

CIMB-Principal Global Multi Asset Income Fund

Annual Report

For The Financial Year Ended 31 July 2019

CIMB-PRINCIPAL GLOBAL MULTI ASSET INCOME FUND

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.

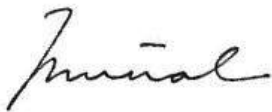
In today's era of dynamic change, there is a growing need to accommodate the emergence of more tech savvy investors. We're glad to have the opportunity to partner with the EPF and are excited to bring our global experience and expertise to make saving for retirement faster and easier for those who prefer 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.

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 Net Asset Value ("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)

Fund category/type

Wholesale Fund (Feeder Fund)/Income and capital growth

How long should you invest for?

Recommended three (3) years to ten (10) years or more

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

High

When was the Fund launched?

20 March 2014

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

RM93.75 million (94.38 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.

What is the Fund distribution policy?

Depending on the level of income (if any) that the Fund generates, the Fund will distribute on a quarterly basis. If the distribution available is too small or insignificant, any distribution may not be of benefit to the Unit holders as the total cost to be incurred in any such distribution may be higher than the amount for distribution. The Manager has the discretion to decide on the amount to be distributed to the Unit holders.

FUND OBJECTIVE AND POLICY (CONTINUED)

What was the net income distribution for the financial year ended 31 July 2019?

The Fund distributed a total net income of RM1.74 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)	NAV per unit (after distribution)
	RM	RM
05.09.2018	0.9848	0.9837
02.10.2018	0.9878	0.9859
31.10.2018	0.9633	0.9627
04.12.2018	0.9732	0.9715
31.12.2018	0.9447	0.9431
11.02.2019	0.9659	0.9650
06.03.2019	0.9780	0.9758
04.04.2019	0.9838	0.9824
02.05.2019	0.9917	0.9912
11.06.2019	0.9920	0.9913
04.07.2019	1.0109	1.0083

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	98.14	99.63	98.69
Cash and other net assets	1.86	0.37	1.31
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	31.07.2019	31.07.2018	31.07.2017
NAV (RM Million)	93.75	131.82	223.66
Units in circulation (Million)	94.38	133.89	207.49
NAV per unit (RM)	0.9932	0.9844	1.0779
Highest NAV per unit (RM)	1.0097	1.0812	1.0934
Lowest NAV per unit (RM)	0.9401	0.9618	1.0178
Total return (%)	2.46	(5.56)	9.30
- Capital growth (%)	0.89	(8.67)	4.41
- Income distribution (%)	1.53	3.49	4.97
Management Expense Ratio ("MER") (%) ^	0.63	0.69	0.66
Portfolio Turnover Ratio ("PTR") (times) #	0.18	0.23	0.28

^ The Fund's MER decreased from 0.69% to 0.63% due to the decrease in expenses during the financial year under review.

For the financial year under review, the Fund's PTR decreased from 0.23 times to 0.18 times as there were lesser rebalancing activities.

PERFORMANCE DATA (CONTINUED)

	31.07.2019	31.07.2018	31.07.2017
Gross/Net distribution per unit (sen)			
Distribution on 5 September 2018	0.11	-	-
Distribution on 2 October 2018	0.19	-	-
Distribution on 31 October 2018	0.06	-	-
Distribution on 4 December 2018	0.17	-	-
Distribution on 31 December 2018	0.16	-	-
Distribution on 11 February 2019	0.09	-	-
Distribution on 6 March 2019	0.22	-	-
Distribution on 4 April 2019	0.14	-	-
Distribution on 2 May 2019	0.05	-	-
Distribution on 11 June 2019	0.07	-	-
Distribution on 4 July 2019	0.26	-	-
Distribution on 7 September 2017	-	0.39	-
Distribution on 2 October 2017	-	0.41	-
Distribution on 31 October 2017	-	0.41	-
Distribution on 5 December 2017	-	0.41	-
Distribution on 2 January 2018	-	0.41	-
Distribution on 30 January 2018	-	0.41	-
Distribution on 28 February 2018	-	0.31	-
Distribution on 3 April 2018	-	0.20	-
Distribution on 30 April 2018	-	0.13	-
Distribution on 5 June 2018	-	0.24	-
Distribution on 5 July 2018	-	0.04	-
Distribution on 31 July 2018	-	0.08	-
Distribution on 30 August 2016	-	-	0.41
Distribution on 4 October 2016	-	-	0.41
Distribution on 31 October 2016	-	-	0.41
Distribution on 30 November 2016	-	-	0.41
Distribution on 30 December 2016	-	-	0.41
Distribution on 31 January 2017	-	-	0.38
Distribution on 28 February 2017	-	-	0.41
Distribution on 3 April 2017	-	-	0.41
Distribution on 2 May 2017	-	-	0.41
Distribution on 31 May 2017	-	-	0.41
Distribution on 4 July 2017	-	-	0.41
Distribution on 31 July 2017	-	-	0.38

PERFORMANCE DATA (CONTINUED)

	31.07.2019	31.07.2018	31.07.2017	31.07.2016	Since inception to 31.07.2015
	%	%	%	%	%
Annual total return	2.46	(5.56)	9.30	8.08	4.82

(Launch date: 20 March 2014)

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, Global Multi Asset Income Fund increased by 2.46%.

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.

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 US Dollar (“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.

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

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.

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 ("ECB") 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 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.

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

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 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.

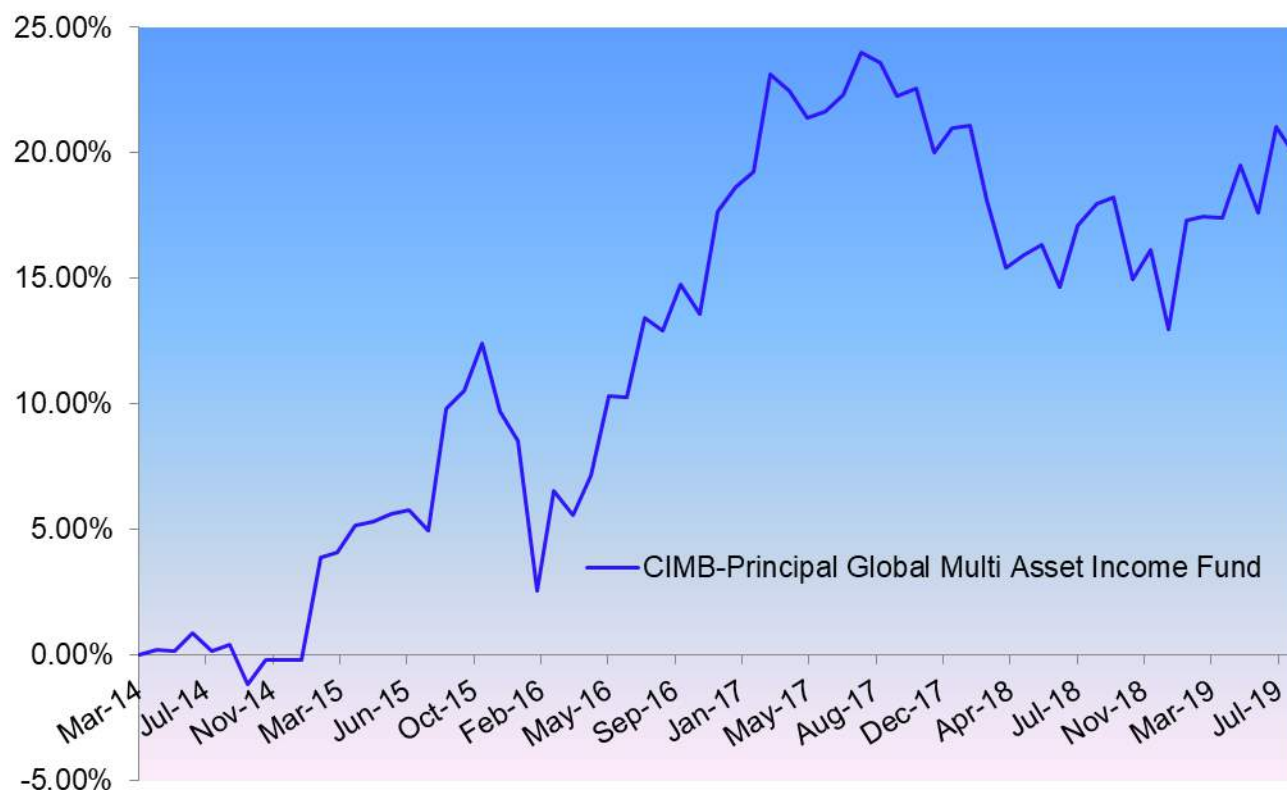
In a move widely anticipated by investors, the Fed cut interest rates by 0.25% in July 2019 for the first time since 2008. The objective of the cut, according to the Fed chair Jerome Powell, is to offset slowing growth and support inflation. Meanwhile, the ECB prepared the ground for further accommodation 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	3 years	5 years	Since
	to	to	to	inception
	31.07.2019	31.07.2019	31.07.2019	to
	%	%	%	31.07.2019
	%	%	%	%
Income	1.53	10.30	21.25	21.25
Capital	0.89	(3.79)	(1.14)	(0.68)
Total Return	2.46	5.76	19.82	19.99
Benchmark	-	-	-	-
Average Total Return	2.46	1.88	3.68	3.45

For the financial year under review, the Fund improved by 2.46%. 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.

FUND PERFORMANCE (CONTINUED)



	31.07.2019	31.07.2018	Changes
			%
NAV (RM Million)	93.75	131.82	(28.88)
NAV/unit (RM)	0.9932	0.9844	0.89

For the financial year under review, the Fund’s NAV fell by 28.88%, while the NAV per unit increased by 0.89%. 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	98.14	99.63
Cash and other net assets	1.86	0.37
TOTAL	100.00	100.00

The Fund was fully invested during the period 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 (Schroder International Selection Fund Global Multi-Asset Income) 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	180	0.03	0.04
5,001 to 10,000	2	0.02	0.02
10,001 to 50,000	33	0.94	0.99
50,001 to 500,000	66	8.46	8.96
500,001 and above	10	84.93	89.99
Total	291	94.38	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**

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 16 to 44 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**

We have acted as Trustee of CIMB-Principal Global Multi Asset Income Fund (the "Fund") for the financial year ended 31 July 2019. To the best of our knowledge, 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 and the Trustee under the Deeds, 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/pricing is carried out in accordance with the Deeds and any regulatory requirements; and
- c) creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirements.

During this financial year, a total distribution of 1.52 sen per unit (gross) has been distributed to the unit holders of the Fund. We are of the view that the distributions are not inconsistent with the objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Tan Bee Nie
Manager, Investment Compliance Monitoring

Kuala Lumpur
13 September 2019

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of CIMB-Principal Global Multi Asset Income Fund (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 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 16 to 44.

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 (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 auditors' report thereon.

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

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

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

Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standard. 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 (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 (CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
13 September 2019

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

	Note	2019 RM	2018 RM
INCOME/(LOSS)			
Dividend income		5,574,203	8,837,729
Interest income from deposits with licensed financial institutions		2,910	6,170
Net loss on financial assets at fair value through profit or loss	9	(2,285,540)	(18,607,494)
Net foreign exchange loss		(54,277)	(291,202)
Other income	4	1,401,232	2,232,161
		<u>4,638,528</u>	<u>(7,822,636)</u>
EXPENSES			
Management fee	5	2,029,025	3,249,528
Trustee's fee	6	45,089	72,211
Audit fee		8,300	8,800
Tax agent's fee		4,600	4,000
Other expenses		21,057	134,633
		<u>2,108,071</u>	<u>3,469,172</u>
PROFIT/(LOSS) BEFORE TAXATION		2,530,457	(11,291,808)
Taxation	8	<u>-</u>	<u>-</u>
PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR		<u>2,530,457</u>	<u>(11,291,808)</u>
Profit/(Loss) after taxation is made up as follows:			
Realised amount		2,618,520	6,962,450
Unrealised amount		<u>(88,063)</u>	<u>(18,254,258)</u>
		<u>2,530,457</u>	<u>(11,291,808)</u>

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 RM	2018 RM
ASSETS			
Cash and cash equivalents	10	1,742,278	706,457
Financial assets at fair value through profit or loss	9	92,006,079	131,325,112
Amount due from Manager		-	48,587
Amount due from Manager of collective investment scheme			
- Disposal of collective investment scheme		1,000,980	698,396
- Management fee rebate		61,343	74,793
Dividend receivable		391,732	552,982
TOTAL ASSETS		<u>95,202,412</u>	<u>133,406,327</u>
LIABILITIES			
Amount due to Manager		1,348,736	1,441,912
Accrued management fee		91,732	128,863
Amount due to Trustee		3,300	4,563
Distribution payable		-	1,993
Other payables and accruals		12,900	12,800
TOTAL LIABILITIES		<u>1,456,668</u>	<u>1,590,131</u>
NET ASSET VALUE OF THE FUND		<u>93,745,744</u>	<u>131,816,196</u>
EQUITY			
Unit holders' capital		93,543,387	132,400,375
Retained earnings/(Accumulated losses)		202,357	(584,179)
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>93,745,744</u>	<u>131,816,196</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	11	<u>94,381,167</u>	<u>133,891,760</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.9932</u>	<u>0.9844</u>

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

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

	Note	Unit holders' capital RM	Retained Earnings/ (Accumulated losses) RM	Total RM
Balance as at 1 August 2018		132,400,375	(584,179)	131,816,196
Movement in unit holders' contributions:				
- Creation of units from applications		3,379,756	-	3,379,756
- Creation of units from distributions		1,718,576	-	1,718,576
- Cancellation of units		(43,955,320)	-	(43,955,320)
Total comprehensive income for the financial year		-	2,530,457	2,530,457
Distributions	7	-	(1,743,921)	(1,743,921)
Balance as at 31 July 2019		<u>93,543,387</u>	<u>202,357</u>	<u>93,745,744</u>
Balance as at 1 August 2017		206,653,417	17,001,811	223,655,228
Movement in unit holders' contributions:				
- Creation of units from applications		27,896,159	-	27,896,159
- Creation of units from distributions		6,228,942	-	6,228,942
- Cancellation of units		(108,378,143)	-	(108,378,143)
Total comprehensive loss for the financial year		-	(11,291,808)	(11,291,808)
Distributions	7	-	(6,294,182)	(6,294,182)
Balance as at 31 July 2018		<u>132,400,375</u>	<u>(584,179)</u>	<u>131,816,196</u>

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

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

	Note	2019 RM	2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from disposal of collective investment scheme		38,655,507	77,594,317
Purchase of collective investment scheme		(1,927,597)	(9,046,529)
Dividend income received		5,726,013	9,191,848
Interest income received from deposits with licensed financial institutions		2,910	6,170
Management fee rebate received		1,440,659	2,316,012
Management fee paid		(2,085,847)	(3,379,176)
Trustee's fee paid		(46,352)	(75,092)
Payments for other fees and expenses		(33,858)	(159,805)
Net realised foreign exchange loss		(61,887)	(127,428)
Net cash generated from operating activities		<u>41,669,548</u>	<u>76,320,317</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		3,428,343	29,155,753
Payments for cancellation of units		(44,048,496)	(107,178,970)
Distributions paid		(27,338)	(71,737)
Net cash used in financing activities		<u>(40,647,491)</u>	<u>(78,094,954)</u>
Net increase/(decrease) in cash and cash equivalents		1,022,057	(1,774,637)
Effects of foreign exchange differences		13,764	(78,063)
Cash and cash equivalents at the beginning of the financial year		<u>706,457</u>	<u>2,559,157</u>
Cash and cash equivalents at the end of the financial year	10	<u>1,742,278</u>	<u>706,457</u>
<u>Cash and cash equivalent comprised of:</u>			
Deposits with licensed financial institutions		1,013,083	-
Bank balances		<u>729,195</u>	<u>706,457</u>
Cash and cash equivalents at the end of the financial year	10	<u>1,742,278</u>	<u>706,457</u>

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 (the “Fund”) was constituted pursuant to the execution of a Deed dated 18 March 2014 and a First Supplemental Deed dated 18 March 2015 (collectively referred to as the “Deeds”) between Principal Asset Management Berhad (formerly known as *CIMB-Principal Asset Management Berhad*) (the “Manager”) and HSBC (Malaysia) Trustee Berhad (the “Trustee”).

In order to achieve its objective, 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 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 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 amendments 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, 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, distribution payable, 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. The Fund has not taken the option to irrevocably designate any equity securities as fair value through OCI.

Investment in collective investment scheme has contractual cash flows that do not represent SPPI, and therefore are classified as fair value through profit or loss.

The Fund classifies cash and cash equivalents, amount due from Manager, amount due from Manager of collective investment scheme 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, distribution payable, 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.

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).

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

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

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

Up to 31 July 2018, when a loans and receivable is impaired, the Fund reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continue unwinding the discount as interest income. Interest income on impaired loans and receivables are recognised using the original effective interest rate.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(d) 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.

(e) 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.

(f) 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 measure 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 expected credit losses. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 year in which it is approved by the Trustee.

(h) 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"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Fund's functional and presentation 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 Ringgit Malaysia ("RM") primarily due to the following factors:

- i) Units of the Fund are denominated in RM.
- ii) Significant portion of the Fund's expenses are denominated in RM.
- iii) Significant portion of the Fund's cash is denominated in RM.

The financial statements are presented in RM, 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 statement of comprehensive income.

(i) Other income

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

(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.

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

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 these accounting policies, no significant judgement was required.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund are as follows:

	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
2019			
Cash and cash equivalents (Note 10)	-	1,742,278	1,742,278
Collective investment scheme (Note 9)	92,006,079	-	92,006,079
Amount due from Manager of collective investment scheme			
- Disposal of collective investment scheme	-	1,000,980	1,000,980
- Management fee rebate	-	61,343	61,343
Dividends receivable	-	391,732	391,732
	<u>92,006,079</u>	<u>3,196,333</u>	<u>95,202,412</u>

	Financial assets at fair value through profit or loss	Loan and receivables	Total
2018			
Cash and cash equivalents (Note 10)	-	706,457	706,457
Collective investment scheme (Note 9)	131,325,112	-	131,325,112
Amount due from Manager	-	48,587	48,587
Amount due from Manager of collective investment scheme			
- Disposal of collective investment scheme	-	698,396	698,396
- Management fee rebate	-	74,793	74,793
Dividends receivable	-	552,982	552,982
	<u>131,325,112</u>	<u>2,081,215</u>	<u>133,406,327</u>

All current 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, interest rate 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 Deeds and SC Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

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

(a) Market risk

(i) Price risk

This is the risk that the fair value of an investment in collective investment scheme will fluctuate because of changes in market prices (other than those arising from interest rate risk and 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.

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

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

	2019	2018
	RM	RM
Financial assets at fair value through profit or loss:		
- Collective investment scheme	<u>92,006,079</u>	<u>131,325,112</u>

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 fluctuated 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 price of collective investment scheme	Market value RM	Impact on profit or loss/NAV RM
2019		
-5%	87,405,775	(4,600,304)
0%	92,006,079	-
5%	<u>96,606,383</u>	<u>4,600,304</u>
2018		
-5%	124,758,856	(6,566,256)
0%	131,325,112	-
5%	<u>137,891,368</u>	<u>6,566,256</u>

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

(a) Market risk (continued)

(ii) Interest rate risk

Interest rate is a general economic indicator that will have an impact on the management of the Fund.

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Fund's exposure to fair value interest rate risk arises from investment in money market instruments. The interest rate risk is expected to be minimal as the Fund's investments comprise mainly short term deposits with approved licensed financial institutions. As at the end of each reporting year, the Fund is not exposed to a material level of interest rate risk.

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

(iii) 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 RM 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 currencies:

Financial assets	Cash and cash equivalents RM	Financial assets at fair value through profit or loss RM	Amount due from Manager of collective investment scheme RM	Dividends receivable RM	Total RM
2019					
SGD	<u>516,222</u>	<u>92,006,079</u>	<u>1,062,323</u>	<u>391,732</u>	<u>93,976,356</u>
2018					
SGD	<u>51,390</u>	<u>131,325,112</u>	<u>773,189</u>	<u>552,982</u>	<u>132,702,673</u>

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

(a) Market risk (continued)

(iii) Currency risk (continued)

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 the 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 net profit or loss/NAV RM
2019		
SGD	+/-5	<u>+/-4,698,818</u>
2018		
SGD	+/-5	<u>+/-6,635,134</u>

(b) Credit risk

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

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

For amount due from Manager, the settlement terms of the proceeds from the creation of units' receivable from the Manager are governed by the SC Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

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 RM	Amount due from Manager RM	Amount due from Manager of collective investment scheme RM	Dividends receivable RM	Total RM
2019					
Finance					
- HSBC Bank Malaysia Bhd (AAA)	729,195	-	-	-	729,195
- Public Bank Bhd (AAA)	1,013,083	-	-	-	1,013,083
Others					
- Not Rated	-	-	1,062,323	391,732	1,454,055
	<u>1,742,278</u>	<u>-</u>	<u>1,062,323</u>	<u>391,732</u>	<u>3,196,333</u>
2018					
Finance					
- HSBC Bank Malaysia Bhd (AAA)	706,457	-	-	-	706,457
Others					
- Not Rated	-	48,587	773,189	552,982	1,374,758
	<u>706,457</u>	<u>48,587</u>	<u>773,189</u>	<u>552,982</u>	<u>2,081,215</u>

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 and deposits with licensed financial institutions, 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 period as at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

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

(c) Liquidity risk (continued)

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
2019			
Amount due to Manager	1,348,736	-	1,348,736
Accrued management fee	91,732	-	91,732
Amount due to Trustee	3,300	-	3,300
Other payables and accruals	-	12,900	12,900
Contractual undiscounted cash flows	1,443,768	12,900	1,456,668
2018			
Amount due to Manager	1,441,912	-	1,441,912
Accrued management fee	128,863	-	128,863
Amount due to Trustee	4,563	-	4,563
Distribution payable	1,993	-	1,993
Other payables and accruals	-	12,800	12,800
Contractual undiscounted cash flows	1,577,331	12,800	1,590,131

(d) Capital risk management

The capital of the Fund is represented by equity consisting of unit holders' capital of RM93,543,387 (2018: RM132,400,375) and retained earnings of RM202,357 (2018: accumulated losses of RM584,179). 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 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.

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

(e) Fair value estimation (continued)

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

(i) Fair value hierarchy

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

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

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

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

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2019				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	<u>92,006,079</u>	<u>-</u>	<u>-</u>	<u>92,006,079</u>
2018				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	<u>131,325,112</u>	<u>-</u>	<u>-</u>	<u>131,325,112</u>

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

(e) Fair value estimation (continued)

(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 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, 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, other income 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 Deeds, the Manager is entitled to a maximum management fee of up to 1.80% 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 Deeds, the Trustee is entitled to a maximum fee of 0.04% per annum, calculated daily based on the NAV of the Fund. The Trustee's fee include local custodian fee and charges but exclude foreign sub-custodian fee and charges.

For the financial year ended 31 July 2019, the Trustee's fee is recognised at a rate of 0.04% per annum (2018: 0.04% 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	2018
	RM	RM
Dividend income	2,378,499	5,523,710
Interest income	1,084	4,424
Net (loss)/gain on financial assets at fair value through profit or loss	(797,188)	124,800
Other income	315,436	694,435
	<u>1,897,831</u>	<u>6,347,369</u>
Less:		
Expenses	(153,910)	(53,187)
Net distribution amount	<u>1,743,921</u>	<u>6,294,182</u>
Gross/Net distribution per unit (sen)		
Distribution on 5 September 2018	0.11	-
Distribution on 2 October 2018	0.19	-
Distribution on 31 October 2018	0.06	-
Distribution on 4 December 2018	0.17	-
Distribution on 31 December 2018	0.16	-
Distribution on 11 February 2019	0.09	-
Distribution on 6 March 2019	0.22	-
Distribution on 4 April 2019	0.14	-
Distribution on 2 May 2019	0.05	-
Distribution on 11 June 2019	0.07	-
Distribution on 4 July 2019	0.26	-
Distribution on 7 September 2017	-	0.39
Distribution on 2 October 2017	-	0.41
Distribution on 31 October 2017	-	0.41
Distribution on 5 December 2017	-	0.41
Distribution on 2 January 2018	-	0.41
Distribution on 30 January 2018	-	0.41
Distribution on 28 February 2018	-	0.31
Distribution on 3 April 2018	-	0.20
Distribution on 30 April 2018	-	0.13
Distribution on 5 June 2018	-	0.24
Distribution on 5 July 2018	-	0.04
Distribution on 31 July 2018	-	0.08
Total	<u>1.52</u>	<u>3.44</u>

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

Gross distribution per unit is derived from gross realised income less 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 31 July 2019, the Fund incurred unrealised losses of RM88,063 (2018: RM18,254,258).

8. TAXATION

	2019	2018
	RM	RM
Tax charged for the financial year:		
- Current taxation	<u>-</u>	<u>-</u>

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

	2019	2018
	RM	RM
Profit/(Loss) before taxation	<u>2,530,457</u>	<u>(11,291,808)</u>
Taxation at Malaysian statutory rate of 24% (2018: 24%)	607,310	(2,710,034)
Tax effects of:		
(Investment income not subject to tax)/investment loss not deductible for tax purposes	(1,113,247)	1,877,433
Expenses not deductible for tax purposes	12,126	5,838
Restriction on tax deductible expenses for Wholesale Funds	<u>493,811</u>	<u>826,763</u>
Taxation	<u>-</u>	<u>-</u>

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019	2018
	RM	RM
At fair value through profit or loss at inception:		
- Collective investment scheme	<u>92,006,079</u>	<u>131,325,112</u>
Net loss on financial assets at fair value through profit or loss:		
- Realised loss on disposals	(2,184,144)	(425,642)
- Unrealised fair value loss	<u>(101,396)</u>	<u>(18,181,852)</u>
	<u>(2,285,540)</u>	<u>(18,607,494)</u>

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

Name of Counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2019				
COLLECTIVE INVESTMENT SCHEME				
Schroder-ISF-Global Multi Asset Income	<u>301,514</u>	<u>97,510,821</u>	<u>92,006,079</u>	<u>98.14</u>
TOTAL COLLECTIVE INVESTMENT SCHEME	<u>301,514</u>	<u>97,510,821</u>	<u>92,006,079</u>	<u>98.14</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(5,504,742)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>92,006,079</u>		
2018				
COLLECTIVE INVESTMENT SCHEME				
Schroder-ISF-Global Multi Asset Income	<u>422,410</u>	<u>136,728,458</u>	<u>131,325,112</u>	<u>99.63</u>
TOTAL COLLECTIVE INVESTMENT SCHEME	<u>422,410</u>	<u>136,728,458</u>	<u>131,325,112</u>	<u>99.63</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(5,403,346)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>131,325,112</u>		

10. CASH AND CASH EQUIVALENTS

	2019	2018
	RM	RM
Deposits with licensed financial institutions	1,013,083	-
Bank balances	729,195	706,457
	<u>1,742,278</u>	<u>706,457</u>

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

	2019	2018
	%	%
Deposits with licensed financial institutions	<u>3.00</u>	<u>-</u>

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

11. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2019	2018
	No. of units	No. of units
At the beginning of the financial year	133,891,760	207,490,801
Add : Creation of units from applications	3,439,925	26,544,676
Add : Creation of units from distributions	1,755,953	6,056,757
Less : Cancellation of units	<u>(44,706,471)</u>	<u>(106,200,474)</u>
At the end of the financial year	<u>94,381,167</u>	<u>133,891,760</u>

12. MANAGEMENT EXPENSE RATIO ("MER")

	2019	2018
	%	%
MER	<u>0.63</u>	<u>0.69</u>

MER is derived based on the following calculation:

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

- 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 RM112,594,025 (2018: RM180,274,295).

13. PORTFOLIO TURNOVER RATIO ("PTR")

	2019	2018
PTR (times)	<u>0.18</u>	<u>0.23</u>

PTR is derived from the following calculation:

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

where:

total acquisition for the financial year	=	RM1,924,409 (2018: RM6,682,084)
total disposal for the financial year	=	RM38,957,901 (2018: RM77,470,776)

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:

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

Units held by the Manager and parties related to the Manager

	2019	2018
	No. of units	No. of units
	RM	RM
Manager		
Principal Asset Management Berhad <i>(formerly known as CIMB-Principal Asset Management Berhad)</i>	<u>2,458</u>	<u>489</u>
	<u>2,441</u>	<u>481</u>

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

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

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 were no significant related party transactions during the financial year, other than those already disclosed in the financial statements.

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 RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Schroder Investment Management Ltd	<u>40,882,310</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

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

Broker/Dealer	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Schroder Investment Management Ltd	<u>84,152,860</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

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 commensurate with an acceptable level of risk within the portfolio. These returns consist of interest income and dividend income earned from investments and gains on the appreciation in the value of investments, which are derived from Ringgit-denominated deposits with licensed financial institutions in Malaysia and Luxembourg domiciled collective investment scheme.

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

17. SUBSEQUENT EVENTS

The Manager proposed for the payment of a gross distribution of 0.04 sen per unit in respect of the month of August 2019, which has been approved by the Trustee. The distribution will be accounted for in the net assets attributable to unit holders as an appropriation of the retained earnings for the financial year ending 31 July 2020.

18. 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)
			RM	RM	RM	RM
Financial assets						
Cash and cash equivalents	Loans and receivables	Amortised cost	706,457	-	-	706,457
Investment in collective investment scheme	FVTPL	FVTPL	131,325,112	-	-	131,325,112
Amount due from Manager	Loans and receivables	Amortised cost	48,587	-	-	48,587
Amount due from Manager of collective investment scheme	Loans and receivables	Amortised cost	698,396	-	-	698,396
- Disposal of collective investment scheme						
- Management fee rebate	Loans and receivables	Amortised cost	74,793	-	-	74,793
Dividend receivable	Loans and receivables	Amortised cost	552,982	-	-	552,982

18. MFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

	Measurement category			Carrying amount		
	Original (MFRS 139)	New (MFRS 9)	Original (MFRS 139)	Reclassi- fications	Remeas- urements	New (MFRS 9)
			RM	RM	RM	RM
Financial liabilities						
Amount due to Manager	Amortised cost	Amortised cost	1,441,912	-	-	1,441,912
Accrued management fee	Amortised cost	Amortised cost	128,863	-	-	128,863
Amount due to Trustee	Amortised cost	Amortised cost	4,563	-	-	4,563
Distribution payable	Amortised cost	Amortised cost	1,993	-	-	1,993
Other payables and accruals	Amortised cost	Amortised cost	12,800	-	-	12,800

19. 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

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