

CIMB ISLAMIC PRS PLUS CONSERVATIVE

INTERIM REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 29 FEBRUARY 2020

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MEMBERS' LETTER

Dear Valued Member,

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

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

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

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

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

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

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

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

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

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

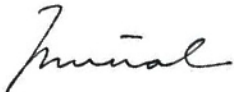
For further investing and retirement education and market information, please visit our website (www.principal.com.my) or Facebook account (@PrincipalMY). And, coming soon, we'll also be sharing additional education information through webinars and our YouTube channel. If you have additional questions,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

MEMBERS' LETTER (CONTINUED)

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

Please be informed that effective 22 April 2020, the Fund has been renamed as Principal Islamic PRS Plus Conservative following the issuance of the Second Replacement Disclosure Document for the Principal Islamic PRS Plus ("Scheme").

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



Munirah Khairuddin
Chief Executive Officer

**SHARIAH ADVISER'S REPORT TO THE UNIT HOLDERS OF
CIMB ISLAMIC PRS PLUS CONSERVATIVE**

For the Financial Period from 1 September 2019 to 29 February 2020

We have acted as the Shariah Adviser of CIMB Islamic PRS Plus Conservative (the "Fund"). Our responsibility is to ensure that the procedures and processes employed by Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the "Manager") are in accordance with Shariah principles.

In our opinion, the Manager has managed and administered the Fund in accordance with Shariah principles and complied with applicable guidelines, rulings or decisions issued by the Securities Commission ("SC") pertaining to Shariah matters.

In addition, we confirm that the investment portfolio of the Fund comprises securities and/or instruments which have been classified as Shariah compliant by the Shariah Advisory Council ("SAC") of the SC and/or SAC of Bank Negara Malaysia ("BNM"), where applicable. For securities and/or instruments which are not classified as Shariah-compliant by the SAC of the SC and/or SAC of BNM, we have determined that such securities and/or instruments are in accordance with Shariah principles and have complied with the applicable Shariah Guidelines.

This report is made solely to the unit holders of the Fund, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report and we shall not be liable for any errors or non-disclosure on the part of the Manager.

For **Amanie Advisors Sdn Bhd**,

DATUK DR MOHD DAUD BAKAR
Executive Chairman

20 April 2020

**STATEMENT BY THE PRS PROVIDER TO THE MEMBERS OF
CIMB ISLAMIC PRS PLUS CONSERVATIVE**

We, being the Directors of Principal Asset Management Berhad (the "PRS Provider"), do hereby state that, in the opinion of the PRS Provider, the accompanying unaudited 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 statement of financial position of the Fund as at 29 February 2020 and of its financial performance, changes in net assets attributable to members and cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 - Interim Financial Reporting and International Accounting Standards ("IAS") 34 - Interim Financial Reporting.

For and on behalf of the PRS Provider

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

MUNIRAH KHAIRUDDIN

Chief Executive Officer/Executive Director

JUAN IGNACIO EYZAGUIRRE BARAONA

Director

Kuala Lumpur

23 April 2020

**TRUSTEE'S REPORT TO THE MEMBERS OF
CIMB ISLAMIC PRS PLUS CONSERVATIVE**

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

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

For **Deutsche Trustees Malaysia Berhad**

NG HON LEONG
Head, Trustee Operations

RICHARD LIM HOCK SENG
Chief Executive Officer

Kuala Lumpur
20 April 2020

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

The Fund seeks to provide Members with capital preservation* through investment primarily in Sukuk.

*The Fund is neither a capital guaranteed fund nor a capital protected fund.

Has the Fund achieved its objective?

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

What are the Fund investment policy and principal investment strategy?

The Fund aims to invest in a diversified portfolio of primarily Sukuk with some exposure in Shariah-compliant equities.

The fixed income portion will provide capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The Fund may opt to invest in Sukuk, Islamic money market instruments and Shariah-compliant equities either directly or via Shariah-compliant collective investment schemes.

At least 80% of the Fund's Net Asset Value ("NAV") will be invested in Sukuk and Islamic money market instruments, of which a minimum 20% of the Fund's NAV will be invested in Islamic money market instruments, all of which have a minimum credit rating of "BBB3" or "P2" by RAM Ratings ("RAM") or equivalent rating by Malaysian Rating Corporation Bhd ("MARC"). The investments in Shariah-compliant equities shall not exceed 20% of the Fund's NAV.

Fund category/type

Core (Conservative)

When was the Fund launched?

12 November 2012

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

RM29.64 million (46.37 million units)

What is the Fund's benchmark?

60% Quant shop Government Investment Issues ("GII") Short Index + 20% CIMB Islamic 1-Year General Investment Account-i ("GIA") + 20% Financial Times Stock Exchange ("FTSE") Bursa Malaysia ("FBM") EMAS Shariah ("FBMS") Index

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

What is the Fund distribution policy?

The Fund is not expected to pay any distribution.

PERFORMANCE DATA

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

	29.02.2020	28.02.2019	28.02.2018
	%	%	%
Quoted securities			
- Construction	1.78	0.31	1.77
- Consumer Products & Services	0.61	0.44	-
- Energy	3.26	1.43	-
- Finance	-	-	0.44
- Financial service	0.45	0.64	-
- Health care	1.45	1.30	-
- Industrials	-	-	2.95
- Industrial Products & Services	0.52	1.57	-
- Infrastructure Project Companies ("IPC")	-	-	0.48
- Plantation	2.02	0.59	2.32
- Real Estate Investment Trust ("REITs")	0.26	0.49	-
- Technology	1.28	1.84	0.68
- Telecommunications/Media	1.36	0.76	-
- Trading/Services	-	-	9.47
- Transport /Logistics	0.97	1.22	-
- Utilities	1.98	1.85	-
Unquoted Sukuk	83.37	86.79	80.92
Cash and other net assets	0.69	0.77	0.97
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	29.02.2020	28.02.2019	28.02.2018
NAV (RM Million)			
- Class A	16.02	13.59	9.42
- Class C	1.69	0.85	0.63
- Class X	11.93	8.72	5.99
Units in circulation (Million)			
- Class A	25.05	22.42	15.80
- Class C	2.65	1.40	1.06
- Class X	18.67	14.38	10.05
NAV per unit (RM)			
- Class A	0.6393	0.6062	0.5960
- Class C	0.6379	0.6055	0.5954
- Class X	0.6393	0.6062	0.5960
	01.09.2019	01.09.2018	01.09.2017
	to 29.02.2020	to 28.02.2019	to 28.02.2018
Highest NAV per unit (RM)			
- Class A	0.6478	0.6085	0.5992
- Class C	0.6465	0.6079	0.5986
- Class X	0.6478	0.6085	0.5992
Lowest NAV per unit (RM)			
- Class A	0.6255	0.5955	0.5857
- Class C	0.6244	0.5949	0.5851
- Class X	0.6255	0.5955	0.5857
Total return (%)			
- Class A	2.01	0.08	1.74
- Class C	1.95	0.05	1.74
- Class X	2.00	0.07	1.74

PERFORMANCE DATA (CONTINUED)

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

	01.09.2019 to 29.02.2020	01.09.2018 to 28.02.2019	01.09.2017 to 28.02.2018
- Capital growth (%)			
- Class A	2.01	0.08	1.74
- Class C	1.95	0.05	1.74
- Class X	2.00	0.07	1.74
- Income distribution (%)			
- Class A	-	-	-
- Class C	-	-	-
- Class X	-	-	-
Management Expense Ratio ("MER") (%) ^	0.81	0.51	0.16
Portfolio Turnover Ratio ("PTR") (times) #	0.30	0.49	1.39

^ For the financial period under review, the Fund's MER increased from 0.51% to 0.81% mainly due to increase in expenses.

The Fund's PTR decreased slightly from 0.49 times to 0.30 times mainly due to lesser transactions during the financial period under review.

	29.02.2020	28.02.2019	28.02.2018	28.02.2017	29.02.2016
	%	%	%	%	%
Annual total return					
- Class A	5.45	1.69	4.78	2.84	1.23
- Class C	5.34	1.68	4.77	2.86	1.19
- Class X	5.45	1.69	4.76	2.86	1.19

(Launch date: 12 November 2012)

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

MARKET REVIEW (1 SEPTEMBER 2019 TO 29 FEBRUARY 2020)

Equity

The FBMS Index declined 7.69% in Ringgit Malaysia ("RM") terms during the financial period under review amid concerns over uncertainty in domestic politics and the COVID-19 outbreak.

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

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

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

During the financial period under review, Bank Negara Malaysia (“BNM”) lowered the Overnight Policy Rate (“OPR”) by 25 basis points (“bps”). At the Monetary Policy Committee’s (“MPC”) first meeting in January 2020, the MPC lowered the OPR to 2.75% as a pre-emptive measure to secure the improving growth trajectory amid price stability. They also mentioned that despite the dissipation of trade tensions pointing towards improving global trade activity as well as monetary easing across major economies helping to ease financial conditions, the downside risks continue to remain on the back of geopolitical tensions and policy uncertainties in some countries. This cut by the central bank came as a surprise to most.

In September and October 2019, the Consumer Price Index (“CPI”) rose slightly by 1.1% year-on-year (“y-o-y”) for two consecutive months. It continued to ease further in the month of November 2019 as it grew only 0.9% yoy as food and beverages and transport component prices weakened. The CPI for the month of December 2019 was up 1% y-o-y, bringing in full year inflation for 2019 at 0.7%. In January 2020, the CPI increased 1.6% y-o-y on the back of an increase in the overall index of transport (3.9%), Miscellaneous Goods and Services (2.5%), Housing, Water, Electricity, Gas & Other Fuels (1.7%), Education (1.7%) and Communication (1.5%).

After FTSE Russell announced to place Malaysia in their Watch list earlier in 2019, the index provider announced in September 2019 that they would continue to place Malaysia in the Watch list up until the next review in March 2020. As for now, Malaysia continues to be in the index provider’s World Government Bond Index (“WGBI”). The local bond market saw a mild boost following the central bank’s recent announcement in early November 2019 whereby they cut the Statutory Reserve Requirement (“SRR”) ratio to 3% from 3.5% to enhance liquidity in the domestic financial system. Government bond yields across all tenors moved lower by 32 bps to 93 bps in 2019. Following the rate cut seen in January 2020, the yields on all the Malaysian Govvies went down between 15 bps to 25 bps with the longer tenures moving the most. Yields continued to move lower at the end of January 2020 as investors across all markets became rattled by COVID-19 which was first identified in Wuhan, Hubei province, China.

Meanwhile, the country’s economy expanded by 4.4% in the third quarter of 2019, slower than the 4.9% growth recorded in the second quarter of 2019 and the 4.5% growth seen in the first quarter of 2019. Following that, the economy expanded at a much lower 3.6% in the fourth quarter of 2019 due to the weaker manufacturing and agriculture sectors. According to the Statistics Department, Gross Domestic Product (“GDP”) expanded at 4.3% in 2019 which was slower than the 4.7% in 2018. The growth in 2019 was the weakest since 2009. BNM said the country’s economic growth was affected by supply disruptions in the commodities sector with private consumption and private investment expanding by 8.1% and 4.2% respectively, whilst net exports fell by 9.8%. The agriculture and mining sectors also contracted by 5.7% and 2.5%, respectively. A RM20 billion stimulus package was announced by the Government on 27 February 2020 in response to mitigating the COVID-19 outbreak to boost the sluggish economy. Under a three-prong approach, the package aims to mitigate the impact of COVID-19, encourage rakyat-centric spending, and support sectors directly hurt by the virus, chiefly tourism and aviation. It will also accelerate planned investment projects by Government Linked Companies (“GLC”)’s. The package is expected to raise the fiscal deficit to 3.4% from an initial projection of 3.2%.

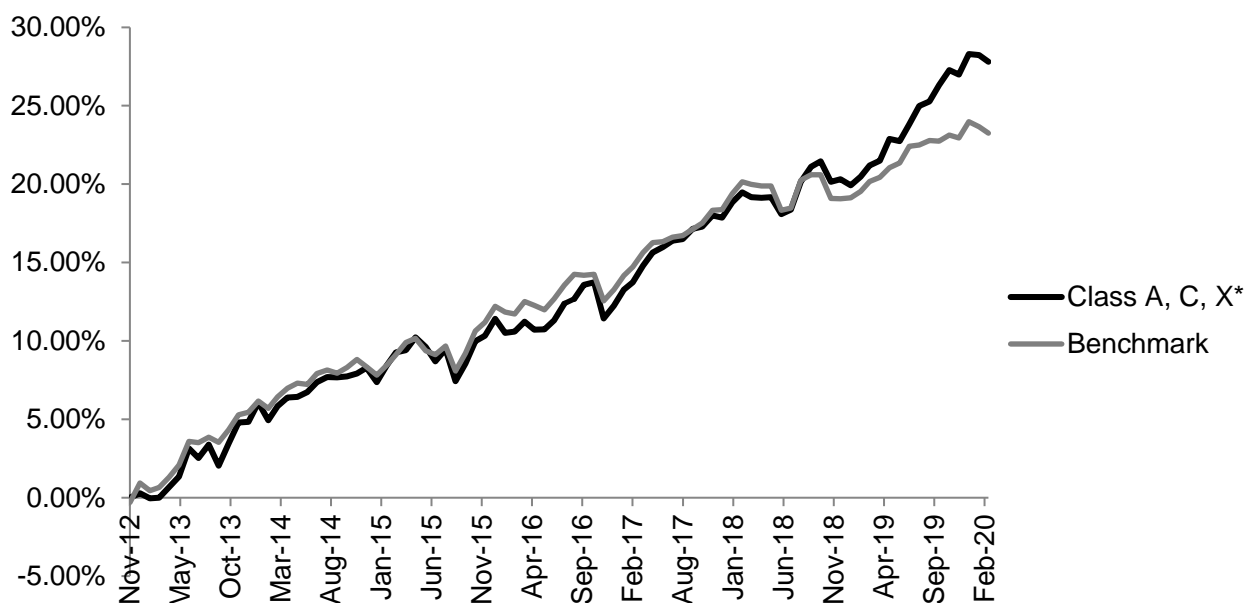
FUND PERFORMANCE

	6 months to 29.02.2020			1 year to 29.02.2020			3 years to 29.02.2020		
	Class A	Class C	Class X	Class A	Class C	Class X	Class A	Class C	Class X
	%	%	%	%	%	%	%	%	%
Income	-	-	-	-	-	-	-	-	-
Capital	2.01	1.95	2.00	5.45	5.34	5.45	12.36	12.21	12.34
Total Return	2.01	1.95	2.00	5.45	5.34	5.45	12.36	12.21	12.34
Benchmark	0.39	0.39	0.39	2.57	2.57	2.57	7.45	7.45	7.45
Average Total Return	N/A	N/A	N/A	5.45	5.34	5.45	3.96	3.92	3.96

	5 years to 29.02.2020			Since inception to 29.02.2020		
	Class A	Class C	Class X	Class A	Class C	Class X
	%	%	%	%	%	%
Income	-	-	-	-	-	-
Capital	16.97	16.80	16.93	27.80	27.52	27.80
Total Return	16.97	16.80	16.93	27.80	27.52	27.80
Benchmark	12.62	12.62	12.62	23.26	23.26	23.26
Average Total Return	3.18	3.15	3.18	3.42	3.38	3.42

For the financial period under review, total return of Class A, Class C and Class X gained by 2.01%, 1.95% and 2.00% respectively. Meanwhile, the benchmark's return was 0.39% for the same reporting period. The Fund has outperformed its benchmark since inception to 29 February 2020 by 4.54% for Class A and Class X and by 4.26% for Class C.

The slight variation in the performance between Class A, Class C and Class X, if any, was due to different timing of units created for each of the class.



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

FUND PERFORMANCE (CONTINUED)

Changes in NAV

	29.02.2020	31.08.2019 Audited	Changes %
CLASS A			
NAV (RM Million)	16.02	14.97	7.01
NAV/Unit (RM)	0.6393	0.6266	2.03
CLASS C			
	29.02.2020	31.08.2019 Audited	Changes %
NAV (RM Million)	1.69	1.33	27.07
NAV/Unit (RM)	0.6379	0.6256	1.97
CLASS X			
	29.02.2020	31.08.2019 Audited	Changes %
NAV (RM Million)	11.93	10.20	16.96
NAV/Unit (RM)	0.6393	0.6267	2.01

The Fund recorded positive net inflow from unit creations over the financial period under review for all the three classes. Class A's NAV remained the largest for the Fund as it stood at RM16.02 million at the end of the reporting period.

For the 6-month period, the Fund ranked 4th in Quartile 2 under the Mixed Asset MYR Conservative category in the Lipper rankings.

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

PORTFOLIO STRUCTURE

Asset allocation

(%) of NAV	29.02.2020	31.08.2019 Audited
Shariah-compliant quoted securities	15.94	17.35
Shariah-compliant unquoted Sukuk	83.37	73.21
Cash and other net assets	0.69	9.44
Total	100.00	100.00

The Fund was fully invested during the period under review. A minimal level of liquid assets was maintained primarily for redemption purposes.

MARKET OUTLOOK***Equity**

Against the backdrop of a disappointing fourth quarter of 2019 GDP growth of 3.6% (versus 4.1% street expectation) and a weaker Purchasing Managers' Index ("PMI") reading of 48.5 in February 2020, BNM has followed through with its second interest rate cut this year as it lowers the OPR by 25 bps to 2.50% in its March 2020 MPC meeting.

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

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

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

Sukuk

The Malaysian Government on 16 March 2020 announced measures to contain the spread of the COVID-19. The number of confirmed cases accelerated over the last few days – with 790 confirmed cases as of writing compared with less than 50 cases two weeks ago. Movement control is akin to enforced social distancing. The end game is to allow the epidemic curve to flatten. The countries that have achieved a flattening are China, Taiwan, Singapore, South Korea and Hong Kong. Malaysia has borrowed a page from these countries on their containment policies. The containment policy would have a drag effect on domestic economic activities especially consumption arising from closure of government and private business premises.

Whilst trade war factors have dissipated currently, it is replaced by the fallout from the COVID-19 outbreak in China and now the rest of the world. BNM has acted swiftly by cutting policy rate by 25 bps twice in January and March 2020. In addition, BNM highlighted that there is ample room to cut interest rate given the slow economic growth and moderate inflation. At time of report writing, BNM has cut the OPR by 50 bps in total at the MPC meetings held on 22 January as well as on 3 March 2020. The likelihood of a third rate cut therefore has increased with the timing to be determined by BNM. Nevertheless, should the developed world's efforts to fight COVID-19 be prolonged, the possibility of a fourth OPR cut should not be discounted. To cushion the fallout from the COVID-19 breakout, policymakers have announced a RM20 billion fiscal stimuli that includes: (1) targeted special relief financing facility for sectors, e.g. hotels and tour operators, negatively affected by COVID-19 outbreak; (2) reduction in employees' contribution to Employees' Provident Fund ("EPF"), which would put money directly into consumers' hands; and (3) front-loading of existing spending such as Bantuan Sara Hidup and other infrastructure projects.

MARKET OUTLOOK* (CONTINUED)

Sukuk (continued)

For now, we continue to expect the domestic bond market to remain supported but at time of report writing, we are seeing the bond market being sold off on the back of the plunge in oil prices, regional market rates coming off as well as the weaker RM. Additionally, we highlight the possibility of a negative impact to the country's sovereign credit ratings by the three foreign rating agencies. We were expecting some primary issuances in the first half of 2020 but supply seems fairly limited in this current environment. We expect investors to be watching closely BNM's next move, FTSE Russell's verdict on whether Malaysia will remain on their WGBI index in early April and the success of the containment measures.

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

INVESTMENT STRATEGY

As this is a core Fund for the PRS, the Fund will continue to remain fully invested with minimal cash kept for redemption purposes. Our asset allocation decisions will continue to be subject to market conditions.

Equity

For equity, we will be tilting our barbell approach from growth bias to capital preservation bias; focusing on companies with defensive and high yielding qualities.

Sukuk

For fixed income, we continue to prefer corporate bonds for the portfolio with a preference for credits which are in the AA-bucket with stronger fundamentals.

MEMBERS STATISTICS AS AT 29 FEBRUARY 2020

CLASS A

Size of unit holdings (units)	No. of members	No. of units held (million)	% of units held
5,000 and below	1,204	1.46	5.83
5,001-10,000	530	3.32	13.25
10,001-50,000	556	11.66	46.55
50,001-500,000	52	6.07	24.23
500,001 and above	3	2.54	10.14
Total	2,345	25.05	100.00

CLASS C

Size of unit holdings (units)	No. of members	No. of units held (million)	% of units held
5,000 and below	112	0.19	7.17
5,001-10,000	41	0.26	9.81
10,001-50,000	35	0.68	25.66
50,001-500,000	10	1.52	57.36
500,001 and above	-	-	-
Total	198	2.65	100.00

MEMBERS STATISTICS AS AT 29 FEBRUARY 2020

CLASS X

Size of unit holdings (units)	No. of members	No. of units held (million)	% of units held
5,000 and below	1,303	1.58	8.47
5,001-10,000	217	1.50	8.03
10,001-50,000	310	7.15	38.30
50,001-500,000	103	7.92	42.41
500,001 and above	1	0.52	2.79
Total	1,934	18.67	100.00

SOFT COMMISSIONS AND REBATES

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

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

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

		01.09.2019 to 29.02.2020	01.09.2018 to 28.02.2019
	Note	RM	RM
INCOME			
Dividend income		58,192	198,606
Profit income from Shariah-compliant deposits with licensed Islamic financial institutions at amortised cost and Hibah		5,501	406,433
Profit income from unquoted Sukuk		473,390	-
Net gain/(loss) on financial assets at fair value through profit or loss	7	272,095	(420,803)
		<u>809,178</u>	<u>184,236</u>
EXPENSES			
Management fee		200,193	96,095
Private Pension Administrator's fee	4	5,703	4,471
Trustee's and Custodian's fees	5	5,703	5,858
Transaction costs		24,348	20,264
Audit fee		6,150	4,450
Tax Agent's fee		2,300	2,300
Other expenses		12,978	3,125
		<u>257,375</u>	<u>136,563</u>
PROFIT BEFORE TAXATION		551,803	47,673
Taxation	6	-	(283)
INCREASE IN NET ASSETS ATTRIBUTABLE TO MEMBERS		<u>551,803</u>	<u>47,390</u>
Increase in net assets attributable to members is made up as follows:			
Realised amount		813,791	83,529
Unrealised amount		(261,988)	(36,139)
		<u>551,803</u>	<u>47,390</u>

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

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

		29.02.2020	31.08.2019
	Note	RM	Audited RM
ASSETS			
Cash and cash equivalents	8	182,268	2,561,116
Financial assets at fair value through profit or loss (Shariah-compliant)	7	29,439,153	23,998,781
Amount due from the PRS Provider			
- Creation of units		76,421	105,226
Dividends receivable		5,230	8,712
Tax recoverable		18	18
TOTAL ASSETS		<u>29,703,090</u>	<u>26,673,853</u>
LIABILITIES			
Amount due to stockbrokers		-	106,471
Amount due to the PRS Provider	9		
- Cancellation of units		10,484	16,187
Accrued management fees		33,786	31,021
Amount due to Trustee		962	883
Amount due to Private Pension Administrator		962	883
Other payables and accruals		13,050	18,985
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO MEMBERS)		<u>59,244</u>	<u>174,430</u>
NET ASSET VALUE OF THE FUND		<u>29,643,846</u>	<u>26,499,423</u>
NET ASSETS ATTRIBUTABLE TO MEMBERS		<u>29,643,846</u>	<u>26,499,423</u>
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS			
- Class A		16,016,732	14,972,207
- Class C		1,691,299	1,328,099
- Class X		11,935,815	10,199,117
		<u>29,643,846</u>	<u>26,499,423</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)			
- Class A		25,053,061	23,891,328
- Class C		2,651,099	2,122,803
- Class X		18,669,167	16,274,152
	10	<u>46,373,327</u>	<u>42,288,283</u>
NET ASSET VALUE PER UNIT (RM)			
- Class A		0.6393	0.6266
- Class C		0.6379	0.6256
- Class X		0.6393	0.6267

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

**UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO MEMBERS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 29 FEBRUARY 2020**

	01.09.2019 to 29.02.2020	01.09.2018 to 28.02.2019
	RM	RM
NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE BEGINNING OF THE FINANCIAL PERIOD	26,499,423	19,018,154
Movement due to units created and cancelled during the financial period:		
- Creation of units from applications		
- Class A	2,474,581	3,155,783
- Class C	977,094	206,240
- Class X	1,965,359	3,615,947
	<u>5,417,034</u>	<u>6,977,970</u>
 - Cancellation of units		
- Class A	(1,754,494)	(458,892)
- Class C	(631,659)	(145,943)
- Class X	(438,261)	(2,279,062)
	<u>(2,824,414)</u>	<u>(2,883,897)</u>
 Increase in net assets attributable to members during the financial period	 551,803	 47,390
 NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE END OF THE FINANCIAL PERIOD	<u>29,643,846</u>	<u>23,159,617</u>

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

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

	01.09.2019 to 29.02.2020 RM	01.09.2018 to 28.02.2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of Shariah-compliant quoted securities	3,540,346	3,707,506
Proceeds from disposal of unquoted Sukuk	2,567,435	5,334,031
Purchases of Shariah-compliant quoted securities	(3,681,706)	(3,292,218)
Purchases of unquoted Sukuk	(7,798,050)	(10,073,645)
Profit income received from unquoted Sukuk	546,269	391,169
Profit income from Shariah-compliant deposits with licensed Islamic financial institutions	5,501	4,868
Dividend income received	61,191	53,724
Management fee paid	(197,428)	(71,022)
Private Pension Administrator's fee paid	(5,624)	(4,400)
Trustee's and Custodian's fee paid	(5,624)	(7,847)
Payments for other fees and expenses	(26,880)	(15,563)
Net cash used in operating activities	(4,994,570)	(3,973,397)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	5,445,839	6,918,201
Payments for cancellation/switching of units	(2,830,117)	(2,857,816)
Net cash generated from financing activities	2,615,722	4,060,385
Net (decrease)/increase in cash and cash equivalents	(2,378,848)	86,988
Cash and cash equivalents at the beginning of the financial period	2,561,116	1,633
Cash and cash equivalents at the end of the financial period	182,268	88,621
<u>Cash and cash equivalents comprised of:</u>		
Deposits with licensed Islamic financial institutions	140,021	-
Bank balance	42,247	88,621
Cash and cash equivalents at the end of the financial period	182,268	88,621

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

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

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

The Fund offers three classes of units known respectively as Class A, Class C and Class X. In accordance with the Disclosure Document, Class A and Class C are for members who have attained 18 years of age as of the date of opening a private pension account. Class A and C have different management fee. Class X is for members who participate via respective employers and is subject to a minimum of 200 participating employees per employer or 50 participating employees under payroll deduction per employer. Class X has no Sales Charge.

The Fund aims to invest in a diversified portfolio of primarily Sukuk with some exposure in Shariah-compliant equities.

The fixed income portion will provide capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The Fund may opt to invest in Sukuk, Islamic money market instruments and Shariah-compliant equities either directly or via Shariah-compliant collective investment schemes.

At least 80% of the Fund’s NAV will be invested in Sukuk and Islamic money market instruments, of which a minimum 20% of the Fund’s NAV will be invested in Islamic money market instruments, all of which have a minimum credit rating of “BBB3” or “P2” by RAM or equivalent rating by MARC. The investments in Shariah-compliant equities shall not exceed 20% of the Fund’s NAV.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

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

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

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

The Fund has applied the following standard for the first time for the financial period beginning 1 September 2019:

- Amendments to MFRS 112 'Income Taxes' (effective from 1 January 2019) clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, OCI or equity) depends on where the past transactions that generated distributable profits were recognised.

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

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

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

(b) Financial assets and financial liabilities

Classification

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

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

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

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

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

The contractual cash flows of the Fund's debt securities are solely principal and interest¹, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents, amount due from PRS Provider and dividends receivable as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

The Fund classifies amount due to stockbrokers, amount due to PRS Provider, accrued management fee, amount due to Private Pension Administrator, amount due to Trustee, and other payables and accruals as other financial liabilities measured at amortised cost.

Recognition and measurement

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

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

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

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

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

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

¹ For the purposes of this Fund, interest refers to profits earned from Shariah-compliant investments.

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

Shariah-compliant collective investment schemes are valued based on the most recent published NAV per unit or share of such Shariah-compliant collective investment schemes or, if unavailable, on the last published price of such unit or share (excluding any sales charge included in such selling price).

Shariah-compliant quoted securities in Malaysia are valued at the last traded market price quoted on Bursa Malaysia Securities Bhd (“Bursa Securities”) at the date of the statement of financial position.

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

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

Shariah-compliant deposits with licensed Islamic financial institutions are stated at cost plus accrued profit calculated on the effective profit method over the year from the date of placement to the date of maturity of the respective Shariah-compliant deposits.

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

Impairment for assets carried at amortised costs

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

Significant increase in credit risk

A significant increase in credit risk is defined by the PRS Provider as any contractual payment which is more than 30 days past due.

Definition of default and credit-impaired financial assets

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

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

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

(c) Income recognition

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

Profit income from Shariah-compliant deposits with licensed Islamic financial institutions and unquoted Sukuk are recognised on a time proportionate basis using the effective profit rate method on an accrual basis.

Profit income is calculated by applying the effective profit 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 profit 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 Shariah-compliant quoted securities is accounted for as the difference between the net disposal proceeds and the carrying amount of Shariah-compliant quoted securities, determined on a weighted average cost basis.

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

(d) Functional and presentation currency

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

(e) Members' contributions

The member's continuations to the Fund meet the definition of puttable instruments classified as financial liability under MFRS 132 "Financial Instruments: Presentation".

The Fund issues cancellable units, in three classes of units, known respectively as the Class A, Class C and Class X, which are cancelled at the member's option and do not have identical features subject to restrictions as stipulated in the Disclosure Document and SC Guidelines on PRS. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's NAV of respective classes. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the member exercises the right to put back the unit to the Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Members' contributions (continued)

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

(f) Cash and cash equivalents

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

(g) Taxation

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

(h) Increase/Decrease in net assets attributable to members

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

(i) Transactions costs

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

(j) Amount due from/to stockbrokers

Amount due from/to stockbrokers represent receivables for Shariah-compliant investments sold and payables for Shariah-compliant investments purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(k) Realised and unrealised portions of increase/decrease in net assets attributable to members**

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

(l) Critical accounting estimates and judgments in applying accounting policies

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

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

Estimate of fair value of unquoted Sukuk

In undertaking any of the Fund's Shariah-compliant investment, the PRS Provider will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the SC Guidelines on PRS.

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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to provide Members with capital preservation through investment primarily in Sukuk.

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

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

(a) Market risk

(i) Price risk

This is the risk that the fair value of an investment in Shariah-compliant collective investment schemes will fluctuate because of changes in market prices. The value of investments in a Shariah-compliant collective investment schemes may fluctuate according to the activities of individual companies, sector and overall political and economic conditions. Such fluctuation may cause the Fund's NAV and prices of units to fall as well as rise, and income produced by the Fund may also fluctuate.

The price risk is managed through diversification and selection of Shariah-compliant collective investment schemes and other financial instruments within specified limits according to the Deeds.

(ii) Interest rate risk

In general, when interest rates rise, unquoted Sukuk 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 Sukuk 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 Sukuk and Shariah-compliant money market instruments are benchmarked against interest rates. As such, the investments are exposed to the movement of the interest rates. It does not in any way suggest that this Fund will invest in conventional financial instruments. All investments carried out for the Fund including placement and deposits are in accordance with Shariah.

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

Such investments may be subject to unanticipated rise in profit rates which may impair the ability of the issuers to meet obligation under the instrument, especially if the issuers are highly leveraged. An increase in profit rates may therefore increase the potential for default by an issuer.

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

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

(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 Sukuk 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 investment and subsequently depress the NAV of the Fund. Usually credit risk is more apparent for an investment with a longer tenure, i.e. the longer the duration, the higher the credit risk.

Credit risk can be managed by performing continuous fundamental credit research and analysis to ascertain the creditworthiness of its issuer. In addition, the Manager imposes a minimum rating requirement as rated by either local and/or foreign rating agencies and manages the duration of the investment in accordance with the objective of the Fund. For this Fund, the unquoted Sukuk investment must satisfy a minimum credit requirement of at least "BBB3" or "P2" by RAM or equivalent rating by MARC.

The credit risk arising from bank balances and placements of Shariah-compliant deposits in licensed Islamic financial institutions is managed by ensuring that the Fund will only place Shariah-compliant deposits in reputable licensed Islamic financial institutions.

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

(c) Liquidity risk

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

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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Capital risk management

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

(e) Fair value estimation

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

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

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

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

(i) Fair value hierarchy

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

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

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

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

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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Fair value estimation (continued)

(i) Fair value hierarchy (Continued)

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
29.02.2020				
Financial assets at fair value through profit or loss:				
- Shariah-compliant quoted securities	4,725,368	-	-	4,725,368
- Unquoted Sukuk	-	24,713,785	-	24,713,785
	<u>4,725,368</u>	<u>24,713,785</u>	<u>-</u>	<u>29,439,153</u>
31.08.2019				
Audited				
Financial assets at fair value through profit or loss:				
- Shariah-compliant quoted securities	4,597,525	-	-	4,597,525
- Unquoted Sukuk	-	19,401,256	-	19,401,256
	<u>4,597,525</u>	<u>19,401,256</u>	<u>-</u>	<u>23,998,781</u>

Shariah-compliant investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include Shariah-compliant collective investment schemes. The Fund does not adjust the quoted prices for these instruments. The Fund’s policies on valuation of these financial assets are stated in Note 2(b).

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

(ii) The carrying values of cash and cash equivalents, amount due from the PRS Provider, dividends receivable and all current liabilities are a reasonable approximation of their fair values due to their short term nature.

4. MANAGEMENT FEE AND PRIVATE PENSION ADMINISTRATOR'S FEE

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

For the six months financial period ended 29 February 2020 and 28 February 2019, the management fee for the respective classes is recognised at the following rates:

Class A	Class C	Class X
1.40%	1.50%	1.40%

Nonetheless, no management fee is charged on the Fund up until 15 November 2018 as the management fee has been waived by the PRS Provider. Effective from 16 November 2018, the fee is charged to the Fund.

The Private Pension Administrator's fee is recognised at a rate of 0.04% per annum (28.02.2019: 0.04% per annum) for each unit class, calculated daily based on the NAV of the Fund.

There is no further liability in respect of management fee and Private Pension Administrator's fee other than the amount recognised above.

5. TRUSTEE'S AND CUSTODIAN'S FEES

In accordance with the Deeds, the Trustee is entitled to a maximum fee of 0.04% per annum for each unit class, calculated daily based on the NAV of the Fund. The Trustee's fee includes local Custodian fee but excludes foreign sub-custodian fees.

For the six months financial period ended 29 February 2020, the Trustee's and Custodian's fees is recognised at a rate of 0.04% per annum (28.02.2019: 0.04% per annum).

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

6. TAXATION

	01.09.2019 to 29.02.2020 RM	01.09.2018 to 28.02.2019 RM
Tax charged for the financial period:		
- Under provision in prior financial period	-	283

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

	01.09.2019 to 29.02.2020 RM	01.09.2018 to 28.02.2019 RM
Profit before taxation	551,803	47,673
Taxation at Malaysian statutory rate of 24% (28.02.2019: 24%)	132,433	11,442
Tax effects of:		
Investment income not subject to tax	(194,203)	(43,934)
Expenses not deductible for tax purposes	11,562	8,422
Restriction on tax deductible expenses for PRS Funds	50,208	24,353
Taxation	-	283

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	29.02.2020	31.08.2019
	RM	Audited RM
Designated at fair value through profit or loss at inception:		
- Shariah-compliant quoted securities	24,713,785	4,597,525
- Unquoted Sukuk	4,725,368	19,401,256
	<u>29,439,153</u>	<u>23,998,781</u>
	01.09.2019	01.09.2018
	to 29.02.2020	to 28.02.2019
	RM	RM
Net gain/(loss) on financial assets at fair value through profit or loss:		
- Realised gain/(loss) on disposals	534,394	(378,169)
- Unrealised fair value loss	(262,299)	(42,634)
	<u>272,095</u>	<u>(420,803)</u>

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
29.02.2020				
SHARIAH-COMPLIANT QUOTED SECURITIES				
Construction				
Econpile Holdings Bhd	200,000	144,630	132,000	0.45
Gamuda Bhd	50,041	201,125	165,636	0.56
IJM Corp Bhd	80,000	179,572	155,200	0.52
Sunway Construction Group Bhd	40,000	83,476	74,800	0.25
	<u>370,041</u>	<u>608,803</u>	<u>527,636</u>	<u>1.78</u>
Consumer Products & Services				
Sime Darby Bhd	90,000	204,820	180,000	0.61
Energy				
Dayang Enterprise Holdings Bhd	80,000	101,188	186,400	0.63
Dialog Group Bhd	70,000	214,064	233,800	0.79
Hibiscus Petroleum Bhd	300,000	287,550	225,000	0.76
Serba Dinamik Holdings Bhd	77,500	162,480	170,500	0.58
Serba Dinamik Holdings Bhd - Warrant	18,000	-	6,120	0.02
Yinson Holdings Bhd	20,000	95,564	143,000	0.48
	<u>565,500</u>	<u>860,846</u>	<u>964,820</u>	<u>3.26</u>
Financial Services				
BIMB Holdings Bhd	35,000	146,443	132,300	0.45

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
29.02.2020 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
Health Care				
Hartalega Holdings Bhd	15,000	78,034	93,000	0.31
IHH Healthcare Bhd	20,000	109,892	114,000	0.38
Top Glove Corporation Bhd	40,000	207,429	225,600	0.76
	<u>75,000</u>	<u>395,355</u>	<u>432,600</u>	<u>1.45</u>
Industrial Products & Services				
Petronas Chemicals Group Bhd	20,000	166,539	108,000	0.36
Press Metal Aluminium Holdings Bhd	10,000	47,819	46,600	0.16
	<u>30,000</u>	<u>214,358</u>	<u>154,600</u>	<u>0.52</u>
Plantation				
Genting Plantations Bhd	5,400	57,888	54,108	0.18
Sime Darby Plantation Bhd	110,000	559,181	545,600	1.84
	<u>115,400</u>	<u>617,069</u>	<u>599,708</u>	<u>2.02</u>
REIT				
Axis REIT	40,000	71,319	77,200	0.26
Technology				
D&O Green Technologies Bhd	150,000	108,705	105,750	0.36
Globetronics Technology Bhd	50,000	97,685	104,000	0.35
My Eg Services Bhd	150,000	192,435	168,000	0.57
	<u>350,000</u>	<u>398,825</u>	<u>377,750</u>	<u>1.28</u>
Telecommunications/ Media				
Digi.com Bhd	51,900	239,417	215,904	0.73
Time Dotcom Bhd	20,000	180,119	186,600	0.63
	<u>71,900</u>	<u>419,536</u>	<u>402,504</u>	<u>1.36</u>
Transportation/Logistics				
MISC Bhd	20,000	136,822	151,800	0.51
Westports Holdings Bhd	40,000	155,556	137,600	0.46
	<u>60,000</u>	<u>292,378</u>	<u>289,400</u>	<u>0.97</u>
Utilities				
Tenaga Nasional Bhd	48,500	682,902	586,850	1.98

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
29.02.2020 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
TOTAL SHARIAH-COMPLIANT QUOTED SECURITIES	<u>1,851,341</u>	4,912,654	<u>4,725,368</u>	<u>15.94</u>
ACCUMULATED UNREALISED LOSS ON SHARIAH-COMPLIANT QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(187,286)</u>		
TOTAL SHARIAH-COMPLIANT QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>4,725,368</u>		

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
29.02.2020 (CONTINUED)				
UNQUOTED SUKUK				
Bandar Serai Development Sdn Bhd 4.78% 27/10/2020 (AA3)	1,500,000	1,527,880	1,540,078	5.20
Bank Pembangunan Malaysia Bhd 4.28% 2/3/2022 (AAA)	500,000	509,333	521,761	1.76
Celcom Networks Sdn Bhd 4.85% 29/8/2022 (AA1)	200,000	200,607	208,411	0.70
Edra Energy Sdn Bhd 5.67% 05/01/2023 (AA3)	300,000	315,553	318,916	1.08
Exsim Capital Resources Bhd 5.00% 28/01/2022 (AA3)	2,650,000	2,699,571	2,704,024	9.12
Fortune Premiere Sdn Bhd 3.985% 11/09/2026 (AA)	130,000	132,637	135,526	0.46
Fortune Premiere Sdn Bhd 4.80% 13/3/2023 (AA)	1,900,000	1,959,111	2,021,387	6.82
Fortune Premiere Sdn Bhd 4.85% 07/09/2023 (AA)	450,000	476,252	481,895	1.63
Gulf Investment Corporation Bhd 5.10% 16/03/2021 (AAA)	250,000	258,355	260,011	0.88
IJM Land Bhd 4.73% 17/03/2119 (A2)	200,000	204,470	207,631	0.70
Intiaz Sukuk II Bhd 4.58% 27/05/2022 (AA2)	750,000	759,232	781,267	2.64
Jimah Energy Ventures 9.35% 12/05/2020 (AA3)	750,000	778,425	780,252	2.63
MMC Corporation Bhd 5.64% 27/4/2027 (AA3)	750,000	777,982	820,665	2.77
Perbadanan Kemajuan Negeri Selangor 5.00% 10.08.2021 (AA3)	450,000	452,694	462,320	1.56
Perbadanan Kemajuan Negeri Selangor 5.15% 10.08.2023 (AA3)	650,000	663,275	686,322	2.32
RHB Islamic Bank Bhd 4.88% 27/4/2027 (AA3)	1,100,000	1,124,946	1,152,765	3.89
Sabah Credit Corporation Bhd 4.70% 08/05/2020 (AA1)	1,600,000	1,625,581	1,627,727	5.49
Sarawak Energy Bhd 4.70% 24/11/2028 (AAA)	1,000,000	1,050,465	1,129,152	3.80

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
29.02.2020 (CONTINUED)				
UNQUOTED SUKUK (CONTINUED)				
Tanjung Bin Power Sdn Bhd 4.66% 14/08/2020 (AA2)	2,100,000	2,114,758	2,118,899	7.14
Telekom Malaysia Bhd 4.20% 13/09/2021 (AAA)	1,000,000	1,020,571	1,037,522	3.49
UEM Edgenta Bhd 4.85% 26/4/2022 (AA3)	280,000	285,761	292,859	0.99
UEM Sunrise Bhd 4.75% 22/03/2024 (AA3)	1,180,000	1,243,369	1,263,381	4.26
UMW Holdings Bhd 4.83% 22/6/2022 (AA2)	400,000	405,811	417,808	1.41
UMW Holdings Bhd 5.12% 4/10/2023 (AA2)	500,000	534,483	540,371	1.82
United Growth Bhd 4.73% 21/06/2022 (AA2)	2,100,000	2,133,808	2,189,379	7.39
WCT Holdings Bhd 5.32% 11/5/2022 (AA3)	970,000	993,652	1,013,456	3.42
TOTAL UNQUOTED SUKUK	23,660,000	24,248,582	24,713,785	83.37
ACCUMULATED UNREALISED GAIN ON UNQUOTED SUKUK AT FAIR VALUE THROUGH PROFIT OR LOSS		465,203		
TOTAL UNQUOTED SUKUK AT FAIR VALUE THROUGH PROFIT OR LOSS		24,713,785		

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.08.2019				
Audited				
UNQUOTED SUKUK				
Construction				
Kerjaya Prospek Group Bhd	44,200	62,516	62,322	0.24
Sunway Construction Group Bhd	61,400	128,136	124,642	0.47
	<u>105,600</u>	<u>190,652</u>	<u>186,964</u>	<u>0.71</u>
Consumer Products & Services				
Bermaz Auto Bhd	51,100	129,447	116,508	0.44
Sime Darby Bhd	54,200	123,359	124,118	0.47
	<u>105,300</u>	<u>252,806</u>	<u>240,626</u>	<u>0.91</u>
Energy				
Dayang Enterprise Holdings Bhd	194,700	252,981	270,633	1.02
Dialog Group Bhd	86,900	265,745	302,412	1.14
Yinson Holdings Bhd	54,100	258,502	375,995	1.43
	<u>335,700</u>	<u>777,228</u>	<u>949,040</u>	<u>3.59</u>
Financial Services				
BIMB Holdings Bhd	35,000	146,443	141,750	0.53
Health Care				
Hartalega Holdings Bhd	41,000	202,357	210,330	0.79
IHH Healthcare Bhd	32,600	177,673	188,754	0.71
	<u>73,600</u>	<u>380,030</u>	<u>399,084</u>	<u>1.50</u>
Industrial Products & Services				
Petronas Chemicals Group Bhd	49,600	413,015	343,728	1.30
Plantation				
Genting Plantations Bhd	5,400	57,888	54,108	0.20
Sime Darby Plantation Bhd	28,900	150,293	143,922	0.54
	<u>34,300</u>	<u>208,181</u>	<u>198,030</u>	<u>0.74</u>
Property				
Malaysian Resources Corporation Bhd	164,600	153,510	120,158	0.45
Sime Darby Property Bhd	28,200	30,006	24,816	0.09
	<u>192,800</u>	<u>183,516</u>	<u>144,974</u>	<u>0.54</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.08.2019 (CONTINUED)				
Audited SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
REIT				
KLCCP Stapled Group	14,600	112,112	119,136	0.45
Technology				
Globetronics Technology Bhd	36,900	63,305	61,992	0.23
Greotech Technology Bhd	110,000	126,214	126,500	0.48
i-Stone Group Bhd	400,058	68,010	68,010	0.26
Pentamaster Corporation Bhd	86,150	188,169	300,663	1.13
Revenue Group Bhd	77,100	85,166	117,192	0.44
	<u>710,208</u>	<u>530,864</u>	<u>674,357</u>	<u>2.54</u>
Telecommunications & Media				
Digi.com Bhd	30,400	142,444	152,608	0.58
TIME dotCom Bhd	16,000	144,119	146,080	0.55
	<u>46,400</u>	<u>286,563</u>	<u>298,688</u>	<u>1.13</u>
Transportation & Logistics				
MISC Bhd	24,800	169,659	180,048	0.68
Westports Holdings Bhd	30,000	107,786	126,000	0.49
	<u>54,800</u>	<u>277,445</u>	<u>306,048</u>	<u>1.17</u>
Utilities				
Petronas Gas Bhd	4,800	86,088	77,184	0.29
Tenaga Nasional Bhd	37,100	531,456	517,916	1.95
	<u>41,900</u>	<u>617,544</u>	<u>595,100</u>	<u>2.24</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.08.2019 (CONTINUED)				
Audited				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
TOTAL SHARIAH-COMPLIANT QUOTED SECURITIES	<u>1,799,808</u>	4,376,399	<u>4,597,525</u>	<u>17.35</u>
ACCUMULATED UNREALISED GAIN ON SHARIAH-COMPLIANT QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>221,126</u>		
TOTAL SHARIAH-COMPLIANT QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>4,597,525</u>		

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (SHARIAH-COMPLIANT) (CONTINUED)				
Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
31.08.2019 (CONTINUED)				
Audited				
UNQUOTED SUKUK				
Bandar Serai Development Sdn Bhd 4.78% 27/10/2020 (AA3)	1,500,000	1,530,742	1,542,405	5.82
Bank Pembangunan Malaysia Bhd 4.28% 02/03/2022 (AAA)	500,000	508,964	519,398	1.96
Celcom Networks Sdn Bhd 4.85% 29/08/2022 (AA1)	200,000	200,736	206,984	0.78
Fortune Premiere Sdn Bhd 4.80% 13/03/2023 (AA)	1,900,000	1,962,130	2,009,935	7.58
Gulf Investment Corporation 5.10% 16/03/2021 (AAA)	250,000	259,579	259,556	0.98
Intiaz Sukuk II Bhd 4.58% 27/05/2022 (AA2)	750,000	759,528	775,823	2.93
Jimah Energy Ventures Sdn Bhd 9.15% 05/12/2020 (AA3)	750,000	795,398	799,223	3.02
Jimah Energy Ventures Sdn Bhd 9.35% 12/05/2020 (AA3)	750,000	796,847	800,690	3.02
Lingkar Trans Kota Holdings Bhd 5.70% 15/04/2020 (AA2)	1,250,000	1,294,325	1,294,322	4.88
MMC Corporation Bhd 5.64% 27/04/2027 (AA3)	750,000	778,872	802,504	3.03
Perbadanan Kemajuan Negeri Selangor 5.00% 10/08/2021 (AA3)	750,000	755,213	769,331	2.90
Perbadanan Kemajuan Negeri Selangor 5.15% 10/08/2023 (AA3)	450,000	454,715	472,578	1.78
RHB Islamic Bank Bhd 4.88% 27/04/2027 (AA3)	1,100,000	1,126,567	1,145,916	4.32
Sabah Credit Corporation 4.70% 08/05/2020 (AA1)	1,600,000	1,631,746	1,634,091	6.17
Sarawak Energy Bhd 4.70% 24/11/2028 (AA1)	1,000,000	1,052,383	1,098,750	4.15
Telekom Malaysia Bhd 4.20% 13/09/2021 (AAA)	1,000,000	1,021,120	1,035,982	3.91
UEM Edgenta Bhd 4.85% 26/04/2022 (AA3)	280,000	286,163	291,732	1.10
UEM Sunrise Bhd 4.75% 22/03/2024 (AA3)	530,000	557,301	563,116	2.13
UMW Holdings Bhd 4.83% 22/06/2022 (AA2)	400,000	406,254	417,208	1.57
United Growth Bhd 4.73% 21/06/2022 (AA2)	2,100,000	2,137,696	2,182,216	8.23

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
31.08.2019 (CONTINUED)				
Audited				
UNQUOTED SUKUK				
(CONTINUED)				
WCT Holdings Bhd 5.32% 11/05/2022 (AA3)	750,000	765,887	779,496	2.95
TOTAL UNQUOTED SUKUK	<u>18,560,000</u>	<u>19,082,166</u>	<u>19,401,256</u>	<u>73.21</u>
ACCUMULATED UNREALISED GAIN ON UNQUOTED SUKUK AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>319,090</u>		
TOTAL UNQUOTED SUKUK AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>19,401,256</u>		

8. CASH AND CASH EQUIVALENTS (SHARIAH-COMPLIANT)

	29.02.2020 RM	31.08.2019 Audited RM
Shariah-compliant deposits with licensed Islamic financial institutions	140,021	2,485,415
Bank balance	42,247	75,701
	<u>182,268</u>	<u>2,561,116</u>

9. NUMBER OF UNITS IN CIRCULATION (UNITS)

	01.09.2019 to 29.02.2020	01.09.2018 to 31.08.2019 Audited
	No. of units	No. of units
Class A (i)	25,053,061	23,891,328
Class C (ii)	2,651,099	2,122,803
Class X (iii)	18,669,167	16,274,152
	46,373,327	42,288,283

(i) Class A

	01.09.2019 to 29.02.2020	01.09.2018 to 31.08.2019 Audited
	No. of units	No. of units
At the beginning of the financial period/year	23,891,328	17,952,253
Add : Creation of units from applications	3,886,912	8,011,084
Less: Cancellation of units	(2,725,179)	(2,072,009)
At the end of the financial period/year	25,053,061	23,891,328

(ii) Class C

	01.09.2019 to 29.02.2020	01.09.2018 to 31.08.2019 Audited
	No. of units	No. of units
At the beginning of the financial period/year	2,122,803	1,305,876
Add : Creation of units from applications	1,528,304	1,350,876
Less: Cancellation of units	(1,000,008)	(533,949)
At the end of the financial period/year	2,651,099	2,122,803

(iii) Class X

	01.09.2019 to 29.02.2020	01.09.2018 to 31.08.2019 Audited
	No. of units	No. of units
At the beginning of the financial period/year	16,274,152	12,139,994
Add : Creation of units from applications	3,083,643	8,521,397
Less: Cancellation of units	(688,628)	(4,387,239)
At the end of the financial period/year	18,669,167	16,274,152

10. MANAGEMENT EXPENSE RATIO (“MER”)

	01.09.2019 to 29.02.2020	01.09.2018 to 28.02.2019
	%	%
MER	<u>0.81</u>	<u>0.51</u>

MER is derived based on the following calculation:

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

- A = Private Pension Administrator’s fee
- B = Trustee’s fee
- C = Audit fee
- D = Tax Agent’s fee
- E = Other expenses excluding Sales and Service Tax (“SST”) on transaction costs
- F = Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial period calculated on a daily basis is RM28,631,861 (28.02.2019: RM22,563,147).

11. PORTFOLIO TURNOVER RATIO (“PTR”)

	01.09.2019 to 29.02.2020	01.09.2018 to 28.02.2019
PTR (times)	<u>0.30</u>	<u>0.49</u>

PTR is derived from the following calculation:

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

where:

- total acquisition for the financial period = RM11,325,086 (28.02.2019: RM13,282,025)
- total disposal for the financial period = RM6,076,975 (28.02.2019: RM8,871,802)

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

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

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

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

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

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

<u>Significant related party transactions</u>	01.09.2019 to 29.02.2020 RM	01.09.2018 to 28.02.2019 RM
Profit income from deposits with licensed financial institution:		
- CIMB Islamic Bank Bhd	-	22
Deposit placements with licensed financial institution:		
- CIMB Islamic Bank Bhd	-	254,000

13. TRANSACTIONS WITH BROKERS/DEALERS

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

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
RHB Investment Bank Bhd	6,657,193	38.25	1,964	12.33
Standard Chartered Bank Bhd	2,274,750	13.07	-	-
RHB Bank Bhd	2,027,262	11.65	-	-
Hong Leong Investment Bank Bhd	1,461,046	8.40	3,322	20.86
Maybank Investment Bank Bhd	1,378,403	7.92	3,101	19.47
Macquarie Capital Securities (Malaysia) Sdn Bhd	1,076,705	6.19	2,347	14.74
CLSA Securities Malaysia Sdn Bhd	729,090	4.19	1,640	10.30
Affin Hwang Investment Bank Bhd	612,097	3.52	1,410	8.85
Alliance Investment Bank Bhd	560,928	3.22	1,262	7.93
Others #	624,586	3.59	879	5.52
	<u>17,402,061</u>	<u>100.00</u>	<u>15,927</u>	<u>100.00</u>

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

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
RHB Bank Bhd	9,219,041	41.63	-	-
RHB Investment Bank Bhd	3,053,038	13.79	772	6.02
JP Morgan Securities (M) Sdn Bhd	2,106,219	9.51	2,453	19.13
Hong Leong Investment Bank Bhd	1,984,247	8.96	955	7.45
Alliance Bank Malaysia Bhd	1,768,628	7.99	-	-
Affin Hwang Investment Bank Bhd	1,073,880	4.85	2,416	18.85
Macquarie Capital Securities (M) Sdn Bhd	558,384	2.52	1,256	9.80
CIMB Investment Bank Bhd #	520,917	2.35	869	6.78
Kenanga Investment Bank Bhd	510,034	2.30	1,148	8.95
Alliance Investment Bank Bhd	354,820	1.60	802	6.26
Others	998,263	4.50	2,149	16.76
	<u>22,147,471</u>	<u>100.00</u>	<u>12,820</u>	<u>100.00</u>

13. TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)

Included in the transactions are trades conducted with CIMB Bank Bhd, CGS-CIMB Securities Sdn Bhd and CIMB Investment Bank Bhd, fellow related parties to the PRS provider amounting to RM200,400 (28.02.2019: Nil), RM12,384 (28.02.2019: Nil) and Nil (28.02.2019: RM520,917). The PRS Provider is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties.

14. SUBSEQUENT EVENT

The Fund has changed its name from CIMB Islamic PRS Plus Conservative to Principal Islamic PRS Plus Conservative following the issuance of the Second Replacement Disclosure Document for the Principal Islamic PRS Plus (“Scheme”) dated 22 April 2020.

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