

CIMB FTSE CHINA 50

Annual Report

For The Financial Year Ended 30 June 2019

CIMB FTSE CHINA 50

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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INVESTORS' LETTER

Dear Valued Investor,

As we have announced in April this year, we are now officially known as Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) ("Principal Malaysia"). With Principal Financial Group ("Principal") taking on the role of primary shareholder, Principal Malaysia is able to bring additional global perspectives and asset management capabilities into the region. With the combination of scale, investment expertise, and deep regional relationships, we are optimistic of solidifying our position as an Association of Southeast Asian Nations ("ASEAN") market leader in the asset management and retirement industry of the region.

As of June 2019, our Assets under Management ("AUM") in Malaysia stands at RM56.1 billion. For the second quarter of fiscal 2019, our dividend distribution was RM126.51 million for 25 of our Funds. Today, we have a total of 83 Funds including both conventional, Islamic Unit Trust Funds, and Exchange-traded Funds ("ETFs"), and 10 Private Retirement Scheme ("PRS") Funds.

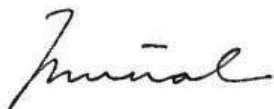
Thanks to the trust you've placed in us, we have been recognized Asia Asset Management 2019 Awards for the Fund Launch of the Year Award in Best of the Best Awards Malaysia category, and the Best Asset Management House in ASEAN in Best of the Best ASEAN category.

Going forward, you will be receiving e-newsletter from us as part of our commitment in helping you along your financial journey. On a monthly basis, we will share information that will help you better understand your investments and keep you updated on the industry. We have also revamped our website to keep it fresh and aligned with our new brand. Please visit www.principal.com.my should you decide to have a peek at our new website.

Once again, thank you for your continuous support and allowing us to help you achieve your financial goals and live your best life.

Thank you.

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



Munirah Khairuddin
Chief Executive Officer

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

The Fund aims to provide 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 year 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 June 2019?

RM11.52 million (7.15 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 year ended 30 June 2019?

There was no distribution made for the financial year ended 30 June 2019.

PERFORMANCE DATA

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

	30.06.2019	30.06.2018	30.06.2017
	%	%	%
Quoted securities			
- Basic Materials	1.24	1.57	0.85
- Consumer Products	7.52	3.55	2.48
- Energy	9.93	12.11	11.50
- Finance	43.85	46.52	56.36
- Industrials	4.39	4.38	6.04
- Real estate	9.46	9.00	-
- Technology	1.84	2.44	9.25
- Telecommunications	19.32	17.53	10.78
- Utilities	1.47	1.12	1.26
Cash and other net assets	0.98	1.78	1.48
	<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:

	30.06.2019	30.06.2018	30.06.2017
Total asset value (RM Million)	11.61	15.26	14.54
Net Asset Value ("NAV") (RM Million)	11.52	15.17	14.45
Units in circulation (Million)	7.15	9.75	9.75
NAV per Unit (RM)	1.6109	1.5559	1.4819
Highest NAV per Unit (RM)	1.7051	1.8292	1.5236
Lowest NAV per Unit (RM)	1.4214	1.4720	1.1531
Market Price per Unit (RM)	1.5850	1.5400	1.4800
Highest Market Price per Unit (RM)	1.6900	1.8450	1.5150
Lowest Market Price per Unit (RM)	1.4500	1.4600	1.1650
Total return (%) [^]	3.53	5.00	27.21
- Capital growth (%)	3.53	5.00	27.21
- Income distribution (%)	-	-	-
Management Expenses Ratio ("MER") (%) [*]	1.18	1.13	1.18
Portfolio Turnover Ratio ("PTR") (times) [#]	0.52	0.14	0.24

[^] based on NAV per unit

^{*} The Fund's MER increased from 1.13% to 1.18% due to decrease in average NAV during the financial year under review.

[#] The Fund's PTR was at 0.52 times, being higher compared to the same period last year which was at 0.14 times, due to more trading activities from portfolio rebalancing within the reporting period.

	30.06.2019	30.06.2018	30.06.2017	30.06.2016	30.06.2015
	%	%	%	%	%
Annual total return	3.53	5.00	27.21	(20.04)	48.30

(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 year have been extracted from Lipper.

MARKET REVIEW (1 JULY 2018 TO 30 JUNE 2019)

For the financial year under review, the FTSE China 50 Index (“Index”) posted a positive return of 16.1% in Ringgit Malaysia (“RM”) terms.

Chinese equities fell in July 2018 as concerns over its trade dispute with the United States (“US”) continued. 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 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.

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 (“RMB”).

Chinese equities furthered the decline in October 2018. The market decline was mainly driven by a number of factors including a lower-than-expected third quarter of 2018 Gross Domestic Product (“GDP”) at 6.5% year-on-year (“y-o-y”), weak September 2018 macro readings showing limited signs of recovery as infra investment and total social financing (“TSF”) growth remained muted and a rise in volatility from global equity (Standard and Poor’s (“S&P”) Index down by 7% in October 2018) exacerbated market concerns. On the domestic front, regulators rolled out a series of policy measures to tackle macro headwinds, including: (1) RRR cut of 100 basis points (“bps”); (2) increasing export tax rebates; (3) tax deductions on household income; and (4) additional support measures for private enterprises, such as bond financing, credit enhancement facility, relending or rediscounting quota increase, and revised corporate law to simplify share buybacks.

In November 2018, Chinese equities finally saw a rebound. The outperformance in November 2018 was driven by a confirmation of the Group of Twenty (“G20”) meeting between Trump and Xi, and positive comments from the Trump administration leading up to the meeting. The meeting finished with positive outcome as the US will suspend the tariff hike from 10% to 25% on USD200 billion Chinese imports on 1 January 2019. However, the tension may resume should no deal be achieved in the next 90-day negotiation. On the domestic side, China infrastructure investment recovered in October 2018 and policymakers have unveiled more financial measures to support private and small firms.

Chinese equities ended the year in December 2018 with a decline. The underperformance was driven by a mix of negatives from both overseas and domestic. In US, the end-of-cycle fear caused S&P 500 to plummet in December 2018. The US Federal Reserve’s (the “Fed”) decision disappointed market expectation with on track balance sheet normalisation. For US-China trade talk, lack of progressing details raised market scepticism. Meanwhile, latest activity indicators point to softness outlook across retail sales, exports and industrial activity. In response to macro headwinds, the Central Economic Work Conference (“CEWC”) emphasised on reform-driven quality growth and we expected policy support will further step up in 2019, with fiscal policy taking a leading role (especially tax cuts) supplemented by monetary easing.

MARKET REVIEW (1 JULY 2018 TO 30 JUNE 2019) (CONTINUED)

Chinese and Hong Kong equities rebounded in January 2019 as optimism over US-China trade talks outweighed concerns about China's economic slowdown. Chinese exports declined 4.4% y-o-y in December 2018, the biggest monthly fall in two years. Imports dropped by 7.6%, while the manufacturing sector also contracted. Fourth quarter of 2018 GDP growth eased to 6.4% y-o-y, dragging 2018 growth to 6.6%, the lowest since 1990. The People's Bank of China ("PBOC") announced another cut to banks' RRR in its latest effort to promote lending and shore up growth. In addition, the Government outlined higher public spending and tax cuts for businesses. Taiwanese stocks also finished in positive territory, but they lagged as the outlook for the market's technology heavyweights dimmed amid slowing global smartphone demand.

In February 2019, markets in China, Hong Kong and Taiwan extended their gains. Investors cheered signs of progress in US-China trade negotiations; US President Trump delayed the implementation of further tariffs on Chinese goods originally scheduled to take effect on 1 March 2019. Chinese stocks were further buoyed by news that Index provider Morgan Stanley Capital International ("MSCI") would increase the weighting of China-listed shares in its benchmark indices. Meanwhile, China's economic data continued to point to slowing momentum in the economy. The official Purchasing Managers' Index ("PMI") fell to a three-year low in February 2019, its third straight month of contraction.

Markets in China, Hong Kong and Taiwan rebounded strongly from the sell-off in the previous quarter, thanks to progress in US-China trade negotiations and the dovish shift by major Central Banks. Chinese stocks were further buoyed by index provider MSCI's move to increase the weighting of China-listed shares in its benchmark indices. Gains were also fuelled by anticipation that Chinese authorities would continue to introduce supportive policies to counter the economic slowdown. China's economy grew at its weakest pace since 1990 last year. January 2019 to February 2019 data pointed to a continued slowdown. The Chinese Government lowered its full-year growth target to between 6% to 6.5% and outlined higher public spending and tax cuts, while the Central Bank cut the RRR for banks.

Overall during the second quarter of 2019, markets in China, Hong Kong and Taiwan recorded mixed performance. Trade tensions and economic risks dominated investor sentiment, while global monetary policy was another key focus. In particular, the US-China trade war escalated in May 2019 after the US raised tariffs on USD200 billion worth of Chinese imports and added Chinese telecommunications group Huawei Technologies Co Ltd ("Huawei") to a trade blacklist. China countered with retaliatory tariffs on US goods. Both countries subsequently agreed to a truce and will resume trade negotiations following a meeting between their leaders in June 2019. Against such a backdrop, Chinese stocks finished in negative territory, though losses were pared in June 2019 thanks to easing trade tensions and hopes of further stimulus measures. Conversely, Hong Kong benefited from the rally in financials stocks, while investors also cheered the suspension of a contentious extradition bill. Taiwan edged up as gains in consumer staples and industrials stocks outweighed declines in the health care sector.

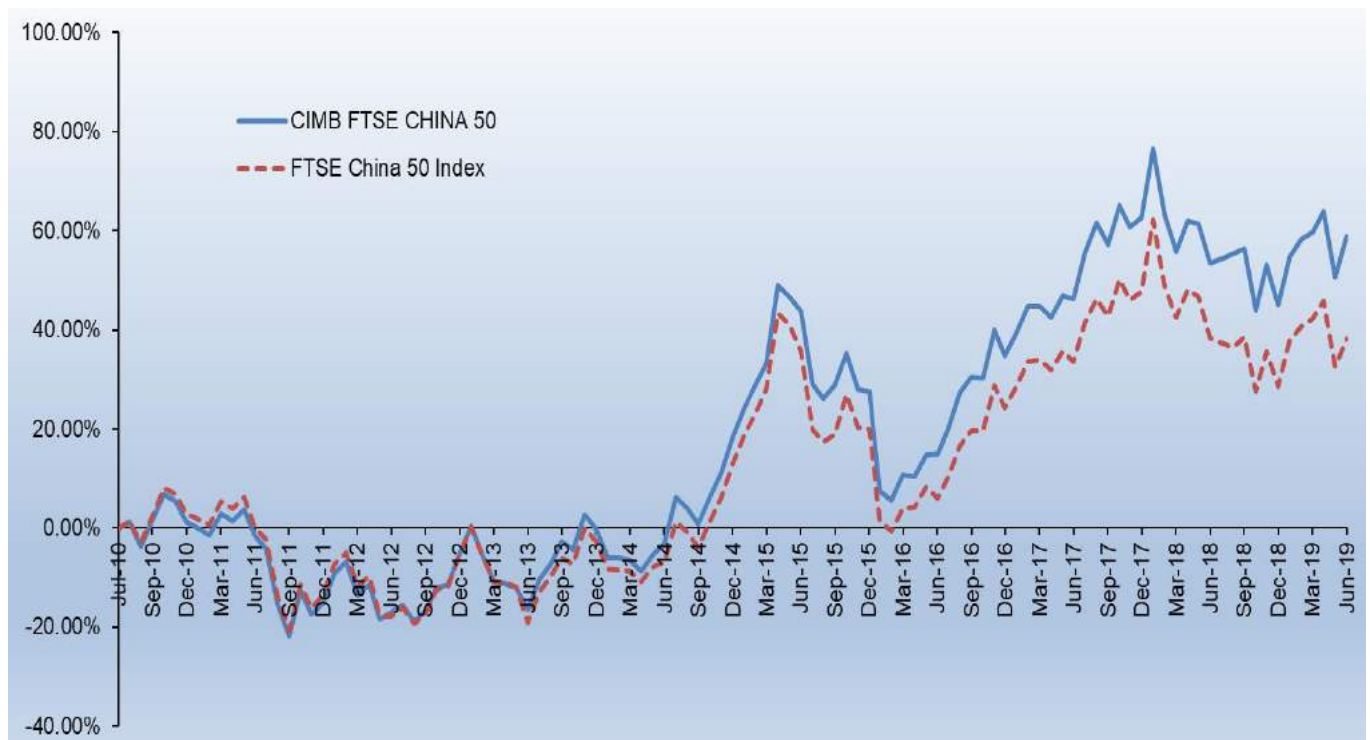
FUND PERFORMANCE

	1 year to 30.06.2019	3 years to 30.06.2019	5 years to 30.06.2019	Since inception to 30.06.2019
	%	%	%	%
Income	-	-	-	-
Capital [^]	3.53	38.30	64.00	58.97
Total Return [^]	3.53	38.30	64.00	58.97
Average Total Return [^]	3.53	11.41	10.40	5.30
Benchmark	(0.18)	30.26	48.33	38.20
Changes in Market Price per Unit	2.92	36.64	60.91	53.88

[^] based on NAV per Unit

For the financial year under review, the Fund's performance increased by 3.53%, outperforming the benchmark which fell by 0.18%

The last available published market price of the Fund quoted on Bursa Malaysia was RM1.61. This represents an increase of 3.53% for the financial year.



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

	30.06.2019	30.06.2018	Changes %
NAV (RM Million)	11.52	15.17	(24.06)
NAV/Unit (RM)	1.6109	1.5559	3.53

For the 1-year period, the Fund's NAV stood lower at RM11.52 million as at 30 June 2019 compared to RM15.17 million a year ago due to withdrawals. On the other hand, the Fund's NAV per unit increased to RM1.6109 per unit from RM1.5559 per unit due to the positive investment performance during the financial year.

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)	30.06.2019	30.06.2018
Quoted securities	99.02	98.22
Cash and other net assets	0.98	1.78
TOTAL	100.00	100.00

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

MARKET OUTLOOK*

After a difficult second half last year, China equity markets recovered to register one of their best starts to a year in 2019. Key to this major reversal in sentiment was the shift in policy stance from the Fed and the Chinese authorities. Both have moved towards a more accommodative position, more supportive of medium-term growth and liquidity.

The various stimulus measures introduced by the Chinese Government since last year appear to have helped the economy find a bottom. These measures included the delayed implementation of regulations on wealth management products, RRR cuts, the acceleration of issuance of local Government bonds, encouraging banks to increase lending to SMEs, the State Council's guideline to support domestic consumption, as well as changes to tax regimes. Fiscal spending also picked up, with an acceleration of infrastructure spending coming through. Key to highlight, however, is that these policies were largely aimed at cushioning downside to the economy rather than providing large-scale stimulus, in our view.

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

INVESTMENT STRATEGY

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 June 2019 are as follows:

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
Less than 100	5	0.00	0.00
100 to 1,000	85	0.04	0.58
1,001 to 10,000	141	0.68	9.48
10,001 to 100,000	56	1.64	22.89
100,001 to less than 5% of approved fund size	9	1.87	26.22
5% and above the approved fund size	3	2.92	40.83
Total	299	7.15	100.00

SOFT COMMISSIONS AND REBATES

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

During the financial year under review, the Manager and the Trustee did not receive any rebates from the brokers or dealers but the Manager has 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.

ADDITIONAL INFORMATION

Key Personnel of the Manager

There are eight (8) members sitting on the Board of Directors of Principal Malaysia including three (3) Independent Directors. The Board of Directors oversees the management and operations of Principal Malaysia and meets at least once every quarter.

Details of the Directors of the management company are set out as below:

Name:	A.Huzaim Bin Dato' Abdul Hamid*
Age:	54
Nationality:	Malaysian
Designation:	Independent Non-Executive Director of Principal Asset Management Berhad (<i>formerly known as CIMB-Principal Asset Management Berhad</i>).
Qualifications:	Master of Science, Financial Economics, School of Oriental and African Studies (SOAS), University of London, United Kingdom, 2010; Advanced Diploma in Russian Language from the Russian Center of Science and Culture, Kuala Lumpur, and the Pushkin State Institute of Russian Language, Moscow, Russia 2009; Bachelor of Science, Economics, Louisiana State University, Baton Rouge Louisiana, United States of America, 1988.
Experience:	<p>Huzaim has spent 27 years in various aspects of finance, economics, and public policy advisory. 12 of those years was spent as a fund manager, where he was, among others, a Chief Investment Officer with Alliance Capital Asset Management and as a member of the Pacific Region Team and a Global Commodities Specialist with Hong Kong's Jardine Fleming Investment Management which is now part of JP Morgan, Chase and Co. He was an independent Investment Committee member for 6 years for Principal Asset Management as well as being the same for Principal Islamic Asset Management Sdn Bhd and CIMB Wealth Advisors Berhad for several years. He also served as an independent Investment Committee member for CIMB Aviva Assurance and CIMB Aviva Takaful for two years.</p> <p>Huzaim is the Chairman & CEO of Ingenium Advisors, a financial economics advisory established in 2013. He was, prior to that, the Head of Strategic Operations at Malaysia's Employees Provident Fund, where he was deeply engaged in the reform of the Malaysian pension and social security system, which resulted in the private pension system, minimum wages, and minimum retirement age acts.</p> <p>Huzaim also spent several years serving as a Senior Fellow at the then renowned Institute of Strategic and International Studies (ISIS) Malaysia, reporting directly to its late Chairman, Tan Sri Noordin Sopiee. He was most active in economic, finance, and geostrategic issues. He was engaged heavily in OIC and East Asian matters, and was appointed the Deputy Secretary General for the Malaysian chapter of the Network of East Asian Think-tanks (NEAT). Huzaim speaks, thinks and writes in 5 languages.</p>
Date appointed to Board:	2 May 2013
Details of Membership of any Board Committee:	Investment Committee Member
Directorship of other public companies:	None
Family relationship with any Director:	None

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name:	A.Huzaim Bin Dato' Abdul Hamid* (continued)
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2018 to 30 June 2019):	5 of 7
Name:	Hisham bin Zainal Mokhtar*
Age:	57
Nationality:	Malaysian
Designation:	Independent Non-Executive Director and Member of Audit Committee of Principal Asset Management Berhad (<i>formerly known as CIMB-Principal Asset Management Berhad</i>) and Principal Islamic Asset Management Sdn Bhd (<i>formerly known as CIMB-Principal Islamic Asset Management Sdn Bhd</i>).
Qualifications:	Master in Business Administration, Massachusetts Institute of Technology, under the Sloan Fellow Program at the MIT Sloan School of Management; Master of Science (MS) Mathematics, Illinois State University; Bachelor of Science (BS) Mathematics, Illinois State University; Chartered Financial Analyst Charterholder.
Experience:	Hisham began his career in the insurance industry at Universal Life and General Insurance in 1987. He joined William M Mercer Sdn Bhd in 1988 before becoming an investment analyst with Crosby Research (M) Sdn Bhd in 1991. He joined Barings Research (Malaysia) Sdn Bhd in 1994 and UBS Research (Malaysia) Sdn Bhd in 1996. He became a financial consultant at Sithe Pacific LLC in 1998, a regional independent power producer, and later ventured out to setup a boutique investment advisory firm, KE Malaysia Capital Partners Sdn Bhd. He served Tricubes Berhad as an Executive Director and Vice President of Corporate and Financing Planning from April 2001 to April 2005. He then joined Khazanah Nasional Berhad in May 2005 and later served as a Director in the Investment Division from April 2009 to June 2014. He was Chief Operating Officer with Astro Overseas Limited from July 2014 until June 2018 and after that a Director in the Group Managing Director's Office at Malaysian Industrial Development Finance Berhad from July 2018 until March 2019.
Date appointed to Board:	11 February 2015
Details of Membership of any Board Committee:	Audit Committee Member
Directorship of other public companies:	1) Telekom Malaysia Berhad 2) VADS Berhad 3) Media Prima Berhad 4) Sistem Televisyen Malaysia Berhad

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name:	Hisham bin Zainal Mokhtar* (continued)
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2018 to 30 June 2019):	5 of 7
Name:	Juan Ignacio Eyzaguirre Baraona
Age:	62
Nationality:	Chilean
Designation:	Chief Executive Officer, ASEAN Region
Qualifications:	Civil Engineering Degree from the Universidad de Chile Degree in Philosophy from the Universidad de Los Andes.
Experience:	Juan has 30 years of experience in various senior positions in asset management, banking, insurance and fund management. He is currently the Chief Executive Officer, ASEAN for Principal Asset Management Berhad. In 2008, Juan founded Vistage Chile, a business coaching and management development consultancy headquartered in San Diego, California. Prior to this, Juan served as an executive of Principal Latin America where he drove regional business growth and strategy and led teams in Argentina, Chile and within Principal's joint venture in Brazil.
Date appointed to Board:	13 May 2019
Details of Membership of any Board Committee:	None
Directorship of other public companies:	None
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2018 to 30 June 2019):	1 of 7

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name:	Munirah binti Khairuddin
Age:	44
Nationality:	Malaysian
Designation:	Chief Executive Officer/Executive Director
Qualifications:	Bachelor of Arts (Honours) in Accounting & Financial Analysis, University of Newcastle Upon Tyne, UK; Chartered Financial Analyst Charterholder and Capital Markets Services Representative's License holder for fund management.
Experience:	<p>Munirah joined Principal Asset Management Berhad (<i>formerly known as CIMB-Principal Asset Management Berhad</i>) in November 2006 and was later appointed as Deputy CEO in November 2008. Then, Munirah was responsible for the development of institutional, corporate and international business opportunities and institutional sales. She previously worked as a G7 Economist and strategist for a Fortune 500 multinational oil and gas company. Prior to that, she was a fixed income portfolio manager for emerging markets at Rothschild Asset Management in London.</p> <p>Munirah was appointed as CEO/Executive Director on 15 May 2013. She has been instrumental in helping the company to grow its Assets Under Management ("AUM"), deepening its retail leadership with new focus in private retirement space, and maintaining consistent risk management and investment performance. Munirah also played an integral part in strategic business development initiatives of CWA, an agency force of more than 8,000 unit trust consultants nationwide. Munirah also oversees both the retail and corporate businesses for Singapore.</p> <p>She was also named as the CEO of the Year, Malaysia in the Asia Asset Management's 2015 Best of the Best Awards for the second year in a row. Munirah was also selected as one of the recipients for the "Top 25 Women of Asset Management" award by AsianInvestor in 2014.</p>
Date appointed to Board:	31 January 2012
Details of Membership of any Board Committee:	None
Directorship of other public companies:	CIMB Wealth Advisors Berhad
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2018 to 30 June 2019):	7 of 7

ADDITIONAL INFORMATION (CONTINUED)
Key Personnel of the Manager (continued)

Name:	Paul Wong Chee Kin
Age:	50
Nationality:	Malaysian
Designation:	Group Chief Operations Officer, CIMB Group
Qualifications:	Bachelor of Business (Major in Banking & Finance), Monash University
Experience:	Paul Wong was appointed as Group Chief Operations Officer on 1 October 2018 with key focus in strategizing and overseeing the Operations function of CIMB Group. He previously held the position as Head of Consumer Business Strategic Support since May 2016 with key focus in driving sales and operational productivity, improving customer experience and strengthening compliance at branches. Other previous appointments include Head of Regional Projects in driving sales and operational efficiency in Group Consumer Banking, and Head of ASEAN Business Solutions to oversee cross-border acquisition for retail products from July 2013 to April 2016. Paul was also Head of Sales Management under Consumer Sales & Distribution from 2007 to 2013 where he led the team drive and manage initiatives on marketing, compliance and employee engagement to optimize productivity from sales channels. During the period, Paul was also appointed as the designated Head of Retail Banking for Bank of Commerce (“BOC”) in Philippines to lead the re-engineering of overall retail banking strategies as CIMB was exploring the acquisition of BOC. Prior to joining CIMB Bank, Paul served in various capacities in several financial institution including Alliance Bank, Prudential Assurance, OCBC, UOB, and DBS in Malaysia and Singapore.
Date appointed to Board:	8 September 2016
Details of Membership of any Board Committee:	None
Directorship of other public companies:	None
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2018 to 30 June 2019):	7 of 7

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name:	Pedro Esteban Borda
Age:	58
Nationality:	Argentinean
Designation:	Senior Vice President & Chief Operating Officer, Principal International
Qualifications:	Bachelor Degree in Business Administration and a Master Degree in Finance, both from Universidad Argentina de la Empresa ("U.A.D.E"), Buenos Aires, Argentina.
Experience:	Pedro was previously the President, Principal South Asia & India of Principal International (South Asia) Sdn Bhd ("PISA") based in Malaysia. He is also a Non-Independent Non-Executive Director of Principal Asset Management Berhad (<i>formerly known as CIMB-Principal Asset Management Berhad</i>) since 20 June 2013. Prior joining Principal International, he was Chief Executive Officer, ASEAN Region of Principal Asset Management Berhad. In addition, he was the Country Head - Mexico from 2004 to February 2013, Vice President of Principal Financial Group and previously a member of the Board of Directors of Principal Financial Group, Chile.
Date appointed to Board:	20 June 2013
Details of Membership of any Board Committee:	Audit Committee Member
Directorship of other public companies:	None
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2018 to 30 June 2019):	5 of 7
Name:	Wong Joon Hian*
Age:	70
Nationality:	Malaysian
Designation:	Independent Non-Executive Director and Chairman of Audit Committee of Principal Asset Management Berhad (<i>formerly known as CIMB-Principal Asset Management Berhad</i>) and Principal Islamic Asset Management Sdn Bhd (<i>formerly known as CIMB-Principal Islamic Asset Management Sdn Bhd</i>).
Qualifications:	Member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants and a life member of the Institute of Chartered Accountants in England and Wales.

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name:	Wong Joon Hian* (continued)
Experience:	Wong has been an independent non-executive director of Principal Asset Management Berhad since 22 August 2007. He has accumulated over 30 years of working experience in the areas of audit, accountancy, financial services and corporate management. He commenced his career when he joined Price Waterhouse & Co. in England after qualifying as a Chartered Accountant in 1973. He returned to Malaysia in 1975 to work for Price Waterhouse (now known as PricewaterhouseCoopers PLT), Malaysia until 1985. He then served as the Technical Manager of The Malaysian Association of Certified Public Accountants from 1986 until he was appointed as the General Manager-Operations of Supreme Finance (Malaysia) Berhad in December 1987. After Mayban Finance Berhad had completed the acquisition of Supreme Finance (Malaysia) Berhad in 1991, he joined BDO Binder as an Audit Principal until 1994 when he joined for Advance Synergy Berhad. He was appointed the managing director of United Merchant Group Berhad (now known as Advance Synergy Capital Sdn Bhd) in 1995. During the period from 1995 till 2007 he was a director of Ban Hin Lee Bank Berhad, Southern Investment Bank Berhad and United Merchant Finance Berhad. Currently, he is a director in several companies under the Advance Synergy Berhad Group and CIMB Group Holdings Berhad Group. He is also an independent non-executive director of Principal Islamic Asset Management Sdn Bhd (<i>formerly known as CIMB-Principal Islamic Asset Management Sdn Bhd</i>).
Date appointed to Board:	22 August 2007
Details of Membership of any Board Committee:	Chairman of Audit Committee
Directorship of other public companies:	1) SFB Auto Berhad 2) SIBB Berhad
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2018 to 30 June 2019):	7 of 7
Name:	Effendy Shahul Hamid
Age:	47
Nationality:	Malaysian
Designation:	Chief Executive Officer, Group Ventures & Partnerships
Qualifications:	Honours in Electronic Engineering with Optoelectronics, University College London; Alumni of CIMB-INSEAD Leadership Programme.

ADDITIONAL INFORMATION (CONTINUED)
Key Personnel of the Manager (continued)

Name:	Effendy Shahul Hamid (continued)
Experience:	Effendy is responsible for the development of the Group's new and disruptive revenue and value creation streams through a focus on creating and cultivating platform partnerships at scale, venturing through selective strategic investments in platform based businesses, steering CIMB's approach and practices in terms of financial technology trends, and managing the Group's operations in Vietnam and the Philippines. Also responsible for pursuing virtual banking strategies for the Group. He is also responsible for the Group's asset management and investments business across both public and private markets, including the Group's regional asset management business, its private equity fund management business and the Group's equity investments portfolio in companies such as Principal Asset Management and Touch n Go. Most recently, Effendy was CEO of Group Commercial Banking, managing the Group's regional banking businesses for the small and medium enterprise and mid-sized corporate segment, with a key lean on creating differentiated propositions and executing long term growth strategies. Prior to that, he was Group Chief Marketing and Communications Officer, managing the Group's entire marketing and communications initiatives and lead franchise-wide efforts to ensure a consistent and differentiated CIMB brand for all of the Group's businesses across the region. Before that, he served as a Director in the Group's Investment Banking Division, primarily focusing on corporate advisory and origination. Prior to joining the Group, career stints in several international companies in a corporate development capacity, mostly involved in private equity, merger and acquisition activities across Asia Pacific and general business expansion initiatives.
Date appointed to Board:	17 August 2015
Details of Membership of any Board Committee:	None
Directorship of other public companies:	1) CIG Berhad
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2018 to 30 June 2019):	3 of 7

* Independent Director

ADDITIONAL INFORMATION (CONTINUED)**The Investment Committee**

As required by the ETF Guidelines, the Manager is required to establish an Investment Committee for the Fund whose role is to ensure that the investment management of the Fund is consistent with:

- (a) the Fund's investment objective;
- (b) the Deed;
- (c) the Prospectus;
- (d) the ETF Guidelines and other applicable laws;
- (e) internal investment restrictions and policies; and
- (f) acceptable and efficacious investment management practices within the industry.

The powers and duties of the Investment Committee include formulating and monitoring the implementation by the Manager of appropriate investment management strategies for the Fund and the measurement and evaluation of the performance of the Manager. The Investment Committee generally meets once a month.

Accordingly, the Manager has appointed an Investment Committee for the Fund, comprising of five (5) members including three (3) independent members.

The following table sets out information on the members of the Investment Committee:

Name:	Mohamad Safri bin Shahul Hamid										
Age:	47										
Nationality:	Malaysian										
Designation:	Deputy Chief Executive Officer/Senior Managing Director of CIMB Islamic Bank Berhad										
Qualifications:	Master of Business Administration (Globalisation) from Maastricht School Of Management, The Netherlands; Bachelor of Accounting (Honours) from International Islamic University Malaysia; Chartered Accountant (CA) with the Malaysian Institute of Accountants (MIA).										
Experience:	<table border="0"> <tr> <td style="vertical-align: top;">2011 - Present</td> <td>Deputy Chief Executive Officer/Senior Managing Director (since April 2014) - CIMB Islamic Bank Berhad</td> </tr> <tr> <td style="vertical-align: top;">2009 - 2011</td> <td>Deputy Chief Executive Officer - MIDF Amanah Investment Bank, Kuala Lumpur</td> </tr> <tr> <td style="vertical-align: top;">Feb 2008 - Dec 2008</td> <td>Director - Global Markets & Regional Head, Islamic Structuring (Asia) of Deutsche Bank Dubai International Financial Centre (Dubai)</td> </tr> <tr> <td style="vertical-align: top;">2003 - 2008</td> <td>Director & Head - Debt Capital Markets, CIMB Islamic Bank Berhad</td> </tr> <tr> <td style="vertical-align: top;">2000 - 2003</td> <td>Senior Analyst - Malaysian Rating Corporation Berhad</td> </tr> </table>	2011 - Present	Deputy Chief Executive Officer/Senior Managing Director (since April 2014) - CIMB Islamic Bank Berhad	2009 - 2011	Deputy Chief Executive Officer - MIDF Amanah Investment Bank, Kuala Lumpur	Feb 2008 - Dec 2008	Director - Global Markets & Regional Head, Islamic Structuring (Asia) of Deutsche Bank Dubai International Financial Centre (Dubai)	2003 - 2008	Director & Head - Debt Capital Markets, CIMB Islamic Bank Berhad	2000 - 2003	Senior Analyst - Malaysian Rating Corporation Berhad
2011 - Present	Deputy Chief Executive Officer/Senior Managing Director (since April 2014) - CIMB Islamic Bank Berhad										
2009 - 2011	Deputy Chief Executive Officer - MIDF Amanah Investment Bank, Kuala Lumpur										
Feb 2008 - Dec 2008	Director - Global Markets & Regional Head, Islamic Structuring (Asia) of Deutsche Bank Dubai International Financial Centre (Dubai)										
2003 - 2008	Director & Head - Debt Capital Markets, CIMB Islamic Bank Berhad										
2000 - 2003	Senior Analyst - Malaysian Rating Corporation Berhad										
Date appointed to Investment Committee:	1 April 2014										
Conflict of interest with the Fund:	None										
List of convictions for offences within the past 10 years other than traffic offences:	None										
Number of Investment Committee meetings attended in the financial year (1 July 2018 to 30 June 2019):	9 of 11										

ADDITIONAL INFORMATION (CONTINUED)

The Investment Committee (continued)

Name:	Wong Fook Wah*
Age:	64
Nationality:	Malaysian
Designation:	Ex-Deputy Group Chief Executive for RAM Holdings Berhad
Qualifications:	Bachelor of Arts (Economics) from Universiti Malaya (1977) and a Masters degree in Policy Science from Saitama University, Japan (1987).
Experience:	<p>Wong had served 20 years in RAM Holdings Bhd, from its inception as Malaysia's first credit rating agency in 1991. He held several positions over the years including Managing Director/CEO of RAM Rating Services Sdn Bhd. His last position was that of Deputy Group Executive Officer of RAM Holdings Berhad ("RAM"). He retired from RAM in March 2011.</p> <p>Prior to joining RAM, Wong worked for the Ministry of Finance, Malaysia from 1977 to April 1991. He first served as an economist in the Economics Planning Division for the first 8 years. Then, for 4 years from 1987 to 1991, he worked as an analyst in a special task unit handling rehabilitational and restructuring work on ailing Government-owned enterprises.</p> <p>He was on the Board of Directors of the Malaysia Derivatives Exchange Bhd ("MDEX") from 2001 to May 2004 as an appointee of the Ministry of Finance. He also served on the Board of Directors of RAM Rating Services Bhd, Bond Pricing Agency Sdn Bhd and RAM Credit Information Sdn Bhd, representing the interest of RAM Holdings Bhd prior to retirement.</p>
Date appointed to Investment Committee:	1 May 2011
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of Investment Committee meetings attended in the financial year (1 July 2018 to 30 June 2019):	8 of 11
Name:	A.Huzaim Bin Dato' Abdul Hamid*
Age:	54
Nationality:	Malaysian
Designation:	Independent Non-Executive Director of Principal Asset Management Berhad (<i>formerly known as CIMB-Principal Asset Management Berhad</i>).
Qualifications:	Master of Science, Financial Economics, School of Oriental and African Studies (SOAS), University of London, United Kingdom, 2010; Advanced Diploma in Russian Language from the Russian Center of Science and Culture, Kuala Lumpur, and the Pushkin State Institute of Russian Language, Moscow, Russia 2009; Bachelor of Science, Economics, Louisiana State University, Baton Rouge Louisiana, United States of America, 1988.

ADDITIONAL INFORMATION (CONTINUED)

The Investment Committee (continued)

Name:	A.Huzaim Bin Dato' Abdul Hamid* (continued)
Experience:	<p>Huzaim has spent 27 years in various aspects of finance, economics, and public policy advisory. 12 of those years was spent as a fund manager, where he was, among others, a Chief Investment Officer with Alliance Capital Asset Management and as a member of the Pacific Region Team and a Global Commodities Specialist with Hong Kong's Jardine Fleming Investment Management which is now part of JP Morgan, Chase and Co. He was an independent Investment Committee member for 6 years for Principal Asset Management as well as being the same for Principal Islamic Asset Management Sdn Bhd and CIMB Wealth Advisors Berhad for several years. He also served as an independent Investment Committee member for CIMB Aviva Assurance and CIMB Aviva Takaful for two years.</p> <p>Huzaim is the Chairman & CEO of Ingenium Advisors, a financial economics advisory established in 2013. He was, prior to that, the Head of Strategic Operations at Malaysia's Employees Provident Fund, where he was deeply engaged in the reform of the Malaysian pension and social security system, which resulted in the private pension system, minimum wages, and minimum retirement age acts.</p> <p>Huzaim also spent several years serving as a Senior Fellow at the then renowned Institute of Strategic and International Studies (ISIS) Malaysia, reporting directly to its late Chairman, Tan Sri Noordin Sopiee. He was most active in economic, finance, and geostrategic issues. He was engaged heavily in OIC and East Asian matters, and was appointed the Deputy Secretary General for the Malaysian chapter of the Network of East Asian Think-tanks (NEAT). Huzaim speaks, thinks and writes in 5 languages.</p>
Date appointed to Investment Committee:	3 September 2014
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of Investment Committee meetings attended in the financial year (1 July 2018 to 30 June 2019):	8 of 11

ADDITIONAL INFORMATION (CONTINUED)

The Investment Committee (continued)

Name:	Alejandro Elias Echegorri Rodriguez
Age:	59
Nationality:	Mexican
Designation:	Chief Investment Officer, Principal Global Asset Management Asia, Director of Principal Asset Management (S) Pte Ltd (<i>formerly known as CIMB-Principal Asset Management (S) Pte Ltd</i>), Komisararis of PT Principal Asset Management Indonesia (<i>formerly known as PT CIMB-Principal Asset Management</i>).
Qualifications:	Degree in Economics from the Universidad Mayor de la Republica, Uruguay and a Master in Economics degree from Universidad Centro de Estudios Macroeconomicos de Argentina.
Experience:	Mr. Echegorri is the Chief Investment Officer for Principal Global Asset Management in Asia and as such he is responsible for the overall investment strategy and the investment process for the group and for overseeing the management of pension, mutual funds and general accounts in the Asia as well as for supporting the overall development of the asset management business in the region. Prior to that Mr. Echegorri was Chief Executive Officer, ASEAN Region of Principal Asset Management Bhd (<i>formerly known as CIMB-Principal Asset Management Bhd</i>), with responsibilities over Malaysia, Indonesia, Thailand and Singapore. Previously he was the Chief Investment Officer for Principal International in Latin America. He joined Principal in 2003 as Head of Institutional Asset Management and Chief Investment Officer for Principal Financial Group in Mexico. Prior to that, he was the Senior Investment Officer for Citibank's Pension Fund Business in Latin America. He had also held different positions in the investment area in countries such as Uruguay, Argentina, Chile, Mexico and the United Kingdom.
Date appointed to Board:	28 March 2016
Details of Membership of any Board Committee:	Investment Committee Member
Directorship of other public companies:	Principal Asset Management Company Limited (<i>formerly known as "CIMB-Principal Asset Management Company Limited"</i>)
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of Investment Committee meetings attended in the financial year (1 July 2018 to 30 June 2019):	9 of 11

ADDITIONAL INFORMATION (CONTINUED)

The Investment Committee (continued)

Name:	Kim Teo Poh Jin*
Age:	61
Nationality:	Singaporean
Designation:	Chairman of the Investment Committee of Principal Asset Management Berhad (<i>formerly known as CIMB-Principal Asset Management Berhad</i>) and Principal Islamic Asset Management Berhad (<i>formerly known as CIMB Islamic Asset Management Berhad</i>). Executive Director and Group Chief Executive Officer, Boardroom Limited. Director, Livet Company Pte. Ltd. Director, Marina Yacht Services Pte. Ltd.
Qualifications:	Bachelor of Arts (Hons) in Economics from the Heriot-Watt University of Edinburgh.
Experience:	He has about 25 years of experience in the financial industry, having worked in senior positions of major financial institutions.
Date appointed to Investment Committee:	3 January 2008
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of Investment Committee meetings attended in the financial year (1 July 2018 to 30 June 2019):	11 of 11

*Independent member

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
CIMB FTSE CHINA 50**

We, being the Directors of Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying audited financial statements set out on pages 29 to 61 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 30 June 2019 and of its financial performance, changes in equity and cash flows for the financial year then ended in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

For and on behalf of the Manager

Principal Asset Management Berhad (Company No.: 304078-K)
(*formerly known as CIMB-Principal Asset Management Berhad*)

MUNIRAH KHAIRUDDIN
Chief Executive Officer/Executive Director

JUAN IGNACIO EYZAGUIRRE BARAONA
Director

Kuala Lumpur
20 August 2019

**TRUSTEE'S REPORT TO THE UNIT HOLDERS OF
CIMB FTSE CHINA 50**

We have acted as Trustee for CIMB FTSE China 50 (the "Fund") for the financial year ended 30 June 2019. To the best of our knowledge, for the financial year under review, Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the "Manager") has operated and managed the Fund in accordance with the following:-

- (a) limitations imposed on the investment powers of the Manager and Trustee under the Deed(s), the Securities Commission's Guidelines on Exchange-Traded Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) the valuation/pricing for the Fund has been carried out in accordance with the Deed(s) of the Fund and applicable regulatory requirements; and
- (c) creation and cancellation of units for the Fund have been carried out in accordance with the Deed(s) of the Fund and applicable regulatory requirements.

For **Deutsche Trustees Malaysia Berhad**

Ng Hon Leong
Head, Trustee Operations

Richard Lim Hock Seng
Chief Executive Officer

Kuala Lumpur
14 August 2019

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB FTSE CHINA 50****REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**Our opinion

In our opinion, the financial statements of CIMB FTSE CHINA 50 (the "Fund") give a true and fair view of the financial position of the Fund as at 30 June 2019, 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 30 June 2019, and the statement of comprehensive income, statement of changes in equity 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 29 to 61.

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 (CONTINUED)
CIMB FTSE CHINA 50 (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Fund. In particular, we considered where the Manager made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Fund, the accounting processes and controls, and the industry in which the Fund operates.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Fund for the current year. These matters were addressed in the context of our audit of the financial statements of the Fund as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation and existence of financial assets at fair value through profit or loss</p> <p>Refer to Note 2(b), Note 3(e) and Note 9 to the financial statements.</p> <p>The investment portfolio at the year-end comprised listed equity investment valued at RM11,405,302.</p> <p>We focused on the valuation and existence of investment because investment represents the most significant element of the net asset recognised in the financial statements.</p>	<p>We have tested the valuation of the listed equity investment as at year-end by agreeing the price used in the valuation to the quoted price published by the stock exchange.</p> <p>We have tested the existence of the investment portfolio by agreeing the holding for investment to an independent custodian confirmation.</p>

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB FTSE CHINA 50 (CONTINUED)****REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager 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, to cease operations, or has no realistic alternative but to do so.

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB FTSE CHINA 50 (CONTINUED)****REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**Auditors' responsibilities for the audit of the financial statements

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB FTSE CHINA 50 (CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

WILLIAM MAH JIN CHIEK
03085/07/2021 J
Chartered Accountant

Kuala Lumpur
20 August 2019

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019**

	Note	2019 RM	2018 RM
INCOME			
Dividend income		546,053	526,406
Net (loss)/gain on financial assets at fair value through profit or loss	9	(25,518)	444,632
Net foreign exchange loss		(3,825)	(14,958)
		<u>516,710</u>	<u>956,080</u>
EXPENSES			
Management fee	4	71,988	95,852
Trustee's and custodian fees	5	24,936	35,438
Audit fee		27,300	27,300
License fee	6	4,800	6,870
Tax agent's fee		4,601	4,000
Transaction costs		33,361	6,785
Other expenses	7	56,543	10,954
		<u>223,529</u>	<u>187,199</u>
PROFIT BEFORE TAXATION		293,181	768,881
Taxation	8	-	(47,438)
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>293,181</u>	<u>721,443</u>
Profit after taxation is made up as follows:			
Realised amount		1,521,743	576,005
Unrealised amount		(1,228,562)	145,438
		<u>293,181</u>	<u>721,443</u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

	Note	2019 RM	2018 RM
ASSETS			
Cash and cash equivalents	10	47,062	219,579
Financial assets at fair value through profit or loss	9	11,405,302	14,901,531
Dividends receivable		157,979	142,531
TOTAL ASSETS		<u>11,610,343</u>	<u>15,263,641</u>
LIABILITIES			
Accrued management fee		5,644	7,949
Amount due to Trustee		1,021	1,079
Other payables and accruals	11	85,340	83,696
TOTAL LIABILITIES		<u>92,005</u>	<u>92,724</u>
NET ASSET VALUE OF THE FUND		<u>11,518,338</u>	<u>15,170,917</u>
EQUITY			
Unit holders' capital		4,386,204	8,331,964
Retained earnings		7,132,134	6,838,953
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>11,518,338</u>	<u>15,170,917</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	12	<u>7,150,000</u>	<u>9,750,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.6109</u>	<u>1.5559</u>

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019**

	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	(3,945,760)	-	(3,945,760)
Total comprehensive income for the financial year	-	293,181	293,181
Balance as at 30 June 2019	<u>4,386,204</u>	<u>7,132,134</u>	<u>11,518,338</u>
Balance as at 1 July 2017	8,331,964	6,117,510	14,449,474
Total comprehensive income for the financial year	-	721,443	721,443
Balance as at 30 June 2018	<u>8,331,964</u>	<u>6,838,953</u>	<u>15,170,917</u>

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019**

	Note	2019 RM	2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from disposal of quoted securities		7,979,880	2,065,160
Purchase of quoted securities		(4,542,529)	(2,293,371)
Dividend income received		483,945	560,720
Management fee paid		(74,293)	(95,152)
Trustee's and custodian fees paid		(24,994)	(35,380)
Net realised foreign exchange (loss)/gain		(3,825)	19,931
Payments for other fees and expenses		(42,787)	(43,461)
Net cash generated from operating activities		<u>3,775,397</u>	<u>178,447</u>
CASH FLOWS FROM FINANCING ACTIVITY			
Payments for cancellation of units		(3,945,760)	-
Net cash used in financing activity		<u>(3,945,760)</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents		(170,363)	178,447
Effects of foreign exchange differences		(2,154)	(35,971)
Cash and cash equivalents at the beginning of the financial year		<u>219,579</u>	<u>77,103</u>
Cash and cash equivalents at the end of the financial year	10	<u><u>47,062</u></u>	<u><u>219,579</u></u>
<u>Cash and cash equivalents comprised of:</u>			
Bank balances		<u>47,062</u>	<u>219,579</u>
Cash and cash equivalents at the end of the financial year	10	<u><u>47,062</u></u>	<u><u>219,579</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 30 JUNE 2019

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

The 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 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(k).

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

Standard that is effective:

The Fund has applied the following standard for the first time for the financial year beginning 1 July 2018:

- MFRS 9 'Financial Instruments' became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in MFRS 139.

Classification and measurement of debt assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest ("SPPI"). A debt instrument is measured at fair value through other comprehensive income ("OCI") if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through OCI. MFRS 9 also introduces a new expected credit loss ("ECL") impairment model.

MFRS 9 has been applied retrospectively by the Fund but did not result in any change to the classification or measurement of financial instruments as outlined in Note 2(b).

The Fund's investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. There was no material impact on adoption from the application of the new impairment model.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 July 2018 that have a material effect on the financial statements of the Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

Financial year beginning on/after 1 July 2019

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

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

The Fund will apply these amendments when effective. These amendments to published standard is not expected to have a significant impact on the Fund's financial statements.

(b) Financial assets and financial liabilities

Classification

Up to 30 June 2018, the Fund designates its investments 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, 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 accrued management fee, amount due to Trustee, and other payables and accruals as other financial liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Classification (continued)

From 1 July 2018, the Fund classifies its financial assets in the following measurement categories:

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

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

The Fund has not taken the option to irrevocably designate any equity securities at fair value through OCI.

The Fund classifies cash and cash equivalents, and dividends receivable as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

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

Recognition and measurement

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

Financial liabilities, within the scope of MFRS 139 up to 30 June 2018 and MFRS 9 from 1 July 2018, 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 with net gain or loss on financial assets at fair value through profit or loss in the financial year which they arise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Recognition and measurement (continued)

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.

Financial assets at amortised cost (2018: 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

Up to 30 June 2018, for assets carried at amortised cost, the Fund assesses at the end of each 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Impairment for assets carried at amortised costs (continued)

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.

From 1 July 2018, the Fund measures credit risk and ECL using probability of default, exposure at default and loss given default. The Manager consider both historical analysis and forward looking information in determining any ECL. The Manager consider the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month ECL as any such impairment would be wholly insignificant to the Fund.

Significant increase in credit risk

A significant increase in credit risk is defined by the Manager as any contractual payment which is more than 30 days past due.

Definition of default and credit-impaired financial assets

Any contractual payment which is more than 90 days past due is considered credit impaired.

Write-off

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

(c) Income recognition

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

Up to 30 June 2018, when a loan and receivable is impaired, the Fund reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continue unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

From 1 July 2018, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(c) Income recognition (continued)**

Realised gains and losses on sale of quoted securities are accounted for as the difference between the net disposal proceeds and the carrying amount of investments, 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 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) Units of the Funds are denominated in RM.
- ii) Significant portion 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.

(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 year.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 year 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.

(i) 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.

(j) 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.

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

Financial instruments of the Fund are as follows:

	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
2019			
Cash and cash equivalents (Note 10)	-	47,062	47,062
Quoted securities (Note 9)	11,405,302	-	11,405,302
Dividends receivable	-	157,979	157,979
	<u>11,405,302</u>	<u>205,041</u>	<u>11,610,343</u>

	Financial assets at fair value through profit or loss RM	Loans and receivables RM	Total RM
2018			
Cash and cash equivalents (Note 10)	-	219,579	219,579
Quoted securities (Note 9)	14,901,531	-	14,901,531
Dividends receivable	-	142,531	142,531
	<u>14,901,531</u>	<u>362,110</u>	<u>15,263,641</u>

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

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.

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:

	2019	2018
	RM	RM
Financial assets at fair value through profit or loss:		
- Quoted securities	<u>11,405,302</u>	<u>14,901,531</u>

The table below summarises the sensitivity of the Fund's profit or loss and NAV to movements in prices of the Benchmark Index. The analysis is based on the assumptions that the Benchmark Index fluctuates by 17.12% (2018: 17.05%), which is the standard deviation of the daily fluctuation of the Benchmark Index, with all other variables held constant, and that the fair value of the investments moved in the same quantum with the fluctuation in the Benchmark Index. 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 Benchmark Index	Benchmark Index	Market value RM	Impact on profit or loss/ NAV RM
2019			
-17.12%	12,530	9,452,714	(1,952,588)
0%	15,118	11,405,302	-
17.12%	<u>17,706</u>	<u>13,357,890</u>	<u>1,952,588</u>
2018			
-17.05%	9,610	12,360,820	(2,540,711)
0%	11,585	14,901,531	-
17.05%	<u>13,560</u>	<u>17,442,242</u>	<u>2,540,711</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.

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

(a) Market risk (continued)

(ii) Currency risk (continued)

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

Financial assets	Cash and cash equivalents RM	Financial assets at fair value through profit or loss RM	Dividends receivable RM	Total RM
2019				
HKD	<u>46,424</u>	<u>11,405,302</u>	<u>157,979</u>	<u>11,609,705</u>
2018				
HKD	<u>217,742</u>	<u>14,901,531</u>	<u>142,531</u>	<u>15,261,804</u>

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 2.81% (2018: 3.69%), which is the standard deviation of the daily fluctuation of the exchange rate of HKD against MYR, 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 RM
2019		
HKD	<u>+/- 2.81</u>	<u>+/- 326,233</u>
2018		
HKD	<u>+/- 3.69</u>	<u>+/- 563,161</u>

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

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

	Cash and cash equivalents RM	Dividends receivable RM	Total RM
2019			
Consumer Products			
- Not Rated	-	6,695	6,695
Energy			
- Not Rated	-	24,691	24,691
Finance			
- Deutsche Bank (M) Bhd (AA1)	47,062	-	47,062
- Not Rated	-	95,216	95,216
Industrials			
- Not Rated	-	5,747	5,747
Real Estate			
- Not Rated	-	21,351	21,351
Telecommunications			
- Not Rated	-	4,279	4,279
	<u>47,062</u>	<u>157,979</u>	<u>205,041</u>

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

(b) Credit risk (continued)

	Cash and cash equivalents RM	Dividends receivable RM	Total RM
2018			
Basic Materials			
- Not Rated	-	1,040	1,040
Consumer Products			
- Baa3	-	4,927	4,927
- Not Rated	-	411	411
Energy			
- A1	-	33,010	33,010
Finance			
- Deutsche Bank (M) Bhd (AA1)	219,579	-	219,579
- A1	-	16,489	16,489
- Baa1	-	13,454	13,454
- Baa2	-	1,709	1,709
- Baa3	-	1,706	1,706
- Not Rated	-	23,846	23,846
Industrials			
- A1	-	2,381	2,381
- A3	-	3,778	3,778
- Baa1	-	4,344	4,344
- Ba2	-	2,838	2,838
- Not Rated	-	789	789
Real Estate			
- Baa1	-	14,450	14,450
- Baa3	-	3,163	3,163
- Ba1	-	7,922	7,922
Technology			
- Not Rated	-	991	991
Telecommunications			
- Not Rated	-	5,283	5,283
	<u>219,579</u>	<u>142,531</u>	<u>362,110</u>

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 asset comprises bank balances and other instruments which are capable of being converted into cash within 7 business days. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

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
2019			
Accrued management fee	5,644	-	5,644
Amount due to Trustee	1,021	-	1,021
Other payables and accruals #	-	85,324	85,324
Contractual undiscounted cash flows	<u>6,665</u>	<u>85,324</u>	<u>91,989</u>
2018			
Accrued management fee	7,949	-	7,949
Amount due to Trustee	1,079	-	1,079
Other payables and accruals #	-	83,518	83,518
Contractual undiscounted cash flows	<u>9,028</u>	<u>83,518</u>	<u>92,546</u>

Excluding Goods and Services Tax ("GST") reverse charge payable amounting to RM16 (2018: RM178).

(d) Capital risk management

The capital of the Fund is represented by equity consisting of unit holders' capital of RM4,386,204 (2018: RM8,331,964) and retained earnings of RM7,132,134 (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.

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

(e) Fair value estimation

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

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

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

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 judgment, considering factors specific to the asset or liability.

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

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2019				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>11,405,302</u>	<u>-</u>	<u>-</u>	<u>11,405,302</u>
2018				
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>

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 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 year ended 30 June 2019, the management fee is recognised at a rate of 0.60% per annum (2018: 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 minimum 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. The foreign sub-custodian fee and charges are dependent on the country invested and are charged monthly.

5. TRUSTEE'S AND CUSTODIAN FEES (CONTINUED)

For the financial year ended 30 June 2019, the Trustee's fee is recognised at a rate of 0.08% per annum subject to a minimum fee of RM12,000 per annum (2018: 0.08% per annum), subject to a minimum fee of RM12,000 per annum), while the foreign sub-custodian fee is recognised at RM12,928 (2018: RM22,643).

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. LICENSE FEE

License fee is payable to FTSE International Limited, the Benchmark Index provider.

For the financial year ended 30 June 2019, the license fee was recognised at a rate of 0.04% per annum (2018: 0.04% per annum) of the NAV of the Fund, calculated on daily basis.

There is no further liability to the FTSE International Limited in respect of license fee other than the amounts recognised above.

7. OTHER EXPENSES

	2019	2018
	RM	RM
Printing costs	-	110
GST	16	9,253
Withholding tax	48,814	-
Other expenses	7,713	1,591
	<u>56,543</u>	<u>10,954</u>

8. TAXATION

	2019	2018
	RM	RM
Tax charged for the financial year:		
- Current taxation	<u>-</u>	<u>47,438</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:

	2019	2018
	RM	RM
Profit before taxation	<u>293,181</u>	<u>768,881</u>
Taxation at Malaysian statutory rate of 24% (2018: 24%)	70,363	184,531
Tax effects of:		
Investment income not subject to tax	(124,010)	(229,459)
Expenses not deductible for tax purposes	29,818	13,337
Restriction on tax deductible expenses for ETFs	23,829	31,591
Effect of foreign tax on foreign taxable income	-	47,438
Taxation	<u>-</u>	<u>47,438</u>

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 RM	2018 RM
At fair value through profit or loss at inception:		
- Quoted securities	<u>11,405,302</u>	<u>14,901,531</u>
Net (loss)/gain on financial assets at fair value through profit or loss:		
- Realised gain on disposals	1,200,891	262,140
- Unrealised fair value (loss)/gain	<u>(1,226,409)</u>	<u>182,492</u>
	<u>(25,518)</u>	<u>444,632</u>

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 QUOTED SECURITIES				
Basic Materials				
Anhui Conch Cement Co Ltd	<u>5,500</u>	<u>71,064</u>	<u>142,666</u>	<u>1.24</u>
Consumer Products				
BYD Co Ltd	3,300	71,619	82,452	0.72
Geely Automobile Holdings Ltd	23,650	250,802	167,434	1.45
Guangzhou Automobile Group Co Ltd	17,600	58,128	77,783	0.68
Meituan Dianping	8,800	270,883	319,432	2.77
Shenzhen International Group Holdings Ltd	<u>3,842</u>	<u>202,217</u>	<u>218,659</u>	<u>1.90</u>
	<u>57,192</u>	<u>853,649</u>	<u>865,760</u>	<u>7.52</u>
Energy				
China Petroleum & Chemical Corporation	116,050	328,651	326,546	2.83
China Shenhua Energy Co Ltd	14,740	151,716	127,787	1.11
CNOOC Ltd	67,540	382,015	478,159	4.15
Hanergy Thin Film Power Group Ltd *	102,900	332,879	-	-
Petrochina Co Ltd	<u>92,840</u>	<u>335,725</u>	<u>212,040</u>	<u>1.84</u>
	<u>394,070</u>	<u>1,530,986</u>	<u>1,144,532</u>	<u>9.93</u>
Finance				
Agricultural Bank of China Ltd	145,200	243,468	251,605	2.18
Bank of China Ltd	286,000	488,192	500,132	4.34
Bank of Communications Co Ltd	39,600	110,097	124,439	1.08

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 (CONTINUED)				
QUOTED SECURITIES				
(CONTINUED)				
Finance (continued)				
China Citic Bank Corporation Ltd	39,600	91,785	93,381	0.81
China Construction Bank Corporation	286,000	848,398	1,019,967	8.86
China Everbright Bank Co Ltd	14,080	26,591	26,711	0.23
China Life Insurance Co Ltd	36,300	401,273	370,098	3.21
China Merchants Bank Co Ltd	16,940	134,243	349,644	3.04
China Minsheng Banking Corporation Ltd	29,150	85,420	83,568	0.73
China Pacific Insurance (Group) Co Ltd	12,320	171,394	199,447	1.73
CITIC Securities Co Ltd	14,850	146,828	128,111	1.11
CSC Financial Co Ltd	5,500	17,757	16,933	0.15
GF Securities Co Ltd	6,270	62,802	30,867	0.27
Guotai Junan Securities Co Ltd	3,740	32,107	27,588	0.24
Huatai Securities Co Ltd	7,700	66,235	54,840	0.48
Industrial and Commercial Bank Of China Ltd	242,000	615,734	730,963	6.35
New China Life Insurance Co Ltd	5,610	95,053	112,967	0.98
PICC Property and Casualty Co Ltd	29,150	129,014	130,218	1.13
Ping An Insurance (Group) Company of China Ltd	12,650	294,669	628,780	5.46
Postal Savings Bank of China Co Ltd	44,550	116,904	109,540	0.95
The People's Insurance Company (Group) of China Ltd	37,400	69,884	60,447	0.52
	<u>1,314,610</u>	<u>4,247,848</u>	<u>5,050,246</u>	<u>43.85</u>
Industrials				
Air China Ltd	10,450	42,522	43,636	0.38
China Communications Construction Co Ltd	27,500	105,043	101,863	0.88
China Railway Construction Corporation Ltd	9,350	49,844	47,466	0.41
China Railway Group Ltd	24,750	74,024	77,905	0.68
CITIC Ltd	26,620	174,857	158,837	1.38
CRRC Corporation Ltd	22,000	96,379	76,127	0.66
	<u>120,670</u>	<u>542,669</u>	<u>505,834</u>	<u>4.39</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
Real Estate				
China Evergrande Group	11,330	101,693	131,486	1.14
China Overseas Land and Investment Ltd	17,050	183,076	260,209	2.26
China Resources Land Ltd	11,770	116,249	214,556	1.86
China Vanke Co Ltd	7,150	60,131	111,014	0.96
Country Garden Holdings Co Ltd	35,530	130,834	223,675	1.94
Longfor Group Holdings Ltd	9,570	121,133	149,349	1.30
	<u>92,400</u>	<u>713,116</u>	<u>1,090,289</u>	<u>9.46</u>
Technology				
Xiaomi Corporation	<u>40,040</u>	<u>267,984</u>	<u>212,177</u>	<u>1.84</u>
Telecommunications				
China Mobile Ltd	16,940	666,272	638,694	5.55
China Telecom Corporation Ltd	68,310	130,572	142,260	1.24
China Tower Corporation Ltd	209,000	154,392	227,041	1.97
China Unicom (Hong Kong) Ltd	29,150	149,097	132,381	1.15
Tencent Holdings Ltd	5,802	774,792	1,084,088	9.41
	<u>329,202</u>	<u>1,875,125</u>	<u>2,224,464</u>	<u>19.32</u>
Utilities				
China Gas Holdings Ltd	<u>11,000</u>	<u>161,118</u>	<u>169,334</u>	<u>1.47</u>
TOTAL QUOTED SECURITIES	<u>2,364,684</u>	<u>10,263,559</u>	<u>11,405,302</u>	<u>99.02</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>1,141,743</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>11,405,302</u>		

9. 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				
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
Guangzhou Automobile Co 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

9. 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)				
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

9. 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)				
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
ZTE Corporation	5,250	77,064	32,216	0.21
	<u>9,750</u>	<u>401,220</u>	<u>370,440</u>	<u>2.44</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
Tencent Holdings Ltd	6,900	364,338	1,398,826	9.22
	<u>158,100</u>	<u>1,717,142</u>	<u>2,659,071</u>	<u>17.53</u>

9. 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)				
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 and subsequently delisted from Hong Kong Stock Exchange ("HKEx") effective 11 June 2019. Based on announcement in HKEx, Hanergy Mobile Energy Holding Group Co Ltd proposed to take over Hanergy Thin Film Power Group Ltd. The Manager will act on the securities of the counter upon the announcement of the plans subsequent to the completion of the acquisition. Until then, the securities of the counter continue to remain deposited with the central securities depository during the period of suspension/delisting as it was not mandatory for the securities to be withdrawn.

10. CASH AND CASH EQUIVALENTS

	2019 RM	2018 RM
Bank balances	<u>47,062</u>	<u>219,579</u>

11. OTHER PAYABLES AND ACCRUALS

	2019 RM	2018 RM
Provision for audit fee	27,300	27,300
Provision for tax agent's fee	5,445	8,600
Other accruals	<u>52,595</u>	<u>47,796</u>
	<u>85,340</u>	<u>83,696</u>

12. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2019	2018
	No of units	No of units
At the beginning of the financial year	9,750,000	9,750,000
Less: Cancellation of units	(2,600,000)	-
At the end of the financial year	<u>7,150,000</u>	<u>9,750,000</u>

13. MANAGEMENT EXPENSE RATIO (“MER”)

	2019	2018
	%	%
MER	<u>1.18</u>	<u>1.13</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 excluding GST on transaction costs and withholding tax
G	=	Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on daily basis is RM11,997,474 (2018: RM15,974,717).

14. PORTFOLIO TURNOVER RATIO (“PTR”)

	2019	2018
PTR (times)	<u>0.52</u>	<u>0.14</u>

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	=	RM4,535,935 (2018: RM2,289,940)
total disposal for the financial year	=	RM8,006,645 (2018: RM2,068,235)

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

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

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

Significant related party transactions and balances

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

16. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with all brokers/dealers for the financial year ended 30 June 2019 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	2,445,447	19.49	734	14.12
CGS-CIMB Securities International Pte Ltd (formerly known as CIMB Securities (Singapore) Pte Ltd) #	1,985,367	15.83	1,045	20.09
CLSA (Hong Kong) Ltd	1,968,213	15.69	599	11.52
Credit Suisse (Hong Kong) Ltd	1,687,310	13.45	875	16.83
Instinet Pacific Ltd (Hong Kong Branch)	1,667,870	13.30	834	16.04
JP Morgan Securities (Asia Pacific)	1,409,205	11.24	423	8.13
Macquarie Bank Ltd (Hong Kong)	1,379,168	11.00	690	13.27
	<u>12,542,580</u>	<u>100.00</u>	<u>5,200</u>	<u>100.00</u>

Details of transactions with all brokers/dealers for the financial year ended 30 June 2018 are as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
JPMorgan Securities (Asia Pacific)	1,413,253	32.43	424	25.06
Citigroup Global Markets Ltd	1,025,347	23.53	308	18.20
CIMB Securities (Singapore) Pte Ltd #	970,975	22.28	486	28.72
Credit Suisse (Hong Kong) Ltd	948,600	21.76	474	28.02
	<u>4,358,175</u>	<u>100.00</u>	<u>1,692</u>	<u>100.00</u>

Included in the transactions are trades conducted with CGS-CIMB Securities International Pte Ltd (formerly known as CIMB Securities (Singapore) Pte Ltd), fellow related party to the Manager amounting to RM1,985,367 (2018: RM970,975). 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.

17. 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 commensurate 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 HKEx, Hong Kong.

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

18. MFRS 9 FINANCIAL INSTRUMENTS

As disclosed in Note 2(a), the Fund has adopted MFRS 9, which resulted in the following changes in accounting policies as disclosed in Note 2(b) and adjustments to the financial position as follows:

The measurement category and the carrying amount of financial assets and financial liabilities in accordance with MFRS 139 and MFRS 9 at 1 July 2018 are compared as follows:

	Measurement category		Carrying amount			
	Original (MFRS 139)	New (MFRS 9)	Original (MFRS 139) RM	Reclassifi- cations RM	Remeasu- rements RM	New (MFRS 9) RM
Assets						
Cash and cash equivalents	Loans and receivables	Amortised cost	219,579	-	-	219,579
Investment in equity securities	FVTPL	FVTPL	14,901,531	-	-	14,901,531
Dividends receivable	Loans and receivables	Amortised cost	142,531	-	-	142,531
Liabilities						
Accrued management fee	Amortised cost	Amortised cost	7,949	-	-	7,949
Amount due to Trustee	Amortised cost	Amortised cost	1,079	-	-	1,079
Other payables and accruals	Amortised cost	Amortised cost	83,696	-	-	83,696

19. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 20 August 2019.

DIRECTORY**TRUST DIRECTORY****Manager***Registered Address*

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

Business address

10th Floor, Bangunan CIMB,
Jalan Semantan,
Damansara Heights,
50490 Kuala Lumpur, MALAYSIA.
Tel: (03) 2084 8888

Postal address

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

Website

www.principal.com.my

E-mail address

service@principal.com.my

General investment enquiries

(03) 7718 3000

TRUST DIRECTORY (CONTINUED)**Board of Directors**

Pedro Esteban Borda
 Effendy Shahul Hamid
 Paul Wong Chee Kin
 Juan Ignacio Eyzaguirre Baraona
 Munirah binti Khairuddin
 Wong Joon Hian*
 A.Huzaima bin Dato' Abdul Hamid*
 Hisham bin Zainal Mokhtar*

* *Independent director*

Investment Committee

Mohamad Safri bin Shahul Hamid
 Alejandro Elias Echegorri Rodriguez
 A.Huzaima Bin Dato' Abdul Hamid*
 Wong Fook Wah*
 Kim Teo Poh Jin*

* *Independent member*

Audit Committee

Wong Joon Hian*
 Pedro Esteban Borda
 Hisham bin Zainal Mokhtar*

* *Independent member*

Company Secretaries

Phang Ai Tee
 (MAICSA 7013346)
 8th Floor Bangunan CIMB
 Jalan Semantan Damansara Heights
 50490 Kuala Lumpur, Malaysia.
 Tel: (03) 2084 8888

Investment Adviser

Principal Asset Management (S) Pte Ltd
(formerly known as CIMB-Principal Asset Management (S) Pte Ltd)
 50 Raffles Place
 Singapore Land Tower, #26-05,
 Singapore 048623
 Tel: (+65) 6210 8488 Fax: (+65) 6210 8489

CORPORATE DIRECTORY**Fund Administration and Fund Accounting Service Provider**

Deutsche Bank (Malaysia) Berhad

Registered Address

Level 18, Menara IMC
8, Jalan Sultan Ismail
50250 Kuala Lumpur

Business Address

Level 18-20, Menara IMC
8, Jalan Sultan Ismail
50250 Kuala Lumpur

Tel: (03) 2053 6788

Trustee

Deutsche Trustees Malaysia Berhad

Registered/Business Address

Level 20, Menara IMC
8, Jalan Sultan Ismail
50250 Kuala Lumpur

Custodian (Trustee's Delegate)*Registered Address*

Level 18, Menara IMC
8, Jalan Sultan Ismail
50250 Kuala Lumpur

Business Address

Level 18-20, Menara IMC
8, Jalan Sultan Ismail
50250 Kuala Lumpur

Tel: (03) 2053 6788 Fax: (03) 2031 9822

Auditors of the Fund and of the Manager

PricewaterhouseCoopers PLT (LLP0014401-LCA & 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

Tax Adviser

PricewaterhouseCoopers Taxation Services Sdn Bhd

PricewaterhouseCoopers Chartered Accountants

Level 10, 1 Sentral,
Jalan Rakyat, Kuala Lumpur Sentral,
PO Box 10192, 50706 Kuala Lumpur, MALAYSIA.

Principal Asset Management Berhad (304078-K)
(formerly known as CIMB-Principal Asset Management Berhad)

Enquiries:

Customer Care Centre
(603)7718 3000

Email
service@principal.com.my

Website
www.principal.com.my