349	1.05
Wah Seong Corporation Bhd	3,104,500	3,402,069	3,725,400	1.14
Yinson Holdings Bhd	2,076,200	10,328,884	13,453,776	4.10
	<u>24,466,500</u>	<u>30,578,927</u>	<u>34,593,742</u>	<u>10.55</u>
Financial Services				
CIMB Group Holdings Bhd	5,052,074	26,780,851	26,018,181	7.93
Hong Leong Bank Bhd	739,000	12,115,083	12,784,700	3.90
Hong Leong Financial Group Bhd	228,400	3,967,668	3,859,960	1.18
Malayan Banking Bhd	3,661,343	33,047,683	31,634,004	9.65
Public Bank Bhd	1,543,978	31,708,176	30,014,932	9.15
RHB Bank Bhd	1,016,363	5,698,763	5,874,578	1.79
	<u>12,241,158</u>	<u>113,318,224</u>	<u>110,186,355</u>	<u>33.60</u>
Health Care				
Hartalega Holdings Bhd	889,700	4,609,943	4,875,556	1.49
Industrial Products & Services				
Petronas Chemicals Group Bhd	553,200	4,400,155	4,066,020	1.24
Press Metal Aluminium Holdings Bhd	1,058,500	5,125,291	4,922,025	1.50
Uchi Technologies Bhd	241,600	726,711	671,648	0.20
V.S. Industry Bhd	1,068,400	1,762,941	1,431,656	0.44
	<u>2,921,700</u>	<u>12,015,098</u>	<u>11,091,349</u>	<u>3.38</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2019 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
Plantation				
Genting Plantations Bhd	465,200	5,057,282	4,921,816	1.50
IOI Corporation Bhd	3,152,800	14,240,543	14,534,408	4.43
Kuala Lumpur Kepong Bhd	372,000	8,584,100	9,225,600	2.81
Sime Darby Plantation Bhd	1,638,425	8,406,113	8,929,416	2.72
	<u>5,628,425</u>	<u>36,288,038</u>	<u>37,611,240</u>	<u>11.46</u>
Property				
Malaysian Resources Corporation Bhd	2,847,800	2,546,749	2,078,894	0.63
S P Setia Bhd	932,100	1,304,881	1,491,360	0.45
Sime Darby Property Bhd	3,406,800	2,960,109	3,117,222	0.95
	<u>7,186,700</u>	<u>6,811,739</u>	<u>6,687,476</u>	<u>2.03</u>
REIT				
Axis REIT	<u>3,797,300</u>	<u>7,051,949</u>	<u>6,721,221</u>	<u>2.05</u>
Technology				
D&O Green Technologies Bhd	4,998,700	3,764,233	4,248,895	1.30
Globetronics Technology Bhd	768,800	1,898,121	1,791,304	0.55
Inari Amertron Bhd	1,545,200	2,522,270	2,626,840	0.80
Malaysian Pacific Industries Bhd	793,000	8,995,221	9,071,920	2.77
Pentamaster Corporation Bhd	1,099,600	2,231,763	4,992,184	1.52
	<u>9,205,300</u>	<u>19,411,608</u>	<u>22,731,143</u>	<u>6.94</u>
Telecommunications & Media				
Astro Malaysia Holdings Bhd	1,371,000	1,928,033	1,741,170	0.53
Axiata Group Bhd	2,943,936	14,420,624	12,187,895	3.72
DiGi.Com Bhd	963,400	4,634,410	4,296,764	1.31
Telekom Malaysia Bhd	680,900	2,503,140	2,601,038	0.79
TIME dotCom Bhd	136,700	1,125,697	1,260,374	0.38
	<u>6,095,936</u>	<u>24,611,904</u>	<u>22,087,241</u>	<u>6.73</u>
Transportation & Logistics				
Malaysia Airports Holdings Bhd	170,700	1,455,728	1,297,320	0.40
Westports Holdings Bhd	775,600	2,777,520	3,265,276	1.00
	<u>946,300</u>	<u>4,233,248</u>	<u>4,562,596</u>	<u>1.40</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2019 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
Utilities				
Tenaga Nasional Bhd	<u>1,713,800</u>	<u>22,991,452</u>	<u>22,724,988</u>	<u>6.93</u>
TOTAL QUOTED SECURITIES	<u>88,569,619</u>	<u>321,517,768</u>	<u>319,920,883</u>	<u>97.56</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(1,596,885)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>319,920,883</u>		
30.06.2019				
Audited				
QUOTED SECURITIES				
Construction				
IJM Corporation Bhd	1,489,200	2,925,965	3,574,080	0.82
Muhibbah Engineering M Bhd	<u>774,400</u>	<u>2,340,487</u>	<u>2,137,344</u>	<u>0.49</u>
	<u>2,263,600</u>	<u>5,266,452</u>	<u>5,711,424</u>	<u>1.31</u>
Consumer Products & Services				
Aeon Co. M Bhd	2,718,100	4,380,597	4,593,589	1.06
Carlsberg Brewery Malaysia Bhd	166,600	4,183,716	4,274,956	0.98
Genting Bhd	1,919,200	17,336,297	12,992,984	2.99
Genting Malaysia Bhd	1,672,600	5,182,144	5,419,224	1.25
Petronas Dagangan Bhd	194,600	5,095,329	4,942,840	1.14
Sime Darby Bhd	<u>3,891,900</u>	<u>9,128,018</u>	<u>8,795,694</u>	<u>2.02</u>
	<u>10,563,000</u>	<u>45,306,101</u>	<u>41,019,287</u>	<u>9.44</u>
Energy				
Dialog Group Bhd	3,048,900	8,596,292	9,939,414	2.29
Hibiscus Petroleum Bhd	2,147,500	2,164,953	2,297,825	0.53
Sapura Energy Bhd	13,138,000	4,531,024	3,941,400	0.91
Serba Dinamik Holdings Bhd	1,084,600	4,220,638	4,370,938	1.01
Yinson Holdings Bhd	<u>2,074,100</u>	<u>9,484,849</u>	<u>12,631,269</u>	<u>2.91</u>
	<u>21,493,100</u>	<u>28,997,756</u>	<u>33,180,846</u>	<u>7.65</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2019 (CONTINUED)				
Audited (continued)				
QUOTED SECURITIES				
(CONTINUED)				
Financial Services				
Aeon Credit Service M Bhd	223,900	223,900	342,567	0.08
Alliance Bank Malaysia Bhd	1,003,500	4,110,550	3,773,160	0.87
Bursa Malaysia Bhd	327,550	2,380,134	2,292,850	0.53
CIMB Group Holdings Bhd	5,910,244	31,843,327	31,797,113	7.32
Hong Leong Bank Bhd	421,000	6,755,840	7,999,000	1.84
Hong Leong Financial Group Bhd	143,200	2,531,181	2,654,928	0.61
Malayan Banking Bhd	3,801,943	34,516,157	33,761,254	7.77
Public Bank Bhd	905,278	19,796,484	20,821,394	4.79
RHB Bank Bhd	1,561,600	8,628,818	8,729,344	2.01
	<u>14,298,215</u>	<u>110,786,391</u>	<u>112,171,610</u>	<u>25.82</u>
Health Care				
Hartalega Holdings Bhd	919,800	4,765,905	4,819,752	1.11
IHH Healthcare Bhd	1,945,400	10,972,971	11,283,320	2.60
	<u>2,865,200</u>	<u>15,738,876</u>	<u>16,103,072</u>	<u>3.71</u>
Industrial Products & Services				
Petronas Chemicals Group Bhd	1,852,700	14,773,432	15,562,680	3.58
Sunway Bhd - Warrant	669,750	-	251,156	0.06
Uchi Technologies Bhd	996,300	2,996,783	2,869,344	0.66
V.S. Industry Bhd	1,104,500	1,822,509	1,214,950	0.28
	<u>4,623,250</u>	<u>19,592,724</u>	<u>19,898,130</u>	<u>4.58</u>
Plantation				
FGV Holdings Bhd	3,304,300	4,083,768	3,700,816	0.85
Genting Plantations Bhd	488,200	5,307,320	4,882,000	1.12
IOI Corporation Bhd	2,462,100	11,259,306	10,463,925	2.41
Kuala Lumpur Kepong Bhd	263,100	6,501,634	6,461,736	1.49
Sime Darby Plantation Bhd	2,343,325	12,022,678	11,529,159	2.65
	<u>8,861,025</u>	<u>39,174,706</u>	<u>37,037,636</u>	<u>8.52</u>
Property				
Malaysian Resources Corporation Bhd	4,751,300	4,249,024	4,513,735	1.04
Sime Darby Property Bhd	3,008,600	3,151,632	3,098,858	0.71
	<u>7,759,900</u>	<u>7,400,656</u>	<u>7,612,593</u>	<u>1.75</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2019 (CONTINUED)				
Audited (continued)				
QUOTED SECURITIES (CONTINUED)				
REITs				
IGB REIT	2,289,100	4,082,543	4,372,181	1.01
Sunway REIT	1,166,600	2,068,316	2,181,542	0.50
	<u>3,455,700</u>	<u>6,150,859</u>	<u>6,553,723</u>	<u>1.51</u>
Technology				
Frontken Corporation Bhd	2,484,700	2,423,841	3,329,498	0.77
Globetronics Technology Bhd	1,396,200	3,447,134	2,331,654	0.54
Greatech Technology Bhd	2,882,500	2,371,145	2,796,025	0.64
Malaysian Pacific Industries	548,100	6,352,821	5,053,482	1.16
Pentamaster Corporation Bhd	2,853,900	5,792,313	8,219,232	1.89
Revenue Group Bhd	2,205,200	2,734,134	3,131,384	0.72
Revenue Group Bhd - Warrant	802,950	-	365,342	0.08
	<u>13,173,550</u>	<u>23,121,388</u>	<u>25,226,617</u>	<u>5.80</u>
Telecommunications & Media				
Axiata Group Bhd	2,891,109	14,148,638	14,397,723	3.31
DiGi.Com Bhd	1,958,700	9,422,275	9,891,435	2.28
Telekom Malaysia Bhd	972,700	3,017,996	3,890,800	0.90
TIME dotCom Bhd	141,300	1,163,577	1,267,461	0.29
	<u>5,963,809</u>	<u>27,752,486</u>	<u>29,447,419</u>	<u>6.78</u>
Transportation & Logistics				
Malaysia Airports Holding Bhd	2,063,100	17,682,363	17,598,243	4.05
MISC Bhd	1,563,400	10,693,585	11,178,310	2.57
Westports Holdings Bhd	2,173,400	7,783,215	8,563,196	1.97
	<u>5,799,900</u>	<u>36,159,163</u>	<u>37,339,749</u>	<u>8.59</u>
Utilities				
Petronas Gas Bhd	433,400	7,788,236	7,523,824	1.73
Tenaga Nasional Bhd	1,260,100	16,749,392	17,439,784	4.02
	<u>1,693,500</u>	<u>24,537,628</u>	<u>24,963,608</u>	<u>5.75</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2019 (CONTINUED)				
Audited (continued)				
QUOTED SECURITIES (CONTINUED)				
TOTAL QUOTED SECURITIES	<u>102,813,749</u>	389,985,186	<u>396,265,714</u>	<u>91.21</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>6,280,528</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>396,265,714</u>		

9. CASH AND CASH EQUIVALENTS

	31.12.2019	30.06.2019
	RM	Audited RM
Deposits with licensed financial institutions	7,625,878	37,757,557
Bank balances	<u>387,287</u>	<u>626,750</u>
	<u>8,013,165</u>	<u>38,384,307</u>

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

	31.12.2019	30.06.2019
	%	Audited %
Deposits with licensed financial institutions	<u>3.27</u>	<u>3.20</u>

Deposits with licensed financial institutions of the Fund have an average maturity of 3 days. (30.06.2019: 2 days).

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

	01.07.2019 to 31.12.2019	01.07.2018 to 30.06.2019 Audited
	No. of units	No. of units
At the beginning of the financial period/year	313,969,814	302,063,563
Add: Creation of units from applications	8,698,161	18,822,007
Add: Creation of units from distribution	9,905,642	25,715,089
Less: Cancellation of units	<u>(85,995,000)</u>	<u>(32,630,845)</u>
At the end of the financial period/year	<u>246,578,617</u>	<u>313,969,814</u>

11. MANAGEMENT EXPENSE RATIO (“MER”)

	01.07.2019 to 31.12.2019	01.07.2018 to 31.12.2018
	%	%
MER	<u>0.76</u>	<u>0.77</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 withholding taxes
- F = Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial period calculated on daily basis is RM419,174,444 (30.06.2018: RM458,781,012).

12. PORTFOLIO TURNOVER RATIO (“PTR”)

	01.07.2019 to 31.12.2019	01.07.2018 to 31.12.2018
PTR	<u>0.51</u>	<u>0.38</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 = RM175,102,047 (30.06.2018: RM166,640,095)

total disposal for the financial period = RM249,054,580 (30.06.2018: RM182,165,801)

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 <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 Manager
Principal Asset Management (S) Pte Ltd <i>(formerly known as CIMB-Principal Asset Management (S) Pte Ltd)</i>	Investment Adviser of the Fund
CGS-CIMB Securities (Singapore) Pte Ltd	Fellow related party to the Manager
CIMB Islamic Bank Bhd	Fellow related party to the Manager
CIMB Investment Bank Bhd	Fellow related party to the Manager

Units held by the Manager and parties related to the Manager

	31.12.2019		30.06.2019	
	No. of units	RM	No. of units	Audited RM
Manager				
Principal Asset Management Berhad <i>(formerly known as CIMB-Principal Asset Management Berhad)</i>	434	577	232,256	321,373

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 other 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.

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

	31.12.2019	30.06.2019 Audited
<u>Significant related party transactions</u>		
Interest income from deposits with licensed financial institution:		
- CIMB Bank Bhd	39,219	55,964
Deposits with licensed financial institution:		
- CIMB Bank Bhd	57,245,000	126,461,000

14. TRANSACTIONS WITH BROKERS/DEALERS

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

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
UBS Securities Malaysia Sdn Bhd	69,164,458	16.31	86,880	12.15
Macquarie Capital Securities (M) Sdn Bhd	57,078,028	13.46	86,074	12.03
KAF Seagroatt & Campbell Securities Sdn Bhd	48,285,479	11.38	106,468	14.88
Affin Hwang Investment Bank Bhd	44,588,462	10.51	98,124	13.72
Maybank Investment Bank Bhd	42,835,482	10.10	90,147	12.60
CLSA Securities (M) Sdn Bhd	35,916,689	8.47	66,753	9.33
JP Morgan Securities (M) Sdn Bhd	30,286,275	7.14	25,690	3.59
CGS-CIMB Securities Sdn Bhd #	21,662,789	5.11	32,779	4.58
RHB Investment Bank Bhd	21,623,058	5.10	47,409	6.63
Hong Leong Investment Bank Bhd	18,382,341	4.33	39,067	5.46
Others	34,333,566	8.09	35,940	5.03
	<u>424,156,627</u>	<u>100.00</u>	<u>715,331</u>	<u>100.00</u>

14. TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)

Details of transactions with the top 10 brokers/dealers for the six months financial period ended 31 December 2018 are as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
KAF Seagroatt & Campbell Securities Sdn Bhd	56,640,428	16.28	121,991	16.58
Affin Hwang Investment Bank Bhd	49,627,330	14.26	106,686	14.50
CIMB Investment Bank Bhd #	39,599,241	11.38	85,011	11.55
Macquarie Malaysia Sdn Bhd	39,290,048	11.29	85,696	11.65
RHB Investment Bank Bhd	33,175,262	9.54	69,867	9.50
JP Morgan Securities (M) Sdn Bhd	25,869,743	7.44	55,290	7.52
CLSA Securities (M) Sdn Bhd	22,614,617	6.50	48,645	6.61
Maybank Securities Services Sdn Bhd	20,835,038	5.99	44,881	6.10
Alliance Investment Bank Bhd	17,584,256	5.05	38,371	5.22
Hong Leong Investment Bank Bhd	13,556,947	3.90	22,192	3.02
Others	29,122,721	8.37	57,090	7.75
	<u>347,915,631</u>	<u>100.00</u>	<u>735,720</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 RM21,662,789 (31.12.2018: Nil) and Nil (31.12.2018: RM39,599,241) respectively. The Manager is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties.

DIRECTORY

Head Office of the Manager

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