

CIMB Islamic Enhanced Sukuk Fund

Unaudited Interim Report

For The Six Months Financial Period Ended 30 September 2019

CIMB ISLAMIC ENHANCED SUKUK FUND

UNAUDITED INTERIM REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

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INVESTORS' LETTER

Dear Valued Investors,

We have recently launched two new funds – Principal Global Real Estate Fund and Principal Greater Bay Fund in our effort to help you diversify your investments portfolios. These funds will enable you to have the opportunity to increase your investment potential in generating income and capital appreciation with diversified global portfolios.

The Principal Greater Bay Fund seeks investment opportunities in equities of companies which benefit from the development of the Greater Bay Area which includes Hong Kong, Macau, Shenzhen, and Guangdong to achieve capital appreciation over the medium to long term. It provides a variety of asset classes, namely the China A and H shares, focusing on large and/or mid-capitalisation companies in equities from sectors under the Benchmark Index, which includes but not limited to technology, financials and consumer sector.

Principal Global Real Estate Fund, the dynamic real estate strategy is different from anything currently available in the market. The unique combination of real estate equity and fixed income securities helps cushion the impact of any unforeseen eventualities.

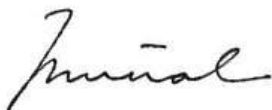
The Principal Global Real Estate Fund intends to increase investor investment potential, while limiting their downside exposure. This unique combination allows investors to benefit from the growing popularity of Real Estate Investment Trusts (“REITs”) have experienced in recent years for their strong performance in low interest rate and volatile global market conditions; and from Commercial Mortgage-backed Securities (“CMBS”), historically known for strong yields without additional risk exposure. Talk to your consultant today to know more how you can further diversify your portfolios with these funds.

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.

As of September 2019, our Assets under Management (“AUM”) stood at RM57.06 billion. Thank you for your continuous support and allowing us to help you achieve your financial goals and live your best life.

Thank you.

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



Munirah Khairuddin
Chief Executive Officer

MANAGER'S REPORT**FUND OBJECTIVE AND POLICY****What is the investment objective of the Fund?**

The Fund aims to grow the value of Unit holders' investments over the medium-term in Sukuk portfolio with most tenures ranging from 3 to 10 years as well as to provide regular income.

Has the Fund achieved its objective?

For the financial period under review, the Fund is in line with its stated objectives.

What are the Fund investment policy and principal investment strategy?

A minimum of 70% and up to a maximum of 98% of the Fund's Net Asset Value ("NAV") may be invested in Sukuk carrying at least a "BBB3" or "P2" rating by RAM ratings ("RAM") or equivalent rating by Malaysian Rating Corporation Bhd ("MARC") or by local rating agency(ies) of the country of issuance; or "BBB-" by Standard & Poor's ("S&P") or equivalent rating by Moody's or Fitch. The Fund may invest up to 40% of its NAV in Unrated Sukuk*. The Fund may also invest between 0% to 20% (both inclusive) of its NAV in Shariah-compliant equities, of which up to 10% of its NAV may be invested in warrants of Shariah-compliant companies. The investment strategy and policy of the Fund is biased towards Shariah-compliant fixed income investments that aim to provide consistency in income, while allowing some exposure in Shariah-compliant equities and warrants that aim to provide the added return in a rising market. The Fund may also opt to seek investment exposure via Shariah-compliant Collective Investment Scheme ("CIS") that is in line with the Fund's objective, subject to the requirements of the Securities Commission Malaysia ("SC") Guidelines.

** With effective 1st January 2018, the investment limit in Unrated Sukuk will be changed from 25% to 40%.*

Fund category/type

Sukuk/Income

How long should you invest for?

Recommended three (3) years or more

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

Moderate

When was the Fund launched?

23 February 2005

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

RM28.61 million (28.40 million units)

What is the Fund's benchmark?

85% CIMB Islamic 1-Month Fixed Return Income Account – i ("FRIA-i") + 15% Financial Times Stock Exchange ("FTSE") Bursa Malaysia ("FBM") EMAS Shariah ("FBMS") Index

Note: The Fund's benchmark is for performance comparison 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 annually at the Manager's discretion*.

* Note: Pursuant to the Master Deed, the Manager has the right to make provisions for reserves in respect of distribution of the Fund. If the distribution available is too small or insignificant, any distribution may not be of benefit to the Unit holders as the total cost to be incurred in any such distribution may be higher than the amount for distribution. The Manager has the discretion to decide on the amount to be distributed to the Unit holders.

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

The Fund distributed a total net income of RM1.19 million to unit holders for the six months financial period ended 30 September 2019. As a result, the NAV per unit dropped from RM1.0292 to RM0.9812 on 24 April 2019.

PERFORMANCE DATA

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

	01.04.2019 to 30.09.2019	01.04.2018 to 30.09.2018	01.04.2017 to 30.09.2017
	%	%	%
Shariah-compliant quoted securities			
- Construction	2.23	0.85	2.71
- Consumer Products and Services	2.77	3.47	0.58
- Energy	1.60	2.11	-
- Finance	-	-	0.49
- Financial Services	0.27	-	-
- Health Care	0.30	1.59	-
- Industrials	-	-	1.79
- Industrial Product & Services	1.26	4.34	-
- Infrastructure Project Company ("IPC")	-	-	1.33
- Plantations	-	0.89	1.14
- Properties	-	-	0.50
- Real Estate Investment Trust ("REITs")	0.26	-	-
- Technology	2.22	0.67	0.44
- Telecommunications/Media	2.08	-	-
- Trading/Services	-	-	7.17
- Transportation/Logistics	0.66	-	-
- Utilities	2.85	4.17	-
Unquoted Sukuk	79.38	76.76	71.72
Cash and other net assets	4.12	5.15	12.13
	<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 DATA (CONTINUED)

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

	30.09.2019	30.09.2018	30.09.2017
NAV (RM Million)	28.61	30.03	45.93
Units in circulation (Million)	28.40	29.21	44.60
NAV per unit (RM)	1.0073	1.0277	1.0299
	01.04.2019	01.04.2018	01.04.2017
	to 30.09.2019	to 30.09.2018	to 30.09.2017
Highest NAV per unit (RM)	1.0285	1.0552	1.0539
Lowest NAV per unit (RM)	0.9777	1.0055	1.0098
Total return (%)	3.29	1.93	2.38
- Capital growth (%)	(1.54)	(2.38)	(1.94)
- Income distribution (%)	4.89	4.41	4.39
Management Expense Ratio ("MER") (%) ^	0.61	0.59	0.62
Portfolio Turnover Ratio ("PTR") (times) #	0.33	0.58	0.19

^ The Fund's MER has increased from 0.59% to 0.61% due to decrease in average NAV during the financial period under review.

The Fund's PTR decreased from 0.58 times to 0.33 times reflecting the lower volume of transactions for the financial period under review.

Date of distribution	24.04.2019	18.04.2018	21.04.2017
Gross/Net distribution per unit (sen)	4.80	4.45	4.45

	30.09.2019	30.09.2018	30.09.2017	30.09.2016	30.09.2015
	%	%	%	%	%
Annual total return	2.83	4.18	3.27	5.28	1.11

(Launch date: 23 February 2005)

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 APRIL 2019 TO 30 SEPTEMBER 2019)

Equity

For the financial period under review, the FBM Kuala Lumpur Composite Index ("KLCI") index has fallen -6.3% being the second worst performing market in the region after the Korea Composite Stock Price Index ("KOSPI"). It was in fact a volatile period for global markets. The initial strength in the stock market in Asia could be attributed to stabilising economic data from China, easing trade tensions between the US and China, easing monetary policies among the Asian central banks and in a few cases, the return of incumbent business friendly leaders in their respective general elections. This culminated in better conditions for Asian stock markets and currencies. Unfortunately, the better conditions did not last as the trade talks between the US and China broke down. This was an unexpected turn of event and clearly negative. In addition, earnings projection for Asian companies did not improve as the quarter progressed. Fund flows turned negative resulting in a risk off environment. Domestically, political and policy uncertainties continue to weigh on the market.

MARKET REVIEW (1 APRIL 2019 TO 30 SEPTEMBER 2019) (CONTINUED)**Equity**

The FBM KLCI declined 1.75% in September 2019 year-to-date (“YTD”): -6.3%) to 1,584 which was in line with regional equity markets. Domestically, the breakdown in Axiata Group Bhd (“Axiata”) and Telenor ASA merger talks was a dampener on the benchmark index. Top 3 contributors to the index decline include Axiata (-14.9%), Digi.com Bhd (-5.4%) and Sime Plantation Bhd (-5.0%). The decline was moderated by gains in Petronas Chemical Group Bhd (+8.8%), MISC Bhd (+7.4%) and Malaysia Airport Holdings Bhd (“MAHB”) (+5.7%). By sectors, export-oriented sectors such as tech and glove have generally posted gains on the back of weaker Ringgit Malaysia (“RM”) and seasonal uptick in volume loading for selected tech stocks. Besides these, oil & gas sector has also gained on the back of higher crude oil prices.

Sukuk

During the financial period under review, the Government Investment Issues (“GII”) yield curve bull flattened with the 3/10 spreads tightened from 35 basis points (“bps”) to 27 bps. Overall, the GII yield curve moved lower by 29 bps to 83bps. The 3-year, 5-year, 7-year, 10-year, 15-year, 20-year and 30-year GII yields closed at 3.13%, 3.21%, 3.38%, 3.42%, 3.63%, 3.74% and 3.88% respectively at the end of September 2019.

In April 2019, Bank Negara Malaysia (“BNM”) released its 2018 Annual Report in which the Central Bank downgraded 2019 growth to 4.3% to 4.8% (2018: 4.7%), below Ministry of Finance’s forecast of 4.9% in October 2018. Most of the downgrade came from smaller contribution from net export (2019: flat, 2018 1%) and domestic demand (2019: 4.1%, 2018: 5.2%). 2019 headline Consumer Price Index (“CPI”) forecast also revised down to 0.7% to 1.7% (2.5% to 3.5% during Budget 2019 projections) given the lower oil prices and price ceiling mechanism on domestic retail fuel prices.

On 7th May 2019, BNM’s Monetary Policy Committee (“MPC”) cut the Overnight Policy Rate (“OPR”) by 2.50% to 3.00% as muchly anticipated by the market. The MPC statement highlighted that while domestic monetary and financial conditions remain supportive of economic growth, there are some signs of tightening of financial conditions. The adjustment to the OPR is therefore intended to preserve the degree of monetary accommodativeness.

The sovereign yield curve continued to bull flatten from June to August 2019. Better buying interest was seen from the continuation of dovish sentiment both from global and local factors. The longer end of the curve tightened significantly with the 20-year and 30-year tenors moved below 4% local govies continued to track global yield movement amidst concerns on slowing global growth afflicted by the lingering US-China trade tensions.

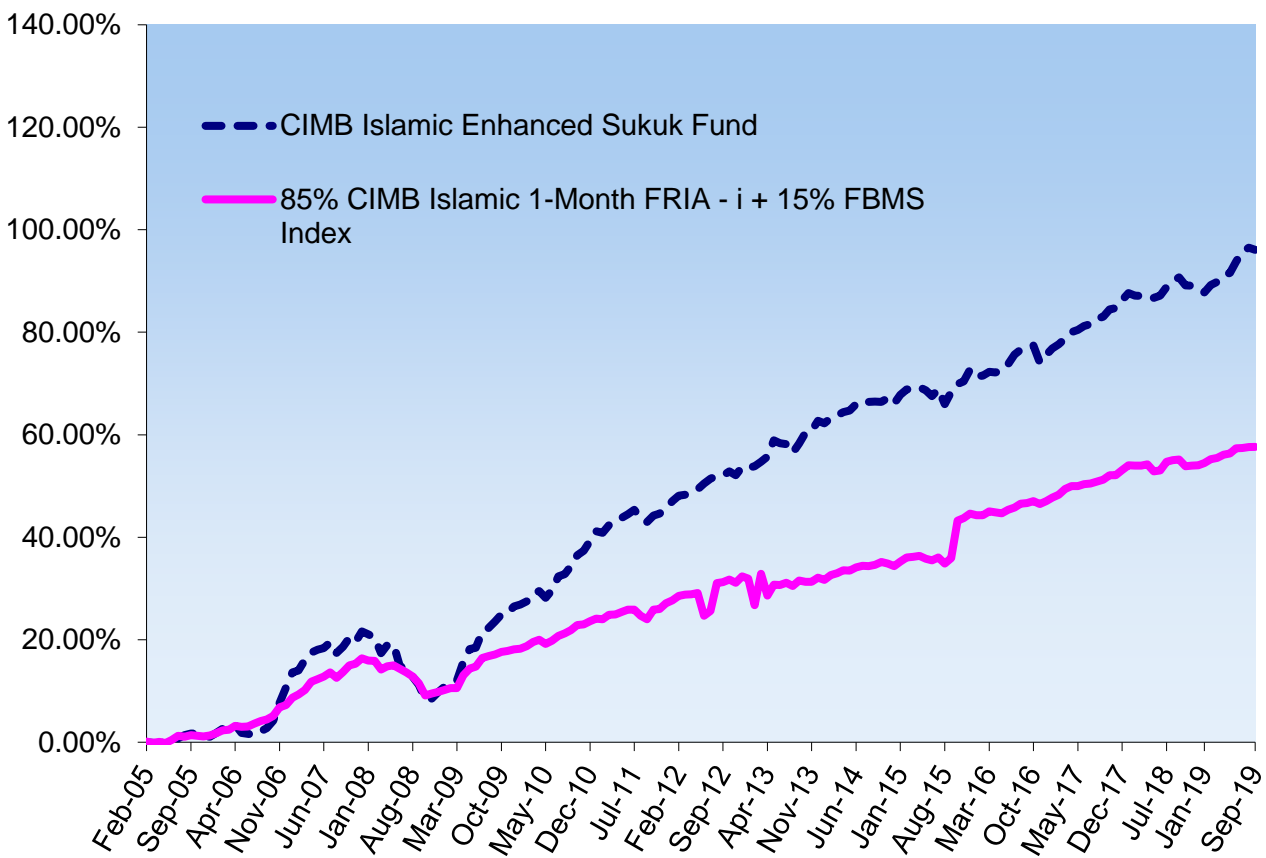
However, the sovereign yield curve bear steepened in September 2019. During the month, after the significant tightening seen in August, market decided to pocket in the gain before the FTSE Russell decision. This saw some sell off with parts of the sovereign curve traded higher.

Foreign investors holdings in Malaysian assets tapered off slightly in August by RM0.1 billion. As of August 2019, total foreign holdings in Malaysian Government Securities (“MGS”) and GII stood at RM153.7billion and RM15.3billion respectively, representing approximately 37.7% and 38.3% of outstanding MGS and GII respectively.

FUND PERFORMANCE

	6 months to 30.09.2019	1 year to 30.09.2019	3 years to 30.09.2019	5 years to 30.09.2019	Since inception to 30.09.2019
	%	%	%	%	%
Income	4.89	4.89	14.34	24.49	90.81
Capital	(1.54)	(1.98)	(3.23)	(5.35)	2.81
Total Return	3.29	2.83	10.64	17.78	96.09
Benchmark	1.39	1.57	7.46	11.96	57.63
Average Total Return	N/A	2.83	3.43	3.33	4.72

For the 6 months period ended 30th September 2019, the Fund delivered a total return of 3.29% outperforming the benchmark's return of 1.39%.



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

	30.09.2019	31.03.2019 Audited	Changes %
NAV (RM Million)	28.61	26.47	8.08
NAV/Unit (RM)	1.0073	1.0230	(1.53)

The Fund's NAV increased by 8.08% from RM26.47 million to RM28.61 million as at 30 September 2019. The NAV per unit decreased by 1.53% from RM1.0230 to RM 1.0073 for the financial period under review.

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

PORTFOLIO STRUCTURE**Asset Allocation**

(% of NAV)	30.09.2019	31.03.2019 Audited
Shariah-compliant quoted securities	16.50	18.78
Unquoted Sukuk	79.38	77.18
Cash and other net assets	4.12	4.04
TOTAL	100.00	100.00

The Fund is 79.38% invested sukuk and 16.50% in shariah compliant quoted securities with 4.12% in cash and other net assets as liquidity as at 30 September 2019 to cater for redemptions.

MARKET OUTLOOK***Equity**

As global Purchasing Manager Index ("PMI") trend lower, prospect for Malaysia's external demand growth remain weak. With dampened consumer and business sentiment expected to prevail, we believe corporate earnings growth will remain weak due to slower private consumption and investment. All eyes will be on Budget 2020 which will be revealed by the government on 11th October 2019. Although government's fiscal space is constrained, we expect the federal government to kick start infrastructure spending again to boost the economy. Investment decision may be made on mega projects such as Mass Rapid Transit ("MRT") 3 and Penang Transport Master Plan ("PTMP"). To balance the budget, the government may announce further asset monetization initiatives involving sale of non-strategic assets. While no new taxes are expected to be introduced, digital tax is expected to be implemented. There may also be concern that tax incentives for certain industries such as glove may be curtailed while sin tax hike on Number Forecast Operators ("NFOs") cannot be ruled out.

MARKET OUTLOOK* (CONTINUED)**Sukuk**

Globally, protracted trade tensions between the US and China, sluggish growth in both Europe and Japan coupled with Brexit uncertainty as well as continued unrest in Hong Kong, SAR have continued to weigh down global growth. These uncertainties have kept the global government bond yields down. Meanwhile, the domestic bonds took the FTSE Russell news positively as the threat of exclusion from World Government Bond Index (“WGBI”) will now be delayed to the next review cycle in March 2020. The MGS curve should remain supported in the near term given strong reinvestment demand from maturities. The next focus would probably be on Malaysia's Budget 2020 given that 2020 will be the last year of the 11th Malaysian Plan.

* 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 CIMB-Principal or based on data obtained from sources believed to be reliable by CIMB-Principal. Whilst every care has been taken in preparing this, CIMB-Principal 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**Equity**

We maintain NEUTRAL on Malaysia while await policy clarity post Budget 2020 announcement. With expectation of further OPR cuts over the next 18 months, we continue to like the dividend investment theme, favouring high dividend yielders with earnings resilience. We also look to accumulate selective growth stocks on weakness within the utilities, telecommunication, oil and gas and construction sectors. Our thematic opportunistic trade in the glove and technology sectors has performed well, we are cognizant of diminishing returns and will look to sell into strength.

Sukuk

On Fixed Income strategy, the September MPC saw BNM maintaining OPR at 3.00% with committee members commenting the current interest rate level remains “accommodative and supportive of economic activity”. Overall, we remain focus on the corporate segment and opportunistic trading in the govovies segment. For corporates, we prefer to focus on selective lower rated corporate sukuk with higher yields as buffer against volatility.

UNIT HOLDINGS STATISTICS

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

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	362	1.08	3.80
5,001-10,000	224	1.58	5.56
10,001-50,000	391	8.42	29.65
50,001-500,000	77	8.54	30.07
500,001 and above	3	8.78	30.92
Total	1,057	28.40	100.00

SOFT COMMISSIONS AND REBATES

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

During the financial period under review, the Manager and the Trustee did not receive any rebates from the brokers or the 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 ENHANCED SUKUK 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 13 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 September 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 November 2019

**TRUSTEE'S REPORT TO THE UNIT HOLDERS OF
CIMB ISLAMIC ENHANCED SUKUK FUND**

We have acted as Trustee of CIMB Islamic Enhanced Sukuk Fund ("the Fund") for the financial period ended 30 September 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 period, a total distribution of 4.80 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
14 November 2019

**SHARIAH ADVISER'S REPORT TO THE MEMBERS OF
CIMB ISLAMIC ENHANCED SUKUK FUND**

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

We have acted as the Shariah Adviser of CIMB Islamic Enhanced Sukuk 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 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 November 2019

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

	Note	01.04.2019 to 30.09.2019 RM	01.04.2018 to 30.09.2018 RM
INVESTMENT INCOME			
Dividend income		72,284	82,216
Profit income from Shariah-compliant deposits with licensed Islamic financial institutions at amortised cost		36,078	71,221
Profit income from unquoted Sukuk at fair value through profit or loss		535,231	593,081
Net gain on financial assets at fair value through profit or loss	8	<u>576,598</u>	<u>93,161</u>
		<u>1,220,191</u>	<u>839,679</u>
EXPENSES			
Management fee	4	145,648	164,032
Trustee's fee	5	10,196	11,482
Audit fee		8,787	8,789
Tax agent's fee		2,000	5,188
Transaction costs		34,004	59,391
Other expenses		<u>12,043</u>	<u>4,623</u>
		<u>212,678</u>	<u>253,505</u>
PROFIT BEFORE TAXATION		1,007,513	586,174
Taxation	7	<u>-</u>	<u>-</u>
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>1,007,513</u>	<u>586,174</u>
Profit after taxation is made up as follows:			
Realised amount		472,174	531,910
Unrealised amount		<u>535,339</u>	<u>54,264</u>
		<u>1,007,513</u>	<u>586,174</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 SEPTEMBER 2019**

		30.09.2019	31.03.2019
	Note	RM	Audited RM
ASSETS			
Cash and cash equivalents (Shariah-compliant)	9	1,202,810	1,078,858
Financial assets at fair value through profit or loss (Shariah-compliant)	8	27,430,447	25,397,255
Amount due from stockbrokers		10,233	121,135
Amount due from Manager		34,513	19,675
Dividends receivable		17,302	15,499
TOTAL ASSETS		<u>28,695,305</u>	<u>26,632,422</u>
LIABILITIES			
Amount due to stockbrokers		-	111,218
Amount due to Manager		47,433	15,833
Accrued management fee		23,549	22,617
Amount due to Trustee		1,648	1,583
Other payables and accruals		14,550	14,945
TOTAL LIABILITIES		<u>87,180</u>	<u>166,196</u>
NET ASSET VALUE OF THE FUND		<u>28,608,125</u>	<u>26,466,226</u>
EQUITY			
Unit holders' capital		27,256,058	24,928,071
Retained earnings		1,352,067	1,538,155
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>28,608,125</u>	<u>26,466,226</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	10	<u>28,399,467</u>	<u>25,869,935</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.0073</u>	<u>1.0230</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 SEPTEMBER 2019**

	Note	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 April 2019		24,928,071	1,538,155	26,466,226
Movement in unit holders' contributions:				
- Creation of units from applications		10,553,628	-	10,553,628
- Creation of units from distribution		1,175,146	-	1,175,146
- Cancellation of units		(9,400,787)	-	(9,400,787)
Total comprehensive income for the financial period		-	1,007,513	1,007,513
Distribution	6	-	(1,193,601)	(1,193,601)
Balance as at 30 September 2019		<u>27,256,058</u>	<u>1,352,067</u>	<u>28,608,125</u>
Balance as at 1 April 2018		29,948,290	2,843,509	32,791,799
Movement in unit holders' contributions:				
- Creation of units from applications		9,095,303	-	9,095,303
- Creation of units from distribution		1,692,081	-	1,692,081
- Cancellation of units		(12,429,539)	-	(12,429,539)
Total comprehensive income for the financial period		-	586,174	586,174
Distribution	6	-	(1,709,725)	(1,709,725)
Balance as at 30 September 2018		<u>28,306,135</u>	<u>1,719,958</u>	<u>30,026,093</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 SEPTEMBER 2019**

	01.04.2019 to 30.09.2019	01.04.2018 to 30.09.2018
Note	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of Shariah-compliant quoted securities	6,077,903	8,944,163
Proceeds from disposal of unquoted Sukuk	2,008,120	9,606,974
Proceeds from redemption of unquoted Sukuk	2,000,000	3,000,000
Purchase of Shariah-compliant quoted securities	(5,754,786)	(8,999,384)
Purchase of unquoted Sukuk	(5,808,625)	(10,582,933)
Profit income received from Shariah-compliant deposits with licensed Islamic financial institutions	36,078	71,221
Profit income received from unquoted Sukuk	521,706	618,658
Dividends received	70,481	49,325
Management fee paid	(144,716)	(167,030)
Trustee's fee paid	(10,131)	(11,692)
Payments for other fees and expenses	(23,225)	(15,659)
Net cash (used in)/generated from operating activities	(1,027,195)	2,513,643
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	10,538,789	9,095,303
Payments for cancellation of units	(9,369,187)	(12,586,895)
Distribution paid	(18,455)	(17,644)
Net cash generated from/(used in) financing activities	1,151,147	(3,509,236)
Net increase/(decrease) in cash and cash equivalents	123,952	(995,593)
Cash and cash equivalents at the beginning of the financial period	1,078,858	2,551,984
Cash and cash equivalents at the end of the financial period	<u>1,202,810</u>	<u>1,556,391</u>
<u>Cash and cash equivalents comprise of:</u>		
Shariah-compliant deposits with licensed Islamic financial institutions	1,169,099	1,535,417
Bank balances	33,711	20,974
Cash and cash equivalents at the end of the financial period	<u>1,202,810</u>	<u>1,556,391</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES

CIMB Islamic Enhanced Sukuk 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, a Twelfth Supplemental Master Deed dated 14 June 2010, 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 will invest a minimum of 70% and up to a maximum of 98% of the Fund’s NAV in Sukuk carrying 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; or “BBB-” by S&P or equivalent rating by Moody’s or Fitch. The Fund may invest up to 40% of its NAV in Unrated Sukuk. The Fund may also invest between 0% to 20% (both inclusive) of its NAV in Shariah-compliant equities, of which up to 10% of its NAV may be invested in warrants of Shariah-compliant companies. The investment strategy and policy of the Fund is biased towards Shariah-compliant fixed income investments that aim to provide consistency in income, while allowing some exposure in Shariah-compliant equities and warrants that aim to provide the added return in a rising market. The Fund may also opt to seek investment exposure via Shariah-compliant CIS that is in line with the Fund’s objective, subject to the requirements of the SC Guidelines.

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 revenue 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

Standards, amendments to published standards and interpretation to existing standards that are effective:

Standard that is effective:

(i) Financial year beginning on/after 1 April 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 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 interpretation that are effective for annual period beginning on 1 March 2019 that have material effect on the financial statement of the Fund.

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

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.

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

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.

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

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

Unquoted Sukuk denominated in 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 financial period from the date of placement to the date of maturity of the respective deposits.

Financial assets at amortised cost 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. 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.

(b) Financial assets and financial liabilities (continued)Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

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

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

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

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).

When a financing and receivable is impaired, the Fund reduce 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.

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

Amount due from and amount due 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 using the effective profit method, less provision for impairment for amount due from stockbrokers. A provision for impairment of amount due from stockbrokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant stockbroker. Significant financial difficulties of the stockbrokers, probability that the stockbrokers 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 rate of profit used to discount the future cash flows for the purpose of measuring the impairment loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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

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

Estimates and judgment 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 Fund aims to grow the value of Unit holders' investments over the medium-term in Sukuk portfolio with most tenures ranging from 3 to 10 years as well as to provide regular 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.

(a) Market risk

(i) Price risk

This is the risk that the fair value of an 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 prices will tend to fall and vice versa. Therefore, the NAV of the Fund may also tend to fall when interest rates rise or are expected to rise. However, investors should be aware that should the Fund holds an unquoted 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 rates trend of the Manager, which is based on its continuous fundamental research and analysis.

Although unquoted Sukuk is a non-interest bearing instrument, investors should note that movement in prices of unquoted Sukuk and Shariah-compliant money market instruments are correlated to the movement in interest rates. As such, the investments are exposed to the movement of the interest rates. Even though the Fund does not invest in interest bearing instruments, the interest rate referred herein is to the general interest rate of the country, which may affect the value of the investment of the Fund. However, 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 rates movements. Prices of unquoted Sukuk move inversely to interest rates 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 rates movements.

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

Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to 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 associated with Shariah-compliant deposits with licensed Islamic financial institutions is not material as the Shariah-compliant deposits are held on short-term basis.

(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.

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 defaulted unquoted Sukuk and subsequently depress the NAV of the Fund. Usually credit risk is more apparent for an investment with a longer tenure, i.e. the longer the duration, the higher the credit risk.

Credit risk can be managed by performing continuous fundamental credit research and analysis to ascertain the creditworthiness of its issuer.

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

The credit risk arising from bank balance and placements of Shariah-compliant deposits in licensed Islamic financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions. For amount due from Manager, the settlement terms of the proceeds from the creation of units' receivable from the Manager are governed by the SC Guidelines on Unit Trust Funds.

For amount due from 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 exchanges. The credit risk is minimal as all transactions in Shariah-compliant quoted securities are settled/paid upon delivery using approved stockbrokers.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk

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

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise bank balances and Shariah-compliant deposits with licensed Islamic financial institutions, which are capable of being converted into cash within 7 business days. Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector and other factors. For the purpose of the Fund, the 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.

(d) Capital risk management

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

(e) Fair value estimation

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

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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

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

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

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2019				
Financial assets at fair value through profit or loss:				
- Shariah-compliant quoted securities	4,721,867	-	-	4,721,867
- Unquoted Sukuk	-	22,708,580	-	22,708,580
	<u>4,721,867</u>	<u>22,708,580</u>	<u>-</u>	<u>27,430,447</u>
31.03.2019				
Audited				
Financial assets at fair value through profit or loss:				
- Shariah-compliant quoted securities	4,971,382	-	-	4,971,382
- Unquoted Sukuk	-	20,425,873	-	20,425,873
	<u>4,971,382</u>	<u>20,425,873</u>	<u>-</u>	<u>25,397,255</u>

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

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 Shariah-compliant 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. This includes 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 Manager, dividends receivable and all current liabilities are a reasonable approximation of their fair values due to their short term nature.

4. MANAGEMENT FEE

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

For the six months financial period ended 30 September 2019, the management fee is recognised at a rate of 1.00% per annum (30.09.2018: 1.00% 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 local custodian fees but excludes foreign sub-custodian fees (if any).

For the six months financial period ended 30 September 2019, the Trustee's fee is recognised at a rate of 0.07% per annum (30.09.2018: 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:

	01.04.2019 to 30.09.2019 RM	01.04.2018 to 30.09.2018 RM
Dividend income	4,712	90,515
Profit income	68,532	821,062
Net (loss)/gain on financial assets through profit and loss	(75,640)	503,107
Prior financial period's realised income	1,223,996	352,356
	<u>1,221,600</u>	<u>1,767,040</u>
Less:		
Expenses	(27,999)	(57,315)
Net distribution amount	<u>1,193,601</u>	<u>1,709,725</u>
Distribution on 24 April 2019		
Gross/Net distribution per unit (sen)	<u>4.80</u>	<u>-</u>
Distribution on 18 April 2018		
Gross/Net distribution per unit (sen)	<u>-</u>	<u>4.45</u>

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

7. TAXATION

	01.04.2019 to 30.09.2019 RM	01.04.2018 to 30.09.2018 RM
Tax charged for the financial period:		
- Current taxation	<u>-</u>	<u>-</u>

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

	01.04.2019 to 30.09.2019 RM	01.04.2018 to 30.09.2018 RM
Profit before taxation	<u>1,007,513</u>	<u>586,174</u>
Taxation at Malaysian statutory rate of 24% (30.09.2018: 24%)	241,803	140,682
Tax effects of:		
Investment income not subject to tax	(292,845)	(201,522)
Expenses not deductible for tax purposes	54,858	65,082
Restriction on tax deductible expenses for Unit Trust Funds	(3,816)	(4,242)
Taxation	<u>-</u>	<u>-</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (SHARIAH-COMPLIANT)

	30.09.2019	31.03.2019
	RM	Audited RM
Designated at fair value through profit or loss at inception:		
- Shariah-compliant quoted securities	4,721,867	4,971,382
- Unquoted Sukuk	22,708,580	20,425,873
	<u>27,430,447</u>	<u>25,397,255</u>
	01.04.2019	01.04.2018
	to 30.09.2019	to 30.09.2018
	RM	RM
Net gain on financial assets at fair value through profit or loss:		
- Realised gain on disposals	43,477	44,629
- Unrealised fair value gain	533,121	48,532
	<u>576,598</u>	<u>93,161</u>

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.09.2019 SHARIAH-COMPLIANT QUOTED SECURITIES				
Construction				
Econpile Holdings Bhd	293,600	194,672	202,584	0.71
Gamuda Bhd	52,500	188,606	194,250	0.68
IJM Corporation Bhd	70,000	138,079	153,300	0.54
Kerjaya Prospek Group Bhd	64,300	95,125	86,162	0.30
	<u>480,400</u>	<u>616,482</u>	<u>636,296</u>	<u>2.23</u>
Consumer Products & Services				
Aeon Co. M Bhd	50,000	78,000	73,000	0.25
Bermaz Auto Bhd	47,000	122,638	107,160	0.37
MBM Resources Bhd	116,000	466,192	458,200	1.60
Nestle (Malaysia) Bhd	600	86,705	87,420	0.31
Sime Darby Bhd	30,000	70,927	67,500	0.24
	<u>243,600</u>	<u>824,462</u>	<u>793,280</u>	<u>2.77</u>
Energy				
Dialog Group Bhd	59,800	189,472	203,320	0.71
Hibiscus Petroleum Bhd	90,000	93,155	85,950	0.30
Yinson Holdings Bhd	25,500	143,133	170,085	0.59
	<u>175,300</u>	<u>425,760</u>	<u>459,355</u>	<u>1.60</u>
Financial Services				
Syarikat Takaful Malaysia Keluarga Bhd	13,000	78,705	76,700	0.27
Health Care				
Top Glove Corporation Bhd	19,000	88,730	84,550	0.30

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.09.2019 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
Industrial Products & Services				
HSS Engineers Bhd	43,700	51,488	33,649	0.12
Press Metal Aluminium Holding Bhd	40,862	198,534	194,503	0.68
Sunway Bhd	39,722	67,277	68,322	0.24
Uchi Technologies Bhd	22,500	68,340	63,225	0.22
	<u>146,784</u>	<u>385,639</u>	<u>359,699</u>	<u>1.26</u>
REIT				
Axis REIT	40,500	72,962	74,925	0.26
Technology				
I-STONE Group Bhd	797,653	156,616	139,589	0.49
JHM Consolidation Bhd	70,200	84,815	86,346	0.30
Pentamaster Corporation Bhd	28,700	97,114	127,428	0.44
Revenue Group Bhd	112,500	159,140	166,500	0.58
Vitrox Corporation Bhd	15,700	109,299	118,064	0.41
	<u>1,024,753</u>	<u>606,984</u>	<u>637,927</u>	<u>2.22</u>
Telecommunications/Media				
Axiata Group Bhd	72,000	330,134	309,600	1.08
Digi.com Bhd	60,000	280,253	285,000	1.00
	<u>132,000</u>	<u>610,387</u>	<u>594,600</u>	<u>2.08</u>
Transportation/Logistics				
MISC Bhd	10,000	68,528	78,000	0.27
Westports Holdings Bhd	27,000	103,125	111,510	0.39
	<u>37,000</u>	<u>171,653</u>	<u>189,510</u>	<u>0.66</u>
Utilities				
Ranhill Holdings Bhd	127,000	177,445	152,400	0.53
Taliworks Corporation Bhd	52,500	49,359	48,825	0.17
Tenaga Nasional Bhd	45,000	610,973	613,800	2.15
	<u>224,500</u>	<u>837,777</u>	<u>815,025</u>	<u>2.85</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.09.2019 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES	<u>2,536,837</u>	4,719,541	<u>4,721,867</u>	<u>16.50</u>
ACCUMULATED UNREALISED GAIN ON SHARIAH-COMPLIANT QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>2,326</u>		
TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>4,721,867</u>		

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
30.09.2019				
UNQUOTED SUKUK				
DRB-Hicom Bhd 5.35% 08/07/2020 (A)	500,000	506,449	511,664	1.79
Fortune Premiere Sdn Bhd 3.99% 11/09/2026 (AA)	650,000	653,537	651,406	2.28
Fortune Premiere Sdn Bhd 4.65% 21/12/2022 (AA)	2,000,000	2,010,209	2,081,909	7.28
IJM Land Bhd 4.73% 17/03/2119 (A2)	600,000	601,659	602,399	2.11
IJM Land Bhd 5.65% 17/03/2119 (A2)	1,000,000	1,001,858	1,060,118	3.70
Malakoff Power Bhd 5.15% 17/12/2020 (AA)	1,000,000	1,015,454	1,035,156	3.62
Malayan Banking Bhd 4.08% 22/02/2117 (AA3)	1,000,000	1,000,671	1,001,111	3.50
MMC Corporation Bhd 5.29% 26/04/2023 (AA)	2,000,000	2,063,957	2,095,618	7.32
MMC Corporation Bhd 5.80% 12/11/2025 (AA)	2,000,000	2,044,811	2,152,571	7.52
Quantum Solar Park Green Sri Sukuk 5.80% 4/10/2030 (A)	1,500,000	1,561,410	1,570,046	5.49
Sarawak Energy Bhd 4.70% 24/11/2028 (AA1)	1,000,000	1,050,177	1,092,723	3.82
TAQA Abu Dhabi National Energy 4.65% 03/03/2022 #	3,000,000	3,030,417	3,031,837	10.60
Tenaga Nasional Bhd 4.98% 27/08/2038 (AAA)	1,000,000	1,004,502	1,129,603	3.95
UEM Sunrise Bhd 4.98% 31/10/2023 (AA)	1,000,000	1,022,805	1,067,172	3.73
UMW Hldg Bhd 4.82% 4/10/2019 (AA2)	1,500,000	1,535,701	1,535,805	5.37
WCT Holdings Bhd 5.32% 11/5/2022 (AA3)	2,000,000	2,042,649	2,089,442	7.30
TOTAL UNQUOTED SUKUK	<u>21,750,000</u>	<u>22,146,266</u>	<u>22,708,580</u>	<u>79.38</u>
ACCUMULATED UNREALISED GAIN ON UNQUOTED SUKUK AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>562,314</u>		
TOTAL UNQUOTED SUKUK AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>22,708,580</u>		

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.03.2019				
Audited				
SHARIAH-COMPLIANT				
QUOTED SECURITIES				
Construction				
Econpile Holdings Bhd	148,400	72,093	74,942	0.28
Gamuda Bhd	29,400	70,198	84,672	0.32
IJM Corporation Bhd	75,700	143,322	168,054	0.63
TRC Synergy Bhd	278,000	170,136	172,360	0.65
	<u>531,500</u>	<u>455,749</u>	<u>500,028</u>	<u>1.88</u>
Consumer Products & Services				
Nestle (Malaysia) Bhd	400	57,598	58,720	0.22
Petronas Dagangan Bhd	4,300	105,041	107,500	0.41
Sime Darby Bhd	46,700	115,807	104,141	0.39
Sime Darby Plantation Bhd	68,200	352,683	342,364	1.29
UMW Holdings Bhd	25,000	140,762	143,250	0.54
	<u>144,600</u>	<u>771,891</u>	<u>755,975</u>	<u>2.85</u>
Energy				
Dialog Group Bhd	118,700	376,093	376,279	1.42
Hibiscus Petroleum Bhd	108,000	108,432	115,560	0.44
	<u>226,700</u>	<u>484,525</u>	<u>491,839</u>	<u>1.86</u>
Health Care				
IHH Healthcare Bhd	60,600	345,323	349,662	1.32
Industrial Products & Services				
HSS Engineers Bhd	1,000	1,166	1,190	0.01
Petronas Chemicals Group Bhd	38,500	330,024	352,660	1.33
Sunway Bhd	52,200	88,413	87,696	0.33
Uchi Technologies Bhd	72,300	219,600	193,041	0.73
	<u>164,000</u>	<u>639,203</u>	<u>634,587</u>	<u>2.40</u>
Plantation				
IOI Corporation Bhd	34,500	156,597	153,870	0.58
Kuala Lumpur Kepong Bhd	2,000	48,418	49,600	0.19
	<u>36,500</u>	<u>205,015</u>	<u>203,470</u>	<u>0.77</u>
REITs				
Axis REIT	60,800	109,648	109,440	0.41

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.03.2019				
Audited (CONTINUED)				
SHARIAH-COMPLIANT				
QUOTED SECURITIES				
(CONTINUED)				
Technology				
Globetronics Technology Bhd	15,766	38,312	27,433	0.11
Telecommunications & Media				
Axiata Group Bhd	61,200	248,374	253,980	0.96
Digi.com Bhd	63,300	276,791	288,015	1.09
Time Dotcom Bhd	12,900	110,919	112,230	0.43
	<u>137,400</u>	<u>636,084</u>	<u>654,225</u>	<u>2.48</u>
Transportation & Logistics				
MISC Bhd	17,100	113,723	114,399	0.43
Utilities				
Petronas Gas Bhd	12,700	242,387	223,774	0.85
Ranhill Holdings Bhd	146,000	135,766	191,260	0.72
Tenaga Nasional Bhd	56,500	863,848	715,290	2.70
	<u>215,200</u>	<u>1,242,001</u>	<u>1,130,324</u>	<u>4.27</u>
TOTAL SHARIAH-COMPLIANT QUOTED SECURITIES	<u>1,610,166</u>	<u>5,041,474</u>	<u>4,971,382</u>	<u>18.78</u>
ACCUMULATED UNREALISED LOSS ON SHARIAH-COMPLIANT QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(70,092)</u>		
TOTAL SHARIAH-COMPLIANT QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>4,971,382</u>		

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
31.03.2019				
Audited				
UNQUOTED SUKUK				
Fortune Premiere Sdn Bhd 4.65% 21/12/2022 (AA2)	2,000,000	2,007,736	2,040,494	7.71
Golden Assets Intl Fin Ltd 5.35% 05/08/2019 (A1)	2,000,000	2,016,646	2,020,157	7.63
IJM Land Bhd 5.65% 17/03/2119 (A2)	1,000,000	1,002,012	1,011,832	3.82
Imtiaz Sukuk Bhd 4.50% 22/11/2019 (AA2)	1,500,000	1,522,336	1,528,147	5.77
Malakoff Power Bhd 5.15% 17/12/2020 (AA3)	1,000,000	1,015,542	1,030,185	3.89
MMC Corporation Bhd 5.80% 12/11/2025 (AA3)	2,000,000	2,044,493	2,098,553	7.93
Quantum Solar Park Green Sri Sukuk 5.80% 04/10/2030 (A1)	1,500,000	1,561,804	1,473,042	5.57
Sabah Credit Corp 4.70% 08/05/2020 (AA1)	500,000	510,498	512,171	1.94
TAQA Abu Dhabi National Energy 4.65% 03/03/2022 #	3,000,000	3,034,786	3,021,269	11.42
Tenaga Nasional Bhd 4.98% 27/08/2038 (AAA)	1,000,000	1,004,366	1,047,516	3.96
UEM Sunrise Bhd 4.98% 31/10/2023 (AA3)	1,000,000	1,022,733	1,038,099	3.92
UMW Holdings Bhd 4.82% 04/10/2019 (AA2)	1,500,000	1,538,658	1,541,217	5.82
WCT Holdings Bhd 5.32% 11/05/2022 (AA3)	2,000,000	2,042,652	2,063,191	7.80
TOTAL UNQUOTED SUKUK	<u>20,000,000</u>	<u>20,324,262</u>	<u>20,425,873</u>	<u>77.18</u>
ACCUMULATED UNREALISED GAIN ON UNQUOTED SUKUK AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>101,611</u>		
TOTAL UNQUOTED SUKUK AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>20,425,873</u>		

The unquoted Sukuk which are not rated as at the end of each financial period/year are issue, backed or guaranteed by Government or Government agencies.

9. CASH AND CASH EQUIVALENTS (SHARIAH-COMPLIANT)

	30.09.2019	31.03.2019
	RM	Audited RM
Shariah-compliant deposits with licensed Islamic financial institutions	1,169,099	1,052,298
Bank balances	33,711	26,560
	<u>1,202,810</u>	<u>1,078,858</u>

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

	30.09.2019	31.03.2019
	%	Audited %
Shariah-compliant deposits with licensed Islamic financial institutions	3.10	3.45

Shariah-compliant deposits with licensed Islamic financial institutions of the Fund have an average maturity of 1 day (31.03.2019: 3 days).

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

	01.04.2019 to 30.09.2019	01.04.2018 to 31.03.2019
	No. of units	Audited No. of units
At the beginning of the financial period/year	25,869,935	31,147,969
Add: Creation of units from applications	10,676,949	15,944,993
Add: Creation of units from distribution	1,197,662	1,675,494
Less: Cancellation of units	(9,345,079)	(22,898,521)
At the end of the financial period/year	<u>28,399,467</u>	<u>25,869,935</u>

11. MANAGEMENT EXPENSE RATIO (“MER”)

	01.04.2019 to 30.09.2019	01.04.2018 to 30.09.2018
	%	%
MER	<u>0.61</u>	<u>0.59</u>

MER is derived from the following calculation:

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

A = Management fee

B = Trustee's fee

C = Audit fee

D = Tax agent's fee

E = Other expenses excluding Goods and Service Tax (“GST”) on transaction costs

F = Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial period/year calculated on daily basis is RM29,075,147 (30.09.2018: RM32,699,580).

12. PORTFOLIO TURNOVER RATIO (“PTR”)

	01.04.2019 to 30.09.2019	01.04.2018 to 30.09.2018
PTR (times)	<u>0.33</u>	<u>0.58</u>

PTR is derived from the following calculation:

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

where:

Total acquisition for the financial period = RM11,436,264 (30.09.2018: RM19,467,378)

Total disposal for the financial period = RM7,993,196 (30.09.2018: RM18,455,127)

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

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

<u>Related parties</u>	<u>Relationship</u>
Principal Asset Management Berhad <i>(formerly known as CIMB-Principal Asset Management Bhd)</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

Units held by the Manager and parties related to the Manager

	30.09.2019		31.03.2019 Audited	
	No. of units	RM	No. of units	RM
Manager				
Principal Asset Management Berhad <i>(formerly known as CIMB-Principal Asset Management Bhd)</i>	5,655	5,696	1,256	1,285

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.

13. 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.

	01.04.2019 to 30.09.2019 RM	01.04.2018 to 30.09.2018 RM
<u>Significant related party transactions</u>		
Profit income from Shariah-compliant deposits with licensed Islamic financial institutions:		
- CIMB Islamic Bank Bhd	<u>8,926</u>	<u>9,009</u>
Cash placements with licensed financial institutions:		
- CIMB Islamic Bank Bhd	<u>35,432,000</u>	<u>32,052,000</u>

There's no significant related party balances at the end of each financial period/year.

14. TRANSACTIONS WITH BROKERS/DEALERS

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

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
RHB Investment Bank Bhd	6,407,499	32.98	3,184	14.93
UBS Securities M Sdn Bhd	2,340,887	12.05	2,075	9.73
Macquarie Capital Securities (M) Sdn Bhd	1,858,510	9.57	3,254	15.26
Malayan Banking Bhd	1,500,480	7.72	-	-
Hong Leong Investment Bank Bhd	1,153,982	5.94	2,771	13.00
Affin Hwang Investment Bank Bhd	1,026,219	5.28	2,462	11.54
KAF-Seagroatt & Campbell Securities Sdn Bhd	893,300	4.60	2,162	10.14
J.P. Morgan Securities (M) Sdn Bhd	842,901	4.34	721	3.38
Maybank Investment Bank Bhd	706,275	3.64	1,641	7.69
AmBank Bhd	652,145	3.36	-	-
Others #	<u>2,047,262</u>	<u>10.52</u>	<u>3,056</u>	<u>14.33</u>
	<u>19,429,460</u>	<u>100.00</u>	<u>21,326</u>	<u>100.00</u>

14. TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)

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

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
RHB Investment Bank Bhd	11,555,048	30.47	3,611	8.92
Standard Chartered Bank Bhd	5,019,200	13.24	-	-
KAF-Seagroatt & Campbell Securities Sdn Bhd	4,461,783	11.77	10,073	24.88
Maybank Investment Bank Bhd	2,730,954	7.20	6,206	15.33
Credit Suisse (M) Sdn Bhd	2,488,389	6.56	5,636	13.92
CIMB Bank Bhd #	2,000,000	5.27	-	-
CIMB Investment Bank Bhd #	1,850,262	4.88	3,921	9.69
Affin Hwang Investment Bank Bhd	1,772,660	4.67	4,077	10.07
Hong Leong Bank Bhd	1,501,350	3.96	-	-
Malayan Banking Bhd	1,500,300	3.96	-	-
Others	3,042,559	8.02	6,958	17.19
	<u>37,922,505</u>	<u>100.00</u>	<u>40,482</u>	<u>100.00</u>

Included in the transactions are trades conducted with CIMB Bank Bhd and CIMB Investment Bank Bhd, fellow related parties to the Manager amounting to RM601,200 (30.09.2018: RM2,000,000) and Nil (30.09.2018: RM1,850,262) respectively. The Manager is of the opinion that all transactions with the related company have been entered into in the normal course of business at agreed terms between the related party.

DIRECTORY

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