

# CIMB Islamic Balanced Growth Fund

Unaudited Interim Report

For The Six Months Financial Period Ended 30 June 2019

**CIMB ISLAMIC BALANCED GROWTH FUND**

**UNAUDITED FINANCIAL STATEMENTS**

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

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## INVESTORS' LETTER

Dear Valued Investors,

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

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

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

Effective 1 April 2019, we have appointed Amanie Advisors Sdn Bhd ("Amanie") as our new Shariah advisor. Amanie is a Shariah advisory, consultancy, training and research and development boutique for institutional and corporate clientele focusing on Islamic financial services. It is a registered Shariah advisory company for Islamic unit trust with the Securities Commission Malaysia ("SC"). Amanie was established with the aim of addressing the global needs for experts' and Shariah scholars' pro-active input. This will ultimately allow the players in the industry to manage and achieve their business and financial goals in accordance with the Shariah Principles.

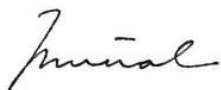
Going forward, you will be receiving e-newsletter from us as part of our commitment in helping you along your financial journey. On a monthly basis, we will share information that will help you better understand your investments and keep you updated on the industry. We have also revamped our website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

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

Yours faithfully,

for **Principal Asset Management Berhad**

(*formerly known as CIMB-Principal Asset Management Berhad*)



**Munirah Khairuddin**  
Chief Executive Officer

## FUND OBJECTIVE AND POLICY

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

The Fund aims to grow the value of the Unit holders' investments over the long-term in a diversified mix of Malaysian assets in approved Shariah instruments while providing consistent income.

### Has the Fund achieved its objective?

For the financial period under review, the Fund's total return was 5.12% which outperformed the benchmark by 122 basis points ("bps"). The Fund has met its objective for the interim period.

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

The Fund aims to invest in a diversified portfolio of Malaysian assets comprising Shariah-compliant equities and Shariah-compliant fixed income investments. In line with its objective, the investment policy and strategy of the Fund is to maintain a balanced portfolio between Shariah-compliant equities and Shariah-compliant fixed income investments in the ratio of 60:40. The fixed income portion of the Fund is to provide some capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The investment by the Fund in Shariah-compliant equities shall not be less than 40% of the Net Asset Value ("NAV") of the Fund and investments in Shariah-compliant fixed income securities and Shariah-compliant liquid assets shall not exceed 60% of the NAV of the Fund with a minimum credit rating of "BBB3" or "P2" by RAM Ratings ("RAM") or equivalent rating by Malaysian Rating Corporation Berhad ("MARC") or by local rating agency(ies) of the country issuance; "BBB-" by S&P or equivalent rating by Moody's or Fitch. The Fund may invest up to 40% of its NAV in Unrated Shariah-compliant fixed income securities\*. The Fund may also opt to seek investment exposure via Shariah-compliant Collective Investment Schemes that is in line with the Fund's objective, subject to the requirements of the SC guidelines.

The asset allocation strategy for this Fund is as follows:

- at least 40% of the Fund's NAV in Shariah-compliant equities, subject to a maximum of 60%;
- up to a maximum of 60% of the Fund's NAV in Shariah-compliant fixed income investments and Shariah-compliant liquid assets, subject to a minimum of 40%;
- up to 40% of the Fund's NAV in Unrated Shariah-compliant fixed income securities\*; and
- at least 2% of the Fund's NAV in Shariah-compliant liquid assets

\* With effective 1 October 2017, the investment limit in Unrated Shariah-compliant fixed income securities will be changed from 25% to 40%.

### Fund category/type

Balanced (Shariah-compliant)/Growth & Income

### 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?

26 May 2003

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

RM310.51 million (490.19 million units)

### What is the Fund's benchmark?

60% Financial Times Stock Exchange ("FTSE") Bursa Malaysia ("FBM") EMAS Shariah ("FBMS") Index + 40% CIMB Islamic 1-Month Fixed Return Income Account-i ("FRIA-i")

Note: The Fund's benchmark is for performance comparison purpose only. The benchmark is customised as such to align it closer to the structure of the portfolio and the objective of the Fund. Investors are cautioned that the risk profile of the Fund is higher than the risk profile of the benchmark.

**FUND OBJECTIVE AND POLICY (CONTINUED)**

**What is the Fund distribution policy?**

Distribution (if any) is expected to be distributed every January at the Manager's discretion.

**What was the net income distribution for the six months financial period ended 30 June 2019?**

The Fund distributed a total net income of RM7.82 million to unit holders for the financial period ended 30 June 2019. As a result, the NAV per unit dropped from RM0.6166 to RM0.6011 on 17 January 2019.

**PERFORMANCE DATA**

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

	<b>30.06.2019</b>	<b>30.06.2018</b>	<b>30.06.2017</b>
	%	%	%
Shariah-compliant quoted securities			
- Construction	5.72	2.47	7.84
- Consumer Products & Services	6.63	-	-
- Consumer Products	-	4.95	1.24
- Energy	7.49	-	-
- Financial Services	2.41	-	-
- Finance	-	1.54	1.94
- Health Care	3.01	-	-
- Industrial Products & Services	5.89	-	-
- Industrials	-	9.48	4.90
- Infrastructure Project Company ("IPC")	-	-	4.94
- Plantation	3.10	1.48	4.42
- Property	1.44	-	-
- Properties	-	0.98	0.90
- Real Estate Investment Trust ("REIT")	1.13	-	-
- Technology	0.76	2.38	-
- Telecommunications/Media	6.18	-	-
- Trading/Services	-	21.34	27.79
- Transportation/Logistics	2.36	-	-
- Utilities	12.62	-	-
Unquoted Sukuk	37.29	36.15	33.01
Cash and other net assets	3.97	19.23	13.02
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

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

	<b>30.06.2019</b>	<b>30.06.2018</b>	<b>30.06.2017</b>
NAV (RM Million)	310.51	316.03	363.54
Units in circulation (Million)	490.19	500.72	554.44
NAV per unit (RM)	0.6334	0.6311	0.6556
	<b>01.01.2019</b>	<b>01.01.2018</b>	<b>01.01.2017</b>
	<b>to 30.06.2019</b>	<b>to 30.06.2018</b>	<b>to 30.06.2017</b>
Highest NAV per unit (RM)	0.6350	0.6941	0.6582
Lowest NAV per unit (RM)	0.6002	0.6282	0.6284
Total return (%)	5.12	(3.55)	5.06
- Capital growth (%)	2.47	(7.27)	1.04
- Income distribution (%)	2.58	4.01	3.97

**PERFORMANCE DATA (CONTINUED)**

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

	<b>01.01.2019 to 30.06.2019</b>	<b>01.01.2018 to 30.06.2018</b>	<b>01.01.2017 to 30.06.2017</b>
Management Expense Ratio ("MER") (%) ^	0.79	0.82	0.84
Portfolio Turnover Ratio ("PTR") (times) #	0.44	0.48	0.54

^ The Fund's MER decreased from 0.82% to 0.79% due to the decreased in expenses during the financial period under review.

# The Fund's PTR decreased marginally from 0.48 times to 0.44 times as there were less trading activities during the financial period under review.

Date of distribution	17.01.2019	18.01.2018	18.01.2017
Gross/Net distribution per unit (sen)	1.55	2.65	2.50

	<b>30.06.2019</b>	<b>30.06.2018</b>	<b>30.06.2017</b>	<b>30.06.2016</b>	<b>30.06.2015</b>
	%	%	%	%	%
Annual total return	3.00	0.12	4.90	0.86	(1.48)

(Launch date: 26 May 2003)

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

**MARKET REVIEW (1 JANUARY 2019 TO 30 JUNE 2019)**

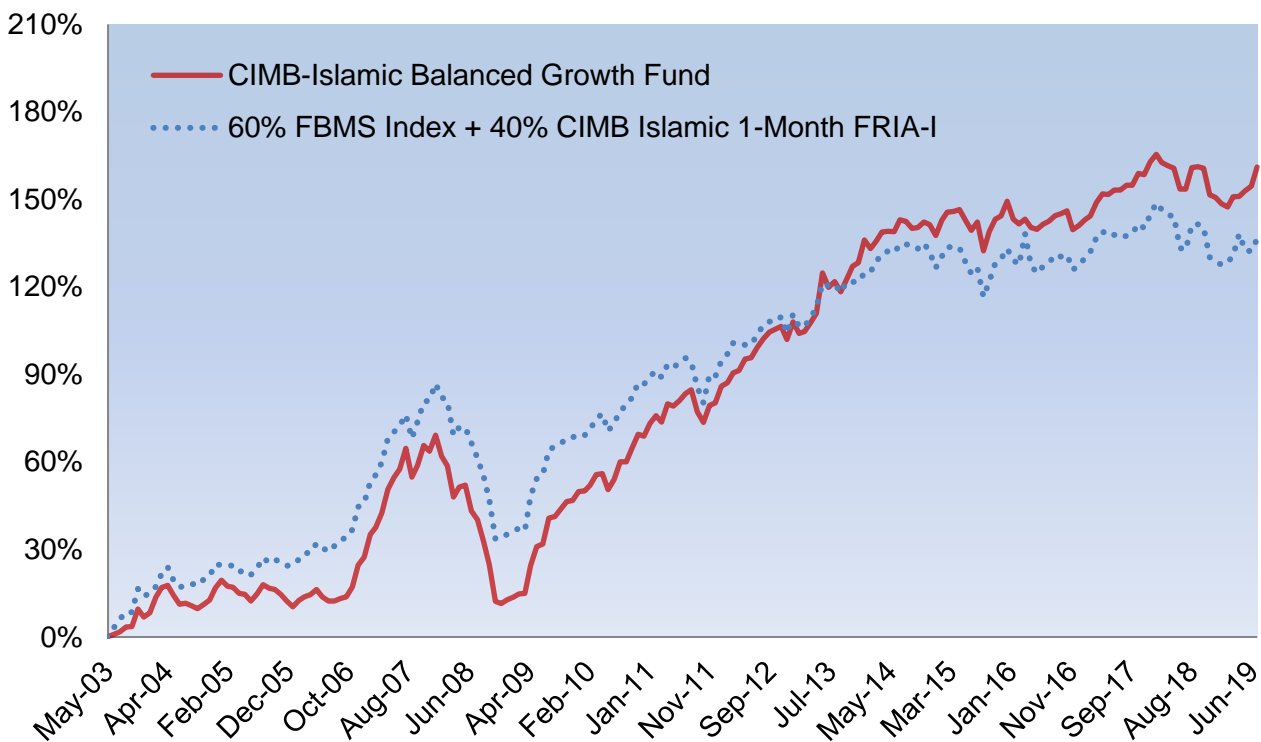
The FBMS Index closed higher at 2.9% month-on-month ("m-o-m") to end at 12,132.94 points. Foreign investor flows registered a net buying of RM0.1 billion in June 2019 after registering four consecutive months of net selling; bringing the six months of 2019 net sell of RM4.7 billion. Defensive Utilities (led by Tenaga Nasional Bhd ("TNB")) and Telecommunications (led by Axiata Group Bhd and Telekom Malaysia Bhd ("TM")) outperformed. Despite 3% m-o-m higher Brent crude oil, Energy (led by Dialog Group Bhd) underperformed. Utilities (mainly by TNB and Malaysia Airports Holdings Bhd) and Telecommunications (mainly by TM) led the gains on a m-o-m basis.

On Ringgit Malaysia ("RM") Sukuk, market started the year with expectation of dovish interest rate trend as US Treasury ("UST") yield inverted on the 5-year bucket, a sign that market is expecting the US Federal Reserve (the "Fed") to ease at some point in the next few years. Trade tension and weak global growth forecast were the main backdrop of yield curve inversion in the US. Come April 2019, Bank Negara Malaysia ("BNM") released 2018 annual report with domestic growth forecast downgraded between 4.3% and 4.8%, from between 4.5% and 5.0% last year. At that point, market has fully priced in one Overnight Policy Rate ("OPR") cut in the domestic interest rate market. Come May 2019, BNM did what market expected with OPR reduced to 3.00%. Government Sukuk and Corporate Sukuk outperformed Shariah Equity as a whole.

FUND PERFORMANCE

	6 months to 30.06.2019	1 year to 30.06.2019	3 years to 30.06.2019	5 years to 30.06.2019	Since inception to 30.06.2019
	%	%	%	%	%
Income	2.58	2.58	10.94	21.14	92.42
Capital	2.47	0.41	(2.49)	(11.27)	33.42
Total Return	5.12	3.00	8.18	7.49	161.16
Benchmark	3.90	1.62	4.18	0.60	136.42
Average Total Return	N/A	3.00	2.65	1.46	6.14

The Fund recorded a gain over the six months financial period ended 30 June 2019 due to tactical asset and sector allocation. On a 3-year and 5-year basis, the Fund has gained 2.65% and 1.46% respectively.



Changes in NAV

	30.06.2019	31.12.2018 Audited	Changes %
NAV (RM Million)	310.51	305.90	1.51
NAV/Unit (RM)	0.6334	0.6184	2.43

NAV rose by 1.51% and the NAV per unit of the Fund grew by 2.43% in the financial period under review due to the Fund's outperformance.

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



**PORTFOLIO STRUCTURE**

**Asset allocation**

<b>(% of NAV)</b>	<b>30.06.2019</b>	<b>31.12.2018 Audited</b>
Shariah-compliant quoted securities	58.74	46.62
Unquoted Sukuk	37.29	45.69
Cash and other net assets	3.97	7.69
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>

As at 30 June 2019, the Fund held 58.74% in local quoted securities, 37.29% in Sukuk, with the rest in cash and other net assets. The asset allocation has shifted towards more equities as we upgraded our call on equities from underweight to neutral during the financial period under review.

**MARKET OUTLOOK\***

We turn neutral on Malaysia. We are taking a balanced approach on the domestic market for the remaining part of 2019 given moderating Gross Domestic Product (“GDP”) growth, tepid corporate earnings growth and regulatory uncertainty on one hand and potential stronger consumption from China which can help drive exports and commodity prices on the other. Having said that, we believe value is emerging in Malaysian equities as Malaysia tend to be more defensive when volatility in global equity markets rises.

On Sukuk, post BNM delivered 25 bps rate cut in May 2019, market is still expecting another cut in 2019, the long-end yield curve has already moved down more than 25 bps since the cut. Although technical factors such as foreign flow return and low bond supply could also contributed to the flat yield curve, we find it hard to justify taking position as such low term spreads. We think the third quarter of 2019 should still be supported with reinvestment activities, but we are expecting market to start profit taking by the fourth quarter of 2019.

\*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**

For Malaysia, we will continue with the high equity weighting with low beta investment strategy balanced with some alpha picks for the portfolio. At the same time, we are reducing exposure on some of the Technology-related names on the back of rising trade conflicts. We reiterate our capital preservation investment strategy with preference on big cap Government-Linked Companies (“GLCs”) and companies with strong fundamentals and solid cash flow and dividends in sectors such as Utilities & Renewable Energy, Consumer Staples and Industrials.

On Sukuk, we continue to expect 3.00% OPR will remain for the rest of 2019. The long-end Government bond curve has fully priced in another 25 bps cut which means further substantial upside is probably very limited. However, we do not think market will correct immediately given the supply profile in the second half of 2019 is very benign. The return of foreign funds is a double-edged sword as it will likely to push the local yield curve lower but expose domestic investors to any global shock. Regardless of the OPR outcome, the Fund will still stay overweight duration against benchmark but cautious against curve positioning as the basis for long-end curve flattening is solely based on technical factors. We will also overweight credit against government bond as credit spreads have widened after the flattening of risk-free curve.

**UNIT HOLDINGS STATISTICS**

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

<b>Size of unit holdings (units)</b>	<b>No of unit holders</b>	<b>No of units held (million)</b>	<b>% of units held</b>
5,000 and below	3,868	11.61	2.37
5,001 to 10,000	3,104	22.64	4.62
10,001 to 50,000	5,289	115.18	23.50
50,001 to 500,000	1,299	135.04	27.55
500,001 and above	12	205.72	41.96
<b>Total</b>	<b>13,572</b>	<b>490.19</b>	<b>100.00</b>

**SOFT COMMISSIONS AND REBATES**

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

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

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF  
CIMB ISLAMIC BALANCED GROWTH FUND**

We, being the Directors of Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the "Manager"), do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements set out on pages 12 to 41 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 June 2019 and of its financial performance, changes in equity and cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 - Interim Financial Reporting and International Accounting Standards ("IAS") 34 - Interim Financial Reporting.

For and on behalf of the Manager

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

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

**JUAN IGNACIO EYZAGUIRRE BARAONA**  
Director

Kuala Lumpur  
14 August 2019

**TRUSTEE'S REPORT  
TO THE UNIT HOLDERS OF CIMB ISLAMIC BALANCED GROWTH FUND  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

We have acted as Trustee for CIMB Islamic Balanced Growth Fund ("the Fund") for the financial period ended 30 June 2019. To the best of our knowledge, Principal Asset Management Berhad (*formerly known as CIMB Principal Asset Management Berhad*) ("the Manager") has managed the Fund in the financial period under review in accordance with the following:

1. Limitations imposed on the investment powers of the Manager under the Deeds, securities laws and Guidelines on Unit Trust Funds;
2. Valuation and pricing of the Fund are carried out in accordance with the Deeds and any regulatory requirement; and
3. Creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirement.

An income distribution of 1.55 sen per unit (gross) declared to the unit holders of the Fund for the financial period under review.

We are of the view that the distribution is consistent with the investment objective and distribution policy of the Fund.

For **Maybank Trustees Berhad**  
(Company No. : 5004-P)

**BERNICE K M LAU**  
Head, Operations

Kuala Lumpur  
14 August 2019

**SHARIAH ADVISER'S REPORT TO THE UNIT HOLDERS OF  
CIMB ISLAMIC BALANCED GROWTH FUND**

**For the Financial Period from 1 January 2019 to 31 March 2019**

We have acted as the Shariah Adviser of CIMB Islamic Balanced Growth Fund (the "Fund") for the financial period from 1 January 2019 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 January 2019 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 BALANCED GROWTH FUND**

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

We have acted as the Shariah Adviser of CIMB Islamic Balanced Growth 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

14 August 2019

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

		<b>01.01.2019 to 30.06.2019</b>	<b>01.01.2018 to 30.06.2018</b>
	<b>Note</b>	<b>RM</b>	<b>RM</b>
<b>INCOME/(LOSS)</b>			
Dividend income		2,063,876	2,474,151
Profit income from Shariah-compliant deposits with licensed Islamic financial institutions at amortised cost		333,067	399,402
Profit income from unquoted Sukuk		2,911,361	3,035,620
Hibah		169	121
Net gain/(loss) on financial assets at fair value through profit or loss	<b>8</b>	<u>12,627,336</u>	<u>(14,333,338)</u>
		<u>17,935,809</u>	<u>(8,424,044)</u>
<b>EXPENSES</b>			
Management fee	<b>4</b>	2,287,138	2,483,215
Trustee's fee	<b>5</b>	106,733	115,883
Audit fee		9,750	9,750
Tax agent's fee		2,000	300
Transaction costs		295,948	585,325
Other expenses		<u>11,392</u>	<u>137,715</u>
		<u>2,712,961</u>	<u>3,332,188</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		15,222,848	(11,756,232)
Taxation	<b>7</b>	<u>-</u>	<u>-</u>
<b>PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD</b>		<u>15,222,848</u>	<u>(11,756,232)</u>
Profit/(Loss) after taxation is made up as follows:			
Realised amount		2,381,371	15,455,430
Unrealised amount		<u>12,841,477</u>	<u>(27,211,662)</u>
		<u>15,222,848</u>	<u>(11,756,232)</u>

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

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

		<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>Note</b>	<b>RM</b>	<b>Audited RM</b>
<b>ASSETS</b>			
Cash and cash equivalents (Shariah-compliant)	<b>9</b>	13,241,344	22,839,971
Financial assets at fair value through profit or loss (Shariah-compliant)	<b>8</b>	298,193,358	282,388,642
Amount due from stockbrokers		-	1,516,683
Amount due from Manager		28,332	57,941
Dividends receivable		195,492	364,793
Tax recoverable		91,205	91,205
<b>TOTAL ASSETS</b>		<u>311,749,731</u>	<u>307,259,235</u>
<b>LIABILITIES</b>			
Amount due to stockbrokers		125,225	727,798
Amount due to Manager		700,598	204,682
Accrued management fee		379,290	389,589
Amount due to Trustee		17,700	18,181
Other payables and accruals		16,695	18,700
<b>TOTAL LIABILITIES</b>		<u>1,239,508</u>	<u>1,358,950</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>310,510,223</u>	<u>305,900,285</u>
<b>EQUITY</b>			
Unit holders' capital		283,729,182	286,517,747
Retained earnings		26,781,041	19,382,538
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>310,510,223</u>	<u>305,900,285</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>	<b>10</b>	<u>490,190,237</u>	<u>494,623,012</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.6334</u>	<u>0.6184</u>

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



**UNAUDITED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2019**

	Note	Unit holders' capital RM	Retained earnings RM	Total RM
<b>Balance as at 1 January 2019</b>		286,517,747	19,382,538	305,900,285
Movement in unit holders' contributions:				
- Creation of units from applications		16,306,855	-	16,306,855
- Creation of units from distribution		7,796,397	-	7,796,397
- Cancellation of units		(26,891,817)	-	(26,891,817)
Total comprehensive income for the financial period		-	15,222,848	15,222,848
Distribution	6	-	(7,824,345)	(7,824,345)
<b>Balance as at 30 June 2019</b>		<u>283,729,182</u>	<u>26,781,041</u>	<u>310,510,223</u>
<b>Balance as at 1 January 2018</b>		295,265,901	50,835,161	346,101,062
Movement in unit holders' contributions:				
- Creation of units from applications		13,295,069	-	13,295,069
- Creation of units from distribution		13,431,545	-	13,431,545
- Cancellation of units		(31,567,304)	-	(31,567,304)
Total comprehensive loss for the financial period		-	(11,756,232)	(11,756,232)
Distribution	6	-	(13,478,907)	(13,478,907)
<b>Balance as at 30 June 2018</b>		<u>290,425,211</u>	<u>25,600,022</u>	<u>316,025,233</u>

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

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

	<b>01.01.2019 to 30.06.2019 RM</b>	<b>01.01.2018 to 30.06.2018 RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from disposal of Shariah-compliant quoted securities	48,163,728	128,469,939
Proceeds from disposal of unquoted Sukuk	85,710,222	65,452,307
Proceeds from redemption of unquoted Sukuk	6,000,000	1,006,300
Purchase of Shariah-compliant quoted securities	(81,336,713)	(88,027,053)
Purchase of unquoted Sukuk	(60,730,114)	(33,021,346)
Profit income received from unquoted Sukuk	2,545,019	3,004,505
Profit income received from Shariah-compliant deposits with licensed Islamic financial institutions	333,067	399,402
Hibah earned	169	121
Dividend income received	2,229,497	2,297,945
Management fee paid	(2,297,437)	(2,525,041)
Trustee's fee paid	(107,214)	(117,835)
Donation to charitable bodies	-	(2,494)
Payments for other fees and expenses	(21,467)	(218,241)
<b>Net cash generated from operating activities</b>	<b>488,757</b>	<b>76,718,509</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash proceeds from units created	16,336,464	12,989,345
Payments for cancellation of units	(26,395,901)	(31,534,364)
Distribution paid	(27,947)	(47,362)
<b>Net cash used in financing activities</b>	<b>(10,087,384)</b>	<b>(18,592,381)</b>
Net (decrease)/increase in cash and cash equivalents	(9,598,627)	58,126,128
Cash and cash equivalents at the beginning of the financial period	22,839,971	10,681,746
Cash and cash equivalents at the end of the financial period	<b>13,241,344</b>	<b>68,807,874</b>
<u>Cash and cash equivalents comprised of:</u>		
Shariah-compliant deposits with licensed Islamic financial institutions	12,928,063	68,613,251
Bank balances	313,281	194,623
Cash and cash equivalents at the end of the financial period	<b>13,241,344</b>	<b>68,807,874</b>

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

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

CIMB Islamic Balanced Growth Fund (the "Fund") is governed by a Principal Master Deed dated 15th May 2008, a Third Supplemental Master Deed dated 25th June 2008, a Sixth Supplemental Master Deed dated 14th July 2008, a Seventh Supplemental Master Deed dated 19th November 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") between Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the "Manager") and Maybank Trustees Bhd (the "Trustee").

The Fund aims to invest in a diversified portfolio of Malaysian assets comprising Shariah-compliant equities and Shariah-compliant fixed income investments. In line with its objective, the investment policy and strategy of the Fund is to maintain a balanced portfolio between Shariah-compliant equities and Shariah-compliant fixed income investments in the ratio of 60:40. The fixed income portion of the Fund is to provide some capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The investment by the Fund in Shariah-compliant equities shall not be less than 40% of the NAV of the Fund and investments in Shariah-compliant fixed income securities and Shariah-compliant liquid assets shall not exceed 60% of the NAV of the Fund with a minimum credit rating of "BBB3" or "P2" by RAM or equivalent rating by MARC or by local rating agency(ies) of the country issuance; "BBB-" by S&P or equivalent rating by Moody's or Fitch. The Fund may invest up to 40% of its NAV in unrated Shariah-compliant fixed income securities. The Fund may also opt to seek investment exposure via Shariah-compliant Collective Investment Schemes that is in line with the Fund's objective, subject to the requirements of the SC guidelines.

The asset allocation strategy for this Fund is as follows:

- at least 40% of the Fund's NAV in Shariah-compliant equities, subject to a maximum of 60%;
- up to a maximum of 60% of the Fund's NAV in Shariah-compliant fixed income investments and Shariah-compliant liquid assets, subject to a minimum of 40%;
- up to 40% of the Fund's NAV in Unrated Shariah-compliant fixed income securities; and
- at least 2% of the Fund's NAV in Shariah-compliant liquid assets

All investments are subjected 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 International Financial Reporting Standards (“IFRS”).

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

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

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

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

#### Standard that is effective:

The Fund has applied the following standard for the first time for the financial period beginning 1 January 2019:

#### (i) Financial period beginning on/after 1 January 2019

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

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

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

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

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

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

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities at fair value through OCI.

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

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

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

Recognition and measurement

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

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

Financial assets are derecognised when the rights to receive cash flows from the 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 period which they arise.

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

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

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 basis approved by the Trustee after appropriate technical consultation.

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

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.

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

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

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

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

**(c) Income recognition**

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

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

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).

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

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

**(d) Functional and presentation currency**

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

**(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 amount 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 on taxable profit earned during the financial period.

## 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 period in which it is approved by the Trustee.

### (h) Transactions costs

Transaction costs are costs incurred to acquire or dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, 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 investments sold and payables for Shariah-compliant investments purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

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

If the credit risk increases to the point that it is considered to be credit impaired, 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) Unit holders' capital

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

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

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

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



**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(k) Segment information**

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

**(l) Critical accounting estimates and assumptions 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 judgments are continually evaluated by the Manager and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Estimate of fair value of unquoted Sukuk**

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

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

**3. RISK MANAGEMENT OBJECTIVES AND POLICIES**

The investment objective of the Fund is to grow the value of the Unit holders' investments over the long-term in a diversified mix of Malaysian assets in approved Shariah instruments while providing consistent income.

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

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

**3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****(a) Market risk****(i) Price risk**

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

**(ii) Interest rate risk**

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

Investors should note that movement in prices of unquoted Sukuk and Shariah-compliant money market instruments are benchmarked against interest rates. As such, the investments are exposed to the movement of the interest rates. It does not in any way suggest that this Fund will invest in conventional financial instruments. All investments carried out for the Fund including placements and deposits are in accordance with Shariah.

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

Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to meet obligation under the instrument, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

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

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

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

Investment in unquoted Sukuk may involve a certain degree of credit/default risk with regards to the issuers. Generally, credit risk or default risk is the risk of loss due to the issuer's non-payment or untimely payment of the investment amount as well as the returns on investment. This will cause a decline in value of the investment and subsequently depress the NAV of the Fund. Usually credit risk is more apparent for an investment with a longer tenure, i.e. the longer the duration, the higher the credit risk. Credit risk can be managed by performing continuous fundamental credit research and analysis to ascertain the creditworthiness of its issuer.

In addition, the Manager imposes a minimum rating requirement as rated by either local and/or foreign rating agencies and manages the duration of the investment in accordance with the objective of the Fund. For this Fund, the unquoted Sukuk investment must satisfy a minimum credit requirement of at least "BBB3" or "P2" by RAM or equivalent rating by MARC or by local rating agency (ies) of the country of issuance; "BBB-" by S&P or equivalent rating by Moody's or Fitch.

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 the 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 Shariah-compliant quoted securities are settled/paid upon delivery using approved stockbrokers.

**(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 fund 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.

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

#### (d) Capital risk management

The capital of the Fund is represented by equity consisting of unit holder's capital of RM283,729,183 (31.12.2018: RM286,517,747) and retained earnings of RM26,781,041 (31.12.2018: RM19,382,538). The amount of capital can change significantly on a daily basis as the Fund is subjected 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 holder 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 period end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

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

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

##### (i) Fair value hierarchy

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

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

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

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

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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>30.06.2019</b>				
Financial assets at fair value through profit or loss:				
- Shariah - compliant quoted securities	182,392,620	-	-	182,392,620
- Unquoted Sukuk	-	115,800,738	-	115,800,738
	<u>182,392,620</u>	<u>115,800,738</u>	<u>-</u>	<u>298,193,358</u>
<b>31.12.2018</b>				
<b>Audited</b>				
Financial assets at fair value through profit or loss:				
- Shariah - compliant quoted securities	139,759,114	-	-	139,759,114
- Unquoted Sukuk	-	142,629,528	-	142,629,528
	<u>139,759,114</u>	<u>142,629,528</u>	<u>-</u>	<u>282,388,642</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. 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).

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include unquoted Sukuk. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Fund's policies on valuation of these financial assets are stated in Note 2(b).

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

**4. MANAGEMENT FEE**

In accordance with the Deeds, the Manager is entitled to a maximum management fee of 2.00% per annum, calculated daily based on the NAV of the Fund.

For the six months financial period ended 30 June 2019, the Manager's fee is recognised at a rate of 1.50% per annum (30.06.2018: 1.50% per annum).

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

**5. TRUSTEE'S FEE**

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 the local custodian fee but excludes the foreign sub-custodian fee (if any).

For the six months financial period ended 30 June 2018, the Trustee's fee is recognised at a rate of 0.07% per annum (30.06.2018: 0.07% per annum).

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

**6. DISTRIBUTION**

Distribution to unit holders is derived from the following sources:

	<b>01.01.2019 to 30.06.2019</b>	<b>01.01.2018 to 30.06.2018</b>
	<b>RM</b>	<b>RM</b>
Dividend income	1,434,847	1,827,393
Profit income	1,962,894	2,543,931
Net realised (loss)/gain on disposal of investment	(230,153)	3,125,556
Prior financial periods' realised income	<u>5,065,335</u>	<u>6,471,904</u>
	8,232,923	13,968,784
Less:		
Expenses	<u>(408,578)</u>	<u>(489,877)</u>
Net distribution amount	<u><u>7,824,345</u></u>	<u><u>13,478,907</u></u>
<b>Distribution on 17 January 2019</b>		
Gross/Net distribution per unit (sen)	<u>1.55</u>	<u>-</u>
<b>Distribution on 18 January 2018</b>		
Gross/Net distribution per unit (sen)	<u>-</u>	<u>2.65</u>

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

During the six months financial period ended 30 June 2018, the Fund incurred unrealised losses of RM27,211,662.

**7. TAXATION**

	<b>01.01.2019 to 30.06.2019 RM</b>	<b>01.01.2018 to 30.06.2018 RM</b>
Tax charge for the financial period:		
- Current taxation	<u>-</u>	<u>-</u>

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

	<b>01.01.2019 to 30.06.2019 RM</b>	<b>01.01.2018 to 30.06.2018 RM</b>
Profit/(Loss) before taxation	<u>15,222,848</u>	<u>(11,756,232)</u>
Taxation at Malaysian statutory rate of 24% (30.06.2018: 24%)	3,653,484	(2,821,496)
Tax effects of:		
(Income not subject to tax)/Loss not deductible for tax purposes	(4,304,594)	2,021,771
Expenses not deductible for tax purposes	98,558	176,950
Restriction on tax deductible expenses for Unit Trust funds	<u>552,552</u>	<u>622,775</u>
Taxation	<u>-</u>	<u>-</u>

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

	<b>30.06.2019 RM</b>	<b>31.12.2018 Audited RM</b>
At fair value through profit or loss at inception:		
- Shariah-compliant quoted securities	182,392,620	139,759,114
- Unquoted Sukuk	115,800,738	142,629,528
	<u>298,193,358</u>	<u>282,388,642</u>

	<b>01.01.2019 to 30.06.2019 RM</b>	<b>01.01.2018 to 30.06.2018 RM</b>
Net gain/(loss) on financial assets at fair value through profit or loss:		
- Realised (loss)/gain on disposals	(211,849)	13,167,652
- Unrealised fair value gain/(loss)	12,839,185	(27,500,990)
	<u>12,627,336</u>	<u>(14,333,338)</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>30.06.2019</b>				
<b>SHARIAH-COMPLIANT QUOTED SECURITIES</b>				
<b>Construction</b>				
Econpile Holdings Bhd	5,800,000	4,025,628	4,176,000	1.35
Gamuda Bhd	1,200,000	3,687,987	4,512,000	1.45
IJM Corporation Bhd	3,201,000	6,941,569	7,682,400	2.47
Muhibbah Engineering M Bhd	379,700	1,099,692	1,047,972	0.34
TRC Synergy Bhd	544,100	379,564	348,224	0.11
	<b>11,124,800</b>	<b>16,134,440</b>	<b>17,766,596</b>	<b>5.72</b>
<b>Consumer Products &amp; Services</b>				
Bermaz Auto Bhd	1,499,300	3,250,008	3,988,138	1.28
Fraser & Neave Holdings Bhd	50,000	1,591,685	1,728,000	0.56
Nestle Malaysia Bhd	28,200	2,599,514	4,204,620	1.35
Petronas Dagangan Bhd	127,100	3,202,460	3,228,340	1.04
Sime Darby Bhd	3,300,929	7,392,134	7,460,100	2.40
Umw Holdings Bhd	600	3,379	3,240	-
	<b>5,006,129</b>	<b>18,039,181</b>	<b>20,612,438</b>	<b>6.63</b>
<b>Energy</b>				
Dialog Group Bhd	2,585,730	6,907,310	8,429,480	2.72
Hibiscus Petroleum Bhd	4,000,000	4,114,864	4,280,000	1.38
Sapura Energy Bhd	10,800,000	3,825,050	3,240,000	1.04
Yinson Holdings Bhd	1,200,000	4,877,362	7,308,000	2.35
	<b>18,585,730</b>	<b>19,724,586</b>	<b>23,257,480</b>	<b>7.49</b>
<b>Financial Services</b>				
BIMB Holdings Bhd	1,260,300	5,436,414	5,759,571	1.86
Syarikat Takaful Malaysia Keluarga Bhd	250,000	1,530,225	1,712,500	0.55
	<b>1,510,300</b>	<b>6,966,639</b>	<b>7,472,071</b>	<b>2.41</b>
<b>Health Care</b>				
Hartalega Holdings Bhd	373,900	2,097,574	1,959,236	0.63
IHH Healthcare Bhd	851,800	4,925,543	4,940,440	1.59
Top Glove Corporation Bhd	500,000	2,323,432	2,455,000	0.79
	<b>1,725,700</b>	<b>9,346,549</b>	<b>9,354,676</b>	<b>3.01</b>
<b>Industrial Products &amp; Services</b>				
Hss Engineers Bhd	1,856,200	2,134,579	2,153,192	0.69
Petronas Chemicals Group Bhd	1,319,300	10,451,053	11,082,120	3.57
Press Metal Aluminium Holdings Bhd	3,500	15,890	15,400	0.01
Sunway Bhd	849,958	1,424,832	1,427,929	0.46
Uchi Technologies Bhd	1,253,700	3,821,176	3,610,656	1.16
	<b>5,282,658</b>	<b>17,847,530</b>	<b>18,289,297</b>	<b>5.89</b>
<b>Plantation</b>				
IOI Corporation Bhd	758,200	3,441,522	3,222,350	1.04
Sime Darby Plantation Bhd	1,299,800	6,717,485	6,395,016	2.06
	<b>2,058,000</b>	<b>10,159,007</b>	<b>9,617,366</b>	<b>3.10</b>



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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>30.06.2019 (Continued)</b>				
<b>SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)</b>				
<b>Property</b>				
Malaysian Resources Corp Bhd	4,710,000	4,295,818	4,474,500	1.44
<b>REIT</b>				
Axis REIT	2,000,000	3,603,437	3,500,000	1.13
<b>Technology</b>				
JHM Consolidation	1,321,500	1,603,098	1,665,090	0.54
Pentamaster Corporation Bhd	191,322	311,526	551,007	0.18
Revenue Group Bhd	88,300	125,095	125,386	0.04
	<b>1,601,122</b>	<b>2,039,719</b>	<b>2,341,483</b>	<b>0.76</b>
<b>Telecommunications &amp; Media</b>				
Axiata Group Bhd	2,064,757	9,460,218	10,282,490	3.31
Digi.Com Bhd	1,000,000	4,369,519	5,050,000	1.63
Time Dotcom Bhd	430,500	3,742,723	3,861,585	1.24
	<b>3,495,257</b>	<b>17,572,460</b>	<b>19,194,075</b>	<b>6.18</b>
<b>Transportation &amp; Logistics</b>				
MISC Bhd	643,200	4,639,613	4,598,880	1.48
Westports Holdings Bhd	692,700	2,604,667	2,729,238	0.88
	<b>1,335,900</b>	<b>7,244,280</b>	<b>7,328,118</b>	<b>2.36</b>
<b>Utilities</b>				
Petronas Gas Bhd	404,000	7,710,441	7,013,440	2.26
Tenaga Nasional Bhd	2,324,500	32,486,134	32,171,080	10.36
	<b>2,728,500</b>	<b>40,196,575</b>	<b>39,184,520</b>	<b>12.62</b>
<b>TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES</b>	<b>61,164,096</b>	<b>173,170,220</b>	<b>182,392,620</b>	<b>58.74</b>
<b>ACCUMULATED UNREALISED GAIN ON SHARIAH-COMPLIANT QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
		<b>9,222,400</b>		
<b>TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
		<b>182,392,620</b>		

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>30.06.2019 (Continued)</b>				
<b>UNQUOTED SUKUK</b>				
Bank Islam Malaysia Bhd 5.50% 15/12/2025 (A1)	500,000	507,340	511,510	0.16
Celcom Networks Sdn Bhd 5.05% 29/08/2024 (AA)	1,500,000	1,556,923	1,595,262	0.51
Celcom Networks Sdn Bhd 5.20% 27/08/2027 (AA)	1,500,000	1,573,613	1,631,285	0.53
DanaInfra Nasional Bhd 4.84% 11/02/2039 (GG)	1,250,000	1,273,040	1,390,265	0.45
DanaInfra Nasional Bhd 4.96% 12/02/2044 (GG)	1,900,000	1,935,889	2,122,659	0.68
DRB-Hicom Bhd 5.90% 01/07/2019 (A)	4,000,000	4,001,293	4,001,293	1.29
Edra Energy Sdn Bhd 6.39% 05/01/2034(AA3)	5,000,000	5,365,767	5,827,185	1.88
Edra Energy Sdn Bhd 6.43% 05/07/2034 (AA3)	5,000,000	5,370,622	5,852,644	1.88
Edra Energy Sdn Bhd 6.67% 03/07/2037 (AA3)	2,500,000	2,726,224	2,985,399	0.96
Exsim Capital Resources Bhd 5.00% 28/01/2022 (AA3)	10,000,000	10,228,060	10,296,719	3.32
Fortune Premiere Sdn Bhd 4.85% 07/09/2023 (AA)	3,000,000	3,046,241	3,122,921	1.01
GII Murabahah 4.07% 30/09/2026 (GB) #	3,500,000	3,506,022	3,635,940	1.17
IJM Land Bhd Perpetual Sukuk 5.65% 17/03/2119 (A2)	700,000	711,269	741,677	0.24
Jimah East Power Sdn Bhd 5.74% 04/06/2029 (AA-)	2,500,000	2,698,664	2,810,490	0.90
Jimah Energy Ventures 9.25% 12/05/2021 (AA3)	3,000,000	3,178,591	3,322,110	1.07
Malayan Banking Bhd 4.63% 31/01/2029 (AA1)	400,000	407,662	415,358	0.13
Malayan Banking Bhd 4.71% 31/01/2031 (AA1)	650,000	662,665	681,125	0.22
Nur Power Sdn Bhd 4.43% 25/06/2021 (AAAfg)	5,000,000	5,027,333	5,051,684	1.63
Perbadanan Kemajuan Negeri Selangor 5.013% 31/10/2023 (AA3) #	4,000,000	4,035,620	4,138,023	1.33
PTPTN 4.86% 12/3/2032 (GG) #	2,500,000	2,536,284	2,754,259	0.89
RHB Islamic Bank Bhd 4.32% 21/05/2029 (AA3)	800,000	803,882	806,578	0.26
Sarawak Energy Bhd 5.50% 04/07/2029 (AA1)	3,000,000	3,271,733	3,415,236	1.1

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>30.06.2019 (Continued)</b>				
<b>UNQUOTED SUKUK</b>				
Sarawak Energy Bhd 4.70% 24/11/2028 (AA1)	3,000,000	3,013,521	3,151,161	1.01
Sarawak Hidro Sdn Bhd 4.290% 11/8/2023 (AAA)	5,000,000	5,076,872	5,184,224	1.67
Serba Dinamik Hldgs Bhd 4.95% 02/10/2023 (AA-)	3,000,000	3,042,346	3,075,406	0.99
Tadau Energy Sdn Bhd Sri Sukuk 5.8% 27/7/2029 (AA3)	2,000,000	2,125,000	2,195,422	0.71
Tadau Energy Sdn Bhd Sri Sukuk 6.0% 28/7/2031 (AA3)	2,500,000	2,679,025	2,782,813	0.90
Tanjung Bin Power Sdn Bhd 4.66% 14/08/2020 (AA2)	5,000,000	5,101,986	5,126,551	1.65
Teknologi Tenaga Perlis 4.51% 31/01/2020 (AA1)	2,000,000	2,039,572	2,046,076	0.66
UEM Sunrise Bhd 4.90% 30/06/2021 (AA-)	5,000,000	5,037,747	5,089,514	1.64
UEM Sunrise Bhd 4.75% 22/03/2024 (AA-)	1,000,000	1,014,311	1,041,734	0.34
UMW Holdings Bhd 4.830% 22/6/2022 (AA2)	1,500,000	1,505,003	1,539,744	0.50
UMW Holdings Bhd 6.35% 20/4/2118 (A1)	3,500,000	3,543,841	3,959,431	1.27
UniTapah Sdn Bhd 6.15% 12/12/2030 (AA1)	1,000,000	1,150,146	1,159,431	0.37
United Growth Bhd 4.73% 21/06/2022 (AA2)	6,000,000	6,046,334	6,149,255	1.98
WCT Holdings Bhd 5.65% 20/4/2026 (AA-)	6,000,000	6,081,322	6,190,354	1.99
<b>TOTAL UNQUOTED SUKUK</b>	<b>108,700,000</b>	<b>111,881,763</b>	<b>115,800,738</b>	<b>37.29</b>
<b>ACCUMULATED UNREALISED GAIN ON UNQUOTED SUKUK AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b>3,918,975</b>		
<b>TOTAL UNQUOTED SUKUK AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b>115,800,738</b>		

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

<b>Name of counter</b>	<b>Quantity Units</b>	<b>Aggregate cost RM</b>	<b>Market value RM</b>	<b>Percentage of NAV %</b>
<b>31.12.2018</b>				
<b>Audited</b>				
<b>SHARIAH-COMPLIANT</b>				
<b>QUOTED SECURITIES</b>				
<b>Construction</b>				
Gabungan AQRS Bhd - Warrants 26/09/2023	297,375	-	57,988	0.02
Gamuda Bhd	310,700	725,637	727,038	0.24
IJM Corp Bhd	484,400	1,587,465	784,728	0.26
Muhibbah Engineering M Bhd	379,700	1,099,692	1,059,363	0.35
	<u>1,472,175</u>	<u>3,412,794</u>	<u>2,629,117</u>	<u>0.87</u>
<b>Consumer Products &amp; Services</b>				
Bermaz Auto Bhd	1,780,200	3,858,911	3,827,430	1.25
Fraser & Neave Holdings Bhd	107,500	3,422,123	3,601,250	1.18
Nestle Malaysia Bhd	28,200	2,599,514	4,156,680	1.36
Petronas Dagangan Bhd	130,100	3,278,049	3,447,650	1.13
QL Resources Bhd	534,000	3,729,509	3,636,540	1.19
Sime Darby Bhd	2,337,929	5,038,440	5,611,030	1.83
UMW Holdings Bhd	741,000	4,173,002	4,053,270	1.33
	<u>5,658,929</u>	<u>26,099,548</u>	<u>28,333,850</u>	<u>9.27</u>
<b>Energy</b>				
Dialog Group Bhd	2,585,730	6,907,311	8,041,620	2.63
Hibiscus Petroleum Bhd	505,300	533,772	424,452	0.14
Yinson Holdings Bhd	1,000,300	3,535,646	4,201,260	1.37
	<u>4,091,330</u>	<u>10,976,729</u>	<u>12,667,332</u>	<u>4.14</u>
<b>Financial Services</b>				
BIMB Holdings Bhd	1,260,300	5,436,413	4,486,668	1.47
<b>Health Care</b>				
Hartalega Holdings Bhd	268,400	1,574,401	1,647,976	0.54
IHH Healthcare Bhd	355,000	2,113,047	1,913,450	0.63
Top Glove Corporation Bhd	302,400	1,329,980	1,693,440	0.55
	<u>925,800</u>	<u>5,017,428</u>	<u>5,254,866</u>	<u>1.72</u>
<b>Industrial Products &amp; Services</b>				
Petronas Chemicals Group Bhd	1,826,300	14,413,277	16,966,327	5.55
Sunway Bhd	1,485,800	2,490,527	2,184,126	0.71
Uchi Technologies Bhd	1,253,700	3,821,176	3,184,398	1.04
V.S. Industry Bhd	44,725	94,473	32,649	0.01
	<u>4,610,525</u>	<u>20,819,453</u>	<u>22,367,500</u>	<u>7.31</u>
<b>Plantation</b>				
IOI Corporation Bhd	1,582,700	7,183,984	7,043,015	2.30

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>31.12.2018 (Continued)</b>				
<b>Audited (Continued)</b>				
<b>SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)</b>				
<b>Property</b>				
LBS Bina Group Bhd	1,505,040	1,379,430	963,226	0.31
Malaysian Resources Corporation Bhd	1,241,800	947,098	763,707	0.25
SP Setia Bhd	19,076	64,480	44,447	0.01
	<u>2,765,916</u>	<u>2,391,008</u>	<u>1,771,380</u>	<u>0.57</u>
<b>Technology</b>				
Globetronics Technology Bhd	1,039,933	2,561,516	1,819,883	0.59
Inari Amertron Bhd	447,050	886,890	670,575	0.22
Pentamaster Corporation Bhd	127,548	311,526	350,757	0.11
	<u>1,614,531</u>	<u>3,759,932</u>	<u>2,841,215</u>	<u>0.92</u>
<b>Telecommunications &amp; Media</b>				
Axiata Group Bhd	914,757	4,793,058	3,594,995	1.18
Digi.com Bhd	1,861,100	8,132,112	8,374,950	2.74
	<u>2,775,857</u>	<u>12,925,170</u>	<u>11,969,945</u>	<u>3.92</u>
<b>Transportation &amp; Logistics</b>				
MISC Bhd	468,400	3,479,430	3,138,280	1.03
Westports Holdings Bhd	935,300	3,392,053	3,385,786	1.11
	<u>1,403,700</u>	<u>6,871,483</u>	<u>6,524,066</u>	<u>2.14</u>
<b>Utilities</b>				
Petronas Gas Bhd	404,000	7,710,441	7,756,800	2.54
Tenaga Nasional Bhd	1,920,100	27,521,760	26,113,360	8.52
	<u>2,324,100</u>	<u>35,232,201</u>	<u>33,870,160</u>	<u>11.06</u>
<b>TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES</b>	<b><u>30,485,863</u></b>	<b><u>140,126,143</u></b>	<b><u>139,759,114</u></b>	<b><u>45.69</u></b>
<b>ACCUMULATED UNREALISED LOSS ON SHARIAH-COMPLIANT QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>(367,029)</u></b>		
<b>TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>139,759,114</u></b>		

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>31.12.2018 (Continued)</b>				
<b>Audited (Continued)</b>				
<b>UNQUOTED SUKUK</b>				
Al Dzahab Assets Bhd 5.00% 21.06.2019 (AAA)	5,000,000	5,007,534	5,026,934	1.64
Bank Islam Malaysia Bhd 5.50% 15/12/2025 (A1)	10,500,000	10,698,644	10,715,148	3.50
Bumitama Agri Ltd 5.25% 18/03/2019 (AA3)	1,000,000	1,016,387	1,017,193	0.33
Celcom Networks Sdn Bhd 5.05% 29/08/2024 (AA+)	1,500,000	1,559,990	1,561,042	0.51
Celcom Networks Sdn Bhd 5.20% 27/08/2027 (AA+)	1,500,000	1,576,380	1,577,052	0.52
Edra Energy Sdn Bhd 5.7% 05/07/2023 (AA3)	2,500,000	2,607,203	2,609,174	0.85
Edra Energy Sdn Bhd 5.73% 05/01/2024 (AA3)	2,500,000	2,609,867	2,612,194	0.85
Edra Energy Sdn Bhd 5.76% 05/07/2024 (AA3)	2,500,000	2,613,508	2,615,639	0.86
EKVE Sdn Bhd 5.45% 28/1/2028 (AAA)	5,000,000	5,360,821	5,433,819	1.78
Fortune Premiere Sdn Bhd 4.85% 07/09/2023 (AA)	3,000,000	3,046,241	3,065,891	1.00
GII Murabahah 4.070% 30/09/2026 (GB) #	3,500,000	3,505,280	3,504,663	1.15
Jimah East Power Sdn Bhd 5.74% 04/06/2029 (AA-)	2,500,000	2,706,332	2,708,433	0.89
Jimah Energy Ventures 9.25% 12/05/2021 (AA3)	3,000,000	3,213,487	3,366,267	1.10
Nur Power Sdn Bhd 4.43% 25/06/2021 (AAA)	5,000,000	5,033,707	5,018,591	1.64
Perbadanan Kemajuan Negeri Selangor 5.01% 31.10.2023 (AA3) #	5,000,000	5,045,490	5,055,279	1.65
Projek Lebuhraya Usahasama Bhd 4.64% 10/01/2025 (AAA)	2,500,000	2,586,951	2,579,131	0.84
Projek Lebuhraya Usahasama Bhd 5.27% 12/01/2033 (AAA)	5,000,000	5,353,233	5,357,442	1.75
PTPTN 4.86% 12/3/2032 (GG) #	2,500,000	2,536,284	2,600,884	0.85
Rantau Abang Capital Bhd 5.2% 26/03/2029 (AAA)	10,000,000	10,647,501	10,684,837	3.49
RHB Islamic Bank Bhd 4.88% 27/4/2027 (AA3)	1,500,000	1,521,438	1,532,110	0.50
Sarawak Energy Bhd 5.50% 04/07/2029 (AA1)	3,000,000	3,280,451	3,280,482	1.07

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>31.12.2018 (Continued)</b>				
<b>Audited (Continued)</b>				
<b>UNQUOTED SUKUK (CONTINUED)</b>				
Sarawak Energy Bhd 4.70% 24/11/2028 (AA1)	3,000,000	3,013,907	3,021,077	0.99
Sarawak Energy Bhd 5.32% 03/12/2032 (AA1)	10,000,000	10,463,830	10,492,053	3.43
Sarawak Hidro Sdn Bhd 4.29% 11/8/2023 (AAA)	5,000,000	5,076,900	5,076,862	1.66
Sarawak Hidro Sdn Bhd 4.67% 11.08.2031 (AAA)	7,500,000	7,679,720	7,674,077	2.51
Tadau Energy Sdn Bhd Sri Sukuk 5.8% 27/7/2029 (AA3)	2,000,000	2,129,080	2,131,554	0.70
Tadau Energy Sdn Bhd Sri Sukuk 6.0% 28/7/2031 (AA3)	2,500,000	2,683,999	2,688,282	0.88
Tanjung Bin Power Sdn Bhd 4.66% 14/08/2020 (AA2)	5,000,000	5,112,547	5,117,493	1.67
Teknologi Tenaga Perlis - 4.51% 31/01/2020 (AA1)	2,000,000	2,042,236	2,045,677	0.67
UEM Sunrise Bhd 4.90% 30/06/2021 (AA-)	5,000,000	5,044,833	5,031,371	1.64
UMW Hldg Bhd 4.83% 22/6/2022 (AA2)	1,500,000	1,505,758	1,517,743	0.50
UMW Hldg Bhd 6.35% 20/4/2118 (A1)	3,500,000	3,544,450	3,691,380	1.21
United Growth Bhd 4.73% 21/06/2022 (AA2)	6,000,000	6,053,067	6,086,493	1.99
WCT Holdings Bhd 5.65% 20/4/2026 (AA-)	6,000,000	6,083,253	6,133,261	2.00
<b>TOTAL UNQUOTED #SUKUK</b>	<b>137,500,000</b>	<b>141,960,309</b>	<b>142,629,528</b>	<b>46.62</b>
<b>ACCUMULATED UNREALISED GAIN ON UNQUOTED SUKUK AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b>669,219</b>		
<b>TOTAL UNQUOTED SUKUK AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b>142,629,528</b>		

# The unquoted fixed income securities which are not rated as at the end of each financial period/year are issued, backed or guaranteed by government or government agencies.

**9. CASH AND CASH EQUIVALENTS (SHARIAH-COMPLIANT)**

	<b>30.06.2018</b>	<b>31.12.2018</b>
	<b>RM</b>	<b>Audited RM</b>
Shariah-compliant deposits with licensed Islamic financial institutions	12,928,063	22,656,263
Bank balances	313,281	183,708
	<u>13,241,344</u>	<u>22,839,971</u>

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

	<b>30.06.2018</b>	<b>31.12.2018</b>
	<b>%</b>	<b>Audited %</b>
Shariah-compliant deposits with licensed Islamic financial institutions	3.04	3.47

Shariah-compliant deposits with licensed Islamic financial institutions of the Fund have an average maturity of 4 days (31.12.2018: 5 days).

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

	<b>01.01.2019 to 30.06.2019</b>	<b>01.01.2018 to 31.12.2018</b>
	<b>No. of units</b>	<b>Audited No. of units</b>
At the beginning of the financial period/year	494,623,012	508,554,097
Add : Creation of units from applications	26,618,628	43,467,105
Add : Creation of units from distribution	12,970,217	20,372,432
Less : Cancellation of units	(44,021,620)	(77,770,622)
At the end of the financial period/year	<u>490,190,237</u>	<u>494,623,012</u>

**11. MANAGEMENT EXPENSE RATIO ("MER")**

	<b>01.01.2019 to 30.06.2019</b>	<b>01.01.2018 to 30.06.2018</b>
	<b>%</b>	<b>%</b>
MER	0.79	0.82

MER is derived based on the following calculation:

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

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

The average NAV of the Fund for the financial period calculated on daily basis is RM307,430,946 (30.06.2018: RM333,789,634).



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

	<b>01.01.2019 to 30.06.2019</b>	<b>01.01.2018 to 30.06.2018</b>
PTR (times)	<u>0.44</u>	<u>0.48</u>

PTR is derived based on the following calculation:

(Total acquisition for the financial period + total disposal for the financial period) ÷ 2  
Average NAV of the Fund for the financial period calculated on a daily basis

Where:

total acquisition for the financial period = RM140,946,502 (30.06.2018: RM128,453,511)  
total disposal for the financial period = RM131,472,081 (30.06.2018: RM192,807,872)

**13. UNITS HELD BY THE MANAGER, 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 Islamic Bank Bhd	Fellow related party to the Manager
CIMB Investment Bank Bhd	Fellow related party to the Manager
CGS-CIMB Securities Sdn Bhd	Fellow related party to the Manager

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

Units held by the Manager and parties related to the Manager

<b>Manager</b>	<b>30.06.2019</b>		<b>31.12.2018</b>	
	<b>No. of units</b>	<b>RM</b>	<b>No. of units</b>	<b>Audited RM</b>
Principal Asset Management Berhad <i>(formerly known as CIMB-Principal Asset Management Berhad)</i>	46,340	29,352	82,465	50,996

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 Directors or parties related to the Manager.

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

	<b>01.01.2019 to 30.06.2019</b>	<b>01.01.2018 to 30.06.2018</b>
	<b>RM</b>	<b>RM</b>
<u>Significant related party transactions</u>		
Profit income from Shariah-compliant deposits with licensed Islamic financial institution:		
- CIMB Islamic Bank Bhd	80,463	85,052
Shariah-compliant deposits with licensed Islamic financial institution:		
- CIMB Islamic Bank Bhd	183,730,000	88,450,000
	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM</b>	<b>Audited RM</b>
<u>Significant related party balances</u>		
Shariah-compliant deposits with licensed Islamic financial institution:		
- CIMB Islamic Bank Bhd	3,685,514	2,103,000
<u>Significant related party balances</u>		
Bank balances		
- CIMB Islamic Bank Bhd	313,281	183,708

14. TRANSACTIONS WITH BROKERS/DEALERS

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

<b>Brokers/Dealers</b>	<b>Values of trades RM</b>	<b>Percentage of total trades %</b>	<b>Brokerage fees RM</b>	<b>Percentage of total brokerage fees %</b>
RHB Investment Bank Bhd	45,822,875	16.82	30,345	12.54
Hong Leong Bank Bhd	39,498,650	14.50	-	-
CIMB Bank Bhd #	28,961,720	10.63	-	-
Macquarie Malaysia Sdn Bhd	26,230,085	9.63	46,685	19.29
KAF Seagroatt & Campbell Securities Sdn Bhd	22,324,510	8.20	48,265	19.94
Maybank Investment Bank Bhd	14,420,933	5.29	32,381	13.38
CLSA Securities M Sdn Bhd	13,004,276	4.77	17,774	7.34
Affin Hwang Investment Bank Bhd	12,651,121	4.64	27,690	11.44
Hong Leong Investment Bank Bhd	12,127,317	4.45	3,837	1.59
AmBank Berhad	11,608,600	4.26	-	-
Others #	45,743,385	16.81	35,072	14.48
	<u>272,393,472</u>	<u>100.00</u>	<u>242,048</u>	<u>100.00</u>

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

<b>Brokers/Dealers</b>	<b>Values of trades RM</b>	<b>Percentage of total trades %</b>	<b>Brokerage fees RM</b>	<b>Percentage of total brokerage fees %</b>
RHB Investment Bank Bhd	73,958,925	23.02	85,154	17.82
CIMB Investment Bank Bhd #	36,536,281	11.37	76,614	16.03
Maybank Investment Bank Bhd	34,758,690	10.82	75,646	15.83
Credit Suisse (M) Sdn Bhd	34,635,591	10.78	75,423	15.78
AmBank Bhd	25,348,100	7.89	-	-
RHB Bank Bhd	16,857,380	5.25	-	-
Macquarie Malaysia Sdn Bhd	15,691,032	4.88	34,763	7.27
Hong Leong Investment Bank Bhd	12,873,195	4.01	28,256	5.91
Affin Hwang Investment Bank Bhd	11,550,009	3.60	24,973	5.23
Hong Leong Bank Bhd	10,072,000	3.14	-	-
Others	48,980,179	15.24	77,080	16.13
	<u>321,261,383</u>	<u>100.00</u>	<u>477,909</u>	<u>100.00</u>

**14. TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)**

# Included in the transactions are trades conducted with CIMB Bank Bhd, CGS-CIMB Securities Sdn Bhd and CIMB Investment Bank Bhd, fellow related parties to the Manager amounting to RM28,961,720 (30.06.2018: Nil), RM231,378 (30.06.2018: Nil) and Nil (30.06.2018: RM35,536,281) respectively. The Manager is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties.

**15. SEGMENT INFORMATION**

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

The Fund aims to grow the value of the Unit holders' investments over the long-term in a diversified mix of Malaysian assets in approved Shariah instruments while providing consistent income. 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 income and dividend income earned from Shariah-compliant investments and gains on the appreciation in the value of Shariah-compliant investments, which are derived from Ringgit-denominated Shariah-compliant deposits with licensed Islamic financial institutions in Malaysia, Shariah-compliant quoted securities listed on Bursa Securities, Malaysia, and unquoted Sukuk traded in Malaysia.

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

**DIRECTORY**

**Head office of the Manager**

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