

BIMB *i* DIVIDEND FUND

ANNUAL REPORT FOR THE FINANCIAL
YEAR ENDED 31 OCTOBER 2019

*LAPORAN TAHUNAN BAGI TAHUN KEWANGAN
BERAKHIR 31 OKTOBER 2019*

BIMB INVESTMENT
A BANK ISLAM
SUBSIDIARY

MANAGER:
BIMB INVESTMENT MANAGEMENT BERHAD 199301021508 (276246-X)

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1.0 Manager's Report

Dear Unitholders,

We are pleased to present the Manager's report of BIMB i Dividend Fund for the financial year ended 31 October 2019.

1.1 Fund Name/ Fund Type/ Fund Category/ Fund Investment Objective/ Fund Performance Benchmark/ Fund Distribution Policy

| | |
|-----------------------------------|---|
| Fund Name | BIMB i Dividend Fund |
| Fund Type | Income and Growth |
| Fund Category | Equity |
| Fund Investment Objective | This Fund aims to primarily provide investors with a combination of steady and recurring income and capital growth in the medium to long term* through investments in Shariah-compliant dividend yielding equities, which historically offered solid performance and is generally less volatile when compared to the broader equity market. |
| Fund Performance Benchmark | The Fund will be measured against an absolute return benchmark of 6% per annum. This is not a guaranteed return and it is only a measurement of the Fund's performance. The Fund may or may not achieve 6% per annum growth rate in any particular financial year but targets to achieve this growth rate through long term. |
| Fund Distribution Policy | The Manager will declare annual income distributions (subject to the availability of income). |

**"medium to long term" in this context refers to three (3) years or more.*

1.2 Performance for the Financial Year Ended 31 October 2019

1.2.1 Performance Review for BIMB i Dividend Fund

For the financial year under review, BIMB i Dividend Fund (“the Fund”) registered a return of -9.61% as compared to its Benchmark’s return of 6.00%.

The selected performance benchmark for this Fund is an absolute return benchmark of 6.00% per annum.

Our strategy has remained to focus on stocks with good track record of dividend distribution and potential capital growth over medium to long term.

As at 31 October 2019, the Fund has 72.91% exposure to equities and 27.09% in cash and cash equivalents. The total Net Asset Value (NAV) of the Fund is RM84.1 million whereas the NAV per unit of the Fund is RM0.1223.

During the financial year ended 31 October 2019, the Fund’s performance was affected by the ongoing US-China Trade War conflict, Brexit concerns and weaker earnings of Malaysian corporates which impact domestic counters’ share price performance.

During the financial year under review, there was no significant change to the state of affairs of the Fund and no circumstance that materially affect the interest of Unit Holders that have taken place up to the date of this Manager’s Report.

1.2.2 Total Return and Average Total Return for the Financial Year Ended 31 October 2019

| | BIMB i Dividend Fund | | Benchmark | |
|-------------------------------|----------------------|--------------------------|------------------|--------------------------|
| | Total Return (%) | Average Total Return (%) | Total Return (%) | Average Total Return (%) |
| 1-Year Period (Nov18 – Oct19) | -9.61 | -9.61 | 6.00 | 6.00 |
| 3-Year Period (Nov16 – Oct19) | -32.02 | -10.67 | 19.10 | 6.00 |
| 5-Year Period (Nov14 – Oct19) | -41.54 | -8.31 | 33.82 | 6.00 |

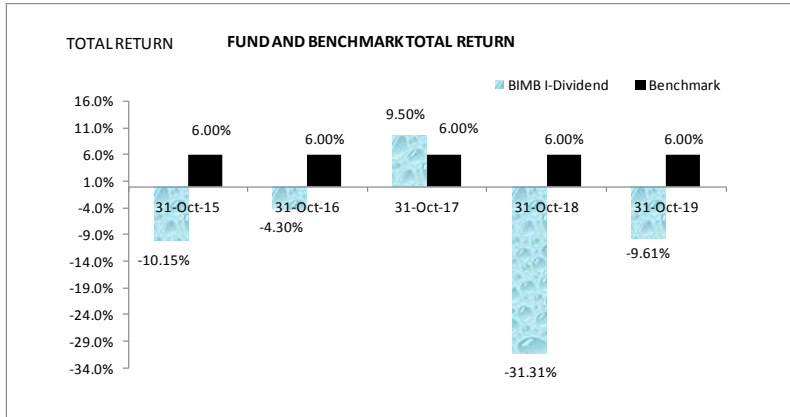
1.2.3 Total Return for the last 5 Financial Years

| Financial Years | Total Return | |
|-----------------|--------------------------|---------------|
| | BIMB i Dividend Fund (%) | Benchmark (%) |
| 31 October 2019 | -9.61 | 6.00 |
| 31 October 2018 | -31.31 | 6.00 |
| 31 October 2017 | 9.50 | 6.00 |
| 31 October 2016 | -4.30 | 6.00 |
| 31 October 2015 | -10.15 | 6.00 |

1.2.4 Income Distribution for the last 5 Financial Years

| Financial Years | Income Distribution | | Benchmark per annum (%) |
|-----------------|--------------------------|----------------------------------|-------------------------|
| | Distribution (sen)/ unit | Distribution Yield per annum (%) | |
| 31 October 2019 | Nil | Nil | 6.00 |
| 31 October 2018 | 0.89 | 4.27 | 6.00 |
| 31 October 2017 | 1.54 | 7.54 | 6.00 |
| 31 October 2016 | 0.73 | 3.30 | 6.00 |
| 31 October 2015 | 1.25 | 4.81 | 6.00 |

Figure 1: Performance of the Fund versus the Benchmark



Note:

Data Source : BIMB Investment Management Berhad
Data verified by : Novagni Analytics & Advisory Sdn. Bhd.
Benchmark : Absolute return of 6% per annum

Notes:

1. Total Return of the Fund has been verified by Novagni Analytics & Advisory Sdn. Bhd.

2. Average Total return is derived by this formula:

$$\frac{\text{Total Return}}{\text{Number of Years under Review}}$$

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

1.3 Economic and Market Review

Economy

a) Global

- US Gross Domestic Product (GDP) grew by 1.9% in the third quarter of 2019 as compared to 2.0% in the second quarter of 2019. The lower third quarter GDP performance was driven by lower business investment.
- The Euro zone economy grew by 0.2% in the third quarter of 2019, the same pace as in the second quarter of 2019. Among the block's largest economies, France's GDP expanded by 0.3 percent and Spain's economy grew by 0.4 percent.
- The Chinese economy grew by 6.0% for the third quarter of 2019, compared to 6.2% in the second quarter of 2019. Slower growth was due to US-China trade war that leads to weaker export performance during the quarter.

(Source: Bureau of Economic Analysis, CNBC)

b) Domestic

- The Malaysian economy grew by 4.4% in the third quarter of 2019 as compared to 4.9% in the second quarter of 2019, primarily attributed to lower growth in key sectors and a decline in the mining and construction activities.
- Bank Negara Malaysia ("BNM") has decided to maintain the Overnight Policy Rate (OPR) at 3.00% during the Monetary Policy Committee (MPC) meeting on 12 September 2019, after 25 basis points cut made on 7 May 2019.

(Source: Bank Negara Malaysia)

Market Review

Equity

FTSE Bursa Malaysia EMAS Shariah Index ("FBM Shariah" Index) commenced the period under review at 11,771.78 points before it declined to the lowest level of 11,068.25 points on 18th December 2018. Subsequently, the FBM Shariah index peaked to the highest level of 12,334.29 points on 7th April 2019 before closing at 11,829.78 points on 31 October 2019. For the financial period under review, the FBM Shariah was up marginally by 58 points or 0.49%.

(Source: Bloomberg)

1.4 Market Outlook and Strategy

For the remaining months of 2019 and into 2020, the Malaysian equities are expected to be resilient, driven by domestic demand, corporate earnings recovery, national 2020 budget for sustainable and inclusive growth and the possibility of recovery in global crude palm oil price.

1.5 Asset Allocation as at 31 October

| BIMB i Dividend Fund | 2019 (%) | 2018 (%) | 2017 (%) |
|---|---------------------|---------------------|---------------------|
| Investment In Quoted Securities | | | |
| Construction | 4.98 | - | 1.25 |
| Consumer products & services | 18.29 | 15.38 | 6.36 |
| Energy | 8.78 | - | 2.61 |
| Finance | 8.18 | - | - |
| Health care | 4.69 | 15.87 | 6.51 |
| Industrial products & services | 5.15 | 20.53 | 18.58 |
| Plantation | - | 1.48 | 3.95 |
| Property | 3.37 | - | 3.02 |
| Technology | 12.16 | 35.64 | 19.85 |
| Telecommunication & media | 4.35 | - | 26.96 |
| Transportation & logistics | 2.96 | 5.01 | 5.03 |
| Utilities | - | 0.33 | 2.22 |
| Warrant | - | - | 1.01 |
| | 72.91 | 94.24 | 97.35 |
| CASH AND SHORT TERM INVESTMENTS: | 27.09 | 5.76 | 2.65 |
| | 100.00 | 100.00 | 100.00 |

1.6 Other Performance Data for the Financial Year Ended 31 October

| BIMB / Dividend Fund | 2019 | 2018 | 2017 |
|---|---------------|----------------|----------------|
| Unit Prices (MYR) | | | |
| Highest net asset value ("NAV") per unit for the year | 0.1369 | 0.2229* | 0.2242* |
| Lowest NAV per unit for the year | 0.1154 | 0.1934* | 0.2021* |
| Net Asset Value (NAV) and Units in Circulation (UIC) as at the End of the Year | | | |
| Total NAV (MYR) | 84,060,784 | 173,998,986 | 183,152,705 |
| Units in Circulation (UIC) | 687,329,202 | 835,418,744 | 896,618,385 |
| NAV per unit (MYR) | 0.1223 | 0.2083* | 0.2043* |
| Return of Fund (%)^(a) | | | |
| Capital Growth (%) ^(b) | -9.61 | 1.96 | -7.60 |
| Income Return (%) ^(c) | - | 7.54 | 3.30 |
| Return of Fund (%) | -9.61 | 9.50 | -4.30 |
| Gross Distribution per Unit (Sen) | - | 1.54 | 0.73 |
| Net Distribution per Unit (Sen) | - | 1.54 | 0.73 |
| NAV per Unit before Distribution (MYR) | - | 0.2237 | 0.2116 |
| NAV per Unit after Distribution (MYR) | - | 0.2083 | 0.2043 |
| Date of Distribution | - | 31 October | 31 October |
| Management Expense Ratio (MER) (%)^(d) | 1.65 | 1.71 | 1.70 |
| Portfolio Turnover Ratio (PTR) (times)^(e) | 2.30 | 1.13 | 0.95 |

* The price and NAV per unit are ex-distribution

Note:

- a) **Return of the Fund** = $\frac{\text{NAV per unit (end of financial year)}}{\text{NAV per unit (beginning of financial year)}} - 1$
- b) **Capital Growth** = Total Return of the Fund – Income Return
- c) **Income Return** = $\frac{\text{Income Distribution per Unit}}{\text{NAV per Unit on beginning of financial year}} \times 100$
- d) **Management Expenses Ratio** = It is the total management expenses expressed as an annual percentage of the Fund's average NAV
- e) **Portfolio Turnover Ratio** = It represents the average of the total acquisitions and disposals of the investment in the Fund for the annual period over the average Net Asset Value of the Fund calculated on a daily basis

1.7 Unit Holdings as at 31 October 2019

| Size of Unit Holdings | BIMB / Dividend Fund | | | |
|---------------------------------|----------------------|---------------|-----------------------|---------------|
| | No. of Unit Holders | | No. of Units Held | |
| | No. | % | Units | % |
| 5,000 and below | 574 | 36.47 | 1,874,563.18 | 0.27 |
| 5,001 to 10,000 | 285 | 18.11 | 1,905,832.66 | 0.28 |
| 10,001 to 50,000 | 528 | 33.54 | 13,238,670.85 | 1.93 |
| 50,001 to 500,000 | 172 | 10.93 | 20,441,744.23 | 2.97 |
| 500,001 and above | 14 | 0.89 | 649,855,892.22 | 94.55 |
| Units Held by Holders | 1,573 | 99.94 | 687,316,703.14 | 100.00 |
| Units Held by Manager | 1 | 0.06 | 12,499.25 | - |
| Grand Total for The Fund | 1,574 | 100.00 | 687,329,202.39 | 100.00 |

1.8 Policy on Rebate and Soft Commission

Any stock broking rebates received by the Manager will be directed to the account of the Fund. Any soft commissions received from the broker which are in the form of research and advisory services that assist in the decision-making process relating to the Fund's investment may be retained by the Manager.

The Manager did not receive soft commission from brokers in the form of research and advisory services during the year under review.

For and on behalf of

The Manager

BIMB INVESTMENT MANAGEMENT BERHAD

Date: 13 December 2019

1.0 Laporan Pengurus

Para Pemegang Unit yang dihormati,

Kami dengan sukacitanya membentangkan Laporan Pengurus BIBM i Dividend Fund bagi tahun kewangan berakhir 31 Oktober 2019.

1.1 Nama Dana/ Jenis Dana/ Kategori Dana/ Objektif Pelaburan Dana/ Penanda Aras Dana/ Polisi Agihan Dana

| | |
|--------------------------------|--|
| Nama Dana | BIBM i Dividend Fund |
| Jenis Dana | Dana Pendapatan dan Pertumbuhan |
| Kategori Dana | Ekuiti |
| Objektif Pelaburan Dana | <p>Tujuan utama Dana ini adalah untuk mewujudkan peluang kepada pelabur, kombinasi pendapatan yang stabil dan berulang serta pertumbuhan modal dalam jangka sederhana hingga jangka panjang* melalui pelaburan dalam ekuiti patuh Syariah yang menghasilkan dividen, yang mana mengikut sejarah syarikat yang menawarkan prestasi yang kukuh dan secara amnya lebih stabil berbanding pasaran ekuiti secara keseluruhan.</p> <p><i>Nota:</i> <i>Sebarang perubahan ketara pada objektif pelaburan Dana memerlukan kelulusan Pemegang Unit.</i></p> |
| Penanda Aras Dana | Dana akan diukur berdasarkan penanda aras pulangan mutlak 6% setahun. Ini bukanlah satu pulangan yang dijamin dan ia hanyalah ukuran prestasi Dana. Dana ini mungkin atau mungkin tidak mencapai kadar pertumbuhan 6% setahun pada mana-mana tahun kewangan tertentu tetapi mempunyai sasaran untuk mencapai pulangan ini menerusi pertumbuhan jangka panjang. |
| Polisi Agihan Dana | Pengurus akan mengisytiharkan agihan tahunan (tertakluk kepada pendapatan diperolehi). |

*"jangka sederhana hingga jangka panjang" dalam konteks ini merujuk kepada tiga (3) tahun atau lebih.

1.2 Pencapaian bagi Tahun Kewangan Berakhir 31 Oktober 2019

1.2.1 Kajian Pencapaian bagi BIMB i Dividend Fund

Bagi tahun kewangan dalam kajian, Dana BIMB i Dividend (Dana) mencatatkan pulangan sebanyak -9.61% berbanding pulangan penanda arasnya sebanyak 6.00%.

Penanda aras terpilih prestasi Dana adalah penanda aras pulangan mutlak sebanyak 6.00% setahun.

Strategi kami kekal untuk menumpukan kepada pelaburan dalam saham-saham yang mempunyai rekod prestasi yang baik dari segi pengagihan dividen dan mempunyai potensi pertumbuhan modal dalam jangka sederhana hingga panjang.

Pada 31 Oktober 2019, Dana mempunyai pelaburan sebanyak 72.91% dalam pasaran ekuiti dan 27.09% dalam tunai dan setara tunai. Jumlah Nilai Aset Bersih (NAB) Dana adalah RM84.1 juta manakala NAB seunit Dana adalah RM0.1223.

Sepanjang tahun kewangan berakhir 31 Oktober 2019, prestasi Dana telah terjejas berikutan konflik pertikaian perdagangan AS-China yang berterusan, kebimbangan mengenai 'Brexit' dan hasil pendapatan yang semakin lemah dicatatkan oleh syarikat-syarikat korporat di Malaysia yang memberi kesan terhadap prestasi harga saham kaunter-kaunter domestik.

Bagi tahun kewangan dalam kajian dan sehingga tarikh Laporan Pengurus ini disediakan, tiada sebarang perubahan ketara dalam hal ehwal Dana dan tidak berlaku sebarang keadaan yang secara material memberi kesan kepada kepentingan Pemegang Unit.

1.2.2 Jumlah Pulangan dan Purata Jumlah Pulangan bagi Tempoh Kewangan Berakhir 31 Oktober 2019

| | BIMB / Dividend Fund | | Penanda Aras | |
|--|----------------------|----------------------------|---------------------|----------------------------|
| | Jumlah Pulangan (%) | Purata Jumlah Pulangan (%) | Jumlah Pulangan (%) | Purata Jumlah Pulangan (%) |
| Jangkamasa 1-Tahun (Nov18 – Okt19) | -9.61 | -9.61 | 6.00 | 6.00 |
| Jangkamasa 3-Tahun (Nov16 – Okt19) | -32.02 | -10.67 | 19.10 | 6.00 |
| Jangkamasa 5 –Tahun (Nov14 – Okt19) | -41.54 | -8.31 | 33.82 | 6.00 |

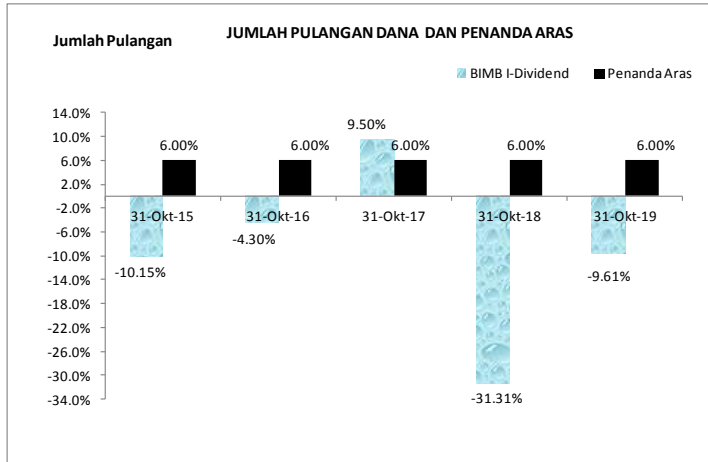
1.2.3 Jumlah Pulangan bagi 5 Tahun Kewangan Terakhir

| Tahun Kewangan | Jumlah Pulangan | |
|-----------------|--------------------------|------------------|
| | BIMB / Dividend Fund (%) | Penanda Aras (%) |
| 31 Oktober 2019 | -9.61 | 6.00 |
| 31 Oktober 2018 | -31.31 | 6.00 |
| 31 Oktober 2017 | 9.50 | 6.00 |
| 31 Oktober 2016 | -4.30 | 6.00 |
| 31 Oktober 2015 | -10.15 | 6.00 |

1.2.4 Agihan Pendapatan bagi 5 Tahun Kewangan Terakhir

| Tahun Kewangan | Pengagihan Pendapatan | | Penanda Aras Tahunan (%) |
|-----------------|------------------------|----------------------------------|--------------------------|
| | Pengagihan (sen)/ unit | Pengagihan KeuntunganTahunan (%) | |
| 31 Oktober 2019 | Tiada | Tiada | 6.00 |
| 31 Oktober 2018 | 0.89 | 4.27 | 6.00 |
| 31 Oktober 2017 | 1.54 | 7.54 | 6.00 |
| 31 Oktober 2016 | 0.73 | 3.30 | 6.00 |
| 31 Oktober 2015 | 1.25 | 4.81 | 6.00 |

Rajah 1: Prestasi Dana Berbanding Pulangan Penanda Aras



Nota:

Sumber Data : BIMA Investment Management Berhad

Data disahkan oleh : Novagni Analytics & Advisor Sdn. Bhd.

Penanda Aras : Pulangan mutlak sebanyak 6% setahun

Nota:

1. **Jumlah Pulangan** telah disahkan oleh Novagni Analytics & Advisor Sdn. Bhd.

2. **Jumlah Pulangan Purata** adalah berpandukan formula berikut:

$$\frac{\text{Jumlah Pulangan}}{\text{Bilangan Tahun Bawah Kajian}}$$

Prestasi tahun-tahun sebelum ini tidak semestinya menjadi petunjuk prestasi masa depan dan harga unit serta pulangan pelaburan mungkin turun dan naik.

1.3 Ekonomi dan Kajian Pasaran

Ekonomi

a) Global

- Keluaran Dalam Negara Kasar (KDNK) Amerika Syarikat (AS) meningkat sebanyak 1.9% pada suku ketiga 2019 berbanding 2.0% pada suku kedua 2019. Prestasi KDNK yang rendah pada suku ketiga 2019 adalah disebabkan pelaburan perniagaan yang lebih rendah.
- Ekonomi zon Euro meningkat sebanyak 0.2% pada suku ketiga 2019, sama seperti kadar pertumbuhan yang dicatatkan pada suku kedua 2019. Di kalangan negara-negara anggotanya yang berekonomi besar, pertumbuhan KDNK negara Perancis meningkat sebanyak 0.3% dan ekonomi Sepanyol berkembang 0.4%.
- Ekonomi China berkembang sebanyak 6.0% pada suku ketiga 2019, berbanding dengan 6.2% pada suku kedua 2019. Pertumbuhan yang lebih perlahan ini adalah disebabkan oleh kesan pertikaian perdagangan AS-China yang mempengaruhi prestasi eksport yang lebih lemah dalam suku tersebut.

(Sumber: Bureau of Economic Analysis, CNBC)

b) Dalam Negeri

- Ekonomi Malaysia berkembang sebanyak 4.4% pada suku ketiga 2019 berbanding 4.9% pada suku kedua 2019 disebabkan oleh pertumbuhan yang lebih perlahan dalam sektor-sektor utama dan penurunan dalam aktiviti perlombongan dan pembinaan.
- Bank Negara Malaysia ("BNM") telah membuat keputusan untuk mengekalkan Kadar Dasar Semalaman (OPR) pada paras 3.00% dalam Mesyuarat Jawatankuasa Dasar Monetari (MPC) yang diadakan pada 12 September 2019, selepas pemetongan 25 mata asas yang dibuat pada 7 Mei 2019.

(Sumber: Bank Negara Malaysia)

Kajian Pasaran

Ekuiti

Indeks FTSE Bursa Malaysia EMAS Shariah (FBM Shariah) berada pada paras permulaan 11,771.78 mata sebelum ia kemudiannya jatuh ke paras terendah iaitu 11,068.25 mata pada 18 Disember 2018. Indeks meningkat ke paras tertinggi iaitu 12,334.29 mata pada 7 April 2019 dan ditutup pada 11,829.78 mata pada 31

Oktober 2019. Bagi tempoh kewangan dalam kajian, paras indeks FBM Shariah telah meningkat sedikit sebanyak 58 mata atau 0.49%.

(Sumber: Bloomberg)

1.4 Tinjauan Pasaran dan Strategi

Bagi baki tahun 2019, ekuiti Malaysia dijangka akan berdaya tahan, dipacu oleh permintaan dalam negara, pemulihan pendapatan korporat, rangsangan belanjawan negara 2020 untuk pertumbuhan mampan dan menyeluruh serta pemulihan harga minyak sawit mentah global.

1.5 Peruntukan Aset Setakat 31 Oktober

| BIMB / Dividend Fund | 2019 (%) | 2018 (%) | 2017 (%) |
|---|---------------------|---------------------|---------------------|
| Pelaburan Sekuriti Tersiarharga | | | |
| Pembinaan | 4.98 | - | 1.25 |
| Barangan pengguna & perkhidmatan | 18.29 | 15.38 | 6.36 |
| Tenaga | 8.78 | - | 2.61 |
| Kewangan | 8.18 | - | - |
| Kesihatan | 4.69 | 15.87 | 6.51 |
| Barangan industri & perkhidmatan | 5.15 | 20.53 | 18.58 |
| Perladangan | - | 1.48 | 3.95 |
| Hartanah | 3.37 | - | 3.02 |
| Teknologi | 12.16 | 35.64 | 19.85 |
| Telekomunikasi & media | 4.35 | - | 26.96 |
| Pengangkutan & logistik | 2.96 | 5.01 | 5.03 |
| Utiliti | - | 0.33 | 2.22 |
| Waran | - | - | 1.01 |
| | 72.91 | 94.24 | 97.35 |
| TUNAI DAN PELABURAN JANGKA PENDEK: | 27.09 | 5.76 | 2.65 |
| | 100.00 | 100.00 | 100.00 |

1.6 Lain-lain Data Prestasi bagi Tahun Kewangan Berakhir 31 Oktober

| BIMB i Dividend Fund | 2019 | 2018 | 2017 |
|---|---------------|----------------|----------------|
| Harga Unit (RM) | | | |
| Nilai aset bersih (NAB) tertinggi seunit dalam setahun | 0.1369 | 0.2079* | 0.2229* |
| NAB terendah seunit dalam setahun | 0.1154 | 0.1332* | 0.1934* |
| Nilai Aset Bersih (NAB) dan Unit Dalam Edaran (UDE) pada Akhir Tahun | | | |
| Jumlah NAB (RM) | 84,060,784 | 100,284,782 | 173,998,986 |
| Unit Dalam Edaran (UDE) | 687,329,202 | 740,958,476 | 835,418,744 |
| NAB seunit (RM) | 0.1223 | 0.1353* | 0.2083* |
| Jumlah Pulangan Dana (%)^(a) | | | |
| Pertumbuhan Modal (%) ^(b) | -9.61 | -35.58 | 1.96 |
| Pulangan Pendapatan (%) ^(c) | - | 4.27 | 7.54 |
| Jumlah Pulangan Dana (%) | -9.61 | -31.31 | 9.50 |
| Agihan Kasar seunit (Sen) | - | 0.89 | 1.54 |
| Agihan Bersih seunit (Sen) | - | 0.89 | 1.54 |
| NAB sebelum Pengagihan (RM) | - | 0.1638 | 0.2237 |
| NAB selepas Pengagihan (RM) | - | 0.1549 | 0.2083 |
| Tarikh Pengagihan | - | 29 Ogos | 31 Oktober |
| Nisbah Perbelanjaan Pengurusan (NPP) (%)^(d) | 1.65 | 1.68 | 1.71 |
| Nisbah Pusing Ganti Portfolio (Kali)^(e) | 2.30 | 1.14 | 1.13 |

* Harga dan NAB seunit adalah selepas pengagihan pendapatan

Nota:-

- a) **Pulangan ke atas Dana** = $\frac{\text{Harga seunit (pada akhir tahun kewangan)}}{\text{Harga seunit (pada awal tahun kewangan)}}$ - 1
- b) **Pertumbuhan Modal** = Jumlah Pulangan Dana - Pulangan Pendapatan
- c) **Pulangan Pendapatan** = $\{\text{Pengagihan Pendapatan per Unit / NAB per unit pada awal tahun kewangan}\} \times 100$
- d) **Nisbah Perbelanjaan Pengurusan** = Ia dikira dengan mengambil jumlah perbelanjaan pengurusan sepertimana yang dinyatakan sebagai peratusan tahunan daripada jumlah purata NAB Dana
- e) **Nisbah Pusing Ganti Portfolio** = Ia dikira dengan mengambil purata jumlah perolehan dan pelupusan pelaburan dalam Dana bagi tempoh tahunan dibahagi dengan purata NAB Dana yang dikira pada asas harian

1.7 Pecahan Pegangan Unit Setakat 31 Oktober 2019

| Saiz Pegangan Unit | BIMB / Dividend Fund | | | |
|--|------------------------|---------------|-----------------------|---------------|
| | Bilangan Pemegang Unit | | Jumlah Pegangan Unit | |
| | Bilangan | % | Unit | % |
| 5,000 dan ke bawah | 574 | 36.47 | 1,874,563.18 | 0.27 |
| 5,001 hingga 10,000 | 285 | 18.11 | 1,905,832.66 | 0.28 |
| 10,001 hingga 50,000 | 528 | 33.54 | 13,238,670.85 | 1.93 |
| 50,001 hingga 500,000 | 172 | 10.93 | 20,441,744.23 | 2.97 |
| 500,001 dan ke atas | 14 | 0.89 | 649,855,892.22 | 94.55 |
| Unit yang dipegang oleh Pemegang Unit | 1,573 | 99.94 | 687,316,703.14 | 100.00 |
| Unit yang dipegang oleh Pengurus | 1 | 0.06 | 12,499.25 | - |
| Jumlah Keseluruhan Dana | 1,574 | 100.00 | 687,329,202.39 | 100.00 |

1.8 Polisi Rebat dan Komisyen Bukan Tunai

Sebarang rebat broker saham yang diterima oleh Pengurus akan dimasukkan ke dalam akaun Dana. Sebarang komisen bukan tunai yang diterima daripada broker dalam bentuk perkhidmatan penyelidikan dan khidmat nasihat bertujuan membantu proses membuat keputusan berkaitan dengan pelaburan Dana boleh disimpan oleh Pengurus.

Pengurus tidak menerima sebarang komisen bukan tunai daripada broker dalam bentuk perkhidmatan penyelidikan dan khidmat nasihat bagi tahun dalam kajian.

Untuk dan bagi pihak Pengurus

BIMB INVESTMENT MANAGEMENT BERHAD

Tarikh: 13 Disember 2019

Nota:

Laporan ini telah diterjemahkan daripada laporan asal dalam Bahasa Inggeris. Jika terdapat perbezaan, laporan Bahasa Inggeris adalah betul dan muktamad.

2.0 Trustee's Report

**CIMB ISLAMIC TRUSTEE BERHAD
ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2019**

To the unitholders of

BIMB i DIVIDEND FUND

We, **CIMB Islamic Trustee Berhad** being the Trustee of **BIMB i Dividend Fund** ("the Fund") are of the opinion that **BIMB Investment Management Berhad** ("the Manager"), acting in the capacity as Manager of the Fund, has fulfilled its duties in the following manner for the financial year ended 31 October 2019.

1. The Fund has been managed in accordance with the limitations imposed on the investment powers of the Manager under the Deed, the Securities Commission Malaysia's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 (as amended from time to time) and other applicable laws;
2. Valuation and pricing for the Fund has been carried out in accordance with the relevant regulatory requirements; and
3. Creation and cancellation of units have been carried out in accordance with the relevant regulatory requirements.

For and on behalf of

CIMB ISLAMIC TRUSTEE BERHAD

(Company No. 167913-M)

.....
LEE KOOI YOKE

Chief Executive Officer

Kuala Lumpur, Malaysia

Date: 13 December 2019

3.0 Shariah Committee's Report

**ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2019**

To the Unitholders of
BIMB *i* Dividend Fund

We have acted as the Shariah Committee of BIMB *i* Dividend Fund.

Our responsibilities are to ensure that the procedures and processes employed by BIMB Investment Management Berhad and that the provisions of the Deed dated 23 June 2010 and the Supplementary Deeds are in accordance with Shariah principles.

In our opinion, BIMB Investment Management Berhad has managed BIMB *i* Dividend Fund in accordance with Shariah principles and complied with applicable guidelines, rulings or decisions issued by the Securities Commission pertaining to Shariah matters for the financial year ended 31 October 2019.

In addition, we also confirm that the investment portfolio of BIMB *i* Dividend Fund comprise securities which have been classified as Shariah-compliant by the Shariah Advisory Council (SAC) of the Securities Commission, as the case may be and that all deposits and money market instruments placed by the Funds are classified as Shariah-compliant by the SAC of Bank Negara Malaysia.

For and on behalf of the Shariah Committee

.....
DR. AHMAD SHAHBARI@SOBRI SALAMON
(Chairman)

.....
ASSOC. PROF. DR. ASMAK AB. RAHMAN
(Committee Member)

.....
DR. AZRUL AZLAN ISKANDAR MIRZA
(Committee Member)

Date: 13 December 2019

4.0 Directors' Declaration Report

ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2019

To the Unitholders of
BIMB i Dividend Fund

We, Dato' Ghazali bin Awang and Najmuddin bin Mohd Lutfi, being two of the directors of the Manager, BIMB Investment Management Berhad, for BIMB *i* Dividend Fund, do hereby state that in our opinion, the accompanying Statement of Financial Position, Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Net Asset Value and Statement of Cash Flows are drawn up so as to give true and fair view of the Statement of Financial Position of the Fund as at 31 October 2019 and Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Net Asset Value and Statement of Cash Flows for the year ended on that date.

For and on behalf on the Board of Directors,

.....

DATO' GHAZALI BIN AWANG

(Non-Executive Independent Director)

.....

NAJMUDDIN BIN MOHD LUTFI

(Chief Executive Officer)

Date: 13 December 2019

5.0 Independent Auditors' Report

Independent Auditors' Report to the Unitholders of BIMB i Dividend Fund

(Established in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BIMB i Dividend Fund ("the Fund"), which comprise the statement of financial position as at 31 October 2019, and the statement of profit or loss and other comprehensive income, statement of changes in net asset value and 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 27 to 54.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 October 2019, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Securities Commission's Guidelines on Unit Trust Funds in Malaysia.

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.

Information Other than the Financial Statements and Auditors' Report Thereon

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

Information Other than the Financial Statements and Auditors' Report Thereon (continued)

Our opinion on the financial statements of the Fund does not cover the annual report 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 annual report and, in doing so, consider whether annual report 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 the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager and Trustee for the Financial Statements

The Manager of the Fund is responsible for the preparation of financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Securities Commission's Guidelines on Unit Trust Funds in Malaysia. The Manager is also responsible for such internal control as the Manager determine 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 ability of the Fund 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 intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as necessary to enable true and fair presentations of these financial statements.

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 conducted 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:

- Identify and assess the risk 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- 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 ability of the Fund 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.

**Auditors' Responsibilities for the Audit of the Financial Statements
(continued)**

- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represents the underlying transactions and events in a manner that gives a true and fair view.

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

Other matter

This report is made solely to the members of the Fund, as a body, in accordance with Securities Commission's Guidelines on Unit Trust Funds in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG Desa Megat PLT
(LLP0010082-LCA & AF 0759)
Chartered Accountants

Adrian Lee Lye Wang
Approval Number: 02679/11/2021 J
Chartered Accountant

Petaling Jaya, Selangor

Date: 13 December 2019

6.0 Financial Statements (Audited)

6.1 Statement of Financial Position as at 31 October 2019

| | Note | 2019 RM | 2018 RM |
|--|------|----------------------|----------------------|
| Assets | | | |
| Quoted securities | 4 | 61,285,323 | 94,502,658 |
| Amount due from stockbroker | 5 | - | 1,698,569 |
| Other receivables | | 3,526 | 51,001 |
| Cash and cash equivalents | 6 | <u>23,040,035</u> | <u>8,996,890</u> |
| Total assets | | <u>84,328,884</u> | <u>105,249,118</u> |
| Liabilities | | | |
| Amount due to stockbroker | 5 | - | 4,610,978 |
| Amount due to Manager | | 129,764 | 169,900 |
| Other payables | | <u>138,336</u> | <u>183,458</u> |
| Total liabilities | | <u>268,100</u> | <u>4,964,336</u> |
| Net asset value | | <u>84,060,784</u> | <u>100,284,782</u> |
| Unitholders' fund | | | |
| Unitholders' capital | 7 | 204,245,209 | 210,876,881 |
| Accumulated losses | | <u>(120,184,425)</u> | <u>(110,592,099)</u> |
| Net asset value attributable to unitholders | | <u>84,060,784</u> | <u>100,284,782</u> |
| Number of units in circulation | 7 | <u>687,329,202</u> | <u>740,958,476</u> |
| Net asset value per unit | | | |
| - Ex distribution (sen) | | <u>12.23</u> | <u>13.53</u> |

The notes on pages 32 to 55 are an integral part of these financial statements.

6.2 Statement of Profit or Loss and Other Comprehensive Income for the financial year ended 31 October 2019

| | Note | 2019 RM | 2018 RM |
|---|------|--------------------|---------------------|
| Income | | | |
| Loss on sale of quoted securities | | (39,907,232) | (78,549,271) |
| Gross dividends income from quoted securities | | 2,067,062 | 3,070,058 |
| Income from short term investments | | 361,584 | 168,887 |
| Hibah from Al-Wadiah account | | 1,714 | 1,840 |
| Net unrealised gain from financial instruments at fair value through profit or loss | | 29,359,947 | 27,617,931 |
| Gross loss | | <u>(8,116,925)</u> | <u>(47,690,555)</u> |
| Expenses | | | |
| Manager's fee | 8 | 1,330,410 | 2,056,573 |
| Trustee's fee | 9 | 53,216 | 82,263 |
| Audit fee | | 13,000 | 13,000 |
| Charitable Fee | | 14,952 | - |
| Tax agent's fee | | 4,000 | 3,000 |
| Administrative expenses | | 59,823 | 143,670 |
| | | <u>1,460,449</u> | <u>2,298,506</u> |
| Net loss before taxation | | <u>(9,592,326)</u> | <u>(49,989,061)</u> |
| Taxation | 10 | - | - |
| Net loss after taxation/Total comprehensive loss for the year | | <u>(9,592,326)</u> | <u>(49,989,061)</u> |
| Total comprehensive loss for the year consist of: | | | |
| Realised amount | | (38,952,273) | (77,606,992) |
| Unrealised amount | | 29,359,947 | 27,617,931 |
| | | <u>(9,592,326)</u> | <u>(49,989,061)</u> |

The notes on pages 32 to 55 are an integral part of these financial statements.

6.3 Statement of Changes in Net Asset Value for the financial year ended 31 October 2019

| | Note | Unitholders' capital RM | Accumulated losses RM | Total RM |
|---|------|----------------------------|--------------------------|--------------|
| As at 1 November 2017 | | 228,263,244 | (54,264,258) | 173,998,986 |
| Creation of units | | 11,318,162 | - | 11,318,162 |
| Reinvestment of distributions | | 6,228,654 | - | 6,228,654 |
| Cancellation of units | | (34,933,179) | - | (34,933,179) |
| Distributions | 13 | - | (6,338,780) | (6,338,780) |
| Total attributable to unitholders | | (17,386,363) | (6,338,780) | (23,725,143) |
| Total comprehensive income for the year | | - | (49,989,061) | (49,989,061) |
| As at 31 October 2018/ 1 November 2018 | 7 | 210,876,881 | (110,592,099) | 100,284,782 |
| Creation of units | | 277,289 | - | 277,289 |
| Cancellation of units | | (6,908,961) | - | (6,908,961) |
| Total attributable to unitholders | | (6,631,672) | - | (6,631,672) |
| Total comprehensive income for the year | | - | (9,592,326) | (9,592,326) |
| As at 31 October 2019 | 7 | 204,245,209 | (120,184,425) | 84,060,784 |

The notes on pages 32 to 55 are an integral part of these financial statements.

6.4 Statement of Cash Flows for the financial year ended 31 October 2019

| | 2019 RM | 2018 RM |
|---|--------------------------|-------------------------|
| Cash flows from operating activities | | |
| Proceed from sale of quoted securities | 197,351,020 | 176,070,180 |
| Purchase of quoted securities | (177,593,379) | (151,582,472) |
| Dividend received | 2,116,562 | 3,155,761 |
| Income from short term investments | 359,559 | 168,824 |
| Hibah from Al-Wadiah account | 1,714 | 1,839 |
| Management fee paid | (1,369,431) | (2,136,881) |
| Trustee fee paid | (54,777) | (85,475) |
| Audit fee paid | (13,000) | (13,000) |
| Charitable fee paid | (14,952) | - |
| Tax agent fee paid | (4,000) | (3,000) |
| Payment for administrative expenses | (64,364) | (147,488) |
| Net cash generated from operating activities | <u>20,714,953</u> | <u>25,428,288</u> |
| Cash flows from financing activities | | |
| Cash receipt for creation of units | 277,289 | 12,462,777 |
| Cash payment for cancellation of units | (6,949,097) | (34,812,065) |
| Payment of distributions | - | (528,616) |
| Net cash used in financing activities | <u>(6,671,808)</u> | <u>(22,877,904)</u> |
| Net increase in cash and cash equivalents | 14,043,145 | 2,550,384 |
| Cash and cash equivalents at 1 November | 8,996,890 | 6,446,506 |
| Cash and cash equivalents at 31 October | <u><u>23,040,035</u></u> | <u><u>8,996,890</u></u> |
| Cash and cash equivalents comprise: | | |
| Short term placements | 22,740,034 | 8,426,532 |
| Cash at bank | 300,001 | 570,358 |
| | <u><u>23,040,035</u></u> | <u><u>8,996,890</u></u> |

The notes on pages 32 to 55 are an integral part of these financial statements.

Notes to the Financial Statements

1. Information on the Fund

BIMB *i* Dividend Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Deed dated 23 June 2010 between the Manager - BIMB Investment Management Berhad, the Trustee - HSBC (Malaysia) Trustee Berhad and the registered unitholders of the Fund. Effective 1 November 2013, the Trustees has changed from HSBC (Malaysia) Trustee Berhad to CIMB Islamic Trustees Berhad. A Supplemental Deed was executed on 23 September 2013 to reflect the changes.

The principal activity of the Fund is to invest in authorised investments as defined in the Deed, which include investments in stocks and shares of companies quoted on Bursa Malaysia, and short term placements.

The Manager, BIMB Investment Management Berhad, a company incorporated in Malaysia, is a subsidiary of Bank Islam Malaysia Berhad.

The financial statements were approved by the Board of Directors of the Manager on _____.

2. Basis of preparation

(a) Statement of compliance

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”), the Deed and Securities Commission’s Guidelines on Unit Trust Funds (“Guidelines”) in Malaysia.

This is the first set of the Fund’s annual financial statements in which MFRS 9 Financial Instruments and MFRS 15 Revenue from Contracts with Customers has been applied. There were no material impact arising from the adoption of MFRS 15 and MFRS 9 on the Fund’s financial statements other than the change in accounting policies as disclosed in Note 3.

The following are accounting standards, interpretations and amendments that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Fund:

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits (Plan Amendment, Curtailment or Settlement)*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

The Fund plans to apply the abovementioned accounting standards, interpretations and amendments, where applicable:

- from the annual period beginning on 1 November 2019 for those accounting standards, interpretations and amendments that are effective for annual periods beginning on or after 1 January 2019, and
- from the annual period beginning on 1 November 2020 for those accounting standard, interpretations and amendments that are effective for annual periods beginning on or after 1 January 2020, and

The Fund does not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Fund.

The initial application of the accounting standards, interpretations and amendments are not expected to have any material financial impacts to the current year and prior year financial statements of the Fund.

2. Basis of preparation (continued)

(b) Basis of measurement

The financial statements are prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Fund's functional currency.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future years affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to the year presented in these financial statements, unless otherwise stated.

(a) Financial instruments

Unless specifically disclosed below, the Fund generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Fund has elected not to restate the comparative.

(i) Recognition and initial measurement

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

Current financial year

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

3. Significant accounting policies (continued)

(a) Financial instruments (continued)

(i) Recognition and initial measurement (continued)

Previous financial year

A financial instrument is recognised initially, at its fair value plus or minus in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(ii) Financial instrument categories and subsequent measurement

The Fund categorises financial instruments as follows:

Financial assets

Current financial year

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Fund changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective profit method. The amortised cost is reduced by impairment losses. Profit income, foreign exchange gains and losses and impairment are recognised in profit or loss.

Profit income is recognised by applying effective profit rate to the gross carrying amount except for credit impairment financial assets (see Note 3(d)) where the effective profit rate is applied to the amortised cost.

(b) Fair value through profit or loss

All financial assets not measured at amortised cost as described above are measured at fair value through profit or loss. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3. Significant accounting policies (continued)

(a) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

Current financial year (continued)

(b) Fair value through profit or loss (continued)

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any profit or dividend income, are recognised in the profit or loss.

All financial assets except for those measured at fair value through profit or loss, are subject to impairment assessment (see Note 3(d)).

Previous financial year

In the previous financial year, financial assets of the Fund were classified and measured under MFRS 139, *Financial Instruments: Recognition and Measurements* as follows:

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, or financial assets that are specifically designated into this category upon initial recognition.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in the statement of profit or loss.

(b) Financing and receivables

Financing and receivables category are debt instruments that are not quoted in an active market and these comprises of amount due from stockbroker, amount due from Manager, other receivables, cash and cash equivalents and short term investments.

Financial assets categorised as financing and receivables were subsequently measured at amortised cost using the effective profit method.

All financial assets were subject to review for impairment assessment, see Note 3(d).

3. Significant accounting policies (continued)

(a) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities

Current financial year

The categories of financial liabilities at initial recognition are as follows:

Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective profit method.

Previous financial year

All financial liabilities were subsequently measured at amortised cost comprises amount due to stockbroker, amount due to Manager, other payables and distribution payables.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(b) Income recognition

(i) Dividend income

Dividend income is recognised in profit or loss on the date that the Fund's right to receive payment is established, which in the case of quoted shares is the entitlement date.

3. Significant accounting policies (continued)

(b) Income recognition (continued)

(ii) Income from short term investments

Income from short term investments is recognised as it accrues, using the effective profit method in profit or loss.

(iii) Gain on sale of investments

The realised gain on sale of investments is measured as the difference between the net disposal proceeds and the carrying amount of the investments. The carrying amount for determining the realised gain on sale of investments is based on the weighted average cost method and where applicable adjusted for accretion for discount and amortisation of premium.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and short term placement with licensed financial institutions which have insignificant risk of changes in fair value with original maturities of less than 30 days, and are used by the Fund in the management of its short term commitments.

Cash and cash equivalents are categorised and measured as amortised cost (2018: financing and receivables) in accordance with policy Note 3(a)(ii)(a).

(d) Impairment

Financial assets

The Fund generally applied the following account policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Fund elected not to restate the comparatives.

Current financial year

The Fund recognised loss allowances for expected credit losses on financial assets measured at amortised costs. Expected credit losses are a probability-weighted estimate of credit losses.

The Fund measures loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balance for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss.

3. Significant accounting policies (continued)

(d) Impairment (continued)

Financial assets (continued)

Current financial year (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when expected credit loss, the Fund consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Fund is exposed to credit risk.

The Fund estimates the expected credit losses on other receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Fund assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospects of recovery. This is generally the case when the Fund determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Fund's procedures to recover amount due.

3. Significant accounting policies (continued)

(d) Impairment (continued)

Financial assets (continued)

Previous financial year

All financial assets (except for financial assets categorised as fair value through profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of financing and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective profit rate. The carrying amount of the asset is reduced through the use of an allowance account.

(e) Income Tax

All financial assets (except for financial assets categorised as fair value through profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of financing and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective profit rate. The carrying amount of the asset is reduced through the use of an allowance account.

3. Significant accounting policies (continued)

(f) Unitholders' capital

The Fund issues cancellable units, which are cancelled at the unitholder's option and are classified as equity. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value. The outstanding units is carried at the redemption amount that is payable at the financial position date if the unitholder exercises the right to put the unit back to the Fund.

Units are created and cancelled at the unitholder's option at prices based on the Fund's net asset value per unit at the time of creation or cancellation. The Fund's net asset value per unit is calculated by dividing the net asset attributable to unitholders with the total number of outstanding units. In accordance with the Securities Commission's Guidelines on Unit Trust Funds in Malaysia, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per unit for creations and cancellations.

The units in the Fund are puttable instruments, classified as equity, which entitle the unitholders to a pro-rata share of the net asset of the Fund. The units are subordinated and have identical features. There is no contractual obligation to deliver cash or another financial assets other than the obligation on the Fund to repurchase the units. The total expected cash flows from the units are based on the change in the net asset of the Fund.

(g) Distribution

Distribution is at discretion of the Fund. A distribution to the Fund's unitholders is accounted for as a deduction from realised reserves. A proposed distribution is recognised as a liability in the year in which they are declared.

(h) Net Asset Value

The Net Asset Value is calculated after deducting the retained profits allocated for distribution.

3. Significant accounting policies (continued)

(i) Fair value measurement

The Fund adopted MFRS 13, *Fair Value Measurement* which prescribed that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined 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. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Fund uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Fund recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. Quoted securities

| Company's Name As at 31 October 2019 | Number of shares held | Cost RM | Market value RM | Percentage of value of funds % |
|--|--------------------------------|-------------------|-----------------------|---|
| Main Market | | | | |
| (i) Construction | | | | |
| Gamuda Bhd. | 1,120,000 | 4,113,121 | 4,188,800 | 4.98 |
| (ii) Consumer products & services | | | | |
| Aeon Co. (M) Bhd. | 400,000 | 585,383 | 664,000 | 0.79 |
| Bermaz Auto Bhd. | 400,000 | 886,935 | 912,000 | 1.08 |
| Fraser & Neave Holdings Bhd. | 50,000 | 1,743,429 | 1,729,000 | 2.06 |
| MBM Resources Bhd. | 400,000 | 1,615,188 | 1,644,000 | 1.96 |
| Padini Holdings Bhd. | 1,270,400 | 4,605,099 | 4,662,368 | 5.55 |
| Power Root Bhd. | 1,800,000 | 2,767,174 | 3,924,000 | 4.67 |
| QL Resources Bhd. | 252,000 | 1,738,053 | 1,834,560 | 2.18 |
| | <u>4,572,400</u> | <u>13,941,261</u> | <u>15,369,928</u> | <u>18.29</u> |
| (iii) Energy | | | | |
| Dialog Group Bhd. | 617,300 | 2,056,281 | 2,148,204 | 2.55 |
| Serba Dinamik Holdings Bhd. | 1,000,000 | 4,213,455 | 4,170,000 | 4.96 |
| Velestro Energy Bhd. | 3,000,000 | 1,007,060 | 1,065,000 | 1.27 |
| | <u>4,617,300</u> | <u>7,276,796</u> | <u>7,383,204</u> | <u>8.78</u> |
| (iv) Finance | | | | |
| BIMB Holdings Bhd.* | 710,000 | 2,871,104 | 3,017,500 | 3.59 |
| Bursa Malaysia Bhd. | 480,000 | 2,933,197 | 2,904,000 | 3.46 |
| Syarikat Takaful Malaysia Keluarga Bhd.* | 151,500 | 929,365 | 952,935 | 1.13 |
| | <u>1,341,500</u> | <u>6,733,666</u> | <u>6,874,435</u> | <u>8.18</u> |
| (v) Healthcare | | | | |
| Kossan Rubber Industries Bhd. | 951,000 | 3,901,010 | 3,946,650 | 4.69 |
| (vi) Industrial products & services | | | | |
| KNM Group Bhd. | 9,506,700 | 3,400,064 | 4,325,549 | 5.15 |
| (vii) Property | | | | |
| Matrix Concepts Holdings Bhd. | 1,500,000 | 3,007,650 | 2,835,000 | 3.37 |
| (viii) Technology | | | | |
| Elsoft Research Bhd. | 1,700,000 | 1,704,631 | 1,657,500 | 1.97 |
| GHL Systems Bhd. | 1,550,000 | 2,136,598 | 2,232,000 | 2.66 |
| Inari Amertron Bhd. | 870,000 | 1,751,963 | 1,713,900 | 2.04 |
| JHM Consolidation Bhd. | 1,155,000 | 1,488,833 | 1,536,150 | 1.83 |
| LYC Healthcare Bhd. | 2,968,700 | 1,110,405 | 979,671 | 1.16 |

4. Quoted securities (continued)

| Company's Name As at 31 October 2019 | Number of shares held | Cost RM | Market value RM | Percentage of value of funds % |
|--|-----------------------------|--------------------------|--------------------------|---|
| <u>Main Market (continued)</u> | | | | |
| (viii) Technology (continued) | | | | |
| Securemetric Bhd. | 1,952,000 | 1,096,081 | 1,151,680 | 1.37 |
| Unisem (M) Bhd. | 400,000 | 997,653 | 952,000 | 1.13 |
| | <u>10,595,700</u> | <u>10,286,164</u> | <u>10,222,901</u> | <u>12.16</u> |
| (ix) Telecommunications & media | | | | |
| Time dotCom Bhd. | 301,200 | 2,681,989 | 2,749,956 | 3.27 |
| Telekom Malaysia Bhd. | 240,000 | 861,905 | 902,400 | 1.08 |
| | <u>541,200</u> | <u>3,543,894</u> | <u>3,652,356</u> | <u>4.35</u> |
| (x) Transportation & logistics | | | | |
| MISC Bhd. | 250,000 | 2,028,841 | 2,082,500 | 2.48 |
| MMC Corporation Bhd. | 400,000 | 428,850 | 404,000 | 0.48 |
| | <u>650,000</u> | <u>2,457,691</u> | <u>2,486,500</u> | <u>2.96</u> |
| Total quoted securities as at 31 October 2019 | <u><u>35,395,800</u></u> | <u><u>58,661,317</u></u> | <u><u>61,285,323</u></u> | <u><u>72.91</u></u> |

* The Fund holds investments in companies which are related to the Manager.

Company's Name As at 31 October 2018

Main Market

| | | | | |
|---|-------------------|-------------------|-------------------|--------------|
| (i) Consumer products & services | | | | |
| Lay Hong Bhd. | 3,200,000 | 3,181,971 | 1,280,000 | 1.28 |
| Perak Transit Bhd. | 34,500,000 | 10,497,376 | 8,797,500 | 8.77 |
| Power Root Bhd. | 2,050,000 | 3,388,851 | 2,952,000 | 2.94 |
| Salutica Bhd. | 4,695,000 | 3,242,014 | 2,394,450 | 2.39 |
| | <u>44,445,000</u> | <u>20,310,212</u> | <u>15,423,950</u> | <u>15.38</u> |
| (ii) Healthcare | | | | |
| Hartalega Holdings Bhd. | 800,000 | 5,169,122 | 5,008,000 | 4.99 |
| Kossan Rubber Industries Bhd. | 1,300,000 | 5,775,242 | 5,382,000 | 5.37 |
| Top Glove Corporation Bhd. | 930,000 | 5,376,732 | 5,524,200 | 5.51 |
| | <u>3,030,000</u> | <u>16,321,096</u> | <u>15,914,200</u> | <u>15.87</u> |

4. Quoted securities (continued)

| Company's Name As at 31 October 2018 | Number of shares held | Cost RM | Market value RM | Percentage of value of funds % |
|--|--------------------------|--------------------|-----------------------|---|
| <u>Main Market (continued)</u> | | | | |
| (iii) Industrial products & services | | | | |
| Chin Hin Group Property Bhd. | 6,900,000 | 3,882,842 | 2,760,000 | 2.75 |
| Evergreen Fibreboard Bhd. | 5,550,000 | 6,205,225 | 2,580,750 | 2.57 |
| HeveaBoard Bhd. | 3,320,000 | 5,274,281 | 2,705,800 | 2.70 |
| SKP Resources Bhd. | 2,833,000 | 4,508,383 | 3,597,910 | 3.59 |
| Ta Ann Holdings Bhd. | 1,134,300 | 4,551,969 | 2,608,890 | 2.60 |
| Versatile Creative Bhd. | 3,070,000 | 2,823,568 | 1,535,000 | 1.53 |
| V.S. Industry Bhd. | 3,000,000 | 5,061,152 | 4,800,000 | 4.79 |
| | <u>25,807,300</u> | <u>32,307,420</u> | <u>20,588,350</u> | <u>20.53</u> |
| (iv) Plantation | | | | |
| Hap Seng Plantation Holdings Bhd. | 800,000 | 2,245,998 | 1,480,000 | 1.48 |
| (v) Technology | | | | |
| D&O Green Technologies Bhd. | 2,500,000 | 2,111,621 | 2,112,500 | 2.11 |
| Elsoft Research Bhd. | 2,017,000 | 6,570,797 | 6,252,700 | 6.24 |
| Frontken Corporation Bhd. | 3,000,000 | 2,499,357 | 2,490,000 | 2.48 |
| Globetronics Technology Bhd. | 3,750,000 | 10,334,135 | 8,287,500 | 8.26 |
| Inari Amertron Bhd. | 2,520,000 | 6,005,214 | 4,939,200 | 4.93 |
| JHM Consolidation Bhd. | 3,020,000 | 3,964,025 | 3,231,400 | 3.22 |
| Malaysian Pacific Industries Bhd. | 150,000 | 1,786,398 | 1,626,000 | 1.62 |
| Notion VTec Bhd. | 1,725,000 | 1,915,106 | 1,095,375 | 1.09 |
| Unisem (M) Bhd. | 1,975,000 | 6,926,951 | 5,707,750 | 5.69 |
| | <u>20,657,000</u> | <u>42,113,604</u> | <u>35,742,425</u> | <u>35.64</u> |
| (vi) Transportation & logistics | | | | |
| Xin Hwa Holdings Bhd. | 6,360,000 | 7,568,972 | 5,024,400 | 5.01 |
| (vii) Utilities | | | | |
| Taliworks Corporation Bhd. | 433,333 | 371,299 | 329,333 | 0.33 |
| Total quoted securities as at 31 October 2018 | <u>101,532,633</u> | <u>121,238,600</u> | <u>94,502,658</u> | <u>94.24</u> |

5. Amount due from/(to) stockbrokers

Amount due from/(to) stockbrokers represent receivables/(payables) for Shariah-compliant securities sold/(bought) and receivables/(payables) for that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

6. Cash and cash equivalents

| | 2019 RM | 2018 RM |
|--|-------------------|------------------|
| <i>Short term investments with maturity less than 30 days:</i> | | |
| Commodity Murabahah | 22,740,034 | 8,426,532 |
| Cash at bank | 300,001 | 570,358 |
| | <u>23,040,035</u> | <u>8,996,890</u> |

7. Unitholders' capital

| | No of units | RM |
|--|--------------------|--------------------|
| 1 November 2017 | 835,418,744 | 228,263,244 |
| Creation of units | 98,114,283 | 17,546,816 |
| Cancellation of units | (192,574,551) | (34,933,179) |
| As at 31 October 2018/ 1 November 2018 | 740,958,476 | 210,876,881 |
| Creation of units | 2,286,407 | 277,289 |
| Cancellation of units | (55,915,681) | (6,908,961) |
| As at 31 October 2019 | <u>687,329,202</u> | <u>204,245,209</u> |

8. Manager's fee

The manager's fee payable to the Manager of the Fund is based on 1.50% (2018: 1.50%) per annum of the net asset value of the Fund calculated on a daily basis.

9. Trustee's fee

The trustee's fee payable to the trustee of the Fund is based on 0.06% (2018: 0.06%) per annum of the net asset value of the Fund calculated on a daily basis.

10. Taxation

| | 2019 RM | 2018 RM |
|--|--------------------|---------------------|
| Taxation | | |
| - Current year | - | - |
| Reconciliation of effective tax expense | | |
| Net loss before taxation | <u>(9,592,326)</u> | <u>(49,989,061)</u> |
| Income tax using Malaysian tax rate @ 24% | (2,302,158) | (11,997,375) |
| Non-assessable income | (7,629,674) | (7,406,092) |
| Non-deductible expenses | 9,595,056 | 18,872,288 |
| Restrictions on the tax deductible expenses for unit trust funds | <u>336,776</u> | <u>531,179</u> |
| | - | - |

11. Units held by related party

The number and value of units held legally or beneficially by a related party of the Manager is as follows:

| | 2019 | | 2018 | |
|-----------------------------------|--------|-------|--------|-------|
| | Units | RM | Units | RM |
| BIMB Investment Management Berhad | 12,500 | 1,529 | 12,500 | 1,691 |

12. Transactions with related parties

Other than as disclosed in Note 4, 11 and 14 of the financial statements, other transaction with related parties are as follows:

| | Transactions | | Balance as at | |
|---------------------------------------|--------------|--------------|---------------|-------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| <i>The Manager</i> | | | | |
| BIMB Investment Management Berhad | | | | |
| - Amount due to Manager | - | - | (129,764) | (169,900) |
| - Management fee | 1,330,410 | 2,056,573 | (106,923) | (145,944) |
| <i>Holding company of the Manager</i> | | | | |
| Bank Islam Malaysia Berhad | | | | |
| - Income from short term placement | (57,067) | (66,036) | - | - |
| <i>Related company of the Manager</i> | | | | |
| BIMB Securities Sdn. Bhd. | | | | |
| - Sales | (79,797,319) | (30,632,392) | - | - |
| - Purchase | 47,942,325 | 27,118,629 | - | (4,610,978) |
| - Brokerage fee | 332,815 | 158,666 | - | 11,728 |
| <i>The Trustee</i> | | | | |
| CIMB Islamic Trustee Berhad | | | | |
| - Trustee fee | 53,216 | 82,263 | (4,277) | (5,838) |

13. Distribution

| | 2019 RM | 2018 RM |
|--|----------------------|------------------------------|
| Distribution to unitholders is from the following sources: | | |
| Gain on sale of quoted securities | - | 5,543,317 |
| Gross dividends from quoted securities | - | 2,738,052 |
| Income from short term investments | - | 66,484 |
| Hibah from Al-Wadiah account | - | 1,370 |
| Carried forward realised income | - | (18,090) |
| | <hr/> | <hr/> |
| Less: | | |
| Expenses | - | (1,992,353) |
| Net distribution | <hr/> - <hr/> | <hr/> 6,338,780 <hr/> |

No distribution was declared by the Manager in respect of the financial year (2018: 0.89 sen per units based on units in circulation, amounting to RM6,338,780).

Distribution to unitholders for the financial year ended 31 October 2018 had been declared on 29 August 2018 based on realised income as at 29 August 2018.

14. Transactions with related and other stockbroking companies

| | Value of trade RM | Percentage of total trade % | Brokerage fee RM | Percentage of total brokerage fee % |
|--|--------------------------------|--------------------------------------|----------------------------|---|
| 2019 | | | | |
| BIMB Securities Sdn. Bhd.* | 127,739,643 | 34.65 | 332,815 | 34.66 |
| RHB Investment Bank Bhd. | 55,446,990 | 15.04 | 144,303 | 15.03 |
| Maybank Investment Bank Bhd. | 37,551,968 | 10.19 | 97,027 | 10.10 |
| MIDF Amanah Investment Bank Bhd. | 36,174,545 | 9.81 | 96,295 | 10.03 |
| TA Securities Holdings Bhd. | 25,497,812 | 6.92 | 66,252 | 6.90 |
| Hong Leong Investment Bank Bhd. | 24,572,117 | 6.66 | 61,951 | 6.45 |
| CIMB Investment Bank Bhd. | 21,847,482 | 5.93 | 56,079 | 5.84 |
| Public Investment Bank Bhd. | 14,058,429 | 3.81 | 37,101 | 3.86 |
| Kenanga Investment Bank Bhd. | 7,787,616 | 2.11 | 19,964 | 2.08 |
| KAF Seagroatt & Campbell Securities Sdn. Bhd. | 7,663,850 | 2.08 | 20,167 | 2.10 |
| Others | 10,356,227 | 2.80 | 28,278 | 2.95 |
| | <hr/> 368,696,679 <hr/> | <hr/> 100.00 <hr/> | <hr/> 960,232 <hr/> | <hr/> 100.00 <hr/> |

* Transactions with the related party have been entered into in the normal course of business at agreed terms between the related parties.

14. Transactions with related and other stockbroking companies (continued)

| | Value of trade | Percentage of total trade | Brokerage fee | Percentage of total brokerage fee |
|-------------------------------------|--------------------|------------------------------|------------------|--|
| | RM | % | RM | % |
| 2018 | | | | |
| RHB Investment Bank Bhd. | 89,716,427 | 28.77 | 236,246 | 27.01 |
| BIMB Securities Sdn. Bhd.* | 57,751,021 | 18.52 | 158,666 | 18.14 |
| Public Investment Bank Bhd. | 28,339,343 | 9.09 | 83,144 | 9.51 |
| TA Securities Holdings Bhd. | 26,841,692 | 8.61 | 76,147 | 8.71 |
| Maybank Investment Bank Bhd. | 24,217,003 | 7.76 | 69,138 | 7.91 |
| MIDF Amanah Investment Bank Bhd. | 19,972,083 | 6.40 | 60,348 | 6.90 |
| Hong Leong Investment Bank Bhd. | 17,304,503 | 5.55 | 52,467 | 6.00 |
| Kenanga Investment Bank Bhd. | 15,290,663 | 4.90 | 44,055 | 5.04 |
| CIMB Investment Bank Bhd. | 12,654,929 | 4.06 | 35,067 | 4.01 |
| Alliance Investment Bank Bhd. | 7,492,254 | 2.40 | 20,773 | 2.37 |
| Other brokers | 12,297,458 | 3.94 | 38,523 | 4.40 |
| | <u>311,877,376</u> | <u>100.00</u> | <u>874,574</u> | <u>100.00</u> |

* Transactions with the related party have been entered into in the normal course of business at agreed terms between the related parties.

15. Management Expense Ratio (“MER”)

The management expense ratio for the financial year is 1.65% (2018: 1.68%). Management expense ratio is the ratio of total fees and recovered expenses of the Fund expressed as a percentage of the Fund's average net asset value. It is a total management expenses expressed as an annual percentage of the Fund's average net asset value.

16. Portfolio Turnover Ratio (“PTR”)

The portfolio turnover ratio for the financial year is 2.30 times (2018: 1.43 times). It represents the average of total acquisitions and disposals of the investments in the Fund for the financial year over the average net asset value of the Fund calculated on a daily basis.

17. Financial instruments

17.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 October 2019 categorised as follows:

- (a) Fair value through profit or loss ("FVTPL");
- (b) Amortised cost ("AC").

| | Carrying amount RM | AC RM | FVTPL RM |
|------------------------------|-----------------------------------|-------------------|---------------------|
| As at 31.10.2019 | | | |
| Financial assets | | | |
| Quoted securities | 61,285,323 | - | 61,285,323 |
| Other receivables | 3,526 | 3,526 | - |
| Cash and cash equivalents | 23,040,035 | 23,040,035 | - |
| | <u>84,328,884</u> | <u>23,043,561</u> | <u>61,285,323</u> |
| Financial liabilities | | | |
| Other payables | (268,100) | (268,100) | - |

The table below provides an analysis of financial instruments as at 31 October 2018 categorised as follows:

- (a) Financing and receivables ("F&R");
- (b) Fair value through profit or loss ("FVTPL");
- (c) Financial liabilities measured at amortised cost ("FL").

| | Carrying amount RM | F&R/(FL) RM | FVTPL RM |
|------------------------------|-----------------------------------|----------------------------|---------------------|
| As at 31.10.2018 | | | |
| Financial assets | | | |
| Quoted securities | 94,502,658 | - | 94,502,658 |
| Other receivables | 1,749,570 | 1,749,570 | - |
| Cash and cash equivalents | 8,996,890 | 8,996,890 | - |
| | <u>105,249,118</u> | <u>10,746,460</u> | <u>94,502,658</u> |
| Financial liabilities | | | |
| Other payables | (4,964,336) | (4,964,336) | - |

17. Financial instruments (continued)

17.2 Net gains and losses arising from financial instruments

| | 2019 | 2018 |
|---------------------------------------|--------------------|---------------------|
| | RM | RM |
| Net (losses)/gains on: | | |
| Fair value through profit or loss: | | |
| - Designated upon initial recognition | | |
| Realised loss | (37,855,122) | (75,479,213) |
| Unrealised profit | 29,359,947 | 27,617,931 |
| Financing and receivables | - | 170,727 |
| Amortised cost | 363,298 | - |
| | <u>(8,131,877)</u> | <u>(47,690,555)</u> |

17.3 Financial risk management

The Fund has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

17.4 Credit risk

Credit risk is the risk of a financial loss to the Fund if a counterparty to a financial instrument fails to meet its contractual obligations. The Fund's exposure to credit risk arises principally from its investment securities, receivables and cash and cash equivalents.

Risk management objectives, policies and processes for managing the risk

The Manager manages the credit risk by setting counterparty limits and undertaking credit evaluation to minimise the risk. The exposure to credit risk is monitored on an ongoing basis.

Exposure to credit risk

The Fund's maximum credit risk exposure at the reporting date is represented by the respective carrying amounts of the relevant financial assets in the statement of financial position.

17.5 Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's exposure to liquidity risk arises principally from its various payables which are due within one year.

The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellation of units by unitholders. Liquid assets comprise cash and other instruments, which are capable of being converted into cash within 7 days.

17. Financial instruments (continued)

17.6 Market risk

Market risk is the risk that changes in market prices, such as profit rates and market prices will affect the Fund's financial position or cash flows.

Profit rate risk

The profit rate profile of the Fund's significant profit-bearing financial instruments, based on carrying amounts as at the end of reporting period was:

| | Effective profit rate per annum % | 2018 RM | Effective profit rate per annum % | 2017 RM |
|---|--|--------------------|--|--------------------|
| Fixed rate instruments | | | | |
| Cash and cash equivalents | | | | |
| - Short term investments with maturity less than 30 days | 2.90 – 2.95 | 22,740,034 | 3.25 | 8,426,532 |

Fair value sensitivity analysis for fixed rate instruments

The Fund accounts for the deposits with licensed financial institutions at amortised cost. Therefore a change in profit rates at the end of the reporting year would not affect profit or loss. The deposits with licensed financial institutions will mature within 1 month from the date of financial position.

Market price risk

Equity price risk arises from the Fund's investments in quoted securities.

Risk management objectives, policies and processes for managing the risk

The Fund is restricted to invest in securities issued by any issuer of not more than 10% of its net asset value. Under such restriction, the exposure risk to the securities of any issuer is mitigated.

Equity price risk sensitivity analysis

This analysis assumes that all other variables remain constant and the Fund's equity investments are positively correlated to each other.

A 10% strengthening in the equity prices at the end of the reporting year would have increased the net asset value and unitholders' fund by RM6,128,532 (2018: RM9,450,266). A 10% weakening in equity prices would have had equal but opposite effect on the net asset value and unitholders' fund respectively.

17. Financial instruments (continued)

17.7 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables approximate fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and carrying amounts shown in the statement of financial position.

| | Fair value of financial instruments carried at | | | | Carrying amount RM |
|-------------------------|--|---------------|---------------|-------------|-----------------------|
| | Level 1 RM | Level 2 RM | Level 3 RM | Total RM | |
| 2019 | | | | | |
| Financial assets | | | | | |
| Quoted securities | 61,285,323 | - | - | 61,285,323 | 61,285,323 |
| 2018 | | | | | |
| Financial assets | | | | | |
| Quoted securities | 94,502,658 | - | - | 94,502,658 | 94,502,658 |

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Quoted equities

Quoted equities in Malaysia are valued at a closing market price quoted on the Bursa Malaysia at the date of the statement of financial position, in accordance with the Deed. Unrealised gain or loss is taken to statement of profit or loss and other comprehensive income.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2018: no transfer in either direction).

17. Financial instruments (continued)

17.7 Fair value of financial instruments (continued)

Policy on transfer between levels (continued)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

18. Capital management

The Fund's capital is represented by the unitholders' fund in the statement of financial position. The Manager of the Fund monitors the adequacy of capital on an ongoing basis. There is no external capital requirement imposed on the Fund.

7.0 Corporate Directory

| | |
|-----------------------------|---|
| Manager | BIMB Investment Management Berhad Registered Office Level 32, Menara Bank Islam, No. 22, Jalan Perak 50450, Kuala Lumpur Business Office Level 19, Menara Bank Islam, No. 22, Jalan Perak 50450, Kuala Lumpur |
| Board of Directors | Mohamed Ridza Mohamed Abdulla (Chairman Non-Executive Independent Director - Appointed w.e.f. 1 October 2019) Nik Mohd Hasyudeen Yusoff (Chairman – Non-Executive Independent Director - Resigned w.e.f. 31 August 2019) Dato' Ghazali Awang (Non-Executive Independent Director) Dr. Mohd Hatta Dagap (Non-Executive Independent Director) Malkiat Singh @ Malkit Singh Maan (Non-Executive Non Independent Director - Resigned w.e.f. 28 June 2019) Datin Maznah Mahbob (Non-Executive Independent Director – Appointed w.e.f. 1 April 2019) Azizan Abd Aziz (Non-Executive Non Independent Director - Appointed w.e.f. 22 August 2019) Najmuddin Mohd Lutfi (Chief Executive Officer) |
| Shariah Committee | Dr. Ahmad Shahbari @ Sobri Salamon Dr. Yusof Ramli (Resigned w.e.f. 31 March 2019) Assoc. Prof. Dr. Asmak Ab. Rahman Dr. Azrul Azlan Iskandar Mirza (Appointed w.e.f 1 April 2019) |
| Investment Committee | Khairul Muzamel Perera Abdullah (Chairman – Non Independent Member) Mohd Radzuan Ahmad Tajuddin (Independent Member) Datin Maznah Mahbob (Appointed w.e.f. 1 April 2019) |
| Audit Committee | Dato' Ghazali Awang (Chairman - Independent Member) Dr. Mohd Hatta Dagap (Independent Member) Malkiat Singh @ Malkit Singh Maan (Non-Executive Non Independent Member - Resigned w.e.f. 28 June 2019) Azizan Abd Aziz (Non-Executive Non Independent Member - Appointed w.e.f. 22 August 2019) |
| Company Secretary | Norhidayati Mohamat Salim (MIA 27364) Level 32, Menara Bank Islam, No.22 Jalan Perak, 50450 Kuala Lumpur Aidil Haznul Zulkifli (MACS 01638) Level 32, Menara Bank Islam, No. 22, Jalan Perak 50450, Kuala Lumpur |

| | |
|--|--|
| Key Management | Najmuddin Mohd Lutfi (Chief Executive Officer) Abd Razak Salimin (Head of Investment) Mohd Hamidullah Che Hassan (Head of Compliance - Resigned w.e.f. 30 September 2019) |
| Principal Banker | CIMB Islamic Bank Berhad P. Ramlee Branch, Lot 1-01 Menara Hap Seng Jalan P.Ramlee Kuala Lumpur |
| Trustee | CIMB Islamic Trustee Berhad (167913-M) Level 21, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur. |
| Auditors | KPMG Desa Megat PLT (LLP0010082-LCA & AF 0759) Level 10, KPMG Tower 8, First Avenue, Bandar Utama 47800 Petaling Jaya, Selangor |
| Federation of Investment Managers Malaysia (FIMM) | 19-06-1, 6th Floor, Wisma Tune No.19, Lorong Dungun Damansara Heights 50490 Kuala Lumpur |
| Distributors | Bank Islam Malaysia Berhad Branches IFast Capital Sdn Bhd Phillip Mutual Berhad Bank Simpanan Nasional Registered Unit Trust Consultant with BIMB Investment Management Berhad |
| Toll Free Number: 1-800-88-1196 | |

BIMB INVESTMENT

A BANK ISLAM
SUBSIDIARY