

CIMB Islamic Global Sukuk Fund

Annual Report

For The Financial Period From 15 May 2019 (Date Of Launch)

To 31 January 2020

CIMB ISLAMIC GLOBAL SUKUK FUND

ANNUAL REPORT

FOR THE FINANCIAL PERIOD FROM 15 MAY 2019 (DATE OF LAUNCH)

TO 31 JANUARY 2020

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INVESTORS' LETTER

Dear Valued Investor,

At Principal, we believe just like every cloud has a silver lining – there are opportunities in every market condition. We have seen an unexpected softening in Malaysia's economic growth due to the Covid-19 outbreak, local political changes and ongoing uncertainties already in place globally – such as Brexit, the US Presidential election and ongoing trade discussions. While these factors create heightened market volatility, it can offer good opportunities for investors to invest at attractive valuations.

We believe in investing in fundamentals – not quick wins or fads. We'll work with you to manage your investment portfolio with an understanding of your risk appetite, goals and time horizon for investing. Because we know that integrity, honesty, and comprehensive expertise is the surest path to helping you reach your long-term financial goals.

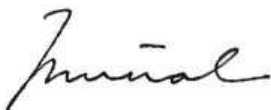
Around the world, Principal manages USD735.3 billion in assets and across Southeast Asia, we manage RM88.1 billion (as of December 2019). We're uniquely positioned to help you with global and local insights and offer a wide portfolio of fixed income and equity solutions. We're focusing our investment strategy on utility, telecommunication, consumers and REITs sectors for defensive and high yielding qualities.

We appreciate your continuous support and the trust you place in us. We're here to help you navigate these changing market conditions and keep your portfolio balanced to your risk tolerance. Please check out www.principal.com.my or our Facebook account (@PrincipalMY) for ongoing investment updates and educational articles and tips.

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

Please be informed that effective 10 March 2020, the Fund has changed its name from CIMB Islamic Global Sukuk Fund to Principal Islamic Global Sukuk Fund following the issuance of the Replacement Prospectus Issue No.2 dated 10 March 2020.

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



Munirah Khairuddin
Chief Executive Officer

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

The Fund seeks to maximize total return over the medium to long term through a combination of capital growth and income.

Has the Fund achieved its objective?

For the financial period under review, the Fund achieved its objective of maximising total return over the medium to long term through a combination of capital growth and income.

What are the Fund investment policy and principal investment strategy?

The Fund is a feeder fund and it invests in a single Islamic collective investment scheme, i.e. Global Sukuk Fund. The Fund may also invest in Islamic liquid asset for liquidity purpose.

In order to achieve its investment objective, the Fund will invest at least 95% of its Net Asset Values ("NAV") in the Target Fund; a portfolio established on 7 September 2016 under Principal Islamic Asset Management (Ireland) plc. The Fund will also maintain up to 5% of its NAV in Islamic liquid assets for liquidity purposes.

Information on the Target Fund

Company : Principal Islamic Asset Management (Ireland) Plc
Investment Manager : Principal Islamic Asset Management Sdn Bhd
Regulatory authority : Central Bank of Ireland

Base Currency

US Dollar ("USD")

Fund category/type

Feeder fund (Shariah-compliant) / Income & Growth

How long should you invest for?

Recommended medium to long term

When was the Fund launched?

Class MYR, Class SGD & Class USD

15 May 2019

What was the size of the Fund as at 31 January 2020?

USD5.40 million (84.32 million units)

What is the Fund's benchmark?

The Fund adheres to the benchmark of the Target Fund for performance comparison. Currently, the benchmark is Dow Jones Sukuk Total Return Index

What is the Fund distribution policy?

The Manager have the discretion to make income distribution on an ad-hoc basis, taking into consideration the level of its realised income and/or realised gains, as well as the performance of the Fund. The Manager also have the right to make provisions for reserves in respect of distribution of the Class.

What was the net income distribution for the financial period from 15 May 2019 (date of launch) to 31 January 2020?

There was no distribution made during the financial period from 15 May 2019 (date of launch) to 31 January 2020.

PERFORMANCE DATA

Details of portfolio composition of the Fund for the financial period is as follows:

	31.01.2020
	%
Shariah-compliant collective investment scheme	107.50
Cash and other net assets	(7.50)
	<u>100.00</u>

Performance details of the Fund for the financial period is as follows:

	31.01.2020
NAV (USD Million)	
- Class MYR	5.30
- Class SGD	0.00
- Class USD	0.10
Units in circulation (Million)	
- Class MYR	83.96
- Class SGD	0.00
- Class USD	0.36
NAV per unit (USD)	
- Class MYR	0.0632
- Class SGD	0.1910
- Class USD	0.2633
	15.05.2019
	(date of launch)
	to 31.01.2020
Highest NAV per unit (USD)	
- Class MYR	0.0632
- Class SGD	0.1913
- Class USD	0.2634
Lowest NAV per unit (USD)	
- Class MYR	0.0596
- Class SGD	0.1823
- Class USD	0.2498
Total return (%)	
- Class MYR	3.56
- Class SGD	4.40
- Class USD	5.36
Capital growth (%)	
- Class MYR	3.56
- Class SGD	4.40
- Class USD	5.36
Income distribution (%)	
- Class MYR	-
- Class SGD	-
- Class USD	-

PERFORMANCE DATA (CONTINUED)

Performance details of the Fund for the financial period is as follows: (continued)

	15.05.2019 (date of launch) to 31.01.2020
Management Expense Ratio ("MER") (%)	0.80
Portfolio Turnover Ratio ("PTR") (times) #	1.90

For the financial period under review, the Fund's PTR stood at 1.90 times due to high volume of trading activities following the Fund's inception.

	Since inception to 31.01.2020 %
Annual total return	
- Class MYR	3.56
- Class SGD	4.40
- Class USD	5.36

(Launch date: 15 May 2019)

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

MARKET REVIEW (15 MAY 2019 (DATE OF LAUNCH) TO 31 JANUARY 2020)

Following a strong rally in second quarter of 2019, the global sukuk market continued its outstanding performance in third quarter of 2019, with prices rallying across the board. The rally was driven by expectations that major Central Banks will continue to adopt accommodative monetary policies amid slowing global growth and the ongoing US-China trade tensions. In September 2019, 10-year US Treasury yields plunged by 105 basis points ("bps") from 2.50% at end of April 2019 to 1.45% on 3 September 2019, the lowest level since July 2016, before normalising to close third quarter of 2019 at 1.66%. The strong global sukuk performance was also driven by exceptional demand for sukuk issuances out of the Middle East, following the inclusion of five Gulf Cooperation Council ("GCC") countries in the JP Morgan Emerging Market ("EM") Bond Indices in January 2019, with an estimated weight of 11.2%.

In fourth quarter of 2019, the global sukuk market took a breather, with yields pressured higher as risk appetite improved amid optimism that tensions between the US and China would defuse as both sides work towards reaching a Phase One trade deal. Nonetheless in first quarter of 2020, US Treasuries had a positive start to the new year, with yields plunging by in between of 14 bps to 41 bps across the board on flight to safety amid mounting concerns about the economic impact from the coronavirus outbreak. The viral epidemic is said to have originated from Wuhan, China, and has since spread to various parts of the world, with several deaths reported.

MARKET REVIEW (15 MAY 2019 (DATE OF LAUNCH) TO 31 JANUARY 2020) (CONTINUED)

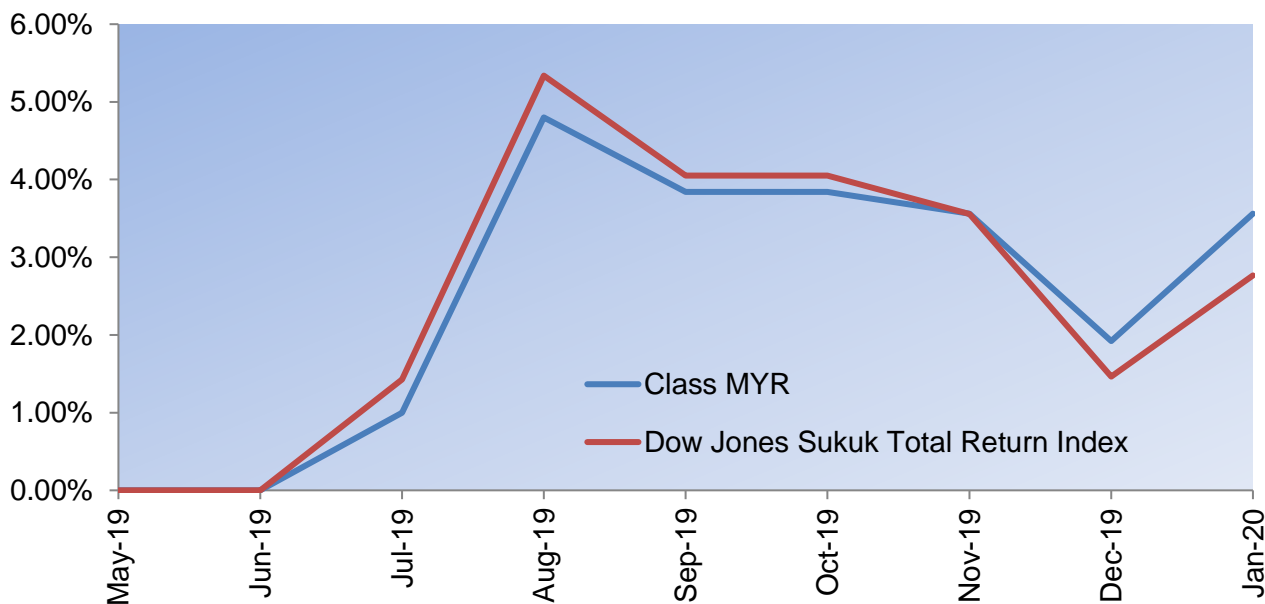
Meanwhile as widely expected, the US Federal Reserve (the “Fed”) cut interest rates three times in July, September and December 2019 by 25 bps each, bringing the Fed funds rate to in between 1.50% to 1.75%. In 2019, other global Central Banks also took bolder steps to support their economies, e.g. Australia (by 75 bps to an all-time low of 0.75%), India (by 110 bps to 5.15%) and Indonesia (by 100 bps to 5.00%). In December 2019, China cut its reserve requirement ratio (“RRR”) for commercial banks by 50 bps effective 6 January 2020 (eighth cut since early 2018), releasing about Chinese Yuan Renminbi (“CNY”) 800 billion into the financial system. This brings the RRR to 12.5% for big banks and 10.5% for small banks. Following the coronavirus outbreak, China has announced various stimulus packages to support the economy, including small rate cuts, early bond sales, and various other targeted measures to calm financial markets and support companies.

FUND PERFORMANCE

	Since inception to 31.01.2020		
	Class MYR %	Class SGD %	Class USD %
Income	-	-	-
Capital	3.56	4.40	5.36
Total Return	3.56	4.40	5.36
Benchmark	2.77	4.37	4.68
Average Total Return	N/A	N/A	N/A

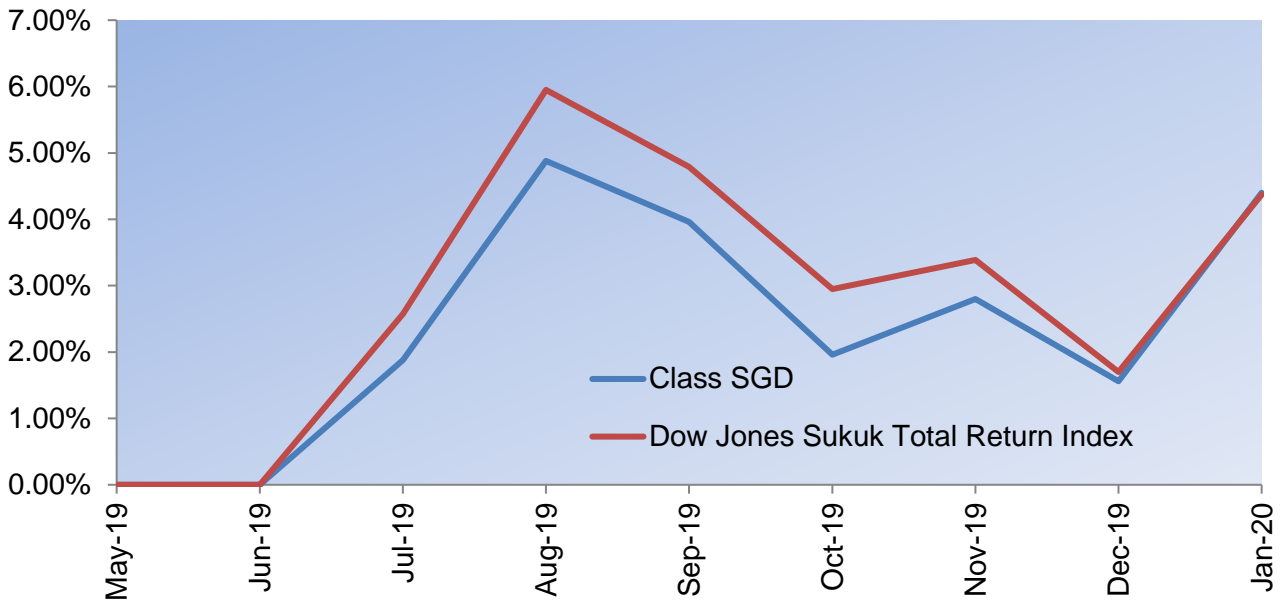
For the financial period under review, all classes outperformed their respective benchmarks.

Class MYR

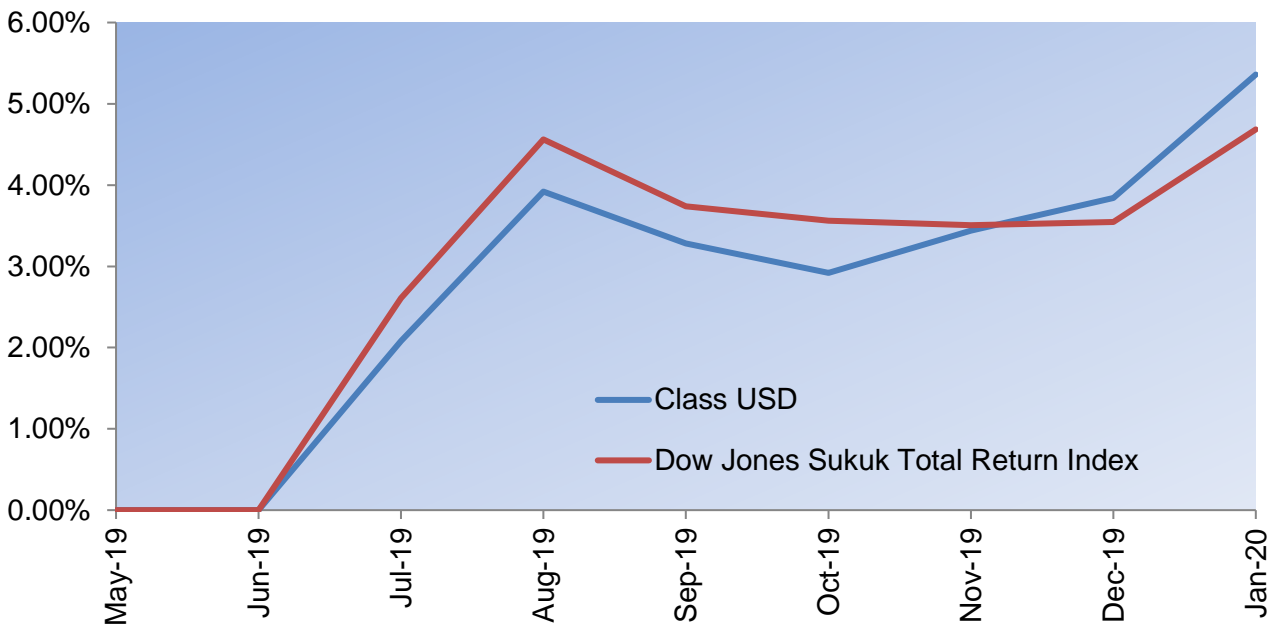


FUND PERFORMANCE (CONTINUED)

Class SGD



Class USD



FUND PERFORMANCE (CONTINUED)

Changes in NAV

CLASS MYR

	31.01.2020
NAV (USD Million)	5.30
NAV/Unit (USD)	0.0632

CLASS SGD

	31.01.2020
NAV (USD Million)	0.00
NAV/Unit (USD)	0.1910

CLASS USD

	31.01.2020
NAV (USD Million)	0.10
NAV/Unit (USD)	0.2633

The Fund's Class MYR and Class USD recorded net inflows since its inception date up to 31 January 2020.

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

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	31.01.2020
Shariah-compliant collective investment scheme	107.50
Cash and other net assets	(7.50)
TOTAL	100.00

As at 31 January 2020, the Fund's negative cash and other net assets position was due to unit subscriptions and redemptions pending reclassification as at the end of the reporting period. Typically, the Fund is fully invested, and maintains a minimal level of cash and other net assets for liquidity purposes.

MARKET OUTLOOK*

The outlook for the global sukuk market remains positive as major global Central Banks are expected to remain accommodative to support slowing growth, especially following the coronavirus outbreak in January 2020. While there is still uncertainty surrounding the severity and duration of the outbreak, it is expected to pose significant downside risks to China's economy and may create ripple effects globally, at a time when global growth was poised to recover slightly. Market expectations of potential interest rate cuts by the Fed may continue to propel global sukuk prices higher.

Meanwhile demand for GCC sukuk may continue to be sustained, as GCC countries now constitute about 17% of the JP Morgan EM Bond Indices following its inclusion last year. Given the low interest rate environment, demand for global sukuk is also expected to be supported by investors' hunt for higher yields with strong credits.

We will continue to mitigate credit risk by increasing exposure in higher-rated sovereign sukuk. Nonetheless, given that the global sukuk market has rallied strongly, we will continue to closely monitor market movements to identify attractive re-entry levels, while continue to take profits on our sukuk holdings to lock-in gains.

* This market outlook does not constitute an offer, invitation, commitment, advice or recommendation to make a purchase of any investment. The information given in this article represents the views of Principal Malaysia or based on data obtained from sources believed to be reliable by Principal Malaysia. Whilst every care has been taken in preparing this, Principal Malaysia makes no guarantee, representation or warranty and is under no circumstances liable for any loss or damage caused by reliance on, any opinion, advice or statement made in this market outlook.

INVESTMENT STRATEGY

The Fund will continue to remain fully invested in the Target Fund with minimal cash kept for liquidity purposes.

UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 31 January 2020 are as follows:

CLASS MYR

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	226	0.20	0.24
5,001 to 10,000	35	0.26	0.31
10,001 to 50,000	126	3.38	4.03
50,001 to 500,000	176	30.79	36.67
500,001 and above	31	49.33	58.75
Total	594	83.96	100.00

CLASS SGD

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

CLASS USD

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	1	0.00	0.00
5,001 to 10,000	-	-	-
10,001 to 50,000	-	-	-
50,001 to 500,000	1	0.36	100.00
500,001 and above	-	-	-
Total	2	0.36	100.00

SOFT COMMISSIONS AND REBATES

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

During the financial period under review, the Manager and the Trustee did not receive any rebates from the brokers or dealers but the Manager has retained soft 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 GLOBAL SUKUK FUND**

We, being the Directors of Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying audited financial statements set out on pages 17 to 40 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 January 2020 and of its financial performance, changes in net assets attributable to unit holders and cash flows for the financial period then ended in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

For and on behalf of the Manager

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

MUNIRAH KHAIRUDDIN
Chief Executive Officer/Executive Director

JUAN IGNACIO EYZAGUIRRE BARAONA
Director

Kuala Lumpur
16 March 2020

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

We have acted as Trustee of CIMB Islamic Global Sukuk Fund ("the Fund") for the financial period from 15 May 2019 (date of launch) to 31 January 2020. To the best of our knowledge, Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) ("the Manager"), has operated and managed the Fund in accordance with the following:-

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

For HSBC (Malaysia) Trustee Berhad

Tan Bee Nie
Manager, Investment Compliance Monitoring

Kuala Lumpur
16 March 2020

**SHARIAH ADVISER'S REPORT TO THE UNIT HOLDERS OF
CIMB ISLAMIC GLOBAL SUKUK FUND**

For the Financial Period from 15 May 2019 (date of launch) to 31 January 2020

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

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

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

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

For **Amanie Advisors Sdn Bhd**,

DATUK DR MOHD DAUD BAKAR
Executive Chairman

16 March 2020

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB ISLAMIC GLOBAL SUKUK FUND**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of CIMB Islamic Global Sukuk Fund (the "Fund") give a true and fair view of the financial position of the Fund as at 31 January 2020, and of its financial performance and its cash flows for the financial period 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 January 2020, and the statement of comprehensive income, statement of changes in net assets attributable to unit holders and statement of cash flows for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 17 to 40.

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 GLOBAL SUKUK 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 GLOBAL SUKUK 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 GLOBAL SUKUK 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
16 March 2020

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 15 MAY 2019 (DATE OF LAUNCH) TO 31 JANUARY 2020**

	Note	15.05.2019 (date of launch) to 31.01.2020 USD
INCOME		
Dividend income		104,330
Net gain on financial assets at fair value through profit or loss	7	240,810
Net foreign exchange loss		(16,726)
Exit fee income		1,145
		<u>329,559</u>
EXPENSES		
Management fee	4	43,880
Trustee's fee	5	1,755
Audit fee		2,407
Tax agent's fee		964
Other expenses		760
		<u>49,766</u>
PROFIT BEFORE TAXATION		279,793
Taxation	6	<u>-</u>
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>279,793</u>
Increase in net assets attributable to unit holders are made up as follows:		
Realised amount		150,064
Unrealised amount		129,729
		<u>279,793</u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2020**

	Note	31.01.2020 USD
ASSETS		
Cash and cash equivalents	8	356,562
Financial assets at fair value through profit or loss	7	5,802,118
Amount due from Manager		531,355
Amount due from Manager of Shariah-compliant collective investment scheme		
- Management fee rebate		18,613
- Disposal of Shariah-compliant collective investment scheme		1,500,000
TOTAL ASSETS		<u>8,208,648</u>
LIABILITIES		
Amount due to Manager		2,643,781
Amount due to Manager of Shariah-compliant collective investment scheme		
- Purchase of Shariah-compliant collective investment scheme		160,000
Accrued management fee		4,008
Amount due to Trustee		210
Other payables and accruals		3,371
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)		<u>2,811,370</u>
NET ASSET VALUE OF THE FUND		<u><u>5,397,278</u></u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u><u>5,397,278</u></u>

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

**STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 JANUARY 2020 (CONTINUED)**

	Note	31.01.2020 USD
REPRESENTED BY:		
FAIR VALUE OF OUTSTANDING UNITS (USD)		
- Class MYR		5,302,420
- Class SGD		191
- Class USD		94,667
		<u>5,397,278</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)		
- Class MYR		83,958,825
- Class SGD		1,000
- Class USD		359,477
	9	<u>84,319,302</u>
NET ASSET VALUE PER UNIT (USD)		
- Class MYR		0.0632
- Class SGD		0.1910
- Class USD		<u>0.2633</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES		
- Class MYR		RM0.2587
- Class SGD		SGD0.2605
- Class USD		<u>USD0.2633</u>

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

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS
FOR THE FINANCIAL PERIOD FROM 15 MAY 2019 (DATE OF LAUNCH) TO 31 JANUARY 2020**

15.05.2019
(date of launch)
to 31.01.2020
USD

NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD	-
Movement due to units created and cancelled during the financial period:	
Creation of units from applications	
- Class MYR	22,427,225
- Class SGD	183
- Class USD	89,905
	<u>22,517,313</u>
Cancellation of units	
- Class MYR	<u>(17,399,828)</u>
	<u>(17,399,828)</u>
Increase in net assets attributable to unit holders during the financial period	<u>279,793</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS DURING THE FINANCIAL PERIOD	<u><u>5,397,278</u></u>

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 15 MAY 2019 (DATE OF LAUNCH) TO 31 JANUARY 2020**

**15.05.2019
(date of launch)
to 31.01.2020**

	Note	USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of Shariah-compliant collective investment scheme		7,465,000
Purchase of Shariah-compliant collective investment scheme		(14,395,000)
Dividend income received		104,330
Management fee paid		(39,872)
Management fee rebate received		10,079
Trustee's fee paid		(1,545)
Payment of other fees and expenses		(760)
Exit fee income received		1,145
Net realised foreign exchange loss		(35,574)
Net cash used in operating activities		<u>(6,892,197)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created		21,985,958
Payments for cancellation of units		(14,756,047)
Net cash generated from financing activities		<u>7,229,911</u>
Net increase in cash and cash equivalents		337,714
Effect of foreign exchange differences		18,848
Cash and cash equivalents at the beginning of financial period		-
Cash and cash equivalents at the end of financial period	8	<u>356,562</u>
<u>Cash and cash equivalents comprised of:</u>		
Bank balances		356,562
Cash and cash equivalents at the end of the financial period	8	<u>356,562</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 PERIOD FROM 15 MAY 2019 (DATE OF LAUNCH) TO 31 JANUARY 2020****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES**

CIMB Islamic Global Sukuk Fund (the “Fund”) was constituted pursuant to the execution of a Deed dated 14 December 2018 and a First Supplemental Deed dated 28 August 2019 (collectively referred to as the “Deeds”) between Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the “Manager”) and HSBC (Malaysia) Trustee Berhad (the “Trustee”).

The Fund is a feeder fund and it invests in a single Islamic collective investment scheme, i.e. Global Sukuk Fund. The Fund may also invest in Islamic liquid asset for liquidity purpose.

In order to achieve its investment objective, the Fund will invest at least 95% of its NAV in the Target Fund; a portfolio established on 7 September 2016 under Principal Islamic Asset Management (Ireland) plc. The Fund will also maintain up to 5% of its NAV in Islamic liquid assets for liquidity purposes.

Information on the Target Fund

Company : Principal Islamic Asset Management (Ireland) Plc
Investment Manager : Principal Islamic Asset Management Sdn Bhd
Regulatory authority : Central Bank of Ireland

All investments are subjected to the Securities Commission Malaysia (“SC”) Guidelines on Unit Trust Funds, SC requirements, the Deeds, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund’s objective.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

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

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

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

There are no applicable standards, amendments to published standards or interpretations that are effective for annual periods beginning on/after 1 February 2020 to the financial statements of the Fund.

(b) Financial assets and financial liabilities

Classification

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

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

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through OCI.

Investment in Shariah-compliant collective investment schemes have contractual cash flows that do not represent solely payment of principal and interest, and therefore are classified as fair value through profit or loss.

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

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

The Fund classifies amount due to Manager, amount due to Manager of Shariah-compliant collective investment scheme, 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.

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

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

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

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

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

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

Financial assets at amortised cost and other financial liabilities are subsequently carried at amortised cost using the effective profit method.

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

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

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

(c) Income recognition

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(d) Foreign currency**Functional and presentation currency

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

Due to mixed factors in determining the functional currency of the Fund, the Manager has used its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have determined the functional currency to be in USD primarily due to the following factors:

- i) The Fund’s investments are denominated in USD; and
- ii) Significant portion of the Fund’s expenses are denominated in USD.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income.

(e) Unit holders’ contributions

The unit holders’ contributions to the Fund meet the definition of puttable instruments classified as financial liability under MFRS 132 “Financial Instruments: Presentation”.

The Fund issues cancellable units, in three classes of units, known respectively as the Class MYR, Class SGD and Class USD which are cancelled at the unit holder’s option. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund’s NAV of respective classes. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the unit holder exercises the right to put back the unit to the Fund.

Units are created and cancelled at the unit holders’ option at prices based on the Fund’s NAV per unit of respective classes at the close of business on the relevant dealing day. The Fund’s NAV per unit of respective classes is calculated by dividing the net assets attributable to members of respective classes with the total number of outstanding units of respective classes.

(f) Management fee rebate

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balance and deposits held in highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) Taxation

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

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

(i) Increase/Decrease in net assets attributable to unit holders

Income not distributed is included in net assets attributable to unit holders.

(j) Exit fee income

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

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

(k) Amount due from/to Manager of Shariah-compliant collective investment scheme (sales/purchase of investment)

Amounts due from/to Manager of Shariah-compliant collective investment scheme represent receivables for Shariah-compliant collective investment scheme sold and payables for Shariah-compliant collective investment scheme purchased that have been contracted for but not yet settled or delivered on the statement of financial position date.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(l) Realised and unrealised portions of increase/decrease in net assets attributable to unit holders.**

The analysis of realised and unrealised portions of increase/decrease in net assets attributable to unit holders as presented on the statement of comprehensive income is prepared in accordance with SC Guidelines on Unit Trust Funds.

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

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

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

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

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

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund are as follows:

	Financial assets at fair value through profit or loss USD	Financial assets at amortised cost USD	Total USD
31.01.2020			
Cash and cash equivalents (Note 8)	-	356,562	356,562
Shariah-compliant collective investment scheme (Note 7)	5,802,118	-	5,802,118
Amount due from Manager	-	531,355	531,355
Amount due from Manager of the Shariah-compliant collective investment scheme			
- Disposal of Shariah-compliant collective investment scheme	-	1,500,000	1,500,000
- Management fee rebate	-	18,613	18,613
	<u>5,802,118</u>	<u>2,406,530</u>	<u>8,208,648</u>

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

The objective of the Fund is to maximize total return over the medium to long term through a combination of capital growth and income.

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

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

(a) Market risk

(i) Price risk

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

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

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

	31.01.2020
	USD
Financial assets at fair value through profit or loss:	
- Shariah-compliant collective investment scheme	5,802,118

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

(a) Market risk (continued)

(i) Price risk (continued)

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

% Change in price of Shariah-compliant collective investment scheme	Market value USD	Impact on profit or loss/NAV USD
31.01.2020		
-5%	5,512,012	(290,106)
0%	5,802,118	-
5%	<u>6,092,224</u>	<u>290,106</u>

(ii) Currency risk

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

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

Financial assets	Cash and cash equivalents USD	Amount due from Manager USD	Total USD
31.01.2020			
MYR	185,480	531,355	716,835
SGD	915	-	915
	<u>186,395</u>	<u>531,355</u>	<u>717,750</u>
Financial liabilities	Amount due to Manager USD	Net assets attributable to unit holders USD	Total USD
31.01.2020			
MYR	2,643,781	5,302,420	7,946,201
SGD	-	191	191
	<u>2,643,781</u>	<u>5,302,611</u>	<u>7,946,392</u>

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

(a) Market risk (continued)

(ii) Currency risk (continued)

The table below summarises the sensitivity of the Fund's profit or loss and NAV to changes in foreign exchange movements at the end of each reporting period. The analysis is based on the assumption that the foreign exchange rate fluctuates by 5%, with all other variables remain constants. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

Change in foreign exchange rate		Impact on profit or loss/NAV
		31.01.2020
		USD
	%	
MYR	+5	(361,468)
SGD	+5	36
		<u>(361,432)</u>

Change in foreign exchange rate		Impact on profit or loss/NAV
		31.01.2020
		USD
	%	
MYR	-5	361,468
SGD	-5	(36)
		<u>361,432</u>

(b) Credit risk

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

For amount due from Manager of Shariah-compliant collective investment scheme, the Fund will invest with an investment management company of the Shariah-compliant collective investment scheme which is authorised or approved by the relevant regulatory authority in its home jurisdiction.

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

	Cash and cash equivalents	Amount due from Manager	Amount due from Manager of Shariah-compliant collective investment scheme	Total
	USD	USD	USD	USD
31.01.2020				
- AAA	356,562	-	-	356,562
- Not Rated	-	531,355	1,518,613	2,049,968
	<u>356,562</u>	<u>531,355</u>	<u>1,518,613</u>	<u>2,406,530</u>

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, which are capable of being converted into cash within 7 business days. The Fund's investments in Shariah-compliant collective investment scheme are realisable which are capable of being converted into cash within 10 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 on 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 USD	Between 1 month to 1 year USD	Total USD
31.01.2020			
Amount due to Manager	2,643,781	-	2,643,781
Amount due to Manager of Shariah-compliant collective investment scheme	160,000	-	160,000
Accrued management fee	4,008	-	4,008
Amount due to Trustee	210	-	210
Other payables and accruals	-	3,371	3,371
Net assets attributable to unit holders*	<u>5,397,278</u>	<u>-</u>	<u>5,397,278</u>
Contractual undiscounted cash flows	<u>8,205,277</u>	<u>3,371</u>	<u>8,208,648</u>

* Outstanding units are redeemed on demand at the holder's option. However, the Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

(d) **Capital risk management**

The capital of the Fund is represented by net assets attributable to unit holders of USD5,397,278. 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) are based on quoted market prices at the close of trading on the financial period-end date. The Fund utilises the last traded market price for financial assets where the last traded market 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 judgement, considering factors specific to the asset or liability.

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

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
31.01.2020				
Financial assets at fair value through profit or loss:				
- Shariah-compliant collective investment scheme	5,802,118	-	-	5,802,118

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

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

4. MANAGEMENT FEE

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

For the financial period from 15 May 2019 (date of launch) to 31 January 2020, the management fee for the respective classes is recognised at the following rates:

Class MYR	Class USD	Class SGD
1.00%	1.00%	1.00%

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

5. TRUSTEE'S FEE

In accordance with the Deeds, the Trustee is entitled to a maximum fee of up to 0.04% per annum, calculated daily based on the NAV of the Fund. The Trustee's fee includes local custodian fees and charges but excludes foreign sub-custodian fees and charges.

For the financial period from 15 May 2019 (date of launch) to 31 January 2020, the management fee is recognised at a rate of 0.04% per annum.

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

6. TAXATION

15.05.2019
(date of launch)
to 31.01.2020
USD

Tax charged for the financial period:

- Current taxation -

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

15.05.2019
(date of launch)
to 31.01.2020
USD

Profit before finance cost and taxation 279,793

Taxation at Malaysian statutory rate of 24% 67,150

Tax effects of:

- Investment income not subject to tax (79,094)

- Expenses not deductible for tax purposes 835

- Restriction on tax deductible expenses for
Wholesale Funds 11,109

Taxation -

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

31.01.2020
USD

At fair value through profit or loss:

- Shariah-compliant collective investment scheme 5,802,118

15.05.2019
(date of launch)
to 31.01.2020
USD

Net gain on financial assets at fair value
through profit or loss:

- Realised gain on disposals 99,980

- Unrealised fair value gain 112,138

- Management fee rebate # 28,692

240,810

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

For the financial period from 15 May 2019 (date of launch) to 31 January 2020, management fee rebate is recognised at a rate of 0.70% per annum calculated daily based on the NAV of the Shariah-compliant collective investment scheme.

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

Name of counter	Quantity Units	Aggregate cost USD	Market value USD	Percentage of NAV %
31.01.2020				
SHARIAH-COMPLIANT COLLECTIVE INVESTMENT SCHEME				
Global Sukuk Fund – Class I USD Income	<u>550,486</u>	<u>5,689,980</u>	<u>5,802,118</u>	<u>107.50</u>
TOTAL SHARIAH- COMPLIANT COLLECTIVE INVESTMENT SCHEME	<u>550,486</u>	<u>5,689,980</u>	<u>5,802,118</u>	<u>107.50</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>112,138</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>5,802,118</u>		

8. CASH AND CASH EQUIVALENTS

	31.01.2020
	USD
Bank balances	<u>356,562</u>

9. NUMBER OF UNITS IN CIRCULATION (UNITS)

	31.01.2020
	No. of units
Class MYR (i)	83,958,825
Class SGD (ii)	1,000
Class USD (iii)	359,477
	<u>84,319,302</u>
(i) Class MYR	
	15.05.2019
	(date of launch)
	to 31.01.2020
	No. of units
At the beginning of the financial period	-
Add: Creation of units from applications	363,642,146
Less: Cancellation of units	<u>(279,683,321)</u>
At the end of the financial period	<u>83,958,825</u>
(ii) Class SGD	
	15.05.2019
	(date of launch)
	to 31.01.2020
	No. of units
At the beginning of the financial period	-
Add: Creation of units from applications	<u>1,000</u>
At the end of the financial period	<u>1,000</u>
(iii) Class USD	
	15.05.2019
	(date of launch)
	to 31.01.2020
	No. of units
At the beginning of the financial period	-
Add: Creation of units from applications	<u>359,477</u>
At the end of the financial period	<u>359,477</u>

10. MANAGEMENT EXPENSE RATIO (“MER”)

15.05.2019
(date of launch)
to 31.01.2020
%
0.80

MER

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

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

The average NAV of the Fund for the financial period from 15 May 2019 (date of launch) to 31 January 2020 calculated on a daily basis is USD6,185,049.

11. PORTFOLIO TURNOVER RATIO (“PTR”)

15.05.2019
(date of launch)
to 31.01.2020
1.90

PTR (times)

PTR is derived based on the following calculation:

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

where:

total acquisition for the financial period = USD14,555,000

total disposal for the financial period = USD8,965,000

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

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

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

Units held by the Manager and parties related to the Manager

	31.01.2020	
	No. of units	USD
Manager		
Principal Asset Management Berhad <i>(formerly known as CIMB-Principal Asset Management Berhad)</i>		
- Class MYR	5,820	368
- Class SGD	1,000	191
- Class USD	1,000	263

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

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

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions. 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.

	31.01.2020
<u>Significant related party transactions</u>	USD
Dividend income:	
- Principal Islamic Asset Management (Ireland) Plc	<u>104,330</u>

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

31.01.2020

Significant related party transactions (continued)

USD

Management fee rebate:

- Principal Islamic Asset Management (Ireland) Plc	18,613
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There were no related party balances as at end of financial period, apart from those mentioned elsewhere in the financial statements.

13. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the brokers/dealers for the financial period from 15 May 2019 (date of launch) to 31 January 2020 are as follows:

Brokers/Dealers	Value of trades USD	Percentage of total trades %	Brokerage fees USD	Percentage of total brokerage fees %
Principal Islamic Asset Management (Ireland) Plc	23,520,000	100.00	-	-

14. COMPARATIVES

There are no comparatives as this is the Fund's first set of financial statements.

15. SUBSEQUENT EVENTS

The Fund has changed its name from CIMB Islamic Global Sukuk Fund to Principal Islamic Global Sukuk Fund following the issuance of the Replacement Prospectus Issue No.2 dated 10 March 2020.

16. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 16 March 2020.

DIRECTORY

Head Office of the Manager

Principal Asset Management Berhad (Company No.: 304078-K)
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Customer Care Centre

(03) 7718 3000

Trustee for the CIMB Islamic Global Sukuk Fund

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Shariah Adviser of the CIMB Islamic Global Sukuk Fund

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Auditors of the Fund and of the Manager

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