

# CIMB Principal PRS Plus Equity

Annual Report

For The Financial Year Ended 31 January 2020

**CIMB-PRINCIPAL PRS PLUS EQUITY**

**ANNUAL REPORT**

**FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2020**

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**MEMBERS' LETTER**

Dear Valued Members,

At Principal, we believe just like every cloud has a silver lining – there are opportunities in every market condition. We have seen an unexpected softening in Malaysia's economic growth due to the COVID-19 outbreak, local political changes and ongoing uncertainties already in place globally – such as Brexit, the US Presidential election and ongoing trade discussions. While these factors create heightened market volatility, it can offer good opportunities for investors to invest at attractive valuations.

We believe in investing in fundamentals – not quick wins or fads. We'll work with you to manage your investment portfolio with an understanding of your risk appetite, goals and time horizon for investing. Because we know that integrity, honesty, and comprehensive expertise is the surest path to helping you reach your long-term financial goals.

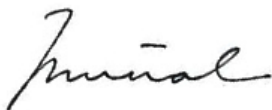
Around the world, Principal manages USD735.3 billion in assets and across Southeast Asia, we manage RM88.1 billion (as of December 2019). We're uniquely positioned to help you with global and local insights and offer a wide portfolio of fixed income and equity solutions. We're focusing our investment strategy on utility, telecommunication, consumers and REITs sectors for defensive and high yielding qualities.

We appreciate your continuous support and the trust you place in us. We're here to help you navigate these changing market conditions and keep your portfolio balanced to your risk tolerance. Please check out [www.principal.com.my](http://www.principal.com.my) or our Facebook account (@PrincipalMY) for ongoing investment updates and educational articles and tips.

Yours faithfully,

for **Principal Asset Management Berhad**

*(formerly known as CIMB-Principal Asset Management Berhad)*



**Munirah Khairuddin**  
Chief Executive Officer

## **PRS PROVIDER'S REPORT**

### **FUND OBJECTIVE AND POLICY**

#### **What is the investment objective of the Fund?**

The Fund seeks to provide capital growth over the long-term by investing in the domestic market.

#### **Has the Fund achieved its objective?**

The Fund has not achieved its objective of meeting target return of 8% per annum largely due to unfavourable macro environment.

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

The Fund is managed to achieve a defined target return over the long-term through investments in the domestic market. The Fund will invest between 70% to 99.80% (both inclusive) of the Fund's Net Asset Value ("NAV") in equities.

However, the Fund may take temporary defensive positions that may detract from the Fund's prescribed asset allocation when the fund manager believes that the equity market is experiencing excessive volatility, expected prolonged declines or when the outlook of the equity market is unfavourable. Under these circumstances, the Fund may reduce its equity exposure and increase its investment in money market instruments to protect the Fund's investment objective in bearish or non performing equity market.

#### **Fund category/type**

Equity

#### **When was the Fund launched?**

12 November 2012

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

RM10.35 million (18.29 million units)

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

The Fund has a target return of 8% per annum.

This is not a guaranteed return and is only a measurement of the Fund's performance. The Fund may not achieve the target return in any particular financial year but targets to achieve this growth over the long-term.

Note: The risk profile of the Fund is not the same as the risk profile of the benchmark.

#### **What is the Fund distribution policy?**

The Fund is not expected to pay any distribution.

**PERFORMANCE DATA**

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

	<b>31.01.2020</b>	<b>31.01.2019</b>	<b>31.01.2018</b>
	%	%	%
Quoted securities			
- Construction	1.30	3.34	4.55
- Consumer Products & Services	7.05	19.70	-
- Consumer Products	-	-	2.74
- Energy	18.50	7.15	-
- Financial Services	28.61	15.87	-
- Finance	-	-	11.62
- Health Care	2.58	6.38	-
- Industrial Products & Services	4.38	7.11	-
- Industrials	-	-	16.06
- Plantation	7.57	0.67	5.87
- Property	3.95	-	-
- Properties	-	-	2.72
- Real Estate Investment Trust ("REIT")	2.39	-	-
- Technology	7.08	10.27	7.23
- Telecommunications & Media	5.43	2.36	-
- Transportation & Logistics	-	1.26	-
- Trading/Services	-	-	28.62
- Utilities	4.83	6.75	-
Cash and other net assets	6.33	19.14	20.59
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

Note: Effective 24 September 2018, Bursa Malaysia has changed its sectoral index and classification.

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

	<b>31.01.2020</b>	<b>31.01.2019</b>	<b>31.01.2018</b>
NAV (RM Million)			
- Class A	7.02	6.19	5.43
- Class C	1.11	1.09	0.98
- Class X	2.22	1.82	1.73
Units in circulation (Million)			
- Class A	12.40	11.58	8.71
- Class C	1.96	2.03	1.57
- Class X	3.93	3.40	2.77
NAV per unit (RM)			
- Class A	0.5660	0.5349	0.6235
- Class C	0.5661	0.5349	0.6235
- Class X	0.5661	0.5349	0.6235
Highest NAV per unit (RM)			
- Class A	0.5970	0.6274	0.6339
- Class C	0.5971	0.6274	0.6339
- Class X	0.5971	0.6274	0.6339
Lowest NAV per unit (RM)			
- Class A	0.5348	0.5128	0.5229
- Class C	0.5349	0.5129	0.5230
- Class X	0.5349	0.5129	0.5230

**PERFORMANCE DATA (CONTINUED)**

	31.01.2020	31.01.2019	31.01.2018
Total return (%)			
- Class A	5.83	(14.31)	19.35
- Class C	5.81	(14.29)	19.33
- Class X	5.81	(14.29)	19.33
Capital growth (%)			
- Class A	5.83	(14.31)	19.35
- Class C	5.81	(14.29)	19.33
- Class X	5.81	(14.29)	19.33
Income distribution (%)			
- Class A	-	-	-
- Class C	-	-	-
- Class X	-	-	-
Management Expense Ratio ("MER") (%) ^	0.45	0.49	0.45
Portfolio Turnover Ratio ("PTR") (times) #	1.30	1.13	1.76

^ The Fund's MER decreased from 0.49% to 0.45% mainly due to increase in average NAV during the financial year.

# The Fund's PTR increased from 1.13 times to 1.30 times to capitalise on market opportunity during the financial year.

	31.01.2020	31.01.2019	31.01.2018	31.01.2017	31.01.2016
	%	%	%	%	%
Annual total return					
- Class A	5.83	(14.31)	19.35	3.10	(3.61)
- Class C	5.81	(14.29)	19.33	3.12	(3.61)
- Class X	5.81	(14.29)	19.33	3.12	(3.61)

(Launch date: 12 November 2012)

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

**MARKET REVIEW (1 FEBRUARY 2019 TO 31 JANUARY 2020)**

For the financial year under review, Financial Times Stock Exchange ("FTSE") Bursa Malaysia Kuala Lumpur Composite Index ("FBMKLCI") declined by 9.06% from 1,683.53 points to 1,531.06 points.

FBMKLCI commenced 2019 with a rally and Ringgit strengthened to RM4.09 against US Dollar ("USD") from RM4.13 in the previous month. Brent crude oil rose to USD61.89 per barrel, up by 15.03% month-on-month ("m-o-m"). On the external front, investors will continue to follow closely the latest developments on the ongoing US-China trade tensions, ongoing development of "Brexit" and negotiations on the US Federal Government budget as the temporary bill to fund US Government spending will expire on 15 February 2019. Policy uncertainty continues to be the order of the day as the East Coast Rail Link ("ECRL") on-again, off-again saga plays out. As of now, there is still no conclusive decision on the said mega project and a gag order has been issued to avoid any further confusion and escalation of rift with the Chinese Government. But the damage seems to have been done already. Business and consumer sentiment continued slipping for the second consecutive quarter in the fourth quarter of 2018 ("4Q18").

**MARKET REVIEW (1 FEBRUARY 2019 TO 31 JANUARY 2020) (CONTINUED)**

FBMKLCI continued its rally in February 2019 driven by higher Brent Crude Oil, which traded up 6.7% m-o-m to USD66.82 per barrel on supply constraints. In addition, sentiment in the local bourse was further lifted by announcement made the Communications and Multimedia Minister, which indicated there will not be further reductions in high speed broadband prices in 2019 and Fitch re-affirmed Malaysia's sovereign rating. In addition, Ringgit Malaysia ("RM") also continued to strengthen and hit below RM4.10 against USD in February and March 2019 period.

Positive news flow continues to buoy the construction sector as the revival of Bandar Malaysia project has lifted sentiment and expectation that the shelved High-Speed Rail ("HSR") and Mass Rapid Transit Line ("MRT") 3 projects may be revived soon. Sustained rebound in crude oil prices have also seen the revival of job flows to oil & gas service providers. Additionally, news that China had also recently agreed to purchase a minimum of 1.9 million metric tonnes of crude palm oil ("CPO") over 5 years' worth RM4.5 billion in addition to the earlier purchase contracts signed for 1.62 million metric tonnes for RM3.64 billion, provides additional boost to confidence that relationship with China has improved. Meanwhile on regulatory uncertainty, we believe risk is receding for telecommunication, airport and utilities sectors as much of the negatives have been priced in while the formalisation of regulatory changes in the months to come would lift investors' sentiment.

However, FBMKLCI along with regional markets took a turn and was sold down after a statement by US President Donald Trump that there would not be a deal after all for US-China trade negotiation. The fall-out has resulted in global manufacturing purchasing managers' index ("PMI") falling into contraction for the first time since 2012. In addition to external factors, RM faced additional selling pressure as Malaysia may be dropped from the FTSE World Government Bond Index ("WGBI") during September 2019 review.

After the sell-down in the month of May 2019, Malaysian equities benefitted from relief rally in June 2019 stemming from expectation of the US Federal Reserve (the "Fed") rate cuts and de-escalation of US-China trade war. Domestic factors which also helped to boost the market include dissipating concern over regulatory risk particularly for airport operator Malaysia Airports Holdings Bhd ("MAHB") following the release of the latest consultation paper on the implementation of Regulatory Asset Base ("RAB") framework. We also observed improving investors' risk appetite for small and mid-cap stocks judging by FBM Small Cap Index's gain of 3.6% in June 2019.

However, the rally did not last whereby FBM100 shed 2.23% in July 2019 largely due to weak petrochemical and CPO prices as reflected by a weak second quarter of 2019 ("2Q19") earnings season. The breakdown in Axiata-Telenor merger talks added to the selling pressure in the month of September 2019. However, risk appetite returned on the back of easing US-China trade war concern, and the Fed's further monetary easing. In addition, financial results from companies related to 5G, Internet-of-Things and oil & gas are showing signs of recoveries, hence, the outperformance of FBMSCAP as compared to FBMKLCI. The latter's underperformance was due to the facts that financials, telecommunications and petrochemical companies were still showing margin compressions.

However, the rally was dented towards the end of November 2019 due to persisting concerns on US-China trade deal and ongoing civil unrest in Hong Kong. Furthermore, Malaysia along with other Association of Southeast Asian Nations ("ASEAN") markets were facing fund outflows in November 2019 due to Morgan Stanley Capital International ("MSCI") rebalancing as the weightage for ASEAN was reduced to accommodate higher weighting for China and Saudi Arabia. In December 2019, FBM100 found a footing and gained 1.88% as the continued surge in CPO prices led to a 9.4% surge in the plantation index. Besides this, market sentiment was also buoyed by the Phase 1 trade deal between US and China. The optimism in the market did not last as equities slumped and bonds rallied on heightened concerns that the spread of the COVID-19 virus will slam global economic growth.



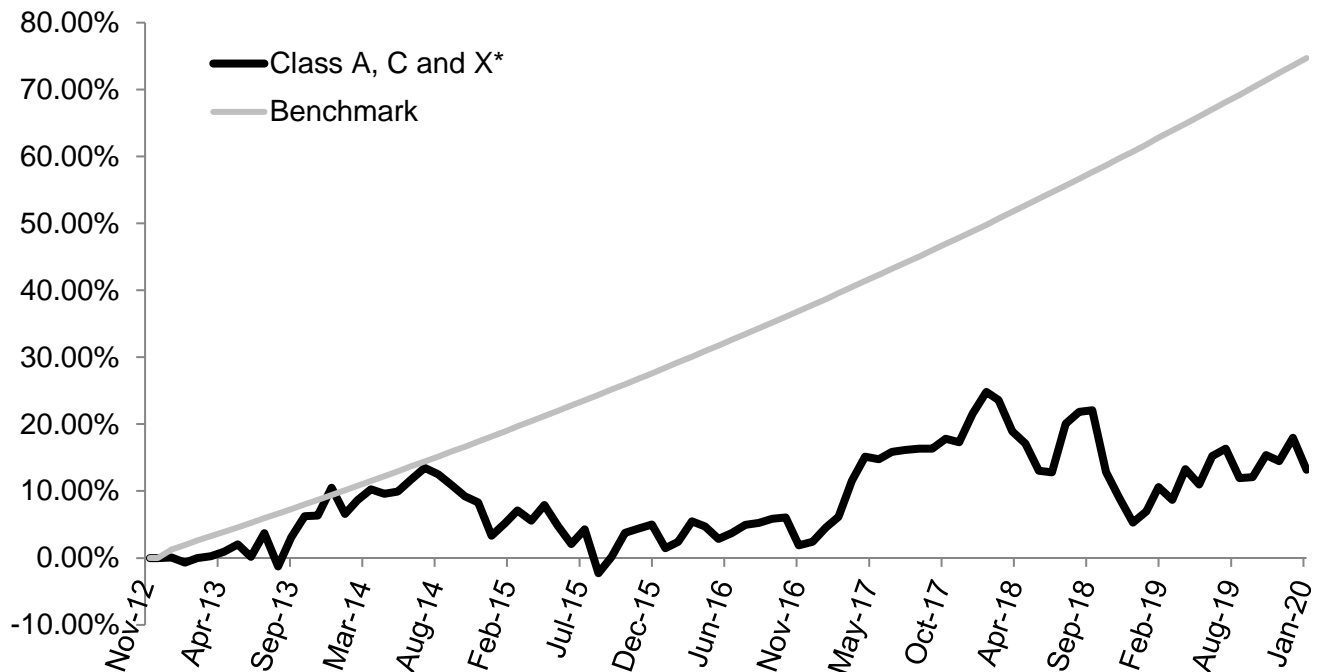
FUND PERFORMANCE

	1 year to 31.01.2020			3 years to 31.01.2020		
	Class A %	Class C %	Class X %	Class A %	Class C %	Class X %
Income	-	-	-	-	-	-
Capital	5.83	5.81	5.81	8.24	8.22	8.22
Total Return	5.83	5.81	5.81	8.24	8.22	8.22
Benchmark	8.00	8.00	8.00	25.97	25.97	25.97
Average Total Return	5.83	5.81	5.81	2.68	2.67	2.67

	5 years to 31.01.2020			Since inception to 31.01.2020		
	Class A %	Class C %	Class X %	Class A %	Class C %	Class X %
Income	-	-	-	-	-	-
Capital	7.56	7.56	7.56	13.20	13.20	13.20
Total Return	7.56	7.56	7.56	13.20	13.20	13.20
Benchmark	46.93	46.93	46.93	74.71	74.71	74.71
Average Total Return	1.47	1.47	1.47	1.74	1.73	1.73

For the year under review, the Fund gained by 5.8% outperformed FBMKLCI by 14.8%, however, it did not deliver annual target return of 8%.



\* Performance of Class A, Class C and Class X are almost the same. Slight variation was due to different timing of units created for each of the class.

**FUND PERFORMANCE (CONTINUED)**

**Changes in NAV**

**CLASS A**

	<b>31.01.2020</b>	<b>31.01.2019</b>	<b>Changes</b> %
NAV (RM Million)	7.02	6.19	13.41
NAV/unit (RM)	0.5660	0.5349	5.81

**CLASS C**

	<b>31.01.2020</b>	<b>31.01.2019</b>	<b>Changes</b> %
NAV (RM Million)	1.11	1.09	1.83
NAV/unit (RM)	0.5661	0.5349	5.83

**CLASS X**

	<b>31.01.2020</b>	<b>31.01.2019</b>	<b>Changes</b> %
NAV (RM Million)	2.22	1.82	21.98
NAV/unit (RM)	0.5661	0.5349	5.83

The NAV per unit for Class A increased by 5.81%, and Class C and Class X increased by 5.83%, respectively, due to positive investment performance during the financial year. The NAV for Class A and Class X increased by 13.41% and 21.98%, respectively, due to fund inflows whereby Class C faced redemptions as it increased by only 1.83%.

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

**PORTFOLIO STRUCTURE**

**Asset allocation**

<b>(% of NAV)</b>	<b>31.01.2020</b>	<b>31.01.2019</b>
Quoted securities	93.67	80.86
Cash and other net assets	6.33	19.14
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

Asset allocation increased from 80.86% as at 31 January 2019 to 93.67% as 31 January 2020 as we became more positive on the market during the financial year under review.

**MARKET OUTLOOK\***

The Malaysian Government on Monday (16 March 2020) night announced measures to contain the spread of the COVID-19. The number of confirmed cases accelerated over the last few days – with 790 confirmed cases as of writing compared with less than 50 cases two weeks ago. Movement control is akin to enforced social distancing. It is not a lockdown. A lockdown is when curfew is imposed, and individuals cannot leave their homes. The end game is to allow the epidemic curve to flatten. The countries that have achieved a flattening are China, Taiwan, Singapore, South Korea and Hong Kong. Malaysia has borrowed a page from these countries on their containment policies.

The containment policy would have a drag effect on domestic economic activities especially consumption arising from closure of government and private business premises. In the fourth quarter of 2019 (“4Q2019”), Malaysia’s Gross Domestic Product (“GDP”) growth softened unexpectedly to 3.6% compared with 4.4% and 4.9% in the third quarter of 2019 (“3Q2019”) and 2Q2019 respectively. The lacklustre performance was owing to: (1) a sharp decline (-9.8%) in net exports primarily reflecting the fallout from the US-China trade war; and (2) drop in production in the agriculture and mining sectors at 5.7% and 2.5% respectively.

Whilst both factors have dissipated in first quarter 2020, it is replaced by the fallout from the COVID-19 outbreak in China and now the rest of the world. Bank Negara Malaysia (“BNM”) has acted swiftly by cutting policy rate by 25 basis points (“bps”) twice in January and March 2020. In addition, BNM highlighted that there is ample room to cut interest rate given the slow economic growth and moderate inflation.

The likelihood of a third rate cut therefore has increased with the timing to be determined by BNM. Nevertheless, should the developed world’s efforts to fight COVID-19 prolonged, the possibility of a fourth OPR cut could not be discounted.

To cushion the fallout from the COVID-19 breakout, policymakers have announced a RM20 billion fiscal stimuli that includes: (1) targeted special relief financing facility for sectors, e.g. hotels and tour operators, negatively affected by COVID-19 outbreak; (2) reduction in employees’ contribution to EPF, which would put money directly into consumers’ hands; and (3) front-loading of existing spending such as Bantuan Sara Hidup and other infrastructure projects.

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

**INVESTMENT STRATEGY**

Growth outlook in first half 2020 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% - 4.2% compared with the average of 5% posted the last 5 years before movement restriction.

To obtain a sense of the severity of the current market consolidation, we use market price-to-book value (“P/BV”) valuation as an indication. Malaysia’s current P/BV of 1.2 times is lower than 1.3 times during the Global Financial Crisis in 2008. Compared to the Asian Financial Crisis in 1998, Malaysia is in a better position such as: - (1) interest rates are lower; (2) balance sheets of corporates generally healthy; (3) no presence of any asset price bubbles; and (4) little mismatch between foreign debt and cash flows.

Over the short-term, we are tilting our equity portfolios’ barbell approach from growth bias to capital preservation mode. Focus will be on stocks with defensive and high dividend yielding qualities.

**INVESTMENT STRATEGY (CONTINUED)**

Will be looking out to identify the turning point which is flattening of epidemic curve for domestic COVID-19 cases to reposition the portfolios. The potential recovery to the stock market could be significant; but too early to tell whether the reversal is “V” or “U” shape.

**MEMBERS STATISTICS AS AT 31 JANUARY 2020**

**CLASS A**

Size of unit holdings (units)	No. of members	No. of units held (million)	% of units held
5,000 and below	1,172	1.93	15.56
5,001-10,000	330	2.13	17.18
10,001-50,000	237	4.18	33.71
50,001-500,000	18	2.51	20.24
Above 500,000	1	1.65	13.31
<b>Total</b>	<b>1,758</b>	<b>12.40</b>	<b>100.00</b>

**CLASS C**

Size of unit holdings (units)	No. of members	No. of units held (million)	% of units held
5,000 and below	263	0.39	19.90
5,001-10,000	63	0.41	20.92
10,001-50,000	47	0.97	49.49
50,001-500,000	3	0.19	9.69
Above 500,000	-	-	-
<b>Total</b>	<b>376</b>	<b>1.96</b>	<b>100.00</b>

**CLASS X**

Size of unit holdings (units)	No. of members	No. of units held (million)	% of units held
5,000 and below	408	0.36	9.16
5,001-10,000	58	0.42	10.69
10,001-50,000	92	1.92	48.85
50,001-500,000	14	1.23	31.30
Above 500,000	-	-	-
<b>Total</b>	<b>572</b>	<b>3.93</b>	<b>100.00</b>

**SOFT COMMISSIONS AND REBATES**

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

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

**STATEMENT BY THE PRS PROVIDER TO THE MEMBERS OF  
CIMB-PRINCIPAL PRS PLUS EQUITY**

We, being the Directors of Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the "PRS Provider"), do hereby state that, in the opinion of the PRS Provider, the accompanying audited financial statements set out on pages 16 to 46 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 January 2020 and of its financial performance, changes in net assets attributable to members and cash flows for the financial year then ended in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

For and on behalf of the PRS Provider  
**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  
23 March 2020

**TRUSTEE'S REPORT TO THE MEMBERS OF  
CIMB-PRINCIPAL PRS PLUS EQUITY**

We have acted as Trustee for CIMB-Principal PRS Plus Equity (the "Fund") for the financial year ended 31 January 2020. To the best of our knowledge, for the financial year under review, Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the "PRS Provider") has operated and managed the Fund in accordance with the following:-

- (a) limitations imposed on the investment powers of the PRS Provider under the Deed(s), the Securities Commission's Guidelines on Private Retirement Schemes, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) valuation and pricing for the Fund is carried out in accordance with the Deed(s) 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(s) of the Fund and any regulatory requirement.

For **Deutsche Trustees Malaysia Berhad**

**NG HON LEONG**  
Head, Trustee Operations

**RICHARD LIM HOCK SENG**  
Chief Executive Officer

Kuala Lumpur  
18 March 2020

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
CIMB-PRINCIPAL PRS PLUS EQUITY**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Our opinion

In our opinion, the financial statements of CIMB-Principal PRS Plus Equity (the "Fund") give a true and fair view of the financial position of the Fund as at 31 January 2020, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 January 2020, and the statement of comprehensive income, statement of changes in net assets attributable to members and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 16 to 46.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
CIMB-PRINCIPAL PRS PLUS EQUITY (CONTINUED)**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the PRS Provider for the financial statements

The PRS Provider is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards in Malaysia. The PRS Provider is also responsible for such internal control as the PRS Provider determines is necessary to enable the preparation of financial statements of the Fund that are free from materials misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the PRS Provider is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the PRS Provider either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
CIMB-PRINCIPAL PRS PLUS EQUITY (CONTINUED)****REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**Auditors' responsibilities for the audit of the financial statements

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
CIMB-PRINCIPAL PRS PLUS EQUITY (CONTINUED)**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

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

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

**OTHER MATTERS**

This report is made solely to the members of the Fund and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

Kuala Lumpur  
23 March 2020

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2020**

	Note	2020 RM	2019 RM
<b>INCOME/(LOSS)</b>			
Dividend income		257,843	216,071
Interest income from deposits with licensed financial institutions at amortised cost		30,906	34,959
Net profit/(loss) on financial assets at fair value through profit or loss	7	354,485	(1,458,076)
		<u>643,234</u>	<u>(1,207,046)</u>
<b>EXPENSES</b>			
Private Pension Administrator's fee	4	3,958	3,386
Trustee's fee	5	3,958	3,386
Audit fee		10,500	8,800
Tax agent's fee		4,600	4,600
Transaction costs		86,627	75,552
Other expenses		22,467	22,593
		<u>132,110</u>	<u>118,317</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		511,124	(1,325,363)
Taxation	6	-	-
<b>INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<u>511,124</u>	<u>(1,325,363)</u>
Increase/(Decrease) in net assets attributable to members is made up as follows:			
Realised amount		741,216	(797,002)
Unrealised amount		(230,092)	(528,361)
		<u>511,124</u>	<u>(1,325,363)</u>

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

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 JANUARY 2020**

	Note	2020 RM	2019 RM
<b>ASSETS</b>			
Cash and cash equivalents	8	668,792	1,697,518
Financial assets at fair value through profit or loss	7	9,697,247	7,356,037
Amount due from the PRS Provider			
- Creation of units		11,377	24,689
Amount due from stockbrokers		21,809	141,394
Dividends receivable		2,767	1,261
Tax recoverable		55	55
<b>TOTAL ASSETS</b>		<u>10,402,047</u>	<u>9,220,954</u>
<b>LIABILITIES</b>			
Amount due to the PRS Provider			
- Cancellation of units		23	3,404
Amount due to stockbrokers		36,319	104,319
Amount due to Private Pension Administrator		365	305
Amount due to Trustee		365	305
Other payables and accruals		12,700	15,371
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO MEMBERS)</b>		<u>49,772</u>	<u>123,704</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>10,352,275</u>	<u>9,097,250</u>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<u>10,352,275</u>	<u>9,097,250</u>
<b>REPRESENTED BY:</b>			
<b>FAIR VALUE OF OUTSTANDING UNITS</b>			
- CLASS A		7,020,654	6,192,318
- CLASS C		1,108,234	1,084,644
- CLASS X		2,223,387	1,820,288
		<u>10,352,275</u>	<u>9,097,250</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>			
- CLASS A		12,402,287	11,575,927
- CLASS C		1,957,560	2,027,462
- CLASS X		3,927,469	3,402,593
	9	<u>18,287,316</u>	<u>17,005,982</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>			
- CLASS A		0.5660	0.5349
- CLASS C		0.5661	0.5349
- CLASS X		<u>0.5661</u>	<u>0.5349</u>

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

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO MEMBERS  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2020**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	9,097,250	8,135,682
Movement due to units created and cancelled during the financial year:		
- Creation of units from applications		
- Class A	907,483	1,943,545
- Class C	177,634	307,120
- Class X	375,851	406,037
	1,460,968	2,656,702
- Cancellation of units		
- Class A	(422,651)	(286,221)
- Class C	(215,625)	(40,208)
- Class X	(78,791)	(43,342)
	(717,067)	(369,771)
Increase/(Decrease) in net assets attributable to members during the financial year	511,124	(1,325,363)
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE END OF THE FINANCIAL YEAR</b>	10,352,275	9,097,250

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

**STATEMENT OF CASH FLOWS  
FOR FINANCIAL YEAR ENDED 31 JANUARY 2020**

	Note	2020 RM	2019 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from disposal of quoted securities		11,957,069	8,216,055
Purchase of quoted securities		(13,978,836)	(10,725,662)
Interest received from deposits with licensed financial institutions		30,906	34,959
Dividend income received		255,768	216,061
Private Pension Administrator's fee paid		(3,898)	(3,358)
Trustee's fee paid		(3,898)	(3,358)
Payments for other fees and expenses		(39,669)	(35,390)
<b>Net cash used in operating activities</b>		<u>(1,782,558)</u>	<u>(2,300,693)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash proceeds from units created		1,474,280	2,654,611
Payments for cancellation of units		(720,448)	(366,367)
<b>Net cash generated from financing activities</b>		<u>753,832</u>	<u>2,288,244</u>
Net decrease in cash and cash equivalents		(1,028,726)	(12,449)
Cash and cash equivalents at the beginning of the financial year		<u>1,697,518</u>	<u>1,709,967</u>
Cash and cash equivalents at the end of the financial year	<b>8</b>	<u><u>668,792</u></u>	<u><u>1,697,518</u></u>
<u>Cash and cash equivalents comprised of:</u>			
Deposit with licensed financial institution		650,049	1,674,155
Bank balance		<u>18,743</u>	<u>23,363</u>
Cash and cash equivalents at the end of financial year	<b>8</b>	<u><u>668,792</u></u>	<u><u>1,697,518</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR FINANCIAL YEAR ENDED 31 JANUARY 2020****1. THE FUND, THE PRS PROVIDER AND ITS PRINCIPAL ACTIVITIES**

CIMB-Principal PRS Plus Equity (the “Fund”) is governed by a Deed dated 8 November 2012, a First Supplemental Deed dated 2 January 2014 and a Second Supplemental Deed dated 25 November 2014 (collectively referred to as the “Deeds”) made between Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the “PRS Provider”) and Deutsche Trustees Malaysia Berhad (the “Trustee”).

The Fund offers three classes of units known respectively as Class A, Class C and Class X. In accordance with the Disclosure Document, Class A and Class C are for Members who have attained 18 years of age as of the date of opening a private pension account. Class A and C have different management fee. Class X is for Members who participate via respective employers and is subject to a minimum of 200 participating employees per employer or 50 participating employees under payroll deduction per employer.

The Fund is managed to achieve a defined target return over the long-term through investments in the domestic market. The Fund will invest between 70% to 99.80% (both inclusive) of the Fund’s NAV in equities.

However, the Fund may take temporary defensive positions that may detract from the Fund’s prescribed asset allocation when the fund manager believes that the equity market is experiencing excessive volatility, expected prolonged declines or when the outlook of the equity market is unfavourable. Under these circumstances, the Fund may reduce its equity exposure and increase its investment in money market instruments to protect the Fund’s investment objective in bearish or non performing equity market.

All investments are subjected to the Securities Commission Malaysia’s (“SC”) Guidelines on Private Retirement Schemes (“PRS”), 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 PRS Provider, 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 PRS Provider are the establishment and management of unit trust funds and fund management activities.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Basis of preparation**

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

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

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

### (a) Basis of preparation (continued)

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

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

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

#### Standards, amendments to published standards or interpretations 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 February 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 annual periods beginning on 1 February 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 annual periods beginning on/after 1 February 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.



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

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 the PRS Provider, amount due from stockbrokers 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 the PRS Provider, amount due to stockbrokers, amount due to Private Pension Administrator, amount due to Trustee, and other payables and accruals as other financial liabilities.

Recognition and measurement

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

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 year 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 Bhd ("Bursa Securities") at the date of the statement of financial position.

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

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 PRS Provider, based on the methods or basis approved by the Trustee after appropriate technical consultation.

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.

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

Significant increase in credit risk

A significant increase in credit risk is defined by the 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 year.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(c) 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 is recognised on a time proportionate basis using 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).

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

**(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 RM, which is the Fund’s functional and presentation currency.

**(e) Members’ contributions**

The members’ 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 C and Class X, which are cancelled at the member’s option and do not have identical features subject to restrictions as stipulated in the Disclosure Document and SC Guidelines on PRS. 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 member exercises the right to put back the unit to the Fund.

Units are created and cancelled at the member’s 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.

**(f) Increase/Decrease in net assets attributable to members**

Income not distributed is included in net assets attributable to members.

**(g) Transactions cost**

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.

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

Amounts due from and to stockbrokers represent receivables for quoted securities sold and payables for quoted 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.

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

**(i) Cash and cash equivalents**

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balance and deposit with licensed financial institutions with original maturities of three months or less that are readily convertible to known amounts of cash and which are subjected to an insignificant risk of changes in value.

**(j) Taxation**

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

**(k) Realised and unrealised portions of increase/decrease in net assets attributable to members**

The analysis of realised and unrealised increase/decrease in net assets attributable to members as presented on the statement of comprehensive income is prepared in accordance with SC Guidelines on PRS.

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

**(I) 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 judgements are continually evaluated by the PRS Provider 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 PRS Provider 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 PRS.

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

**3. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES**

Financial instruments of the Fund are as follows:

	<b>Financial assets at fair value through profit or loss RM</b>	<b>Financial assets at amortised cost RM</b>	<b>Total RM</b>
<b>2020</b>			
Cash and cash equivalents (Note 8)	-	668,792	668,792
Quoted securities (Note 7)	9,697,247	-	9,697,247
Amount due from the PRS Provider			
- Creation of units	-	11,377	11,377
Amount due from stockbrokers	-	21,809	21,809
Dividends receivable	-	2,767	2,767
	<u>9,697,247</u>	<u>704,745</u>	<u>10,401,992</u>
<b>2019</b>			
Cash and cash equivalents (Note 8)	-	1,697,518	1,697,518
Quoted securities (Note 7)	7,356,037	-	7,356,037
Amount due from the PRS Provider			
- Creation of units	-	24,689	24,689
Amount due from stockbrokers	-	141,394	141,394
Dividends receivable	-	1,261	1,261
	<u>7,356,037</u>	<u>1,864,862</u>	<u>9,220,899</u>

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

The investment objective of the Fund is to provide capital growth over the long-term by investing in the domestic market.

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

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

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

(a) Market risk

(i) Price risk

This is the risk that the fair value of the Fund's investment will fluctuate because of changes in market prices (other than those arising from interest rate risk). The value of investment 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 other financial instruments within specified limits according to the Deeds.

The Fund's overall exposure to price risk was as follows:

	2020 RM	2019 RM
Financial assets at fair value through profit or loss:		
- Quoted securities	<u>9,697,247</u>	<u>7,356,037</u>

The table below summarises the sensitivity of the Fund's profit or loss and NAV to movements in prices of quoted securities at the end of each reporting year. The analysis is based on the assumptions that the price of the quoted securities fluctuates by 5% with all other variables held constant. This represents the PRS Provider's best estimate of a reasonable possible shift in the quoted securities, having regard to the historical volatility of the prices.

% Change in price of quoted securities	Market value RM	Impact on profit or loss/NAV RM
<b>2020</b>		
-5%	9,212,385	(484,862)
0%	9,697,247	-
+5%	<u>10,182,109</u>	<u>484,862</u>
<b>2019</b>		
-5%	6,988,235	(367,802)
0%	7,356,037	-
+5%	<u>7,723,839</u>	<u>367,802</u>

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

(a) Market risk (continued)

(ii) 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 financial year, the Fund is not exposed to a material level of interest rate risk.

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

	<b>2020</b>	<b>2019</b>
	%	%
Deposits with licensed financial institutions	<u>2.75</u>	<u>3.39</u>

(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.

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

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

For amount due from the PRS Provider, the settlement terms of the proceeds from the creation of units receivable from the PRS Provider are governed by the SC Guidelines on PRS.



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

(b) Credit risk (continued)

The following table sets out the credit risk concentration of the Fund:

	Cash and cash equivalents RM	Amount due from the PRS Provider RM	Amount due from stockbrokers RM	Dividends receivable RM	Total RM
<b>2020</b>					
Financial Services					
- AAA	668,792	-	-	-	668,792
- Not Rated	-	11,377	21,809	2,767	35,953
	<u>668,792</u>	<u>11,377</u>	<u>21,809</u>	<u>2,767</u>	<u>704,745</u>
<b>2019</b>					
Financial Services					
- AAA	1,674,155	-	-	-	1,674,155
- AA1	23,363	-	-	-	23,363
- Not Rated	-	24,689	141,394	1,261	167,344
	<u>1,697,518</u>	<u>24,689</u>	<u>141,394</u>	<u>1,261</u>	<u>1,864,862</u>

Deposits with licensed financial institutions of the Fund have an average maturity of 3 days (2019: 4 days).

(c) Liquidity risk

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

The PRS Provider manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by members. Liquid assets comprise bank balances and deposits with licensed financial institutions, 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 PRS Provider 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 potential.

The table below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining financial year as at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

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

## (c) Liquidity risk (continued)

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
<b>2020</b>			
Amount due to the PRS Provider			
- Cancellation of units	23	-	23
Amount due to stockbrokers	36,319	-	36,319
Amount due to Private Pension Administrator	365	-	365
Amount due to Trustee	365	-	365
Other payables and accruals	-	12,700	12,700
Net assets attributable to members*	<u>10,352,275</u>	<u>-</u>	<u>10,352,275</u>
<b>Contractual undiscounted cash flows</b>	<u>10,389,347</u>	<u>12,700</u>	<u>10,402,047</u>
<b>2019</b>			
Amount due to the PRS Provider			
- Cancellation of units	3,404	-	3,404
Amount due to stockbrokers	104,319	-	104,319
Amount due to Private Pension Administrator	305	-	305
Amount due to Trustee	305	-	305
Other payables and accruals	-	15,371	15,371
Net assets attributable to members*	<u>9,097,250</u>	<u>-</u>	<u>9,097,250</u>
<b>Contractual undiscounted cash flows</b>	<u>9,205,583</u>	<u>15,371</u>	<u>9,220,954</u>

\* Outstanding units are redeemed on demand at the member's option. However, the PRS Provider does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium for long term.

## (d) Capital risk management

The capital of the Fund is represented by net asset attributable to members of RM10,352,275 (2019: RM9,097,250). The amount of net asset attributable to members can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of members. 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 members and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

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

#### (e) Fair value estimation

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

The fair 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 year end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the PRS Provider 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. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation

(i) Fair value hierarchy (continued)

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
<b>2020</b>				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>9,697,247</u>	<u>-</u>	<u>-</u>	<u>9,697,247</u>
<b>2019</b>				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>7,356,037</u>	<u>-</u>	<u>-</u>	<u>7,356,037</u>

Quoted securities whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equities. The Fund does not adjust the quoted prices for these instruments. The Fund's policies on valuation of these financial assets are stated in Note 2(b).

- (ii) The carrying values of cash and cash equivalents, amount due from the PRS Provider, 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 AND PRIVATE PENSION ADMINISTRATOR’S FEE**

In accordance with the Deeds, the PRS Provider is entitled to a maximum management fee of 3.00% per annum for each unit class, calculated daily based on the NAV of the Fund.

For the financial year ended 31 January 2020 and 31 January 2019, the management fee for the respective classes is recognised at the following rates:

<b>Class A</b>	<b>Class C</b>	<b>Class X</b>
1.40%	1.50%	1.40%

Nonetheless, no management fee is charged on the Fund for the financial year as the management fee has been waived by the PRS Provider.

The Private Pension Administrator’s fee is recognised at a rate of 0.04% per annum (2019: 0.04% per annum) for each unit class, calculated daily based on the NAV of the Fund.

There is no further liability in respect of management fee and Private Pension Administrator’s 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 0.04% per annum for each unit class, calculated daily based on the NAV of the Fund. The Trustee’s fee includes local custodian fees but excluding foreign custodian fee.

For the financial year ended 31 January 2020, the Trustee’s fee is recognised at a rate of 0.04% per annum (2019: 0.04% per annum) for each unit class.

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

**6. TAXATION**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Tax charged for the financial year:		
- Current taxation	-	-

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:

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Profit/(Loss) before taxation	511,124	(1,325,363)
Taxation at Malaysian statutory rate of 24% (2019: 24%)	122,670	(318,087)
Tax effects of:		
- (Income not subject to tax)/Loss not deductible for tax purpose	(154,376)	289,691
- Expenses not deductible for tax purposes	27,925	26,053
- Restriction on tax deductible expenses for PRS	3,781	2,343
Taxation	-	-

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

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
At fair value through profit or loss:		
- Quoted securities	9,697,247	7,356,037
Net gain/(loss) on financial assets at fair value through profit or loss:		
- Realised gain/(loss) on disposals	584,577	(929,715)
- Unrealised fair value loss	(230,092)	(528,361)
	354,485	(1,458,076)

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2020</b>				
<b>QUOTED SECURITIES</b>				
<b>Construction</b>				
Gamuda Bhd	5,693	21,611	21,975	0.21
Gamuda Bhd - Warrant	168,997	70,044	65,064	0.63
IJM Corporation Bhd	22,700	50,494	48,124	0.46
	<u>197,390</u>	<u>142,149</u>	<u>135,163</u>	<u>1.30</u>
<b>Consumer Products &amp; Services</b>				
Berjaya Food Bhd	4,600	6,569	5,980	0.06
Bermaz Auto Bhd	99,200	226,018	183,520	1.77
DRB-Hicom Bhd	124,800	280,776	283,296	2.74
Genting Malaysia Bhd	85,000	329,237	256,700	2.48
	<u>313,600</u>	<u>842,600</u>	<u>729,496</u>	<u>7.05</u>
<b>Energy</b>				
Dayang Enterprise Holdings Bhd	148,100	337,088	410,237	3.96
Dialog Group Bhd	105,400	305,923	344,658	3.33
Hibiscus Petroleum Bhd	397,800	372,852	338,130	3.27
Sapura Energy Bhd	855,700	262,118	209,647	2.03
Serba Dinamik Holdings Bhd	35,700	62,289	80,325	0.78
Serba Dinamik Holdings Bhd - Warrant	10,200	-	3,417	0.03
Wah Seong Corporation Bhd	170,200	186,744	200,836	1.94
Yinson Holdings Bhd	52,800	290,036	327,360	3.16
	<u>1,775,900</u>	<u>1,817,050</u>	<u>1,914,610</u>	<u>18.50</u>
<b>Financial Services</b>				
CIMB Group Holdings Bhd	173,196	946,958	853,856	8.25
Hong Leong Bank Bhd	22,600	373,030	361,600	3.49
Malayan Banking Bhd	102,662	929,841	865,441	8.36
Public Bank Bhd	37,700	784,596	701,220	6.77
RHB Bank Bhd	21,628	121,495	123,063	1.19
Syarikat Takaful Malaysia Keluarga Bhd	12,600	71,000	57,330	0.55
	<u>370,386</u>	<u>3,226,920</u>	<u>2,962,510</u>	<u>28.61</u>
<b>Health Care</b>				
Duopharma Biotech Bhd	51,020	65,769	81,122	0.78
Top Glove Corporation Bhd	31,900	168,258	186,615	1.80
	<u>82,920</u>	<u>234,027</u>	<u>267,737</u>	<u>2.58</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2020 (CONTINUED)</b>				
<b>QUOTED SECURITIES (CONTINUED)</b>				
<b>Industrial Products &amp; Services</b>				
Chemical Company of Malaysia Bhd	47,400	97,122	57,354	0.55
Petronas Chemicals Group Bhd	13,500	114,100	83,565	0.81
Press Metal Aluminium Holdings Bhd	49,500	240,454	241,560	2.33
Solarvest Holdings Bhd	92,600	75,506	71,765	0.69
	<u>203,000</u>	<u>527,182</u>	<u>454,244</u>	<u>4.38</u>
<b>Plantation</b>				
IOI Corporation Bhd	83,500	368,976	379,090	3.66
Sime Darby Plantation Bhd	79,900	414,466	405,093	3.91
	<u>163,400</u>	<u>783,442</u>	<u>784,183</u>	<u>7.57</u>
<b>Property</b>				
Malaysian Resources Corporation Bhd	159,600	145,145	106,932	1.03
Sime Darby Property Bhd	138,100	109,030	107,718	1.04
SP Setia Bhd	147,800	207,003	193,617	1.88
	<u>445,500</u>	<u>461,178</u>	<u>408,267</u>	<u>3.95</u>
<b>REIT</b>				
Axis REIT	139,100	254,870	247,598	2.39
<b>Technology</b>				
D&O Green Technologies Bhd	290,800	219,462	231,186	2.23
GHL Systems Bhd	22,400	35,785	33,376	0.32
Inari Amertron Bhd	38,300	79,388	67,408	0.65
I-Stone Group Bhd	64,681	10,883	13,260	0.13
JHM Consolidation Bhd	120,700	144,392	177,429	1.71
Pentamaster Corporation Bhd	42,870	72,730	210,063	2.04
	<u>579,751</u>	<u>562,640</u>	<u>732,722</u>	<u>7.08</u>
<b>Telecommunications &amp; Media</b>				
Astro Malaysia Holdings Bhd	182,700	284,212	219,240	2.12
Axiata Group Bhd	57,323	257,987	246,489	2.38
Telekom Malaysia Bhd	24,700	94,009	95,342	0.93
	<u>264,723</u>	<u>636,208</u>	<u>561,071</u>	<u>5.43</u>



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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2020 (CONTINUED) QUOTED SECURITIES (CONTINUED)</b>				
<b>Utilities</b>				
Tenaga Nasional Bhd	40,100	558,232	499,646	4.83
<b>TOTAL QUOTED SECURITIES</b>	<b>4,575,770</b>	<b>10,046,498</b>	<b>9,697,247</b>	<b>93.67</b>
<b>ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b>(349,251)</b>		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b>9,697,247</b>		

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2019</b>				
<b>QUOTED SECURITIES</b>				
<b>Construction</b>				
Econpile Holdings Bhd	87,300	61,505	39,285	0.43
Gabungan AQRS Bhd	59,100	70,031	53,486	0.59
Gamuda Bhd	31,700	77,715	87,492	0.96
Muhibbah Engineering (M) Bhd	25,500	76,890	72,420	0.80
Sunway Construction Group Bhd	32,700	72,412	51,012	0.56
	<u>236,300</u>	<u>358,553</u>	<u>303,695</u>	<u>3.34</u>
<b>Consumer Products &amp; Services</b>				
Aeon Co. (M) Bhd	54,000	107,690	83,700	0.92
AirAsia Group Bhd	14,500	39,597	44,080	0.48
Berjaya Food Bhd	39,500	53,236	52,930	0.58
Bermaz Auto Bhd	40,400	92,830	88,476	0.97
British American Tobacco Bhd	4,200	132,759	160,944	1.77
DRB-Hicom Bhd	20,600	42,490	33,372	0.37
Fraser & Neave Holdings Bhd	2,500	81,184	84,900	0.93
Genting Bhd	52,200	364,808	362,268	3.98
Genting Malaysia Bhd	99,900	406,191	328,671	3.61
Magni-Tech Industries Bhd	19,100	115,413	83,276	0.92
Mynews Holdings Bhd	23,200	34,528	31,784	0.35
Padini Holdings Bhd	4,900	25,119	18,179	0.20
Power Root Bhd	35,880	50,773	49,156	0.54
QL Resources Bhd	14,100	60,072	95,316	1.05
Sime Darby Bhd	77,600	231,770	173,824	1.91
UMW Holdings Bhd	17,500	87,194	102,200	1.12
	<u>520,080</u>	<u>1,925,654</u>	<u>1,793,076</u>	<u>19.70</u>
<b>Energy</b>				
Dialog Group Bhd	85,800	220,864	257,400	2.83
Hibiscus Petroleum Bhd	56,600	56,391	54,336	0.60
Serba Dinamik Holdings Bhd	49,900	181,032	185,129	2.03
Uzma Bhd	81,600	92,800	55,080	0.61
Yinson Holdings Bhd	23,900	95,128	97,990	1.08
	<u>297,800</u>	<u>646,215</u>	<u>649,935</u>	<u>7.15</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2019 (CONTINUED) QUOTED SECURITIES (CONTINUED)</b>				
<b>Financial Services</b>				
Aeon Credit Service (M) Bhd	5,000	72,676	79,800	0.88
Bursa Malaysia Bhd	11,850	79,000	86,505	0.95
CIMB Group Holdings Bhd	63,013	364,041	354,133	3.89
Hong Leong Bank Bhd	4,200	86,930	86,688	0.95
Hong Leong Financial Group Bhd	8,200	150,880	161,540	1.78
Malayan Banking Bhd	45,762	436,963	436,569	4.80
Public Bank Bhd	9,600	220,748	237,888	2.62
	<u>147,625</u>	<u>1,411,238</u>	<u>1,443,123</u>	<u>15.87</u>
<b>Health Care</b>				
CCM Duopharma Biotech Bhd	56,000	72,206	55,440	0.61
Hartalega Holdings Bhd	18,300	103,657	98,820	1.09
IHH Healthcare Bhd	19,100	99,429	106,960	1.18
Kossan Rubber Industries Bhd	20,500	86,689	77,695	0.85
KPJ Healthcare Bhd	99,600	108,022	107,568	1.18
Top Glove Corporation Bhd	27,700	157,547	133,514	1.47
	<u>241,200</u>	<u>627,550</u>	<u>579,997</u>	<u>6.38</u>
<b>Industrial Products &amp; Services</b>				
ATA IMS Bhd	43,400	66,810	73,780	0.81
Chemical Company of Malaysia Bhd	33,800	71,682	63,206	0.70
HSS Engineers Bhd	28,700	27,288	28,413	0.31
Pecca Group Bhd	43,900	38,671	37,534	0.41
Petronas Chemicals Group Bhd	33,400	252,454	282,230	3.10
Rohas Tecnic Bhd	22,400	27,195	12,656	0.14
Sunway Bhd	12,300	20,295	19,926	0.22
Uchi Technologies Bhd	19,600	59,181	50,372	0.55
V.S. Industry Bhd	98,100	72,806	79,461	0.87
	<u>335,600</u>	<u>636,382</u>	<u>647,578</u>	<u>7.11</u>
<b>Plantation</b>				
FGV Holdings Bhd	60,500	46,700	60,500	0.67

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2019 (CONTINUED) QUOTED SECURITIES (CONTINUED)</b>				
<b>Technology</b>				
Frontken Corporation Bhd	260,500	114,441	220,123	2.42
Globetronics Technology Bhd	58,366	135,279	112,063	1.23
JHM Consolidation Bhd	77,200	83,149	68,322	0.75
MI Technovation Bhd	65,700	154,653	158,337	1.74
Pentamaster Corporation Bhd	102,080	249,508	320,531	3.52
Revenue Group Bhd	21,600	27,097	26,568	0.29
Vitrox Corp Bhd	4,400	26,771	29,436	0.32
	<u>589,846</u>	<u>790,898</u>	<u>935,380</u>	<u>10.27</u>
<b>Telecommunications &amp; Media</b>				
Axiata Group Bhd	<u>53,600</u>	<u>219,205</u>	<u>214,936</u>	<u>2.36</u>
<b>Transportation &amp; Logistics</b>				
Malaysia Airports Holdings Bhd	11,200	95,472	90,048	0.99
MISC Bhd	3,600	21,879	24,408	0.27
	<u>14,800</u>	<u>117,351</u>	<u>114,456</u>	<u>1.26</u>
<b>Utilities</b>				
Taliworks Corporation Bhd	42,700	32,399	35,441	0.40
Tenaga Nasional Bhd	44,800	663,051	577,920	6.35
	<u>87,500</u>	<u>695,450</u>	<u>613,361</u>	<u>6.75</u>
<b>TOTAL QUOTED SECURITIES</b>	<u><b>2,584,851</b></u>	<u><b>7,475,196</b></u>	<u><b>7,356,037</b></u>	<u><b>80.86</b></u>
<b>ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u><b>(119,159)</b></u>		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u><b>7,356,037</b></u>		

**8. CASH AND CASH EQUIVALENTS**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Deposit with licensed financial institution	650,049	1,674,155
Bank balance	18,743	23,363
	<u>668,792</u>	<u>1,697,518</u>

**9. NUMBER OF UNITS IN CIRCULATION (UNITS)**

	<b>2020</b>	<b>2019</b>
	<b>No. of units</b>	<b>No. of units</b>
Class A (i)	12,402,287	11,575,927
Class C (ii)	1,957,560	2,027,462
Class X (iii)	3,927,469	3,402,593
	<u>18,287,316</u>	<u>17,005,982</u>

(i) Class A

	<b>2020</b>	<b>2019</b>
	<b>No. of units</b>	<b>No. of units</b>
At the beginning of the financial year	11,575,927	8,709,901
Add: Creation of units from applications	1,580,363	3,360,204
Less: Cancellation of units	(754,003)	(494,178)
At the end of the financial year	<u>12,402,287</u>	<u>11,575,927</u>

(ii) Class C

	<b>2020</b>	<b>2019</b>
	<b>No. of units</b>	<b>No. of units</b>
At the beginning of the financial year	2,027,462	1,571,397
Add: Creation of units from applications	310,222	526,658
Less: Cancellation of units	(380,124)	(70,593)
At the end of the financial year	<u>1,957,560</u>	<u>2,027,462</u>

(iii) Class X

	<b>2020</b>	<b>2019</b>
	<b>No. of units</b>	<b>No. of units</b>
At the beginning of the financial year	3,402,593	2,766,521
Add: Creation of units from applications	664,747	707,878
Less: Cancellation of units	(139,871)	(71,806)
At the end of the financial year	<u>3,927,469</u>	<u>3,402,593</u>

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

	<b>2020</b>	<b>2019</b>
	%	%
MER	<u>0.45</u>	<u>0.49</u>

MER is derived from the following calculation:

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

A	=	Private Pension Administrator's fee
B	=	Trustee's fee
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 year calculated on a daily basis is RM9,903,975 (2019: RM8,478,044).

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

	<b>2020</b>	<b>2019</b>
PTR (times)	<u>1.30</u>	<u>1.13</u>

PTR is derived based on the following calculation:

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

where:

total acquisition for the financial year	=	RM13,865,146 (2019: RM10,741,594)
total disposal for the financial year	=	RM11,878,420 (2019: RM8,390,600)

12. **UNITS HELD BY THE PRS PROVIDER AND PARTIES RELATED TO THE PRS PROVIDER, 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 <i>(formerly known as CIMB-Principal Asset Management Berhad)</i>	The PRS Provider
Principal Financial Group, Inc.	Ultimate holding company of shareholder of the PRS Provider
Principal International (Asia) Ltd	Shareholder of the PRS Provider
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 PRS Provider
CIMB Group Holdings Bhd	Ultimate holding company of shareholder of the PRS Provider
CIMB Group Sdn Bhd	Shareholder of the PRS Provider
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 PRS Provider
CIMB Bank Bhd	Fellow related party to the PRS Provider
CIMB Investment Bank Bhd	Fellow related party to the PRS Provider
CGS-CIMB Securities Sdn Bhd	Fellow related party to the PRS Provider

Units held by the PRS Provider and parties related to the PRS Provider

There were no units held by the PRS Provider, the Directors or parties related to the PRS Provider as at the end of each financial year.

In addition to the related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions. The PRS Provider 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>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
<u>Significant related party transactions</u>		
Dividend income:		
- CIMB Group Holdings Bhd	36,773	-
Interest income from deposits with licensed financial institution:		
- CIMB Bank Bhd	1,003	238

**12. UNITS HELD BY THE PRS PROVIDER AND PARTIES RELATED TO THE PRS PROVIDER, AND SIGNIFICANT RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)**

Units held by the PRS Provider and parties related to the PRS Provider (continued)

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
<u>Significant related party transactions (continued)</u>		
Deposit placements with licensed financial institution:		
- CIMB Bank Bhd	<u>6,125,000</u>	<u>2,709,000</u>

There were no related party balances as at the end of the financial year, apart from those mentioned elsewhere in the financial statements.

**13. TRANSACTIONS WITH BROKERS/DEALERS**

Details of transactions with the top 10 brokers/dealers for the financial year ended 31 January 2020 are as follows:

<b>Brokers/Dealers</b>	<b>Value of trades</b>	<b>Percentage of total trades</b>	<b>Brokerage fees</b>	<b>Percentage of total brokerage fees</b>
	<b>RM</b>	<b>%</b>	<b>RM</b>	<b>%</b>
Maybank Investment Bank Bhd	3,529,089	13.72	8,365	14.94
Macquarie Capital Securities (Malaysia) Sdn Bhd	3,321,506	12.92	6,381	11.40
RHB Investment Bank Bhd	2,936,646	11.42	7,477	13.35
KAF-Seagroatt & Campbell Securities Sdn Bhd	2,897,622	11.27	7,198	12.86
UBS Securities (M) Sdn Bhd	2,761,147	10.74	4,469	7.98
CLSA Securities (M) Sdn Bhd	2,490,850	9.69	5,379	9.61
Affin Hwang Investment Bank Bhd	2,473,310	9.62	6,078	10.86
JP Morgan Securities Malaysia Sdn Bhd	2,451,361	9.53	3,992	7.13
CGS-CIMB Securities Sdn Bhd #	1,315,809	5.12	2,773	4.95
Hong Leong Investment Bank Bhd	584,416	2.27	1,653	2.95
Others	954,589	3.70	2,225	3.97
	<u>25,716,345</u>	<u>100.00</u>	<u>55,990</u>	<u>100.00</u>



**13. TRANSACTIONS WITH BROKERS/ DEALERS (CONTINUED)**

Details of transactions with the top 10 brokers/ dealers for the financial year ended 31 January 2019 are as follows:

<b>Brokers/ Dealers</b>	<b>Value of trades RM</b>	<b>Percentage of total trades %</b>	<b>Brokerage fees RM</b>	<b>Percentage of total brokerage fees %</b>
CIMB Investment Bank Bhd #	2,465,203	13.10	6,261	11.67
CLSA Securities (M) Sdn Bhd	2,427,804	12.90	6,797	12.67
Macquarie Capital Securities (Malaysia) Sdn Bhd	2,143,606	11.39	5,901	11.00
RHB Investment Bank Bhd	2,097,859	11.15	5,752	10.72
Maybank Investment Bank Bhd	1,882,289	10.00	5,123	9.55
Affin Hwang Investment Bank Bhd	1,807,935	9.61	5,328	9.93
JP Morgan Securities Malaysia Sdn Bhd	1,579,345	8.39	4,815	8.97
KAF-Seagroatt & Campbell Securities Sdn Bhd	1,263,641	6.71	3,824	7.13
Hong Leong Investment Bank Bhd	1,128,156	5.99	3,203	5.97
Credit Suisse Securities (M) Sdn Bhd	905,084	4.81	2,727	5.08
Others	1,120,290	5.95	3,920	7.31
	<u>18,821,212</u>	<u>100.00</u>	<u>53,651</u>	<u>100.00</u>

# Included in the transactions are trades conducted with CGS-CIMB Securities Sdn Bhd and CIMB Investment Bank Bhd fellow related parties to the PRS Provider, amounting to RM1,315,809 (2019: Nil) and Nil (2019: RM2,465,203) respectively. The PRS Provider is of the opinion that all transactions have been entered into in the normal course of business at agreed terms between the related parties.

**14. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements have been approved for issue by the PRS Provider on 23 March 2020.

**DIRECTORY**

**Head Office of the PRS Provider**

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*(formerly known as CIMB-Principal Asset Management Berhad)*  
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**Customer Care Centre**

(03) 7718 3000

**Trustee for the CIMB-Principal PRS Plus Equity**

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**Auditors of the Fund and of the PRS Provider**

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