

Principal Conservative Bond Fund (formerly known as CIMB-Principal Conservative Bond Fund)-Class A

30 September 2020

Fund Objective

The Fund aims to provide regular income through diversified investments in Malaysian bonds.

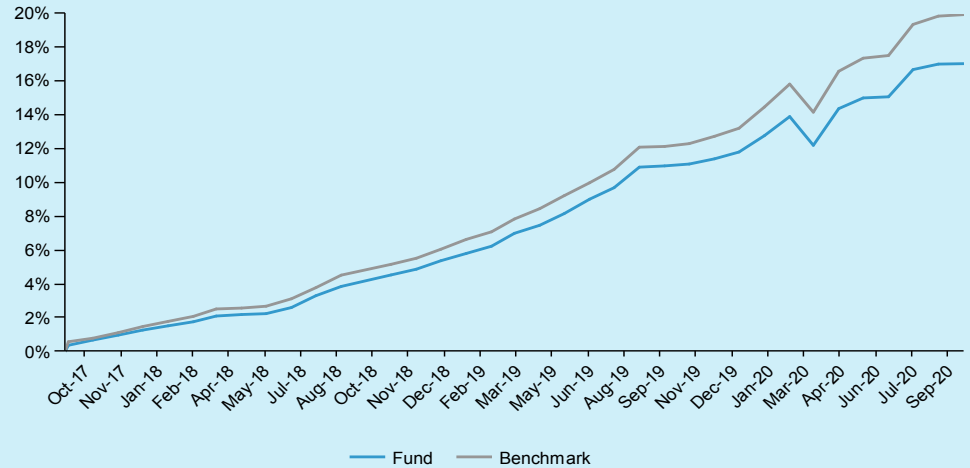
Currency: MYR ISIN Code: MYU1000GL001

Bloomberg Ticker: CIMPCBA MK

Fund Information

Location	Malaysia
Domicile	Malaysia
Fund Currency	Ringgit Malaysia
Fund Size (MYR)	MYR 0.04 million
Fund Unit	0.03 million units
Fund Launch	8 August 2017
Benchmark	10% TR BPAM Government (1 - 3 years) all bond index + 10% TR BPAM Government (3 - 7 years) all bond index + 5% TR BPAM Quasi Government (1 - 3 years) all bond index + 5% TR BPAM Quasi Government (3-7 years) all bond index + 10% TR BPAM Corporate (1 - 3 years) all bond index + 60% TR BPAM Corporate (3 - 7 years) all bond index.
Dealing	Daily (as per Bursa Malaysia trading day)
Application Fee	Principal Agency Distributor: Up to 2.00% of the NAV per unit. IUTAs : Up to 2.00% of the NAV per unit.
Management Fee	Up to 1.00% per annum of the NAV of the Class
Trustee Fee	Up to 0.025% per annum of the NAV of the Fund
Unit NAV (MYR)	MYR 1.1702

Fund Performance



Past performance does not guarantee future results. Asset allocation and diversification do not ensure a profit or protect against a loss.

Cumulative Performance (%)

	YTD	1 Month	3 Months	6 Months	1-Year	3-Year	5-Year	Since Inception
Fund	4.68	0.01	1.70	4.31	5.45	16.60	N/A	17.02
Benchmark	5.94	0.08	2.06	5.05	6.96	19.24	N/A	19.92

Calendar Year Returns (%)

	2019	2018	2017	2016	2015	2014
Fund	6.10	4.05	N/A	N/A	N/A	N/A
Benchmark	6.75	4.50	1.47	N/A	N/A	N/A

Note: August 2017 to September 2020.

Performance data represents the combined income & capital return as a result of holding units in the fund for the specified length of time, based on bid to bid prices. Earnings are assumed to be reinvested.

Source : Lipper

Top 10 Holdings

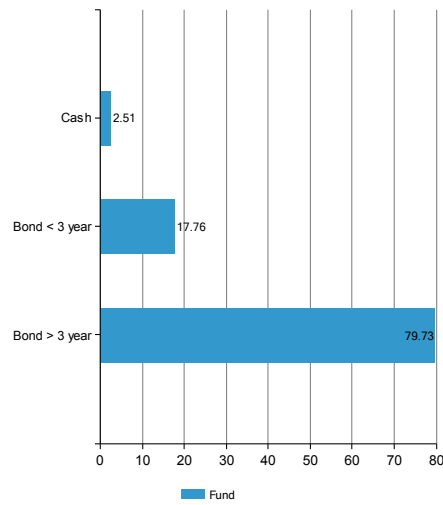
	Country	% of net assets
GII Murabahah	Malaysia	9.36
Malaysian Government	Malaysia	8.28
Projek Lebuhraya Usahasama Bhd	Malaysia	4.56
Sarawak Energy Bhd	Malaysia	2.74
Telekom Malaysia Bhd	Malaysia	2.64
DanaInfra Nasional Bhd	Malaysia	2.61
UEM Sunrise Bhd	Malaysia	2.39
Perbadanan Kemajuan N.Selangor	Malaysia	2.31
Malaysia Government Securities	Malaysia	2.22
Bank Pembangunan Malaysia Bhd	Malaysia	2.17

The holdings listed do not constitute a recommendation to purchase or sell a particular security. Cash and/or derivative positions that are not part of the core investment strategy will not be reflected in the top holdings list.

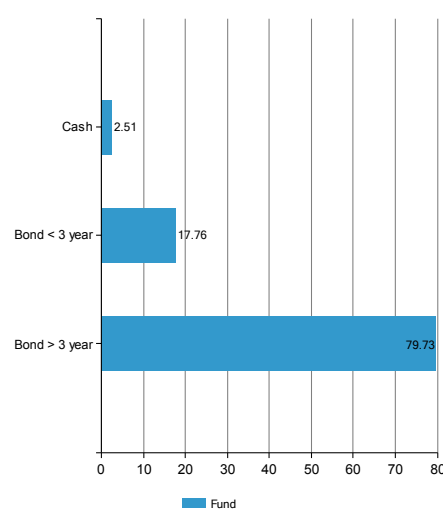
Fund Risk Statistics

Beta	0.94
Information Ratio	0.00
Sharpe Ratio	1.01
3 years monthly data	

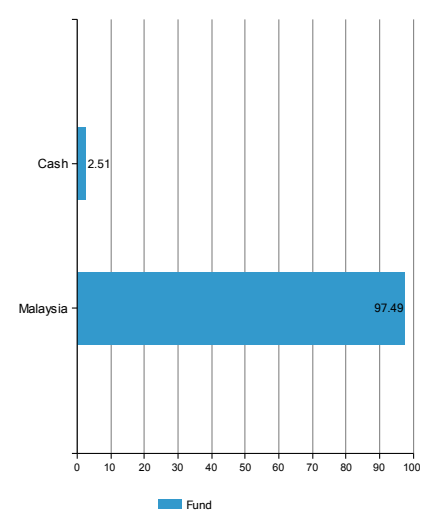
Asset Allocation (%)



Sector Allocation (%)



Regional Allocation (%)



Source: Factset. Fund holdings and allocations shown are unaudited and may not be representative of current or future investments. Percentages may not add up to 100% due to rounding and/or inclusion or exclusion of cash will not be reflected in the top holdings list.

Fund Manager's Report

The Fund's performance for September-20 was 0.01%, underperforming benchmark by 7bps. YTD the Fund delivered 4.68% return against the Benchmark at 5.94%. Underperformance was due to high expenses.

The overall MGS yield curve bear flattened in the month of September, with the short-to-mid part of the curve widening more and saw some sell-off following the central bank's decision to maintain the OPR rates at 1.75% during its September MPC meeting. The market also began to defensively position themselves amidst the political turmoil and ahead of the FTSE Russell September annual review. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS yields closed at 2.07% (+19bps), 2.25% (+17bps), 2.47% (+13bps), 2.74% (+5bps), 3.11% (-5bps), 3.40% (-10bps) and 3.87% (+10bps) respectively at the end of September-2020.

At its latest Monetary Policy meeting held on 10th September, BNM kept hold its Overnight Policy Rate at 1.75%. The September MPC statement sounded mildly neutral albeit still reiterating downside risks to the local and global economy. Exports fell 2.9% YoY in August to RM79.14bil while imports fell by 6.5% YoY to RM65.29bil. On a MoM basis, total trade, exports and imports contracted by 9.3%, 14.5% and 2.2%, respectively. The government announced an additional RM10bil fiscal stimulus package to bolster the country's economy in weathering the impact of Covid-19. The breakdown of the RM10bil: RM7bil for cash handout to B40 & M40, RM2.4bil for wage subsidies and RM600mil for special grant to micro enterprises. We expect this to have minimum impact on the government bond supply. Finally, FTSE Russell decided to keep Malaysia on its negative watch list. While acknowledging BNM's measures to improve liquidity and accessibility of both the bond and FX markets, they believe more time is needed to assess the efficacies of these improvements.

For MYR fixed income strategy, as we approach the last quarter and market have turned more cautious ahead of the Budget 2021 and US election, we recommend taking profit and lighten some positions in the sovereign segment especially on the shorter part of the curve and move to credits for better yield pick-up. Any sell off in the market is opportunity to buy as yields are expected to stay range bound. We continue to selectively participate in the corporate bonds segment with strong and stable fundamentals.

We recommend that you read and understand the contents of the Principal Conservative Bond Fund (formerly known as CIMB-Principal Conservative Bond Fund) Replacement Prospectus dated 10 March 2020 which has been duly registered with the Securities Commission Malaysia, before investing and that you keep the said Fund Prospectus for your record. Any issue of units to which the Fund Prospectus relates will only be made upon receipt of the completed application form referred to in and accompanying the Fund Prospectus subject to the terms and conditions therein. Investments in the Fund are exposed to interest rate risk, credit and default risk and liquidity risk. You can obtain a copy of the Fund Prospectus from the head office of Principal Asset Management Berhad or from any of our approved distributors. Product Highlight Sheet ("PHS") is available and that investors have the right to request for a PHS; and the PHS and any other product disclosure document should be read and understood before making any investment decision. There are fees and charges involved in investing in the funds. We suggest that you consider these charges carefully prior to making an investment. Unit prices and income distributions, if any, may fall or rise. Past performance is not reflective of future performance and income distributions are not guaranteed. You are advised to read and understand the contents of the Unit Trust Loan Financing Risk Disclosure Statement before deciding to borrow to purchase units. Where a unit split/distribution is declared, investors are advised that following the issue of additional units/distribution, the NAV per unit will be reduced from pre-unit split NAV/cum-distribution NAV to post-unit split NAV/ex-distribution NAV; and where a unit split is declared, the value of your investment in Malaysian ringgit will remain unchanged after the distribution of the additional units.

Carefully consider a fund's objective, risks, charges and expenses.

Visit www.principal.com.my for a prospectus containing this and other information. Please read it carefully before investing.

Principal Asset Management Berhad

10th Floor, Bangunan CIMB, Jalan Semantan Damansara Heights, 50490 Kuala Lumpur.

Tel: (603) 2084 8888 Fax: (603) 2084 8899 Website: www.principal.com.my