

**CIMB-PRINCIPAL DEPOSIT FUND 2**

**INTERIM REPORT**

**FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2020**

<b>CONTENTS</b>	<b>PAGE(S)</b>
INVESTORS' LETTER	1
MANAGER'S REPORT	2 - 10
Fund Objective and Policy	
Performance Data	
Market Review	
Fund Performance	
Portfolio Structure	
Market Outlook	
Investment Strategy	
Unit Holdings Statistics	
Soft Commissions and Rebates	
STATEMENT BY MANAGER	11
TRUSTEE'S REPORT	12
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME	13
UNAUDITED STATEMENT OF FINANCIAL POSITION	14
UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	15
UNAUDITED STATEMENT OF CASH FLOWS	16
NOTES TO THE FINANCIAL STATEMENTS	17 - 33
DIRECTORY	34

## INVESTORS' LETTER

Dear Valued Investor,

We are now two months into our shared “quarantine” and I hope you and your family are staying well. Around the world, communities and Governments are working together to break the chain of the Coronavirus Disease 2019 (“COVID-19”). This unprecedented crisis has been met with unimaginable action. The global response to fighting the pandemic has been encouraging.

Global equity market has shown signs of recovery towards the end of April 2019 in rebounding by approximately 11% from a decline in March 2019 of this year. Governments around the world launched fiscal stimulus packages, estimated at over 3% of global Gross Domestic Product (“GDP”), to help stabilise their local businesses and citizens amongst the strain that COVID-19 has placed on all of us. In Malaysia alone, the Government unveiled a RM260 billion stimulus package.

As an investment house, we’re refining our short-term asset allocation within our investment portfolio to an equal split between equities and fixed income. We favour Large cap, high quality defensive stocks and Asian equities due to the region having more policy room relative to the rest of the world and China is likely to return to normalcy ahead of the rest. For our:

- **Conservative investors, we recommend:** Malaysia focus bond and balanced funds that consistently pay dividends.
- **More aggressive investors, we recommend:** Growth-oriented funds that offer exposure to growth areas in China, Asia-Pacific and Global Technology.

I know this may be a challenging time for you. Please know we’re committed to being by your side throughout this year and beyond. I encourage you to check our website ([www.principal.com.my](http://www.principal.com.my)) and Facebook account (@PrincipalAssetMY) for up-to-date market commentaries and investment content.

We are well positioned and experienced to manage through this period of adversity. While we may face some short-term challenges and headwinds, we will continue to focus on what we can control, and I have no doubt that we will emerge from this crisis stronger.

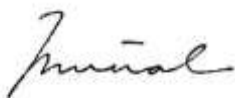
Because of the trust you’ve placed in us, we continue to win accolades - the most recent recognition coming from Lipper Refinitiv for our Principal Titans Income Plus Fund (*formerly known as CIMB-Principal Equity Income Fund*) on its 2019 performance.

Please be informed that effective 1 April 2020, the Fund has been renamed as Principal Deposit Fund 2 following the issuance of the Replacement Prospectus Issue No.M2.

Even in challenging times, we all can celebrate the simple joys. To that end, my sincere wishes to our Muslim customers for a most peaceful and blessed Ramadhan Kareem.

Stay safe everyone. We appreciate your continuous support and the trust you place in us.

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 Fund aims to provide investors with liquidity and regular income, whilst maintaining a low risk investment portfolio by investing primarily in deposits.

**Has the Fund achieved its objective?**

For the financial period under review, the Fund is in line with its stated objectives.

**What are the Fund investment policy and principal investment strategy?**

The Fund will invest at least 70% of the Fund's Net Asset Value ("NAV") in deposits with Financial Institutions. Up to 30% of the Fund's NAV may be invested in money market instruments, all of which have a remaining maturity period of not more than 365 days. The Fund may also invest up to 10% of the Fund's NAV in deposits and money market instruments with a remaining maturity period of more than 365 days but less than 732 days. The minimum credit rating for the money market instruments must be at least "BBB3" or "P2" by RAM Ratings ("RAM") or equivalent rating by Malaysian Rating Corporation Berhad ("MARC") or by local rating agency(ies) of the country or "BBB" by S&P or equivalent rating by Moody's or Fitch. We will manage the portfolio actively with trading frequency that will depend on the view of the interest rate outlook. The investment policy and strategy is to invest in liquid and low risk short-term investments for capital preservation\* and to accommodate the short-term cash flow requirements of its unit holders.

Note: The Fund is neither a capital protected fund nor a capital guaranteed fund within the definition given by the Securities Commission Malaysia ("SC") Guidelines.

**Fund category/type**

Money Market / Income

**How long should you invest for?**

Recommended up to one (1) year

**When was the Fund launched?**

19 June 2017

**What was the size of the Fund as at 31 March 2020?**

RM767.80 million (767.80 million units)

**What is the Fund's benchmark?**

CIMB Bank Overnight Rate

**What is the Fund distribution policy?**

Monthly, depending on the availability of realised income and/or realised gains and at manager discretion.

**What was the net income distribution for the financial period from 1 October 2019 to 31 March 2020?**

The Fund distributed a total net income of RM10.73 million to unit holders for the financial period from 1 October 2019 to 31 March 2020.

**FUND OBJECTIVE AND POLICY (CONTINUED)**

**What was the net income distribution for the financial period from 1 October 2019 to 31 March 2020? (Continued)**

The Fund's NAV per unit are as follows:

<b>Date</b>	<b>NAV per unit (before distribution) RM</b>	<b>NAV per unit (after distribution) RM</b>
31.10.2019		
- Class A	1.0026	1.0000
- Class B	1.0027	1.0000
- Class C	1.0028	1.0000
29.11.2019		
- Class A	1.0025	1.0000
- Class B	1.0026	1.0000
- Class C	1.0027	1.0000
31.12.2019		
- Class A	1.0026	1.0000
- Class B	1.0027	1.0000
- Class C	1.0028	1.0000
31.01.2020		
- Class A	1.0025	1.0000
- Class B	1.0026	1.0000
- Class C	1.0027	1.0000
28.02.2020		
- Class A	1.0024	1.0000
- Class B	1.0024	1.0000
- Class C	1.0025	1.0000
31.03.2020		
- Class A	1.0031	1.0000
- Class B	1.0024	1.0000
- Class C	1.0025	1.0000

**PERFORMANCE DATA**

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

	<b>31.03.2020</b>	<b>31.03.2019</b>	<b>31.03.2018</b>
		<b>%</b>	<b>%</b>
Deposits with licensed financial institutions	100.04	100.00	100.00
Cash and other net assets	(0.04)	-	-
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

**PERFORMANCE DATA**

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

	<b>31.03.2020</b>	<b>31.03.2019</b>	<b>31.03.2018</b>
NAV (RM Million)*			
- Class A	0.00*	0.00*	0.00*
- Class B	37.26	37.08	4.06
- Class C	730.54	98.84	84.76
Units in circulation (Million)			
- Class A	0.00*	0.00*	0.00*
- Class B	37.26	37.08	4.06
- Class C	730.54	98.85	84.85
NAV per unit (RM)*			
- Class A	1.0000	1.0002	1.0001
- Class B	0.9999	0.9999	1.0000
- Class C	0.9999	0.9999	1.0000

Note: 0.00\* denotes value less than 1

	<b>01.10.2019 to 31.03.2020</b>	<b>01.10.2018 to 31.03.2019</b>	<b>19.06.2017 (date of launch) to 31.03.2018</b>
Highest NAV per unit (RM)			
- Class A	1.0031	1.0030	1.0128
- Class B	1.0026	1.0030	1.0132
- Class C	1.0027	1.0031	1.0151
Lowest NAV per unit (RM)*			
- Class A	1.0000	1.0000	1.0000
- Class B	0.9999	0.9999	1.0000
- Class C	0.9999	0.9999	1.0000
Total return (%)			
- Class A	1.61	1.69	2.22
- Class B	1.58	1.72	2.26
- Class C	1.63	1.78	2.73
- Capital growth (%)			
- Class A	-	-	-
- Class B	-	-	-
- Class C	-	-	-
- Income distribution (%)			
- Class A	1.61	1.69	2.22
- Class B	1.58	1.72	2.26
- Class C	1.63	1.78	2.73

\*Ex-distribution

Management Expense Ratio ("MER") (%) ^	0.08	0.09	0.14
Portfolio Turnover Ratio ("PTR") (times) #	5.83	4.63	9.26

^ For the financial period under review, the Fund's MER decreased from 0.09% to 0.8% mainly due to increase in average NAV.

# The Fund's PTR for the financial period under review was higher at 5.83 times from 4.63 times a year ago, mainly due to the higher number of deposit placement with financial institutions

## PERFORMANCE DATA (CONTINUED)

	01.10.2019 to 31.03.2020	01.10.2018 to 31.03.2019	19.06.2017 (date of launch) to 31.03.2018
<b>Date of distribution</b>			
<b>Gross/Net distribution per unit (sen)</b>			
<b>Distribution on 31 October 2019</b>			
- Class A	0.26	-	-
- Class B	0.27	-	-
- Class C	0.28	-	-
<b>Distribution on 29 November 2019</b>			
- Class A	0.26	-	-
- Class B	0.26	-	-
- Class C	0.27	-	-
<b>Distribution on 31 December 2019</b>			
- Class A	0.26	-	-
- Class B	0.27	-	-
- Class C	0.28	-	-
<b>Distribution on 31 January 2020</b>			
- Class A	0.26	-	-
- Class B	0.27	-	-
- Class C	0.28	-	-
<b>Distribution on 28 February 2020</b>			
- Class A	0.25	-	-
- Class B	0.25	-	-
- Class C	0.26	-	-
<b>Distribution on 30 March 2020</b>			
- Class A	0.31	-	-
- Class B	0.25	-	-
- Class C	0.25	-	-
<b>Distribution on 31 October 2018</b>			
- Class A	-	0.29	-
- Class B	-	0.30	-
- Class C	-	0.31	-
<b>Distribution on 30 November 2018</b>			
- Class A	-	0.33	-
- Class B	-	0.30	-
- Class C	-	0.31	-
<b>Distribution on 31 December 2018</b>			
- Class A	-	0.22	-
- Class B	-	0.24	-
- Class C	-	0.25	-
<b>Distribution on 31 January 2019</b>			
- Class A	-	0.26	-
- Class B	-	0.28	-
- Class C	-	0.29	-
<b>Distribution on 28 February 2019</b>			
- Class A	-	0.26	-
- Class B	-	0.27	-
- Class C	-	0.28	-
<b>Distribution on 29 March 2019</b>			
- Class A	-	0.33	-
- Class B	-	0.31	-
- Class C	-	0.32	-

## PERFORMANCE DATA (CONTINUED)

	01.10.2019 to 31.03.2020	01.10.2018 to 31.03.2019	19.06.2017 (date of launch) to 31.03.2018
<b>Date of distribution</b>			
<b>Gross/Net distribution per unit (sen)</b>			
<b>Distribution on 29 December 2017</b>			
- Class A	-	-	1.31
- Class B	-	-	1.36
- Class C	-	-	1.55
<b>Distribution on 30 January 2018</b>			
- Class A	-	-	0.29
- Class B	-	-	0.30
- Class C	-	-	0.31
<b>Distribution on 28 February 2018</b>			
- Class A	-	-	0.28
- Class B	-	-	0.27
- Class C	-	-	0.28
<b>Distribution on 30 March 2018</b>			
- Class A	-	-	0.33
- Class B	-	-	0.31
- Class C	-	-	0.32
			<b>Since inception to 31.03.2019</b>
	<b>31.03.2020</b>	<b>31.03.2019</b>	<b>%</b>
Annual total return			<b>%</b>
- Class A	3.32	3.50	5.80
- Class B	3.34	3.57	5.91
- Class C	3.43	3.68	6.52

(Launch date: 19 June 2017)

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 OCTOBER 2019 TO 31 MARCH 2020)

On 22 January 2020, Bank Negara Malaysia (“BNM”) reduced the Overnight Policy Rate (“OPR”) to 2.75% from 3.00%, at its first Monetary Policy Committee (“MPC”) meeting in 2020. This came in as a surprise to the market, as BNM highlighted the downside risks to the economy from various trade negotiations, geopolitical risks, weaker-than-expected growth of major trade partners, heightened volatility in financial markets, and domestic factors that include weakness in commodity related sectors and delays in the implementation of projects.

Malaysia’s GDP came in weaker than expected in fourth quarter of 2019 (“4Q2019”), at only +3.6% year-on-year (“y-o-y”), as the economy was dragged down by contractions in the mining, manufacturing and agricultural sectors. Following the weak 4Q2019 GDP growth, BNM further indicated that there was “ample room” to adjust its OPR lower as the inflation rate remains low. Given the recent COVID-19 outbreak and with the World Health Organisation (“WHO”) increasing its global risk assessment on the virus to “very high”, the potential impact of the virus on the global supply chain and economy can be very damaging.



**MARKET REVIEW (1 OCTOBER 2019 TO 31 MARCH 2020) (CONTINUED)**

To further dampen the impact of the COVID-19 outbreak on the economy, BNM further reduced the OPR by 25 basis points (“bps”) to 2.50%. In addition, BNM reduced the Statutory Reserve Rate (“SRR”) rate by 1% to free up RM30 billion in banking liquidity and allowed a six-month moratorium to Small and Medium Enterprises (“SMEs”) and consumer loans (excluding credit card balances).

On the fiscal side, Prime Minister Muhyiddin Yassin announced a RM250 billion stimulus package, 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.

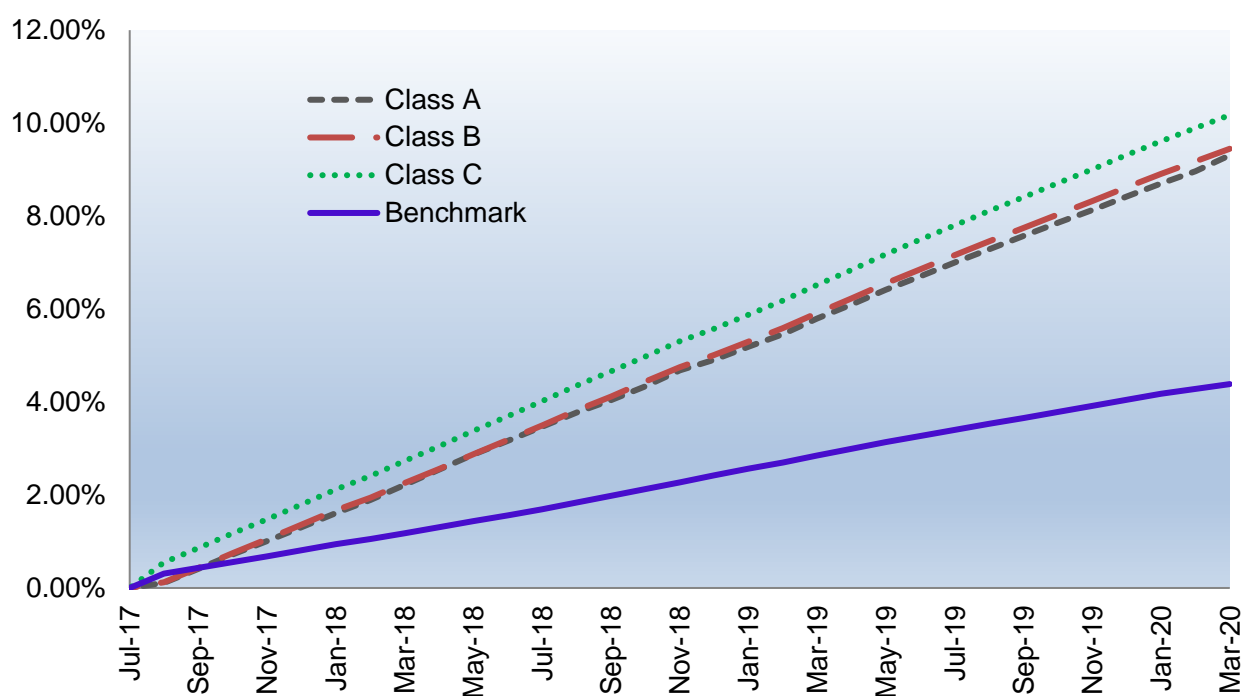
**FUND PERFORMANCE**

	6 months to 31.03.2020			1 year to 31.03.2020			Since inception to 31.03.2020		
	Class A	Class B	Class C	Class A	Class B	Class C	Class A	Class B	Class C
	%	%	%	%	%	%	%	%	%
Income	1.61	1.58	1.63	3.32	3.34	3.43	9.31	9.45	10.17
Capital	-	-	-	-	-	-	-	-	-
Total Return	1.61	1.58	1.63	3.32	3.34	3.43	9.31	9.45	10.17
Benchmark	0.70	0.70	0.70	1.49	1.49	1.49	4.39	4.39	4.39
Average total return	N/A	N/A	N/A	3.32	3.34	3.43	3.25	3.29	3.54

As at 31 March 2020, the Fund gave a 6-months return of 1.61% on Class A, 1.58% on Class B and 1.63% on Class C, beating the benchmark returns of 0.70%.

The Fund gave a 1-year return of 3.32% on Class A, 3.34% on Class B and 3.43% on Class C, beating the benchmark returns of 1.49%.

Since inception, the Fund achieved a total return of 9.31% on Class A, 9.45% on Class B and 10.17% on Class C, beating the benchmark returns of 4.39%.



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

	<b>31.03.2020</b>	<b>30.09.2019 Audited</b>	<b>Changes %</b>
<b>CLASS A</b>			
NAV (RM Million)	0.00*	0.00*	0.00*
NAV/Unit (RM)	1.0000	1.0000	-
<b>CLASS B</b>	<b>31.03.2020</b>	<b>30.09.2019 Audited</b>	<b>Changes %</b>
NAV (RM Million)	37.26	35.29	5.58
NAV/Unit (RM)	0.9999	0.9999	-
<b>CLASS C</b>	<b>31.03.2020</b>	<b>30.09.2019 Audited</b>	<b>Changes %</b>
NAV (RM Million)	730.54	511.97	42.69
NAV/Unit (RM)	0.9999	0.9999	-

Note: 0.00\* denotes value less than 1

\*Ex-distribution

The Fund's total NAV increased from RM547.26 million as at 30 September 2019 to RM767.80 million as at 31 March 2020.

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**

<b>(% of NAV)</b>	<b>31.03.2020</b>	<b>31.03.2019 Audited</b>
Deposits with licensed financial institutions	100.04	100.06
Cash and other net assets	(0.04)	(0.06)
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>

The Fund was fully invested in deposit placements with licensed financial institutions.

**MARKET OUTLOOK\***

Given the weak global and domestic economic outlook from the COVID-19 outbreak and challenging oil price environment, we are expecting BNM to further loosen its monetary policy and possibly cut the OPR by an additional 25 bps over the near-term.

\*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**

The Fund's objective is to provide investors with liquidity and regular income hence it will continue to maintain its investment primarily in deposits with licensed financial institutions.

**UNIT HOLDINGS STATISTICS**

Breakdown of unit holdings by size as at 31 March 2020 are as follows:

**CLASS A**

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	1	0.00	100.00
5,001-10,000	-	-	-
10,001-50,000	-	-	-
50,001-500,000	-	-	-
500,001 and above	-	-	-
<b>Total</b>	<b>1</b>	<b>0.00</b>	<b>100.00</b>

**CLASS B**

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	1	0.00	0.00
5,001-10,000	-	-	-
10,001-50,000	-	-	-
50,001-500,000	1	0.15	0.40
500,001 and above	5	37.11	99.60
<b>Total</b>	<b>7</b>	<b>37.26</b>	<b>100.00</b>

**CLASS C**

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	-	-	-
5,001-10,000	-	-	-
10,001-50,000	1	0.04	0.01
50,001-500,000	-	-	-
500,001 and above	2	730.50	99.99
<b>Total</b>	<b>3</b>	<b>730.54</b>	<b>100.00</b>

## **SOFT COMMISSIONS AND REBATES**

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

During the financial period under review, the Manager and the 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 DEPOSIT FUND 2**

We, being the Directors of 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 12 to 33 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 March 2020 and of its financial performance, changes in net assets attributable to unit holders 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.: 199401018399 (304078-K))**

**MUNIRAH KHAIRUDDIN**  
Chief Executive Officer/Executive Director

**JUAN IGNACIO EYZAGUIRRE BARAONA**  
Director

Kuala Lumpur  
14 May 2020

**TRUSTEE'S REPORT TO THE UNIT HOLDERS OF  
CIMB-PRINCIPAL DEPOSIT FUND 2**

We have acted as the Trustee of CIMB-Principal Deposit Fund 2 (the "Fund") for the financial period ended 31 March 2020. To the best of our knowledge, Principal Asset Management Berhad (the "Manager"), has operated and managed the Fund in accordance with the following:

- (a) limitations imposed on the investment powers of the Manager and Trustee under the Deed, the Securities Commission Malaysia ("SC") Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) valuation or pricing is carried out in accordance with the Deed of the Fund and applicable regulatory requirements; and
- (c) creation and cancellation of units have been carried out in accordance with the Deed of the Fund and applicable regulatory requirements.

During the financial period, a total distribution of 4.79 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 objectives of the Fund.

For and on behalf of the Trustee  
**PB TRUSTEE SERVICES BERHAD (Company No.: 7968-T)**

**CHEAH KUAN YOON**  
Head

Kuala Lumpur  
14 May 2020

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2020**

	Note	01.10.2019 to 31.03.2020 RM	01.10.2018 to 31.03.2019 RM
<b>INCOME</b>			
Interest income		11,265,095	3,015,646
<b>EXPENSES</b>			
Management fee	4	517,404	133,358
Trustee's fee	5	33,237	8,176
Audit fee		5,650	5,650
Tax Agent's fee		3,500	2,000
Other expenses		4,409	4,181
		<u>564,200</u>	<u>153,365</u>
<b>PROFIT BEFORE FINANCE COST AND TAXATION</b>		10,700,895	2,862,281
Finance cost (excluding increase in net assets attributable to unit holders):			
- Class A		(2,983)	(10)
- Class B		(592,135)	(425,101)
- Class C		(10,137,901)	(2,322,745)
		<u>(10,733,019)</u>	<u>(2,747,856)</u>
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		(32,124)	114,425
Taxation	7	-	-
<b>(DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>(32,124)</u>	<u>114,425</u>
(Decrease)/Increase in net assets attributable to unit holders are made up as follows:			
Realised amount		<u>(32,124)</u>	<u>114,425</u>

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2020**

		31.03.2020	30.09.2019 Audited RM
	Note		
<b>ASSETS</b>			
Cash and cash equivalents	9	32,314	20,325
Financial assets at fair value through profit or loss	8	768,124,908	547,598,759
Amount due from Manager		38,600	24,700
<b>TOTAL ASSETS</b>		<u>768,195,822</u>	<u>547,643,784</u>
<b>LIABILITIES</b>			
Accrued management fee		100,467	72,694
Amount due to Trustee		6,491	4,646
Distribution payable		277,045	298,856
Other payables and accruals		12,550	16,300
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)</b>		<u>396,553</u>	<u>392,496</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>767,799,269</u>	<u>547,251,288</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>767,799,269</u>	<u>547,251,288</u>
<b>REPRESENTED BY:</b>			
<b>FAIR VALUE OF OUTSTANDING UNITS</b>			
- Class A		614	604
- Class B		37,263,609	35,286,727
- Class C		730,535,046	511,963,957
		<u>767,799,269</u>	<u>547,251,288</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>			
- Class A		614	604
- Class B		37,263,828	35,286,960
- Class C		730,539,363	511,967,353
	10	<u>767,803,805</u>	<u>547,254,917</u>
<b>NET ASSET VALUE PER UNIT (EX-DISTRIBUTION)</b>			
- Class A		1.0000	1.0000
- Class B		0.9999	0.9999
- Class C		0.9999	0.9999

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



**UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS  
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2020**

	<b>01.10.2019 to 31.03.2020</b>	<b>01.10.2018 to 31.03.2019</b>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	547,251,288	159,723,026
Movement due to units created and cancelled during the financial year:		
Creation of units from applications		
- Class A	350,000	-
- Class B	20,732,800	29,442,554
- Class C	210,221,016	50,003,550
	<u>231,303,816</u>	<u>79,446,104</u>
Creation of units from distribution		
- Class A	2,983	10
- Class B	592,135	425,100
- Class C	8,374,546	576,406
	<u>8,969,664</u>	<u>1,001,516</u>
Cancellation of units		
- Class A	(353,264)	-
- Class B	(19,340,111)	(3,501,000)
- Class C	-	(100,862,598)
	<u>(19,693,375)</u>	<u>(104,363,598)</u>
(Decrease)/Increase in net assets attributable to unit holders during the financial period	<u>(32,124)</u>	<u>114,425</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL PERIOD</b>	<u><u>767,799,269</u></u>	<u><u>135,921,473</u></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 31 MARCH 2020**

	Note	01.10.2019 to 31.03.2020 RM	01.10.2018 to 31.03.2019 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from maturity of deposits with licensed financial institutions		3,764,754,094	770,711,000
Placement of deposits with licensed financial institutions		(3,986,987,000)	(746,246,000)
Interest received on deposits with licensed financial Institutions at amortised cost		12,971,852	2,327,773
Management fee paid		(489,631)	(134,499)
Trustee fee paid		(31,392)	(8,337)
Payments for other fees and expenses		(17,309)	(10,782)
<b>Net cash (used in)/generated from operating activities</b>		<u>(209,799,386)</u>	<u>26,639,155</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash proceeds from units created		231,289,916	79,446,904
Payments for cancellation of units		(19,693,375)	(104,363,598)
Distribution paid		(1,785,166)	(1,722,283)
<b>Net cash generated from/(used in) financing activities</b>		<u>209,811,375</u>	<u>(26,638,977)</u>
Net increase in cash and cash equivalents		11,989	178
Cash and cash equivalents at the beginning of the financial period		<u>20,325</u>	<u>20,146</u>
Cash and cash equivalents at the end of the financial period	<b>9</b>	<u><u>32,314</u></u>	<u><u>20,324</u></u>
<u>Cash and cash equivalents comprises of</u>			
Bank balances		<u>32,314</u>	<u>20,324</u>
Cash and cash equivalents at the end of the financial period	<b>9</b>	<u><u>32,314</u></u>	<u><u>20,324</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITY**

Principal Deposit Fund 2 CIMB-Principal Deposit Fund 2 (the “Fund”) is governed by a Principal Deed dated 8 March 2017, between Principal Asset Management Berhad (the “Manager”) and PB Trustee Services Berhad (the “Trustee”).

The Fund will invest at least 70% of the Fund’s NAV in deposits with Financial Institutions. Up to 30% of the Fund’s NAV may be invested in money market instruments, all of which have a remaining maturity period of not more than 365 days. The Fund may also invest up to 10% of the Fund’s NAV in deposits and money market instruments with a remaining maturity period of more than 365 days but less than 732 days. The minimum credit rating for the money market instruments must be at least “BBB3” or “P2” by RAM or equivalent rating by MARC or by local rating agency(ies) of the country or “BBB” by S&P or equivalent rating by Moody’s or Fitch. We will manage the portfolio actively with trading frequency that will depend on the view of the interest rate outlook. The investment policy and strategy is to invest in liquid and low risk short-term investments for capital preservation\* and to accommodate the short-term cash flow requirements of its unit holders.

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

The Manager, 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 revenues and expenses during the reported period.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(a) Basis of preparation (continued)**

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

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

The Fund has applied the following amendments to published standards for the first time for the financial year beginning 1 April 2019:

- Amendments to MFRS 112 'Income Taxes' (effective from 1 January 2019) clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, other comprehensive income ("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 financial periods beginning on 1 April 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 financial periods beginning on/after 1 April 2020 to the financial statements of the Fund.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Financial assets and financial liabilities

#### Classification

The Fund classifies its financial assets in the following measurement categories:

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

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

The contractual cash flows of the Fund's debt securities are solely principal and interest. However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale.

The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

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

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

#### Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Fund commits to purchase or sell the asset. Investments with licensed financial institutions are initially recognised at fair value.

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.

Deposits with licensed financial institutions are stated at fair value. Due to the short term nature of the deposits, the cost plus accrued interest calculated based on the effective interest method over the period from the date of placement to the date of maturity of the respective deposits is a reasonable estimate of fair value.

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

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

#### 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 consider 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 Manager as any contractual payment which is more than 30 days past due.

#### Definition of default and credit-impaired financial assets

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

#### Write-off

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

### (c) Income recognition

Interest income from deposits with licensed financial institutions is recognised on a time proportionate basis using the effective interest rate method on an accrual basis.

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

### (d) Functional and presentation currency

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

### (e) Cash and cash equivalents

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (f) Taxation

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

### (g) 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 year in which it is approved by the Trustee.

### (h) Creation and cancellation of units

The unit holders' contributions to the Fund meet the definition of puttable instruments classified as financial liability under MFRS 132 "Financial Instruments: Presentation".

The Fund issues cancellable units, in three classes of units, known respectively as the Class A, Class B and Class C which are cancelled at the unit holder's option. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's NAV of respective classes. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the unit holder exercises the right to put back the unit to the Fund.

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

### (i) Increase/Decrease in net assets attributable to unit holders

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

### (j) Critical accounting estimates and judgements in applying accounting policies

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

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

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

However, the Manager is of the opinion that there are no accounting policies which require significant judgement to be exercised.

### 3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund aims to provide investors with liquidity and regular income, whilst maintaining a low risk investment portfolio by investing primarily in deposits.

The Fund is exposed to a variety of risks which include market risk (inclusive of interest rate 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) Interest rate risk

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

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

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

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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

As at the end of each reporting period, the Fund is not exposed to a material level of interest rate risk.



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

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

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

**(c) Credit risk**

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

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

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

**(d) Capital risk management**

The capital of the Fund is represented by net asset attributable to unit holders'. 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 values of financial assets traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the financial period end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded 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.

## 3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

## (e) Fair value estimation (continued)

(i) Fair value hierarchy

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

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

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

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

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>31.03.2020</b>				
Financial assets at fair value through profit or loss:				
- Deposits with licensed financial institutions	-	768,124,908	-	768,124,908
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
<b>30.09.2020</b>				
<b>Audited</b>				
Financial assets at fair value through profit or loss:				
- Deposits with licensed financial institutions	-	547,598,759	-	547,598,759
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>

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

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. This includes deposits with licensed financial institutions.

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).

**(ii)** The carrying values of cash and cash equivalents, amount due from Manager, 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 3.00% per annum, calculated daily based on the NAV of the Fund.

For the six months financial period ended 31 March 2020 and 31 March 2019, the management fee is recognised at:

<b>Class A</b>	<b>Class B</b>	<b>Class C</b>
0.35%	0.25%	0.15%

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

**5. TRUSTEE'S FEE**

In accordance with the Deeds, the Trustee is entitled to a maximum fee of 0.07% per annum, calculated daily based on the NAV of the Fund.

For the six months financial period ended 31 March 2020, the Trustee's fee is recognised at a rate of 0.01% per annum (31.03.2019: 0.01% per annum).

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

## 6. DISTRIBUTION

Distributions to unit holders are derived from the following sources:

	<b>01.10.2019 to 31.03.2020 RM</b>	<b>01.10.2018 to 31.03.2019 RM</b>
Interest income	11,265,096	3,015,646
Distribution equalisation	31,217	(119,004)
	<u>11,296,313</u>	<u>2,896,642</u>
Less:		
Expenses	(563,294)	(148,786)
Net distribution amount	<u>10,733,019</u>	<u>2,747,856</u>

Distributions to unit holders are derived from the following sources:

<b>Date of distribution</b>	<b>01.10.2019 to 31.03.2020 RM</b>	<b>01.10.2018 to 31.03.2019 RM</b>
<b>Distribution on 31 October 2019</b>		
Gross/Net distribution per unit (sen)		
- Class A	0.26	-
- Class B	0.27	-
- Class C	0.28	-
<b>Distribution on 29 November 2019</b>		
Gross/Net distribution per unit (sen)		
- Class A	0.26	-
- Class B	0.26	-
- Class C	0.27	-
<b>Distribution on 31 December 2019</b>		
Gross/Net distribution per unit (sen)		
- Class A	0.26	-
- Class B	0.27	-
- Class C	0.28	-
<b>Distribution on 31 January 2020</b>		
Gross/Net distribution per unit (sen)		
- Class A	0.26	-
- Class B	0.27	-
- Class C	0.28	-
<b>Distribution on 28 February 2020</b>		
Gross/Net distribution per unit (sen)		
- Class A	0.25	-
- Class B	0.25	-
- Class C	0.26	-
<b>Distribution on 31 March 2020</b>		
Gross/Net distribution per unit (sen)		
- Class A	0.31	-
- Class B	0.25	-
- Class C	0.25	-

## 6. DISTRIBUTION (CONTINUED)

Date of distribution (continued)	01.10.2019 to 31.03.2020 RM	01.10.2018 to 31.03.2019 RM
<b>Distribution on 31 October 2018</b>		
Gross/Net distribution per unit (sen)		
- Class A	-	0.29
- Class B	-	0.30
- Class C	-	0.31
<b>Distribution on 30 November 2018</b>		
Gross/Net distribution per unit (sen)		
- Class A	-	0.33
- Class B	-	0.30
- Class C	-	0.31
<b>Distribution on 31 December 2018</b>		
Gross/Net distribution per unit (sen)		
- Class A	-	0.22
- Class B	-	0.24
- Class C	-	0.25
<b>Distribution on 31 January 2019</b>		
Gross/Net distribution per unit (sen)		
- Class A	-	0.26
- Class B	-	0.28
- Class C	-	0.29
<b>Distribution on 28 February 2019</b>		
Gross/Net distribution per unit (sen)		
- Class A	-	0.26
- Class B	-	0.28
- Class C	-	0.28
<b>Distribution on 29 March 2019</b>		
Gross/Net distribution per unit (sen)		
- Class A	-	0.33
- Class B	-	0.31
- Class C	-	0.32

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

Distribution equalisation represents the average amount of distributable income included in the creation and cancellation prices of units. It is computed as at each date of creation and cancellation of units. For the purpose of determining amount available for distribution, distribution equalisation is included in the computation of realised gain or income available for distribution.

**7. TAXATION**

	<b>01.10.2019 to 31.03.2020 RM</b>	<b>01.10.2018 to 31.03.2019 RM</b>
Tax charged for the financial period:		
- Current taxation	<u>-</u>	<u>-</u>

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

	<b>01.10.2019 to 31.03.2020 RM</b>	<b>01.10.2018 to 31.03.2019 RM</b>
(Loss)/Profit before finance cost and taxation	<u>(32,124)</u>	<u>114,425</u>
Taxation at Malaysian statutory rate of 24%	(7,710)	27,462
Tax effects of:		
Investment income not subject to tax	(2,703,623)	(723,755)
Expenses not deductible for tax purposes	2,585,138	662,610
Restriction on tax deductible expenses for Wholesale Funds	<u>126,195</u>	<u>33,683</u>
Taxation	<u>-</u>	<u>-</u>

**8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>31.03.2020 RM</b>	<b>30.09.2019 Audited RM</b>
At fair value through profit or loss:		
- Deposits with licensed financial institutions*	<u>768,124,908</u>	<u>547,598,759</u>

\* Includes interest receivable of RM1539,392 (30.09.2019: RM4,685,759).

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

	<b>31.03.2020 %</b>	<b>30.09.2019 Audited %</b>
Deposits with licensed financial institutions	<u>3.07</u>	<u>3.52</u>

Deposits with licensed financial institutions of the Fund have an average maturity of 56 days (30.09.2019: 85 days).

**9. CASH AND CASH EQUIVALENTS**

	<b>31.03.2020 RM</b>	<b>30.09.2019 Audited RM</b>
Bank balances	<u>32,314</u>	<u>20,325</u>

## 10. NUMBER OF UNITS IN CIRCULATION (UNITS)

	<b>01.10.2019 to 31.03.2020</b>	<b>01.10.2018 to 30.09.2019 Audited</b>
	<b>No. of units</b>	<b>No. of units</b>
Class A (i)	614	604
Class B (ii)	37,263,828	35,286,960
Class C (iii)	730,539,363	511,967,353
	<u>767,803,805</u>	<u>547,254,917</u>
 (i) Class A		
	<b>01.10.2019 to 31.03.2020</b>	<b>01.10.2018 to 30.09.2019 Audited</b>
	<b>No. of units</b>	<b>No. of units</b>
At the beginning of the financial period	604	584
Add: Creation of units from applications	349,700	-
Add: Creation of units from distributions	2,983	20
Less: Cancellation of units	(352,673)	-
At the end of the financial period	<u>614</u>	<u>604</u>
 (ii) Class B		
	<b>01.10.2019 to 31.03.2020</b>	<b>01.10.2018 to 30.09.2019 Audited</b>
	<b>No. of units</b>	<b>No. of units</b>
At the beginning of the financial period	35,286,960	10,766,051
Add: Creation of units from applications	20,696,211	33,533,876
Add: Creation of units from distributions	592,135	1,040,437
Less: Cancellation of units	(19,311,478)	(10,053,404)
At the end of the financial period	<u>37,263,828</u>	<u>35,286,960</u>
 (iii) Class C		
	<b>01.10.2019 to 31.03.2020</b>	<b>01.10.2018 to 30.09.2019 Audited</b>
	<b>No. of units</b>	<b>No. of units</b>
At the beginning of the financial period	511,967,353	148,957,158
Add: Creation of units from applications	210,197,464	460,033,276
Add: Creation of units from distributions	8,374,546	3,651,473
Less: Cancellation of units	-	(100,674,554)
At the end of the financial period	<u>730,539,363</u>	<u>511,967,353</u>

**11. MANAGEMENT EXPENSE RATIO (“MER”)**

	<b>01.10.2019 to 31.03.2020</b>	<b>01.10.2018 to 31.03.2019</b>
	%	%
MER	0.08	0.09

MER is derived from the following calculation:

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

- A = Management fee
- B = Trustee’s fee
- C = Audit fee
- D = Tax Agent’s fee
- E = Other expenses
- 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 RM665,026,571 (2019: RM163,801,688).

**12. PORTFOLIO TURNOVER RATIO (“PTR”)**

	<b>01.10.2019 to 31.03.2020</b>	<b>01.10.2018 to 31.03.2019</b>
PTR (times)	5.83	4.63

PTR is derived from the following calculation:

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

where:

- total placements for the financial period = RM3,986,987,000 (31.03.2019: RM746,246,000)
- total maturity for the financial period = RM3,764,754,094 (31.03.2019: RM770,711,000)



**13. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER, AND SIGNIFICANT RELATED PARTIES 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	The Manager
Principal Financial Group, Incorporation	Ultimate holding company of shareholder of the Manager
Principal International (Asia) Limited	Shareholder of the Manager
Subsidiaries and associates of Principal Financial Group Incorporation, 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
CIMB Bank Bhd	Fellow related party to the Manager
CIMB Islamic Bank Bhd	Fellow related party to the Manager

Units held by the Manager and parties related to the Manager

	<b>31.03.2020</b>		<b>30.09.2019</b>	
	<b>No. of units</b>	<b>RM</b>	<b>No. of units</b>	<b>RM</b>
<b>Manager</b>				
Principal Asset Management Berhad				<b>Audited</b>
- Class A	614	614	604	604
- Class B	1,732	1,732	1,276	1,276
- Class C	41,132	41,132	1,106	1,106

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.

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

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.

	<b>01.10.2019 to 31.03.2020</b>	<b>01.10.2018 to 31.03.2019</b>
	<b>RM</b>	<b>RM</b>
<u>Significant related party transactions</u>		
Interest income from deposits with licensed financial institutions:		
- CIMB Bank Bhd	1,007,140	21,993
- CIMB Islamic Bank Bhd	853,590	-
	<u>31.03.2020</u>	<u>30.09.2019</u>
	<b>RM</b>	<b>Audited</b>
		<b>RM</b>
<u>Significant related party balances</u>		
Bank balances:		
- CIMB Bank Bhd	32,314	20,325
Deposits with licensed financial institutions:		
- CIMB Bank Bhd	15,000,000	241,343,000
- CIMB Islamic Bank Bhd	-	40,000,000
	<u>15,000,000</u>	<u>281,343,000</u>

### 14. TRANSACTIONS WITH FINANCIAL INSTITUTIONS

Details of transactions, primarily cash placements with the licensed financial institutions for the six months financial period ended 31 March 2020 are as follows:

Financial Institutions	Value of placements	Percentage of total placements
	RM	%
Malayan Banking Bhd	2,019,469,000	50.65
Hong Leong Bank Bhd	395,381,000	9.92
AmBank Bhd	275,375,000	6.91
CIMB Bank Bhd #	256,764,000	6.44
Public Bank Bhd	242,685,000	6.09
RHB Islamic Bank Bhd	155,000,000	3.89
RHB Bank Bhd	153,000,000	3.84
Hong Leong Islamic Bank Bhd	140,021,000	3.51
Public Islamic Bank Bhd	107,507,000	2.70
CIMB Islamic Bank Bhd #	91,279,000	2.29
Others	150,506,000	3.76
	<u>3,986,987,000</u>	<u>100.00</u>

**14. TRANSACTIONS WITH FINANCIAL INSTITUTIONS**

Details of transactions, primarily cash placements with the licensed financial institutions for the six months financial period ended 31 March 2019 are as follows:

<b>Financial Institutions</b>	<b>Value of placements</b>	<b>Percentage of total placements</b>
	<b>RM</b>	<b>%</b>
Malayan Banking Bhd	360,535,000	48.48
Hong Leong Bank Bhd	89,314,000	12.01
CIMB Bank Bhd #	88,909,000	11.95
Public Bank Bhd	66,782,000	8.98
Affin Hwang Investment Bank Bhd	41,056,000	5.52
AmBank Bhd	40,698,000	5.47
RHB Bank Bhd	25,510,000	3.43
Affin Bank Bhd	12,689,000	1.71
Public Islamic Bank Bhd	9,253,000	1.24
RHB Islamic Bank Bhd	9,000,000	1.21
Others	2,500,000	0.34
	<u>746,246,000</u>	<u>100.00</u>

# Included in the transactions are trades conducted with CIMB Bank Bhd and CIMB Islamic Bank Bhd, fellow related party to the Manager amounting to RM256,764,000 (31.03.2019: RM88,909,000) and RM91,279,000 (31.03.2019: Nil) 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.

**16. SUBSEQUENT EVENT**

The Fund has changed its name from CIMB-Principal Deposit Fund 2 to Principal Deposit Fund 2 following the issuance of the Replacement Prospectus Issue No.M2.

## DIRECTORY

### Head Office of the Manager

Principal Asset Management Berhad (199401018399 (304078-K))  
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### Website

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### E-mail address

[service@principal.com.my](mailto:service@principal.com.my)

### Customer Care Centre

(03) 7718 3000

### Trustee for the CIMB-Principal Deposit Fund 2

PB Trustee Services Berhad (Company No.: 7968-T)  
17<sup>th</sup> Floor, Menara Public Bank,  
146, Jalan Ampang,  
50450 Kuala Lumpur, MALAYSIA.  
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Fax: (03) 2164 3285