

CIMB-PRINCIPAL TOTAL RETURN BOND FUND 6

UNAUDITED INTERIM REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2019

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INVESTORS' LETTER

Dear Valued Investor,

As we begin 2020, allow me to wish you a Happy New Year! Selamat Tahun Baru!

2019 was a year of heightened risk velocity in markets, due to external factors - both globally and domestically, such as the US-China trade tensions, uncertainties in US monetary policy, China economic growth slowdown and weak earnings in Malaysia markets.

Going into 2020, we continue to see pockets of opportunities in the equity market. This is on the back of supportive central banks policies, stabilising earnings estimate and some progressive outcome coming from US and China trade tension.

We believe you should remain fully invested, focus on long-terms returns and look to diversify your investments across a full spectrum of asset classes depending on your risk appetite. We believe that fixed income returns will be more moderate and thus, we encourage diversifying allocations to assets like Asia Pacific equities, Global equities or Global REITs. Equity markets like ASEAN and Malaysia which have underperformed in 2019 may now set to improve in 2020.

Lastly, we wish to thank you for the trust you've put in us. We achieved much this year because of the trust you placed in us:



Serve over 1 million customers in Malaysia, Indonesia, Singapore and Thailand.



Manage over RM88.1 billion in assets.



Numerous awards –

- Five outstanding funds (based on performance and consistency of returns) - Fundsupermart.com
- Two outstanding funds - Lipper Fund Awards from Refinitiv 2019
- Best Asset Management House in ASEAN and Fund Launch of the Year - Asia Asset Management, 2019.



Offer our Unit Trust Funds on EPF's i-Invest online platform with 0.0% sales fee. The online facility enables EPF i-Akaun members to invest in unit trust funds using their EPF savings - anytime, anywhere.



Rolled out several core funds, including Principal Global Sukuk Fund, Principal Global Real Estate Fund and Principal Greater Bay Fund. These Funds provided investors an opportunity to increase their investment potential with a diversified global portfolio.

As you consider your ongoing investment needs, we hope you continue to turn to us for guidance and solutions. Please check-out www.principal.com.my for information and consider following us on Facebook! @PrincipalAssetMY

INVESTORS' LETTER (CONTINUED)

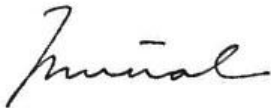
In our effort to serve you better, we would like to encourage you to update us with your latest contact information. Please call our customer care hotline at 03-7718 3000 to speak to our representative.

Thank you once again for your continuous support and allowing us to help you achieve your financial goals and live your best life.

May 2020 be a good year for you!

Thank you.

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



Munirah Khairuddin
Chief Executive Officer

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

The Fund aims to provide investors with total return through investments in a portfolio of primarily debt instruments.

Has the Fund achieved its objective?

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

What are the Fund investment policy and principal investment strategy?

The Fund seeks to achieve its investment objective by investing up to 100% of its Net Asset Value ("NAV") in a diversified portfolio consisting of debt instruments, money market instruments and/or Deposits.

The Fund will invest at least 70% of its NAV in debt instruments issued by governments, government agencies, supranational organisations and corporate issuers, which include but not limited to bonds and other fixed or floating rate debt instruments, certificates of deposit, commercial papers and notes. The Fund will also invest in Liquid Assets for liquidity purposes.

In order to maximise the total return, the Fund may invest up to 99% of its NAV in Locally Rated Securities. Up to 40% of the Fund's NAV may be invested in High Yield Securities and Unrated Securities for yield enhancement of which up to 20% of the Fund's NAV in Unrated Securities. When deemed necessary, the Manager may also utilise derivative instruments such as forward contracts, options, futures contracts and/or swap agreements for the purpose of hedging. The use of derivatives is subject to the prevailing Securities Commission Malaysia ("SC") Guidelines.

Investment universe of the Fund will be in countries globally, where the regulatory authority is an ordinary or associate member of the International Organisation of Securities Commissions ("IOSCO"). Where necessary, the Manager will apply for licenses/permits to invest in these countries, and if the licenses/permits are revoked or not renewed (as the case may be) the Manager will seek to invest in other accessible markets.

As this is a close-ended fund, the Manager will buy the debt instruments with the intention of holding through the tenure of the Fund or until the debt instruments mature. However, the Manager reserves the right to deal with the debt instruments in the best interest of the Unit holders, such as (i) in the event of a credit rating downgrade or during market upheavals where the Manager is of the opinion that trading of the debt instruments is required to protect the investment return of the Fund (nevertheless the Manager can continue to hold the downgraded debt instruments if the immediate disposal of the debt instruments would not be in the best interest of the Unit holders), and (ii) where the Manager deems that the trading of debt instruments is necessary to provide the investment return in order to achieve the objective of the Fund.

Further, for debt instruments that mature during the three (3) months period to the Maturity Date, the Manager will seek to reinvest into other debt instruments for the remaining period to the Maturity Date. However, in the event that the Manager is not able to find suitable replacement debt instruments, the Manager will invest in Deposits and/or money market instruments. As such, Unit holders should note that during this period of time, the Fund's investment may deviate from the stipulated investment strategy.

FUND OBJECTIVE AND POLICY (CONTINUED)

Fund category/type

Debenture (close-ended)/Growth

How long should you invest for?

Recommended three (3) years

When was the Fund launched?

1 March 2017

What was the size of the Fund as at 30 November 2019?

RM46.39 million (44.06 million units)

What is the Fund's benchmark?

3-year CIMB Bank fixed deposit rate at the Commencement Date

The Fund shall benchmark itself against the fixed deposit rate for performance comparison purpose only. Since the Fund may invests across various debt instruments of different ratings, investors are cautioned that the risk profile of the Fund is higher than investing in fixed deposits; hence, investors should expect the Fund to outperform the benchmark.

What is the Fund distribution policy?

Given the Fund's investment objective, the Fund is not expected to pay any distribution. Distributions, if any, are at the discretion of the Manager and will vary from period to period depending on the availability of realised income for distribution and performance of the Fund.

What was the net income distribution for the six months financial period ended 30 November 2019?

There was no income distribution made for the six months financial period ended 30 November 2019.

PERFORMANCE DATA

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

	30.11.2019	30.11.2018	30.11.2017
	%	%	%
Unquoted fixed income securities - Local	79.29	81.47	81.27
Unquoted fixed income securities - Foreign	8.21	14.04	14.74
Cash and other net assets	12.50	4.49	3.99
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	30.11.2019	30.11.2018	30.11.2017
NAV (RM Million)	46.39	47.35	47.77
Units in circulation (Million)	44.06	45.57	46.60
NAV per unit (RM)	1.0527	1.0389	1.0250

	01.06.2019 to 30.11.2019	01.06.2018 to 30.11.2018	01.03.2017 (date of launch) to 30.11.2017
Highest NAV per unit (RM)	1.0530	1.0391	1.0250
Lowest NAV per unit (RM)	1.0187	1.0079	0.9999
Total return (%)	3.56	2.96	2.20
- Capital growth (%)	3.56	2.96	2.20
- Income distribution (%)	-	-	-
Management Expense Ratio ("MER") (%) ^	0.07	0.08	0.09
Portfolio Turnover Ratio ("PTR") (times)	0.01	0.01	0.62

^ The Fund's MER decreased from 0.08% to 0.07% due to decrease in expenses during the financial period under review.

	30.11.2019	30.11.2018	Since inception to 30.11.2017
	%	%	%
Annual total return	7.20	4.44	2.20

(Launch date: 1 March 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 JUNE 2019 TO 30 NOVEMBER 2019)

At the start of the period under review, the domestic interest rate market was supportive with the recent policy rate reduction by the Central Bank on 7 May 2019. Overall the Government securities yield curve moved lower across most tenures with better buying sentiment.

Over in the US, the Federal Open Market Committee (“FOMC”) lowered the target range for its overnight lending rate to in between 2% and 2.25% in July 2019 citing “implications of global developments for the economic outlook as well as muted inflation pressures” in its first rate cut since December 2008. Along with the rate cut, the committee also decided to end the reduction of bonds the Central Bank holds on its balance sheet two months earlier than planned. However, the US Federal Reserve (the “Fed”) Jerome Powell (Chair of the Fed) had later clarified in his press conference that the cut was “not the beginning of a long series of rate cuts” and referred it as simply a “mid-cycle adjustment”, effectively downplaying expectations for further easing.

At the end of September 2019, there were a slew of policy rate cuts starting with the Fed when it announced a 25 basis points (“bps”) cut in its Fed Fund Rate to in between 1.75% and 2.00% and a 30 bps reduction in interest on excess reserves (“IOER”) and in the reverse repo rate as widely expected. The decision to cut is not unanimous with a 7-3 split and the latest dot plot suggests policy makers are divided on future rate path with only 7 out of 17 expecting further cut by year end. The median dots in 2019 and 2020 showed no further cuts with hikes in 2021 and 2022. During a news conference following the decision, the Fed Chairman Jerome Powell talked up the strength of the economy, saying that the Fed Funds Rate was cut “in order to provide insurance against risks,” including weak global growth and concerns over trade policy.

Meanwhile over in Europe, the European Central Bank (“ECB”) announced major rate cuts and economic stimulus to revive flagging eurozone growth. The ECB gave a 10 bps cuts in its deposit facility rate to a record low of -0.50% and revived its EUR2.6 trillion bond purchase programme for an unlimited period. Outgoing ECB President Mario Draghi commented that the Eurozone economy is in an extended slowdown and inflation will remain below target. ECB revised its forecast for Eurozone growth down to 1.1% and 1.2% for 2019 and 2020 respectively (from 1.2% and 1.4%) and trimmed its inflation forecast by 10 bps to 1.2% for 2019 and 40 bps to 1.0% for 2020.

Over in Asia, in line with market consensus, Bank Indonesia (“BI”) cut its key interest rate for a third straight month, bringing the total rate cuts since July 2019 to 75 bps. The 7 days reverse repurchase rate (“RRR”) was lowered by 25 bps to 5.25% in the September 2019 meeting. Following along, the Bangko Sentra ng Pilipinas (“BSP”) also reduced its overnight RRR by another 25 bps to 4% citing a benign inflation outlook. This is the third rate cut in this easing cycle, which began in May 2019, bringing the total to 75bps. The People’s Bank of China (“PBoC”) also cuts the reserve requirement ratio by 50 bps for almost all financial institutions, with an additional 100 bps RRR cut for some city commercial banks. These measures take effect on 16 September 2019. China also reduced its new one-year benchmark lending rate for the second time to 4.20% to guide borrowing costs lower.

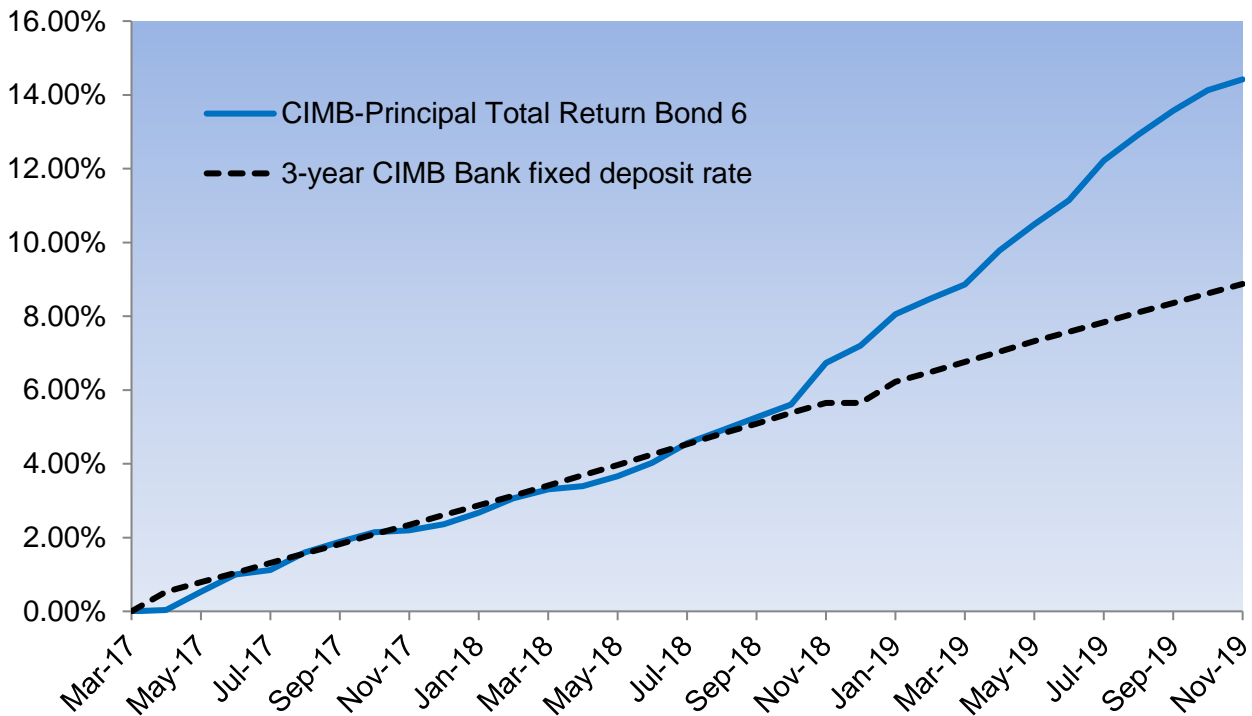
Meanwhile in November 2019, the Thailand’s Central Bank move to cut the policy rate to a record low of 1.25% the second cut in the last three months, hoping this will boost economic growth and help reach its inflation targets. In addition to this, it may also help to stem the strengthening of the Thai Baht (“THB”) which has appreciated by 8% against the US Dollar (“USD”) year-to-date (“YTD”).

Lastly, back in Malaysia, Bank Negara Malaysia (“BNM”) kept the Overnight Policy Rate (“OPR”) unchanged at its 5 November 2019 meeting ahead of the announcement of the third quarter of Gross Domestic Product (“GDP”). Growth for the quarter had slowed to 4.4% from the preceding 4.9% on lower growth in key sectors. The Government continues to maintain a full year target of 4.7% and is hopeful of a strong showing in the final quarter 2019.

FUND PERFORMANCE

	6 months to 30.11.2019	1 year to 30.11.2019	Since inception to 30.11.2019
	%	%	%
Income	-	5.49	8.69
Capital	3.56	1.34	5.30
Total Return	3.56	7.20	14.42
Benchmark	1.55	3.22	8.87
Average Total Return	N/A	7.20	5.01

For the six-month period under review ended 30 November 2019, the Fund delivered a total return of 3.56% versus the benchmark 3-year CIMB Bank Fixed Deposit Rate return of 1.55%.



Changes in NAV

	30.11.2019	31.05.2019 Audited	Changes %
NAV (RM Million)	46.39	45.50	1.96
NAV/Unit (RM)	1.0527	1.0187	3.34

The Fund's NAV improved by 1.96% to RM46.39 million in 30 November 2019 from RM45.50 million in 31 May 2019. The NAV per unit improved by 3.34% to RM1.0527 from RM1.0187 due to better market valuation on the underlying bonds in the portfolio.

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

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	30.11.2019	31.05.2019 Audited
Unquoted fixed income securities - Local	79.29	85.06
Unquoted fixed income securities - Foreign	8.21	14.78
Cash and other net assets	12.50	0.16
TOTAL	100.00	100.00

As at 30 November 2019, the Fund was 87.5% invested with 12.5% cash and other net assets as liquidity for redemption purposes. The cash increased as the bonds in the portfolio matured as the fund nears its maturity date.

MARKET OUTLOOK*

Protracted trade tensions between the US and China, sluggish growth in both Europe and Japan coupled with “Brexit” uncertainty as well as unrest in Hong Kong Special Administrative Region (“SAR”), China have continued to weigh down global growth. These uncertainties have kept the global Government bond yields down.

In Asia, the key uncertainty rests in the trajectory of economic growth in the coming quarters. While global growth continues to slow, Central Banks in developed markets and Asia have been cutting interest rates in the absence of inflation. Furthermore, several Asian Governments, including China are putting in place fiscal stimulus to provide downside support to their economies. These measures for now remain supportive of the bond markets.

* 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

Although we continue to expect volatility going forward, we maintain the Buy & Hold strategy in line with our Fund’s objectives for now and to prioritise capital preservation.

UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 30 November 2019 is as follows:

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	2	0.00	0.00
5,001-10,000	1	0.01	0.02
10,001-50,000	1	0.02	0.05
50,001-500,000	-	-	-
500,001 and above	3	44.03	99.93
Total	7	44.06	100.00

SOFT COMMISSIONS AND REBATES

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

During the financial 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 TOTAL RETURN BOND FUND 6**

We, being the Directors of Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements set out on pages 12 to 35 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 30 November 2019 and of its financial performance, changes in equity and cash flows for the financial period then ended in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”) 134 - Interim Financial Reporting and International Accounting Standards (“IAS”) 34 - Interim Financial Reporting.

For and on behalf of the Manager

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

MUNIRAH KHAIRUDDIN
Chief Executive Officer/Executive Director

JUAN IGNACIO EYZAGUIRRE BARAONA
Director

Kuala Lumpur
16 January 2020

**TRUSTEE'S REPORT TO THE UNITHOLDERS OF
CIMB-PRINCIPAL TOTAL RETURN BOND FUND 6**

We have acted as Trustee of CIMB-Principal Total Return Bond Fund 6 ("the Fund") for the financial period ended 30 November 2019. To the best of our knowledge, Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) ("the Manager"), has operated and managed the Fund in accordance with the following:-

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

For HSBC (Malaysia) Trustee Berhad

Tan Bee Nie
Manager, Investment Compliance Monitoring

Kuala Lumpur
16 January 2020

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2019**

	Note	01.06.2019 to 30.11.2019 RM	01.06.2018 to 30.11.2018 RM
INCOME			
Interest income from deposits with licensed financial institutions at amortised cost and current account		30,074	19,184
Interest income from unquoted fixed income securities at fair value through profit or loss		1,096,055	1,178,079
Net gain on financial assets at fair value through profit or loss	6	426,904	288,527
Net foreign exchange gain/(loss)		9,398	(48,180)
Net (loss)/gain on derivative liabilities at fair value through profit or loss	9	(727)	15,957
Exit fee income		9,598	8,210
		1,571,302	1,461,777
EXPENSES			
Trustee's and custodian fees	4	17,610	24,265
Audit fee		8,000	11,300
Tax agent's fee		4,000	2,000
Other expenses		28,514	1,444
		58,124	39,009
PROFIT BEFORE TAXATION		1,513,178	1,422,768
Taxation	5	(1,169)	(1,675)
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		1,512,009	1,421,093
Profit after taxation is made up as follows:			
Realised amount		865,977	1,105,992
Unrealised amount		646,032	315,101
		1,512,009	1,421,093

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2019**

		30.11.2019	31.05.2019
	Note	RM	Audited RM
ASSETS			
Cash and cash equivalents	7	5,825,838	2,599,422
Financial assets at fair value through profit or loss	6	40,589,087	45,426,839
TOTAL ASSETS		<u>46,414,925</u>	<u>48,026,261</u>
LIABILITIES			
Derivative liabilities	9	727	-
Amount due to Trustee		1,523	1,606
Distribution payable		-	2,504,935
Other payables and accruals		25,000	18,020
Tax payable		610	1,707
TOTAL LIABILITIES		<u>27,860</u>	<u>2,526,268</u>
NET ASSET VALUE OF THE FUND		<u>46,387,065</u>	<u>45,499,993</u>
EQUITY			
Unit holders' capital		43,978,457	44,603,394
Retained earnings		2,408,608	896,599
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>46,387,065</u>	<u>45,499,993</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	8	<u>44,061,708</u>	<u>44,662,086</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.0527</u>	<u>1.0187</u>

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**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2019**

	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 June 2019	44,603,394	896,599	45,499,993
Movement in unit holders' contributions:			
- Cancellation of units	(624,937)	-	(624,937)
Total comprehensive income for the financial period	-	1,512,009	1,512,009
Balance as at 30 November 2019	<u>43,978,457</u>	<u>2,408,608</u>	<u>46,387,065</u>
Balance as at 1 June 2018	46,344,072	376,277	46,720,349
Movement in unit holders' contributions:			
- Cancellation of units	(790,049)	-	(790,049)
Total comprehensive income for the financial period	-	1,421,093	1,421,093
Balance as at 30 November 2018	<u>45,554,023</u>	<u>1,797,370</u>	<u>47,351,393</u>

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**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2019**

	01.06.2019 to 30.11.2019	01.06.2018 to 30.11.2018
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of unquoted fixed income securities	1,024,994	1,008,353
Proceeds from redemption of unquoted fixed income securities	3,950,000	-
Interest income received from deposits with licensed financial Institutions and current account	30,074	19,184
Interest income received from unquoted fixed income securities	1,361,756	1,379,398
Trustee's and custodian fees paid	(17,693)	(24,312)
Payments for other fees and expenses	(9,573)	(4,238)
Exit fee income	9,598	8,210
Net realised foreign exchange gain/(loss)	256	(53,338)
Tax paid	(2,266)	-
Net cash generated from operating activities	6,347,146	2,333,257
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for cancellation of units	(624,937)	(892,010)
Distribution paid	(2,504,935)	-
Net cash used in financing activities	(3,129,872)	(892,010)
Net increase in cash and cash equivalents	3,217,274	1,441,247
Effects of foreign exchange differences	9,142	5,157
Cash and cash equivalents at the beginning of the financial period	2,599,422	713,571
Cash and cash equivalents at the end of the financial period	5,825,838	2,159,975
<u>Cash and cash equivalents comprised of:</u>		
Deposits with licensed financial institutions	2,556,220	1,912,679
Bank balances	3,269,618	247,296
Cash and cash equivalents at the end of the financial period	5,825,838	2,159,975

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2019****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES**

CIMB-Principal Total Return Bond Fund 6 (the "Fund") was constituted pursuant to a Deed dated 8 August 2016 (the "Deed"), made between Principal Asset Management Berhad (formerly known as CIMB-Principal Asset Management Berhad) (the "Manager") and HSBC (Malaysia) Trustee Berhad (the "Trustee").

The Fund seeks to achieve its investment objective by investing up to 100% of its NAV in a diversified portfolio consisting of debt instruments, money market instruments and/or Deposits.

The Fund will invest at least 70% of its NAV in debt instruments issued by governments, government agencies, supranational organisations and corporate issuers, which include but not limited to bonds and other fixed or floating rate debt instruments, certificates of deposit, commercial papers and notes. The Fund will also invest in Liquid Assets for liquidity purposes.

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Investment universe of the Fund will be in countries globally, where the regulatory authority is an ordinary or associate member of the IOSCO. Where necessary, the Manager will apply for licenses/permits to invest in these countries, and if the licenses/permits are revoked or not renewed (as the case may be) the Manager will seek to invest in other accessible markets.

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Further, for debt instruments that mature during the three (3) months period to the Maturity Date, the Manager will seek to reinvest into other debt instruments for the remaining period to the Maturity Date. However, in the event that the Manager is not able to find suitable replacement debt instruments, the Manager will invest in Deposits and/or money market instruments. As such, Unit holders should note that during this period of time, the Fund's investment may deviate from the stipulated investment strategy.

All investments are subjected to the SC Guidelines on Unit Trust Funds, SC requirements, the Deed, 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 their 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.

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(k).

Standard that is effective and relevant:

The Fund has applied the following amendments for the first time for the financial period beginning 1 June 2019:

(i) Financial period beginning on/after 1 June 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 June 2019 that have a material effect on the financial statements of the Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The contractual cash flows of the Fund's unquoted fixed income securities are solely principal and profit. 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 measure at fair value through profit or loss.

Derivatives are financial assets/liabilities at fair value through profit or loss categorised as held for trading unless they are designated hedges (Note 2(j)).

The Fund classifies cash and cash equivalents 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 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.

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 with net gain or loss on financial assets at fair value through profit or loss in the financial period which they arise.

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

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

Unquoted fixed income securities denominated in foreign currencies are revalued on a daily basis based on fair value prices quoted by Intercontinental Exchange Data Services (“ICE”), a provider of financial market data. However, if such quotations are not available on any business day, or should the gaps of the quotations provided by the financial institutions or ICE differ by more than 20 bps, the valuation shall be determined by reference to the value of such debt securities quoted by Bloomberg.

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 loss (“ECL”) using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any ECL. Management 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 management as any contractual payment which is more than 30 days past due.

Definition of default and credit-impaired financial assets

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

Write-off

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

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

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

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

(d) Foreign currency**Functional and presentation currency**

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

Due to mixed factors in determining the functional currency of the Fund, the Manager has used its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have determined the functional currency to be in RM primarily due to the following factors:

- i) The Fund's units are denominated in RM.
- ii) Significant portion of the Fund's expenses are denominated in RM.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income.

(e) Cash and cash equivalents

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

(f) Taxation

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

Tax on interest income from foreign unquoted fixed income securities is based on the tax regime of the respective countries that the Fund invests in.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 period in which it is approved by the Trustee.

(h) Exit fee income

Exit fee income is derived from charges levied upon the redemption of units by unit holders prior to the Maturity date of the Fund as stipulated in the Deeds.

It is recognised on an accruals basis based on the value of the units redeemed.

(i) Unit holders' capital

The unit holders' contributions to the Fund meet the criteria to be classified as equity instruments under MFRS 132 "Financial Instruments: Presentation". Those criteria include:

- the units entitle the holder to a proportionate share of the Fund's NAV;
- the units are the most subordinated class and class features are identical;
- there is no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- the total expected cash flows from the units over its life are based substantially on the profit or loss of the Fund.

The outstanding units are carried at the redemption amount that is payable at each financial period if unit holder exercises the right to put the unit back to the Fund.

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

(j) Derivative financial instruments

A derivative financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavorable.

The Fund's derivative financial instruments comprise forward foreign exchange contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(j) Derivative financial instruments (continued)**

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the date of statements of financial position, with the resulting value discounted back to present value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held-for-trading and accounted for in accordance with the accounting policy set out in Note 2(b).

(k) Critical accounting estimates and judgements in applying accounting policies

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

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

Estimate of fair value of unquoted fixed income securities

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

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

Unquoted fixed income securities denominated in foreign currencies are revalued on a daily basis based on fair value prices quoted by IDC, a provider of financial market data. However, if such quotations are not available on any business day, or should the gaps of the quotations provided by the financial institutions or IDC differ by more than 20 bps, the valuation shall be determined by reference to the value of such debt securities quoted by Bloomberg.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund aims to provide investors with total return through investments in a portfolio of primarily debt instruments.

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

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

(a) Market risk

(i) Price risk

This is the risk that the fair value of an investment in unquoted fixed income securities will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk).

The Fund is exposed to price risk arising from interest rate fluctuation in relation to its investments in unquoted fixed income securities. The Fund's exposure to price risk arising from interest rate fluctuation and the related sensitivity analysis are disclosed in "interest rate risk" below.

(ii) Interest rate risk

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

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

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

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

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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(a) Market risk (continued)****(iii) Currency risk**

Currency risk of the Fund is associated with investments that are quoted and/or priced in foreign currency denomination. Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Manager will evaluate the likely directions of a foreign currency versus RM based on considerations of economic fundamentals such as interest rate differentials, balance of payments position, debt levels, and technical chart considerations.

(b) Credit risk

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

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

Credit risk can be managed by performing continuous fundamental credit research and analysis to ascertain the creditworthiness of its issuer. In addition, the Manager manages the duration of the investment in accordance with the objective of 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.

(c) Liquidity risk

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

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise bank balances 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 Manager will attempt to balance the entire portfolio by investing in a mix of assets with satisfactory trading volume and those that occasionally could encounter poor liquidity. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Capital risk management

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

(e) Fair value estimation

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

The fair value of financial assets traded in active markets (such as trading securities) is based on quoted market prices at the close of trading on the financial period end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded 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 and liabilities 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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

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.

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
30.11.2019				
Financial assets at fair value through profit or loss:				
- Unquoted fixed income securities	-	40,589,087	-	40,589,087
Financial liability at fair value through profit or loss:				
- Derivative liability at fair value through profit or loss	-	(727)	-	(727)
31.05.2019				
Audited				
Financial assets at fair value through profit or loss:				
- Unquoted fixed income securities	-	45,426,839	-	45,426,839

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 unquoted fixed income securities. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Fund's policies on valuation of these financial assets are stated in Note 2(b).

(ii) The carrying values of cash and cash equivalents and all current liabilities are a reasonable approximation of their fair values due to their short term nature.

4. MANAGEMENT, TRUSTEE’S AND CUSTODIAN FEES

In accordance with the Deed, the Manager is entitled to a maximum management fee of 3.00% per annum, calculated daily based on the NAV of the Fund.

Nonetheless, no management fee is charged to the Fund for the six months financial period ended 30 November 2019 (30.11.2018: Nil).

In accordance with the Deed, the Trustee is entitled to a maximum fee of 0.20% per annum calculated daily based on the NAV of the Fund. The Trustee’s fee includes local custodian fees and charges but excludes foreign sub-custodian fees and charges.

For the six months financial period ended 30 November 2019, the Trustee’s fee is recognised at a rate of 0.04% per annum (30.11.2018: 0.04%) while the foreign custodian fee is recognised at RM8,371 (30.11.2018: RM14,884).

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

5. TAXATION

	01.06.2019 to 30.11.2019 RM	01.06.2018 to 30.11.2018 RM
Tax charged for the financial period:		
- Current taxation	<u>1,169</u>	<u>1,675</u>

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

	01.06.2019 to 30.11.2019 RM	01.06.2018 to 30.11.2018 RM
Profit before taxation	<u>1,513,178</u>	<u>1,422,768</u>
Taxation at Malaysian statutory rate of 24% (30.11.2018: 24%)	363,163	341,464
Tax effects of:		
Investment income not subject to tax	(374,810)	(348,856)
Expenses not deductible for tax purposes	11,439	6,405
Restriction on tax deductible expenses for Unit Trust Funds	2,260	2,662
Prior year overprovision	(883)	-
Taxation	<u><u>1,169</u></u>	<u><u>1,675</u></u>

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.11.2019	31.05.2019
	RM	Audited RM
At fair value through profit or loss:		
- Unquoted fixed income securities	40,589,087	45,426,839
	01.06.2019 to 30.11.2019	01.06.2018 to 30.11.2018
	RM	RM
Net gain on financial assets at fair value through profit or loss:		
- Realised loss on disposals	(243,811)	(15,307)
- Unrealised fair value gain	670,715	303,834
	<u>426,904</u>	<u>288,527</u>

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
30.11.2019				
UNQUOTED FIXED INCOME SECURITIES - LOCAL				
Affin Bank Bhd 5.45% 05/02/2027 (A1)	4,000,000	4,097,976	4,209,602	9.08
Alliance Bank (M) Bhd 5.75% 27/10/2020 (A2)	4,000,000	4,045,221	4,083,035	8.80
Bank Islam Malaysia Bhd 5.50% 15/12/2025 (A1)	1,000,000	1,034,518	1,045,505	2.25
CIMB Thai Bank PCL 5.35% 10/07/2026 (AA3)	4,000,000	4,091,404	4,186,481	9.03
Krung Thai Bank PCL 5.10% 04/07/2025 (AA2)	2,000,000	2,047,769	2,054,360	4.43
Malakoff Power Bhd 5.15% 17/12/2020 (AA3)	3,000,000	3,089,798	3,122,889	6.73
MMC Corporation Bhd 5.29% 26/04/2023 (AA3)	4,000,000	4,040,205	4,120,291	8.88
Sabah Development Bank Bhd 5.30% 11/05/2022 (AA1)	3,000,000	3,010,025	3,117,282	6.72
Special Power Vehicle Bhd 22.18% 19/11/2021 (A1)	2,000,000	2,635,516	2,694,704	5.81
Tan Chong Motor Holdings Bhd 4.70% 24/11/2021 (A1)	4,000,000	3,934,486	4,044,811	8.72
WCT Holdings Bhd 5.32% 11/05/2022 (AA3)	4,000,000	4,014,660	4,100,260	8.84
TOTAL UNQUOTED FIXED INCOME SECURITIES - LOCAL	<u>35,000,000</u>	<u>36,041,578</u>	<u>36,779,220</u>	<u>79.29</u>

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
30.11.2019 (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES – FOREIGN				
INDONESIA				
Indonesia Eximbank 8.40% 23/02/2020 (AAA)	<u>2,959,000</u>	<u>3,214,406</u>	<u>2,977,532</u>	<u>6.42</u>
TOTAL INDONESIA	<u>2,959,000</u>	<u>3,214,406</u>	<u>2,977,532</u>	<u>6.42</u>
SINGAPORE				
Global Prime Capital Pte Ltd 5.50% 18/10/2023 (BB3)	<u>835,200</u>	<u>882,660</u>	<u>832,335</u>	<u>1.79</u>
TOTAL SINGAPORE	<u>835,200</u>	<u>882,660</u>	<u>832,335</u>	<u>1.79</u>
TOTAL UNQUOTED FIXED INCOME SECURITIES - FOREIGN	<u>3,794,200</u>	<u>4,097,066</u>	<u>3,809,867</u>	<u>8.21</u>
TOTAL UNQUOTED FIXED INCOME SECURITIES	<u>38,794,200</u>	<u>40,138,644</u>	<u>40,589,087</u>	<u>87.50</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>450,443</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>40,589,087</u>		

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
31.05.2019				
Audited				
UNQUOTED FIXED INCOME SECURITIES - LOCAL				
Affin Bank Bhd 5.45% 05/02/2027 (A1)	4,000,000	4,103,000	4,172,967	9.17
Alliance Bank (M) Bhd 5.75% 27/10/2020 (A2)	4,000,000	4,058,363	4,089,634	8.99
Bank Islam Malaysia Bhd 5.50% 15/12/2025 (A1)	1,000,000	1,038,728	1,045,614	2.30
CIMB Thai Bank PCL 5.35% 10/07/2026 (AA3)	4,000,000	4,092,982	4,149,069	9.12
CIMB Thai Bank PCL 5.60% 05/07/2024 (AA3)	1,000,000	1,023,698	1,023,817	2.25
Krung Thai Bank PCL 5.10% 04/07/2025 (AA2)	2,000,000	2,053,269	2,057,360	4.52
Malakoff Power Bhd 5.15% 17/12/2020 (AA3)	3,000,000	3,098,251	3,123,036	6.86
MMC Corporation Bhd 5.29% 26/04/2023 (AA3)	4,000,000	4,044,739	4,067,310	8.94
Sabah Development Bank Bhd 5.30% 11/05/2022 (AA1)	4,000,000	4,013,152	4,098,236	9.01
Special Power Vehicle Bhd 22.18% 19/11/2021 (A1)	2,000,000	2,783,279	2,836,405	6.23
Tan Chong Motor Holdings Bhd 4.70% 24/11/2021 (A1)	4,000,000	3,919,317	3,986,921	8.76
WCT Holdings Bhd 5.32% 11/05/2022 (AA3)	4,000,000	4,014,681	4,051,597	8.91
TOTAL UNQUOTED FIXED INCOME SECURITIES - LOCAL	37,000,000	38,243,459	38,701,966	85.06
UNQUOTED FIXED INCOME SECURITIES - FOREIGN				
INDONESIA				
Indonesia Eximbank 8.40% 23/02/2020 (AAA)	2,935,000	3,233,472	2,956,695	6.50
Sarana Multi Infrastruktur Persero PT 7.85% 18/11/2019 (AAA)	2,935,000	3,286,467	2,942,870	6.47
TOTAL INDONESIA	5,870,000	6,519,939	5,899,565	12.97

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
31.05.2019 (CONTINUED)				
Audited (Continued)				
UNQUOTED FIXED INCOME SECURITIES - FOREIGN (CONTINUED)				
SINGAPORE				
Global Prime Capital Pte Ltd 5.50% 18/10/2023 (BB3)	837,800	883,713	825,308	1.81
TOTAL SINGAPORE	<u>837,800</u>	<u>883,713</u>	<u>825,308</u>	<u>1.81</u>
TOTAL UNQUOTED FIXED INCOME SECURITIES - FOREIGN	<u>6,707,800</u>	<u>7,403,652</u>	<u>6,724,873</u>	<u>14.78</u>
TOTAL UNQUOTED FIXED INCOME SECURITIES	<u><u>43,707,800</u></u>	<u>45,647,111</u>	<u><u>45,426,839</u></u>	<u><u>99.84</u></u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(220,272)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u><u>45,426,839</u></u>		

7. CASH AND CASH EQUIVALENTS

	30.11.2019	31.05.2019 Audited
	RM	RM
Deposits with licensed financial institutions	2,556,220	2,426,849
Bank balances	<u>3,269,618</u>	<u>172,573</u>
	<u><u>5,825,838</u></u>	<u><u>2,599,422</u></u>

7. CASH AND CASH EQUIVALENTS (CONTINUED)

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

	30.11.2019	31.05.2019
	%	Audited
		%
Deposits with licensed financial institutions	<u>3.21</u>	<u>3.23</u>

Deposits with licensed financial institutions of the Fund have an average maturity of 3 days (31.05.2019: 5 days).

8. NUMBER OF UNITS IN CIRCULATION (UNITS)

	01.06.2019 to 30.11.2019	01.06.2018 to 31.05.2019
	No. of units	No. of units
		Audited
At the beginning of the financial period/year	44,662,086	46,351,302
Add: Creation of units from distributions	-	22
Less: Cancellation of units	<u>(600,378)</u>	<u>(1,689,238)</u>
At the end of the financial period/year	<u>44,061,708</u>	<u>44,662,086</u>

9. DERIVATIVE LIABILITIES

	30.11.2019	31.05.2019
	RM	Audited
		RM
Forward foreign currency contract	<u>727</u>	<u>-</u>
	01.06.2019 to 30.11.2019	01.06.2018 to 30.11.2018
	RM	RM
Net (loss)/gain on derivative asset at fair value through profit or loss:		
- Unrealised (loss)/gain on forward foreign currency contract	<u>(727)</u>	<u>15,957</u>
	<u>(727)</u>	<u>15,957</u>

As at 30 November 2019, there is 1 (31.05.2019: Nil) outstanding USD/MYR forward foreign currency contract. The notional principal amount of the outstanding forward foreign currency contract amounted to RM835,060 (31.05.2019: Nil).

The USD/MYR forward foreign currency contract is entered into during the financial period/year to minimise the risk of foreign exchange exposure between the USD and the MYR for the Fund.

As the Fund has not adopted hedge accounting during the financial period, any changes in the fair value of the forward foreign currency contract is recognised immediately in the statement of comprehensive income during the financial period.

10. MANAGEMENT EXPENSE RATIO (“MER”)

	01.06.2019 to 30.11.2019	01.06.2018 to 30.11.2018
	%	%
MER	<u>0.07</u>	<u>0.08</u>

MER is derived from the following calculation:

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

- A = Trustee’s and custodian fees
- B = Audit fee
- C = Tax agent’s fee
- D = Other expenses excluding tax on interest income
- E = 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 RM46,058,452 (30.11.2018: RM46,766,810).

11. PORTFOLIO TURNOVER RATIO (“PTR”)

	01.06.2019 to 30.11.2019	01.06.2018 to 30.11.2018
PTR (times)	<u>0.01</u>	<u>0.01</u>

PTR is derived based on the following calculation:

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

Where:

total acquisition for the financial period = Nil (30.11.2018: Nil)

total disposal for the financial period = RM1,021,800 (30.11.2018: RM1,005,000)

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

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

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

Units held by the Manager and parties related to the Manager

	30.11.2019		31.05.2019	
	<u>No. of units</u>	<u>RM</u>	<u>No. of units</u>	<u>RM</u>
Manager				
Principal Asset Management Berhad <i>(formerly known as CIMB-Principal Asset Management Berhad)</i>	431	454	431	439

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

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

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

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

	01.06.2019 to 30.11.2019 RM	01.06.2018 to 30.11.2018 RM
<u>Significant related party transactions</u>		
Interest income from deposits with licensed financial institution:		
- CIMB Bank Bhd	575	-
	<hr/>	<hr/>
Cash placements with licensed financial institution:		
- CIMB Bank Bhd	2,000,000	-
	<hr/>	<hr/>

13. TRANSACTIONS WITH DEALERS

Details of transactions with the dealers for the six months financial period ended 30 November 2019 are as follows:

Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of brokerage fees %
RHB Investment Bank Bhd	1,021,800	100.00	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,021,800	100.00	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Details of transactions with the dealers for the six months financial period ended 30 November 2018 are as follows:

Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of brokerage fees %
RHB Bank Bhd	1,005,000	100.00	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,005,000	100.00	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

DIRECTORY

Head Office of the Manager

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