

**CIMB ISLAMIC EQUITY AGGRESSIVE FUND**

**FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

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## INVESTORS' LETTER

Dear Valued Investor,

Thank you for your continued support and for the confidence that you have placed in us. CIMB-Principal Asset Management Berhad ("CIMB-Principal") Malaysia has achieved RM60.58 billion in Asset under Management ("AUM") as of December 2018.

We continue to achieve prestigious recognitions from **The Edge | Thomson Reuters Lipper Fund Awards 2018** as follows:

- Best Fund Over 5 Years, Equity Global - Malaysia : CIMB-Principal Global Titans Fund
- Best Fund Over 5 Years, Equity Asia Pacific ex Japan - Malaysia : CIMB-Principal Asian Equity Fund
- Best Fund Over 5 Years, Equity Asia Pacific ex Japan - Malaysia : CIMB Islamic Asia Pacific Equity Fund
- Best Fund Over 5 Years, Equity Malaysia Diversified - Malaysia : CIMB-Principal Equity Growth & Income Fund
- Best Fund Over 5 Years, Mixed Asset MYR Bal - Malaysia : CIMB-Principal Income Plus Balanced Fund
- Best Fund Over 3 Years, Equity Global - Malaysia : CIMB-Principal Global Titans Fund

In addition, we received recognition from Fundsupermart.com for 'Fund House of the Year' award and Recommended Unit Trust 2018/2019 awards for the funds below:

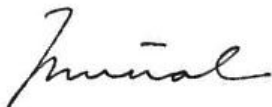
- CIMB-Principal Global Titans Fund
- CIMB-Principal Asia Pacific Dynamic Income Fund
- CIMB Islamic Asia Pacific Equity Fund
- CIMB-Principal Greater China Equity Fund
- CIMB-Principal PRS Plus Conservative
- CIMB-Principal PRS Plus Growth

Our latest win is for **The Asset Triple A Private Banking, Wealth Management, Investment and Exchange-Traded Fund ("ETF") Awards 2018**, where we have been recognized as the 'Best Wealth Manager' in Malaysia.

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

Thank you.

Yours faithfully,  
for **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 earn reasonable returns for investors by investing in approved equities listed on Bursa Malaysia as well as unlisted securities and other non-interest bearing assets acceptable under Shariah principles.

#### Has the Fund achieved its objective?

The Fund has achieved its objective of providing long-term capital growth.

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

The Fund may invest a minimum of 70% and up to a maximum of 98% of Net Asset value ("NAV") in local Shariah-compliant equities. The Fund may also invest up to 28% of its NAV in other permissible investments. As an aggressive Fund, the Fund will be managed with higher beta and tracking error. The investment policy and strategy of the Fund is to invest in Shariah-compliant stocks which are selected based on their future growth prospects with benchmarking of the Fund being a secondary consideration. As such, the Fund may hold a larger percentage of its NAV (may exceed 10%) in Shariah-compliant stocks of companies with small capitalisation. 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 Securities Commission Malaysia ("SC") Guidelines. In addition, Shariah-compliant liquid assets may also be strategically used if we feel that the market downside risk is high in the short-term.

#### Fund category/type

Equity (Shariah-compliant)/Growth

#### How long should you invest for?

Recommended five (5) years or more

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

High

#### When was the Fund launched?

15 June 1995

#### What was the size of the Fund as at 31 December 2018?

RM100.14million (158.38 million units)

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

Financial Times Stock Exchange ("FTSE") Bursa Malaysia ("FBM") EMAS Shariah ("FBMS") Index

#### 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 financial year ended 31 December 2018?

The Fund distributed a total net income of RM6.51 million to unit holders for the financial year ended 31 December 2018. As a result, the NAV per unit dropped from RM0.8596 to RM0.8066 on 26 January 2018.

**PERFORMANCE DATA**

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

	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
	%	%	%
Shariah-compliant quoted securities			
- Construction	4.74	13.58	9.02
- Consumer Products & Services	13.38	-	-
- Consumer Products	-	3.52	2.26
- Energy	9.19	-	-
- Financial Services	1.58	-	-
- Finance	-	2.07	0.40
- Health Care	9.36	-	-
- Industrials Products & Services	11.16	-	-
- Industrials	-	19.73	15.52
- Infrastructure Project Companies ("IPC")	-	3.79	6.78
- Plantation	-	5.43	7.53
- Property	0.99	-	-
- Properties	-	6.24	1.52
- Real Estate Investment Trust ("REIT")	-	0.39	-
- Technology	11.57	6.15	0.60
- Telecommunication/Media	4.43	-	-
- Trading/Services	-	33.02	43.45
- Transportation/Logistics	0.77	-	-
- Utilities	9.78	-	-
Cash and other net assets	23.05	6.08	12.92
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
	%	%	%
NAV (RM Million)	100.14	90.00	102.66
Units In circulation (Million)	158.38	109.18	134.68
NAV per Unit (RM)	0.6322	0.8243	0.7622
Highest NAV per unit (RM)	0.8709	0.8244	0.8278
Lowest NAV per unit (RM)	0.6178	0.7275	0.7443
Total return (%)	(18.37)	14.86	(2.41)
- Capital growth (%)	(23.32)	8.18	(7.95)
- Income distribution (%)	6.45	6.20	5.96
Management Expense Ratio ("MER") (%) ^	1.66	1.75	1.75
Portfolio Turnover Ratio ("PTR") (times) #	1.13	1.70	1.36

^ The Fund's MER decreased from 1.75% to 1.66% due to an increase in average NAV of the Fund during the financial year under review.

# The Fund's PTR decreased from 1.70 times to 1.13 times as there was less trading activity during the financial year.

**PERFORMANCE DATA (CONTINUED)**

Date of distribution	26.01.2018	27.01.2017	26.01.2016
Gross distribution per unit (sen)	5.20	4.55	4.50
Net distribution per unit (sen)	5.20	4.55	4.50

	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>31.12.2016</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	%	%	%	%	%
Annual total return	(18.37)	14.86	(2.41)	7.94	(2.40)

(Launch date: 15 June 1995)

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

**MARKET REVIEW (1 JANUARY 2018 TO 31 DECEMBER 2018)**

For the financial year under review, the FTSE Bursa Malaysia Kuala Lumpur Composite Index (“FBMKLCI”) decreased by 5.91% from 1,796.81 points to 1,690.58 points.

The FBMKLCI had a strong start in January 2018, jumping 72 points or 4.0% to 1,868 points, on the back of a stronger Ringgit Malaysia (“RM”), higher oil prices, net foreign inflows, hike in Overnight Policy Rate (“OPR”) and overall stronger global economies. In January 2018, foreign investors were net buyers of RM3.4 billion versus RM10.3 billion in the whole of 2017. Brent crude oil price closed at USD69.05 per barrel, while the RM appreciated 3.8% to close at RM3.8985 versus the US Dollar. Despite this, the FBMKLCI still underperformed the Morgan Stanley Capital International (“MSCI”) Asia Pacific ex-Japan, which gained 6.7% in January 2018.

February 2018 was a volatile month as investors began re-pricing more interest rate hikes in the US, earlier than expected, on the back of higher inflation expectations. In line with the global rout, the FBMKLCI corrected 12.38 points or 0.66% to 1,856.20 points. The FBMKLCI had fallen sharply from a high of 1,870 points (2 February 2018) to a low of 1,812 points (6 February 2018), before recouping most its losses by month end. In February 2018, foreign investors net sold RM1.1 billion bringing year-to-date (“YTD”) net inflows to RM2.2 billion.

March 2018 was a positive month as the FBMKLCI added 7 points or 0.4% to 1,863 points despite rising concerns of escalating US-China trade disputes. Large caps continued to outperform the broader market and small caps. For the first quarter of 2018, the FBMKLCI rose 3.7%, supported by net foreign inflows of RM2.2 billion.

In April 2018, the FBMKLCI touched a new high of 1,895 points on 19 April 2018, before closing up only 0.4% at 1,870 points. YTD, the FBMKLCI has gained 4.1%. Foreigners turned net buyers of RM1.5 billion in April 2018 after being net sellers of RM0.1 billion in March 2018, bringing YTD net foreign inflows to RM3.5 billion. In April 2018, the RM depreciated 1.5%, while the 10-year Malaysian Government Securities (“MGS”) rose 19 basis points (“bps”) to 4.13%. Brent crude oil rose 7% to USD75 per barrel. Construction and Finance outperformed, while Technology, Consumer staples and Telecommunications underperformed.

**MARKET REVIEW (1 JANUARY 2018 TO 31 DECEMBER 2018) (CONTINUED)**

In May 2018, the FBMKLCI succumbed to heavy foreign selling, falling 6.9% or 129 points to a low of 1,719 points before closing at 1,740 points as investors repriced policy risk. The period after the 14<sup>th</sup> General Elections (“GE14”) accounted for 5.7% of that fall. YTD, the FBMKLCI has lost 3.1%. In May 2018, foreigners net sold RM5.6 billion, reversing YTD net foreign flows to RM1.9 billion. During the month, the RM depreciated 1.4%, the 10-year MGS rose 5 bps to 4.18%, while Brent crude oil gained 3% to USD77 per barrel. The market sold off in May 2018, rattled by headline news of a higher national debt burden, concerns about the fiscal position, cancellation of mega infrastructure projects and the sanctity of toll roads concession agreements. Sentiment was further dampened by the weak first quarter corporate earnings season. Meanwhile, global trade tensions were back in focus, and there was fear of contagion from Italian politics. These were happening against a backdrop of Central Banks’ plans to normalise monetary policies, leading to worries of possible policy missteps.

The market continue to be sold off in June 2018, rattled by continuous news flow on the policy overhang on some of the mega projects like East Coast Rail Line (“ECRL”), third Klang Valley Mass Rapid Transit (“MRT3”) and High Speed Rail (“HSR”). Telecommunication and Banks have underperformed due to fear of lower broadband charges and re-pricing of risk arising from expectation of a slower Gross Domestic Products (“GDP”) in 2018 and 2019 respectively. Sentiment was further dampened by the weak first quarter of 2018 (“1Q2018”) corporate earnings season and downgrades of GDP forecast for 2018 and 2019. Meanwhile, on global front, it seems that trade tensions have intensified with US planning to impose tariffs on selected European Union (“EU”) products and EU has vowed for a retaliatory tariffs for US goods.

Telecommunication companies led the increased after the Government provided clarity on the Broadband plans. Industrials companies also outperformed the benchmark after May 2018 Malaysia’s industrial production index (“IPI”) rose 3.0% year-on-year (“y-o-y”), driven by a rise in manufacturing output. June 2018 Consumer Price Index (“CPI”) came in at 0.8% y-o-y, reflecting the zero-rating of the Goods and Services Tax (“GST”). Nevertheless, with the introduction of the Sales and Service Tax (“SST”) in September 2018, inflation is expected to be higher in fourth quarter of 2018. Meanwhile, on the global front, trade tensions remained a real risk after President Trump announced that the US is ready to impose additional tariffs on all China made goods.

Early August 2018 saw the FBMKLCI succumbed to selling pressure due to the Turkish Lira crisis and the lower than expected Malaysia second quarter of 2018 (“2Q2018”) GDP numbers. Nevertheless, global sentiment and risk appetite was given a boost from optimism over US-China trade talks and news of the new North American Free Trade Agreement (“NAFTA”) deal. Chinese Government’s continuous deleveraging measures have provided some stability to the Chinese Yuan Renminbi (“CNY”) and regional bourses. Domestically, with the announcement on toll abolishment is deferred pending restoration of Government financials has provided a short-term lift to sentiment which led the Index to three-month high. Corporate earnings for 2Q2018 were rather mixed and meeting Street’s expectation with fewer corporations reporting earnings misses as compared to 1Q2018.

September 2018 saw the FBMKLCI succumbed to selling pressure as investors locked in gains made in the previous month on worries that the USD200 billion trade tariffs imposed on China may impact global growth and Emerging Market (“EM”) currencies. The downtrend was exacerbated further by the financial crisis in Argentina which led investors to flee the Argentine Peso (“Peso”) causing worry of a contagion effect in EM. Sentiment in the local bourses was further affected by the announcement of the cancellation of 3 China-backed projects (the ECRL and the 2 gas pipeline projects estimated at USD23 billion) and the deferment of HSR to September 2020, which sent the Construction Index tumbling by 5.38% month-on-month (“m-o-m”). On the Government-Linked Company (“GLC”) related news, a new Malaysian Communications and Multimedia Commission (“MCMC”) head was announced together with new heads at Felda Global Ventures Holdings Bhd (FGV”), Perbadanan Usahawan Nasional Bhd (“PNB”), Lembaga Tabung Angkatan Tentera (LTAT”) and Majlis Amanah Rakyat (“MARA”).

**MARKET REVIEW (1 JANUARY 2018 TO 31 DECEMBER 2018) (CONTINUED)**

October 2018 saw foreign investors sold RM1.5 billion versus net buy of RM0.1 billion in the previous month. Total outflow for the tenth month of 2018 amounted to RM10.0 billion versus net inflow of RM10.8 billion in 2017. At 1,709 points, KLCI is trading at 16.5 times Price-to-Earnings Ratio ("PER"), which is fair as compared to its historical average. Consensus is looking at 3% earnings growth for 2018 and 6% for 2019 and we are off the view that with the lower GDP projection of below 5% by the Government for 2018 and 2019, consensus's corporate earnings growth outlook for 2018 and 2019 will be put to the test.

The FBMKLCI ended November down by 1.72% or 29 points to close at 1,679.86 points. November 2018 saw Khazanah selling 16% of its stake in IHH Healthcare Bhd to Mitsui Group. Third quarter of 2018 ("3Q2018") GDP came in lower than consensus forecast at 4.4% y-o-y, driven by domestic demand. Moody's affirmed the A1 domestic issuer and foreign currency senior unsecured ratings of Petronas, but changed its outlook to negative from stable. November 2018 saw foreign investors sold RM0.70bil versus RM1.5 billion in the previous month. Total outflow for eleventh month in 2018 amounted to RM10.7 billion versus net inflow of RM10.8 billion in 2017.

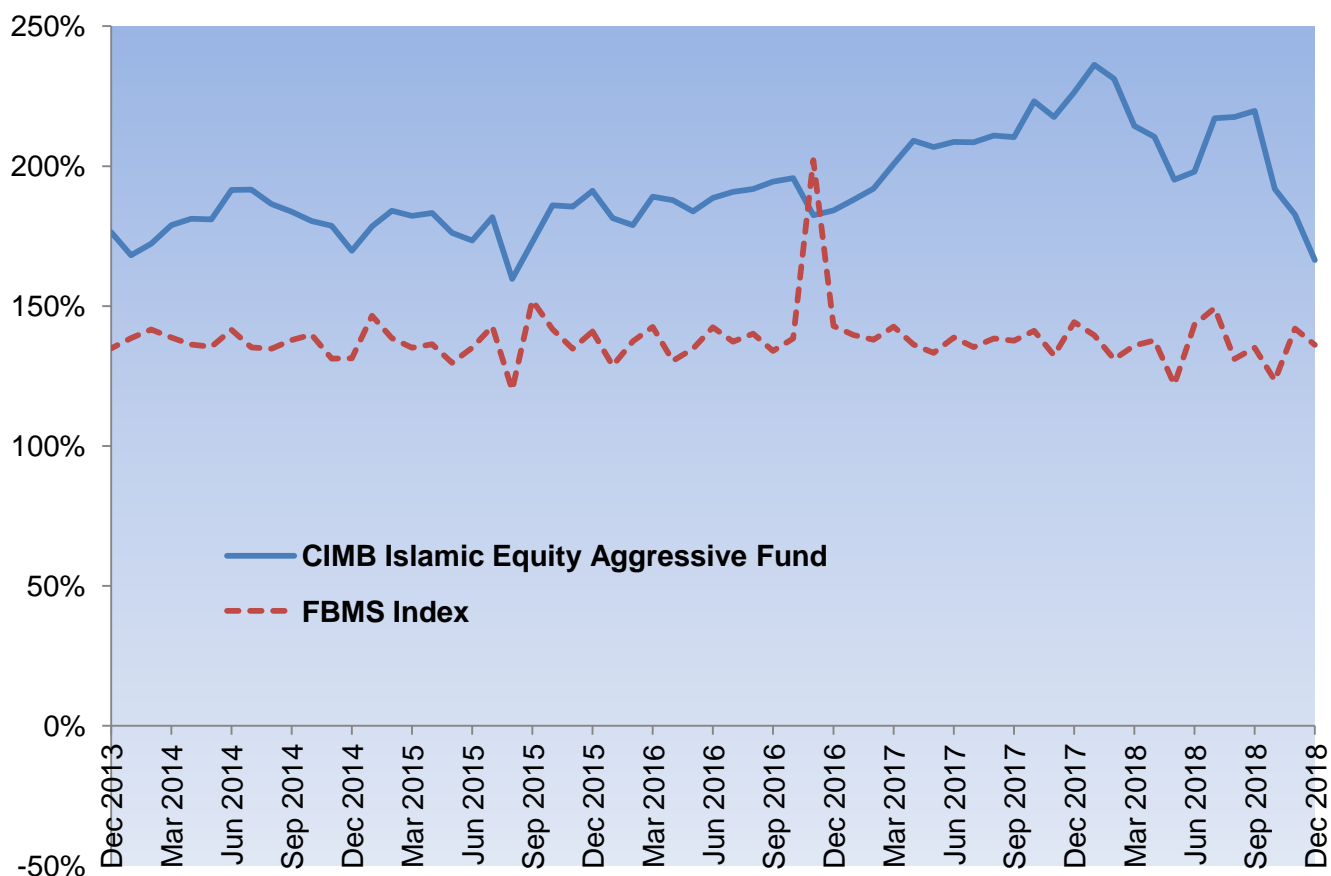
The FBMKLCI ended December 2018 marginally higher by 0.64% to close at 1,690.58 points. For 2018, the FBMKLCI is lower by 5.91%. During the month, the RM strengthened to RM4.133 against USD from MYR4.184 in the previous month. Brent crude oil slumped to USD53.80 per barrel, down by 8.36% m-o-m. We expect Malaysia's GDP growth to moderate in 2019 on softening external demand and Government's austerity measure. The Street expects the budget deficit to narrow from 3.7% in 2018 to 3.4% in 2019 as the Government draws on Petronas's financial resources with a RM30 billion special dividend. However, recent oil price weakness has dampened the government's finances as Budget 2019 was prepared based on average Brent crude oil price assumption of USD70 per barrels versus less than USD60 per barrels now. Should the current oil price weakness persist, the Government will need to re-calibrate its budget to avoid further widening its budget deficit. If this materialise, GDP growth will face downside risk as Government's further cost rationalisation will be a dampener on the economy.



**FUND PERFORMANCE**

	<b>1 year to 31.12.2018</b>	<b>3 years to 31.12.2018</b>	<b>5 years to 31.12.2018</b>	<b>Since inception to 31.12.2018</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Income	6.45	19.85	33.56	152.42
Capital	(23.32)	(23.65)	(27.83)	5.05
Total Return	(18.37)	(8.50)	(3.61)	166.40
Benchmark	(13.52)	(10.13)	(11.85)	136.10
Average Total Return	(18.37)	(2.92)	(0.73)	4.74

For the financial year under review, the Fund decreased by 18.37%, while the benchmark decreased by 13.52%. As such, the Fund underperformed its benchmark by 4.85%.



**Changes in NAV**

	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>Changes (%)</b>
NAV (RM million)	100.14	90.00	11.27
NAV/Unit (RM)	0.6322	0.8243	(23.30)

The NAV per unit decreased by 23.30% due to negative investment performance during the financial year.

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

**PORTFOLIO STRUCTURE**

**Asset allocation**

<b>(% of NAV)</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
Shariah-compliant quoted securities	76.95	93.92
Cash and other net assets	23.05	6.08
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>

Asset allocation decreased from 93.93% as at 31 December 2017 to 76.95% as 31 December 2018 as we became defensive of the market during the financial year.

**MARKET OUTLOOK \***

We continue to reiterate our cautious stance on the domestic market for 2019 given moderating GDP growth, tepid corporate earnings growth and regulatory uncertainty. We deemed the trade war truce between US and China following the Group of Twenty (“G20”) meeting as a short-term reprieve for the market while additional time is sought to resolve the trade dispute between the two nations. Risk of further escalation cannot be ruled out which will exacerbate the risk to moderating global economic growth amid tightening monetary conditions.

\* 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**

On the back of all these uncertainties, we reiterate our capital preservation investment strategy with preference on big cap GLCs and companies with strong fundamentals and solid cash flow and dividends in sectors such as Utilities & Renewable Energy, REITs, Consumer Staples and Industrials.

**UNIT HOLDINGS STATISTICS**

Breakdown of unit holdings by size as at 31 December 2018 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	3,126	8.38	5.29
5,001-10,000	1,986	14.21	8.97
10,001-50,000	2,908	61.24	38.67
50,001-500,000	589	58.41	36.88
500,001 and above	7	16.14	10.19
<b>Total</b>	<b>8,616</b>	<b>158.38</b>	<b>100.00</b>

**SOFT COMMISSIONS AND REBATES**

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

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

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF  
CIMB ISLAMIC EQUITY AGGRESSIVE FUND**

We, being the Directors of CIMB-Principal Asset Management Berhad (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying audited financial statements set out on pages 17 to 54 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 31 December 2018 and of its financial performance, changes in equity and cash flows for the financial year then ended in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

For and on behalf of the Manager  
**CIMB-Principal Asset Management Berhad**  
**(Company No.: 304078-K)**

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

**ALEJANDRO ECHEGORRI**  
Executive Director

Kuala Lumpur  
14 February 2019

**TRUSTEE'S REPORT TO THE UNIT HOLDERS OF  
CIMB ISLAMIC EQUITY AGGRESSIVE FUND**

We, Amanahraya Trustees Berhad, have acted as Trustee of CIMB Islamic Equity Aggressive Fund for the financial year ended 31 December 2018. In our opinion, CIMB-Principal Asset Management Berhad, the Manager, has operated and managed CIMB Islamic Equity Aggressive Fund in accordance with the limitations imposed on the investment powers of the management company and under the Deed, securities laws and the applicable Guidelines on Unit Trust Funds during the financial year then ended.

We are of the opinion that:

- (a) Valuation and pricing is carried out in accordance with the Deed and any regulatory requirement;
- (b) Creation and cancellation of units are carried out in accordance with the Deed and other regulatory requirements; and
- (c) The distribution of income made by CIMB Islamic Equity Aggressive Fund as declared by the Manager is appropriate and reflects the investment objective of CIMB Islamic Equity Aggressive Fund.

Yours faithfully

**Amanahraya Trustees Berhad,**

**HABSAH BINTI BAKAR**  
Chief Executive Officer

Kuala Lumpur, Malaysia  
14 February 2019

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

We have acted as the Shariah Adviser of CIMB Islamic Equity Aggressive Fund (the "Fund") for the financial year ended 31 December 2018. 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 year ended 31 December 2018.

In addition, we 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  
14 February 2019

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

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

Our opinion

In our opinion, the financial statements of CIMB Islamic Equity Aggressive Fund (the "Fund") give a true and fair view of the financial position of the Fund as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 17 to 54.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF  
CIMB ISLAMIC EQUITY AGGRESSIVE FUND (CONTINUED)**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

Information other than the financial statements and auditors' report thereon

The Manager of the Fund is responsible for the other information. The other information comprises Manager's report but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.



**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF  
CIMB ISLAMIC EQUITY AGGRESSIVE FUND (CONTINUED)**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- (d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF  
CIMB ISLAMIC EQUITY AGGRESSIVE FUND (CONTINUED)**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

Auditors' responsibilities for the audit of the financial statements (continued)

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**OTHER MATTERS**

This report is made solely to the unit holders of the Fund and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**PRICewaterhouseCOOPERS PLT**  
LLP0014401-LCA & AF 1146  
Chartered Accountants

Kuala Lumpur  
14 February 2019

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	Note	2018 RM	2017 RM
<b>INCOME</b>			
Dividend income		2,493,188	3,575,041
Profit income	4	396,357	266,451
Net (loss)/gain on financial assets at fair value through profit or loss	9	<u>(22,765,880)</u>	<u>12,962,079</u>
		<u>(19,876,335)</u>	<u>16,803,571</u>
<b>EXPENSES</b>			
Management fee	5	1,610,807	1,497,547
Trustee's fee	6	96,648	89,853
Audit fee		12,900	14,787
Tax agent's fee		4,600	5,299
Transaction costs		717,365	992,906
Other expenses		<u>78,843</u>	<u>188,521</u>
		<u>2,521,163</u>	<u>2,788,913</u>
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		(22,397,498)	14,014,658
Taxation	8	<u>-</u>	<u>(180)</u>
<b>(LOSS)/ PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE FINANCIAL YEAR</b>		<u>(22,397,498)</u>	<u>14,014,478</u>
(Loss)/Profit after taxation is made up as follows:			
Realised amount		(7,957,750)	8,436,985
Unrealised amount		<u>(14,439,748)</u>	<u>5,577,493</u>
		<u>(22,397,498)</u>	<u>14,014,478</u>

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

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2018**

	Note	2018 RM	2017 RM
<b>ASSETS</b>			
Cash and cash equivalents (Shariah-compliant)	10	21,229,471	8,794,058
Financial assets at fair value through profit or loss (Shariah-compliant)	9	77,055,363	84,518,737
Amount due from stockbrokers		3,765,766	974,933
Amount due from Manager		210,531	487,241
Dividends receivable		189,154	118,772
Tax recoverable		59,660	59,660
<b>TOTAL ASSETS</b>		<u>102,509,945</u>	<u>94,953,401</u>
<b>LIABILITIES</b>			
Amount due to stockbrokers		2,185,994	4,755,503
Amount due to Manager		27,244	43,012
Accrued management fee		130,029	112,147
Amount due to Trustee		7,802	6,729
Other payables and accruals		17,700	33,957
<b>TOTAL LIABILITIES</b>		<u>2,368,769</u>	<u>4,951,348</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>100,141,176</u>	<u>90,002,053</u>
<b>EQUITY</b>			
Unit holders' capital		104,264,920	65,216,504
(Accumulated losses)/Retained earnings		<u>(4,123,744)</u>	<u>24,785,549</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>100,141,176</u>	<u>90,002,053</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>	11	<u>158,381,443</u>	<u>109,180,791</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.6322</u>	<u>0.8243</u>

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

**STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	Note	Unit holders' capital RM	(Accumulated losses) /Retained earnings RM	Total RM
<b>Balance as at 1 January 2018</b>		65,216,504	24,785,549	90,002,053
Movement in unit holders' contributions:				
- Creation of units from applications		60,081,593	-	60,081,593
- Creation of units from distribution		5,866,274	-	5,866,274
- Cancellation of units		(26,899,451)	-	(26,899,451)
Total comprehensive loss for the financial year		-	(22,397,498)	(22,397,498)
Distribution	7	-	(6,511,795)	(6,511,795)
<b>Balance as at 31 December 2018</b>		<u>104,264,920</u>	<u>(4,123,744)</u>	<u>100,141,176</u>
<b>Balance as at 1 January 2017</b>		85,607,371	17,049,826	102,657,197
Movement in unit holders' contributions:				
- Creation of units from applications		22,652,901	-	22,652,901
- Creation of units from distribution		5,965,946	-	5,965,946
- Cancellation of units		(49,009,714)	-	(49,009,714)
Total comprehensive income for the financial year		-	14,014,478	14,014,478
Distribution	7	-	(6,278,755)	(6,278,755)
<b>Balance as at 31 December 2017</b>		<u>65,216,504</u>	<u>24,785,549</u>	<u>90,002,053</u>

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

**STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	Note	2018 RM	2017 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from disposal of Shariah-compliant quoted securities		111,223,690	178,227,162
Purchases of Shariah-compliant quoted securities		(132,603,903)	(157,984,679)
Dividend income received		2,422,806	3,508,164
Profit income received from Shariah-compliant deposits with licensed Islamic financial institutions and Hibah earned		396,357	266,451
Management fee paid		(1,592,925)	(1,515,633)
Trustee's fee paid		(95,575)	(90,938)
Payments for other fees and expenses		(112,600)	(209,023)
<b>Net cash (used in)/generated from operating activities</b>		<u>(20,362,150)</u>	<u>22,201,504</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash proceeds from units created		60,358,303	22,237,314
Payments for cancellation of units		(26,915,219)	(49,202,668)
Distribution paid		(645,521)	(312,809)
<b>Net cash generated from/(used in) financing activities</b>		<u>32,797,563</u>	<u>(27,278,163)</u>
Net increase/(decrease) in cash and cash equivalents		12,435,413	(5,076,659)
Cash and cash equivalents at the beginning of the financial year		8,794,058	13,870,717
Cash and cash equivalents at the end of the financial year	<b>10</b>	<u>21,229,471</u>	<u>8,794,058</u>
<u>Cash and cash equivalents comprised of:</u>			
Shariah-compliant deposits with licensed Islamic financial institutions		21,191,661	8,473,861
Bank balance		37,810	320,197
Cash and cash equivalents at the end of financial year	<b>10</b>	<u>21,229,471</u>	<u>8,794,058</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES**

CIMB Islamic Equity Aggressive Fund (the "Fund") is governed by a Principal Master Deed dated 15 May 2008, a First Supplemental Deed dated 26 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 CIMB-Principal Asset Management Berhad (the "Manager") and AmanahRaya Trustee Berhad (the "Trustee").

The Fund may invest a minimum of 70% and up to a maximum of 98% of its NAV in local Shariah-compliant equities. The Fund may also invest up to 28% of its NAV in other permissible investments. As an aggressive Fund, the Fund will be managed with higher beta and tracking error. The investment policy and strategy of the Fund is to invest in Shariah-compliant stocks which are selected based on their future growth prospects with benchmarking of the Fund being a secondary consideration. As such, the Fund may hold a larger percentage of its NAV (may exceed 10%) in Shariah-compliant stocks of companies with small capitalisation. 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. In addition, Shariah-compliant liquid assets may also be strategically used if we feel that the market downside risk is high in the short-term.

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, a company incorporated in Malaysia, is jointly owned by CIMB Group Sdn Bhd and Principal International (Asia) Limited. The principal activities of the Manager are the establishment and management of unit trust funds and fund management activities.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Basis of preparation**

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

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

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

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

### (a) Basis of preparation (continued)

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

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

Standards, amendments to published standards and interpretations that are effective:

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

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

Classification and measurement of debt assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest ("SPPI"). A debt instrument is measured at fair value through other comprehensive income ("OCI") if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. MFRS 9 also introduces a new expected credit loss ("ECL") impairment model.

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

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

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

The standards, amendments to published standards and interpretations to existing standards that are applicable to the Fund but not yet effective and have not been early adopted are as follows:



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

### (a) Basis of preparation (continued)

#### (i) Financial year 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 or equity) depends on where the past transactions that generated distributable profits were recognised.

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

The Fund will apply these amendments when effective. These amendments are not expected to have a significant impact on the Fund's financial statements.

### (b) Financial assets and financial liabilities

#### Classification

Up to 31 December 2017, the Fund designates its investments in Shariah-compliant quoted securities as financial assets at fair value through profit or loss at inception.

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

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

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

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

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

- those to be measured subsequently at fair value 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.

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

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, within the scope of MFRS 139 up to 31 December 2017 and MFRS 9 from 1 January 2018, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

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

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

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

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

Shariah-compliant quoted securities in Malaysia are valued at the last done market price quoted on Bursa Malaysia Securities Berhad ("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.

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

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

Up to 31 December 2017, for assets carried at amortised cost, the Fund assesses at the end of each reporting year whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

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

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

From 1 January 2018 onwards, the Fund measures credit risk and expected credit losses ("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.

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

### (b) Financial assets and financial liabilities (continued)

#### Significant increase in credit risk

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

#### Definition of default and credit-impaired financial assets

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

#### Write-off

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

### (c) Income recognition

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

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

Up to 31 December 2017, 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 interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

From 1 January 2018, 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 loan 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.

### (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.

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

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

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

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

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

**(f) Cash and cash equivalents**

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balances and Shariah-compliant deposits held in highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(g) Taxation**

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

**(h) Transaction costs**

Transaction costs are costs incurred to acquire or dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, 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 quoted securities sold and payables for Shariah-compliant quoted securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. The amount due from stockbrokers balance is held for collection.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(i) Amount due from/to stockbrokers (continued)**

These amounts are recognised initially at fair value and, up to 31 December 2017, subsequently measured at amortised cost using the effective interest method, less provision for impairment for amounts due from stockbrokers. A provision for impairment of amounts due from stockbrokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant stockbroker. Significant financial difficulties of the stockbroker, probability that the stockbroker will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from stockbrokers is impaired. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the interest rate used to discount the future cash flows for the purpose of measuring the impairment loss. From 1 January 2018, these amounts are subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund measures the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

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

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

**(j) Distribution**

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

**(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.

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

**(I) 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 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.

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.

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

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund are as follows:

	<b>Financial assets at fair value through profit or loss RM</b>	<b>Financial assets at amortised cost RM</b>	<b>Total RM</b>
<b>2018</b>			
Cash and cash equivalents (Shariah-compliant) (Note 10)	-	21,229,471	21,229,471
Shariah-compliant quoted securities (Note 9)	77,055,363	-	77,055,363
Amount due from stockbrokers	-	3,765,766	3,765,766
Amount due from Manager	-	210,531	210,531
Dividends receivable	-	189,154	189,154
	<u>77,055,363</u>	<u>25,394,922</u>	<u>102,450,285</u>

	<b>Financial assets at fair value through profit or loss RM</b>	<b>Financing and receivables RM</b>	<b>Total RM</b>
<b>2017</b>			
Cash and cash equivalents (Shariah-compliant) (Note 10)		8,794,058	8,794,058
Shariah-compliant quoted securities (Note 9)	84,518,737	-	84,518,737
Amount due from stockbrokers	-	974,933	974,933
Amount due from Manager	-	487,241	487,241
Dividends receivable	-	118,772	118,772
	<u>84,518,737</u>	<u>10,375,004</u>	<u>94,893,741</u>

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

The Fund aims to earn reasonable returns for investors by investing in approved equities listed on Bursa Malaysia as well as unlisted securities and other non-interest bearing assets acceptable under Shariah principles.

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

(a) Market risk

(i) Price risk

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

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

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

	2018 RM	2017 RM
Financial assets at fair value through profit or loss:		
- Shariah-compliant quoted securities	<u>77,055,363</u>	<u>84,518,737</u>

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

% Change in price of Shariah-compliant quoted securities	Market Value RM	Impact on profit or loss/NAV RM
<b>2018</b>		
-5%	73,202,595	(3,852,768)
0%	77,055,363	-
+5%	<u>80,908,131</u>	<u>3,852,768</u>
<b>2017</b>		
-5%	80,292,800	(4,225,937)
0%	84,518,737	-
+5%	<u>88,744,674</u>	<u>4,225,937</u>

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

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

**(ii) Interest rate risk**

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

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

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

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

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

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

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

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

**(b) Credit risk**

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

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

For amount due from stockbrokers, 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 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.

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

(b) Credit risk (continued)

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

	Cash and cash equivalents RM	Amount due from stockbrokers RM	Amount due from Manager RM	Dividends receivable RM	Total RM
<b>2018</b>					
Consumer Product & Services					
- Not Rated	-	-	-	54,221	54,221
Financial Services					
- CIMB Islamic Bank Bhd (AAA)	2,554,896	-	-	-	2,554,896
- Hong Leong Islamic Bank Bhd (AAA)	10,242,890	-	-	-	10,242,890
- Public Islamic Bank Bhd (AAA)	8,393,876	-	-	-	8,393,876
- CIMB Bank Bhd (AAA)	37,809	-	-	-	37,809
- Not Rated	-	3,765,766	-	2	3,765,768
Industrial Product & Services					
- Not Rated	-	-	-	73,936	73,936
REIT					
- Not Rated	-	-	-	105	105
Technology					
- Not Rated	-	-	-	45,416	45,416
Utilities					
- Not Rated	-	-	-	15,474	15,474
Others					
- Not Rated	-	-	210,531	-	210,531
	<u>21,229,471</u>	<u>3,765,766</u>	<u>210,531</u>	<u>189,154</u>	<u>25,394,922</u>

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

## (b) Credit risk (continued)

	Cash and cash equivalents RM	Amount due from stockbrokers RM	Amount due from Manager RM	Dividends receivable RM	Total RM
<b>2017</b>					
Construction					
- Not Rated	-	-	-	23,282	23,282
Consumer Product					
- Not Rated	-	-	-	4,556	4,556
Finance					
- BIMB Holdings Bhd (AA3)	-	-	-	120	120
- CIMB Islamic Bank Bhd (AAA)	320,197	-	-	-	320,197
- Hong Leong Islamic Bank Bhd (AAA)	3,553,169	-	-	-	3,553,169
- Maybank Islamic Bhd (AAA)	1,841,769	-	-	-	1,841,769
- Public Islamic Bank Bhd (AAA)	3,078,923	-	-	-	3,078,923
- Not Rated	-	974,933	-	-	974,933
Industrials					
- Not Rated	-	-	-	49,025	49,025
IPC					
- Not Rated	-	-	-	-	-
REIT					
- Not Rated	-	-	-	2,242	2,242
Technology					
- Not Rated	-	-	-	19,589	19,589
Trading/Services					
- Not Rated	-	-	-	19,958	19,958
Others					
- Not Rated	-	-	487,241	-	487,241
	<u>8,794,058</u>	<u>974,933</u>	<u>487,241</u>	<u>118,772</u>	<u>10,375,004</u>

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

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

(c) Liquidity risk

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

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise bank balances and Shariah-compliant deposits with licensed Islamic financial institutions, which are capable of being converted into cash within 7 business days. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

The table below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining period as at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
<b>2018</b>			
Amount due to stockbrokers	2,185,994	-	2,185,994
Amount due to Manager	27,244	-	27,244
Accrued management fee	130,029	-	130,029
Amount due to Trustee	7,802	-	7,802
Other payables and accruals	-	17,700	17,700
<b>Contractual undiscounted cash flow</b>	<u>2,351,069</u>	<u>17,700</u>	<u>2,368,769</u>
<b>2017</b>			
Amount due to stockbrokers	4,755,503	-	4,755,503
Amount due to Manager	43,012	-	43,012
Accrued management fee	112,147	-	112,147
Amount due to Trustee	6,729	-	6,729
Other payables and accruals	7,133	26,824	33,957
<b>Contractual undiscounted cash flow</b>	<u>4,924,524</u>	<u>26,824</u>	<u>4,951,348</u>

(d) Capital risk management

The capital of the Fund is represented by equity consisting of unit holder's capital of RM104,264,920 (2017: RM65,216,504) and accumulated losses of RM4,123,744 (2017: retained earnings of RM24,785,549). The amount of capital can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

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

#### (e) Fair value estimation

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

The fair value of financial assets traded in active markets (such as trading securities) is based on quoted market prices at the close of trading on the financial year end date. The Fund utilises the last traded market price for financial assets where the last traded market price falls within the bid-ask spread. In circumstances where the last traded market 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.

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

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>2018</b>				
Financial assets at fair value through profit or loss:				
- Shariah-compliant quoted securities	77,055,363	-	-	77,055,363
<b>2017</b>				
Financial assets at fair value through profit or loss:				
- Shariah-compliant quoted securities	84,518,737	-	-	84,518,737

Shariah-compliant investments which 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).

- (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. PROFIT INCOME

	2018 RM	2017 RM
Profit income from Shariah-compliant deposits with licensed Islamic financial institutions	396,188	266,104
Hibah	169	347
	<u>396,357</u>	<u>266,451</u>

**5. 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 financial year ended 31 December 2018, the Manager's fee is recognised at a rate of 1.50% per annum (2017: 1.50% per annum).

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

**6. TRUSTEE'S FEE**

In accordance with Deeds, the Trustee is entitled to a fee not exceeding 0.09% 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 financial year ended 31 December 2018, the Trustee's fee is recognised at a rate of 0.09% per annum (2017: 0.09% per annum).

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

**7. DISTRIBUTION**

Distribution to unit holders is derived from the following sources:

	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Dividend income	759,049	782,626
Profit income	88,433	104,744
Net realised gain on disposal of Shariah-compliant quoted securities	2,482,744	1,047,565
Prior year's realised gain	<u>3,560,220</u>	<u>4,377,968</u>
	6,890,446	6,312,903
Less:		
Expenses	<u>(378,651)</u>	<u>(34,148)</u>
Net distribution amount	<u><u>6,511,795</u></u>	<u><u>6,278,755</u></u>
<b>Final distribution on 26.01.2018</b>		
Gross/Net distribution per unit (sen)	<u>5.20</u>	<u>-</u>
<b>Final distribution on 27.01.2017</b>		
Gross/Net distribution per unit (sen)	<u>-</u>	<u>4.55</u>

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

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

The distribution for the financial year is made from previous year's realised income of RM3,560,219 (2017: RM4,377,968).



**7. DISTRIBUTION (CONTINUED)**

The Fund incurred unrealised losses of RM14,439,748 during the financial year.

**8. TAXATION**

	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Tax charged for the financial year:		
- Withholding tax	<u>-</u>	<u>180</u>

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

	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
(Loss)/Profit before taxation	<u>(22,397,498)</u>	<u>14,014,658</u>
Taxation at Malaysian statutory rate of 24% (2017: 24%)	(5,375,400)	3,363,518
Tax effects of:		
- Investment loss not deductible for tax purpose/ (Investment income not subject to tax)	4,770,320	(4,032,857)
- Expenses not deductible for tax purposes	203,000	275,645
- Restriction on tax deductible expenses for Unit Trust Funds	402,080	393,694
Investment income subject to withholding tax	<u>-</u>	<u>180</u>
Taxation	<u>-</u>	<u>180</u>

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

	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Designated at fair value through profit or loss at inception:		
- Shariah-compliant quoted securities	<u>77,055,363</u>	<u>84,518,737</u>
Net (loss)/gain on financial assets at fair value through profit or loss:		
- Realised (loss)/gain on disposals	(8,326,132)	7,384,586
- Unrealised fair value (loss)/gain	<u>(14,439,748)</u>	<u>5,577,493</u>
	<u>(22,765,880)</u>	<u>12,962,079</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2018</b>				
<b>SHARIAH-COMPLIANT QUOTED SECURITIES</b>				
<b>Construction</b>				
Econpile Holdings Bhd	2,073,200	1,425,752	798,182	0.80
Gabungan AQRS Bhd	555,600	785,461	475,038	0.47
Gamuda Bhd	449,400	1,528,436	1,051,596	1.05
Kerjaya Prospek Group Bhd	366,940	484,240	421,981	0.42
Muhibbah Engineering (Malaysia) Bhd	402,900	1,143,885	1,124,091	1.12
Sunway Construction Group Bhd	471,200	1,060,394	626,696	0.63
Vizione Holdings Bhd	290,328	267,932	248,230	0.25
	<u>4,609,568</u>	<u>6,696,100</u>	<u>4,745,814</u>	<u>4.74</u>
<b>Consumer Products &amp; Services</b>				
Aeon Co. Malaysia Bhd	883,200	1,698,689	1,298,304	1.30
Bermaz Auto Berhad	554,800	1,248,140	1,192,820	1.19
Bioalpha Holdings Bhd	1,640,200	391,753	344,442	0.34
DRB-Hicom Bhd	360,600	753,999	613,020	0.60
Fraser & Neave Holdings Bhd	34,000	1,108,905	1,139,000	1.14
Kawan Food Bhd	318,600	1,005,162	608,526	0.60
Magni-Tech Industries Bhd	224,600	1,241,386	898,400	0.90
Nestle Malaysia Bhd	1,600	234,085	235,840	0.24
Padini Holdings Bhd	227,100	993,733	797,121	0.80
Power Root Bhd	671,960	951,058	927,305	0.93
QL Resources Bhd	198,900	921,397	1,354,509	1.35
Salutica Bhd	616,900	347,362	252,929	0.25
Sime Darby Bhd	1,079,302	2,503,778	2,590,325	2.59
UMW Holdings Bhd	209,900	1,026,189	1,148,153	1.15
	<u>7,021,662</u>	<u>14,425,636</u>	<u>13,400,694</u>	<u>13.38</u>
<b>Energy</b>				
Dialog Group Bhd	1,310,500	3,249,944	4,075,655	4.07
Hibiscus Petroleum Bhd	1,545,900	1,553,781	1,298,556	1.30
Serba Dinamik Holdings Bhd	287,500	965,815	1,086,750	1.09
Uzma Bhd	1,234,900	1,404,770	710,068	0.70
Yinson Holdings Bhd	484,000	1,777,893	2,032,800	2.03
	<u>4,862,800</u>	<u>8,952,203</u>	<u>9,203,829</u>	<u>9.19</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2018 (CONTINUED)</b>				
<b>SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)</b>				
<b>Financial Services</b>				
BIMB Holdings Bhd	444,771	1,852,229	1,583,385	1.58
<b>Health Care</b>				
CCM Duopharma Biotech Bhd	983,231	1,129,155	934,069	0.93
Hartalega Holdings Bhd	312,500	1,868,495	1,918,750	1.92
IHH Healthcare Bhd	302,400	1,613,956	1,629,936	1.63
Kossan Rubber Industries Sdn Bhd	253,700	991,399	1,101,058	1.10
KPJ Healthcare Bhd	1,586,000	1,695,715	1,649,440	1.65
Top Glove Corporation Bhd	380,600	2,013,287	2,131,360	2.13
	<u>3,818,431</u>	<u>9,312,007</u>	<u>9,364,613</u>	<u>9.36</u>
<b>Industrial Products &amp; Services</b>				
ATA IMS Bhd	579,000	884,882	955,350	0.95
Cahaya Mata Sarawak Bhd	69,900	191,449	188,031	0.19
Chemical Co. Malaysia Bhd	623,766	1,069,046	1,116,541	1.11
EG Industries Bhd	870,175	527,489	426,386	0.43
EG Industries Bhd – Preference Shares	416,649	197,908	197,908	0.20
HSS Engineers Bhd	239,100	206,643	205,626	0.21
Pecca Group Bhd	693,500	601,993	509,723	0.51
Petronas Chemicals Group Bhd	469,200	3,708,908	4,358,868	4.35
Rohas Tecnic Bhd	712,800	822,100	484,704	0.48
SKP Resources Bhd	63,500	104,188	66,675	0.07
Success Transformer Corporation Sdn Bhd	886,200	1,369,133	460,824	0.46
Sunway Bhd	326,400	530,805	479,808	0.48
Uchi Technologies Bhd	338,000	936,535	858,520	0.86
V.S. Industry	1,168,600	2,057,940	853,078	0.85
V.S. Industry -Warrant	2,611,450	1,019,020	13,057	0.01
	<u>10,068,240</u>	<u>14,228,039</u>	<u>11,175,099</u>	<u>11.16</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2018 (CONTINUED)</b>				
<b>SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)</b>				
<b>Property</b>				
LBS Bina Group Bhd	802,960	698,525	513,894	0.51
Malaysian Resources Corporation Bhd	789,400	665,920	485,481	0.48
	<u>1,592,360</u>	<u>1,364,445</u>	<u>999,375</u>	<u>0.99</u>
<b>Technology</b>				
Elsoft Research Bhd	367,480	412,839	400,553	0.40
Frontken Corporation Bhd	3,244,900	1,416,451	2,287,654	2.28
Globetronics Technology Bhd	1,013,433	2,239,646	1,773,508	1.77
Inari Amertron Bhd	998,650	2,006,382	1,497,975	1.50
Inari Amertron Bhd – Warrant	58,400	81,316	56,648	0.06
JHM Consolidation	1,392,800	1,493,945	1,183,880	1.18
MI Technovation Bhd	187,900	442,619	420,896	0.42
My Eg Services Bhd	579,100	675,087	564,623	0.56
Pentamaster Corporation Bhd	907,344	2,291,797	2,495,196	2.49
Revenue Group Bhd	76,900	57,421	105,353	0.11
Unisem Bhd	13,200	41,421	43,296	0.04
Visdynamics Holdings Bhd	248,800	163,084	123,156	0.12
Vitrox Corporation Bhd	101,300	599,666	637,177	0.64
	<u>9,190,207</u>	<u>11,921,674</u>	<u>11,589,915</u>	<u>11.57</u>
<b>Telecommunications/ Media</b>				
Axiata Group Bhd	745,709	3,216,452	2,930,636	2.93
Binasat Communications Bhd	1,510,300	643,216	566,363	0.57
Digi.com Bhd	111,400	499,283	501,300	0.50
Sasbadi Holdings Bhd	1,517,400	588,106	333,828	0.33
Sedania Innovator Bhd	1,015,900	169,843	101,590	0.10
	<u>4,900,709</u>	<u>5,116,900</u>	<u>4,433,717</u>	<u>4.43</u>
<b>Transportation/Logistics</b>				
MISC Bhd	110,400	677,925	739,680	0.74
Pos Malaysia Bhd	16,700	28,056	28,724	0.03
	<u>127,100</u>	<u>705,981</u>	<u>768,404</u>	<u>0.77</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2018 (CONTINUED)</b>				
<b>SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)</b>				
<b>Utilities</b>				
Petronas Gas Bhd	39,400	687,314	756,480	0.76
Ranhill Holdings Bhd	285,200	330,809	342,240	0.34
Taliworks Corporation Bhd	1,289,466	1,161,239	1,018,678	1.02
Tenaga Nasional Bhd	564,200	8,009,424	7,673,120	7.66
	<u>2,178,266</u>	<u>10,188,786</u>	<u>9,790,518</u>	<u>9.78</u>
<b>TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES</b>	<b><u>48,814,114</u></b>	<b><u>84,764,000</u></b>	<b><u>77,055,363</u></b>	<b><u>76.95</u></b>
<b>ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
		<b><u>(7,708,637)</u></b>		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
		<b><u>77,055,363</u></b>		

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2017</b>				
<b>SHARIAH-COMPLIANT QUOTED SECURITIES</b>				
<b>Construction</b>				
Ahmad Zaki Resources Bhd	821,000	844,303	784,055	0.87
Econpile Holdings Bhd	963,500	771,835	1,165,835	1.30
Econpile Holdings Bhd - Warrant *	192,700	-	-	-
Ekovest Bhd	1,164,100	1,256,969	1,076,793	1.20
Gabungan AQRS Bhd	414,000	587,728	799,020	0.89
Gabungan AQRS Bhd - Warrant	446,000	255,399	274,290	0.30
Gamuda Bhd	368,700	1,881,669	1,828,752	2.03
IJM Corporation Bhd	581,340	1,934,375	1,773,087	1.97
Kerjaya Prospek Group Bhd	393,900	1,093,481	1,599,234	1.78
Mitrajaya Holdings Bhd	213,800	166,506	207,386	0.23
Muhibbah Engineering (M) Bhd	349,200	967,725	991,728	1.10
Sunway Construction Group Bhd	255,000	610,222	640,050	0.71
Vizione Holdings Bhd	4,683,400	576,058	749,344	0.83
WCT Holdings Bhd	206,710	442,136	334,870	0.37
	<u>11,053,350</u>	<u>11,388,406</u>	<u>12,224,444</u>	<u>13.58</u>
<b>Consumer Products</b>				
Bioalpha Holdings Bhd	375,300	94,035	93,825	0.10
CCM Duopharma Biotech Bhd	178,932	431,226	452,698	0.50
Fraser & Neave Holdings Bhd	18,800	466,240	507,600	0.56
Kawan Food Bhd	149,000	625,670	438,060	0.49
Magni-Tech Industries Bhd	92,900	603,041	528,601	0.59
Oldtown Bhd	158,500	448,138	489,765	0.54
QL Resources Bhd	153,000	653,215	665,550	0.74
	<u>1,126,432</u>	<u>3,321,565</u>	<u>3,176,099</u>	<u>3.52</u>
<b>Finance</b>				
BIMB Holdings Bhd	422,700	1,794,501	1,859,880	2.07

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2017 (CONTINUED)</b>				
<b>SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)</b>				
<b>Industrials</b>				
Cahaya Mata Sarawak Bhd	127,500	529,846	497,250	0.55
Chemical Co. of Malaysia Bhd	377,766	557,642	698,867	0.78
EG Industries Bhd	1,313,275	836,175	873,328	0.97
EG Industries Bhd - Preference Shares	575,775	273,493	391,527	0.44
Eonmetall Group Bhd	317,400	246,263	236,463	0.26
Ge-Shen Corporation Bhd	174,100	359,364	292,488	0.32
Hartalega Holdings Bhd	147,900	1,547,051	1,579,572	1.76
Heveaboard Bhd	443,700	696,475	528,003	0.59
Kossan Rubber Industries Bhd	130,300	994,392	1,056,733	1.17
Mieco Chipboard Bhd	435,100	426,386	337,203	0.37
Petronas Chemicals Group Bhd	358,300	2,576,017	2,758,910	3.07
Petronas Gas Bhd	25,800	444,102	450,984	0.50
SCGM Bhd	343,666	1,119,120	903,842	1.00
SKP Resources Bhd	104,200	137,246	237,576	0.26
Success Transformer Corporation Bhd	886,200	1,369,133	1,063,440	1.18
Thong Guan Industries Bhd	155,200	715,007	656,496	0.73
Top Glove Corp Bhd	311,100	2,169,070	2,485,689	2.76
Uchi Technologies Bhd	187,300	590,479	619,963	0.69
V.S. Industry Bhd	466,600	1,002,247	1,404,466	1.56
V.S. Industry Bhd - Warrant	525,400	663,563	693,528	0.77
	<u>7,406,582</u>	<u>17,253,071</u>	<u>17,766,328</u>	<u>19.73</u>
<b>Infrastructure Project Companies ("IPC")</b>				
Lingkar Trans Kota Holdings Bhd	228,400	1,267,620	1,267,620	1.41
Time dotCom Bhd	235,200	1,908,535	2,140,320	2.38
	<u>463,600</u>	<u>3,176,155</u>	<u>3,407,940</u>	<u>3.79</u>
<b>Plantations</b>				
Felda Global Ventures Holdings Bhd	524,600	912,257	886,574	0.99
IOI Corporation Bhd	230,000	1,038,426	1,044,200	1.16
Sime Darby Plantation Bhd	491,902	2,749,732	2,951,412	3.28
	<u>1,246,502</u>	<u>4,700,415</u>	<u>4,882,186</u>	<u>5.43</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2017 (CONTINUED)</b>				
<b>SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)</b>				
<b>Properties</b>				
LBS Bina Group Bhd	439,800	841,717	1,033,530	1.15
Malaysian Resources Corp Bhd	2,351,400	2,017,698	2,633,568	2.93
Malton Bhd	738,000	1,018,170	690,030	0.77
Sime Darby Property Bhd	624,502	884,045	1,111,614	1.24
UOA Development Bhd	55,400	138,758	132,406	0.15
	<u>4,209,102</u>	<u>4,900,388</u>	<u>5,601,148</u>	<u>6.24</u>
<b>REIT</b>				
Axis REIT	<u>236,200</u>	<u>337,766</u>	<u>354,300</u>	<u>0.39</u>
<b>Technology</b>				
Elsoft Research Bhd	52,000	138,877	140,400	0.16
Globetronics Technology Bhd	136,300	846,282	899,580	1.00
Inari Amertron Bhd	851,700	1,891,616	2,895,780	3.22
N2N Connect Bhd	715,000	663,386	657,800	0.73
Pentamaster Corporation Bhd	285,644	639,580	865,501	0.96
Visdynamics Holdings Bhd	118,700	89,451	73,594	0.08
	<u>2,159,344</u>	<u>4,269,192</u>	<u>5,532,655</u>	<u>6.15</u>
<b>Trading Services</b>				
Axiata Group Bhd	243,680	1,244,319	1,337,803	1.49
Bermaz Auto Bhd	94,500	202,582	207,900	0.23
Datasonic Group Bhd	154,200	177,330	178,872	0.20
Destini Bhd	1,405,200	659,690	730,704	0.81
Dialog Group Bhd	1,693,700	3,115,333	4,251,187	4.72
Frontken Corporation Bhd	2,790,600	1,117,615	1,283,676	1.43
George Kent (M) Bhd	221,400	734,373	777,114	0.86
Mega First Corporation Bhd	111,600	363,418	409,572	0.46
My E.G Services Bhd	846,700	1,767,627	1,888,141	2.10
Pos Malaysia Bhd	575,700	2,411,240	3,022,425	3.36
Scicom (MSC) Bhd	76,700	147,775	128,856	0.14
Serba Dinamik Holdings Bhd	195,000	616,400	631,800	0.70
Sime Darby Bhd	1,187,502	2,501,661	2,624,379	2.92
Sunway Bhd	535,500	893,830	872,865	0.97
Taliworks Corp Bhd	708,300	1,138,109	779,130	0.87



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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2017 (CONTINUED)</b>				
<b>SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)</b>				
<b>Trading/Services (Continued)</b>				
Telekom Malaysia Bhd	144,761	974,122	911,994	1.01
Tenaga Nasional Bhd	448,400	5,960,899	6,842,584	7.60
Yinson Holdings Bhd	591,100	2,147,144	2,393,955	2.66
Yong Tai Bhd	290,000	472,700	440,800	0.49
	<u>12,314,543</u>	<u>26,646,167</u>	<u>29,713,757</u>	<u>33.02</u>
<b>TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES</b>	<b><u>40,638,355</u></b>	<b><u>77,787,626</u></b>	<b><u>84,518,737</u></b>	<b><u>93.92</u></b>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>6,731,111</u></b>		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>84,518,737</u></b>		

\* As at 31 December 2017, the Fund holds warrants in Econpile Holdings Bhd from the bonus issue of warrants exercise on 28 December 2017. The warrants have been issued at no cost to the shareholders of Econpile Holdings Bhd and the exercise price of the warrants has not been determined and announced as at financial year end.

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

	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Shariah-compliant deposits with licensed Islamic financial institutions	21,191,661	8,473,861
Bank balance	37,810	320,197
	<u>21,229,471</u>	<u>8,794,058</u>

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

	<b>2018</b>	<b>2017</b>
	<b>%</b>	<b>%</b>
Shariah-compliant deposits with licensed Islamic financial institutions	<u>3.46</u>	<u>3.25</u>

Shariah-compliant deposits with licensed Islamic financial institutions of the Fund have an average maturity of 3 days (2017: 3 days).

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

	<b>2018</b>	<b>2017</b>
	<b>No of units</b>	<b>No of units</b>
At the beginning of the financial year	109,180,791	134,680,715
Add : Creation of units from applications	78,198,653	29,374,984
Add : Creation of units from distribution	7,272,841	8,123,564
Less : Cancellation of units	<u>(36,270,842)</u>	<u>(62,998,472)</u>
At the end of the financial year	<u>158,381,443</u>	<u>109,180,791</u>

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

	<b>2018</b>	<b>2017</b>
	<b>%</b>	<b>%</b>
MER	<u>1.66</u>	<u>1.75</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 Services Tax ("GST") on transaction costs
- F = Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on a daily basis is RM107,557,238 (2017: RM99,734,758).

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

	<b>2018</b>	<b>2017</b>
PTR (times)	<u>1.13</u>	<u>1.70</u>

PTR is derived based on the following calculation:

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

where:

total acquisition for the financial year	=	RM129,645,217 (2017 : RM160,460,112)
total disposal for the financial year	=	RM114,342,712 (2017 : RM179,143,438)

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

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

<u>Related parties</u>	<u>Relationship</u>
CIMB-Principal Asset Management Bhd	The Manager
Principal Financial Group, Inc.	Ultimate holding company of shareholder of the Manager
Principal International (Asia) Ltd	Shareholder of the Manager
Subsidiaries and associates of Principal Financial Group Inc., other than above, as disclosed in its financial statements	Fellow subsidiary and associated companies of the ultimate holding company of shareholder of the Manager
CIMB Group Holdings Bhd	Ultimate holding company of shareholder of the Manager
CIMB Group Sdn Bhd	Shareholder of the Manager
Subsidiaries and associates of CIMB Group Holdings Bhd, other than above, as disclosed in its financial statements	Fellow subsidiary and associated companies of the ultimate holding company of shareholder of the Manager
CIMB Islamic Bank Bhd	Fellow related party to the Manager
CIMB Investment Bank Bhd	Fellow related party to the Manager

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

Units held by the Manager and parties related to the Manager

	No. of units	2018 RM	No. of units	2017 RM
<b>Manager</b>				
CIMB-Principal Asset Management Bhd	32,093	20,289	101,109	83,344

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

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

In addition to the 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.

	2018 RM	2017 RM
<u>Significant related party transactions</u>		
Profit income from Shariah-compliant deposits with licensed Islamic financial institution:		
- CIMB Islamic Bank Bhd	67,466	55,239
Cash placement with licensed Islamic financial institution:		
- CIMB Islamic Bank Bhd	192,301,000	145,945,000
<u>Significant related party balances</u>		
Cash placement with licensed Islamic financial institution:		
- CIMB Islamic Bank Bhd	2,554,896	-
Bank balance:		
- CIMB Islamic Bank Bhd	37,810	320,197

15. TRANSACTIONS WITH BROKERS

Details of transactions with the top 10 brokers for the financial year ended 31 December 2018 are as follows:

Brokers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
CIMB Investment Bank Bhd #	29,008,231	12.44	63,920	12.09
RHB Investment Bank Bhd	27,408,190	11.75	64,023	12.11
CLSA Securities (Malaysia) Sdn Bhd	25,700,066	11.02	57,489	10.88
Macquarie Capital Securities (Malaysia) Sdn Bhd	23,370,742	10.02	52,710	9.97
Affin Hwang Investment Bank Bhd	21,610,260	9.27	47,551	9.00
J.P. Morgan Securities (Malaysia) Sdn Bhd	21,122,294	9.06	47,710	9.03
Maybank Investment Bank Bhd	20,121,334	8.63	45,801	8.67
KAF-Seagroatt & Campbell Securities Sdn Bhd	19,678,792	8.44	44,349	8.39
Credit Suisse Securities (Malaysia) Sdn Bhd	18,945,267	8.12	42,749	8.09
Hong Leong Investment Bank Bhd	12,671,165	5.43	28,633	5.42
Others	13,547,548	5.82	33,577	6.35
	<u>233,183,889</u>	<u>100.00</u>	<u>528,512</u>	<u>100.00</u>

## 15. TRANSACTIONS WITH BROKERS (CONTINUED)

Details of transactions with the top 10 brokers for the financial year ended 31 December 2017 are as follows:

Brokers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Maybank Investment Bank Bhd	56,878,675	16.75	126,897	17.29
CLSA Securities (Malaysia) Sdn Bhd	37,437,420	11.02	83,244	11.34
Credit Suisse Securities (Malaysia) Sdn Bhd	36,689,592	10.80	82,652	11.26
RHB Investment Bank Bhd	33,349,487	9.82	84,196	11.47
CIMB Investment Bank Bhd #	30,645,535	9.02	66,201	9.02
J.P. Morgan Securities (Malaysia) Sdn Bhd	30,121,924	8.87	67,867	9.25
Macquarie Capital Securities Malaysia Sdn Bhd	27,148,855	8.00	60,577	8.25
Hong Leong Investment Bank Bhd	22,083,486	6.50	49,767	6.78
Kenanga Investment Bank Bhd	16,362,837	4.82	34,253	4.67
UBS Securities Malaysia Sdn Bhd	13,150,894	3.87	29,590	4.03
Others	35,734,845	10.53	48,628	6.64
	<u>339,603,550</u>	<u>100.00</u>	<u>733,872</u>	<u>100.00</u>

# Included in transactions are trades conducted with CIMB Investment Bank Bhd, fellow related party of the Manager amounting to RM29,008,231 (2017: RM30,645,535) 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.

## 16. SEGMENT INFORMATION

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

The Fund aims to earn reasonable returns for investors by investing in approved equities listed on Bursa Malaysia as well as unlisted securities and other non-interest bearing assets acceptable under Shariah principles. 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 and Shariah-compliant quoted securities listed on the Bursa Securities, Malaysia.

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

## 17 MFRS 9 FINANCIAL INSTRUMENTS

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

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

	Measurement category		Carrying amount			
	Original (MFRS 139)	New (MFRS 9)	Original (MFRS 139)	Reclassifi- cations	Remeasu- rements	New (MFRS 9)
			RM	RM	RM	RM
<b>Assets</b>						
Cash and cash equivalents	Financing and receivables	Amortised cost	8,794,058	-	-	8,794,058
Investment in equity securities	FVTPL	FVTPL	84,518,737	-	-	84,518,737
Amount due from stockbrokers	Financing and receivables	Amortised cost	974,933	-	-	974,933
Amount due from Manager	Financing and receivables	Amortised cost	487,241	-	-	487,241
Dividends receivable	Financing and receivables	Amortised cost	118,772	-	-	118,772

**17. MFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)**

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

	<b>Measurement category</b>	<b>Carrying amount</b>				
	Original (MFRS 139)	New (MFRS 9)	Original (MFRS 139) RM	Reclassifications RM	Remeasur-ements RM	New (MFRS 9) RM
<b>Liabilities</b>						
Amount due to stockbrokers	Amortised cost	Amortised cost	4,755,503	-	-	4,755,503
Amount due to Manager	Amortised cost	Amortised cost	43,012	-	-	43,012
Accrued management fee	Amortised cost	Amortised cost	112,147	-	-	112,147
Amount due to Trustee	Amortised cost	Amortised cost	6,729	-	-	6,729
Other payables and accruals	Amortised cost	Amortised cost	33,957	-	-	33,957

**18. SUBSEQUENT EVENTS**

The Manager proposed for the payment of a gross final distribution of 2.40 sen per unit in respect of the financial year ended 31 December 2018 (the “Final Distribution”) which will be accounted for in the net assets attributable to unit holders as an appropriation of the retained earnings for the financial year ending 31 December 2019. The final distribution has been approved by the Trustee on 10 December 2018.

**19. APPROVAL OF FINANCIAL STATEMENTS**

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



## DIRECTORY

### Head office of the Manager

CIMB-Principal Asset Management Berhad (Company No.: 304078-K)  
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### General investment enquiries

(03) 7718 3100

### Trustee for the CIMB Islamic Equity Aggressive Fund

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### Shariah Adviser of the CIMB Islamic Equity Aggressive Fund

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### Auditors of the Fund and of the Manager

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