

CIMB-Principal Total Return Bond Fund 5

Unaudited Interim Report

For The Six Months Financial Period Ended 31 October 2019

CIMB-PRINCIPAL TOTAL RETURN BOND FUND 5

UNAUDITED INTERIM REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2019

CONTENTS	PAGE(S)
INVESTORS' LETTER	1
MANAGER'S REPORT	2 - 8
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	9
TRUSTEE'S REPORT	10
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME	11
UNAUDITED STATEMENT OF FINANCIAL POSITION	12
UNAUDITED STATEMENT OF CHANGES IN EQUITY	13
UNAUDITED STATEMENT OF CASH FLOWS	14
NOTES TO THE FINANCIAL STATEMENTS	15 - 36
DIRECTORY	37

INVESTORS' LETTER

Dear Valued Investors,

Thank you for your continued support and for the confidence that you have placed in us.

Don't miss out on the Private Retirement Schemes ("PRS") Tax Relief for 2019. As you are well aware, you can enjoy personal tax relief for the first RM3,000 per year until 2021, on top of the RM6,000 per year tax relief for the mandatory retirement savings contribution and life insurance premiums. This could be as much as RM840 per year¹ (depending on your tax bracket).

The tax incentive that is available for a period of 10 years, ending year 2021 was specially introduced to encourage you to save more for your retirement.

Why retirement savings is crucial?

1. Longer lifespan

The average Malaysian is expected to live beyond 75 years. The longer you live, the greater the risk of outliving your retirement income.

2. Inflation Challenge

Over the course of time, the impact of inflation can be significant, and it may reduce your purchasing power. Rising costs of living and healthcare are important factors to consider.

3. Inadequacy of Saving

59% of EPF active members in 2016 do not achieve basic savings requirement for retirement. You want to be able to sustain your current lifestyle.

As of October 2019, our Assets under Management ("AUM") stood at RM57.53 billion.

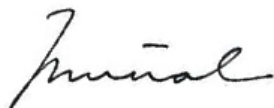
Thank you for your continuous support and allowing us to help you achieve your financial goals and live your best life.

Thank you.

Yours faithfully,

for **Principal Asset Management Berhad**

(formerly known as CIMB-Principal Asset Management Berhad)



Munirah Khairuddin

Chief Executive Officer

¹ www.ppa.my

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

The Fund aims to provide investors with total return through investments in a portfolio of primarily debt instruments.

Has the Fund achieved its objective?

For the financial period under review, the Fund is in line with its stated objectives as stated under the fund performance review

What are the Fund investment policy and principal investment strategy?

The Fund seeks to achieve its investment objective by investing up to 100% of its Net Asset Value ("NAV") in a diversified portfolio consisting of debt instruments, money market instruments and/or Deposits.

The Fund will invest at least 70% of its NAV in debt instruments issued by governments, government agencies, supranational organisations and corporate issuers, which include but not limited to bonds and other fixed or floating rate debt instruments, certificates of deposit, commercial papers and notes. The Fund will also invest in Liquid Assets for liquidity purposes.

In order to maximise the total return, the Fund may invest up to 99% of its NAV in Locally Rated Securities. Up to 40% of the Fund's NAV may be invested in High Yield Securities and Unrated Securities for yield enhancement of which up to 20% of the Fund's NAV in Unrated Securities. When deemed necessary, the Manager may also utilise derivative instruments such as forward contracts, options, futures contracts and/or swap agreements for the purpose of hedging. The use of derivatives is subject to the prevailing Securities Commission Malaysia ("SC") Guidelines.

Investment universe of the Fund will be in countries globally, where the regulatory authority is an ordinary or associate member of the International Organisation of Securities Commissions ("IOSCO"). Where necessary, the Manager will apply for licenses/permits to invest in these countries, and if the licenses/permits are revoked or not renewed (as the case may be) the Manager will seek to invest in other accessible markets.

As this is a close-ended fund, the Manager will buy the debt instruments with the intention of holding through the tenure of the Fund or until the debt instruments mature. However, the Manager reserves the right to deal with the debt instruments in the best interest of the Unit holders, such as (i) in the event of a credit rating downgrade or during market upheavals where the Manager is of the opinion that trading of the debt instruments is required to protect the investment return of the Fund (nevertheless the Manager can continue to hold the downgraded debt instruments if the immediate disposal of the debt instruments would not be in the best interest of the Unit holders), and (ii) where the Manager deems that the trading of debt instruments is necessary to provide the investment return in order to achieve the objective of the Fund.

Further, for debt instruments that mature during the three (3) months period to the Maturity Date, the Manager will seek to reinvest into other debt instruments for the remaining period to the Maturity Date. However, in the event that the Manager is not able to find suitable replacement debt instruments, the Manager will invest in Deposits and/or money market instruments. As such, Unit holders should note that during this period of time, the Fund's investment may deviate from the stipulated investment strategy.

FUND OBJECTIVE AND POLICY (CONTINUED)

Fund category/type

Debenture (close-ended)/Growth

How long should you invest for?

Recommended three (3) years

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

High

When was the Fund launched?

13 December 2016

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

RM120.43 million (114.17million units)

What is the Fund's benchmark?

3-year CIMB Bank fixed deposit rate at the Commencement Date

The Fund shall benchmark itself against the fixed deposit rate for performance comparison purpose only. Since the Fund may invests across various debt instruments of different ratings, investors are cautioned that the risk profile of the Fund is higher than investing in fixed deposits; hence, investors should expect the Fund to outperform the benchmark.

What is the Fund distribution policy?

Given the Fund's investment objective, the Fund is not expected to pay any distribution. Distributions, if any, are at the discretion of the Manager and will vary from period to period depending on the availability of realised income for distribution and performance of the Fund.

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

There was no distribution made for the six months financial period ended 31 October 2019.

PERFORMANCE DATA

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

	31.10.2019	31.10.2018	31.10.2017
		%	%
Unquoted fixed income securities - local	89.14	87.63	87.31
Unquoted fixed income securities - foreign	3.55	7.72	8.37
Cash and other net assets	7.31	4.65	4.32
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	31.10.2019	31.10.2018	31.10.2017
NAV (RM Million)	120.43	125.37	131.20
Units in circulation (Million)	114.17	120.77	126.87
NAV per unit (RM)	1.0547	1.0380	1.0341

	01.05.2019 to 31.10.2019	01.05.2018 to 31.10.2018	13.12.2016 (date of launch) to 31.10.2017
Highest NAV per unit (RM)	1.0547	1.0380	1.0341
Lowest NAV per unit (RM)	1.0212	1.0125	1.0000
Total return (%)	3.35	2.49	3.36
- Capital growth (%)	3.35	2.49	3.36
- Income distribution (%)	-	-	-
Management Expense Ratio ("MER") (%)	0.04	0.04	0.07
Portfolio Turnover Ratio ("PTR") (times) #	0.03	-	0.58

The Fund's PTR for the period under review was 0.03 times. Rebalancing may be done when there are redemptions or potential credit event. There was no transaction for the previous financial period under review hence the PTR was nil.

	31.10.2019	31.10.2018	Since inception to 31.10.2017
		%	%
Annual total return	6.96	4.38	3.36

(Launch date: 13 December 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 MAY 2019 TO 31 OCTOBER 2019)

At the start of the period under review, the domestic interest rate market has gradually priced in a likelihood of interest rate cut by Bank Negara Malaysia (“BNM”) as domestic economic growth and domestic inflation trend weakened. Adding to the odds of interest rate cut is the pause in interest rate hike by the US Federal Reserve (the “Fed”) in 2019 as United States (“US”) growth forecast is also revised downward. The result of such expectation is that the Malaysia Government Securities (“MGS”) curve bullish flattened on the long-end of the yield. The flattening trend was also observed in the credit market where most Issuer’s marked-to-market curve flattened, albeit at a smaller magnitude compared to MGS. As expected, in May 2019 after the release of the BNM Annual Statement that indicates potential slowdown in growth, BNM reduced the policy rate by 25 bps on 7 May 2019. During the month, the MGS yield curve moved lower across mostly all tenures with overall better buying following the OPR cut as well as BNM’s announcement to enhance onshore foreign exchange (“FX”) and bond market with new initiatives.

By July 2019, the Federal Open Market Committee (“FOMC”) lowered the target range for its overnight lending rate to 2% to 2.25% citing “implications of global developments for the economic outlook as well as muted inflation pressures” in its first rate cut since December 2008. Along with the rate cut, the committee also decided to end the reduction of bonds the central bank holds on its balance sheet two months earlier than planned. However, the Fed Chair Jerome Powell had later clarified in his press conference that the cut was “not the beginning of a long series of rate cuts” and referred it as simply a “mid-cycle adjustment”, effectively downplaying expectations for further easing.

At the end of September 2019, there were a slew of policy rate cuts starting with the Fed when it announced a 25 basis points (“bps”) cut in its Fed Fund Rate (“FFR”) to 1.75% to 2.00% and a 30 bps reduction in interest on excess reserves (“IOER”) and in the reverse repo rate as widely expected. The decision to cut is not unanimous with a 7 to 3 split and the latest dot plot suggests policy makers are divided on future rate path with only 7 out of 17 expecting further cut by year end. The median dots in 2019 and 2020 showed no further cuts with hikes in 2021 and 2022. During a news conference following the decision, the Fed Chairman Jerome Powell talked up the strength of the economy, saying that the FFR was cut “in order to provide insurance against risks,” including weak global growth and concerns over trade policy.

Meanwhile over in Europe, the European Central Bank (“ECB”) announced major rate cuts and economic stimulus to revive flagging eurozone growth. The ECB gave a 10 bps cuts in its deposit facility rate to a record low of -0.50% and revived its Euro Dollar (“EUR”) 2.6 trillion bond purchase programme for an unlimited period. Outgoing ECB President Mario Draghi commented that the Eurozone economy is in an extended slowdown and inflation will remain below target. ECB revised its forecast for Eurozone growth down to 1.1% and 1.2% for 2019 and 2020 respectively (from 1.2% and 1.4%) and trimmed its inflation forecast by 10 bps to 1.2% for 2019 and 40 bps to 1.0% for 2020.

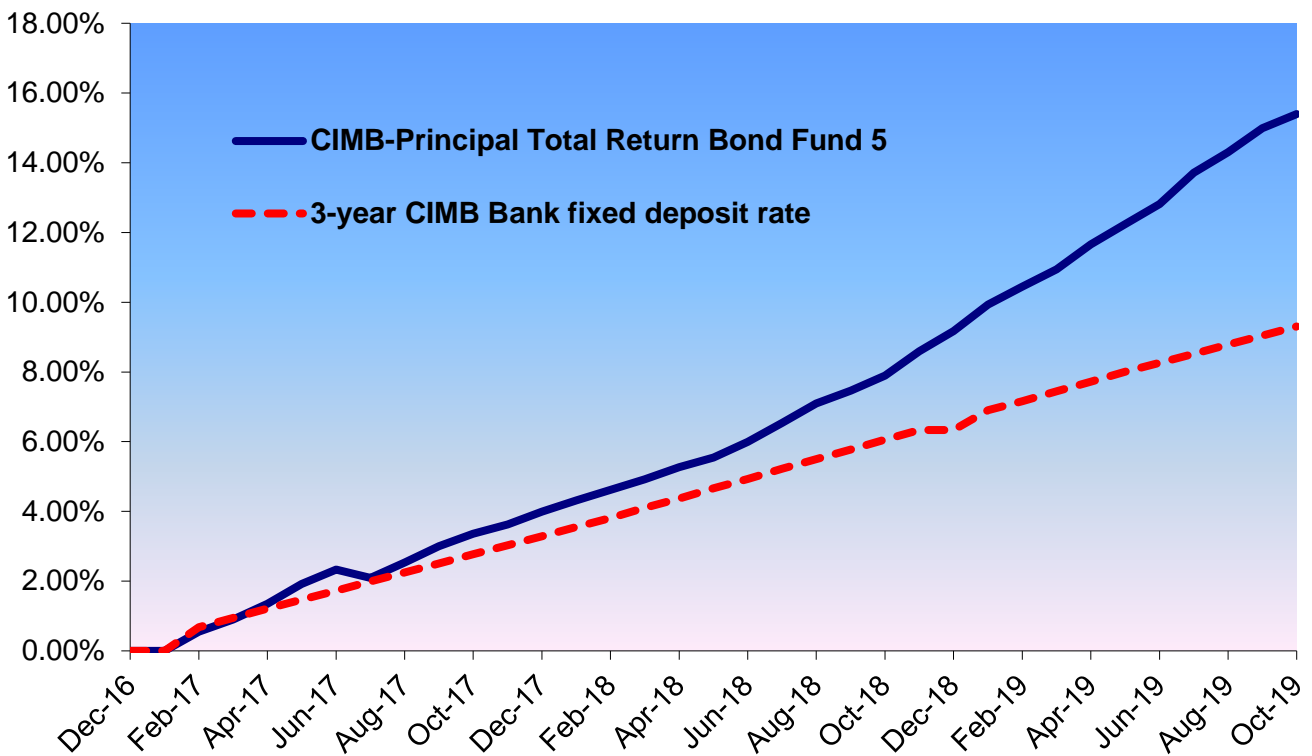
Over in Asia, in line with market consensus, Bank Indonesia (“BI”) cut its key interest rate for a third straight month, bringing the total rate cuts since July 2019 to 75 bps. The 7 days reverse repurchase rate was lowered by 25 bps to 5.25% in the September 2019 meeting. Following along, the Bangko Sentral ng Pilipinas (“BSP”) also reduced its overnight Reverse Repurchase Rate (“RRP”) by another 25 bps to 4% citing a benign inflation outlook. This is the third rate cut in this easing cycle, which began in May, bringing the total to 75 bps.

Lastly, the People’s Bank of China (“PBoC”) also cuts the reserve requirement ratio by 50 bps for almost all financial institutions, with an additional 100 bps Reserve Required Ratio (“RRR”) cut for some city commercial banks. These measures take effect on 16 September 2019. China also reduced its new one-year benchmark lending rate for the second time to 4.20% to guide borrowing costs lower.

FUND PERFORMANCE

	6 months to 31.10.2019	1 year to 31.10.2019	Since inception to 31.10.2019
	%	%	%
Income	-		
Capital	3.35	6.96	15.40
Total Return	3.35	6.96	15.40
Benchmark	1.58	3.24	9.30
Average Total Return	N/A	6.96	15.09

Since inception, the fund has delivered a total return of 15.40% versus the benchmark 3-year CIMB Bank Fixed Deposit Rate return of 9.30%. For the six-month period under review ended 31 October 2019, the Fund delivered a total return of 3.35% versus the benchmark 3-year CIMB Bank Fixed Deposit Rate return of 1.58%.



FUND PERFORMANCE (CONTINUED)**Changes in NAV**

	31.10.2019	30.04.2019 Audited	Changes %
NAV (RM Million)	120.43	118.88	1.30
NAV/Unit (RM)	1.0547	1.0208	3.32

The Fund's NAV stood at RM 120.43 million as at 31 October 2019 with NAV per unit of RM 1.0547, i.e. increased by 3.32% compared to 30 April 2019. The NAV improved from 6 months ago due to better market valuation for the underlying corporate bonds in the portfolio.

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

PORTFOLIO STRUCTURE**Asset allocation**

(% of NAV)	31.10.2019	30.04.2019 Audited
Unquoted fixed income securities – local	89.14	91.86
Unquoted fixed income securities – foreign	3.55	4.92
Cash and other net assets	7.31	3.22
TOTAL	100.00	100.00

As at end October 2019, the Fund was 92.69% invested with 7.31% cash and other net assets as liquidity for redemption purposes. There was increase in cash and other net assets from 3.22% to 7.31% due to combination of accumulation of coupon payments from the corporate bond throughout the 6 months, maturity of bond and sale of the bond ahead of fund maturity.

MARKET OUTLOOK*

Protracted trade tensions between the US and China, sluggish growth in both Europe and Japan coupled with “Brexit” uncertainty as well as unrest in Hong Kong have continued to weigh down global growth. These uncertainties have kept the global government bond yields down.

In Asia, the key uncertainty rests in the trajectory of economic growth in the coming quarters. While global growth continues to slow, central banks in developed markets and Asia have been cutting interest rates in the absence of inflation. Furthermore, several Asian governments, including China are putting in place fiscal stimulus to provide downside support to their economies. These measures for now remain supportive of the bond markets.

* 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

Although we continue to expect volatility going forward, we maintain the Buy & Hold strategy in line with our Fund's objectives for now and to prioritise capital preservation.

UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 31 October 2019 is as follows:

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	1	0.00	0.00
5,001 to 10,000	1	0.01	0.01
10,001 to 50,000	1	0.02	0.02
50,001 to 500,000	-	-	-
500,001 and above	1	114.14	99.97
Total	4	114.17	100.00

SOFT COMMISSIONS AND REBATES

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

During the financial period under review, the Manager and the Trustee did not receive any rebates from the brokers or dealers but the Manager has retained soft commissions 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 TOTAL RETURN BOND FUND 5**

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 11 to 36 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 31 October 2019 and of its financial performance, changes in equity 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 EYZAGUIRREBARAONA
Director

Kuala Lumpur
12 December 2019

**TRUSTEE'S REPORT TO THE UNITHOLDERS OF
CIMB-PRINCIPAL TOTAL RETURN BOND FUND 5**

We have acted as Trustee of CIMB-Principal Total Return Bond Fund 5 (the "Fund") for the financial period ended 31 October 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 Deed, 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 Deed and any regulatory requirements; and
- c) creation and cancellation of units are carried out in accordance with the Deed and any regulatory requirements.

For HSBC (Malaysia) Trustee Berhad

Vicknesan Balakrishnan
Chief Executive Officer

Kuala Lumpur
12 December 2019

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

	Note	01.05.2019 to 31.10.2019 RM	01.05.2018 to 31.10.2018 RM
INCOME			
Interest income from unquoted fixed income securities at fair value through profit and loss		2,978,945	3,119,788
Interest income from deposits with licensed financial institutions at amortised cost and current account		50,701	62,296
Net gain on financial assets at fair value through profit or loss	6	963,032	217,322
Net gain/(loss) on derivative liability at fair value through profit or loss	9	18,790	(15,154)
Net foreign exchange loss		(21,968)	(247,406)
Other income		29,934	34,200
		<u>4,019,434</u>	<u>3,171,046</u>
EXPENSES			
Trustee's and custodian fees	4	34,872	39,738
Audit fee		8,000	8,000
Tax agent's fee		2,000	400
Other expenses		36,716	5,467
		<u>81,588</u>	<u>53,605</u>
PROFIT BEFORE TAXATION		3,937,846	3,117,441
Taxation	5	(19,060)	(7,906)
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		<u>3,918,786</u>	<u>3,109,535</u>
Profit after taxation is made up as follows:			
Realised amount		2,187,273	2,871,164
Unrealised amount		1,731,513	238,371
		<u>3,918,786</u>	<u>3,109,535</u>

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

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

	Note	31.10.2019 RM	30.04.2019 Audited RM
ASSETS			
Cash and cash equivalents	7	8,829,285	1,993,712
Financial assets at fair value through profit or loss	6	111,615,486	117,173,297
Derivative assets		12,029	-
TOTAL ASSETS		<u>120,456,800</u>	<u>119,167,009</u>
LIABILITIES			
Derivative liabilities	9	-	6,761
Amount due to Manager		-	247,286
Amount due to Trustee		4,089	3,924
Other payables and accruals		13,400	21,306
Tax payable		10,311	3,441
TOTAL LIABILITIES		<u>27,800</u>	<u>282,718</u>
NET ASSET VALUE OF THE FUND		<u>120,429,000</u>	<u>118,884,291</u>
EQUITY			
Unit holders' capital		113,766,010	116,140,087
Retained earnings		6,662,990	2,744,204
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>120,429,000</u>	<u>118,884,291</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	8	<u>114,172,370</u>	<u>116,458,979</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.0547</u>	<u>1.0208</u>

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

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

	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 May 2019	116,140,087	2,744,204	118,884,291
Movement in unit holders' contributions:			
- Cancellation of units	(2,374,077)	-	(2,374,077)
Total comprehensive income for the financial period	<u>-</u>	<u>3,918,786</u>	<u>3,918,786</u>
Balance as at 31 October 2019	<u>113,766,010</u>	<u>6,662,990</u>	<u>120,429,000</u>
Balance as at 1 May 2018	124,022,828	1,663,059	125,685,887
Movement in unit holders' contributions:			
- Cancellation of units	(3,427,233)	-	(3,427,233)
Total comprehensive income for the financial period	<u>-</u>	<u>3,109,535</u>	<u>3,109,535</u>
Balance as at 31 October 2018	<u>120,595,595</u>	<u>4,772,594</u>	<u>125,368,189</u>

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

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

	01.05.2019 to 31.10.2019 RM	01.05.2018 to 31.10.2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of unquoted fixed income securities	6,051,950	-
Proceeds from redemption of unquoted fixed income securities	2,000,000	3,000,000
Purchase of unquoted fixed income securities	(2,111,209)	-
Interest income received from unquoted fixed income securities	3,534,525	3,599,350
Interest income received from deposits with licensed financial institutions and current account	50,701	62,296
Trustee's and custodian fees paid	(34,707)	(39,923)
Payments for other fees and expenses	(30,099)	(20,282)
Exit fee income	29,934	34,200
Net realised foreign exchange loss	(39,326)	(248,205)
Tax paid	(12,190)	(3,427)
Net cash generated from operating activities	9,439,579	6,384,009
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	-	-
Payments for cancellation of units	(2,621,363)	(3,516,287)
Net cash used in financing activities	(2,621,363)	(3,516,287)
Net increase in cash and cash equivalents	6,818,216	2,867,722
Effects of foreign exchange differences	17,357	799
Cash and cash equivalents at the beginning of the financial period	1,993,712	3,036,581
Cash and cash equivalents at the end of the financial period	8,829,285	5,905,102
<u>Cash and cash equivalents comprised of:</u>		
Deposits with licensed financial institutions	2,398,200	5,773,837
Bank balances	6,431,085	131,265
Cash and cash equivalents at the end of the financial period	8,829,285	5,905,102

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

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

CIMB-Principal Total Return Bond Fund 5 (the “Fund”) was constituted pursuant to a Deed dated 8 August 2016, made between Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the “Manager”) and HSBC (Malaysia) Trustee Berhad (the “Trustee”).

The Fund seeks to achieve its investment objective by investing up to 100% of its NAV in a diversified portfolio consisting of debt instruments, money market instruments and/or Deposits.

The Fund will invest at least 70% of its NAV in debt instruments issued by governments, government agencies, supranational organisations and corporate issuers, which include but not limited to bonds and other fixed or floating rate debt instruments, certificates of deposit, commercial papers and notes. The Fund will also invest in Liquid assets for liquidity purposes.

In order to maximise the total return, the Fund may invest up to 99% of its NAV in Locally Rated Securities. Up to 40% of the Fund’s NAV may be invested in High Yield Securities and Unrated Securities for yield enhancement of which up to 20% of the Fund’s NAV in Unrated Securities. When deemed necessary, the Manager may also utilise derivative instruments such as forward contracts, options, futures contracts and/or swap agreements for the purpose of hedging. The use of derivatives is subject to the prevailing SC Guidelines.

Investment universe of the Fund will be in countries globally, where the regulatory authority is an ordinary or associate member of the IOSCO. Where necessary, the Manager will apply for licenses/permits to invest in these countries, and if the licenses/permits are revoked or not renewed (as the case may be) the Manager will seek to invest in other accessible markets.

As this is a close-ended fund, the Manager will buy the debt instruments with the intention of holding through the tenure of the Fund or until the debt instruments mature. However, the Manager reserves the right to deal with the debt instruments in the best interest of the Unit holders, such as (i) in the event of a credit rating downgrade or during market upheavals where the Manager is of the opinion that trading of the debt instruments is required to protect the investment return of the Fund (nevertheless the Manager can continue to hold the downgraded debt instruments if the immediate disposal of the debt instruments would not be in the best interest of the Unit holders), and (ii) where the Manager deems that the trading of debt instruments is necessary to provide the investment return in order to achieve the objective of the Fund.

Further, for debt instruments that mature during the three (3) months period to the Maturity Date, the Manager will seek to reinvest into other debt instruments for the remaining period to the Maturity Date. However, in the event that the Manager is not able to find suitable replacement debt instruments, the Manager will invest in Deposits and/or money market instruments. As such, Unit holders should note that during this period of time, the Fund’s investment may deviate from the stipulated investment strategy.

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 judgment 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 judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(k).

Standards that is effective and relevant:

The Fund has applied the following amendments for the first time for the financial year beginning on 1 May 2019:

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

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

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

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

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

Derivatives are financial assets/liabilities at fair value through profit or loss categorised as held for trading unless they are designated hedges (Note 2(j)).

The Fund classifies cash and cash equivalents 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, amount due to Trustee, and other payables and accruals as financial liabilities measured at amortised cost.

Recognition and measurement

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

Financial liabilities 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 with net gain or loss on financial assets at fair value through profit or loss in the financial period which they arise.

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

Unquoted fixed income securities denominated in Ringgit Malaysia (“RM”) are revalued on a daily basis based on fair value prices quoted by a Bond Pricing Agency (“BPA”) registered with the SC as per the SC Guidelines on Unit Trust Funds. Refer to Note 2(k) for further explanation.

Unquoted fixed income securities denominated in foreign currencies are revalued on a daily basis based on fair value prices quoted by Intercontinental Exchange Data Services (“ICE”), a provider of financial market data. However, if such quotations are not available on any business day, or should the gaps of the quotations provided by the financial institutions or ICE differ by more than 20 basis points (“bps”), the valuation shall be determined by reference to the value of such debt securities quoted by Bloomberg.

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.

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

The Fund measures credit risk and expected credit loss (“ECL”) using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any ECL. Management 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 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**

Interest income from deposits with licensed financial institutions and unquoted fixed income securities are recognised on a time proportionate basis using the effective interest rate method on an accrual basis.

Realised gain or loss on disposal of unquoted fixed income securities is accounted for as the difference between the net disposal proceeds and the carrying amount of unquoted fixed income securities, determined on cost adjusted for accretion of discount or amortisation of premium.

(d) Foreign currency**Functional and presentation currency**

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in 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:

- i) The Fund's units are denominated in RM.
- ii) Significant portion 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 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 and deposits held in highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(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 interest income from foreign unquoted fixed income securities is based on the tax regime of the respective countries that the Fund invests in.

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

The unit holders' contributions to the Fund meet the criteria to be classified as equity instruments under MFRS 132 "Financial Instruments: Presentation". Those criteria include:

- the units entitle the holder to a proportionate share of the Fund's NAV;
- the units are the most subordinated class and class features are identical;
- there is no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- the total expected cash flows from the units over its life are based substantially on the profit or loss of the Fund.

The outstanding units are carried at the redemption amount that is payable at each financial period if unit holder exercises the right to put the unit back to the Fund.

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

(h) Distribution

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

(i) Exit fee income

Exit fee income is derived from charges levied upon the redemption of units by unit holders prior to the Maturity date of the Fund as stipulated in the Deeds.

It is recognised on an accruals basis based on the value of the units redeemed.

(j) 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.

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

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).

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

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

Estimates and judgements 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.

Estimate of fair value of unquoted fixed income securities

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.

Ringgit-denominated unquoted fixed income securities are valued using fair value prices quoted by a BPA. Where the Manager is of the view that the price quoted by BPA for a specific unquoted fixed income securities differs from the market price by more than 20 bps, the Manager may use market price, provided that the Manager records its basis for using a non-BPA price, obtains necessary internal approvals to use the non-BPA price, and keeps an audit trail of all decisions and basis for adopting the use of non-BPA price.

Unquoted fixed income securities denominated in foreign currencies are revalued on a daily basis based on fair value prices quoted by ICE, a provider of financial market data. However, if such quotations are not available on any business day, or should the gaps of the quotations provided by the financial institutions or ICE differ by more than 20 bps, the valuation shall be determined by reference to the value of such debt securities quoted by Bloomberg.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund aims to provide investors with total return through investments in a portfolio of primarily debt instruments.

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

Financial risk management is carried out through internal control process adopted by the Manager and adherence to the investment restrictions as stipulated in the 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 unquoted fixed income securities will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk).

The Fund is exposed to price risk arising from interest rate fluctuation in relation to its investments in unquoted fixed income securities. The Fund's exposure to price risk arising from interest rate fluctuation and the related sensitivity analysis are disclosed in "interest rate risk" below.

(ii) Interest rate risk

In general, when interest rates rise, unquoted fixed income securities prices will tend to fall and vice versa. Therefore, the NAV of the Fund may also tend to fall when interest rates rise or are expected to rise. However, investors should be aware that should the Fund holds an unquoted fixed income securities till maturity, such price fluctuations would dissipate as it approaches maturity, and thus the growth of the NAV shall not be affected at maturity. In order to mitigate interest rates exposure of the Fund, the Manager will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the Manager, which is based on its continuous fundamental research and analysis.

Investors should note that the movement in prices of unquoted fixed income securities and money market instruments are benchmarked against interest rates. As such, the investments are exposed to the movement of the interest rates.

This risk is crucial since unquoted fixed income securities portfolio management depends on forecasting interest rate movements. Prices of unquoted fixed income securities move inversely to interest rate movements, therefore as interest rates rise, the prices of unquoted fixed income securities decrease and vice versa. Furthermore, unquoted fixed income securities with longer maturity and lower yield coupon rates are more susceptible to interest rate movements.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(a) Market risk (continued)****(ii) Interest rate risk (continued)**

Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to make payments of interest income and principal, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

The Fund's exposure to interest rates associated with deposits with licensed financial institutions is not material as the deposits are held on short-term basis.

(iii) Currency risk

Currency risk of the Fund 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.

(b) Credit risk

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

Investment in unquoted fixed income securities may involve a certain degree of credit/default risk with regards to the issuers. Generally, credit risk or default risk is the risk of loss due to the issuer's non-payment or untimely payment of the investment amount as well as the returns on investment. This will cause a decline in value of the defaulted unquoted fixed income securities and subsequently depress the NAV of the Fund. Usually credit risk is more apparent for an investment with a longer tenure, i.e. the longer the duration, the higher the credit risk.

Credit risk can be managed by performing continuous fundamental credit research and analysis to ascertain the creditworthiness of its issuer. In addition, the Manager imposes a minimum rating duration of the investment in accordance with the objective of the Fund.

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

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

(d) Capital risk management

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

(e) Fair value estimation

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

The fair value of financial assets traded in active markets (such as trading securities) is 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.

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

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

(i) Fair value hierarchy

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

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

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

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

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

The determination of what constitutes 'observable' requires significant 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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31.10.2019				
Financial assets at fair value through profit or loss:				
- Unquoted fixed income securities	-	111,615,486	-	111,615,486
- Derivative asset at fair value through profit or loss	-	12,029	-	12,029
	<u>-</u>	<u>12,029</u>	<u>-</u>	<u>12,029</u>
30.04.2019				
Audited				
Financial assets at fair value through profit or loss:				
- Unquoted fixed income securities	-	117,173,297	-	117,173,297
	<u>-</u>	<u>117,173,297</u>	<u>-</u>	<u>117,173,297</u>
Financial liability at fair value through profit or loss:				
- Derivative liability at fair value through profit or loss	-	6,761	-	6,761
	<u>-</u>	<u>6,761</u>	<u>-</u>	<u>6,761</u>

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

Financial instruments that trade in markets that are not 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 includes unquoted fixed income securities. 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 and all current liabilities are a reasonable approximation of their fair values due to their short term nature.

4. MANAGEMENT, TRUSTEE'S AND CUSTODIAN FEES

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

Nonetheless, no management fee is charged on the Fund for the six months financial period ended 31 October 2019 and 31 October 2018.

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

For the six months financial period ended 31 October 2019, the Trustee's fee is recognised at a rate of 0.04% per annum (31.10.2018: 0.04% per annum).

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

5. TAXATION

	01.05.2019 to 31.10.2019	01.05.2018 to 31.10.2018
	RM	RM
Tax charged for the financial period:		
- Current taxation	19,060	7,906

5. TAXATION

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

	01.05.2019 to 31.10.2019	01.05.2018 to 31.10.2018 RM
Profit before taxation	<u>3,937,846</u>	<u>3,117,441</u>
Taxation at Malaysian statutory rate of 24% (31.10.2018: 24%)	945,083	748,186
Tax effects of:		
Income not subject to tax	(945,312)	(752,844)
Expenses not deductible for tax purposes	16,656	9,857
Restriction on tax deductible expenses for Unit Trust Funds	<u>2,633</u>	<u>2,707</u>
Taxation	<u>19,060</u>	<u>7,906</u>

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.10.2019	30.04.2019 Audited
	RM	RM
Designated at fair value through profit or loss at inception:		
- Unquoted fixed income securities – local	107,346,138	107,004,430
- Unquoted fixed income securities – foreign	4,269,348	10,168,867
	<u>111,615,486</u>	<u>117,173,297</u>
	01.05.2019 to 31.10.2019	01.05.2018 to 31.10.2018
	RM	RM
Net gain on financial assets at fair value through profit or loss:		
- Realised loss on disposals	(742,504)	-
- Unrealised fair value gain	1,667,145	217,322
	<u>942,641</u>	<u>217,322</u>

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
31.10.2019				
UNQUOTED FIXED INCOME SECURITIES - LOCAL				
Affin Bank Bhd 5.45% 05/02/2027 (A1)	7,000,000	7,116,804	7,338,248	6.09
Alliance Bank (M) Bhd 5.75% 27/10/2020 (A2)	11,000,000	11,086,291	11,190,548	9.29
AmBank Holdings Bhd 5.20% 15/3/2027 (A1)	10,000,000	10,066,959	10,393,259	8.63
Bank Islam Malaysia Bhd 5.50% 15/12/2025 (A1)	5,000,000	5,149,020	5,211,719	4.33
Bank Islam Malaysia Bhd 5.75% 22/04/2025 (A1)	5,000,000	5,033,807	5,062,227	4.21
Great Realty Sdn Bhd 4.85% 26/5/2023 (AAA)	7,000,000	7,124,053	7,174,472	5.96
Krung Thai Bank PCL 5.10% 4/7/2025 (AA2)	5,000,000	5,100,749	5,118,191	4.25
Mah Sing Group Bhd 6.90% 04/04/2022 (NR)	7,000,000	7,079,352	7,173,055	5.96
MMC Corporation Bhd 5.20% 12/11/2020 (AA3)	10,000,000	10,269,062	10,383,841	8.62
Sabah Development Bank Bhd 5.30% 11/5/2022 (AA1)	5,000,000	5,127,216	5,312,827	4.41
Special Power Vehicle Bhd 22.18% 19/11/2021 (A1)	5,000,000	7,091,991	7,267,509	6.03
Tan Chong Motor Holding Bhd 4.50% 22/11/2019 (A1)	10,000,000	10,195,560	10,202,593	8.47
UEM Sunrise Bhd 4.58% 10/04/2020 (AA3)	5,000,000	5,011,528	5,038,853	4.19
WCT Holdings Bhd 5.32% 11/5/2022 (AA3)	10,000,000	10,258,600	10,478,796	8.70
TOTAL UNQUOTED FIXED INCOME SECURITIES - LOCAL	102,000,000	105,710,992	107,346,138	89.14

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
31.10.2019 (continued)				
UNQUOTED FIXED INCOME SECURITIES - FOREIGN				
SINGAPORE				
Yanlord Land Group Ltd 5.88% 23/01/2022 (Ba2)	<u>1,000,000</u>	<u>4,497,105</u>	<u>4,269,348</u>	<u>3.55</u>
TOTAL SINGAPORE	<u>1,000,000</u>	<u>4,497,105</u>	<u>4,269,348</u>	<u>3.55</u>
TOTAL UNQUOTED FIXED INCOME SECURITIES - FOREIGN	<u>1,000,000</u>	<u>4,497,105</u>	<u>4,269,348</u>	<u>3.55</u>
TOTAL UNQUOTED FIXED INCOME SECURITIES	<u>103,000,000</u>	<u>110,208,097</u>	<u>111,615,486</u>	<u>92.69</u>
ACCUMULATED LOSS ON UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>1,407,389</u>		
TOTAL UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>111,615,486</u>		

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
30.04.2019				
Audited				
UNQUOTED FIXED INCOME SECURITIES - LOCAL				
Affin Bank Bhd 5.45% 05/02/2027 (A1)	7,000,000	7,119,383	7,251,392	6.10
Alliance Bank M Bhd 5.75% 27/10/2020 (A2)	11,000,000	11,124,429	11,177,376	9.40
AmBank Bhd 5.20% 15/03/2027 (AA3)	10,000,000	10,066,959	10,264,159	8.63
Bank Islam Malaysia Bhd 5.50% 15/12/2025 (A1)	5,000,000	5,167,433	5,203,762	4.37
Bank Islam Malaysia Bhd 5.75% 22/04/2025 (A1)	5,000,000	5,060,084	5,087,039	4.28
CIMB Thai Bank PCL 5.60% 05/07/2024 (AA3)	2,000,000	2,040,343	2,040,401	1.72
Great Realty Sdn Bhd 4.85% 26/05/2023 (AAA)	7,000,000	7,119,282	7,092,390	5.97
Krung Thai Bank PCL 5.10% 04/07/2025 (AA2)	5,000,000	5,113,826	5,117,244	4.30
Mah Sing Group Bhd 6.90% 04/04/2022 (NR)	5,000,000	5,026,466	5,109,666	4.30
MMC Corporation Bhd 5.20% 12/11/2020 (AA3)	10,000,000	10,277,574	10,292,892	8.66
Sabah Development Bank Bhd 5.30% 11/05/2022 (AA1)	5,000,000	5,126,199	5,214,325	4.39
Special Power Vehicle 22.18% 19/11/2021 (A1)	5,000,000	7,452,875	7,596,499	6.39
Tan Chong Motor Holdings Bhd 4.50% 22/11/2019 (A1)	10,000,000	10,166,465	10,195,429	8.58
UEM Sunrise Bhd 4.58% 10/04/2020 (AA3)	5,000,000	5,008,521	5,029,575	4.23
WCT Holdings Bhd 5.32% 11/05/2022 (AA3)	10,000,000	10,257,148	10,332,281	8.69
TOTAL UNQUOTED FIXED INCOME SECURITIES - LOCAL	102,000,000	106,126,987	107,004,430	90.01

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
30.04.2019				
Audited (continued)				
UNQUOTED FIXED INCOME SECURITIES - FOREIGN				
INDONESIA				
Obl Indonesia Eximbank 8.4% 23/02/2020 (NR)	<u>20,000,000,000</u>	<u>6,765,258</u>	<u>5,920,921</u>	<u>4.98</u>
TOTAL INDONESIA	<u>20,000,000,000</u>	<u>6,765,258</u>	<u>5,920,921</u>	<u>4.98</u>
SINGAPORE				
Yanlord Land Group Ltd 5.875% 23/01/2022 (Ba2)	<u>1,000,000</u>	<u>4,540,808</u>	<u>4,247,946</u>	<u>3.57</u>
TOTAL SINGAPORE	<u>1,000,000</u>	<u>4,540,808</u>	<u>4,247,946</u>	<u>3.57</u>
TOTAL UNQUOTED FIXED INCOME SECURITIES – FOREIGN	<u>20,001,000,000</u>	<u>11,306,066</u>	<u>10,168,867</u>	<u>8.55</u>
TOTAL UNQUOTED FIXED INCOME SECURITIES	<u>20,103,000,000</u>	117,433,053	<u>117,173,297</u>	<u>98.56</u>
ACCUMULATED LOSS ON UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(259,756)</u>		
TOTAL UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>117,173,297</u>		

7. CASH AND CASH EQUIVALENTS

	31.10.2019	30.04.2019
	RM	Audited RM
Deposits with licensed financial institutions	2,398,200	1,859,168
Bank balances	6,431,085	134,544
	<u>8,829,285</u>	<u>1,993,712</u>

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

	31.10.2019	30.04.2019
	%	Audited %
Deposits with licensed financial institutions	<u>3.05</u>	<u>3.30</u>

Deposits with licensed financial institutions of the Fund have an average maturity of 1 day (30.04.2019: 2 days).

8. NUMBER OF UNITS IN CIRCULATION (UNITS)

	01.05.2019 to 31.10.2019	01.05.2018 to 30.04.2019
	No of units	Audited No of units
At the beginning of the financial period/year	116,458,979	124,111,454
Add : Creation of units from distributions	-	2
Less : Cancellation of units	(2,286,609)	(7,652,477)
At the end of the financial period/year	<u>114,172,370</u>	<u>116,458,979</u>

9 DERIVATIVE ASSET/LIABILITY

	31.10.2019	30.04.2019
	RM	Audited RM
Forward foreign currency contract	<u>12,029</u>	<u>(6,761)</u>
	01.05.2019 to 31.10.2019	01.05.2018 to 31.10.2018
	RM	RM
Net gain/(loss) on derivative asset at fair value through profit or loss		
- Unrealised gain/(loss) on forward foreign currency contract	18,790	(15,154)
	<u>18,790</u>	<u>(15,154)</u>

As at 31 October 2019, there is one outstanding USD/MYR forward foreign currency contracts. The notional principal amount of the outstanding forward foreign currency contracts amounted to RM4,477,736 (30.04.2019: RM4,430,870).

9. DERIVATIVE ASSET/LIABILITY (CONTINUED)

The USD/MYR forward foreign currency contracts are entered into during the financial period to minimise the risk of foreign exchange exposure between the USD and the MYR for the Fund.

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

10. MANAGEMENT EXPENSE RATIO (“MER”)

	01.05.2019 to 31.10.2019 %	01.05.2018 to 31.10.2018 %
MER	<u>0.04</u>	<u>0.04</u>

MER is derived from the following calculation:

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

- A = Trustee's and custodian fees
- B = Audit fee
- C = Tax agent's fee
- D = Other expenses excluding withholding tax
- E = Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the six months financial period ended 31 October 2019 calculated on a daily basis is RM119,740,035 (31.10.2018: RM125,528,642).

11. PORTFOLIO TURNOVER RATIO (“PTR”)

	01.05.2019 to 31.10.2019	01.05.2018 to 31.10.2018
PTR	<u>0.03</u>	<u>-</u>

PTR is derived based on the following calculation:

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

Where:

- total acquisition for the financial period = RM2,042,400 (31.10.2018: Nil)
- total disposal for the financial period = RM5,951,496 (31.10.2018: Nil)

12. 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 Islamic Bank Bhd	Fellow related party to the Manager

Units held by the Manager and parties related to the Manager

Manager	31.10.2019		30.04.2019	
	No. of units	RM	No. of units	Audited RM
Principal Asset Management Berhad <i>(formerly known as CIMB-Principal Asset Management Berhad)</i>	38	40	38	39

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.

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

	01.05.2019 to 31.10.2019 RM	01.05.2018 to 31.10.2018 RM
<u>Significant related party transactions</u>		
Interest income from deposits with licensed financial institution:		
- CIMB Bank Bhd	<u>10,070</u>	<u>669</u>
Cash placements with licensed financial institution:		
- CIMB Bank Bhd	<u>36,836,000</u>	<u>3,588,000</u>

There are no significant related party balances at the end of the financial period.

13. TRANSACTIONS WITH BROKERS/DEALERS

Brokers/Dealers	Value of trades RM	Percentage of total trade %	Value of brokerage fee RM	Percentage of brokerage fee %
Malayan Banking Bhd	5,951,496	74.45	-	-
RHB Investment Bank Bhd	<u>2,042,400</u>	<u>25.55</u>	<u>-</u>	<u>-</u>
	<u>7,993,896</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

There is no transaction with brokers/dealers for the six months financial period ended 31 October 2018.

DIRECTORY

Head Office of the Manager

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

Website

www.principal.com.my

E-mail address

service@principal.com.my

General investment enquiries

(03) 7718 3000

Trustee for the CIMB-Principal Total Return Bond Fund 5

HSBC (Malaysia) Trustee Berhad (Company No. 193701000084 (1281-T))
13th Floor, Bangunan HSBC,
South Tower,
No 2, Lebuhr Ampang,
50100, Kuala Lumpur.
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

Website
www.principal.com.my