

CIMB Islamic Small Cap Fund

Unaudited Interim Report

For The Six Months Financial Period Ended 30 November 2019

CIMB ISLAMIC SMALL CAP FUND

UNAUDITED INTERIM REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2019

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INVESTORS' LETTER

Dear Valued Investor,

As we begin 2020, allow me to wish you a Happy New Year! Selamat Tahun Baru!

2019 was a year of heightened risk velocity in markets, due to external factors - both globally and domestically, such as the US-China trade tensions, uncertainties in US monetary policy, China economic growth slowdown and weak earnings in Malaysia markets.

Going into 2020, we continue to see pockets of opportunities in the equity market. This is on the back of supportive central banks policies, stabilising earnings estimate and some progressive outcome coming from US and China trade tension.

We believe you should remain fully invested, focus on long-terms returns and look to diversify your investments across a full spectrum of asset classes depending on your risk appetite. We believe that fixed income returns will be more moderate and thus, we encourage diversifying allocations to assets like Asia Pacific equities, Global equities or Global REITs. Equity markets like ASEAN and Malaysia which have underperformed in 2019 may now set to improve in 2020.

Lastly, we wish to thank you for the trust you've put in us. We achieved much this year because of the trust you placed in us:



Serve over 1 million customers in Malaysia, Indonesia, Singapore and Thailand.



Manage over RM88.1 billion in assets.



Numerous awards –

- Five outstanding funds (based on performance and consistency of returns) - Fundsupermart.com
- Two outstanding funds - Lipper Fund Awards from Refinitiv 2019
- Best Asset Management House in ASEAN and Fund Launch of the Year - Asia Asset Management, 2019.



Offer our Unit Trust Funds on EPF's i-Invest online platform with 0.0% sales fee. The online facility enables EPF i-Akaun members to invest in unit trust funds using their EPF savings - anytime, anywhere.



Rolled out several core funds, including Principal Global Sukuk Fund, Principal Global Real Estate Fund and Principal Greater Bay Fund. These Funds provided investors an opportunity to increase their investment potential with a diversified global portfolio.

As you consider your ongoing investment needs, we hope you continue to turn to us for guidance and solutions. Please check-out www.principal.com.my for information and consider following us on Facebook! @PrincipalAssetMY

INVESTORS' LETTER (CONTINUED)

In our effort to serve you better, we would like to encourage you to update us with your latest contact information. Please call our customer care hotline at 03-7718 3000 to speak to our representative.

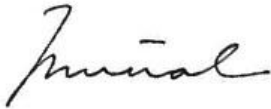
Please be informed that effective 31 December 2019, the Fund has changed its name from CIMB Islamic Small Cap Fund to Principal Islamic Small Cap Opportunities Fund following the issuance of the replacement Master Prospectus (Islamic Funds) for the Fund on 31 December 2019.

Thank you once again for your continuous support and allowing us to help you achieve your financial goals and live your best life.

May 2020 be a good year for you!

Thank you.

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



Munirah Khairuddin
Chief Executive Officer

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

The objective of the Fund is to seek medium to long-term growth in capital by investing principally in emerging companies listed on Bursa Malaysia and this must be in accordance with the 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 its Net Asset Value ("NAV") in Shariah-compliant stocks of emerging companies*. The investment policy and strategy of the Fund will therefore focus on investments in Shariah-compliant securities of such emerging companies* with potential growth and hands-on management policies but may be lacking in track records. The Fund may also invest up to 28% of its NAV in other permissible investments such as Shariah-compliant fixed income securities for the purpose of cash management. The Fund may also opt to seek investment exposure via Shariah-compliant collective investment scheme 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 be strategically used if we feel that the market downside risk is high in the short-term.

Between 70% to 98% (both inclusive) of the Fund's NAV will be invested in Shariah-compliant equities and/or other Shariah-compliant investments, with at least 2% of the Fund's NAV in Shariah-compliant liquid assets.

Note:

* Emerging companies in this context refers to companies that are listed on Bursa Malaysia with market capitalisation of up to three (3) billion Ringgit Malaysia ("RM") at the point of purchase. However, should there be lack of liquidity or when we deem necessary to reduce volatility of the Fund, the Fund may invest up to 20% of its NAV in companies with market capitalization above three (3) billion RM but not more than five (5) billion RM at the point of purchase. #

With effective 1st September 2017, the Fund may invest up to 20% of its NAV in companies with market capitalization above three (3) billion RM but not more than five (5) billion RM at the point of purchase.

Fund category/type

Equity (small cap) (Shariah-compliant)/Growth

How long should you invest for?

Recommended three (3) years or more

When was the Fund launched?

30 April 2003

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

RM143.70 million (141.85 million units)

What is the Fund's benchmark?

Financial Times Stock Exchange ("FTSE") Bursa Malaysia ("FBM") Small Cap ("FBMSCAP") Index

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

FUND OBJECTIVE AND POLICY (CONTINUED)

What is the Fund distribution policy?

The Manager has the discretion to distribute part or all of the Fund's distributable income. The distribution (if any) may vary from period to period depending on the investment objective and the performance of the Fund.

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

There was no distribution made for the six months financial period ended 30 November 2019.

PERFORMANCE DATA

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

	30.11.2019	30.11.2018	30.11.2017
	%	%	%
Shariah-compliant quoted securities			
- Construction	4.52	6.65	15.19
- Consumer Products	-	-	9.52
- Consumer Products & Services	11.17	13.62	-
- Energy	9.59	6.24	-
- Financial Services	0.71	-	-
- Health Care	4.56	5.18	-
- Industrials	-	-	27.51
- Industrial Products & Services	13.01	19.70	-
- Infrastructure Project Companies ("IPC")	-	-	4.39
- Plantation	1.80	0.25	-
- Property	1.77	2.04	-
- Properties	-	-	5.64
- Real Estate Investment Trusts ("REITs")	3.25	-	0.42
- Technology	12.15	27.36	9.84
- Telecommunications & Media	2.69	2.93	-
- Trading/Services	-	-	20.34
- Transportation/Logistics	1.40	3.35	-
- Utilities	3.13	1.65	-
Cash and other net assets	30.25	11.03	7.15
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

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

	30.11.2019	30.11.2018	30.11.2017
NAV (RM Million)	143.70	146.00	209.82
Units in circulation (Million)	141.85	163.47	186.88
NAV per unit (RM)	1.0130	0.8931	1.1227

PERFORMANCE DATA (CONTINUED)

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

	01.06.2019 to 30.11.2019	01.06.2018 to 30.11.2018	01.06.2017 to 30.11.2017
Highest NAV per unit (RM)	1.0361	1.0428	1.1964
Lowest NAV per unit (RM)	0.9284	0.8629	1.1106
Total return (%)	8.45	(0.72)	(0.28)
Capital growth (%)	8.45	(0.72)	(0.28)
Income distribution (%)	-	-	-
Management Expense Ratio ("MER") ^	0.98	0.97	1.04
Portfolio Turnover Ratio ("PTR") #	0.24	0.35	0.42

^ The Fund's MER increased from 0.97% to 0.98% mainly due to an decrease in average NAV during the financial period under review.

The Fund's PTR reduced from 0.35 times to 0.24 times as the Fund realised profit on certain counters during the financial period under review.

	30.11.2019	30.11.2018	30.11.2017	30.11.2016	30.11.2015
	%	%	%	%	%
Annual total return	13.46	(20.48)	16.93	(6.15)	4.83

(Launch date: 30 April 2003)

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

MARKET REVIEW (1 JUNE 2019 TO 30 NOVEMBER 2019)

For the financial period under review, the FBMSCAP Index decreased by 9.09% from 13,800.69 points to 12,546.52 points.

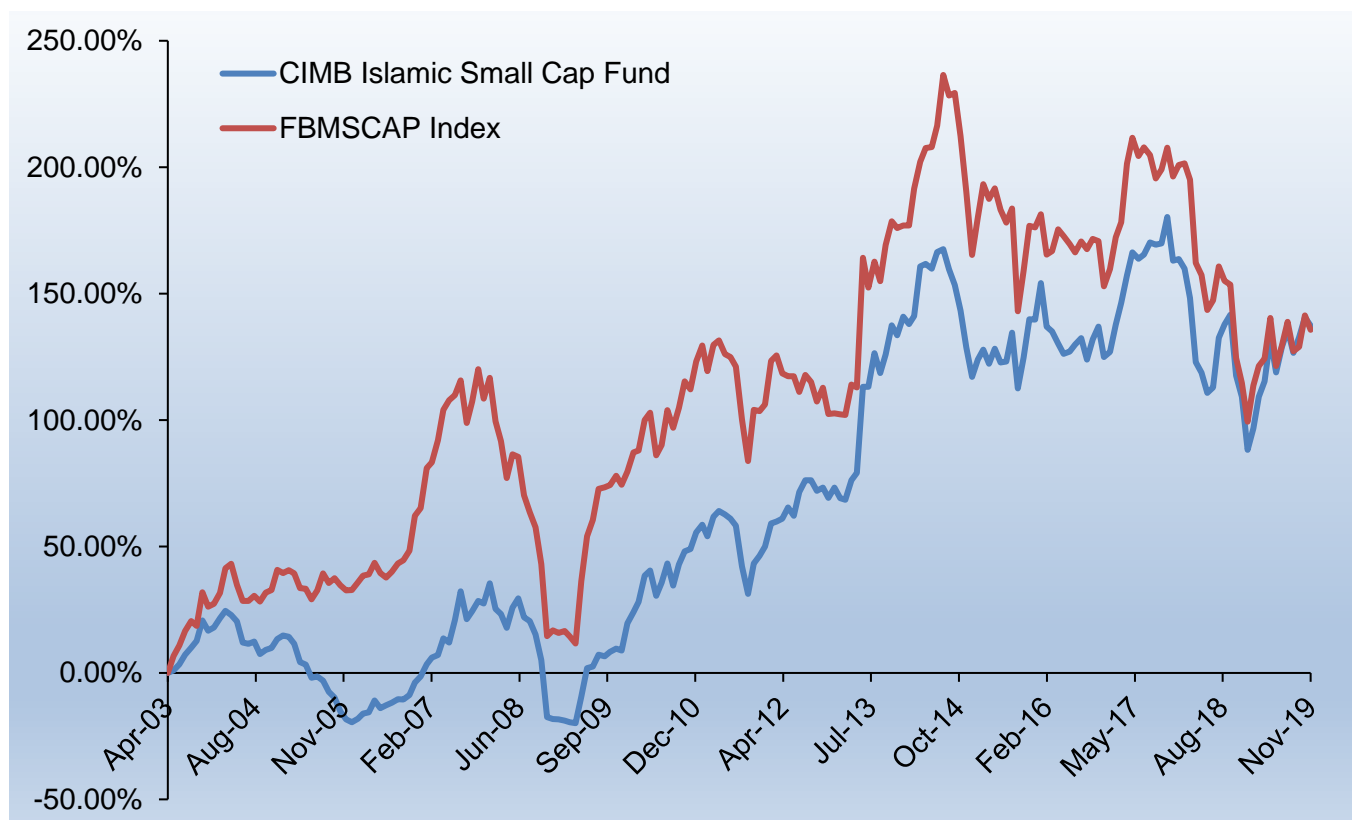
Following a sharp sell-down in the month of May 2019, Malaysian equities benefitted from relief rally in June 2019 stemming from expectation of the US Federal Reserve (the "Fed") rate cuts and de-escalation of US-China trade war. Domestic factors which also helped to boost the market include dissipating concern over regulatory risk particularly for airport operator Malaysia Airports Holdings Bhd ("MAHB") following the release of the latest consultation paper on the implementation of Regulatory Asset Base ("RAB") framework. The rally was led by FBMSCAP Index's gain of 3.6% in June 2019 which pointing to improving investors' risk appetite.

However, the rally did not last whereby FBM100 Index shed 3.79% in July 2019 and August 2019 combined and stayed range bound for the month of September 2019. Subsequently, risk appetite returned on the back of easing US-China trade war concern, and Fed's further monetary easing. In addition, financial results from companies related to 5G, Internet-of-Things and oil and gas are showing signs of recoveries, hence, the outperformance of FBMSCAP Index as compared to FBM Kuala Lumpur Composite Index ("FBMKLCI"). The latter's underperformance was due to the facts that financials, telecommunications and petrochemical companies were still showing margin compressions. However, the rally was dented towards the end of November 2019 due to driven by persisting concerns about a US-China trade deal and ongoing civil unrest in Hong Kong. Furthermore, Malaysia along with other Association of Southeast Asian Nations ("ASEAN") markets were facing fund outflows in November 2019 due to Morgan Stanley Capital International ("MSCI") rebalancing as the weightage for ASEAN was reduced to accommodate higher weightings for China and Saudi Arabia.

FUND PERFORMANCE

	6 months to 30.11.2019 %	1 year to 30.11.2019 %	3 years to 30.11.2019 %	5 years to 30.11.2019 %	Since inception to 30.11.2019 %
Income	-	-	-	-	-
Capital	8.45	13.46	5.51	3.80	137.36
Total Return	8.45	13.46	5.51	3.80	137.36
Benchmark	6.44	9.81	(6.82)	(18.78)	135.67
Average Total Return	N/A	13.46	1.80	0.75	5.35

For the financial period under review, the Fund increased by 8.45%, while the benchmark gained by 6.44%. As such, the Fund outperformed its benchmark by 2.01%.



Changes in NAV

	30.11.2019	31.05.2019 Audited	Changes %
NAV (RM Million)	143.70	146.37	(1.82)
NAV/Unit (RM)	1.0130	0.9341	8.45

The Fund's NAV per unit increased by 8.45% due to positive investment performance during the financial period under review.

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

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	30.11.2019	31.05.2019 Audited
Shariah-compliant quoted securities	69.75	74.87
Cash and other net assets	30.25	25.13
TOTAL	100.00	100.00

Asset allocation decreased from 74.87% as at 31 May 2019 to 69.75% as at 30 November 2019 to realise profit and protect the capital at the end of the financial period. In addition, there was cash injection during the financial period under review, hence, explained part of the higher cash level.

MARKET OUTLOOK*

Going into 2020, we expect Malaysian economic growth to remain moderate due to external headwinds from the ongoing US-China trade tension. That said, this will be mitigated by more growth-oriented Budget 2020 and accommodating monetary policy. While political and regulatory risks remain elevated, we do not believe that this will deteriorate further. Recent by-election loss of the ruling Government will potentially be the catalyst for more market friendly policies going forward. We expect Government-Linked Companies (“GLCs”) reforms to take center stage again following a slew of leadership changes in Government-Linked Investment Companies (“GLICs”) and GLCs since the general election in May 2018. Malaysia is also benefiting from trade diversion with the increase in foreign direct investments (“FDIs”) flow, but the Government would need to do more to restore business and consumer confidence in order to boost both domestic investment and consumption. On corporate earnings, we take comfort from the stabilisation in consensus earnings expectation following earlier sharp cuts. In fact, we expect FBMKLCI earnings to rebound by 6.9% in 2020 driven by the banks and plantation sectors. Year-to-date (“YTD”), Malaysia saw the largest net outflow of USD2.39 billion among ASEAN markets. Positively, foreign shareholding in Malaysia has declined to 22.9% in September 2019, which is close to a 10-year low. This suggests that foreign net outflow should ease going forward.

* 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

Despite moderate growth outlook, we upgrade Malaysia to overweight as we turn constructively more positive going into 2020. FBMKLCI’s valuation has now dipped to 15.4 times which is at -1 standard deviation. We believe earnings downside risk has narrowed significantly following recent cuts which is further supported by undemanding valuation now. As such, we take a barbell approach on high yield sectors like REITs, telecommunication-related and utilities-related and increasing our exposure on cyclical growth sectors like plantation, oil and gas and the technology sectors.

UNIT HOLDINGS STATISTICS

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

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	40,135	10.49	7.39
5,001 to 10,000	2,257	16.62	11.72
10,001 to 50,000	2,985	63.25	44.59
50,001 to 500,000	487	47.00	33.13
500,001 and above	6	4.49	3.17
Total	45,870	141.85	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 SMALL CAP FUND**

We, being the Directors of Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements set out on pages 12 to 37 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 30 November 2019 and of its financial performance, changes in equity and cash flows for the financial period then ended in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134 - Interim Financial Reporting and International Accounting Standards (“IAS”) 34 - Interim Financial Reporting.

For and on behalf of the Manager

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

(formerly known as CIMB-Principal Asset Management Berhad)

MUNIRAH KHAIKUDDIN

Chief Executive Officer/Executive Director

JUAN IGNACIO EYZAGUIRRE BARAONA

Director

Kuala Lumpur
16 January 2020

**TRUSTEE'S REPORT TO THE UNIT HOLDERS OF
CIMB ISLAMIC SMALL CAP FUND**

We, Universal Trustee (Malaysia) Berhad, being the Trustee of CIMB Islamic Small Cap Fund (the "Fund"), are of the opinion that Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the "Manager"), acting in the capacity of Manager of the Fund, have fulfilled their duties in the following manner for the six months financial period ended 30 November 2019:

- (a) the Fund is being managed in accordance with the limitations imposed on the investment powers of the Manager and the Trustee under the Deeds, the Securities Commission's Guidelines on the 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 relevant regulatory requirements;
and
- (c) creation and cancellation of units are carried out in accordance with the Deeds and relevant regulatory requirements.

For and on behalf of the Trustee
Universal Trustee (Malaysia) Berhad

ONG TEE VANN
Chief Executive Officer

Kuala Lumpur
14 January 2020

**SHARIAH ADVISER'S REPORT TO THE UNIT HOLDERS OF
CIMB ISLAMIC SMALL CAP FUND**

For the Financial Period from 1 June 2019 to 30 November 2019

We have acted as the Shariah Adviser of CIMB Islamic Small Cap 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,

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DATUK DR MOHD DAUD BAKAR
Executive Chairman

14 January 2020

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

	Note	01.06.2019 to 30.11.2019 RM	01.06.2018 to 30.11.2018 RM
INCOME			
Dividend income		1,640,009	2,117,554
Profit income from Shariah-compliant deposits with licensed Islamic financial institutions at amortised cost and Hibah earned		562,907	222,638
Net gain/(loss) on financial assets at fair value through profit or loss	7	<u>11,654,507</u>	<u>(597,403)</u>
		<u>13,857,423</u>	<u>1,742,789</u>
EXPENSES			
Management fee	4	1,387,223	1,513,156
Trustee's fee	5	44,991	49,075
Audit fee		8,550	3,239
Tax agent's fee		1,750	2,327
Transaction costs		168,457	292,544
Other expenses		<u>35,181</u>	<u>18,905</u>
		<u>1,646,152</u>	<u>1,879,246</u>
PROFIT/(LOSS) BEFORE TAXATION		12,211,271	(136,457)
Taxation	6	<u>-</u>	<u>-</u>
PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD		<u>12,211,271</u>	<u>(136,457)</u>
Profit/(Loss) after taxation is made up as follows:			
Realised amount		11,900,563	(7,957,501)
Unrealised amount		<u>310,708</u>	<u>7,821,044</u>
		<u>12,211,271</u>	<u>(136,457)</u>

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

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

		30.11.2019	31.05.2019
	Note	RM	Audited RM
ASSETS			
Cash and cash equivalents	8	41,087,498	37,278,838
Financial assets at fair value through profit or loss (Shariah-compliant)	7	100,237,163	109,588,994
Amount due from stockbrokers		4,106,946	-
Amount due from Manager		10,119	17,500
Dividends receivable		131,730	90,860
TOTAL ASSETS		<u>145,573,456</u>	<u>146,976,192</u>
LIABILITIES			
Amount due to stockbrokers		1,081,881	-
Amount due to Manager		524,112	336,548
Accrued management fee		224,600	236,015
Amount due to Trustee		7,284	7,655
Other payables and accruals		36,164	22,896
TOTAL LIABILITIES		<u>1,874,041</u>	<u>603,114</u>
NET ASSET VALUE OF THE FUND		<u>143,699,415</u>	<u>146,373,078</u>
EQUITY			
Unit holders' capital		80,689,654	95,574,588
Retained earnings		63,009,761	50,798,490
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>143,699,415</u>	<u>146,373,078</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	9	<u>141,854,443</u>	<u>156,685,042</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.0130</u>	<u>0.9341</u>

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

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

	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 June 2019	95,574,588	50,798,490	146,373,078
Movement in unit holders' contributions:			
- Creation of units from applications	7,248,479	-	7,248,479
- Cancellation of units	(22,133,413)	-	(22,133,413)
Total comprehensive income for the financial period	-	12,211,271	12,211,271
Balance as at 30 November 2019	<u>80,689,654</u>	<u>63,009,761</u>	<u>143,699,415</u>
Balance as at 1 June 2018	113,550,270	44,229,331	157,779,601
Movement in unit holders' contributions:			
- Creation of units from applications	6,964,855	-	6,964,855
- Cancellation of units	(18,612,151)	-	(18,612,151)
Total comprehensive loss for the financial period	-	(136,457)	(136,457)
Balance as at 30 November 2018	<u>101,902,974</u>	<u>44,092,874</u>	<u>145,995,848</u>

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

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

	01.06.2019 to 30.11.2019 RM	01.06.2018 to 30.11.2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of Shariah-compliant quoted securities	41,654,548	63,889,836
Purchases of Shariah-compliant quoted securities	(23,841,732)	(51,785,853)
Profit income received from Shariah-compliant deposits with licensed Islamic financial institutions and Hibah earned	562,907	2,027,498
Dividend income received	1,588,412	222,638
Management fees paid	(1,398,638)	(1,539,689)
Trustee's and custodian fees paid	(45,362)	(49,935)
Payments of other fees and expenses	(21,486)	(41,298)
Net cash generated from operating activities	<u>18,498,649</u>	<u>12,723,197</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	7,255,860	6,870,738
Payments for cancellation of units	(21,945,849)	(19,473,672)
Net cash used in financing activities	<u>(14,689,989)</u>	<u>(12,602,934)</u>
Net increase in cash and cash equivalents	3,808,660	120,263
Cash and cash equivalents at the beginning of the financial period	<u>37,278,838</u>	<u>15,895,280</u>
Cash and cash equivalents at the end of the financial period	<u><u>41,087,498</u></u>	<u><u>16,015,543</u></u>
<u>Cash and cash equivalents comprise of</u>		
Shariah-compliant deposits with licensed Islamic financial institutions	41,040,258	15,963,052
Bank balances	47,240	52,491
Cash and cash equivalents at the end of the financial period	<u><u>41,087,498</u></u>	<u><u>16,015,543</u></u>

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

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

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES

CIMB Islamic Small Cap Fund (the “Fund”) is governed by a Principal Master Deed dated 15 May 2008, a Fourth 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 Fourteenth Supplemental Master Deed dated 26 June 2012 and a Seventeenth Supplemental Master Deed dated 25 March 2015 (collectively referred to as the “Deeds”), made between Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the “Manager”) (the “Manager”) and Universal Trustee (Malaysia) Berhad (the “Trustee”).

The Fund may invest a minimum of 70% and up to a maximum of 98% of its NAV in Shariah-compliant stocks of emerging companies. The investment policy and strategy of the Fund will therefore focus on investments in Shariah-compliant securities of such emerging companies with potential growth and hands-on management policies but may be lacking in track records. The Fund may also invest up to 28% of its NAV in other permissible investments such as Shariah-compliant fixed income securities for the purpose of cash management. The Fund may also opt to seek investment exposure via Shariah-compliant collective investment scheme that is in line with the Fund’s objective, subject to the requirements of the SC Guidelines. In addition, Shariah-compliant liquid assets may be strategically used if we feel that the market downside risk is high in the short-term.

Between 70% to 98% (both inclusive) of the Fund’s NAV will be invested in Shariah-compliant equities and/or other Shariah-compliant investments, with at least 2% of the Fund’s NAV in Shariah-compliant liquid assets.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements have been prepared in accordance with the provisions of the MFRS and International Financial Reporting Standards (“IFRS”).

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

It also requires the Manager to exercise their judgement in the process of applying the Fund's accounting policies. Although these estimates and 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 judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(j).

Standard that is effective and relevant:

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

(i) Financial year beginning on/after 1 June 2019

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

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

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 June 2019 that have a material effect on 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.

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

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

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

Recognition and measurement

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

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

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

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

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

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 traded market price quoted on Bursa Malaysia Securities Bhd ("Bursa Securities") at the date of the statement of financial position.

If a valuation based on the market price does not represent the fair value of the Shariah-compliant quoted securities, for example during abnormal market conditions or when no market price is available, including in the event of a suspension in the quotation of the Shariah-compliant quoted securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the Shariah-compliant quoted securities are valued as determined in good faith by the Manager, based on the methods or bases approved by the Trustee after appropriate technical consultation.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Recognition and measurement (continued)

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

Impairment for assets carried at amortised costs

The Fund measures credit risk and expected credit losses (“ECL”) using probability of default, exposure at default and loss given default. The Manager considers both historical analysis and forward looking information in determining any ECL. The Manager considers 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) 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 Ringgit Malaysia (“RM”), which is the Fund’s functional and presentation currency.

(d) Income recognition

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

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

Realised gain or loss on disposal of Shariah-compliant quoted securities are 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(e) Cash and cash equivalents**

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

(f) Taxation

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

Withholding taxes on investment income from investments are based on tax regime of the respective countries that the Fund invests in. Such withholding taxes are not "income tax" in nature and are recognised and measured based on the requirements of MFRS 137. They are presented within other expenses line in the statement of comprehensive income.

(g) Transactions costs

Transaction costs are costs incurred to acquire or dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expenses.

(h) Unit holders' capital

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

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

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

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

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

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

If the credit risk increases to the point that it is considered to be credit impaired, profit income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by 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) Critical accounting estimates and judgements in applying accounting policies

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

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

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

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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund aims to seek medium to long-term growth in capital by investing principally in emerging companies listed on Bursa Malaysia and this must be in accordance with the 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.

(a) Market risk

(i) Price risk

Price risk is the risk that the fair value of 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.

(ii) Interest rate risk

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

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

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

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

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

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

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

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

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

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

For amount due from Manager, the settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC Guidelines on Unit Trust Funds.

For amount due from stockbrokers, the settlement terms are governed by the relevant rules and regulations as prescribed by respective stock exchange. The credit risk is minimal as all transactions in Shariah-compliant quoted securities are settled/paid upon delivery using approved stockbrokers.

(c) Liquidity risk

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

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

(d) Capital risk management

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

3. 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 price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

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

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

(i) Fair value hierarchy

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

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

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

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

Assessing the significance of a particular input to the fair value measurement in its entirety requires 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. 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
30.11.2019				
Financial asset at fair value through profit or loss:				
- Shariah-compliant quoted securities	<u>100,237,163</u>	<u>-</u>	<u>-</u>	<u>100,237,163</u>
31.05.2019				
Audited				
Financial asset at fair value through profit or loss:				
- Shariah-compliant quoted securities	<u>109,588,994</u>	<u>-</u>	<u>-</u>	<u>109,588,994</u>

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

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

4. MANAGEMENT FEE

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

For the six months financial period ended 30 November 2019, the management fee is recognised at a rate of 1.85% per annum (30.11.2018: 1.85% per annum).

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

5. TRUSTEE'S FEE

In accordance with the Deeds, the Trustee is entitled to a maximum fee of 0.06% per annum, calculated daily based on the NAV of the Fund.

For the six months financial period ended 30 November 2019, the Trustee's fee is recognised at a rate of 0.06% per annum (30.11.2018: 0.06% per annum).

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

6. TAXATION

	01.06.2019 to 30.11.2019	01.06.2018 to 30.11.2018
	RM	RM
Tax charged for the financial period:		
- Current taxation	<u>-</u>	<u>-</u>

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

	01.06.2019 to 30.11.2019	01.06.2018 to 30.11.2018
	RM	RM
Profit/(Loss) before taxation	<u>12,211,271</u>	<u>(136,457)</u>
Taxation at Malaysian statutory rate of 24% (30.11.2018: 24%)	2,930,705	(32,750)
Tax effects of:		
Income not subject to tax	(3,325,782)	(418,269)
Expenses not deductible for tax purposes	59,151	83,859
Restriction on tax deductible expenses for Unit Trust Funds	<u>335,926</u>	<u>367,160</u>
Taxation	<u>-</u>	<u>-</u>

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

	30.11.2019	31.05.2019 Audited
	RM	RM
At fair value through profit or loss:		
- Shariah-compliant quoted securities	<u>100,237,163</u>	<u>109,588,994</u>

	01.06.2019 to 30.11.2019	01.06.2018 to 30.11.2018
	RM	RM
Net gain/(loss) on financial assets at fair value through profit or loss:		
- Realised gain on disposals	11,343,802	7,223,640
- Unrealised fair value gain/(loss)	<u>310,705</u>	<u>(7,821,043)</u>
	<u>11,654,507</u>	<u>(597,403)</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.11.2019				
SHARIAH-COMPLIANT QUOTED SECURITIES				
Construction				
Gabungan AQRS Bhd	491,408	615,814	594,604	0.41
Kerjaya Prospek Group Bhd	567,480	811,152	749,074	0.52
Muhibbah Engineering (M) Bhd	646,200	1,601,174	1,525,032	1.06
Sunway Construction Group Bhd	1,238,200	2,439,905	2,253,524	1.57
TRC Synergy Bhd	2,228,200	1,368,613	1,013,831	0.71
Vizione Holdings Bhd	458,171	406,070	375,699	0.25
	<u>5,629,659</u>	<u>7,242,728</u>	<u>6,511,764</u>	<u>4.52</u>
Consumer Products & Services				
Aeon Co. (M) Bhd	2,565,100	4,480,088	3,847,650	2.68
Bermaz Auto Bhd	1,577,300	3,528,238	3,328,103	2.32
Bioalpha Holdings Bhd	10,796,600	2,604,841	2,105,337	1.47
DRB-Hicom Bhd	2,219,500	5,084,569	5,127,045	3.57
Power Root Bhd	671,000	1,609,719	1,623,820	1.13
	<u>17,829,500</u>	<u>17,307,455</u>	<u>16,031,955</u>	<u>11.17</u>
Energy				
Dayang Enterprise Holdings Bhd	173,900	352,860	354,756	0.25
Hibiscus Petroleum Bhd	605,800	539,978	542,191	0.38
Sapura Energy Bhd	13,069,100	3,998,387	3,594,003	2.50
Serba Dinamik Holdings Bhd	296,000	801,969	1,290,560	0.90
Wah Seong Corporation Bhd	2,384,000	2,550,443	2,813,119	1.95
Yinson Holdings Bhd	799,200	3,427,338	5,194,800	3.61
	<u>17,328,000</u>	<u>11,670,975</u>	<u>13,789,429</u>	<u>9.59</u>
Financial Services				
Syarikat Takaful Malaysia Keluarga Bhd	175,900	992,718	1,018,461	0.71
Health Care				
Duopharma Biotech Bhd	2,929,008	3,208,908	4,071,321	2.83
Kossan Rubber Industries Bhd	595,700	2,289,213	2,490,026	1.73
	<u>3,524,708</u>	<u>5,498,121</u>	<u>6,561,347</u>	<u>4.56</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.11.2019 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
Industrial Products & Services				
ATA IMS Bhd	867,100	1,300,092	1,439,386	1.00
Chemical Company of Malaysia Bhd	2,673,933	6,705,627	3,716,767	2.59
HSS Engineers Bhd	1,496,200	1,432,681	1,196,960	0.83
Rohas Tecnic Bhd	3,058,800	3,168,469	1,865,868	1.30
Success Transformer Corporation Bhd	4,977,400	4,800,371	4,678,756	3.26
Uchi Technologies Bhd	798,200	2,243,781	2,242,942	1.56
V.S. Industry Bhd	2,648,650	5,033,041	3,549,191	2.47
	<u>16,520,283</u>	<u>24,684,062</u>	<u>18,689,870</u>	<u>13.01</u>
Plantation				
FGV Holdings Bhd	<u>1,940,359</u>	<u>2,312,330</u>	<u>2,580,677</u>	<u>1.80</u>
Property				
Malaysian Resources Corporation Bhd	<u>3,410,300</u>	<u>3,055,030</u>	<u>2,540,674</u>	<u>1.77</u>
REITs				
Axis REIT	<u>2,624,200</u>	<u>4,666,441</u>	<u>4,671,076</u>	<u>3.25</u>
Technology				
D&O Green Technologies Bhd	3,719,100	2,794,063	2,696,348	1.88
Globetronics Technology Bhd	725,466	1,461,799	1,523,479	1.06
Inari Amertron Bhd	1,122,100	1,955,278	2,042,222	1.42
I-STONE Group Bhd	2,297,382	386,493	493,937	0.34
JHM Consolidation Bhd	4,209,000	4,768,507	5,640,060	3.92
Pentamaster Corporation Bhd	619,338	828,702	2,774,634	1.93
Revenue Group Bhd	1,312,700	1,743,213	2,297,225	1.60
	<u>14,005,086</u>	<u>13,938,055</u>	<u>17,467,905</u>	<u>12.15</u>
Telecommunications & Media				
Binasat Communications Bhd	4,776,200	2,021,417	1,432,860	1.00
TIME dotCom Bhd	267,600	2,230,774	2,435,160	1.69
	<u>5,043,800</u>	<u>4,252,191</u>	<u>3,868,020</u>	<u>2.69</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.11.2019 (CONTINUED) SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
Transportation & Logistics				
E.A. Technique (M) Bhd	5,299,600	4393,356	2,013,848	1.40
Utilities				
Malakoff Corporation Bhd	768,300	636,383	687,629	0.48
Ranhill Holdings Bhd	346,680	361,158	395,215	0.28
Taliworks Corporation Bhd	3,809,266	2,976,928	3,409,293	2.37
	4,924,246	3,974,469	4,492,137	3.13
TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES	98,255,641	103,987,931	100,237,163	69.75
ACCUMULATED UNREALISED LOSS ON SHARIAH-COMPLIANT QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		(3,750,768)		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		100,237,163		

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.05.2019				
Audited SHARIAH-COMPLIANT QUOTED SECURITIES				
Construction				
Gabungan AQRS Bhd	1,533,008	1,921,106	2,008,240	1.37
Kerjaya Prospek Group Bhd	567,480	811,152	698,000	0.48
Muhibbah Engineering (M) Bhd	686,600	1,701,278	1,888,150	1.29
Sunway Construction Group Bhd	1,238,200	2,439,905	2,426,872	1.66
TRC Synergy Bhd	1,954,900	1,184,969	1,270,685	0.87
Vizione Holdings Bhd	458,171	406,070	442,135	0.30
	<u>6,438,359</u>	<u>8,464,480</u>	<u>8,734,082</u>	<u>5.97</u>
Consumer Products & Services				
Aeon Co. (M) Bhd	2,565,100	4,480,088	3,873,301	2.65
Bermaz Auto Bhd	1,271,500	2,808,996	2,924,450	2.00
Bioalpha Holdings Bhd	10,796,600	2,604,841	2,159,320	1.48
DRB-Hicom Bhd	1,045,700	2,156,436	2,175,056	1.48
Magni-Tech Industries Bhd	367,300	2,275,930	1,689,580	1.15
	<u>16,046,200</u>	<u>14,326,291</u>	<u>12,821,707</u>	<u>8.76</u>
Energy				
Dayang Enterprise Holdings Bhd	812,300	639,345	791,993	0.54
Sapura Energy Bhd	4,486,100	1,388,062	1,323,400	0.90
Serba Dinamik Holdings Bhd	356,000	964,531	1,459,600	1.00
Uzma Bhd	1,563,200	1,852,917	1,180,216	0.81
Yinson Holdings Bhd	799,200	3,427,338	3,940,056	2.69
	<u>8,016,800</u>	<u>8,272,193</u>	<u>8,695,265</u>	<u>5.94</u>
Financial Services				
Syarikat Takaful Malaysia Keluarga Bhd	386,000	2,178,449	2,427,940	1.66
Health Care				
Duopharma Biotech Bhd	3,054,562	3,342,686	4,093,113	2.80
Kossan Rubber Industries Bhd	595,700	2,289,213	2,358,972	1.61
	<u>3,650,262</u>	<u>5,631,899</u>	<u>6,452,085</u>	<u>4.41</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.05.2019 (CONTINUED)				
Audited (continued)				
SHARIAH-COMPLIANT				
QUOTED SECURITIES				
(CONTINUED)				
Industrial Products & Services				
ATA IMS Bhd	867,100	1,300,092	1,448,057	0.99
Chemical Company of Malaysia Bhd	2,817,433	7,065,493	5,578,517	3.81
EG Industries Bhd	1,569,475	1,249,459	659,180	0.45
EG Industries Bhd - Preference shares	1,389,691	660,103	583,670	0.40
HSS Engineers Bhd	1,511,200	1,447,044	1,601,872	1.09
Pecca Group Bhd	1,752,400	2,155,529	1,857,544	1.27
Rohas Tecnic Bhd	3,058,800	3,168,469	1,712,928	1.17
Success Transformer Corporation Bhd	5,240,700	5,054,307	4,166,356	2.85
Uchi Technologies Bhd	798,200	2,243,781	2,290,834	1.56
V.S. Industry Bhd	2,648,650	5,033,041	2,622,164	1.79
	<u>21,653,649</u>	<u>29,377,318</u>	<u>22,521,122</u>	<u>15.38</u>
Plantation				
FGV Holdings Bhd	<u>3,543,000</u>	<u>4,247,412</u>	<u>4,039,020</u>	<u>2.76</u>
Property				
Malaysian Resources Corporation Bhd	<u>3,000,100</u>	<u>2,614,962</u>	<u>2,790,093</u>	<u>1.91</u>
REIT				
Axis REIT	<u>2,577,300</u>	<u>4,575,113</u>	<u>4,407,183</u>	<u>3.01</u>
Technology				
Frontken Corporation Bhd	2,039,600	705,783	2,569,896	1.76
Globetronics Technology Bhd	2,558,066	5,154,450	4,041,744	2.76
Inari Amertron Bhd	1,592,200	2,774,435	2,451,988	1.67
JHM Consolidation Bhd	4,828,400	5,470,244	5,456,092	3.73
MI Technovation Bhd	100,200	230,835	167,334	0.11
Pentamaster Corporation Bhd	2,058,892	4,132,336	8,544,402	5.84
Revenue Group Bhd	1,826,100	2,196,425	2,246,103	1.53
	<u>15,003,458</u>	<u>20,664,508</u>	<u>25,477,559</u>	<u>17.40</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.05.2019 (CONTINUED)				
Audited (continued)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
Telecommunications & Media				
Binasat Communications Bhd	4,776,200	2,021,417	1,528,384	1.04
TIME dotCom Bhd	267,600	2,230,774	2,376,288	1.62
	<u>5,043,800</u>	<u>4,252,191</u>	<u>3,904,672</u>	<u>2.66</u>
Transportation & Logistics				
E.A. Technique (M) Bhd	5,299,600	4,393,356	2,384,820	1.63
Pos Malaysia Bhd	316,200	677,826	423,708	0.29
	<u>5,615,800</u>	<u>5,071,182</u>	<u>2,808,528</u>	<u>1.92</u>
Utilities				
Malakoff Corporation Bhd	768,300	636,383	637,689	0.44
Ranhill Holdings Bhd	346,680	361,158	405,616	0.28
Taliworks Corporation Bhd	3,809,266	2,976,928	3,466,433	2.37
	<u>4,924,246</u>	<u>3,974,469</u>	<u>4,509,738</u>	<u>3.09</u>
TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES	<u>95,898,974</u>	<u>113,650,467</u>	<u>109,588,994</u>	<u>74.87</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(4,061,473)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>109,588,994</u>		

8. CASH AND CASH EQUIVALENTS

	30.11.2019	31.05.2019
	RM	Audited RM
Shariah-compliant deposits with licensed Islamic financial institutions	41,040,258	37,190,655
Bank balances	47,240	88,183
	41,087,498	37,278,838

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

	30.11.2019	31.05.2019
	%	Audited %
Shariah-compliant deposits with licensed Islamic financial institutions	3.05	3.04

Shariah-compliant deposits with licensed Islamic financial institutions of the Fund have an average maturity of 7 days (31.05.2019: 10 days).

9. NUMBER OF UNITS IN CIRCULATION (UNITS)

	01.06.2019 to 30.11.2019	01.06.2018 to 31.05.2019
	No. of units	Audited No. of units
At the beginning of the financial period/year	156,685,042	175,398,087
Add: Creation of units from applications	7,214,252	17,541,282
Less: Cancellation of units	(22,044,851)	(36,254,327)
At the end of the financial period/year	141,854,443	156,685,042

10. MANAGEMENT EXPENSE RATIO (“MER”)

	01.06.2019 to 30.11.2019	01.06.2018 to 30.11.2018
	%	%
MER	0.98	0.97

MER is derived from the following calculation:

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

A	=	Management fee
B	=	Trustee’s fee
C	=	Audit fee
D	=	Tax Agent’s fee
E	=	Other expenses excluding withholding tax
F	=	Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial period calculated on a daily basis is RM149,533,441 (30.11.2018: RM163,231,737).

11. PORTFOLIO TURNOVER RATIO (“PTR”)

	01.06.2019 to 30.11.2019	01.06.2018 to 30.11.2018
PTR (times)	<u>0.24</u>	<u>0.35</u>

PTR is derived from the following calculation:

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

where:

total acquisition for the financial period = RM24,866,268 (30.11.2018: RM51,299,219)
total disposal for the financial period = RM45,872,605 (30.11.2018: RM63,269,422)

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 Manager
Principal Asset Management (S) Pte Ltd <i>(formerly known as CIMB-Principal Asset Management (S) Pte Ltd)</i>	Investment Adviser of the Fund
CGS-CIMB Securities (Singapore) Pte Ltd	Fellow related party to the Manager
CIMB Islamic Bank Bhd	Fellow related party to the Manager
CIMB Investment Bank Bhd	Fellow related party to the Manager

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

Units held by the Manager and parties related to the Manager

	30.11.2019		31.05.2019 Audited	
	No. of units	RM	No. of units	RM
Manager				
Principal Asset Management Berhad (formerly known as CIMB-Principal Asset Management Berhad)	10,441	10,577	4,066	3,798

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 and balances. The Manager is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties.

	01.06.2019 to 30.11.2019 RM	01.06.2018 to 30.11.2018 RM
<u>Significant related party transactions</u>		
Profit income from Shariah-compliant deposits with licensed Islamic financial institution:		
- CIMB Islamic Bank Bhd	116,585	9,332
Cash placements with licensed Islamic financial institution:		
- CIMB Islamic Bank Bhd	189,878,000	46,780,000
	30.11.2019 RM	31.05.2019 Audited RM
<u>Significant related party balances</u>		
Shariah-compliant deposits with licensed Islamic financial institution:		
- CIMB Islamic Bank Bhd	10,336,101	-

13. TRANSACTIONS WITH BROKERS/DEALERS

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

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
UBS Securities Malaysia Sdn Bhd	11,664,528	16.50	12,707	10.01
CLSA Securiteis (Malaysia) Bhd	10,154,158	14.36	13,473	10.62
Kaf Seagroatt & Campbell Securities Sdn Bhd	7,768,562	10.99	17,479	13.77
Macquarie Capital Securities (M) Sdn Bhd	6,648,776	9.40	13,208	10.41
RHB Investment Bank Bhd	6,288,053	8.89	14,219	11.20
Affin Hwang Investment Bank Bhd	6,211,793	8.78	14,029	11.05
Maybank Investment Bank Bhd	5,411,578	7.65	12,222	9.63
Hong Leong Investment Bank Bhd	4,608,045	6.52	10,410	8.20
JP Morgan Securities (Malaysia) Sdn Bhd	4,370,988	6.18	4,298	3.39
CGS-CIMB Securities Sdn Bhd #	4,009,394	5.67	6,809	5.37
Others	3,573,941	5.06	8,059	6.35
	<u>70,709,816</u>	<u>100.00</u>	<u>126,913</u>	<u>100.00</u>

13. TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)

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

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
RHB Investment Bank Bhd	23,419,389	20.44	28,172	12.06
Affin Hwang Investment Bank Bhd	15,296,965	13.35	34,497	14.77
Kaf Seagroatt & Campbell Securities Sdn Bhd	13,738,680	11.99	30,964	13.26
CLSA Securiteis (Malaysia) Bhd	11,465,368	10.01	25,891	11.08
Macquarie Capital Securities (M) Sdn Bhd	9,323,989	8.14	21,035	9.01
CIMB Investment Bank Bhd #	9,232,441	8.06	20,808	8.91
JP Morgan Securities (Malaysia) Sdn Bhd	8,741,078	7.63	19,708	8.44
Credit Suisse Securities (M) Sdn Bhd	6,278,706	5.48	14,136	6.05
Maybank Investment Bank Bhd	5,910,332	5.16	13,388	5.73
Hong Leong Investment Bank Bhd	4,417,983	3.86	10,004	4.28
Others	6,743,710	5.88	14,984	6.41
	<u>114,568,641</u>	<u>100.00</u>	<u>233,587</u>	<u>100.00</u>

Included in the transactions are trades conducted CGS-CIMB Securities Sdn Bhd and CIMB Investment Bank Bhd, fellow related parties to the Manager amounting to RM4,009,394 (30.11.2018: Nil) and Nil (30.11.2018: RM9,232,441) respectively. The Manager is of the opinion that all transactions with the related party have been entered into in the normal course of business at agreed terms between the related party.

14. SUBSEQUENT EVENTS

The Fund has changed its name to Principal Islamic Small Cap Opportunities Fund with effective from 31 December 2019.

DIRECTORY

Head office of the Manager

Principal Asset Management Berhad (Company No.: 304078-K)
(formerly known as CIMB-Principal Asset Management Berhad)
10th Floor, Bangunan CIMB,
Jalan Semantan,
Damansara Heights,
50490 Kuala Lumpur, MALAYSIA.
Tel: (03) 2084 8888

Website

www.principal.com.my

E-mail address

service@principal.com.my

Customer Care Center

(03) 7718 3000

Trustee for the CIMB Islamic Small Cap Fund

Universal Trustee (Malaysia) Berhad (Company No.:17540-D)
No. 1 Jalan Ampang (3rd Floor),
50450 Kuala Lumpur, MALAYSIA.
Tel: (03) 2070 8050
Fax: (03) 2031 8715, (03) 2032 3194, (03) 2070 1296

Shariah Adviser of the CIMB Islamic Small Cap Fund

Amanie Advisors Sdn Bhd (684050-H)
Level 13A-2, Menara Tokio Marine Life,
189 Jalan Tun Razak
50400 Kuala Lumpur, Malaysia
Tel: (03) 2161 0260
Fax: (03) 2161 0262

Principal Asset Management Berhad (304078-K)
(formerly known as CIMB-Principal Asset Management Berhad)

Enquiries:

Customer Care Centre
(603)7718 3000

Email
service@principal.com.my

Website
www.principal.com.my