

Principal Islamic Lifetime Balanced Growth Fund

Annual Report

For the Financial Year Ended 31 December 2020

PRINCIPAL ISLAMIC LIFETIME BALANCED GROWTH FUND
ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

CONTENTS	PAGE(S)
INVESTORS' LETTER	1
MANAGER'S REPORT	2 - 8
Fund Objective and Policy	
Performance Data	
Market Review	
Fund Performance	
Portfolio Structure	
Market Outlook	
Investment Strategy	
Unit Holdings Statistics	
Soft Commissions and Rebates	
STATEMENT BY MANAGER	9
TRUSTEE'S REPORT	10
SHARIAH ADVISER'S REPORT	11
INDEPENDENT AUDITORS' REPORT	12 – 15
STATEMENT OF COMPREHENSIVE INCOME	16
STATEMENT OF FINANCIAL POSITION	17
STATEMENT OF CHANGES IN EQUITY	18
STATEMENT OF CASH FLOWS	19
NOTES TO THE FINANCIAL STATEMENTS	20 - 53
DIRECTORY	54

INVESTORS' LETTER

Dear Valued Investor,

Firstly, allow me to wish you a very Happy New Year! Every year is a new beginning, for us to look back at our achievements and set new goals. My guess is all of us will remember 2020 as one of the most interesting, if not most challenging periods of our lives. Families, businesses and communities are all adjusting as we face new challenges and opportunities.

Here at Principal, it means a renewed commitment to helping our customers. In 2021, we will continue to deliver exciting new investment opportunities and digital innovations for our customers. We are grateful for the opportunity to serve you and for the trust you place in us.

Amid a global pandemic, it might be tempting to think about delaying your investment goals. But, in reality “now” is always a better time than “later” for pursuing your goals and dreams. At Principal, customers are a top priority. We will always work to help you reach your goals, as we did last year throughout the pandemic. We will continue to focus on finding ways to make it easier for you to do investments with us, by offering new solutions around digital payments, digital submissions and digital onboarding to name a few. And, we're just getting started.

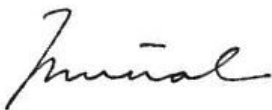
We continue to prefer equities over fixed income and remain positive on Asian equities favouring China and more developed Asian economies on a 12-month basis. We've also added more ASEAN names in anticipation of a broader economic recovery which would be strengthened by the greater availability of Coronavirus 2019 (“COVID-19”) vaccines by mid-2021.

As we look towards this year, the team is excited to bring you more insights, tips and innovative solutions to help you manage your investments and reach your long-term financial goals. Visit our website (www.principal.com.my) and follow our Facebook page (@PrincipalAssetMY) in order not to miss these updates and promotions.

We also wish to inform that we have appointed Ernst & Young PLT (“EY”) as the auditor of the Fund in respect of the audit for the financial year ended 31 December 2020 onwards. The change of Fund Auditor has been approved by the Trustee of the Fund, Maybank Trustees Berhad, in accordance with the provisions of the Deed in relation to the Fund.

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

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



Munirah Khairuddin
Chief Executive Officer

MANAGER'S REPORTS

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

The Fund aims to grow the value of the Unit holders' investments over the long-term in a diversified mix of Malaysian assets in approved Shariah instruments* while providing consistent income.

** This refers to Shariah instruments that are certified as Shariah-compliant by the relevant authority.*

Has the Fund achieved its objective?

For the financial year under review, the Fund has performed in line with its objective over the long term.

What are the Fund investment policy and principal investment strategy?

The Fund aims to invest in a diversified portfolio of Malaysian assets comprising Shariah-compliant equities and Islamic fixed income investments. In line with its objective, the investment policy and strategy of the Fund is to maintain a balanced portfolio between Shariah-compliant equities and Islamic fixed income investments in the ratio of 60:40. The fixed income portion of the Fund is to provide some capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The investment by the Fund in Shariah-compliant equities shall not be less than 40% of the Net Asset Value ("NAV") of the Fund and investments in Islamic fixed income securities and Islamic liquid assets shall not exceed 60% of the NAV of the Fund with a minimum credit rating of "BBB3" or "P2" by RAM Ratings ("RAM") or equivalent rating by Malaysian Rating Corporation Berhad ("MARC") or by local rating agency(ies) of the country issuance; or "BBB-" by Standard & Poor's ("S&P") or equivalent rating by any other international rating agencies. The Fund may invest up to 40% of its NAV in Unrated Islamic fixed income securities. The Fund may also opt to seek investment exposure via Islamic collective investment schemes that is in line with the Fund's objective, subject to the requirements of the Securities Commission Malaysia ("SC") guidelines.

The asset allocation strategy for this Fund is as follows:

- at least 40% of the Fund's NAV in Shariah-compliant equities, subject to a maximum of 60%;
- up to a maximum of 60% of the Fund's NAV in Islamic fixed income investments and Islamic liquid assets, subject to a minimum of 40%;
- up to 40% of the Fund's NAV in Unrated Islamic fixed income securities; and
- at least 2% of the Fund's NAV in Islamic liquid assets

Fund category/type

Balanced (Shariah-compliant)/Growth & Income

When was the Fund launched?

26 May 2003

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

RM332.08 million (532.95 million units)

FUND OBJECTIVE AND POLICY (CONTINUED)

What is the Fund's benchmark?

60% Financial Times Stock Exchange ("FTSE") Bursa Malaysia ("FBM") EMAS Shariah ("FBMS") Index + 40% CIMB Islamic 1-Month Fixed Return Income Account-I ("FRIA-I")

Note: The Fund's benchmark is for performance comparison only. The benchmark is customised as such to align it closer to the structure of the portfolio and the objective of the Fund. Investors are cautioned that the risk profile of the Fund is higher than the risk profile of the benchmark. Information on the FBM EMAS Shariah Index can be obtained from <http://www.bursamalaysia.com>. Information on the CIMB Islamic 1-month FRIA-i can be obtained from the <http://www.cimbislamic.com>. Information on the benchmark can be obtained from <http://www.principal.com.my>.

What is the Fund distribution policy?

Distribution (if any) is expected to be distributed every January at the Manager's discretion.

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

The Fund distributed a total net income of RM12.57 million to unit holders. As a result, the NAV per unit dropped from RM0.6443 to RM0.6177 on 22 January 2020, during the financial year ended 31 December 2020.

PERFORMANCE DATA

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

	31.12.2020	31.12.2019	31.12.2018
	%	%	%
Shariah-compliant quoted securities			
- Construction	2.82	5.42	0.87
- Consumer Products & Services	6.89	5.52	9.27
- Energy	6.37	6.01	4.14
- Financial Services	1.02	1.76	1.47
- Health Care	2.36	3.64	1.72
- Industrial Products & Services	9.26	6.42	7.31
- Plantation	4.75	4.45	2.30
- Property	-	1.43	0.57
- Real Estate Investment Trusts ("REITs")	0.93	1.30	-
- Technology	6.22	3.74	0.92
- Telecommunications & Media	4.24	6.85	3.92
- Transportation & Logistics	3.42	3.02	2.14
- Utilities	7.53	9.46	11.06
Unquoted Sukuk	36.43	31.27	46.62
Cash and other net assets	7.76	9.71	7.69
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	31.12.2020	31.12.2019	31.12.2018
NAV (RM Million)	332.08	304.22	305.90
Units in circulation (Million)	532.95	475.01	494.62
NAV per unit (RM)	0.6230	0.6404	0.6184
Highest NAV per unit (RM)	0.6460	0.6445	0.6941
Lowest NAV per unit (RM)	0.5252	0.6002	0.6080
Total return (%)	1.46	6.26	(5.49)
Capital growth (%)	4.31	3.59	(9.13)
Income distribution (%)	(2.75)	2.58	4.01
Management Expense Ratio ("MER") ^	1.58	1.59	1.62
Portfolio Turnover Ratio ("PTR") #	1.15	0.89	1.05

^ The Fund's MER decreased from 1.59% to 1.58% mainly due to decreased expenses during the financial year.

The Fund's PTR has increased from 0.89 times to 1.15 times due to portfolio rebalancing during the financial year under review.

PERFORMANCE DATA (CONTINUED)

Date of distribution	22.01.2020	17.01.2019	18.01.2018
Gross/Net distribution per unit (sen)	2.66	1.55	2.65

	31.12.2020	31.12.2019	31.12.2018	31.12.2017	31.12.2016
	%	%	%	%	%
Annual total return	1.46	6.26	(5.49)	9.05	(3.36)

(Launch date: 26 May 2003)

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 JANUARY 2020 TO 31 DECEMBER 2020)

Equity

During the financial year under review, the FBM KLCI Index has risen 2.4%. The rebound was strong from its March 2020 low as global Central Banks and Governments embarked on aggressive monetary and fiscal policies.

The FBM KLCI Index fell 1.3% in September 2020 amid a global equity rout. Nonetheless, it outperformed its regional peers which posted a 6.7% loss in MSCI ASEAN Index. All domestic sub-indices were in the red too except for construction and industrial products. By sector, the market correction was led by healthcare (-11.9%) due to correction of glove stocks on vaccine development news flow, and energy (-10.9%) due to lower crude oil prices.

The KLCI posted a second consecutive month of gains (in December 2020) as investors continued to position into the COVID-19 recovery play in the market, following news of COVID-19 vaccine breakthroughs in November 2020. On top of that, the Ministry of Health (“MoH”) announced that it has revised the quarantine period from two weeks to 10 days for all travellers and close contacts of COVID-19 positive patients. On the budget front, the opposition failed in its attempt to thwart Budget 2021 as it was passed in the final approval stage in the Dewan Rakyat via an en bloc vote. The vote ended with 111 Members of Parliament (“MPs”) in favour and 108 MPs against the passing of the budget. Despite the downgrade in rating by Fitch from ‘A-’ to ‘BBB+’, Ringgit Malaysia (“RM”) and bond yield remained stable. To end the year 2020 on a positive note, the Ministry of Finance announced the extension of the vehicle sales tax exemption period, due to expire on 31 December, by a further six months until 30 June 2021.

Sukuk

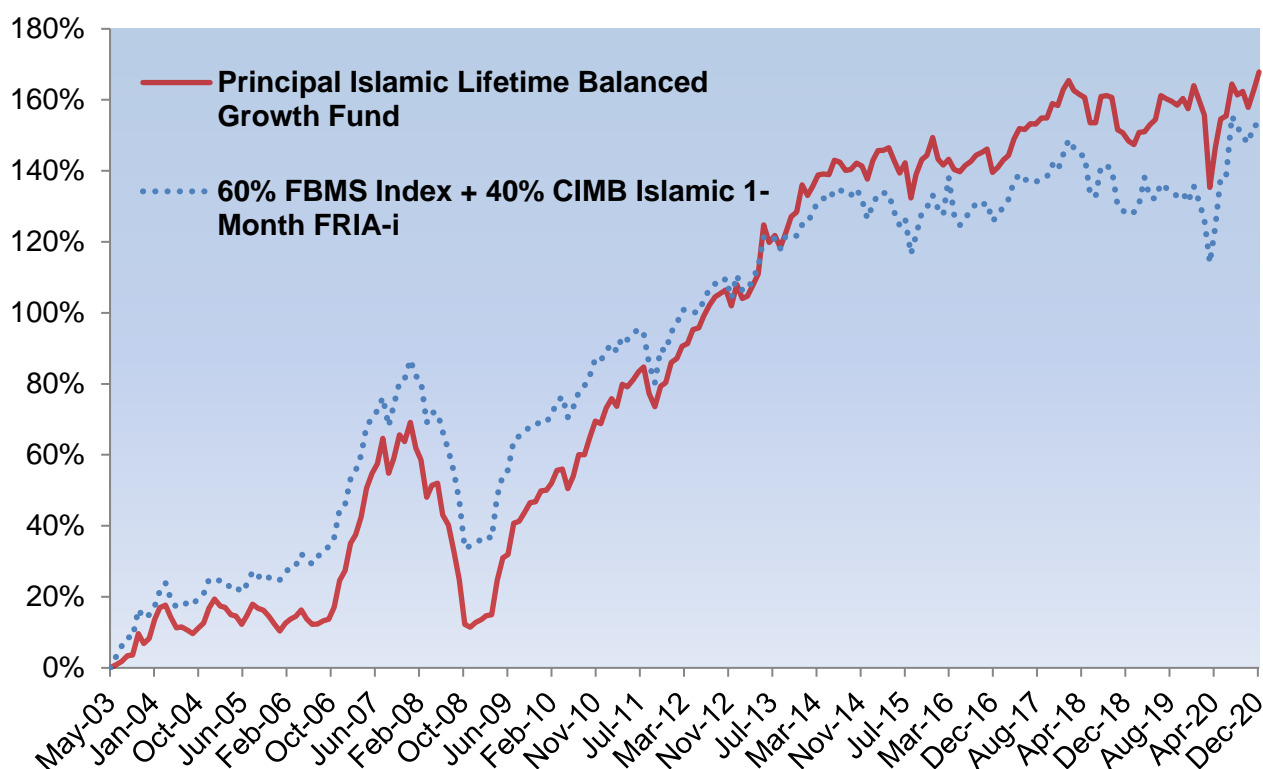
Bank Negara Malaysia (“BNM”) reduced Overnight Policy Rate (“OPR”) by 1.25% in 2020 mainly to combat the slowdown in economy due to the spread of COVID-19. Domestic growth plummeted to lowest point in second quarter of 2020 (-17.1% year-on-year (“y-o-y”)) as lockdown measures impacted economic activities. While growth recorded a sharp V-shape rebound in third quarter of 2020, market was concerned with the expected increase in fiscal deficit as a result of the direct fiscal stimulus announced and implemented by the Government – which also saw a change in the administration. The flattening of Government yield curve which fueled by monetary policy actions came to a halt in second half of 2020 and started to adjust higher - especially on the long-end curve - as sovereign rating downgrades (by Fitch Ratings and S&P Ratings), increase in Debt/Gross Domestic Product (“GDP”) ratio as well as fragile political alliance weigh on investors’ sentiment. With year-on-year inflation turned negative in April 2020 and continued for the next 9 consecutive months, most investors expect BNM to continue to remain accommodative stance on interest rate outlook until growth pick-up again.

At the end of 2020, the 3-year, 5-year, 7-year, 10-year, 15-year, 20-year and 30-year Malaysia Government Investment Issues were recorded at 1.94% (-1.13% compared to 2019), 2.15% (-1.07%), 2.43% (-0.88%), 2.59% (-0.73%), 3.25% (-0.36%), 3.40% (-0.29%) and 3.86% (-0.31%) respectively.

FUND PERFORMANCE

	1 year to 31.12.2020 %	3 years to 31.12.2020 %	5 years to 31.12.2020 %	Since inception to 31.12.2020 %
Income Distribution	4.31	11.29	20.36	100.71
Capital Growth	(2.75)	(8.46)	(10.76)	31.16
Total Return	1.46	1.86	7.39	167.84
Benchmark	7.42	3.50	8.60	152.98
Average Total Return	1.46	0.63	1.44	5.75

For the 1-year period, the Fund increased 1.46%, underperforming the benchmark which increased by 7.42% by 596 basis points (“bps”) due to our underweight in gloves. Over the last 3 and 5 years, the Fund underperformed the Benchmark 164 bps and 121 bps respectively.



Changes in NAV

	31.12.2020	31.12.2019	Changes %
NAV (RM Million)	332.08	304.22	9.16
NAV/Unit (RM)	0.6230	0.6404	(2.72)

The Fund’s NAV increased by 9.16% from unit creations while NAV per unit have decreased by 2.72% due to decrease in investment gains.

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)	31.12.2020	31.12.2019
Shariah-compliant quoted securities	55.81	59.02
Unquoted Sukuk	36.43	31.27
Cash and other net assets	7.76	9.71
TOTAL	100.00	100.00

The Fund's allocation towards Shariah compliant quoted securities have decreased from 59.02% to 55.81% at the expense of unquoted sukuk and cash and other net assets as we were less bullish on equities in the first half of 2020.

MARKET OUTLOOK*

Equity

On valuations, FBM KLCI is currently trading at 2021 Price to Earnings ("PE") of 14.2 times versus its 10-year mean of 15.4 times. We expect the low interest rate environment to be sustained until the economy is on a firmer footing. With such a low interest rate, equity risk premium ("ERP") has widened significantly to 4.22%, +2 standard deviation ("SD") over mean of 2.72%. This means that equity valuation is actually very cheap now relative to fixed income. We value FBM KLCI at 1,730 for the base case for 2021 as we peg it to 17.1 times PE. All things being consider, we are positive on Malaysia market from valuations perspective.

With major headwinds (US Presidential Election and Malaysia Budget 2021) addressed and cheap valuations, we are now cautiously optimistic for the first half of 2021. Earlier hope for rapid recovery in fourth quarter of 2020 ("4Q2020") may be dented (due to resurgence of COVID-19 globally) but we are now confident of a sustainable economic recovery in first half of 2021.

Sukuk

There were only a handful of domestic economic data released in December 2020. Industrial production dropped 0.5% y-o-y in October 2020, swinging from September 2020 +1.0% y-o-y increase and contracting for the first time in four months. October 2020 downturn was largely attributed to a stronger decline in mining and quarrying output, largely due the reimplementations of Conditional Movement Control Order ("CMCO") in most of the states since early October 2020. Consumer Price Index ("CPI") continue to slip for the 9th consecutive month in November 2020 to -1.7% y-o-y mainly attributed to the decrease in transportation (-11%) and utilities (-3%). Soft inflation continues to provide support for low bond yield which is crucial for 2021 economic recovery. Lastly, trade surplus in November 2020 surged to RM16.8 billion as exports rose by 4.3% y-o-y, while import dropped by 9.3% y-o-y. The better export performance for the month was supported mainly by higher exports to US, Singapore, China and Hong Kong (Electrical and Electronic products). Despite with the revised Budget 2021, the official fiscal deficit target from Ministry of Finance ("MoF") was unchanged at -5.4% for 2021. Based on our forecast, that should translate to around RM160 billion of gross funding requirement. The 37 government bond auctions in 2021 will see higher frequency of issuance in the 3 year – 5 year bucket but we expect the actual amount supply to come in the 7 year– 10 year bucket.

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

INVESTMENT STRATEGY

Equity

We will continue with our high asset allocation of 90%-95% and focusing on post COVID-19 recovery theme. Sector in focus for will be on Financial Services, Consumer, Technology and Commodity-related (weakening of USD), whilst at the same time reducing our position on the Healthcare and REIT sectors.

Sukuk

For Malaysian Ringgit (“MYR”) Sukuk strategy, we carry on with our fourth quarter of 2020 strategy to take profit on Malaysian Government Securities (“MGS”) and move to corporate credits for better yield pick-up. With that said, we continue to be mindful in our credit selection with a preference on Issuers/Sectors which are more resilient with stronger fundamentals, as well as better liquidity. Any sell-off in the market is an opportunity to buy on dip as we continue to expect government bond yields to remain range-bound but to be mindful that it is for trading purposes only.

UNIT HOLDINGS STATISTICS

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

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	3,804	11.39	2.14
5,001 to 10,000	3,025	21.84	4.10
10,001 to 50,000	5,233	113.79	21.35
50,001 to 500,000	1,413	149.98	28.14
500,001 and above	21	235.95	44.27
Total	13,496	532.95	100.00

SOFT COMMISSIONS AND REBATES

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

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

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
PRINCIPAL ISLAMIC LIFETIME BALANCED GROWTH 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 16 to 53 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 December 2020 and of its financial performance, changes in equity and cash flows for the financial year then ended in accordance with 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
15 February 2021

**TRUSTEE'S REPORT TO THE UNITHOLDERS OF
PRINCIPAL ISLAMIC LIFETIME BALANCED GROWTH FUND
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

We have acted as Trustee for Principal Islamic Lifetime Balanced Growth Fund ("the Fund") for the financial year ended 31 December 2020. To the best of our knowledge, Principal Asset Management Berhad ("the Manager") has managed the Fund in the financial year under review in accordance with the following:

1. Limitations imposed on the investment powers of the Manager under the deeds, securities laws and Guidelines on Unit Trust Funds;
2. Valuation and pricing of the Fund are carried out in accordance with the deeds and any regulatory requirement; and
3. Creation and cancellation of units are carried out in accordance with the deeds and any regulatory requirement.

An income distribution of 2.66 sen per unit (gross) declared to the unitholders of the Fund for the financial year under review.

We are of the view that the distribution is consistent with the investment objective and distribution policy of the Fund.

For **Maybank Trustees Berhad**
[Company No.: 196301000109 (5004-P)]

BERNICE K M LAU
Head, Operations

10 February 2021

SHARIAH ADVISER'S REPORT

To the Unit Holders of Principal Islamic Lifetime Balanced Growth Fund ("Fund")

For the Financial Year Ended 31 December 2020

We hereby confirm the following:

1. To the best of our knowledge, after having made all reasonable enquiries, Principal Asset Management Berhad has operated and managed the Fund during the period covered by these financial statements in accordance with the Shariah principles and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia ("SC") pertaining to Shariah matters; and
2. The asset of the Fund comprises of instruments that have been classified as Shariah compliant.

For Amanie Advisors Sdn Bhd

Datuk Dr Mohd Daud Bakar
Executive Chairman

Kuala Lumpur
10 February 2021

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL ISLAMIC LIFETIME BALANCED GROWTH FUND**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Principal Islamic Lifetime Balanced Growth Fund (the "Fund"), which comprise the statement of financial position as at 31 December 2020, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Fund for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 16 to 53.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2020, and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL ISLAMIC LIFETIME BALANCED GROWTH FUND (CONTINUED)**

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

Information other than the financial statements and auditors' report thereon

The Manager of the Fund (the "Manager") is responsible for the other information. The other information comprises the information included in the annual report of the Fund, but does not include the financial statements of the Fund and our auditors' report thereon.

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

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

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

Responsibilities of the Manager for the financial statements

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL ISLAMIC LIFETIME BALANCED GROWTH FUND (CONTINUED)**

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL ISLAMIC LIFETIME BALANCED GROWTH FUND (CONTINUED)**

Other matters

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

The financial statements of the Fund for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those statements on 13 February 2020.

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

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

Kuala Lumpur, Malaysia
15 February 2021

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	Note	2020 RM	2019 RM
INCOME			
Dividend income		4,915,667	4,601,465
Profit income from Shariah-compliant deposits with licensed Islamic financial institutions and Hibah earned		541,022	618,497
Profit income from unquoted Sukuk at fair value through profit or loss		5,223,429	5,729,849
Net gain on financial assets at fair value through profit or loss	8	<u>532,449</u>	<u>13,146,054</u>
		<u>11,212,567</u>	<u>24,095,865</u>
EXPENSES			
Management fee	4	4,583,454	4,594,725
Trustee fee	5	213,895	214,420
Audit fee		10,500	15,400
Tax agent's fee		4,000	3,200
Transaction costs		1,301,248	701,192
Other expenses		<u>23,788</u>	<u>42,829</u>
		<u>6,136,885</u>	<u>5,571,766</u>
PROFIT BEFORE TAXATION		5,075,682	18,524,099
Taxation	7	<u>-</u>	<u>-</u>
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>5,075,682</u>	<u>18,524,099</u>
Profit after taxation is made up as follows:			
Realised amount		(1,835,858)	10,537,554
Unrealised amount		<u>6,911,540</u>	<u>7,986,545</u>
		<u>5,075,682</u>	<u>18,524,099</u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	Note	2020 RM	2019 RM
ASSETS			
Cash and cash equivalents	9	21,993,915	28,392,029
Financial assets at fair value through profit or loss	8	306,408,892	274,662,946
Amount due from stockbrokers		-	3,811,268
Amount due from dealer		4,021,337	-
Amount due from Manager		544,361	38,147
Dividends receivable		98,638	307,916
Tax recoverable		91,205	91,205
TOTAL ASSETS		<u>333,158,348</u>	<u>307,303,511</u>
LIABILITIES			
Amount due to stockbrokers		-	2,222,100
Amount due to Manager		619,573	444,815
Accrued management fee		422,416	386,504
Amount due to Trustee		19,712	18,037
Other payables and accruals		16,000	16,400
TOTAL LIABILITIES		<u>1,077,701</u>	<u>3,087,856</u>
NET ASSET VALUE OF THE FUND		<u>332,080,647</u>	<u>304,215,655</u>
EQUITY			
Unit holders' capital		309,490,477	274,133,363
Retained earnings		22,590,170	30,082,292
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>332,080,647</u>	<u>304,215,655</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	10	<u>532,952,640</u>	<u>475,010,960</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.6230</u>	<u>0.6404</u>

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	Note	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 January 2020		274,133,363	30,082,292	304,215,655
Movement in unit holders' contributions:				
- Creation of units from applications		81,505,109	-	81,505,109
- Creation of units from distribution		12,536,898	-	12,536,898
- Cancellation of units		(58,684,893)	-	(58,684,893)
Total comprehensive income for the financial year		-	5,075,682	5,075,682
Distribution	6	-	(12,567,804)	(12,567,804)
Balance as at 31 December 2020		<u>309,490,477</u>	<u>22,590,170</u>	<u>332,080,647</u>
Balance as at 1 January 2019		286,517,747	19,382,538	305,900,285
Movement in unit holders' contributions:				
- Creation of units from applications		26,132,712	-	26,132,712
- Creation of units from distribution		7,796,397	-	7,796,397
- Cancellation of units		(46,313,493)	-	(46,313,493)
Total comprehensive income for the financial year		-	18,524,099	18,524,099
Distribution	6	-	(7,824,345)	(7,824,345)
Balance as at 31 December 2019		<u>274,133,363</u>	<u>30,082,292</u>	<u>304,215,655</u>

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	Note	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from disposal of Shariah-compliant quoted securities		285,700,119	123,402,025
Proceeds from disposal of unquoted Sukuk		47,657,885	152,397,332
Proceeds from redemption of unquoted Sukuk		2,500,000	10,000,000
Purchases of Shariah-compliant quoted securities		(292,804,398)	(157,594,908)
Purchases of unquoted Sukuk		(77,617,765)	(108,441,801)
Profit income received from unquoted Sukuk		5,035,345	5,377,033
Profit income from Shariah-compliant deposits with licensed Islamic financial institutions and Hibah earned		541,022	618,497
Dividend income received		4,921,394	4,606,384
Management fee paid		(4,547,542)	(4,597,810)
Trustee fee paid		(212,219)	(214,564)
Payments for other fees and expenses		(29,810)	(51,328)
Net cash (used in)/generated from operating activities		<u>(28,855,969)</u>	<u>25,500,860</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		80,998,895	26,152,506
Payments for cancellation of units		(58,510,135)	(46,073,360)
Distribution paid		(30,905)	(27,948)
Net cash generated from/(used in) financing activities		<u>22,457,855</u>	<u>(19,948,802)</u>
Net (decrease)/increase in cash and cash equivalents		(6,398,114)	5,552,058
Cash and cash equivalents at the beginning of the financial year		<u>28,392,029</u>	<u>22,839,971</u>
Cash and cash equivalents at the end of the financial year	9	<u><u>21,993,915</u></u>	<u><u>28,392,029</u></u>
<u>Cash and cash equivalents comprised of:</u>			
Shariah-compliant deposits with licensed Islamic financial institutions		21,850,190	28,322,660
Bank balance		<u>143,725</u>	<u>69,369</u>
Cash and cash equivalents at the end of the financial year	9	<u><u>21,993,915</u></u>	<u><u>28,392,029</u></u>

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

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

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES

Principal Islamic Lifetime Balanced Growth Fund (the “Fund”) is governed by a Principal Master Deed dated 15th May 2008, a Third Supplemental Master Deed dated 25th June 2008, a Sixth Supplemental Master Deed dated 14th July 2008, a Seventh Supplemental Master Deed dated 19th November 2008, a Fourteenth Supplemental Master Deed dated 26 June 2012, a Seventeenth Supplemental Master Deed dated 25 March 2015 and a Nineteenth Supplemental Master Deed dated 18 Jun 2019 (collectively referred to as the “Deeds”) between Principal Asset Management Berhad (the “Manager”) and Maybank Trustees Bhd (the “Trustee”).

The Fund aims to invest in a diversified portfolio of Malaysian assets comprising Shariah-compliant equities and Islamic fixed income investments. In line with its objective, the investment policy and strategy of the Fund is to maintain a balanced portfolio between Shariah-compliant equities and Islamic fixed income investments in the ratio of 60:40. The fixed income portion of the Fund is to provide some capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The investment by the Fund in Shariah-compliant equities shall not be less than 40% of the NAV of the Fund and investments in Islamic fixed income securities and Islamic liquid assets shall not exceed 60% of the NAV of the Fund with a minimum credit rating of “BBB3” or “P2” by RAM or equivalent rating by MARC or by local rating agency(ies) of the country issuance; or “BBB-” by S&P or equivalent rating by any other international rating agencies. The Fund may invest up to 40% of its NAV in Unrated Islamic fixed income securities. The Fund may also opt to seek investment exposure via Islamic collective investment schemes that is in line with the Fund’s objective, subject to the requirements of the SC guidelines.

The asset allocation strategy for this Fund is as follows:

- at least 40% of the Fund’s NAV in Shariah-compliant equities, subject to a maximum of 60%;
- up to a maximum of 60% of the Fund’s NAV in Islamic fixed income investments and Islamic liquid assets, subject to a minimum of 40%;
- up to 40% of the Fund’s NAV in Unrated Islamic fixed income securities; and
- at least 2% of the Fund’s NAV in Islamic liquid assets

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements have been prepared in accordance with the provisions of the MFRS as issued by the Malaysian Accounting Standards Board (“MASB”) and IFRS as issued by the International Accounting Standards Board (“IASB”).

The financial statements have been prepared under the historical cost convention, as modified by financial assets 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 assumptions and estimates are significant to the financial statements are disclosed in Note 2(m).

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

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

(b) Financial assets and financial liabilities

Classification

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

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

The Fund classifies its investments based on both the Fund’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions. Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income (“OCI”).

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities

Classification

The Fund classifies cash and cash equivalents, amount due from stockbrokers, amount due from dealer, amount due from Manager 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.

All of the Fund's financial liabilities are measured at amortised cost.

Recognition and measurement

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Recognition and measurement (continued)

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

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

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

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

Impairment for assets carried at amortised costs

The Fund measures credit risk and expected credit losses (“ECL”) using probability of default, exposure at default and loss given default. The 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Income recognition

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

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

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

Realised gain or loss on disposal of Shariah-compliant quoted securities is accounted for as the difference between the net disposal proceeds and the carrying amount of Shariah-compliant quoted securities, determined on a weighted average cost basis.

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

(d) Functional and presentation currency

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

(e) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balance and Shariah-compliant deposits held in highly liquid investments with original maturities of three months or less that are readily convertible to known amount of cash and which are subjected to an insignificant risk of changes in value.

(f) 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 investment is based on tax regime of the respective countries that the Fund invests in. They are presented within other expenses line in the statement of comprehensive income.

(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) Transactions costs

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

(i) Amount due from/to stockbrokers

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

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

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

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

(j) Unit holders' contributions

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

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

The outstanding units are carried at the redemption amount that is payable at each financial year if unit holder exercises the right to put the unit back to the Fund.

Units are created and cancelled at prices based on the Fund's NAV per unit at the time of creation or cancellation. The Fund's NAV per unit is calculated by dividing the net assets attributable to unit holders with the total number of outstanding units.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

(l) 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.

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

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

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

Estimate of fair value of unquoted Sukuk

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

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

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund are as follows:

	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
2020			
Cash and cash equivalents (Note 9)	-	21,993,915	21,993,915
Shariah-compliant quoted securities (Note 8)	185,324,826	-	185,324,826
Unquoted Sukuk (Note 8)	121,084,066	-	121,084,066
Amount due from dealer	-	4,021,337	4,021,337
Amount due from Manager	-	544,361	544,361
Dividends receivable	-	98,638	98,638
	<u>306,408,892</u>	<u>26,658,251</u>	<u>333,067,143</u>
2019			
Cash and cash equivalents (Note 9)	-	28,392,029	28,392,029
Shariah-compliant quoted securities (Note 8)	179,533,577	-	179,533,577
Unquoted Sukuk (Note 8)	95,129,369	-	95,129,369
Amount due from stockbrokers	-	3,811,268	3,811,268
Amount due from Manager	-	38,147	38,147
Dividends receivable	-	307,916	307,916
	<u>274,662,946</u>	<u>32,549,360</u>	<u>307,212,306</u>

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

The investment objective of the Fund is to grow the value of the Unit holders' investments over the long-term in a diversified mix of Malaysian assets in approved Shariah instruments while providing consistent income.

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

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

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

(a) Market risk

(i) Price risk

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

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

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

	2020	2019
	RM	RM
Financial assets at fair value through profit or loss:		
- Shariah-compliant quoted securities	185,324,826	179,533,577
- Unquoted Sukuk	<u>121,084,066</u>	<u>95,129,369</u>
	<u><u>306,408,892</u></u>	<u><u>274,662,946</u></u>

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

% Change in price of Shariah-compliant quoted securities	Market value RM	Impact on profit or loss/NAV RM
2020		
-5%	176,058,585	(9,266,241)
0%	185,324,826	-
5%	<u>194,591,067</u>	<u>9,266,241</u>
2019		
-5%	170,556,898	(8,976,679)
0%	179,533,577	-
5%	<u>188,510,256</u>	<u>8,976,679</u>

The Fund is exposed to price risk arising from profit rate fluctuation in relation to its investments of RM121,084,066 (2019: RM95,129,369) in unquoted Sukuk. The Fund's exposure to price risk arising from interest rate fluctuation and the related sensitivity analysis are disclosed in "interest rate risk" below.

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

(a) Market risk (continued)

(ii) Interest rate risk

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

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

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

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

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

% Change in interest rate	Impact on profit or loss/NAV	
	2020	2019
	RM	RM
+1%	(263,239)	(247,011)
-1%	264,311	248,061

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

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

(a) Market risk (continued)

(ii) Interest rate risk (continued)

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

	2020	2019
	%	%
Shariah-compliant deposits with licensed Islamic financial institutions	1.81	3.06

(b) Credit risk

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

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

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

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

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

For amount due from stockbrokers, the settlement terms are governed by the relevant rules and regulations as prescribed by respective stock exchanges. The credit risk is minimal as all transactions in Shariah-compliant quoted securities are settled/paid upon delivery using approved stockbrokers.

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

(b) Credit risk (continued)

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

	Financial assets at fair value through profit or loss RM	Cash and cash equivalents RM	Amount due from dealer RM	Amount due from Manager RM	Dividends receivable RM	Total RM
2020						
- AAA	3,930,783	21,993,915	4,021,337	-	-	29,946,035
- AA1	5,873,038	-	-	-	-	5,873,038
- AA2	1,810,237	-	-	-	-	1,810,237
- AA3	31,653,610	-	-	-	-	31,653,610
- A1	9,905,674	-	-	-	-	9,905,674
- A2	2,205,839	-	-	-	-	2,205,839
- A	20,506,708	-	-	-	-	20,506,708
- GB	3,567,432	-	-	-	-	3,567,432
- GG	2,613,828	-	-	-	-	2,613,828
- Not Rated	15,593,156	-	-	544,361	98,638	16,236,155
	<u>121,084,066</u>	<u>21,993,915</u>	<u>4,021,337</u>	<u>544,361</u>	<u>98,638</u>	<u>124,318,556</u>

	Financial assets at fair value through profit or loss	Cash and cash equivalents	Amount due from stockbrokers	Amount due from Manager	Dividends receivable	Total
2019						
- AAA	6,729,839	28,392,029	-	-	-	35,121,868
- AA1	5,994,211	-	-	-	-	5,994,211
- AA2	4,958,630	-	-	-	-	4,958,630
- AA3	54,218,985	-	-	-	-	54,218,985
- A1	16,278,224	-	-	-	-	16,278,224
- A2	2,224,430	-	-	-	-	2,224,430
- A3	1,041,854	-	-	-	-	1,041,854
- Not Rated	3,683,196	-	3,811,268	38,147	307,916	7,840,527
	<u>95,129,369</u>	<u>28,392,029</u>	<u>3,811,268</u>	<u>38,147</u>	<u>307,916</u>	<u>127,678,729</u>

Shariah-compliant deposits with licensed Islamic financial institutions of the Fund have an average remaining maturity of 5 days (2019: 8 days).

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 balance, Shariah-compliant deposits with licensed Islamic financial institutions and other instruments, which are capable of being converted into cash within 7 business days. Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector and other factors. For the purpose of the Fund, the fund Manager will attempt to balance the entire portfolio by investing in a mix of assets with satisfactory trading volume and those that occasionally could encounter poor liquidity. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

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

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
2020			
Amount due to Manager	619,573	-	619,573
Accrued management fee	422,416	-	422,416
Amount due to Trustee	19,712	-	19,712
Other payables and accruals	-	16,000	16,000
Contractual undiscounted cash flows	1,061,701	16,000	1,077,701
2019			
Amount due to stockbrokers	2,222,100	-	2,222,100
Amount due to Manager	444,815	-	444,815
Accrued management fee	386,504	-	386,504
Amount due to Trustee	18,037	-	18,037
Other payables and accruals	-	16,400	16,400
Contractual undiscounted cash flows	3,071,456	16,400	3,087,856

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

(d) Capital risk management

The capital of the Fund is represented by equity consisting of unit holder's capital of RM309,490,477 (2019: RM274,133,363) and retained earnings of RM22,590,170 (2019: RM30,082,292). 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 holder and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

(e) Fair value estimation

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

The fair value of financial assets traded in active markets (such as trading securities) 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 basis.

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

(i) Fair value hierarchy

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

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

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

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

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2020				
Financial assets at fair value through profit or loss:				
- Shariah-compliant quoted securities	185,324,826	-	-	185,324,826
- Unquoted Sukuk	-	121,084,066	-	121,084,066
	<u>185,324,826</u>	<u>121,084,066</u>	<u>-</u>	<u>306,408,892</u>
2019				
Financial assets at fair value through profit or loss:				
- Shariah-compliant quoted securities	179,533,577	-	-	179,533,577
- Unquoted Sukuk	-	95,129,369	-	95,129,369
	<u>179,533,577</u>	<u>95,129,369</u>	<u>-</u>	<u>274,662,946</u>

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

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

- (ii) The carrying values of cash and cash equivalents, amount due from stockbrokers, amount due from dealer, amount due from Manager, 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 2.00% per annum, calculated daily based on the NAV of the Fund.

For the financial year ended 31 December 2020, the management fee is recognised at a rate of 1.50% per annum (2019: 1.50% per annum).

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

5. TRUSTEE FEE

In accordance with the Deeds, the Trustee is entitled to a maximum fee of 0.07% per annum calculated daily based on the NAV of the Fund. The Trustee fee includes the local custodian fee but excludes the foreign sub-custodian fee (if any).

For the financial year ended 31 December 2020, the Trustee's fee is recognised at a rate of 0.07% per annum (2019: 0.07% per annum).

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

6. DISTRIBUTION

Distribution to unit holders is derived from the following sources:

	2020	2019
	RM	RM
Dividend income	16,500	3,661,974
Profit income	329,504	3,948,527
Net realised (loss)/gain from disposal of financial assets at fair value through profit or loss	(639,183)	481,100
Prior financial year's realised income	<u>13,178,076</u>	<u>-</u>
	12,884,897	8,091,601
Less:		
Expenses	<u>(317,093)</u>	<u>(267,256)</u>
Net distribution amount	<u><u>12,567,804</u></u>	<u><u>7,824,345</u></u>
Distribution on 22 January 2020		
Gross/Net distribution per unit (sen)	<u><u>2.66</u></u>	<u><u>-</u></u>
Distribution on 17 January 2019		
Gross/Net distribution per unit (sen)	<u><u>-</u></u>	<u><u>1.55</u></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.

7. TAXATION

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

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

	2020	2019
	RM	RM
Profit before taxation	<u>5,075,682</u>	<u>18,524,099</u>
Taxation at Malaysian statutory rate of 24% (2019: 24%)	1,218,164	4,445,784
Tax effects of:		
- Investment income not subject to tax	(2,691,016)	(5,783,008)
- Expenses not deductible for tax purposes	368,978	227,191
- Restriction on tax deductible expenses for Unit Trust Fund	<u>1,103,874</u>	<u>1,110,033</u>
Taxation	<u>-</u>	<u>-</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020	2019
	RM	RM
At fair value through profit or loss:		
- Shariah-compliant quoted securities	185,324,826	179,533,577
- Unquoted Sukuk	<u>121,084,066</u>	<u>95,129,369</u>
	<u>306,408,892</u>	<u>274,662,946</u>
Net gain on financial assets at fair value through profit or loss:		
- Realised (loss)/gain on disposals	(6,533,780)	5,163,000
- Unrealised fair value gain	<u>7,066,229</u>	<u>7,983,054</u>
	<u>532,449</u>	<u>13,146,054</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2020				
SHARIAH-COMPLIANT QUOTED SECURITIES				
Construction				
Gamuda Bhd	271,035	904,159	1,054,326	0.32
IJM Corporation Bhd	3,439,300	4,915,725	5,949,989	1.79
Solarvest Holdings Bhd	1,241,400	1,727,732	2,346,246	0.71
	<u>4,951,735</u>	<u>7,547,616</u>	<u>9,350,561</u>	<u>2.82</u>
Consumer Products & Services				
Aeon Co. Malaysia Bhd	1,573,100	1,731,637	1,683,217	0.51
DRB-Hicom Bhd	3,218,600	6,299,623	6,694,688	2.02
Fraser & Neave Holdings Bhd	20,600	654,379	660,848	0.20
Mr D.I.Y. Group (M) Bhd	2,140,300	5,204,599	6,677,736	2.01
QL Resources Bhd	101,550	554,252	588,990	0.18
Sime Darby Bhd	2,829,179	5,986,511	6,535,403	1.97
	<u>9,883,329</u>	<u>20,431,001</u>	<u>22,840,882</u>	<u>6.89</u>
Energy				
Dayang Enterprise Holdings Bhd	2,938,900	3,825,884	3,467,902	1.04
Dialog Group Bhd	1,960,630	6,512,400	6,764,174	2.04
Hibiscus Petroleum Bhd	9,945,700	6,678,849	5,768,506	1.74
Hibiscus Petroleum Bhd - CRPS	923,000	923,000	1,098,370	0.33
Serba Dinamik Holdings Bhd	2,294,200	4,166,843	4,037,792	1.22
	<u>18,062,430</u>	<u>22,106,977</u>	<u>21,136,744</u>	<u>6.37</u>
Financial Services				
Bursa Malaysia Bhd	408,100	4,091,631	3,387,230	1.02
Health Care				
Hartalega Holdings Bhd	227,100	3,404,094	2,756,994	0.83
IHH Healthcare Bhd	594,000	3,414,874	3,267,000	0.98
Top Glove Corporation Bhd	299,300	2,557,917	1,831,716	0.55
	<u>1,120,400</u>	<u>9,376,885</u>	<u>7,855,710</u>	<u>2.36</u>
Industrial Products & Services				
Petronas Chemicals Group Bhd	1,419,700	8,726,813	10,548,371	3.18
Press Metal Aluminium Holdings Bhd	1,946,416	9,186,528	16,330,430	4.92
SKP Resources Bhd	1,469,800	2,518,630	3,160,070	0.95
Sunway Bhd	358,900	766,353	685,499	0.21
	<u>5,194,816</u>	<u>21,198,324</u>	<u>30,724,370</u>	<u>9.26</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2020 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
Plantation				
Kuala Lumpur Kepong Bhd	282,800	6,264,441	6,696,704	2.02
Sime Darby Plantation Bhd	1,826,700	8,904,456	9,115,233	2.74
	<u>2,109,500</u>	<u>15,168,897</u>	<u>15,811,937</u>	<u>4.75</u>
REIT				
Axis REIT	<u>1,527,700</u>	<u>2,739,079</u>	<u>3,101,231</u>	<u>0.93</u>
Technology				
D&O Green Technologies Bhd	680,200	538,977	1,550,856	0.47
Greotech Technology Bhd	473,300	1,735,807	4,307,030	1.30
JHM Consolidation Bhd	2,232,500	3,179,243	4,264,075	1.28
MI Technovation Bhd	990,300	3,984,309	3,901,782	1.17
Pentamaster Corp Bhd	661,100	3,344,137	3,338,555	1.01
Vitrox Corporation Bhd	224,800	1,651,504	3,304,560	1.00
	<u>5,262,200</u>	<u>14,433,977</u>	<u>20,666,858</u>	<u>6.22</u>
Telecommunications & Media				
Maxis Bhd	1,350,000	7,196,702	6,817,500	2.05
Telekom Malaysia Bhd	1,131,700	4,820,978	6,122,497	1.84
Time Dotcom Bhd	88,174	777,435	1,169,187	0.35
	<u>2,569,874</u>	<u>12,795,116</u>	<u>14,109,184</u>	<u>4.24</u>
Transportation & Logistics				
MISC Bhd	829,900	6,373,700	5,701,413	1.72
Westports Holdings Bhd	1,309,500	5,521,721	5,630,850	1.70
	<u>2,139,400</u>	<u>11,895,421</u>	<u>11,332,263</u>	<u>3.42</u>
Utilities				
Malakoff Corp Bhd	2,973,100	2,948,127	2,660,925	0.80
Taliworks Corporation Bhd	2,791,800	2,508,556	2,331,153	0.70
Tenaga Nasional Bhd	1,920,900	26,316,582	20,015,778	6.03
	<u>7,685,800</u>	<u>31,773,265</u>	<u>25,007,856</u>	<u>7.53</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2020 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES	<u>60,915,284</u>	173,558,189	<u>185,324,826</u>	<u>55.81</u>
ACCUMULATED UNREALISED GAIN ON SHARIAH-COMPLIANT QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>11,766,637</u>		
TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>185,324,826</u>		

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

Name of issuer	Nominal Value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2020 (CONTINUED)				
UNQUOTED SUKUK				
Aeon Credit Service (M) Bhd 3.80% 10/02/2027 (AA3)	300,000	304,498	311,445	0.09
Aeon Credit Service (M) Bhd 3.85% 10/02/2028 (AA3)	200,000	203,038	207,714	0.06
Aeon Credit Service (M) Bhd 3.95% 12/03/2030 (A1)	4,800,000	4,865,610	4,885,516	1.47
AZRB Capital Sdn Bhd 4.70% 23/12/2022 (AA3)	2,000,000	2,001,030	2,039,070	0.61
AZRB Capital Sdn Bhd 4.85% 26/12/2024 (AA3)	1,850,000	1,850,983	1,915,789	0.58
AZRB Capital Sdn Bhd 5.00% 24/12/2026 (AA3)	670,000	670,367	700,631	0.21
Bank Pembangunan Malaysia Bhd 2.80% 10/10/2025 (AAA)	1,500,000	1,509,321	1,511,076	0.46
Bermaz Auto Berhad 3.26% 18/12/2023 (AA3)	830,000	831,038	831,536	0.25
DanaInfra Nasional Bhd 5.06% 12/02/2049 (Non- rated)	700,000	879,549	817,450	0.25
DRB-Hicom Bhd 4.15% 12/12/2022 (A1)	500,000	501,137	503,642	0.15
DRB-Hicom Bhd 4.43% 29/08/2025 (A1)	2,000,000	2,034,512	2,040,714	0.61
DRB-Hicom Bhd 4.85% 11/12/2026 (A1)	1,600,000	1,604,252	1,635,340	0.49
DRB-Hicom Bhd 5.08% 30/08/2030 (A1)	3,000,000	3,064,383	3,075,809	0.93
DRB-Hicom Bhd 5.10% 12/12/2029 (A1)	2,450,000	2,456,847	2,496,316	0.75
Edra Energy Sdn Bhd 6.23% 05/01/2032 (AA3)	5,000,000	5,957,356	6,156,863	1.85
Edra Energy Sdn Bhd 6.43% 05/07/2034 (AA3)	5,000,000	5,360,055	6,326,817	1.91
Edra Energy Sdn Bhd 6.71% 05/01/2038 (AA3)	2,500,000	3,017,815	3,246,241	0.98
Edra Solar Sdn Bhd 4.10% 11/10/2022 (AA2)	200,000	201,797	205,909	0.06
Edra Solar Sdn Bhd 4.85% 11/10/2034 (AA2)	50,000	50,532	53,652	0.02
Fortune Premiere Sdn Bhd 4.85% 07/09/2023 (AA2)	3,000,000	3,046,241	3,193,001	0.96
GII Murabahah 4.12% 30/11/2034 (GB)	500,000	559,895	545,811	0.16
GII Murabahah 4.64% 15/11/2049 (GB)	1,250,000	1,475,346	1,409,826	0.42

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

Name of issuer	Nominal Value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2020 (CONTINUED) UNQUOTED SUKUK (CONTINUED)				
GII Murabahah 4.90% 08/05/2047 (GB)	1,400,000	1,719,108	1,611,795	0.49
Guan Chong Bhd 3.84% 03/12/2027 (AA)	930,000	938,428	937,869	0.28
IJM Land Bhd 4.73% 17/03/2119 (A2)	1,450,000	1,470,821	1,462,615	0.44
IJM Land Bhd 5.65% 17/03/2119 (A2)	700,000	711,269	743,224	0.22
Jimah Energy Ventures Sdn Bhd 9.25% 12/05/2021 (AA3)	3,000,000	3,066,182	3,108,829	0.94
Lafarge Cement Sdn Bhd 4.40% 11/12/2023 (A1)	5,000,000	5,019,365	5,020,158	1.51
LBS Bina Group Bhd 6.80% 29/03/2120 (Non-rated)	2,800,000	2,848,915	2,977,911	0.90
Lembaga Pembiayaan Perumahan Sektor Awam 3.86% 18/09/2048 (GG)	200,000	206,697	193,159	0.06
Mah Sing Group Bhd 4.35% 13/03/2025 (Non-rated)	12,000,000	12,155,885	12,615,245	3.80
Malayan Banking Bhd 2.90% 09/10/2030 (AA1)	1,500,000	1,510,011	1,508,451	0.45
Malayan Banking Bhd 3.10% 08/10/2032 (AA1)	2,000,000	2,014,268	2,007,068	0.60
Malayan Banking Bhd 4.63% 31/01/2029 (AA1)	400,000	407,865	429,681	0.13
Malayan Banking Bhd 4.71% 31/01/2031 (AA1)	650,000	663,001	716,275	0.22
Malaysia Airports Holding Bhd 3.60% 06/11/2030 (AAA)	2,000,000	2,011,047	2,001,467	0.60
Penang Port Sdn Bhd 4.30% 24/12/2026 (AA3)	250,000	250,118	265,833	0.08
Penang Port Sdn Bhd 4.48% 27/12/2029 (AA3)	500,000	500,245	540,515	0.16
Penang Port Sdn Bhd 4.68% 26/12/2031 (AA3)	900,000	900,462	987,852	0.30
Pengerang LNG (Two) Sdn Bhd 2.86% 20/10/2028 (AAA)	420,000	422,370	418,241	0.13
Perbadanan Kemajuan Negeri Pahang 3.96% 30/10/2024 (AA3)	1,000,000	1,008,503	1,007,425	0.30
Perbadanan Kemajuan Negeri Pahang 4.11% 30/10/2025 (AA3)	1,000,000	1,009,163	1,007,004	0.30

PRINCIPAL ISLAMIC LIFETIME BALANCED GROWTH FUND

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

Name of issuer	Nominal Value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2020 (CONTINUED) UNQUOTED SUKUK (CONTINUED)				
Perbadanan Kemajuan Negeri Pahang 4.21% 30/10/2026 (AA3)	1,000,000	1,009,738	1,005,687	0.30
Perbadanan Kemajuan Negeri Pahang 4.36% 30/10/2027 (AA3)	1,000,000	1,010,397	1,003,975	0.30
Perbadanan Kemajuan Negeri Selangor 5.01% 31/10/2023 (AA3)	4,000,000	4,035,855	4,216,625	1.27
Prasarana Malaysia Bhd 3.44% 24/02/2040 (GG)	1,650,000	1,670,060	1,603,219	0.48
Press Metal Aluminium Holdings Bhd 4.10% 17/10/2024 (AA3)	2,350,000	2,369,534	2,387,699	0.72
Quantum Solar Park (Semenanjung) Sdn Bhd 5.40% 06/10/2025 (A)	5,000,000	5,106,005	5,305,856	1.60
Quantum Solar Park (Semenanjung) Sdn Bhd 5.96% 06/10/2032 (A)	5,000,000	5,163,523	5,449,030	1.64
RHB Islamic Bank Bhd 4.32% 21/05/2029 (AA3)	800,000	803,693	835,749	0.25
TG Excellence Bhd 3.95% 27/02/2120 (AA)	300,000	304,123	314,347	0.09
UEM Sunrise Bhd 4.90% 30/06/2021 (AA)	5,000,000	5,010,452	5,039,092	1.52
UEM Sunrise Bhd 4.75% 22/03/2024 (AA)	1,000,000	1,013,949	1,038,264	0.31
UMW Holdings Bhd 4.83% 22/06/2022 (AA2)	1,500,000	1,503,819	1,550,675	0.47
UniTapah Sdn Bhd 6.15% 12/12/2030 (AA1)	1,000,000	1,134,653	1,211,563	0.36
WCT Holdings Bhd 5.65% 20/04/2026 (AA)	6,000,000	6,084,104	6,451,500	1.94
TOTAL UNQUOTED SUKUK	<u>113,600,000</u>	<u>117,499,230</u>	<u>121,084,066</u>	<u>36.43</u>
ACCUMULATED UNREALISED GAIN ON UNQUOTED SUKUK AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>3,584,836</u>		
TOTAL UNQUOTED SUKUK AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>121,084,066</u>		

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2019				
SHARIAH-COMPLIANT QUOTED SECURITIES				
Construction				
Econpile Holdings Bhd	5,449,700	3,782,495	4,114,524	1.35
Gamuda Bhd	1,568,100	5,101,296	6,115,590	2.01
IJM Corporation Bhd	2,883,600	6,253,267	6,257,412	2.06
	<u>9,901,400</u>	<u>15,137,058</u>	<u>16,487,526</u>	<u>5.42</u>
Consumer Products & Services				
Bermaz Auto Bhd	682,600	1,479,661	1,433,460	0.47
DRB-Hicom Bhd	1,000,000	2,607,500	2,380,000	0.78
Fraser & Neave Holdings Bhd	50,000	1,591,685	1,742,000	0.57
Nestle (Malaysia) Bhd	31,200	3,599,625	4,586,400	1.51
Petronas Dagangan Bhd	127,100	3,202,460	2,936,010	0.96
Sime Darby Bhd	1,691,629	3,874,881	3,755,416	1.23
	<u>3,582,529</u>	<u>16,355,812</u>	<u>16,833,268</u>	<u>5.52</u>
Energy				
Dayang Enterprise Holdings Bhd	2,200,000	3,983,761	5,522,000	1.82
Dialog Group Bhd	2,000,030	5,832,285	6,900,104	2.27
Hibiscus Petroleum Bhd	4,000,000	4,114,864	3,760,000	1.24
Serba Dinamik Holdings Bhd	882,000	1,811,187	1,940,400	0.64
Serba Dinamik Holdings Bhd - Warrant	252,000	-	110,880	0.04
	<u>9,334,030</u>	<u>15,742,097</u>	<u>18,233,384</u>	<u>6.01</u>
Financial Services				
BIMB Holdings Bhd	1,218,000	5,253,948	5,359,200	1.76
Health Care				
Hartalega Holdings Bhd	669,100	3,696,820	3,666,668	1.21
IHH Healthcare Bhd	1,350,000	7,761,078	7,384,500	2.43
	<u>2,019,100</u>	<u>11,457,898</u>	<u>11,051,168</u>	<u>3.64</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
Industrial Products & Services				
Petronas Chemicals Group Bhd	1,160,500	8,874,460	8,529,674	2.80
Press Metal Aluminium Holdings Bhd	979,616	4,731,460	4,555,214	1.50
Sunway Bhd	2,048,457	3,548,225	3,687,223	1.21
Uchi Technologies Bhd	1,000,600	3,049,748	2,781,668	0.91
	<u>5,189,173</u>	<u>20,203,893</u>	<u>19,553,779</u>	<u>6.42</u>
Plantation				
Kuala Lumpur Kepong Bhd	195,500	4,326,825	4,848,400	1.59
Sime Darby Plantation Bhd	1,593,800	7,970,013	8,686,210	2.86
	<u>1,789,300</u>	<u>12,296,838</u>	<u>13,534,610</u>	<u>4.45</u>
Property				
Sime Darby Property Bhd	4,739,700	3,612,244	4,336,826	1.43
REITs				
Axis REIT	2,240,600	4,017,269	3,965,862	1.30
Technology				
D&O Green Technologies Bhd	2,722,500	2,039,170	2,314,125	0.76
JHM Consolidation Bhd	3,286,900	3,909,527	5,489,123	1.80
Vitrox Corp Bhd	453,100	3,328,762	3,588,552	1.18
	<u>6,462,500</u>	<u>9,277,459</u>	<u>11,391,800</u>	<u>3.74</u>
Telecommunications & Media				
Axiata Group Bhd	1,890,257	8,710,054	7,825,664	2.57
DiGi.Com Bhd	1,800,000	8,400,579	8,028,000	2.64
TIME dotCom Bhd	540,000	4,761,207	4,978,800	1.64
	<u>4,230,257</u>	<u>21,871,840</u>	<u>20,832,464</u>	<u>6.85</u>
Transportation & Logistics				
MISC Bhd	654,100	4,986,641	5,461,735	1.80
Westports Holdings Bhd	880,000	3,427,251	3,704,800	1.22
	<u>1,534,100</u>	<u>8,413,892</u>	<u>9,166,535</u>	<u>3.02</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
Utilities				
Petronas Gas Bhd	237,500	4,532,747	3,947,250	1.30
Taliworks Corporation Bhd	1,859,300	1,738,053	1,654,777	0.54
Tenaga Nasional Bhd	1,748,500	24,436,225	23,185,110	7.62
	<u>3,845,300</u>	<u>30,707,025</u>	<u>28,787,137</u>	<u>9.46</u>
TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES	<u>56,085,989</u>	<u>174,347,273</u>	<u>179,533,577</u>	<u>59.02</u>
ACCUMULATED UNREALISED GAIN ON SHARIAH-COMPLIANT QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>5,186,304</u>		
TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>179,533,577</u>		

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 (CONTINUED)				
UNQUOTED SUKUK				
AZRB Capital Sdn Bhd 4.70% 23/12/2022 (AA3)	2,000,000	2,001,545	2,001,525	0.66
AZRB Capital Sdn Bhd 4.85% 26/12/2024 (AA3)	1,850,000	1,851,475	1,851,456	0.61
AZRB Capital Sdn Bhd 5.00% 24/12/2026 (AA3)	670,000	670,551	670,544	0.22
Bank Islam Malaysia Bhd 5.50% 15/12/2025 (A1)	500,000	505,362	510,795	0.17
Bumitama Agri Ltd 4.10% 22/07/2024 (AA3)	1,650,000	1,680,211	1,698,840	0.56
Celcom Networks Sdn Bhd 5.20% 27/08/2027 (AA1)	1,500,000	1,571,606	1,664,172	0.55
DRB-Hicom Bhd 4.15% 12/12/2022 (A1)	500,000	501,137	501,607	0.16
DRB-Hicom Bhd 4.55% 12/12/2024 (A1)	800,000	801,995	804,859	0.26
DRB-Hicom Bhd 4.85% 11/12/2026 (A1)	1,600,000	1,604,252	1,612,908	0.53
DRB-Hicom Bhd 5.10% 12/12/2029 (A1)	2,450,000	2,456,847	2,462,825	0.81
Edra Energy Sdn Bhd 6.23% 05/01/2032 (AA3)	5,000,000	6,014,145	5,972,916	1.96
Edra Energy Sdn Bhd 6.43% 05/07/2034 (AA3)	5,000,000	5,370,458	6,138,048	2.02
Edra Energy Sdn Bhd 6.71% 05/01/2038 (AA3)	2,500,000	3,033,987	3,152,651	1.04
Edra Solar Sdn Bhd 4.10% 11/10/2022 (AA2)	200,000	201,842	202,436	0.07
Edra Solar Sdn Bhd 4.85% 11/10/2034 (AA2)	50,000	50,545	51,323	0.02
Fortune Premiere Sdn Bhd 4.85% 07/09/2023 (AA2)	3,000,000	3,045,045	3,157,335	1.04
GII Murabahah 4.07% 30/09/2026 (NR)	3,500,000	3,507,827	3,683,196	1.21
IJM Land Bhd 4.73% 17/03/2119 (A2)	1,450,000	1,471,134	1,473,156	0.48
IJM Land Bhd Perpetual Sukuk Musharakah - S1 T1 5.65% 17/03/2119 (A2)	700,000	711,269	751,274	0.25
Jimah East Power Sdn Bhd 5.74% 04/06/2029 (AA3)	2,500,000	2,691,484	2,817,834	0.92
Jimah Energy Ventures Sdn Bhd 9.25% 12/05/2021 (AA3)	3,000,000	3,142,038	3,265,638	1.07

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 (CONTINUED)				
UNQUOTED SUKUK				
(CONTINUED)				
Malayan Banking Bhd 4.63% 31/01/2029 (AA1)	400,000	407,814	422,018	0.14
Malayan Banking Bhd 4.71% 31/01/2031 (AA1)	650,000	662,917	694,494	0.23
MBSB Bank Bhd 5.05% 20/12/2029 (A3)	610,000	610,999	611,121	0.20
MBSB Bank Bhd 5.25% 19/12/2031 (A3)	430,000	430,742	430,733	0.14
Penang Port Sdn Bhd 4.30% 24/12/2026 (AA3)	250,000	250,147	250,144	0.08
Penang Port Sdn Bhd 4.48% 27/12/2029 (AA3)	500,000	500,307	500,302	0.16
Penang Port Sdn Bhd 4.68% 26/12/2031 (AA3)	900,000	900,577	900,568	0.30
Perbadanan Kemajuan Negeri Selangor 5.013% 31/10/2023 (AA3)	4,000,000	4,035,767	4,199,315	1.38
Press Metal Aluminium Holdings Bhd 4.10% 17/10/2024 (AA3)	2,350,000	2,370,062	2,370,250	0.78
Quantum Solar Park Green SRI Sukuk 5.40% 06/10/2025 (A1)	5,000,000	5,112,888	5,195,166	1.71
Quantum Solar Park Green SRI Sukuk 5.96% 06/10/2032 (A1)	5,000,000	5,168,131	5,190,064	1.71
RHB Islamic Bank Bhd 4.32% 21/05/2029 (AA3)	800,000	803,882	818,858	0.27
Sarawak Energy Bhd 5.50% 04/07/2029 (AAA)	3,000,000	3,265,444	3,498,462	1.15
Sarawak Energy Bhd 4.70% 24/11/2028 (AAA)	3,000,000	3,013,907	3,231,377	1.06
Tadau Energy Sdn Bhd SRI Sukuk 5.80% 27/07/2029 (AA3)	2,000,000	2,122,709	2,226,758	0.73
Tadau Energy Sdn Bhd SRI Sukuk 6.00% 28/07/2031 (AA3)	2,500,000	2,676,376	2,826,760	0.93
Teknologi Tenaga Perlis Consortium Sdn Bhd 4.51% 31/01/2020 (AA1)	2,000,000	2,038,319	2,039,757	0.67
UEM Sunrise Bhd 4.90% 30/06/2021 (AA3)	5,000,000	5,028,383	5,112,392	1.68

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 (CONTINUED)				
UNQUOTED SUKUK (CONTINUED)				
UEM Sunrise Bhd 4.75% 22/03/2024 (AA3)	1,000,000	1,014,065	1,054,154	0.35
UMW Holdings Bhd 4.83% 22/06/2022 (AA2)	1,500,000	1,504,815	1,547,536	0.50
UniTapah Sdn Bhd 6.15% 12/12/2030 (AA1)	1,000,000	1,145,298	1,173,770	0.39
WCT Holdings Bhd 5.65% 20/04/2026 (AA3)	6,000,000	6,082,125	6,390,032	2.10
TOTAL UNQUOTED SUKUK	<u>88,310,000</u>	<u>92,030,429</u>	<u>95,129,369</u>	<u>31.27</u>
ACCUMULATED UNREALISED GAIN ON UNQUOTED SUKUK AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>3,098,940</u>		
TOTAL UNQUOTED SUKUK AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>95,129,369</u>		

9. CASH AND CASH EQUIVALENTS

	2020	2019
	RM	RM
Shariah-compliant deposits with licensed Islamic financial institutions	21,850,190	28,322,660
Bank balance	143,725	69,369
	<u>21,993,915</u>	<u>28,392,029</u>

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2020	2019
	No of units	No of units
At the beginning of the financial year	475,010,960	494,623,012
Add : Creation of units from applications	134,353,217	42,161,528
Add : Creation of units from distribution	20,296,096	12,970,217
Less : Cancellation of units	(96,707,633)	(74,743,797)
At the end of the financial year	<u>532,952,640</u>	<u>475,010,960</u>

11. MANAGEMENT EXPENSE RATIO (“MER”)

	2020	2019
	%	%
MER	<u>1.58</u>	<u>1.59</u>

MER is derived from the following calculation:

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

- A = Management fee
- B = Trustee fee
- C = Audit fee
- D = Tax agent’s fee
- E = Other expenses excluding withholding tax
- 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 RM305,813,337 (2019: RM306,296,892).

12. PORTFOLIO TURNOVER RATIO (“PTR”)

	2020	2019
PTR (times)	1.15	0.89

PTR is derived based on the following calculation:

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

where:

total acquisition for the financial year	= RM367,388,968 (2019: RM266,474,305)
total disposal for the financial year	= RM333,745,358 (2019: RM276,568,972)

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

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

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

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

Units held by the Manager and parties related to the Manager

	2020		2019	
	No. of units	RM	No. of units	RM
Manager				
Principal Asset				
Management Berhad	39,452	24,579	50,703	32,470

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

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

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

	2020	2019
	RM	RM
<u>Significant related party transactions</u>		
Profit income from Shariah-compliant deposits with licensed Islamic financial institution:		
- CIMB Islamic Bank Bhd	<u>156,690</u>	<u>158,893</u>
<u>Significant related party balances</u>		
Bank balance:		
- CIMB Islamic Bank Bhd	<u>143,725</u>	<u>69,369</u>
Shariah-compliant deposits with licensed Islamic financial institution:		
- CIMB Islamic Bank Bhd	<u>7,000,000</u>	<u>5,000,000</u>

14. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the top 10 brokers/dealers for the financial year ended 31 December 2020 are as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Macquarie Capital Securities Malaysia Sdn Bhd	103,988,464	14.83	161,823	16.29
Maybank Investment Bank Bhd	84,578,823	12.06	137,955	13.89
RHB Investment Bank Bhd	81,139,239	11.57	125,848	12.67
KAF Equities Sdn Bhd	68,062,276	9.71	144,702	14.57
CLSA Securities Malaysia Sdn Bhd	58,126,023	8.29	88,469	8.91
CGS-CIMB Securities Sdn Bhd #	51,805,402	7.39	93,401	9.40
UBS Securities Malaysia Sdn Bhd	51,412,259	7.33	59,364	5.98
Hong Leong Investment Bank Bhd	46,742,248	6.67	60,732	6.11
Affin Hwang Investment Bank Bhd	45,746,426	6.53	73,841	7.43
J.P. Morgan Securities (M) Sdn Bhd	22,480,462	3.21	30,047	3.03
Others #	86,967,617	12.41	17,053	1.72
	<u>701,049,239</u>	<u>100.00</u>	<u>993,235</u>	<u>100.00</u>

14. TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)

Details of transactions with the top 10 brokers/dealers for the financial year ended 31 December 2019 are as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
RHB Investment Bank Bhd	68,766,079	12.96	53,243	9.69
CIMB Bank Bhd #	54,817,370	10.33	-	-
Hong Leong Bank Bhd	43,429,150	8.18	-	-
KAF-Seagroatt & Campbell Securities Sdn Bhd	43,223,865	8.14	92,700	16.86
Macquarie Capital Securities Malaysia Sdn Bhd	41,221,026	7.77	73,871	13.44
Hong Leong Investment Bank Bhd	38,725,081	7.30	30,900	5.62
Maybank Investment Bank Bhd	36,743,896	6.92	77,693	14.13
Affin Hwang Investment Bank Bhd	31,191,106	5.88	59,598	10.84
CLSA Securities Malaysia Sdn Bhd	29,861,112	5.63	49,177	8.95
UBS Securities Malaysia Sdn Bhd	22,807,372	4.30	33,719	6.13
Others #	119,929,032	22.59	78,781	14.34
	<u>530,715,089</u>	<u>100.00</u>	<u>549,682</u>	<u>100.00</u>

Included in the transactions are trades conducted with CIMB Bank Bhd and CGS-CIMB Securities Sdn Bhd fellow related parties to the Manager amounting to RM22,275,825 (2019: RM54,817,370) and RM 51,805,402 (2019: RM4,381,963). The Manager is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties.

15. 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.

16. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 15 February 2021.

DIRECTORY

Head Office of the Manager

Principal Asset Management Berhad (Company No.: 199401018399 (304078-K))
10th Floor, Bangunan CIMB,
Jalan Semantan,
Damansara Heights,
50490 Kuala Lumpur, MALAYSIA.
Tel: (03) 2084 8888

Website

www.principal.com.my

E-mail address

service@principal.com.my

Customer Care Centre

(03) 7718 3000

Trustee for the Principal Islamic Lifetime Balanced Growth Fund

Maybank Trustees Berhad (Company No: 196301000109 (5004-P))
8th Floor, Menara Maybank,
100 Jalan Tun Perak,
50050 Kuala Lumpur, MALAYSIA.
Tel: (03) 2078 8363, 2070 8833
Fax: (03) 2070 9387

Shariah Adviser of the Principal Islamic Lifetime Balanced Growth Fund

Amanie Advisors Sdn Bhd (Company No: 200501007003 (684050-H))
Level 13A-2, Menara Tokio Marine Life,
189 Jalan Tun Razak
50400 Kuala Lumpur, Malaysia
Tel: (03) 2161 0260
Fax: (03) 2161 0262

Auditors of the Fund and of the Manager (for financial year ended 31 December 2020)

Ernst & Young PLT 202006000003 (LLP0022760-LCA) & AF 0039
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel: +603 7495 8000
Fax: +603 2095 5332

Auditors of the Fund and of the Manager (for financial year ended 31 December 2019)

PricewaterhouseCoopers PLT (Company No.: LLP0014401-LCA & AF 1146)
Level 10, 1 Sentral,
Jalan Rakyat, Kuala Lumpur Sentral,
PO Box 10192, 50706 Kuala Lumpur, MALAYSIA.
Tel: (03) 2173 1188
Fax: (03) 2173 1288

Principal Asset Management Berhad
199401018399 (304078-K)

Enquiries:

Customer Care Centre
(603)7718 3000

Email
service@principal.com.my

Website
www.principal.com.my