

Principal Global Multi Asset Income Fund

(formerly known as CIMB-Principal Global Multi
Asset Income Fund)

Annual Report

For The Financial Year Ended 31 July 2020

PRINCIPAL GLOBAL MULTI ASSET INCOME FUND
(formerly known as CIMB-Principal Global Multi Asset Income Fund)

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

PRINCIPAL GLOBAL MULTI ASSET INCOME FUND
(formerly known as CIMB-Principal Global Multi Asset Income Fund)

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INVESTORS' LETTER

Dear Valued Investor,

Most of you would have heard investment experts saying that there is no time like the present to invest. I couldn't agree more to this, given that the economic recovery has started to broaden - this is the time that you should remain invested.

Below are some key questions Investors may have, and which we have attempted to answer:

Is there still upside for equities ?

- Yes. 3 stories driving the markets are: central bank liquidity, medical development of Coronavirus 2019 ("COVID-19"), and the US elections.
- The Federal Reserve System (the "Fed") - central bank of the United States will continue to loosen financial conditions and keep stimulus in place even as the economy starts to recover.

Should I remain invested now ?

- Yes. Global stocks have room to rally, backed by positive medical developments, reopening of economies and accommodative monetary policies.
- The Fed announced it will allow target inflation at 2% over time, investors can therefore expect low rates for a longer period, and ultra-low interest rates making it rational for investors to pay more for a given dollar of equity earnings.
- Global stocks have rebounded around 49% since their March lows and credit spreads have narrowed.

Where can investors find yield ?

- Central banks around the world have cut their rates to unprecedented levels to cushion the COVID-19-induced economic slowdown. Accommodative monetary policies also mean rates are set to stay lower for the foreseeable future.
- The Fed has said it is "not even thinking about thinking about" raising rates.
- Investors will likely be pushed to search harder for yield, especially in the Asian equities and fixed income space in the medium to long term.

INVESTORS' LETTER (CONTINUED)

We're here to help you choose the right investments according to your risk appetite and long-term financial goals. For our:

- **Conservative investors, we recommend:** Malaysia focus bond and balanced funds that are income focussed.
- **Moderate investors, we recommend:** Regional Asia-Pacific mixed asset funds.
- **More aggressive investors, we recommend:** Growth-oriented funds that offer exposure to growth areas in China, Asia-Pacific, ASEAN and Malaysian aggressive funds.

Be sure to check out our website (www.principal.com.my) and Facebook account (@PrincipalAssetMY) regularly for our latest insights and investment articles.

Please be informed that effective 4 December 2019, the Fund has been renamed as Principal Global Multi Asset Income Fund following the issuance of the Replacement Information Memorandum.

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

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



Munirah Khairuddin
Chief Executive Officer

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

The Fund aims to provide income and potential capital growth to investors through investments in one collective investment scheme, which invests in a diversified portfolio of global assets.

Has the Fund achieved its objective?

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

What are the fund investment policy and principal investment strategy?

In order to achieve its objective, the Fund will invest at least 95% of its Net Asset Value ("NAV") in JPMorgan Investment Funds – Global Income Fund (the "Target Fund"); a portfolio established on 11 December 2008 under JPMorgan Investment Funds. The Fund will invest in Class C (div) – USD (hedged) of the Target Fund, which is a share class denominated in USD with quarterly income distribution and hedged against the Target Fund's base currency of Euro Dollar ("EUR"). The Fund will also maintain up to 5% of its NAV in liquid assets.

Information on the Target Fund

Company: : JPMorgan Investment Funds
Management Company: : JPMorgan Asset Management (Europe) S.à.r.l.
Investment Manager: : J.P. Morgan Investment Management Inc., JPMorgan Asset Management UK Limited
Regulatory authority: : Commission de Surveillance du Secteur Financier

Fund category/type

Wholesale Fund (Feeder Fund)/Income and capital growth

How long should you invest for?

Recommended medium to long-term

When was the Fund launched?

Name of Class	Launch Date
Class AUD-Hedged ("AUD-H")	4 December 2019
Class GBP-Hedged ("GBP-H")	4 December 2019
Class MYR	20 March 2014
Class MYR-Hedged ("MYR-H")	4 December 2019
Class SGD-Hedged ("SGD-H")	4 December 2019
Class USD	4 December 2019

What was the size of the Fund as at 31 July 2020?

USD17.82 million (70.38 million units)

What is the Fund's benchmark?

The Fund adheres to the benchmark of the Target Fund for performance comparison purpose. Effective 4 December 2019, the benchmark of the Target Fund is 40% Bloomberg Barclays US High Yield 2% Issuer Cap Index (Total Return Gross) Hedged to USD + 35% MSCI World Index (Total Return Net) Hedged to USD + 25% Bloomberg Barclays Global Credit Index (Total Return Gross) Hedged to USD.

PRINCIPAL GLOBAL MULTI ASSET INCOME FUND
(formerly known as *CIMB-Principal Global Multi Asset Income Fund*)

FUND OBJECTIVE AND POLICY (CONTINUED)

What is the Fund distribution policy?

Depending on the level of income (if any) that the Fund generates, the Fund will distribute on a quarterly basis. If the distribution available is too small or insignificant, any distribution may not be of benefit to the Unit holders as the total cost to be incurred in any such distribution may be higher than the amount for distribution. The Manager has the discretion to decide on the amount to be distributed to the Unit holders.

What was the net income distribution for the financial year ended 31 July 2020?

The Fund distributed a total net income of USD0.54 million to unit holders for the financial year ended 31 July 2020.

The Fund's NAV per unit are as follows:

	NAV per unit (before distribution) USD	NAV per unit (after distribution) USD
Class AUD-H		
17.06.2020	0.6564	0.6514
Class MYR		
02.08.2019	0.2380	0.2379
18.09.2019	0.2401	0.2393
10.10.2019	0.2368	0.2363
11.11.2019	0.2431	0.2424
16.12.2019	0.2449	0.2462
24.03.2020	0.1972	0.1952
17.06.2020	0.2281	0.2261
Class MYR-H		
17.06.2020	0.2223	0.2204
Class SGD-H		
17.06.2020	0.6787	0.6730
Class USD		
17.06.2020	0.9541	0.9459

PERFORMANCE DATA

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

	31.07.2020 %	31.07.2019 %	31.07.2018 %
Collective investment scheme	97.28	98.14	99.63
Cash and other net assets	2.72	1.86	0.37
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

PRINCIPAL GLOBAL MULTI ASSET INCOME FUND
(formerly known as CIMB-Principal Global Multi Asset Income Fund)

PERFORMANCE DATA (CONTINUED)

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

	31.07.2020	31.07.2019	31.07.2018
NAV (USD Million)			
- Class AUD-H	0.10	-	-
- Class GBP-H	1.54	-	-
- Class MYR	15.47	22.72	32.43
- Class MYR-H	0.22	-	-
- Class SGD-H	0.27	-	-
- Class USD	0.21	-	-
Units in circulation (Million)			
- Class AUD-H	0.15	-	-
- Class GBP-H	1.25	-	-
- Class MYR	67.39	94.38	133.89
- Class MYR-H	0.99	-	-
- Class SGD-H	0.38	-	-
- Class USD	0.22	-	-
NAV per unit (USD)			
- Class AUD-H	0.6834	-	-
- Class GBP-H	1.2337	-	-
- Class MYR	0.2296	0.2407	0.2422
- Class MYR-H	0.2261	-	-
- Class SGD-H	0.6916	-	-
- Class USD	0.9602	-	-
Highest NAV per unit (USD)			
- Class AUD-H	0.7130	-	-
- Class GBP-H	1.3374	-	-
- Class MYR	0.2503	0.2447	0.2660
- Class MYR-H	0.2523	-	-
- Class SGD-H	0.7595	-	-
- Class USD	1.0364	-	-
Lowest NAV per unit (USD)			
- Class AUD-H	0.4699	-	-
- Class GBP-H	0.9234	-	-
- Class MYR	0.1956	0.2278	0.2366
- Class MYR-H	0.1811	-	-
- Class SGD-H	0.5510	-	-
- Class USD	0.8100	-	-

PRINCIPAL GLOBAL MULTI ASSET INCOME FUND
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PERFORMANCE DATA (CONTINUED)

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

Total return (%)			
- Class AUD-H	-	-	-
- Class GBP-H	-	-	-
- Class MYR	1.10	(5.56)	9.30
- Class MYR-H	-	-	-
- Class SGD-H	-	-	-
- Class USD	-	-	-
- Capital growth (%)			
- Class AUD-H	-	-	-
- Class GBP-H	-	-	-
- Class MYR	(2.04)	(8.67)	4.41
- Class MYR-H	-	-	-
- Class SGD-H	-	-	-
- Class USD	-	-	-
- Income distribution (%)			
- Class AUD-H	-	-	-
- Class GBP-H	-	-	-
- Class MYR	3.20	3.49	4.97
- Class MYR-H	-	-	-
- Class SGD-H	-	-	-
- Class USD	-	-	-
Management Expense Ratio ("MER") (%) ^	1.88	1.87	0.69
Portfolio Turnover Ratio ("PTR") (times) #	1.23	0.18	0.24

^ The Fund's MER increased from 1.87% to 1.88% due to the decrease in average NAV during the financial year under review.

For the financial year under review, the Fund's PTR increased to 1.23 times from 0.18 times as there were more rebalancing activities during the year.

PERFORMANCE DATA (CONTINUED)

	31.07.2020	31.07.2019	31.07.2018
Gross/Net distribution per unit (sen)			
Class AUD-H	0.50		
- Distribution on 17 June 2020		-	-
Class MYR			
- Distribution on 2 August 2019	0.01	-	-
- Distribution on 18 September 2019	0.08	-	-
- Distribution on 10 October 2019	0.05	-	-
- Distribution on 11 November 2019	0.07	-	-
- Distribution on 16 December 2019	0.08	-	-
- Distribution on 24 March 2020	0.20	-	-
- Distribution on 17 June 2020	0.20	-	-
- Distribution on 5 September 2018	-	0.03	-
- Distribution on 2 October 2018	-	0.05	-
- Distribution on 31 October 2018	-	0.01	-
- Distribution on 4 December 2018	-	0.04	-
- Distribution on 31 December 2018	-	0.04	-
- Distribution on 11 February 2019	-	0.02	-

PRINCIPAL GLOBAL MULTI ASSET INCOME FUND
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PERFORMANCE DATA (CONTINUED)

	31.07.2020	31.07.2019	31.07.2018
Gross/Net distribution per unit (sen)			
Class MYR			
- Distribution on 6 March 2019	-	0.05	-
- Distribution on 4 April 2019	-	0.03	-
- Distribution on 2 May 2019	-	0.01	-
- Distribution on 11 June 2019	-	0.02	-
- Distribution on 4 July 2019	-	0.06	-
- Distribution on 7 September 2017	-	-	0.10
- Distribution on 2 October 2017	-	-	0.10
- Distribution on 31 October 2017	-	-	0.10
- Distribution on 5 December 2017	-	-	0.10
- Distribution on 2 January 2018	-	-	0.10
- Distribution on 30 January 2018	-	-	0.10
- Distribution on 28 February 2018	-	-	0.08
- Distribution on 3 April 2018	-	-	0.05
- Distribution on 30 April 2018	-	-	0.03
- Distribution on 5 June 2018	-	-	0.06
- Distribution on 5 July 2018	-	-	0.01
- Distribution on 31 July 2018	-	-	0.02
Class MYR-H			
- Distribution on 17 June 2020	0.19	-	-
Class SGD-H			
- Distribution on 17 June 2020	0.57	-	-
Class USD			
- Distribution on 17 June 2020	0.82	-	-

	31.07.2020	31.07.2019	31.07.2018	31.07.2017	31.07.2016
	%	%	%	%	%
Annual total return					
- Class MYR	1.10	2.46	(5.56)	9.30	8.08

(Launch date: 20 March 2014)

	Since inception to 31.07.2020 %
Annual total return	
- Class AUD-H	(3.59)
- Class GBP-H	(5.10)
- Class MYR-H	(3.36)
- Class SGD-H	(4.12)
- Class USD	(3.15)

(Launch date: 4 December 2019)

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

MARKET REVIEW (1 AUGUST 2019 TO 31 JULY 2020)

August 2019 saw global stock markets decline and safe haven assets such as bonds outperform amid escalating worries over trade and global growth. In the US, the inversion of the 2-year to 10-year yield curve, for the first time since 2007, magnified concerns that the US economy may be heading into recession. Meanwhile, the US-China trade dispute unexpectedly escalated as President Trump unveiled new tariff measures. A surprise primary election result in Argentina triggered a major sell-off in equities and the currency. Government bond yields declined significantly amid various geopolitical concerns (bond prices move inversely of yields). The US 10-year Government bond yield fell 50 basis points (“bps”), closing the month at 1.50%, a three-year low, while the two-year yield fell 37 bps, also closing at 1.50%

September 2019 saw a more positive tone return to equity markets. Despite periods of volatility, US equities posted their best performance in the first nine months of any year since 1997. The month also saw initial signs of a market rotation, away from the growth and defensive stocks into value names. Government bond yields rose and corporate and Emerging Markets (“EM”) bonds outperformed with a better mood in the market. Corporate bonds reflected the rejuvenated risk appetite, with high yield delivering positive returns and outperforming. Investment grade corporate bonds produced negative returns, although they still outperformed Government bonds.

With US-China trade negotiators agreeing the outline of the initial phase of a trade deal, risk appetite picked up in October 2019 and fueled a rally in risk assets. Investor sentiment was further buoyed by the Fed lowering interest rates for the third time this year, and by Chair Powell explicitly targeting the USD liquidity concerns that had weighed on the market in September 2019. Against this more positive backdrop, global equities recorded solid returns, with EM outperforming developed markets for the first time since January 2020. Corporate bonds also rallied, where Government bonds fell, as renewed appetite for risk reduced their safe haven appeal.

Equity markets had a strong month in November 2019. The negotiations between the US and China on a ‘phase one’ trade deal are yet to arrive at a conclusion, but trade escalations did not take place during the month. In the UK, the spotlight has shifted to the upcoming general election on 12 December 2019, so politics is likely to remain front and centre of investors’ minds as the year draws to a close. In terms of purchasing managers’ index (“PMI”) business surveys and manufacturing data, global conditions continue to improve.

Equity markets had another strong month in December 2019. The US decided against proceeding with a planned tariff hike on consumer goods imported from China and reduced prevailing tariffs as the two countries entered the first phase of a trade deal. In terms of economic data, US non-farm payrolls were above expectations, indicating the resilience of the US labour market. In China, manufacturing activity expanded in November 2020, following a period of contraction, and industrial profits increased above market expectations. Elsewhere, the victory of the Conservative Party in the UK general election lifted investor sentiment, as the chances of a ‘no-deal’ “Brexit” diminished. On the other hand, in the Eurozone, output rose at the weakest pace since 2013. Thus, investors are increasingly paying attention to fiscal responses, especially by Germany, to gauge the economic trajectory

Equity markets initially rose in January 2020 as US-China trade relations improved. However, fears over the outbreak of the COVID-19 in China reduced investors’ appetite for risk, stoking demand for safe havens such as Government bonds, which were further buoyed by a number of central banks reaffirming their accommodative stances. The US 10-year Treasury yield fell from 1.92% to 1.51%. Still within fixed income, US high yield was broadly flat as supportive technical and appetite for yield against a benign backdrop was offset by weakness in the energy sector, as crude oil prices fell

MARKET REVIEW (1 AUGUST 2019 TO 31 JULY 2020) (CONTINUED)

In the first couple of weeks of February, equity markets shrugged off concerns about the outbreak, supported by improving business surveys for January 2020, and the expectation that the effects of the coronavirus would be temporary and localized. However, the increase in cases outside China led to a sharp selloff towards the month end. On the back of this broad selloff, world high dividend yielding stocks and Europe high yielding stocks returned -8.6% and -8.7% respectively, in local currency terms. EM equities fared better, amid news of declining rates of new infections in China, falling 4.4%. Elsewhere, global real estate investment trusts (“REITs”) succumbed to market sentiment, returning -7.4% during the month. Meanwhile, Global fixed income markets were broadly up in February 2020, with the exception of high yield and emerging market credit, as the risk-off sentiment drove yields down and led Government bonds to rally.

In March 2020, we witnessed the full impact of the COVID-19 virus, with ramifications for global economic activity and earnings, which led to a significant re-pricing across markets. The debate moved on from whether there will be a recession this year to how deep and long it will be. Equities fell sharply as markets moved to reflect this new reality. March 2020 was also characterized by a liquidity crunch in the fixed income markets. The Fed stepped in to restore normality in these markets by providing as much liquidity as possible, expanding its balance sheet and starting credit facilities. Meanwhile, Global REITs suffered due to poor market sentiment, returning -22.7% during the month.

The US economy contracted at an annualised pace of 4.8% in the first quarter. With this backdrop in mind, the Fed committed to unlimited government bond purchases and announced that it would buy investment-grade corporate bonds and some high-yield bonds. Owing to similarly dire data from Europe, the European Central Bank (“ECB”) continued its quantitative easing programme, putting an increased emphasis on purchases of Government bonds of those countries with the greatest need due to the virus. Fiscal and monetary responses fueled a strong market recovery in April 2020 despite macroeconomic data showing the economic cost of the COVID-19 shutdowns. On the back of this broad market bounce-back from its historic lows, world high dividend yielding stocks and Europe high-yielding stocks returned 7.6% and 4.7%, respectively, in local currency terms. EM equities fared better, returning 9.4%. Elsewhere, global REITs reflected the unlimited monetary easing in function by returning 7.3% during the month.

The impact of the pandemic continued to dominate markets, with an increasing focus on how countries would begin to relax their lockdown measures and the resulting effect on the economy. May 2020 also saw the resurgence of tensions between the US and China. However, some market optimism was driven by initial signs of success in human trials for a COVID-19 vaccine. Against this backdrop, world high-dividend-yielding stocks and European high yielding stocks returned 2.0% and 2.8%, respectively, in local-currency terms. EM equities returned -0.8% in Euro Dollar (“EUR”) terms. Elsewhere, global REITs fell by 1.3%, while infrastructure equity gained 3.5% during the month.

Global Equities moved higher in June 2020, supported by positive moves in leading economic indicators. However, there was another pick-up in volatility, driven by a resurgence in COVID-19 cases in parts of the US. Markets have started to witness cyclical rotation and renewed interest in higher beta regions as the global economy enters a new cycle. Against this backdrop, world high dividend yielding stocks and Europe high yielding stocks returned 0.3% and 3.5%, respectively, in local-currency terms. EM equities returned 6.3% in EUR terms. Elsewhere, global REITs gained 1.6%, while infrastructure equity fell by 2.5% during the month.

PRINCIPAL GLOBAL MULTI ASSET INCOME FUND
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MARKET REVIEW (1 AUGUST 2019 TO 31 JULY 2020) (CONTINUED)

In July 2020, the pace of increase in new infections rose in most regions from the start of the month, but appeared to slow towards the end of July 2020 in the US, while rising, from much lower levels, in Europe and Japan. In the US, gross domestic product (“GDP”) for the second quarter of 2020 fell by an annualised rate of 32.9% compared with the previous quarter. While this confirms the largest decline in GDP since the Second World War, markets have been more focused on the recovery in some of the economic data since April 2020. Meanwhile, in Europe, second-quarter GDP fell by 12.1% compared with the previous quarter – the largest quarterly decline in the Eurozone’s history. Against this backdrop, world high dividend yielding stocks and Europe high yielding stocks returned 0.9% and -2.2%, respectively, in local-currency terms.

FUND PERFORMANCE

Class MYR

	1 year to 31.07.2020 %	3 years to 31.07.2020 %	5 years to 31.07.2020 %	Since inception to 31.07.2020 %
Income Distribution	3.20	8.44	19.14	25.12
Capital Growth	(2.04)	(9.73)	(2.65)	(2.71)
Total Return	1.10	(2.17)	15.56	21.31
Benchmark	-	-	-	0.70
Average Total Return	1.10	(0.73)	2.94	3.08

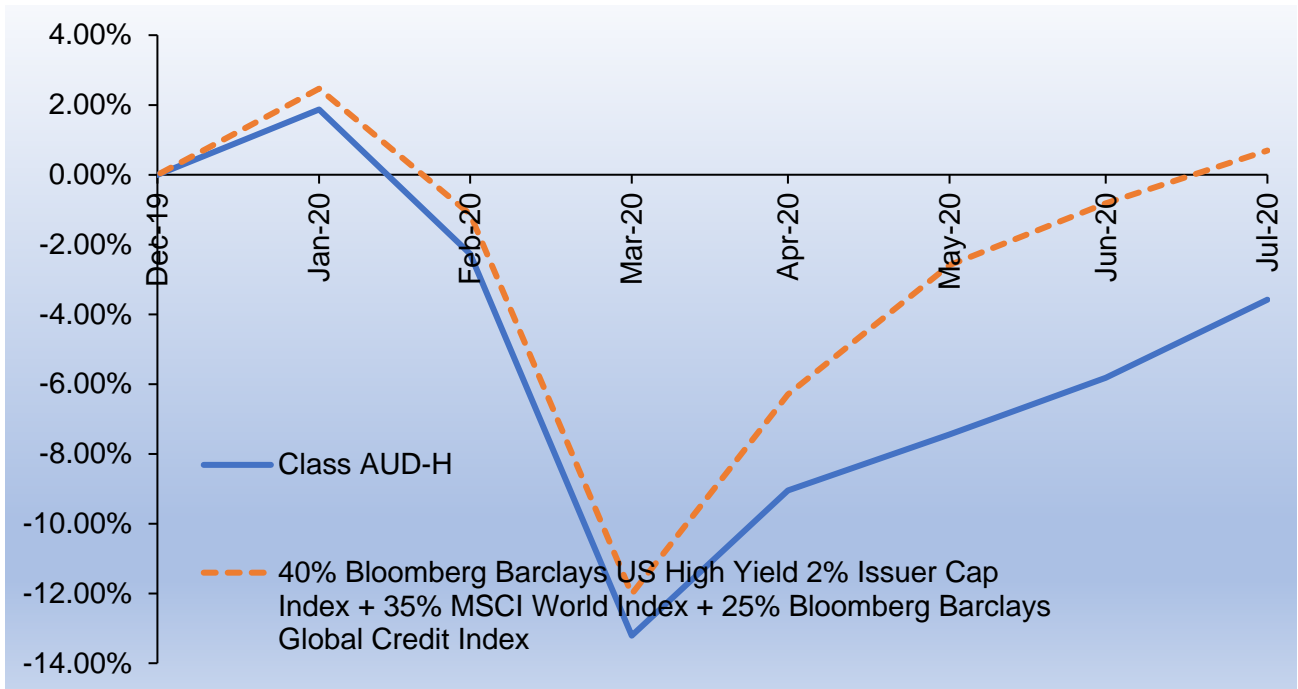
	Since inception to 31.07.2020				
	Class AUD-H %	Class GBP-H %	Class MYR-H %	Class SGD-H %	Class USD %
Income					
Distribution	0.77	-	0.86	0.85	0.87
Capital Growth	(4.32)	(5.10)	(4.19)	(4.93)	(3.98)
Total Return	(3.59)	(5.10)	(3.36)	(4.12)	(3.15)
Benchmark	0.70	0.70	0.70	0.70	0.70
Average Total Return	(5.38)	(7.62)	(5.05)	(6.18)	(4.73)

For the financial year under review, the Fund improved by 1.10%. Returns during the financial year under review were positively contributed by the target fund’s position in Global and EM Equities.

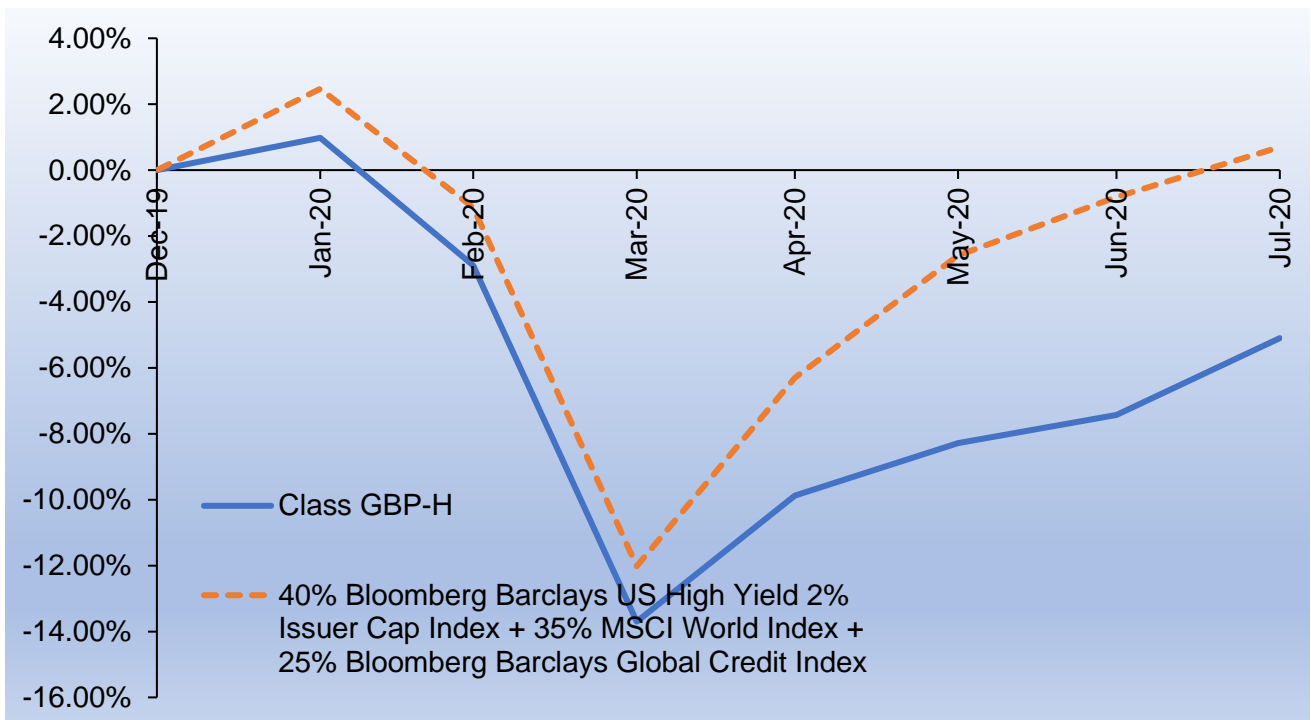
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FUND PERFORMANCE (CONTINUED)

Class AUD-H



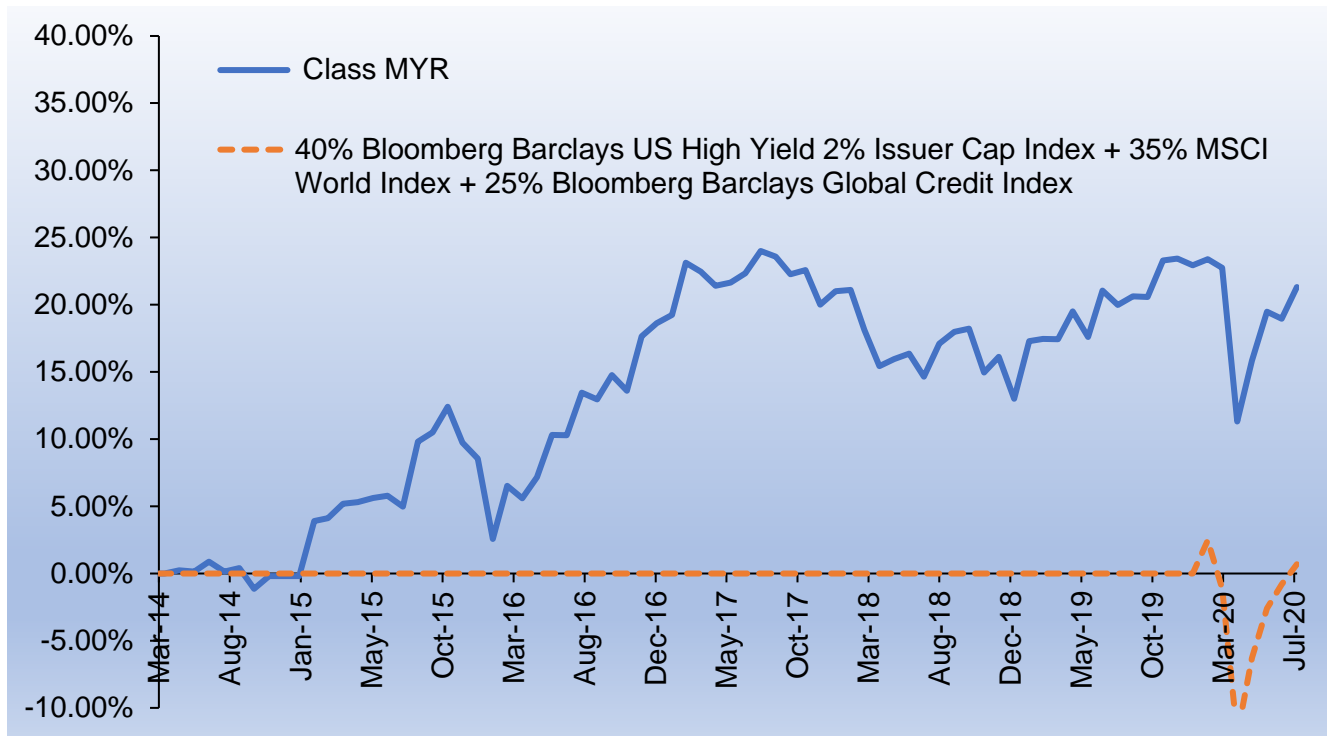
Class GBP-H



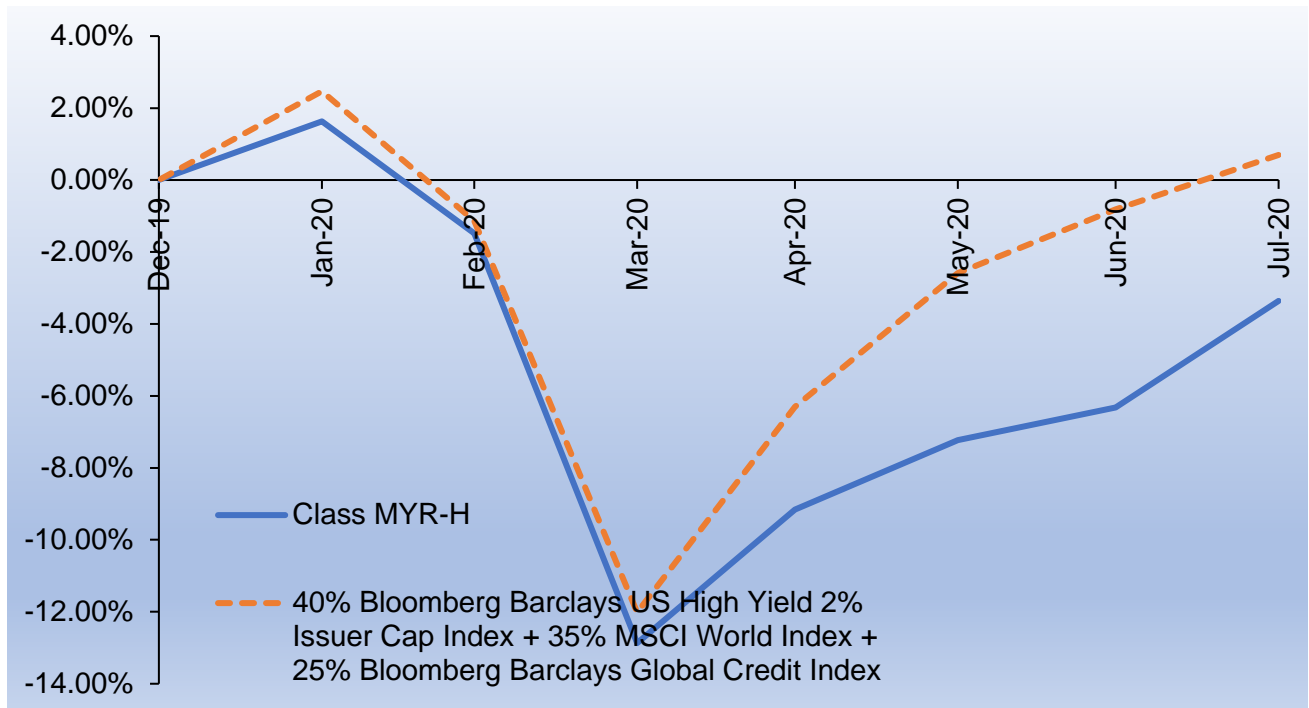
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FUND PERFORMANCE (CONTINUED)

Class MYR

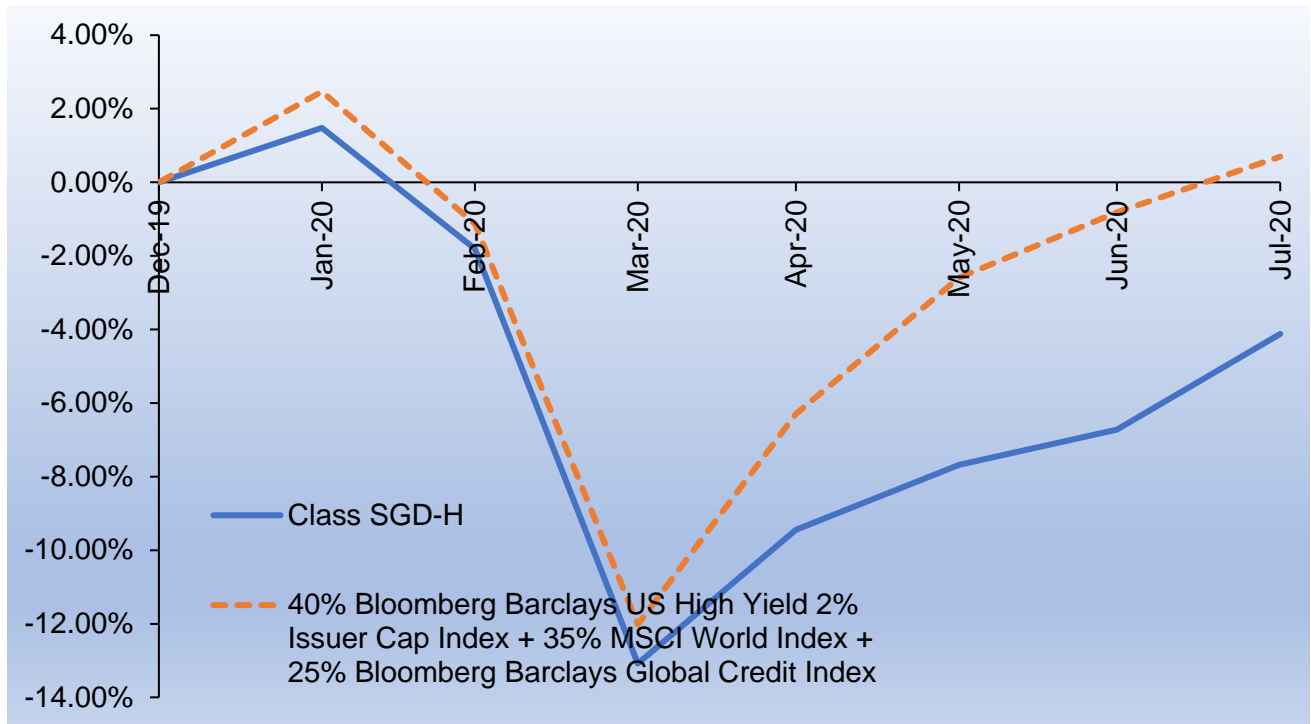


Class MYR-H

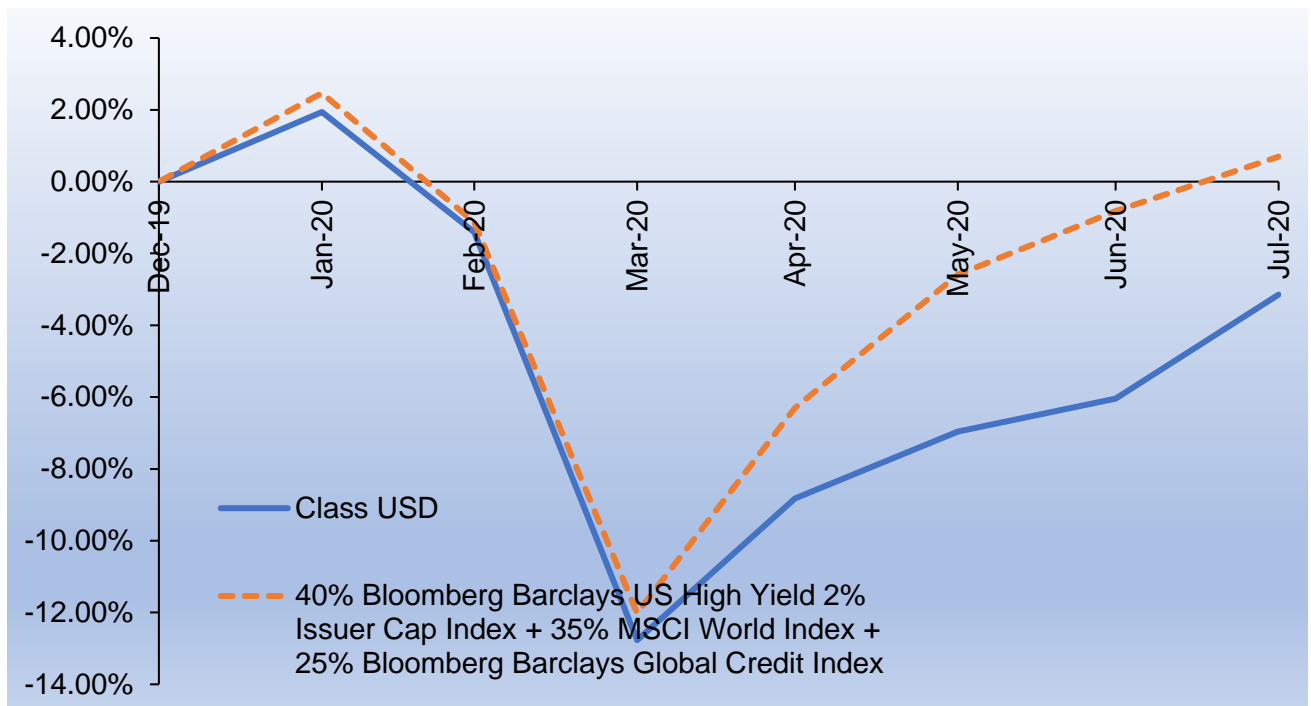


FUND PERFORMANCE (CONTINUED)

Class SGD-H



Class USD



PRINCIPAL GLOBAL MULTI ASSET INCOME FUND
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FUND PERFORMANCE (CONTINUED)

Changes in NAV

Class AUD-H

31.07.2020

NAV (USD Million) 0.10
NAV/Unit (USD) 0.6834

Class GBP-H

31.07.2020

NAV (USD Million) 1.54
NAV/Unit (USD) 1.2337

Class MYR

	31.07.2020	31.07.2019	Changes
		Restated	%
NAV (RM Million)	15.47	22.72	(31.91)
NAV/unit (RM)	0.2296	0.2407	(4.61)

Class MYR-H

31.07.2020

NAV (USD Million) 0.22
NAV/Unit (USD) 0.2261

Class SGD-H

31.07.2020

NAV (USD Million) 0.27
NAV/Unit (USD) 0.6916

Class USD

31.07.2020

NAV (USD Million) 0.21
NAV/Unit (USD) 0.9602

As at 31 July 2020, the Fund's NAV for Class AUD-H, Class GBP-H, Class MYR, Class MYR-H, Class SGD-H, and Class USD stood at USD0.1 million, USD1.54 million, USD15.47 million, USD0.22 million, USD0.27 million, and USD0.21 million respectively.

Meanwhile, the Fund's NAV per unit as at the same period for Class AUD-H, Class GBP-H, Class MYR, Class MYR-H, Class SGD-H, and Class USD stood at USD0.6834, USD1.2337, USD0.2296, USD0.2261, USD0.6916, and USD0.9602 respectively.

FUND PERFORMANCE (CONTINUED)

Changes in NAV

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.

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	31.07.2020	31.07.2019
Collective investment scheme	97.28	98.14
Cash and other net assets	2.72	1.86
TOTAL	100.00	100.00

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

MARKET OUTLOOK*

While acknowledging the recent moderation in economic momentum, we continue to believe that the global economy is in the early phase of the new business cycle. We still favour cyclically geared markets. Over the medium term, we still expect to see yields move higher as the issuance calendar and fiscal stimulus elevate curves, particularly on the long end. The portfolio remains cautiously positioned overall, with an increased allocation to cash and duration, though we look to employ cash where we see value.

* 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

The Fund will continue to remain fully invested in the Target Fund minimal cash kept for liquidity purposes.

PRINCIPAL GLOBAL MULTI ASSET INCOME FUND
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UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 31 July 2020 are as follows:

Class AUD-H

Size of unit holdings (units)	No. of members	No. of units held (million)	% of units held
5,000 and below	3	0.01	6.67
5,001-10,000	-	-	-
10,001-50,000	1	0.02	13.33
50,001-500,000	1	0.12	80.00
500,001 and above	-	-	-
Total	5	0.15	100.00

Class GBP-H

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	1	0.16	12.80
500,001 and above	1	1.09	87.20
Total	3	1.25	100.00

Class MYR

Size of unit holdings (units)	No. of members	No. of units held (million)	% of units held
5,000 and below	2	0.00*	0.00
5,001-10,000	-	-	-
10,001-50,000	7	0.14	0.21
50,001-500,000	5	0.56	0.83
500,001 and above	9	66.69	98.96
Total	23	67.39	100.00

Class MYR-H

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	1	0.21	21.21
500,001 and above	1	0.78	78.79
Total	3	0.99	100.00

Note: 0.00* denotes value less than 0.01 million.

PRINCIPAL GLOBAL MULTI ASSET INCOME FUND
(formerly known as *CIMB-Principal Global Multi Asset Income Fund*)

UNIT HOLDINGS STATISTICS (CONTINUED)

Breakdown of unit holdings by size as at 31 July 2020 are as follows (continued):

Class SGD-H

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	1	0.38	100.00
500,001 and above	-	-	-
Total	2	0.38	100.00

Class USD

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	2	0.22	100.00
500,001 and above	-	-	-
Total	3	0.22	100.00

Note: 0.00* denotes value less than 0.01 million.

SOFT COMMISSIONS AND REBATES

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

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

PRINCIPAL GLOBAL MULTI ASSET INCOME FUND
(formerly known as CIMB-Principal Global Multi Asset Income Fund)

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
PRINCIPAL GLOBAL MULTI ASSET INCOME FUND**
(formerly known as CIMB-Principal Global Multi Asset Income Fund)

We, being the Directors of Principal Asset Management Berhad (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying audited financial statements set out on pages 24 to 58 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 July 2020 and of its financial performance, net assets attributable to unit holders and cash flows for the financial year then ended in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

For and on behalf of the Manager

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

MUNIRAH KHAIRUDDIN
Chief Executive Officer/Executive Director

JUAN IGNACIO EYZAGUIRRE BARAONA
Director

Kuala Lumpur
18 September 2020

PRINCIPAL GLOBAL MULTI ASSET INCOME FUND
(formerly known as CIMB-Principal Global Multi Asset Income Fund)

**TRUSTEE'S REPORT TO THE UNIT HOLDERS OF
PRINCIPAL GLOBAL MULTI ASSET INCOME FUND**
(formerly known as CIMB-Principal Global Multi Asset Income Fund)

We have acted as Trustee of Principal Global Multi Asset Income Fund *(formerly known as CIMB-Principal Global Multi Asset Income Fund)* (the "Fund") for the financial year ended 31 July 2020. To the best of our knowledge, Principal Asset Management Berhad (the "Manager"), has operated and managed the Fund in accordance with the following:-

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

During this financial year, a total distribution of 0.50 cent per unit (gross) for AUD-Hedged Class, 0.69 cent per unit (gross) for MYR Class, 0.19 cent per unit (gross) for MYR-Hedged Class, 0.57 cent per unit (gross) for SGD-Hedged Class and 0.82 cent per unit (gross) for USD Class have been distributed to the unitholders of the Fund respectively. We are of the view that the distributions are not inconsistent with the objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Tan Bee Nie
Manager, Investment Compliance Monitoring

Kuala Lumpur
18 September 2020

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL GLOBAL MULTI ASSET INCOME FUND**
(formerly known as CIMB-Principal Global Multi Asset Income Fund)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Principal Global Multi Asset Income Fund *(formerly known as CIMB-Principal Global Multi Asset Income Fund)* (the "Fund") give a true and fair view of the financial position of the Fund as at 31 July 2020, and of its financial performance and its cash flows for the 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 31 July 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 24 to 58.

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 GLOBAL MULTI ASSET INCOME FUND
(formerly known as CIMB-Principal Global Multi Asset Income Fund) (CONTINUED)**

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 Standard. 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 GLOBAL MULTI ASSET INCOME FUND
(formerly known as CIMB-Principal Global Multi Asset Income Fund) (CONTINUED)**

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 GLOBAL MULTI ASSET INCOME FUND**
(formerly known as CIMB-Principal Global Multi Asset Income Fund) (CONTINUED)

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
18 September 2020

PRINCIPAL GLOBAL MULTI ASSET INCOME FUND
(formerly known as CIMB-Principal Global Multi Asset Income Fund)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

	Note	2020 USD	2019 Restated USD
(LOSS)/INCOME			
Dividend income		732,284	1,349,270
Interest income from current account at amortised cost		783	704
Net loss on financial assets at fair value through profit or loss	8	(443,610)	(214,052)
Net gain on derivatives at fair value through profit or loss	9	64,771	-
Net loss on foreign exchange		<u>(1,481,849)</u>	<u>(13,138)</u>
		<u>(1,127,621)</u>	<u>1,122,784</u>
EXPENSES			
Management fee	4	335,237	491,138
Trustee's fee	5	7,440	10,914
Audit fee		3,000	2,009
Tax agent's fee		1,200	1,113
Other expenses		<u>2,479</u>	<u>5,097</u>
		<u>349,356</u>	<u>510,271</u>
(LOSS)/PROFIT BEFORE FINANCE COST AND TAXATION		(1,476,977)	612,513
Finance cost:			
- Class AUD-H		(893)	-
- Class MYR		(538,497)	(422,127)
- Class MYR-H		(1,572)	-
- Class SGD-H		(2,174)	-
- Class USD		<u>(1,338)</u>	<u>-</u>
	6	<u>(544,474)</u>	<u>(422,127)</u>
(LOSS)/PROFIT BEFORE TAXATION		(2,021,451)	190,386
Taxation	7	<u>-</u>	<u>-</u>
(DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>(2,021,451)</u>	<u>190,386</u>
(Decrease)/Increase in net assets attributable to unit holders is made up as follows:			
Realised amount		(1,250,500)	633,829
Unrealised amount		<u>(770,951)</u>	<u>(21,316)</u>
		<u>(2,021,451)</u>	<u>612,513</u>

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

PRINCIPAL GLOBAL MULTI ASSET INCOME FUND
(formerly known as *CIMB-Principal Global Multi Asset Income Fund*)

STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2020

		31 July 2020	31 July 2019	1 August 2018
	Note	USD	Restated USD	Restated USD
ASSETS				
Cash and cash equivalents	10	482,210	422,268	173,812
Financial assets at fair value through profit or loss	8	17,332,451	22,299,098	32,310,275
Derivative asset at fair value through profit or loss	9	37,531	-	-
Amount due from Manager		16,443	-	11,954
Amount due from the Manager of collective investment scheme				
- Disposal of collective investment scheme		77,349	242,603	171,828
- Management fee rebate		50,946	14,867	18,402
Dividends receivable		-	94,943	136,052
TOTAL ASSETS		<u>17,996,930</u>	<u>23,073,779</u>	<u>32,822,323</u>
LIABILITIES				
Amount due to Manager		70,558	326,887	354,758
Amount due to the Manager of collective investment scheme				
- Purchase of collective investment scheme		78,784	-	-
Accrued management fee		27,128	22,233	31,705
Amount due to Trustee		603	800	1,123
Distribution payable		-	-	490
Other payables and accruals		3,324	3,126	3,149
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)		<u>180,397</u>	<u>353,046</u>	<u>391,225</u>
NET ASSET VALUE OF THE FUND		<u>17,816,533</u>	<u>22,720,733</u>	<u>32,431,098</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>17,816,533</u>	<u>22,720,733</u>	<u>32,431,098</u>
REPRESENTED BY:				
FAIR VALUE OF OUTSTANDING UNITS				
- Class AUD-H		101,522	-	-
- Class GBP-H		1,542,449	-	-
- Class MYR		15,469,160	22,720,733	32,431,098
- Class MYR-H		223,709	-	-
- Class SGD-H		265,948	-	-
- Class USD		213,745	-	-
		<u>17,816,533</u>	<u>22,720,733</u>	<u>32,431,098</u>

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

PRINCIPAL GLOBAL MULTI ASSET INCOME FUND
(formerly known as *CIMB-Principal Global Multi Asset Income Fund*)

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 JULY 2020 (CONTINUED)

	31 July 2020	31 July 2019 Restated	1 August 2018 Restated
NUMBER OF UNITS IN CIRCULATION (UNITS)	USD	USD	USD
- Class AUD-H	148,557	-	-
- Class GBP-H	1,250,265	-	-
- Class MYR	67,387,670	94,381,167	133,891,760
- Class MYR-H	989,357	-	-
- Class SGD-H	384,564	-	-
- Class USD	222,610	-	-
11	<u>70,383,023</u>	<u>94,381,167</u>	<u>133,891,760</u>
NET ASSET VALUE PER UNIT (USD)			
- Class AUD-H	0.6834	-	-
- Class GBP-H	1.2337	-	-
- Class MYR	0.2296	0.2407	0.2422
- Class MYR-H	0.2261	-	-
- Class SGD-H	0.6916	-	-
- Class USD	<u>0.9602</u>	<u>-</u>	<u>-</u>
NET ASSET VALUE PER UNIT IN			
- Class AUD-H	AUD0.9568	-	-
- Class GBP-H	GBP0.9490	-	-
- Class MYR	RM0.9727	RM0.9932	RM0.9845
- Class MYR-H	RM0.9582	-	-
- Class SGD-H	SGD0.9506	-	-
- Class USD	<u>USD0.9602</u>	<u>-</u>	<u>-</u>

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

PRINCIPAL GLOBAL MULTI ASSET INCOME FUND
(formerly known as CIMB-Principal Global Multi Asset Income Fund)

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2020**

	2020	2019
	USD	Restated USD
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR	<u>22,720,733</u>	<u>32,431,098</u>
Movement due to units created and cancelled during the financial year:		
Creation of units from applications		
- Class AUD-H	129,617	-
- Class GBP-H	1,448,258	-
- Class MYR	913,917	818,090
- Class MYR-H	223,776	-
- Class SGD-H	281,141	-
- Class USD	218,689	-
	<u>3,215,398</u>	<u>818,090</u>
Creation of units from distributions		
- Class AUD-H	893	-
- Class MYR	527,945	415,992
- Class MYR-H	1,173	-
- Class SGD-H	2,174	-
- Class USD	1,338	-
	<u>533,523</u>	<u>415,992</u>
Cancellation of units		
- Class AUD-H	(35,297)	-
- Class MYR	(7,833,236)	(10,639,651)
	<u>(7,868,533)</u>	<u>(10,639,651)</u>
(Decrease)/Increase in net assets attributable to unit holders during the financial year	<u>(2,021,451)</u>	<u>190,386</u>
Foreign currency translation	<u>1,236,863</u>	<u>(495,182)</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR	<u><u>17,816,533</u></u>	<u><u>22,720,733</u></u>

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

PRINCIPAL GLOBAL MULTI ASSET INCOME FUND
(formerly known as *CIMB-Principal Global Multi Asset Income Fund*)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

	2020	2019
	USD	Restated USD
Note		
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of collective investment scheme	23,867,911	9,368,761
Purchase of collective investment scheme	(20,742,024)	(467,183)
Dividend income received	826,797	1,387,787
Interest income received	783	705
Management fee paid	(344,100)	(505,537)
Management fee rebate received	137,137	349,166
Trustee's fee paid	(7,637)	(11,234)
Payments for other fees and expenses	(6,481)	(8,206)
Net realised loss on forward foreign currency contracts	641,317	-
Net realised foreign exchange gain/(loss)	1,306,069	(14,999)
Net cash generated from in operating activities	<u>5,679,772</u>	<u>10,099,260</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from units created	3,198,955	830,912
Payments for cancellation of units	(8,124,862)	(10,675,835)
Distribution paid	(10,951)	(6,626)
Net cash used in financing activities	<u>(4,936,858)</u>	<u>(9,851,549)</u>
Net decrease in cash and cash equivalents	742,914	247,711
Effects of foreign exchange differences	(682,972)	3,336
Cash and cash equivalents at the beginning of the financial year	422,268	171,221
Cash and cash equivalents at the end of the financial year	<u>10</u> <u>482,210</u>	<u>422,268</u>
<u>Cash and cash equivalents comprised of:</u>		
Bank balances	482,210	422,268
Cash and cash equivalents at the end of financial year	<u>10</u> <u>482,210</u>	<u>422,268</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2020**

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES

Principal Global Multi Asset Income Fund (*formerly known as CIMB-Principal Global Multi Asset Income Fund*) (the “Fund”) was constituted pursuant to the execution of a Deed dated 18 March 2014, a First Supplemental Deed dated 18 March 2015 and a Second Supplemental Deed dated 15 November 2019 (collectively referred to as the “Deeds”) between Principal Asset Management (the “Manager”) and HSBC (Malaysia) Trustee Berhad (the “Trustee”).

In order to achieve its objective, the Fund will invest at least 95% of its NAV in JPMorgan Investment Funds – Global Income Fund (the “Target Fund”); a portfolio established on 11 December 2008 under JPMorgan Investment Funds. The Fund will invest in Class C (div) – USD (hedged) of the Target Fund, which is a share class denominated in USD with quarterly income distribution and hedged against the Target Fund’s base currency of EUR. The Fund will also maintain up to 5% of its NAV in liquid assets.

Information on the Target Fund

Company:	: JPMorgan Investment Funds
Management Company:	: JPMorgan Asset Management (Europe) S.à.r.l.
Investment Manager:	: J.P. Morgan Investment Management Inc., JPMorgan Asset Management UK Limited
Regulatory authority:	: Commission de Surveillance du Secteur Financier

All investments are subjected to the Securities Commission Malaysia (“SC”) Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, SC requirements, the Deeds, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund’s objective.

The Fund has changed its name from CIMB-Principal Global Multi Asset Income Fund to Principal Global Multi Asset Income Fund following the issuance of the Replacement Information Memorandum Issue No.2 dated 4 December 2019.

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

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

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 August 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 financial year beginning on 1 August 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 financial year beginning on/after 1 August 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 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.

Investment in collective investment scheme are debt instruments with contractual cash flows that do not represent solely payment of principal and interest ("SPPI"), and therefore are classified as fair value through profit or loss.

Derivatives are financial assets/liabilities at fair value through profit or loss unless they are designated hedges (Note 2(m)).

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

The Fund classifies amount due to Manager, amount due to Manager of collective investment scheme, accrued management fee, amount due to Trustee, distribution payable, and other payables and accruals as 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)

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

Collective investment scheme is valued based on the most recent published NAV per unit or share of such collective investment scheme or, if unavailable, on the last published price of such unit or share (excluding any sales charge included in such selling price).

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) Income recognition

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

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).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Income recognition (continued)

Realised gain or loss on disposal of collective investment scheme is accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on a weighted average cost basis.

(d) Cash and cash equivalents

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

(e) Taxation

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

Withholding taxes on investment income from foreign collective investment scheme is based on tax regime of the respective countries that the Fund invests in. Such withholding taxes are not “income tax” in nature and are recognised and measured based on the requirements of MFRS 137. They are presented within other expenses line in the statement of comprehensive income.

(f) Amount due from/to Manager of collective investment scheme (sales/purchase of investment)

Amounts due to Manager of collective investment scheme represent payables for collective investment scheme purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

These amounts are measured at amortised cost. At each reporting date, the Fund measures the loss allowance on amounts due from Manager of collective investment scheme 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 expected credit losses. Significant financial difficulties of the Manager of collective investment scheme, probability that the Manager of collective investment scheme 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.

(g) Distribution

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Foreign currency

Functional and presentation currencies

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 USD, which is the Fund’s functional and presentation currency.

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

- i) The Fund’s investments are denominated in USD;
- ii) Significant portion of the Fund’s expenses are denominated in USD; and
- iii) The Fund changed its base currency from RM to USD

This has resulted in a change of the Fund’s functional currency from RM to USD on 4 December 2019 prospectively.

In view of above, the Fund has also changed its presentation currency from RM to USD. The change in presentation currency is applied retrospectively and the balances as at 31 July 2019 and 1 August 2018 have been restated. Translations were done in accordance with the accounting policy “Transaction and balances” below.

Transactions and balances

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

(i) Other income

Management fee rebate derived from the Manager and Manager of the collective investment schemes on an accrual basis to ensure no double charging of management fee. It is accrued daily based on the fair value of collective investment schemes held.

(j) 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 six classes of units, known respectively as the Class AUD-H, Class GBP-H, Class MYR, Class MYR-H, Class SGD-H and Class USD 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Unit holders' contributions (continued)

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 unit holders of respective classes with the total number of outstanding units of respective classes.

(l) Realised and unrealised portions of profit or loss after tax

The analysis of realised and unrealised portions profit or loss after tax as presented on the statement of comprehensive income is prepared in accordance with SC Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

(m) Derivative financial instruments

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 Unlisted Capital Market Products under the Lodge and Launch Framework.

However, the Manager is of the opinion that in applying these accounting policies, no significant judgement was required.

PRINCIPAL GLOBAL MULTI ASSET INCOME FUND
(formerly known as *CIMB-Principal Global Multi Asset Income 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 USD	Financial assets at amortised cost USD	Total USD
31 July 2020			
Cash and cash equivalents (Note 10)	-	482,210	482,210
Collective investment scheme (Note 8)	17,332,451	-	17,332,451
Derivative asset	-	37,531	37,531
Amount due from Manager	-	16,443	16,443
Amount due from Manager of collective investment scheme			
- Disposal of collective investment scheme	-	77,349	77,349
- Management fee rebate	-	50,946	50,946
	<u>17,332,451</u>	<u>664,479</u>	<u>17,996,930</u>
31 July 2019			
Restated			
Cash and cash equivalents (Note 10)	-	422,268	422,268
Collective investment scheme (Note 8)	22,299,098	-	22,299,098
Amount due from Manager of collective investment scheme			
- Disposal of collective investment scheme	-	242,603	242,603
- Management fee rebate	-	14,867	14,867
Dividends receivable	-	94,943	94,943
	<u>22,299,098</u>	<u>774,681</u>	<u>23,073,779</u>
1 August 2018			
Restated			
Cash and cash equivalents (Note 10)	-	173,812	173,812
Collective investment scheme (Note 8)	32,310,275	-	32,310,275
Amount due from Manager	-	11,954	11,954
Amount due from Manager of collective investment scheme			
- Disposal of collective investment scheme	-	171,828	171,828
- Management fee rebate	-	18,402	18,402
Dividends receivable	-	136,052	136,052
	<u>32,310,275</u>	<u>512,048</u>	<u>32,822,323</u>

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

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

The Fund aims to provide income and potential capital growth to investors through investments in one collective investment scheme, which invests in a diversified portfolio of global assets.

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

Financial risk management is carried out through internal control process adopted by the Manager and adherence to the investment restrictions as stipulated in the Deeds and SC Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

(a) Market risk

(i) Price risk

This is the risk that the fair value of an investment in collective investment scheme will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk). The value of collective investment scheme 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 price of units to fall as well as rise, and income produced by the Fund may also fluctuate.

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

The Fund's overall exposure to price risk was as follows:

	31 July 2020	31 July 2019	1 August 2018
	USD	Restated USD	Restated USD
Financial assets at fair value through profit or loss:			
- Collective investment scheme	<u>17,332,451</u>	<u>22,299,098</u>	<u>32,310,275</u>

The table below summarises the sensitivity of the Fund's profit or loss and NAV to movements in prices of collective investment scheme at the end of each reporting year. The analysis is based on the assumptions that the price of the collective investment scheme fluctuated by 5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the collective investment scheme, having regard to the historical volatility of the prices.

% Change in price of collective investment scheme	Market value USD	Impact on profit or loss/NAV USD
31 July 2020		
-5%	16,465,828	(866,623)
0%	17,332,451	-
5%	<u>18,199,074</u>	<u>866,623</u>

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

(a) Market risk (continued)

(i) Price risk (continued)

% Change in price of collective investment scheme	Market value USD	Impact on profit or loss/NAV USD
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31 July 2019

Restated

-5%	21,184,143	(1,114,955)
0%	22,299,098	-
5%	23,414,053	1,114,955

1 August 2018

Restated

-5%	30,694,761	(1,615,514)
0%	32,310,275	-
5%	33,925,789	1,615,514

(ii) Interest rate risk

Interest rate is a general economic indicator that will have an impact on the management of the Fund.

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Fund's exposure to fair value interest rate risk arises from investment in money market instruments. The interest rate risk is expected to be minimal as the Fund's investments comprise mainly short term deposits with approved licensed financial institutions. As at the end of each reporting year, the Fund is not exposed to a material level of interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund is not exposed to cash flow interest rate risk as the Fund does not hold any financial instruments at variable interest rate.

As at the end of each reporting year, the Fund is not exposed to a material level of interest rate risk.

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

	31 July 2020	31 July 2019	1 August 2018
	%	Restated %	Restated %
Deposits with licensed financial institutions	-	3.00	-

PRINCIPAL GLOBAL MULTI ASSET INCOME FUND
(formerly known as *CIMB-Principal Global Multi Asset Income Fund*)

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

(a) Market risk (continued)

(iii) Currency risk

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

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

Financial assets	Cash and cash equivalents USD	Amount due from Manager USD	Total USD
31 July 2020			
AUD	714	-	714
GBP	65,023	-	65,023
MYR	7,182	16,443	23,625
SGD	1,729	-	1,729
	<u>74,648</u>	<u>16,443</u>	<u>91,091</u>

Financial assets	Cash and cash equivalents USD	Financial assets at fair value through profit or loss USD	Amount due from Manager of collective investment scheme USD	Dividends receivable USD	Total USD
31 July 2019					
Restated					
SGD	<u>125,114</u>	<u>22,299,098</u>	<u>257,470</u>	<u>94,943</u>	<u>22,776,625</u>
1 August 2018					
Restated					
SGD	<u>12,644</u>	<u>32,310,275</u>	<u>190,230</u>	<u>136,052</u>	<u>32,649,201</u>

PRINCIPAL GLOBAL MULTI ASSET INCOME FUND
(formerly known as CIMB-Principal Global Multi Asset Income Fund)

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

(a) Market risk (continued)

(ii) Currency risk (continued)

Financial liabilities	Amount due to Manager USD	Accrued management fee USD	Amount due to Trustee USD	Distribution payable	Other payables and accruals USD	Total USD
31 July 2020						
RM	70,558	27,128	603	-	3,324	101,613
31 July 2019 Restated						
RM	326,887	22,233	800	-	3,126	353,046
1 August 2018						
RM	354,758	31,705	1,123	490	3,149	391,225

The table below summarises the sensitivity of the Fund's profit or loss and NAV to changes in foreign exchange movements at the end of the reporting year. The analysis is based on the assumption that the foreign exchange rate fluctuates by 5%, with all other variables remain constants. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate.

	Change in foreign exchange rate %	Impact on net profit or loss/NAV RM
31 July 2020		
AUD	+/-5	+/-36
GBP	+/-5	+/-3,251
MYR	+/-5	+/-359
SGD	+/-5	+/-86
31 July 2019 Restated		
SGD	+/-5	+/-1,138,831
1 August 2018 Restated		
SGD	+/-5	1,632,460

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

(b) Credit risk

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

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

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 Unlisted Capital Market Products under the Lodge and Launch Framework.

For amount due from Manager of collective investment scheme, the Fund will invest with an investment management company of the collective investment scheme which is authorised or approved by the relevant regulatory authority in its home jurisdiction.

The following table sets out the credit risk concentration of the Fund at the end of each reporting year:

	Cash and cash equivalents USD	Amount due from Manager USD	Amount due from Manager of collective investment scheme USD	Dividends receivable USD	Total USD
31 July 2020					
AAA	482,210	-	-	-	482,210
- Not Rated	-	16,443	128,295	-	144,738
	<u>482,210</u>	<u>16,443</u>	<u>128,295</u>	<u>-</u>	<u>626,948</u>
31 July 2019 Restated					
AAA	422,268	-	-	-	422,268
- Not Rated	-	-	257,470	94,943	352,413
	<u>422,268</u>	<u>-</u>	<u>257,470</u>	<u>94,943</u>	<u>774,681</u>
1 August 2018 Restated					
AAA	173,812	-	-	-	173,812
- Not Rated	-	11,954	190,230	136,052	338,236
	<u>173,812</u>	<u>11,954</u>	<u>190,230</u>	<u>136,052</u>	<u>512,048</u>

Deposits with licensed financial institutions of the Fund have an average maturity of Nil (2019: 1 day).

All financial assets of the Fund as at the end of each financial year are neither past due nor impaired.

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

(c) Liquidity risk

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

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise bank balances and deposits with licensed financial institutions, which are capable of being converted into cash within 7 business days. The Fund's investments in collective investment scheme are realisable which are capable of being converted into cash within 10 business days. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

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

	Less than 1 month USD	Between 1 month to 1 year USD	Total USD
31 July 2020			
Amount due to Manager	70,558	-	70,558
Amount due to Manager of collective investment scheme - Purchase of collective investment scheme	78,784	-	78,784
Accrued management fee	27,128	-	27,128
Amount due to Trustee	603	-	603
Other payables and accruals	-	3,324	3,324
Net assets attributable to members	<u>17,816,533</u>	<u>-</u>	<u>17,816,533</u>
Contractual undiscounted cash flows	<u>17,993,606</u>	<u>3,324</u>	<u>17,996,930</u>
31 July 2019			
Restated			
Amount due to Manager	326,887	-	326,887
Accrued management fee	22,233	-	22,233
Amount due to Trustee	800	-	800
Other payables and accruals	-	3,126	3,126
Net assets attributable to members	<u>22,720,733</u>	<u>-</u>	<u>22,720,733</u>
Contractual undiscounted cash flows	<u>23,070,653</u>	<u>3,126</u>	<u>23,073,779</u>

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

(c) Liquidity risk (continued)

	Less than 1 month USD	Between 1 month to 1 year USD	Total USD
1 August 2018			
Restated			
Amount due to Manager	354,758	-	354,758
Accrued management fee	31,705	-	31,705
Amount due to Trustee	1,123	-	1,123
Distribution payable	490	-	490
Other payables and accruals	-	3,149	3,149
Net assets attributable to members	32,431,098	-	32,431,098
Contractual undiscounted cash flows	32,819,174	3,149	32,822,323

* Outstanding units are redeemed on demand at the holder'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 to long term.

(d) Capital risk management

The capital of the Fund is represented by net assets attributable to unit holders of USD17,816,533 (31 July 2019 (Restated): USD22,720,733); 31 July 2018 (Restated): USD32,431,098). The amount of capital can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

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).

The fair value 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 within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

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

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

(i) Fair value hierarchy

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

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

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

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

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

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

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
31 July 2020				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	17,332,451	-	-	17,332,451
31 July 2019				
Restated				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	22,299,098	-	-	22,299,098
1 August 2018				
Restated				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	32,310,275	-	-	32,310,275

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

- (ii) The carrying values of cash and cash equivalents, amount due from Manager, amount due from Manager of collective investment scheme, dividends receivable, and all current liabilities are a reasonable approximation of their fair values due to their short term nature.

4. MANAGEMENT FEE

In accordance with the Deeds, the Manager is entitled to a maximum management fee of up to 1.80% per annum, calculated daily based on the NAV of the Class.

For the financial year ended 31 July 2020, the management fee is recognised at a rate of 1.80% per annum (2019: 1.80% per annum).

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

PRINCIPAL GLOBAL MULTI ASSET INCOME FUND
(formerly known as *CIMB-Principal Global Multi Asset Income Fund*)

5. TRUSTEE'S FEE

In accordance with the Deeds, the Trustee is entitled to a maximum fee of 0.04% per annum, calculated daily based on the NAV of the Fund. The Trustee's fee include local custodian fee and charges but exclude foreign sub-custodian fee and charges.

For the financial year ended 31 July 2020, the Trustee's fee is recognised at a rate of 0.04% per annum (2019: 0.04% 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
	USD	Restated USD
Dividend income	654,223	575,730
Interest income	394	262
Net(loss on financial assets at fair value through profit or loss)	(129,783)	(192,964)
Other income	36,738	76,353
	<u>561,572</u>	<u>459,381</u>
Less:		
Expenses	(17,098)	(37,254)
Net distribution amount	<u>544,474</u>	<u>422,127</u>
Gross/Net distribution per unit (cent)		
Class AUD-H	0.50	
- Distribution on 17 June 2020		-
Class MYR		
- Distribution on 2 August 2019	0.01	-
- Distribution on 18 September 2019	0.08	-
- Distribution on 10 October 2019	0.05	-
- Distribution on 11 November 2019	0.07	-
- Distribution on 16 December 2019	0.08	-
- Distribution on 24 March 2020	0.20	-
- Distribution on 17 June 2020	0.20	-
- Distribution on 5 September 2018	-	0.03
- Distribution on 2 October 2018	-	0.05
- Distribution on 31 October 2018	-	0.01
- Distribution on 4 December 2018	-	0.04
- Distribution on 31 December 2018	-	0.04
- Distribution on 11 February 2019	-	0.02
- Distribution on 6 March 2019	-	0.05
- Distribution on 4 April 2019	-	0.03
- Distribution on 2 May 2019	-	0.01
- Distribution on 11 June 2019	-	0.02
- Distribution on 4 July 2019	-	0.06

PRINCIPAL GLOBAL MULTI ASSET INCOME FUND
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6. DISTRIBUTIONS (CONTINUED)

Distributions to unit holders are derived from the following sources:

	2020	2019
	USD	Restated USD
Gross/Net distribution per unit (cent) (continued)		
Class MYR-H		
- Distribution on 17 June 2020	0.19	-
Class SGD-H		
- Distribution on 17 June 2020	0.57	-
Class USD		
- Distribution on 17 June 2020	0.82	-
Total	<u>2.77</u>	<u>0.36</u>

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

During the financial year 31 July 2020, the Fund incurred unrealised losses of USD770,951 (2019: USD21,316).

7. TAXATION

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

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

	2020	2019
	USD	Restated USD
(Loss)/Profit before taxation and finance cost	<u>(1,476,977)</u>	<u>612,513</u>
Taxation at Malaysian statutory rate of 24%	(354,474)	147,003
Tax effects of:		
Investment loss not deductible for tax purposes/(Investment income not subject to tax)	270,629	(269,468)
Expenses not deductible for tax purposes	2,109	2,935
Restriction on tax deductible expenses for Wholesale Funds	<u>81,736</u>	<u>119,530</u>
Taxation	<u>-</u>	<u>-</u>

PRINCIPAL GLOBAL MULTI ASSET INCOME FUND
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8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 July 2020	31 July 2019	1 August 2018
	USD	Restated USD	Restated USD
At fair value through profit or loss:			
- Collective investment scheme	17,332,451	22,299,098	32,310,275
		2020	2019
		USD	Restated USD
Net loss on financial assets at fair value through profit or loss:			
- Realised loss on disposals		(1,194,227)	(528,685)
- Unrealised fair value gain/(loss)		597,446	(24,544)
- Management fee rebate #		153,171	339,177
		(443,610)	(214,052)

Management fee rebate is derived from the Fund's investment in collective investment scheme on an accruals basis to ensure no double charging of management fee. It is accrued daily based on the fair value of the collective investment scheme held.

For the financial year ended 31 July 2020, other income, up to 3 December 2019 is recognised at a rate of 1.25% per annum (2019: 1.25% per annum) calculated daily based on the NAV of the Schroder-ISF-Global Multi Asset Income.

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

Name of Counter	Quantity Units	Aggregate cost USD	Market value USD	Percentage of NAV %
31 July 2020				
COLLECTIVE				
INVESTMENT SCHEME				
JP MORGAN Global Income Fund	126,607	18,069,164	17,332,451	97.28
TOTAL COLLECTIVE				
INVESTMENT SCHEME	126,607	18,069,164	17,332,451	97.28
ACCUMULATED				
UNREALISED LOSS ON				
FINANCIAL ASSETS AT				
FAIR VALUE THROUGH				
PROFIT OR LOSS				
		<u>(736,713)</u>		
TOTAL FINANCIAL				
ASSETS AT FAIR				
VALUE THROUGH				
PROFIT OR LOSS				
		<u>17,332,451</u>		
31 July 2019				
Restated				
COLLECTIVE				
INVESTMENT SCHEME				
Schroder-ISF-Global Multi Asset Income	301,514	23,633,257	22,299,098	98.14
TOTAL COLLECTIVE				
INVESTMENT SCHEME	301,514	23,633,257	22,299,098	98.14
ACCUMULATED				
UNREALISED LOSS ON				
FINANCIAL ASSETS AT				
FAIR VALUE THROUGH				
PROFIT OR LOSS				
		<u>(1,334,159)</u>		
TOTAL FINANCIAL				
ASSETS AT FAIR				
VALUE THROUGH				
PROFIT OR LOSS				
		<u>22,299,098</u>		

PRINCIPAL GLOBAL MULTI ASSET INCOME FUND
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8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Name of Counter	Quantity Units	Aggregate cost USD	Market value USD	Percentage of NAV %
1 August 2018				
Restated				
COLLECTIVE				
INVESTMENT SCHEME				
Schroder-ISF-Global Multi Asset Income	422,410	33,639,675	32,310,275	99.63
TOTAL COLLECTIVE				
INVESTMENT SCHEME	<u>422,410</u>	<u>33,639,675</u>	<u>32,310,275</u>	<u>99.63</u>
ACCUMULATED				
UNREALISED LOSS ON				
FINANCIAL ASSETS AT				
FAIR VALUE THROUGH				
PROFIT OR LOSS				
		<u>(1,329,400)</u>		
TOTAL FINANCIAL				
ASSETS AT FAIR				
VALUE THROUGH				
PROFIT OR LOSS				
		<u>32,310,275</u>		

9. DERIVATIVE ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 July 2020 USD	31 July 2019 Restated USD	1 August 2018 Restated USD
Forward foreign currency contracts	<u>37,531</u>	<u>-</u>	<u>-</u>
		2020	2019
		USD	Restated
			USD
Net gain on derivative assets/liabilities at fair value through profit or loss:			
- Realised gain on forward foreign currency contracts		27,240	-
- Unrealised fair value gain on forward foreign currency contracts		<u>37,531</u>	<u>-</u>
		<u>64,771</u>	<u>-</u>

As at 31 July 2020, there were 9 outstanding USD/Australian Dollar ("AUD"), USD/Malaysian Ringgit ("RM"), USD/British Pound ("GBP") and USD/Singapore Dollar ("SGD") forward foreign currency contracts (2019: nil and 2018: nil) respectively. The notional principal amount of the outstanding forward foreign currency contracts amounted to USD2,262,583 (2019: nil and 2018: nil).

The USD/AUD, USD/RM, USD/GBP and USD/SGD forward foreign currency contracts were entered into during the financial year to minimise the risk of foreign exchange exposure between the USD and the foreign currencies exposure of the Fund.

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9. DERIVATIVE ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

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

10. CASH AND CASH EQUIVALENTS

	31 July 2020	31 July 2019	1 August 2018
	USD	Restated USD	Restated USD
Deposits with licensed financial institutions	-	245,536	-
Bank balances	482,210	176,732	173,812
	<u>482,210</u>	<u>422,268</u>	<u>173,812</u>

11. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2020	2019
	No. of units	No. of units
Class AUD-H (i)	148,557	-
Class GBP-H (ii)	1,250,265	-
Class MYR (iii)	67,387,670	94,381,167
Class MYR-H (iv)	989,357	-
Class SGD-H (v)	384,564	-
Class USD (vi)	222,610	-
	<u>70,383,023</u>	<u>94,381,167</u>

(i) Class AUD-H

	2020	2019
	No of units	No of units
Add : Creation of units from applications	199,566	-
Add : Creation of units from distribution	1,372	-
Less : Cancellation of units	(52,379)	-
At the end of the financial year	<u>148,557</u>	<u>-</u>

(ii) Class GBP-H

	2020	2019
	No of units	No of units
Add : Creation of units from applications	1,250,265	-
At the end of the financial year	<u>1,250,265</u>	<u>-</u>

(iii) Class MYR

	2020	2019
	No of units	No of units
At the beginning of the financial year	94,381,167	133,891,760
Add : Creation of units from applications	3,770,781	3,439,925
Add : Creation of units from distributions	2,367,010	1,755,953
Less : Cancellation of units	(33,131,288)	(44,706,471)
At the end of the financial year	<u>67,387,670</u>	<u>94,381,167</u>

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11. NUMBER OF UNITS IN CIRCULATION (UNITS) (CONTINUED)

(iv) Class MYR-H

	2020	2019
	No of units	No of units
Add : Creation of units from applications	984,032	-
Add : Creation of units from distributions	5,325	-
At the end of the financial year	989,357	-

(v) Class SGD-H

	2020	2019
	No of units	No of units
Add : Creation of units from applications	381,334	-
Add : Creation of units from distributions	3,230	-
At the end of the financial year	384,564	-

(vi) Class USD

	2020	2019
	No of units	No of units
Add : Creation of units from applications	221,195	-
Add : Creation of units from distributions	1,415	-
At the end of the financial year	222,610	-

12. MANAGEMENT EXPENSE RATIO ("MER")

	2020	2019
	%	%
MER	1.88	1.87

MER is derived based on 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 USD18,548,921 (2019: USD27,254,064).

PRINCIPAL GLOBAL MULTI ASSET INCOME FUND
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13. PORTFOLIO TURNOVER RATIO ("PTR")

	2020	2019
PTR (times)	1.23	0.18

PTR is derived from 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	= USD20,820,808 (2019: USD465,815)
total disposal for the financial year	= USD24,919,801 (2019: USD9,429,995)

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

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

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

Units held by the Manager and parties related to the Manager

	31 July 2020		31 July 2019 Restated		1 August 2018 Restated	
	No. of units	USD	No. of units	USD	No. of units	USD
Manager						
Principal Asset Management Berhad						
- Class AUD-H	1,008	689	-	-	-	-
- Class GBP-H	387	477	-	-	-	-
- Class MYR	2,331	535	2,458	592	489	118
- Class MYR-H	1,009	228	-	-	-	-
- Class SGD-H	1,008	697	-	-	-	-
- Class USD	1,009	969	-	-	-	-
	1,009	969	-	-	-	-

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

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.

There were no significant related party transactions during the financial year, other than those already disclosed in the financial statements.

15. TRANSACTIONS WITH BROKER/DEALER

Details of transactions with the broker/dealer for the financial year ended 31 July 2020 are as follows:

Broker/Dealer	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
JPMorgan Asset Management (Europe) S.à r.l.	45,740,609	100.00	-	-

Details of transactions with the broker/dealer for the financial year ended 31 July 2019 are as follows:

Broker/Dealer	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Schroder Investment Management Ltd	9,895,810	100.00	-	-

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16. COMPARATIVES

Comparatives is the change in presentation currency of the Fund from RM to USD. The change made to align with the change of the functional currency as the Manager has determined that the USD is the currency that most faithfully represent the economic effect of the underlying transactions, events and conditions.

The effect of the change in comparatives is set out below:

	As previously stated RM	As Restated USD
Impact on the statement of comprehensive income for the financial year ended 31 July 2019:		
<u>INVESTMENT INCOME</u>		
Dividend income	5,574,203	1,349,270
Interest income from current account at amortised cost	2,910	704
Net loss on financial assets at fair value through profit or loss	(884,308)	(214,052)
Net loss on foreign exchange	(54,277)	(13,138)
 <u>EXPENSES</u>		
Management fee	2,029,025	491,138
Trustee's fee	45,089	10,914
Audit fee	8,300	2,009
Tax agent's fee	4,600	1,113
Other expenses	21,057	5,097
 Profit before taxation	 2,530,457	 612,513
Taxation	-	-
Profit after taxation	2,530,457	621,513
 Profit after taxation and total comprehensive income are made up as follow:		
Realised amount	2,618,520	633,829
Unrealised amount	(88,063)	(21,316)
	2,530,457	612,513

PRINCIPAL GLOBAL MULTI ASSET INCOME FUND
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16. COMPARATIVES (CONTINUED)

The effect of the change in comparatives is set out below: (continued)

	As previously stated RM	As Restated USD
Impact on the statement of financial position as at 31 July 2019:		
<u>ASSETS</u>		
Cash and cash equivalents	1,742,278	422,268
Financial assets at fair value through profit or loss	92,006,079	22,299,098
Amount due from the Manager of collective investment scheme		
- Disposal of collective investment scheme	1,000,980	242,603
- Management fee rebate	61,343	14,867
Dividends receivable	<u>391,732</u>	<u>94,943</u>
<u>LIABILITIES</u>		
Amount due to Manager	1,348,736	326,887
Accrued management fee	91,732	22,233
Amount due to Trustee	3,300	800
Other payables and accruals	<u>12,900</u>	<u>3,126</u>
Net assets attributable to unit holders	<u>93,745,744</u>	<u>22,720,733</u>
Impact on the statement of financial position as at 31 July 2018:		
<u>ASSETS</u>		
Cash and cash equivalents	706,457	173,812
Financial assets at fair value through profit or loss	131,325,112	32,310,275
Amount due from Manager	48,587	11,954
Amount due from the Manager of collective investment scheme		
- Disposal of collective investment scheme	698,396	171,828
- Management fee rebate	74,793	18,402
Dividends receivable	<u>552,982</u>	<u>136,052</u>
<u>LIABILITIES</u>		
Amount due to Manager	1,441,912	354,758
Accrued management fee	128,863	31,705
Amount due to Trustee	4,563	1,123
Distribution payable	1,993	490
Other payables and accruals	<u>12,800</u>	<u>3,149</u>
Net assets attributable to unit holders	<u>131,816,196</u>	<u>32,431,098</u>

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16. COMPARATIVES (CONTINUED)

The effect of the change in comparatives is set out below: (continued)

	As previously stated RM	As Restated USD
Impact on the statement of cash flows for the financial year ended 31 July 2019:		
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Proceeds from disposal of collective investment scheme	38,655,507	9,368,761
Purchase of collective investment scheme	(1,927,597)	(467,183)
Dividend income received	5,726,013	1,387,787
Interest income received	2,910	705
Management fee paid	(2,085,847)	(505,537)
Management fee rebate received	1,440,659	349,166
Trustee's fee paid	(46,352)	(11,234)
Payments for other fees and expenses	(33,858)	(8,206)
Net realised foreign exchange gain/(loss)	(61,887)	(14,999)
Net cash generated in operating activities	<u>41,669,548</u>	<u>10,099,260</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from units created	3,428,343	830,912
Payments for cancellation of units	(44,048,496)	(10,675,835)
Distribution paid	(27,338)	(6,626)
Net cash used from financing activities	<u>(40,647,491)</u>	<u>(9,851,549)</u>
Net decrease in cash and cash equivalents	1,022,057	247,711
Effect of foreign exchange difference	13,764	3,336
Cash and cash equivalents at the beginning of financial year	706,457	171,221
Cash and cash equivalents at the end of financial year	<u>1,742,278</u>	<u>422,268</u>

17. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The worsening of the macro-economic outlook as a result of COVID-19, both domestically and globally, has impacted the Fund's performance during the financial year.

The Manager continues monitoring the situation closely and will be managing the portfolio to achieve the Fund's objective.

18. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 18 September 2020.

DIRECTORY

Head Office of the Manager

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