

PRINCIPAL CONSERVATIVE BOND FUND
(formerly known as CIMB-Principal Conservative Bond Fund)

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

PRINCIPAL CONSERVATIVE BOND FUND
(formerly known as CIMB-Principal Conservative Bond Fund)

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INVESTORS' LETTER

Dear Valued Investor,

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.

INVESTORS' 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 10 March 2020, the Fund has been renamed as Principal Conservative Bond Fund following the issuance of the Replacement Prospectus Issue No.2 dated 10 March 2020.

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



Munirah Khairuddin
Chief Executive Officer

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

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

Has the Fund achieved its objective?

The Fund has achieved its objective in investing in a pool of diversified Ringgit Malaysia ("RM") fixed income asset that provide regular income and capital growth opportunity.

What are the Fund investment policy and principal investment strategy?

The Fund will be managed with the aim of achieving regular income through investments in a diversified portfolio of Malaysian bonds. The Fund will invest at least 97% of its Net Asset Value ("NAV") in Government bonds and corporate bonds, out of which the Fund will invest between 20% to 50% (both inclusive) of its NAV in Government bonds and between 50% to 80% (both inclusive) of its NAV in corporate bonds. For Government bonds, the Fund may invest up to 30% of its NAV in Government Agency bonds. In addition, the Fund may invest up to 10% of its NAV in Asset-Backed Securities. The Fund's investment in bonds will be restricted to bonds rated at least a minimum credit rating of "A3" by RAM Ratings ("RAM") or its equivalent rating by Malaysian Rating Corporation Berhad ("MARC"). The Fund will also invest up to 3% of its NAV in liquid assets.

For diversification purpose, the Fund intends to invest in a variety of short-term (less than 1 year), short to medium term (1 - 3 years), medium to long term (3 - 5 years) and long term (more than 5 years) bonds, in which the Fund aims to maintain an overall portfolio duration ranging from 2.5 to 4.5 years. The Fund will also adopt a more conservative single issuer limit for different type of bonds. The value of the Fund's investment in unsecured corporate bonds rated AAA and AA by RAM or its equivalent rating by MARC issued by any single issuer must not exceed 4% of the Fund's NAV whilst the value of the Fund's investment in unsecured corporate bonds rated A by RAM or its equivalent rating by MARC issued by any single issuer must not exceed 1% of the Fund's NAV. In addition, the value of the Fund's investment in secured corporate bonds of the respective rating is four (4) times of the limit of the unsecured corporate bonds limit as above. Also, the value of the Fund's investment in subordinated corporate bonds of the respective rating is half of the limit of the unsecured corporate bonds limit as above.

The asset allocation strategy for the Fund is as follows:

- At least 97% of the Fund's NAV will be invested in Government bonds and corporate bonds, out of which:
 - Between 20% to 50% (both inclusive) of the Fund's NAV will be invested in Government bonds, out of which up to 30% of the Fund's NAV can be invested in Government Agency bonds;
 - Between 50% to 80% (both inclusive) of its NAV will be invested in corporate bonds;
 - Up to 10% of the Fund's NAV may be invested in Asset-Backed Securities; and
- Up to 3% of the Fund's NAV will be invested in liquid assets.

Fund category/type

Debentures/Income

How long should you invest for?

Recommended three (3) years or more

When was the Fund launched?

Class A and Class C

8 August 2017

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

RM1,281.03 million (1,201.12 million units)

PRINCIPAL CONSERVATIVE BOND FUND
(formerly known as CIMB-Principal Conservative Bond Fund)

FUND OBJECTIVE AND POLICY (CONTINUED)

What is the Fund's benchmark?

10% Thomas Reuters Bond Pricing Agency Malaysia ("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 ("Fund's Benchmark").

Note: The Fund's benchmark is for performance comparison purpose only. The benchmark of the Fund is customised as such to align it closer to the structure of the portfolio. Investors are cautioned that the risk profile of the Fund is higher than the benchmark.

What is the Fund distribution policy?

Distribution (if any) is expected to be distributed quarterly at our discretion. Such distributions will depend on the availability of realised income and/or realised gains.

What was the net income distribution for the financial year ended 29 February 2020?

The Fund distributed a total net income of RM62.19 million to unit holders for the financial year ended 29 February 2020.

The Fund's NAV per unit are as follows:

Date	NAV per unit (before distribution) RM	NAV per unit (after distribution) RM
<u>Class C</u>		
20.03.2019	1.0442	1.0368
17.06.2019	1.0576	1.0467
19.09.2019	1.0728	1.0538
20.12.2019	1.0614	1.0438

PRINCIPAL CONSERVATIVE BOND FUND
(formerly known as *CIMB-Principal Conservative Bond Fund*)

PERFORMANCE DATA

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

	29.02.2020	28.02.2019	28.02.2018
	%	%	%
Unquoted fixed income securities	99.23	98.81	97.75
Cash and other net assets	0.77	1.19	2.25
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	29.02.2020	28.02.2019	28.02.2018
NAV (RM Million)			
- Class A	0.03	0.02	0.00*
- Class C	1,280.99	1,111.74	813.80
Units in circulation (Million)			
- Class A	0.03	0.02	0.00*
- Class C	1,201.09	1,069.15	797.99
NAV per unit (RM)			
- Class A	1.1390	1.0622	1.0175
- Class C	1.0665	1.0398	1.0198
	29.02.2020	28.02.2019	08.08.2017 (date of launch) to 28.02.2018
Highest NAV per unit (RM)			
- Class A	1.1390	1.0622	1.0175
- Class C	1.0733	1.0398	1.0198
Lowest NAV per unit (RM)			
- Class A	1.0623	1.0176	1.0000
- Class C	1.0368	1.0176	1.0000
Total return (%)			
- Class A	7.22	4.39	1.75
- Class C	8.04	4.78	1.98
Capital growth (%)			
- Class A	7.22	4.39	1.75
- Class C	2.57	1.96	1.98
Income distribution (%)			
- Class A	-	-	-
- Class C	5.35	2.77	-
Management Expense Ratio ("MER") (%)	0.28	0.28	0.16
Portfolio Turnover Ratio ("PTR") (times) #	0.60	0.58	0.81

The Fund's PTR was largely unchanged at 0.60 times (from 2019: 0.58 times) as the Fund's asset allocation remained the same.

Note: 0.00* denotes fair value less than 0.01 million.

PRINCIPAL CONSERVATIVE BOND FUND
(formerly known as CIMB-Principal Conservative Bond Fund)

PERFORMANCE DATA (CONTINUED)

	29.02.2020	28.02.2019	08.08.2017 (date of launch) to 28.02.2018
Gross/Net distribution per unit (sen)			
Distribution on 20 March 2019			
- Class C	0.74	-	-
Distribution on 17 June 2019			
- Class C	1.10	-	-
Distribution on 19 September 2019			
- Class C	1.89	-	-
Distribution on 20 December 2019			
- Class C	1.76	-	-
Distribution on 27 March 2018			
- Class C	-	0.46	-
Distribution on 20 June 2018			
- Class C	-	0.69	-
Distribution on 20 September 2018			
- Class C	-	0.58	-
Distribution on 19 December 2018			
- Class C	-	1.08	-
			Since
	29.02.2020	28.02.2019	inception
	%	%	to 28.02.2018
			%
Annual total return			
- Class A	7.22	4.39	1.75
- Class C	8.04	4.78	1.98

(Launch date: 8 August 2017)

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

MARKET REVIEW (1 MARCH 2019 TO 29 FEBRUARY 2020)

In the beginning of 2019, the RM fixed income market was still factoring a potential interest rate hike in the United States (“US”) market as the dot plot from the committee members of the US Federal Reserve (the “Fed”) is still pointing higher. However, as the yield curve in the US market inverted in the beginning of the year, investors were concerned that Developed Markets may face a slowdown in 2019, hence prompted the purchase of fixed income assets. The RM fixed income market also experienced the same trend and domestic investors were pricing in a potential interest rate cut by Bank Negara Malaysia (“BNM”) in the first half of 2019. Indeed, the 2018 Annual Report published by BNM lowered the Gross Domestic Product (“GDP”) forecast in 2019 due to turbulence in trades. BNM finally delivered the Overnight Policy Rate (“OPR”) cut of 25 basis points (“bps”) in May 2019, and market continue to expect more cuts from the Central Bank, mainly due to regional Central Banks were also in the same trend. By the third quarter of 2019, the market has fully priced in another around of 25 bps OPR cut but improving macroeconomic data trend and subsiding trade tension between US and China prompted BNM to put OPR on hold.

PRINCIPAL CONSERVATIVE BOND FUND
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MARKET REVIEW (1 MARCH 2019 TO 29 FEBRUARY 2020) (CONTINUED)

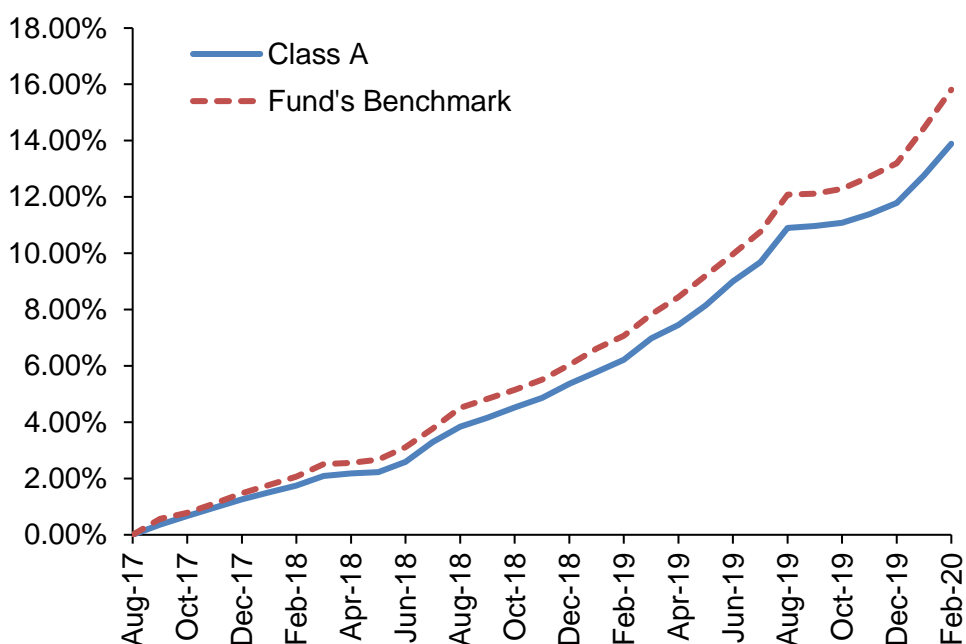
RM fixed income market started to revert to higher yield since August 2019 for the remaining of the year. Nevertheless, the yield curve as at end of December 2019 is still biased toward another round of 25 bps OPR cut in 2020 despite BNM already lowered Statutory Reserve Requirement (“SRR”) by 50 bps in early part of December 2019. Come January 2020, BNM continue to surprise market with another 25 bps rate cut as the fourth quarter of 2019 GDP was weak. Coupled with the rise of pandemic risk caused by COVID-19, market started to stay defensive on potential foreign outflow. As at end of February 2020, the 3-year, 5- year, 7- year, 10- year, 15- year, 20- year, and 30-year Malaysian Government Securities (“MGS”) was traded at 2.60% (-100 bps), 2.66% (-110 bps), 2.74% (-112 bps), 2.84% (-104 bps), 3.20% (-111 bps), 3.23% (-128 bps) and 3.66% (-107 bps) respectively.

FUND PERFORMANCE

	1 year to 29.02.2020		Since inception to 28.02.2019	
	Class A	Class C	Class A	Class C
	%	%	%	%
Income	-	5.35	-	8.26
Capital	7.22	2.57	13.89	6.65
Total Return	7.22	8.04	13.89	15.45
Benchmark	8.16	8.16	15.81	15.81
Average Total Return	7.22	8.04	5.26	5.83

During the financial year under review, Class A delivered 7.22% of total return while Class C delivered 8.04% of total return. Both share classes underperformed its benchmark due to high expense ratio.

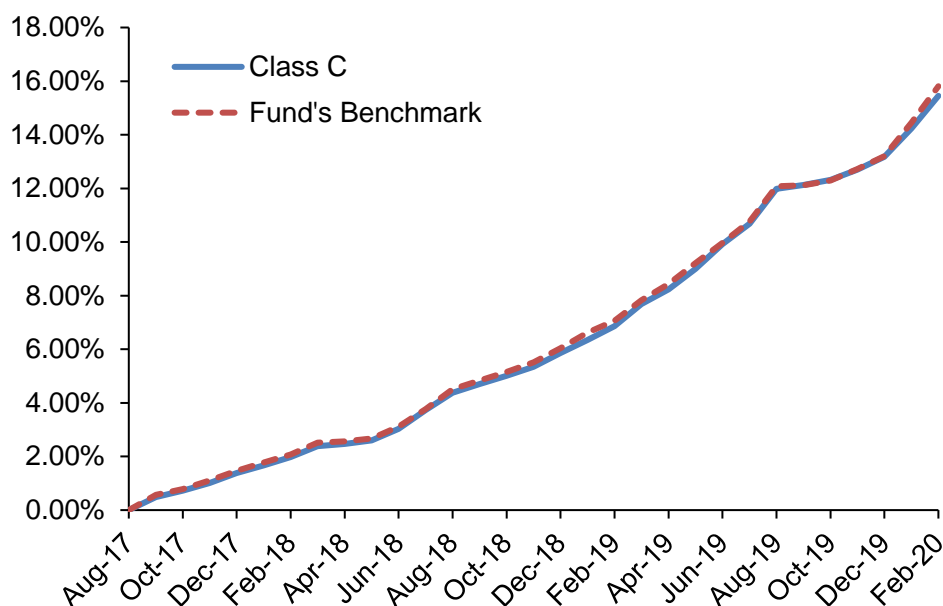
Class A



PRINCIPAL CONSERVATIVE BOND FUND
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FUND PERFORMANCE (CONTINUED)

Class C



Changes in NAV

CLASS A

	29.02.2020	28.02.2019	Changes
			%
NAV (RM Million)	0.03	0.02	50.00
NAV/Unit (RM)	1.1390	1.0622	7.23

CLASS C

	29.02.2020	28.02.2019	Changes
			%
NAV (RM Million)	1,280.99	1,111.74	15.22
NAV/Unit (RM)	1.0665	1.0398	2.57

Class A's NAV was reported at RM0.03 million with RM1.1390 NAV per unit while Class C's NAV was reported at RM1.28 billion with NAV per unit at RM1.0665. The increase in Class A and Class C's NAV was due to unit creations while the change in NAV per unit for both share classes are in line with Fund performance.

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

PRINCIPAL CONSERVATIVE BOND FUND
(formerly known as CIMB-Principal Conservative Bond Fund)

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	29.02.2020	28.0.2019
Unquoted fixed income securities	99.23	98.81
Cash and other net assets	0.77	1.19
Total	100.00	100.00

The Fund's asset allocation was largely unchanged with circa 99% invested in unquoted fixed income securities and nearly 1% in cash and other net assets.

MARKET OUTLOOK*

The Fed cut interest rates on 3 March 2020 in an emergency move ahead of the scheduled meeting on 18 March 2020. The decision to cut was unanimous citing "COVID-19 poses evolving risks to economic activity" despite "fundamentals of the US economy remain strong". Following the cut by the Fed, investors are now expecting a rate cut in the Euro zone as well as by the Bank of England. BNM's Monetary Policy Committee ("MPC") cut the OPR for a second time this year on 3 March 2020 bringing it to 2.50% which is a level not seen since the global financial crisis. The Central Bank noted that global economic conditions have weakened in the recent period as the ongoing COVID-19 has disrupted production and travel activity within the region. They stated that the OPR cut will provide a more accommodative monetary environment but overall seemed to continue sounding dovish in their statement.

* 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

For RM fixed income strategy, we believe market is still expecting a potential rate cut on the back of weaker fundamentals caused by COVID-19 globally. As such, government bonds ("govvies") will remain supported at these levels and may move slightly lower. We are however cognizant that the levels are very rich, but we will continue to cautiously use govvies to achieve our portfolio duration exposure taking into consideration any potential turns in the market. Credit selection remains key for portfolio returns and we will may tactically increase Fund's the AAA weight to counter the potential slowdown in economy.

UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 29 February 2020 are as follows:

CLASS A

Size of unit holdings (units)	No. of members	No. of units held (million)	% of units held
5,000 and below	1	0.00	0.00
5,001-10,000	1	0.01	33.33
10,001-50,000	1	0.02	66.67
50,001-500,000	-	-	-
500,001 and above	-	-	-
Total	3	0.03	100.00

PRINCIPAL CONSERVATIVE BOND FUND
(formerly known as CIMB-Principal Conservative Bond Fund)

UNIT HOLDINGS STATISTICS (CONTINUED)

CLASS C

Size of unit holdings (units)	No. of members	No. of units held (million)	% of units held
5,000 and below	1	0.00	0.00
5,001-10,000	-	-	-
10,001-50,000	-	-	-
50,001-500,000	-	-	-
500,001 and above	2	1,201.09	100.00
Total	3	1,201.09	100.00

SOFT COMMISSIONS AND REBATES

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

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

PRINCIPAL CONSERVATIVE BOND FUND
(formerly known as CIMB-Principal Conservative Bond Fund)

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
PRINCIPAL CONSERVATIVE BOND FUND**
(formerly known as CIMB-Principal Conservative Bond Fund)

We, being the Directors of Principal Asset Management Berhad (formerly known as CIMB-Principal Asset Management Berhad) (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying audited financial statements set out on pages 17 to 60 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 29 February 2020 and of its financial performance, changes in net assets attributable to unit holders and cash flows for the financial year then ended in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

For and on behalf of the Manager

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

MUNIRAH KHAIRUDDIN
Chief Executive Officer/Executive Director

JUAN IGNACIO EYZAGUIRRE BARAONA
Director

Kuala Lumpur
16 April 2020

PRINCIPAL CONSERVATIVE BOND FUND
(formerly known as CIMB-Principal Conservative Bond Fund)

**TRUSTEE'S REPORT TO THE UNIT HOLDERS OF
PRINCIPAL CONSERVATIVE BOND FUND**
(formerly known as CIMB-Principal Conservative Bond Fund)

We have acted as the Trustee of Principal Conservative Bond Fund *(formerly known as CIMB-Principal Conservative Bond Fund)* (the "Fund") for the financial year ended 29 February 2020. To the best of our knowledge, Principal Asset Management Berhad *(formerly known as CIMB-Principal Asset Management Berhad)* (the "Manager"), has managed the Fund in accordance with the following:

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

During this financial year, a total distribution of 5.49 sen per unit (gross) has been distributed to the unit holders of the Fund. We are of the view that the distribution is not inconsistent with the objective of the Fund.

For and on behalf of the Trustee
PB TRUSTEE SERVICES BERHAD

CHEAH KUAN YOON
Chief Executive Officer

Kuala Lumpur
16 April 2020

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL CONSERVATIVE BOND FUND**
(formerly known as CIMB-Principal Conservative Bond Fund)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Principal Conservative Bond Fund (the "Fund") *(formerly known as CIMB-Principal Conservative Bond Fund)* give a true and fair view of the financial position of the Fund as at 29 February 2020, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 29 February 2020, and the statement of comprehensive income, statement of changes in net assets attributable to unit holders and statement of cash flows for the financial year then ended and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 17 to 60.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

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

Independence and other ethical responsibilities

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL CONSERVATIVE BOND FUND (CONTINUED)**
(formerly known as CIMB-Principal Conservative Bond Fund)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL CONSERVATIVE BOND FUND (CONTINUED)**
(formerly known as CIMB-Principal Conservative Bond Fund)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL CONSERVATIVE BOND FUND (CONTINUED)**
(formerly known as CIMB-Principal Conservative Bond Fund)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
16 April 2020

PRINCIPAL CONSERVATIVE BOND FUND
(formerly known as CIMB-Principal Conservative Bond Fund)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020**

	Note	2020 RM	2019 RM
INCOME			
Interest income from unquoted fixed income securities at fair value through profit or loss		50,130,261	42,087,151
Interest income from deposits with licensed financial institutions at amortised cost		583,900	726,626
Net gain on financial assets at fair value through profit or loss	8	45,826,733	7,106,245
		96,540,894	49,920,022
EXPENSES			
Management fee	4	3,017,107	2,465,833
Trustee's fee	5	301,691	246,582
Audit fee		15,100	15,100
Tax agent's fee		5,200	4,000
Other expenses		9,350	38,109
		3,348,448	2,769,624
PROFIT BEFORE FINANCE COST AND TAXATION		93,192,446	47,150,398
Finance costs:			
- Class C	6	(62,185,521)	(26,930,467)
PROFIT BEFORE TAXATION		31,006,925	20,219,931
Taxation	7	-	-
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		31,006,925	20,219,931
Increase in net assets attributable to unit holders is made up as follows:			
Realised amount		(5,729,743)	12,978,536
Unrealised amount		36,736,668	7,241,395
		31,006,925	20,219,931

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

PRINCIPAL CONSERVATIVE BOND FUND
(formerly known as CIMB-Principal Conservative Bond Fund)

STATEMENT OF FINANCIAL POSITION
AS AT 29 FEBRUARY 2020

	Note	2020 RM	2019 RM
ASSETS			
Cash and cash equivalents	9	10,398,930	20,854,574
Financial assets at fair value through profit or loss	8	1,271,099,554	1,098,545,548
Amount due from dealer		10,374,615	-
Amount due from Manager		127,100	111,000
TOTAL ASSETS		1,292,000,199	1,119,511,122
LIABILITIES			
Amount due to dealer		10,680,435	7,500,000
Accrued management fee		252,497	212,771
Amount due to Trustee		25,248	21,276
Other payables and accruals		15,200	18,599
TOTAL LIABILITIES (EXCLUDING NET ASSETS)		10,973,380	7,752,646
NET ASSET VALUE OF THE FUND		1,281,026,819	1,111,758,476
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		1,281,026,819	1,111,758,476
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS			
- Class A		32,831	21,241
- Class C		1,280,993,988	1,111,737,235
		1,281,026,819	1,111,758,476
NUMBER OF UNITS IN CIRCULATION (UNITS)			
- Class A		28,823	19,996
- Class C		1,201,089,958	1,069,150,216
	10	1,201,118,781	1,069,170,212
NET ASSET VALUE PER UNIT (RM)			
- Class A		1.1390	1.0622
- Class C		1.0665	1.0398

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

PRINCIPAL CONSERVATIVE BOND FUND
(formerly known as CIMB-Principal Conservative Bond Fund)

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS
FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020**

	2020	2019
	RM	RM
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR	<u>1,111,758,476</u>	<u>813,805,999</u>
Movement due to units created and cancelled during the financial year:		
Creation of units from applications		
- Class A	19,608	19,608
- Class C	<u>86,566,100</u>	<u>250,785,190</u>
	<u>86,585,708</u>	<u>250,804,798</u>
Creation of units from distributions		
- Class C	<u>62,185,521</u>	<u>26,930,467</u>
Cancellation of units		
- Class A	(9,811)	(511)
- Class C	<u>(10,500,000)</u>	<u>(2,208)</u>
	<u>(10,509,811)</u>	<u>(2,719)</u>
Increase in net assets attributable to unit holders during the financial year	<u>31,006,925</u>	<u>20,219,931</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR	<u><u>1,281,026,819</u></u>	<u><u>1,111,758,476</u></u>

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

PRINCIPAL CONSERVATIVE BOND FUND
(formerly known as CIMB-Principal Conservative Bond Fund)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

	Note	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from disposal of unquoted fixed income securities		613,446,158	418,073,795
Proceeds from redemption of unquoted fixed income securities		76,450,000	26,800,000
Purchase of unquoted fixed income securities		(826,743,586)	(733,464,310)
Interest income received from deposits with licensed financial institutions		583,900	726,626
Interest income received from unquoted fixed income securities		53,056,237	42,253,498
Management fee paid		(2,977,381)	(2,399,316)
Trustee's fees paid		(297,719)	(239,931)
Payments for other fees and expenses		(33,050)	(67,555)
Net cash used in operating activities		(86,515,441)	(248,317,193)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from units created		86,569,608	250,772,398
Payments for cancellation of units		(10,509,811)	(2,719)
Net cash generated from financing activities		76,059,797	250,769,679
Net (decrease)/increase in cash and cash equivalents		(10,455,644)	2,452,486
Cash and cash equivalents at the beginning of the financial year		20,854,574	18,402,088
Cash and cash equivalents at the end of the financial year	9	10,398,930	20,854,574
<u>Cash and cash equivalents comprised of:</u>			
Bank balances		335,219	203,389
Deposits with licensed financial institutions		10,063,711	20,651,185
Cash and cash equivalents at the end of financial year	9	10,398,930	20,854,574

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2020

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES

Principal Conservative Bond Fund (*formerly known as CIMB-Principal Conservative Bond Fund*) (the “Fund”) is governed by a Deed dated 11 July 2017, made between Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the “Manager”) and PB Trustee Services Berhad (the “Trustee”).

The Fund will be managed with the aim of achieving regular income through investments in a diversified portfolio of Malaysian bonds. The Fund will invest at least 97% of its NAV in Government bonds and corporate bonds, out of which the Fund will invest between 20% to 50% (both inclusive) of its NAV in Government bonds and between 50% to 80% (both inclusive) of its NAV in corporate bonds. For Government bonds, the Fund may invest up to 30% of its NAV in Government Agency bonds. In addition, the Fund may invest up to 10% of its NAV in Asset-Backed Securities. The Fund’s investment in bonds will be restricted to bonds rated at least a minimum credit rating of “A3” by RAM or its equivalent rating by MARC. The Fund will also invest up to 3% of its NAV in liquid assets.

For diversification purpose, the Fund intends to invest in a variety of short-term (less than 1 year), short to medium term (1-3 years), medium to long term (3-5 years) and long term (more than 5 years) bonds, in which the Fund aims to maintain an overall portfolio duration ranging from 2.5 to 4.5 years. The Fund will also adopt a more conservative single issuer limit for different type of bonds. The value of the Fund’s investment in unsecured corporate bonds rated AAA and AA by RAM or its equivalent rating by MARC issued by any single issuer must not exceed 4% of the Fund’s NAV whilst the value of the Fund’s investment in unsecured corporate bonds rated A by RAM or its equivalent rating by MARC issued by any single issuer must not exceed 1% of the Fund’s NAV. In addition, the value of the Fund’s investment in secured corporate bonds of the respective rating is four (4) times of the limit of the unsecured corporate bonds limit as above. Also, the value of the Fund’s investment in subordinated corporate bonds of the respective rating is half of the limit of the unsecured corporate bonds limit as above.

The asset allocation strategy for the Fund is as follows:

- At least 97% of the Fund’s NAV will be invested in Government bonds and corporate bonds, out of which:
 - Between 20% to 50% (both inclusive) of the Fund’s NAV will be invested in Government bonds, out of which up to 30% of the Fund’s NAV can be invested in Government Agency bonds;
 - Between 50% to 80% (both inclusive) of its NAV will be invested in corporate bonds;
 - Up to 10% of the Fund’s NAV may be invested in Asset-Backed Securities; and
- Up to 3% of the Fund’s NAV will be invested in liquid assets.

All investments are subjected to the Securities Commission Malaysia’s (“SC”) Guidelines on Unit Trust Funds, SC requirements, the Deed, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund’s objective.

The Fund has changed its name from CIMB-Principal Conservative Bond Fund to Principal Conservative Bond Fund following the issuance of the Replacement Prospectus Issue No.2 dated 10 March 2020.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

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

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

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

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

The Fund has applied the following amendments to published standards for the first time for the financial year beginning 1 March 2019:

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities

Classification

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

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

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The 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 interest. However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents, amount due from dealer and amount due from Manager 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 dealer, accrued management fee, 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. Investments are initially recognised at fair value.

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Recognition and measurement (continued)

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

Deposits with licensed financial institutions are stated at cost plus accrued interest calculated on the effective interest method over the period from the date of placement to the date of maturity of the respective deposits.

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

Impairment for assets carried at amortised costs

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

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

(c) Cash and cash equivalents

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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) Income recognition

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

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

(f) Taxation

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

(g) Distribution

A proposed distribution to the Fund’s unit holders is recognized as finance cost in the statement of comprehensive income and is recognised as a liability in the financial year in which it is approved by the Trustee.

(h) Unit holders’ contributions

The unit holders’ contributions to the Fund meet the definition of puttable instruments classified as financial liability under MFRS 132 “Financial Instruments: Presentation”.

The Fund issues cancellable units, in two classes of units, known respectively as the Class A and Class C, which are cancelled at the unit holder’s option. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund’s NAV of respective classes. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the member exercises the right to put back the unit to the Fund.

Units are created and cancelled at the unit holders’ 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Increase/Decrease in net assets attributable to unit holders

Income not distributed is included in net assets attributable to unit holders.

(j) Amount due from/to dealer

Amounts due from and amount due to dealer represents receivable for unquoted fixed income securities sold and payable for unquoted fixed income securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. The amount due from dealer balance is held for collection.

These amounts are measured at amortised cost. At each reporting date, the Fund measures the loss allowance on amounts due from dealers at an amount equal to the lifetime expected credit losses 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 dealers, probability that the dealers will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by the Manager 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.

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

The analysis of realised and unrealised portions of increase/decrease in net assets attributable to unit holders as presented on the statement of comprehensive income is prepared in accordance with SC Guidelines on Unit Trust Funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Estimate of fair value of unquoted fixed income securities

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

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

PRINCIPAL CONSERVATIVE BOND FUND
(formerly known as CIMB-Principal Conservative Bond Fund)

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund are as follows:

	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
2020			
Cash and cash equivalents (Note 9)	-	10,398,930	10,398,930
Unquoted fixed income securities (Note 8)	1,271,099,554	-	1,271,099,554
Amount due from dealer	-	10,374,615	10,374,615
Amount due from Manager	-	127,100	127,100
	<u>1,271,099,554</u>	<u>20,900,645</u>	<u>1,292,000,199</u>
2019			
Cash and cash equivalents (Note 9)	-	20,854,574	20,854,574
Unquoted fixed income securities (Note 8)	1,098,545,548	-	1,098,545,548
Amount due from Manager	-	111,000	111,000
	<u>1,098,545,548</u>	<u>20,965,574</u>	<u>1,119,511,122</u>

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

The investment objective of the Fund is to provide regular income as well as to achieve medium to long-term capital appreciation through investments primarily in Malaysian bonds.

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

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

(a) Market risk

(i) Price risk

This is the risk that the fair value of an investment in unquoted fixed income securities will fluctuate because of changes in market prices (other than those arising from interest rate risk). The value of unquoted fixed income securities may fluctuate according to the activities of individual companies, sector and overall political and economic conditions. Such fluctuation may cause the Fund's NAV and prices of units to fall as well as rise, and income produced by the Fund may also fluctuate.

The Fund is exposed to price risk arising from interest rate fluctuation in relation to its investments of RM1,271,099,554 (2019: RM1,098,545,548) in unquoted fixed income securities. The Fund's exposure to price risk arising from interest rate fluctuation and the related sensitivity analysis are disclosed in "interest rate risk" below.

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

(a) Market risk (continued)

(ii) Interest rate risk

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

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

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

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

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

% Change in interest rate	Impact on profit or loss/NAV	
	2020	2019
	RM	RM
+1%	(1,651,538)	(1,728,426)
-1%	1,655,623	1,732,619

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

	2020	2019
	%	%
Deposits with licensed financial institutions	2.74	3.34

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

(b) Credit risk

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

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

Credit risk can be managed by performing continuous fundamental credit research and analysis to ascertain the creditworthiness of its issuer. In addition, the Manager 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 fixed income securities must satisfy a minimum rating requirement of at least "BBB3" or "P2" rating by RAM or equivalent rating by MARC or by local rating agency(ies) of the country of issuance or "BBB-" by S&P or equivalent rating by Moody's or Fitch.

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

For amount due from Manager, the settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC Guidelines on Unit Trust Funds.

For amount due from dealers, the settlement terms are governed by the relevant rules and regulations as prescribed by respective stock exchange. The credit risk is minimal as all transactions in unquoted fixed income securities are settled or paid upon delivery using approved dealers.

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

	Cash and cash equivalents RM	Financial assets at fair value through profit or loss RM	Amount due from dealer RM	Amount due from Manager RM	Total RM
2020					
- AAA	10,398,930	290,649,857	-	-	301,048,787
- AA1	-	168,614,365	-	-	168,614,365
- AA2	-	129,427,959	-	-	129,427,959
- AA3	-	279,999,465	-	-	279,999,465
- A1	-	19,028,562	-	-	19,028,562
- Not Rated	-	383,379,346	10,374,615	127,100	393,881,061
	<u>10,398,930</u>	<u>1,271,099,554</u>	<u>10,374,615</u>	<u>127,100</u>	<u>1,292,000,199</u>

PRINCIPAL CONSERVATIVE BOND FUND
(formerly known as CIMB-Principal Conservative Bond Fund)

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

(b) Credit risk (continued)

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

	Cash and cash equivalents RM	Financial assets at fair value through profit or loss RM	Amount due from Manager RM	Total RM
2019				
- AAA	20,854,574	206,134,343	-	226,988,917
- AA1	-	168,566,922	-	168,566,922
- AA2	-	141,619,767	-	141,619,767
- AA3	-	234,049,724	-	234,049,724
- A1	-	11,509,112	-	11,509,112
- Not Rated	-	336,665,680	111,000	336,776,680
	<u>20,854,574</u>	<u>1,098,545,548</u>	<u>111,000</u>	<u>1,119,511,112</u>

All deposits with licensed financial institutions of the Fund have an average maturity of 2 days (2019: 2 days).

(c) Liquidity risk

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

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

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

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

(c) Liquidity risk (continued)

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
2020			
Amount due to dealer	10,680,435	-	10,680,435
Accrued management fee	252,497	-	252,497
Amount due to Trustee	25,248	-	25,248
Other payables and accruals	-	15,200	15,200
Net assets attributable to unit holders*	<u>1,281,026,819</u>	<u>-</u>	<u>1,281,026,819</u>
Contractual undiscounted cash flows	<u>1,291,984,999</u>	<u>15,200</u>	<u>1,292,000,199</u>
2019			
Amount due to dealer	7,500,000	-	7,500,000
Accrued management fee	212,771	-	212,771
Amount due to Trustee	21,276	-	21,276
Other payables and accruals	-	18,599	18,599
Net assets attributable to unit holders*	<u>1,111,758,476</u>	<u>-</u>	<u>1,111,758,476</u>
Contractual undiscounted cash flows	<u>1,119,492,523</u>	<u>18,599</u>	<u>1,119,511,122</u>

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

(d) Capital risk management

The capital of the Fund is represented by net assets attributable to unit holders of RM1,281,026,819 (2019: RM1,111,758,476). 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 unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to unit holder and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

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

(e) Fair value estimation

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

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

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

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.

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

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2020				
Financial assets at fair value through profit or loss:				
- Unquoted fixed income securities	-	<u>1,271,099,554</u>	-	<u>1,271,099,554</u>
2019				
Financial assets at fair value through profit or loss:				
- Unquoted fixed income securities	-	<u>1,098,545,548</u>	-	<u>1,098,545,548</u>

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

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 dealer, amount due from Manager and all current liabilities are a reasonable approximation of their fair values due.

4. MANAGEMENT FEE

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

For the financial year 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
1.00%	0.25%

There is no further liability to the Manager in respect of management fee other than amounts recognised above.

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5. TRUSTEE'S FEE

In accordance with the Deed, the Trustee is entitled to a maximum fee up to 0.025% per annum calculated daily based on the NAV of the Fund. The Trustee's fee includes local custodian fees and charges but excludes foreign sub-custodian fees and charges.

For the financial year ended 29 February 2020, the Trustee's fee is recognised at a rate of 0.025% per annum (2019: 0.025% per annum).

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

6. FINANCE COST

Distributions to unit holders are derived from the following sources:

	2020	2019
	RM	RM
Interest income	44,950,538	28,541,949
Net realised gain/(loss) on disposal of investments	8,137,216	(146,961)
Prior financial year's realised income	10,147,212	-
	<u>63,234,966</u>	<u>28,394,988</u>
Less:		
Expenses	(1,049,445)	(1,464,521)
Net distribution amount	<u>62,185,521</u>	<u>26,930,467</u>

Distribution on 20 March 2019

Gross/Net distribution per unit (sen)

- Class C

0.74

-

Distribution on 17 June 2019

Gross/Net distribution per unit (sen)

- Class C

1.10

-

Distribution on 19 September 2019

Gross/Net distribution per unit (sen)

- Class C

1.89

-

Distribution on 20 December 2019

Gross/Net distribution per unit (sen)

- Class C

1.76

-

Distribution on 27 March 2018

Gross/Net distribution per unit (sen)

- Class C

-

0.46

Distribution on 20 June 2018

Gross/Net distribution per unit (sen)

- Class C

-

0.69

Distribution on 20 September 2018

Gross/Net distribution per unit (sen)

- Class C

-

0.58

Distribution on 19 December 2018

Gross/Net distribution per unit (sen)

- Class C

-

1.08

5.49

2.81

PRINCIPAL CONSERVATIVE BOND FUND
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6. FINANCE COST (CONTINUED)

Gross distribution is derived using total income less total expenses. Net distribution above is sourced from current and prior financial years' realised income.

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

7. TAXATION

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

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

	2020	2019
	RM	RM
Profit before finance cost and taxation	<u>93,192,446</u>	<u>47,150,398</u>
Taxation at Malaysian statutory rate of 24%	22,366,187	11,316,096
Tax effects of:		
- Income not subject to tax	(23,169,815)	(11,980,806)
- Expenses not deductible for tax purposes	74,949	62,139
- Restriction on tax deductible expenses for Unit Trust Fund	<u>728,679</u>	<u>602,571</u>
Taxation	<u>-</u>	<u>-</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020	2019
	RM	RM
At fair value through profit or loss:		
- Unquoted fixed income securities	<u>1,271,099,554</u>	<u>1,098,545,548</u>
Net gain on financial assets at fair value through profit or loss:		
- Realised gain on disposals	9,794,410	1,018,023
- Unrealised fair value gain	<u>36,032,323</u>	<u>6,088,222</u>
	<u>45,826,733</u>	<u>7,106,245</u>

PRINCIPAL CONSERVATIVE BOND FUND
(formerly known as CIMB-Principal Conservative Bond Fund)

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2020				
UNQUOTED FIXED INCOME SECURITIES				
Aeon Credit Service (M) Bhd 3.80% 10/02/2027 (AA3)	2,200,000	2,204,581	2,243,829	0.18
Aeon Credit Service (M) Bhd 3.85% 10/02/2028 (AA3)	1,650,000	1,653,481	1,686,415	0.13
AL Dzahab Assets Bhd 4.90% 29/03/2022 (AAA)	10,000,000	10,303,827	10,520,297	0.82
Aman Sukuk Bhd 5.13% 30/05/2029 (AAA)	5,000,000	5,442,786	5,806,705	0.45
AmBank Bhd 4.98% 15/11/2028 (AA3)	1,250,000	1,268,249	1,334,524	0.10
Anih Bhd 5.22% 29/11/2022 (AA2)	5,000,000	5,158,253	5,317,601	0.42
Anih Bhd 5.46% 29/11/2024 (AA2)	15,000,000	15,774,716	16,570,677	1.29
Anih Bhd 6.00% 29/11/2028 (AA2)	5,000,000	5,475,332	5,994,438	0.47
AZRB Capital Sdn Bhd 4.70% 23/12/2022 (AA3)	2,000,000	2,016,997	2,032,877	0.16
AZRB Capital Sdn Bhd 4.85% 26/12/2024 (AA3)	1,850,000	1,866,224	1,894,344	0.15
AZRB Capital Sdn Bhd 5.00% 24/12/2026 (AA3)	670,000	676,058	691,689	0.05
Bank Pembangunan Malaysia Bhd 4.28% 02/03/2022 (AAA)	30,000,000	30,545,265	31,305,653	2.44
Bank Pembangunan Malaysia Bhd 4.38% 12/09/2024 (NR) #	5,000,000	5,129,783	5,411,632	0.42
Batu Kawan Bhd 4.05% 06/06/2023 (AA1)	8,750,000	8,798,671	9,020,922	0.70
Benih Restu Bhd 4.62% 05/06/2025 (AA2)	5,000,000	5,087,328	5,328,310	0.42
BGSM Management Sdn Bhd 5.45% 28/06/2024 (AA3)	15,000,000	15,655,425	16,313,063	1.27
Bumitama Agri Ltd 4.10% 22/07/2024 (AA3)	6,700,000	6,729,352	6,892,296	0.54
Bumitama Agri Ltd 4.20% 22/07/2026 (AA3)	2,500,000	2,604,883	2,600,869	0.20
Cagamas Bhd 4.50% 25/05/2023 (AAA)	5,000,000	5,059,795	5,300,445	0.41

PRINCIPAL CONSERVATIVE BOND FUND
(formerly known as CIMB-Principal Conservative Bond Fund)

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2020 (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
Celcom Networks Sdn Bhd 4.85% 29/08/2022 (AA1)	2,500,000	2,511,198	2,605,139	0.20
Celcom Networks Sdn Bhd 5.05% 29/08/2024 (AA1)	5,000,000	5,397,140	5,401,184	0.42
CIMB Bank Bhd 4.60% 17/05/2024 (AAA)	5,000,000	5,061,680	5,341,184	0.42
CIMB Thai Bank PCL 4.15% 06/07/2029 (AA3)	1,200,000	1,207,231	1,236,427	0.10
DanaInfra Nasional Bhd 4.29% 30/04/2026 (NR) #	5,000,000	5,030,975	5,450,995	0.43
DanaInfra Nasional Bhd 4.35% 21/03/2024 (NR) #	5,000,000	5,155,608	5,387,134	0.42
DanaInfra Nasional Bhd 4.50% 16/11/2027 (NR) #	5,000,000	5,112,892	5,588,160	0.44
Danum Capital Bhd 3.07% 21/02/2025 (AAA)	6,650,000	6,655,034	6,658,359	0.52
Danum Capital Bhd 3.96% 09/05/2023 (AAA)	5,000,000	5,062,833	5,206,914	0.41
Danum Capital Bhd 4.30% 13/02/2026 (AAA)	5,000,000	5,079,431	5,339,825	0.42
DRB-Hicom Bhd 4.15% 12/12/2022 (A1)	650,000	655,912	662,237	0.05
DRB-Hicom Bhd 4.55% 12/12/2024 (A1)	1,150,000	1,161,468	1,187,861	0.09
DRB-Hicom Bhd 4.85% 11/12/2026 (A1)	2,300,000	2,324,449	2,408,514	0.19
DRB-Hicom Bhd 5.10% 12/12/2029 (A1)	3,500,000	3,539,123	3,677,408	0.29
Edra Energy Sdn Bhd 5.79% 03/01/2025 (AA3)	5,000,000	5,405,267	5,503,073	0.43
Edra Energy Sdn Bhd 5.91% 05/01/2027 (AA3)	10,000,000	10,475,334	11,372,655	0.89
Edra Energy Sdn Bhd 5.94% 05/07/2027 (AA3)	5,000,000	5,136,838	5,729,703	0.45

PRINCIPAL CONSERVATIVE BOND FUND
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8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2020 (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
Edra Solar Sdn Bhd 4.10% 11/10/2022 (AA2)	6,600,000	6,761,292	6,784,079	0.53
Edra Solar Sdn Bhd 4.40% 09/10/2026 (AA2)	300,000	305,135	314,576	0.02
Encorp Systembilt Sdn Bhd 4.84% 18/11/2021 (AA1)	5,000,000	5,107,503	5,208,953	0.41
First Resources Ltd 4.85% 27/10/2021 (AA2)	15,000,000	15,278,801	15,596,501	1.22
Fortune Premiere Sdn Bhd 3.985% 11/09/2026 (AA2)	8,350,000	8,651,954	8,704,947	0.68
Fortune Premiere Sdn Bhd 4.80% 13/03/2023 (AA2)	5,000,000	5,112,438	5,319,438	0.42
Fortune Premiere Sdn Bhd 4.85% 07/09/2023 (AA2)	7,000,000	7,160,914	7,496,144	0.59
GENM Capital Bhd 4.78% 31/03/2022 (AAA)	10,000,000	10,200,218	10,516,167	0.82
GENM Capital Bhd 4.98% 11/07/2023 (AAA)	15,000,000	15,273,839	15,902,236	1.24
GII Murabahah 3.655% 15/10/2024 (NR) #	40,000,000	41,256,501	42,251,246	3.30
GII Murabahah 4.045% 15/08/2024 (NR) #	20,000,000	20,130,240	21,138,893	1.65
GII Murabahah 4.07% 30/09/2026 (NR) #	40,000,000	42,174,723	43,794,157	3.42
GII Murabahah 4.094% 30/11/2023 (NR) #	20,000,000	20,795,765	21,229,599	1.66
GovCo Holdings Bhd 4.29% 22/02/2024 (NR) #	10,000,000	10,047,396	10,533,052	0.82
Government Investment Issues 4.194% 15/07/2022 (NR) #	20,000,000	20,580,221	20,817,002	1.63
Hong Leong Assurance Bhd 3.85% 31/01/2030 (AA3)	3,750,000	3,760,680	3,810,330	0.30
Hong Leong Financial Group 4.30% 14/06/2029 (AA2)	3,600,000	3,632,232	3,752,508	0.29

PRINCIPAL CONSERVATIVE BOND FUND
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8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2020 (CONTINUED)				
UNQUOTED FIXED				
INCOME SECURITIES				
(CONTINUED)				
Hong Leong Financial Group 4.35% 06/09/2021 (AA1)	7,500,000	7,658,209	7,788,334	0.61
IJM Corporation Bhd 4.64% 02/06/2023 (AA3)	5,000,000	5,231,423	5,222,534	0.41
IJM Corporation Bhd 4.83% 10/06/2022 (AA3)	10,000,000	10,187,445	10,400,563	0.81
Jimah East Power Sdn Bhd 5.22% 02/06/2023 (AA3)	5,000,000	5,161,562	5,330,526	0.42
Jimah East Power Sdn Bhd 5.40% 04/12/2024 (AA3)	5,000,000	5,217,074	5,470,446	0.43
Jimah Energy Ventures Sdn Bhd 9.30% 12/11/2021 (AA3)	5,000,000	5,533,283	5,633,122	0.44
Jimah Energy Ventures Sdn Bhd 9.55% 11/11/2022 (AA3)	5,000,000	5,769,411	5,924,699	0.46
Khazanah Nasional Bhd 0% 24/02/2021 (NR) #	20,000,000	19,237,248	19,469,600	1.52
Krung Thai Bank PCL 5.10% 04/07/2025 (AA2)	15,000,000	15,152,156	15,193,724	1.19
Kuala Lumpur Kepong Bhd 4.00% 02/09/2022 (AA1)	5,000,000	5,199,215	5,198,730	0.41
Kuala Lumpur Kepong Bhd 4.65% 24/04/2026 (AA1)	10,000,000	10,915,456	10,912,573	0.85
Lembaga Pembiayaan Perumahan Sektor Awam 4.39% 17/04/2024 (NR) #	20,000,000	20,570,884	21,526,745	1.68
Malakoff Power Bhd 5.35% 16/12/2022 (AA3)	5,000,000	5,154,696	5,316,816	0.42
Malayan Banking Bhd 4.63% 31/01/2029 (AA1)	400,000	401,522	421,770	0.03
Malayan Banking Bhd 4.71% 31/01/2031 (AA1)	650,000	652,516	700,967	0.05
Malaysia Government Securities 3.80% 17/08/2023 (NR) #	50,000,000	50,474,565	51,925,813	4.05

PRINCIPAL CONSERVATIVE BOND FUND
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8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2020 (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
Malaysia Government Securities 3.882% 14/03/2025 (NR) #	10,000,000	10,176,333	10,751,514	0.84
Malaysian Government 3.906% 15/07/2026 (NR) #	10,000,000	10,680,435	10,710,435	0.84
Malaysian Government 3.885% 15/08/2029 (NR) #	1,700,000	1,841,057	1,853,172	0.14
Malaysian Government 3.48% 15/03/2023 (NR) #	10,000,000	10,013,960	10,414,580	0.81
Malaysian Government 3.757% 20/04/2023 (NR) #	10,000,000	10,277,794	10,474,243	0.82
Malaysian Government 3.955% 15/09/2025 (NR) #	10,000,000	10,730,415	10,831,362	0.85
Malaysian Government 4.392% 04/15/2026 (NR) #	10,000,000	10,425,320	11,084,354	0.87
Manjung Island Energy Bhd 4.36% 25/11/2024 (AAA)	5,000,000	5,108,123	5,343,184	0.42
MMC Corporation Bhd 5.80% 12/11/2025 (AA3)	5,000,000	5,213,741	5,464,997	0.43
MMC Corporation Bhd 5.95% 12/11/2027 (AA3)	5,000,000	5,260,713	5,574,858	0.44
Mumtaz Rakyat Sukuk Bhd 4.95% 18/06/2021 (AA3)	5,000,000	5,062,430	5,150,772	0.40
Northern Gateway Infrastructure Sdn Bhd 4.95% 29/08/2025 (AA1)	5,000,000	5,371,713	5,381,856	0.42
Penang Port Sdn Bhd 4.30% 24/12/2026 (AA3)	500,000	503,829	523,189	0.04
Penang Port Sdn Bhd 4.48% 27/12/2029 (AA3)	1,050,000	1,058,377	1,117,271	0.09
Penang Port Sdn Bhd 4.68% 26/12/2031 (AA3)	1,850,000	1,865,418	1,995,658	0.16

PRINCIPAL CONSERVATIVE BOND FUND
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8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2020 (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
Pengurusan Air SPV Bhd 4.04% 17/06/2021 (NR) #	5,000,000	5,040,805	5,122,307	0.40
Pengurusan Air SPV Bhd 4.38% 29/04/2021 (NR) #	5,000,000	5,097,035	5,166,300	0.40
Pengurusan Air SPV Bhd 4.00% 04/06/2024 (AAA)	5,000,000	5,048,219	5,236,869	0.41
Pengurusan Air SPV Bhd 4.27% 06/06/2024 (NR) #	10,000,000	10,147,774	10,666,708	0.83
Perbadanan Kemajuan Negeri Selangor 4.30% 28/06/2022 (AA3)	1,300,000	1,310,889	1,336,080	0.10
Perbadanan Kemajuan Negeri Selangor 5.013% 31/10/2023 (AA3)	10,000,000	10,171,873	10,676,718	0.83
Perbadanan Kemajuan Negeri Selangor 5.15% 10/08/2023 (AA3)	20,000,000	20,915,215	21,117,593	1.65
Press Metal Aluminium Holdings Bhd 4.10% 17/10/2024 (AA3)	18,700,000	18,985,675	19,254,955	1.50
Projek Lebuhraya Usahasama Bhd 4.80% 12/01/2027 (AAA)	5,000,000	5,143,742	5,495,662	0.43
Projek Lebuhraya Usahasama Bhd 4.40% 12/01/2022 (AAA)	10,000,000	10,192,135	10,296,363	0.80
Projek Lebuhraya Usahasama Bhd 4.56% 12/01/2024 (AAA)	15,000,000	15,292,752	15,847,451	1.24
Projek Lebuhraya Usahasama Bhd 4.72% 12/01/2026 (AAA)	10,000,000	10,159,320	10,840,671	0.85
Projek Lebuhraya Usahasama Bhd 4.96% 12/01/2029 (AAA)	10,000,000	10,416,975	11,311,027	0.88
Perbadanan Tabung Pendidikan Tinggi Nasional 4.27% 14/03/2024 (NR) #	5,000,000	5,117,719	5,357,849	0.42
Perbadanan Tabung Pendidikan Tinggi Nasional 4.67% 28/03/2024 (NR) #	10,000,000	10,366,890	10,874,456	0.85

PRINCIPAL CONSERVATIVE BOND FUND
(formerly known as CIMB-Principal Conservative Bond Fund)

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2020 (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
Perbadanan Tabung Pendidikan Tinggi Nasional 4.27% 01/03/2029 (NR) #	5,000,000	5,105,288	5,548,038	0.43
Public Bank Bhd 4.85% 23/04/2027 (AA1)	10,000,000	10,220,005	10,517,582	0.82
Public Bank Bhd 4.60% 09/04/2025 (AAA)	5,000,000	5,102,266	5,444,490	0.43
Public Bank Bhd 4.22% 26/02/2021 (AAA)	5,000,000	4,998,878	5,064,412	0.40
Putrajaya Holdings Sdn Bhd 4.48% 29/07/2024 (AAA)	5,000,000	5,213,658	5,309,492	0.41
Putrajaya Holdings Sdn Bhd 4.58% 26/05/2026 (AAA)	5,000,000	5,075,213	5,461,366	0.43
Quantum Solar Park Green SRI Sukuk 5.16% 06/10/2022 (A1)	5,000,000	5,124,196	5,228,500	0.41
RHB Bank Bhd 4.75% 08/05/2025 (AA3)	5,000,000	5,074,550	5,087,878	0.40
RHB Islamic Bank Bhd 4.32% 21/05/2029 (AA3)	800,000	809,563	834,139	0.07
RHB Islamic Bank Bhd 4.88% 27/04/2027 (AA3)	1,000,000	1,020,905	1,047,969	0.08
Sabah Development Bank Bhd 5.30% 11/05/2022 (AA1)	7,500,000	7,671,380	7,930,859	0.62
Sabah Development Bank Bhd 5.50% 24/04/2026 (AA1)	10,000,000	11,073,279	11,133,084	0.87
Sarawak Energy Bhd 5.15% 23/06/2021 (AAA)	10,000,000	10,273,231	10,370,356	0.81
Sarawak Energy Bhd 4.75% 18/08/2025 (AAA)	5,000,000	5,148,870	5,427,108	0.42
Sarawak Energy Bhd 5.00% 04/07/2024 (AAA)	10,000,000	10,553,426	10,861,742	0.85
Sarawak Hidro Sdn Bhd 4.43% 11/08/2026 (AAA)	10,000,000	10,711,347	10,802,360	0.84

PRINCIPAL CONSERVATIVE BOND FUND
(formerly known as CIMB-Principal Conservative Bond Fund)

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2020 (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
Sarawak Hidro Sdn Bhd 4.34% 09/08/2024 (AAA)	15,000,000	15,362,734	15,835,938	1.24
SEGI Astana Sdn Bhd 5.70% 07/01/2028 (AA3)	10,000,000	10,407,436	10,711,267	0.84
Sepangar Bay Power Corp Sdn Bhd 4.70% 01/07/2022 (AA1)	5,000,000	5,062,630	5,203,893	0.41
Sepangar Bay Power Corp Sdn Bhd 4.80% 03/07/2023 (AA1)	5,000,000	5,071,762	5,277,187	0.41
Sepangar Bay Power Corp Sdn Bhd 5.00% 03/07/2025 (AA1)	10,000,000	10,865,098	10,877,453	0.85
Southern Power Generation Sdn Bhd 4.76% 28/04/2023 (AA3)	5,000,000	5,159,417	5,287,853	0.41
Starbright Capital Bhd 4.00% 27/12/2022 (AAA)	1,000,000	1,000,466	1,014,273	0.08
Starbright Capital Bhd 4.08% 27/12/2023 (AAA)	1,000,000	998,488	1,019,186	0.08
Starbright Capital Bhd 4.15% 27/12/2024 (AAA)	550,000	548,126	563,415	0.04
Starbright Capital Bhd 4.25% 26/12/2025 (AAA)	1,300,000	1,293,288	1,338,140	0.10
Starbright Capital Bhd 4.35% 24/12/2026 (AAA)	1,200,000	1,191,853	1,240,112	0.10
Starbright Capital Bhd 4.45% 27/12/2027 (AAA)	750,000	743,752	777,611	0.06
Starbright Capital Bhd 4.55% 27/12/2028 (AAA)	900,000	891,206	936,228	0.07
Tanjung Bin Power Sdn Bhd 5.01% 16/08/2024 (AA2)	5,000,000	5,086,729	5,316,808	0.42
Tanjung Bin Power Sdn Bhd 4.90% 16/08/2023 (AA2)	5,000,000	5,069,109	5,241,797	0.41

PRINCIPAL CONSERVATIVE BOND FUND
(formerly known as CIMB-Principal Conservative Bond Fund)

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2020 (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
Tanjung Bin Power Sdn Bhd 5.23% 14/08/2026 (AA2)	5,000,000	5,140,634	5,481,280	0.43
Tanjung Bin Power Sdn Bhd 5.28% 16/08/2027 (AA2)	5,000,000	5,155,414	5,546,953	0.43
Teknologi Tenaga Perlis Consortium Sdn Bhd 4.71% 29/07/2022 (AA1)	10,000,000	10,094,164	10,378,912	0.81
Telekom Malaysia Bhd 4.00% 13/05/2022 (AAA)	15,000,000	15,201,458	15,483,241	1.21
Telekom Malaysia Bhd 4.55% 07/10/2024 (AAA)	10,000,000	10,394,692	10,809,600	0.84
Telekom Malaysia Bhd 4.73% 18/05/2028 (AAA)	10,000,000	10,430,073	11,273,673	0.88
TNB Northern Energy Bhd 4.18% 29/05/2026 (AAA)	5,000,000	5,105,504	5,348,102	0.42
UEM Edgenta Bhd 4.85% 26/04/2022 (AA3)	21,000,000	21,429,902	21,964,461	1.71
UEM Sunrise Bhd 5.00% 19/05/2023 (AA3)	15,000,000	15,349,121	15,949,839	1.25
UEM Sunrise Bhd 5.06% 09/12/2022 (AA3)	2,000,000	2,030,708	2,113,938	0.17
UEM Sunrise Bhd 4.75% 22/03/2024 (AA3)	9,500,000	9,707,787	10,171,288	0.79
UEM Sunrise Bhd 4.85% 29/10/2021 (AA3)	1,500,000	1,525,424	1,564,531	0.12
UMW Holdings Bhd 6.35% 20/04/2118 (A1)	5,000,000	5,115,692	5,864,042	0.46
UniTapah Sdn Bhd 5.490% 12/12/2023 (AA1)	5,000,000	5,229,490	5,430,414	0.42
UniTapah Sdn Bhd 5.54% 12/06/2024 (AA1)	5,000,000	5,254,308	5,481,662	0.43
United Growth Bhd 4.73% 21/06/2022 (AA2)	11,000,000	11,280,643	11,468,178	0.90
WCT Holdings Bhd 5.17% 23/10/2023 (AA3)	5,000,000	5,079,124	5,272,068	0.41

PRINCIPAL CONSERVATIVE BOND FUND
(formerly known as CIMB-Principal Conservative Bond Fund)

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2020 (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
WCT Holdings Bhd 5.32% 11/05/2022 (AA3)	15,000,000	15,289,278	15,671,979	1.22
WCT Holdings Bhd 5.65% 20/04/2026 (AA3)	5,000,000	5,114,661	5,469,364	0.43
Westports Malaysia Sdn Bhd 4.43% 01/04/2025 (AA1)	1,000,000	1,010,468	1,069,168	0.08
Westports Malaysia Sdn Bhd 5.32% 02/05/2025 (AA1)	5,000,000	5,250,732	5,553,031	0.43
YTL Corporation Bhd 4.38% 25/04/2023 (AA1)	10,000,000	10,248,020	10,467,500	0.81
YTL Power International Bhd 4.49% 24/03/2023 (AA1)	5,000,000	5,092,982	5,257,681	0.40
YTL Power International Bhd 4.55% 10/06/2022 (AA1)	5,000,000	5,057,921	5,181,036	0.39
YTL Power International Bhd 4.65% 24/08/2023 (AA1)	5,000,000	5,005,228	5,206,672	0.40
YTL Power International Bhd 4.99% 24/08/2028 (AA1)	10,000,000	10,182,161	11,007,803	0.85
TOTAL UNQUOTED FIXED INCOME SECURITIES	<u>1,195,770,000</u>	<u>1,229,870,350</u>	<u>1,271,099,554</u>	<u>99.23</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>41,229,204</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>1,271,099,554</u>		

PRINCIPAL CONSERVATIVE BOND FUND
(formerly known as *CIMB-Principal Conservative Bond Fund*)

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2019				
UNQUOTED FIXED INCOME SECURITIES				
Al Dzahab Assets Bhd 4.90% 29/03/2022 (AAA)	10,000,000	10,349,740	10,364,239	0.93
Aman Sukuk Bhd 4.13% 12/04/2022 (AAA)	5,000,000	5,046,020	5,077,005	0.46
AmBank Bhd 4.30% 25/03/2019 (AA2)	5,000,000	5,092,711	5,093,930	0.46
AmBank Bhd 4.98% 15/11/2028 (AA3)	1,250,000	1,268,078	1,279,153	0.12
Anih Bhd 5.22% 29/11/2022 (AA2)	5,000,000	5,188,446	5,208,136	0.47
Anih Bhd 5.46% 29/11/2024 (AA2)	15,000,000	15,877,432	15,936,033	1.43
Anih Bhd 6.00% 29/11/2028 (AA2)	5,000,000	5,510,430	5,583,366	0.50
Bank Pembangunan Malaysia Bhd 4.28% 02/03/2022 (AAA)	30,000,000	30,494,394	30,561,218	2.75
Bank Pembangunan Malaysia Bhd 4.38% 12/09/2024 (NR) #	5,000,000	5,135,039	5,167,245	0.46
Batu Kawan Bhd 4.05% 06/06/2023 (AA1)	5,000,000	4,938,212	4,987,307	0.45
BGSM Management Sdn Bhd 5.45% 28/06/2024 (AA3)	15,000,000	15,763,757	15,820,752	1.42
Bumitama Agri Ltd 5.00% 02/09/2019 (AA3)	5,000,000	5,133,431	5,141,302	0.46
Bumitama Agri Ltd 5.25% 18/03/2019 (AA3)	6,450,000	6,604,455	6,605,374	0.59
Cagamas Bhd 4.50% 25/05/2023 (AAA)	15,000,000	15,175,685	15,388,535	1.38
Celcom Networks Sdn Bhd 4.85% 29/08/2022 (AA1)	7,500,000	7,544,325	7,621,447	0.69
CIMB Bank 4.60% 17/05/2024 (AAA)	5,000,000	5,059,679	5,138,074	0.46
CIMB Thai Bank PCL 5.60% 05/07/2024 (AA3)	5,000,000	5,053,691	5,062,657	0.46
DanaInfra Nasional Bhd 4.29% 30/04/2026(NR) #	5,000,000	5,024,521	5,122,420	0.46

PRINCIPAL CONSERVATIVE BOND FUND
(formerly known as CIMB-Principal Conservative Bond Fund)

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 (CONTINUED)				
UNQUOTED FIXED				
INCOME SECURITIES				
(CONTINUED)				
DanaInfra Nasional Bhd 4.35% 21/03/2024 (NR) #	5,000,000	5,168,723	5,169,988	0.47
DanaInfra Nasional Bhd 4.50% 16/11/2027 (NR) #	5,000,000	5,118,761	5,178,426	0.47
Edra Energy Sdn Bhd 5.91% 05/01/2027 (AA3)	5,000,000	5,156,236	5,116,059	0.46
Edra Energy Sdn Bhd 5.94% 05/07/2027 (AA3)	5,000,000	5,145,176	5,103,676	0.46
Encorp Systembilt Sdn Bhd 4.84% 18/11/2021 (AA1)	5,000,000	5,127,579	5,145,378	0.46
First Resources Ltd 4.85% 27/10/2021 (AA2)	20,000,000	20,393,739	20,565,077	1.85
Fortune Premiere Sdn Bhd 4.80% 13/03/2023 (AA2)	5,000,000	5,111,781	5,165,381	0.46
Fortune Premiere Sdn Bhd 4.85% 07/09/2023 (AA2)	7,000,000	7,162,774	7,245,374	0.65
Gamuda Bhd 4.62% 23/04/2021 (AA3)	5,000,000	5,103,846	5,101,925	0.46
GB Services Bhd 5.30% 08/11/2019 (AAA)	1,000,000	1,023,020	1,023,813	0.09
GENM Capital Bhd 4.78% 31/03/2022 (AAA)	10,000,000	10,201,605	10,286,577	0.93
GENM Capital Bhd 4.98% 11/07/2023 (AAA)	13,500,000	13,590,474	13,838,384	1.24
Genting Capital Bhd 4.42% 08/06/2022 (AAA)	5,000,000	5,018,367	5,038,644	0.45
GII Murabahah 4.05% 15/08/2024 (NR) #	20,000,000	20,153,001	20,175,287	1.81
GII Murabahah 4.07% 30/09/2026 (NR) #	20,000,000	20,390,387	20,394,385	1.83
GII Murabahah 4.09% 30/11/2023 (NR) #	20,000,000	20,201,657	20,445,831	1.84
GovCo Holding Bhd 4.29% 22/02/2024 (NR) #	10,000,000	10,057,707	10,115,427	0.91

PRINCIPAL CONSERVATIVE BOND FUND
(formerly known as CIMB-Principal Conservative Bond Fund)

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 (CONTINUED)				
UNQUOTED FIXED				
INCOME SECURITIES				
(CONTINUED)				
Government Investment Issues 3.948%				
14/04/2022 (NR) #	30,000,000	30,609,568	30,661,777	2.76
Gulf Investment Corporation 5.10%				
16/03/2021 (AAA)	2,500,000	2,562,889	2,575,638	0.23
Hong Leong Bank Bhd 4.50% 21/06/2024 (AA1)	5,000,000	5,047,239	5,048,401	0.45
Hong Leong Bank Bhd 4.80% 21/06/2024 (AA1)	5,000,000	5,050,797	5,053,805	0.45
Hong Leong Financial Group 4.35%				
06/09/2021 (AA1)	7,500,000	7,657,315	7,677,640	0.69
HSBC Amanah Malaysia Bhd 4.22% 16/10/2019 (AAA)	5,000,000	5,079,413	5,089,919	0.46
IJM Corp Bhd 4.83%				
10/06/2022 (AA3)	5,000,000	5,103,078	5,114,920	0.46
Impian Ekspresi Sdn Bhd 4.58% 29/11/2019 (AAA)	15,000,000	15,196,411	15,224,312	1.37
Jimah East Power Sdn Bhd 5.22% 02/06/2023 (AA3)	5,000,000	5,188,532	5,206,911	0.47
Jimah East Power Sdn Bhd 5.40% 04/12/2024 (AA3)	15,000,000	15,733,048	15,850,369	1.43
Jimah Energy Ventures Sdn Bhd 9.30%				
12/11/2021(AA3)	5,000,000	5,750,929	5,773,944	0.52
Jimah Energy Ventures Sdn Bhd 9.55%				
11/11/2022 (AA3)	5,000,000	5,981,987	6,015,888	0.54
Khazanah Nasional Bhd 0.00% 24/02/2021 (NR) #	20,000,000	18,489,326	18,512,800	1.67
Krung Thai Bank PCL 5.10% 04/07/2025 (AA2)	15,000,000	15,241,619	15,218,782	1.37

PRINCIPAL CONSERVATIVE BOND FUND
(formerly known as CIMB-Principal Conservative Bond Fund)

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 (CONTINUED)				
UNQUOTED FIXED				
INCOME SECURITIES				
(CONTINUED)				
Lembaga Pembiayaan Perumahan Sdn Bhd 4.39% 17/04/2024 (NR) #	20,000,000	20,621,954	20,656,540	1.86
Malakoff Power Bhd 5.35% 16/12/2022 (AA3)	5,000,000	5,186,905	5,210,983	0.47
Malayan Banking Bhd 4.25% 10/05/2024 (AA1)	5,000,000	5,059,752	5,065,959	0.46
Malayan Banking Bhd 4.63% 31/01/2029 (AA1)	400,000	401,471	403,395	0.04
Malayan Banking Bhd 4.71% 31/01/2031 (AA1)	650,000	652,432	656,644	0.06
Malaysian Government Securities 3.80% 17/08/2023 (NR) #	20,000,000	19,868,168	20,047,167	1.80
Malaysian Government Securities 3.882% 14/03/2025 (NR) #	60,000,000	60,973,878	60,880,431	5.48
Malaysian Government 3.885% 15/08/2029 (NR) #	4,000,000	4,004,852	4,004,010	0.36
Malaysian Government 3.48% 15/03/2023 (NR) #	10,000,000	9,970,653	10,067,615	0.91
Malaysian Government 3.955% 15/09/2025 (NR) #	10,000,000	10,063,049	10,196,704	0.92
Malaysian Government 4.498% 15/04/2030 (NR) #	6,875,000	7,124,369	7,197,320	0.65
Manjung Island Energy Bhd 4.22% 25/11/2022 (AAA)	5,000,000	5,049,648	5,068,018	0.46
MMC Corporation Bhd 5.20% 12/11/2020 (AA3)	5,000,000	5,100,605	5,104,544	0.46

PRINCIPAL CONSERVATIVE BOND FUND
(formerly known as CIMB-Principal Conservative Bond Fund)

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 (CONTINUED)				
UNQUOTED FIXED				
INCOME SECURITIES				
(CONTINUED)				
MMC Corporation Bhd 5.80% 12/11/2025 (AA3)	5,000,000	5,231,598	5,209,202	0.47
MMC Corporation Bhd 5.95% 12/11/2027 (AA3)	5,000,000	5,277,481	5,245,793	0.47
Mumtaz Rakyat Sukuk Bhd 4.95% 18/06/2021 (AA3)	10,000,000	10,145,872	10,192,288	0.92
Mydin 4.80% 07/05/2020 (AAA)	5,000,000	5,039,271	5,048,799	0.45
Northport 5.00% 02/12/2022 (AA3)	10,000,000	10,119,505	10,210,705	0.92
PB Finance Bhd 7.50% 05/06/2059 (AA2)	10,000,000	10,249,053	10,263,312	0.92
Pengurusan Air SPV Bhd 4.04% 17/06/2021 (NR) #	5,000,000	5,039,917	5,055,104	0.45
Pengurusan Air SPV Bhd 4.38% 29/04/2021 (NR) #	5,000,000	5,115,355	5,122,350	0.46
Pengurusan Air SPV Bhd 4.27% 06/06/2024 (NR) #	10,000,000	10,156,656	10,206,138	0.92
Perbadanan Kemajuan Negeri Selangor 5.013% 31/10/2023 (AA3)	10,000,000	10,172,518	10,248,261	0.92
Projek Lebuhraya Usahasama Bhd 4.80% 12/01/2027 (AAA)	10,000,000	10,312,412	10,312,193	0.93
Projek Lebuhraya Usahasama Bhd 4.40% 12/01/2022 (AAA)	5,000,000	5,046,790	5,062,576	0.46
Projek Lebuhraya Usahasama Bhd 4.56% 12/01/2024 (AAA)	5,000,000	5,059,547	5,095,135	0.46
Projek Lebuhraya Usahasama Bhd 4.72% 12/01/2026 (AAA)	10,000,000	10,171,038	10,267,685	0.92
Projek Lebuhraya Usahasama Bhd 4.96% 12/01/2029 (AAA)	5,000,000	5,139,229	5,217,505	0.47

PRINCIPAL CONSERVATIVE BOND FUND
(formerly known as CIMB-Principal Conservative Bond Fund)

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 (CONTINUED)				
UNQUOTED FIXED				
INCOME SECURITIES				
(CONTINUED)				
Perbadanan Tabung Pendidikan Tinggi Nasional 4.27% 14/03/2024 (NR) #	5,000,000	5,123,508	5,150,619	0.46
Perbadanan Tabung Pendidikan Tinggi Nasional 4.67% 28/03/2024 (NR) #	10,000,000	10,406,045	10,484,336	0.94
Perbadanan Tabung Pendidikan Tinggi Nasional 4.27% 01/03/2029 (NR) #	7,500,000	7,500,000	7,500,000	0.67
Public Bank Bhd 4.85% 23/04/2027 (AA1)	10,000,000	10,242,146	10,278,753	0.92
Public Bank Bhd 4.60% 04/09/2025 (AAA)	5,000,000	5,103,702	5,137,060	0.46
Public Bank Bhd 4.22% 26/2/2021 (AAA)	5,000,000	4,993,888	5,015,084	0.45
Putrajaya Holdings Sdn Bhd 4.40% 24/04/2025 (AAA)	5,000,000	5,058,932	5,103,151	0.46
Putrajaya Holdings Sdn Bhd 4.58% 26/05/2026 (AAA)	5,000,000	5,077,019	5,134,867	0.46
Quantum Solar Park Green SRI Sukuk 5.16% 06/10/2022 (A1)	5,000,000	5,130,276	5,068,686	0.46
RHB Bank Bhd 4.75% 08/05/2025 (AA3)	5,000,000	5,077,510	5,101,827	0.46
RHB Islamic Bank Bhd 4.88% 27/04/2027 (AA3)	1,000,000	1,022,667	1,030,275	0.09
Sabah Credit Corporation 4.685% 06/08/2020 (AA1)	10,000,000	10,056,442	10,089,539	0.91
Sabah Credit Corporation 4.70% 08/05/2020 (AA1)	5,000,000	5,081,720	5,100,453	0.46

PRINCIPAL CONSERVATIVE BOND FUND
(formerly known as CIMB-Principal Conservative Bond Fund)

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 (CONTINUED)				
UNQUOTED FIXED				
INCOME SECURITIES				
(CONTINUED)				
Sabah Development Bank Bhd 5.30% 11/05/2022 (AA1)	15,000,000	15,381,591	15,387,561	1.38
Sabah Development Bank Bhd 0% 14/02/2022 (NR)	20,000,000	19,160,691	19,153,760	1.72
Sabah Development Bank Bhd 5.30% 27/04/2023 (AA1)	7,500,000	7,647,426	7,707,152	0.69
Sarawak Energy Bhd 5.15% 23/06/2021 (AA1)	5,000,000	5,137,785	5,155,867	0.46
Sarawak Energy Bhd 5.00% 04/07/2024 (AA1)	15,000,000	15,440,533	15,577,818	1.40
Sarawak Hidro Sdn Bhd 4.29% 11/08/2023 (AAA)	20,000,000	20,004,731	20,065,912	1.80
Sepangar Bay Power Corp Sdn Bhd 4.70% 01/07/2022 (AA1)	5,000,000	5,072,199	5,108,899	0.46
Sepangar Bay Power Corp Sdn Bhd 4.80% 03/07/2023 (AA1)	5,000,000	5,080,329	5,137,879	0.46
Serba Dinamik Holdings Bhd 4.95% 02/10/2023 (AA3)	14,500,000	14,831,109	14,859,346	1.34
Tanjung Bin Power Sdn Bhd 5.01% 16/08/2024 (AA2)	5,000,000	5,101,918	5,133,322	0.46
Tanjung Bin Power Sdn Bhd 4.54% 16/08/2019 (AA2)	10,000,000	10,029,691	10,033,083	0.90
Tanjung Bin Power Sdn Bhd 4.90% 16/08/2023 (AA2)	5,000,000	5,084,651	5,098,826	0.46
Tanjung Bin Power Sdn Bhd 5.23% 14/08/2026 (AA2)	5,000,000	5,156,887	5,216,114	0.47

PRINCIPAL CONSERVATIVE BOND FUND
(formerly known as CIMB-Principal Conservative Bond Fund)

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 (CONTINUED)				
UNQUOTED FIXED				
INCOME SECURITIES				
(CONTINUED)				
Tanjung Bin Power Sdn Bhd 5.28% 16/08/2027 (AA2)	5,000,000	5,171,506	5,251,553	0.47
Teknologi Tenaga Perlis Consortium Sdn Bhd 4.59% 29/01/2021 (AA1)	5,000,000	5,038,691	5,053,784	0.45
Teknologi Tenaga Perlis Consortium Sdn Bhd 4.71% 29/07/2022 (AA1)	10,000,000	10,114,389	10,157,422	0.91
UEM Edgenta Bhd 4.85% 26/4/2022 (AA3)	21,000,000	21,472,248	21,608,632	1.94
UEM Sunrise Bhd 4.90% 30/06/2021 (AA3)	5,000,000	5,064,315	5,077,724	0.46
UEM Sunrise Bhd 5.00% 19/05/2023 (AA3)	10,000,000	10,219,758	10,269,386	0.92
UEM Sunrise Bhd 5.06% 09/12/2022 (AA3)	5,000,000	5,082,998	5,127,252	0.46
UEM Sunrise Bhd 4.85% 29/10/2021 (AA3)	6,500,000	6,612,247	6,648,643	0.60
UMW Holdings Bhd 4.82% 04/10/2019 (AA2)	5,000,000	5,106,803	5,118,921	0.46
UMW Holdings Bhd 5.02% 04/10/2021 (AA2)	10,000,000	10,311,308	10,365,351	0.93
UMW Holdings Bhd 6.35% 20/04/2028 (A1)	6,000,000	6,137,786	6,440,426	0.58
UniTapah Sdn Bhd 5.49% 12/12/2023 (AA1)	5,000,000	5,269,126	5,311,412	0.48
UniTapah Sdn Bhd 5.54% 12/06/2024 (AA1)	5,000,000	5,293,815	5,343,303	0.48
United Growth Bhd 4.73% 21/06/2022 (AA2)	5,000,000	5,081,393	5,123,206	0.46

PRINCIPAL CONSERVATIVE BOND FUND
(formerly known as *CIMB-Principal Conservative Bond Fund*)

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
WCT Holdings Bhd 5.17% 23/10/2023 (AA3)	5,000,000	5,075,348	5,109,660	0.46
WCT Holdings Bhd 5.32% 11/05/2022 (AA3)	15,000,000	15,305,055	15,426,407	1.39
WCT Holdings Bhd 5.65% 20/04/2026 (AA3)	5,000,000	5,114,835	5,175,866	0.47
Westports Malaysia Sdn Bhd 4.43% 01/04/2025 (AA1)	1,000,000	1,009,097	1,018,187	0.09
Westports Malaysia Sdn Bhd 5.32% 02/05/2025 (AA1)	5,000,000	5,277,576	5,321,390	0.48
YTL Corporation Bhd 4.49% 24/03/2023 (AA1)	5,000,000	5,091,149	5,084,466	0.47
YTL Power International Bhd 4.55% 10/06/2022 (AA1)	5,000,000	5,060,469	5,056,313	0.46
YTL Power International Bhd 4.65% 24/08/2023 (AA1)	5,000,000	5,004,351	5,016,748	0.46
TOTAL UNQUOTED FIXED INCOME SECURITIES	<u>1,073,625,000</u>	<u>1,093,348,667</u>	<u>1,098,545,548</u>	<u>98.81</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>5,196,881</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>1,098,545,548</u>		

The unquoted fixed income securities which are not rated as at the end of the financial year are issued, backed or guaranteed by government or government agencies.

PRINCIPAL CONSERVATIVE BOND FUND
(formerly known as CIMB-Principal Conservative Bond Fund)

9. CASH AND CASH EQUIVALENTS

	2020	2019
	RM	RM
Deposits with licensed financial institutions	10,063,711	20,651,185
Bank balances	335,219	203,389
	10,398,930	20,854,574

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2020	2019
	No. of units	No. of units
Class A (i)	28,823	19,996
Class C (ii)	1,201,089,958	1,069,150,216
	1,201,118,781	1,069,170,212

(i) Class A

	2020	2019
	No. of units	No. of units
At the beginning of the financial year	19,996	2,000
Add : Creation of units from applications	17,660	18,496
Less : Cancellation of units	(8,833)	(500)
At the end of the financial year	28,823	19,996

(ii) Class C

	2020	2019
	No. of units	No. of units
At the beginning of the financial year	1,069,150,216	797,990,331
Add : Creation of units from applications	82,407,179	244,868,443
Add : Creation of units from distributions	59,400,984	26,293,594
Less : Cancellation of units	(9,868,421)	(2,152)
At the end of the financial year	1,201,089,958	1,069,150,216

11. MANAGEMENT EXPENSE RATIO ("MER")

	2020	2019
	%	%
MER	0.28	0.28

MER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial year calculated on a daily basis is RM1,204,101,630 (2019: RM986,893,557).

12. PORTFOLIO TURNOVER RATIO (“PTR”)

	2020	2019
PTR (times)	0.60	0.58

PTR is derived based on the following calculation:

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

where:

total acquisition for the financial year = RM821,268,934 (2019: RM734,348,103)

total disposal for the financial year = RM617,099,040 (2019: RM413,833,088)

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

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

PRINCIPAL CONSERVATIVE BOND FUND
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13. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER, AND SIGNIFICANT RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)

Units held by the Manager and parties related to the Manager

	2020		2019	
	No. of units	RM	No. of units	RM
Manager				
Principal Asset Management Berhad <i>(formerly known as CIMB-Principal Asset Management Berhad)</i>				
- Class A	1,500	1,709	1,500	1,593
- Class C	2,984	3,182	1,281	1,332

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

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

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

	2020 RM	2019 RM
<u>Significant related party transactions</u>		
Interest income from unquoted fixed income securities:		
- CIMB Bank Bhd	230,630	283,890
- CIMB Thai Bank PCL	40,774	279,233
Interest income from deposits with licensed financial institutions:		
- CIMB Bank Bhd	41,239	15,823
- CIMB Islamic Bank Bhd	1,151	-
Deposits with licensed financial institutions:		
- CIMB Bank Bhd	196,953,000	171,485,000
- CIMB Islamic Bank Bhd	5,000,000	-
<u>Significant related party balances</u>		
Bank balance:		
- CIMB Bank Bhd	334,580	202,394
Deposits with licensed financial institutions:		
- CIMB Bank Bhd	3,000,518	-

PRINCIPAL CONSERVATIVE BOND FUND
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14. TRANSACTIONS WITH DEALERS

Details of transactions with the dealers for the financial year ended 29 February 2020 are as follows:

Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of brokerage fees %
CIMB Bank Bhd #	313,457,895	21.98	-	-
Citibank Bhd	163,514,000	11.46	-	-
CIMB Islamic Bank Bhd #	128,058,450	8.98	-	-
Hong Leong Investment Bank Bhd	104,238,900	7.31	-	-
RHB Investment Bank Bhd	103,864,075	7.28	-	-
Hong Leong Bank Bhd	90,021,000	6.31	-	-
JP Morgan Chase Bank Bhd	85,724,100	6.01	-	-
HSBC Bank Malaysia Bhd	71,900,000	5.04	-	-
RHB Bank Bhd	71,071,550	4.98	-	-
AmBank Bhd	63,355,055	4.44	-	-
Others	231,110,634	16.21	-	-
	<u>1,426,315,659</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

Details of transactions with the dealers for the financial year ended 28 February 2019 are as follows:

Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of brokerage fees %
CIMB Bank Bhd #	229,421,443	19.98	-	-
AmBank Bhd	187,977,250	16.37	-	-
Standard Chartered Bank Bhd	115,527,000	10.06	-	-
Hong Leong Bank Bhd	100,217,050	8.73	-	-
Hong Leong Investment Bank Bhd	99,854,800	8.70	-	-
RHB Investment Bank Bhd	71,004,560	6.18	-	-
JP Morgan Chase Bank Bhd	67,036,938	5.84	-	-
CIMB Islamic Bank Bhd #	65,353,500	5.69	-	-
Malayan Banking Bhd	47,414,500	4.13	-	-
HSBC Bank Malaysia Bhd	32,460,800	2.83	-	-
Others	131,913,350	11.49	-	-
	<u>1,148,181,191</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

14. TRANSACTIONS WITH DEALERS (CONTINUED)

Included in the transactions are trades conducted with CIMB Bank Bhd and CIMB Islamic Bank Bhd, fellow related parties to the Manager amounting to RM313,457,895 (2019: RM229,421,443) and RM128,058,450 (2019: RM65,353,500) respectively. The Manager is of the opinion that all transactions with the related company have been entered into in the normal course of business at agreed terms between the related parties.

15. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The worsening macro-economic outlook as a result of COVID-19, both domestically and globally, has resulted in the deterioration of the Fund's NAV per unit as of the date of this report. This is mainly due to the decrease in fair value of the Fund's investments at fair value through profit or loss.

The Manager is monitoring the situation closely and will be actively managing the portfolio to achieve the Fund's objectives.

16. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 16 April 2020.

DIRECTORY

Head Office of the Manager

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