

**CIMB-PRINCIPAL CONSERVATIVE BOND FUND**

**FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD FROM 8 AUGUST 2017 (DATE OF LAUNCH) TO 28 FEBRUARY  
2018**

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**INVESTORS' LETTER**

Dear Valued Investor,

Thank you for your continued support and for the confidence that you have placed in us. We are pleased to share that CIMB-Principal Asset Management Berhad ("CIMB-Principal") Malaysia concluded the 1<sup>st</sup> Quarter of 2018 with RM52.06 billion in Asset under Management ("AUM").

Our AUM for Private Retirement Scheme ("PRS") business increased by 33% year-on-year ("y-o-y") to RM541 million as at 31 March 2018.

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

**The Edge| Thomson Reuters Lipper Malaysia Fund Awards 2018**

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

**Thomson Reuters Lipper Fund Award Global Islamic 2017**

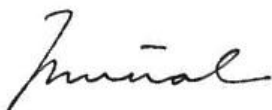
- Best Equity Asia Pacific Ex-Japan (Islamic), Best Fund over 5 years : CIMB Islamic Asia Pacific Equity Fund

These prestigious awards are a celebration of the trust that you have placed in us and testament to our capability in bringing potential value to your financial goals and needs.

CIMB-Principal was also awarded **Fund House of the Year in Malaysia** by AsianInvestor for the Asset Management Awards 2017, its second consecutive win and The Employees' Provident Fund ("EPF") External Portfolio Managers Awards 2017 for the **Best Global Bond Portfolio Manager**. These industry recognitions reflect our success in scaling up our investment capabilities while building a solid track record and earning the trust of our clients over time.

Thank you.

Yours faithfully,  
for **CIMB-Principal Asset Management Berhad**



**Munirah Khairuddin**  
Chief Executive Officer

## **MANAGER'S REPORT**

### **FUND OBJECTIVE AND POLICY**

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

The Fund aims to provide regular income through diversified investments in Malaysian bonds.

#### **Has the Fund achieved its objective?**

The Fund has achieved its investment objective by investing in a pool of diversified Ringgit bonds which provide regular interest income.

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

The Fund will be managed with the aim of achieving regular income through investments in a diversified portfolio of Malaysian bonds. The Fund will invest at least 97% of its Net Asset Value ("NAV") in Government bonds and corporate bonds, out of which the Fund will invest between 20% to 50% (both inclusive) of its NAV in Government bonds and between 50% to 80% (both inclusive) of its NAV in corporate bonds. For Government bonds, the Fund may invest up to 30% of its NAV in Government Agency bonds. In addition, the Fund may invest up to 10% of its NAV in Asset-Backed Securities. The Fund's investment in bonds will be restricted to bonds rated at least a minimum credit rating of "A3" by RAM or its equivalent rating by MARC. The Fund will also invest up to 3% of its NAV in liquid assets.

For diversification purpose, the Fund intends to invest in a variety of short-term (less than 1 year), short to medium term (1-3 years), medium to long term (3-5 years) and long term (more than 5 years) bonds, in which the Fund aims to maintain an overall portfolio duration ranging from 2.5 to 4.5 years. The Fund will also adopt a more conservative single issuer limit for different type of bonds. The value of the Fund's investment in unsecured corporate bonds rated AAA and AA by RAM Ratings ("RAM") or its equivalent rating by Malaysian Rating Corporation Berhad ("MARC") issued by any single issuer must not exceed 4% of the Fund's NAV whilst the value of the Fund's investment in unsecured corporate bonds rated A by RAM or its equivalent rating by MARC issued by any single issuer must not exceed 1% of the Fund's NAV. In addition, the value of the Fund's investment in secured corporate bonds of the respective rating is four (4) times of the limit of the unsecured corporate bonds limit as above. Also, the value of the Fund's investment in subordinated corporate bonds of the respective rating is half of the limit of the unsecured corporate bonds limit as above.

The asset allocation strategy for the Fund is as follows:

- At least 97% of the Fund's NAV will be invested in Government bonds and corporate bonds, out of which:
  - Between 20% to 50% (both inclusive) of the Fund's NAV will be invested in Government bonds, out of which up to 30% of the Fund's NAV can be invested in Government Agency bonds;
  - Between 50% to 80% (both inclusive) of its NAV will be invested in corporate bonds;
  - Up to 10% of the Fund's NAV may be invested in Asset-Backed Securities; and
- Up to 3% of the Fund's NAV will be invested in liquid assets.

#### **Fund category/type**

Debentures/Income

#### **How long should you invest for?**

Recommended three (3) years or more

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

High

#### **When was the Fund launched?**

Class A & C

8 August 2017

**FUND OBJECTIVE AND POLICY (CONTINUED)**

**What was the size of the Fund as at 28 February 2018?**

RM813.80 million (797.99 million units)

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

10% Thomas Reuters Bond Pricing Agency Malaysia ("TR BPAM") Government (1-3 years) all bond index + 10% TR BPAM Government (3-7 years) all bond index + 5% TR BPAM Quasi Government (1-3 years) all bond index + 5% TR BPAM Quasi Government (3-7 years) all bond index + 10% TR BPAM Corporate (1-3 years) all bond index + 60% TR BPAM Corporate (3-7 years) all bond index ("Fund's Benchmark").

**What is the Fund distribution policy?**

Distribution (if any) is expected to be distributed quarterly at our discretion. Such distributions will depend on the availability of realised income and/or realised gains.

**What was the net income distribution for the financial period from 8 August 2017 (date of launch) to 28 February 2018?**

There was no distribution made for the financial period from 8 August 2017 (date of launch) to 28 February 2018.

**PERFORMANCE DATA**

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

	<b>28.02.2018</b>
	%
Unquoted fixed income securities	97.75
Cash and other net assets	2.25
	<u>100.00</u>

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

	<b>28.02.2018</b>
NAV (RM Million)	
- Class A	0.00
- Class C	813.80
Units in circulation (Million)	
- Class A	0.00
- Class C	797.99
NAV per unit (RM)	
- Class A	1.0175
- Class C	1.0198
	<b>08.08.2017</b>
	<b>(date of launch)</b>
	<b>to 28.02.2018</b>
Highest NAV per unit (RM)	
- Class A	1.0175
- Class C	1.0198
Lowest NAV per unit (RM)	
- Class A	1.0000
- Class C	1.0000
Total return (%)	
- Class A	1.75
- Class C	1.98
Capital growth (%)	
- Class A	1.75
- Class C	1.98
Income distribution (%)	
- Class A	-
- Class C	-
Management Expense Ratio ("MER") (%)	0.16
Portfolio Turnover Ratio ("PTR") (times) #	0.81

# The Fund registered PTR of 0.81 times during the financial period under review as the Fund was building up its fixed income position.

**PERFORMANCE DATA (CONTINUED)**

**Since inception  
to 28.02.2018  
%**

Annual total return	
- Class A	1.75
- Class C	1.98

(Launch date: 8 August 2017)

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 (8 AUGUST 2017 (DATE OF LAUNCH) TO 28 FEBRUARY 2018)**

During the financial period under review, Malaysian Ringgit (“MYR”) strengthened against US Dollar (“USD”) by 9.39% which brought back foreign flows to the local bond market. Even with Bank Negara Malaysia (“BNM”) signaled a hawkish tone in the November 2017 Monetary Policy Committee (“MPC”) meeting (with a potential rate hike in 2018), the Malaysia Government Securities (“MGS”) yield curve bearish flattened with the short-end of the yield curve rose more than the long-end of the yield curve. Come January 2018, BNM delivered a 25 basis points (“bps”) hike in Overnight Policy Rate (“OPR”) to normalise the local interest rate environment and market was not expecting to see another hike in 2018, barring no positive surprise in 2018’s Gross Domestic Products (“GDP”) growth and inflation pressure. On 28 February 2018, the 3-year, 5-year, 7-year, 10-year, 15-year, 20-year and 30-year MGS was traded at 3.41% (July 2017: 3.31%), 3.74% (July 2017: 3.71%), 3.97% (July 2017: 3.92%), 4.06% (July 2017: 4.00%), 4.45% (July 2017: 4.42%), 4.63% (July 2017: 4.58%) and 4.86% (July 2017: 4.80%) respectively.

**FUND PERFORMANCE**

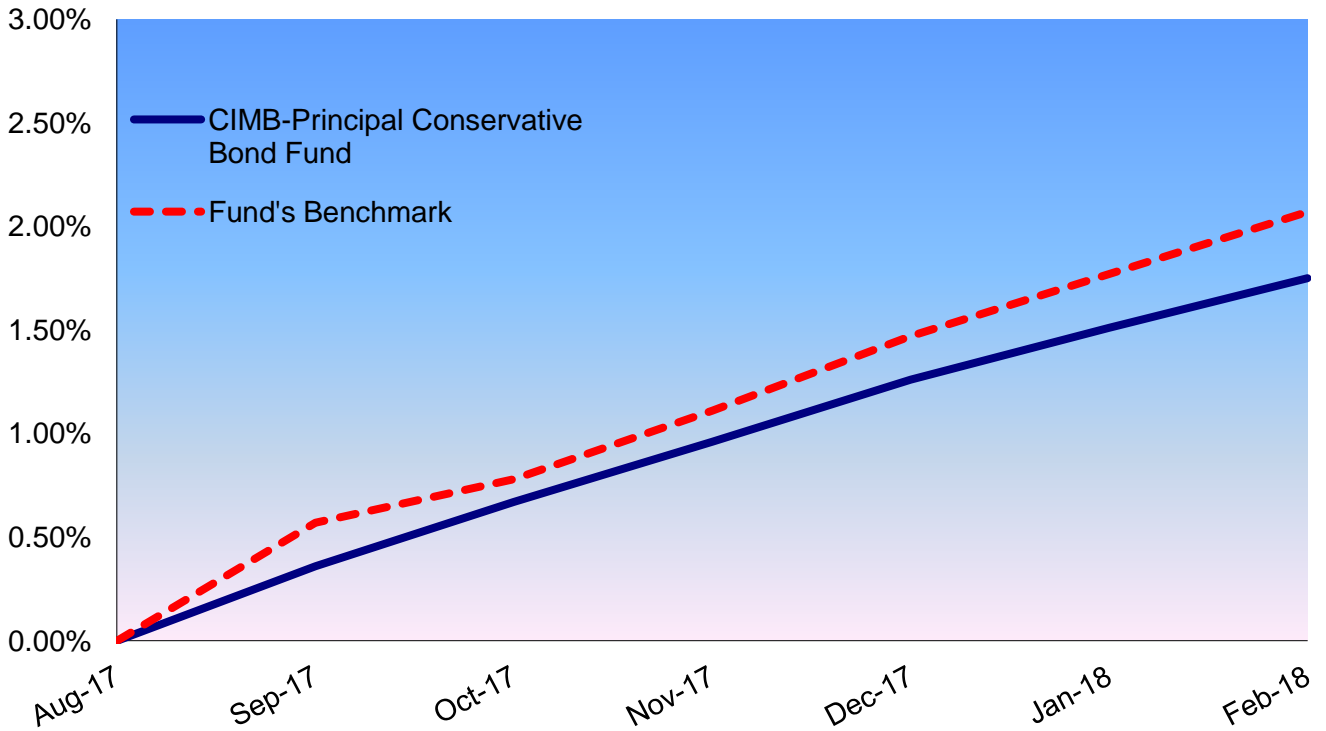
**Since inception  
to 28.02.2018**

	<b>Class A</b>	<b>Class C</b>
	<b>%</b>	<b>%</b>
Income	-	-
Capital	1.75	1.98
Total Return	1.75	1.98
Benchmark	2.07	2.07
Average Total Return	N/A	N/A

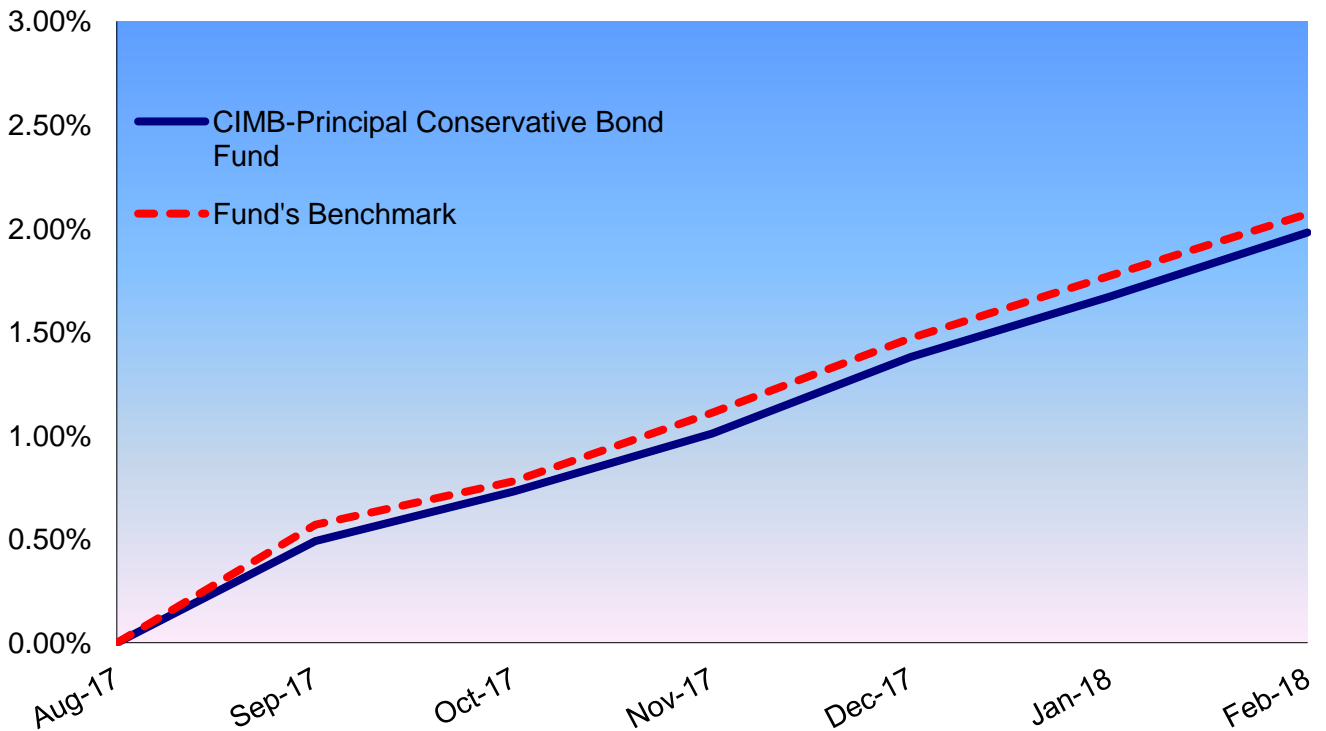
During the financial period under review, Class A delivered total return of 1.75% while Class C delivered total return of 1.98%. Both Classes underperformed the Benchmark as the Fund was building up its fixed income position gradually. Class A underperformed Class C due to the difference in management fees.

FUND PERFORMANCE (CONTINUED)

Class A



Class C





**FUND PERFORMANCE (CONTINUED)**

**Changes in NAV**

**CLASS A**

**28.02.2018**

NAV (RM Million)	0.00
NAV/Unit (RM)	1.0175

**CLASS C**

**28.02.2018**

NAV (RM Million)	813.80
NAV/Unit (RM)	1.0198

During the financial period under review, Class C's NAV grew to RM813.80 million (or RM1.0198 per NAV unit) while Class A have yet to receive contribution from investor.

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)	28.02.2018
Unquoted fixed income securities	97.75
Cash and other net assets	2.25
<b>TOTAL</b>	<b>100.00</b>

As at 28 February 2018, the Fund was 97.75% invested in unquoted fixed income securities while cash and other net assets was 2.25% of the portfolio. The asset allocation of the Fund was in line with the investment objective.

**MARKET OUTLOOK\***

After the January 2018 OPR hike, we are not expecting BNM to take further tightening measures in the near term barring no positive pressures from 2018 GDP growth and inflation. With oil price stabilised at the current level, we expect MYR will remain stable and gradually recoup back its fundamental value. With the re-opening of 10-year MGS in February 2018, the kink in the yield curve has also been reset higher which makes the longer-end of the yield curve attractive on a stable interest rate environment. However, global interest rate hawkishness and increased risky assets volatility might still create a spillover effect on local foreign exchange and rates. All-in-all, we still prefer to overweight credit risk over interest rate risk on the back of a stronger local economy.

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

**INVESTMENT STRATEGY**

On the Fund's strategy, we prefer to maintain our investment in credit segment for stable and higher total return but will participate in the government bond market if trading opportunity arises. On technical note, we prefer AA-rated fixed income investment as supply is expected to be less compared to Government Guaranteed ("GG") securities. Lastly, we maintain our neutral call on duration as interest rates environment globally is still on hawkish tone.

**UNIT HOLDINGS STATISTICS**

Breakdown of unit holdings by size as at 28 February 2018 are as follows:

**CLASS A**

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

**CLASS C**

<b>Size of unit holdings (units)</b>	<b>No. of unit holders</b>	<b>No. of units held (million)</b>	<b>% of units held</b>
5,000 and below	1	0.00	0.00
5,001 - 10,000	-	-	-
10,001 - 50,000	-	-	-
50,001 - 500,000	-	-	-
500,001 and above	2	797.99	100.00
<b>Total</b>	<b>3</b>	<b>797.99</b>	<b>100.00</b>

**SOFT COMMISSIONS AND REBATES**

CIMB-Principal Asset Management Berhad (the "Manager") and the Trustee (including their officers) 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 have 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-PRINCIPAL CONSERVATIVE BOND FUND**

We, being the Directors of CIMB-Principal Asset Management Berhad (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying audited financial statements set out on pages 15 to 46 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 28 February 2018 and of its financial performance, changes in net assets attributable to unit holders and cash flows for the financial period from 8 August 2017 (date of launch) to 28 February 2018 in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

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

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

**ALEJANDRO ECHEGORRI**  
Executive Director

Kuala Lumpur  
16 April 2018

**TRUSTEE'S REPORT TO THE UNIT HOLDERS OF  
CIMB-PRINCIPAL CONSERVATIVE BOND FUND**

We have acted as the Trustee of CIMB-Principal Conservative Bond Fund (the "Fund") for the financial period from 8 August 2017 (date of launch) to 28 February 2018. To the best of our knowledge, CIMB-Principal Asset Management Berhad (the "Manager") has managed the Fund in accordance with the following:

- a) limitations imposed on the investment powers of the Manager and the Trustee under the Deed, 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 Deed of the Fund and applicable regulatory requirements; and
- c) creation and cancellation of units have been carried out in accordance with the Deed of the Fund and applicable regulatory requirements.

For and on behalf of the Trustee  
**PB TRUSTEE SERVICES BERHAD**

**JULIA BINTI MUSTAFFA**  
Chief Executive Officer

Kuala Lumpur  
16 April 2018

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF  
CIMB-PRINCIPAL CONSERVATIVE BOND FUND**

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

Our opinion

In our opinion, the financial statements of CIMB-Principal Conservative Bond Fund ("the Fund") give a true and fair view of the financial position of the Fund as at 28 February 2018, and of its financial performance and its cash flows for the financial period from 8 August 2017 (date of launch) to 28 February 2018 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 28 February 2018, 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 from 8 August 2017 (date of launch) to 28 February 2018, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 15 to 46.

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-PRINCIPAL CONSERVATIVE BOND 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 determine 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 intend to liquidate the Fund or have no realistic alternative but to do so.

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF  
CIMB-PRINCIPAL CONSERVATIVE BOND 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-PRINCIPAL CONSERVATIVE BOND 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 holder 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 April 2018



**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD FROM 8 AUGUST 2017 (DATE OF LAUNCH) TO 28 FEBRUARY  
2018**

	<b>Note</b>	<b>08.08.2017 (date of launch) to 28.02.2018 RM</b>
<b>INVESTMENT INCOME</b>		
Interest income	<b>4</b>	13,184,008
Net loss on financial assets at fair value through profit or loss	<b>8</b>	<u>(851,264)</u>
		<u>12,332,744</u>
<b>EXPENSES</b>		
Management fee	<b>5</b>	780,451
Trustee's fee	<b>6</b>	78,044
Audit fee		14,200
Tax agent's fee		4,000
Other expenses		<u>59,280</u>
		<u>935,975</u>
<b>PROFIT BEFORE TAXATION</b>		<b>11,396,769</b>
Taxation	<b>7</b>	-
<b>INCREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<b><u>11,396,769</u></b>
Increase in net assets attributable to unit holders is made up as follows:		
Realised amount		11,865,718
Unrealised amount		<u>(468,949)</u>
		<u>11,396,769</u>

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

**STATEMENT OF FINANCIAL POSITION  
AS AT 28 FEBRUARY 2018**

	Note	2018 RM
<b>ASSETS</b>		
Cash and cash equivalents	9	18,402,088
Financial assets at fair value through profit or loss	8	795,515,134
Amount due from Manager		78,600
<b>TOTAL ASSETS</b>		<u>813,995,822</u>
<b>LIABILITIES</b>		
Accrued management fee		146,253
Amount due to Trustee		14,625
Other payables and accruals		28,945
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)</b>		<u>189,823</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>813,805,999</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>813,805,999</u>
<b>REPRESENTED BY:</b>		
<b>FAIR VALUE OF OUTSTANDING UNITS</b>		
- Class A		2,035
- Class C		813,803,964
		<u>813,805,999</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>		
- Class A		2,000
- Class C		797,990,331
	10	<u>797,992,331</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		
- Class A		1.0175
- Class C		<u>1.0198</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 8 AUGUST 2017 (DATE OF LAUNCH) TO 28 FEBRUARY  
2018**

**08.08.2017  
(date of launch)  
to 28.02.2018  
RM**

<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE DATE OF LAUNCH</b>	-
Movement due to units created cancelled during the financial period:	
- Creation of units from applications	
- Class A	2,000
- Class C	802,407,230
	<u>802,409,230</u>
 Increase in net assets attributable to unit holders during the financial period	 <u>11,396,769</u>
 <b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL PERIOD</b>	 <u><u>813,805,999</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 8 AUGUST 2017 (DATE OF LAUNCH) TO 28 FEBRUARY  
2018**

	<b>08.08.2017 (date of launch) to 28.02.2018</b>		<b>RM</b>
		<b>Note</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from disposal of unquoted fixed income securities	72,551,276		
Proceeds from redemption of unquoted fixed income securities	7,000,000		
Purchase of unquoted fixed income securities	(876,337,125)		
Interest income received from deposits with licensed financial institutions	856,938		
Interest income received from unquoted fixed income securities	12,746,521		
Management fee paid	(634,198)		
Trustee's fees paid	(63,419)		
Payments for other fees and expenses	(48,535)		
<b>Net cash used in operating activities</b>	<u>(783,928,542)</u>		
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>			
Cash proceeds from units created	<u>802,330,630</u>		
<b>Net cash generated from financing activity</b>	<u>802,330,630</u>		
Net increase in cash and cash equivalents	<u>18,402,088</u>		
Cash and cash equivalents at the end of the financial period	<u>18,402,088</u>	<b>9</b>	
<u>Cash and cash equivalents comprised of:</u>			
Deposits with licensed financial institutions	18,379,423		
Bank balances	22,665		
Cash and cash equivalents at the end of the financial period	<u>18,402,088</u>	<b>9</b>	

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 8 AUGUST 2017 (DATE OF LAUNCH) TO 28 FEBRUARY  
2018****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITY**

CIMB-Principal Conservative Bond Fund (the “Fund”) is governed by a Deed dated 11 July 2017, made between CIMB-Principal Asset Management Berhad (the “Manager”) and PB Trustee Services Berhad (the “Trustee”).

The Fund will be managed with the aim of achieving regular income through investments in a diversified portfolio of Malaysian bonds. The Fund will invest at least 97% of its NAV in Government bonds and corporate bonds, out of which the Fund will invest between 20% to 50% (both inclusive) of its NAV in Government bonds and between 50% to 80% (both inclusive) of its NAV in corporate bonds. For Government bonds, the Fund may invest up to 30% of its NAV in Government Agency bonds. In addition, the Fund may invest up to 10% of its NAV in Asset-Backed Securities. The Fund’s investment in bonds will be restricted to bonds rated at least a minimum credit rating of “A3” by RAM or its equivalent rating by MARC. The Fund will also invest up to 3% of its NAV in liquid assets.

For diversification purpose, the Fund intends to invest in a variety of short-term (less than 1 year), short to medium term (1-3 years), medium to long term (3-5 years) and long term (more than 5 years) bonds, in which the Fund aims to maintain an overall portfolio duration ranging from 2.5 to 4.5 years. The Fund will also adopt a more conservative single issuer limit for different type of bonds. The value of the Fund’s investment in unsecured corporate bonds rated AAA and AA by RAM or its equivalent rating by MARC issued by any single issuer must not exceed 4% of the Fund’s NAV whilst the value of the Fund’s investment in unsecured corporate bonds rated A by RAM or its equivalent rating by MARC issued by any single issuer must not exceed 1% of the Fund’s NAV. In addition, the value of the Fund’s investment in secured corporate bonds of the respective rating is four (4) times of the limit of the unsecured corporate bonds limit as above. Also, the value of the Fund’s investment in subordinated corporate bonds of the respective rating is half of the limit of the unsecured corporate bonds limit as above.

The asset allocation strategy for the Fund is as follows:

- At least 97% of the Fund’s NAV will be invested in Government bonds and corporate bonds, out of which:
  - Between 20% to 50% (both inclusive) of the Fund’s NAV will be invested in Government bonds, out of which up to 30% of the Fund’s NAV can be invested in Government Agency bonds;
  - Between 50% to 80% (both inclusive) of its NAV will be invested in corporate bonds;
  - Up to 10% of the Fund’s NAV may be invested in Asset-Backed Securities; and
- Up to 3% of the Fund’s NAV will be invested in liquid assets.

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

The Manager, a company incorporated in Malaysia, is a subsidiary of CIMB Group Sdn Bhd and regards CIMB Group Holdings Berhad as its ultimate holding company. The Manager is also an associate of Principal International (Asia) Limited, which is a subsidiary of Principal Financial Group Inc. 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 judgment in the process of applying the Fund's accounting policies. Although these estimates and judgment are based on the Manager's best knowledge of current events and actions, actual results may differ.

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

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

The Fund has applied the following amendments for the first time for the financial year beginning 8 August 2017 (date of launch):

- Amendments to MFRS 107 "Statement of Cash Flows - Disclosure Initiative" introduce an additional disclosure on changes in liabilities arising from financing activities.

The adoption of this amendment did not have any impact on the current financial period or any prior financial period and is not likely to affect future periods.

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

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

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

#### (i) Financial year beginning on/after 1 March 2018

- MFRS 9 “Financial Instruments” (effective from 1 January 2018) will replace MFRS 139 “Financial Instruments: Recognition and Measurement”.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income (“OCI”). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in OCI rather than the income statement, unless this creates an accounting mismatch.

MFRS 9 introduces an expected credit loss model (“ECL”) on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The Fund has reviewed its financial assets and liabilities and has assessed the following impacts from the adoption of the new standard on 1 January 2018:

There will be no impact on the Fund's accounting for financial assets as the Fund's equity investments currently measured at fair value through profit or loss will continue to be measured on the same basis under MFRS 9.

There will be no impact on the Fund's accounting for financial liabilities as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Fund does not have any such liabilities.

The new impairment model requires the recognition of impairment provisions based on ECL rather than only incurred credit losses as is the case under MFRS 139. It applies to financial assets classified at amortised cost. Based on the assessments undertaken to date, the Fund does not expect any loss allowance to be recognised upon adoption of MFRS 9.

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

The Fund designates its unquoted fixed income securities as financial assets at fair value through profit or loss at inception.

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

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

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

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

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. Investments are initially recognised at fair value.

Financial liabilities, within the scope of MFRS 139, 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.

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

Deposits with licensed financial institutions are stated at cost plus accrued interest calculated on the effective interest method over the period from the date of placement to the date of maturity of the respective deposits.

Loans and receivables and other financial liabilities are subsequently carried at amortised cost using the effective interest method.



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

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

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

As a practical expedient, the Fund may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent financial period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in statement of comprehensive income.

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

**(c) Income recognition**

Interest income from deposits with licensed financial institutions and unquoted fixed income securities are recognised on a time proportionate basis using the effective interest rate method on an accrual basis.

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

**(d) Functional and presentation currency**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(e) Creation and cancellation of units**

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 two classes of units, known respectively as the Class A and Class C, 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 member 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) Cash and cash equivalents**

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

**(g) Taxation**

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

**(h) Segment information**

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

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

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

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

**(j) Critical accounting estimates and judgments in applying accounting policies**

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

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

Estimate of fair value of unquoted fixed income securities

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.

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

**3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES**

Financial instruments of the Fund are as follows:

	<b>Financial assets at fair value through profit or loss RM</b>	<b>Loans and receivables RM</b>	<b>Total RM</b>
<b>2018</b>			
Cash and cash equivalents (Note 9)	-	18,402,088	18,402,088
Unquoted fixed income securities (Note 8)	795,515,134	-	795,515,134
Amount due from Manager	-	78,600	78,600
	795,515,134	18,480,688	813,995,822

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

The Fund that aims to provide regular income through diversified investments in Malaysian bonds.

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 Deed and SC Guidelines on Unit Trust Funds.

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

**(a) Market risk**

**(i) Price risk**

This is the risk that the fair value of an investment in unquoted fixed income securities will fluctuate because of changes in market prices (other than those arising from interest rate risk). The value of investments in unquoted fixed income 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 unquoted securities and other financial instruments within specified limits according to the Deed.

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

	<b>2018</b>
	<b>RM</b>
Financial assets at fair value through profit or loss:	
- Unquoted fixed income securities	<u>795,515,134</u>

\* Includes interest receivable of RM9,430,424.

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

% Change in price of unquoted fixed income securities	Market value RM	Impact on profit or loss/NAV RM
<b>2018</b>		
-5%	746,780,475	(39,304,235)
0%	786,084,710	-
5%	<u>825,388,945</u>	<u>39,304,235</u>

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

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

**(ii) Interest rate risk**

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

Investors should note that the movement in prices of unquoted fixed income securities and money market instruments are benchmarked against interest rates. As such, the investments are exposed to the movement of the interest rates.

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

Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to make payments of interest income and principal, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

The table below summarises the sensitivity of the Fund's profit or loss and NAV to movements in prices of unquoted fixed income securities held by the Fund as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate changed by 1% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the interest rate, having regard to the historical volatility of the interest rate.

<b>% Change in interest rate</b>	<b>Impact on profit or loss/NAV 2018 RM</b>
+1%	(1,318,267)
-1%	1,321,958

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

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

(b) Credit risk

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

Investment in unquoted fixed income securities may involve a certain degree of credit/default risk with regards to the issuers. Generally, credit risk or default risk is the risk of loss due to the issuer's non-payment or untimely payment of the investment amount as well as the returns on investment. This will cause a decline in value of the defaulted unquoted fixed income securities and subsequently depress the NAV of the Fund. Usually credit risk is more apparent for an investment with a longer tenure, i.e. the longer the duration, the higher the credit risk.

Credit risk can be managed by performing continuous fundamental credit research and analysis to ascertain the creditworthiness of its issuer. In addition, the Manager imposes a minimum rating duration of the investment in accordance with the objective of the Fund. For this Fund, the unquoted fixed income securities must satisfy a minimum credit rating of "A3" by RAM or its equivalent rating by MARC.

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

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

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

	Cash and cash equivalents RM	Financial assets at fair value through profit or loss RM	Amount due from Manager RM	Total RM
<b>2018</b>				
Construction				
- AA3	-	40,744,133	-	40,744,133
Consumer				
- AAA	-	20,159,335	-	20,159,335
- AA1	-	5,077,063	-	5,077,063
Diversified Holdings				
- AAA	-	5,024,331	-	5,024,331
- AA1	-	5,049,334	-	5,049,334
- AA2	-	25,760,681	-	25,760,681
- AA3	-	15,658,617	-	15,658,617
Finance				
- CIMB Bank Bhd (AAA)	6,022,192	-	-	6,022,192
- Hong Leong Bank Bhd (AAA)	8,983,600	-	-	8,983,600
- Malayan Banking Bhd (AAA)	3,395,298	-	-	3,395,298
- Public Bank Bhd (AAA)	998	-	-	998

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

**(b) Credit risk**

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

	<b>Cash and cash equivalents RM</b>	<b>Financial assets at fair value through profit or loss RM</b>	<b>Amount due from Manager RM</b>	<b>Total RM</b>
<b>2018 (continued)</b>				
Finance				
- AAA	-	30,391,504	-	30,391,504
- AA1	-	40,663,095	-	40,663,095
- AA2	-	30,617,635	-	30,617,635
- AA3	-	15,259,079	-	15,259,079
Industrials				
- AA2	-	4,987,740	-	4,987,740
Infrastructure				
- AAA	-	33,839,168	-	33,839,168
- AA1	-	74,037,954	-	74,037,954
- AA2	-	52,304,183	-	52,304,183
- AA3	-	110,888,705	-	110,888,705
- Not Rated	-	5,006,695	-	5,006,695
Plantation				
- AA1	-	4,905,407	-	4,905,407
- AA3	-	13,409,861	-	13,409,861
Quasi Government				
- Not Rated	-	33,036,282	-	33,036,282
Real estate				
- AAA	-	35,470,357	-	35,470,357
- AA1	-	15,787,931	-	15,787,931
- AA3	-	35,567,692	-	35,567,692
Sovereign				
- Not Rated	-	131,717,139	-	131,717,139
Utilities				
- AAA	-	10,151,213	-	10,151,213
Others				
- Not Rated	-	-	78,600	78,600
	<u>18,402,088</u>	<u>795,515,134</u>	<u>78,600</u>	<u>813,995,822</u>

All financial assets of the Fund as at the end of financial period are neither past due nor impaired.

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

(c) Liquidity risk

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

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

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

	<b>Less than 1 month RM</b>	<b>Between 1 month to 1 year RM</b>	<b>Total RM</b>
<b>2018</b>			
Accrued management fee	146,253	-	146,253
Amount due to Trustee	14,625	-	14,625
Other payables and accruals	9,653	19,292	28,945
Net assets attributable to unit holders*	<u>813,805,999</u>	<u>-</u>	<u>813,805,999</u>
<b>Contractual undiscounted cash flows</b>	<u>813,976,530</u>	<u>19,292</u>	<u>813,995,822</u>

\* Outstanding units are redeemed on demand at the member'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 for long term.

(d) Capital risk management

The capital of the Fund is represented by net assets attributable to unit holder's RM813,805,999. The amount of capital can change significantly on a daily basis as the Fund is subjected to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to unit holder and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.



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 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 and liabilities that are not traded in an active market is determined by using valuation techniques.

(i) Fair value hierarchy

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

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

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

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

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

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

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

**(e) Fair value estimation (continued)**

**(i) Fair value hierarchy (continued)**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>2018</b>				
Financial assets at fair value through profit or loss:				
- Unquoted fixed income securities	<u>-</u>	<u>795,515,134</u>	<u>-</u>	<u>795,515,134</u>

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

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

**4. INTEREST INCOME**

	<b>08.08.2017 (date of launch) to 28.02.2018 RM</b>
Interest income from unquoted fixed income securities	12,327,070
Interest income from deposits with licensed financial institutions	<u>856,938</u>
	<u>13,184,008</u>

**5. MANAGEMENT FEE**

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

For the financial period from 8 August 2017 (date of launch) to 28 February 2018, the management fee for the respective classes is recognised at the following rates:

<b>Class A</b>	<b>Class C</b>
1.00%	0.25%

There will be no further liability to the Manager in respect of management fee other than amounts recognised above.

**6. TRUSTEE'S FEE**

In accordance with the Deed, the Trustee is entitled to a maximum fee up to 0.025% 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 8 August 2017 (date of launch) to 28 February 2018, the Trustee's fee is recognised at a rate of 0.025% per annum.

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

**7. TAXATION**

**08.08.2017  
(date of launch)  
to 28.02.2018  
RM**

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:

**08.08.2017  
(date of launch)  
to 28.02.2018  
RM**

Profit before taxation	<u>11,396,769</u>
Taxation at Malaysian statutory rate of 24%	2,735,225
Tax effects of:	
Investment income not subject to tax	(2,959,859)
Expenses not deductible for tax purposes	21,480
Restriction on tax deductible expenses for Unit Trust Funds	<u>203,154</u>
Taxation	<u><u>-</u></u>

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

**2018  
RM**

Designated at fair value through profit or loss at inception:

- Unquoted fixed income securities 795,515,134

**08.08.2017  
(date of launch)  
to 28.02.2018  
RM**

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

- Realised gain on disposals 40,077  
 - Unrealised fair value loss (891,341)  
(851,264)

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2018 UNQUOTED FIXED INCOME SECURITIES</b>				
Aman Sukuk Bhd 4.13% 12/04/2022 (AAA)	5,000,000	5,036,347	5,042,606	0.62
Aman Sukuk Bhd 4.30% 30/05/2019 (AAA)	5,000,000	5,065,795	5,068,852	0.62
Ambank Bhd 4.30% 25/03/2019 (AA2)	5,000,000	5,098,014	5,098,679	0.63
Anih Bhd 5.22% 29/11/2022 (AA2)	5,000,000	5,217,927	5,216,486	0.64
Anih Bhd 5.46% 29/11/2024 (AA2)	15,000,000	15,977,478	15,960,632	1.96
Anih Bhd 6.00% 29/11/2028 (AA2)	5,000,000	5,544,567	5,544,516	0.68
Bank Pembangunan Malaysia Bhd 4.28% 02/03/2022 (AAA)	15,000,000	15,244,081	15,213,007	1.87
Batu Kawan Bhd 4.05% 06/06/2023 (AA1)	5,000,000	4,915,675	4,905,407	0.60
Bumitama Agri Ltd 5.00% 02/09/2019 (AA3)	5,000,000	5,156,055	5,156,988	0.63
Bumitama Agri Ltd 5.25% 18/03/2019 (AA3)	8,000,000	8,255,702	8,252,873	1.01
CIMB Bank Bhd 4.80% 13/09/2023 (AA1)	5,000,000	5,126,050	5,126,424	0.63

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

<b>Name of issuer</b>	<b>Nominal value RM</b>	<b>Aggregate cost RM</b>	<b>Market value RM</b>	<b>Percentage of NAV %</b>
<b>2018 (CONTINUED)</b>				
<b>UNQUOTED FIXED</b>				
<b>INCOME SECURITIES</b>				
<b>(CONTINUED)</b>				
CIMB Thai Bank PCL 5.60% 05/07/2024 (AA3)	5,000,000	5,090,295	5,093,158	0.63
DanaInfra Nasional Bhd 4.29% 30/04/2026 #	5,000,000	5,020,646	5,006,695	0.62
Danga Capital Sdn Bhd 4.60% 23/02/2026 (AAA)	5,000,000	5,042,103	5,024,331	0.62
Encorp Systembilt Sdn Bhd 4.84% 18/11/2021 (AA1)	5,000,000	5,147,356	5,147,364	0.63
Gamuda Bhd 4.215% 26/10/2018 (AA3)	5,000,000	5,072,142	5,069,386	0.62
Gamuda Bhd 4.62% 23/04/2021 (AA3)	5,000,000	5,114,161	5,089,376	0.63
GENM Capital Bhd 4.78% 31/03/2022 (AAA)	5,000,000	5,120,661	5,120,584	0.63
Genting Capital Bhd 4.42% 08/06/2022 (AAA)	10,000,000	10,015,089	9,999,109	1.23
GII Murabahah 4.045% 15/08/2024 #	20,000,000	20,172,670	20,042,488	2.46
Government Investment Issues 3.226% 15/04/2020 #	40,000,000	40,251,023	40,177,273	4.94
Government Investment Issues 3.948% 14/04/2022 #	50,000,000	51,092,161	50,867,539	6.25
Hong Leong Islamic Bank Bhd 4.80% 17/06/2024 (AA1)	5,000,000	5,065,494	5,076,108	0.62
HSBC Amanah Malaysia Bhd 4.22% 16/10/2019 (AAA)	5,000,000	5,080,958	5,083,969	0.62
IJM Corp Bhd 4.83% 10/06/2022 (AA3)	5,000,000	5,117,243	5,106,020	0.63
Impian Ekspresi Sdn Bhd 4.58% 29/11/2019 (AAA)	15,000,000	15,230,262	15,231,511	1.88
Imtiaz Sukuk Bhd 4.65% 24/11/2021 (AA2)	5,000,000	5,078,754	5,078,788	0.62
Imtiaz Sukuk II Bhd 4.60% 22/03/2019 (AA2)	5,000,000	5,115,322	5,117,282	0.63

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2018 (CONTINUED)</b>				
<b>UNQUOTED FIXED INCOME SECURITIES (CONTINUED)</b>				
Jimah East Power Sdn Bhd 5.22% 02/06/2023 (AA3)	5,000,000	5,214,923	5,209,111	0.64
Jimah East Power Sdn Bhd 5.40% 04/12/2024 (AA3)	15,000,000	15,813,068	15,818,868	1.94
Jimah Energy Ventures Sdn Bhd 9.20% 12/11/2019 (AA3)	5,000,000	5,538,321	5,539,083	0.68
Jimah Energy Ventures Sdn Bhd 9.30% 11/12/2021 (AA3)	5,000,000	5,959,149	5,959,217	0.73
Jimah Energy Ventures Sdn Bhd 9.55% 11/11/2022 (AA3)	5,000,000	6,185,858	6,191,726	0.76
Khazanah Nasional Bhd 0.00% 24/02/2021 #	20,000,000	17,770,485	17,776,800	2.18
Krung Thai Bank PCL 5.10% 04/07/2025 (AA2)	15,000,000	15,331,930	15,322,886	1.88
Lafarge Cement Sdn Bhd 4.80% 13/01/2020 (AA2)	5,000,000	5,055,511	4,987,740	0.61
Malakoff Power Bhd 4.90% 17/12/2018 (AA3)	5,000,000	5,071,480	5,075,450	0.62
Malakoff Power Bhd 5.15% 17/12/2020 (AA3)	15,000,000	15,414,332	15,428,700	1.90
Malakoff Power Bhd 5.35% 16/12/2022 (AA3)	5,000,000	5,217,575	5,207,400	0.64
Malayan Banking Bhd 4.25% 10/05/2024 (AA1)	5,000,000	5,043,460	5,059,223	0.62
Malaysian Government Securities 4.059% 30/09/2024 #	10,000,000	10,289,198	10,240,144	1.26
Malaysian Government Securities 4.762% 07/04/2037 #	10,000,000	10,370,687	10,389,695	1.28
Manjung Island Energy Bhd 4.22% 25/11/2022 (AAA)	5,000,000	5,047,868	5,017,840	0.62

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2018 (CONTINUED)</b>				
<b>UNQUOTED FIXED INCOME SECURITIES (CONTINUED)</b>				
MMC Corporation Bhd 5.20% 12/11/2020 (AA3)	5,000,000	5,112,729	5,113,681	0.63
MMC Corporation Bhd 5.20% 12/11/2025 (AA3)	5,000,000	5,248,469	5,247,208	0.64
MMC Corporation Bhd 5.95% 12/11/2027 (AA3)	5,000,000	5,293,301	5,297,728	0.65
Mumtaz Rakyat Sukuk Bhd 4.95% 18/06/2021 (AA3)	5,000,000	5,081,745	5,081,794	0.62
Mydin 4.80% 07/05/2020 (AAA)	5,000,000	5,042,146	5,039,642	0.62
Northport 5.00% 02/12/2022 (AA3)	10,000,000	10,119,505	10,116,205	1.24
Pengurusan Air SPV Bhd 4.04% 17/06/2021 #	5,000,000	5,039,161	5,048,711	0.62
Pengurusan Air SPV Bhd 4.38% 29/04/2021 #	5,000,000	5,132,899	5,133,050	0.63
Pengurusan Air SPV Bhd 4.42% 05/02/2021 #	5,000,000	5,066,877	5,077,721	0.62
Perbadanan Kemajuan Negeri Selangor 4.55% 31/10/2018 (AA3)	5,000,000	5,083,518	5,083,543	0.62
Perbadanan Kemajuan Negeri Selangor 4.85% 29/05/2020 (AA3)	5,000,000	5,077,561	5,078,525	0.62
Perdana Petroleum Bhd 4.45% 27/04/2018 (AAA)	2,500,000	2,537,648	2,538,235	0.31
Projek Lebuhraya Usahasama Bhd 4.22% 10/01/2020 (AAA)	10,000,000	10,080,442	10,080,996	1.24
Projek Lebuhraya Usahasama Bhd 4.72% 12/01/2026 (AAA)	5,000,000	5,089,911	5,089,786	0.63
Projek Lebuhraya Usahasama Bhd 4.96% 12/01/2029 (AAA)	5,000,000	5,149,013	5,140,264	0.63
Public Bank Bhd 4.22% 26/02/2021 (AAA)	5,000,000	4,989,666	4,988,634	0.61
Public Islamic Bank Bhd 4.75% 07/06/2024 (AA1)	5,000,000	5,079,259	5,080,355	0.62

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2018 (CONTINUED)</b>				
<b>UNQUOTED FIXED INCOME SECURITIES (CONTINUED)</b>				
Putrajaya Holdings Sdn Bhd 4.40% 24/04/2025 (AAA)	5,000,000	5,056,449	5,053,251	0.62
Putrajaya Holdings Sdn Bhd 4.58% 26/05/2029 (AAA)	5,000,000	5,078,405	5,074,137	0.62
Quantum Solar Park Green Sri Sukuk 5.16% 6/10/22 (AA3)	5,000,000	5,138,798	5,137,300	0.63
RHB Bank Bhd 4.75% 08/05/2025 (AA3)	5,000,000	5,080,951	5,084,127	0.62
Sabah Credit Corporation 4.685% 06/08/2020 (AA1)	10,000,000	10,076,479	10,083,421	1.24
Sabah Credit Corporation 4.70% 08/05/2020 (AA1)	5,000,000	5,089,145	5,100,553	0.63
Sabah Development Bank Bhd 5.30% 11/05/2022 (AA1)	5,000,000	5,104,488	5,137,011	0.63
Sarawak Energy Bhd 5.15% 23/06/2021 (AA1)	7,500,000	7,762,487	7,743,234	0.95
Sarawak Energy Bhd 5.00% 04/07/2024 (AA1)	15,000,000	15,493,342	15,451,069	1.90
Sarawak Energy Bhd 5.32% 03/12/2032 (AA1)	5,000,000	5,098,369	5,098,374	0.63
Sarawak Hidro Sdn Bhd 4.29% 11/08/2023 (AAA)	5,000,000	4,985,421	4,958,891	0.61
Sepangar Bay Power Corporation 4.70% 01/07/2022 (AA1)	5,000,000	5,081,941	5,081,899	0.62
Sepangar Bay Power Corporation 4.80% 03/07/2023 (AA1)	5,000,000	5,089,118	5,098,029	0.63
Star Media Group Bhd 4.80% 11/05/2018 (AA1)	5,000,000	5,077,448	5,077,063	0.62
Tanjung Bin Energy Issuer Bhd 5.50% 14/03/2025 (AA3)	5,000,000	5,355,285	5,359,311	0.66



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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2018 (CONTINUED)</b>				
<b>UNQUOTED FIXED INCOME SECURITIES (CONTINUED)</b>				
Tanjung Bin Energy Issuer Bhd 5.55% 15/09/2025 (AA3)	5,000,000	5,379,325	5,385,685	0.66
Tanjung Bin Power Sdn Bhd 5.01% 16/08/2024 (AA2)	5,000,000	5,116,429	5,111,672	0.63
Tanjung Bin Power Sdn Bhd 4.54% 16/08/2019 (AA2)	5,000,000	5,029,616	5,023,785	0.62
Tanjung Bin Power Sdn Bhd 4.90% 16/08/2023 (AA2)	5,000,000	5,099,512	5,086,676	0.63
Tanjung Bin Power Sdn Bhd 5.23% 14/08/2026 (AA2)	5,000,000	5,173,010	5,173,364	0.64
Tanjung Bin Power Sdn Bhd 5.28% 16/08/2027 (AA2)	5,000,000	5,186,615	5,187,052	0.64
Teknologi Tenaga Perlis Consortium Sdn Bhd 4.59% 29/01/2021 (AA1)	5,000,000	5,049,400	5,049,463	0.62
Teknologi Tenaga Perlis Consortium Sdn Bhd 4.71% 29/07/2022 (AA1)	10,000,000	10,136,175	10,131,512	1.24
Telekom Malaysia Bhd 4.55% 20/12/2024 (AAA)	10,000,000	10,224,587	10,151,213	1.25
Temasek Eksklusif Sdn Bhd 4.62% 20/11/2019 (AA3)	5,000,000	5,088,394	5,079,721	0.62
Tenaga Nasional Bhd 5.18% 03/08/2037 (AAA)	1,000,000	1,012,154	1,013,156	0.12
The Export-Import Bank Of Korea 4.50% 12/03/2018 (AAA)	5,000,000	5,105,808	5,105,894	0.63
UEM Edgenta Bhd 4.85% 26/04/2022 (AA3)	20,000,000	20,485,768	20,460,649	2.51

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2018 (CONTINUED)</b>				
<b>UNQUOTED FIXED INCOME SECURITIES (CONTINUED)</b>				
UEM Sunrise Bhd 4.60% 13/12/2018 (AA3)	5,000,000	5,056,869	5,058,550	0.62
UEM Sunrise Bhd 4.90% 30/06/2021 (AA3)	5,000,000	5,075,290	5,066,916	0.62
UEM Sunrise Bhd 5.00% 19/05/2023 (AA3)	10,000,000	10,238,576	10,185,056	1.25
UEM Sunrise Bhd 5.06% 09/12/2022 (AA3)	5,000,000	5,089,572	5,095,102	0.63
UMW Holdings Bhd 4.82% 04/10/2019 (AA2)	5,000,000	5,121,884	5,126,521	0.63
UMW Holdings Bhd 5.02% 04/10/2021 (AA2)	10,000,000	10,326,888	10,345,451	1.27
UMW Holdings Bhd 5.12% 04/10/2023 (AA2)	5,000,000	5,188,879	5,200,653	0.64
UniTapah Sdn Bhd 5.49% 12/12/2023 (AA1)	5,000,000	5,307,645	5,309,163	0.65
UniTapah Sdn Bhd 5.54% 12/06/2024 (AA1)	5,000,000	5,332,208	5,331,404	0.66
United Growth Bhd 4.73% 21/06/2022 (AA2)	5,000,000	5,091,366	5,088,056	0.63
WCT Holdings Bhd 5.17% 23/10/2023 (AA3)	5,000,000	5,072,446	5,052,660	0.62
WCT Holdings Bhd 5.32% 11/5/2022 (AA3)	15,000,000	15,321,973	15,346,970	1.89
Westports Malaysia Sdn Bhd 5.32% 02/05/2025 (AA1)	5,000,000	5,303,850	5,264,908	0.65
YTL Corporation Bhd 4.468% 25/06/2019 (AA1)	5,000,000	5,052,406	5,049,334	0.62
YTL Power International Bhd 4.35% 24/08/2018 (AA1)	5,000,000	5,006,492	5,007,687	0.63
YTL Power International Bhd 4.49% 24/03/2023 (AA1)	5,000,000	5,089,992	5,065,116	0.63

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2018 (CONTINUED)</b>				
<b>UNQUOTED FIXED INCOME SECURITIES (CONTINUED)</b>				
YTL Power International Bhd 4.55% 10/06/2022 (AA1)	<u>5,000,000</u>	<u>5,063,494</u>	<u>5,046,663</u>	<u>0.63</u>
<b>TOTAL UNQUOTED FIXED INCOME SECURITIES</b>	<b><u>779,000,000</u></b>	<b><u>796,406,475</u></b>	<b><u>795,515,134</u></b>	<b><u>97.75</u></b>
<b>ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>(891,341)</u></b>		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>795,515,134</u></b>		

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

**9. CASH AND CASH EQUIVALENTS**

	<b>2018 RM</b>
Deposits with licensed financial institutions	18,379,423
Bank balances	<u>22,665</u>
	<u><u>18,402,088</u></u>

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

	<b>2018 %</b>
Deposits with licensed financial institutions	<u><u>3.22</u></u>

Deposits with licensed financial institutions of the Fund have an average maturity of 1 day.

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

	<b>08.08.2017</b> <b>(date of launch)</b> <b>to 28.02.2018</b>
	<hr/> <b>No. of units</b>
Class A (i)	2,000
Class C (ii)	797,990,331
	<hr/> <b>797,992,331</b>

(i) Class A

	<b>08.08.2017</b> <b>(date of launch)</b> <b>to 28.02.2018</b>
	<hr/> <b>No. of units</b>
At the date of launch	-
Add : Creation of units from applications	2,000
At the end of the financial period	<hr/> <b>2,000</b>

(ii) Class C

	<b>08.08.2017</b> <b>(date of launch)</b> <b>to 28.02.2018</b>
	<hr/> <b>No. of units</b>
At the date of launch	-
Add : Creation of units from applications	797,990,331
At the end of the financial period	<hr/> <b>797,990,331</b>

**11. MANAGEMENT EXPENSE RATIO (“MER”)**

**08.08.2017  
(date of launch)  
to 28.02.2018  
%**

MER 0.16

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 calculated on a daily basis is RM581,126,988.

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

**08.08.2017  
(date of launch)  
to 28.02.2018**

PTR (times) 0.81

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 = RM866,017,975
- total disposal for the financial period = RM71,736,550

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

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

<u>Related parties</u>	<u>Relationship</u>
CIMB-Principal Asset Management Bhd	The Manager
CIMB Group Sdn Bhd	Holding company of the Manager
CIMB Group Holdings Bhd ("CIMB")	Ultimate holding company of the Manager
CIMB Bank Bhd	Fellow related party to the Manager
CIMB Islamic Bank Bhd	Fellow related party to the Manager
Subsidiaries and associates of CIMB as disclosed in its financial statements	Subsidiary and associated companies of the ultimate holding company of the Manager

Units held by the Manager and parties related to the Manager

<b>Manager</b>	<b>2018</b>	
	<b>No. of units</b>	<b>RM</b>
CIMB-Principal Asset Management Bhd		
- Class A	2,000	2,035
- Class C	151	154

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.

**08.08.2017  
(date of launch)  
to 28.02.2018  
RM**

Significant related party transactions

Interest income from deposits with licensed financial institutions:	
- CIMB Bank Bhd	<u>95,876</u>
Cash placements with licensed financial institutions:	
- CIMB Bank Bhd	<u>559,321,000</u>

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

**2018  
RM**

Significant related party balances

Deposits with licensed financial institutions:

- CIMB Bank Bhd	<u>6,000,526</u>
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Bank balances:

- CIMB Bank Bhd	<u>21,667</u>
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**14. TRANSACTIONS WITH BROKERS/DEALERS**

Details of transactions with the top 10 brokers/dealers for the financial period from 8 August 2017 (date of launch) to 28 February 2018 are as follows:

<b>Brokers/Dealers</b>	<b>Value of trades RM</b>	<b>Percentage of total trades %</b>	<b>Brokerage fees RM</b>	<b>Percentage of total brokerage fees %</b>
Hong Leong Bank Bhd	209,775,300	22.37	-	-
RHB Investment Bank Bhd	130,365,875	13.90	-	-
RHB Bank Bhd	128,478,300	13.70	-	-
CIMB Islamic Bank Bhd #	110,247,900	11.76	-	-
Affin Hwang Investment Bank Bhd	103,947,200	11.08	-	-
CIMB Bank Bhd #	70,962,300	7.57	-	-
AmBank Bhd	70,535,300	7.52	-	-
Malayan Banking Bhd	38,168,100	4.07	-	-
Alliance Bank Malaysia Bhd	30,861,000	3.29	-	-
Hong Leong Investment Bank Bhd	23,731,250	2.53	-	-
Others	<u>20,682,000</u>	<u>2.21</u>	-	-
	<u><u>937,754,525</u></u>	<u><u>100.00</u></u>	-	-

# Included in the transactions are trades conducted with CIMB Islamic Bank Bhd and CIMB Bank Bhd, fellow related parties to the Manager amounting to RM110,247,900 and RM70,962,300 respectively. The Manager is of the opinion that all transactions with the related company have been entered into in the normal course of business at agreed terms between the related parties.

**15. SEGMENT INFORMATION**

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

The Fund aims to provide regular income through diversified investments in Malaysian bonds. The reportable operating segment derives its income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within the portfolio. These returns consist of interest income and gains on the appreciation in the value of investments, which are derived from Ringgit denominated deposits with licensed financial institutions and unquoted fixed income securities traded in Malaysia.

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

**16. COMPARATIVE FIGURES**

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

**17. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements have been approved for issue by the Manager on 16 April 2018.



**DIRECTORY**

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