

CIMB Islamic Asia Pacific Equity Fund

Annual Report

For the financial year ended 30 April 2019

CIMB ISLAMIC ASIA PACIFIC EQUITY FUND
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

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INVESTORS' LETTER

Dear Valued Investors,

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

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

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

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

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 long-term capital appreciation and income while complying with Shariah investment criteria, through investments in the emerging and developed markets of Asia Pacific ex Japan region.

Has the Fund achieved its objective?

For the financial year under review, the Fund has met its stated objective.

What are the Fund investment policy and principal investment strategy?

The Fund is predominantly an equity fund which invests through equity securities of companies domiciled in, listed in, and/or have significant operations in the emerging and developed markets of Asia Pacific ex Japan, i.e. Hong Kong Special Administrative Region ("SAR"), Taiwan, Korea, the People's Republic of China, Indonesia, Malaysia, India, Thailand, the Philippines, Sri Lanka, Singapore, Australia and New Zealand. 'Significant operations' means major businesses of the company. For example, the Fund can invest in a company with significant business and/or operations in Thailand but listed on the New York Stock Exchange ("NYSE"). The threshold for 'significant operations' would be if more than 30% of total group revenue derives from countries in the emerging and developed markets of Asia Pacific ex Japan. The calculation would be based on the most recent financial reports released by the companies (e.g. interim and annual reports). Between 70% to 98% (both inclusive) of the Fund's Net Asset Value ("NAV") can be invested in Shariah-compliant equities, Shariah-compliant warrants, Shariah-compliant options or other Shariah-compliant stock purchase rights, participation in Shariah-compliant collective investment schemes which are permitted under the Securities Commission Malaysia ("SC") Guidelines. Up to 30% of the Fund may also invest into Sukuk and Deposits. For this Fund, the investments in Sukuk must satisfy a minimum rating requirement of at least a "BBB3" or "P2" rating by RAM Ratings ("RAM") or equivalent rating by Malaysian Rating Corporation Berhad ("MARC") or by local rating agency(ies) of the country of issuance; "BB" by Standard & Poor's ("S&P") or equivalent rating by Moody's or Fitch.

Fund category/type

Equity (Shariah-compliant)/Growth

How long should you invest for?

Recommended five (5) years or more

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

Moderate to High

When was the Fund launched?

2 June 2006

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

RM1,627.04 million (2,038.69 million units)

What is the Fund's benchmark?

Morgan Stanley Capital International All Country ("MSCI AC") Asia ex Japan Islamic Index

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

What is the Fund distribution policy?

Regular distributions are not the focus of this Fund. Distributions, if any, are at the discretion of the Manager.

What was the net income distribution for the financial year ended 30 April 2019?

The Fund distributed a total net income of RM35.17 million to unit holders for the financial year ended 30 April 2019. As a result, the NAV per unit dropped from RM0.8558 to RM0.8357 on 17 May 2018.

PERFORMANCE DATA

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

	30.04.2019	30.04.2018	30.04.2017
	%	%	%
Shariah-compliant collective investment scheme	0.24	0.26	1.15
Shariah-compliant quoted securities			
- Basic Materials	5.37	9.26	9.35
- Consumer Products	31.69	19.49	14.18
- Corporate	1.45	-	-
- Energy	11.26	13.42	11.60
- Finance	9.34	2.62	4.72
- Health Care	2.37	0.59	-
- Industrials	7.85	3.87	6.39
- Real Estate Investment Trust ("REIT")	4.74	-	4.02
- Technology	9.37	40.66	31.04
- Telecommunications	6.14	-	8.43
- Trading/Services	-	0.93	1.04
- Utilities	1.86	-	-
Cash and other net assets	8.32	8.90	8.08
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	30.04.2019	30.04.2018	30.04.2017
NAV (RM Million)	1,627.04	1,439.94	405.49
Units in circulation (Million)	2,038.69	1,707.32	535.38
NAV per unit (RM)	0.7980	0.8433	0.7573
Highest NAV per unit (RM)	0.8684	0.9171	0.7944
Lowest NAV per unit (RM)	0.6883	0.7539	0.6697
Total return (%)	(3.22)	11.37	19.77
- Capital growth (%)	(5.49)	11.37	12.94
- Income distribution (%)	2.41	-	6.04
Management Expense Ratio ("MER") (%) ^	1.93	2.03	2.05
Portfolio Turnover Ratio ("PTR") (times) #	0.84	1.40	1.29

^ The Fund's MER decreased from 2.03% to 1.93% due to higher average NAV of the Fund during the financial year.

The Fund's PTR decreased from 1.40 times to 0.84 times due to lesser trading activity.

Date of distribution	17.05.2018	-	27.03.2017
Gross/Net distribution per unit (sen)	2.01	-	4.50

PERFORMANCE DATA (CONTINUED)

	30.04.2019	30.04.2018	30.04.2017	30.04.2016	30.04.2015
	%	%	%	%	%
Annual total return	(3.22)	11.37	19.77	(6.28)	22.86

(Launch date: 2 June 2006)

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

MARKET REVIEW (1 MAY 2018 TO 30 APRIL 2019)

The MSCI AC Asia ex Japan Islamic Index declined 8.6% in US Dollar (“USD”) terms and 3.6% in Ringgit Malaysia (“RM”) terms in the financial year under review. Main concerns were rising trade tensions between US and China, slowing Chinese economic growth and a strong USD.

In the beginning of the financial year under review, Asian equities were weighed by concerns over US imposing additional import tariffs on USD200 billion worth of Chinese goods (which was subsequently implemented in September 2018) and weak economic growth in China. Chinese macro data such as Total Social Financing, Retail and Fixed Asset Investment growth all showed signs of moderating. Subsequently, sentiment towards emerging markets deteriorated with the currencies of twin deficit countries such as Indonesia and India under pressure in August 2018. The backdrop behind the deterioration was the rising US 10-year bond yield to above 3% amidst strong economic data from the US and rising oil price, culminating in a decline of more than 10% in Asian equities in October 2018 alone.

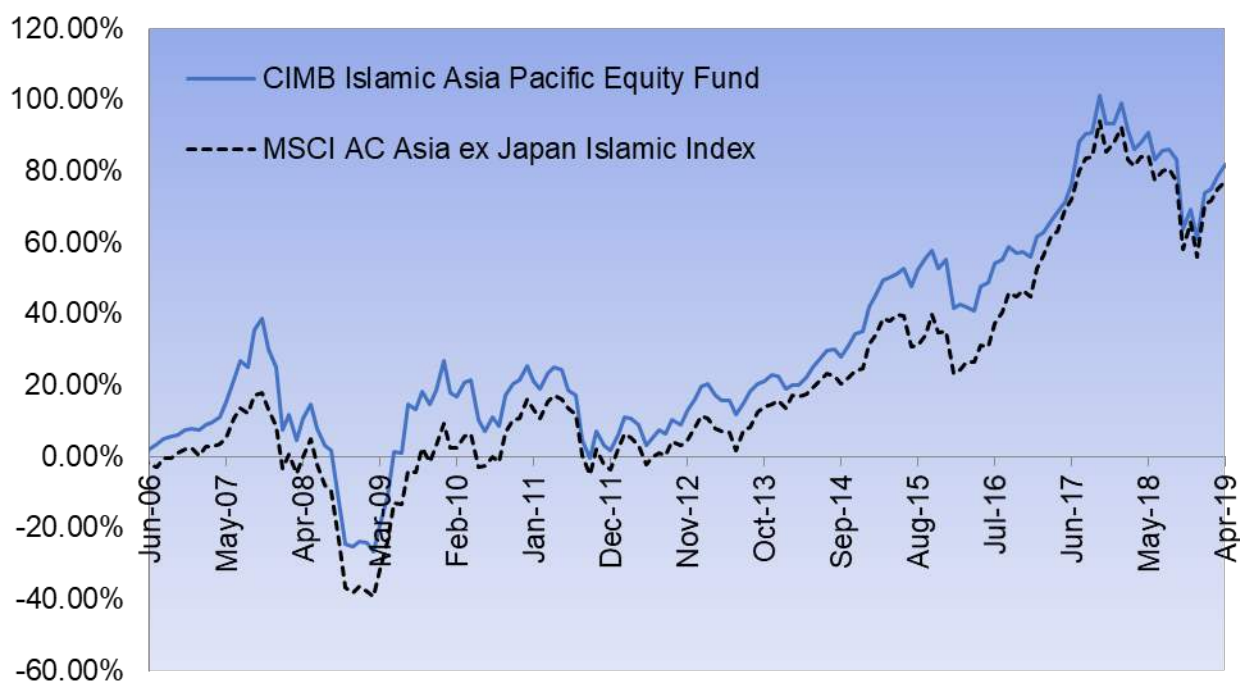
Asian equities found a bottom subsequently at the end of 2018 with the US Federal Reserve (the “Fed”) testimony that the US interest rates were closing in on ‘neutral levels’, indicating a more benign monetary policy stance. China also eased its Reserve Requirement Ratio (“RRR”) and indicated interests in cutting its Value Added Tax (“VAT”) which subsequently stabilised sentiment. Asian equities staged a rally in January 2019 on the back of easing monetary policies by major central banks such as the Fed and People’s Bank of China (“PBOC”). This paved way for other countries in Asia such as India to reduce its benchmark interest rate in February 2018. China also implemented its 3% point cut in the top bracket VAT, providing support for most manufacturers. China found a bottom in economic growth in March with the manufacturing Purchasing Managers’ Index (“PMI”) returning above 50. Trade talks with US remain an ongoing process. The US 10-year bond yield fell back to 2.5% by the end of the financial year under review, providing support to financial assets such as equities.

FUND PERFORMANCE

	1 year	3 years	5 years	Since
	to 30.04.2019	to 30.04.2019	to 30.04.2019	inception
	%	%	%	%
Income	2.41	8.59	8.59	8.59
Capital	(5.49)	18.89	36.89	67.39
Total Return	(3.22)	29.10	48.65	81.77
Benchmark	(3.71)	40.29	53.29	77.29
Average Total Return	(3.22)	8.89	8.25	4.73

The Fund achieved a return of -3.22% in the financial year under review, outperforming the benchmark by 49 basis points (“bps”). In the last 3 and 5 years, the Fund has underperformed the benchmark 11.19% and 4.64% respectively. Since inception, the Fund has outperformed the benchmark by 448 bps.

FUND PERFORMANCE (CONTINUED)



Changes in NAV

	30.04.2019	30.04.2018	Changes %
NAV (RM Million)	1,627.04	1,439.94	12.99
NAV/Unit (RM)	0.7980	0.8433	(5.37)

The NAV of the Fund has increased by 12.99% in the financial year under review, mainly from increased in units in circulation, while NAV per unit has declined by 5.37%.

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

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	30.04.2019	30.04.2018
Shariah-compliant collective investment scheme	0.24	0.26
Shariah-compliant quoted securities - local	0.83	2.15
Shariah-compliant quoted securities - foreign	90.61	88.69
Cash and other net assets	8.32	8.90
TOTAL	100.00	100.00

The portfolio is 91.68% invested, mainly in foreign securities, which has increased in proportion from 88.69% to 90.61% in the financial year under review.

MARKET OUTLOOK*

Trade tensions between US and China have recently escalated after trade talks faced a setback, culminating in additional taxes on USD200 billion worth of Chinese exports to US and blacklisting of Huawei by the Trump administration. Given the high stakes involved, the risk of a global synchronised economic slowdown has increased and interest rates could stay lower for longer, with liquidity becoming more available for financial assets.

Over the medium and longer term, the outlook for Asian equities remains positive. Islamic Asia ex Japan equities are trading at 14.1 times 2019 Price-to-Earnings Ratio (“PER”), which is slightly higher than its 5-year average.

*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

We adopt a barbell approach, owning defensives with yield together with stocks which have mid to long run growth potential. What we like:

- REITs with high quality assets in countries with stable exchange rates, high occupancy and stable to positive rental reversions.
- Technology companies with monopolistic power, that have the proven ability to innovate.
- Domestic oriented companies in selected countries such as India and Australia that are more insulated from risks from a global economic slowdown.

UNIT HOLDINGS STATISTICS

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

Size of units holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	10,266	28.02	1.37
5,001-10,000	8,042	57.73	2.83
10,001-50,000	17,202	390.78	19.17
50,001-500,000	6,752	798.30	39.16
500,001 and above	202	763.86	37.47
Total	42,464	2,038.69	100.00

SOFT COMMISSIONS AND REBATES

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

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

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
CIMB ISLAMIC ASIA PACIFIC 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 15 to 59 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 30 April 2019 and of its financial performance, changes in equity and cash flows for the financial year then ended in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

For and on behalf of the Manager

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

MUNIRAH KHAIRUDDIN
Chief Executive Officer/Executive Director

JUAN IGNACIO EYZAGUIRRE BARAONA
Director

Kuala Lumpur
18 June 2019

**TRUSTEE'S REPORT TO THE UNITHOLDERS OF
CIMB ISLAMIC ASIA PACIFIC EQUITY FUND**

We have acted as Trustee of CIMB Islamic Asia Pacific Equity Fund ("the Fund") for the financial year ended 30 April 2019. To the best of our knowledge, Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) ("the Manager"), has operated and managed the Fund in accordance with the following:

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

During this financial year, a total distribution of 2.01 sen per unit (gross) has been distributed to the unitholders of the Fund. We are of the view that the distribution is not inconsistent with the objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Tan Bee Nie
Manager, Investment Compliance Monitoring

Kuala Lumpur
18 June 2019

**SHARIAH ADVISER'S REPORT TO THE UNIT HOLDERS OF
CIMB ISLAMIC ASIA PACIFIC EQUITY FUND**

For the Financial Period from 1 May 2018 to 31 March 2019

We have acted as the Shariah Adviser of CIMB Islamic Asia Pacific Equity Fund (the "Fund") for the financial period from 1 May 2018 to 31 March 2019. Our responsibility is to ensure that the procedures and processes employed by CIMB-Principal Asset Management Berhad (the "Manager") are in accordance with Shariah and Shariah Investment Guidelines.

In our opinion, the Manager has managed and administered the Fund in accordance with the Shariah Investment Guidelines of the Fund and complied with applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters for the financial period from 1 May 2018 to 31 March 2019.

In addition, we also confirm that the investment portfolio of the Fund comprises securities which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission Malaysia ("SACSC") and, where applicable the Shariah Advisory Council of Bank Negara Malaysia. For investments other than the abovementioned, we have reviewed the same and are of the opinion that these investments were in accordance with the Shariah Investment Guidelines of the Fund.

This report is made solely to the unit holders of the Fund, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report and we shall not be liable for any errors or non-disclosure on the part of the Manager.

For and on behalf of Shariah Adviser
CIMB Islamic Bank Berhad

ASHRAF GOMMA ALI

Director/Regional Head, Shariah & Governance/Designated Person Responsible for Shariah Advisory

Kuala Lumpur
31 March 2019

**SHARIAH ADVISER'S REPORT TO THE UNIT HOLDERS OF
CIMB ISLAMIC ASIA PACIFIC EQUITY FUND**

For the Financial Period from 1 April 2019 to 30 April 2019

We have acted as the Shariah Adviser of CIMB Islamic Asia Pacific Equity Fund ("the Fund"). Our responsibility is to ensure that the procedures and processes employed by Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the "Manager") are in accordance with Shariah principles.

In our opinion, the Manager has managed and administered the Fund in accordance with Shariah principles and complied with applicable guidelines, rulings or decisions issued by the Securities Commission (SC) pertaining to Shariah matters.

In addition, we confirm that the investment portfolio of the Fund comprises securities and/or instruments which have been classified as Shariah compliant by the Shariah Advisory Council (SAC) of the SC and/or Shariah Advisory Council (SAC) of Bank Negara Malaysia (BNM), where applicable. For securities and/or instruments which are not classified as Shariah-compliant by the SAC of the SC and/or SAC of BNM, we have determined that such securities and/or instruments are in accordance with Shariah principles and have complied with the applicable Shariah Guidelines.

This report is made solely to the unit holders of the Fund, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report and we shall not be liable for any errors or non-disclosure on the part of the Manager.

For **Amanie Advisors Sdn Bhd**,

DATUK DR MOHD DAUD BAKAR
Executive Chairman

18 June 2019

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB ISLAMIC ASIA PACIFIC EQUITY FUND**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of CIMB Islamic Asia Pacific Equity Fund (the "Fund") give a true and fair view of the financial position of the Fund as at 30 April 2019, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 30 April 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 15 to 59.

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 ISLAMIC ASIA PACIFIC 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. 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 ISLAMIC ASIA PACIFIC 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 ISLAMIC ASIA PACIFIC 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
18 June 2019

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019**

	Note	2019 RM	2018 RM
(LOSS)/INCOME			
Dividend income		36,350,441	18,312,020
Profit income from Shariah-compliant deposits with licensed Islamic financial institutions		1,054,170	388,867
Net (loss)/gain on financial assets at fair value through profit or loss	9	(45,742,112)	45,147,826
Net foreign exchange gain/(loss)		386,378	(7,843,341)
Other income	4	54,487	121,160
		<u>(7,896,636)</u>	<u>56,126,532</u>
EXPENSES			
Management fee	5	26,420,604	18,037,450
Trustee's and custodian fees	6	1,732,677	1,236,461
Audit fee		13,600	12,220
Tax agent's fee		38,896	33,614
Transaction costs		6,098,684	5,406,387
Other expenses		214,041	1,410,669
		<u>34,518,502</u>	<u>26,136,801</u>
(LOSS)/PROFIT BEFORE TAXATION		(42,415,138)	29,989,731
Taxation	8	<u>(3,871,782)</u>	<u>(3,918,613)</u>
(LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL YEAR		<u>(46,286,920)</u>	<u>26,071,118</u>
(Loss)/Profit after taxation is made up as follows:			
Realised amount		(78,415,437)	23,488,906
Unrealised amount		32,128,517	2,582,212
		<u>(46,286,920)</u>	<u>26,071,118</u>

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

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

	Note	2019 RM	2018 RM
ASSETS			
Cash and cash equivalents (Shariah-compliant)	10	134,190,500	115,135,406
Financial assets at fair value through profit or loss (Shariah-compliant)	9	1,491,699,197	1,311,805,603
Amount due from stockbrokers		3,082,048	8,172,731
Amount due from Manager		14,330,730	9,519,550
Amount due from Manager of collective investment scheme		28,375	19,522
Dividends receivable		3,190,998	2,044,812
Tax recoverable		3,533	3,533
TOTAL ASSETS		<u>1,646,525,381</u>	<u>1,446,701,157</u>
LIABILITIES			
Amount due to stockbrokers		10,131,286	2,429,762
Amount due to Manager		6,884,497	1,992,662
Accrued management fee		2,364,882	2,088,165
Amount due to Trustee		92,170	81,557
Other payables and accruals		17,139	170,334
TOTAL LIABILITIES		<u>19,489,974</u>	<u>6,762,480</u>
NET ASSET VALUE OF THE FUND		<u>1,627,035,407</u>	<u>1,439,938,677</u>
EQUITY			
Unit holders' capital		1,643,322,378	1,374,765,667
(Accumulated losses)/Retained earnings		<u>(16,286,971)</u>	<u>65,173,010</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>1,627,035,407</u>	<u>1,439,938,677</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	11	<u>2,038,688,152</u>	<u>1,707,315,478</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.7980</u>	<u>0.8433</u>

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019**

	Note	Unit holders' capital RM	(Accumulated losses)/ Retained earnings RM	Total RM
Balance as at 1 May 2018		1,374,765,667	65,173,010	1,439,938,677
Movement in unit holders' contributions:				
- Creation of units from applications		540,021,306	-	540,021,306
- Creation of units from distribution		35,039,028	-	35,039,028
- Cancellation of units		(306,503,623)	-	(306,503,623)
Total comprehensive loss for the financial year		-	(46,286,920)	(46,286,920)
Distribution	7	-	(35,173,061)	(35,173,061)
Balance as at 30 April 2019		<u>1,643,322,378</u>	<u>(16,286,971)</u>	<u>1,627,035,407</u>
Balance as at 1 May 2017		366,387,564	39,101,892	405,489,456
Movement in unit holders' contributions:				
- Creation of units from applications		1,352,424,397	-	1,352,424,397
- Cancellation of units		(344,046,294)	-	(344,046,294)
Total comprehensive income for the financial year		-	26,071,118	26,071,118
Balance as at 30 April 2018		<u>1,374,765,667</u>	<u>65,173,010</u>	<u>1,439,938,677</u>

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019**

	Note	2019 RM	2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from disposal of Shariah-compliant quoted securities		1,127,480,293	969,958,230
Purchases of Shariah-compliant quoted securities		(1,346,920,646)	(1,863,505,651)
Profit income received from Shariah-compliant deposits with licensed Islamic financial institutions		30,577,033	388,867
Dividend income received		1,054,170	14,189,423
Management fees paid		(26,142,832)	(16,514,832)
Trustee's and custodian fees paid		(1,722,064)	(1,177,314)
Payments of other fees and expenses		(411,885)	(1,383,569)
Net realised foreign exchange loss		(743,297)	(5,133,815)
Other income received		44,580	181,712
Tax paid		(41,340)	(1,794,976)
Net cash used in operating activities		<u>(216,825,988)</u>	<u>(904,791,925)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		535,210,126	1,352,504,555
Payments for cancellation of units		(301,611,788)	(353,310,600)
Distribution paid		(134,033)	-
Net cash generated from financing activities		<u>233,464,305</u>	<u>999,193,955</u>
Net increase in cash and cash equivalents		16,638,317	94,402,030
Effects of foreign exchange differences		2,416,777	(4,354,484)
Cash and cash equivalents at the beginning of the financial year		<u>115,135,406</u>	<u>25,087,860</u>
Cash and cash equivalents at the end of the financial year	10	<u><u>134,190,500</u></u>	<u><u>115,135,406</u></u>
<u>Cash and cash equivalents comprise of</u>			
Shariah-compliant deposits with licensed Islamic financial institutions		79,396,551	30,014,372
Bank balances		<u>54,793,949</u>	<u>85,121,034</u>
Cash and cash equivalents at the end of the financial year	10	<u><u>134,190,500</u></u>	<u><u>115,135,406</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES

CIMB Islamic Asia Pacific Equity Fund (the “Fund”) is governed by a Principal Master Deed dated 15 May 2008, a Third Supplemental Master Deed dated 25 June 2008, a Sixth Supplemental Master Deed dated 14 July 2008, a Seventh Supplemental Master Deed dated 19 November 2008, an Eighth Supplemental Master Deed dated 26 December 2008, a Fourteenth Supplemental Master Deed dated 26 June 2012 and a Seventeenth Supplemental Master Deed dated 25 March 2015 (collectively referred to as the “Deeds”), 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 is predominantly an equity fund which invests through equity securities of companies domiciled in, listed in, and/or have significant operations in the emerging and developed markets of Asia Pacific ex Japan, i.e. Hong Kong SAR, Taiwan, Korea, the People’s Republic of China, Indonesia, Malaysia, India, Thailand, the Philippines, Sri Lanka, Singapore, Australia and New Zealand. ‘Significant operations’ means major businesses of the company. For example, the Fund can invest in a company with significant business and/or operations in Thailand but listed on the NYSE. The threshold for ‘significant operations’ would be if more than 30% of total group revenue derives from countries in the emerging and developed markets of Asia Pacific ex Japan. The calculation would be based on the most recent financial reports released by the companies (e.g. interim and annual reports). Between 70% to 98% (both inclusive) of the Fund’s NAV can be invested in Shariah-compliant equities, Shariah-compliant warrants, Shariah-compliant options or other Shariah-compliant stock purchase rights, participation in Shariah-compliant collective investment schemes which are permitted under the SC Guidelines. Up to 30% of the Fund may also invest into Sukuk and Deposits. For this Fund, the investments in Sukuk must satisfy a minimum rating requirement of at least a “BBB3” or “P2” rating by RAM or equivalent rating by MARC or by local rating agency(ies) of the country of issuance; “BB” by S&P or equivalent rating by Moody’s or Fitch.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

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

Standard that is effective:

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

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

Classification and measurement of debt assets¹ is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument¹ is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest² ("SPPI"). A debt instrument¹ is measured at fair value through other comprehensive income ("OCI") if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments¹ must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative³ and equity instruments³ are measured at fair value through profit or loss unless, for equity instruments³ not held for trading, an irrevocable option is taken to measure at fair value through OCI.

MFRS 9 also introduces a new expected credit loss ("ECL") impairment model.

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

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

¹ For the purposes of the investments made by the Fund, debt instruments refers to Sukuk and Shariah-compliant collective investment scheme.

² For the purposes of this Fund, interest refers to profits earned from Shariah-compliant investments.

³ For the purposes of the investments made by the Fund, equity instruments and derivatives refers to Shariah-compliant equity instruments and Shariah-compliant derivatives.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

The amendment 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 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, 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.

(b) **Financial assets and financial liabilities**

Classification

Up to 30 April 2018, the Fund designates its investments in Shariah-compliant collective investment scheme and Shariah-compliant quoted securities as financial assets at fair value through profit or loss at inception.

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

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

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

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

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

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

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

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 at fair value through OCI.

Investments in Shariah-compliant collective investment schemes are debt instrument with contractual cash flows that do not represent SPPI and therefore are classified as fair value through profit or loss.

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

The Fund classifies amount due to 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. Shariah-compliant investments are initially recognised at fair value. Transaction costs are expensed in the statement of comprehensive income.

Financial liabilities, within the scope of MFRS 139 up to 30 April 2018 and MFRS 9 from 1 May 2018, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

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

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

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

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

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

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

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

Foreign Shariah-compliant quoted securities 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 Shariah-compliant 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 Shariah-compliant quoted securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the Shariah-compliant 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.

Shariah-compliant deposits with licensed Islamic financial institutions are stated at cost plus accrued profit calculated on the effective profit method over the period from the date of placement to the date of maturity of the respective deposits.

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

Impairment for assets carried at amortised costs

Up to 30 April 2018, for assets carried at amortised cost, the Fund assesses at the end of each reporting year whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

As a practical expedient, the Fund may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent financial year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in statement of comprehensive income.

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

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

From 1 May 2018 onwards, the Fund measures credit risk and expected credit losses (“ECL”) using probability of default, exposure at default and loss given default. The Manager consider both historical analysis and forward looking information in determining any ECL. The Manager consider the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month ECL as any such impairment would be wholly insignificant to the Fund.

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

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

(c) Income recognition

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

Profit income from Shariah-compliant deposits with licensed Islamic financial institutions is recognised on a time proportionate basis using the effective profit rate method on an accrual basis.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(c) Income recognition (continued)**

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

(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 cash is denominated in RM for the purpose of making settlement of foreign trades.
- iii) 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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income.

(e) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balances and Shariah-compliant 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 year.

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

Tax on income from foreign collective investment scheme is based on the tax regime of the respective countries that the Fund invests in.

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

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

(h) 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, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expenses.

(i) Amount due from/to stockbrokers

Amounts due from/to stockbrokers represent receivables for Shariah-compliant quoted securities sold and payables for Shariah-compliant quoted securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. The amount due from stockbrokers balance is held for collection.

These amounts are recognised initially at fair value and, up 30 April 2018, subsequently measured at amortised cost using the effective profit method, less provision for impairment for amounts due from stockbrokers. A provision for impairment of amounts due from stockbrokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant stockbroker. Significant financial difficulties of the stockbroker, probability that the stockbroker will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from stockbrokers is impaired. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, profit income is recognised using the profit rate used to discount the future cash flows for the purpose of measuring the impairment loss. From 1 May 2018, these amounts are subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amount due from brokers at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund measures the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

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

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

(j) Other income

Management fee rebate is derived from the Manager and Manager of the collective investment scheme on an accrual basis to ensure no double charging of management fee. It is accrued daily based on the fair value of collective investment scheme held.

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

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

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

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

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

(l) Segment information

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

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

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

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

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

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

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund are as follows:

	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
2019			
Cash and cash equivalents (Shariah-compliant) (Note 10)	-	134,190,500	134,190,500
Shariah-compliant collective investment scheme (Note 9)	3,933,999	-	3,933,999
Shariah-compliant quoted securities (Note 9)	1,487,765,198	-	1,487,765,198
Amount due from stockbrokers	-	3,082,048	3,082,048
Amount due from Manager	-	14,330,730	14,330,730
Amount due from Manager of collective investment scheme	-	28,375	28,375
Dividends receivable	-	3,190,998	3,190,998
	<u>1,491,699,197</u>	<u>154,822,651</u>	<u>1,646,521,848</u>

	Financial assets at fair value through profit or loss RM	Financing and receivables RM	Total RM
2018			
Cash and cash equivalents (Shariah-compliant) (Note 10)	-	115,135,406	115,135,406
Shariah-compliant collective investment scheme (Note 9)	3,716,507	-	3,716,507
Shariah-compliant quoted securities (Note 9)	1,308,089,096	-	1,308,089,096
Amount due from stockbrokers	-	8,172,731	8,172,731
Amount due from Manager	-	9,519,550	9,519,550
Amount due from Manager of collective investment scheme	-	19,522	19,522
Dividends receivable	-	2,044,812	2,044,812
	<u>1,311,805,603</u>	<u>134,892,021</u>	<u>1,446,697,624</u>

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

The Fund aims to achieve long-term capital appreciation and income while complying with Shariah investment criteria, through investments in the emerging and developed markets of Asia Pacific ex Japan region.

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

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

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

(a) Market risk

(i) Price risk

This is the risk that the fair value of an investment in Shariah-compliant collective investment scheme and Shariah-compliant quoted securities will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk). The value of Shariah-compliant collective investment scheme and Shariah-compliant 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 Shariah-compliant collective investment scheme, Shariah-compliant quoted securities and other financial instruments within specified limits according to the Deeds.

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

	2019 RM	2018 RM
Financial assets at fair value through profit or loss:		
- Shariah-compliant collective investment scheme	3,933,999	3,716,507
- Shariah-compliant quoted securities - local	13,575,551	30,992,346
- Shariah-compliant quoted securities - foreign	1,474,189,647	1,277,096,750
	<u>1,491,699,197</u>	<u>1,311,805,603</u>

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

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

(a) Market risk (continued)

(i) Price risk (continued)

% Change in price of Shariah-compliant collective investment scheme and Shariah-compliant quoted securities	Market value RM	Impact on profit or loss/NAV RM
2019		
-5%	1,417,114,237	(74,584,960)
0%	1,491,699,197	-
5%	<u>1,566,284,157</u>	<u>74,584,960</u>
2018		
-5%	1,246,215,323	(65,590,280)
0%	1,311,805,603	-
5%	<u>1,377,395,883</u>	<u>65,590,280</u>

(ii) Interest rate risk

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

It does not in any way suggest that this Fund will invest in conventional financial instruments. All investment carried out for the Fund including placements and deposits are in accordance with Shariah requirements.

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

The Fund's exposure to fair value interest rate risk arises from Shariah-compliant deposits with licensed financial institutions. The interest rate risk is expected to be minimal as the Fund's investments comprise mainly short term Shariah-compliant deposits with approved licensed Islamic financial institutions.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market profit rates.

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

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

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

(a) Market risk (continued)

(iii) Currency risk

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

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

Financial assets	Financial assets at fair value through profit or loss RM	Cash and cash equivalents RM	Amount due from stockbrokers RM	Amount due from Manager of collective investment scheme RM	Dividends receivable RM	Total RM
2019						
AUD	107,381,022	-	-	-	-	107,381,022
CNY	34,253,144	-	-	-	-	34,253,144
HKD	427,593,232	-	-	-	-	427,593,232
IDR	73,955,526	-	-	28,375	-	73,983,901
INR	127,922,961	-	-	-	-	127,922,961
KRW	286,347,369	-	-	-	1,968,974	288,316,343
PHP	-	-	3,082,048	-	60,404	3,142,452
SGD	165,131,554	-	-	-	645,015	165,776,569
THB	59,107,857	-	-	-	516,605	59,624,462
TWD	79,461,788	-	-	-	-	79,461,788
USD	116,969,194	54,773,024	-	-	-	171,742,218
	<u>1,478,123,647</u>	<u>54,773,024</u>	<u>3,082,048</u>	<u>28,375</u>	<u>3,190,998</u>	<u>1,539,198,092</u>
2018						
AUD	40,009,266	-	-	-	-	40,009,266
CNY	31,683,449	-	-	-	-	31,683,449
HKD	319,607,023	-	8,172,731	-	-	327,779,754
IDR	19,830,085	-	-	19,522	-	19,849,607
INR	81,214,631	-	-	-	-	81,214,631
KRW	370,861,981	-	-	-	1,166,842	372,028,823
SGD	60,142,743	-	-	-	497,377	60,640,120
THB	47,189,483	-	-	-	279,785	47,469,268
TWD	148,154,478	-	-	-	-	148,154,478
USD	162,120,118	85,100,133	-	-	-	247,220,251
	<u>1,280,813,257</u>	<u>85,100,133</u>	<u>8,172,731</u>	<u>19,522</u>	<u>1,944,004</u>	<u>1,376,049,647</u>

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

(a) Market risk (continued)

(iii) Currency risk (continued)

Financial liabilities	Amount due to stockbrokers RM	Total RM
2019		
HKD	9,246,530	9,246,530
IDR	884,756	884,756
	<u>10,131,286</u>	<u>10,131,286</u>
2018		
USD	<u>2,429,762</u>	<u>2,429,762</u>

The table below summarises the sensitivity of the Fund's profit or loss and NAV to changes foreign exchange movements at the end of each financial year. The analysis is based on the assumption that the foreign exchange rate fluctuates by 5% with all other variables remain constant. 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 or loss/NAV	
		2019 RM	2018 RM
AUD	+/- 5	+/- 5,369,051	+/- 2,000,463
CNY	+/- 5	+/- 1,712,657	+/- 1,584,172
HKD	+/- 5	+/- 20,917,335	+/- 16,388,988
IDR	+/- 5	+/- 3,654,957	+/- 992,480
INR	+/- 5	+/- 6,396,148	+/- 4,060,732
KRW	+/- 5	+/- 14,415,817	+/- 18,601,441
PHP	+/- 5	+/- 157,123	-
SGD	+/- 5	+/- 8,288,828	+/- 3,032,006
THB	+/- 5	+/- 2,981,223	+/- 2,373,463
TWD	+/- 5	+/- 3,973,089	+/- 7,407,724
USD	+/- 5	+/- 8,587,111	+/- 12,239,525
		<u>+/- 76,453,339</u>	<u>+/- 68,680,994</u>

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

(b) Credit risk

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

The credit risk arising from placements of Shariah-compliant deposits in licensed Islamic financial institutions is managed by ensuring that the Fund will only place Shariah-compliant deposits in reputable licensed Islamic 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 collective investment scheme and quoted securities are settled/paid upon delivery using approved stockbrokers.

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

	Cash and cash equivalents RM	Amount due from stockbroker RM	Amount due from Manager RM	Amount due from Manager of collective investment scheme RM	Dividends receivable RM	Total RM
2019						
Consumer Products						
- Not Rated	-	-	-	-	577,008	577,008
Finance						
- CIMB Islamic Bank Bhd	36,286,226	-	-	-	-	36,286,226
- Hongkong and Shanghai Banking Corporation Ltd (AAA)	54,773,024	-	-	-	-	54,773,024
- Hong Leong Islamic Bank Bhd	9,080,592	-	-	-	-	9,080,592
- HSBC Amanah Malaysia Bhd (AAA)	20,925	-	-	-	-	20,925
- Public Islamic Bank Bhd (AAA)	34,029,733	-	-	-	-	34,029,733
- Not Rated	-	3,082,048	-	-	-	3,082,048
Industrials						
- Not Rated	-	-	-	-	645,015	645,015
Technology						
- Not Rated	-	-	-	-	1,968,975	1,968,975
Others						
- Not Rated	-	-	14,330,730	28,375	-	14,359,105
	<u>134,190,500</u>	<u>3,082,048</u>	<u>14,330,730</u>	<u>28,375</u>	<u>3,190,998</u>	<u>154,822,651</u>

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

(b) Credit risk (continued)

	Cash and cash equivalents RM	Amount due from stockbroker RM	Amount due from Manager RM	Amount due from Manager of collective investment scheme RM	Dividends receivable RM	Total RM
2018						
Consumer Products						
- Not Rated	-	-	-	-	279,785	279,785
Energy						
- Not Rated	-	-	-	-	497,377	497,377
Finance						
- CIMB Islamic Bank Bhd	6,873,215	-	-	-	-	6,873,215
- Hongkong and Shanghai Banking Corporation Limited (AAA)	85,100,133	-	-	-	-	85,100,133
- Hong Leong Islamic Bank Bhd	10,714,324	-	-	-	-	10,714,324
- HSBC Amanah Malaysia Bhd (AAA)	20,901	-	-	-	-	20,901
- Maybank Islamic Bhd (AAA)	8,533,486	-	-	-	-	8,533,486
- Public Islamic Bank Bhd (AAA)	3,893,347	-	-	-	-	3,893,347
- Others (Not Rated)	-	8,172,731	-	-	-	8,172,731
Technology						
- Not Rated	-	-	-	-	1,166,842	1,166,842
Trading/ Services						
- Not Rated	-	-	-	-	100,808	100,808
Others						
- Not Rated	-	-	9,519,550	19,522	-	9,539,072
	<u>115,135,406</u>	<u>8,172,731</u>	<u>9,519,550</u>	<u>19,522</u>	<u>2,044,812</u>	<u>134,892,021</u>

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

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

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 RM	Between 1 month to 1 year RM	Total RM
2019			
Amount due to stockbrokers	10,131,286	-	10,131,286
Amount due to Manager	6,884,497	-	6,884,497
Accrued management fee	2,364,882	-	2,364,882
Amount due to Trustee	92,170	-	92,170
Other payables and accruals	-	17,139	17,139
Contractual undiscounted cash flows	19,472,835	17,139	19,489,974
2018			
Amount due to stockbrokers	2,429,762		2,429,762
Amount due to Manager	1,992,662		1,992,662
Accrued management fee	2,088,165		2,088,165
Amount due to Trustee	81,557		81,557
Other payables and accruals #	130,437	20,460	150,897
Contractual undiscounted cash flows	6,722,583	20,460	6,743,043

Excludes GST reverse charge payable amounting to nil (2018: RM19,437).

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

(d) Capital risk management

The capital of the Fund is represented by equity consisting of unit holders' capital of RM1,643,322,378 (2018: RM1,374,765,667) and accumulated losses of RM16,286,971 (2018: retained earnings of RM65,173,010). The amount of capital can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

(e) Fair value estimation

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

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

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

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

(i) Fair value hierarchy

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

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

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

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

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2019				
Financial assets at fair value through profit or loss:				
- Shariah-compliant collective investment scheme	3,933,999	-	-	3,933,999
- Shariah-compliant quoted securities				
- local	13,575,551	-	-	13,575,551
- Shariah-compliant quoted securities				
- foreign	<u>1,474,189,647</u>	<u>-</u>	<u>-</u>	<u>1,474,189,647</u>
	<u>1,491,699,197</u>	<u>-</u>	<u>-</u>	<u>1,491,699,197</u>
2018				
Financial assets at fair value through profit or loss:				
- Shariah-compliant collective investment scheme	3,716,507	-	-	3,716,507
- Shariah-compliant quoted securities				
- local	30,992,346	-	-	30,992,346
- Shariah-compliant quoted securities				
- foreign	<u>1,277,096,750</u>	<u>-</u>	<u>-</u>	<u>1,277,096,750</u>
	<u>1,311,805,603</u>	<u>-</u>	<u>-</u>	<u>1,311,805,603</u>

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

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

(e) Fair value estimation (continued)

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

4. OTHER INCOME

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

For the financial year ended 30 April 2019, the rebate is recognised at a rate of 3.00% per annum (2018: 3.00%) for CIMB-Principal Islamic Equity Growth Syariah, calculated and accrued daily based on the NAV of the collective investment scheme.

5. MANAGEMENT FEE

In accordance with the Deeds, the Manager is entitled to a maximum management fee of 1.85% per annum, calculated daily based on the NAV of the Fund.

For the financial year ended 30 April 2019, the management fee is recognised at a rate of 1.80% per annum (2018: 1.80% per annum).

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

6. TRUSTEE'S AND CUSTODIAN FEES

In accordance with the Deeds, the Trustee is entitled to a maximum fee of 0.07% per annum, calculated daily based on the NAV of the Fund. The Trustee's fee includes local custodian fee but excludes the foreign sub-custodian fee, if any.

For the financial year ended 30 April 2019, the Trustee's fee is recognised at a rate of 0.07% per annum (2018: 0.07% per annum) while the foreign sub-custodian fee is recognised at RM703,232 (2018: RM535,005).

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

7. DISTRIBUTION

Distribution to unit holders is derived from the following sources:

	2019	2018
	RM	RM
Dividend income	2,394,327	-
Profit income	38,843	-
Net realised gain from disposal of Shariah-compliant investments	3,287,849	-
Prior financial years' realised income	30,054,517	-
	35,775,536	-
Less:		
Expenses	(602,475)	-
Net distribution amount	35,173,061	-
 Final distribution on 17 May 2018		
Gross/Net distribution per unit (sen)	2.01	-

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

Gross distribution per unit is derived from gross realised income less expense, divided by the number of units in circulation. Net distribution per unit is derived from gross realised income less expenses and taxation, divided by the number of units in circulation.

8. TAXATION

	2019	2018
	RM	RM
Tax charged for the financial year:		
- Withholding tax	3,830,442	2,123,637
- Capital gain tax	41,340	1,794,976
	3,871,782	3,918,613

8. TAXATION (CONTINUED)

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

	2019	2018
	RM	RM
(Loss)/Profit before taxation	<u>(42,415,138)</u>	<u>29,989,731</u>
Taxation at Malaysian statutory rate of 24% (2018: 24%)	(10,179,633)	7,197,535
Tax effects of:		
Loss not deductible for tax purposes/(Income not subject to tax)	1,895,193	(13,470,367)
Expenses not deductible for tax purposes	1,903,915	1,676,150
Restriction on tax deductible expenses for Unit Trust Funds	6,380,525	4,596,682
Income subject to withholding tax	3,830,442	2,123,637
Income subject to capital gain tax	<u>41,340</u>	<u>1,794,976</u>
Taxation	<u><u>3,871,782</u></u>	<u><u>3,918,613</u></u>

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019	2018
	RM	RM
At fair value through profit or loss:		
- Shariah-compliant collective investment scheme	3,933,999	3,716,507
- Shariah-compliant quoted securities - local	13,575,551	30,992,346
- Shariah-compliant quoted securities - foreign	<u>1,474,189,647</u>	<u>1,277,096,750</u>
	<u>1,491,699,197</u>	<u>1,311,805,603</u>
Net (loss)/gain on financial assets at fair value through profit or loss:		
- Realised (loss)/gain on disposals	(75,513,206)	38,284,188
- Unrealised fair value gain	<u>29,771,094</u>	<u>6,863,638</u>
	<u><u>(45,742,112)</u></u>	<u><u>45,147,826</u></u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2019				
SHARIAH-COMPLIANT COLLECTIVE INVESTMENT SCHEME				
INDONESIA				
CIMB-Principal Islamic Equity Growth Syariah	<u>9,239,261</u>	<u>4,057,664</u>	<u>3,933,999</u>	<u>0.24</u>
TOTAL SHARIAH- COMPLIANT COLLECTIVE INVESTMENT SCHEME	<u>9,239,261</u>	<u>4,057,664</u>	<u>3,933,999</u>	<u>0.24</u>
ACCUMULATED UNREALISED LOSS ON SHARIAH-COMPLIANT COLLECTIVE INVESTMENT SCHEME AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>(123,665)</u>		
TOTAL SHARIAH- COMPLIANT COLLECTIVE INVESTMENT SCHEME AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>3,933,999</u>		
SHARIAH-COMPLIANT QUOTED SECURITIES - LOCAL				
Consumer Products				
IOI Corp Bhd	<u>3,010,100</u>	<u>13,854,770</u>	<u>13,575,551</u>	<u>0.83</u>
TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES - LOCAL	<u>3,010,100</u>	<u>13,854,770</u>	<u>13,575,551</u>	<u>0.83</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES - FOREIGN				
AUSTRALIA				
Basic Materials				
BHP Group Ltd	274,965	26,983,882	29,998,555	1.84
Industrials				
Cimic Group Ltd	218,963	33,355,167	32,313,703	1.99
Cleanaway Waste Management Ltd	6,866,601	38,154,936	45,068,764	2.77
	<u>7,085,564</u>	<u>71,510,103</u>	<u>77,382,467</u>	<u>4.76</u>
TOTAL AUSTRALIA	<u>7,360,529</u>	<u>98,493,985</u>	<u>107,381,022</u>	<u>6.60</u>
CAYMAN ISLANDS				
Consumer Products				
Alibaba Group Holding Ltd	152,510	94,451,624	116,969,193	7.19
TOTAL CAYMAN ISLANDS	<u>152,510</u>	<u>94,451,624</u>	<u>116,969,193</u>	<u>7.19</u>
CHINA				
Consumer Products				
Midea Group Co Ltd	518,869	15,187,605	16,685,727	1.03
Energy				
China Petroleum & Chemical - H ²	6,330,000	20,164,383	20,107,903	1.24
Finance				
China Vanke Co Ltd - H ²	1,230,000	17,517,476	19,665,707	1.21
Industrials				
Anhui Conch Cement Co. Ltd	701,500	15,199,978	17,682,977	1.09
Centre Testing International Group Co Ltd	2,871,155	15,447,590	17,567,417	1.08
	<u>3,572,655</u>	<u>30,647,568</u>	<u>35,250,394</u>	<u>2.17</u>
TOTAL CHINA	<u>11,651,524</u>	<u>83,517,032</u>	<u>91,709,731</u>	<u>5.65</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES - FOREIGN (CONTINUED)				
HONG KONG				
Consumer Products				
Shenzhou International Group Holdings Ltd	414,000	21,015,693	22,965,425	1.41
Techtronic Industries Co Ltd	942,000	21,279,599	28,137,126	1.73
	<u>1,356,000</u>	<u>42,295,292</u>	<u>51,102,551</u>	<u>3.14</u>
Energy				
CNOOC Ltd	<u>8,424,000</u>	<u>53,856,112</u>	<u>62,927,482</u>	<u>3.87</u>
Finance				
China Resources Land Ltd	1,182,000	14,846,830	21,264,440	1.31
Henderson Land Development Co Ltd	894,000	22,745,802	22,747,329	1.40
	<u>2,076,000</u>	<u>37,592,632</u>	<u>44,011,769</u>	<u>2.71</u>
REIT				
Link REIT	<u>1,598,500</u>	<u>72,039,752</u>	<u>77,051,217</u>	<u>4.74</u>
Technology				
Tencent Holdings Ltd	<u>201,800</u>	<u>37,445,656</u>	<u>41,247,597</u>	<u>2.54</u>
Telecommunications				
China Mobile Ltd	<u>1,613,000</u>	<u>66,416,095</u>	<u>63,517,198</u>	<u>3.90</u>
Utilities				
China Resources Gas Group Ltd	806,000	15,797,631	15,413,009	0.95
CK Infrastructure Holdings Ltd	443,000	13,741,566	14,865,822	0.91
	<u>1,249,000</u>	<u>29,539,197</u>	<u>30,278,831</u>	<u>1.86</u>
TOTAL HONG KONG	<u>16,518,300</u>	<u>339,184,736</u>	<u>370,136,645</u>	<u>22.76</u>
INDIA				
Consumer Products				
Dabur India Ltd	<u>597,669</u>	<u>14,741,643</u>	<u>14,133,163</u>	<u>0.87</u>
Energy				
Reliance Industries Ltd	<u>857,370</u>	<u>47,572,697</u>	<u>70,932,209</u>	<u>4.36</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES - FOREIGN (CONTINUED)				
INDIA (CONTINUED)				
Technology				
Tata Consultancy Services Ltd	319,202	36,584,054	42,857,589	2.63
TOTAL INDIA	1,774,241	98,898,394	127,922,961	7.86
INDONESIA				
Consumer Products				
PT Indofood CBP Sukses Makmur Tbk	7,403,300	22,930,345	20,864,757	1.28
Telecommunications				
PT Telekomunikasi Indonesia Persero Tbk	33,174,100	37,486,890	36,436,507	2.24
TOTAL INDONESIA	40,577,400	60,417,235	57,301,264	3.52
PHILIPPINES				
Consumer Products				
Jollibee Foods Corporation	524,630	12,645,499	12,720,263	0.78
TOTAL PHILIPPINES	524,630	12,645,499	12,720,263	0.78
SINGAPORE				
Consumer Products				
ComfortDelGro Corp Ltd	2,955,300	22,027,479	24,165,671	1.49
Corporate				
NetLink NBN Trust	9,371,700	23,715,391	23,645,118	1.45
Energy				
Keppel Corp Ltd	1,414,600	31,065,090	29,111,684	1.79
Finance				
CapitaLand Commercial Trust	6,226,300	32,118,051	36,717,811	2.26
CapitaLand Mall Trust	6,999,600	45,823,194	51,491,270	3.16
	13,225,900	77,941,245	88,209,081	5.42

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES - FOREIGN (CONTINUED)				
SINGAPORE (CONTINUED)				
TOTAL SINGAPORE	26,967,500	154,749,205	165,131,554	10.15
SOUTH KOREA				
Basic Materials				
Lotte Chemical Corp	13,760	23,288,898	13,069,876	0.80
Posco	14,778	17,620,806	13,331,057	0.82
	<u>28,538</u>	<u>40,909,704</u>	<u>26,400,933</u>	<u>1.62</u>
Consumer Products				
Amorepacific Corporation	10,847	12,846,540	7,981,448	0.49
LG HouseHold & Health Care Ltd	4,806	19,244,095	24,176,425	1.48
Samsung Electronics Co Ltd	721,510	132,811,627	117,028,172	7.19
Samsung Electronics Co Ltd - Preference Share	467,370	70,239,223	61,505,294	3.78
	<u>1,204,533</u>	<u>235,141,485</u>	<u>210,691,339</u>	<u>12.94</u>
Health Care				
Medy-Tox Inc	7,219	14,939,934	14,278,259	0.88
Technology				
SK Hynix Inc	125,154	32,281,231	34,976,838	2.15
TOTAL SOUTH KOREA	1,365,444	323,272,354	286,347,369	17.59
TAIWAN				
Basic Materials				
Formosa Plastics Corp	2,079,000	29,221,810	31,131,778	1.91
Industrials				
AirTac International Group	272,000	15,591,031	14,982,957	0.92
Technology				
Taiwan Semiconductor Manufacturing Co Ltd	963,000	30,433,831	33,347,053	2.05
TOTAL TAIWAN	3,314,000	75,246,672	79,461,788	4.88

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES - FOREIGN (CONTINUED)				
THAILAND				
Consumer Products				
Home Product Center PCL - NVDR ¹	10,981,000	21,327,481	22,324,641	1.37
Robinson PCL	1,656,700	15,052,637	12,496,337	0.77
	<u>12,637,700</u>	<u>36,380,118</u>	<u>34,820,978</u>	<u>2.14</u>
Health Care				
Bangkok Dusit Medical Services PCL - NVDR ¹	7,355,100	22,298,493	24,286,879	1.49
TOTAL THAILAND	<u>19,992,800</u>	<u>58,678,611</u>	<u>59,107,857</u>	<u>3.63</u>
TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES - FOREIGN	<u>130,198,878</u>	<u>1,399,555,347</u>	<u>1,474,189,647</u>	<u>90.61</u>
TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES	<u><u>133,208,978</u></u>	<u><u>1,413,410,117</u></u>	<u><u>1,487,765,198</u></u>	<u><u>91.44</u></u>
ACCUMULATED UNREALISED GAIN ON SHARIAH- COMPLIANT QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>74,355,081</u>		
TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u><u>1,487,765,198</u></u>		

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2018				
SHARIAH-COMPLIANT COLLECTIVE INVESTMENT SCHEME				
INDONESIA				
CIMB-Principal Islamic Equity Growth Syariah	<u>9,239,261</u>	<u>4,057,664</u>	<u>3,716,507</u>	<u>0.26</u>
TOTAL SHARIAH- COMPLIANT COLLECTIVE INVESTMENT SCHEME	<u>9,239,261</u>	<u>4,057,664</u>	<u>3,716,507</u>	<u>0.26</u>
ACCUMULATED UNREALISED LOSS ON SHARIAH-COMPLIANT COLLECTIVE INVESTMENT SCHEME AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>(341,157)</u>		
TOTAL SHARIAH- COMPLIANT COLLECTIVE INVESTMENT SCHEME AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>3,716,507</u>		
SHARIAH-COMPLIANT QUOTED SECURITIES - LOCAL				
Consumer Products				
UMW Holdings Bhd	<u>2,869,800</u>	<u>17,470,669</u>	<u>17,534,478</u>	<u>1.22</u>
Trading/Services				
Sime Darby Bhd	<u>5,040,400</u>	<u>11,292,431</u>	<u>13,457,868</u>	<u>0.93</u>
TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES - LOCAL	<u>7,910,200</u>	<u>28,763,100</u>	<u>30,992,346</u>	<u>2.15</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2018 (CONTINUED)				
SHARIAH-COMPLIANT				
QUOTED SECURITIES -				
FOREIGN				
AUSTRALIA				
Basic Materials				
BHP Billiton Ltd	437,050	42,890,206	40,009,266	2.78
TOTAL AUSTRALIA	437,050	42,890,206	40,009,266	2.78
CAYMAN ISLANDS				
Technology				
Alibaba Group Holding Ltd	168,575	101,377,684	118,041,926	8.20
TOTAL CAYMAN ISLANDS	168,575	101,377,684	118,041,926	8.20
CHINA				
Basic Materials				
Anhui Conch Cement Co Ltd - H ²	1,604,500	33,980,384	39,607,371	2.75
Consumer Products				
Midea Group Co Ltd - A	989,940	34,877,247	31,683,449	2.20
Energy				
China Petroleum & Chemical Corp - H ²	6,330,000	20,164,383	24,260,985	1.68
Finance				
China Vanke Co Ltd - H ²	1,230,000	17,517,476	20,098,434	1.40
TOTAL CHINA	10,154,440	106,539,490	115,650,239	8.03

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2018 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES - FOREIGN				
HONG KONG				
Consumer Products				
Brilliance China Automative Holdings Ltd	3,634,000	29,117,268	25,713,283	1.79
China Mengniu Dairy Co Ltd	2,627,000	29,831,095	33,474,153	2.32
Techtronic Industries Co Ltd	1,638,500	35,460,872	37,990,392	2.64
Tingyi (Cayman Islands)	5,080,000	40,739,756	37,772,523	2.62
	<u>12,979,500</u>	<u>135,148,991</u>	<u>134,950,351</u>	<u>9.37</u>
Energy				
CNOOC Ltd	4,599,000	25,617,921	30,243,263	2.10
Finance				
China Resources Land Ltd	1,182,000	14,846,830	17,571,701	1.22
Industrials				
MTR Corp Ltd	582,500	13,287,841	12,880,080	0.89
Technology				
Tencent Holdings Ltd	204,700	46,492,740	39,994,839	2.78
TOTAL HONG KONG	<u>19,547,700</u>	<u>235,394,323</u>	<u>235,640,234</u>	<u>16.36</u>
INDIA				
Consumer Products				
Maruti Suzuki India Ltd	41,135	21,680,143	21,321,055	1.48
Energy				
Reliance Industries Ltd	1,057,405	58,075,580	59,893,576	4.16
TOTAL INDIA	<u>1,098,540</u>	<u>79,755,723</u>	<u>81,214,631</u>	<u>5.64</u>
INDONESIA				
Energy				
PT Adaro Energy Tbk	31,150,200	18,902,765	16,113,578	1.12
TOTAL INDONESIA	<u>31,150,200</u>	<u>18,902,765</u>	<u>16,113,578</u>	<u>1.12</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2018 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES - FOREIGN (CONTINUED)				
SINGAPORE				
Energy				
Keppel Corp Ltd	<u>1,200,600</u>	<u>26,382,975</u>	<u>29,096,576</u>	<u>2.02</u>
Technology				
Venture Corp Ltd	<u>500,800</u>	<u>22,150,373</u>	<u>31,046,167</u>	<u>2.16</u>
TOTAL SINGAPORE	<u>1,701,400</u>	<u>48,533,348</u>	<u>60,142,743</u>	<u>4.18</u>
SOUTH KOREA				
Basic Materials				
Lotte Chemical Corp	13,760	23,288,898	20,914,074	1.45
POSCO	<u>24,054</u>	<u>28,681,209</u>	<u>32,895,270</u>	<u>2.28</u>
	<u>37,814</u>	<u>51,970,107</u>	<u>53,809,344</u>	<u>3.73</u>
Consumer Products				
Amorepacific Corp	10,847	12,846,540	13,898,084	0.96
LG Electronics Inc	108,847	40,431,606	40,760,219	2.83
LG HouseHold & Health Care Ltd	<u>1,396</u>	<u>5,140,294</u>	<u>7,021,435</u>	<u>0.49</u>
	<u>121,090</u>	<u>58,418,440</u>	<u>61,679,738</u>	<u>4.28</u>
Health Care				
Medy-Tox Inc	<u>3,336</u>	<u>6,873,129</u>	<u>8,543,826</u>	<u>0.59</u>
Technology				
Samsung Electronics Co Ltd	14,737	136,558,288	143,375,462	9.96
Samsung Electronics Co Ltd - Preference Share	8,284	62,202,097	64,627,730	4.49
SK Hynix Inc	<u>125,154</u>	<u>32,281,230</u>	<u>38,825,881</u>	<u>2.70</u>
	<u>148,175</u>	<u>231,041,615</u>	<u>246,829,073</u>	<u>17.15</u>
TOTAL SOUTH KOREA	<u>310,415</u>	<u>348,303,291</u>	<u>370,861,981</u>	<u>25.75</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2018 (CONTINUED)				
SHARIAH-COMPLIANT				
QUOTED SECURITIES -				
FOREIGN (CONTINUED)				
TAIWAN				
Industrials				
AirTac International Group	628,000	42,020,085	42,936,360	2.98
Technology				
Largan Precision Co Ltd	34,000	25,022,688	15,677,400	1.09
Taiwan Semiconductor Manufacturing Co Ltd	2,977,000	95,652,638	89,540,717	6.22
	3,011,000	120,675,326	105,218,117	7.31
TOTAL TAIWAN	3,639,000	162,695,411	148,154,477	10.29
THAILAND				
Consumer Products				
Robinson PCL	1,656,700	15,052,637	13,526,137	0.94
Energy				
PTT PCL - NVDR ¹	4,841,000	29,117,860	33,663,346	2.34
TOTAL THAILAND	6,497,700	44,170,497	47,189,483	3.28
UNITED STATES				
Technology				
Nvidia Corp	49,972	45,961,779	44,078,192	3.06
TOTAL UNITED STATES	49,972	45,961,779	44,078,192	3.06
TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES - FOREIGN	74,754,992	1,234,524,517	1,277,096,750	88.69

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2018 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES - FOREIGN (CONTINUED)				
TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES				
	<u>82,665,192</u>	1,263,287,617	<u>1,308,089,096</u>	<u>90.84</u>
ACCUMULATED UNREALISED GAIN ON SHARIAH- COMPLIANT QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>44,801,479</u>		
TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>1,308,089,096</u>		

¹ NVDR, or non-voting depository receipt, is a trading instrument issued by Thai NVDR Company Limited, a subsidiary wholly owned by the Stock Exchange of Thailand (“SET”). It is a valid security as specified by the United States Securities and Exchange Commission (“SEC”) and is automatically regarded as a listed security by the SET. The underlying security is a listed security in the SET.

² H shares refer to the shares of companies incorporated in the Chinese mainland that are listed on the Hong Kong Stock Exchange or other foreign exchange. H shares are still regulated by Chinese law, but they are denominated in Hong Kong dollars and trade the same as other equities on the Hong Kong exchange.

10. CASH AND CASH EQUIVALENTS (SHARIAH-COMPLIANT)

	2019	2018
	RM	RM
Shariah-compliant deposits with licensed Islamic financial institutions	79,396,551	30,014,372
Bank balances	54,793,949	85,121,034
	134,190,500	115,135,406

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

	2019	2018
	%	%
Shariah-compliant deposits with licensed Islamic financial institutions	3.29	3.22

Shariah-compliant deposits with licensed Islamic financial institutions of the Fund have an average maturity of 5 days (2018: 2 days).

11. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2019	2018
	No. of units	No. of units
At the beginning of the financial year	1,707,315,478	535,378,527
Add: Creation of units from applications	684,391,620	1,573,673,166
Add: Creation of units from distribution	41,927,759	-
Less: Cancellation of units	(394,946,705)	(401,736,215)
At the end of the financial year	2,038,688,152	1,707,315,478

12. MANAGEMENT EXPENSE RATIO (“MER”)

	2019	2018
	%	%
MER	1.93	2.03

MER is derived from the following calculation:

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

- A = Management fee (including management fee rebates)
- 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 costs
- F = Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on a daily basis is RM1,471,319,688 (2018: RM1,004,773,478).

13. PORTFOLIO TURNOVER RATIO (“PTR”)

	2019	2018
PTR (times)	0.84	1.40

PTR is derived based on the following calculation:

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

where:

- total acquisition for the financial year = RM1,350,874,334 (2018: RM1,857,303,860)
- total disposal for the financial year = RM1,125,238,629 (2018: RM963,370,944)

14. **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 Manager
CIMB-Principal Asset Management (S) Pte Ltd	Investment Adviser of the Fund
CIMB Securities (Singapore) Pte Ltd	Fellow related party to the Manager
CIMB Securities (India) Pte Ltd	Fellow related party to the Manager
CIMB Securities Ltd (Taiwan)	Fellow related party to the Manager
CIMB Securities Ltd (South Korea)	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

	2019		2018	
	No. of units	RM	No. of units	RM
Manager				
Principal Asset Management Berhad <i>(formerly known as CIMB-Principal Asset Management Berhad)</i>	<u>726,277</u>	<u>579,569</u>	<u>349,590</u>	<u>294,809</u>

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.

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

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.

	2019	2018
	RM	RM
<u>Significant related party transactions</u>		
Profit income from Shariah-compliant deposits with licensed Islamic financial institutions:		
- CIMB Islamic Bank Bhd	<u>231,402</u>	<u>111,826</u>
Cash placement with licensed Islamic financial institutions		
- CIMB Islamic Bank Bhd	<u>425,834,000</u>	<u>286,219,000</u>
<u>Significant related party balances</u>		
Shariah-compliant deposits with licensed Islamic financial institutions:		
- CIMB Islamic Bank Bhd	<u>36,286,226</u>	<u>6,873,215</u>

15. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the top 10 brokers/dealers for the financial year ended 30 April 2019 are as follows:

Brokers/Dealers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
Citigroup Global Markets Singapore Pte Ltd	498,538,489	20.14	679,365	17.07
JP Morgan Securities LLC	396,950,123	16.03	119,085	2.99
CLSA Ltd	220,230,082	8.88	550,335	13.83
Credit Suisse (HK) Ltd	186,625,958	7.54	485,368	12.20
JP Morgan Securities (Asia Pacific) Ltd	145,306,500	5.87	332,083	8.34
Sanford C. Bernstein & Co., LLC	119,958,350	4.84	159,830	4.02
CLSA Securities Malaysia Sdn Bhd	116,766,978	4.72	40,694	1.02
Instinet Pacific Limited	96,212,813	3.89	190,448	4.79
Macquarie Bank Limited	92,521,246	3.74	210,257	5.28
Daiwa Capital Markets Singapore Ltd	86,357,805	3.49	69,086	1.74
Others #	<u>516,431,263</u>	<u>20.86</u>	<u>1,143,185</u>	<u>28.72</u>
	<u>2,475,899,607</u>	<u>100.00</u>	<u>3,979,736</u>	<u>100.00</u>

15. TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)

Details of transactions with the top 10 brokers/dealers for the financial year ended 30 April 2018 are as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
PT JP Morgan Securities Indonesia	698,273,575	24.78	216,515	6.45
Citigroup Global Markets Singapore Pte Ltd	502,695,556	17.84	471,078	14.03
Instinet Singapore Services Pte Ltd	219,064,825	7.77	260,749	7.76
CLSA Singapore Pte Ltd	186,046,441	6.60	94,236	2.81
Macquarie Capital (Singapore) Pte Ltd	177,162,364	6.29	448,470	13.35
JP Morgan Securities Singapore Pte Ltd	171,475,036	6.08	186,674	5.56
Credit Suisse (HK) Ltd	124,215,008	4.41	302,618	9.01
Sanford C. Bernstein & Co., LLC	123,899,322	4.40	39,657	1.18
CLSA (Hong Kong) Ltd	107,227,934	3.81	313,824	9.34
Bloomberg Tradebook LLC	86,791,464	3.08	130,187	3.88
Others #	421,146,651	14.94	894,486	26.63
	<u>2,817,998,176</u>	<u>100.00</u>	<u>3,358,494</u>	<u>100.00</u>

Included in the transactions are trades conducted with CIMB Investment Bank Bhd and CIMB Securities (S) Pte Ltd, related parties of the Manager amounting to RM13,560,039 (2018: RM34,683,335) and RM36,904,552 (2018: RM10,494,504) respectively. The Manager is of the opinion that all transactions with the related parties have been entered into in the normal course of business at agreed terms between the related parties.

16. SEGMENT INFORMATION

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

The Fund aims to achieve long-term capital appreciation and income while complying with Shariah investment criteria, through investments in the emerging and developed markets of Asia Pacific ex Japan region. 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 profit and dividend income earned from investments and gains on the appreciation in the value of investments, which are derived from Ringgit denominated Shariah-compliant deposits with licensed Islamic financial institutions, Shariah-compliant collective investment scheme and Shariah-compliant quoted securities listed on the Bursa Securities, Malaysia, and foreign equities of companies domiciled in of companies domiciled in, listed in, and/or have significant operations in the Asia Pacific Ex Japan region.

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

17. MFRS 9 FINANCIAL INSTRUMENTS

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

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

	Measurement category		Carrying amount			
	Original (MFRS 139)	New (MFRS 9)	Original (MFRS 139)	Reclassi- fications	Remeasu- rements	New (MFRS 9)
			RM	RM	RM	RM
Assets						
Cash and cash equivalents	Financing and receivables	Amortised cost	115,135,406	-	-	115,135,406
Shariah-compliant quoted securities and collective investment scheme	FVTPL	FVTPL	1,311,805,603	-	-	1,311,805,603
Amount due from stockbrokers	Financing and receivables	Amortised cost	8,172,731	-	-	8,172,731
Amount due from Manager	Financing and receivables	Amortised cost	9,519,550	-	-	9,519,550
Amount due from Manager of collective investment scheme	Financing and receivables	Amortised cost	19,522	-	-	19,522
Dividends receivable	Financing and receivables	Amortised cost	2,044,812	-	-	2,044,812

17. MFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

	Measurement category		Carrying amount			
	Original (MFRS 139)	New (MFRS 9)	Original (MFRS 139)	Reclassi- -fications	Remeasu- -rements	New (MFRS 9)
<i>Liabilities</i>						
Amount due to stockbrokers	Amortised cost	Amortised cost	2,429,762	-	-	2,429,762
Amount due to Manager	Amortised cost	Amortised cost	1,992,662	-	-	1,992,662
Accrued management fee	Amortised cost	Amortised cost	2,088,165	-	-	2,088,165
Amount due to Trustee	Amortised cost	Amortised cost	81,557	-	-	81,557
Other payables and accruals	Amortised cost	Amortised cost	170,334	-	-	170,334

18. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 18 June 2019.

DIRECTORY

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