CIMB-Principal Global Multi Asset Income Fund 2

Annual Report

For The Financial Year Ended 31 July 2019

In alliance with CIMB

CIMB-PRINCIPAL GLOBAL MULTI ASSET INCOME FUND 2

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

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INVESTORS' LETTER

Dear Valued Investors,

We have recently announced through the media our collaboration with the Employee Provident Fund ("EPF") that consumers can now invest in our Unit Trust Funds at 0% sales fee*, as part of our offering for the EPF's newly launched i-Invest online platform within the i-Akaun (Member) portal facility.

The online facility enables EPF i-Akaun members to invest in Unit Trust Funds using their EPF savings without needing to complete and submit physical forms and enables them to perform various transactions including purchase, redeem and switch funds - anytime, anywhere.

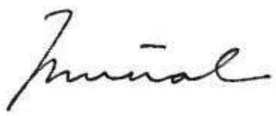
In today's era of dynamic change, there is a growing need to accommodate the emergence of more tech savvy investors. We're glad to have the opportunity to partner with the EPF and are excited to bring our global experience and expertise to make saving for retirement faster and easier for those who prefer to manage their money, their way. The Principal Asset Management Berhad *(formerly known as CIMB-Principal Asset Management Berhad)* ("Principal Malaysia") online platform is just one more tool we offer to help you save enough and have enough in retirement and complements our other methods of investing. To find out more on how you can maximise your retirement savings, please visit www.principal.com.my.

As of July 2019, our Assets under Management ("AUM") stood at RM56.5 billion. Going forward we will be launching a new global Fund with a unique combination that will help cushion the impact of any unforeseen eventualities. We look forward to introducing it to you.

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

*The 0% sales fee is subject to change

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?
The Fund aims to provide income* and potential capital growth to investors through investments in one collective investment scheme, which invests in a diversified portfolio of global assets.

Note:
* All distributions (if any) will be automatically reinvested into additional units in the Class at the Net Asset Value ("NAV") per unit of the Class on the distribution date (the number of units is rounded using the normal rounding policy to two decimal places), unless written instructions to the contrary are communicated by you to the Manager.

Has the Fund achieved its objective?
For the financial year under review, the Fund has performed in line with its objective as stated under the Fund Performance section.

What are the Fund investment policy and principal investment strategy?
In order to achieve its objective, the Fund will invest at least 95% of its NAV in the Schroder International Selection Fund Global Multi-Asset Income (the "Target Fund"); a Société d'Investissement à Capital Variable ("SICAV") domiciled in Luxembourg and established on the 18 April 2012. The Fund will also maintain up to a maximum of 5% of its NAV in liquid assets.

Information on the Target Fund
Investment manager: Schroder Investment Management Limited
Management company: Schroder Investment Management (Luxembourg) S.A.
Regulatory authority: Commission de Surveillance du Secteur Financier (Luxembourg Financial Sector Supervisory Authority)

Base Currency
US Dollar ("USD")

Fund category/type
Wholesale Fund (Feeder Fund)/Income and capital growth

How long should you invest for?
Recommended between three (3) years to ten (10) years or more

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

When was the Fund launched?
10 February 2015

What was the size of the Fund as at 31 July 2019?
USD4.22 million (4.37 million units)

What is the Fund's benchmark?
The Fund is benchmark unconstrained as the Target Fund is benchmark unconstrained, i.e. it will be actively managed without reference to any specific benchmark.

FUND OBJECTIVE AND POLICY (CONTINUED)

What is the Fund distribution policy?
The distribution will be on a quarterly basis depending on the level of the Fund's income. Any distribution payments for Class USD will be made in USD to the Unit holder's USD foreign currency bank account in Principal's records (at the cost and expense of the Unit holders). All distributions (if any) will be automatically reinvested into additional units in the Class at the NAV per unit of the Class on the distribution date (the number of units is rounded using the normal rounding policy to two decimal places), unless written instructions to the contrary are communicated by you to the Manager.

What was the net income distribution for the financial year ended 31 July 2019?
The Fund distributed a total net income of USD0.007 million to unit holders for the financial year ended 31 July 2019.

The Fund's NAV per unit are as follows:

Date	NAV per unit (before distribution) USD	NAV per unit (after distribution) USD
31.12.2018	0.8984	0.8971

PERFORMANCE DATA

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

	31.07.2019 %	31.07.2018 %	31.07.2017 %
Collective investment scheme	98.39	99.67	98.96
Cash and other net assets	1.61	0.33	1.04
	100.00	100.00	100.00

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

	31.07.2019	31.07.2018	31.07.2017
NAV (USD Million)	4.22	6.25	9.96
Units in circulation (Million)	4.37	6.62	10.44
NAV per unit (USD)	0.9655	0.9443	0.9544
Highest NAV per unit (USD)	0.9679	0.9877	0.9638
Lowest NAV per unit (USD)	0.8938	0.9309	0.9169
Total return (%)	2.31	0.37	4.48
- Capital growth (%)	2.17	(1.11)	2.65
- Income distribution (%)	0.14	1.49	1.80

PERFORMANCE DATA (CONTINUED)

	31.07.2019	31.07.2018	31.07.2017
Management Expense Ratio ("MER") (%) ^	0.69	0.79	0.77
Portfolio Turnover Ratio ("PTR") (times) #	0.30	0.35	0.50

^ The Fund's MER decreased from 0.79% to 0.69% due to decreased in total expenses during the financial year under review.

The Fund's PTR decreased from 0.35 times to 0.30 times as there were lesser rebalancing activities during the financial year under review.

	31.07.2019	31.07.2018	31.07.2017
Gross/Net distribution per unit (cent)			
Distribution on 31 December 2018	0.13	-	-
Distribution on 2 October 2017	-	0.42	-
Distribution on 2 January 2018	-	0.42	-
Distribution on 3 April 2018	-	0.42	-
Distribution on 5 July 2018	-	0.15	-
Distribution on 4 October 2016	-	-	0.42
Distribution on 30 December 2016	-	-	0.42
Distribution on 3 April 2017	-	-	0.42
Distribution on 4 July 2017	-	-	0.42

	31.07.2019	31.07.2018	31.07.2017	31.07.2016	Since inception to 31.07.2015
	%	%	%	%	%
Annual total return	2.31	0.37	4.48	(1.03)	(3.99)

(Launch date: 10 February 2015)

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

MARKET REVIEW (1 AUGUST 2018 TO 31 JULY 2019)

For the financial year under review, the Fund has increased by 2.31% which was higher as compared to an increase of only 0.37% in 2018 in USD terms.

Global equities gained in August 2018 but there were significant regional differences amid persistent US-China trade tensions and Turkey's currency crisis. US equities gained ground and significantly outperformed other major regions, as economic growth remained extremely robust. However, eurozone equities declined as Banks were under pressure amid concerns over exposure to emerging markets ("EM") as well as uncertainty over whether Italy's 2019 budget proposal will comply with European Union ("EU") fiscal rules.

MARKET REVIEW (1 AUGUST 2018 TO 31 JULY 2019) (CONTINUED)

In September 2018, equity markets were modestly higher over the month, with investors relatively sanguine in the face of broadening, but expected, US-China trade sanctions. The US labor market report for August 2018 showed further gains and the fastest wage growth since 2009. European stocks were narrowly positive, although the final day of the month saw some weakness after Italy proposed a budget deficit that was higher than some had expected. EM equities posted a negative return, as China and India lagged. Government bond yields rose over the month amid strong economic data. US 10-year yields rose from 2.86% to 3.06%. In addition to raising rates, the US Federal Reserve (the “Fed”) removed references to “accommodative” policy and struck an optimistic tone. EM bonds enjoyed a broad-based rebound reflecting a plethora of idiosyncratic factors, including a larger-than-expected rate rise in Turkey, as well as USD weakness.

In October 2018, it proved to be a weak month for markets, with risky assets selling off on a range of fears from US-China trade wars to the Italian budget proposal. Global equities suffered their sharpest one month decline since May 2012. The Standard & Poor’s (“S&P”) 500 Index fell by 6.80% as investors were concerned with the maturing economic cycle and the broader ongoing geopolitical issues that have affected other markets this year. Despite these losses the US remains the best performing equity market year to date. In Europe, investors reacted nervously as the European Commission rejected Italy’s 2019 budget proposal. Bond markets reflected the negative market sentiment, with Government bond yields outside the US broadly lower. US Government bond yields continued higher in October 2018 on positive economic data and continuing rate rises.

November 2018 proved to be a much calmer month for global markets. Equities posted modest gains, helped by a slightly more moderate tone from the Fed suggesting that current rates could be close to neutral. Against this backdrop US, Asian and EM equities in particular posted gains. US Treasury (“UST”) 10-year yields fell over the month due to a combination of the Fed comments and the mid-term election results making further pro-growth measures less likely. While corporate bonds were negative as risk sentiment remained subdued, the softening in the USD, as expectations of rate rises in 2019 ebbed, helped EM local bonds post positive returns.

Global equities endured their most difficult December 2018 since 1970 to cap off a very challenging final quarter. All major markets posted losses over the month, primarily due to concerns over economic and earnings growth. While the Fed enacted its rate hike as anticipated, it signaled a more cautious outlook for economic growth through a dovish shift in tone. Data continued to point to slowing momentum in the Eurozone economy, while Chinese data which highlighted slowing industrial production and retail sales further heightened growth concerns. Meanwhile, as expected, the European Central Bank confirmed the end of its bond-buying programme. Government bond yields were generally lower in December 2018 given broader risk aversion. EM local bonds saw positive total returns as the USD softened over the month.

US equities gained ground in January 2019 to recover a substantial proportion of the sharp falls seen in December 2018. Although the Fed left its headline policy rate unchanged, it highlighted a greater degree of flexibility in future rate decisions, confirming any changes will be based on economic momentum. Government bonds rallied in tandem with higher-risk corporates, highlighting the market’s surprise from the Fed’s dovish shift. Corporates were particularly strong with the spread over Government bonds narrowing significantly. The rally in credit was especially forceful in high yield, particularly in the USD market, which had been hit hard in the fourth quarter of 2018 and reversed nearly all of the substantial spread widening seen in December 2018. EM bonds had a strong month across the board with both USD denominated and local currency bonds performing particularly well as the USD continued to moderate.

MARKET REVIEW (1 AUGUST 2018 TO 31 JULY 2019) (CONTINUED)

Global equities made further progress in February 2019 with sentiment boosted by news that the US has suspended the imposition of increased tariffs on USD200 billion of Chinese goods. European stocks also benefited from the suggestion that the European Central Bank could restart its targeted long-term refinancing operations, which offer cheap loans for banks. Chinese stocks were further buoyed by news that index provider Morgan Stanley Capital International ("MSCI") would increase the weighting of China-listed shares in its benchmark indices.

In March 2019, Global equity markets rose but progress was more tentative than in the opening two months of the year due to growing caution on global growth. The Fed lowered its projections for US growth and inflation and reduced its expectations for interest rates hikes. Indeed, the "dot plot" now shows no rate hikes this year and only one in 2020. The European Central Bank ("ECB") also altered its guidance on interest rates, saying that rates would now be on hold until at least 2020. EM equities recorded a positive return over the month, supported by ongoing optimism toward a US-China trade deal and the dovish policy shift from the Fed.

Global equity markets continued to rise in April 2019, with encouraging economic data points and ongoing supportive policy from major Central Banks supporting risk appetite. US equities advanced, supported by strong labour market data as well as better-than-expected first quarter of 2019 Gross Domestic Product ("GDP") growth. Eurozone equities also posted further gains, as economic growth in the first three months of the 2019 proved more resilient than feared. EM equities posted a positive return as easing global growth concerns supported risk appetite.

Global equity markets fell in May 2019 across all major regions. Although economic data was generally positive, investor nervousness over the outlook for global growth grew as US-China trade tensions ratcheted up. The Trump administration increased tariffs on USD200 billion of Chinese goods from 10% to 25%, it blacklisted Chinese tech giant Huawei Technologies Co. Ltd ("Huawei") and imposed a new tariff of 5% on all Mexican imports. Consequently, Government bond yields fell markedly amid a move towards perceived safe havens. The UST 10-year yield fell by 38 basis points ("bps"), finishing the month at close to 2.10%, a level not seen since late-2017. The difference between 10-year and three-month UST yields fell below zero once more. This inversion in the yield curve (longer maturity yields are usually higher than shorter-dated) highlights bond investors' negative view of the economic outlook among bond investors.

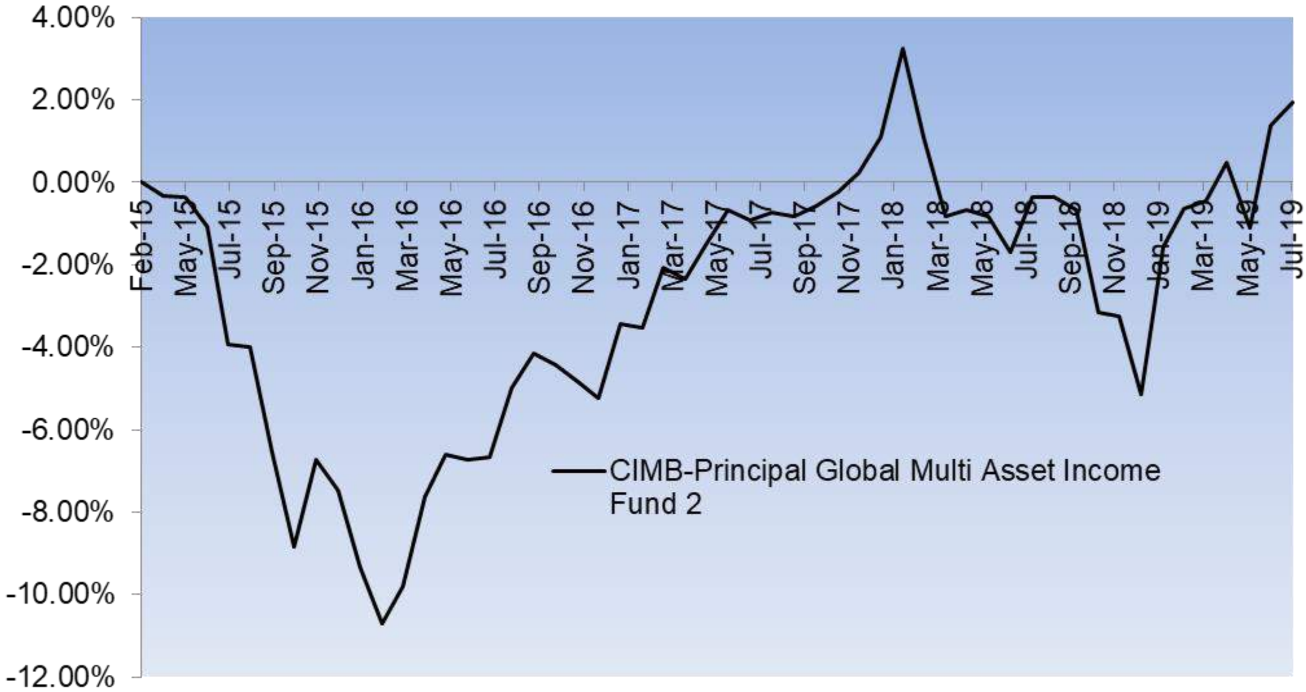
In June 2019, global equities posted strong gains, supported by indications that major Central Banks would ease monetary policy to support economic growth. Investor sentiment was further buoyed by signs from the Group of Twenty ("G20") summit in Osaka that US-China trade tensions were thawing. The S&P 500 Index reached a record high in June 2019, however economic data continues to indicate a slowdown in activity in the US. Eurozone shares bounced back in June 2019 after May's 2019 sharp pullback. Economically-sensitive sectors such as materials and consumer discretionary were among the top gainers. Chinese equities climbed amid hopes that policymakers would introduce further stimulus measures to shore up growth.

In a move widely anticipated by investors, the Fed cut interest rates by 0.25% in July 2019 for the first time since 2008. The objective of the cut, according to the Fed chair Jerome Powell, is to offset slowing growth and support inflation. Meanwhile, the ECB prepared the ground for further accommodation in the coming months. Increasingly supportive policy and a favorable inflationary backdrop in EM saw local debt rally around 1%. Similar gains were experienced in hard currency bonds, where the fall in sovereign yields mirrored their developed counterparts. Turning to equities, the US made modest gains in July 2019. Despite GDP growth slowing to 2.1% in second quarter of 2019, economic data and earnings generally remained resilient compared to the rest of the world. Emerging equities fell as growth expectations were trimmed and the USD strengthened, and, in line with our expectations, regional performance remains divergent.

FUND PERFORMANCE

	1 year to 31.07.2019	3 years to 31.07.2019	Since inception to 31.07.2019
	%	%	%
Income	0.14	3.46	5.72
Capital	2.17	3.71	(3.57)
Total Return	2.31	7.28	1.94
Benchmark	-	-	-
Average Total Return	2.31	2.37	0.43

For the financial year under review, the Fund improved by 2.31%. The growth was mainly driven by the positive market performance. Returns were positively contributed by both equities as well as US high yield debt. To note, the Fund does not have a benchmark for comparison.



Changes in NAV

	31.07.2019	31.07.2018	Changes
			%
NAV (USD Million)	4.22	6.25	(32.48)
NAV/Unit (USD)	0.9655	0.9443	2.25

For the financial year under review, the Fund's NAV fell by 32.48%, while the NAV per unit increased by 2.25%. The lower NAV was mainly due to net redemptions, while the increase in NAV per unit was mainly due to positive investment performance.

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

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	31.07.2019	31.07.2018
Collective investment scheme	98.39	99.67
Cash and other net assets	1.61	0.33
TOTAL	**100.00**	**100.00**

The Fund was fully invested during the financial year under review. A minimal level of liquid assets was maintained primarily for liquidity purposes.

MARKET OUTLOOK*

Although markets remain supported by abundant liquidity, cyclical risks continue to be elevated and we have yet to see much evidence of a recovery in the world outside the US.

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

INVESTMENT STRATEGY

The Fund will continue to remain fully invested in the Target Fund with minimal cash kept for liquidity purposes.

UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 31 July 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	0.00	0.00
5,001-10,000	-	-	-
10,001-50,000	1	0.03	0.69
50,001-500,000	4	1.02	23.34
500,001 and above	1	3.32	75.97
Total	**7**	**4.37**	**100.00**

SOFT COMMISSIONS AND REBATES

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

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

STATEMENT BY MANAGER TO THE UNIT HOLDERS OF CIMB-PRINCIPAL GLOBAL MULTI ASSET INCOME FUND 2

We, being the Directors of Principal Asset Management Berhad *(formerly known as CIMB-Principal Asset Management Berhad)* (the "Manager"), do hereby state that, in the opinion of the Manager, the accompanying audited financial statements set out on pages 15 to 41 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 July 2019 and of its financial performance, changes in equity and cash flows for the financial year then ended in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

For and on behalf of the Manager
Principal Asset Management Berhad (Company No.: 304078-K)
(formerly known as CIMB-Principal Asset Management Berhad)

MUNIRAH KHAIRUDDIN
Chief Executive Officer/Executive Director

JUAN IGNACIO EYZAGUIRRE BARAONA
Director

Kuala Lumpur
13 September 2019

TRUSTEE'S REPORT TO THE UNIT HOLDERS OF CIMB-PRINCIPAL GLOBAL MULTI ASSET INCOME FUND 2

We have acted as Trustee for CIMB-Principal Global Multi Asset Income Fund 2 (the "Fund") for the financial year ended 31 July 2019. To the best of our knowledge, for the financial year under review, Principal Asset Management Berhad *(formerly known as CIMB-Principal Asset Management Berhad)* (the "Manager") has operated and managed the Fund in accordance with the following:-

(a) limitations imposed on the investment powers of the Manager under the Deed(s), the Securities Commission's Guidelines on Unlisted Capital Market Products under The Lodge and Launch Framework, the Capital Markets and Services Act 2007 and other applicable laws;

(b) valuation and pricing for the Fund has been carried out in accordance with the Deed(s) of the Fund and applicable regulatory requirements; and

(c) creation and cancellation of units for the Fund have been carried out in accordance with the Deed(s) of the Fund and applicable regulatory requirements.

We are of the view that the distributions made during this financial year ended 31 July 2019 by the Manager are not inconsistent with the objectives of the Fund.

For Deutsche Trustees Malaysia Berhad

Soon Lai Ching
Senior Manager, Trustee Operations

Richard Lim Hock Seng
Chief Executive Officer

Kuala Lumpur
13 September 2019

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF CIMB-PRINCIPAL GLOBAL MULTI ASSET INCOME FUND 2

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of CIMB-Principal Global Multi Asset Income Fund 2 (the "Fund") give a true and fair view of the financial position of the Fund as at 31 July 2019, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 July 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 15 to 41.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF CIMB-PRINCIPAL GLOBAL MULTI ASSET INCOME FUND 2 (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF CIMB-PRINCIPAL GLOBAL MULTI ASSET INCOME FUND 2 (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

(a) Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

(d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF CIMB-PRINCIPAL GLOBAL MULTI ASSET INCOME FUND 2 (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

<u>Auditors' responsibilities for the audit of the financial statements (continued)</u>

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
13 September 2019

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

	Note	2019 USD	2018 USD
INCOME			
Dividend income		250,607	389,655
Net loss on financial assets at fair value through profit or loss	**9**	(125,542)	(284,199)
Net foreign exchange (loss)/gain		(83)	99
Other income	**4**	63,483	101,842
		188,465	207,397
EXPENSES			
Management fee	**5**	92,039	144,128
Trustee's fee	**6**	1,534	2,402
Audit fee		2,012	2,362
Tax agent's fee		630	1,133
Other expenses		2,416	15,213
		98,631	165,238
PROFIT BEFORE TAXATION		89,834	42,159
Taxation	**8**	-	-
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		89,834	42,159
Profit after taxation is made up as follows:			
Realised amount		7,244	121,260
Unrealised amount		82,590	(79,101)
		89,834	42,159

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2019

	Note	2019 USD	2018 USD
ASSETS			
Cash and cash equivalents	**10**	77,019	16,082
Financial assets at fair value through profit or loss	**9**	4,148,503	6,234,045
Amount due from Manager of collective investment scheme:			
- Disposal of collective investment scheme		30,000	-
- Management fee rebate		2,534	3,496
Dividends receivable		17,504	26,204
TOTAL ASSETS		4,275,560	6,279,827
LIABILITIES			
Amount due to Manager		52,020	15,750
Accrued management fee		4,169	6,104
Amount due to Trustee		112	162
Other payables and accruals		2,800	3,346
TOTAL LIABILITIES		59,101	25,362
NET ASSET VALUE OF THE FUND		4,216,459	6,254,465
EQUITY			
Unit holders' capital		4,307,363	6,427,756
Accumulated losses		(90,904)	(173,291)
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		4,216,459	6,254,465
NUMBER OF UNITS IN CIRCULATION (UNITS)	**11**	4,366,912	6,622,951
NET ASSET VALUE PER UNIT (USD)		0.9655	0.9443

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

	Note	Unit holders' capital USD	Accumulated losses USD	Total USD
Balance as at 1 August 2018		6,427,756	(173,291)	6,254,465
Movement in unit holders' contributions:				
- Creation of units from applications		325,408	-	325,408
- Creation of units from distributions		7,447	-	7,447
- Cancellation of units		(2,453,248)	-	(2,453,248)
Total comprehensive income for the financial year		-	89,834	89,834
Distributions	7	-	(7,447)	(7,447)
Balance as at 31 July 2019		4,307,363	(90,904)	4,216,459
Balance as at 1 August 2017		10,060,237	(96,814)	9,963,423
Movement in unit holders' contributions:				
- Creation of units from applications		2,015,518	-	2,015,518
- Creation of units from distributions		117,334	-	117,334
- Cancellation of units		(5,765,333)	-	(5,765,333)
Total comprehensive income for the financial year		-	42,159	42,159
Distributions	7	-	(118,636)	(118,636)
Balance as at 31 July 2018		6,427,756	(173,291)	6,254,465

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

	Note	2019 USD	2018 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from disposal of collective investment scheme		2,500,000	5,043,000
Purchase of collective investment scheme		(570,000)	(2,011,000)
Dividend income received		259,307	403,417
Management fee paid		(95,016)	(149,120)
Management fee rebate received		65,487	104,443
Trustee's fee paid		(1,584)	(2,485)
Payments for other fees and expenses		(5,596)	(18,868)
Net realised foreign exchange loss		(22)	(24)
Net cash generated from operating activities		2,152,576	3,369,363
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		325,408	2,554,326
Payments for cancellation of units		(2,416,978)	(5,977,095)
Distribution paid		-	(1,302)
Net cash used in financing activities		(2,091,570)	(3,424,071)
Net increase/(decrease) in cash and cash equivalents		61,006	(54,708)
Effects of foreign exchange differences		(69)	(92)
Cash and cash equivalents at the beginning of the financial year		16,082	70,882
Cash and cash equivalents at the end of the financial year	**10**	77,019	16,082
<u>Cash and cash equivalents comprised of:</u>			
Bank balances		77,019	16,082
Cash and cash equivalents at the end of the financial year	**10**	77,019	16,082

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES

CIMB-Principal Global Multi Asset Income Fund 2 (the “Fund”) was constituted pursuant to the execution of a Deed dated 29 January 2015 (the “Deed”) between Principal Asset Management Berhad *(formerly known as CIMB-Principal Asset Management Berhad)* (the “Manager”) and Deutsche Trustees Malaysia Berhad (the “Trustee”).

The Fund will invest at least 95% of its NAV in the Target Fund; a SICAV domiciled in Luxembourg and established on the 18 April 2012. The Fund will also maintain up to a maximum of 5% of its NAV in liquid assets.

All investments are subjected to the Securities Commission Malaysia (“SC”) Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, SC requirements, the Deed, 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 IFRS.

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

Standard that is effective and relevant:

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

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

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

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

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

(b) Financial assets and financial liabilities

Classification

Up to 31 July 2018, the Fund designates its investments in collective investment scheme as financial assets at fair value through profit or loss at inception.

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Classification (continued)

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.

Investments in collective investment schemes are debt instruments with contractual cash flows that do not represent solely payment of principal and interest ("SPPI"), and therefore are classified as fair value through profit or loss.

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

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

Financial liabilities, within the scope of MFRS 139 up to 31 July 2018 and MFRS 9 from 1 August 2018, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Recognition and measurement (continued)

Collective investment scheme is valued based on the most recent published NAV per unit or share of such collective investment scheme or, if unavailable, on the last published price of such unit or share (excluding any sales charge included in such selling price).

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.

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

Impairment for assets carried at amortised costs

Up to 31 July 2018, for assets carried at amortised cost, the Fund assesses at the end of the reporting year whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Impairment for assets carried at amortised costs (continued)

From 1 August 2018 onwards, the Fund measures credit risk and 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 year.

(c) Income recognition

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currency

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").

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

i) Significant portion of the NAV is invested in the form of collective investment scheme denominated in USD.
ii) Significant portion of the Fund's expenses are denominated in USD.
iii) Significant portion of the cash is denominated in USD for the purpose of making settlement of foreign trades.

The financial statements are presented in USD, which is the Fund's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(e) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balances which are subject to an insignificant risk of changes in value.

(f) Taxation

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

Withholding taxes on investment income from foreign collective investment scheme is 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Amount due from/to Manager of collective investment scheme (sales/purchase of investment)

Amounts due from/to Manager of collective investment scheme represent receivables for collective investment scheme sold and payables for collective investment scheme 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 up to 31 July 2018, subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of amounts due from Manager of collective investment scheme is established when there is objective evidence that the Fund will not be able to collect all amounts due from the Manager of collective investment scheme. Significant financial difficulties of the Manager of collective investment scheme, probability that the Manager of collective investment scheme will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from Manager of collective investment scheme is impaired. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the interest rate used to discount the future cash flows for the purpose of measuring the impairment loss.

From 1 August 2018, these amounts are subsequently measured at amortised cost. At each reporting date, the Fund shall measures the loss allowance on amounts due from Manager of collective investment scheme 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 Manager of collective investment scheme, probability that the Manager of collective investment scheme will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

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

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

(h) Distribution

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

(i) Other income

Other income represents the Fund’s entitlement to management fee rebate derived from the Manager and Manager of the collective investment scheme on an accrual basis to ensure no double charging of management fee. It is accrued daily based on the fair value of collective investment scheme held.

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 year if unit holder exercises the right to put the unit back to the Fund.

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

(k) Segment information

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

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

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

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

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the SC Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

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

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund are as follows:

2019	**Financial assets at fair value through profit or loss USD**	**Financial assets at amortised cost USD**	**Total USD**
Cash and cash equivalents (Note 10)	-	77,019	77,019
Collective investment scheme (Note 9)	4,148,503	-	4,148,503
Amount due from Manager of collective investment scheme			
- Disposal of collective investment scheme	-	30,000	30,000
- Management fee rebate	-	2,534	2,534
Dividends receivable	-	17,504	17,504
	4,148,503	127,057	4,275,560

2018	**Financial assets at fair value through profit or loss USD**	**Loans and receivables USD**	**Total USD**
Cash and cash equivalents (Note 10)	-	16,082	16,082
Collective investment scheme (Note 9)	6,234,045	-	6,234,045
Amount due from Manager of collective investment scheme			
- Management fee rebate	-	3,496	3,496
Dividends receivable	-	26,204	26,204
	6,234,045	45,782	6,279,827

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

The Fund aims to provide income and potential capital growth to investors through investments in one collective investment scheme, which invests in a diversified portfolio of global assets.

The Fund is exposed to a variety of risks which include market risk (inclusive of price risk and currency 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 Deed and SC Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

(a) Market risk

(i) Price risk

This is the risk that the fair value of an investment in collective investment scheme will fluctuate because of changes in market prices (other than those arising from currency risk). The value of collective investment scheme 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 price of units to fall as well as rise, and income produced by the Fund may also fluctuate.

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

(a) Market risk (continued)

(i) Price risk (continued)

The price risk is managed through diversification and selection of collective investment scheme and other financial instruments within specified limits according to the Deed.

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

	2019 USD	2018 USD
Financial assets at fair value through profit or loss:		
- Collective investment scheme	4,148,503	6,234,045

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

% Change in prices of collective investment scheme	Market value USD	Impact on profit or loss/ NAV USD
2019		
-5%	3,941,078	(207,425)
0%	4,148,503	-
+5%	4,355,928	207,425
2018		
-5%	5,922,343	(311,702)
0%	6,234,045	-
+5%	6,545,747	311,702

(ii) Currency risk

Currency risk is associated with investments that are quoted and/or priced in foreign currency denomination. Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Manager will evaluate the likely directions of a foreign currency versus USD based on considerations of economic fundamentals such as interest rate differentials, balance of payments position, debt levels, and technical chart considerations.

The following table sets out the foreign currency risk concentrations arising from the denomination of the Fund's financial instruments in foreign currency:

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

(a) Market risk (continued)

(ii) Currency risk (continued)

Financial assets	Cash and cash equivalents USD
2019	
MYR	5,084
2018	
MYR	244

Financial liabilities	Other payables and accruals USD
2019	
MYR	2,800
2018	
MYR	3,346

The table below summarises the sensitivity of the Fund's profit or loss and NAV to changes in foreign exchange movements at the end of each reporting year. The analysis is based on the assumption that the foreign exchange rate fluctuates by 5% with all other variables remain constants. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate.

	Change in foreign exchange rate	Impact on profit or loss/NAV	
		2019	2018
	%	USD	USD
MYR	+/- 5	+/- 114	-/+ 155

(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 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 of collective investment scheme, the Fund will invest with an investment management company of the collective investment scheme which is authorised or approved by the relevant regulatory authority in its home jurisdiction.

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

(b) Credit risk (continued)

The following table sets out the credit risk concentration of the Fund at the end of each reporting year:

	Cash and cash equivalents	Amount due from Manager of collective investment scheme	Dividends receivable	Total
	USD	USD	USD	USD
2019				
Finance				
- Deutsche Bank (M) Bhd (AA1)	77,019	-	-	77,019
Others				
- Not Rated	-	32,534	17,504	50,038
	77,019	32,534	17,504	127,057
2018				
Finance				
- Deutsche Bank (M) Bhd (AA1)	16,082	-	-	16,082
Others				
- Not Rated	-	3,496	26,204	29,700
	16,082	3,496	26,204	45,782

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

(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, which are capable of being converted into cash within 7 business days. The Fund's investments in collective investment scheme are realisable which are capable of being converted into cash within 10 business days. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

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

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

(c) Liquidity risk (continued)

	Less than 1 month USD	Between 1 month to 1 year USD	Total USD
2019			
Amount due to Manager	52,020	-	52,020
Accrued management fee	4,169	-	4,169
Amount due to Trustee	112	-	112
Other payables and accruals	-	2,800	2,800
Contractual undiscounted cash flows	56,301	2,800	59,101
2018			
Amount due to Manager	15,750	-	15,750
Accrued management fee	6,104	-	6,104
Amount due to Trustee	162	-	162
Other payables and accruals	-	3,346	3,346
Contractual undiscounted cash flows	22,016	3,346	25,362

(d) Capital risk management

The capital of the Fund is represented by equity consisting of unit holders' capital of USD4,307,363 (2018: USD6,427,756) and accumulated losses of USD90,904 (2018: USD173,291). The amount of capital can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

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

(e) Fair value estimation

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

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

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

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

(i) Fair value hierarchy

The table in the following page analyses financial instruments carried at fair value. The different levels have been defined as follows:

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

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

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

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

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

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
2019				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	4,148,503	-	-	4,148,503
2018				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	6,234,045	-	-	6,234,045

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include collective investments scheme. 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 Manager of collective investment scheme, dividends receivable, and all current liabilities are a reasonable approximation of their fair values due to their short term nature.

4. OTHER INCOME

Other income represents the Fund's entitlement to management fee rebate from the Manager and Manager of the collective investment scheme the Fund invests in.

For the financial year ended 31 July 2019, is the rebate is recognised at a rate of 1.25% per annum (2018: 1.25% per annum) calculated daily based on the NAV of the collective investment scheme.

5. MANAGEMENT FEE

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

For the financial year ended 31 July 2019, the management fee is recognised at a rate of 1.80% per annum (2018: 1.80% per annum).

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

6. TRUSTEE'S FEE

In accordance with the Deed, the Trustee is entitled to a maximum fee of 0.20% per annum, calculated daily based on the NAV of the Fund. The Trustee's fee includes local custodian fees and charges but excluding foreign sub-custodian fees and charges.

For the financial year ended 31 July 2019, the Trustee's fee is recognised at a rate of 0.03% per annum (2018: 0.03% per annum).

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

7. DISTRIBUTIONS

Distributions to unit holders are derived from the following sources:

	2019 USD	2018 USD
Dividend income	24,270	169,904
Net realised loss on disposal of investments	(19,210)	(67,758)
Other income	3,112	20,996
	8,172	123,142
Less:		
Expenses	(725)	(4,506)
Net distribution amount	7,447	118,636
Gross/Net distribution per unit (cent)		
Distribution on 31 December 2018	0.13	-
Distribution on 2 October 2017	-	0.42
Distribution on 2 January 2018	-	0.42
Distribution on 3 April 2018	-	0.42
Distribution on 5 July 2018	-	0.15
	0.13	1.41

Gross distribution is derived using total income less total expenses. Net distribution above is sourced from current financial year's 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 financial year ended 31 July 2018, the Fund incurred unrealised losses of USD79,101.

Up to the financial year 31 July 2019, the Fund incurred accumulated unrealised losses of USD305,801 (2018: USD388,391).

8. TAXATION

	2019 USD	2018 USD
Tax charged for the financial year		
- Current taxation	-	-

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

	2019 USD	2018 USD
Profit before taxation	89,834	42,159
Taxation at Malaysian statutory rate of 24% (2018: 24%)	21,560	10,118
Tax effects of:		
- Investment income not subject to tax	(45,232)	(49,775)
- Expenses not deductible for tax purposes	1,157	2,247
- Restriction on tax deductible expenses for Wholesale Funds	22,515	37,410
Taxation	-	-

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 USD	2018 USD
At fair value through profit or loss:		
- Collective investment scheme	4,148,503	6,234,045
Net loss on financial assets at fair value through profit or loss:		
- Realised loss on disposals	(208,201)	(205,191)
- Unrealised fair value gain/(loss)	82,659	(79,008)
	(125,542)	(284,199)

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

Name of counter	Quantity Units	Aggregate cost USD	Market value USD	Percentage of NAV %
2019				
COLLECTIVE INVESTMENT SCHEME				
Schroder-ISF-Global Multi Asset Income	47,419	4,454,265	4,148,503	98.39
TOTAL COLLECTIVE INVESTMENT SCHEME	**47,419**	**4,454,265**	**4,148,503**	**98.39**
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		**(305,762)**		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		**4,148,503**		
2018				
COLLECTIVE INVESTMENT SCHEME				
Schroder-ISF-Global Multi Asset Income	69,816	6,622,466	6,234,045	99.67
TOTAL COLLECTIVE INVESTMENT SCHEME	**69,816**	**6,622,466**	**6,234,045**	**99.67**
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		**(388,421)**		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		**6,234,045**		

10. CASH AND CASH EQUIVALENTS

	2019 USD	2018 USD
Bank balances	77,019	16,082

11. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2019 No. of units	2018 No. of units
At the beginning of the financial year	6,622,951	10,438,685
Add : Creation of units from applications	347,026	2,091,964
Add : Creation of units from distribution	8,302	123,510
Less : Cancellation of units	(2,611,367)	(6,031,208)
At the end of the financial year	4,366,912	6,622,951

12. MANAGEMENT EXPENSE RATIO ("MER")

	2019 %	2018 %
MER	0.69	0.79

MER is derived based on the following calculation:

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

A = Management fee (including management fee rebate)
B = Trustee's fee
C = Audit fee
D = Tax agent's fee
E = Other expenses
F = Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on a daily basis is USD5,106,283 (2018: USD7,994,315).

13. PORTFOLIO TURNOVER RATIO ("PTR")

	2019	2018
PTR (times)	0.30	0.35

PTR is derived from the following calculation:

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

where:
total acquisition for the financial year = USD570,000 (2018: USD1,701,000)
total disposal for the financial year = USD2,530,000 (2018: USD5,043,000)

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

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

Related parties	Relationship
Principal Asset Management Berhad *(formerly known as CIMB-Principal Asset Management Berhad)*	The Manager
Principal Financial Group, Inc.	Ultimate holding company of shareholder of the Manager
Principal International (Asia) Ltd	Shareholder of the Manager
Subsidiaries and associates of 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 Berhad, other than above, as disclosed in its financial statements	Fellow subsidiary and associated companies of the ultimate holding company of shareholder of the Manager

<u>Units held by the Manager and parties related to the Manager</u>

		2019		2018
Manager	**No. of units**	**USD**	**No. of units**	**USD**
Principal Asset Management Berhad *(formerly known as CIMB-Principal Asset Management Berhad)*	107	103	91	86

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.

There are no significant related party transactions and balances at the end of the financial year.

15. TRANSACTIONS WITH BROKER/DEALER

Details of transactions with the broker/dealer for the financial year ended 31 July 2019 are as follows:

Broker/Dealer	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	USD	%	USD	%
Schroder Investment Management Ltd	3,100,000	100.00	-	-

Details of transactions with the broker/dealer for the financial year ended 31 July 2018 are as follows:

Broker/Dealer	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	USD	%	USD	%
Schroder Investment Management Ltd	6,744,000	100.00	-	-

16. SEGMENT INFORMATION

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

The investment objective of the Fund is to provide income and potential capital growth to investors through investments in one collective investment scheme, which invests in a diversified portfolio of global assets. The reportable operating segment derives its income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within the portfolio. These returns consist of dividend income earned from investments and gains on the appreciation in the value of investments, which are derived from Luxembourg domiciled collective investment scheme.

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

17. MFRS 9 FINANCIAL INSTRUMENTS

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

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

	Measurement category		**Carrying amount**			
	Original (MFRS 139)	New (MFRS 9)	Original (MFRS 139)	Reclassi-fications	Remeas-urements	New (MFRS 9)
			USD	**USD**	**USD**	**USD**
Financial assets						
Cash and cash equivalents	Loans and receivables	Amortised cost	16,082	-	-	16,082
Investment in collective investment scheme	FVTPL	FVTPL	6,234,045	-	-	6,234,045
Amount due from Manager of collective investment scheme - Management fee rebate	Loans and receivables	Amortised cost	3,496	-	-	3,496
Dividend receivable	Loans and receivables	Amortised cost	26,204	-	-	26,204
Financial liabilities						
Amount due to Manager	Amortised cost	Amortised cost	15,750	-	-	15,750
Accrued management fee	Amortised cost	Amortised cost	6,104	-	-	6,104
Amount due to Trustee	Amortised cost	Amortised cost	162	-	-	162
Other payables and accruals	Amortised cost	Amortised cost	3,346	-	-	3,346

18. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 13 September 2019.

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 Global Multi Asset Income Fund 2
Deutsche Trustees Malaysia Berhad (Company No.: 763590-H)
Level 20 Menara IMC,
8 Jalan Sultan Ismail,
50250 Kuala Lumpur, MALAYSIA.
Tel: (03) 2053 7522
Fax: (03) 2053 7526

Auditors of the Fund and of the Manager
PricewaterhouseCoopers (Company No. AF: 1146)
Level 10, 1 Sentral,
Jalan Rakyat, Kuala Lumpur Sentral,
PO Box 10192, 50706 Kuala Lumpur,
MALAYSIA.
Tel: (03) 2173 1188
Fax: (03) 2173 1288

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