

CIMB-Principal Asia Pacific Target Return Fund 1

Annual Report

For the Financial Year Ended 30 September 2020

CIMB-PRINCIPAL ASIA PACIFIC TARGET RETURN FUND 1
ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

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INVESTORS' LETTER

Dear Valued Investor,

Volatility has always been part of investing. Markets aren't more volatile than they've been in recent years. I would say the difference now is how quickly risks - may it be an announcement from the Government, a possible pandemic, or simply a tweet - can appear to affect the equity market. The roadmap to recovery will continue to be driven by supportive stimulus post US election, successful vaccine trials and the broadening recovery in China and other parts of Asia. Thus, focusing on your long-term investment plan can be one way to counteract the stresses of volatility. Eventually, markets will learn to separate noise from true information and adapt to the speed of information. It just takes time.

Our commitment to you remains steadfast. We are not advocating short-term, reactive investment decisions. A practical investment approach is generally based on a long-term view and your time horizon. Here are a few things to keep in mind:

1. Stay the course.

Remember volatility, isn't just markets dropping. It's movement. Markets can move up or down and this can create opportunities for long-term growth.

2. Review your goals, risk tolerance, and time horizon.

It's important to make sure your portfolio diversification continues to be in line with your long-term goals and matches your risk tolerance preferences.

3. Keep investing.

There is always a good time to invest. Invest whenever you can.

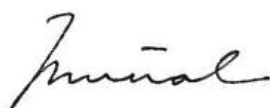
We continue to prefer equities over fixed income and remain Positive on Asian equities favouring China and more developed Asian economies on a 12-month basis. For our:

- **Conservative investors, we recommend:** Malaysia focus bond funds and regional balanced funds that are income focused.
- **More aggressive investors, we recommend:** Growth-oriented funds that offer exposure to growth areas in China, Asia-Pacific, ASEAN, Global Technology and Malaysian aggressive funds.

Please continue to check out our website (<http://www.principal.com.my>) and Facebook account (@PrincipalAssetMY) for our latest insights and investment articles.

We appreciate your continuous support and the trust you place in us. And, we're happy to share that we recently won four awards at the iFAST Awards Night 2020 and another eight awards from the Private Pension Administration ("PPA").

Yours faithfully,
for **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 moderate capital growth by investing primarily in equities, debt securities, money market instruments and/or deposits.

Has the Fund achieved its objective?

For the financial year under review, the performance of the Fund is in line with its stated objectives.

What are the Fund investment policy and principal investment strategy?

The Fund seeks to achieve its investment objective through a diversified portfolio investment investing primarily in equities and/or debt securities in the Asia Pacific ex Japan region.

The Fund will invest between 20% - 80% (both inclusive) of its Net Asset Value ("NAV") in equities and equities related securities. The Fund will invest between 20% - 80% (both inclusive) of its NAV in debt securities. Under general market conditions, the Fund will invest in equities of companies which the Sub-Manager believes will exhibit good growth potential when compared against its peers or the overall market. For investment in debt securities, the minimum credit rating for these debt securities must be at least "BBB" by Fitch or its equivalent by Standard & Poor's ("S&P") and Moody's and/or at least "A3" by RAM Ratings ("RAM") or equivalent rating by Malaysian Rating Corporation Bhd ("MARC") or by local rating agency(ies) of the country. Notwithstanding, the Fund may invest up to 20% of the Fund's NAV in Unrated Securities. The Fund may also invest up to 20% of its NAV in liquid assets, i.e. Deposits and money market instruments for liquidity purpose. The Sub-Manager has the flexibility to determine the asset allocation between different asset classes according to their views on the prevailing market condition and the asset allocation strategy of the Fund. For example, the Sub-Manager may invest up to 80% of the Fund's NAV in equities with the aim to generate added return in rising market or can invest up to 80% of the Fund's NAV in debt securities in the volatile market to preserve value of the Fund.

The Manager has appointed Principal Asset Management (S) Pte Ltd ("Principal Singapore"), a company incorporated in Singapore, as the Sub-Manager of the Fund. The Sub-Manager of the Fund will be responsible for investing and managing the equities portion, debt portion and asset allocation of the Fund in accordance with the investment objective and within the investment restrictions. For debt portion, the Manager will work with the Sub-Manager in the overall due diligence and debt selection process.

Fund category/type

Mixed asset/Growth

When was the Fund launched?

29 January 2018

What was the size of the Fund as at 30 September 2020?

RM15.47 million (13.55 million units)

FUND OBJECTIVE AND POLICY (CONTINUED)

What is the Fund's benchmark?

The performance of this Fund cannot be compared directly with any specific publicly available benchmark. However, the Fund has a target return of 17% over 3-year tenure or 5.66% per annum. This is not a guaranteed return and is only a measurement of the Fund's performance. The Fund may not achieve the target return in any particular financial year but targets to achieve this growth over the 3-year tenure.

Note: Investors are cautioned that the risk profile of the Fund is not the same as the risk profile of the benchmark and the target return of 17% over 3-year tenure will be subject to applicable fees, charges and expenses. As such, the net return received by the investors may be lower than the benchmark after taking into account the applicable fees, charges and expenses. Investors should also note that the rate of returns may differ subject to the NAV per unit upon investment into the Fund.

What is the Fund distribution policy?

Given the Fund's investment objective, the Fund is not expected to pay any distribution. Distributions, if any, are at the Manager's discretion and will vary from period to period depending on the availability of realised income and/or realised gains for distribution and performance of the Fund.

What was the net income distribution for the financial year ended 30 September 2020?

There was no distribution made for the financial year ended 30 September 2020.

PERFORMANCE DATA

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

	30.09.2020	30.09.2019	30.09.2018
	%	%	%
Collective investment schemes	93.15	89.34	91.60
Cash and other net assets	6.85	10.66	8.40
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	30.09.2020	30.09.2019	30.09.2018
NAV (RM Million)	15.47	13.45	15.87
Units in circulation (Million)	13.55	13.89	16.40
NAV per unit (RM)	1.1420	0.9681	0.9680
			29.01.2018
			(date of launch)
			to 30.09.2018
Highest NAV per unit (RM)	1.1639	0.9976	1.0237
Lowest NAV per unit (RM)	0.8305	0.8662	0.9377
Total return (%)	17.98	0.04	(3.21)
- Capital growth (%)	17.98	0.04	(3.21)
- Income distribution (%)	-	-	-
Management Expense Ratio ("MER") (%) ^	1.07	1.00	0.74
Portfolio Turnover Ratio ("PTR") (times) #	0.02	0.09	1.55

^ The Fund's MER increased from 1.00% to 1.07% mainly due to increased expenses during the financial year under review.

The Fund's PTR decreased from 0.09 times to 0.02 times due to less trading activities during the financial year under review.

	30.09.2020	30.09.2019	Since inception to 30.09.2018
		%	%
Annual total return	17.98	0.04	(3.21)

(Launch date: 29 January 2018)

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

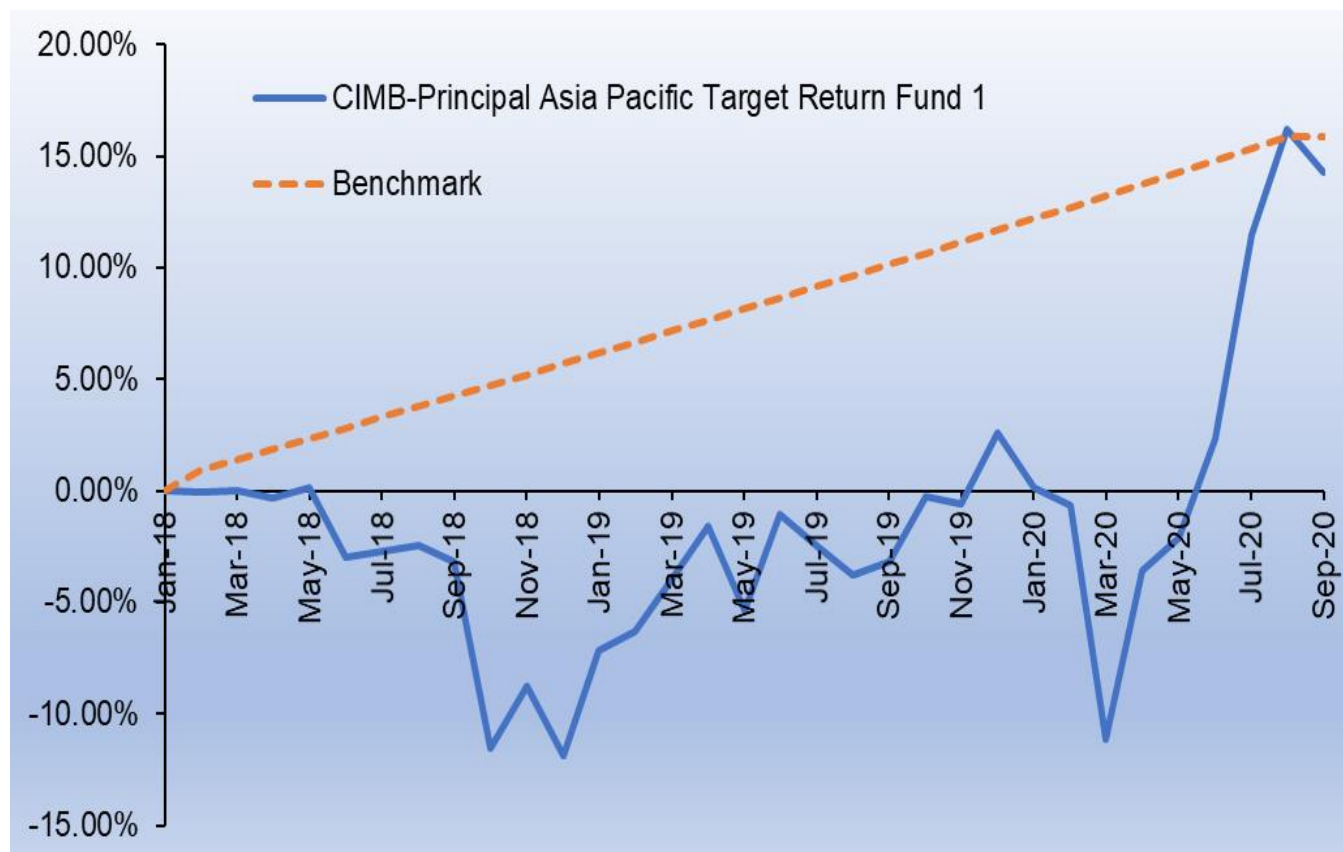
MARKET REVIEW (1 OCTOBER 2019 TO 30 SEPTEMBER 2020)

Markets entered a volatile phase during the financial year under review. Towards the end of 2019, global economic recovery was strong, but this was derailed by the onset of Coronavirus 2019 (“COVID-19”) which quickly affected every region of the world. Markets were hit by the cessation of economic activities globally. Central Banks responded by lowering interest rates and providing liquidity backstop against financial disruptions. As a result, credit spreads narrowed and equities rebounded from their lows in late-March 2020. The re-opening of economies led to strong performances of equities particularly technology, information technology, consumer cyclicals and materials. China and North Asia outperformed the rest of Asia.

FUND PERFORMANCE

	1 year to 30.09.2020 %	Since inception to 30.09.2020 %
Income distribution	-	-
Capital growth	17.98	14.24
Total Return	17.98	14.24
Benchmark	5.66	15.85
Average Total Return	17.98	5.10

The Fund achieved a total return of 14.24% since inception, with strong contribution for the 1 year to September 2020 of 17.98%. This is largely due to buoyant equity markets on the back of low interest rates and strong liquidity environment.



FUND PERFORMANCE (CONTINUED)

Changes in NAV

	30.09.2020	30.09.2019	Changes %
NAV (RM Million)	15.47	13.45	15.02
NAV/Unit (RM)	1.1420	0.9681	17.96

The Fund's NAV per unit rose by 17.96% to RM1.1420 due to strong performances of its underlying investments. The NAV rose 15.02% partly affected by redemptions of the units.

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

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	30.09.2020	30.09.2019
Collective investment schemes	93.15	89.34
Cash and other net assets	6.85	10.66
TOTAL	100.00	100.00

The Fund Manager deployed some cash towards raising the equity exposure of the Fund during the COVID-19 market crisis.

MARKET OUTLOOK*

Despite the ravages of COVID-19 and trade tensions between US and China, equity markets were buoyed by historically low interest rates and large amounts for financial system liquidity. Asian markets were supported by strong economic growth from China, low inflation throughout the region, and stable currencies. Stock markets benefitted from strong stock performances from the technology sectors, with country champions like Tencent, Meituan, Samsung Electronics, Taiwan Semiconductor Manufacturing Company, Reliance Industries showing price leadership. Bonds also performed very well in light of low inflation, interest rate cuts, and Central Bank support. We remain positive on financial assets throughout Asia over the next 12 months on earnings prospects in 2021 and reasonable valuation.

* 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 Asset Management Berhad ("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

We are positive on the financial markets with a preference for equities over bonds. Fiscal and monetary policy will remain highly accommodative which is supportive for stocks. Many investors probably missed the rebound in equities and are eager to buy on dips. There is a lot of cash on the sidelines. Quantitative easing by major central banks is boosting confidence. Economic data is showing improvement across most countries and Purchasing Manager Index (“PMI”) are likely to accelerate in second half of 2020. Specifically, consumption indicators in China are showing a strong recovery despite the absence of dramatic stimulus. A stable US Dollar (“USD”), recovering economies globally, more confidence in corporate earnings growth in 2021 and relatively cheaper valuations are tailwinds for Asian equities. Within Asian equities, we have added to more economically sensitive names along the growth and value spectrum.

UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 30 September 2020 are as follows:

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	1	0.00	0.00
5,001 - 10,000	-	-	-
10,001 - 50,000	-	-	-
50,001 - 500,000	-	-	-
500,001 and above	1	13.55	100.00
Total	2	13.55	100.00

SOFT COMMISSIONS AND REBATES

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 Principal Malaysia funds unless the soft commission received is retained in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Funds. All dealings with brokers are executed on best available terms.

During the financial year/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-PRINCIPAL ASIA PACIFIC TARGET RETURN FUND 1**

We, being the Directors of 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 14 to 37 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position of the Fund as at 30 September 2020 and of its financial performance, changes in equity and cash flows for the financial year then ended in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

For and on behalf of the Manager

Principal Asset Management Berhad (Company No.: 199401018399 (304078-K))

MUNIRAH KHAIRUDDIN
Chief Executive Officer/Executive Director

JUAN IGNACIO EYZAGUIRRE BARAONA
Director

Kuala Lumpur
16 November 2020

**TRUSTEE'S REPORT TO THE UNITHOLDERS OF
CIMB-PRINCIPAL ASIA PACIFIC TARGET RETURN FUND 1**

We have acted as Trustee of CIMB-Principal Asia Pacific Target Return Fund 1 ("the Fund") for the financial year ended 30 September 2020. To the best of our knowledge, Principal Asset Management Berhad ("the Manager"), has operated and managed the Fund in accordance with the following:-

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

For HSBC (Malaysia) Trustee Berhad

Vicknesan Balakrishnan
Chief Executive Officer

Kuala Lumpur
16 November 2020

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL ASIA PACIFIC TARGET RETURN FUND 1**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of CIMB-Principal Asia Pacific Target Return Fund 1 (the "Fund") give a true and fair view of the financial position of the Fund as at 30 September 2020, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 30 September 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 14 to 37.

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' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2(a) to the financial statements which states the Fund will be terminated on 20 October 2020. These financial statements have therefore been prepared using a liquidation basis of accounting. Our opinion is not qualified in respect of this matter.

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL ASIA PACIFIC TARGET RETURN FUND 1 (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 the Manager's Report, but does not include the financial statements of the Fund and our auditors' report thereon.

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

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

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

Responsibilities of the Manager for the financial statements

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

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

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.

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL ASIA PACIFIC TARGET RETURN FUND 1 (CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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 ASIA PACIFIC TARGET RETURN FUND 1 (CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT

LLP0014401-LCA & AF 1146

Chartered Accountants

Kuala Lumpur

16 November 2020

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020**

	Note	2020 RM	2019 RM
INCOME			
Dividend income		304,518	47,062
Interest income from deposits with licensed financial institutions at amortised cost		47	-
Net gain on financial assets at fair value through profit or loss	7	2,235,292	75,356
Exit fee income		26,855	71,252
		2,566,712	193,670
EXPENSES			
Management fee	4	111,334	112,382
Trustee's fee	5	6,958	7,024
Audit fee		13,600	13,600
Tax agent's fee		9,800	2,400
Other expenses		7,112	5,750
		148,804	141,156
PROFIT BEFORE TAXATION		2,417,908	52,514
Taxation	6	(63,277)	(99,047)
PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR		2,354,631	(46,533)
Profit/(Loss) after taxation is made up as follows:			
Realised amount		339,555	(77,938)
Unrealised amount		1,995,076	31,405
		2,354,631	(46,533)

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

**STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020**

	Note	2020 RM	2019 RM
ASSETS			
Cash and cash equivalents	8	964,221	1,401,734
Amount due from Manager of collective investment schemes			
- Management fee rebates		43,514	56,091
Dividends receivable		77,489	-
Financial assets at fair value through profit or loss	7	<u>14,414,583</u>	<u>12,012,425</u>
TOTAL ASSETS		<u>15,499,807</u>	<u>13,470,250</u>
LIABILITIES			
Accrued management fee		10,133	8,851
Amount due to Trustee		633	553
Other payables and accruals		<u>14,700</u>	<u>14,700</u>
TOTAL LIABILITIES		<u>25,466</u>	<u>24,104</u>
NET ASSET VALUE OF THE FUND		<u>15,474,341</u>	<u>13,446,146</u>
EQUITY			
Unit holders' capital		13,715,163	14,041,599
Retained earnings/(Accumulated losses)		<u>1,759,178</u>	<u>(595,453)</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>15,474,341</u>	<u>13,446,146</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	9	<u>13,549,093</u>	<u>13,888,242</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.1420</u>	<u>0.9681</u>

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020**

	Unit holders' capital RM	Retained earnings/ (Accumulated) losses RM	Total RM
Balance as at 1 October 2019	14,041,599	(595,453)	13,446,146
Movement in unit holders' contributions:			
- Cancellation of units	(326,436)	-	(326,436)
Total comprehensive income for the financial year	<u>-</u>	<u>2,354,631</u>	<u>2,354,631</u>
Balance as at 30 September 2020	<u>13,715,163</u>	<u>1,759,178</u>	<u>15,474,341</u>
Balance as at 1 October 2018	16,423,702	(548,920)	15,874,782
Movement in unit holders' contributions:			
- Cancellation of units	(2,382,103)	-	(2,382,103)
Total comprehensive loss for the financial year	<u>-</u>	<u>(46,533)</u>	<u>(46,533)</u>
Balance as at 30 September 2019	<u>14,041,599</u>	<u>(595,453)</u>	<u>13,446,146</u>

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020**

	Note	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from disposal of collective investment schemes		160,000	2,413,000
Purchase of collective investment schemes		(335,000)	-
Interest income received from deposits with licensed financial institutions		47	-
Management fee paid		(110,052)	(113,842)
Management fee rebates received		247,740	308,777
Trustee's fee paid		(6,878)	(7,115)
Payments for other fees and expenses		(30,513)	(18,150)
Exit fee income received		26,855	71,252
Tax paid		(63,276)	(99,047)
Net cash (used in)/generated from operating activities		<u>(111,077)</u>	<u>2,554,875</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for cancellation of units		(326,436)	(2,382,103)
Net cash used in financing activities		<u>(326,436)</u>	<u>(2,382,103)</u>
Net (decrease)/increase in cash and cash equivalents		(437,513)	172,772
Cash and cash equivalents at the beginning of the financial year		1,401,734	1,228,962
Cash and cash equivalents at the end of the financial year	8	<u>964,221</u>	<u>1,401,734</u>
<u>Cash and cash equivalents comprised of:</u>			
Bank balance		964,221	1,401,734
Cash and cash equivalents at the end of the financial year	8	<u>964,221</u>	<u>1,401,734</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES**

CIMB-Principal Asia Pacific Target Return Fund 1 (the “Fund”) was constituted pursuant to the execution of a Deed dated 14 November 2017 (referred to as the “Deed”) between Principal Asset Management Berhad (the “Manager”) and HSBC (Malaysia) Trustee Berhad (the “Trustee”).

The Fund seeks to achieve its investment objective through a diversified portfolio investment investing primarily in equities and/or debt securities in the Asia Pacific ex Japan region.

The Fund will invest between 20% - 80% (both inclusive) of its NAV in equities and equities related securities. The Fund will invest between 20% - 80% (both inclusive) of its NAV in debt securities. Under general market conditions, the Fund will invest in equities of companies which the Sub-Manager believes will exhibit good growth potential when compared against its peers or the overall market. For investment in debt securities, the minimum credit rating for these debt securities must be at least “BBB” by Fitch or its equivalent by S&P and Moody’s and/or at least “A3” by RAM or equivalent rating by MARC or by local rating agency(ies) of the country. Notwithstanding, the Fund may invest up to 20% of the Fund’s NAV in Unrated Securities. The Fund may also invest up to 20% of its NAV in liquid assets, i.e. Deposits and money market instruments for liquidity purpose. The Sub-Manager has the flexibility to determine the asset allocation between different asset classes according to their views on the prevailing market condition and the asset allocation strategy of the Fund. For example, the Sub-Manager may invest up to 80% of the Fund’s NAV in equities with the aim to generate added return in rising market or can invest up to 80% of the Fund’s NAV in debt securities in the volatile market to preserve value of the Fund.

The Manager has appointed Principal Singapore, a company incorporated in Singapore, as the Sub-Manager of the Fund. The Sub-Manager of the Fund will be responsible for investing and managing the equities portion, debt portion and asset allocation of the Fund in accordance with the investment objective and within the investment restrictions. For debt portion, the Manager will work with the Sub-Manager in the overall due diligence and debt selection process.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

The Fund commenced operations on 29 January 2018 and will be terminated on 20 October 2020 as provided under the Deed (Note 15). As such, the going concern assumption can no longer be used for the preparation of the financial statements. The financial statements have therefore been prepared using a liquidation basis of accounting.

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

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

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

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

The Fund has applied the following amendments to published standards for the first time for the financial year beginning 1 October 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 effective for financial year beginning on 1 October 2019 that have a material effect on the financial statements of the Fund.

There are no new applicable standards, amendments to standards or interpretations effective for financial year beginning on/after 1 October 2020 that are applicable to the financial statements of the Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(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 profit or loss, and
- those to be measured at amortised cost.

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

Investment in collective investment schemes have debt instruments with contractual cash flows that do not represent solely payment of principal and interest ("SPPI") and therefore are classified as fair value through profit or loss.

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

The Fund classifies cash and cash equivalents, amount due from Manager of collective investment schemes 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 accrued management fee, amount due to Trustee, and other payables and accruals as other 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. Investments are initially recognised at fair value.

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

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

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

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

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

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

Collective investment schemes are valued based on the most recent published NAV per unit or share of such collective investment schemes or, if unavailable, on the last published price of such unit or share (excluding any sales charge included in such selling price).

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Income recognition

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

Interest income from deposits with licensed financial institutions is recognised on a time proportionate basis using the effective interest rate method on an accrual basis.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

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

(d) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balance that is readily convertible to known amounts of cash and which is subject to an insignificant risk of changes in value.

(e) Taxation

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

(f) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(g) Management fee rebate**

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

(h) Exit fee income

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

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

(i) Unit holders' contributions

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 are no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- the total expected cash flows from the units over its life are based substantially on the profit or loss of the Fund.

The outstanding units are carried at the redemption amount that is payable at each financial year if a 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.

(j) Realised and unrealised portions of profit or loss after tax

The analysis of realised and unrealised profit or loss after tax as presented on the statement of comprehensive income is prepared in accordance with SC Guidelines on Unit Trust Funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Financial instruments of the Fund are as follows:

	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
2020			
Cash and cash equivalents (Note 8)	-	964,221	964,221
Amount due from Manager of collective investment schemes			
- Management fee rebates	-	43,514	43,514
Dividends receivable	-	77,489	77,489
Collective investment schemes (Note 7)	<u>14,414,583</u>	<u>-</u>	<u>14,414,583</u>
	<u>14,414,583</u>	<u>1,085,224</u>	<u>15,499,807</u>
2019			
Cash and cash equivalents (Note 8)	-	1,401,734	1,401,734
Amount due from Manager of collective investment schemes			
- Management fee rebates	-	56,091	56,091
Collective investment schemes (Note 7)	<u>12,012,425</u>	<u>-</u>	<u>12,012,425</u>
	<u>12,012,425</u>	<u>1,457,825</u>	<u>13,470,250</u>

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

The Fund aims to provide moderate capital growth by investing primarily in equities, debt securities, money market instruments and/or deposits.

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.

(a) Market risk

(i) Price risk

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

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

(a) Market risk (continued)

(i) Price risk (continued)

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

	2020	2019
	RM	RM
Financial assets at fair value through profit or loss:		
- Collective investment schemes	<u>14,414,583</u>	<u>12,012,425</u>

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

% Change in price of collective investment schemes	Market value RM	Impact on profit or loss/NAV RM
2020		
-5%	13,693,854	(720,729)
0%	14,414,583	-
5%	<u>15,135,312</u>	<u>720,729</u>
2019		
-5%	11,411,804	(600,621)
0%	12,012,425	-
5%	<u>12,613,046</u>	<u>600,621</u>

(ii) Interest rate risk

Interest rate risk is the risk that the value of the Fund's investments and its return will fluctuate because of changes in market interest rates.

Interest rate is a general economic indicator that will have an impact on the management of the Fund. The Fund's exposure to the interest rate risk is mainly confined to short-term placements with licensed financial institutions. The Manager overcomes the exposure by way of maintaining deposits on a short-term basis.

As at the end of the reporting period, the Fund does not hold any deposits and is not exposed to a material level of interest rate risk.

3. FINANCIAL INSTRUMENTS AND 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.

For amount due from Manager of collective investment schemes, the Fund invests with an investment management company of the collective investment schemes which is authorised or approved by the relevant regulatory authority in its home jurisdiction.

The following table sets out the credit risk concentration of the Fund at the end of each reporting year:

	Cash and cash equivalents RM	Amount due from Manager of collective investment schemes RM	Dividends receivable RM	Total RM
2020				
- AAA	964,221	-	-	964,221
- Not Rated	-	43,514	77,489	121,003
	<u>964,221</u>	<u>43,514</u>	<u>77,489</u>	<u>1,085,224</u>
2019				
- AAA	1,401,734	-	-	1,401,734
- Not Rated	-	56,091	-	56,091
	<u>1,401,734</u>	<u>56,091</u>	<u>-</u>	<u>1,457,825</u>

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

(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 balance capable of being converted into cash within 7 business days. The Fund's investments in collective investment schemes are realisable which are capable of being converted into cash within 10 business days. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

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

(c) Liquidity risk (continued)

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

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
2020			
Accrued management fee	10,133	-	10,133
Amount due to Trustee	633	-	633
Other payables and accruals	-	14,700	14,700
Contractual undiscounted cash flows	10,766	14,700	25,466
2019			
Accrued management fee	8,851	-	8,851
Amount due to Trustee	553	-	553
Other payables and accruals	-	14,700	14,700
Contractual undiscounted cash flows	9,404	14,700	24,104

(d) Capital risk management

The capital of the Fund is represented by equity consisting of unit holders' capital of RM13,715,163 (2019: RM14,041,599) and retained earnings/(accumulated losses) of RM1,759,178 (2019: (RM595,453)). The amount of capital can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

(e) Fair value estimation

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

The fair value of financial assets traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the financial year 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.

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

(e) Fair value estimation (continued)

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.

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2020				
Financial asset at fair value through profit or loss:				
- Collective investment schemes	<u>14,414,583</u>	<u>-</u>	<u>-</u>	<u>14,414,583</u>
2019				
Financial asset at fair value through profit or loss:				
- Collective investment schemes	<u>12,012,425</u>	<u>-</u>	<u>-</u>	<u>12,012,425</u>

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

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

(ii) The carrying values of cash and cash equivalents, amount due from Manager of collective investment schemes, 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 Deed, the Manager 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 year ended 30 September 2020, the management fee is recognised at a rate of 0.80% per annum (2019: 0.80% per annum).

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

5. TRUSTEE AND CUSTODIAN FEE

In accordance with the Deed, the Trustee is entitled to a maximum fee of 0.05% per annum, calculated daily based on the NAV of the Fund. The Trustee fee includes local custodian fee but excludes foreign sub-custodian fee and charges.

For the financial year ended 30 September 2020, the Trustee fee is recognised at a rate of 0.05% per annum (2019: 0.05% per annum).

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

6. TAXATION

	2020	2019
	RM	RM
Tax charged for the financial year:		
- Current taxation	62,665	70,500
- Under provision of prior year taxation	612	28,547
	63,277	99,047

6. TAXATION (CONTINUED)

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:

	2020	2019
	RM	RM
Profit before taxation	<u>2,417,908</u>	<u>52,514</u>
Taxation at Malaysian statutory rate of 24%	580,298	12,603
Tax effects of:		
- (Investment income not subject to tax)/Loss not deductible for tax purposes	(550,204)	27,737
- Expenses not deductible for tax purposes	4,281	2,822
- Restriction on tax deductible expenses for Unit Trust Funds	28,290	27,338
- Under provision of prior year's taxation	<u>612</u>	<u>28,547</u>
Taxation	<u><u>63,277</u></u>	<u><u>99,047</u></u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020	2019
	RM	RM
At fair value through profit or loss:		
- Collective investment schemes	<u><u>14,414,583</u></u>	<u><u>12,012,425</u></u>

	2020	2019
	RM	RM
Net gain on financial assets at fair value through profit or loss:		
- Realised gain/(loss) on disposals	5,053	(194,037)
- Unrealised fair value gain	1,995,076	31,405
- Management fee rebate #	<u>235,163</u>	<u>237,988</u>
	<u><u>2,235,292</u></u>	<u><u>75,356</u></u>

Management fee rebate represents the Fund's entitlement to management fee rebate from the Manager of the collective investment schemes the Fund invests in.

For the financial year ended 30 September 2020 and 30 September 2019, the management fee rebates are recognised at rates as per table below, calculated and accrued daily based on the NAV of the collective investment schemes.

	%
Principal Islamic Asia Pacific Dynamic Equity Fund (<i>formerly known as CIMB Islamic Asia Pacific Equity Fund</i>)	1.80
Principal Asia Pacific Dynamic Growth Fund (<i>formerly known as CIMB-Principal Asia Pacific Dynamic Growth Fund</i>)	1.80
Principal Asia Pacific Dynamic Income Fund (<i>formerly known as CIMB-Principal Asia Pacific Dynamic Income Fund</i>)	1.80
Principal Asia Pacific Dynamic Mixed Asset Fund (<i>formerly known as CIMB-Principal Asia Pacific Dynamic Mixed Asset Fund</i>)	1.80
Principal Asia Titans Fund (<i>formerly known as CIMB-Principal Asian Equity Fund</i>)	1.85

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2020				
COLLECTIVE				
INVESTMENT SCHEMES				
Principal Islamic Asia Pacific Dynamic Equity Fund (<i>formerly known as CIMB Islamic Asia Pacific Equity Fund</i>)	3,120,628	2,654,861	2,964,596	19.16
Principal Asia Pacific Dynamic Growth Fund (<i>formerly known as CIMB-Principal Asia Pacific Dynamic Growth Fund</i>)	1,872,526	2,580,902	3,059,521	19.77
Principal Asia Pacific Dynamic Income Fund (<i>formerly known as CIMB-Principal Asia Pacific Dynamic Income Fund</i>)	6,932,079	2,592,237	2,682,715	17.34
Principal Asia Pacific Dynamic Mixed Asset Fund (<i>formerly known as CIMB-Principal Asia Pacific Dynamic Mixed Asset Fund</i>)	2,420,551	2,632,217	2,697,704	17.43
Principal Asia Titans Fund (<i>formerly known as CIMB-Principal Asian Equity Fund</i>)	3,169,472	2,723,133	3,010,047	19.45
TOTAL COLLECTIVE INVESTMENT SCHEMES	17,515,256	13,183,350	14,414,583	93.15
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		1,231,233		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		14,414,583		

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2019				
COLLECTIVE				
INVESTMENT SCHEMES				
CIMB Islamic Asia Pacific Equity Fund	3,138,958	2,676,256	2,437,401	18.13
CIMB-Principal Asia Pacific Dynamic Growth Fund	1,756,412	2,424,902	2,280,701	16.96
CIMB-Principal Asia Pacific Dynamic Income Fund	6,681,640	2,503,414	2,401,382	17.86
CIMB-Principal Asia Pacific Dynamic Mixed Asset Fund	2,350,407	2,559,924	2,457,350	18.28
CIMB-Principal Asian Equity Fund	3,032,360	2,611,772	2,435,591	18.11
TOTAL COLLECTIVE INVESTMENT SCHEMES	<u>16,959,777</u>	<u>12,776,268</u>	<u>12,012,425</u>	<u>89.34</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(763,843)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>12,012,425</u>		

The collective investment schemes above are managed by Principal Asset Management Berhad.

8. CASH AND CASH EQUIVALENTS

	2020	2019
	RM	RM
Bank balance	<u>964,221</u>	<u>1,401,734</u>

9. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2020	2019
	No. of units	No. of units
At the beginning of the financial year	13,888,242	16,399,482
Less: Cancellation of units	<u>(339,149)</u>	<u>(2,511,240)</u>
At the end of the financial year	<u>13,549,093</u>	<u>13,888,242</u>

10. MANAGEMENT EXPENSE RATIO (“MER”)

	2020	2019
	%	%
MER	<u>1.07</u>	<u>1.00</u>

MER is derived based on 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 year calculated on a daily basis is RM13,911,900 (2019: RM14,045,870).

11. PORTFOLIO TURNOVER RATIO (“PTR”)

	2020	2019
PTR (times)	<u>0.02</u>	<u>0.09</u>

PTR is derived from the following calculation:

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

where:

total acquisition for the financial year	=	RM335,000 (2019: Nil)
total disposal for the financial year	=	RM154,946 (2019: RM2,413,000)

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

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

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

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

Units held by the Manager and parties related to the Manager

	2020		2019	
	No. of units	RM	No. of units	RM
Manager				
Principal Asset Management Berhad	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

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

There are no significant related party transactions during the financial year and balances at the end of the financial year, other than those disclosed elsewhere in the financial statements.

13. TRANSACTIONS WITH DEALER

Details of transactions with the dealer for the financial year ended 30 September 2020 are as follows:

Dealer	Value of trades RM	Percentage of total trades %	Brokerage Fees RM	Percentage of total brokerage fees %
Principal Asset Management Berhad #	<u>489,946</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

Details of transactions with the dealer for the financial year ended 30 September 2019 are as follows:

Dealer	Value of trades RM	Percentage of total trades %	Brokerage Fees RM	Percentage of total brokerage fees %
Principal Asset Management Berhad #	<u>2,413,000</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

Included in the transactions are trades conducted with Principal Asset Management Berhad, the Manager, amounting to RM489,946 (2019: RM2,413,000). The Manager is of the opinion that all transactions have been entered into in the normal course of business at agreed terms between the related parties.

14. SIGNIFICANT EVENT DURING THE YEAR

The worsening of the macro-economic outlook as a result of COVID-19, both domestically and globally, has impacted the Fund's performance during the financial year.

The Manager continues monitoring the situation closely and will be managing the portfolio to achieve the Fund's objective.

15. SUBSEQUENT EVENT

The Fund may be terminated early should the Early Termination Event occur, i.e.:

- i) Upon achieving the Trigger NAV, i.e. RM1.17; or
- ii) On the Business Day immediately preceding the third (3rd) anniversary of the Commencement Date; whichever is earlier.

The Fund has achieved the Trigger NAV on 7 October 2020 and will be terminated on 20 October 2020 as provided under the Deed.

16. APPROVAL OF FINANCIAL STATEMENTS

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

DIRECTORY

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