

CIMB-Principal Balanced Income Fund

Unaudited Interim Report

For The Financial Period Ended 29 February 2020

CIMB-PRINCIPAL BALANCED INCOME FUND

UNAUDITED INTERIM REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 29 FEBRUARY 2020

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INVESTORS' LETTER

Dear Valued Investor,

These are trying times for all of us – not just in Malaysia, but around the world. With a 24/7 news cycle, the world is watching just how fluid the Coronavirus Disease 2019 (“COVID-19”) situation remains. In major markets, measures are being put in place to help flatten the curve, revive economies and help markets confidently put the COVID-19 virus behind us. It's believed the impact on economies may last until September 2020 with recovery beginning in the 4th quarter.

- **More and more countries put in place unprecedented protective orders** (e.g. non-essential business closures, stay-at-home regulations, etc.).
- **Governments around the world are unveiling or are planning very large fiscal stimulus to cushion the economic shock**, e.g., US [10% of Gross Domestic Product (“GDP”)], Japan (11.5%), Singapore (11%), Malaysia (15.7%).
- **Central banks have cut interest rates and unveiled a list of measures to help alleviate financial market stress.**

Here in Malaysia, we must all do our part to help reinforce our government's efforts and stay home to help flatten the curve of COVID-19. At Principal, we've asked all our staff that can work from home to do so. Those that come to the office are helping manage key functions and allow us to continue meeting our customers' expectations and retaining your trust. We ensure our staff coming into the office are well equipped and protected to help minimise their risk.

With all the news and information and impact on markets, we realise you'll likely have plenty of questions right now. And while each person's situation can be a little different, we wanted to help by answering some of the most common questions we've heard:

1. *Should I take money out of the market now and stop contributing (even to my retirement savings)?*

During volatile times, it can be tempting to change how you invest in hopes of a better return. In the long run, you're generally better off staying the course rather than trying to jump out of, then back into, the market. It's typically not about timing the market, but time in market.

2. *What must I do if the market continues to be volatile, should I move to cash, fixed income assets or “safer” options?*

What's best for you really depends on your goals, risk tolerance, and how long it will be before you need the money. If you're exiting your investments when the market is falling—financially, this is the worst time to sell. It's important to remain calm and stay focused on the long term. This may be a good time for you to revisit your investment portfolio and ensure you have proper asset allocation to help spread your risk.

3. *How do I know if I'm invested the way I should be?*

Make sure your portfolio is diversified and continues to be in line with your long-term goals. Investing for retirement generally requires you to trade near-term gains for what may be long-term benefits. Principal offers a variety of conventional and Islamic solutions to help meet your unique needs.

For further investing and retirement education and market information, please visit our website (www.principal.com.my) or Facebook account (@PrincipalMY). And, coming soon, we'll also be sharing additional education information through webinars and our YouTube channel. If you have additional questions, please contact our Customer Care Centre at +(603) 7718 3000 or service@principal.com.my or reach out to your Principal Consultant.

INVESTORS' LETTER (CONTINUED)

We appreciate your continuous support and the trust you place in us. And, we're happy to share that we recently won the Morningstar Fund Awards Malaysia for the Best Malaysia Large-Cap Equity (Shariah) Fund based on 2019 performance for Principal DALI Equity Fund (formerly known as CIMB Islamic DALI Equity Fund).

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



Munirah Khairuddin
Chief Executive Officer

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

The investment objective of the Fund is to seek long-term growth in capital and income by investing in all types of investments.

Has the Fund achieved its objective?

For the financial period under review, the Fund has performed in line with its objective as stated under the Fund Performance section.

What are the fund investment policy and its strategy?

The Fund aims to invest in a diversified portfolio of equities and fixed income investments. In line with the objective of the Fund, the investment policy and strategy of the Fund will be to maintain a balanced portfolio between equities and fixed income investments in the ratio of 60:40. The fixed income portion of the Fund is to provide some capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The investments by the Fund in equity securities shall not exceed 60% of the Net Asset Value ("NAV") of the Fund and investments in fixed income securities and liquid assets shall not be less than 40% of its NAV with a minimum credit rating of "BBB3" or "P2" by RAM Ratings ("RAM") or equivalent rating by Malaysia Rating Corporation Berhad ("MARC") or by local rating agency (ies) of the country of issuance or "BBB-" by S&P or equivalent rating by Moody's or Fitch. The Fund may invest up to 40% of its NAV in Unrated Fixed Income Securities*. The fixed income portion will provide capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The Fund may opt to seek investment exposure via collective investment scheme that is in line with the Fund's objective, subject to the requirement of the Securities Commission Malaysia ("SC") Guidelines.

* With effective 1st December 2017, the investment limit in Unrated Fixed Income Securities will be changed from 25% to 40%.

Fund category/type

Balanced/Growth and Income

How long should you invest for?

Recommended 5 years or more

When was the Fund launched?

10 August 1995

What was the size of the Fund as at 29 February 2020?

RM187.72 million (290.11 million units)

What is the fund's benchmark?

60% Financial Times Stock Exchange ("FTSE") Bursa Malaysia ("FBM") Top100 ("FBM100") Index + 40% CIMB Bank 1-Month Fixed Deposit Rate

Note: The benchmark is for performance comparison only. The benchmark is customised as such to align it closer to the structure of the portfolio and the objective of the Fund. Investors are cautioned that the risk profile of the Fund is higher than the benchmark.

What is the fund distribution policy?

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

FUND OBJECTIVE AND POLICY (CONTINUED)

What was the net income distribution for the six months financial period ended 29 February 2020?

The Fund distributed a total net income of RM8.05 million to the unit holders. As a result, the NAV per unit dropped from RM0.6719 to RM0.6446 on 26 September 2019 for the six months financial period ended 29 February 2020.

PERFORMANCE DATA

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

	29.02.2020	28.02.2019	28.02.2018
	%	%	%
Quoted securities			
- Communication Services	1.29	3.03	3.93
- Consumer Discretionary	4.85	4.49	7.26
- Consumer Staples	3.88	6.37	3.36
- Energy	2.03	3.58	2.90
- Financials	16.01	22.45	16.30
- Health Care	2.17	2.21	2.31
- Industrials	3.68	4.62	9.72
- Information Technology	13.64	0.80	3.25
- Materials	0.48	2.27	3.21
- Real Estate	1.27	1.30	0.91
- Utilities	2.80	4.84	5.81
Unquoted fixed income securities	36.83	34.71	35.40
Cash and other net assets	11.07	9.33	5.64
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

Note: The Fund had applied the Global Industry Classification Standard ("GICS") sectors classification.

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

	29.02.2020	28.02.2019	28.02.2018
NAV (RM Million)	187.72	214.39	242.90
Units in circulation (Million)	290.11	315.78	322.97
NAV per unit (RM)	0.6470	0.6789	0.7520
	01.09.2019	01.09.2018	01.09.2017
	to	to	to
	29.02.2020	28.02.2019	28.02.2018
Highest NAV per unit (RM)	0.6739	0.7510	0.7743
Lowest NAV per unit (RM)	0.6422	0.6627	0.7160
Total return (%)	0.00	(4.42)	5.07
- Capital growth (%)	(4.05)	(9.59)	(2.07)
- Income distribution (%)	4.24	5.72	7.29
Management Expense Ratio ("MER") (%)	0.79	0.79	0.83
Portfolio Turnover Ratio ("PTR") (times) #	1.12	0.44	0.64

The Fund's PTR increased to 1.12 times from 0.44 times due to more trading activities during the financial period under review.

PERFORMANCE DATA (CONTINUED)

Date of distribution		26.09.2019	26.09.2018	06.10.2017
Gross/Net Distribution Per Unit (sen)		2.73	4.05	5.25
	29.02.2020	28.02.2019	28.02.2018	28.02.2017
	%	%	%	%
Annual total return	(0.66)	(4.55)	12.46	3.61
				29.02.2016
				%
				(0.14)

(Launch date: 10 August 1995)

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

MARKET REVIEW (1 SEPTEMBER 2019 TO 29 FEBRUARY 2020)

Local Equity

The FBM Kuala Lumpur Shariah Index declined 7.12% in Ringgit Malaysia (“RM”) terms during the financial period under review amid concerns over uncertainty in domestic politics and the COVID-19 outbreak

Budget 2020 was announced on 11 October 2019 focuses on reinventing Malaysia in the digital space over the medium term by attracting foreign and domestic investments. Various tax incentives have been proposed to attract these investments which are expected to create high-paying jobs, especially those in the manufacturing and technology sectors. Towards the end of 2019, the plantation sector was boosted by improving supply and demand dynamics which have led to crude palm oil (“CPO”) prices surging past RM3,000 per metric tonne.

Fourth quarter of 2019 (“4Q19”) GDP growth came in below expectation at +3.6% versus +4.1% consensus. For the full year, GDP growth came in at 4.3% versus 4.5% consensus. This is the weakest quarterly growth in 10 years (since third quarter of 2009). While private consumption continues to underpin broad economic growth, overall growth was dragged by contraction in exports and public sector investment. By economy activity, the drag was mainly attributed to contraction in the mining and agriculture sectors due to commodity supply disruption.

Political uncertainty engulfed Malaysia stepping into February 2020 following the shocked resignation of Tun Dr Mahathir Mohammad as prime minister after losing a majority support in the parliament. However, the uncertainty of not having a functioning federal government was short-lived as the King has appointed Tan Sri Muhyiddin Yasin as the 8th Prime Minister after determining that the latter is likely to get a majority support in the parliament. In his last act as interim prime minister, Tun Dr Mahathir Mohammad unveiled a RM20 billion stimulus package to mitigate the adverse economic impact from the COVID-19 outbreak.

Asian Equity

On foreign equities, MSCI Asia ex Japan Index has declined -7.9% year-to-date (“YTD”) as of end Feb 28,2020. The recent correction has brought Asia Pacific ex Japan equity valuation to 13.2 times PER FY20 in line with 5-year average of 13.0 times. Consensus expectations of 12% eps growth would probably have to be adjusted downwards pending clarity on the recovery process and the progress of the virus in the US.

MARKET REVIEW (1 SEPTEMBER 2019 TO 29 FEBRUARY 2020) (CONTINUED)**Fixed Income**

In September 2019, protracted trade tensions between the US and China, sluggish growth in both Europe and Japan coupled with Brexit uncertainty as well as continued unrest in Hong Kong continued to weigh down global growth. These uncertainties have kept the global government bond yields down.

Budget 2020 was released on 11th October 2019 with fiscal deficit narrowing further from a previous level of -3.7% in 2018 to -3.4% in 2019. The deficit target of -3.2% for 2020 is slightly higher than the -3.0% originally announced in Budget 2019. According to the Ministry of Finance ("MOF's") Economic Report 2019/2020, the medium-term fiscal deficit target is expected to narrow to -2.8% by 2022.

Bank Negara Malaysia ("BNM") kept the Overnight Policy Rate ("OPR") unchanged at 3.00% in its final meeting of 2019 while keeping its still resilient domestic growth forecast for 2019 at 4.3% to 4.8% though it reiterated that the global economy is expanding at a more moderate pace. BNM announced a surprise cut in Statutory Reserve Requirement ("SRR") by 50 basis points ("bps") to 3.0% effective 16th November 2019, the first reduction since 2016. The cut in SRR would free up RM7.4 billion to the banking system in terms of better liquidity management and is seen positive for loan growth and economic activities.

2020 started with a risk-on momentum as investors took positions in emerging market in anticipation of the signing of the US-China 'phase one' trade deal which was signed on 15th January 2020. Profit taking emerged after escalating geopolitical tensions between US and Iran, but the tensions appeared short-lived, as both parties look to de-escalate and diverge away from the path of war. Concerns later emerged over the COVID-19 outbreak, especially after the World Health Organization officially declared the outbreak a global health emergency.

In January 2020, BNM reduced the OPR to 2.75% at the first Monetary Policy Committee ("MPC") meeting. In its latest statement, BNM stated that the adjustment to the OPR is a pre-emptive measure to secure the improving growth trajectory amid price stability. They also mentioned that despite the dissipation of trade tensions pointing towards improving global trade activity as well as monetary easing across major economies helping to ease financial conditions, the downside risks continue to remain on the back of geopolitical tensions and policy uncertainties in some countries.

The Malaysian economy grew 3.6% year-on-year ("y-o-y") in Q42019 driven by higher private spending. On a quarter-on-quarter basis, the economy grew 0.6% (third quarter of 2019 ("3Q2019"): 0.9%) and for 2019 as a whole, the economy expanded by 4.3% (2018: 4.7%). BNM said the country's economic growth was affected by supply disruptions in the commodities sector with private consumption and private investment expanding by 8.1% and 4.2% respectively, whilst net exports fell by 9.8%. The agriculture and mining sectors also contracted by 5.7% and 2.5%, respectively.

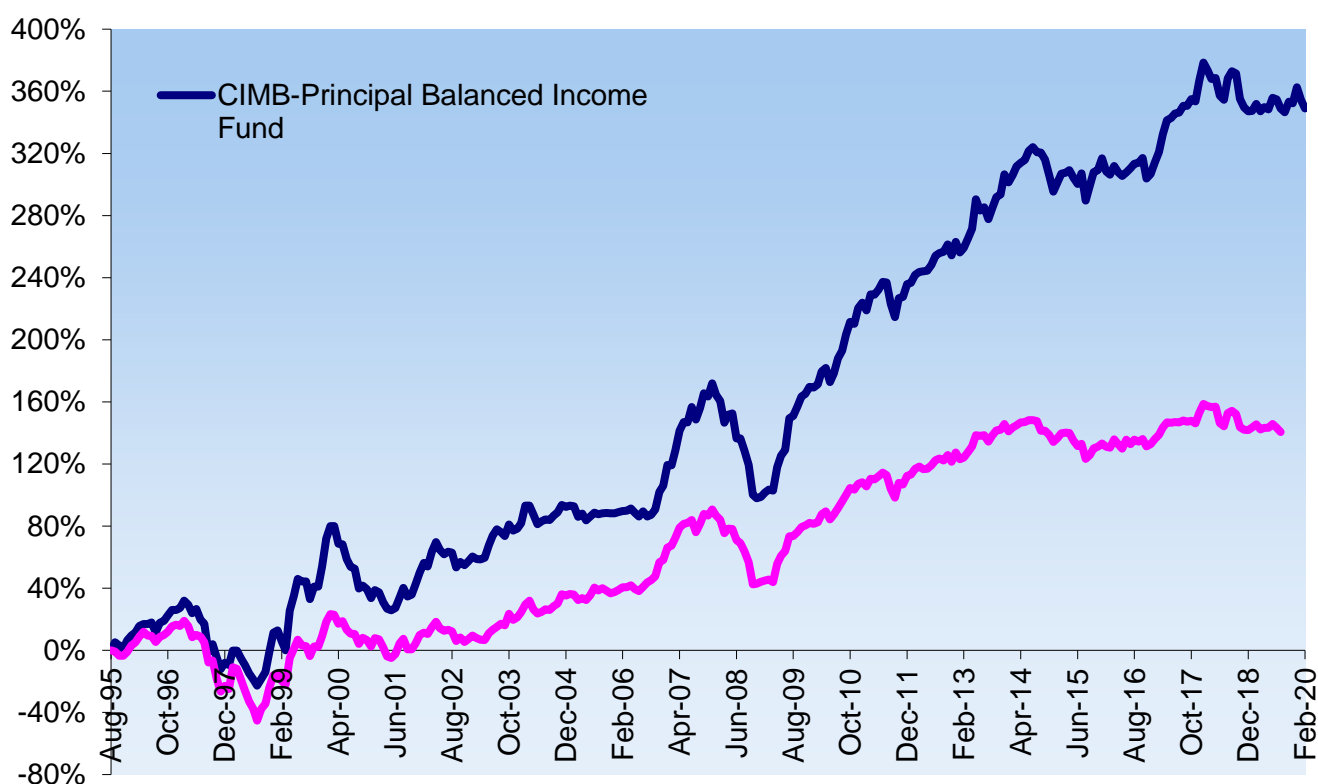
A RM20 billion stimulus package was announced by the government on 27th February 2020 in response to mitigating the COVID-19 outbreak to boost the sluggish economy. Under a three-prong approach, the package aims to mitigate the impact of COVID-19, encourage rakyat-centric spending, and support sectors directly hurt by the virus, chiefly tourism and aviation. It will also accelerate planned investment projects by Government Linked Company ("GLC")'s. The package is expected to raise the fiscal deficit to 3.4% from an initial projection of 3.2%.

The period under review ended with the overall 3-year, 5-year, 7-year, 10-year, 15-year, 20-year and 30-year Malaysian Government Securities yields closed at 2.60%, 2.66%, 2.74%, 2.84%, 3.208%, 3.23% and 3.66% respectively at the end of February 2020.

FUND PERFORMANCE

	6 months to 29.02.2020	1 year to 29.02.2020	3 years to 29.02.2020	5 years to 29.02.2020	Since inception to 29.02.2020
Income (%)	4.24	4.24	18.23	35.40	267.63
Capital (%)	(4.05)	(4.69)	(9.80)	(18.50)	22.16
Total Return (%)	0.00	(0.66)	6.63	10.33	348.96
Benchmark (%)	(4.28)	(6.23)	(3.55)	(3.90)	130.19
Average Total Return (%)	N/A	(0.66)	2.16	1.99	6.30

For the financial period under review, the fund outperformed the Benchmark by 4.28% while in the last 1 year it outperformed the Benchmark by 5.57%.



Changes in NAV

	29.02.2020	31.08.2019 Audited	Changes %
NAV (RM million)	187.72	199.32	(5.82)
NAV/Unit (RM)	0.6470	0.6744	(4.06)

The Fund recorded a decrease by 5.82% in net inflow from unit redemptions over the financial period under review. The NAV per unit decreased by 4.06% due to market volatility.

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

PORTFOLIO STRUCTURE**Asset allocation**

(% of NAV)	29.02.2020	31.08.2019 Audited
Quoted securities	52.10	56.60
Unquoted fixed income securities	36.83	35.85
Cash and other net assets	11.07	7.55
TOTAL	100.00	100.00

The Fund was invested during the financial period under review. Allocation towards quoted securities decreased to 52.10% and for unquoted fixed income had increased to 36.83% respectively. The change is based on our asset allocation strategy during the period. A higher level of cash at 11.07% was seen for liquidity to participate in primary issuances and to cater for redemptions.

MARKET OUTLOOK***Local Equities**

Against the backdrop of a disappointing 4Q19 GDP growth of 3.6% (versus 4.1% street expectation) and a weaker Purchasing Manager' Index ("PMI") reading of 48.5 in February 2020, BNM has followed through with its second interest rate cut this year as it lowers the OPR by 25 bps to 2.50% in its March 2020 MPC meeting.

The Central Bank continues to take pre-emptive measure to support the economic growth trajectory amid slower growth outlook due to the COVID-19 outbreak and weak commodity markets. Given the benign inflationary outlook and growth risk, we believe BNM has further headroom to ease monetary policy to support growth. With rising political risk coupled with downside risk to economic growth, market risk premium will likely increase.

Following the recent sell down, market valuation may de-rate further in the near term given the headwinds but would present an accumulation opportunity for long term investors.

To mitigate the economic impact of COVID-19 and movement control order ("MCO"), a RM250 billion stimulus package was announced with the primary focus of (i) sustaining private consumption and confidence, (ii) preserving the viability and continuity of domestic business entities; and (iii) strengthening the domestic economy. While the stimulus package amounts to 17% of GDP, direct Government spending is only RM25 billion which is equivalent to 1.7% of GDP.

Asian Equity

For Asia equities, uncertainties are rising but asset prices have adjusted very quickly and steeply. We are keeping our positive stance on Asian equities on the heels of a coordinated wave of easing by global central banks, cheaper valuations and the belief that China will be the first to recover from the COVID-19 outbreak. Risk-off has occurred, with bond markets, gold and Chinese Yen Renminbi ("CNY") rallying and the Volatility Index ("VIX") spiking to above 30 (versus the 5 year average of 15).

Fixed Income

The US Federal Reserve (the "Fed") cut interest rates on 3 March 2020 in an emergency move ahead of the scheduled meeting on 18 March 2020. The decision to cut was unanimous citing "the COVID-19 poses evolving risks to economic activity" despite "fundamentals of the US economy remain strong". Following the cut by the Fed, investors are now expecting a rate cut in the euro zone as well as by the Bank of England ("BOE").

MARKET OUTLOOK* (CONTINUED)**Fixed Income (continued)**

Locally, BNM's MPC cut the OPR for a second time this year on 3 March 2020 bringing it to 2.50% which is a level not seen since the global financial crisis. The Central Bank noted that global economic conditions have weakened in the recent period as the ongoing COVID-19 has disrupted production and travel activity within the region. They stated that the OPR cut will provide a more accommodative monetary environment but overall seemed to continue sounding dovish in their statement.

Growth outlook in first half of 2020 is likely to remain soft arising with drag from the movement control and the COVID-19 outbreak. The Government has guided that growth estimate for 2020 is at 3.2% to 4.2% compared with the average of 5% posted the last 5 years before movement restriction. Given the benign inflationary outlook and growth risk, we believe BNM has further headroom to ease monetary policy to support growth.

*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 Asset Management Berhad ("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**Local Equities**

We will be tilting our barbell approach from growth bias to capital preservation bias; focusing on companies with defensive and high yielding qualities. We would look out for opportunities to purchase stocks which have strong business moats and are able to emerge stronger in the mid to long run.

Asia Equities

With major central banks (the Fed, European Central Bank ("ECB"), Bank of Canada ("BoC"), Reserve Bank of India ("RBI"), People's Bank of China ("PBOC"), Bank of Japan ("BoJ"), BOE planning on coordinated easing of interest rates, coupled with increasingly aggressive expansion of balance sheets, the liquidity back-drop for Asian equities would be very favorable. Hence, we rate Asian equities as a BUY on a 12-month horizon. Pull-backs on virus-related fears should be seen as buying opportunities. We expect stocks in China to benefit from credit and fiscal stimulus. In Asean we favor Singapore and Indonesia. Sector-wise, we are overweight Technology, Industrials and selected financials.

Fixed Income

With much uncertainty ahead, we are inclined to be cautious and prefer to be defensive. Our core holdings remain anchored in the corporate segment and we will focus on corporates with strong and resilient credit metrics. We continue to maintain a neural duration strategy and avoid taking on excessive duration risk until market stabilises.

UNIT HOLDING STATISTICS

Breakdown of unit holdings by size as at 29 February 2020 are as follows:

Size of holdings(units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	1,715	4.75	1.65
5,001-10,000	1,253	9.20	3.16
10,001-50,000	3,677	88.88	30.64
50,001-500,000	1,392	151.70	52.29
Above 500,000	19	35.58	12.26
Total	8,056	290.11	100.00

SOFT COMMISSIONS AND REBATES

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

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

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL BALANCED INCOME FUND**

We, being the Directors of Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements set out on pages 13 to 43 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 29 February 2020 of its financial performance, changes in equity and cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134 - Interim Financial Reporting and International Accounting Standards (“IAS”) 34 - Interim Financial Reporting.

For and on behalf of the Manager

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

MUNIRAH KHAIRUDDIN
Chief Executive Officer/Executive Director

JUAN IGNACIO EYZAGUIRRE BARAONA
Director

Kuala Lumpur
16 April 2020

**TRUSTEE'S REPORT TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL BALANCED INCOME FUND**

We have acted as the Trustee of CIMB-Principal Balanced Income Fund (the "Fund") for the financial period ended 29 February 2020. To the best of our knowledge, Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the "Manager"), has operated and managed the Fund in accordance with the following:

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

During the financial period, a total distribution of 2.73 sen per unit (gross) has been distributed to the unit holders of the Fund. We are of the view that the distribution is consistent with the objective of the Fund.

For and on behalf of the Trustee
UNIVERSAL TRUSTEE (MALAYSIA) BERHAD

ONG TEE VANN
Chief Executive Officer

Kuala Lumpur
16 April 2020

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 29 FEBRUARY 2020**

	Note	01.09.2019 to 29.02.2020 RM	01.09.2018 to 28.02.2019 RM
INCOME/(LOSS)			
Dividend income		1,335,471	1,693,598
Interest income on financial assets at fair value through amortised cost		1,789,616	276,982
Interest income on financial assets at fair value through profit or loss		92,488	2,124,683
Net loss on financial assets at fair value through profit or loss	8	(45,236)	(12,319,224)
Net foreign exchange loss		(435,819)	(32,430)
		<u>2,736,520</u>	<u>(8,256,391)</u>
EXPENSES			
Management fee	4	1,473,941	1,626,255
Trustee's and Custodian's fees	5	62,070	43,307
Audit fee		9,750	9,750
Tax Agent's fee		3,250	2,000
Transaction costs		934,385	201,047
Other expenses		25,365	533
		<u>2,508,761</u>	<u>1,882,892</u>
PROFIT/(LOSS) BEFORE TAXATION		227,759	(10,139,283)
Taxation	7	-	(5,206)
PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD		<u>227,759</u>	<u>(10,144,489)</u>
Profit/(Loss) after taxation is made up as follows:			
Realised amount		5,539,667	(1,470,986)
Unrealised amount		(5,311,908)	(8,673,503)
		<u>227,759</u>	<u>(10,144,489)</u>

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 29 FEBRUARY 2020**

		29.02.2020	31.08.2019
	Note	RM	Audited RM
ASSETS			
Cash and cash equivalents	9	21,430,072	15,725,289
Financial assets at fair value through profit or loss	8	166,930,029	184,253,939
Amount due from Manager		70,692	579,254
Dividends receivable		35,111	187,869
TOTAL ASSETS		<u>188,465,904</u>	<u>200,746,351</u>
LIABILITIES			
Amount due to stockbrokers		-	501,653
Amount due to Manager		483,571	640,619
Accrued management fee		228,944	257,965
Amount due to Trustee		3,903	4,268
Distribution payable		18,055	3,463
Other payables and accruals		15,799	21,959
TOTAL LIABILITIES		<u>750,272</u>	<u>1,429,927</u>
NET ASSET VALUE OF THE FUND		<u>187,715,632</u>	<u>199,316,424</u>
EQUITY			
Unit holders' capital		130,738,165	134,514,072
Retained earnings		56,977,467	64,802,352
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>187,715,632</u>	<u>199,316,424</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	10	<u>290,108,699</u>	<u>295,540,140</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.6470</u>	<u>0.6744</u>

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

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 29 FEBRUARY 2020**

	Note	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 September 2019		134,514,072	64,802,352	199,316,424
Movement in unit holders' contributions:				
- Creation of units from applications		2,974,738	-	2,974,738
- Creation of units from distribution		7,855,513	-	7,855,513
- Cancellation of units		(14,606,158)	-	(14,606,158)
Total comprehensive income for the financial period		-	227,759	227,759
Distribution	6	-	(8,052,644)	(8,052,644)
Balance as at 29 February 2020		<u>130,738,165</u>	<u>56,977,467</u>	<u>187,715,632</u>
Balance as at 1 September 2018		140,177,657	88,724,580	228,902,237
Movement in unit holders' contributions:				
- Creation of units from applications		5,878,668	-	5,878,668
- Creation of units from distribution		12,136,771	-	12,136,771
- Cancellation of units		(9,979,514)	-	(9,979,514)
Total comprehensive loss for the financial period		-	(10,144,489)	(10,144,489)
Distribution	6	-	(12,402,574)	(12,402,574)
Balance as at 28 February 2019		<u>148,213,582</u>	<u>66,177,517</u>	<u>214,391,099</u>

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

**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 29 FEBRUARY 2020**

	01.09.2019 to 29.02.2020 RM	01.09.2018 to 28.02.2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of quoted securities	159,340,566	41,323,018
Purchase of quoted securities	(147,419,286)	(39,699,196)
Proceeds from disposal of unquoted fixed income securities	38,481,600	58,556,295
Proceeds from redemption of unquoted fixed income securities	207,340	447,136
Purchase of unquoted fixed income securities	(35,034,692)	(49,464,372)
Dividend income received	1,469,668	1,812,246
Interest income received from deposits with licensed financial institutions	92,488	276,982
Interest income received from unquoted fixed income securities	1,755,106	2,104,271
Management fee paid	(1,502,962)	(1,670,717)
Trustee's and custodian fees paid	(62,435)	(43,850)
Payments for other fees and expenses	(28,692)	(12,114)
Net realised foreign exchange loss	(292,139)	-
Net cash generated from operating activities	17,006,562	13,629,699
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	3,483,300	5,920,139
Payments for cancellation of units	(14,763,206)	(9,904,401)
Distribution paid	(182,539)	(265,803)
Net cash used in financing activities	(11,462,445)	(4,250,065)
Net increase in cash and cash equivalents	5,544,117	9,379,634
Effects of foreign exchange differences	160,666	(32,430)
Cash and cash equivalents at the beginning of the financial period	15,725,289	16,264,917
Cash and cash equivalents at the end of the financial period	21,430,072	25,612,121
<u>Cash and cash equivalents comprised of:</u>		
Bank balances	12,457,728	5,459,229
Deposits in licensed financial institutions	8,972,344	20,152,892
Cash and cash equivalents at the end of financial period	21,430,072	25,612,121

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 29 FEBRUARY 2020****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES**

CIMB-Principal Balanced Income Fund (the “Fund”) is governed by a Principal Master Deed dated 15 May 2008, a First Supplemental Master Deed dated 25 June 2008, a Supplemental Master Deed dated 14 July 2008 and an Eighteenth supplemental Master Deed dated 25 March 2015 (collectively referred to as the “Deeds”), between Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the “Manager”) and Universal Trustee (Malaysia) Berhad (the “Trustee”).

The Fund aims to invest in a diversified portfolio of equities and fixed income investments. In line with the objective of the Fund, the investment policy and strategy of the Fund will be to maintain a balanced portfolio between equities and fixed income investments in the ratio of 60:40. The fixed income portion of the Fund is to provide some capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The investments by the Fund in equity securities shall not exceed 60% of the NAV of the Fund and investments in fixed income securities and liquid assets shall not be less than 40% of its NAV with a minimum credit rating of “BBB3” or “P2” by RAM or equivalent rating by MARC or by local rating agency(ies) of the country of issuance or “BBB-” by S&P or equivalent rating by Moody’s Investors Service (“Moody’s”) and Fitch Rating (“Fitch”). The Fund may invest up to 40% of its NAV in Unrated Fixed Income Securities. The fixed income portion will provide capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The Fund may opt to seek investment exposure via collective investment scheme that is in line with the Fund’s objective, subject to the requirement of the SC Guidelines.

All investments will be subjected to the SC Guidelines on Unit Trust Funds, SC requirements, the Deeds, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund’s objective.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements have been prepared in accordance with the provisions of the MFRS and International Financial Reporting Standards (“IFRS”).

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

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

It also requires the Manager to exercise their judgement in the process of applying the Fund’s accounting policies. Although these estimates and judgement 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 judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 2(k).

Standards, amendments to published standards or interpretation that are effective and relevant:

The Fund has applied the following standard for the first time for the financial year beginning 1 September 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, OCI or equity) depends on where the past transactions that generated distributable profits were recognised.

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

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

There are no applicable standards, amendments to standards or interpretations that are effective for interim periods beginning on/after 1 September 2020 to the financial statements of the Fund.

(b) Financial assets and financial liabilities

Classification

The Fund classify 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 as fair value through OCI.

The Fund classifies cash and cash equivalents, amount due from Manager 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 amount due to stockbrokers, amount due to Manager, accrued management fee, amount due to Trustee, distribution payable, and other payables and accruals as financial liabilities measured at amortised cost.

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

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

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

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

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

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

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of gross dividend income when the Fund's right to receive payments is established.

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

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

Unquoted fixed income securities denominated in RM are revalued on a daily basis based on fair value prices quoted by a Bond Pricing Agency ("BPA") registered with the SC as per the SC Guidelines on Unit Trust Funds. Refer to Note 2(k) for further explanation.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(b) Financial assets and financial liabilities (continued)**Impairment for assets carried at amortised costs

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

Significant increase in credit risk

A significant increase in credit risk is defined by the PRS Provider 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 period.

(c) Foreign currencyFunctional 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) The Fund's units are denominated in RM.
- ii) Significant portion of the Fund’s expenses are denominated in RM.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(c) Foreign currency (continued)**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 financial period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income.

(d) Income recognition

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

Interest income from deposits with licensed financial institutions and unquoted fixed income securities are recognised on a time proportionate basis using effective interest rate method on an accrual basis.

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

Realised gain or loss on disposal of unquoted fixed income securities is accounted for as the difference between the net disposal proceeds and the carrying amount of unquoted fixed income securities, determined on cost adjusted for accretion of discount or amortisation of premium.

(e) Cash and cash equivalents

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

(f) Amount due to stockbrokers

Amounts due to stockbrokers represent payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. The amount due from stockbrokers balance is held for collection.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund measure the loss allowance on amounts due from broker at an amount equal to the lifetime ECL if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month ECL. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due.

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

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

(g) Taxation

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

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

(h) Distribution

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

(i) Transaction costs

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

(j) Unit holders' contributions

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(k) Critical accounting estimates and judgements in applying accounting policies**

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

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

Estimate of fair value of unquoted fixed income securities

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

Ringgit-denominated unquoted fixed income securities are valued using fair value prices quoted by a BPA. Where the Manager is of the view that the price quoted by BPA for a specific unquoted fixed income securities differs from the market price by more than 20 bps, the Manager may use market price, provided that the Manager records its basis for using a non-BPA price, obtains necessary internal approvals to use the non-BPA price, and keeps an audit trail of all decisions and basis for adopting the use of non-BPA price.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to seek long-term growth in capital and income by investing in all types of investments.

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

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

(a) Market risk**(i) Price risk**

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

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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(a) Market risk (continued)****(ii) Interest rate risk**

In general, when interest rates rise, unquoted fixed income securities prices will tend to fall and vice versa. Therefore, the NAV of the Fund may also tend to fall when interest rates rise or are expected to rise. However, investors should be aware that should the Fund holds an unquoted fixed income securities till maturity, such price fluctuations would dissipate as it approaches maturity, and thus the growth of the NAV shall not be affected at maturity. In order to mitigate interest rates exposure of the Fund, the Manager will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the Manager, which is based on its continuous fundamental research and analysis.

Investors should note that the movement in prices of unquoted fixed income securities and money market instruments are benchmarked against interest rates. As such, the investments are exposed to the movement of the interest rates.

This risk is crucial since unquoted fixed income securities portfolio management depends on forecasting interest rate movements. Prices of unquoted fixed income securities move inversely to interest rate movements, therefore as interest rates rise, the prices of unquoted fixed income securities decrease and vice versa. Furthermore, unquoted fixed income securities with longer maturity and lower yield coupon rates are more susceptible to interest rate movements.

Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to make payments of interest income and principal, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

The Fund's exposure to interest rates associated with deposits with licensed financial institutions is not material as the deposits are held on short-term basis.

(iii) 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. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(b) Credit risk**

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

Investment in unquoted fixed income securities may involve a certain degree of credit/default risk with regards to the issuers. Generally, credit risk or default risk is the risk of loss due to the issuer's non-payment or untimely payment of the investment amount as well as the returns on investment. This will cause a decline in value of the defaulted unquoted fixed income securities and subsequently depress the NAV of the Fund. Usually credit risk is more apparent for an investment with a longer tenure, i.e. the longer the duration, the higher the credit risk.

Credit risk can be managed by performing continuous fundamental credit research and analysis to ascertain the creditworthiness of its issuer. In addition, the Manager imposes a minimum rating requirement as rated by either local and/or foreign rating agencies and manages the duration of the investment in accordance with the objective of the Fund. For this Fund, the investments in unquoted fixed income securities must satisfy a minimum credit rating requirement of at least "BBB3" or "P2" by RAM or equivalent rating by MARC or by local rating agency(ies) of the country of issuance or "BBB-" by S&P or equivalent rating by Moody's or Fitch.

The credit risk arising from placements of deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions. For amount due from Manager, the settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC Guidelines on Unit Trust Funds.

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

(c) Liquidity risk

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

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise bank balances, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 business days. Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector and other factors. For the purpose of the Fund, the Manager will attempt to balance the entire portfolio by investing in a mix of assets with satisfactory trading volume and those that occasionally could encounter poor liquidity. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Capital risk management

The capital of the Fund is represented by equity consisting of unit holders' capital of and retained earnings. The amount of capital can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

(e) Fair value estimation

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

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

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

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

(i) Fair value hierarchy

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

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

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

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

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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

(i) Fair value hierarchy

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
29.02.2020				
Financial assets at fair value through profit or loss:				
- Quoted securities	97,792,418	-	-	97,792,418
- Unquoted fixed income securities	-	69,137,611	-	69,137,611
	<u>97,792,418</u>	<u>69,137,611</u>	<u>-</u>	<u>166,930,029</u>
31.08.2019				
Audited				
Financial assets at fair value through profit or loss:				
- Quoted securities	112,804,047	-	-	112,804,047
- Unquoted fixed income securities	-	71,449,892	-	71,449,892
	<u>112,804,047</u>	<u>71,449,892</u>	<u>-</u>	<u>184,253,939</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).

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include unquoted fixed income securities. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Fund's policies on valuation of these financial assets are stated in Note 2(b).

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

4. MANAGEMENT FEE

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

For the financial period ended 29 February 2020, the management fee is recognised at a rate of 1.50% per annum (28.02.2019: 1.50% 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 at the following rates:

Size of the Fund	Rate per annum of the NAV of the Fund
First RM20 million	0.06%
Next RM20 million	0.05%
Next RM20 million	0.04%
Next RM20 million	0.03%
Next RM20 million	0.02%
Any amount in excess of RM100 million	0.01%

The Trustee's fee is calculated daily based on the NAV of the Fund. The custodian fee is accrued at an annual fee of RM20,000.

For the financial period ended 29 February 2020, the Trustee's fee is recognised at the above-mentioned rates and the custodian fee is recognised at an annual fee of RM20,000 per annum (28.02.2019: RM20,000 per annum).

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

6. DISTRIBUTION

Distribution to unit holders is derived from the following sources:

	01.09.2019 to 29.02.2020	01.09.2018 to 28.02.2019
	RM	RM
Dividend income	484,902	598,024
Interest income	524,264	537,230
Net realised (loss)/gain on sale of investments	(441,387)	2,082,544
Prior financial period's realised income	7,932,773	9,335,024
	<u>8,500,552</u>	<u>12,552,822</u>
Less:		
Expenses	(447,908)	(150,248)
Taxation	-	-
Net distribution amount	<u>8,052,644</u>	<u>12,402,574</u>

6. DISTRIBUTION (CONTINUED)

	01.09.2019 to 29.02.2020	01.09.2018 to 28.02.2019
Distribution on 26 September 2019		
Gross/Net distribution per unit (sen)	<u>2.73</u>	<u>-</u>
Distribution on 26 September 2018		
Gross/Net distribution per unit (sen)	<u>-</u>	<u>4.05</u>

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

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

7. TAXATION

	01.09.2019 to 29.02.2020 RM	01.09.2018 to 28.02.2019 RM
Tax charged for the financial period:		
- Withholding tax	<u>-</u>	<u>5,206</u>

A numerical reconciliation between the profit/(loss) before taxation multiplied by the Malaysian statutory income tax rate and tax expense of the Fund is as follows:

	01.09.2019 to 29.02.2020 RM	01.09.2018 to 28.02.2019 RM
Profit/(Loss) before taxation	<u>227,759</u>	<u>(10,139,283)</u>
Taxation at Malaysian statutory rate of 24%	54,662	(2,433,428)
Tax effects of:		
(Income not subject to tax)/Loss not deductible for tax purposes	(656,765)	1,981,534
Expenses not deductible for tax purposes	244,934	59,117
Restriction on tax deductible expenses for Unit Trust Funds	357,169	392,777
Withholding tax	<u>-</u>	<u>5,206</u>
Taxation	<u>-</u>	<u>5,206</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	29.02.2020	31.08.2019
	RM	Audited RM
At fair value through profit or loss at inception:		
- Quoted securities	97,792,418	112,804,047
- Unquoted fixed income securities	69,137,611	71,449,892
	<u>166,930,029</u>	<u>184,253,939</u>
	01.09.2019	01.09.2018
	to 29.02.2020	to 28.02.2019
	RM	RM
Net loss on financial assets at fair value through profit or loss:		
- Realised gain/(loss) on disposals	5,565,863	(3,467,669)
- Unrealised fair value loss	(5,611,099)	(8,851,555)
	<u>(45,236)</u>	<u>(12,319,224)</u>

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
29.02.2020				
QUOTED SECURITIES				
CAYMAN ISLAND				
Consumer Discretionary				
Alibaba Group Holding Ltd	<u>34,700</u>	<u>3,722,625</u>	<u>3,751,764</u>	<u>2.00</u>
TOTAL CAYMAN ISLAND	<u>34,700</u>	<u>3,722,625</u>	<u>3,751,764</u>	<u>2.00</u>
HONG KONG				
Consumer Discretionary				
Galaxy Entertainment Group Ltd	<u>140,000</u>	<u>3,831,278</u>	<u>3,893,942</u>	<u>2.07</u>
Information Technology				
Kingboard Laminates Holdings Ltd	<u>805,000</u>	<u>3,850,852</u>	<u>3,381,372</u>	<u>1.80</u>
HONG KONG	<u>945,000</u>	<u>7,682,130</u>	<u>7,275,314</u>	<u>3.87</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
29.02.2020 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
INDONESIA				
Financials				
Bank Central Asia	377,400	3,848,909	3,491,928	1.86
PT Bank Negara Indonesia	877,200	1,973,886	1,812,957	0.97
	<u>1,254,600</u>	<u>5,822,795</u>	<u>5,304,885</u>	<u>2.83</u>
TOTAL INDONESIA	<u>1,254,600</u>	<u>5,822,795</u>	<u>5,304,885</u>	<u>2.83</u>
MALAYSIA				
Communication Services				
Axiata Group Bhd	300,000	1,326,714	1,254,000	0.67
Digi.com Bhd	100,000	464,570	416,000	0.22
Time Dotcom Bhd	80,000	713,696	746,400	0.40
	<u>480,000</u>	<u>2,504,980</u>	<u>2,416,400</u>	<u>1.29</u>
Consumer Discretionary				
Genting Malaysia Bhd	<u>507,400</u>	<u>1,838,830</u>	<u>1,466,386</u>	<u>0.78</u>
Consumer Staples				
Carlsberg Brewery Malaysia Bhd	18,000	647,775	573,120	0.31
Kuala Lumpur Kepong Bhd	121,245	2,761,289	2,647,991	1.41
Nestle (Malaysia) Bhd	4,200	604,396	600,600	0.32
Sime Darby Plantation Bhd	696,800	3,495,809	3,456,128	1.84
	<u>840,245</u>	<u>7,509,269</u>	<u>7,277,839</u>	<u>3.88</u>
Energy				
Dialog Group Bhd	200,000	625,768	668,000	0.36
Hibiscus Petroleum Bhd	1,060,900	1,026,331	795,675	0.42
Serba Dinamik Holdings Bhd	800,070	1,638,237	1,760,154	0.94
Wah Seong Corporation Bhd	500,000	599,685	580,000	0.31
	<u>2,560,970</u>	<u>3,890,021</u>	<u>3,803,829</u>	<u>2.03</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
29.02.2020				
(CONTINUED)				
QUOTED SECURITIES				
(CONTINUED)				
MALAYSIA				
(CONTINUED)				
Financials				
CIMB Group Holdings Bhd	1,200,047	6,536,490	5,784,227	3.08
Hong Leong Bank Bhd	130,000	2,186,399	1,989,000	1.06
Malayan Banking Bhd	1,000,056	9,021,072	8,420,471	4.49
Public Bank Bhd	300,030	6,496,620	5,130,513	2.73
RHB Bank Bhd	380,000	2,165,436	2,109,000	1.12
RHB Capital Bhd ¹	289,700	-	-	-
Syarikat Takaful Malaysia Keluarga Bhd	120,000	566,177	568,800	0.30
	<u>3,419,833</u>	<u>26,972,194</u>	<u>24,002,011</u>	<u>12.78</u>
Health Care				
Hartalega Holdings Bhd	200,000	1,093,950	1,240,000	0.66
IHH Healthcare Bhd	200,000	1,156,643	1,140,000	0.61
Top Glove Corporation Bhd	300,000	1,639,329	1,692,000	0.90
	<u>700,000</u>	<u>3,889,922</u>	<u>4,072,000</u>	<u>2.17</u>
Industrials				
Econpile Holdings Bhd	1,265,700	835,417	835,362	0.44
Gamuda Bhd	300,008	950,776	993,026	0.53
IJM Corporation Bhd	800,000	1,670,393	1,552,000	0.83
MISC Bhd	60,000	430,852	455,400	0.24
Pentamaster Corporation Bhd	290,700	1,447,889	1,334,313	0.71
Sime Darby Bhd	700,000	1,639,467	1,400,000	0.75
Westports Holdings Bhd	100,000	394,625	344,000	0.18
	<u>3,516,408</u>	<u>7,369,419</u>	<u>6,914,101</u>	<u>3.68</u>
Information Technology				
D&O Green Technologies Bhd	1,200,000	892,724	846,000	0.45
Malaysian Pacific Industries	63,800	724,759	696,696	0.37
My Eg Services Bhd	500,000	641,450	560,000	0.30
Vitrox Corporation Bhd	80,000	609,120	672,000	0.36
	<u>1,843,800</u>	<u>2,868,053</u>	<u>2,774,696</u>	<u>1.48</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
29.02.2020 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
MALAYSIA (CONTINUED)				
Materials				
Petronas Chemicals Group Bhd	80,000	627,185	432,000	0.23
Press Metal Aluminium Holding Bhd	100,036	486,428	466,168	0.25
	<u>180,036</u>	<u>1,113,613</u>	<u>898,168</u>	<u>0.48</u>
Real Estate				
Sime Darby Property Bhd	700,000	542,022	542,500	0.29
Utilities				
Tenaga Nasional Bhd	434,800	6,015,119	5,261,080	2.80
TOTAL MALAYSIA	<u>15,183,492</u>	<u>64,513,442</u>	<u>59,429,010</u>	<u>31.66</u>
SINGAPORE				
Financials				
United Overseas Bank Ltd	10,100	801,245	747,010	0.40
Information Technology				
Venture Corporation Ltd	78,900	3,910,342	3,921,360	2.09
Real Estate				
Lendlease Global Commercial	710,700	2,018,975	1,846,625	0.98
TOTAL SINGAPORE	<u>799,700</u>	<u>6,730,562</u>	<u>6,514,995</u>	<u>3.47</u>
TAIWAN				
Information Technology				
Ase Technology Holdings Co Ltd	595,000	5,719,678	5,892,625	3.14
Aspeed Technology Inc	31,000	3,891,781	4,073,381	2.17
MediaTek Inc.	111,000	6,559,341	5,550,444	2.96
	<u>737,000</u>	<u>16,170,800</u>	<u>15,516,450</u>	<u>8.27</u>
TOTAL TAIWAN	<u>737,000</u>	<u>16,170,800</u>	<u>15,516,450</u>	<u>8.27</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV RM
29.02.2020 (CONTINUED)				
TOTAL QUOTED SECURITIES	18,954,492	104,642,354	97,792,418	52.10
ACCUMULATED UNREALISED LOSS ON QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		(6,849,936)		
TOTAL QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		97,792,418		
Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
29.02.2020 (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES				
AmBank Islamic Bhd 5.20% 15/03/2027 (AA3)	5,000,000	5,131,513	5,318,671	2.83
Ara Bintang Bhd 5.50% 17/03/2026 (NR)	5,800,000	5,865,548	6,015,884	3.20
Bumitama Agri Ltd 4.20% 22/07/2026 (AA3)	1,300,000	1,305,834	1,352,452	0.72
CIMB Thai Bank PCL 4.15% 06/07/2029 (AA3)	250,000	251,506	257,589	0.14
DRB-Hicom Bhd 4.55% 12/12/2024 (A)	1,700,000	1,716,953	1,755,968	0.94
Fortune Premiere Sdn Bhd 4.65% 21/12/2022 (AA)	500,000	504,395	521,950	0.28
Great Realty Sdn Bhd 4.85% 26/5/2023 (AAA)	5,000,000	5,051,281	5,153,895	2.75
Hong Leong Assurance 3.85% 31/01/2030 (AA3)	1,250,000	1,253,560	1,270,110	0.68
IJM Land Bhd 4.73% 17/03/2119 (A2)	1,450,000	1,482,410	1,505,325	0.80
MBSB Bank Berhad 5.05% 20/12/2029 (A3)	980,000	989,762	1,000,376	0.53
Northern Gateway Infrastructure Sdn Bhd 5.20% 29/8/2029 (AA1)	1,000,000	1,042,198	1,136,175	0.61
Press Metal Aluminium Holding Bhd 4.10% 17/10/2024 (AA3)	1,900,000	1,929,026	1,956,386	1.04

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
29.02.2020 (CONTINUED) UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
SEGI Astana Sdn Bhd 5.60% 08/01/2027 (AA)	5,000,000	5,170,899	5,302,558	2.82
Starbright Capital Berhad 4.08% 27/12/2023 (AAA)	3,000,000	2,995,465	3,057,557	1.63
Starbright Capital Berhad 4.15% 27/12/2024 (AAA)	5,550,000	5,531,094	5,685,367	3.03
Talam Transform Bhd 0% 28/06/19 (BB3)	2,772,435	413,259	2,644,837	1.41
TAQA Abu Dhabi National Energy 4.65% 03/03/2022 (NR)	3,000,000	3,065,641	3,115,580	1.66
TG Excellence Berhad 3.95% 27/02/2120 (AA)	3,250,000	3,251,055	3,258,790	1.74
UniTapah Sdn Bhd 6.10% 12/06/2030 (AA1)	5,000,000	5,593,908	6,107,099	3.25
WCT Holdings Bhd 5.32% 11/05/2022 (AA)	7,000,000	7,149,876	7,313,591	3.90
YTL Corp Bhd 4.630% 11/11/2026 (AA1)	5,000,000	5,186,432	5,407,451	2.87
TOTAL UNQUOTED FIXED INCOME SECURITIES	<u>65,702,435</u>	<u>64,881,615</u>	<u>69,137,611</u>	<u>36.83</u>
ACCUMULATED UNREALISED GAIN ON UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>4,255,996</u>		
TOTAL UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>69,137,611</u>		

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.08.2019				
Audited				
QUOTED SECURITIES				
INDONESIA				
Financials				
Bank CIMB Niaga TBK PT	247,570	38,294	76,970	0.04
TOTAL INDONESIA	247,570	38,294	76,970	0.04
MALAYSIA				
Communication Services				
Axiata Group Bhd	990,000	4,378,157	4,999,500	2.51
DiGi.Com Bhd	820,000	3,809,474	4,116,400	2.07
TIME dotCom Bhd	232,000	2,017,166	2,118,160	1.06
	<u>2,042,000</u>	<u>10,204,797</u>	<u>11,234,060</u>	<u>5.64</u>
Consumer Discretionary				
Bermaz Auto Bhd	1,100,000	2,523,819	2,508,000	1.26
DRB-Hicom Bhd	961,000	2,505,808	2,421,720	1.22
Genting Bhd	500,000	4,100,451	3,000,000	1.51
Genting Malaysia Bhd	957,800	3,779,124	3,007,492	1.51
	<u>3,518,800</u>	<u>12,909,202</u>	<u>10,937,212</u>	<u>5.50</u>
Consumer Staples				
Nestle (Malaysia) Bhd	12,000	1,726,846	1,770,000	0.89
Energy				
Dialog Group Bhd	1,419,300	4,440,762	4,939,164	2.48
Hibiscus Petroleum Bhd	4,202,000	4,294,151	3,802,810	1.91
Petronas Dagangan Bhd	30,000	786,624	686,400	0.34
Yinson Holdings Bhd	355,000	1,348,425	2,467,250	1.24
	<u>6,006,300</u>	<u>10,869,962</u>	<u>11,895,624</u>	<u>5.97</u>
Financials				
Bursa Malaysia Bhd	117,000	756,608	734,760	0.37
CIMB Group Holdings Bhd	1,310,047	7,387,160	6,628,838	3.33
Malayan Banking Bhd	1,098,956	10,061,167	9,549,928	4.79
Public Bank Bhd	250,830	5,680,945	5,096,866	2.56
RHB Bank Bhd	268,300	1,481,885	1,529,310	0.77
RHB Capital Bhd ¹	289,700	-	-	-
Syarikat Takaful Malaysia Keluarga Bhd	120,000	727,854	691,200	0.35
	<u>3,454,833</u>	<u>26,095,619</u>	<u>24,230,902</u>	<u>12.17</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.08.2019 (CONTINUED)				
Audited (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
MALAYSIA (CONTINUED)				
Health Care				
IHH Healthcare Bhd	572,000	3,307,999	3,311,880	1.66
Top Glove Corporation Bhd	459,200	1,949,414	2,181,200	1.09
	<u>1,031,200</u>	<u>5,257,413</u>	<u>5,493,080</u>	<u>2.75</u>
Industrials				
Econpile Holdings Bhd	3,000,000	1,980,130	2,295,000	1.15
Gamuda Bhd	780,000	2,466,352	2,808,000	1.41
HSS Engineers Bhd	1,800,000	2,061,777	1,449,000	0.73
IJM Corporation Bhd	1,845,000	3,804,159	4,206,600	2.11
Malaysia Airports Holdings Bhd	350,500	2,994,280	2,884,615	1.45
Malaysian Resources Corporation Bhd	3,121,000	2,849,813	2,278,330	1.14
MISC Bhd	360,000	2,452,989	2,613,600	1.31
Pentamaster Corporation Bhd	380,000	1,259,282	1,326,200	0.67
Sime Darby Bhd	700,000	1,653,686	1,603,000	0.80
Westports Holdings Bhd	650,000	2,468,765	2,730,000	1.37
	<u>12,986,500</u>	<u>23,991,233</u>	<u>24,194,345</u>	<u>12.14</u>
Information Technology				
Revenue Group Bhd	668,400	1,008,602	1,015,968	0.50
Materials				
Petronas Chemicals Group Bhd	100,000	860,246	693,000	0.35
Press Metal Aluminium Holdings Bhd	358,736	1,728,105	1,764,981	0.89
	<u>458,736</u>	<u>2,588,351</u>	<u>2,457,981</u>	<u>1.24</u>
Real Estate				
IGB REIT	1,378,100	2,342,505	2,852,667	1.43
LBS Bina Group Bhd - Preference Share	160,140	176,154	125,710	0.06
Sunway REIT	1,200,000	2,170,316	2,340,000	1.17
	<u>2,738,240</u>	<u>4,688,975</u>	<u>5,318,377</u>	<u>2.66</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.08.2019 (CONTINUED)				
Audited (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
MALAYSIA (CONTINUED)				
Utilities				
Taliworks Corporation Bhd	1,815,200	1,684,857	1,615,528	0.80
Tenaga Nasional Bhd	900,000	12,450,798	12,564,000	6.30
	<u>2,715,200</u>	<u>14,135,655</u>	<u>14,179,528</u>	<u>7.10</u>
TOTAL MALAYSIA	<u>35,632,209</u>	<u>113,476,655</u>	<u>112,727,077</u>	<u>56.56</u>
TOTAL QUOTED SECURITIES	<u>35,879,779</u>	<u>113,514,949</u>	<u>112,804,047</u>	<u>56.60</u>
ACCUMULATED UNREALISED LOSS ON QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(710,902)</u>		
TOTAL QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>11,2804,047</u>		
Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
31.08.2019				
Audited				
UNQUOTED FIXED INCOME SECURITIES				
Abu Dhabi National Energy Company PJSC 4.65% 03/03/2022 (AA1)	3,000,000	3,065,849	3,082,715	1.55
Alliance Bank (M) Bhd 5.75% 27/10/2020 (A2)	10,000,000	10,315,783	10,388,418	5.21
AmBank Islamic Bhd 5.20% 15/03/2027 (AA3)	5,000,000	5,134,925	5,288,896	2.65
Bumitama Agri Ltd 4.10% 22/07/2024 (AA3)	1,650,000	1,657,599	1,686,260	0.85
Bumitama Agri Ltd 4.20% 22/07/2026 (AA3)	1,300,000	1,306,133	1,341,363	0.67
CIMB Thai Bank PCL 4.15% 06/07/2029 (AA3)	250,000	251,563	254,133	0.13
DRB-Hicom Bhd 5.35% 08/07/2020 (A1)	350,000	353,007	357,165	0.18

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
31.08.2019 (CONTINUED)				
Audited (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
Fortune Premiere Sdn Bhd IMTN 4.65% 21/12/2022	500,000	504,586	518,896	0.26
Great Realty Sdn Bhd 4.85% 26/05/2023 (AAA)	5,000,000	5,049,485	5,094,395	2.56
MMC Corporation Bhd 5.20% 12/11/2020 (AA3)	5,000,000	5,097,386	5,143,968	2.58
Northern Gateway Infrastructure Sdn Bhd 5.20% 29/08/2029 (AA1)	1,000,000	1,044,073	1,109,807	0.56
Quantum Solar Park (Semenanjung) Sdn Bhd 5.84% 04/04/2031 (A1)	5,000,000	5,058,901	5,214,800	2.62
Sabah Development Bank Bhd 5.01% 07/08/2020 (AA1)	5,000,000	5,037,577	5,074,758	2.55
Talam Transform Bhd 0% 28/12/2020 (C)*	2,979,775	390,618	2,716,792	1.36
UEM Edgenta Bhd 4.85% 26/04/2022 (AA3)	3,000,000	3,086,756	3,125,695	1.57
UMW Holdings Bhd 5.02% 04/10/2021 (AA2)	1,000,000	1,029,945	1,050,420	0.53
UniTapah Sdn Bhd 6.10% 12/06/2030 (AA1)	5,000,000	5,614,353	5,938,285	2.98
WCT Holdings Bhd 5.32% 11/05/2022 (AA2)	7,000,000	7,157,776	7,275,300	3.65
YTL Corporation Bhd 4.60% 23/06/2034 (AA1)	1,350,000	1,371,659	1,442,475	0.72
YTL Corporation Bhd 4.63% 11/11/2026 (AA1)	5,000,000	5,193,857	5,345,351	2.67
TOTAL UNQUOTED FIXED INCOME SECURITIES	68,379,775	67,721,831	71,449,892	35.85
UNREALISED GAIN ON UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		3,728,061		
TOTAL UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		71,449,892		

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

- ¹ The Fund holds shares in RHB Capital Bhd, which has been delisted to facilitate the transfer of shares and listing status to RHB Bank Bhd. Following the spin-off event on 2 June 2016, there is no cost and market value for the said security as all assets and liabilities have been vested to RHB Bank Bhd.
- * Talam Transform Bhd had been downgraded to B3 since 1 August 2014. The Fund is still holding the said security as there are no liquidity in view of its below investment good rating.

9. CASH AND CASH EQUIVALENTS

	29.02.2020	31.08.2019
	RM	Audited RM
Deposits with licensed financial institutions	8,972,344	1,660,273
Bank balances	12,457,728	14,065,016
	<u>21,430,072</u>	<u>15,725,289</u>

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

	01.09.2019 to 29.02.2020	01.09.2018 to 31.08.2019
	No. of units	Audited No. of units
At the beginning of the financial period/year	295,540,140	304,794,031
Add: Creation of units from applications	4,482,551	15,162,421
Add: Creation of units from distribution	12,186,648	17,154,447
Less Cancellation of units	(22,100,640)	(41,570,759)
At the end of the financial period/year	<u>290,108,699</u>	<u>295,540,140</u>

11. MANAGEMENT EXPENSE RATIO ("MER")

	01.09.2019 to 29.02.2020	01.09.2018 to 28.02.2019
	%	%
MER	<u>0.79</u>	<u>0.79</u>

MER is derived based on the following calculation:

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

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

The average NAV of the Fund for the financial period calculated on a daily basis is RM197,225,295 (28.02.2019: RM218,058,432).

12. PORTFOLIO TURNOVER RATIO (“PTR”)

	01.09.2019 to 29.02.2020	01.09.2018 to 28.02.2019
PTR (times)	<u>1.12</u>	<u>0.44</u>

PTR is derived from the following calculation:

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

where:

total acquisition for the financial period = RM181,466,120 (28.02.2019: RM92,774,723)
 total disposal for the financial period = RM260,210,723 (28.02.2019: RM98,966,661)

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

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

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

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

Units held by the Manager and parties related to the Manager

	29.02.2020		31.08.2019 Audited	
	No. of units	RM	No. of units	RM
Manager				
Principal Asset Management Berhad (formerly known as CIMB-Principal Asset Management Berhad)	155,851	100,836	115,282	77,746

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

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

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

	01.09.2019 to 29.02.2020 RM	01.09.2018 to 28.02.2019 RM
<u>Significant related party transactions</u>		
Interest income from deposits with licensed financial institution:		
- CIMB Bank Bhd	2,635	1,985
Cash placement with licensed financial institution:		
- CIMB Bank Bhd	10,081,000	3,715,000
	29.02.2020	31.08.2019
	RM	Audited
		RM
<u>Significant related party balances</u>		
Deposits with licensed financial institution:		
- CIMB Bank Bhd	2,000,000	1,660,000

14. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the top 10 brokers/dealers for the six months financial period ended 29 February 2020 are as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
RHB Investment Bank Bhd	43,290,464	11.41	51,835	7.32
Credit Suisse (HK) Ltd	38,141,259	10.05	94,165	13.30
Citigroup Global Markets Ltd	37,455,520	9.87	81,447	11.50
Macquarie Capital Securities (Malaysia) Sdn Bhd	30,300,284	7.99	74,205	10.48
Hong Leong Investment Bank Bhd	21,999,245	5.80	39,373	5.56
Affin Hwang Investment Bank Bhd	19,562,429	5.16	44,015	6.22
CLSA Ltd	19,231,741	5.07	53,688	7.58
CLSA Securities (Malaysia) Sdn Bhd	18,820,046	4.96	33,808	4.77
KAF Equities Sdn Bhd	18,060,997	4.76	39,956	5.64
JPMorgan Securities (Malaysia) Sdn Bhd	16,925,530	4.46	48,881	6.90
Others #	115,673,046	30.47	146,683	20.73
	<u>379,460,561</u>	<u>100.00</u>	<u>708,056</u>	<u>100.00</u>

Details of transactions with the top 10 brokers/dealers for the six months financial period ended 28 February 2019 are as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
RHB Investment Bank Bhd	50,565,763	26.38	32,111	19.65
Hong Leong Investment Bank Bhd	22,153,330	11.56	4,075	2.49
Alliance Bank Malaysia Bhd	20,859,100	10.88	-	-
Macquarie Capital Securities (Malaysia) Sdn Bhd	14,471,929	7.55	31,327	19.17
RHB Bank Bhd	9,555,415	4.99	-	-
CIMB Bank Bhd #	9,008,100	4.70	-	-
Maybank Investment Bank Bhd	8,789,898	4.59	19,274	11.80
CLSA Securities (Malaysia) Sdn Bhd	7,045,473	3.68	15,195	9.30
Affin Hwang Investment Bank Bhd	7,043,879	3.67	15,226	9.32
JPMorgan Securities (Malaysia) Sdn Bhd	6,959,923	3.63	8,262	5.06
Others #	35,218,864	18.37	37,910	23.21
	<u>191,671,674</u>	<u>100.00</u>	<u>163,380</u>	<u>100.00</u>

Included in the transactions are trades conducted with CGS-CIMB Securities Sdn Bhd, CIMB Investment Bhd and CIMB Bank Bhd, fellow subsidiaries to the Manager amounting to RM4,454,637 (28.02.2019: Nil), Nil (28.02.2019: RM3,744,531) and RM9,913,995 (28.02.2019: RM9,008,100) respectively. The Manager is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties.

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