

CIMB FTSE CHINA 50

UNAUDITED QUARTERLY REPORT

FOR THE QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

CONTENTS	PAGE(S)
INVESTORS' LETTER	1
MANAGER'S REPORT	2 - 7
Fund Objective and Policy	
Performance Data	
Market Review	
Fund Performance	
Portfolio Structure	
Market Outlook	
Investment Strategy	
Unit Holdings Statistics	
Soft Commissions and Rebates	
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME	8
UNAUDITED STATEMENT OF FINANCIAL POSITION	9
UNAUDITED STATEMENT OF CHANGES IN EQUITY	10
UNAUDITED STATEMENT OF CASH FLOWS	11
NOTES TO THE FINANCIAL STATEMENTS	12 - 32
DIRECTORY	33

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 RM52.60 billion in Asset under Management ("AUM") as at June 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 Balance 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

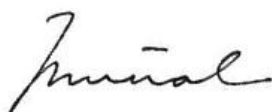
Our latest accomplishment is The Asset Triple A Private Banking, Wealth Management, Investment and Exchange-Traded Fund ("ETF") Awards 2018 where we have been recognized for the Best Wealth Manager in Malaysia.

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.

Please note that as at September 2018, CIMB-Principal is managing 2 ETFs listed on Bursa Malaysia: CIMB FTSE ASEAN 40 Malaysia and CIMB FTSE China 50.

Thank you.

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



Munirah Khairuddin
Chief Executive Officer

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

The Fund aims to provide investment results that closely correspond to the performance of the Financial Times Stock Exchange ("FTSE") China 50 Index ("Benchmark Index"), regardless of its performance.

Has the Fund achieved its objective?

For the financial period under review, the Fund has met its objective to closely correspond to the performance of the Benchmark Index.

What are the Fund investment policy and principal investment strategy?

A passive strategy whereby the Manager may adopt either a Replication Strategy or a Representative Sampling Strategy.

Replication Strategy

In managing the Fund, the Manager will generally adopt a Replication Strategy. Using a Replication Strategy, the Fund will invest in substantially all the Index Securities in substantially the same weightings (i.e. proportions) as the Benchmark Index (to the extent possible). If the Manager is of the opinion there exists liquidity constraints with the Index Securities, the Fund may substitute the Index Securities (in part or in whole) with one or more derivatives of the Index Securities which are likely to behave in a manner consistent with the investment objective of the Fund as determined by the Manager.

Representative Sampling Strategy

The Manager may decide to adopt a Representative Sampling Strategy if various circumstances make it impossible or impracticable to adopt a Replication Strategy.

Fund category/type

Exchange-traded Fund ("ETF")/Equity/Index tracking

How long should you invest for?

Recommended three (3) to five (5) years

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

High

When was the Fund launched?

9 July 2010*

* Listing date

What was the size of the Fund as at 30 September 2018?

RM13.39 million (8.45 million units)

What is the Fund's benchmark?

The Benchmark Index or such replacement index as may be determined by the Manager, subject to the approval of the Securities Commission Malaysia ("SC").

What is the Fund distribution policy?

Annually, subject to the discretion of the Manager.

What was the net income distribution for the financial period from 1 July 2018 to 30 September 2018?

There was no distribution made for the financial period from 1 July 2018 to 30 September 2018.

PERFORMANCE DATA

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

	30.09.2018	30.09.2017	30.09.2016
	%	%	%
Quoted securities			
- Basic Materials	1.60	0.89	0.66
- Consumer Products	6.35	5.83	3.66
- Energy	12.74	11.36	12.26
- Finance	45.77	56.49	53.70
- Health Care	-	-	1.04
- Industrials	4.65	5.30	5.42
- Real Estate	8.68	-	-
- Technology	9.10	9.47	9.27
- Telecommunications	9.98	9.95	11.77
- Utilities	0.80	0.48	1.23
Cash and other net assets	0.33	0.23	0.99
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	30.09.2018	30.09.2017	30.09.2016
Total asset value (RM Million)	13.83	15.64	16.41
Net Asset Value ("NAV") (RM Million)	13.39	15.54	16.32
Units in circulation (Million)	8.45	9.75	12.35
NAV per Unit (RM)	1.5851	1.5943	1.3213
	01.07.2018	01.07.2017	01.07.2016
	to 30.09.2018	to 30.09.2017	to 30.09.2016
Highest NAV per Unit (RM)	1.6026	1.6437	1.3539
Lowest NAV per Unit (RM)	1.4843	1.4720	1.1531
Market Price per Unit (RM)	1.580	1.6100	1.3350
Highest Market Price per Unit (RM)	1.5900	1.6650	1.3500
Lowest Market Price per Unit (RM)	1.5000	1.4800	1.1650
Total return (%) [^]	1.88	7.59	13.44
- Capital growth (%)	1.88	7.59	13.44
- Income distribution (%)	-	-	-
Management Expenses Ratio ("MER") (%) [*]	0.28	0.33	0.27
Portfolio Turnover Ratio ("PTR") (times) [#]	0.23	0.03	0.04

[^] based on NAV per unit

^{*} The Fund's MER decreased from 0.33% to 0.28% due to decreased other expenses during the financial period under review.

[#] The Fund's PTR increased from 0.03 times to 0.23 times due to more trading activities from portfolio rebalancing within the reporting period.

PERFORMANCE DATA (CONTINUED)

	30.09.2018	30.09.2017	30.09.2016	30.09.2015	30.09.2014
	%	%	%	%	%
Annual total return	(0.58)	20.65	1.19	27.88	3.68

(Listing date: 9 July 2010)

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

MARKET REVIEW (1 JULY 2018 TO 30 SEPTEMBER 2018)

For the financial period under review, the Benchmark Index posted a positive return of 2.60% in Malaysian Ringgit (“MYR”) terms.

Chinese equities fell in July 2018 as concerns over its trade dispute with the US continued. Chinese equities fell further in August 2018. Previously announced US tariffs on USD16 billion of Chinese goods took effect during the month and China responded with similar measures. The two sides held fresh talks in August 2018 with little progress achieved, increasing the prospect of further sanctions. Chinese economic data was weak, notably fixed asset investment growth. Against the backdrop of escalating trade tensions with the US, China has pre-emptively made Reserve Requirement Ratio (“RRR”) cuts to ease liquidity to help small and medium sized enterprises (“SMEs”). Policy focus has continued to support industrial upgrade and investments into technology. These measures have so far been limited in scale given that second quarter of 2018 economic data remains relatively well supported. Should the domestic economy slow materially as tightening and deleveraging, coupled with further deterioration from the trade front, the Government will likely step in to provide support. Meanwhile, Hong Kong posted a moderate gain. Taiwan outperformed, driven by the strong performance of semiconductor stocks.

Chinese and Hong Kong equities retreated in the third quarter of 2018 against a backdrop of escalating trade tensions. The US moved ahead with several rounds of tariff implementation and China retaliated with measures of its own. Meanwhile, Chinese macroeconomic data disappointed. The authorities announced a range of targeted economic support measures, including a shift to fiscal stimulus and credit easing. The Central Bank also re-introduced macro prudential measures to stabilise the Chinese Yuan Renminbi (“CNY”).

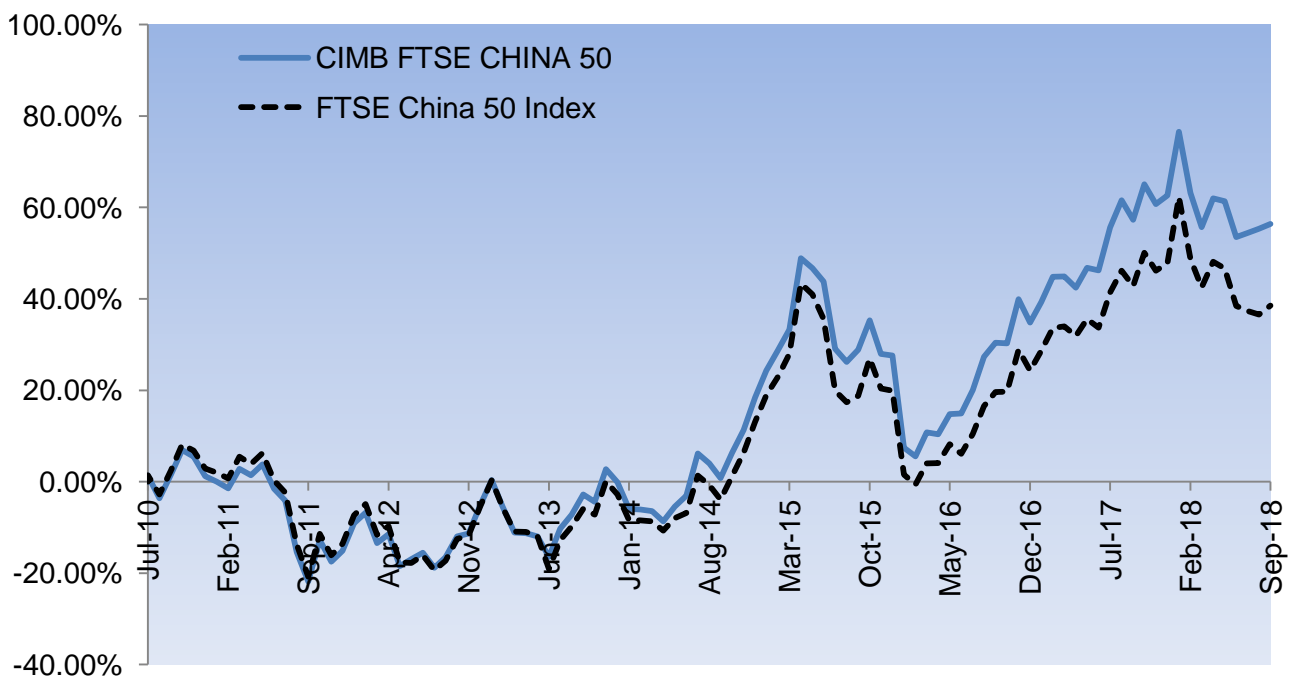
FUND PERFORMANCE

	3 months to 30.09.2018 %	6 months to 30.09.2018 %	1 year to 30.09.2018 %	3 years to 30.09.2018 %	5 years to 30.09.2018 %	Since inception to 30.09.2018 %
Income	-	-	-	-	-	-
Capital [^]	1.88	0.46	(0.58)	21.39	55.23	56.42
Total Return [^]	1.88	0.46	(0.58)	21.39	55.23	56.42
Average Total Return [^]	N/A	N/A	(0.58)	6.67	9.19	5.58
Benchmark	0.05	(2.83)	(3.01)	16.57	44.13	38.51
Changes in Market Price per Unit	2.60	(1.25)	(1.86)	20.61	59.60	53.40

[^] based on NAV per Unit

For the financial period under review, the Fund gained by 1.88%, while the benchmark gained by 0.05%.

The last available published market price of the Fund quoted on Bursa Malaysia was RM1.58. This represents an increase of 2.60% during the financial period.



FUND PERFORMANCE (CONTINUED)**Changes in NAV**

	30.09.2018	30.09.2017	Changes %
NAV (RM Million)	13.39	15.54	(13.84)
NAV/Unit (RM)	1.5851	1.5943	(0.58)

The Fund's NAV and NAV per unit stood lower at RM13.39 million and RM1.5851 as at 30 September 2018 compared to RM15.54 million and RM1.5943 a year ago due to withdrawals.

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

PORTFOLIO STRUCTURE**Asset allocation**

(% of NAV)	30.09.2018	30.09.2017
Quoted securities	99.67	99.77
Cash and other net assets	0.33	0.23
TOTAL	100.00	100.00

The Fund remained fully invested during the financial period under review. A minimal level of liquid assets was maintained primarily for liquidity purposes.

MARKET OUTLOOK*

Earlier optimism that Sino-US trade issues can be resolved through negotiations has given way to increasing concerns that trade tensions will escalate further for tariffs to impact all of China's exports to the US. Beyond trade, further deterioration in Sino-US relations have also been marked by events including references made by Trump and his administration to China's meddling in America's democracy and upcoming elections.

Further to the risks to global growth brought by trade wars and protectionism, global markets are also having to contend with the combination of quantitative and monetary tightening as well as fiscal easing in the US and consequent US Dollar ("USD") strength. This, together with higher oil prices, is putting pressure on weaker emerging market countries and currencies.

* 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

As this is an ETF, the Fund will continue to remain fully invested in the Benchmark Index stocks with minimal cash kept for liquidity purposes in order to track the performance of the benchmark.

UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 30 September 2018 are as follows:

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
Less than 100	19	0.00	0.00
100 to 1,000	74	0.05	0.59
1,001 to 10,000	158	0.74	8.76
10,001 to 100,000	61	1.77	20.95
100,001 and above	11	5.89	69.70
Total	323	8.45	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 period under review, the Manager and the Trustee did not receive any rebates from the brokers or dealers but have retained soft commissions in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Funds.

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 JULY 2018 TO 30 SEPTEMBER 2018**

	Note	01.07.2018 to 30.09.2018 RM	01.07.2017 to 30.09.2017 RM
INVESTMENT INCOME			
Dividend income		295,151	262,050
Net gain on financial assets at fair value through profit or loss	8	27,227	905,557
Net foreign exchange loss		(1,772)	(260)
		<u>320,606</u>	<u>1,167,347</u>
EXPENSES			
Management fee	4	20,983	23,234
Trustee's and custodian fees	5	6,739	14,177
Audit fee		6,881	8,181
Tax agent's fee		1,159	1,008
Transaction costs		15,991	1,570
Other expenses	6	2,978	4,321
		<u>54,731</u>	<u>52,491</u>
PROFIT BEFORE TAXATION		265,875	1,114,856
Taxation	7	(27,382)	(19,768)
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		<u>238,493</u>	<u>1,095,088</u>
Profit after taxation is made up as follows:			
Realised amount		885,446	239,139
Unrealised amount		(646,953)	855,949
		<u>238,493</u>	<u>1,095,088</u>

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018**

		30.09.2018	30.06.2018
	Note	RM	Audited RM
ASSETS			
Cash and cash equivalents	9	227,882	219,579
Financial assets at fair value through profit or loss	8	13,350,674	14,901,531
Dividends receivable		53,354	142,531
Amount due from stockbrokers		194,657	-
TOTAL ASSETS		<u>13,826,567</u>	<u>15,263,641</u>
LIABILITIES			
Amount due to stockbrokers		337,313	-
Accrued management fee		6,573	7,949
Amount due to Trustee		1,021	1,079
Other payables and accruals	10	87,380	83,696
TOTAL LIABILITIES		<u>432,287</u>	<u>92,724</u>
NET ASSET VALUE OF THE FUND		<u>13,394,280</u>	<u>15,170,917</u>
EQUITY			
Unit holders' capital		6,316,834	8,331,964
Retained earnings		7,077,446	6,838,953
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>13,394,280</u>	<u>15,170,917</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	11	<u>8,450,000</u>	<u>9,750,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.5851</u>	<u>1.5559</u>

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

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 JULY 2018 TO 30 SEPTEMBER 2018**

	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 July 2018	8,331,964	6,838,953	15,170,917
Movement in unit holders' contributions:			
- Cancellation of units	(2,015,130)	-	(2,015,130)
Total comprehensive income for the financial period	-	238,493	238,493
Balance as at 30 September 2018	<u>6,316,834</u>	<u>7,077,446</u>	<u>13,394,280</u>
Balance as at 1 July 2017	8,331,964	6,117,510	14,449,474
Total comprehensive income for the financial period	-	1,095,088	1,095,088
Balance as at 30 September 2017	<u>8,331,964</u>	<u>7,212,598</u>	<u>15,544,562</u>

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

**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2018 TO 30 SEPTEMBER 2018**

	01.07.2018 to 30.09.2018	01.07.2017 to 30.09.2017
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of quoted securities	3,762,593	295,906
Purchase of quoted securities	(2,051,719)	(664,951)
Dividend income received	355,541	417,642
Management fee paid	(22,359)	(22,637)
Trustee's and custodian fees paid	(6,797)	(14,134)
Payments for other fees and expenses	(13,826)	(4,726)
Net cash generated from operating activities	<u>2,023,433</u>	<u>7,100</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Payments for cancellation of units	(2,015,130)	-
Net cash used in financing activity	<u>(2,015,130)</u>	<u>-</u>
Net increase in cash and cash equivalents	8,303	7,100
Cash and cash equivalents at the beginning of the financial period	219,579	77,103
Cash and cash equivalents at the end of the financial period	<u>227,882</u>	<u>84,203</u>
<u>Cash and cash equivalents comprised of:</u>		
Bank balances	<u>227,882</u>	<u>84,203</u>
Cash and cash equivalents at the end of the financial period	<u>227,882</u>	<u>84,203</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2018 TO 30 SEPTEMBER 2018****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES**

CIMB FTSE China 50 (the "Fund") is governed by a Deed dated 19 April 2010, a First Supplemental Deed dated 8 December 2010, and a Second Supplemental Deed dated 30 July 2014 (collectively referred to as the "Deeds") between CIMB-Principal Asset Management Berhad (the "Manager") and Deutsche Trustees Malaysia Berhad (the "Trustee").

The Manager may adopt either a Replication Strategy or a Representative Sampling Strategy. In managing the Fund, the Manager will generally adopt a Replication Strategy. Using a Replication Strategy, the Fund will invest in substantially all the Index Securities in substantially the same weightings (i.e. proportions) as the Benchmark Index (to the extent possible). If the Manager is of the opinion there exists liquidity constraints with the Index Securities, the Fund may substitute the Index Securities (in part or in whole) with one or more derivatives of the Index Securities which are likely to behave in a manner consistent with the investment objective of the Fund as determined by the Manager. Meanwhile, the Manager may decide to adopt a Representative Sampling Strategy if various circumstances make it impossible or impracticable to adopt a Replication Strategy.

All investments are subjected to the SC Guidelines on ETFs, 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 Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

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 period beginning 1 July 2018:

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

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

(b) Financial assets and financial liabilities

Classification

The Fund designates its investments in foreign 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, dividends receivable and amount due from stockbrokers.

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

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

Recognition and measurement

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Recognition and measurement (continued)

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

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

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

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

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.

Foreign quoted securities are valued at the last traded market price quoted on the respective foreign stock exchanges at the close of the business day of the respective foreign stock exchanges.

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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Impairment for assets carried at amortised costs (continued)

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

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

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

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

(c) 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 MYR primarily due to the following factors:

- i) Units of the Funds are denominated in MYR.
- ii) Significant portion of the Fund's expenses are denominated in MYR.

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 period-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)

(d) Income recognition

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

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.

(e) Cash and cash equivalents

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

(f) Taxation

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

Tax on dividend income from foreign quoted securities is based on the tax regime of the respective countries that the Fund invests in.

(g) Transactions costs

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

(h) Unit holders' capital

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Amount due from/to stockbrokers

Amount due from and amount due to stockbrokers represent receivables for investments sold and payables for investments 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 stockbrokers. Significant financial difficulties of the stockbrokers, probability that the broker 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) 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.

(k) Realised and unrealised portions of net income after tax

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

(l) Critical accounting estimates and judgments in applying accounting policies

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

Estimates and judgment 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 ETFs.

However, the Manager is of the opinion that in applying this accounting policy, no significant judgment was required.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to provide investment results that closely correspond to the performance of the Benchmark Index, regardless of its performance.

The Fund is exposed to a variety of risks which include market risk (inclusive of price 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 ETFs.

(a) Market risk

(i) Price risk

This 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 currency 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 very nature of an ETF, however, helps mitigate this risk because a Fund would generally hold a well-diversified portfolio of securities from different market sectors so that the collapse of any one security or any one market sector would not impact too greatly on the value of the Fund.

(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.

(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 cash and cash equivalents is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(c) Liquidity risk**

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

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

(d) Capital Risk Management

The capital of the Fund is represented by equity consisting of unit holders' capital of RM6,316,834 (30.06.2018: RM8,331,964) and retained earnings of RM7,077,446 (30.06.2018: RM6,838,953). The amount of capital can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

(e) Fair value estimation

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

The fair value of financial assets traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the financial period end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

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

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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

(i) Fair value hierarchy

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

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

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

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

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
30.09.2018				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>13,350,674</u>	<u>-</u>	<u>-</u>	<u>13,350,674</u>
30.06.2018				
Audited				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>14,901,531</u>	<u>-</u>	<u>-</u>	<u>14,901,531</u>

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(e) Fair value estimation (continued)****(i) Fair value hierarchy (continued)**

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include 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, dividends receivable, amount due from stockbrokers 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 management fee of up to 3.00% per annum calculated and accrued daily based on the NAV of the Fund.

For the financial period ended 30 September 2018, the management fee is recognised at a rate of 0.60% per annum (30.09.2017: 0.60% per annum).

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

5. TRUSTEE'S AND CUSTODIAN FEES

In accordance with the Deeds, the Trustee is entitled to a fee not exceeding a maximum of 0.20% per annum, calculated daily based on the NAV of the Fund, subject to a minimum fee of RM18,000 per annum. However, the fee is revised to RM12,000 per annum effective from 1 June 2012 based on the agreement between the Trustee and the Manager, excluding foreign sub-custodian fees and charges.

For the financial period ended 30 September 2018, the Trustee's fee is recognised at a rate of 0.08% per annum (30.09.2017: 0.08% per annum).

There is no further liability to the Trustee and custodian in respect of Trustee's and custodian fees other than the amounts recognised above.

6. OTHER EXPENSES

	01.07.2018 to 30.09.2018	01.07.2017 to 30.09.2017
	RM	RM
Printing costs	2,698	1,789
Listing fee	280	2,532
	<u>2,978</u>	<u>4,321</u>

7. TAXATION

	01.07.2018 to 30.09.2018	01.07.2017 to 30.09.2017
	RM	RM
Tax charged for the financial period:		
- Withholding tax	<u>27,382</u>	<u>19,768</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:

	01.07.2018 to 30.09.2018	01.07.2017 to 30.09.2017
	RM	RM
Profit before taxation	<u>265,875</u>	<u>1,114,856</u>
Taxation at Malaysian statutory rate of 24% (30.09.2017: 24%)	63,810	267,565
Tax effects of:		
Investment income not subject to tax	(16,359)	(236,784)
Expenses not deductible for tax purposes	5,800	4,629
Restriction on tax deductible expenses for ETFs	7,334	7,969
Investment income subject to withholding tax	(33,203)	(23,611)
Taxation	<u>27,382</u>	<u>19,768</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.09.2018	30.06.2018
	RM	Audited RM
Designated at fair value through profit or loss at inception:		
- Quoted securities	<u>13,350,674</u>	<u>14,901,531</u>
	01.07.2018 to 30.09.2018	01.07.2017 to 30.09.2017
	RM	RM
Net gain on financial assets at fair value through profit or loss:		
- Realised gain on disposals	672,408	49,348
- Unrealised fair value (loss)/gain	(645,181)	856,209
	<u>27,227</u>	<u>905,557</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 %
30.09.2018				
QUOTED SECURITIES				
Basic Materials				
Anhui Conch Cement Co Ltd	7,150	83,901	178,797	1.33
China Molybdenum Co Ltd	20,800	68,993	36,107	0.27
	<u>27,950</u>	<u>152,894</u>	<u>214,904</u>	<u>1.60</u>
Consumer Products				
BYD Co Ltd	4,030	84,728	119,866	0.89
Geely Automobile Holdings Ltd	28,470	313,786	235,053	1.75
Guangzhou Automobile Group Co Ltd	18,200	51,655	83,511	0.62
Shenzhou International Group Holdings Ltd	7,790	406,283	413,927	3.09
	<u>58,490</u>	<u>856,452</u>	<u>852,357</u>	<u>6.35</u>
Energy				
China Petroleum and Chemical Corporation	125,580	346,226	521,062	3.89
China Shenhua Energy Co Ltd	20,020	206,062	189,446	1.41
CNOOC Ltd	70,720	383,675	580,132	4.33
Petrochina Co Ltd	124,020	448,477	416,135	3.11
	<u>340,340</u>	<u>1,384,440</u>	<u>1,706,775</u>	<u>12.74</u>
Finance				
Agricultural Bank Of China Ltd	183,300	305,307	372,518	2.78
Bank Of China Ltd	319,800	544,187	588,994	4.40
Bank Of Communications Co Ltd	45,500	125,653	141,352	1.06
China Citic Bank Corporation Ltd	48,100	108,607	127,537	0.95
China Construction Bank Corporation	330,330	961,470	1,195,796	8.93
China Everbright Bank Co Ltd	15,340	28,217	28,171	0.21
China Life Insurance Co Ltd	43,940	489,493	413,471	3.09
China Merchants Bank Co Ltd	22,360	177,194	376,315	2.81
China Minsheng Banking Corporation Ltd	39,000	114,045	119,921	0.90

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 %
30.09.2018 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
Finance (continued)				
China Pacific Insurance (Group) Co Ltd	15,210	209,705	243,102	1.81
CITIC Securities Co Ltd	13,650	140,589	100,560	0.75
GF Securities Co Ltd	9,100	95,955	48,353	0.36
Guotai Junan Securities Co Ltd	4,940	44,906	42,093	0.31
Huatai Securities Co Ltd	10,400	90,737	61,756	0.46
Industrial And Commercial Bank Of China Ltd	317,200	803,707	960,246	7.17
New China Life Insurance Co Ltd	5,330	86,449	105,923	0.79
PICC Property and Casualty Co Ltd	39,650	175,485	193,896	1.45
Ping An Insurance (Group) Company Of China Ltd	19,760	391,543	831,395	6.21
Postal Savings Bank Of China Co Ltd	33,800	91,234	88,189	0.66
The People's Insurance Company (Group) Of China Ltd	48,100	90,407	89,607	0.67
	<u>1,564,810</u>	<u>5,074,890</u>	<u>6,129,195</u>	<u>45.77</u>
Industrials				
Air China Ltd	10,400	40,304	41,611	0.31
China Communications Construction Co Ltd	26,260	99,747	111,183	0.83
China Railway Construction Corporation Ltd	2,210	9,928	12,351	0.09
China Railway Group Ltd	22,490	66,215	92,364	0.69
CITIC Ltd	29,250	194,152	180,500	1.35
CRRC Corporation Ltd	22,620	103,730	85,596	0.64
Fosun International Ltd	13,650	110,979	99,693	0.74
	<u>126,880</u>	<u>625,055</u>	<u>623,298</u>	<u>4.65</u>
Real Estate				
China Evergrande Group	17,810	141,758	206,896	1.54
China Overseas Land and Investment Ltd	22,750	244,280	294,985	2.20
China Resources Land Ltd	16,120	159,214	233,759	1.75
China Vanke Co Ltd	7,800	60,993	106,917	0.80

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 %
30.09.2018 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
Real Estate (continued)				
Country Garden Holdings Co Ltd	43,290	147,821	226,130	1.69
Longfor Group Holdings Ltd	8,710	103,025	93,116	0.70
	<u>116,480</u>	<u>857,091</u>	<u>1,161,803</u>	<u>8.68</u>
Technology				
Sunny Optical Technology (Group) Co Ltd	102,900	332,879	-	-
Tencent Holdings Ltd	11,050	97,952	90,646	0.68
Xiaomi Corporation	6,596	790,563	1,128,249	8.42
	<u>120,546</u>	<u>1,221,394</u>	<u>1,218,895</u>	<u>9.10</u>
Telecommunications				
China Mobile Ltd	21,190	833,430	865,207	6.46
China Telecom Corporation Ltd	80,730	154,312	166,203	1.24
China Tower Corporation Ltd	227,500	142,374	137,259	1.02
China Unicom (Hong Kong) Ltd	34,450	176,206	168,102	1.26
	<u>363,870</u>	<u>1,306,322</u>	<u>1,336,771</u>	<u>9.98</u>
Utilities				
China Gas Holdings Ltd	9,100	149,165	106,676	0.80
TOTAL QUOTED SECURITIES	<u>2,728,466</u>	<u>11,627,703</u>	<u>13,350,674</u>	<u>99.67</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>1,722,971</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>13,350,674</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 %
30.06.2018				
Audited				
QUOTED SECURITIES				
Basic Materials				
Anhui Conch Cement Co Ltd	8,250	96,808	191,120	1.26
China Molybdenum Co Ltd	24,000	79,608	46,950	0.31
	<u>32,250</u>	<u>176,416</u>	<u>238,070</u>	<u>1.57</u>
Consumer Products				
BYD Co Ltd	5,100	107,224	124,842	0.82
Geely Automobile Holdings Ltd	31,500	350,413	330,000	2.18
Guangzhou Automobile Group Co Ltd	21,000	59,602	82,919	0.55
	<u>57,600</u>	<u>517,239</u>	<u>537,761</u>	<u>3.55</u>
Energy				
China Petroleum and Chemical Corporation	155,400	420,517	560,800	3.70
China Shenhua Energy Co Ltd	23,100	237,764	221,427	1.46
CNOOC Ltd	91,350	490,523	636,746	4.20
Hanergy Thin Film Power Group Ltd *	102,900	332,879	-	-
Petrochina Co Ltd	135,600	494,576	416,747	2.75
	<u>508,350</u>	<u>1,976,259</u>	<u>1,835,720</u>	<u>12.11</u>
Finance				
Agricultural Bank Of China Ltd	205,500	340,546	388,255	2.56
Bank Of China Ltd	342,000	574,671	684,880	4.51
Bank Of Communications Co Ltd	48,000	132,051	148,510	0.98

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 %
30.06.2018 (CONTINUED)				
Audited (Continued)				
QUOTED SECURITIES				
(CONTINUED)				
Finance (continued)				
China Citic Bank Corporation Ltd	51,000	113,739	128,911	0.85
China Construction Bank Corporation	359,100	1,026,040	1,340,270	8.83
China Everbright Bank Co Ltd	16,500	30,467	28,625	0.19
China Life Insurance Co Ltd	48,750	547,272	508,205	3.35
China Merchants Bank Co Ltd	25,800	199,823	384,510	2.53
China Minsheng Banking Corporation Ltd	40,500	116,970	116,965	0.77
China Pacific Insurance (Group) Co Ltd	17,250	235,454	269,517	1.78
CITIC Securities Co Ltd	15,750	162,218	127,135	0.84
GF Securities Co Ltd	10,500	110,718	61,838	0.41
Guotai Junan Securities Co Ltd	4,500	41,510	38,641	0.25
Haitong Securities Co Ltd	20,100	166,182	82,056	0.54
Huatai Securities Co Ltd	12,000	104,696	77,097	0.51
Industrial And Commercial Bank Of China Ltd	429,000	1,082,190	1,296,386	8.55
New China Life Insurance Co Ltd	6,150	99,749	103,371	0.68
PICC Property and Casualty Co Ltd	42,750	165,943	186,405	1.23
Ping An Insurance (Group) Company Of China Ltd	24,150	468,077	897,622	5.92
Postal Savings Bank Of China Co Ltd	34,500	93,292	90,757	0.60
The People's Insurance Company (Group) Of China Ltd	51,000	95,988	96,880	0.64
	<u>1,804,800</u>	<u>5,907,596</u>	<u>7,056,836</u>	<u>46.52</u>
Industrials				
Air China Ltd	12,000	46,505	46,826	0.29
China Communications Construction Co Ltd	27,300	102,267	106,530	0.70

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 %
30.06.2018 (CONTINUED)				
Audited (Continued)				
QUOTED SECURITIES				
(CONTINUED)				
Industrials (continued)				
China Railway Construction Corporation Ltd	11,550	51,887	47,270	0.31
China Railway Group Ltd	21,450	60,578	65,371	0.43
CITIC Ltd	30,750	206,780	175,081	1.15
Country Garden Services Holdings Co Ltd	5,741	12,102	29,732	0.20
CRRC Corporation Ltd	24,750	114,676	77,595	0.51
Fosun International Ltd	15,750	128,052	119,676	0.79
	<u>149,291</u>	<u>722,847</u>	<u>668,081</u>	<u>4.38</u>
Real Estate				
China Evergrande Group	19,500	148,613	200,772	1.32
China Overseas Land and Investment Ltd	26,250	281,862	349,324	2.30
China Resources Land Ltd	17,250	164,128	234,884	1.55
China Vanke Co Ltd	9,000	70,377	127,182	0.84
Country Garden Holdings Co Ltd	49,950	170,563	354,857	2.34
Longfor Group Holdings Ltd	9,000	107,003	97,992	0.65
	<u>130,950</u>	<u>942,546</u>	<u>1,365,011</u>	<u>9.00</u>
Technology				
Sunny Optical Technology (Group) Co Ltd	4,500	324,156	338,224	2.23
Tencent Holdings Ltd	6,900	364,338	1,398,826	9.22
ZTE Corporation	5,250	77,064	32,216	0.21
	<u>16,650</u>	<u>765,558</u>	<u>1,769,266</u>	<u>11.66</u>
Telecommunications				
China Mobile Ltd	25,050	986,257	898,834	5.92
China Telecom Corporation Ltd	87,150	166,910	164,654	1.09
China Unicom (Hong Kong) Ltd	39,000	199,637	196,757	1.30
	<u>151,200</u>	<u>1,352,804</u>	<u>1,260,245</u>	<u>8.31</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 %
30.06.2018 (CONTINUED)				
Audited (Continued)				
QUOTED SECURITIES (CONTINUED)				
Utilities				
China Gas Holdings Ltd	<u>10,500</u>	<u>172,114</u>	<u>170,541</u>	<u>1.12</u>
TOTAL QUOTED SECURITIES	<u>2,861,591</u>	<u>12,533,379</u>	<u>14,901,531</u>	<u>98.22</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>2,368,152</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>14,901,531</u>		

* Trading in the securities of the counter has been suspended since 20 May 2015. The securities of the counter continued to remain deposited with the central securities depository during the period of suspension as it was not mandatory for the securities to be withdrawn.

9. CASH AND CASH EQUIVALENTS

	30.09.2018	30.06.2018
	RM	Audited RM
Bank balances	<u>227,882</u>	<u>219,579</u>

10. OTHER PAYABLES AND ACCRUALS

	30.09.2018	30.06.2018
	RM	Audited RM
Provision for audit fee	34,181	27,300
Provision for tax agent's fee	4,003	8,600
Other accruals	<u>49,196</u>	<u>47,796</u>
	<u>87,380</u>	<u>83,696</u>

11. NUMBER OF UNITS IN CIRCULATION (UNITS)

	01.07.2018 to 30.09.2018	01.07.2017 to 30.06.2018 Audited
	No of units	No of units
At the beginning of the financial period	9,750,000	9,750,000
Less: Cancellation of units	(1,300,000)	-
At the end of the financial period/year	<u>8,450,000</u>	<u>9,750,000</u>

12. MANAGEMENT EXPENSE RATIO ("MER")

	01.07.2018 to 30.09.2018 %	01.07.2017 to 30.09.2017 %
MER	<u>0.28</u>	<u>0.33</u>

MER is derived from the following calculation:

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

A	=	Management fee
B	=	Trustee's and custodian fees
C	=	Audit fee
D	=	License fee
E	=	Tax agent's fee
F	=	Other expenses
G	=	Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial period calculated on daily basis is RM13,873,620 (30.09.2017: RM15,362,764).

13. PORTFOLIO TURNOVER RATIO ("PTR")

	01.07.2018 to 30.09.2018	01.07.2017 to 30.09.2017
PTR (times)	<u>0.23</u>	<u>0.03</u>

PTR is derived based on the following calculation:

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

where:

total acquisition for the financial period	=	RM2,385,344 (30.09.2017: RM664,951)
total disposal for the financial period	=	RM3,959,544 (30.09.2017: RM306,599)

14. 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 Berhad	Ultimate holding company of shareholder of the Manager
CIMB Group Sdn Bhd	Shareholder of the Manager
Subsidiaries and associates of CIMB Group Holdings Berhad, other than above, as disclosed in its financial statements	Fellow subsidiary and associated companies of the ultimate holding company of the Manager
CIMB-Principal Asset Management (S) Pte Ltd	Investment Adviser of the Fund
CGS-CIMB Securities (Singapore) Pte Ltd (formerly known as CIMB Securities (Singapore) Pte Ltd)	Fellow related party to the Manager

Units held by the Manager and parties related to the Manager

There were no units held by the Manager, Directors and parties related to the Manager as at the end of each financial period.

Significant related party transactions and balances

There were no significant related party transactions and balances during each of the financial period/year, other than those already disclosed elsewhere in the financial statements.

15. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with all brokers/dealers for the financial period from 1 July 2018 to 30 September 2018 are as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Citigroup Global Markets Ltd	2,176,280	34.30	3,000	31.59
CGS-CIMB Securities (Singapore) Pte Ltd #	1,950,788	30.75	3,088	32.52
Instinet Pacific Ltd (Hong Kong Branch)	1,667,870	26.28	2,636	27.75
JP Morgan Securities (Asia Pacific) Ltd	507,047	7.99	706	7.43
CLSA (Hong Kong) Ltd	42,903	0.68	68	0.71
	<u>6,344,888</u>	<u>100.00</u>	<u>9,498</u>	<u>100.00</u>

Details of transactions with all brokers/dealers for the financial period from 1 July 2017 to 30 September 2017 are as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
CIMB Securities (Singapore) Pte Ltd #	<u>971,550</u>	<u>100.00</u>	<u>1,570</u>	<u>100.00</u>

Included in the transactions are trades conducted with CGS-CIMB Securities (Singapore) Pte Ltd (formerly known as CIMB Securities (Singapore) Pte Ltd), fellow related party to the Manager amounting to RM1,950,788 (30.09.2017: RM971,550). The Manager is of the opinion that all transactions with the related company have been entered into in the normal course of business at agreed terms between the related party.

16. 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 provide investment results that closely correspond to the performance of the Benchmark Index, regardless of its performance. In managing the Fund, the Manager attempts to achieve a high positive correlation and a low tracking error between the NAV of the Fund's portfolio and the Benchmark Index. 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 dividend income earned from investments and gains on the appreciation in the value of investments, which is derived from the 50 largest and most liquid Chinese stocks (Red Chips, H shares and P Chips) listed and trading on the Hong Kong Stock Exchange ("HKEx"), Hong Kong.

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

DIRECTORY

TRUST DIRECTORY

Manager

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