

CIMB-PRINCIPAL MALAYSIA EQUITY FUND
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

CONTENTS	PAGE(S)
INVESTORS' LETTER	1
MANAGER'S REPORT	2 - 9
Fund Objective and Policy	
Performance Data	
Market Review	
Fund Performance	
Portfolio Structure	
Market Outlook	
Investment Strategy	
Unit Holdings Statistics	
Soft Commissions and Rebates	
STATEMENT BY MANAGER	10
TRUSTEE'S REPORT	11
INDEPENDENT AUDITORS' REPORT	12 - 15
STATEMENT OF COMPREHENSIVE INCOME	16
STATEMENT OF FINANCIAL POSITION	17
STATEMENT OF CHANGES NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	18
STATEMENT OF CASH FLOWS	19
NOTES TO THE FINANCIAL STATEMENTS	20 - 48
DIRECTORY	49

INVESTORS' LETTER

Dear Valued Investor,

Thank you for your continued support and for the confidence that you have placed in us. We are pleased to share that CIMB-Principal Asset Management Berhad ("CIMB-Principal") Malaysia has achieved RM54.02 billion in Asset under Management ("AUM") as at September 2018.

The Edge| Thomson Reuters Lipper Malaysia Fund Awards 2018

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

In addition, we received recognition from Fundsupermart.com for 'Fund House of the Year' award and Recommended Unit Trust 2018/2019 awards for the following funds:

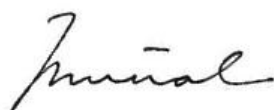
- CIMB-Principal Global Titans Fund
- CIMB-Principal Asia Pacific Dynamic Income Fund
- CIMB Islamic Asia Pacific Equity Fund
- CIMB-Principal Greater China Equity Fund
- CIMB-Principal PRS Plus Conservative
- CIMB-Principal PRS Plus Growth

Our latest accomplishment is The Asset Triple A Private Banking, Wealth Management, Investment and Exchange-Traded Fund ("ETF") Awards 2018 where we have been recognized for the Best Wealth Manager in Malaysia.

These prestigious awards are a celebration of the trust that you have placed in us and testament to our capability in bringing potential value to your financial goals and needs. We look forward to serving you for many years to come and to the best of our ability.

Thank you.

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



Munirah Khairuddin
Chief Executive Officer

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

The investment objective of the Fund is to achieve maximum capital appreciation over the long-term through all types of investments.

Has the Fund achieved its objective?

For the period under review, the Fund's total return declined by 4.07% while the benchmark declined by 4.98%. Nevertheless, the Fund's objective is still in place which is to provide capital growth over the long term.

What are the Fund investment policy and principal investment strategy?

The Fund may invest at least 70% of its Net Assets Value ("NAV") in equities, up to 28% of the Fund's NAV in other permissible investments and at least 2% of the Fund's NAV in liquid assets. In line with its objective, the investment policy and strategy of the Fund will focus on investment in shares of companies with growth potential.

Fund category/type

Equity/Aggressive Growth

How long should you invest for?

Recommended five (5) years or more

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

High

When was the Fund launched?

Class MYR

28 September 1995

Class SGD

18 February 2016

What was the size of the Fund as at 31 October 2018?

RM230.46 million (231.88 million units)

What is the Fund's benchmark?

Financial Times Stock Exchange ("FTSE") Bursa Malaysia Top 100 ("FBM100") Index.

Note: The Fund's benchmark is for performance comparison purpose only. Investors should note that the risk profile of the Fund is not the same as the risk profile of the benchmark.

What is the Fund distribution policy?

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

What was the net income distribution for the financial year ended 31 October 2018?

The Fund distributed a total net income of RM44.05 million to unit holders for the financial year ended 31 October 2018.

	NAV (Before)	NAV (After)
Distribution on 26 October 2018		
- Class MYR	1.0795	0.9745
- Class SGD	1.0208	1.0174
Distribution on 22 November 2017		
- Class MYR	1.2220	1.1170

PERFORMANCE DATA

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

	31.10.2018	31.10.2017	31.10.2016
	%	%	%
Quoted securities			
- Construction	0.69	4.57	6.92
- Consumer Products	-	5.97	0.36
- Consumer Products & Services	10.63	-	-
- Energy	5.71	-	-
- Finance	-	31.38	28.52
- Financial Services	24.99	-	-
- Health care	1.06	-	-
- Industrials	-	5.62	8.46
- Industrial Products & Services	9.03	-	-
- Infrastructure Project Companies ("IPC")	-	1.60	1.86
- Plantation	7.89	1.41	4.72
- Property	0.24	2.86	1.77
- Real Estate Investment Trust ("REIT")	-	-	2.00
- Technology	5.35	2.56	0.68
- Telecommunication & Media	3.59		
- Trading/Services	-	41.68	34.77
- Transportation & Logistics	6.83	-	-
- Utilities	8.14	-	-
Cash and other net assets	15.85	2.35	9.94
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	31.10.2018	31.10.2017	31.10.2016
NAV (RM Million)			
- Class MYR	227.13	263.04	290.61
- Class SGD	3.33	0.07	-
Units in circulation (Million)			
- Class MYR	230.81	211.54	251.03
- Class SGD	1.07	0.02	-
NAV per unit (RM)			
- Class MYR	0.9840	1.2434	1.1576
- Class SGD	3.1022	3.2472	-
Highest NAV per unit (RM)			
- Class MYR	1.2435	1.2645	1.2679
- Class SGD	3.5037	3.3019	-
Lowest NAV per unit (RM)			
- Class MYR	0.9701	1.1113	1.1533
- Class SGD	3.0582	3.1464	-
Total return (%)			
- Class MYR	(4.07)	7.41	2.60
- Class SGD	(4.10)	4.51	-
- Capital growth (%)			
- Class MYR	(20.83)	7.41	(5.95)
- Class SGD	(4.32)	4.51	-

PERFORMANCE DATA (CONTINUED)

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

	31.10.2018	31.10.2017	31.10.2016
- Income distribution (%)			
- Class MYR	21.19	-	9.10
- Class SGD	0.22	-	-
Management Expense Ratio ("MER") (%) ^	1.65	1.67	1.67
Portfolio Turnover Ratio ("PTR") (times) #	1.01	0.89	0.81

^ The Fund's MER decrease from 1.67% to 1.65% due to decrease in expenses during the financial year under review.

The Fund's PTR increased to 1.01 times from 0.89 as there was more trading activity for the financial year under review.

	31.10.2018	31.10.2017	31.10.2016
Gross/Net distribution per unit (sen)			
Distribution on 26 October 2018			
- Class MYR	10.50	-	-
- Class SGD	1.00	-	-
Distribution on 22 November 2017			
- Class MYR	-	10.50	-
Distribution on 24 October 2016			
- Class MYR		-	10.50

	31.10.2018	31.10.2017	31.10.2016	31.10.2015	31.10.2014
	%	%	%	%	%
Annual total return					
- Class MYR	(4.07)	7.41	2.60	(4.58)	11.03

(Launch date: 28 September 1995)

	31.10.2018	Since inception to 31.10.2017
		%
Annual total return		
- Class SGD	(4.10)	4.51

(Launch date: 18 February 2016)

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 have been extracted from Lipper.

MARKET REVIEW (1 NOVEMBER 2017 TO 31 OCTOBER 2018)

The FBM100 Index fell 608.85 points or 5.0% to 11,624.27 points over the financial year under review.

The FTSE Bursa Malaysia Kuala Lumpur Composite Index (“FBMKLCI”) fell 1.7% in November 2017 as construction stocks underperformed on worries of foreign contractors’ dominance after a change in Mass Rapid Transit (“MRT”) 3 Project Delivery Partner (“PDP”) format to turnkey contractor with mandatory funding. The FBMKLCI then recovered by 4.60% in December 2017 on the back of window dressing activities, driven by banking and technology stocks. For 2017, net foreign inflow amounted to RM10.3 billion.

The FBMKLCI started on a positive note in 2018 by rising 4.0% in January 2018 on the back of outperformance in Permodalan Nasional Berhad (“PNB”) related companies. The buoyant market was also aided by the strengthening of Ringgit Malaysia (“RM”) by 3.90% and the increase in crude oil prices by 3.3% during the month. Foreign investors were net buyers of RM3.4 billion in January 2018.

February 2018 was a volatile month as investors began re-pricing more and earlier interest rate hikes in the United States (“US”), on the back of higher inflation expectations. In line with the global rout, the FBMKLCI corrected 12.38 points or 0.7% to 1,856.20 points. The FBMKLCI had fallen sharply from a high of 1,870 points (2 February 2018) to a low of 1,812 points (6 February 2018), before recouping most its losses by month end. Consumer Price Inflation (“CPI”) eased in January 2018 to 2.7% (3.5% year-on-year (“y-o-y”) in December 2017) due to currency gains and a higher base, as fuel prices and electricity tariffs were raised a year ago. In February 2018, foreign investors net sold about RM1.1 billion.

March 2018 was a positive month as the FBMKLCI added 7.26 points or 0.4% to 1,863.46 points despite rising concerns of escalating US-China trade disputes. Large caps continued to outperform the broader market and small caps. The rise continued into April 2018 with the FBMKLCI reaching a high of 1,895.18 points on 19 April 2018, before losing momentum to close at 1,870.37 points. In April 2018, the RM depreciated 1.5%, while the 10-year MGS rose 19 basis points to 4.13%. Construction and finance outperformed during the month.

The market sold off in May 2018 with the FBMKLCI falling 6.9%, rattled by headline news of a higher RM1 trillion national debt burden, concerns about the fiscal position and sovereign credit rating following the zero-rating of the Good and Services Tax (“GST”), cancellation of mega infrastructure projects and the sanctity of toll roads concession agreements. Sentiment was further dampened by the weak first quarter corporate earnings season. Meanwhile, global trade tensions were back in focus, and there was fear of contagion from Italian politics. These were happening against a backdrop of Central Banks’ plans to normalise monetary policies, leading to worries of possible policy missteps. The sell-off continued into June 2018 on the back of heavy foreign selling, with the FBMKLCI falling 2.8% or 49 points to close at 1,691 points, as investors repriced policy risk.

After two consecutive months of net foreign selling post 14th General Election (“GE14”), the FBMKLCI ended higher by 5.2% or 87 points to close at 1,779 points in July 2018, as local investors started to bargain-hunt. Foreigners continued to sell in the market with a total net outflow of RM1.7 billion, which is much lower than the RM4.9 billion in June 2018. The recovery continued into August 2018 with the FBMKLCI rising 2.0% or 35 points to close at 1,819 points, which is just 27 points lower than the last trading day prior to GE14. Foreign selling tapered off to just RM97 million during the month.

MARKET REVIEW (1 NOVEMBER 2017 TO 31 OCTOBER 2018) (CONTINUED)

September 2018 saw the FBMKLCI succumbed to selling pressure as investors locked in gains made in the previous month on worries that the US200 billion trade tariff imposed on China may impact global growth and Emerging Market (“EM”) currencies. The downtrend was exacerbated by the financial crisis in Argentina which led investors to flee the peso, causing worry of a contagion effect in emerging markets. Sentiment in the local bourse was further affected by the announcement of the cancellation of 3 China-backed projects (the East Coast Rail Link (“ECRL”) and the 2 gas pipeline projects estimated at USD23 billion and the deferment of Kuala Lumpur-Singapore High-Speed Rail (“HSR”) to September 2020, which sent the Construction Index tumbling by 5.38% month-on-month (“m-o-m”).

The FBMKLCI ended October 2018 lower by 4.68% or 84 points to close at 1,709 points. On a year-to-date (“YTD”) basis, the FBMKLCI is lower by 4.88%. The release of the mid-term review of the austere 11th Malaysia Plan offered no reprieve as investors further locked in gains made due to rising economic risk and uncertainties. Local investors were concerned that the government would unveil new taxes and announce higher fiscal deficits for Budget 2019. Telecommunication companies were the biggest losers on the back of regulatory risk, while construction sector underperformed on MRT Line 2 project cost cut. During the month, the MYR weakened by 1.1% while the 10Y Malaysian Government Securities (“MGS”) rose by 10 basis points (“bps”) to 4.08%. Brent crude oil fell to USD75 per barrel, down by 9% m-o-m.

FUND PERFORMANCE

Class MYR	1 year to 31.10.2018 %	3 years to 31.10.2018 %	5 years to 31.10.2018 %	Since inception to 31.10.2018 %
Income	21.19	32.21	64.99	324.21
Capital	(20.83)	(20.03)	(32.18)	3.63
Total Return	(4.07)	5.72	12.00	340.14
Benchmark	(4.98)	3.27	(5.44)	79.15
Average Total Return	(4.07)	1.87	2.29	6.78

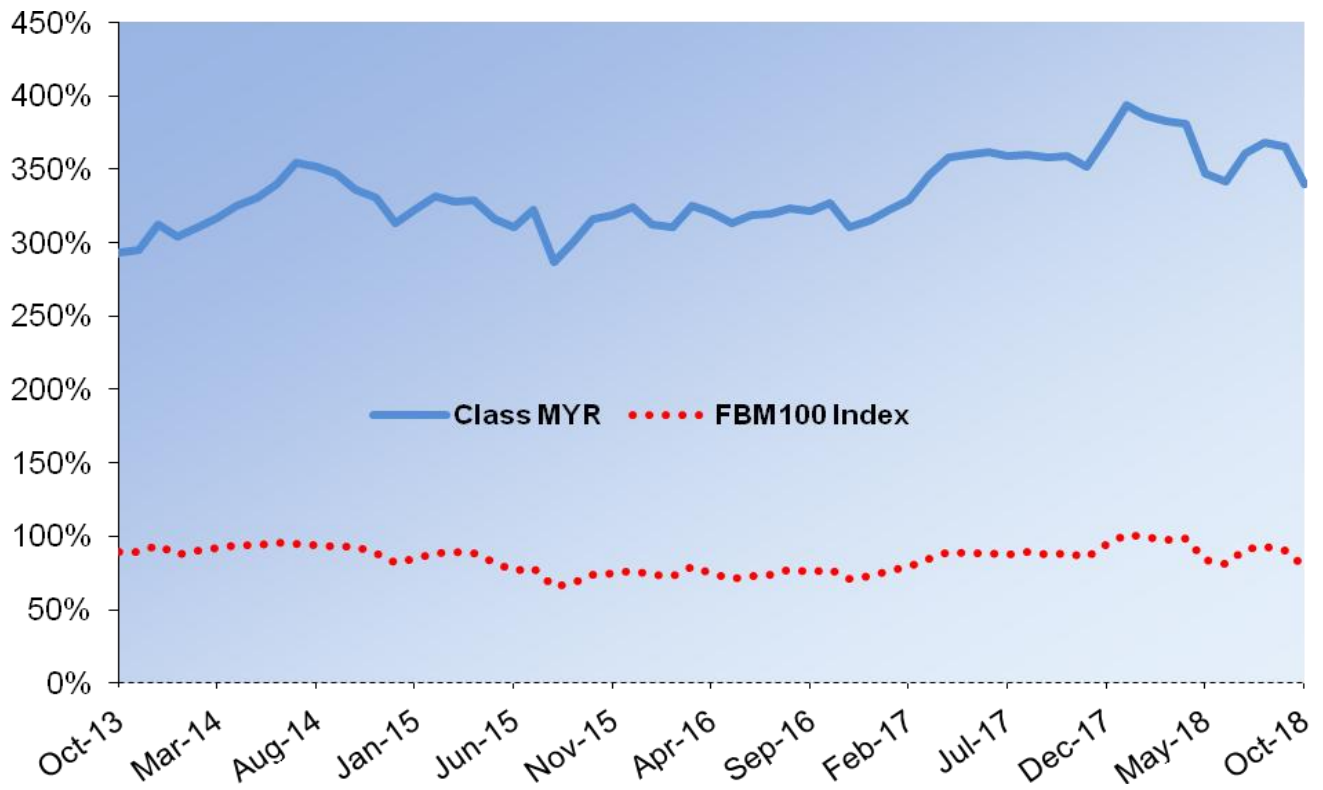
For the financial year under review, the Fund fell 4.07%, outperforming the benchmark by 0.91%.

Class SGD	1 year to 31.10.2018 %	Since inception to 31.10.2018 %
Income	0.22	0.22
Capital	(4.32)	(1.68)
Total Return	(4.10)	4.08
Benchmark	(4.98)	2.36
Average Total Return	(4.10)	1.75

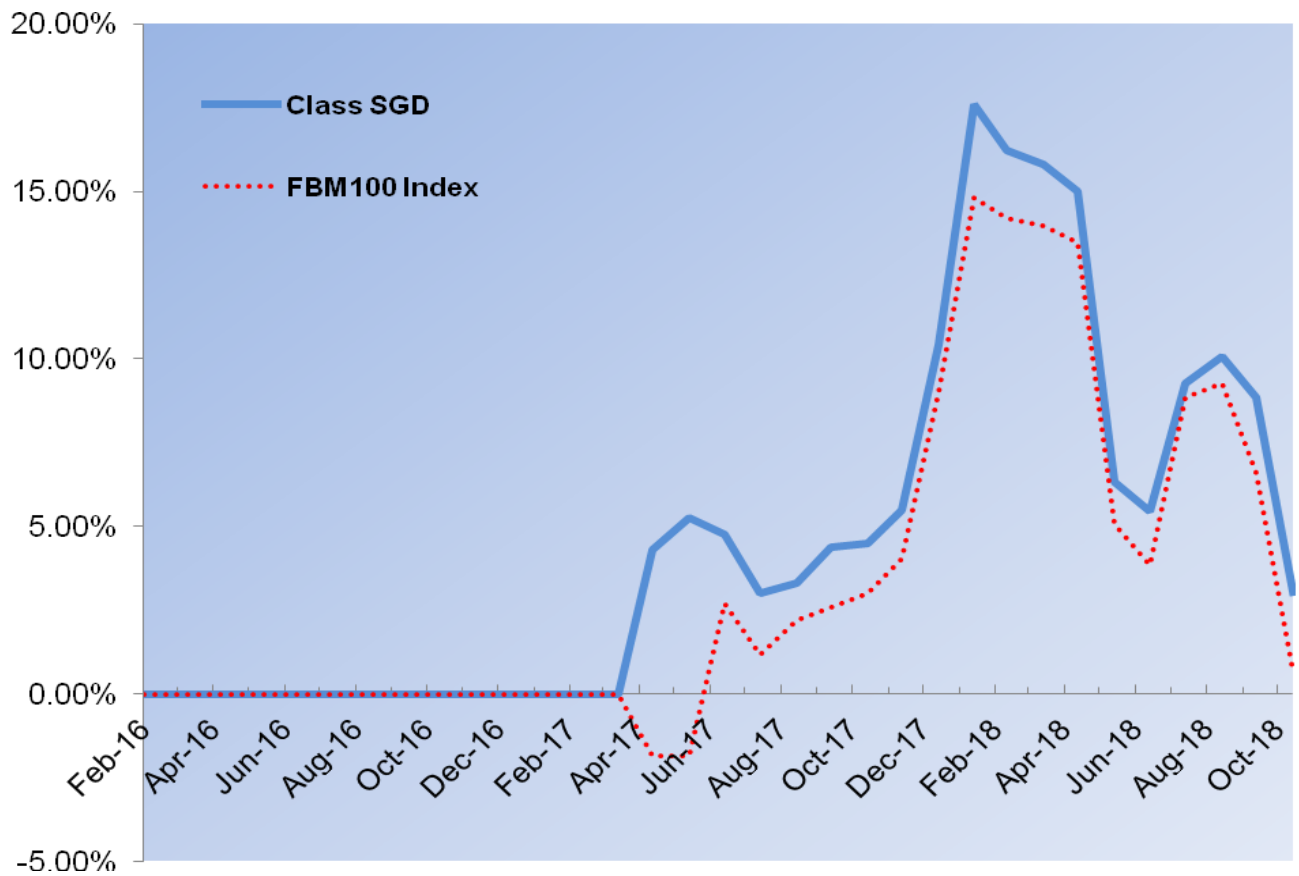
For the financial year under review, the Fund fell 4.10%, outperforming the benchmark by 0.88%.

FUND PERFORMANCE (CONTINUED)

CLASS MYR



CLASS SGD



FUND PERFORMANCE (CONTINUED)

Changes in NAV

Class MYR	31.10.2018	31.10.2017	Changes %
NAV (RM Million)	227.13	263.04	(13.65)
NAV/unit (RM)	0.9840	1.2434	(20.86)
Class SGD	31.10.2018	31.10.2017	Changes %
NAV (RM Million)	3.32	0.67	>100
NAV/unit (RM)	3.1022	3.2472	(4.47)

NAV of the Fund declined by 13.65% for the financial year under review due to negative investment performance while NAV per unit fell by 20.86% due to income distribution and negative investment performance.

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 have been extracted from Lipper.

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	31.10.2018	31.10.2017
Quoted securities	84.15	97.65
Cash and other net assets	15.85	2.35
TOTAL	100.00	100.00

Asset allocation was reduced from 97.65% as at 31 October 2017 to 84.15% as at 31 October 2018 due to rising concerns of escalating US-China trade disputes and the potential slowdown in the global economy. A minimal level of liquid assets was maintained primarily for redemption purposes.

MARKET OUTLOOK*

We continue to reiterate our short-term cautious stance on the domestic market for the rest of 2018 and in first quarter of 2019. We deem the recent Budget as progressive for the future but having a neutral impact to the market in the short-term. Targeted spending on the bottom 40% of households with monthly income of RM3,900 and below (“B40”) Group and tax refunds will be positive for the consumer sector while higher fiscal deficits will put the government in a position with limited safety net in the event of a global meltdown. The focus of domestic investors will now turn to global events, especially the US Mid-Term Election and the US Federal Reserve (the “Fed”) future interest rate trajectory.

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

INVESTMENT STRATEGY

On the back of the above uncertainties, we reiterate our capital preservation investment strategy with preference for big cap Government-Linked Companies (“GLCs”) and companies with strong fundamentals and solid cash flow and dividends in sectors such as Utilities & Renewable Energy, and Industrials. We are also positive on exporters as US-China trade conflicts may benefit technology-related and Electronics Manufacturing Services (“EMS”) players in Malaysia.

UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 31 October 2018 are as follows:

CLASS MYR

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	53,192	7.28	3.15
5,001 - 10,000	1,911	13.75	5.96
10,001 - 50,000	4,046	90.19	39.05
50,001 - 500,000	1,085	108.18	46.87
500,001 and above	14	11.41	4.97
Total	60,248	230.81	100.00

CLASS SGD

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	1	0.00	0.00
5,001 - 10,000	1	0.01	0.93
10,001 - 50,000	-	-	-
50,001 - 500,000	1	0.12	11.21
500,001 and above	1	0.94	87.86
Total	4	1.07	100.00

SOFT COMMISSIONS AND REBATES

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

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

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL MALAYSIA EQUITY FUND**

We, being the Director of CIMB-Principal Asset Management Berhad (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying audited financial statements set out on pages 16 to 48 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 October 2018 and of its financial performance, changes in net assets attributable to unit holders 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
CIMB-Principal Asset Management Berhad
(Company No.: 304078-K)

MUNIRAH KHAIRUDDIN
Chief Executive Officer/Executive Director

ALEJANDRO ECHEGORRI
Executive Director

Kuala Lumpur
14 December 2018

**TRUSTEE'S REPORT TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL MALAYSIA EQUITY FUND**

We have acted as Trustee of CIMB-Principal Malaysia Equity Fund (the "Fund") for the financial year ended 31 October 2018. To the best of our knowledge, CIMB-Principal Asset Management Berhad (the "Manager"), has operated and managed the Fund in accordance with the following:-

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

During this financial year, a total distribution of 21.00 sen per unit (gross) for MYR class and 1.00 sen per unit (gross) for SGD class respectively have been distributed to the unit holders of the Fund. We are of the view that the distributions are not inconsistent with the objective of the Fund.

For **HSBC (Malaysia) Trustee Berhad**

Tan Bee Nie
Head, Trustee Operations

Kuala Lumpur
14 December 2018

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL MALAYSIA EQUITY FUND
(Incorporated in Malaysia)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of CIMB-Principal Malaysia Equity Fund (the "Fund") give a true and fair view of the financial position of the Fund as at 31 October 2018, and of its financial performance and its cash flows for the 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 31 October 2018, and the statement of comprehensive income, statement of changes in net assets attributable to unit holders and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 16 to 48.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL MALAYSIA EQUITY FUND (CONTINUED)
(Incorporated in Malaysia)**

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Manager of the Fund is responsible for the other information. The other information comprises Manager's report but does not include the financial statements of the Fund and our auditors' report thereon.

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

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

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

Responsibilities of the Manager for the financial statements

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL MALAYSIA EQUITY FUND (CONTINUED)
(Incorporated in Malaysia)**

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- (d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL MALAYSIA EQUITY FUND (CONTINUED)
(Incorporated in Malaysia)**

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
14 December 2018

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018**

	Note	2018 RM	2017 RM
INVESTMENT (LOSS)/INCOME			
Dividend income		7,841,621	9,022,322
Interest income from deposits with licensed financial institutions		701,066	679,490
Net (loss)/gain on financial assets at fair value through profit or loss	8	(12,308,302)	17,063,332
Net foreign exchange gain/(loss)		57,019	(70)
		<u>(3,708,596)</u>	<u>26,765,074</u>
EXPENSES			
Management fee	4	3,758,538	4,251,356
Trustee's fee	5	125,285	141,712
Audit fee		15,300	14,500
Tax agent's fee		5,800	3,000
Transaction costs		1,330,950	1,398,707
Other expenses		223,094	411,284
		<u>5,458,967</u>	<u>6,220,559</u>
(LOSS)/PROFIT BEFORE FINANCE COST AND TAXATION		(9,167,563)	20,544,515
Finance costs (excluding increase in net assets attributable to unit holders):			
- Class MYR		(44,047,100)	-
- Class SGD		(10,712)	-
	6	<u>(44,057,812)</u>	<u>-</u>
(LOSS)/PROFIT BEFORE TAXATION		(53,225,375)	20,544,515
Taxation	7	485	(3,032)
(DECREASE)/ INCREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>(53,224,890)</u>	<u>20,541,483</u>
(Decrease)/ Increase in net assets attributable to unit holders are made up as follows:			
Realised amount		(37,285,652)	15,402,281
Unrealised amount		(15,939,238)	5,139,202
		<u>(53,224,890)</u>	<u>20,541,483</u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2018**

	Note	2018 RM	2017 RM
ASSETS			
Cash and cash equivalents	9	37,091,543	14,048,517
Financial assets at fair value through profit or loss	8	193,927,383	256,896,537
Amount due from stockbrokers		381,320	1,341,156
Amount due from Manager		152,996	350,904
Dividends receivable		166,319	217,344
TOTAL ASSETS		<u>231,719,561</u>	<u>272,854,458</u>
LIABILITIES			
Amount due to stockbrokers		-	1,525,960
Amount due to Manager		533,795	7,808,952
Accrued management fee		300,364	344,493
Amount due to Trustee		10,012	11,483
Distribution payable		408,129	72
Tax payable		-	485
Other payables and accruals		17,100	59,588
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)		<u>1,269,400</u>	<u>9,751,033</u>
NET ASSET VALUE OF THE FUND		<u>230,450,161</u>	<u>263,103,425</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>230,450,161</u>	<u>263,103,425</u>
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS (RM)			
- Class MYR		227,125,666	263,036,013
- Class SGD		3,324,495	67,412
		<u>230,450,161</u>	<u>263,103,425</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)			
- Class MYR		230,809,830	211,536,787
- Class SGD		1,071,679	20,760
	10	<u>231,881,509</u>	<u>211,557,547</u>
NET ASSET VALUE PER UNIT (RM)			
- Class MYR		0.9840	1.2434
- Class SGD		3.1022	3.2472
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES			
- Class MYR		RM0.9840	RM1.2434
- Class SGD		<u>SGD1.0272</u>	<u>SGD1.0451</u>

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

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018**

	2018	2017
	RM	RM
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR	263,103,425	290,614,701
Movement due to units created and cancelled during the financial year:		
- Creation of units from applications		
- Class MYR	9,878,596	13,090,912
- Class SGD	3,793,214	273,277
	<u>13,671,810</u>	<u>13,364,189</u>
- Creation of units from distributions		
- Class MYR	43,202,299	-
- Class SGD	1,348	-
	<u>43,203,647</u>	<u>-</u>
- Cancellation of units		
- Class MYR	(35,971,985)	(61,211,229)
- Class SGD	(331,846)	(205,719)
	<u>(36,303,831)</u>	<u>(61,416,948)</u>
(Decrease)/ Increase in net assets attributable to unit holders during the financial year:	<u>(53,224,890)</u>	<u>20,541,483</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR	<u>230,450,161</u>	<u>263,103,425</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 31 OCTOBER 2018**

	Note	2018 RM	2017 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from disposal of quoted securities		278,640,312	262,524,098
Purchase of quoted securities		(229,876,534)	(241,432,498)
Dividend income received		7,892,646	8,970,566
Interest income received from deposits with licensed financial institutions		701,066	679,490
Management fee paid		(3,802,667)	(4,274,072)
Trustee's fee paid		(126,756)	(142,469)
Payments for other fees and expenses		(286,682)	(427,203)
Net realised foreign exchange loss		(125)	(204)
Tax refund received		-	81,891
Net cash generated from operating activities		<u>53,141,260</u>	<u>25,979,599</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		13,882,977	13,273,600
Payments for cancellation of units		(43,579,303)	(54,052,779)
Distribution paid		(446,108)	(394,451)
Net cash used in financing activities		<u>(30,142,434)</u>	<u>(41,173,630)</u>
Net increase/(decrease) in cash and cash equivalents		22,998,826	(15,194,031)
Effects of foreign exchange differences		44,200	134
Cash and cash equivalents at the beginning of the financial year		<u>14,048,517</u>	<u>29,242,414</u>
Cash and cash equivalents at the end of the financial year	9	<u><u>37,091,543</u></u>	<u><u>14,048,517</u></u>
<u>Cash and cash equivalents comprises of:</u>			
Deposits with licensed financial institutions		33,328,666	13,960,862
Bank balances		<u>3,762,877</u>	<u>87,655</u>
Cash and cash equivalents at the end of the financial year	9	<u><u>37,091,543</u></u>	<u><u>14,048,517</u></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 31 OCTOBER 2018****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES**

CIMB-Principal Malaysia Equity Fund (the "Fund") was constituted pursuant to a Deed dated 11 July 2005 and is now governed by a Principal Master Deed dated 15 May 2008, a Fourth Supplemental Master Deed dated 18 March 2009, a Fifth Supplemental Master Deed dated 16 July 2009, a Thirteenth Supplemental Master Deed dated 26 June 2012 and an Eighteenth Supplemental Master Deed dated 25 March 2015 all executed between the Management Company and the Universal Trustee (Malaysia) Berhad (hereinafter known as the "Previous Trustee"), a Seventeenth Supplemental Master Deed dated 19 March 2015 entered into between the Management Company, the previous Trustee and the Trustee, in respect of a change in trustee to the Fund (hereinafter collectively the "Initial Deed") and a Principal Master Deed dated 10 April 2015 (collectively referred to as the "Deeds"), between CIMB-Principal Asset Management Berhad (the "Manager") and HSBC (Malaysia) Trustee Berhad (the "Trustee").

The Fund may invest at least 70% of its NAV in equities and up to 28% of the Fund's NAV in other permissible investments and at least 2% of the Fund's NAV in liquid assets. In line with its objective, the investment policy and strategy of the Fund will focus on investment in shares of companies with growth potential.

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

The Manager, a company incorporated in Malaysia, is jointly owned by CIMB Group Sdn Bhd and Principal International (Asia) Limited. The principal activities of the Manager are the establishment and management of unit trust funds and fund management activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

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

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(m).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

The Fund has applied the following amendments for the first time for the financial year beginning 1 November 2017:

- Amendments to MFRS 107 “Statement of Cash Flows - Disclosure Initiative” (effective from 1 January 2017) introduce an additional disclosure on changes in liabilities arising from financing activities.

The adoption of these amendments did not have any impact on the current financial year or any prior year and is not likely to affect future years.

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

(i) Financial year beginning on/after 1 November 2018

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

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

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main changes are:

- For financial liabilities classified as FVTPL, the fair value changes due to own credit risk should be recognized directly to OCI. There is no subsequent recycling to profit or loss.
- When a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss, being the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, should be recognized immediately in profit or loss.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(a) Basis of preparation (continued)****(i) Financial year beginning on/after 1 November 2018 (continued)**

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

- There will be no impact on the Fund's accounting for financial assets as the Fund's equity investments currently measured at fair value through profit or loss will continue to be measured on the same basis under MFRS 9.
- There will be no impact on the Fund's accounting for financial liabilities as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Fund does not have any such liabilities.
- The new impairment model requires the recognition of impairment provisions based on ECL rather than only incurred credit losses as is the case under MFRS 139. It applies to financial assets classified at amortised cost. Based on the assessments undertaken to date, the Fund does not expect any loss allowance to be recognised upon adoption of MFRS 9.

(b) Financial assets and financial liabilities**Classification**

The Fund designates its investment in quoted securities as financial assets at fair value through profit or loss at inception.

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

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

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

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

Recognition and measurement

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

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

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

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

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

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

Quoted securities in Malaysia are valued at the last done market price quoted on Bursa Malaysia Securities Bhd ("Bursa Securities") at the date of the statement of financial position.

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

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

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

Impairment for assets carried at amortised costs

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Impairment for assets carried at amortised costs (continued)

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

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

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

(c) Income recognition

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 effective interest rate method on an accrual basis.

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

(d) Foreign Currency

Functional and presentation currency

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

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

- i) Significant portion of the fund's units are denominated in RM;
- ii) Significant portion of the fund's NAV is invested in investment denominated in RM; and
- iii) All of the Fund's expenses are denominated in RM.

Transactions and balances

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

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

Prior to 18 February 2016, the Fund classifies its puttable instruments as equity in accordance with MFRS132 (Amendment) "Financial Instruments: Presentation". However, the amendment requires puttable financial instruments that meet the definition of equity to be classified as financial liability when certain strict criteria are not met. Those criteria include:

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

These conditions were not met when Class SGD was issued on 18 February 2016 as this class does not have identical features with the pre-existing Class MYR.

The units are subsequently classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's NAV of respective classes. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the unit holder exercises the right to put back the unit to the Fund.

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

(f) Cash and cash equivalents

For the purpose of statement of cash flow, cash and cash equivalents comprise bank balances and deposits held in highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value.

(g) Taxation

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

(h) Distribution

A distribution to the Fund's unit holders is accounted for as a finance cost in the statement of comprehensive income. A proposed distribution is recognised as a financial liability in the year in which it is approved by the Trustee.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(i) Amount due from/to stockbrokers**

Amount due from and amount due to stockbrokers represent receivables for quoted securities sold and payables for quoted securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment for amount due from stockbrokers. A provision for impairment of amount due from stockbrokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant stockbroker. Significant financial difficulties of the stockbroker, probability that the stockbroker will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from stockbrokers is impaired. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(j) Transactions costs

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

(k) Increase/Decrease in net asset attributable to unit holders

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

(l) Segment information

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

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

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the 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	Loans and receivables RM	Total RM
2018			
Cash and cash equivalents (Note 9)	-	37,091,543	37,091,543
Quoted securities (Note 8)	193,927,383	-	193,927,383
Amount due from stockbrokers	-	381,320	381,320
Amount due from Manager	-	152,996	152,996
Dividends receivable	-	166,319	166,319
	<u>193,927,383</u>	<u>37,792,178</u>	<u>231,719,561</u>
2017			
Cash and cash equivalents (Note 9)	-	14,048,517	14,048,517
Quoted securities (Note 8)	256,896,537	-	256,896,537
Amount due from stockbrokers	-	1,341,156	1,341,156
Amount due from Manager	-	350,904	350,904
Dividends receivable	-	217,344	217,344
	<u>256,896,537</u>	<u>15,957,921</u>	<u>272,854,458</u>

All current liabilities, except for tax payable, are financial liabilities which are carried at amortised cost.

The investment objective of the Fund is to achieve maximum capital appreciation over the long-term through all types of investments.

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

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

(a) Market risk

(i) Price risk

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

The price risk is managed through diversification and selection of quoted securities and other financial instruments within specified limits according to the Deeds.

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:

	2018 RM	2017 RM
Financial assets at fair value through profit or loss:		
- Quoted securities	<u>193,927,383</u>	<u>256,896,537</u>

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

% Change in price of quoted securities	Market value RM	Impact on profit or loss and NAV RM
2018		
-5%	184,231,014	(9,696,369)
0%	193,927,383	-
5%	<u>203,623,752</u>	<u>9,696,369</u>
2017		
-5%	244,051,710	(12,844,827)
0%	256,896,537	-
5%	<u>269,741,364</u>	<u>12,844,827</u>

(ii) Currency risk

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

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

	Cash and cash equivalents 2018 RM	2017 RM
Financial assets		
SGD	<u>3,623,907</u>	<u>66,777</u>

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

(a) Market risk (continued)

(ii) Currency risk (continued)

	Net assets attributable to unit holders	
	2018	2017
	RM	RM
Financial liabilities		
SGD	(3,324,598)	(67,412)

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

	Change in foreign exchange rate	Impact on profit or loss/NAV	
		2018	2017
		RM	RM
	%		
SGD	5	14,965	(32)
	-5	(14,965)	32

(iii) Interest rate risk

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

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

The Fund's exposure to fair value interest rate risk arises from investments in money market instruments. The interest rate risk is expected to be minimal as the Fund's investments comprise mainly short term deposits with approved licensed 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 interest rates.

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

As at the end of each financial year, the Fund 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 a counterparty will default on its contractual obligation resulting in financial loss to the Fund.

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

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

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

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

	Cash and cash equivalents RM	Amount due from stockbrokers RM	Amount due from Manager RM	Dividends receivable RM	Total RM
2018					
Financial Services					
- HSBC Bank Malaysia Bhd (AAA)	3,762,877	-	-	-	3,762,877
- Malayan Banking Bhd (AAA)	6,219,372	-	-	-	6,219,372
- Public Bank Bhd (AAA)	10,842,953	-	-	-	10,842,953
- Hong Leong Bank Bhd (AA1)	16,266,341	-	-	-	16,266,341
- RHB Investment Bk Bhd (AA2)	-	381,320	-	-	381,320
- Other (Not Rated)	-	-	-	36,290	36,290
Telecommunications					
- Not rated	-	-	-	130,029	130,029
Otherp					
- Not Rated	-	-	152,996	-	152,996
	<u>37,091,543</u>	<u>381,320</u>	<u>152,996</u>	<u>166,319</u>	<u>37,792,178</u>

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

(b) Credit risk (continued)

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

	Cash and cash equivalents RM	Amount due from stockbrokers RM	Amount due from Manager RM	Dividends receivable RM	Total RM
2017					
Finance					
- HSBC Bank Malaysia Bhd (AAA)	87,655	-	-	-	87,655
- CIMB Bank Bhd (AAA)	3,821,639	-	-	1	3,821,640
- CIMB Investment Bank Bhd (AAA)	-	919,792	-	-	919,792
- Malayan Banking Bhd (AAA)	2,700,248	-	-	123,003	2,823,251
- Public Bank Bhd (AAA)	4,901,899	-	-	-	4,901,899
- Hong Leong Bank Bhd (AA1)	2,537,076	-	-	81,150	2,618,226
- Hong Leong Investment Bank Bhd (AA1)	-	99,019	-	-	99,019
- Others (Not Rated)	-	322,345	-	13,185	335,530
Trading/Services					
- Not rated	-	-	-	5	5
Others					
- Not Rated	-	-	350,904	-	350,904
	<u>14,048,517</u>	<u>1,341,156</u>	<u>350,904</u>	<u>217,344</u>	<u>15,957,921</u>

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

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

(c) Liquidity risk

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

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise bank balances and deposits with licensed financial institutions, which are capable of being converted into cash within 7 business days. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

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

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
2018			
Amount due to Manager	533,795		533,795
Accrued management fee	300,364		300,364
Amount due to Trustee	10,012		10,012
Distribution payable	-	400,964	400,964
Other payables and accruals	-	17,100	17,100
Net assets attributable to unit holders *	230,457,326	-	230,457,326
Contractual undiscounted cash flows	231,301,497	418,064	231,719,561
2017			
Amount due to stockbrokers	1,525,960	-	1,525,960
Amount due to Manager	7,808,952	-	7,808,952
Accrued management fee	344,493	-	344,493
Amount due to Trustee	11,483	-	11,483
Distribution payable	-	72	72
Other payables and accruals	21,359	38,229	59,588
Net assets attributable to unit holders *	263,103,425	-	263,103,425
Contractual undiscounted cash flows	272,815,672	38,301	272,853,973

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

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

(d) 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 market price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

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

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

(i) Fair value hierarchy

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

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

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

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

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

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

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

(d) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2018				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>193,927,383</u>	<u>-</u>	<u>-</u>	<u>193,927,383</u>
2017				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>256,896,537</u>	<u>-</u>	<u>-</u>	<u>256,896,537</u>

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

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

4. MANAGEMENT FEE

In accordance with the Deeds, the Manager is entitled to a maximum management fee of 1.50% per annum calculated and accrued daily based on the NAV of the Fund.

For the financial year ended 31 October 2018, the management fee is recognised at a rate of 1.50% per annum (2017: 1.50% per annum) for each classes.

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

5. TRUSTEE'S FEE

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

For the financial year ended 31 October 2018, the Trustee's fee is recognised at the rate of 0.05% per annum (2017: 0.05% per annum) (including local custodian fee but excluding foreign sub-custodian fee).

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

6. FINANCE COST

Distribution to unit holders is derived from the following sources:

	2018	2017
	RM	RM
Dividend income	1,559,966	-
Interest income from deposits with licensed financial institutions	144,330	-
Net realised gain on disposal of investments	1,536,575	-
Prior financial year's realised income	41,152,940	-
	<u>44,393,811</u>	<u>-</u>
Less:		
Expenses	(342,679)	-
Taxation	(485)	-
Net distribution amount	<u>44,050,647</u>	<u>-</u>
Distribution on 22 November 2017		
Gross/Net distribution per unit (sen)	-	-
- Class MYR	10.50	-
Net distribution per unit (sen)	<u>10.50</u>	<u>-</u>
Distribution on 26 October 2018		
Gross/Net distribution per unit (sen)		
- Class SGD	0.33	-
- Class MYR	10.50	-
Net distribution per unit (sen)	<u>10.83</u>	<u>-</u>

Gross distribution is derived using total income less total expenses. Net distribution above is sourced from current and prior financial years' realised income.

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.

There are unrealised losses of RM15,939,238 during the financial year (2017: RM Nil).

7. TAXATION

	2018	2017
	RM	RM
Tax charged for the financial year:		
- Overprovision of prior year tax	(485)	-
- Withholding tax	-	3,032
	<u>(485)</u>	<u>3,032</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:

	2018	2017
	RM	RM
(Loss)/Profit before taxation	<u>(9,167,563)</u>	<u>20,544,515</u>
Taxation at Malaysian statutory rate of 24% (2017: 24%)	(2,200,215)	4,930,684
Tax effects of:		
Investment income not subject to tax	890,064	(6,423,618)
Expenses not deductible for tax purposes	364,570	392,135
Restriction on tax deductible expenses for Unit Trust Fund	945,581	1,100,799
Over provision of prior year tax	(485)	-
Investment income subject to withholding tax	-	3,032
Taxation	<u>(485)</u>	<u>3,032</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018	2017
	RM	RM
Designated at fair value through profit or loss at inception:		
- Quoted securities	<u>193,927,383</u>	<u>256,896,537</u>
Net (loss)/gain on financial assets at fair value through profit or loss:		
- Realised gain on disposals	3,675,136	11,924,134
- Unrealised fair value (loss)/gain	<u>(15,983,438)</u>	<u>5,139,198</u>
	<u>(12,308,302)</u>	<u>17,063,332</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2018				
QUOTED SECURITIES				
Construction				
Muhibbah Engineering M Bhd	571,200	1,790,599	1,582,224	0.69
	<u>571,200</u>	<u>1,790,599</u>	<u>1,582,224</u>	<u>0.69</u>
Consumer Products & Services				
AirAsia Group Bhd	777,800	2,619,385	2,045,614	0.89
Genting Malaysia Bhd	1,010,300	9,099,889	7,415,602	3.22
Genting Plantations Bhd	1,888,700	10,050,792	8,480,263	3.68
MBM Resources Bhd	537,700	1,308,439	1,070,023	0.46
Petronas Dagangan Bhd	137,600	3,685,172	3,577,600	1.55
Salutica Bhd	1,199,500	736,442	611,745	0.27
Sime Darby Bhd	584,810	1,277,846	1,286,582	0.56
	<u>6,136,410</u>	<u>28,777,965</u>	<u>24,487,429</u>	<u>10.63</u>
Energy				
Dialog Group Bhd	1,506,200	3,991,882	5,106,018	2.22
Hibiscus Petroleum Bhd	941,600	970,561	1,054,592	0.46
Petronas Gas Bhd	149,100	2,818,388	2,725,548	1.18
Yinson Holdings Bhd	960,400	3,337,111	4,273,780	1.85
	<u>3,557,300</u>	<u>11,117,942</u>	<u>13,159,938</u>	<u>5.71</u>
Financial Services				
Aeon Credit Service (M) Bhd	163,100	1,975,645	2,462,810	1.07
Aeon Credit Service M Bhd - ICULS	124,800	124,800	183,456	0.08
Alliance Bank Malaysia Bhd	510,300	2,194,829	2,020,788	0.88
Bursa Malaysia Bhd	305,700	2,668,549	2,237,724	0.97
CIMB Group Holdings Bhd	1,209,606	6,541,728	6,918,946	3
Hong Leong Bank Bhd	268,200	4,178,755	5,551,740	2.41
Hong Leong Financial Group	124,400	1,986,156	2,286,472	0.99
Malayan Banking Bhd	1,419,140	12,539,343	13,467,639	5.84
Public Bank Bhd	842,293	16,572,673	20,720,408	8.99
RHB Bank Bhd	333,000	1,710,924	1,741,590	0.76
	<u>5,300,539</u>	<u>50,493,402</u>	<u>57,591,573</u>	<u>24.99</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2018 (Continued)				
QUOTED SECURITIES				
(CONTINUED)				
Health Care				
Top Glove Corporation Bhd	412,800	1,505,043	2,452,032	1.06
Industrial Products				
Tat Sang Holdings Bhd - Delisted	31,000	1	-	-
Industrial Products & Svc				
ATA IMS Bhd	1,814,600	2,899,190	3,012,236	1.31
Petronas Chemicals Group Bhd	1,031,900	7,800,372	9,648,265	4.19
Sunway Bhd - WB 03/10/2024	374,970	-	108,741	0.05
Uchi Technologies Bhd	771,900	2,421,628	2,238,510	0.97
V.S. Industry	3,608,300	6,148,864	5,773,280	2.51
	<u>7,601,670</u>	<u>19,270,054</u>	<u>20,781,032</u>	<u>9.03</u>
Plantation				
FGV Holdings Bhd	922,900	2,177,375	1,292,060	0.56
Globetronics Technology Bhd	260,400	2,807,661	2,512,860	1.09
IOI Corporation Bhd	1,299,900	5,940,166	5,849,550	2.54
Kuala Lumpur Kepong Bhd	141,200	3,434,192	3,518,704	1.53
Sime Darby Plantation Bhd	950,310	7,120,051	4,998,631	2.17
	<u>3,574,710</u>	<u>21,479,445</u>	<u>18,171,805</u>	<u>7.89</u>
Property				
SP Setia Bhd - Preference shares	564,200	564,200	558,558	0.24
Technology				
Globetronics Technology Bhd	931,200	2,502,768	2,057,952	0.89
Inari Amertron Bhd	2,219,750	4,780,341	4,350,710	1.89
Malaysian Pacific Industries Bhd	201,200	2,504,142	2,181,008	0.94
Pentamaster Corporation Bhd	441,100	1,151,775	1,385,054	0.6
Revenue Group Bhd	1,321,500	1,582,045	1,334,715	0.58
Unisem Bhd	359,600	1,098,387	1,039,244	0.45
	<u>5,474,350</u>	<u>13,619,458</u>	<u>12,348,683</u>	<u>5.35</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2018 (Continued)				
QUOTED SECURITIES (CONTINUED)				
Telecommunications & Media				
Axiata Group Bhd	2,100,791	10,314,298	7,163,697	3.10
Digi.com Bhd	262,700	1,267,185	1,132,237	0.49
	<u>2,363,491</u>	<u>11,581,483</u>	<u>8,295,934</u>	<u>3.59</u>
Transportation & Logistics				
Malaysia Airports Holdings Bhd	1,101,500	9,274,265	9,142,450	3.97
MISC Bhd	547,500	4,104,908	3,339,750	1.45
Pos Malaysia Bhd	326,000	1,253,190	964,960	0.42
Westports Holdings Bhd	667,500	2,352,895	2,276,175	0.99
	<u>2,642,500</u>	<u>16,985,258</u>	<u>15,723,335</u>	<u>6.83</u>
Utilities				
Tenaga Nasional Bhd	1,277,200	17,174,438	18,774,840	8.15
	<u>1,277,200</u>	<u>17,174,438</u>	<u>18,774,840</u>	<u>8.15</u>
TOTAL QUOTED SECURITIES	<u>39,507,370</u>	<u>194,359,287</u>	<u>193,927,383</u>	<u>84.15</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(431,904)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>193,927,383</u>		

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2017				
QUOTED SECURITIES				
Construction				
Econpile Holdings Bhd	562,600	479,380	1,749,686	0.67
Gamuda Bhd	534,900	2,679,359	2,808,225	1.07
IJM Corporation Bhd	816,500	2,836,305	2,604,635	0.99
Mitrajaya Holdings Bhd	2,196,000	3,117,762	2,064,240	0.78
Muhibbah Engineering (M) Bhd	465,700	1,345,318	1,327,245	0.50
WCT Holdings Bhd	880,080	1,984,559	1,460,933	0.56
	<u>5,455,780</u>	<u>12,442,683</u>	<u>12,014,964</u>	<u>4.57</u>
Consumer Products				
IOI Corporation Bhd	1,375,500	6,285,636	6,134,730	2.33
Kuala Lumpur Kepong Bhd	235,700	5,397,938	5,798,220	2.20
Malayan Flour Mills Bhd	1,256,200	2,881,911	2,437,028	0.93
Vizione Holdings Bhd	8,100,400	996,349	1,336,566	0.51
	<u>10,967,800</u>	<u>15,561,834</u>	<u>15,706,544</u>	<u>5.97</u>
Finance				
Aeon Credit Services (M) Bhd	62,400	573,112	867,360	0.33
Aeon Credit Service (M) Bhd - ICULS	124,800	124,800	156,000	0.06
Alliance Financial Group Bhd	631,500	2,488,081	2,330,235	0.89
AMMB Holdings Bhd	930,500	4,295,510	3,982,540	1.51
Bursa Malaysia Bhd	238,200	2,389,702	2,379,618	0.90
CIMB Group Holdings Bhd	3,307,481	17,353,750	20,307,933	7.72
Hong Leong Bank Bhd	270,500	3,643,414	4,311,770	1.64
Hong Leong Financial Group Bhd	94,400	1,419,645	1,576,480	0.60
Malayan Banking Bhd	2,509,093	21,508,511	23,209,110	8.82
Public Bank Bhd	975,693	17,502,654	19,962,679	7.59
RHB Bank Bhd	685,600	3,518,191	3,482,848	1.32
	<u>9,830,167</u>	<u>74,817,370</u>	<u>82,566,573</u>	<u>31.38</u>
Industrials				
Fajarbaru Builder Group Bhd	1,499,100	1,459,757	1,356,686	0.52
Mieco Chipboard Bhd	455,800	482,203	537,844	0.20
Pecca Group Bhd	1,489,300	2,608,828	2,099,913	0.80
Petronas Chemicals Group Bhd	539,700	3,743,630	3,977,589	1.51
SKP Resources Bhd	1,520,100	2,660,235	2,690,577	1.02
Pos Malaysia Bhd	751,400	4,043,851	4,125,186	1.57
Tat Sang Holdings Bhd *	31,000	1	-	-
	<u>6,286,400</u>	<u>14,998,505</u>	<u>14,787,795</u>	<u>5.62</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2017 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
IPC				
Digi.Com Bhd	841,400	4,127,225	4,207,000	1.60
Plantation				
Genting Plantations Bhd	346,700	3,738,158	3,702,756	1.41
Properties				
SP Setia Bhd	641,076	2,179,647	2,096,319	0.80
SP Setia Bhd - Preference Shares	564,200	564,200	592,410	0.23
Sunway Bhd	2,647,333	4,062,080	4,579,886	1.74
Sunway Bhd - Warrant	374,970	-	239,981	0.09
	<u>4,227,579</u>	<u>6,805,927</u>	<u>7,508,596</u>	<u>2.86</u>
Technology				
Inari Amertron Bhd	1,575,400	3,963,510	4,426,874	1.68
Malaysian Pacific Industries Bhd	166,100	1,730,227	2,312,112	0.88
	<u>1,741,500</u>	<u>5,693,737</u>	<u>6,738,986</u>	<u>2.56</u>
Trading/Services				
Airasia Bhd	2,051,400	6,879,495	6,851,676	2.60
Axiata Group Bhd	2,304,064	11,586,794	12,418,905	4.72
Bermaz Auto Bhd	506,500	1,102,069	1,033,260	0.39
Dayang Enterprise Hldg Bhd	1,921,500	2,311,538	1,662,098	0.63
Dialog Group Bhd	2,498,100	4,768,707	5,645,706	2.15
Genting Bhd	1,004,600	9,052,258	9,091,630	3.46
Genting Malaysia Bhd	246,600	1,204,933	1,240,398	0.47
Malaysia Airports Hldg Bhd	1,236,600	9,626,068	10,239,048	3.89
MBM Resources Bhd	419,400	1,040,122	863,964	0.33
MISC Bhd	392,500	3,132,719	2,727,875	1.04
My E.G. Services Bhd	1,346,650	2,626,026	2,949,163	1.12
Petronas Dagangan Bhd	83,400	2,064,801	1,998,264	0.76
Sapura Energy Bhd	1,633,600	3,065,726	2,613,760	0.99
Sime Darby Bhd	1,685,610	13,492,634	15,507,612	5.89
Telekom Malaysia Bhd	889,258	6,151,216	5,646,788	2.15
Tenaga Nasional Bhd	1,579,400	20,384,314	23,691,000	9.00
Tiong Nam Logistics Holdings Bhd	507,858	704,697	756,708	0.29
Yinson Holdings Bhd	1,193,300	3,965,447	4,725,468	1.80
	<u>21,500,340</u>	<u>103,159,564</u>	<u>109,663,323</u>	<u>41.68</u>
TOTAL QUOTED SECURITIES	<u>61,197,666</u>	<u>241,345,003</u>	<u>256,896,537</u>	<u>97.65</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2017 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>15,551,534</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>256,896,537</u>		

* The counter has been de-listed on 27 October 2003 as the counter does not have an adequate level of financial condition to warrant continued listing. The counter will continue to remain deposited with the Malaysian Central Depository Sdn Bhd as it is not mandatory for the securities to be withdrawn.

9. CASH AND CASH EQUIVALENTS

	2018 RM	2017 RM
Deposits with licensed financial institutions	33,328,666	13,960,862
Bank balances	<u>3,762,877</u>	<u>87,655</u>
	<u>37,091,543</u>	<u>14,048,517</u>

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

	2018 %	2017 %
Deposits with licensed financial institutions	<u>3.55</u>	<u>3.31</u>

Deposits with licensed financial institutions of the Fund have an average maturity of 10 days (2017: 3 days).

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

	<u>2018</u>	<u>2017</u>
	No. of units	No. of units
Class MYR (i)	230,809,830	211,536,787
Class SGD (ii)	1,071,679	20,760
	<u>231,881,509</u>	<u>211,557,547</u>

(i) Class MYR

	<u>2018</u>	<u>2017</u>
	No. of units	No. of units
At the beginning of the financial year	211,536,787	251,034,486
Add: Creation of units from applications	8,560,262	10,972,091
Add: Creation of units from distributions	41,502,896	-
Less: Cancellation of units	(30,790,115)	(50,469,790)
At the end of the financial year	<u>230,809,830</u>	<u>211,536,787</u>

(ii) Class SGD

	<u>2018</u>	<u>2017</u>
	No. of units	No. of units
At the beginning of the financial year	20,760	-
Add: Creation of units from applications	1,149,594	84,710
Add: Creation of units from distribution	439	-
Less: Cancellation of units	(99,114)	(63,950)
At the end of the financial year	<u>1,071,679</u>	<u>20,760</u>

11. MANAGEMENT EXPENSE RATIO (“MER”)

	<u>2018</u>	<u>2017</u>
	%	%
MER	<u>1.63</u>	<u>1.67</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 excluding Goods and Services Tax (“GST”) on transaction costs

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 RM250,623,569 (2017: RM283,423,394).

12. PORTFOLIO TURNOVER RATIO (“PTR”)

	2018	2017
PTR (times)	1.01	0.89

PTR is derived based on 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 = RM227,741,026 (2017: RM240,100,958)
 total disposal for the financial year = RM278,401,878 (2017: RM261,950,710)

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>
CIMB-Principal Asset Management Bhd	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 shareholder of the Manager
CIMB Bank Bhd	Fellow related party to the Manager
CIMB Investment Bank Bhd	Fellow related party to the Manager

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

Units held by the Manager and parties related to the Manager

	2018		2017	
Class MYR	No. of units	RM	No. of units	RM
Manager				
CIMB-Principal Asset Management Bhd	38,471	37,855	132,693	164,990
	2018		2017	
Class SGD	No. of units	RM	No. of units	RM
Manager				
CIMB-Principal Asset Management Bhd	5	16	-	-

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

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

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The Manager is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties.

	2018	2017
	RM	RM
<u>Significant related party transactions</u>		
Interest income from deposits with licensed financial institution:		
- CIMB Bank Bhd	12,962	75,552
Cash placements with licensed financial institution		
- CIMB Bank Bhd	28,553,000	113,632,000
<u>Significant related party balance</u>		
Deposits with licensed financial institution:		
- CIMB Bank Bhd	-	3,821,639

14. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the top 10 brokers/dealers for financial year ended 31 October 2018 are as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
CIMB Investment Bank Bhd #	81,934,791	17.11	165,999	15.65
Macquarie Malaysia Sdn Bhd	72,028,254	15.04	160,102	15.09
Affin Hwang Investment Bank Bhd	55,190,890	11.53	149,068	14.05
KAF Seagroats & Campbell Securi	46,198,455	9.65	102,052	9.62
Hong Leong Investment Bank	39,941,202	8.34	81,099	7.65
Maybank Investment Bank Bhd	39,479,174	8.24	80,817	7.62
RHB Investment Bank Bhd	37,557,499	7.84	81,982	7.73
JPMorgan Securities (M) Sdn Bhd	28,563,753	5.97	63,166	5.95
Credit Suisse M Sdn Bhd	27,129,007	5.67	59,903	5.65
CLSA Securities (M) Sdn Bhd	21,292,429	4.45	47,495	4.48
Others	29,520,103	6.16	69,104	6.51
	<u>478,835,557</u>	<u>100.00</u>	<u>1,060,787</u>	<u>100.00</u>

14. TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)

Details of transactions with the top 10 brokers/dealers for financial year ended 31 October 2017 are as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
CIMB Investment Bank Bhd #	130,357,806	25.97	281,546	25.31
Credit Suisse Securities (Malaysia) Sdn Bhd	61,524,396	12.25	134,520	12.09
Macquarie Malaysia Sdn Bhd	60,417,710	12.03	135,991	12.22
CLSA Securities Malaysia Sdn Bhd	42,519,532	8.47	93,091	8.37
Maybank Investment Bank Bhd	41,068,954	8.18	84,323	7.58
JPMorgan Securities (Malaysia) Sdn Bhd	41,003,737	8.17	92,263	8.29
Hong Leong Investment Bank Bhd	39,177,553	7.80	88,204	7.93
RHB Investment Bank Bhd	28,884,007	5.75	77,691	6.98
KAF Seagroats & Campbell Securities Sdn Bhd	16,050,836	3.20	36,114	3.25
UBS Securities Malaysia Sdn Bhd	9,808,350	1.95	21,506	1.93
Others	31,238,787	6.23	67,294	6.05
	<u>502,051,668</u>	<u>100.00</u>	<u>1,112,543</u>	<u>100.00</u>

Included in the transactions are trades conducted with CIMB Investment Bank Bhd, fellow related party to the Manager amounting to RM81,934,791 (2017: RM130,357,806) respectively. 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.

15. SEGMENT INFORMATION

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

The investment objective of the Fund is to achieve maximum capital appreciation over the long-term through all types of investments. The reportable operating segment derives its income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within the portfolio. These returns consist of interest income and dividend income earned from investments and gains on the appreciation in the value of investments, which are derived from Ringgit denominated deposits with licensed financial institutions in Malaysia and quoted securities listed on Bursa Securities, Malaysia.

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

16. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 14 December 2018.

DIRECTORY

Head office of the Manager

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

Postal address

CIMB-Principal Asset Management Berhad (Company No.: 304078-K)
P.O.Box 10571,
50718 Kuala Lumpur,
MALAYSIA.

Website

www.cimb-principal.com.my

E-mail address

service@cimb-principal.com.my

General investment enquiries

(03) 7718 3100

Trustee for the CIMB-Principal Malaysia Equity Fund

HSBC (Malaysia) Trustee Berhad (Company No.: 001281-T)
13th Floor, Bangunan HSBC, South Tower,
No. 2, Leboh Ampang,
50100 Kuala Lumpur,
MALAYSIA.
Tel: (03) 2075 7800
Fax: (03) 2179 6511

Auditors of the Trusts and of the Manager

PricewaterhouseCoopers (Company No. AF: 1146)
Level 10, 1 Sentral,
Jalan Rakyat, Kuala Lumpur Sentral,
PO Box 10192, 50706 Kuala Lumpur, MALAYSIA.
Tel: (03) 2173 1188
Fax: (03) 2173 1288