

**CIMB ISLAMIC DEPOSIT FUND 2**

**UNAUDITED INTERIM REPORT**

**FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2019**

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## INVESTORS' LETTER

Dear Valued Investor,

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

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

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

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

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



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



Manage over RM88.1 billion in assets.



Numerous awards –

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



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



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

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

**INVESTORS' LETTER (CONTINUED)**

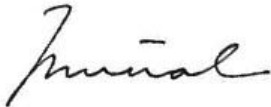
In our effort to serve you better, we would like to encourage you to update us with your latest contact information. Please call our customer care hotline at 03-7718 3000 to speak to our representative.

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

May 2020 be a good year for you!

Thank you.

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



**Munirah Khairuddin**  
Chief Executive Officer

## MANAGER'S REPORT

### FUND OBJECTIVE AND POLICY

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

The Fund aims to provide investors with liquidity and regular income, whilst maintaining capital stability by investing primarily in Islamic deposits.

#### Has the Fund achieved its objective?

For the financial period under review, the Fund is in line with its stated objectives.

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

The Fund will invest at least 70% of the Fund's Net Asset Value ("NAV") in Islamic Deposits with Islamic Financial Institutions.

Up to 30% of the Fund's NAV may be invested in Islamic Money Market Instruments, all of which have a remaining maturity period of not more than 365 days. The Fund may also invest up to 10% of the Fund's NAV in Islamic Deposits and Islamic Money Market Instruments with a remaining maturity period of more than 365 days but less than 732 days. The minimum credit rating for the Islamic Money Market Instruments must be at least "BBB3" or "P2" by RAM Ratings ("RAM") or equivalent rating by Malaysian Rating Corporation Berhad ("MARC") or by local rating agency(ies) of the country or "BBB" by Standard & Poor's ("S&P") or equivalent rating by Moody's or Fitch. The Manager will manage the portfolio actively with trading frequency that will depend on the view of the interest rate outlook. The investment policy and strategy is to invest in liquid and low risk short-term investments for capital preservation\* and to accommodate the short-term cash flow requirements of its unit holders.

**Note:** \*The Fund is neither a capital guaranteed fund nor a capital protected fund within the definition in the SC Guidelines.

#### Fund category/type

Money Market (Shariah-compliant)/Income

#### How long should you invest for?

Recommended to one (1) year

#### When was the Fund launched?

Class A, Class B and Class C

7 November 2017

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

RM4.68 million (4.68 million units)

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

CIMB Islamic Bank Overnight Rate\* for performance comparison.

\* The benchmark is customised as such to align it closer to the structure of the portfolio and the objective of the Fund. The Islamic Overnight Rate is reflective of the objective of the Fund. Thus, investors are cautioned that the risk profile of the Fund is higher than investing in Islamic deposits.

#### What is the Fund distribution policy?

Monthly, depending on the availability of realised income and/or realised gains and at Manager's discretion.

**FUND OBJECTIVE AND POLICY (CONTINUED)**

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

The Fund distributed a total of RM0.08 million to unit holders for the six months financial period ended 30 November 2019.

The Fund's NAV per unit are as follows:

<b>Date</b>	<b>NAV per unit (before distribution) RM</b>	<b>NAV per unit (after distribution) RM</b>
28.06.2019		
Class B	1.0026	1.0000
Class C	1.0027	1.0000
31.07.2019		
Class B	1.0027	1.0000
Class C	1.0028	1.0000
30.08.2019		
Class C	1.0019	1.0000
30.09.2019		
Class B	1.0012	1.0000
Class C	1.0020	1.0000
31.10.2019		
Class B	1.0021	1.0000
Class C	1.0022	1.0000
29.11.2019		
Class B	1.0018	1.0000
Class C	1.0019	1.0000

**PERFORMANCE DATA**

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

	<b>30.11.2019</b>	<b>30.11.2018</b>
	%	%
Shariah-compliant deposits with licensed Islamic financial institutions	99.94	-
Cash and other net assets	0.06	100.00
	<u>100.00</u>	<u>100.00</u>

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

	<b>30.11.2019</b>	<b>30.11.2018</b>
NAV (RM Million)*		
- Class A	0.00	0.00
- Class B	3.27	0.00
- Class C	1.41	0.00
Units in circulation (Million)		
- Class A	0.00	0.00
- Class B	3.27	0.00
- Class C	1.41	0.00
NAV per unit (RM)*		
- Class A	1.0000	1.0000
- Class B	0.9999	1.0000
- Class C	0.9999	1.0000
	<b>01.06.2019</b>	<b>01.06.2018</b>
	<b>to 30.11.2019</b>	<b>to 30.11.2018</b>
Highest NAV per unit (RM)		
- Class A	1.0000	1.0000
- Class B	1.0025	1.0000
- Class C	1.0026	1.0000
Lowest NAV per unit (RM)*		
- Class A	1.0000	1.0000
- Class B	1.0000	1.0000
- Class C	1.0000	1.0000
Total return (%)		
- Class A	-	-
- Class B	1.07	-
- Class C	1.38	-
Capital growth (%)		
- Class A	-	-
- Class B	-	-
- Class C	-	-
Income distribution (%)		
- Class A	-	-
- Class B	1.07	-
- Class C	1.38	-

\*Ex-distribution

**PERFORMANCE DATA (CONTINUED)**

	<b>01.06.2019 to 30.11.2019</b>	<b>01.06.2018 to 30.11.2018</b>
Management Expense Ratio ("MER") ^	0.28	>100.00
Portfolio Turnover Ratio ("PTR") #	10.02	-

^ The Fund's MER was lower at 0.28% due to significant increase in average NAV during the financial period under review.

# The Fund's PTR for the financial period under review stood at 10.02 times.

	<b>01.06.2019 to 30.11.2019</b>	<b>01.06.2018 to 30.11.2018</b>
<b>Date of distribution</b>		
Gross/Net distribution per unit (sen)		
Distribution on 28.06.2019		
- Class B	0.27	-
- Class C	0.28	-
Distribution on 31.07.2019		
- Class B	0.27	-
- Class C	0.29	-
Distribution on 30.08.2019		
- Class C	0.19	-
Distribution on 30.09.2019		
- Class B	0.12	-
- Class C	0.20	-
Distribution on 31.10.2019		
- Class B	0.21	-
- Class C	0.22	-
Distribution on 29.11.2019		
- Class B	0.19	-
- Class C	0.20	-
	<b>30.11.2019</b>	<b>Since inception to 30.11.2018</b>
	%	%
Annual total return		
- Class A	-	-
- Class B	1.40	-
- Class C	2.66	-

(Launch date: 7 November 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 (1 JUNE 2019 TO 30 NOVEMBER 2019)**

There were no changes to the Overnight Policy Rate (“OPR”) during the financial period under review. On 5 November 2019, Bank Negara Malaysia (“BNM”) maintained the OPR at 3.00% and the monetary policy committee considers the current monetary policy stance remains “accommodative and supportive of economic activity”. The Monetary Policy Committee (“MPC”) continued to reiterate the downside risks in the global economy due to geopolitical tensions, policy uncertainty and unresolved trade disputes. Nevertheless, BNM unexpectedly announced a 50 basis points (“bps”) cut in the Statutory Reserve Requirement (“SRR”) to 3.00% from 3.50%, to maintain sufficient liquidity in the system, as the cut will release approximately RM7.4 billion into the banking system.

Malaysia’s growth slowed to 4.4% year-on-year (“y-o-y”) in the third quarter of 2019, versus 4.9% y-o-y in the second quarter of the year. The slowdown in growth is attributable to the contractions in mining and construction, on top of slower services, manufacturing and agriculture. Nevertheless, Malaysia’s unemployment rate remained steady at 3.3% in September 2019 and inflation rate also remained steady at +1.1% y-o-y in October 2019.

**FUND PERFORMANCE**

	6 months to 30.11.2019			1 year to 30.11.2019		
	Class A	Class B	Class C	Class A	Class B	Class C
	%	%	%	%	%	%
Income	-	1.07	1.38	-	1.40	2.66
Capital	-	-	-	-	-	-
Total Return	-	1.07	1.38	-	1.40	2.66
Benchmark	1.46	1.46	1.46	3.05	3.05	3.05
Average Total Return	-	N/A	N/A	-	1.40	2.66

	Since inception to 30.11.2019		
	Class A	Class B	Class C
	%	%	%
Income	-	1.40	2.66
Capital	-	-	-
Total Return	-	1.40	2.66
Benchmark	6.59	6.59	6.59
Average Total Return	-	1.31	1.87

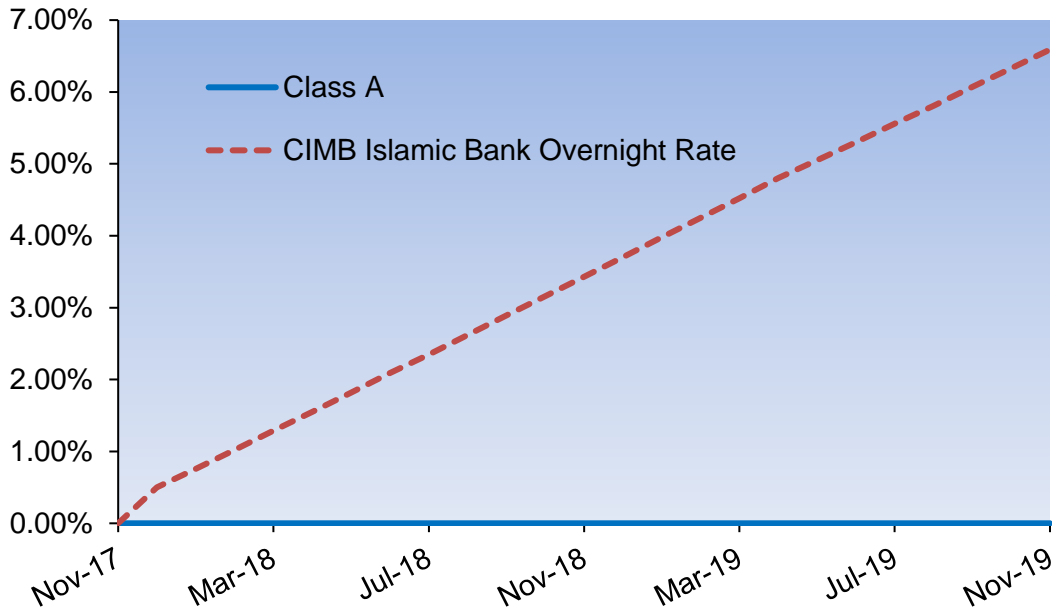
For the last six months financial period under review, the Fund recorded a total return of 1.07% and 1.38% for Class B and Class C respectively.

For the last twelve months, the Fund recorded a total return of 1.40% and 2.66% for Class B and Class C respectively.

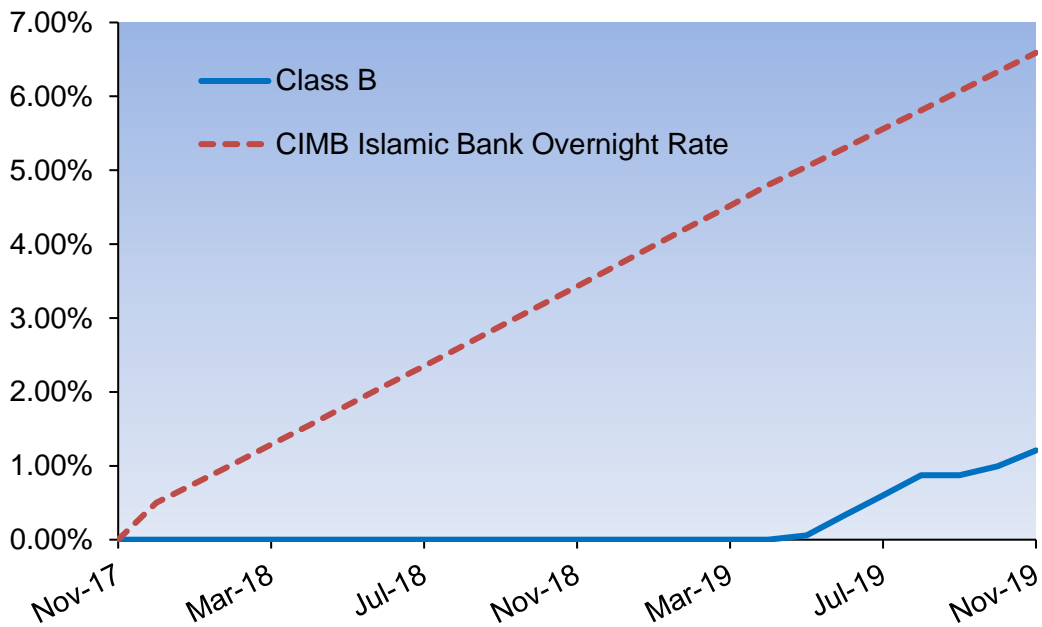
Since inception to 30 November 2019, the Fund recorded a total return of 1.40% and 2.66% for Class B and Class C respectively.

FUND PERFORMANCE (CONTINUED)

**Class A**

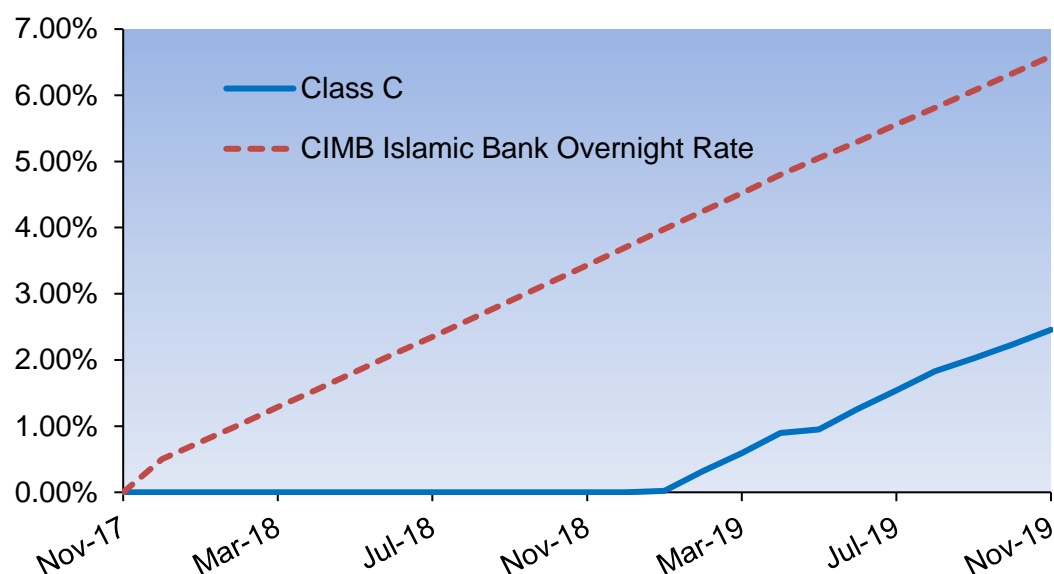


**Class B**



**FUND PERFORMANCE (CONTINUED)**

**Class C**



**Changes in NAV**

**Class A**

	<b>30.11.2019</b>	<b>31.05.2019 Audited</b>	<b>Changes %</b>
NAV (RM Million)	0.00	0.00	-
NAV/Unit (RM)	1.0000	1.0000	-

**Class B**

	<b>30.11.2019</b>	<b>31.05.2019 Audited</b>	<b>Changes %</b>
NAV (RM Million)	3.27	10.04	(67.43)
NAV/Unit (RM)	0.9999	1.0001	(0.02)

**Class C**

	<b>30.11.2019</b>	<b>31.05.2019 Audited</b>	<b>Changes %</b>
NAV (RM Million)	1.41	0.00	N/A
NAV/Unit (RM)	0.9999	1.0000	(0.01)

As at 30 November 2019, the Fund's NAV for Class B stood at RM3.27 million, Class C stood at RM1.41 million, while Class A stood at RM0.00 million.

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

## PORTFOLIO STRUCTURE

### Asset allocation

(% of NAV)	30.11.2019	31.05.2019 Audited
Shariah-compliant deposits with licensed Islamic financial institutions	99.94	99.98
Cash and other net assets	0.06	0.02
<b>TOTAL</b>	<b>100.00</b>	<b>10000</b>

As at 30 November 2019, the Fund's investments in Shariah-compliant deposits with licensed Islamic financial institutions decreased slightly to 99.94% from 99.98% as at 31 May 2019. This was due to the increase in cash and other net assets from 0.02% as at 31 May 2019 to 0.06% as at 30 November 2019.

### MARKET OUTLOOK\*

On 7 May 2019, the MPC cut the OPR by 0.25% to 3.00% as a pre-emptive measure to maintain the degree of monetary accommodativeness. We believe the current monetary policy remains accommodative and are of the view that BNM will maintain its OPR unchanged for the time being, unless the trade wars worsen significantly, or domestic growth is significantly lower than expected.

The overhang on the Financial Times Stock Exchange ("FTSE") Russell's decision to remove Malaysia from the FTSE World Government Bond Index ("WGBI") has been removed temporarily as FTSE Russell has decided to retain Malaysia on the Watch List for another 6 months, with the next review scheduled in March 2020.

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

### INVESTMENT STRATEGY

The Fund's objective is to provide investors with liquidity and regular income hence its investment strategy is to invest primarily in deposits with licensed Islamic financial institutions.

### UNIT HOLDINGS STATISTICS

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

#### Class A

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	1	0.00	100.00
5,001 - 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>

## UNIT HOLDINGS STATISTICS (CONTINUED)

## Class B

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	3.27	100.00
<b>Total</b>	<b>2</b>	<b>3.27</b>	<b>100.00</b>

## Class C

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	1.41	100.00
<b>Total</b>	<b>2</b>	<b>1.41</b>	<b>100.00</b>

## SOFT COMMISSIONS AND REBATES

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

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

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF  
CIMB ISLAMIC DEPOSIT FUND 2**

We, being the Directors of Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements set out on pages 15 to 34 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 30 November 2019 and of its financial performance, changes in net assets attributable to unit holders and cash flows for the financial period then ended in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134 - Interim Financial Reporting and International Accounting Standards (“IAS”) 34 - Interim Financial Reporting.

For and on behalf of the Manager

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

*(formerly known as CIMB-Principal Asset Management Berhad)*

**MUNIRAH KHAIRUDDIN**

Chief Executive Officer/Executive Director

**JUAN IGNACIO EYZAGUIRRE BARAONA**

Director

Kuala Lumpur

16 January 2020

**TRUSTEE'S REPORT TO THE UNIT HOLDERS OF  
CIMB ISLAMIC DEPOSIT FUND 2**

We have acted as the Trustee of CIMB Islamic Deposit Fund 2 (the "Fund") for the six months financial period ended 30 November 2019. To the best of our knowledge, Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the "Manager"), has operated and managed the Fund in accordance with the following:

- (a) limitations imposed on the investment powers of the Manager and Trustee under the Deed, the Securities Commission Malaysia ("SC") Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) valuation or 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.

During this financial period, a total distribution of 1.06 sen per unit (gross) for Class B and 1.38 sen per unit (gross) for Class C have been distributed to the unit holders of the Fund. We are of the view that the distribution is not inconsistent with the objective of the Fund.

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

**CHEAH KUAN YOON**  
Chief Executive Officer

Kuala Lumpur  
16 January 2020

**SHARIAH ADVISER'S REPORT TO THE UNIT HOLDERS OF  
CIMB ISLAMIC DEPOSIT FUND 2**

**For The Financial Period from 1 June 2019 to 30 November 2019**

We have acted as the Shariah Adviser of CIMB Islamic Deposit Fund 2 (the "Fund"). Our responsibility is to ensure that the procedures and processes employed by Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the "Manager"), are in accordance with Shariah principles.

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

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

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

**For Amanie Advisors Sdn Bhd,**

.....  
**DATUK DR MOHD DAUD BAKAR**  
Executive Chairman

16 January 2020



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

	Note	01.06.2019 to 30.11.2019 RM	01.06.2018 to 30.11.2018 RM
<b>INCOME</b>			
Profit income from Shariah-compliant deposits with licensed Islamic financial institutions at fair value through profit or loss		32,222	-
Hibah earned		47	4
Other income		-	4,227
		<u>32,269</u>	<u>4,231</u>
<b>EXPENSES</b>			
Management fee	4	8,431	-
Trustee's fee	5	353	-
Audit fee		6,700	3,850
Tax agent's fee		2,000	-
Other expenses		2,000	381
		<u>19,484</u>	<u>4,231</u>
<b>PROFIT BEFORE FINANCE COST AND TAXATION</b>		12,785	-
Finance cost (excluding increase in net assets attributable to unit holders):			
- Class B		(71,243)	-
- Class C		(11,368)	-
	6	<u>(82,611)</u>	<u>-</u>
<b>LOSS BEFORE TAXATION</b>		(69,826)	-
Taxation	7	<u>-</u>	<u>-</u>
<b>LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD</b>		<u>(69,826)</u>	<u>-</u>
Loss after taxation is made up as follows:			
Realised amount		<u>(69,826)</u>	<u>-</u>

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

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

		30.11.2019	31.05.2019
	Note	RM	Audited RM
<b>ASSET</b>			
Cash and cash equivalents	9	25,912	23,039
Financial assets at fair value through profit or loss (Shariah-compliant)	8	4,675,132	10,033,485
Amount due from Manager		100	-
		<u>4,701,144</u>	<u>10,056,524</u>
<b>LIABILITIES</b>			
Accrued management fee		845	2,128
Amount due to Trustee		38	3,085
Other payables and accruals		<u>22,472</u>	<u>15,582</u>
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)</b>		<u>23,355</u>	<u>20,795</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>4,677,789</u>	<u>10,035,729</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>4,677,789</u>	<u>10,035,729</u>
<b>REPRESENTED BY:</b>			
<b>FAIR VALUE OF OUTSTANDING UNITS (RM)</b>			
- Class A		2	2
- Class B		3,266,795	10,033,956
- Class C		<u>1,410,992</u>	<u>1,771</u>
		<u>4,677,789</u>	<u>10,035,729</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>			
- Class A		2	2
- Class B		3,267,029	10,032,919
- Class C		<u>1,411,092</u>	<u>1,771</u>
	10	<u>4,678,123</u>	<u>10,034,692</u>
<b>NET ASSET VALUE PER UNIT (EX-DISTRIBUTION)</b>			
- Class A		1.0000	1.0000
- Class B		0.9999	1.0001
- Class C		<u>0.9999</u>	<u>1.0000</u>

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

**UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS  
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2019**

	<b>01.06.2019 to 30.11.2019 RM</b>	<b>01.06.2018 to 30.11.2018 RM</b>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	10,035,729	1
Movement due to units created and cancelled during the financial period:		
Creation of units from applications		
- Class A	-	1
- Class B	3,250,000	1
- Class C	1,400,325	1
	<u>4,650,325</u>	<u>3</u>
Creation of units from distributions		
- Class B	71,243	-
- Class C	11,368	-
	<u>82,611</u>	<u>-</u>
Cancellation of units		
- Class B	<u>(10,021,050)</u>	<u>-</u>
Decrease in net assets attributable to unit holders during the financial period	(69,826)	-
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL PERIOD</b>	<u>4,677,789</u>	<u>4</u>

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

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

	<b>01.06.2019 to 30.11.2019</b>	<b>01.06.2018 to 30.11.2018</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from maturity of Shariah-compliant deposits with licensed Islamic financial institutions	62,164,000	-
Placement of Shariah-compliant deposits with licensed Islamic financial institutions	(66,898,000)	-
Redemption of Shariah-compliant deposits with licensed Islamic financial institutions	10,100,000	-
Profit income received from Shariah-compliant deposits with licensed Islamic financial institutions	24,575	-
Hibah earned	47	4
Management fee paid	(9,714)	-
Trustee's fee paid	(3,400)	-
Payments of other fees and expenses	(3,810)	(150)
<b>Net cash generated from/(used in) operating activities</b>	<b>5,373,698</b>	<b>(146)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash proceeds from units created	4,650,225	3
Payments for cancellation of units	(10,021,050)	-
<b>Net cash (used in)/generated from financing activities</b>	<b>(5,370,825)</b>	<b>3</b>
Net increase/(decrease) in cash and cash equivalents	2,873	(143)
Cash and cash equivalents at the beginning of the financial period	23,039	2,960
Cash and cash equivalents at the end of the financial period	<u>25,912</u>	<u>2,817</u>
<u>Cash and cash equivalents comprised of:</u>		
Bank balance	25,912	2,817
Cash and cash equivalents at the end of the financial period	<u>25,912</u>	<u>2,817</u>

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

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

### 1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES

CIMB Islamic Deposit Fund 2 (the “Fund”) is governed by a Principal Master Deed dated 8 March 2017, between Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the “Manager”) and PB Trustee Services Berhad (the “Trustee”) and Registered Holders of Units in The Trust (the “Unit Holders”).

The Fund is a Money Market (Shariah-compliant) that invests at least 70% of the Fund’s NAV in Islamic Deposits with Islamic Financial Institutions.

Up to 30% of the Fund’s NAV may be invested in Islamic Money Market Instruments, all of which have a remaining maturity period of not more than 365 days. The Fund may also invest up to 10% of the Fund’s NAV in Islamic Deposits and Islamic Money Market Instruments with a remaining maturity period of more than 365 days but less than 732 days. The minimum credit rating for the Islamic Money Market Instruments must be at least “BBB3” or “P2” by RAM or equivalent rating by MARC or by local rating agency(ies) of the country or “BBB” by S&P or equivalent rating by Moody’s or Fitch. The Manager will manage the portfolio actively with trading frequency that will depend on the view of the interest rate outlook. The investment policy and strategy is to invest in liquid and low risk short-term investments for capital preservation\* and to accommodate the short-term cash flow requirements of its unit holders.

The investment policy and strategy is to invest in liquid and low risk short-term investments for capital preservation\* and to accommodate the short-term cash flow requirements of its unit holders.

All investments are subject 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 International Financial Reporting Standards (“IFRS”).

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

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

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

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

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

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

#### Standard that is effective and relevant:

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

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

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

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

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

### (b) Financial assets and financial liabilities

#### Classification

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

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

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

The Fund classifies cash and cash equivalents, and amount due from Manager 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 financial liabilities measured at amortised cost.

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

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

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

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

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

Shariah-compliant deposits with licensed Islamic financial institutions are stated at fair value. Due to the short-term nature of the deposits, the cost plus accrued profit calculated based on the effective profit method over the period from the date of placement to the date of maturity of the respective deposits is a reasonable estimate of fair value.

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.

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

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

**(c) Income recognition**

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

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

**(d) Functional and presentation currencies**

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.

**(e) Cash and cash equivalents**

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

**(f) Taxation**

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

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

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

**(h) Finance cost**

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



**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(i) 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 three classes of units, known respectively as the Class A, Class B 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 unit holders of respective classes with the total number of outstanding units of respective classes.

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

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

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

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

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

### 3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The investment objective is to provide investors with liquidity and regular income, whilst maintaining capital stability by investing primarily in Islamic deposits.

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

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

#### (a) Market risk

##### (i) Interest rate risk

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

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

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

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

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

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

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

#### (b) Credit risk

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

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

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

**3. 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 balance, Shariah-compliant deposits with licensed Islamic financial institutions and other instruments, which are capable of being converted into cash within 7 business days. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

**(d) Capital risk management**

The capital of the Fund is represented by net assets attributable to unit holders. 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 period end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

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

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

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

## (e) Fair value estimation (continued)

(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
<b>30.11.2019</b>				
Financial asset at fair value through profit or loss:				
- Shariah-compliant deposits with licensed Islamic financial institutions	-	4,675,132	-	4,675,132
	<u>-</u>	<u>4,675,132</u>	<u>-</u>	<u>4,675,132</u>
<b>31.05.2019</b>				
<b>Audited</b>				
Financial asset at fair value through profit or loss:				
- Shariah-compliant deposits with licensed Islamic financial institutions	-	10,033,485	-	10,033,485
	<u>-</u>	<u>10,033,485</u>	<u>-</u>	<u>10,033,485</u>

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

#### (e) Fair value estimation (continued)

##### (i) Fair value hierarchy (continued)

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 Shariah-compliant deposits with licensed Islamic financial institutions.

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 of 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 financial 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 3.00% per annum for each class, calculated daily based on the NAV of the Fund.

For the six months financial period ended 30 November 2019 and 30 November 2018, the management fee is recognised at the following rate:

Class A	Class B	Class C
0.35%	0.25%	0.15%

For the six months financial period ended 30 November 2018, the management fee incurred by the Fund during the financial period were waived by the Manager.

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

### 5. TRUSTEE'S FEE

In accordance with the Deed, the Trustee is entitled to a maximum fee of 0.07% per annum for each class, calculated daily based on the NAV of the Fund.

For the six months financial period ended 30 November 2019, the Trustee's fee is recognised at a rate of 0.01% per annum (30.11.2018: 0.01% per annum) of the NAV of the Fund.

For the six months financial period ended 30 November 2018, the Trustee's fee incurred by the Fund during the financial period were waived by the Trustee.

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

## 6. FINANCE COST

Distributions to unit holders are derived from the following sources:

	<b>01.06.2019 to 30.11.2019</b>	<b>01.06.2018 to 30.11.2018</b>
	<b>RM</b>	<b>RM</b>
Profit income	95,373	-
Distribution equalisation	2,301	-
	<u>97,674</u>	<u>-</u>
Less:		
Expenses	(15,063)	-
Net distribution amount	<u>82,611</u>	<u>-</u>
<b>Distribution on 28 June 2019</b>		
Gross/Net distribution per unit (sen)		
- Class B	0.27	
- Class C	0.28	-
	<u>0.28</u>	<u>-</u>
<b>Distribution on 31 July 2019</b>		
Gross/Net distribution per unit (sen)		
- Class B	0.27	
- Class C	0.29	-
	<u>0.29</u>	<u>-</u>
<b>Distribution on 30 August 2019</b>		
Gross/Net distribution per unit (sen)		
- Class C	0.19	-
	<u>0.19</u>	<u>-</u>
<b>Distribution on 30 September 2019</b>		
Gross/Net distribution per unit (sen)		
- Class B	0.12	-
- Class C	0.20	-
	<u>0.20</u>	<u>-</u>
<b>Distribution on 31 October 2019</b>		
Gross/Net distribution per unit (sen)		
- Class B	0.21	-
- Class C	0.22	-
	<u>0.22</u>	<u>-</u>
<b>Distribution on 29 November 2019</b>		
Gross/Net distribution per unit (sen)		
- Class B	0.19	-
- Class C	0.20	-
	<u>0.20</u>	<u>-</u>

Gross distribution is derived using total income less total expenses. Net distributions above is sourced from current financial periods' realised income.

**6. FINANCE COST (CONTINUED)**

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

Distribution equalisation represents the average amount of distributable income included in the creation and cancellation prices of units. It is computed as at each date of creation and cancellation of units. For the purpose of determining amount available for distribution, distribution equalisation is included in the computation of realised gains or income available for distribution.

**7. TAXATION**

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

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:

	<b>01.06.2019 to 30.11.2019</b>	<b>01.06.2018 to 30.11.2018</b>
	<b>RM</b>	<b>RM</b>
Profit before taxation	<u>12,785</u>	<u>-</u>
Taxation at Malaysian statutory rate of 24% (30.11.2018: 24%)	3,068	-
Tax effects of:		
Income not subject to tax	(7,745)	-
Expenses not deductible for tax purposes	728	-
Restriction on tax deductible expenses for Unit Trust Funds	<u>3,949</u>	<u>-</u>
Taxation	<u>-</u>	<u>-</u>

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

	<b>30.11.2019</b>	<b>31.05.2019</b>
	<b>RM</b>	<b>Audited RM</b>
At fair value through profit or loss:		
- Shariah-compliant deposits with licensed Islamic financial institutions*	<u>4,675,132</u>	<u>10,033,485</u>

\* Includes profit receivable of RM29,132 (31.05.2019: RM21,485).

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

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

	<b>30.11.2019</b>	<b>31.05.2019</b>
	%	<b>Audited</b>
		%
Shariah-compliant deposits with licensed Islamic financial institutions	<u>3.30</u>	<u>3.52</u>

Shariah-compliant deposits with licensed Islamic financial institutions of the Fund have an average maturity of 35 days (31.05.2019: 178 days).

**9. CASH AND CASH EQUIVALENTS**

	<b>30.11.2019</b>	<b>31.05.2019</b>
	RM	<b>Audited</b>
		RM
Bank balance	<u>25,912</u>	<u>23,039</u>

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

	<b>01.06.2019 to 30.11.2019</b>	<b>01.06.2018 to 31.05.2019</b>
	<b>No. of units</b>	<b>Audited</b>
		<b>No. of units</b>
Class A (i)	2	2
Class B (ii)	3,267,029	10,032,919
Class C (iii)	<u>1,411,092</u>	<u>1,771</u>
	<u>4,678,123</u>	<u>10,034,692</u>

(i) Class A

	<b>01.06.2019 to 30.11.2019</b>	<b>01.06.2018 to 31.05.2019</b>
	<b>No. of units</b>	<b>Audited</b>
		<b>No. of units</b>
At the beginning of the financial period/year	2	1
Add: Creation of units from applications	<u>-</u>	<u>1</u>
At the end of the financial period/year	<u>2</u>	<u>2</u>

(ii) Class B

	<b>01.06.2019 to 30.11.2019</b>	<b>01.06.2018 to 31.05.2019</b>
	<b>No. of units</b>	<b>Audited</b>
		<b>No. of units</b>
At the beginning of the financial period/year	10,032,919	-
Add: Creation of units from applications	3,250,000	10,000,001
Add: Creation of units from distributions	71,243	32,918
Less: Cancellation of units	<u>(10,087,133)</u>	<u>-</u>
At the end of the financial period/year	<u>3,267,029</u>	<u>10,032,919</u>



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

(iii) Class C

	01.06.2019 to 30.11.2019	01.06.2018 to 31.05.2019 Audited
	No. of units	No. of units
At the beginning of the financial period/year	1,771	-
Add: Creation of units from applications	1,397,953	481,460,290
Add: Creation of units from distributions	11,368	3,387,787
Less: Cancellation of units	-	(484,846,306)
At the end of the financial period/year	<u>1,411,092</u>	<u>1,771</u>

11. MANAGEMENT EXPENSE RATIO ("MER")

	01.06.2019 to 30.11.2019	01.06.2018 to 30.11.2018
	%	%
MER	<u>0.28</u>	<u>&gt;100.00</u>

MER is derived from the following calculation:

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

A	=	Management fee
B	=	Trustee's fee
C	=	Audit fee
D	=	Tax agent's fee
E	=	Other expenses
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 RM7,012,424 (30.11.2018: RM3).

12. PORTFOLIO TURNOVER RATIO ("PTR")

	01.06.2019 to 30.11.2019	01.06.2018 to 30.11.2018
PTR (times)	<u>10.02</u>	<u>-</u>

PTR is derived based on the following calculation:

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

where:

total placement for the financial period = RM70,264,000 (30.11.2018: Nil)  
total maturity for the financial period = RM70,288,569 (30.11.2018: Nil)

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

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

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

Units held by the Manager and parties related to the Manager

	<b>30.11.2019</b>		<b>31.05.2019</b>	
	<b>No. of units</b>	<b>RM</b>	<b>No. of units</b>	<b>RM</b>
<b>Manager</b>				
Principal Asset Management Berhad <i>(formerly known as CIMB-Principal Asset Management Berhad)</i>				<b>Audited</b>
- Class A	2	2	2	2
- Class B	1	1	1	1
- Class C	1,929	1,929	1,771	1,771

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.

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

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

	<b>01.06.2019 to 30.11.2019</b>	<b>01.06.2018 to 30.11.2018</b>
	<b>RM</b>	<b>RM</b>
<u>Significant related party transactions</u>		
Profit income from Shariah-compliant deposits with licensed Islamic financial institution:		
- CIMB Islamic Bank Bhd	9,350	-
Cash placements with licensed Islamic financial institution:		
- CIMB Islamic Bank Bhd	22,408,000	-
	<b>30.11.2019</b>	<b>31.05.2019</b>
	<b>RM</b>	<b>Audited</b>
		<b>RM</b>
<u>Significant related party balances</u>		
Shariah-compliant deposits with licensed Islamic financial institution:		
- CIMB Islamic Bank Bhd	472,864	473,739
Bank balance		
- CIMB Islamic Bank Bhd	25,912	23,039

**14. TRANSACTIONS WITH FINANCIAL INSTITUTIONS**

Details of transactions with the financial institutions for the six months financial period ended 30 November 2019 are as follows:

	<b>Value of placements</b>	<b>Percentage of total placements</b>
	<b>RM</b>	<b>%</b>
Bank Islam Malaysia Bhd	1,344,000	1.91
Bank Muamalat Malaysia Bhd	6,964,000	9.91
CIMB Islamic Bank Bhd #	22,408,000	31.89
Hong Leong Islamic Bank Bhd	5,355,000	7.62
Malayan Islamic Bhd	1,395,000	1.99
Public Islamic Bank Bhd	29,878,000	42.52
RHB Islamic Bank Bhd	2,920,000	4.16
	<b>70,264,000</b>	<b>100.00</b>

**14. TRANSACTIONS WITH FINANCIAL INSTITUTIONS (CONTINUED)**

There are no transactions with financial institutions for the six months financial period ended 30 November 2018.

# Included in the transactions are trades conducted with CIMB Islamic Bank Bhd, a fellow related party of the Manager amounting to RM22,408,000 (30.11.2018: Nil). The Manager is of the opinion that all transactions with the related party have been entered into in the normal course of business at agreed terms between the related party.

**DIRECTORY**

**Head Office of the Manager**

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**Trustee for the CIMB Islamic Deposit Fund 2**

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**Shariah Adviser of the CIMB Islamic Deposit Fund 2**

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