

CIMB-Principal Total Return Bond Fund 9

Annual Report

For The Financial Year Ended 31 July 2021

CIMB-PRINCIPAL TOTAL RETURN BOND FUND 9
ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

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INVESTORS' LETTER

Dear Valued Investor,

The global equity markets were positive in August 2021 with the developed markets maintaining their uptrend while the Asia-Pacific markets picking up as well. The Standard & Poor's 500 ("S&P 500") and STOXX Europe 600 rose 2.9% and 2.0% respectively while the best performing Asian markets were India (9.4%), Thailand (7.7%) and Malaysia (7.1%). The bond indices gained more grounds with growth of 0.4% to 0.8%. We remain positive on Asian equities on a long-term basis on the broadening of recovery in corporate earnings including financials, industrials, and energy.

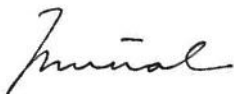
We are happy to share that we recently won the Most Innovative New Money Market Fund – Principal e-Cash Fund at the Global Business Outlook Awards 2020. The Fund is available on Malaysia's leading eWallet provider app.

Digital innovation is central to our strategy, as we use data and technology to develop the right solutions for you. We will continue to advance our digital capabilities to provide easy access to your investment portfolio and enable you to carry out transactions seamlessly. Please continue to check out our website (www.principal.com.my), like our Facebook page (@PrincipalAssetMY) and follow us on our Instagram account (@principalassetmanagement_my) for the latest updates, market insights and investment articles.

We also wish to inform that Ernst & Young PLT ("EY") has been appointed as the auditor of the Fund in respect of the audit for the financial year ended 31 July 2021 onwards. The appointment of the Fund Auditor by the Trustee of the Fund, HSBC (Malaysia) Trustee Berhad, is in accordance with the provisions of the Deed in relation to the Fund.

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

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



Munirah Khairuddin
Chief Executive Officer

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

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

Has the Fund achieved its objective?

The Fund is in line with its stated objectives in delivering total return opportunity by investing in a pool of diversified fixed income securities

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 organizations 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 Investment Grade Securities. Up to 40% of the Fund's NAV may be invested in Non-Investment Grade Securities and Unrated Securities for yield enhancement, of which only up to 20% of the Fund's NAV in Unrated Securities. The Fund may also invest up to 10% of its NAV in structured products which are linked or reference to debt instruments, including credit linked notes, subject to prevailing Securities Commission Malaysia ("SC") Guidelines. When deemed necessary, the Fund may utilise derivative instruments such as forward contracts, options, futures contracts and/or swap agreements for hedging purpose. In the event of a downgrade of a counter-party of an over-the-counter ("OTC") derivative below the minimum long-term rating as per the SC Guidelines, the Manager reserves the right to deal with the OTC derivative in the best interest of the Unit holders.

As this is a close-ended fund, the Manager will purchase the debt instruments and/or structured products 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 and/or structured products is required to protect the investment return of the Fund (nevertheless the Manager can continue to hold the debt instruments despite a credit rating downgrade if the immediate disposal of the debt instruments and/or structured products would not be in the best interest of the Unit holders), and (ii) where the Manager deems that the trading of debt instruments and/or structured products is necessary to provide the investment return in order to achieve the objective of the Fund.

In addition, 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)

What are the Fund investment policy and principal investment strategy? (continued)

Asset Allocation

Up to 100% in debt instruments, money market instruments and/or Deposits, of which:

- At least 70% of the Fund's NAV in debt instruments issued by governments, government agencies, supranational organizations and corporate issuers, which include but not limited to bonds and other fixed rate or floating rate debt instruments, certificates of deposit, commercial papers and notes;
- Up to 99% of the Fund's NAV in Investment Grade Securities;
- Up to 40% of the Fund's NAV in Non-Investment Grade Securities and Unrated Securities, of which up to 20% of the Fund's NAV in Unrated Securities;
- Up to 10% of the Fund's NAV in structured products; and
- At least 1% of the Fund's NAV in liquid assets.

Fund category/type

Debenture (close-ended)/Growth

When was the Fund launched?

15 February 2019

What was the size of the Fund as at 31 July 2021?

RM162.42 million (161.21 million units)

What is the Fund's benchmark?

The benchmark for the Fund is the 3-year CIMB Bank fixed deposit rate at the Commencement Date.

Note: 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?

The Manager has the discretion to make income distribution on an ad-hoc basis, taking into consideration the level of its realised income and/or realised gains, as well as the performance of the Fund. The Manager also has the right to make provisions for reserves in respect of distribution of the Fund.

What was the net income distribution for the financial year ended 31 July 2021?

The Fund distributed a total net income of RM8.92 million to unit holders, as a result, the NAV per unit dropped from RM1.0903 to RM1.0353 on 12 April 2021 for the financial year ended 31 July 2021.

PERFORMANCE DATA

Details of portfolio composition of the Fund for the financial year/period were as follows:

	31.07.2021	31.07.2020
	%	%
Unquoted fixed income securities	90.52	93.58
Cash and other assets	10.40	6.44
Liabilities	<u>(0.92)</u>	<u>(0.02)</u>
	<u>100.00</u>	<u>100.00</u>
NAV (RM Million)	162.42	174.62
Units in circulation (Million)	161.21	166.73
NAV per unit (RM)	1.0075	1.0473

Details of portfolio composition of the Fund for the financial year/period were as follows: (continued)

	01.08.2020	15.02.2019
	to 31.07.2021	(date of launch)
		to 31.07.2020
Highest NAV per unit (RM)	1.1003	1.0711
Lowest NAV per unit (RM)	1.0074	0.9714
Total return (%)	2.44	8.01
- Capital growth (%)	(2.72)	4.71
- Income distribution (%)	5.31	3.19
Management Expense Ratio ("MER") (%) ^	0.06	0.08
Portfolio Turnover Ratio ("PTR") (times) #	0.17	0.71

^ The Fund's MER decreased from 0.08% to 0.06% due to higher average NAV during the financial year under review.

The PTR for the financial year under review was decreased from 0.71 times to 0.17 times. Rebalancing may be done when there are redemptions or potential credit event.

Date of distribution	12.04.2021	06.04.2020
Gross/Net distribution per unit (sen)	5.50	3.10

	31.07.2021	31.07.2020	Since inception
	%	%	to 31.07.2019
			%
Annual total return	2.44	4.93	2.94

(Launch date: 15 February 2019)

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/period have been extracted from Lipper.

MARKET REVIEW (1 AUGUST 2020 TO 31 JULY 2021)

The third quarter of 2020 welcome news of vaccine development and continued monetary easing by Central Banks as well as fiscal stimulus by Governments and extension of asset purchases programmes. Sentiments somewhat improved although still volatile and market confidence regained. Over in US, the US Federation Reserves (the “Fed”) announced that they will be adopting the new framework based on average inflation with tolerance for inflation moderately above 2% in coming years to make up for prior year shortfalls. It will also let employment run above its estimated maximum level unless inflation shoots up. This should see policy rate remains low and accommodative for rest of 2020.

Highlight for fourth quarter of 2020 was the US election with Biden ultimately emerged winner. The Asian US Dollar (“USD”) bond market was soft ahead of the election with less corporate issuance after a deluge in September 2020. However, market resumed after Biden emerged victorious although overhang of the fiscal stimulus package saw US Treasuries (“UST”) traded range bound. On the corporate end, the announcement of the Executive Order banning US residents from trading in a list of Chinese securities saw some weakness. Towards the end of the year, risk sentiment remains mixed in view of resurgence of COVID-19 globally, resulting in new lockdowns bringing on potential global growth derailment.

For first quarter of 2021, fiscal stimulus and reflation trade were the main theme which saw further steepening of the yield curve and repricing of bonds although the movement were less sharp in corporate bonds. The heightened volatility creates opportunity for trade although overall yields trended higher. Corporate credit spread continues to tighten albeit on a smaller scale due to higher UST and increase supply from issuers rushing to lock in the relatively still attractive yield.

Meanwhile, the Malaysian Government Securities (“MGS”) yield curve bear steepened as the Second Movement control Order (“MCO 2.0”) and State of Emergency sparked concern on potentially bigger stimulus package needed to revive the economy. For domestic economic data, Bank Negara Malaysia (“BNM”) decided to maintain Overnight Policy Rate (“OPR”) at 1.75%. The Central Bank continued to mention that the overall outlook locally and globally remains subject to downside risks, primarily if there is a further resurgence of COVID-19 cases. They expect growth for 2020 to be at the lower end of the forecasted range and for a pick-up in growth to be seen in second quarter of 2021. The Government unveiled Perlindungan Ekonomi dan Rakyat Malaysia (“PERMAI”) on 18 January 2021, its 5th economic stimulus package to date worth RM15 billion spread over 22 initiatives aimed at safeguarding the welfare of the people and supporting business continuity following the implementation of MCO2.0. Lastly, Moody’s reaffirmed Malaysia’s A3 rating and maintained its stable outlook on 28 January 2021. The rating agency cited strong medium-term growth prospects, credible and effective macro policymaking institutions, and expectations of gradual fiscal consolidation over the next 2 years to 3 years.

Mixed economic data, still flush liquidity, no unexpected bigger supply pipeline and Fed's dovish rhetoric in the early days of the second quarter of 2021 saw market players returning reversing the tragic performance of the 1st quarter. However, towards the end of the June, the Fed came out with hawkish statements with 13 the Fed officials see hikes in 2023 and 7 officials see hikes in 2022. The hawkishness was reflected in their economic projections figure showing Gross Domestic Products (“GDP”) median will be higher in growth at 7% in 2021 (6.5% on March 2021). This saw the front end of the UST bounced higher while the long end supported flattening the overall yield curve. All these reversed in July 2021 when the Fed indicated that it is closing in on its tapering decision as the Fed’s new language acknowledged that the economy has “made progress” and the Committee will continue to assess progress in coming meetings. However, in the press conference, Chair Powell revealed that the Fed still saw the relevant hurdle “some ways away” and requiring some strong jobs numbers before delivering the taper announcement.

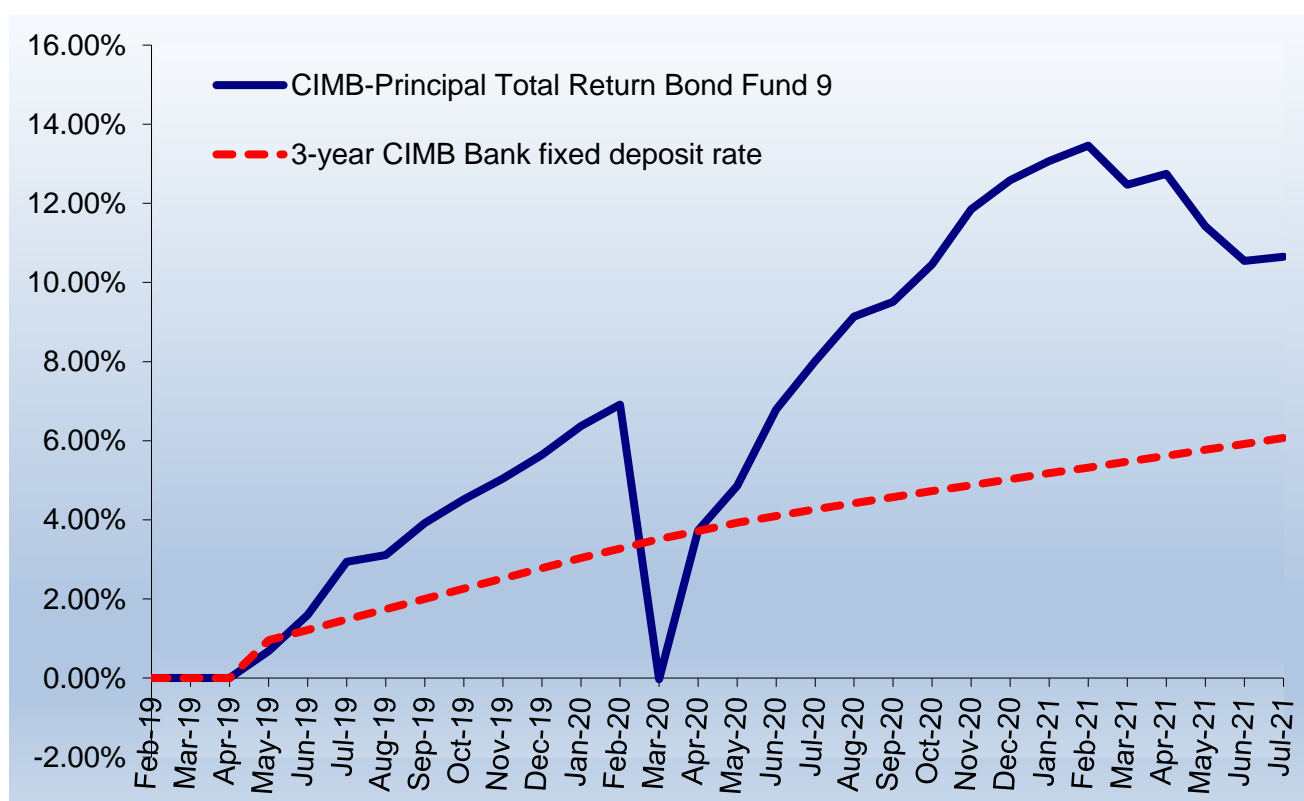
MARKET REVIEW (1 AUGUST 2020 TO 31 JULY 2021) (CONTINUED)

Domestically, in June 2021, the National Recovery Plan (“NRP”) was introduced outlining the necessary conditions to transition from the current lockdown (Phase 1) to the exit phases (Phase 2 - 4). The three key conditions are 1) average daily COVID-19 infections; 2) Intensive care unit (“ICU”) bed capacity; and 3) % of population fully vaccinated. The Government also announced an additional RM150 billion PEMULIH stimulus package (10.6% of 2020 GDP) that includes RM10 billion (0.7% of 2020 GDP) of direct fiscal injection - which includes one-off cash assistance to the affected Bottom 40% (“B40”) / the middle 40% (“M40”) groups (RM5.1 billion); Wage Subsidy Programme 4.0 (RM3.8 billion) as well as another RM1 billion one-off grant to micro and Small and Medium-sized Enterprises (“SME”) businesses. Nevertheless, Ministry of Finance (“MoF”) highlighted that Malaysia’s 2021 GDP forecast would still have to be revised downwards and will be announced in mid-August 2021. Meanwhile, World Bank revised Malaysia’s 2021 GDP growth forecast downwards to 4.5% (from 6% earlier). On a positive note, S&P reaffirmed Malaysia’s rating at A- but maintained its negative outlook to reflect the enduring pressures on Malaysia’s fiscal and debt profile. The reaffirmation has helped to lift the negative sentiment on the domestic bonds in the near-term.

FUND PERFORMANCE

	1 year to 31.07.2021	Since inception to 31.07.2021
	%	%
Income Distribution	5.31	8.67
Capital Growth	(2.72)	1.82
Total Return	2.44	10.65
Benchmark	1.80	6.07
Average Total Return	2.44	4.20

For the one year ending July 2021, the Fund has delivered a total return of 2.44% versus the benchmark 3-year CIMB Bank Fixed Deposit Rate return of 1.80%. Since inception, the Fund delivered 10.65% versus benchmark’s 6.07%.



FUND PERFORMANCE (CONTINUED)

Changes in NAV

	31.07.2021	31.07.2020	Changes %
NAV (RM Million)	162.42	174.62	(6.99)
NAV/Unit (RM)	1.0075	1.0473	(3.80)

The Fund's NAV reduced for the one year period ending July 2021 by 6.99% partly due to redemption. The NAV per unit also declined by 3.80% for the one year period partly due to income distribution.

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/period have been extracted from Lipper.

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	31.07.2021	31.07.2020
Unquoted fixed income securities	90.52	93.58
Cash and other assets	10.40	6.44
Liabilities	(0.92)	(0.02)
TOTAL	100.00	100.00

The Fund was 90.52% invested with 10.40% cash and other assets as liquidity for redemption purposes.

MARKET OUTLOOK*

COVID-19 remains a threat to global recovery while vaccination progress has been uneven across countries. In Asia, the key uncertainty rests in the trajectory of economic growth in the coming quarters. As global growth is gradually recovering, central banks in developed markets and Asia will be maintaining accommodative interest rate environment as not to derail it. Furthermore, Governments have put in place fiscal stimulus to provide downside support to their economies.

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

INVESTMENT STRATEGY

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 priorities capital preservation.

UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 31 July 2021 was as follows:

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	1	0.00*	0.00
5,001-10,000	-	-	-
10,001-50,000	-	-	-
50,001-500,000	-	-	-
500,001 and above	3	161.21	100.00
Total	4	161.21	100.00

Note: 0.00* denotes unit count less than 0.01 million.

SOFT COMMISSIONS AND REBATES

Principal Asset Management Berhad (the “Manager”) and the Trustee will not retain any form of rebate or soft commission from, or otherwise share in any commission with, any broker in consideration for directing dealings in the investments of the Principal Malaysia Funds (“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 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 9**

We, being the Directors of Principal Asset Management Berhad (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying audited financial statements set out on pages 15 to 45 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 July 2021 and of its financial performance, changes in net assets attributable to unit holders 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 Manager

Principal Asset Management Berhad (Company No.: 199401018399 (304078-K))

MUNIRAH KHAIRUDDIN
Chief Executive Officer/Executive Director

JUAN IGNACIO EYZAGUIRRE BARAONA
Director

Kuala Lumpur
14 September 2021

**TRUSTEE'S REPORT TO THE UNITHOLDERS OF
CIMB-PRINCIPAL TOTAL RETURN BOND FUND 9**

We have acted as Trustee of CIMB-Principal Total Return Bond Fund 9 ("the Fund") for the financial year ended 31 July 2021. To the best of our knowledge, Principal Asset Management Berhad ("the Manager"), has operated and managed the Fund in accordance with the following:

- a) limitations imposed on the investment powers of the Manager and 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.

During this financial year, a total distribution of 5.50 sen per unit (gross) has been distributed to the unitholders of the Fund. We are of the view that the distribution is not inconsistent with the objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat
Manager, Investment Compliance Monitoring

Kuala Lumpur
10 September 2021

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL TOTAL RETURN BOND FUND 9**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of CIMB-Principal Total Return Bond Fund 9 (the "Fund"), which comprise the statement of financial position as at 31 July 2021 of the Fund, and statement of comprehensive income, statement of changes in net assets attributable to unit holders and statement of cash flows of the Fund for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 15 to 45.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 July 2021, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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 audit 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("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 UNIT HOLDERS OF
CIMB-PRINCIPAL TOTAL RETURN BOND FUND 9 (CONTINUED)**

Report on the audit of the financial statements (cont'd.)

Information other than the financial statements and auditors' report thereon

The Manager of the Fund (the "Manager") is responsible for the other information. The other information comprises the information included in the annual report of the Fund, 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 Manager for the financial statements

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

In preparing the financial statements of the Fund, the Manager is responsible for assessing the 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 Manager either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

The Trustee is responsible for overseeing the Fund's financial reporting process. The Trustee is also responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL TOTAL RETURN BOND FUND 9 (CONTINUED)**

Report on the audit of the financial statements (cont'd.)

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 skepticism throughout the audit. We also:

- 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB-PRINCIPAL TOTAL RETURN BOND FUND 9 (CONTINUED)**

Report on the audit of the financial statements (cont'd.)

Other matters

This report is made solely to the unit holders of the Fund, as a body, in accordance with the Guidelines on Unit Trust Funds ("GUTF") issued by the Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

The financial statements of the Fund for the period ended 31 July 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 14 September 2020.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Yeo Beng Yean
No. 03013/10/2022 J
Chartered Accountant

Kuala Lumpur
14 September 2021

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 JULY 2021**

	Note	01.08.2020 to 31.07.2021 RM	15.02.2019 (date of launch) to 31.07.2020 RM
INCOME			
Interest income from unquoted fixed income securities at fair value through profit and loss		8,476,366	10,738,113
Interest income from deposits with licensed financial institutions and current account at amortised cost		65,204	637,419
Net (loss)/gain on financial assets at fair value through profit or loss	8	(6,393,897)	3,020,655
Net foreign exchange gain/(loss)		2,767,211	(1,883,866)
Net (loss)/gain on derivative (liabilities)/assets at fair value through profit or loss	12	(2,237,477)	789,601
Exit fee income	4	58,759	37,472
		<u>2,736,166</u>	<u>13,339,394</u>
EXPENSES			
Trustee and custodian fee	5	81,012	109,927
Audit fee		8,400	12,500
Tax agent's fee		7,200	4,600
Other expenses		6,931	3,450
		<u>103,543</u>	<u>130,477</u>
PROFIT BEFORE TAXATION		2,632,623	13,208,917
Taxation	7	(29,413)	(8,617)
PROFIT AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR/PERIOD		<u>2,603,210</u>	<u>13,200,300</u>
Profit after taxation is made up as follows:			
Realised amount		13,069,379	9,974,889
Unrealised amount		(10,466,169)	3,225,411
		<u>2,603,210</u>	<u>13,200,300</u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2021**

	Note	2021 RM	2020 RM
ASSETS			
Cash and cash equivalents	9	16,881,118	10,416,147
Financial assets at fair value through profit or loss	8	147,020,444	163,402,346
Derivative assets at fair value through profit or loss	12	-	789,601
Other receivables		11,912	37,472
TOTAL ASSETS		<u>163,913,474</u>	<u>174,645,566</u>
LIABILITIES			
Derivative liabilities at fair value through profit or loss	12	1,447,876	-
Amount due to Trustee		5,581	5,915
Other payables and accruals		18,400	11,800
Tax payable		18,310	8,617
TOTAL LIABILITIES		<u>1,490,167</u>	<u>26,332</u>
NET ASSET VALUE OF THE FUND		<u>162,423,307</u>	<u>174,619,234</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	10	<u>162,423,307</u>	<u>174,619,234</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	11	<u>161,209,345</u>	<u>166,730,014</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.0075</u>	<u>1.0473</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 UNIT HOLDERS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2021**

	Note	01.08.2020 to 31.07.2021 RM	15.02.2019 (date of launch) to 31.07.2020 RM
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR/PERIOD		<u>174,619,234</u>	<u>-</u>
Movement due to units created and cancelled during the financial year:			
- Creation of units from applications		-	169,412,367
- Creation of units from distribution		0.00*	0.00*
- Cancellation of units		<u>(5,875,572)</u>	<u>(2,772,376)</u>
		<u>(5,875,572)</u>	<u>166,639,991</u>
Total comprehensive income for the financial year/period		2,603,210	13,200,300
Distribution	6	<u>(8,923,565)</u>	<u>(5,221,057)</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR/PERIOD	9	<u>162,423,307</u>	<u>174,619,234</u>

Note: 0.00* denotes amount less than RM1.

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2021**

	Note	31.07.2021 RM	15.02.2019 (date of launch) to 31.07.2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Purchase of unquoted fixed income securities		(43,350,079)	(199,070,893)
Proceeds from disposal of unquoted fixed income securities		16,869,550	37,686,275
Proceeds from redemption of unquoted fixed income securities		35,538,567	-
Interest income received from unquoted fixed income securities		9,290,861	11,647,662
Interest income received from deposits with licensed financial institutions and current account		65,204	637,419
Trustee and custodian fees paid		(81,346)	(104,012)
Payments for other fees and expenses		(15,931)	(8,750)
Net realised foreign exchange gain/(loss)		2,955,493	(1,713,944)
Exit fee income received		84,319	-
Tax paid		(19,720)	-
Net cash generated from/(used in) operating activities		<u>21,336,918</u>	<u>(150,926,243)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		-	169,412,367
Payments for cancellation of units		(5,875,572)	(2,772,376)
Distribution paid		(8,923,565)	(5,221,057)
Net cash (used in)/generated from financing activities		<u>(14,799,137)</u>	<u>161,418,934</u>
Net increase in cash and cash equivalents		6,537,781	10,492,691
Effects of foreign exchange differences		(72,810)	(76,544)
Cash and cash equivalents at the beginning of the financial year/period		<u>10,416,147</u>	-
Cash and cash equivalents at the end of the financial year/period	9	<u><u>16,881,118</u></u>	<u><u>10,416,147</u></u>
<u>Cash and cash equivalents comprised of:</u>			
Deposits with licensed financial institutions		10,532,009	1,438,138
Bank balances		<u>6,349,109</u>	<u>8,978,009</u>
Cash and cash equivalents at the end of the financial year/period	9	<u><u>16,881,118</u></u>	<u><u>10,416,147</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2021**

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES

CIMB-Principal Total Return Bond Fund 9 (the “Fund”) was constituted pursuant to a Deed dated 28 July 2017 (the “Deed”), made between 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 organizations 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 Investment Grade Securities. Up to 40% of the Fund’s NAV may be invested in Non-Investment Grade Securities and Unrated Securities for yield enhancement, of which only up to 20% of the Fund’s NAV in Unrated Securities. The Fund may also invest up to 10% of its NAV in structured products which are linked or reference to debt instruments, including credit linked notes, subject to prevailing SC Guidelines. When deemed necessary, the Fund may utilise derivative instruments such as forward contracts, options, futures contracts and/or swap agreements for hedging purpose. In the event of a downgrade of a counter-party of an OTC derivative below the minimum long-term rating as per the SC Guidelines, the Manager reserve the right to deal with the OTC derivative in the best interest of the Unit holders.

As this is a close-ended fund, the Manager will purchase the debt instruments and/or structured products 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 and/or structured products is required to protect the investment return of the Fund (nevertheless the Manager can continue to hold the debt instruments despite a credit rating downgrade if the immediate disposal of the debt instruments and/or structured products would not be in the best interest of the Unit holders), and (ii) where the Manager deems that the trading of debt instruments and/or structured products is necessary to provide the investment return in order to achieve the objective of the Fund.

In addition, 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.

Asset Allocation

Up to 100% in debt instruments, money market instruments and/or Deposits, of which:

- At least 70% of the Fund’s NAV in debt instruments issued by governments, government agencies, supranational organizations and corporate issuers, which include but not limited to bonds and other fixed rate or floating rate debt instruments, certificates of deposit, commercial papers and notes;
- Up to 99% of the Fund’s NAV in Investment Grade Securities;
- Up to 40% of the Fund’s NAV in Non-Investment Grade Securities and Unrated Securities, of which up to 20% of the Fund’s NAV in Unrated Securities;
- Up to 10% of the Fund’s NAV in structured products; and
- At least 1% of the Fund’s NAV in liquid assets.

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES (CONTINUED)

The Maturity Date is on the day immediately preceding the third (3rd) anniversary of the Commencement Date, 31 March 2022.

All investments are subjected to the GUTF, 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 as issued by the Malaysian Accounting Standards Board ("MASB") and IFRS as issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) 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(l).

There are no other standards, amendments to standards or interpretations that are effective for financial year beginning on 1 August 2020 that have a material effect on the financial statements of the Fund.

None of the standards, amendments to standards or interpretations that are effective for the financial year beginning on/after 1 August 2021 to the financial statements of the Fund.

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

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

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

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

The contractual cash flows of the Fund's debt securities are solely principal and interest. However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

Investment in derivatives of the Fund are debt instruments with contractual cash flows that do not represent solely payment of principal and interest, and therefore are classified as fair value through profit or loss.

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

All of the Fund's financial liabilities (excluding the Net Assets Attributable to Unit Holders) are measured at amortised cost.

Recognition and measurement

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

Financial instruments 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 year/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(l) for further explanation.

Unquoted fixed income securities denominated in foreign currencies are revalued on a daily basis based on fair value prices quoted by Interactive Data Corporation (“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.

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 Manager consider both historical analysis and forward looking information in determining any ECL. The Manager 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 Manager as any contractual payment which is more than 30 days past due.

Definition of default and credit-impaired financial assets

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

Write-off

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

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 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 MYR, 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 MYR primarily due to the following factors:

- i) Units of the Fund are denominated in MYR;
- ii) Significant portion of the Fund's expenses are denominated in MYR; and
- iii) Significant portion of the Fund's investments are denominated in MYR.

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 year/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 held in highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

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

(g) Taxation

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

(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' contributions

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

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

The outstanding units are carried at the redemption amount that is payable at each financial year/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) Realised and unrealised portions of profit or loss after tax

The analysis of realised and unrealised portions of profit or loss after tax as presented on the statement of comprehensive income is prepared in accordance with GUTF.

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

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).

(l) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(I) Critical accounting estimates and judgements in applying accounting policies (continued)

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 GUTF.

MYR 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. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund were as follows:

	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
2021			
Cash and cash equivalents (Note 9)	-	16,881,118	16,881,118
Unquoted fixed income securities (Note 8)	147,020,444	-	147,020,444
Other receivables	-	11,912	11,912
	<u>147,020,444</u>	<u>16,893,030</u>	<u>163,913,474</u>
2020			
Cash and cash equivalents (Note 9)	-	10,416,147	10,416,147
Unquoted fixed income securities (Note 8)	163,402,346	-	163,402,346
Derivative assets – forward foreign currency contracts	789,601	-	789,601
Other receivables	-	37,472	37,472
	<u>164,191,947</u>	<u>10,453,619</u>	<u>174,645,566</u>

All financial liabilities (excluding the Net Assets Attributable to Unit Holders), except derivatives and tax payable, are financial liabilities which are carried at amortised cost.

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

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

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 GUTF.

(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 value of unquoted fixed income securities 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 Fund is exposed to price risk arising from interest rate fluctuation in relation to its investments of RM147,020,444 (2020: RM163,402,346) 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.

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

(a) Market risk (continued)

(ii) Interest rate risk (continued)

The table below summarises the sensitivity of the Fund's profit or loss and NAV to movements in prices of unquoted fixed income securities held by the Fund as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate change by 1% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the interest rate, having regard to the historical volatility of the interest rate.

% Change in interest rate	Impact on profit or loss/NAV	
	2021 RM	2020 RM
+1%	(183,368)	(220,825)
-1%	184,105	221,352

The Fund's exposure to interest rate risk associated with deposits with licensed financial institutions is expected to be minimal as the deposits are held on short-term basis. The weighted average effective interest rate per annum is as follows:

	2021 %	2020 %
Deposits with licensed financial institutions	1.75	1.75

(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 MYR based on considerations of economic fundamentals such as interest rate differentials, balance of payments position, debt levels, and technical chart considerations.

The following table sets out the foreign currency risk concentrations arising from the denomination of the Fund's financial instruments in foreign currencies:

Financial assets	Cash & cash equivalent RM	Financial assets at fair value through profit or loss RM	Derivative (liabilities)/ assets at fair value through profit or loss RM	Total RM
2021				
USD	6,328,650	43,643,161	(1,447,876)	48,523,935
2020				
USD	8,858,231	49,384,770	789,601	59,032,602

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

(a) Market risk (continued)

(iii) Currency risk (continued)

The table below summarises the sensitivity of the Fund's profit or loss and NAV to changes in foreign exchange movements at the end of each reporting period. The analysis is based on the assumption that the foreign exchange rate fluctuates by 5%, with all other variables remain constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change in foreign exchange rate	Impact on profit or loss/NAV	
		2021 RM	2020 RM
USD	% +/-5	+/-2,426,197	+/-2,951,630

(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.

3. FINANCIAL INSTRUMENTS AND 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	Financial assets at fair value through profit or loss RM	Other receivables RM	Total RM	
2021					
- AAA	16,881,118	-	-	16,881,118	
- AA1	-	8,902,517	-	8,902,517	
- AA3	-	73,177,922	-	73,177,922	
- A1	-	21,296,845	-	21,296,845	
- BB2	-	8,679,669	-	8,679,669	
- BB3	-	19,934,580	-	19,934,580	
- B1	-	11,983,014	-	11,983,014	
- B3	-	3,045,897	-	3,045,897	
- Not rated	-	-	11,912	11,912	
	<u>16,881,118</u>	<u>147,020,444</u>	<u>11,912</u>	<u>163,913,474</u>	
	Cash and cash equivalents RM	Financial assets at fair value through profit or loss RM	Derivative assets at fair value through profit or loss RM	Other receivables RM	Total RM
2020					
- AAA	10,416,147	18,805,271	-	-	29,221,418
- AA1	-	9,286,040	-	-	9,286,040
- AA3	-	71,949,256	-	-	71,949,256
- A1	-	13,977,009	-	-	13,977,009
- BB2	-	19,473,993	-	-	19,473,993
- BB3	-	17,627,747	-	-	17,627,747
- B1	-	12,283,030	-	-	12,283,030
- Not Rated	-	-	789,601	37,472	827,073
	<u>10,416,147</u>	<u>163,402,346</u>	<u>789,601</u>	<u>37,472</u>	<u>174,645,566</u>

All deposits with licensed financial institutions of the Fund have an average maturity of 2 days (2020: 2 days).

(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.

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

(c) Liquidity risk (continued)

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.

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

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
2021			
Amount due to Trustee	5,581	-	5,581
Other payables and accruals	-	18,400	18,400
Contractual undiscounted cash flows	<u>5,581</u>	<u>18,400</u>	<u>23,981</u>
2020			
Amount due to Trustee	5,915	-	5,915
Other payables and accruals	-	11,800	11,800
Contractual undiscounted cash flows	<u>5,915</u>	<u>11,800</u>	<u>17,715</u>

(d) Capital risk management

The capital of the Fund is represented by net assets attributable to unit holders of RM162,423,307 (2020: RM174,619,234). 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 year/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.

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

(e) Fair value estimation (continued)

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.

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
31.07.2021				
Financial assets at fair value through profit or loss:				
- Unquoted fixed income securities	-	147,020,444	-	147,020,444
	<u>-</u>	<u>147,020,444</u>	<u>-</u>	<u>147,020,444</u>

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2021				
Financial liabilities				
- Derivative liabilities - forward foreign currency contracts	-	1,447,876	-	1,447,876
	<u>-</u>	<u>1,447,876</u>	<u>-</u>	<u>1,447,876</u>
2020				
Financial assets at fair value through profit or loss:				
- Unquoted fixed income securities	-	163,402,346	-	163,402,346
- Derivative assets - forward foreign currency contracts	-	789,601	-	789,601
	<u>-</u>	<u>164,191,947</u>	<u>-</u>	<u>164,191,947</u>

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include unquoted fixed income securities and forward foreign currency contracts.

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, other receivables and all liabilities are a reasonable approximation of their fair values due to their short term nature.

4. EXIT FEE INCOME

A Withdrawal Penalty of up to 2.00% of the NAV per unit is chargeable on any withdrawal made prior to the maturity date. The withdrawal penalty borne by unit holders will be retained by the Fund.

Withdrawal during	Withdrawal Penalty chargeable (% of NAV per unit)	
	CWA	IUTAs
≥ 1 year after Commencement Date of the Fund	2.00%	2.00%
> 1 to < 3 years after Commencement Date of the Fund	1.00%	1.00%
At Maturity	Nil	Nil

5. MANAGEMENT, TRUSTEE 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 financial year ended 31 July 2021 (15 February 2019 (date of launch) to 31 July 2020: Nil).

In accordance with the Deed, the Trustee is entitled to a maximum fee of 0.04% per annum calculated daily based on the NAV of the Fund. The Trustee fee includes local custodian fees and charges but excludes foreign sub-custodian fees and charges.

For the financial year ended 31 July 2021, the Trustee fee is recognised at a rate of 0.04% per annum while the foreign custodian fee is recognised at RM11,503 (15 February 2019 (date of launch) to 31 July 2020: RM16,991).

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

6. DISTRIBUTION

Distribution to unit holders was derived from the following sources:

	01.08.2020 to 31.07.2021	15.02.2019 (date of launch) to 31.07.2020
	RM	RM
Interest income	2,521,192	5,197,973
Net realised gain on disposal of investments	464,479	169,147
Net foreign exchange gain/(loss)	4,003,892	(91,983)
Exit fee income	66,107	12,145
Prior financial year's realised income	1,939,365	-
	<u>8,995,035</u>	<u>5,287,282</u>
Less:		
Expenses	(57,864)	63,310
Taxation	(13,606)	2,915
Net distribution amount	<u>8,923,565</u>	<u>5,221,057</u>
Gross/Net distribution per unit (sen)		
Distribution on 12 April 2021	5.50	-
Distribution on 6 April 2020	-	3.10

6. DISTRIBUTION (CONTINUED)

Gross distribution was derived using total income less total expenses. Net distribution above was sourced from current and prior financial year/period's realised income.

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

7. TAXATION

	01.08.2020 to 31.07.2021 RM	15.02.2019 (date of launch) to 31.07.2020 RM
Tax charged for the financial year/period:		
- Current taxation	<u>29,413</u>	<u>8,617</u>

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

	01.08.2020 to 31.07.2021 RM	15.02.2019 (date of launch) to 31.07.2020 RM
Profit before taxation	<u>2,632,623</u>	<u>13,208,917</u>
Taxation at Malaysian statutory rate of 24%	631,830	3,170,140
Tax effects of:		
- Investment income not subject to tax	(626,929)	(3,192,461)
- Expenses not deductible for tax purposes	21,463	27,554
- Restriction on tax deductible expenses for Unit Trust Funds	<u>3,049</u>	<u>3,384</u>
Taxation	<u><u>29,413</u></u>	<u><u>8,617</u></u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 RM	2020 RM
At fair value through profit or loss:		
- Unquoted fixed income securities	<u>147,020,444</u>	<u>163,402,346</u>

	01.08.2020 to 31.07.2021 RM	15.02.2019 (date of launch) to 31.07.2020 RM
Net (loss)/gain on financial assets at fair value through profit or loss:		
- Realised (loss)/gain on disposals	(124,290)	595,359
- Unrealised fair value (loss)/gain	<u>(6,269,607)</u>	<u>2,425,296</u>
	<u><u>(6,393,897)</u></u>	<u><u>3,020,655</u></u>

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2021				
UNQUOTED FIXED INCOME SECURITIES				
CHINA				
CIFI Holdings Group Co. Ltd 6.00% 16/07/2025 (BB3)	6,328,500	6,394,602	6,467,205	3.98
CIFI Holdings Group Co. Ltd 6.45% 07/11/2024 (BB3)	4,219,000	4,298,765	4,432,205	2.73
Times China Holdings Ltd 6.75% 08/07/2025 (B1)	6,328,500	6,441,850	6,122,774	3.77
Yuzhou Properties Co Ltd 7.38% 13/01/2026 (B1)	2,953,300	2,877,122	2,042,924	1.26
Yuzhou Properties Co Ltd 8.50% 04/02/2023 (B1)	4,219,000	4,294,132	3,817,316	2.35
	<u>24,048,300</u>	<u>24,306,471</u>	<u>22,882,424</u>	<u>14.09</u>
HONG KONG, CHINA				
Logan Group Co Ltd 4.50% 13/01/2028 (BB3)	5,062,800	4,820,991	4,643,426	2.86
Logan Group Co Ltd 4.85% 14/12/2026 (BB3)	4,640,900	4,539,951	4,391,744	2.70
Melco Resorts Finance Ltd 4.88% 06/06/2025 (BB2)	4,219,000	4,142,280	4,317,839	2.66
Melco Resorts Finance Ltd 5.25% 26/04/2026 (BB2)	4,219,000	4,191,101	4,361,831	2.69
	<u>18,141,700</u>	<u>17,694,323</u>	<u>17,714,840</u>	<u>10.91</u>
MALAYSIA				
DRB-Hicom Bhd 4.15% 12/12/2022 (A1)	5,650,000	5,705,315	5,714,890	3.52
Edra Energy Sdn Bhd 5.61% 05/01/2022 (AA3)	1,000,000	1,015,861	1,016,100	0.63
Edra Energy Sdn Bhd 5.67% 05/01/2023 (AA3)	10,000,000	10,105,800	10,408,542	6.41
Gamuda Bhd 4.83% 23/11/2022 (AA3)	5,000,000	5,069,976	5,173,106	3.18
MMC Corporation Bhd 5.29% 26/04/2023 (AA3)	10,000,000	10,165,699	10,489,184	6.46
Northport 5.00% 02/12/2022 (AA3)	10,000,000	10,123,537	10,310,978	6.35
Perbadanan Kemajuan Negeri Selangor 5.01% 31/10/2023 (AA3)	2,000,000	2,087,020	2,096,196	1.29
Press Metal Aluminum Holding Bhd 4.10% 17/10/2024 (AA3)	3,500,000	3,567,580	3,576,168	2.20
Quantum Solar Park Green 5.20% 06/04/2023 (AA3)	3,500,000	3,659,773	3,666,595	2.26
Sabah Development Bank Bhd 5.30% 24/04/2024 (AA1)	8,500,000	8,629,832	8,902,517	5.48

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2021 (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
MALAYSIA (CONTINUED)				
Special Power Vehicle Bhd 22.18% 19/11/2021 (A1)	5,000,000	5,485,300	5,493,305	3.38
Sports Toto Malaysia Sdn Bhd 4.95% 30/06/2022 (AA3)	5,600,000	5,628,083	5,692,517	3.50
Tan Chong Motor Holdings Bhd 4.70% 24/11/2021 (A1)	10,000,000	10,080,549	10,088,649	6.21
UEM Sunrise Bhd 5.06% 09/12/2022 (AA3)	5,000,000	5,125,159	5,133,251	3.16
WCT Holdings Bhd 5.17% 23/10/2023 (AA3)	10,000,000	10,160,147	10,356,144	6.38
	<u>94,750,000</u>	<u>96,609,631</u>	<u>98,118,142</u>	<u>60.41</u>
SINGAPORE				
Serba Dinamik Holdings Bhd 6.30% 09/05/2022 (B3)	<u>7,172,300</u>	<u>7,135,417</u>	<u>3,045,897</u>	<u>1.88</u>
THAILAND				
CIMB Thai Bank PCL 5.20% 29/03/2028 (AA3)	<u>5,000,000</u>	<u>5,118,913</u>	<u>5,259,141</u>	<u>3.23</u>
TOTAL UNQUOTED FIXED INCOME SECURITIES	<u>149,112,300</u>	<u>150,864,755</u>	<u>147,020,444</u>	<u>90.52</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(3,844,311)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>147,020,444</u>		

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2020				
UNQUOTED FIXED INCOME SECURITIES				
CHINA				
CIFI Holdings Group Co Ltd 6.00% 16/07/2025 (BB2)	4,237,500	4,304,222	4,274,722	2.45
CIFI Holdings Group Co Ltd 6.45% 07/11/2024 (BB2)	2,118,750	2,131,305	2,217,809	1.27
Times China Holdings Ltd 6.75% 08/07/2025 (B1)	4,237,500	4,302,274	4,296,304	2.46
Yuzhou Properties Co Ltd 7.38% 13/01/2026 (BB3)	4,237,500	4,110,360	4,156,945	2.38
Yuzhou Properties Co Ltd 8.50% 04/02/2023 (BB3)	4,237,500	4,343,144	4,643,145	2.66
TOTAL CHINA	19,068,750	19,191,305	19,588,925	11.22
HONG KONG, CHINA				
Melco Resorts Finance Ltd 4.88% 06/06/2025 (BB2)	4,237,500	4,141,839	4,320,669	2.48
Melco Resorts Finance Ltd 5.25% 26/04/2026 (BB2)	4,237,500	4,191,304	4,348,903	2.49
TOTAL HONG KONG, CHINA	8,475,000	8,333,143	8,669,572	4.97
KUWAIT				
Gulf Investment Corporation 5.10% 20/06/2022 (AAA)	5,000,000	5,067,176	5,234,740	3.00
TOTAL KUWAIT	5,000,000	5,067,176	5,234,740	3.00
MALAYSIA				
Edra Energy Sdn Bhd 5.67% 05/01/2023 (AA3)	10,000,000	10,146,548	10,633,789	6.09
Exsim Capital Resources Bhd 5.00% 28/01/2022 (AA3)	4,000,000	4,041,790	4,068,056	2.33
Gamuda Bhd 4.83% 23/11/2022 (AA3)	5,000,000	5,085,899	5,237,423	3.00
Great Realty Sdn Bhd 4.85% 26/05/2023 (AAA)	13,000,000	13,139,024	13,570,531	7.77
MMC Corporation Bhd 5.29% 26/04/2023 (AA3)	10,000,000	10,178,226	10,553,934	6.04
Northport (Malaysia) Bhd 5.00% 02/12/2022 (AA3)	10,000,000	10,153,847	10,445,335	5.98
Press Metal Aluminium Holdings Bhd 4.80% 30/10/2022 (B1)	8,475,000	8,303,547	7,986,726	4.57
Sabah Development Bank Bhd 5.30% 24/04/2024 (AA1)	8,500,000	8,635,864	9,286,040	5.32

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2020 (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
Serba Dinamik Holdings Bhd 6.30% 09/05/2022 (BB3)	8,475,000	8,392,167	6,664,063	3.82
Special Power Vehicle Bhd 22.18% 19/11/2021 (A1)	3,000,000	3,794,331	3,826,023	2.19
Sports Toto Malaysia Sdn Bhd 4.95% 30/06/2022 (AA3)	9,700,000	9,751,879	9,979,121	5.71
Tan Chong Motor Holdings Bhd 4.70% 24/11/2021 (A1)	10,000,000	10,053,377	10,150,986	5.81
WCT Holdings Bhd 5.17% 23/10/2023 (AA3)	10,000,000	10,168,142	10,596,544	6.07
TOTAL MALAYSIA	110,150,000	111,844,641	112,998,571	64.70
SINGAPORE				
ABJA Investment Co Pte Ltd 5.95% 31/07/2024 (BB3)	2,118,750	2,140,609	2,163,594	1.24
Pakuwon Prima Pte Ltd 5.00% 14/02/2024 (BB2)	4,237,500	4,215,044	4,311,890	2.47
TOTAL SINGAPORE	6,356,250	6,355,653	6,475,484	3.71
THAILAND				
CIMB Thai Bank PCL 5.20% 29/03/2028 (AA3)	5,000,000	5,135,311	5,316,979	3.05
CIMB Thai Bank PCL 5.35% 10/07/2026 (AA3)	5,000,000	5,049,821	5,118,075	2.93
TOTAL THAILAND	10,000,000	10,185,132	10,435,054	5.98
TOTAL UNQUOTED FIXED INCOME SECURITIES	159,050,000	160,977,050	163,402,346	93.58
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		2,425,296		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		163,402,346		

9. CASH AND CASH EQUIVALENTS

	2021 RM	2020 RM
Deposits with licensed financial institutions	10,532,009	1,438,138
Bank balances	6,349,109	8,978,009
	<u>16,881,118</u>	<u>10,416,147</u>

10. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

Net assets attributable to unit holders as at the reporting date comprised of:

EQUITY	2021 RM	2020 RM
Unit holders' contributions	160,764,419	166,639,991
Retained earnings	1,658,888	7,979,243
	<u>162,423,307</u>	<u>174,619,234</u>

	Note	Unit holders' contributions RM	Retained earnings RM	Total RM
Balance as at 1 August 2020		166,639,991	7,979,243	174,619,234
Movement in unit holders' contributions:				
- Creation of units from applications		-	-	-
- Creation of units from distribution		0.00*	-	0.00*
- Cancellation of units		(5,875,572)	-	(5,875,572)
Total comprehensive income for the financial year		-	2,603,210	2,603,210
Distribution	5	-	(8,923,565)	(8,923,565)
Balance as at 31 July 2021		<u>160,764,419</u>	<u>1,658,888</u>	<u>162,423,307</u>
Balance as at 15 February 2019 (date of launch)		-	-	-
Movement in unit holders' contributions:				
- Creation of units from applications		169,412,367	-	169,412,367
- Creation of units from distribution		0.00*	-	0.00*
- Cancellation of units		(2,772,376)	-	(2,772,376)
Total comprehensive income for the financial period		-	13,200,300	13,200,300
Distribution	5	-	(5,221,057)	(5,221,057)
Balance as at 31 July 2020		<u>166,639,991</u>	<u>7,979,243</u>	<u>174,619,234</u>

11. NUMBER OF UNITS IN CIRCULATION (UNITS)

	01.08.2020 to 31.07.2021	15.02.2019 (date of launch) to 31.07.2020
	No. of units	No. of units
At the beginning of the financial year/period	166,730,014	-
Add: Creation of units from applications	-	169,412,367
Add: Creation of units from distributions	0.00*	0.00*
Less: Cancellation of units	<u>(5,520,669)</u>	<u>(2,682,353)</u>
At the end of the financial year/period	<u>161,209,345</u>	<u>166,730,014</u>

Note: 0.00* denotes unit less than 1.

12. DERIVATIVE (LIABILITIES)/ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.07.2021	31.07.2020
	RM	RM
Forward foreign currency contracts	<u>(1,447,876)</u>	<u>789,601</u>
	01.08.2020 to 31.07.2021	15.02.2019 (date of launch) to 31.07.2020
	RM	RM
Net (loss)/gain on derivative (liabilities)/assets at fair value through profit or loss		
- Unrealised (loss)/gain on forward foreign currency contract	<u>(2,237,477)</u>	<u>789,601</u>

As at 31 July 2021, there were 8 (2020: 9) outstanding USD/MYR forward foreign currency contracts. The notional principal amount of the outstanding forward foreign currency contracts amounted to RM52,807,781 (2020: RM59,384,914).

The USD/MYR forward foreign currency contracts were entered into during the financial year/period 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 year/period, any changes in the fair value of the forward foreign currency contracts were recognised immediately in the statement of comprehensive income during the financial year/period.

13. MANAGEMENT EXPENSE RATIO (“MER”)

	01.08.2020 to 31.07.2021	15.02.2019 (date of launch) to 31.07.2020
	%	%
MER	0.06	0.08

MER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial year/period calculated on a daily basis was RM173,907,572 (15.02.2019 (date of launch) to 31.07.2020:RM164,035,491).

14. PORTFOLIO TURNOVER RATIO (“PTR”)

	01.08.2020 to 31.07.2021	15.02.2019 (date of launch) to 31.07.2020
PTR (times)	0.17	0.71

PTR is derived based on the following calculation:

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

where:

total acquisition for the financial year/period = RM42,914,414 (15.02.2019 (date of launch) to 31.07.2020: RM196,538,063)

total disposal for the financial year/period = RM16,695,940 (15.02.2019 (date of launch) to 31.07.2020: RM36,980,003)

15. 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	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

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

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

<u>Related parties</u>	<u>Relationship</u>
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

Units held by the Manager and parties related to the Manager

	<u>31.07.2021</u>		<u>31.07.2020</u>	
	<u>No. of units</u>	<u>RM</u>	<u>No. of units</u>	<u>RM</u>
Manager				
Principal Asset Management Berhad	1	1	1	1

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.

	<u>01.08.2020 to 31.07.2021</u>	<u>15.02.2019 (date of launch) to 31.07.2020</u>
	<u>RM</u>	<u>RM</u>
<u>Significant related party transactions</u>		
Interest income from deposits with licensed financial institution:		
- CIMB Bank Bhd	371	100,089
Cash placements with licensed financial institution:		
- CIMB Bank Bhd	5,452,000	257,212,000

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

16. TRANSACTIONS WITH DEALERS

Details of transactions with the top 10 dealers for the financial year ended 31 July 2021 were as follows:

Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of brokerage fees %
Citigroup Global Markets Ltd	10,641,214	17.85	-	-
Affin Hwang Investment Bank Bhd	8,317,323	13.95	-	-
RHB Bank Bhd	8,302,213	13.93	-	-
J.P. Morgan Securities (M) Sdn Bhd	5,374,552	9.02	-	-
Hong Leong Investment Bank Bhd	5,100,600	8.56	-	-
Alliance Bank Malaysia Bhd	4,452,000	7.47	-	-
Morgan Stanley	4,316,475	7.24	-	-
RHB Investment Bank Bhd	3,844,070	6.45	-	-
Malayan Banking Bhd	2,732,400	4.58	-	-
Bank of America Merrill Lynch	2,174,655	3.65	-	-
Others	4,354,855	7.30	-	-
	<u>59,610,357</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

Details of transactions with the dealers for the financial period from 15 February 2019 (date of launch) to 31 July 2020 were as follows:

Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of brokerage fees %
Alliance Bank Malaysia Bhd	38,621,200	16.86	-	-
RHB Investment Bank Bhd	32,304,000	14.10	-	-
Citigroup Global Markets Ltd	31,109,257	13.58	-	-
HSBC Bank Malaysia Bhd	18,876,334	8.24	-	-
CIMB Bank Bhd #	18,232,280	7.96	-	-
Standard Chartered Bank Malaysia Bhd	16,595,869	7.24	-	-
Bank of America Merrill Lynch	12,359,492	5.39	-	-
RHB Bank Bhd	11,061,300	4.83	-	-
Morgan Stanley	10,665,192	4.65	-	-
Hong Leong Investment Bank Bhd	10,128,000	4.42	-	-
Others	29,182,610	12.73	-	-
	<u>229,135,534</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

16. TRANSACTIONS WITH DEALERS (CONTINUED)

Included in the transactions are trades conducted with CIMB Bank Bhd, fellow related party to the Manager amounting to nil (2020: RM18,232,280). 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 party.

17. SIGNIFICANT EVENT DURING THE YEAR

The COVID-19 pandemic and related lockdowns and movement restrictions have had, and will continue to have, a significant impact on global economic conditions and the environment in which the Fund operates. The Manager continues to closely monitor the macro-economic outlook as a result of COVID-19 pandemic and its impact to the Fund's performance and will be managing the risks to achieve the Fund's objective.

18. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 14 September 2021.

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