

# CIMB-Principal Millennial Equity Fund

Annual Report

For The Financial Period From

31 May 2018 (Date of Launch) to 30 June 2019

**CIMB-PRINCIPAL MILLENNIAL EQUITY FUND**

**FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD FROM 31 MAY 2018 (DATE OF LAUNCH)**

**TO 30 JUNE 2019**

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## INVESTORS' LETTER

Dear Valued Investor,

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

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

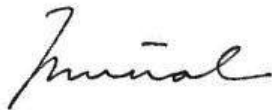
Thanks to the trust you've placed in us, we have been recognized Asia Asset Management 2019 Awards for the Fund Launch of the Year Award in Best of the Best Awards Malaysia category, and the Best Asset Management House in ASEAN in Best of the Best ASEAN category.

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

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

Thank you.

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



**Munirah Khairuddin**  
Chief Executive Officer

## MANAGER'S REPORT

### FUND OBJECTIVE AND POLICY

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

The Fund aims to achieve capital appreciation over the medium to long term through investments primarily in a portfolio of global equities.

#### Has the Fund achieved its objective?

For the financial period under review, the Fund has yet to achieve its objective as the Fund is new and growing in size.

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

The Fund seeks to achieve its objective by investing in global equity of companies that are impacted by the spending and lifestyle activities of the Millennial generation, which refers to people born from 1980 to the mid-2000s. The investment universe includes listed securities as well as Initial Public Offering ("IPO"). The universe is broadly defined as global all-country and all-cap, across the full market capitalization spectrum (small, medium and large). The Fund is expected to have a growth bias overall, including both growth and value oriented companies over time. Market segments with the greatest Millennial exposure are likely to include, without limitation, consumer goods (including fashion and apparel), social media and e-commerce, and digital media and technology.

Under normal circumstances, the Fund invests a maximum of 98% of its Net Asset Value ("NAV") in equities. The Fund may opt to access into equities via the investment in units of other collective investment scheme. The Fund currently does not intend to invest in warrants. The Fund may also invest in derivative instruments for hedging purpose, subject to the prevailing Securities Commission Malaysia ("SC") Guidelines.

The asset allocation strategy for this Fund is as follows:

- between 70% to 98% (both inclusive) of the Fund's NAV will be invested in equities; and
- at least 2% of the Fund's NAV in liquid assets.

#### Base Currency

US Dollar ("USD")

#### Fund category/type

Equity / Growth

#### How long should you invest for?

Recommended three (3) years or more

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

High

#### When was the Fund launched?

Class MYR, Class MYR-Hedged ("MYR-H"), SGD-Hedged ("SGD-H")  
& Class USD

31 May 2018

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

USD40.20 million (176.13 million units)

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

Nasdaq Global Millennial Opportunity Index

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

**FUND OBJECTIVE AND POLICY (CONTINUED)**

**What is the Fund distribution policy?**

The Manager has the discretion to make income distribution on an ad-hoc basis, taking into consideration the level of its realised income and/or realised gains, as well as the performance of the Fund. The Manager also has the right to make provisions for reserves in respect of distribution of the Class.

**What was the net income distribution for the financial period from 31 May 2018 (date of launch) to 30 June 2019?**

There was no distribution made for the financial period from 31 May 2018 (date of launch) to 30 June 2019.

**PERFORMANCE DATA**

Details of portfolio composition of the Fund for the audited financial period are as follows:

	<b>30.06.2019</b>
	%
Quoted securities	
- Consumer Discretionary	42.90
- Consumer Staples	5.01
- Financials	6.10
- Information Technology	11.84
- Real Estate	1.61
- Telecommunication Services	30.34
Cash and other net assets	<u>2.20</u>
	<u><u>100.00</u></u>

Performance details of the Fund for the audited financial period are as follows:

	<b>30.06.2019</b>
NAV (USD Million)	
- Class MYR	3.72
- Class MYR-H	36.25
- Class SGD-H	0.00*
- Class USD	0.23
Units in circulation (Million)	
- Class MYR	15.75
- Class MYR-H	160.15
- Class SGD-H	0.00*
- Class USD	0.23
NAV per unit (USD)	
- Class MYR	0.2363
- Class MYR-H	0.2263
- Class SGD-H	0.6842
- Class USD	0.9726

Note: 0.00\* denotes fair value less than 1 USD.

**PERFORMANCE DATA (CONTINUED)**

Performance details of the Fund for the audited financial period are as follows (continued):

**31.05.2018  
(date of launch)  
to 30.06.2019**

Highest NAV per unit (USD)	
- Class MYR	0.2598
- Class MYR-H	0.2518
- Class SGD-H	0.7831
- Class USD	1.0800
Lowest NAV per unit (USD)	
- Class MYR	0.1941
- Class MYR-H	0.1839
- Class SGD-H	0.5686
- Class USD	0.8100
Total return (%)	
- Class MYR	(4.58)
- Class MYR-H	(6.37)
- Class SGD-H	(6.70)
- Class USD	(2.73)
Capital growth (%)	
- Class MYR	(4.58)
- Class MYR- H	(6.37)
- Class SGD- H	(6.70)
- Class USD	(2.73)
Income distribution (%)	
- Class MYR	-
- Class MYR-H	-
- Class SGD-H	-
- Class USD	-
Management Expense Ratio ("MER") (%)	1.95
Portfolio Turnover Ratio ("PTR") (times) #	2.18

# For the financial period under review, the Fund's PTR was 2.18 times, derived mainly due to investment activities on the back of unit creations.

**PERFORMANCE DATA (CONTINUED)**

**Since inception  
to 30.06.2019  
%**

Annual total return

- Class MYR	(5.98)
- Class MYR-H	(9.97)
- Class SGD-H	(8.48)
- Class USD	(2.73)

(Launch date: 31 May 2018)

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 (31 MAY 2018 (DATE OF LAUNCH) TO 30 JUNE 2019)**

In June 2018, global equities had a divergent month with US assets outperforming both Europe and Emerging Market (“EM”). In fact, several of the EM recorded negative returns during the month. In addition, markets like “H-shares”, Shanghai, and Brazil were also ~20% lower from their 52-week highs. Tighter financial conditions, continuing USD strength, as well as trade tension worries ultimately caused investors to pull money out of equities. To note, during the month, President Trump released a list of tariffs on USD50 billion worth of Chinese imports. Consequently, this led China to retaliate by imposing a 25% tariff on 659 US goods worth the same amount.

Global equities managed to show a recovery in July 2018 especially for those regions that were impacted by deeply negative sentiment in second quarter of 2018. However, Chinese equity sentiment remained jittery as markets were not convinced of a quick resolution to China’s trade dispute with the US. While incremental easing by People’s Bank of China (“PBOC”) on the fiscal side helped, it was not sufficient to turn sentiment around enough for markets to be bull.

In August 2018, global equities recorded mixed performances. US equities continued their amazing run of outperformance, aided by strong macro and earnings season. Meanwhile, ongoing trade disputes had severely impacted sentiments in China and Europe, causing some currencies such as Turkey, Argentina, and Brazil to crash. This consequently drew more money into US markets, both in equities and fixed income.

Global equities ended flat in September 2018 through several markets made strong gains. Japan took over the baton from US as the market leader. H-shares and Shanghai markets remained in technical bear markets. Fund flows continued to favor US equities though the outflow momentum from EMs showed signs of ebbing by the end of the month.

In October 2018, global equities had one of their worst months in the last few years with substantial drops that easily eclipsed the drop that was seen in February 2018. Brazil was the only market that defied gravity as the market friendly far right candidate Bolsonaro’s comfortable victory in presidential elections raised hopes of reform. Momentum was broken as risks were cut aggressively. Bond yields were initially higher but eased subsequently due to the equity risk-off. Higher treasury yields, steeper curves, wider credit spreads and stronger USD made it a very difficult month for returns from fixed income. In currencies, the USD’s run against both Developed Market (“DM”) and EM currencies resumed. The key reason was the risk-off sentiment that gripped asset markets and caused investors to go defensive.

Global equities closed with decent gains in November 2018, powered by a strong recovery in Asian equities who were key beneficiaries of a thaw in Sino-US trade relationship, a stabilisation of global financial conditions and the large drop in crude prices which eases the forward-looking inflation path in the region. Europe, however, stuttered, with equities in red as growth concerns returned politics stayed alive. Bond yields eased as markets reacted to the US Federal Reserve (the “Fed”) that admitted it was not on a preset course of hikes.



**MARKET REVIEW (31 MAY 2018 (DATE OF LAUNCH) TO 30 JUNE 2019) (CONTINUED)**

The crash in oil prices and a potential drop-off in growth as the tax effects fade into 2019 also played their part.

In December 2018, equity markets crashed and were centered around US equities which had one of its worst relative down month for years. The strong seasonality associated with December 2018 or with the 12-month period following mid-term elections was brushed aside as market participants systematically reduced risk. The USD was flat against the British Pound (“GBP”), while depreciating nearly 1.00% against the Euro Dollar (“EUR”) and over 3% against the Japanese Yen (“JPY”). During the month, Morgan Stanley Capital International (“MSCI”) All-Country (“AC”) World Index fell by 7.04% with MSCI EM down by 2.66%. In local terms, New Zealand and Australia led, while Israel and Austria lagged in developed markets. EM were led by South Africa and Philippines, with Greece and China lagging.

Equity markets recovered during the start of 2019 in January. The USD fell over 3.00% against the GBP and nearly 1% against the JPY, while remaining relatively flat against the EUR. During the month, MSCI AC World Index rose by 7.90% with MSCI EM by 8.76%. In local terms, Israel and Belgium led, while New Zealand and Denmark lagged in Developed Markets (“DM”). EM were led by Turkey and China, with India and Malaysia lagging.

Equity markets were positive during the month of February 2019. The USD appreciated 2.26% against the JPY and 0.77% against the EUR, while depreciating by 1.12% against the GBP. During the month, MSCI AC World Index rose by 2.67% with MSCI EM up by 0.22%. In local terms, Ireland and Denmark led, while Israel and Singapore lagged in DM. EM were led by Greece and Taiwan, with Qatar and Indonesia lagging.

Global equity markets rose in March 2019 and the MSCI World Index returned by 1.3%, but progress was more tentative than in the opening two months of the year due to growing caution on global growth. The Fed lowered its projections for US growth and inflation and reduced its expectations for interest rates hikes. Indeed, the “dot plot” now shows no rate hikes this year and only one in 2020. The European Central Bank (“ECB”) also altered its guidance on interest rates, saying that rates would now be on hold until at least 2020. EM equities recorded a positive return over the month, supported by ongoing optimism toward a US-China trade deal and the dovish policy shift from the Fed.

Global equity markets continued to rise in April 2019 with the MSCI World Index returned by 3.5%, supported by 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 Gross Domestic Product (“GDP”) growth. Eurozone equities also posted further gains, as economic growth in the first three months of the year proved more resilient than feared. EM equities posted a positive return as easing global growth concerns supported risk appetite.

Global equities ended the period by falling in May 2019, with the MSCI World Index returned -5.8%. Note that the MSCI US, Europe, and Japan all recorded a decline of 6.5%, 5.7% and 5.3% in May 2019 on the recent development of US-China trade tensions. Amid worries over the uncertainty in the two countries reaching a trade deal, USD strengthened while EUR depreciated against the USD. JPY appreciated by 2.8% as investors fly to safety

Global equity markets ended the period by reporting positive returns in June 2019. The USD depreciated 0.78% against the JPY, 2.22% against the EUR, and 0.99% against GBP. During the month, MSCI AC World Index rose by 6.55% with MSCI EM up by 6.24%. In local terms, Singapore and Italy led, while Portugal and Ireland lagged in DM. EM were led by China and Turkey, with Hungary and India lagging.

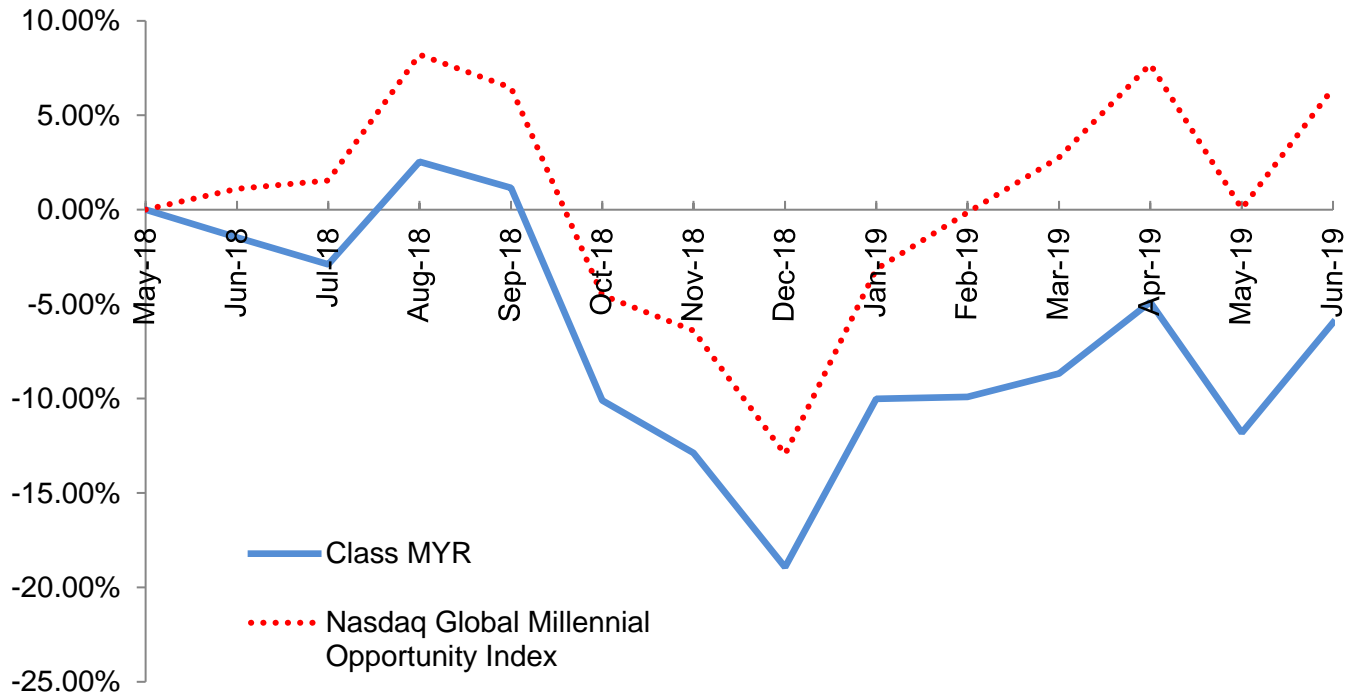
**FUND PERFORMANCE**

	1 year to 30.06.2019			
	Class MYR	Class MYR-H	Class SGD-H	Class USD
	%	%	%	%
Income	-	-	-	-
Capital	(4.58)	(6.37)	(6.70)	(2.73)
Total Return	(4.58)	(6.37)	(6.70)	(2.73)
Benchmark	5.27	5.27	5.27	5.27
Average Total Return	(4.58)	(6.37)	(6.70)	(2.73)

	Since inception to 30.06.2019			
	Class MYR	Class MYR-H	Class SGD-H	Class USD
	%	%	%	%
Income	-	-	-	-
Capital	(5.98)	(9.97)	(8.48)	(2.73)
Total Return	(5.98)	(9.97)	(8.48)	(2.73)
Benchmark	6.43	6.43	6.43	6.43
Average Total Return	(5.53)	(9.23)	(7.84)	(2.52)

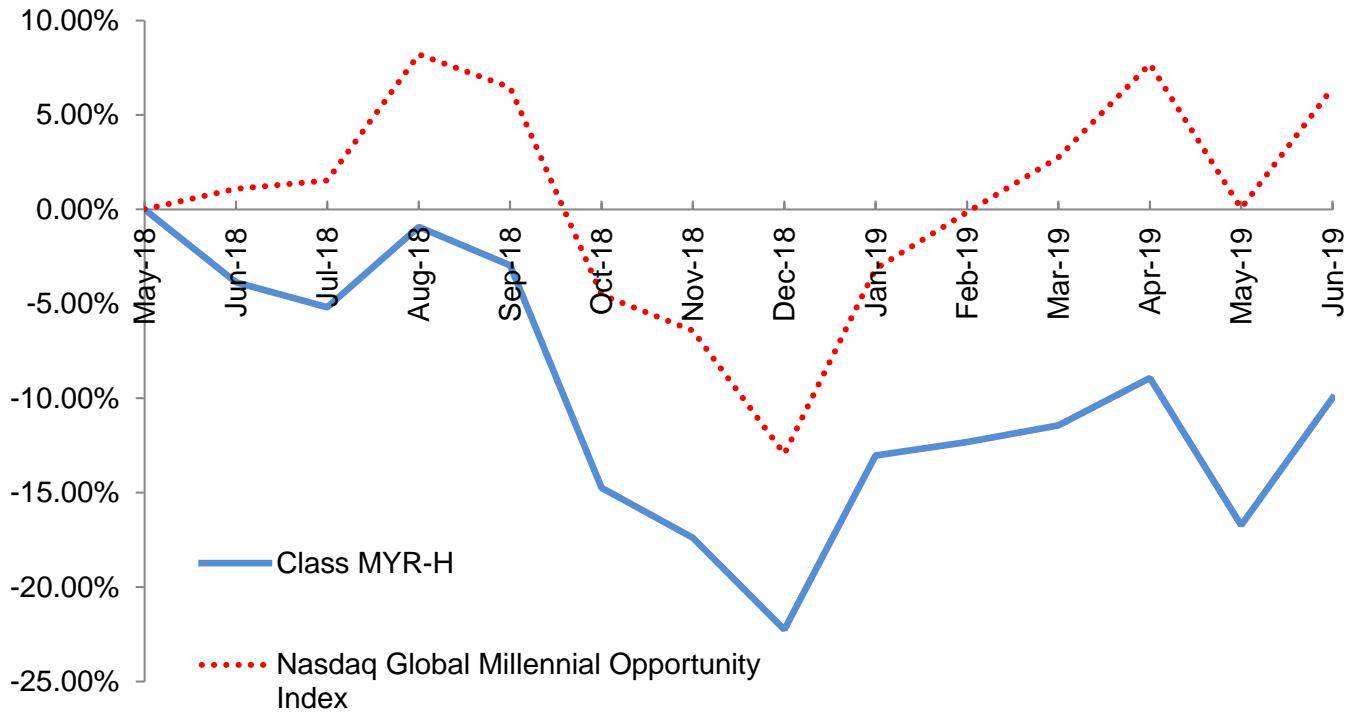
For the financial period under review, the Fund posted negative returns for all the classes, Class MYR, Class MYR-H, Class SGD-H and Class USD declined by 5.98%, 9.97%, 8.48% and 2.73% respectively underperforming the benchmark which increased by 6.43%.

**CLASS MYR**

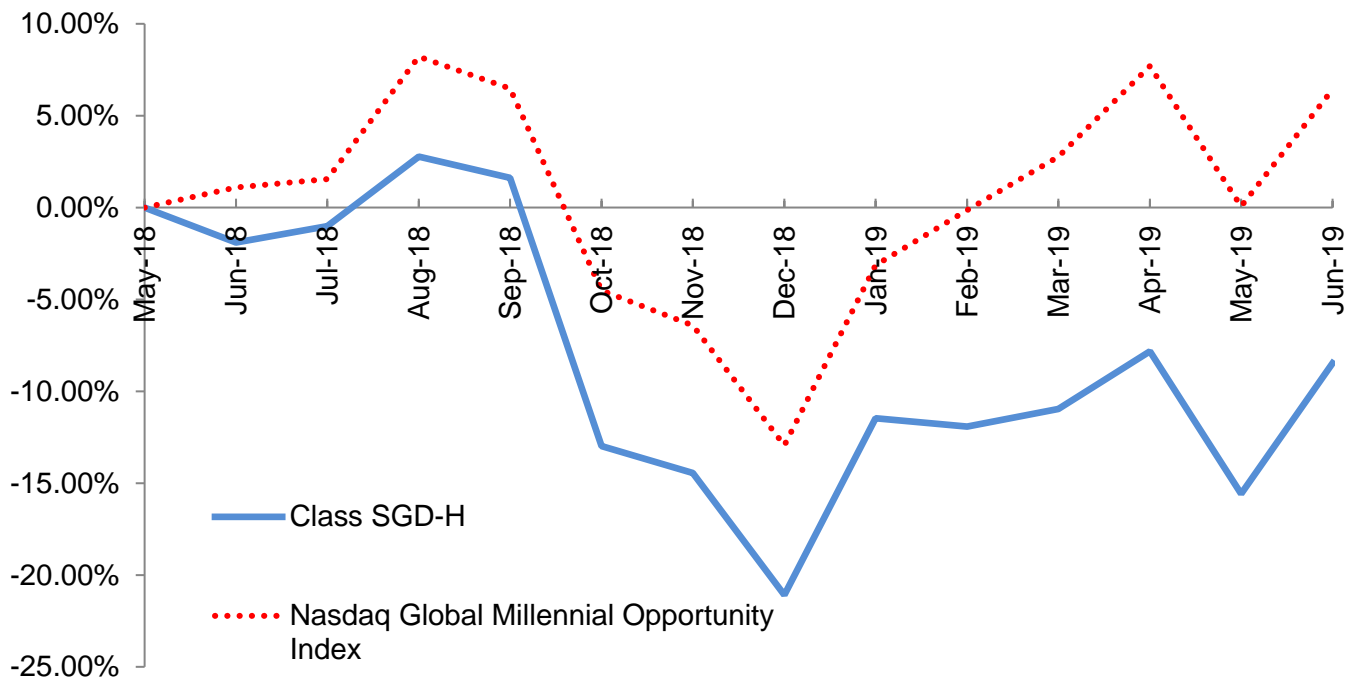


FUND PERFORMANCE (CONTINUED)

CLASS MYR-H

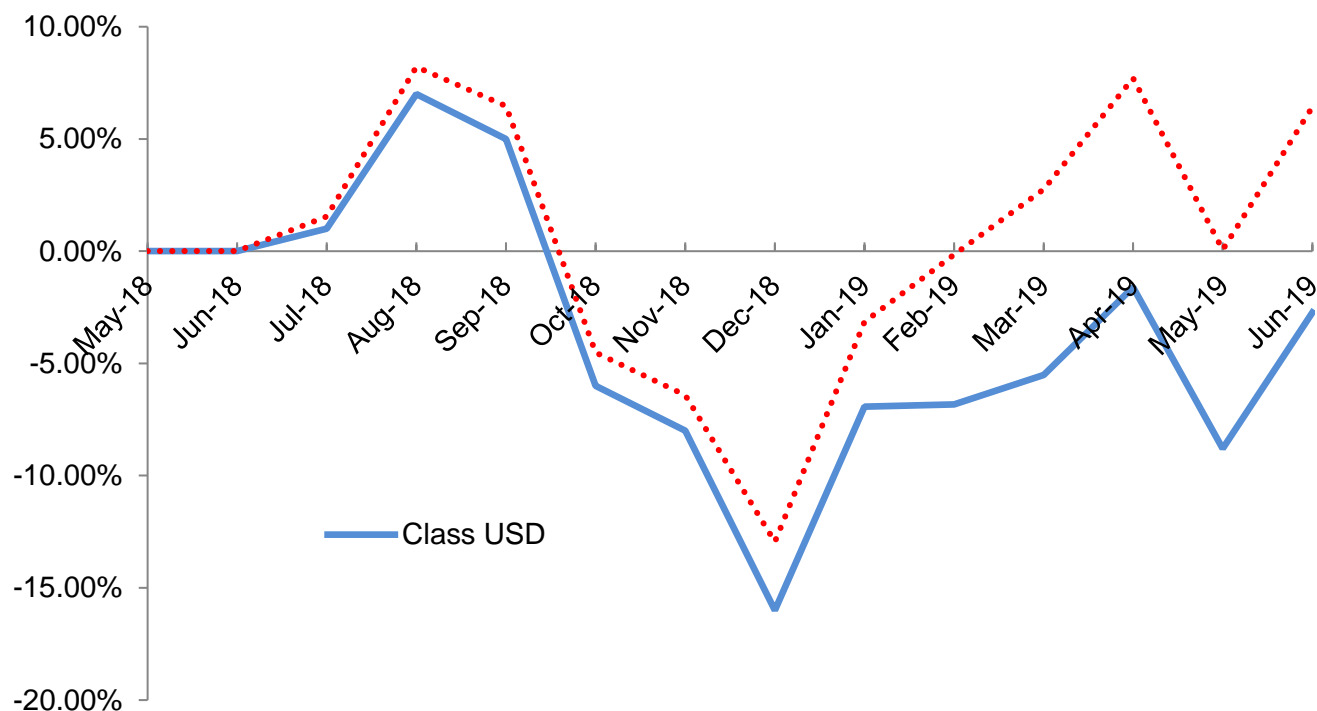


CLASS SGD-H



**FUND PERFORMANCE (CONTINUED)**

**CLASS USD**



**Changes in NAV**

**30.06.2019**

**CLASS MYR**

NAV (USD Million)  
NAV/Unit (USD)

3.72  
0.2363

**CLASS MYR-H**

NAV (USD Million)  
NAV/Unit (USD)

36.25  
0.2263

**CLASS SGD-H**

NAV (USD Million)  
NAV/Unit (USD)

0.00\*  
0.6842

**CLASS USD**

NAV (USD Million)  
NAV/Unit (USD)

0.23  
0.9726

Note: 0.00\* denotes fair value less than 1 USD.

The Fund recorded positive net inflow from unit creations over the reporting period for Class MYR, Class MYR and Class USD.

As at 30 June 2019, the total NAV of Class MYR, Class MYR-H, and Class USD stood at USD3.72 million, USD36.25 million, and USD0.23 million respectively.

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**

<b>(% of NAV)</b>	<b>30.06.2019</b>
Quoted securities	97.80
Cash and other net assets	2.20
<b>TOTAL</b>	<b>100.00</b>

During the financial period under review, the Fund was fully invested with minimal level of liquid assets maintained primarily for redemption purposes. At the reporting date, a material amount of creations was still sitting in receivables.

**MARKET OUTLOOK\***

The Global growth outlook has worsened, mainly due to fading fiscal tailwinds in the US, higher inventories and uncertainty linked to global trade (the level of tariffs and restrictions on supply chains through export bans) which is impacting corporate spending. On the positive side, financial conditions have eased considerably since the third quarter of 2018, which should help boost economic activity by lowering costs and enabling abundant funding opportunities for borrowers. China is easing policy at the margin (tax cuts, broader fiscal support and an easy monetary policy stance). The consumer remains in good health, with solid job gains (US unemployment rate stood at 3.6% despite an uptick in participation rate, while Euro-Area's unemployment rate reached 7.7% in first quarter of 2019, its lowest since the financial crisis and is fast approaching the lowest ever of 7.3%). US Inventories are also beginning to adjust lower. On trade, the decision by President Xi and Trump to restart trade talks is positive, but they need to strike a deal fast to bring an end to an environment inflicted by uncertainty. All considered, we expect growth conditions to improve, mainly bolstered by the stability in the consumers space.

**INVESTMENT STRATEGY**

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

**UNIT HOLDINGS STATISTICS**

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

**CLASS MYR**

<b>Size of unit holdings (units)</b>	<b>No. of unit holders</b>	<b>No. of units held (million)</b>	<b>% of units held</b>
5,000 and below	8	0.02	0.13
5,001 to 10,000	9	0.07	0.38
10,001 to 50,000	10	0.22	1.40
50,001 to 500,000	1	0.11	0.70
500,001 and above	3	15.33	97.39
<b>Total</b>	<b>31</b>	<b>15.75</b>	<b>100.00</b>

## UNIT HOLDINGS STATISTICS (CONTINUED)

## CLASS MYR-H

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	119	0.30	0.19
5,001 to 10,000	118	1.05	0.66
10,001 to 50,000	569	17.55	10.96
50,001 to 500,000	745	107.37	67.04
500,001 and above	39	33.88	21.15
<b>Total</b>	<b>1,590</b>	<b>160.15</b>	<b>100.00</b>

## CLASS SGD-H

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	1	0.00	-
5,001 to 10,000	-	-	-
10,001 to 50,000	-	-	-
50,001 to 500,000	-	-	-
500,001 and above	-	-	-
<b>Total</b>	<b>1</b>	<b>0.00</b>	<b>-</b>

## CLASS USD

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	1	-	-
5,001 to 10,000	-	-	-
10,001 to 50,000	-	-	-
50,001 to 500,000	1	0.23	100.00
500,001 and above	-	-	-
<b>Total</b>	<b>2</b>	<b>0.23</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 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 MILLENNIAL 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 audited financial statements set out on pages 18 to 48 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position of the Fund as at 30 June 2019 and of its financial performance, changes in net assets attributable to unit holders and cash flows for the financial period from 31 May 2018 (date of launch) to 30 June 2019 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

14 August 2019

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

We have acted as Trustee for CIMB-Principal Millennial Equity Fund (the "Fund") for the financial period from 31 May 2018 (date of launch) to 30 June 2019. To the best of our knowledge, for the financial period under review, Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) has operated and managed the Fund in accordance with the following:-

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

For Deutsche Trustees Malaysia Berhad

**Ng Hon Leong**  
Head, Trustee Operations

**Richard Lim Hock Seng**  
Chief Executive Officer

Kuala Lumpur  
14 August 2019



**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF  
CIMB-PRINCIPAL MILLENNIAL EQUITY FUND**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Our opinion

In our opinion, the financial statements of CIMB-Principal Millennial Equity Fund (the "Fund") give a true and fair view of the financial position of the Fund as at 30 June 2019, and of its financial performance and its cash flows for the financial period from 31 May 2018 (date of launch) to 30 June 2019 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 30 June 2019, and the statement of comprehensive income, statement of changes in net assets attributable to unit holders and statement of cash flows for the financial period from 31 May 2018 (date of launch) to 30 June 2019, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 18 to 48.

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 MILLENNIAL EQUITY 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 Standards in Malaysia. 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 MILLENNIAL EQUITY 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 MILLENNIAL EQUITY 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  
14 August 2019

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD FROM 31 MAY 2018 (DATE OF LAUNCH) TO 30 JUNE 2019**

	Note	31.05.2018 (date of launch) to 30.06.2019 USD
<b>LOSS</b>		
Dividend income		489,559
Net loss on financial assets at fair value through profit or loss	7	(108,308)
Net loss on derivative assets at fair value through profit or loss	10	(709,114)
Net foreign exchange loss		(525,987)
		<u>(853,850)</u>
<b>EXPENSES</b>		
Management fee	4	616,133
Trustee's and custodian fees	5	24,713
Audit fee		3,687
Tax agent's fee		1,880
Transaction costs		186,461
Other expenses		119,131
		<u>952,005</u>
<b>LOSS BEFORE TAXATION</b>		(1,805,855)
Taxation	6	<u>-</u>
<b>DECREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>(1,805,855)</u>
Decrease in net assets attributable to unit holders are made up as follows:		
Realised amount		(4,099,380)
Unrealised amount		2,293,525
		<u>(1,805,855)</u>

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

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

	Note	30.06.2019 USD
<b>ASSETS</b>		
Cash and cash equivalents	8	968,359
Financial assets at fair value through profit or loss	7	39,313,610
Amount due from stockbrokers		6,053,193
Amount due from Manager		84,798
Derivative assets at fair value through profit or loss	10	382,581
Dividends receivable		26,651
<b>TOTAL ASSETS</b>		<u>46,829,192</u>
<b>LIABILITIES</b>		
Amount due to stockbrokers		6,032,907
Amount due to Manager		532,700
Accrued management fee		58,555
Amount due to Trustee		1,789
Other payables and accruals		4,220
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)</b>		<u>6,630,171</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>40,199,021</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>40,199,021</u>

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

**STATEMENT OF FINANCIAL POSITION (CONTINUED)  
AS AT 30 JUNE 2019**

	Note	30.06.2019 USD
<b>REPRESENTED BY:</b>		
<b>FAIR VALUE OF OUTSTANDING UNITS (USD)</b>		
- Class MYR		3,721,572
- Class MYR-H		36,248,463
- Class SGD-H		684
- Class USD		<u>228,302</u>
		<u>40,199,021</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>		
- Class MYR		15,746,310
- Class MYR-H		160,149,908
- Class SGD-H		1,000
- Class USD		<u>234,727</u>
	<b>9</b>	<u>176,131,945</u>
<b>NET ASSET VALUE PER UNIT (USD)</b>		
- Class MYR		0.2363
- Class MYR-H		0.2263
- Class SGD-H		0.6842
- Class USD		<u>0.9726</u>
<b>NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES</b>		
- Class MYR		0.9761
- Class MYR-H		0.9347
- Class SGD-H		0.9256
- Class USD		<u>0.9726</u>

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

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS  
FOR THE FINANCIAL PERIOD FROM 31 MAY 2018 (DATE OF LAUNCH) TO 30 JUNE 2019**

**31.05.2018  
(date of launch)  
to 30.06.2019  
USD**

**NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE  
BEGINNING OF THE FINANCIAL PERIOD** -

Movement due to units created and cancelled during the financial period:

- Creation of units from applications	
- Class MYR	4,457,397
- Class MYR-H	49,430,571
- Class SGD-H	640
- Class USD	221,673
	54,110,281
- Cancellation of units	
- Class MYR	(797,619)
- Class MYR-H	(11,307,786)
	(12,105,405)

Decrease in net assets attributable to unit holders during the financial period	
	(1,805,855)

<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL PERIOD</b>	
	40,199,021

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



**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD FROM 31 MAY 2018 (DATE OF LAUNCH) TO 30 JUNE 2019**

	<b>31.05.2018</b> <b>(date of</b> <b>launch) to</b> <b>30.06.2019</b>
<b>Note</b>	<b>USD</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Proceeds from disposal of quoted securities	46,777,756
Purchase of quoted securities	(86,406,418)
Dividend income received	347,224
Management fee paid	(557,578)
Trustee's and custodian fees paid	(22,924)
Payments for other fees and expenses	(4,767)
Net realised exchange loss	(525,820)
Net realised loss on forward foreign currency contracts	(1,091,695)
<b>Net cash used in operating activities</b>	<u>(41,484,222)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Cash proceeds from units created	54,025,741
Payments for cancellation of units	(11,575,354)
<b>Net cash generated from financing activities</b>	<u>42,450,387</u>
Net increase in cash and cash equivalents	966,165
Cash and cash equivalents at the beginning of the financial period	-
Effect of foreign currency exchange	2,194
Cash and cash equivalents at the end of the financial period	<u>968,359</u>
<u>Cash and cash equivalents comprised of:</u>	
Bank balances	<b>8</b> <u>968,359</u>
Cash and cash equivalents at the end of the financial period	<u>968,359</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 PERIOD FROM 31 MAY 2018 (DATE OF LAUNCH) TO 30 JUNE 2019****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES**

CIMB-Principal Millennial Equity Fund (the “Fund”) was constituted pursuant to the execution of a Deed dated 10 May 2018 (the “Deed”), made between Principal Asset Management Berhad (formerly known as *CIMB-Principal Asset Management Berhad*) (the “Manager”) and Deutsche Trustees Malaysia Berhad (the “Trustee”).

The principal activity of the Fund is to achieve its objective by investing in global equity of companies that are impacted by the spending and lifestyle activities of the Millennial generation, which refers to people born from 1980 to the mid-2000s. The investment universe includes listed securities as well as IPOs. The universe is broadly defined as global all-country and all-cap, across the full market capitalization spectrum (small, medium and large). The Fund is expected to have a growth bias overall, including both growth and value oriented companies over time. Market segments with the greatest Millennial exposure are likely to include, without limitation, consumer goods (including fashion and apparel), social media and e-commerce, and digital media and technology.

Under normal circumstances, the Fund invests a maximum of 98% of its NAV in equities. The Fund may opt to access into equities via the investment in units of other collective investment scheme. The Fund currently does not intend to invest in warrants. The Fund may also invest in derivative instruments for hedging purpose, subject to the prevailing SC Guidelines.

The asset allocation strategy for this Fund is as follows:

- between 70% to 98% (both inclusive) of the Fund’s NAV will be invested in equities; and
- at least 2% of the Fund’s NAV in liquid assets.

The Manager has appointed Principal Global Investors (“PGI”), a company incorporated in the United States, as the Sub-Manager of the Fund. PGI will be responsible for the investment management function of the fund in accordance with the investment objective and within the investment parameters, restrictions and limits of this Fund.

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### (a) Basis of preparation

The financial statements have been prepared in accordance with the provisions of the MFRS and IFRS.

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

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

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

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

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 July 2019

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

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

The Fund will apply these 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.

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

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

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

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

Derivatives are financial assets/liabilities at fair value through profit or loss unless they are designated hedges (Note 2(k)).

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

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

Recognition and measurement

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

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

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

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

Unrealised gains or losses arising from changes in 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.

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

Foreign quoted securities outside Malaysia are valued at the last traded market price quoted on the respective foreign stock exchanges at the close of the business day of the respective foreign stock exchanges.

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

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

Impairment for assets carried at amortised costs

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

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

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

**(c) Income recognition**

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

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

**(d) Foreign currency**

Functional and presentation currencies

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 USD, 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 USD primarily due to the following factors:

- i) Significant portion of the Fund’s expenses are denominated in USD; and
- ii) Significant portion of the cash is denominated in USD for the purpose of making settlement of foreign trades; and
- iii) Significant portion of the Fund’s investments are denominated in USD.

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 period-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 flows, cash and cash equivalents comprise bank balances which are subject to an insignificant risk of changes in value.

**(f) Taxation**

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

Tax on dividend income from foreign quoted securities is based on the tax regime of the respective countries that the Fund invests in.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(g) Increase/Decrease in net assets attributable to unit holders**

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

**(h) Transaction costs**

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

**(i) Unit holders' contributions**

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 four classes of units, known respectively as Class MYR, Class MYR-H, Class SGD-H and Class USD, which are cancelled at the unit holder's option, do not have identical features subject to restrictions as stipulated in the Prospectus and SC's 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 units 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.

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

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(k) Derivative financial instruments**

A derivative financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavorable.

The Fund's derivative financial instruments comprise forward foreign exchange contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the date of statements of financial position, with the resulting value discounted back to present value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held-for-trading and accounted for in accordance with the accounting policy set out in Note 2(b).

**(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 judgments in applying accounting policies**

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

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

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

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



**3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES**

Financial instruments of the Fund are as follows:

	<b>Financial assets at fair value through profit or loss USD</b>	<b>Financial assets at amortised cost USD</b>	<b>Total USD</b>
<b>2019</b>			
Cash and cash equivalents (Note 8)	-	968,359	968,359
Quoted securities (Note 7)	39,313,610	-	39,313,610
Amount due from stockbrokers	-	6,053,193	6,053,193
Amount due from Manager	-	84,798	84,798
Derivative assets	382,581	-	382,581
Dividends receivable	-	26,651	26,651
	<u>39,696,191</u>	<u>7,133,001</u>	<u>46,829,192</u>

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

The Fund aims to achieve capital appreciation over the medium to long term through investments primarily in a portfolio of global equities.

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

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

**(a) Market risk**

**(i) Price risk**

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

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

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

(a) **Market risk (continued)**

(i) **Price risk (continued)**

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

	<b>2019 USD</b>
Financial assets at fair value through profit or loss:	
- Quoted securities	39,313,610

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

% Change in price of quoted securities	Market value USD	Impact on profit or loss/NAV USD
<b>2019</b>		
-5%	37,347,929	(1,965,681)
0%	39,313,610	-
5%	41,279,291	1,965,681

(ii) **Currency risk**

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

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

(a) Market risk (continued)

(ii) Currency risk (continued)

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 USD	Financial assets at fair value through profit or loss USD	Amount due from stock-brokers USD	Amount due from Manager USD	Derivative assets USD	Dividends receivable USD	Total USD
<b>2019</b>							
EUR	-	4,376,538	126,451	-	-	-	4,502,989
GBP	-	2,703,468	29,712	-	-	1,896	2,735,076
HKD	-	1,821,617	516,905	-	-	7,294	2,345,816
JPY	-	1,360,859	121,605	-	-	-	1,482,464
MYR	195,170	-	-	84,798	382,581	-	662,549
SEK	-	2,044,122	547,272	-	-	-	2,591,394
SGD	1	-	-	-	-	-	1
ZAR	-	821,364	-	-	-	-	821,364
	195,171	13,127,968	1,341,945	84,798	382,581	9,190	15,141,653

**Financial liabilities**

	Amount due to stock-brokers USD	Amount due to Manager USD	Other payables USD	Net assets attributable to unit holders USD	Total USD
<b>2019</b>					
EUR	49,760	-	-	-	49,760
GBP	321,897	-	-	-	321,897
HKD	69,927	-	-	-	69,927
MYR	-	532,700	4,220	39,970,035	40,506,955
SEK	1,051,247	-	-	-	1,051,247
SGD	-	-	-	684	684
	1,492,831	532,700	4,220	39,970,719	42,000,470

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 each reporting period. 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. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change in foreign exchange rate %	Impact on profit after tax/NAV USD
<b>2019</b>		
EUR	+/- 5	+/- 222,661
GBP	+/- 5	+/- 120,659
HKD	+/- 5	+/- 113,794
JPY	+/- 5	+/- 74,123
MYR	+/- 5	+/- 1,992,220
SEK	+/- 5	+/- 77,007
SGD	+/- 5	+/- 34
ZAR	+/- 5	+/- 41,068
		+/- 2,641,566

(b) Credit risk

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

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

For amount due from Manager, 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.

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

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

The following table sets out the credit risk concentration of the Fund:

	Cash and cash equivalents USD	Amount due from stock- brokers USD	Amount due from Manager USD	Derivative assets USD	Dividends receivable USD	Total USD
<b>2019</b>						
Consumer discretionary						
- Not Rated	-	-	-	-	15,530	15,530
Finance						
- Deutsche Bank Malaysia Bhd (AAA)	968,359	-	-	-	-	968,359
- AAA	-	-	-	382,581	-	382,581
- A+	-	4,711,248	-	-	-	4,711,248
- A2	-	703,435	-	-	-	703,435
- A3	-	516,905	-	-	-	516,905
- Not Rated	-	121,605	84,798	-	-	206,403
Information technology						
- Not Rated	-	-	-	-	5,146	5,146
Real Estate						
- Not Rated	-	-	-	-	3,389	3,389
Telecommunication services						
- Not Rated	-	-	-	-	2,586	2,586
	<u>968,359</u>	<u>6,053,193</u>	<u>84,798</u>	<u>382,581</u>	<u>26,651</u>	<u>7,515,582</u>

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

(c) Liquidity risk

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

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise bank balances which are capable of being converted into cash within 7 business days.

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.

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.

	Less than 1 month USD	Between 1 month to 1 year USD	Total USD
<b>2019</b>			
Amount due to stockbrokers	6,032,907	-	6,032,907
Amount due to Manager	532,700	-	532,700
Accrued management fee	58,555	-	58,555
Amount due to Trustee	1,789	-	1,789
Other payables and accruals	-	4,220	4,220
Net assets attributable to unit holders*	40,199,021	-	40,199,021
<b>Contractual undiscounted cash flows</b>	46,824,972	4,220	46,829,192

\* Outstanding units are redeemed on demand at the unit holder's option. However, the Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

(d) Capital risk management

The capital of the Fund is represented by net assets attributable to unit holders of USD40,199,021. The amount of capital can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

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

#### (e) Fair value estimation

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

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

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

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

#### (i) Fair value hierarchy

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

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

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

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

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

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

The determination of what constitutes 'observable' requires significant judgment 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 USD	Level 2 USD	Level 3 USD	Total USD
<b>30.06.2019</b>				
Financial assets at fair value through profit or loss:				
- Quoted securities	39,313,610	-	-	39,313,610
- Forward foreign currency contracts	-	382,581	-	382,581
	<u>-</u>	<u>382,581</u>	<u>-</u>	<u>382,581</u>

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1 include quoted securities. The Fund does not adjust the quoted prices for these instruments.

Financial instruments that trade in markets that are considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. This include forward foreign currency contracts. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. 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 liabilities are a reasonable approximation of their fair values due to their short term nature.

4. MANAGEMENT FEE

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

For the financial period from 31 May 2018 (date of launch) to 30 June 2019, the management fee for the respective classes is recognised at the following rates:

Class MYR	Class MYR-H	Class SGD-H	Class USD
1.80%	1.80%	1.80%	1.80%

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



**5. TRUSTEE’S AND CUSTODIAN FEES**

In accordance with the Deed, the Trustee is entitled to a maximum fee of 0.06% per annum, (including local custodian fee but excluding foreign sub-custodian fee and charges) on the NAV of the Fund. The foreign sub-custodian fee and charges is dependent on the country invested and is charged monthly in arrears.

For the financial period from 31 May 2018 (date of launch) to 30 June 2019, the Trustee’s fee is recognised at the rate of 0.055% per annum

For the financial period from 31 May 2018 (date of launch) to 30 June 2019, the foreign sub-custodian fee amounted to USD5,887.

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

**6. TAXATION**

	<b>31.05.2018 (date of launch) to 30.06.2019 USD</b>
Tax charged for the financial period:	
- Current taxation	<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>31.05.2018 (date of launch) to 30.06.2019 USD</b>
Loss before taxation	<u>(1,805,855)</u>
Taxation at Malaysian statutory rate of 24%	(433,405)
Tax effects of:	
- Investment loss not deductible for tax purposes	204,924
- Expenses not deductible for tax purposes	79,133
- Restriction on tax deductible expenses for Unit Trust Funds	<u>149,348</u>
Taxation	<u><u>-</u></u>

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

	<b>30.06.2019</b>
	<b>USD</b>
At fair value through profit or loss at inception:	
- Quoted securities	<u>39,313,610</u>
	<b>31.05.2018</b>
	<b>(date of</b>
	<b>launch)</b>
	<b>to 30.06.2019</b>
	<b>USD</b>
Net loss on financial assets at fair value through	
profit or loss:	
- Realised loss on disposals	(2,019,419)
- Unrealised fair value gain	<u>1,911,111</u>
	<u>(108,308)</u>

Name of counter	Quantity Units	Aggregate cost USD	Market value USD	Percentage of NAV %
<b>30.06.2019</b>				
<b>QUOTED SECURITIES</b>				
<b>FRANCE</b>				
<b>Telecommunication Services</b>				
Vivendi SA	<u>55,360</u>	<u>1,583,507</u>	<u>1,526,295</u>	<u>3.80</u>
<b>TOTAL FRANCE</b>	<b><u>55,360</u></b>	<b><u>1,583,507</u></b>	<b><u>1,526,295</u></b>	<b><u>3.80</u></b>
<b>GERMANY</b>				
<b>Consumer Discretionary</b>				
Adidas Ag	<u>7,359</u>	<u>1,685,000</u>	<u>2,275,287</u>	<u>5.66</u>
<b>TOTAL GERMANY</b>	<b><u>7,359</u></b>	<b><u>1,685,000</u></b>	<b><u>2,275,287</u></b>	<b><u>5.66</u></b>
<b>HONG KONG</b>				
<b>Consumer Discretionary</b>				
China YuHua Education Corporation Ltd	<u>2,284,000</u>	<u>993,622</u>	<u>994,022</u>	<u>2.47</u>
Li Ning Co. Ltd	<u>351,000</u>	<u>596,276</u>	<u>827,595</u>	<u>2.06</u>
	<u>2,635,000</u>	<u>1,589,898</u>	<u>1,821,617</u>	<u>4.53</u>
<b>TOTAL HONG KONG</b>	<b><u>2,635,000</u></b>	<b><u>1,589,898</u></b>	<b><u>1,821,617</u></b>	<b><u>4.53</u></b>

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

Name of counter	Quantity Units	Aggregate cost USD	Market value USD	Percentage of NAV %
<b>30.06.2019 (CONTINUED)</b>				
<b>QUOTED SECURITIES</b>				
<b>(CONTINUED)</b>				
<b>JAPAN</b>				
<b>Consumer Discretionary</b>				
Fast Retailing Co., Ltd.	300	174,154	181,353	0.45
<b>Information Technology</b>				
Sony Corporation	22,500	1,093,902	1,179,506	2.94
<b>TOTAL JAPAN</b>	<b>22,800</b>	<b>1,268,056</b>	<b>1,360,859</b>	<b>3.39</b>
<b>NETHERLANDS</b>				
<b>Financials</b>				
Adyen N.V.	744	565,885	574,956	1.43
<b>TOTAL NETHERLANDS</b>	<b>744</b>	<b>565,885</b>	<b>574,956</b>	<b>1.43</b>
<b>SOUTH AFRICA</b>				
<b>Telecommunication Services</b>				
Naspers Limited	3,385	768,402	821,364	2.04
<b>TOTAL SOUTH AFRICA</b>	<b>3,385</b>	<b>768,402</b>	<b>821,364</b>	<b>2.04</b>
<b>SWEDEN</b>				
<b>Consumer Discretionary</b>				
Aktiebolaget Electrolux	13,362	327,710	341,821	0.85
Hennes & Mauritz AB (H&M)	95,494	1,666,184	1,702,301	4.24
<b>TOTAL SWEDEN</b>	<b>108,856</b>	<b>1,993,894</b>	<b>2,044,122</b>	<b>5.09</b>

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

Name of counter	Quantity Units	Aggregate cost USD	Market value USD	Percentage of NAV %
<b>30.06.2019 (CONTINUED)</b>				
<b>QUOTED SECURITIES (CONTINUED)</b>				
<b>UNITED KINGDOM</b>				
<b>Consumer Discretionary</b>				
Boohoo Group PLC	361,473	1,074,431	973,689	2.42
JD Sports Fashion PLC	107,245	638,431	800,193	1.99
	<u>468,718</u>	<u>1,712,862</u>	<u>1,773,882</u>	<u>4.41</u>
<b>Telecommunication Services</b>				
Rightmove PLC	136,633	874,414	929,586	2.31
<b>TOTAL UNITED KINGDOM</b>	<b><u>605,351</u></b>	<b><u>2,587,276</u></b>	<b><u>2,703,468</u></b>	<b><u>6.72</u></b>
<b>UNITED STATES</b>				
<b>Consumer Discretionary</b>				
Alibaba Group Holding Ltd	4,229	731,271	716,604	1.78
Amazon.Com, Inc.	122	213,431	231,023	0.58
Bright Horizons Family Solutions Inc.	1,606	240,525	242,297	0.60
Carter's, Inc.	9,321	860,531	909,170	2.26
Deckers Outdoor Corporation	4,573	535,161	804,711	2.00
Ebay Inc.	5,670	210,086	223,965	0.56
Lowe's Companies, Inc.	10,028	1,120,546	1,011,925	2.52
Lululemon Athletica Inc.	562	101,281	101,278	0.25
New Oriental Education & Technology Group Inc.	1,226	117,340	118,407	0.29
Nike, Inc.	11,932	997,678	1,001,692	2.49
Starbucks Corporation	12,505	908,535	1,048,293	2.61
TAL Education Group	2,631	100,215	100,241	0.25
The Home Depot, Inc.	8,235	1,604,858	1,712,633	4.26
Toll Brothers, Inc.	25,316	924,654	927,072	2.31
	<u>97,956</u>	<u>8,666,112</u>	<u>9,149,311</u>	<u>22.76</u>
<b>Consumer Staples</b>				
Molson Coors Brewing Company	18,182	1,145,815	1,018,192	2.53
The Kroger Co.	45,946	1,133,139	997,488	2.48
	<u>64,128</u>	<u>2,278,954</u>	<u>2,015,680</u>	<u>5.01</u>

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

Name of counter	Quantity Units	Aggregate cost USD	Market value USD	Percentage of NAV %
<b>30.06.2019 (CONTINUED)</b>				
<b>QUOTED SECURITIES (CONTINUED)</b>				
<b>UNITED STATES (CONTINUED)</b>				
<b>Financials</b>				
Discover Financial Services	16,596	1,215,248	1,287,684	3.20
LexinFintech Holdings Ltd.	12,369	160,609	138,038	0.35
PayPal Holdings, Inc.	3,943	440,435	451,316	1.12
	<u>32,908</u>	<u>1,816,292</u>	<u>1,877,038</u>	<u>4.67</u>
<b>Information Technology</b>				
Apple Inc	5,129	997,917	1,015,132	2.53
Baozun Inc.	3,268	136,572	162,943	0.41
Cornerstone OnDemand, Inc.	8,760	495,415	507,467	1.26
Hewlett-Packard Enterprise	38,667	817,131	803,887	2.00
Microsoft Corporation	7,817	932,033	1,047,165	2.60
Momo Inc.	1,113	45,735	39,846	0.10
	<u>64,754</u>	<u>3,424,803</u>	<u>3,576,440</u>	<u>8.90</u>
<b>Real Estate</b>				
AvalonBay Communities, Inc.	3,186	642,198	647,332	1.61
<b>Telecommunication Services</b>				
Booking Holdings Inc.	486	933,730	911,108	2.27
CBS Corporation	21,008	1,006,581	1,048,299	2.61
Ctrip.Com International, Ltd.	39,218	1,607,066	1,447,536	3.60
Facebook, Inc.	736	137,821	142,048	0.35
IAC/InterActiveCorp	7,662	1,625,775	1,666,715	4.15
Match Group, Inc.	23,069	1,088,879	1,551,852	3.86
MSG Networks Inc.	43,997	915,049	912,498	2.27
YY Inc.	17,790	1,217,321	1,239,785	3.08
	<u>153,966</u>	<u>8,532,222</u>	<u>8,919,841</u>	<u>22.19</u>
<b>TOTAL UNITED STATES</b>	<b><u>416,898</u></b>	<b><u>25,360,581</u></b>	<b><u>26,185,642</u></b>	<b><u>65.14</u></b>

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

Name of counter	Quantity Units	Aggregate cost USD	Market value USD	Percentage of NAV %
<b>30.06.2019 (CONTINUED)</b>				
<b>QUOTED SECURITIES (CONTINUED)</b>				
<b>TOTAL QUOTED SECURITIES</b>	<b><u>3,855,753</u></b>	<b>37,402,499</b>	<b><u>39,313,610</u></b>	<b><u>97.80</u></b>
<b>ACCUMULATED UNREALISED GAIN ON QUOTED SECURITIES</b>		<b><u>1,911,111</u></b>		
<b>TOTAL QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u><u>39,313,610</u></u></b>		

8. CASH AND CASH EQUIVALENTS

	<b>30.06.2019</b>
	<b>USD</b>
Bank balances	<b><u>968,359</u></b>

9. NUMBER OF UNITS IN CIRCULATION (UNITS)

	<b><u>30.06.2019</u></b>
	<b>No. of units</b>
Class MYR (i)	15,746,310
Class MYR-H (ii)	160,149,908
Class SGD-H (iii)	1,000
Class USD (iv)	<b><u>234,727</u></b>
	<b><u>176,131,945</u></b>

9. NUMBER OF UNITS IN CIRCULATION (UNITS) (CONTINUED)

(i) Class MYR	<b>31.05.2018</b> <b>(date of launch)</b> <b>to 30.06.2019</b> <hr/> <b>No. of units</b>
At the beginning of the financial period	-
Add: Creation of units from applications	19,164,299
Less: Cancellation of units	(3,417,989)
At the end of the financial period	<u>15,746,310</u>
(ii) Class MYR-H	<b>31.05.2018</b> <b>(date of launch)</b> <b>to 30.06.2019</b> <hr/> <b>No. of units</b>
At the beginning of the financial period	-
Add: Creation of units from applications	211,577,885
Less: Cancellation of units	(51,427,977)
At the end of the financial period	<u>160,149,908</u>
(iii) Class SGD-H	<b>31.05.2018</b> <b>(date of launch)</b> <b>to 30.06.2019</b> <hr/> <b>No. of units</b>
At the beginning of the financial period	-
Add: Creation of units from applications	1,000
At the end of the financial period	<u>1,000</u>
(iv) Class USD	<b>31.05.2018</b> <b>(date of launch)</b> <b>to 30.06.2019</b> <hr/> <b>No. of units</b>
At the beginning of the financial period	-
Add: Creation of units from applications	234,727
At the end of the financial period	<u>234,727</u>

**10. DERIVATIVE ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>30.06.2019</b>
	<b>USD</b>
Forward foreign currency contracts	<u>382,581</u>
	<b>31.05.2018</b>
	<b>(date of</b>
	<b>launch)</b>
	<b>to 30.06.2019</b>
	<b>USD</b>
Net loss on derivative assets at fair value through profit or loss:	
- Net realised loss on forward foreign currency contracts	(1,091,695)
- Net unrealised gain on forward foreign currency contracts	<u>382,581</u>
	<u>(709,114)</u>

As at 30 June 2019, there are total of five outstanding USD/Malaysian Ringgit (“MYR”) and USD/Singapore Dollar (“SGD”) forward foreign currency contracts. The notional principal amount of the outstanding forward foreign currency contracts amounting to USD37,063,824.

The forward foreign currency contracts is entered into during the financial period to minimise the risk of foreign exchange exposure between the USD and the R and SGD for the Fund.

As the Fund has not adopted hedge accounting during the financial period, any changes in the fair value of the forward currency contract are recognised immediately in the statement of comprehensive income during the financial period.

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

	<b>31.05.2018</b>
	<b>(date of</b>
	<b>launch) to</b>
	<b>30.06.2019</b>
	<b>%</b>
MER	<u>1.95</u>

MER is derived based on the following calculation:

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

- A = Management fee
- B = Trustee’s and custodian fees
- C = Audit fee
- D = Tax Agent’s fee
- E = Other expenses excluding Goods and Services Tax (“GST”) on transaction cost and withholding tax
- F = Average NAV of the Fund calculation on a daily basis

The average NAV of the Fund for the financial period calculated on a daily basis is USD33,296,915.



12. PORTFOLIO TURNOVER RATIO (“PTR”)

**31.05.2018**  
**(date of**  
**launch)**  
**to 30.06.2019**  
2.18

PTR (times)

PTR is derived from the following calculation:

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

where:

total acquisition for the financial period = USD92,332,819

total disposal for the financial period = USD52,910,902

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 shareholder of 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

	31.05.2018 (date of launch) to 30.06.2019	
	No. of units	USD
<b>Manager</b>		
Principal Asset Management Berhad (formerly known as CIMB-Principal Asset Management Berhad)		
- Class MYR	9,063	2,142
- Class MYR-H	1,937	438
- Class SGD	1,000	684
- Class USD	1,000	973

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

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

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

**14. TRANSACTIONS WITH BROKERS**

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

Brokers	Value of trades USD	Percentage of total trades %	Brokerage fees USD	Percentage of brokerage fees %
Morgan Stanley	17,375,899	11.96	8,765	7.79
Barclays Investment Bank	15,242,305	10.49	18,175	16.15
Goldman Sachs & Co. LLC	14,871,462	10.24	4,706	4.18
Robert W. Baird & Co.	4,858,171	3.34	7,287	6.47
Bank of America Merrill Lynch International Ltd	4,635,524	3.19	3,469	3.08
Wolfe Trahan Securities	4,626,895	3.19	6,940	6.17
UBS AG London Branch	3,881,230	2.67	1,217	1.08
J.P. Morgan Securities, Inc.	3,844,313	2.65	3,877	3.44
Investment Technology Group, Inc.	3,800,132	2.62	2,748	2.44
Wells Fargo & Co.	3,762,939	2.59	1,881	1.67
Others	68,344,851	47.06	53,478	47.53
	<u>145,243,721</u>	<u>100.00</u>	<u>112,543</u>	<u>100.00</u>

**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 Fund aims to achieve capital appreciation over the medium to long term through investments primarily in a portfolio of global equities. The reportable operating segment derives its income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within the portfolio. These returns consist of dividend income earned from investments and gains on the appreciation in the value of investments.

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

**16. COMPARATIVES**

There are no comparatives as this is the Fund's first set of financial statements.

**17. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements have been approved for issue by the Manager on 14 August 2019.

## DIRECTORY

### Head office of the Manager

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

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### E-mail address

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### General investment enquiries

(03) 7718 3000

### Trustee for the CIMB-Principal Millennial Equity Fund

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### Auditors of the Fund and of the Manager

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Principal Asset Management Berhad (304078-K)  
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