

# CIMB-Principal Malaysia Equity Fund

Unaudited Interim Report

For the six months financial period ended 30 April 2019

**CIMB-PRINCIPAL MALAYSIA EQUITY FUND**

**UNAUDITED FINANCIAL STATEMENT**

**FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 APRIL 2019**

<b>CONTENTS</b>	<b>PAGE(S)</b>
INVESTORS' LETTER	1
MANAGER'S REPORT	2 – 9
Fund Objective and Policy	
Performance Data	
Market Review	
Fund Performance	
Portfolio Structure	
Market Outlook	
Investment Strategy	
Unit Holdings Statistics	
Soft Commissions and Rebates	
STATEMENT BY MANAGER	10
TRUSTEE'S REPORT	11
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME	12
UNAUDITED STATEMENT OF FINANCIAL POSITION	13 – 14
UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	15
UNAUDITED STATEMENT OF CASH FLOWS	16
NOTES TO THE FINANCIAL STATEMENTS	17 - 44
DIRECTORY	45

**INVESTORS' LETTER**

Dear Valued Investor,

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

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

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

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

Thank you.

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



**Munirah Khairuddin**  
Chief Executive Officer

## MANAGER'S REPORT

### FUND OBJECTIVE AND POLICY

#### What is the investment objective of the Fund?

The investment objective of the Fund is to achieve maximum capital appreciation over the long-term through all types of investments.

#### Has the Fund achieved its objective?

For the six months financial period under review, the Fund's total return for Class MYR and Class SGD were declined by 1.86% and 1.96% respectively while the benchmark declined by 1.33%. Nevertheless, the Fund's objective is still in place which is to provide capital growth over the long term.

#### What are the Fund investment policy and principal investment strategy?

The Fund may invest at least 70% of its Net Asset Value ("NAV") in equities and up to 28% of the Fund's NAV in other permissible investments and at least 2% of the Fund's NAV in liquid assets. In line with its objective, the investment policy and strategy of the Fund will focus on investment in shares of companies with growth potential.

#### Fund category/type

Equity/Aggressive Growth

#### How long should you invest for?

Recommended five (5) years or more

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

High

#### When was the Fund launched?

Class MYR

28 September 1995

Class SGD

18 February 2016

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

RM217.57 million (222.85 million units)

#### What is the Fund's benchmark?

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

Note: Investors should note that the risk profile of the Fund is not the same as the risk profile of the benchmark.

#### What is the Fund distribution policy?

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

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

There was no income distribution for the six months financial period ended 30 April 2019.

**PERFORMANCE DATA**

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

	<b>30.04.2019</b>	<b>30.04.2018</b>	<b>30.04.2017</b>
	%	%	%
Quoted securities			
- Construction	1.26	3.61	5.58
- Consumer Products	-	2.08	-
- Consumer Products & Services	13.28	-	-
- Energy	6.24	-	0.26
- Finance	-	32.03	29.60
- Financial Services	25.77	-	-
- Health Care	3.26	-	-
- Industrials	-	5.17	5.18
- Industrial Products & Services	6.27	-	-
- Infrastructure Project Companies ("IPC")	-	-	1.90
- Plantation	6.42	6.34	5.88
- Properties	-	0.23	1.93
- Real Estate Investment Trust ("REITs")	1.50	-	-
- Technology	4.90	2.33	0.52
- Telecommunications & Media	5.11	-	-
- Trading/Services	-	38.70	43.45
- Transportation & Logistics	8.54	-	-
- Utilities	8.43	-	-
Cash and other net assets	9.02	9.51	5.70
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

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

	<b>30.04.2019</b>	<b>30.04.2018</b>	<b>30.04.2017</b>
NAV (RM Million)			
- Class MYR	214.21	254.15	294.29
- Class SGD	3.36	0.67	0.03
Units in circulation (Million)			
- Class MYR	221.75	212.95	236.92
- Class SGD	1.10	0.20	0.01
NAV per unit (RM)			
- Class MYR	0.9660	1.1934	1.2421
- Class SGD	3.0461	3.4084	3.2432

**PERFORMANCE DATA (CONTINUED)**

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

	<b>01.11.2018 to 30.04.2019</b>	<b>01.11.2017 to 30.04.2018</b>	<b>01.11.2016 to 30.04.2017</b>
Highest NAV per unit (RM)			
- Class MYR	0.9889	1.2434	1.2423
- Class SGD	3.1176	3.4043	3.2439
Lowest NAV per unit (RM)			
- Class MYR	0.9215	1.1135	1.1113
- Class SGD	2.9058	3.1787	3.1464
Total return (%)			
- Class MYR	(1.86)	4.85	7.32
- Class SGD	(1.96)	10.05	4.32
Capital growth (%)			
- Class MYR	(1.86)	4.85	7.32
- Class SGD	(1.96)	10.05	4.32
Income distribution (%)			
- Class MYR	-	-	-
- Class SGD	-	-	-
Management Expense Ratio ("MER") (%) ^	0.78	0.84	0.83
Portfolio Turnover Ratio ("PTR") (times) #	0.38	0.50	0.48

^ The Fund's MER decrease from 0.84% to 0.78% due to decreased in expenses during the financial period under review.

# The Fund's PTR declined from 0.50 times to 0.38 times as there was less trading activity for the period under review.

Date of distribution	-	22.11.2017	-
Gross/Net distribution per unit (sen)	-	10.50	-

	<b>30.04.2019 %</b>	<b>30.04.2018 %</b>	<b>30.04.2017 %</b>	<b>30.04.2016 %</b>	<b>30.04.2015 %</b>
<b>Annual total return</b>					
- Class MYR	(10.21)	4.95	9.03	(1.90)	0.85

(Launch date: 28 September 1995)

	<b>30.04.2019 %</b>	<b>30.04.2018 %</b>	<b>Since inception to 30.04.2017 %</b>
<b>Annual total return</b>			
- Class SGD	(10.41)	5.18	9.03

(Launch date: 18 February 2016)

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

**MARKET REVIEW (1 NOVEMBER 2018 TO 30 APRIL 2019)**

The FBM100 Index fell by 155.02 points or 1.30% to 11,469.25 points over the financial period under review. The FBM Kuala Lumpur Composite Index (“FBMKLCI”) fell by 1.70% or 29 points in November 2018 to close at 1,679.86 points. During the month, Khazanah Nasional Bhd (“Khazanah”) sold a 16% stake in IHH Healthcare Bhd to Mitsui Group. This was part of Khazanah’s rationalisation programme to increase its contribution to the federal Government. In third quarter of 2018, the Gross Domestic Product (“GDP”) came in lower than consensus forecast at 4.40% year-on-year (“y-o-y”), driven by domestic demand. Moody’s affirmed the A1 domestic issuer and foreign currency senior unsecured ratings of Petroleum Nasional Bhd (“Petronas”) but changed its outlook to negative from stable.

The FBMKLCI ended December 2018 higher by 0.64% to close at 1,690.58 points on window-dressing activities. For 2018, the FBMKLCI is lower by 5.91%. During the month, the Malaysian Ringgit (“RM”) strengthened to RM4.133/US Dollar (“USD”) from RM4.184/USD in the previous month. Brent crude oil slumped to USD53.80 per barrel, down by 8.36% month-on-month (“m-o-m”).

The FBMKLCI ended January 2019 marginally lower by 0.40% to close at 1,684 points due to profit-taking and concerns over corporate earnings and global growth. Foreign investors turned net buyers of close to RM1 billion in January 2019, after three consecutive months of net selling; partly reversing net outflows of RM11.7 billion in 2018. Brent crude oil rose to USD61.89 per barrel, up by 15% m-o-m.

The FBMKLCI ended February 2019 higher by 1.40% to close at 1,707 points driven by higher Brent Crude oil, which traded up 6.7% m-o-m to USD66.82 per barrel on supply constraints. Sentiment in the local bourse was further lifted by announcement made by the Communications and Multimedia Minister that there will not be further reductions in high speed broadband prices in 2019 and Fitch re-affirmed Malaysia’s sovereign rating.

The FBMKLCI dipped 3.80% in March 2019 on concerns over moderation in global economic growth following the yield curve inversion in the US. Domestically, the downgrade in Bank Negara Malaysia (“BNM”) growth forecast also weighed on sentiments, stoking expectation of a policy rate cut as early as May 2019. This resulted in concerns over potential earnings risks for banks due to the possible policy rate cut.

The FBMKLCI was relatively unchanged in April 2019 as it inched lower by 0.08%. Blue chips fared worse versus small and mid-cap stocks as foreign investors continued to be net sellers of Malaysian equities. Positive news flow continued to buy the construction sector as the revival of Bandar Malaysia project lifted sentiment and expectation that the shelved High Speed Rail (“HSR”) and Mass Rapid Transit 3 (“MRT3”) projects may be revived soon. A sustained rebound in crude oil prices also saw the revival of job flows to oil & gas service providers.

**FUND PERFORMANCE**

**Class MYR**

	<b>6 months to 30.04.2019</b>	<b>1 year to 30.04.2019</b>	<b>3 years to 30.04.2019</b>	<b>5 years to 30.04.2019</b>	<b>Since inception to 30.04.2019</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Income	-	10.78	32.21	53.78	324.21
Capital	(1.86)	(18.93)	(22.28)	(33.90)	1.71
Total Return	(1.86)	(10.21)	2.73	1.64	331.96
Benchmark	(1.33)	(10.76)	1.19	(8.91)	76.76
Average Total Return	N/A	(10.21)	0.90	0.33	6.39

For the financial period under review, the Fund fell by 1.86%, which underperforming the benchmark by 0.53%.



FUND PERFORMANCE (CONTINUED)

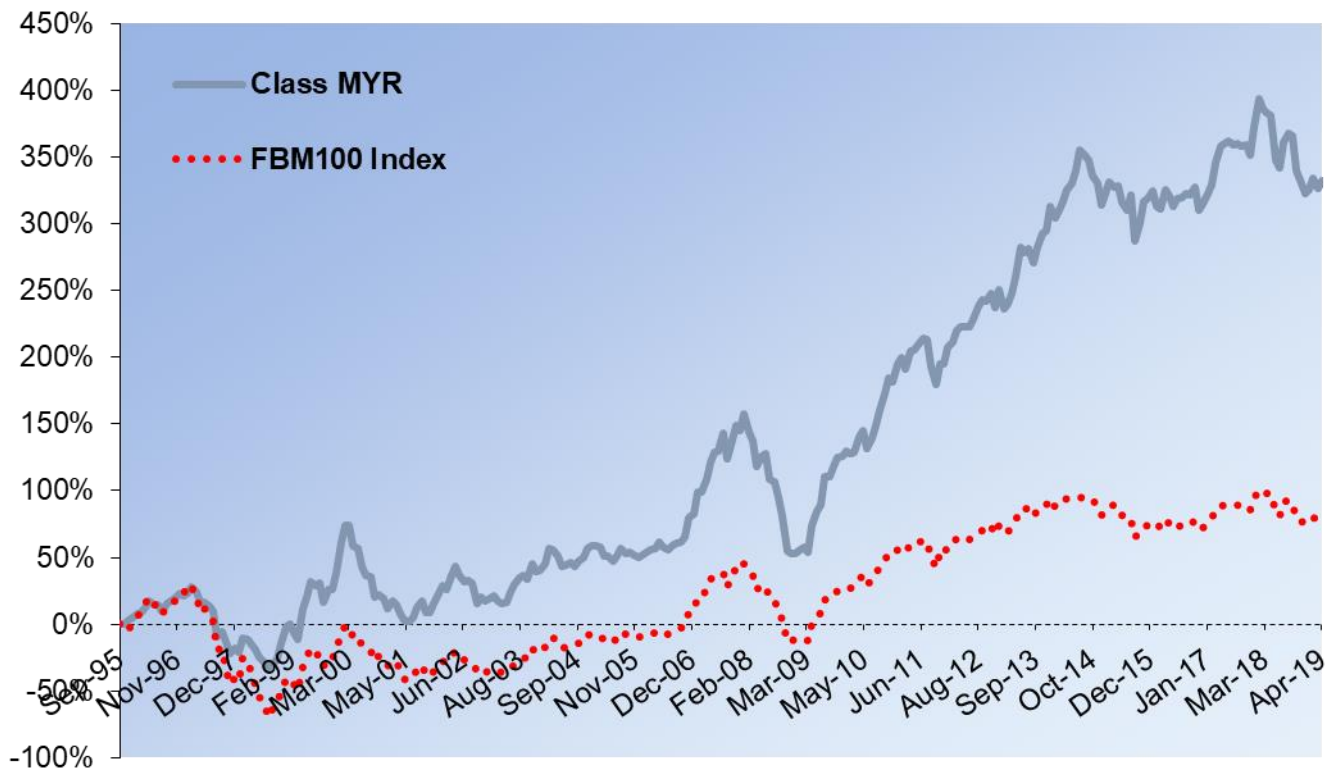
Class SGD

	6 months to 30.04.2019 %	1 year to 30.04.2019 %	Since inception to 30.04.2019 %
Income	-	0.22	0.22
Capital	(1.96)	(10.60)	2.52
Total Return	(1.96)	(10.41)	2.74
Total Return (inclusive application fee)*	(6.86)	(14.89)	(2.39)
Benchmark	(1.33)	(10.76)	0.99
Average Total Return	N/A	(10.41)	0.85

For the financial period under review, the Fund fell by 1.96%, underperforming the benchmark by 0.63%.

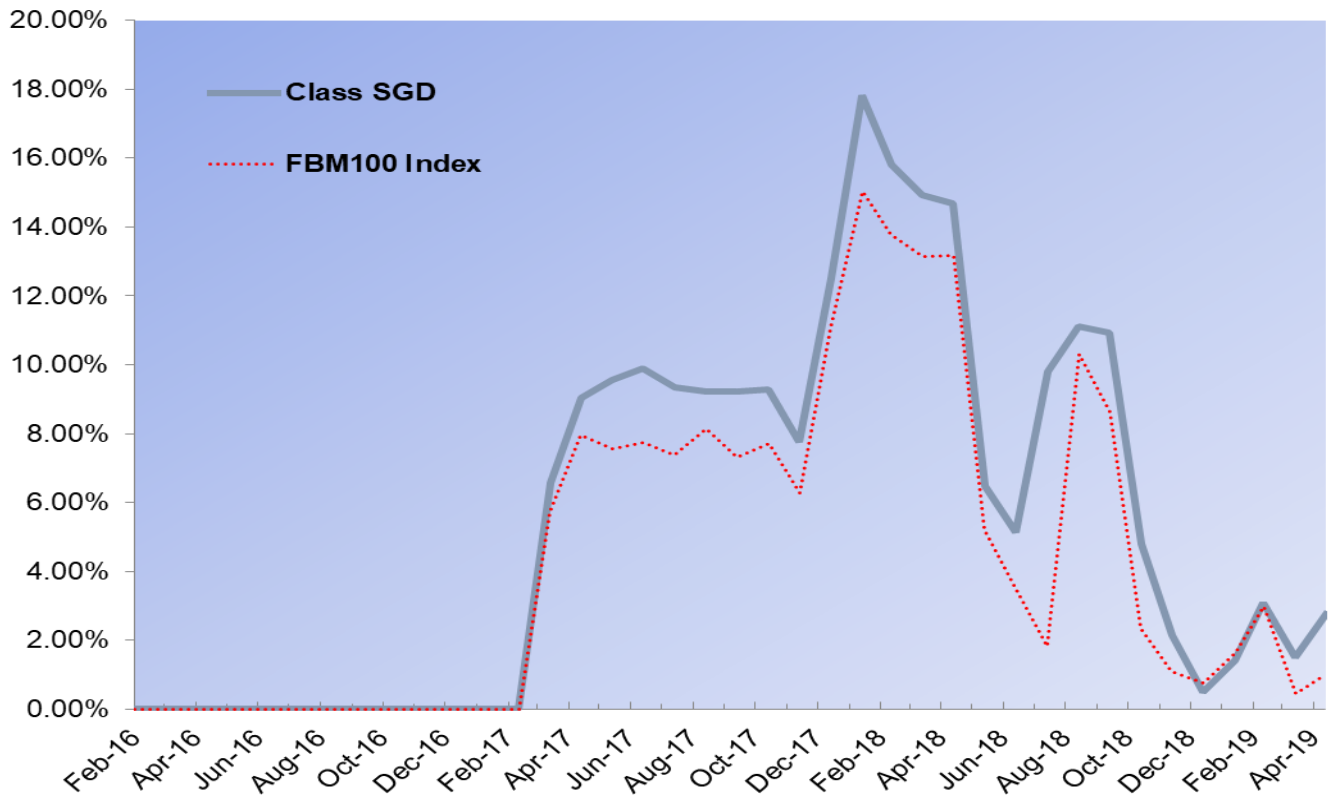
\* The performance of the Class SGD is computed on a single pricing basis (NAV-NAV) (taking into account the maximum Application Fee of up to 5% and Withdrawal Fee/Redemption Fee (if any)) and with dividends and distributions (if any) reinvested. Note that a lower Application Fee may be charged when subscribing for Units.

CLASS MYR



**FUND PERFORMANCE (CONTINUED)**

**CLASS SGD**



**Changes in NAV**

	<b>30.04.2019</b>	<b>31.10.2018 Audited</b>	<b>Changes</b>
<b>Class MYR</b>			<b>%</b>
NAV (RM Million)	214.21	227.13	(5.69)
NAV/Unit (RM)	0.9660	0.9840	(1.83)
<b>Class SGD</b>			<b>Changes</b>
			<b>%</b>
NAV (RM Million)	3.36	3.32	1.20
NAV/Unit (RM)	3.0461	3.1022	(1.81)

The NAV per unit for Class MYR and SGD are fell by 1.83% and 1.81% respectively due to negative 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 period have been extracted from Lipper.

**PORTFOLIO STRUCTURE****Asset allocation**

(% of NAV)	30.04.2019	31.10.2018 Audited
Quoted securities	90.98	84.15
Cash and other net assets	9.02	15.85
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>

Quoted securities were raised from 84.15% as at 31 October 2018 to 90.98% as at 30 April 2019. As we turned more neutral on the market given the Federal Reserve (the “Fed”) softening stance on monetary tightening, reduced US-China trade conflict and easing by the Chinese Government.

**MARKET OUTLOOK\***

With regards to regulatory uncertainty in Malaysia, we believe the risk is receding for telco, airport and utilities as much of the negatives have been priced in while the formalisation of regulatory changes in the months to come would lift investors’ sentiment.

Foreign institutional investors remained net sellers of Malaysian equities in April 2019 so far with a net outflow of RM1.4 billion (Year to date (“YTD”): -RM2.8 billion). We expect the outflow to be sustained in the months to come due to Morgan Stanley Capital International (“MSCI”) index rebalancing which is negative for Malaysian equities particularly large cap blue chips. We are also wary that the potential exclusion of Malaysian Government Securities (“MGS”) from the FTSE World Government Bond Index (“WGBI”) by September 2019 due to market accessibility concerns may lead to potential outflow of USD6 billion to RM8 billion or RM24 billion to RM33 billion.

The FBMKLCI is currently trading at 2019 price-to-earnings ratio (“PE”) of 16.2 times, which remains high versus historical mean of 15.2 times.

\* 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**

Post announcement on the revival of East Coast Rail Link (“ECRL”) and Bandar Malaysia projects, we are hopeful that more pro-growth Government policies will be forthcoming. In addition, the bottoming of earnings estimates and the very underweight positioning by foreign investors may provide some impetus for the market to rebound. Hence, we reiterate our neutral call on Malaysia and would maintain the high asset allocation with low beta investment strategy. We look to accumulate and add alpha in selective banks and large caps that are exhibiting improving fundamentals (i.e. consumer products and services) whilst reducing our overweight position on construction and oil and gas sectors and small-caps.

**UNIT HOLDINGS STATISTICS**

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

**CLASS MYR**

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	53,736	7.14	3.22
5,001 - 10,000	1,847	13.28	5.99
10,001 - 50,000	3,903	86.87	39.17
50,001 - 500,000	1,036	103.99	46.90
500,001 and above	13	10.47	4.72
<b>Total</b>	<b>60,535</b>	<b>221.75</b>	<b>100.00</b>

**CLASS SGD**

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	0.02	1.82
50,001 - 500,000	1	0.11	10.00
500,001 and above	1	0.97	88.18
<b>Total</b>	<b>4</b>	<b>1.10</b>	<b>100.00</b>

**SOFT COMMISSIONS AND REBATES**

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

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

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

We, being the Directors of Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the "Manager"), do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements set out on pages 12 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 30 April 2019 and of its financial performance, changes in net assets attributable to unit holders and cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 - Interim Financial Reporting and International Accounting Standards ("IAS") 34 - Interim Financial Reporting.

For and on behalf of the Manager

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

**MUNIRAH KHAIRUDDIN**  
Chief Executive Officer/Executive Director

**JUAN IGNACIO EYZAGUIRRE BARAONA**  
Director

Kuala Lumpur  
18 June 2019

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

We have acted as Trustee of CIMB-Principal Malaysia Equity Fund (the "Fund") for the financial period ended 30 April 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 Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) valuation/pricing is carried out in accordance with the Deeds and any regulatory requirements; and
- (c) creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirements.

For **HSBC (Malaysia) Trustee Berhad**

**TAN BEE NIE**

Manager, Investment Compliance Monitoring

Kuala Lumpur  
18 June 2019

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

	Note	01.11.2018 to 30.04.2019 RM	01.11.2017 to 30.04.2018 RM
<b>(LOSS)/INCOME</b>			
Dividend income		2,773,746	4,030,415
Interest income from deposits with licensed financial institutions		424,589	248,629
Net (loss)/gain on financial assets at fair value through profit or loss	8	(5,455,114)	11,441,367
Net foreign exchange gain/(loss)		24,004	(5,179)
		<u>(2,232,775)</u>	<u>15,715,232</u>
<b>EXPENSES</b>			
Management fee	4	1,642,067	1,942,518
Trustee's fee	5	54,736	64,751
Audit fee		10,350	9,750
Tax agent's fee		5,300	1,800
Transaction costs		335,529	667,188
Other expenses		14,416	176,931
		<u>2,062,398</u>	<u>2,862,938</u>
<b>(LOSS)/PROFIT BEFORE FINANCE COST AND TAXATION</b>		(4,295,173)	12,852,294
Finance cost (excluding increase in net assets attributable to unit holders):	6		
- Class MYR		-	(22,093,407)
		<u>-</u>	<u>(22,093,407)</u>
<b>LOSS BEFORE TAXATION</b>		(4,295,173)	(9,241,113)
Taxation	7	(3,093)	-
<b>DECREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>(4,298,266)</u>	<u>(9,241,113)</u>
Decrease in net assets attributable to unit holders are made up as follows:			
Realised amount		(1,533,472)	(11,209,094)
Unrealised amount		(2,764,794)	1,967,981
		<u>(4,298,266)</u>	<u>(9,241,113)</u>

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

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

	Note	30.04.2019 RM	31.10.2018 Audited RM
<b>ASSETS</b>			
Cash and cash equivalents	9	18,905,717	37,091,543
Financial assets at fair value through profit or loss	8	197,942,474	193,927,383
Amount due from stockbrokers		1,053,190	381,320
Amount due from Manager		52,128	152,996
Dividends receivable		105,883	166,319
<b>TOTAL ASSETS</b>		<u>218,059,392</u>	<u>231,719,561</u>
<b>LIABILITIES</b>			
Amount due to Manager		194,535	533,795
Accrued management fee		266,705	300,364
Amount due to Trustee		8,890	10,012
Distribution payable		-	408,129
Other payables and accruals		15,211	17,100
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)</b>		<u>485,341</u>	<u>1,269,400</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>217,574,051</u>	<u>230,450,161</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS*</b>		<u>217,574,051</u>	<u>230,450,161</u>

\* Net assets attributable to unit holders are classified as financial liabilities as at 30 April 2019 and equity as at 31 October 2018.

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



UNAUDITED STATEMENT OF FINANCIAL POSITION (CONTINUED)  
AS AT 30 APRIL 2019 (CONTINUED)

	30.04.2019	31.10.2018
Note	RM	Audited RM
<b>REPRESENTED BY:</b>		
<b>FAIR VALUE OF OUTSTANDING UNITS</b>		
- Class MYR	214,216,596	227,125,666
- Class SGD	<u>3,357,455</u>	<u>3,324,495</u>
	<u>217,574,051</u>	<u>230,450,161</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>		
- Class MYR	221,748,884	230,809,830
- Class SGD	<u>1,102,199</u>	<u>1,071,679</u>
<b>10</b>	<u>222,851,083</u>	<u>231,881,509</u>
<b>NET ASSET VALUE PER UNIT (EX-DISTRIBUTION)</b>		
- Class MYR	0.9660	0.9840
- Class SGD	<u>3.0461</u>	<u>3.1022</u>
<b>NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES</b>		
- Class MYR	RM0.9660	RM0.9840
- Class SGD	<u>SGD1.0021</u>	<u>SGD1.0272</u>

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

**UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS  
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 APRIL 2019**

	<b>30.04.2019</b>	<b>30.04.2018</b>
	<b>RM</b>	<b>RM</b>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	230,450,161	263,103,425
<b>Movement due to units created and cancelled during the financial period:</b>		
- Creation of units from applications		
- Class MYR	2,398,428	4,005,257
- Class SGD	155,251	780,280
	<u>2,553,679</u>	<u>4,785,537</u>
- Creation of units from distribution		
- Class MYR	-	21,647,299
	<u>-</u>	<u>21,647,299</u>
- Cancellation of units		
- Class MYR	(11,069,292)	(25,301,614)
- Class SGD	(62,231)	(176,651)
	<u>(11,131,523)</u>	<u>(25,478,265)</u>
Decrease in net assets attributable to unit holders during the financial period:	<u>(4,298,266)</u>	<u>(9,241,113)</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL PERIOD</b>	<u>217,574,051</u>	<u>245,816,883</u>

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

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

	<b>01.11.2018 to 30.04.2019</b>	<b>01.11.2017 to 30.04.2018</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from disposal of quoted securities	77,555,237	147,304,528
Purchase of quoted securities	(88,032,840)	(111,353,585)
Dividend income received	2,834,182	3,813,854
Interest income received from deposits with licensed financial institutions	424,589	248,629
Management fee paid	(1,675,726)	(1,970,778)
Trustee's fee paid	(55,858)	(65,693)
Payments for other fees and expenses	(31,955)	(204,878)
Realised exchange loss	-	(1,277)
Tax paid	(3,093)	-
<b>Net cash (used in)/generated from operating activities</b>	<u>(8,985,464)</u>	<u>37,770,800</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash proceeds from units created	2,654,563	5,119,314
Payments for cancellation of units	(11,470,912)	(32,279,099)
Distributions paid	(408,096)	(446,010)
<b>Net cash used in financing activities</b>	<u>(9,224,445)</u>	<u>(27,605,795)</u>
Net (decrease)/increase in cash and cash equivalents	(18,209,909)	10,165,005
Effect of foreign exchange differences	24,083	(3,903)
Cash and cash equivalents at the beginning of the financial period	<u>37,091,543</u>	<u>14,048,517</u>
Cash and cash equivalents at the end of the financial period	<u>18,905,717</u>	<u>24,209,619</u>
Cash and cash equivalents comprised of:		
Bank balances in licensed banks	3,746,641	787,713
Deposits in licensed financial institutions	<u>15,159,076</u>	<u>23,421,906</u>
Cash and cash equivalents at the end of the financial period	<u>18,905,717</u>	<u>24,209,619</u>

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

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

CIMB-Principal Malaysia Equity Fund (the "Fund") was constituted pursuant to a Deed dated 11 July 2005 and is now governed by a Principal Master Deed dated 15 May 2008, a Fourth Supplemental Master Deed dated 18 March 2009, a Fifth Supplemental Master Deed dated 16 July 2009, a Thirteenth Supplemental Master Deed dated 26 June 2012 and an Eighteenth Supplemental Master Deed dated 25 March 2015 all executed between the Management Company and the Universal Trustee (Malaysia) Berhad (hereinafter known as the "Previous Trustee"), a Seventeenth Supplemental Master Deed dated 19 March 2015 entered into between the Management Company, the previous Trustee and the Trustee, in respect of a change in trustee to the Fund (hereinafter collectively the "Initial Deed") and a Principal Master Deed dated 10 April 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").

The Fund may invest at least 70% of its NAV in equities and up to 28% of the Fund's NAV in other permissible investments and at least 2% of the Fund's NAV in liquid assets. In line with its objective, the investment policy and strategy of the Fund will focus on investment in shares of companies with growth potential.

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Basis of preparation**

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

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

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

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

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

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(m).

Standards that are effective:

The Fund has applied the following amendments for the first time for the financial period beginning 1 November 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 a 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 November 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 standards that are applicable to the Fund but not yet effective and have not been early adopted are as follows:

#### (i) Financial period beginning on/after 1 November 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, OCI or equity) depends on where the past transactions that generated distributable profits were recognised.

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

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

### (b) Financial assets and financial liabilities

#### Classification

Up to 31 October 2018, the Fund designates its investment in quoted securities as financial assets at fair value through profit or loss at inception.

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

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

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

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

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

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

**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.

The Fund classifies cash and cash equivalents, deposits held in margin account, amount due from Manager, amount due from stockbrokers 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 trade-date, the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value. Transaction costs are expensed in the statement of comprehensive income.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

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

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

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

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

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

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

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 investments for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the securities are valued as determined in good faith by the Manager, based on the methods or bases approved by the Trustee after appropriate technical consultation.

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

Financial assets at amortised cost (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 October 2018, for assets carried at amortised cost, the Fund assesses at the end of the reporting period 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 period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in statement of comprehensive income.

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

From 1 November 2018 onwards, the Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss.



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

The Manager consider the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month expected credit losses as any such impairment would be wholly insignificant to the Fund.

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

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

**(c) Income recognition**

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

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

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(d) Functional and presentation currency**

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

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 RM primarily due to the following factors:

Functional and presentation currency

- i) Units of the Fund are denominated in RM.
- ii) All of the Fund’s expenses are denominated in RM.

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.

**(e) Cash and cash equivalents**

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

**(f) Taxation**

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

**(g) Distribution**

A distribution to the Fund’s unit holders is accounted for as a finance cost in the statement of comprehensive income. A proposed distribution is recognised as a financial liability in the financial period in which it is approved.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(h) Amount due from/to stockbrokers**

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

These amounts are recognised initially at fair value and, up to 30 April 2018, subsequently measured at amortised cost using the effective interest method, less provision for impairment for amount due from stockbrokers. A provision for impairment of amount due from stockbrokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant stockbroker.

Significant financial difficulties of the stockbroker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from stockbrokers is impaired. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. From 1 May 2018, these amounts are subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund measures the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

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

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

**(i) Transactions costs**

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

**(j) Increase/Decrease in net asset attributable to unit holders**

Income not distributed is included in net assets attributable to unit holders.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(k) Creation and cancellation of units**

The unit holders' contributions to the Fund meet the definition of puttable instruments classified as financial liability under MFRS 132 "Financial Instruments: Presentation".

The Fund issues cancellable units, in two classes of units, known respectively as the Class MYR and Class SGD, which are cancelled at the unit holder's option and do not have identical features subject to restrictions as stipulated in the Prospectus and SC Guidelines on Unit Trust Funds. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's NAV of respective classes. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the member exercises the right to put back the unit to the Fund.

Units are created and cancelled at the unit holders' option at prices based on the Fund's NAV per unit of respective classes at the close of business on the relevant dealing day. The Fund's NAV per unit of respective classes is calculated by dividing the net assets attributable to members of respective classes with the total number of outstanding units of respective classes.

**(l) 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.

**(m) Critical accounting estimates and judgements in applying accounting policies**

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

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

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

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

### 3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to achieve maximum capital appreciation over the long-term through all types of investments.

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

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

#### (a) Market risk

##### (i) Price risk

This is the risk that the fair value of an investment in quoted securities will fluctuate because of changes in market prices (other than those arising from interest rate risk). The value of quoted securities may fluctuate according to the activities of individual companies, sector and overall political and economic conditions. Such fluctuation may cause the Fund's NAV and prices of units to fall as well as rise, and income produced by the Fund may also fluctuate.

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

##### (ii) 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.

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

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

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

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

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

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

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

**(c) Liquidity risk**

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

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

**(d) Capital risk management**

The capital of the fund is represented by net assets attributable to unit holders of RM217,574,051 (31.10.2018: RM230,450,161). The amount of capital can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

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

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

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

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

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

**(i) Fair value hierarchy**

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

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

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

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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

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
<b>30.04.2019</b>				
Financial assets at fair value through profit or loss:				
- Quoted securities	197,942,474	-	-	197,942,474
<b>31.10.2018</b>				
<b>Audited</b>				
Financial assets at fair value through profit or loss:				
- Quoted securities	193,927,383	-	-	193,927,383

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

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

4. MANAGEMENT FEE

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

For the six months financial period ended 30 April 2019, the management fee is recognised at a rate of 1.50% per annum (30.04.2018: 1.50% per annum).

Class MYR	Class SGD
1.50%	1.50%

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



**5. TRUSTEE'S FEE**

In accordance with the Deeds, the Trustee is entitled to a maximum trustee fee of 0.05% per annum, calculated daily based on the NAV of the Fund. The Trustee's fee includes the local custodian fees and charges but excludes the foreign sub-custodian fees and charges.

For the six months financial period ended 30 April 2019, the Trustee's fee is recognised at the rate of 0.05% per annum (30.04.2018: 0.05% per annum).

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

**6. FINANCE COST**

Distribution to unit holders is derived from the following sources:

	<b>01.11.2018 to 30.04.2019</b>	<b>01.11.2017 to 30.04.2018</b>
	<b>RM</b>	<b>RM</b>
Dividend income	-	854,240
Interest income from deposits with licensed financial institutions	-	71,279
Net realised gain on disposal of investments	-	1,084,171
Prior financial year's realised income	-	20,253,473
	<u>-</u>	<u>22,263,163</u>
Less:		
Expenses	-	(168,882)
Taxation	-	(874)
Net distribution amount	<u>-</u>	<u>22,093,407</u>
<b>Distribution on 22 November 2017</b>		
Gross/Net distribution per unit (sen)	-	-
- Class MYR	-	10.50
Net distribution per unit (sen)	<u>-</u>	<u>10.50</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.

There are unrealised losses of RM2,764,794 during the financial period (30.04.2018: RM Nil).

**7. TAXATION**

	<b>01.11.2018 to 30.04.2019 RM</b>	<b>01.11.2017 to 30.04.2018 RM</b>
Tax charged for the financial period:		
- Withholding tax	<u>3,093</u>	<u>-</u>

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

	<b>01.11.2018 to 30.04.2019 RM</b>	<b>01.11.2017 to 30.04.2018 RM</b>
Loss before taxation	<u>(4,295,173)</u>	<u>(9,241,113)</u>
Taxation at Malaysian statutory rate of 24% (30.04.2018: 24%)	(1,030,842)	(2,217,867)
Tax effects of:		
Loss not deductible for tax purpose/(Income not subject to tax)	535,867	(3,771,656)
Expenses not deductible for tax purposes	95,546	5,488,750
Restriction on tax deductible expenses for Unit Trust Fund	399,429	500,773
Income subject to withholding tax	<u>3,093</u>	<u>-</u>
Taxation	<u><u>3,093</u></u>	<u><u>-</u></u>

**8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>30.04.2019 RM</b>	<b>31.10.2018 Audited RM</b>
Designated at fair value through profit or loss at inception:		
- Quoted securities	<u>197,942,474</u>	<u>193,927,383</u>
Net (loss)/gain on financial assets at fair value through profit or loss:		
- Realised (loss)/gain on disposals	(2,666,237)	9,473,387
- Unrealised fair value (loss)/gain	<u>(2,788,877)</u>	<u>1,967,980</u>
	<u><u>(5,455,114)</u></u>	<u><u>11,441,367</u></u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>30.04.2019</b>				
<b>QUOTED SECURITIES</b>				
<b>Construction</b>				
Gamuda Bhd	463,900	1,312,400	1,623,650	0.75
Muhibbah Engineering M Bhd	392,800	1,231,351	1,119,480	0.51
	<u>856,700</u>	<u>2,543,751</u>	<u>2,743,130</u>	<u>1.26</u>
<b>Consumer Products &amp; Services</b>				
Aeon Co. M Bhd	1,377,400	2,219,955	1,983,456	0.91
Carlsberg Brewery Malaysia Bhd	43,600	1,077,056	1,101,336	0.51
Genting Bhd	981,100	8,836,881	6,906,944	3.17
Genting Malaysia Bhd	2,017,400	6,221,611	6,415,332	2.95
Petronas Dagangan Bhd	98,200	2,629,970	2,374,476	1.09
Sime Darby Bhd	1,967,400	4,615,374	4,564,368	2.10
Sime Darby Plantation Bhd	1,075,410	7,756,222	5,549,116	2.55
	<u>7,560,510</u>	<u>33,357,069</u>	<u>28,895,028</u>	<u>13.28</u>
<b>Energy</b>				
Dialog Group Bhd	2,143,100	6,086,901	6,900,782	3.17
Hibiscus Petroleum Bhd	453,300	490,420	516,762	0.24
Sapura Energy Bhd	6,639,100	2,289,634	2,157,707	0.99
Serba Dinamik Holdings Bhd	548,500	2,134,440	2,292,730	1.05
Yinson Holdings Bhd	353,000	1,226,572	1,708,520	0.79
	<u>10,137,000</u>	<u>12,227,967</u>	<u>13,576,501</u>	<u>6.24</u>
<b>Financial Services</b>				
Aeon Credit Service M Bhd	63,600	770,393	1,036,680	0.48
Aeon Credit Service M Bhd - ICULS	124,800	124,800	183,456	0.08
Alliance Bank Malaysia Bhd	510,300	2,194,829	2,071,818	0.95
AMMB Holdings Bhd	481,200	2,154,922	2,150,964	0.99
Bursa Malaysia Bhd	305,700	2,668,549	2,063,475	0.95
CIMB Group Holdings Bhd	2,984,862	15,982,965	15,730,223	7.23
Hong Leong Bank Bhd	213,600	3,328,046	4,267,728	1.96
Hong Leong Financial Group	138,800	2,434,612	2,667,736	1.23
Malayan Banking Bhd	1,884,740	16,994,658	17,433,845	8.01
Public Bank Bhd	280,493	5,518,886	6,311,093	2.90
RHB Bank Bhd	362,900	1,970,568	2,162,884	0.99
	<u>7,350,995</u>	<u>54,143,228</u>	<u>56,079,902</u>	<u>25.77</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>30.04.2019 (CONTINUED)</b>				
<b>QUOTED SECURITIES (CONTINUED)</b>				
<b>Health Care</b>				
Hartalega Holdings Bhd	457,500	2,369,897	2,301,225	1.06
IHH Healthcare Bhd	862,600	4,891,949	4,796,056	2.20
	<u>1,320,100</u>	<u>7,261,846</u>	<u>7,097,281</u>	<u>3.26</u>
<b>Industrial Products</b>				
Tat Sang Holdings Bhd *	31,000	1	-	-
<b>Industrial Products &amp; Services</b>				
Petronas Chemicals Group Bhd	1,184,900	9,361,930	10,664,100	4.90
Sunway Bhd - Warrant	374,970	-	144,363	0.07
Uchi Technologies Bhd	771,900	2,421,628	2,199,915	1.01
V.S. Industry Bhd	559,600	953,608	637,944	0.29
	<u>2,891,370</u>	<u>12,737,166</u>	<u>13,646,322</u>	<u>6.27</u>
<b>Plantation</b>				
FGV Holdings Bhd	1,667,000	2,060,197	2,083,750	0.96
Genting Plantations Bhd	260,400	2,807,661	2,739,408	1.26
IOI Corporation Bhd	1,299,900	5,940,166	5,862,549	2.69
Kuala Lumpur Kepong Bhd	133,000	3,286,636	3,290,420	1.51
	<u>3,360,300</u>	<u>14,094,660</u>	<u>13,976,127</u>	<u>6.42</u>
<b>REITs</b>				
IGB REIT	1,156,100	2,061,425	2,150,346	0.99
Sunway REIT	589,500	1,045,051	1,102,365	0.51
	<u>1,745,600</u>	<u>3,106,476</u>	<u>3,252,711</u>	<u>1.50</u>
<b>Technology</b>				
Frontken Corporation Bhd	1,432,800	1,397,810	1,977,264	0.91
Globetronics Technology Bhd	1,185,800	2,937,814	2,253,020	1.04
Inari Amertron Bhd	710,850	1,379,546	1,229,771	0.57
Pentamaster Corporation Bhd	840,500	2,369,738	3,630,960	1.67
Revenue Group Bhd	1,020,000	1,255,772	1,366,800	0.63
Revenue Group Bhd - Warrant	409,050	-	184,073	0.08
	<u>5,599,000</u>	<u>9,340,680</u>	<u>10,641,888</u>	<u>4.90</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>30.04.2019 (CONTINUED)</b>				
<b>QUOTED SECURITIES (CONTINUED)</b>				
<b>Telecommunications &amp; Media</b>				
Axiata Group Bhd	1,691,791	8,306,222	6,716,410	3.09
Digi.com Bhd	503,100	2,325,729	2,314,260	1.06
Telekom Malaysia Bhd	493,600	1,531,488	1,436,376	0.66
Time Dotcom Bhd	71,700	590,435	641,715	0.30
	<u>2,760,191</u>	<u>12,753,874</u>	<u>11,108,761</u>	<u>5.11</u>
<b>Transportation &amp; Logistics</b>				
Malaysia Airports Holdings Bhd	1,089,500	9,169,781	8,312,885	3.82
Malaysian Pacific Industries Bhd	222,300	2,713,859	2,178,540	1.00
Malaysian Resources Corporation Bhd	1,338,600	1,090,046	1,378,758	0.63
MISC Bhd	566,600	4,002,659	3,909,540	1.80
Westports Holdings Bhd	739,300	2,607,784	2,809,340	1.29
	<u>3,956,300</u>	<u>19,584,129</u>	<u>18,589,063</u>	<u>8.54</u>
<b>Utilities</b>				
Petronas Gas Bhd	137,900	2,606,678	2,438,072	1.12
Tenaga Nasional Bhd	1,294,600	17,405,730	15,897,688	7.31
	<u>1,432,500</u>	<u>20,012,408</u>	<u>18,335,760</u>	<u>8.43</u>
<b>TOTAL QUOTED SECURITIES</b>	<b><u>49,001,566</u></b>	<b><u>201,163,255</u></b>	<b><u>197,942,474</u></b>	<b><u>90.98</u></b>
<b>ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>(3,220,781)</u></b>		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>197,942,474</u></b>		

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>31.10.2018</b>				
<b>Audited</b>				
<b>QUOTED SECURITIES</b>				
<b>Construction</b>				
Muhibbah Engineering M Bhd	571,200	1,790,599	1,582,224	0.69
	<u>571,200</u>	<u>1,790,599</u>	<u>1,582,224</u>	<u>0.69</u>
<b>Consumer Products &amp; Services</b>				
AirAsia Group Bhd	777,800	2,619,385	2,045,614	0.89
Genting Malaysia Bhd	1,010,300	9,099,889	7,415,602	3.22
Genting Plantations Bhd	1,888,700	10,050,792	8,480,263	3.68
MBM Resources Bhd	537,700	1,308,439	1,070,023	0.46
Petronas Dagangan Bhd	137,600	3,685,172	3,577,600	1.55
Salutica Bhd	1,199,500	736,442	611,745	0.27
Sime Darby Bhd	584,810	1,277,846	1,286,582	0.56
	<u>6,136,410</u>	<u>28,777,965</u>	<u>24,487,429</u>	<u>10.63</u>
<b>Energy</b>				
Dialog Group Bhd	1,506,200	3,991,882	5,106,018	2.22
Hibiscus Petroleum Bhd	941,600	970,561	1,054,592	0.46
Petronas Gas Bhd	149,100	2,818,388	2,725,548	1.18
Yinson Holdings Bhd	960,400	3,337,111	4,273,780	1.85
	<u>3,557,300</u>	<u>11,117,942</u>	<u>13,159,938</u>	<u>5.71</u>
<b>Financial Services</b>				
Aeon Credit Service (M) Bhd	163,100	1,975,645	2,462,810	1.07
Aeon Credit Service M Bhd - ICULS	124,800	124,800	183,456	0.08
Alliance Bank Malaysia Bhd	510,300	2,194,829	2,020,788	0.88
Bursa Malaysia Bhd	305,700	2,668,549	2,237,724	0.97
CIMB Group Holdings Bhd	1,209,606	6,541,728	6,918,946	3.00
Hong Leong Bank Bhd	268,200	4,178,755	5,551,740	2.41
Hong Leong Financial Group	124,400	1,986,156	2,286,472	0.99
Malayan Banking Bhd	1,419,140	12,539,343	13,467,639	5.84
Public Bank Bhd	842,293	16,572,673	20,720,408	8.99
RHB Bank Bhd	333,000	1,710,924	1,741,590	0.76
	<u>5,300,539</u>	<u>50,493,402</u>	<u>57,591,573</u>	<u>24.99</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>31.10.2018 (CONTINUED)</b>				
<b>Audited (continued)</b>				
<b>QUOTED SECURITIES (CONTINUED)</b>				
<b>Health Care</b>				
Top Glove Corporation Bhd	412,800	1,505,043	2,452,032	1.06
<b>Industrial Products</b>				
Tat Sang Holdings Bhd *	31,000	1	-	-
<b>Industrial Products &amp; Services</b>				
ATA IMS Bhd	1,814,600	2,899,190	3,012,236	1.31
Petronas Chemicals Group Bhd	1,031,900	7,800,372	9,648,265	4.19
Sunway Bhd - Warrant	374,970	-	108,741	0.05
Uchi Technologies Bhd	771,900	2,421,628	2,238,510	0.97
V.S. Industry Bhd	3,608,300	6,148,864	5,773,280	2.51
	<u>7,601,670</u>	<u>19,270,054</u>	<u>20,781,032</u>	<u>9.03</u>
<b>Plantation</b>				
FGV Holdings Bhd	922,900	2,177,375	1,292,060	0.56
Globetronics Technology Bhd	260,400	2,807,661	2,512,860	1.09
IOI Corporation Bhd	1,299,900	5,940,166	5,849,550	2.54
Kuala Lumpur Kepong Bhd	141,200	3,434,192	3,518,704	1.53
Sime Darby Plantation Bhd	950,310	7,120,051	4,998,631	2.17
	<u>3,574,710</u>	<u>21,479,445</u>	<u>18,171,805</u>	<u>7.89</u>
<b>Property</b>				
SP Setia Bhd - Preference shares	564,200	564,200	558,558	0.24
<b>Technology</b>				
Globetronics Technology Bhd	931,200	2,502,768	2,057,952	0.89
Inari Amertron Bhd	2,219,750	4,780,341	4,350,710	1.89
Malaysian Pacific Industries Bhd	201,200	2,504,142	2,181,008	0.94
Pentamaster Corporation Bhd	441,100	1,151,775	1,385,054	0.6
Revenue Group Bhd	1,321,500	1,582,045	1,334,715	0.58
Unisem Bhd	359,600	1,098,387	1,039,244	0.45
	<u>5,474,350</u>	<u>13,619,458</u>	<u>12,348,683</u>	<u>5.35</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>31.10.2018 (CONTINUED)</b>				
<b>Audited (continued)</b>				
<b>QUOTED SECURITIES (CONTINUED)</b>				
<b>Telecommunications &amp; Media</b>				
Axiata Group Bhd	2,100,791	10,314,298	7,163,697	3.10
Digi.com Bhd	262,700	1,267,185	1,132,237	0.49
	<u>2,363,491</u>	<u>11,581,483</u>	<u>8,295,934</u>	<u>3.59</u>
<b>Transportation &amp; Logistics</b>				
Malaysia Airports Holdings Bhd	1,101,500	9,274,265	9,142,450	3.97
MISC Bhd	547,500	4,104,908	3,339,750	1.45
Pos Malaysia Bhd	326,000	1,253,190	964,960	0.42
Westports Holdings Bhd	667,500	2,352,895	2,276,175	0.99
	<u>2,642,500</u>	<u>16,985,258</u>	<u>15,723,335</u>	<u>6.83</u>
<b>Utilities</b>				
Tenaga Nasional Bhd	1,277,200	17,174,438	18,774,840	8.15
<b>TOTAL QUOTED SECURITIES</b>	<b><u>39,507,370</u></b>	<b><u>194,359,287</u></b>	<b><u>193,927,383</u></b>	<b><u>84.15</u></b>
<b>ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>(431,904)</u></b>		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>193,927,383</u></b>		

\* The counter has been de-listed on 27 October 2003 as the counter does not have an adequate level of financial condition to warrant continued listing. The counter will continue to remain deposited with the Malaysian Central Depository Sdn Bhd as it is not mandatory for the securities to be withdrawn.



9. CASH AND CASH EQUIVALENTS

	<b>30.04.2019</b>	<b>31.10.2018</b>
	<b>RM</b>	<b>Audited RM</b>
Deposits with licensed financial institutions	15,159,076	33,328,666
Bank balances	3,746,641	3,762,877
	<u>18,905,717</u>	<u>37,091,543</u>

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

	<b>30.04.2019</b>	<b>31.10.2018</b>
	<b>%</b>	<b>Audited %</b>
Deposits with licensed financial institutions	<u>3.30</u>	<u>3.55</u>

Deposits with licensed financial institutions of the Fund have an average maturity of 3 days (31.10.2018: 10 days).

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

	<b>01.11.2018 to 30.04.2019</b>	<b>01.11.2017 to 31.10.2018</b>
	<b>No. of units</b>	<b>Audited No. of units</b>
Class MYR (i)	221,748,884	230,809,830
Class SGD (ii)	1,102,199	1,071,679
	<u>222,851,083</u>	<u>231,881,509</u>

(i) Class MYR	<b>01.11.2018 to 30.04.2019</b>	<b>01.11.2017 to 31.10.2018</b>
	<b>No. of units</b>	<b>Audited No. of units</b>
At the beginning of the financial period/year	230,809,830	211,536,787
Add : Creation of units from applications	2,491,956	8,560,262
Add : Creation of units from distribution	-	41,502,896
Less : Cancellation of units	<u>(11,552,902)</u>	<u>(30,790,115)</u>
At the end of the financial period/year	<u>221,748,884</u>	<u>230,809,830</u>

**10. NUMBER OF UNITS IN CIRCULATION (UNITS) (CONTINUED)**

(ii) Class SGD	<b>01.11.2018 to 30.04.2019</b>	<b>01.11.2017 to 31.10.2018</b>
	<b>No. of units</b>	<b>Audited No. of units</b>
At the beginning of the financial period/year	1,071,679	20,760
Add : Creation of units from applications	51,166	1,149,594
Add : Creation of units from distribution	-	439
Less : Cancellation of units	(20,646)	(99,114)
At the end of the financial period/year	<u>1,102,199</u>	<u>1,071,679</u>

**11. MANAGEMENT EXPENSE RATIO (“MER”)**

	<b>01.11.2018 to 30.04.2019</b>	<b>01.11.2017 to 30.04.2018</b>
	%	%
MER	<u>0.78</u>	<u>0.84</u>

MER is derived from the following calculation:

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

- A = Management fee
- B = Trustee’s fee
- C = Audit fee
- D = Tax agent’s fee
- E = Other expenses excluding Goods and Services Tax (“GST”) on transaction costs
- F = Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial period calculated on a daily basis is RM220,744,558 (30.04.2018: RM260,961,787).

**12. PORTFOLIO TURNOVER RATIO (“PTR”)**

	<b>01.11.2018 to 30.04.2019</b>	<b>01.11.2017 to 30.04.2018</b>
PTR (times)	<u>0.38</u>	<u>0.50</u>

PTR is derived based on the following calculation:

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

12. PORTFOLIO TURNOVER RATIO (“PTR”) (CONTINUED)

Under Monetary Authority of Singapore (“MAS”) Guidelines

	01.11.2018 to 30.04.2019	01.11.2017 to 30.04.2018
PTR (times)	<u>0.36</u>	<u>0.43</u>

PTR is derived based on the following calculation:

$$\frac{\text{Lesser of total acquisition or total disposal for the financial period}}{\text{Average NAV of the Fund for the financial period calculated on a daily basis}}$$

where:

total acquisition for the financial period = RM87,864,965 (30.04.2018: RM112,289,236)

total disposal for the financial period = RM78,394,760 (30.04.2018: RM150,039,137)

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

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

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

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

Units held by the Manager and parties related to the Manager

<b>Class MYR</b>	<b>30.04.2019</b>		<b>31.10.2018</b>	
			<b>Audited</b>	
<b>Manager</b>	<b>No. of units</b>	<b>RM</b>	<b>No. of units</b>	<b>RM</b>
Principal Asset Management Berhad <i>(formerly known as CIMB-Principal Asset Management Berhad)</i>	56,942	55,006	38,471	37,855

<b>Class SGD</b>	<b>30.04.2019</b>		<b>31.10.2018</b>	
			<b>Audited</b>	
<b>Manager</b>	<b>No. of units</b>	<b>RM</b>	<b>No. of units</b>	<b>RM</b>
Principal Asset Management Berhad <i>(formerly known as CIMB-Principal Asset Management Berhad)</i>	5	15	5	16

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

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

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

	<b>01.11.2018 to 30.04.2019</b>	<b>01.11.2017 to 30.04.2018</b>
	<b>RM</b>	<b>RM</b>
<u>Significant related party transactions</u>		
Interest income from deposits with licensed financial institution:		
- CIMB Bank Bhd	3,311	12,142
Cash placement with licensed financial institution:		
- CIMB Bank Bhd	5,231,000	22,879,000
<u>Significant related party balances</u>		
Deposits with licensed financial institution:		
- CIMB Bank Bhd	6,190,000	-

14. TRANSACTIONS WITH BROKERS

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

Brokers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
CIMB Investment Bank Bhd #	21,744,926	13.19	23,188	9.43
CLSA Securities (M) Sdn Bhd	20,572,141	12.48	23,229	9.44
JP Morgan Securities (M) Sdn Bhd	19,740,627	11.98	18,892	7.68
KAF Seagroatt & Campbell Securities Sdn Bhd	18,445,361	11.19	40,978	16.66
Affin Hwang Investment Bank Bhd	17,329,761	10.52	38,423	15.62
Macquarie Bank Ltd	15,695,603	9.52	11,022	4.48
UBS Securities M Sdn Bhd	13,165,803	7.99	12,108	4.92
RHB Investment Bank Bhd	10,990,011	6.67	23,868	9.70
Hong Leong Investment Bank Bhd	9,693,314	5.88	18,169	7.39
Macquarie Malaysia Sdn Bhd	7,798,918	4.73	17,548	7.13
Others	9,626,790	5.85	18,547	7.55
	<u>164,803,255</u>	<u>100.00</u>	<u>245,972</u>	<u>100.00</u>

14. TRANSACTIONS WITH BROKERS (CONTINUED)

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

Brokers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
CIMB Investment Bank Bhd #	43,673,715	16.65	91,686	17.19
Macquarie Malaysia Sdn Bhd	37,269,352	14.21	81,895	15.36
Hong Leong Investment Bank Bhd	32,678,017	12.46	72,247	13.55
Maybank Investment Bank Bhd	22,645,824	8.63	50,075	9.39
Affin Hwang Investment Bank Bhd	20,638,788	7.87	58,128	10.90
Credit Suisse (M) Sdn Bhd	17,443,221	6.65	38,722	7.26
KAF Seagroatt & Campbell Securities Sdn Bhd	14,293,709	5.45	31,507	5.91
RHB Investment Bank Bhd	12,575,595	4.79	28,300	5.31
JP Morgan Securities (M) Sdn Bhd	11,858,243	4.52	26,132	4.90
CLSA Securities (M) Sdn Bhd	9,952,482	3.79	22,393	4.20
Others	39,299,427	14.98	32,204	6.04
	<u>262,328,373</u>	<u>100.00</u>	<u>533,289</u>	<u>100.00</u>

# Included in the transactions are trades conducted with CIMB Investment Bank Bhd, fellow related parties to the Manager amounting to RM21,744,926 (30.04.2018: RM43,673,715) respectively. The Manager is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties.

15. SEGMENT INFORMATION

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

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

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

**16. MFRS 9 FINANCIAL INSTRUMENTS**

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

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

	Measurement category		Carrying amount			
	Original (MFRS 139)	New (MFRS 9)	Original (MFRS 139)	Reclassi- fications	Remeas- urements	New (MFRS 9)
			RM	RM	RM	RM
<b>Assets</b>						
Cash and cash equivalents	Loans and receivables	Amortised cost	37,091,543	-	-	37,091,543
Investment in quoted securities	FVTPL	FVTPL	193,927,383	-	-	193,927,383
Amount due from stockbrokers	Loans and receivables	Amortised cost	381,320	-	-	381,320
Amount due from Manager	Loans and receivables	Amortised cost	152,996	-	-	152,996
Dividends receivable	Loans and receivables	Amortised cost	166,319	-	-	166,319
<b>Liabilities</b>						
Amount due to Manager	Amortised cost	Amortised cost	533,795	-	-	533,795
Accrued management fee	Amortised cost	Amortised cost	300,364	-	-	300,364
Amount due to Trustee	Amortised cost	Amortised cost	10,012	-	-	10,012
Other payables and accruals	Amortised cost	Amortised cost	17,100	-	-	17,100

**DIRECTORY**

**Head office of the Manager**

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

**Website**

[www.principal.com.my](http://www.principal.com.my)

**E-mail address**

[service@principal.com.my](mailto:service@principal.com.my)

**General investment enquiries**

(03) 7718 3000

**Trustee for the CIMB-Principal Malaysia Equity Fund**

HSBC (Malaysia) Trustee Berhad (Company No.: 001281-T)  
13<sup>th</sup> Floor, Bangunan HSBC, South Tower,  
No. 2, Leboh Ampang,  
50100 Kuala Lumpur,  
MALAYSIA.  
Tel: (03) 2075 7800  
Fax: (03) 2179 6511



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](mailto:service@principal.com.my)

Website  
[www.principal.com.my](http://www.principal.com.my)