

**PRINCIPAL ISLAMIC LIFETIME SUKUK FUND**  
*(formerly known as CIMB Islamic Sukuk Fund)*

**UNAUDITED INTERIM REPORT**

**FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 29 FEBRUARY 2020**

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## INVESTORS' LETTER

Dear Valued Investor,

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

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

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

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

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

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

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

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

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

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

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

**INVESTORS' LETTER (CONTINUED)**

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

Please be informed that effective 31 December 2019, the Fund has been renamed as Principal Islamic Lifetime Sukuk Fund following the issuance of the Master Prospectus (Islamic Funds) dated 31 December 2019.

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



**Munirah Khairuddin**  
Chief Executive Officer

## **MANAGER'S REPORT**

### **FUND OBJECTIVE AND POLICY**

#### **What is the investment objective of the Fund?**

The investment objective of the Fund is to gain higher than average income over the medium to long-term by investing in a diversified portfolio consisting principally of Sukuk, certificates of deposit, short-term money market instruments and other permissible investments under the Shariah principles.

#### **Has the Fund achieved its objective?**

For the period under review, the Fund is in line with its stated objectives as stated under the fund performance review.

#### **What are the Fund investment policy and principal investment strategy?**

In line with its objective, the investment strategy and policy of the Fund is to invest in a diversified portfolio of Islamic fixed income securities consisting principally of Sukuk, which aim to provide a steady stream of income from the profit of Sukuk. A minimum of 70% and up to a maximum of 98% of the Fund's Net Asset Value ("NAV") may be invested in Sukuk carrying at least a "BBB3" or "P2" rating by RAM ratings ("RAM") or equivalent rating by Malaysian Rating Corporation Berhad ("MARC") or by local rating agency(ies) of the country of 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 Sukuk and up to 28% of its NAV in other permissible Shariah-compliant investments. The Fund may also opt to seek investment exposure via Islamic collective investment scheme that is in line with the Fund's objective, subject to the requirement of the SC Guidelines. The rest of the Fund is maintained in the form of Islamic liquid assets to meet any withdrawal payments to Unit holders.

The asset allocation strategy for this Fund is as follows:

- between 70% to 98% (both inclusive) NAV in Sukuk;
- other permissible Shariah-compliant investments;
- up to 40 Unrated Sukuk; and
- at least 2% of NAV in Islamic liquid assets.

#### **Fund category/type**

Sukuk/Income

#### **How long should you invest for?**

Recommended three (3) years or more

#### **When was the Fund launched?**

8 October 2004

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

RM566.97 million (414.99 million units)

#### **What is the Fund's benchmark?**

Quantshop Government Investment Issues ("GII") Medium Index

**Note:** The Fund's benchmark is for performance comparison purpose only. Investors are cautioned that the risk profile of the Fund is higher than the benchmark.

#### **What is the Fund distribution policy?**

Distribution (if any) is expected to be distributed annually, depending on the performance of the Fund and at the Manager's discretion.

#### **What was the net income distribution for the six months financial period ended 29 February 2020?**

There was no distribution made for the six months financial period ended 29 February 2020.

**PRINCIPAL ISLAMIC LIFETIME SUKUK FUND**  
**(formerly known as CIMB Islamic Sukuk Fund)**

**PERFORMANCE DATA**

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

	<b>29.02.2020</b>	<b>28.02.2019</b>	<b>28.02.2018</b>
	%	%	%
Unquoted Sukuk	86.69	97.09	93.06
Cash and other net assets	13.31	2.91	6.94
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	<b>29.02.2020</b>	<b>28.02.2019</b>	<b>28.02.2018</b>
NAV (RM Million)	566.97	143.31	115.91
Units in circulation (Million)	414.99	109.07	87.37
NAV per unit (RM)	1.3662	1.3139	1.3265
	<b>01.09.2019 to 29.02.2020</b>	<b>01.09.2018 to 28.02.2019</b>	<b>01.09.2017 to 28.02.2018</b>
Highest NAV per unit (RM)	1.3663	1.3069	1.3138
Lowest NAV per unit (RM)	1.3149	1.2758	1.2881
Total return (%)	3.59	2.32	2.06
- Capital growth (%)	3.59	2.32	2.06
- Income distribution (%)	-	-	-
Management Expense Ratio ("MER") (%)	0.51	0.51	0.54
Portfolio Turnover Ratio ("PTR") (times) #	0.31	0.38	0.51

# The Fund's PTR decreased from 0.38 times to 0.31 times due to higher average NAV recorded during the financial period.

	<b>29.02.2020</b>	<b>28.02.2019</b>	<b>28.02.2018</b>	<b>28.02.2017</b>	<b>29.02.2016</b>
	%	%	%	%	%
Annual total return	10.34	4.88	4.12	4.86	4.15

(Launch date: 8 October 2004)

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

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

In September 2019, protracted trade tensions between the US and China, sluggish growth in both Europe and Japan coupled with Brexit uncertainty as well as continued unrest in Hong Kong continued to weigh down global growth. These uncertainties have kept the global government bond yields down.

Budget 2020 was released on 11 October 2019 with fiscal deficit narrowing further from a previous level of 3.7% in 2018 to 3.4% in 2019. The deficit target of 3.2% for 2020 is slightly higher than the 3.0% originally announced in Budget 2019. According to the Ministry of Finance ("MOF")'s Economic Report 2019/2020, the medium term fiscal deficit target is expected to narrow to 2.8% by 2022.

In November 2019, global sentiment surrounding bond flow remained driven by the US-China trade talks as investors watching the progress of the trade development after the prospect of phase one trade agreement turned sour following President Trump signing a controversial bill related to Hong Kong's autonomy status.

Bank Negara Malaysia ("BNM") kept the Overnight Policy Rate ("OPR") unchanged at 3.00% in its final meeting of 2019 while keeping its still resilient domestic growth forecast for 2019 at 4.3% to 4.8% though it reiterated that the global economy is expanding at a more moderate pace. BNM announced a surprise cut in Statutory Reserve Requirement ("SRR") by 50 basis points ("bps") to 3.0% effective 16 November 2019, the first reduction since 2016. The cut in SRR would free up RM7.4 billion to the banking system in terms of better liquidity management and is seen positive for loan growth and economic activities.

2020 started with a risk-on momentum as investors took positions in Emerging Market ("EM") in anticipation of the signing of the US-China 'phase one' trade deal which was signed on 15 January 2020. Profit taking emerged after escalating geopolitical tensions between US and Iran, but the tensions appeared short-lived, as both parties look to de-escalate and diverge away from the path of war. Concerns later emerged over the COVID-19 outbreak, especially after the World Health Organization officially declared the outbreak a global health emergency.

In January 2020, BNM reduced the OPR to 2.75% at the first Monetary Policy Committee ("MPC") meeting. In its latest statement, BNM stated that the adjustment to the OPR is a pre-emptive measure to secure the improving growth trajectory amid price stability. They also mentioned that despite the dissipation of trade tensions pointing towards improving global trade activity as well as monetary easing across major economies helping to ease financial conditions, the downside risks continue to remain on the back of geopolitical tensions and policy uncertainties in some countries.

The Malaysian economy grew 3.6% year-on-year ("y-o-y") in fourth quarter of 2019 driven by higher private spending. On a quarter-on-quarter basis, the economy grew 0.6% (third quarter of 2019: 0.9%) and for 2019 as a whole, the economy expanded by 4.3% (2018: 4.7%). BNM said the country's economic growth was affected by supply disruptions in the commodities sector with private consumption and private investment expanding by 8.1% and 4.2% respectively, whilst net exports fell by 9.8%. The agriculture and mining sectors also contracted by 5.7% and 2.5%, respectively.

A RM20 billion stimulus package was announced by the Government on 27 February 2020 in response to mitigating the COVID-19 outbreak to boost the sluggish economy. Under a three-prong approach, the package aims to mitigate the impact of Covid-19, encourage rakyat-centric spending, and support sectors directly hurt by the virus, chiefly tourism and aviation. It will also accelerate planned investment projects by Government-Linked Company ("GLC")'s. The package is expected to raise the fiscal deficit to 3.4% from an initial projection of 3.2%.

The financial period under review ended with the overall 3-years, 5-years, 7-years, 10-years, 15-years, 20-years and 30-year Government Investment Issues ("GII") yields closed at 2.65%, 2.69%, 2.79%, 2.89%, 3.09%, 3.30% and 3.66% respectively as at end February 2020.

**PRINCIPAL ISLAMIC LIFETIME SUKUK FUND**  
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**FUND PERFORMANCE**

	<b>6 months to 29.02.2020</b>	<b>1 year to 29.02.2020</b>	<b>3 years to 29.02.2020</b>	<b>5 years to 29.02.2020</b>	<b>Since inception to 29.02.2020</b>
	%	%	%	%	%
Income	-	5.57	16.92	29.08	37.44
Capital	3.59	4.54	3.00	1.88	33.39
Total Return	3.59	10.34	20.50	31.60	91.64
Benchmark	3.69	7.52	16.56	27.51	97.92
Average Total Return	N/A	10.34	6.41	5.64	4.31

For the six months period ended 29 February 2020, the Fund delivered a total return of 3.59% which underperformed the benchmark's return of 3.69%. For the 1 year and 3 years period, the Fund has outperformed its benchmark by 3.02% and 4.09% respectively.

**Changes in NAV**

	<b>29.02.2020</b>	<b>31.08.2019 Audited</b>	<b>Changes %</b>
NAV (RM Million)	566.97	415.09	36.59
NAV/Unit (RM)	1.3662	1.3188	3.59

The Fund's NAV dropped 0.27% from RM 415.09 million to RM 566.97 million as at 29 February 2020 mainly due to injections. The NAV per unit stood at RM1.3662 as at 29 February 2020.

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

**PORTFOLIO STRUCTURE**

**Asset allocation**

<b>(% of NAV)</b>	<b>29.02.2020</b>	<b>31.08.2019 Audited</b>
Unquoted Sukuk	86.69	83.21
Cash and other net assets	13.31	16.79
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

The Fund is 86.69% invested unquoted securities and 13.31% in cash and other net assets as at end February 2020 as liquidity to participate in primary issuances and cater for redemption.



## MARKET OUTLOOK\*

The US Federal Reserve (the “Fed”) cut interest rates on 3 March 2020 in an emergency move ahead of the scheduled meeting on 18 March 2020. The decision to cut was unanimous citing “the COVID-19 poses evolving risks to economic activity” despite “fundamentals of the US economy remain strong”. Following the cut by the Fed, investors are now expecting a rate cut in the euro zone as well as by the Bank of England.

Locally, Prime Minister also unveiled a budget stimulus package amounting to RM250 billion (equivalent to 17% GDP) to sustain private consumption and confidence, among other things. Direct injection from the Federal Government amounted to RM25 billion or 1.7% of GDP. Policymakers projected for the stimulus package to add 1.5% to GDP. The Ministry of Finance highlighted that 2020 budget deficit would be capped at 4% of GDP by reallocation of budget within Ministries and higher dividends from Government-Linked Company (“GLC”).

On monetary side, BNM also made a few announcements in March, among them the 25 bps Overnight Policy Rate (“OPR”) cut to 2.50% citing weakening global economic conditions, 1% Statutory Reserve Requirement (“SRR”) cut to free up RM30 billion banking liquidity and the 6-month loan moratorium to Small to Mid-size Enterprise (“SME”) and consumer loans (excluding credit card balances). The loan moratorium will allow banks to continue to accrue interests on loan and keep asset quality healthy during this challenging time.

On the bright side, Standard & Poor's (“S&P”) has just reaffirmed the sovereign rating of Malaysia at A-/Stable. While the agency acknowledged that the fiscal deficit target may derail in the short-term, they are still comfortable with the government medium term commitment to fiscal consolidation.

\* 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 (*formerly known as CIMB-Principal Asset Management Berhad*) or based on data obtained from sources believed to be reliable by Principal Asset Management Berhad. Whilst every care has been taken in preparing this, Principal Asset Management Berhad 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

With much uncertainty ahead, we are inclined to be cautious and prefer to be defensive. Our core holdings remain anchored in the corporate segment and we will focus on corporates with strong and resilient credit metrics. We continue to maintain a neutral duration strategy and avoid taking on excessive duration risk until stability returns to the market.

## UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 29 February 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	1,280	3.70	0.89
5,001-10,000	896	6.43	1.55
10,001-50,000	1,653	39.68	9.56
50,001-500,000	668	78.72	18.97
500,001 and above	33	286.46	69.03
<b>Total</b>	<b>4,530</b>	<b>414.99</b>	<b>100.00</b>

## **SOFT COMMISSIONS AND REBATES**

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

During the financial period under review, the 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 SUKUK FUND**  
**(formerly known as CIMB Islamic Sukuk Fund)**

We, being the Directors of Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements set out on pages 12 to 39 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 29 February 2020 and of its financial performance, changes in equity and cash flows for the financial period then ended in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134 - Interim Financial Reporting and International Accounting Standards (“IAS”) 34 - Interim Financial Reporting.

For and on behalf of the Manager

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

**MUNIRAH KHAIRUDDIN**  
Chief Executive Officer/Executive Director

**JUAN IGNACIO EYZAGUIRRE BARAONA**  
Director

Kuala Lumpur  
16 April 2020

**TRUSTEE'S REPORT TO THE UNIT HOLDERS OF**  
**PRINCIPAL ISLAMIC LIFETIME SUKUK FUND**  
**(formerly known as CIMB Islamic Sukuk Fund)**

We, AmanahRaya Trustees Berhad, have acted as Trustee of Principal Islamic Lifetime Sukuk Fund (*formerly known as CIMB Islamic Sukuk Fund*) for the six months financial period ended 29 February 2020. In our opinion, Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the "Manager"), has operated and managed CIMB Islamic Sukuk Fund in accordance with the limitations imposed on the investment powers of the management company under the Deeds, securities laws and the applicable Guidelines on Unit Trust Funds for the six months financial period ended 29 February 2020.

We are also of the opinion that:

- a) valuation and pricing is carried out in accordance with the Deeds and any regulatory requirement; and
- b) creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirements.

For and on behalf of the Trustee,  
**AmanahRaya Trustees Berhad**

**HABSAH BINTI BAKAR**  
Chief Executive Officer

Kuala Lumpur  
16 April 2020

**SHARIAH ADVISER'S REPORT TO THE UNIT HOLDERS OF  
PRINCIPAL ISLAMIC LIFETIME SUKUK FUND  
(formerly known as CIMB Islamic Sukuk Fund)**

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

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

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

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

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

For **Amanie Advisors Sdn Bhd**,

**DATUK DR MOHD DAUD BAKAR**  
Executive Chairman

16 April 2020

**PRINCIPAL ISLAMIC LIFETIME SUKUK FUND**  
*(formerly known as CIMB Islamic Sukuk Fund)*

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

	Note	01.09.2019 to 29.02.2020 RM	01.09.2018 to 28.02.2019 RM
<b>INCOME</b>			
Profit income from unquoted Sukuk		9,710,676	4,799,900
Profit income from Shariah-compliant deposits with licensed Islamic financial institutions and Hibah earned		650,067	268,222
Net gain on financial assets at fair value through profit or loss	7	9,598,929	1,058,544
		19,959,672	6,126,666
<b>EXPENSES</b>			
Management fee	4	2,252,528	1,020,138
Trustee's fee	5	142,265	64,430
Audit fee		8,000	8,000
Tax agent's fee		2,500	2,500
Other expenses		13,151	5,522
		2,418,444	1,100,590
<b>PROFIT BEFORE TAXATION</b>		17,541,228	5,026,076
Taxation	6	-	-
<b>PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD</b>		17,541,228	5,026,076
Profit after taxation is made up as follows:			
Realised amount		10,084,525	4,312,216
Unrealised amount		7,456,703	713,860
		17,541,228	5,026,076

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

**PRINCIPAL ISLAMIC LIFETIME SUKUK FUND**  
*(formerly known as CIMB Islamic Sukuk Fund)*

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

	29.02.2020	31.08.2019
	RM	Audited RM
Note		
<b>ASSETS</b>		
Cash and cash equivalents (Shariah-compliant)	8 63,841,021	61,632,899
Financial assets at fair value through profit or loss (Shariah-compliant)	7 491,521,446	345,377,931
Amount due from Manager	15,822,382	12,874,966
<b>TOTAL ASSETS</b>	<u>571,184,849</u>	<u>419,885,796</u>
<b>LIABILITIES</b>		
Amount due to Manager	3,768,932	4,449,483
Accrued management fee	403,379	312,898
Amount due to Trustee	25,477	19,762
Other payables and accruals	15,500	14,840
<b>TOTAL LIABILITIES</b>	<u>4,213,288</u>	<u>4,796,983</u>
<b>NET ASSET VALUE OF THE FUND</b>	<u>566,971,561</u>	<u>415,088,813</u>
<b>EQUITY</b>		
Unit holders' capital	522,065,202	387,723,682
Retained earnings	44,906,359	27,365,131
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>	<u>566,971,561</u>	<u>415,088,813</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>	9 <u>414,992,564</u>	<u>314,745,983</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>	<u>1.3662</u>	<u>1.3188</u>

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

**PRINCIPAL ISLAMIC LIFETIME SUKUK FUND**  
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**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 29 FEBRUARY 2020**

	Unit holders' capital RM	Retained earnings RM	Total RM
<b>Balance as at 1 September 2019</b>	387,723,682	27,365,131	415,088,813
Movement in unit holders' contributions:			
- Creation of units from applications	270,711,162	-	270,711,162
- Cancellation of units	(136,369,642)	-	(136,369,642)
Total comprehensive income for the financial period	-	17,541,228	17,541,228
<b>Balance as at 29 February 2020</b>	<u>522,065,202</u>	<u>44,906,359</u>	<u>566,971,561</u>
<b>Balance as at 1 September 2018</b>	176,058,080	15,770,744	191,828,824
Movement in unit holders' contributions:			
- Creation of units from applications	72,810,737	-	72,810,737
- Cancellation of units	(31,859,281)	-	(31,859,281)
Total comprehensive income for the financial period	-	5,026,076	5,026,076
<b>Balance as at 28 February 2019</b>	<u>217,009,536</u>	<u>20,796,820</u>	<u>237,806,356</u>

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



**PRINCIPAL ISLAMIC LIFETIME SUKUK FUND**  
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**UNAUDITED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 29 FEBRUARY 2020**

	<b>01.09.2019 to 29.02.2020</b>	<b>01.09.2018 to 28.02.2019</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from disposal of unquoted Sukuk	79,292,753	51,263,342
Purchase of unquoted Sukuk	(215,022,422)	(111,159,855)
Proceeds received from redemption of unquoted Sukuk	-	5,000,000
Profit income received from Shariah-compliant deposits with licensed Islamic financial institutions and Hibah received	650,067	268,222
Profit income received from unquoted Sukuk	8,895,759	4,404,999
Management fee paid	(2,162,047)	(999,231)
Trustee's fee paid	(136,550)	(63,109)
Payments for other fees and expenses	(22,991)	(13,092)
<b>Net cash used in operating activities</b>	<b>(128,505,431)</b>	<b>(51,298,724)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash proceeds from units created	267,763,746	72,098,208
Payments for cancellation of units	(137,050,193)	(29,788,434)
<b>Net cash generated from financing activities</b>	<b>130,713,553</b>	<b>42,309,774</b>
Net increase/(decrease) in cash and cash equivalents	2,208,122	(8,988,950)
Cash and cash equivalents at the beginning of the financial period	61,632,899	20,190,807
Cash and cash equivalents at the end of the financial period	<b>63,841,021</b>	<b>11,201,857</b>
<u>Cash and cash equivalents comprised of:</u>		
Bank balances	627,089	582,439
Shariah-compliant deposits with islamic licensed financial institutions	63,213,932	10,619,418
Cash and cash equivalents at the end of the financial period	<b>63,841,021</b>	<b>11,201,857</b>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 29 FEBRUARY 2020**

**1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES**

Principal Islamic Lifetime Sukuk Fund (*formerly known as CIMB Islamic Sukuk Fund*) (the “Fund”) is governed by a Principal Master Deed dated 15 May 2008, a Third Supplemental Master Deed dated 25 June 2008, a Fourth Supplemental Master Deed dated 25 June 2008, a Fifth Supplemental Master Deed dated 25 June 2008, a Sixth Supplemental Master Deed dated 14 July 2008, a Seventh Supplemental Master Deed dated 19 November 2008, a Twelfth Supplemental Master Deed dated 14 June 2010, a Fourteenth Supplemental Master Deed dated 26 June 2012 and a Seventeenth Supplemental Master Deed dated 25 March 2015 (collectively referred to as the “Deeds”), made between Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the “Manager”) and AmanahRaya Trustees Berhad (the “Trustee”).

The principal activity of the Fund is to invest in a diversified portfolio of Islamic fixed income securities consisting principally of Sukuk, which aim to provide a steady stream of income from the profit of Sukuk. A minimum of 70% and up to a maximum of 98% of the Fund’s NAV may be invested in Sukuk carrying at least a “BBB3” or “P2” rating by RAM or equivalent rating by MARC or by local rating agency(ies) of the country of issuance; or “BBB-” by S&P or equivalent rating by any other international rating agencies. The Fund may invest up to 40% of its NAV in Unrated Sukuk and up to 28% of its NAV in other permissible Shariah-compliant investments. The Fund may also opt to seek investment exposure via Islamic collective investment scheme that is in line with the Fund’s objective, subject to the requirement of the SC Guidelines. The rest of the Fund is maintained in the form of Islamic liquid assets to meet any withdrawal payments to Unit holders.

The asset allocation strategy for this Fund is as follows:

- between 70% to 98% (both inclusive) NAV in Sukuk;
- other permissible Shariah-compliant investments;
- up to 40 Unrated Sukuk; and
- at least 2% of 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 Fund has changed its name from CIMB Islamic Sukuk Fund to Principal Islamic Lifetime Sukuk Fund following the issuance of the Master Prospectus (Islamic Funds) dated 31 December 2019.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Basis of preparation**

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

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

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **(a) Basis of preparation (continued)**

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

It also requires the 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(i).

#### Standard that is effective and relevant:

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

#### Financial year beginning on/after 1 September 2019

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

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

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

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

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **(b) Financial assets and financial liabilities (continued)**

#### Classification (continued)

The Fund classifies amount due to Manager, accrued management fee, amount due to Trustee, and other payables and accruals as financial liabilities measured at amortised cost.

#### Recognition and measurement

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

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

Financial assets are derecognised when the rights to receive cash flows from the 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.

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 Unlisted Capital Market Products under the Lodge and Launch Framework. Refer to Note 2(j) for further explanation.

Shariah-compliant deposits with licensed Islamic financial institutions are stated at cost plus accrued profit calculated on the effective profit method over the year from the date of placement to the date of maturity of the respective 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 considers both historical analysis and forward looking information in determining any ECL. The Manager considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month ECL as any such impairment would be wholly insignificant to the Fund.

#### Significant increase in credit risk

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

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **(b) Financial assets and financial liabilities (continued)**

#### 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 period.

### **(c) Income recognition**

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.

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 Shariah-compliant investments, determined on cost adjusted for accretion of discount or amortisation of premium.

### **(d) Functional and presentation currencies**

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in 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 that are readily convertible to known amounts of cash and which are subject 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 upon the taxable profit earned during the financial period.

### **(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 period in which it is approved by the Trustee.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **(h) Unit holder's capital**

The unit holder's 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 holder with the total number of outstanding units.

### **(i) Critical accounting estimates and judgements in applying accounting policies**

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

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

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

Estimate of fair value of unquoted Sukuk

RM-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. RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Fund aims to gain higher than average income over the medium to long-term by investing in a diversified portfolio consisting principally of Sukuk, certificates of deposit, short-term money market instruments and other permissible investments under the Shariah principles.

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

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

#### **(a) Market risk**

##### **(i) Price risk**

This is the risk that the fair value of an investment in unquoted Sukuk will fluctuate because of changes in market prices (other than those arising from interest rate risk).

The Fund is exposed to price risk arising from profit rate fluctuation in relation to its investments in unquoted Sukuk. The Fund's exposure to price risk arising from profit rate fluctuation and the related sensitivity analysis are disclosed in "interest rate risk" below.

##### **(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.

Although unquoted Sukuk is a non-interest bearing instrument, investors should note that the movement in prices of unquoted Sukuk are correlated to the movement in interest rates. As such, the investments in unquoted Sukuk are exposed to the movement of the interest rates. Even though the Fund does not invest in interest bearing instruments, the interest rate referred herein is to the general interest rate of the country, which may affect the value of the investment of the Fund. However, 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 coupon rates are more susceptible to interest rate movements.

**3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

**(a) Market risk (continued)**

**(i) Interest rate risk (continued)**

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

**(b) Credit risk**

Credit risk refers to the risk that counterparty 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 investments must satisfy a minimum rating requirement of at least "BBB3" or "P2" rating by RAM or equivalent rating by MARC or by local rating agency(ies) of the country of issuance; "BBB-" by S&P or equivalent rating by Moody's or Fitch.

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

For amount due from 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



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

#### **(d) Capital risk management**

The capital of the Fund is represented by equity consisting of unit holders' capital and retained earnings. The amount of capital can change significantly on a daily basis as the Fund is subjected to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to unit holders 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 market 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.

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

**(e) Fair value estimation (continued)**

(i) Fair value hierarchy

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

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

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

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

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>29.02.2020</b>				
Financial assets at fair value through profit or loss:				
- Unquoted Sukuk	-	491,521,446	-	491,521,446
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>31.08.2019</b>				
<b>Audited</b>				
Financial assets at fair value through profit or loss:				
- Unquoted Sukuk	-	345,377,931	-	345,377,931
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

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

**(e) Fair value estimation (continued)**

(i) Fair value hierarchy (continued)

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 Manager 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 3.00% per annum, calculated daily based on the NAV of the Fund.

For the six months financial period ended 29 February 2020, the management fee is recognised at a rate of 0.95% per annum (28.02.2019: 0.95% per annum).

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

**5. TRUSTEE'S FEE**

In accordance with the Deeds, the Trustee is entitled to a maximum fee of up to 0.06% per annum, calculated daily based on the NAV of the Fund.

For the six months financial period ended 29 February 2020, the Trustee's fee is recognised at a rate of 0.06% per annum (28.02.2019: 0.06% per annum).

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

**PRINCIPAL ISLAMIC LIFETIME SUKUK FUND**  
*(formerly known as CIMB Islamic Sukuk Fund)*

**6. TAXATION**

	<b>01.09.2019 to 29.02.2020</b>	<b>01.09.2018 to 28.02.2019</b>
	<b>RM</b>	<b>RM</b>
Tax charged for the financial period:		
- 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:

	<b>01.09.2019 to 29.02.2020</b>	<b>01.09.2018 to 28.02.2019</b>
	<b>RM</b>	<b>RM</b>
Profit before taxation	<u>17,541,228</u>	<u>5,026,076</u>
Taxation at Malaysian statutory rate of 24% (28.02.2019: 24%)	4,209,895	1,206,258
Tax effects of:		
Investment income not subject to tax	(4,790,321)	(1,470,400)
Expenses not deductible for tax purposes	37,015	16,549
Restriction on tax deductible expenses for Unit Trust Funds	<u>543,411</u>	<u>247,593</u>
Taxation	<u>-</u>	<u>-</u>

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

	<b>29.02.2020</b>	<b>31.08.2019</b>
	<b>RM</b>	<b>Audited RM</b>
At fair value through profit or loss:		
- Unquoted Sukuk	<u>491,521,446</u>	<u>345,377,931</u>

	<b>01.09.2019 to 29.02.2020</b>	<b>01.09.2018 to 28.02.2019</b>
	<b>RM</b>	<b>RM</b>
Net gain on financial assets at fair value through profit or loss:		
- Realised gain on disposals	2,055,489	358,117
- Unrealised fair value gain	<u>7,543,440</u>	<u>700,427</u>
	<u>9,598,929</u>	<u>1,058,544</u>

**PRINCIPAL ISLAMIC LIFETIME SUKUK FUND**  
*(formerly known as CIMB Islamic Sukuk Fund)*

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>29.02.2020</b>				
<b>UNQUOTED SUKUK</b>				
Aeon Credit Service (M) Bhd 3.80% 10/02/2027 (AA3)	2,900,000	2,906,038	2,957,774	0.52
Aeon Credit Service M Bhd 3.85% 10/02/2028 (AA3)	2,150,000	2,154,536	2,197,450	0.39
Aman Sukuk Bhd 4.45% 21/10/2026 (AAA)	1,500,000	1,539,686	1,637,900	0.29
Aman Sukuk Bhd 5.13% 30/05/2029 (AAA)	5,000,000	5,213,950	5,806,705	1.02
AmBank Islamic Bhd 4.88% 18/10/2028 (AA3)	5,000,000	5,255,351	5,352,497	0.94
Azrb Capital Sdn Bhd 4.85% 26/12/2024 (AA3)	4,600,000	4,640,341	4,710,261	0.83
Bank Pembangunan Malaysia Bhd 4.98% 02/03/2032 (AAA)	5,000,000	5,466,765	5,847,012	1.03
Bumitama Agri Ltd 4.20% 22/07/2026 (AA3)	1,300,000	1,305,834	1,352,452	0.24
Celcom Networks Sdn Bhd 5.05% 29/08/2024 (AAA)	5,000,000	5,293,941	5,401,184	0.95
Celcom Networks Sdn Bhd 5.20% 27/08/2027 (AAA)	12,000,000	12,338,102	13,587,779	2.40
DanaJamin 4.80% 6/10/2027 (AAA)	4,000,000	4,099,450	4,210,920	0.74
Danum Capital Bhd 3.42% 21/02/2035 (AAA)	2,300,000	2,301,940	2,304,608	0.41
DRB-Hicom Bhd 4.15% 12/12/2022 (AA)	6,600,000	6,660,033	6,724,251	1.19
DRB-Hicom Bhd 4.55% 12/12/2024 (AAA)	11,450,000	11,564,186	11,826,964	2.09
DRB-Hicom Bhd 4.85% 11/12/2026 (AA)	26,550,000	26,931,686	27,802,633	4.90
DRB-Hicom Bhd 5.10% 12/12/2029 (AA)	11,250,000	11,483,281	11,820,241	2.08
Edra Energy Sdn Bhd 5.70% 05/07/2023 (AA3)	4,000,000	4,096,126	4,289,276	0.76
Edra Energy Sdn Bhd 5.88% 03/07/2026 (AA3)	3,500,000	3,720,634	3,947,896	0.70
Edra Energy Sdn Bhd 5.91% 05/01/2027 (AA3)	5,000,000	5,167,745	5,686,327	1.00
Edra Energy Sdn Bhd 6.35% 05/07/2033 (AA3)	10,000,000	11,073,781	12,415,385	2.19
Edra Energy Sdn Bhd 6.59% 04/07/2036 (AA3)	5,000,000	5,468,477	6,409,351	1.13
Edra Energy Sdn Bhd 6.71% 05/01/2038 (AA3)	5,000,000	5,895,940	6,473,555	1.14
Edra Solar Sdn Bhd 4.40% 09/10/2026 (AA2)	650,000	661,127	681,582	0.12
Edra Solar Sdn Bhd 4.85% 11/10/2034 (AA2)	850,000	866,038	922,708	0.16

**PRINCIPAL ISLAMIC LIFETIME SUKUK FUND**  
*(formerly known as CIMB Islamic Sukuk Fund)*

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>29.02.2020 (CONTINUED)</b>				
<b>UNQUOTED SUKUK (CONTINUED)</b>				
Fortune Premiere Sdn Bhd 5.05% 05/09/2025 (AA)	5,000,000	5,236,544	5,496,128	0.97
Fortune Premiere Sdn Bhd 5.05% 31/10/2025 (AA)	3,000,000	3,050,273	3,279,168	0.58
Gamuda Bhd 4.83% 23/11/2022 (AA3)	7,500,000	7,607,059	7,877,195	1.39
GII Murabahah 4.12% 30/11/2034 #	10,000,000	11,254,349	11,351,843	2.00
GII Murabahah 3.73% 31/03/2026 #	7,000,000	7,181,732	7,484,931	1.32
Gulf Investment Corporation 5.10% 16/03/2021 (AAA)	2,000,000	2,048,349	2,080,089	0.37
IJM Corporation Bhd 4.76% 10/04/2029 (AA3)	3,000,000	3,060,065	3,247,496	0.57
IJM Corporation Bhd 5.05% 18/08/2028 (AA3)	13,000,000	13,753,120	14,105,306	2.49
IJM Land Bhd 4.73% 17/03/2119 (A2)	5,850,000	5,980,758	6,073,207	1.07
IJM Land Bhd 5.65% 17/03/2119 (A2)	3,300,000	3,454,924	3,608,406	0.64
IJM Land Bhd 5.73% 17/03/2119 (A2)	5,000,000	5,179,920	5,522,479	0.97
Konsortium KAJV Sdn Bhd 5.15% 12/05/2021 (AA3)	1,000,000	1,022,864	1,023,831	0.18
Konsortium KAJV Sdn Bhd 5.25% 13/05/2022 (AA3)	2,500,000	2,572,739	2,574,955	0.45
Kuala Lumpur Kepong Bhd 3.75% 27/09/2029 (AA1)	2,700,000	2,743,274	2,834,372	0.50
Malayan Banking Bhd 4.08% 22/02/2117 (AA3)	7,000,000	7,123,630	7,294,430	1.29
Malayan Banking Bhd 4.63% 31/01/2029 (AA1)	850,000	855,516	896,262	0.16
MBSB Bank Bhd 5.05% 20/12/2029 (A3)	1,220,000	1,232,153	1,245,366	0.22
MBSB Bank Bhd 5.25% 19/12/2031 (A3)	860,000	868,906	883,741	0.16
MMC Corporation Bhd 5.29% 26/04/2023 (AA3)	3,000,000	3,065,999	3,156,245	0.56
MMC Corporation Bhd 5.95% 12/11/2027 (AA3)	5,000,000	5,212,756	5,574,858	0.98
MMC Corporation Bhd 5.70% 24/3/2028 (AA3)	2,500,000	2,585,435	2,765,520	0.49
Northport 5.78% 19/12/2024	5,000,000	5,416,167	5,444,550	0.96
Northport 5.00% 02/12/2022	11,000,000	11,285,482	11,462,020	2.02
Penang Port Sdn Bhd 4.30% 24/12/2026 (AA3)	1,650,000	1,662,635	1,726,523	0.30

**PRINCIPAL ISLAMIC LIFETIME SUKUK FUND**  
(formerly known as CIMB Islamic Sukuk Fund)

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>29.02.2020 (CONTINUED)</b>				
<b>UNQUOTED SUKUK (CONTINUED)</b>				
Penang Port Sdn Bhd 4.48% 27/12/2029 (AA3)	8,500,000	8,720,304	9,044,579	1.60
Penang Port Sdn Bhd 4.68% 26/12/2031 (AA3)	4,150,000	4,309,964	4,476,747	0.79
Perbadanan Kemajuan Negeri Selangor 5.013% 31/10/2023 (AA3)	7,500,000	7,730,969	8,007,539	1.41
Perbadanan Kemajuan Negeri Selangor 5.15% 10/08/2023 (AA3)	10,000,000	10,063,088	10,558,797	1.86
Prasarana 3.44% 24/02/2040 # Press Metal Aluminium Holding Bhd 4.10% 17/10/2024 (AA3)	2,750,000	2,751,296	2,755,641	0.49
Quantum Solar Park Green 5.40% 06/10/2025 (AA)	9,400,000	9,543,601	9,678,961	1.71
Quantum Solar Park Green 5.40% 06/10/2025 (AA)	5,000,000	5,229,408	5,328,900	0.94
Quantum Solar Park Green 5.68% 06/04/2029 (AA)	5,000,000	5,169,923	5,409,600	0.95
Quantum Solar Park Green 5.80% 04/10/30 (AA)	5,000,000	5,215,502	5,430,950	0.96
Quantum Solar Park Green 5.84% 04/04/2031 (AA)	5,000,000	5,215,331	5,432,200	0.96
Quantum Solar Park Green 5.88% 06/10/2031 (AA)	7,500,000	7,589,805	8,156,250	1.44
RHB Islamic Bank Bhd 4.32% 21/05/2029 (AA3)	1,500,000	1,517,931	1,564,011	0.28
RHB Islamic Bank Bhd 4.88% 27/4/2027 (AA3)	5,000,000	5,094,482	5,239,843	0.92
Sabah Credit Corporation 4.84% 23/06/2023 (AA1)	3,000,000	3,085,453	3,162,713	0.56
Sarawak Energy Bhd 4.70% 24/11/2028 (AAA)	500,000	506,316	564,576	0.10
Sarawak Energy Bhd 4.95% 25/11/2033 (AAA)	2,500,000	2,532,548	2,964,373	0.52
Southern Power Generation 5.04% 28/04/2028 (AA3)	2,000,000	2,039,018	2,242,852	0.40
Southern Power Generation 5.25% 30/04/2031 (AA3)	5,000,000	5,346,389	5,797,690	1.02
Tadau Energy Sdn Bhd 5.40% 28/07/2025 (AA3)	2,500,000	2,525,591	2,682,780	0.47
Tadau Energy Sdn Bhd 5.60% 27/07/2027 (AA3)	6,000,000	6,265,766	6,590,238	1.16
Telekom Malaysia Bhd 31/10/2028 (AAA)	5,000,000	5,292,041	5,650,964	1.00
Telekom Malaysia Bhd 4.55% 07/10/2024 (AAA)	5,000,000	5,211,993	5,404,800	0.95
Tenaga Nasional Bhd 4.98% 27/08/2038 (AAA)	5,000,000	5,121,133	6,010,864	1.06

**PRINCIPAL ISLAMIC LIFETIME SUKUK FUND**  
(formerly known as CIMB Islamic Sukuk Fund)

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>29.02.2020 (CONTINUED)</b>				
<b>UNQUOTED SUKUK (CONTINUED)</b>				
TG Excellence Bhd 3.95% 27/02/2120 (AA3)	9,700,000	9,703,149	9,726,235	1.72
UEM Edgenta Bhd 4.85% 26/4/2022 (AA3)	7,000,000	7,148,617	7,321,487	1.29
UEM Sunrise Bhd 5.06% 09/12/2022 (AA3)	5,000,000	5,063,376	5,284,845	0.93
UEM Sunrise Bhd 4.75% 22/03/2024 (AA3)	4,500,000	4,598,426	4,817,979	0.85
UEM Sunrise Bhd 4.98% 31/10/2023 (AA3)	3,000,000	3,123,253	3,211,726	0.57
UEM Sunrise Bhd 5.15% 31/10/2025 (AA3)	5,000,000	5,215,977	5,511,669	0.97
UMW Holding Bhd 4.83% 22/6/2022 (AA2)	1,000,000	1,009,704	1,044,521	0.18
UMW Holding Bhd 5.12% 04/10/2023 (AA2)	2,500,000	2,557,836	2,701,852	0.48
UMW Holding Bhd 6.35% 20/04/2118 (A1)	7,000,000	7,447,626	8,209,658	1.45
WCT Holding Bhd 4.95% 22/10/2021 (AA3)	5,000,000	5,073,263	5,172,451	0.91
WCT Holding Bhd 5.17% 23/10/2023 (AA3)	5,000,000	5,010,645	5,272,069	0.93
WCT Holding Bhd 5.32% 11/5/2022 (AA3)	5,000,000	5,183,193	5,223,992	0.92
WCT Holding Bhd 5.55% 21/2/2025 (AA3)	500,000	501,527	531,035	0.09
WCT Holding Bhd 5.65% 20/4/2026 (AA3)	1,000,000	1,022,932	1,093,872	0.19
West Coast Expressway Sdn Bhd 5.29% 28/08/2035 (AAA)	1,000,000	1,004,601	1,196,330	0.21
YTL Power International Bhd 5.05% 03/05/2027 (AA1)	28,500,000	29,766,472	31,670,225	5.59
<b>TOTAL UNQUOTED SUKUK</b>	<b><u>453,030,000</u></b>	<b><u>469,068,086</u></b>	<b><u>491,521,446</u></b>	<b><u>86.69</u></b>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>22,453,360</u></b>		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>491,521,446</u></b>		



**PRINCIPAL ISLAMIC LIFETIME SUKUK FUND**  
*(formerly known as CIMB Islamic Sukuk Fund)*

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>31.08.2019</b>				
<b>Audited</b>				
<b>UNQUOTED SUKUK</b>				
Affin Islamic Bank Bhd 5.05% 23/10/2028 (A1)	11,000,000	11,254,291	11,640,147	2.81
Aman Sukuk Bhd 4.45% 21/10/2026 (AAA)	1,500,000	1,540,692	1,613,810	0.39
Aman Sukuk Bhd 5.13% 30/05/2029 (AAA)	5,000,000	5,220,298	5,678,255	1.37
Bank Pembangunan Malaysia Bhd 4.98% 02/03/2032 (AAA)	5,000,000	5,477,016	5,721,689	1.38
Bumitama Agri Ltd 4.10% 22/07/2024 (AA3)	3,350,000	3,365,428	3,423,618	0.83
Bumitama Agri Ltd 4.20% 22/07/2026 (AA3)	1,300,000	1,306,133	1,341,363	0.32
Celcom Networks Sdn Bhd 5.20% 27/08/2027 (AA1)	12,000,000	12,358,154	13,176,569	3.17
DanaJamin National Bhd 4.80% 06/10/2027 (AA1)	3,000,000	3,057,084	3,141,090	0.76
DRB-Hicom Bhd 5.35% 08/07/2020 (A1)	3,250,000	3,277,925	3,316,533	0.80
DRB-Hicom Bhd 6.10% 14/02/2022 (A1)	10,000,000	10,355,345	10,414,882	2.51
Edra Energy Sdn Bhd 5.70% 05/07/2023 (AA3)	4,000,000	4,106,347	4,256,350	1.03
Edra Energy Sdn Bhd 5.88% 03/07/2026 (AA3)	3,500,000	3,734,912	3,875,633	0.93
Edra Energy Sdn Bhd 5.91% 05/01/2027 (AA3)	5,000,000	5,177,474	5,573,956	1.34
Edra Energy Sdn Bhd 6.35% 05/07/2033 (AA3)	10,000,000	11,103,885	12,077,304	2.91
Edra Energy Sdn Bhd 6.59% 04/07/2036 (AA3)	5,000,000	5,478,764	6,203,659	1.50
Edra Energy Sdn Bhd 6.71% 05/01/2038 (AA3)	5,000,000	5,912,835	6,269,012	1.51
Exsim Capital Resources Bhd 5.00% 28/01/2022 (AA3)	5,000,000	5,031,199	5,088,168	1.23
Fortune Premiere Sdn Bhd 4.80% 13/03/2023 (AA2)	3,000,000	3,068,252	3,173,582	0.77
Fortune Premiere Sdn Bhd 5.05% 05/09/2025 (AA2)	5,000,000	5,249,218	5,444,937	1.31
Fortune Premiere Sdn Bhd 5.05% 31/10/2025 (AA2)	3,000,000	3,052,034	3,239,248	0.78
Gamuda Bhd 4.83% 23/11/2022 (AA3)	7,500,000	7,612,917	7,827,535	1.89
GII Murabahah 3.73% 31/03/2026 #	3,000,000	3,051,757	3,121,147	0.75
Gulf Investment Corporation 5.10% 16/03/2021 (AAA)	2,000,000	2,049,554	2,076,449	0.50

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>31.08.2019 (CONTINUED)</b>				
<b>Audited (Continued)</b>				
<b>UNQUOTED SUKUK</b>				
<b>(CONTINUED)</b>				
IJM Corporation Bhd 4.76% 10/04/2029 (AA3)	3,000,000	3,060,652	3,197,968	0.77
IJM Corporation Bhd 5.05% 18/08/2028 (AA3)	8,000,000	8,505,223	8,566,882	2.06
IJM Land Bhd 5.65% 17/03/2119 (A2)	3,300,000	3,460,589	3,577,945	0.86
IJM Land Bhd 5.73% 17/03/2119 (A2)	5,000,000	5,183,653	5,450,399	1.31
Konsortium KAJV Sdn Bhd 5.15% 12/05/2021 (AA3)	1,000,000	1,011,711	1,012,360	0.24
Konsortium KAJV Sdn Bhd 5.25% 13/05/2022 (AA3)	2,500,000	2,543,855	2,545,986	0.61
Malayan Banking Bhd 4.63% 31/01/2029 (AA1)	850,000	855,994	883,965	0.21
MMC Corporation Bhd 5.29% 26/04/2023 (AA3)	3,000,000	3,069,496	3,131,374	0.75
MMC Corporation Bhd 5.70% 24/03/2028 (AA3)	2,500,000	2,587,392	2,705,925	0.65
MMC Corporation Bhd 5.95% 12/11/2027 (AA3)	5,000,000	5,219,915	5,454,973	1.31
Northport (Malaysia) Bhd 5.00% 02/12/2022 (AA3)	3,500,000	3,543,142	3,626,345	0.87
Perbadanan Kemajuan Negeri Selangor 5.01% 31/10/2023 (AA3)	5,000,000	5,086,666	5,306,058	1.28
Perbadanan Kemajuan Negeri Selangor 5.15% 10/08/2023 (AA3)	10,000,000	10,066,453	10,501,730	2.53
Quantum Solar Park (Semenanjung) Sdn Bhd 5.40% 06/10/2025 (A1)	5,000,000	5,238,727	5,242,250	1.26
Quantum Solar Park (Semenanjung) Sdn Bhd 5.68% 06/04/2029 (A1)	5,000,000	5,172,294	5,232,450	1.26
Quantum Solar Park (Semenanjung) Sdn Bhd 5.80% 04/10/2030 (A1)	5,000,000	5,218,926	5,221,500	1.26
Quantum Solar Park (Semenanjung) Sdn Bhd 5.88% 06/10/2031 (A1)	7,500,000	7,587,283	7,822,950	1.89
RHB Islamic Bank Bhd 4.32% 21/05/2029 (AA3)	1,500,000	1,518,286	1,540,771	0.37
RHB Islamic Bank Bhd 4.88% 27/04/2027 (AA3)	5,000,000	5,097,707	5,208,712	1.26
Sabah Credit Corporation 4.84% 23/06/2023 (AA1)	3,000,000	3,093,991	3,125,490	0.75

**PRINCIPAL ISLAMIC LIFETIME SUKUK FUND**  
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**7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (SHARIAH-COMPLIANT)  
(CONTINUED)**

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>31.08.2019 (CONTINUED)</b>				
<b>Audited (Continued)</b>				
<b>UNQUOTED SUKUK</b>				
<b>(CONTINUED)</b>				
Sarawak Energy Bhd 4.70% 24/11/2028 (AA1)	4,000,000	4,051,092	4,395,002	1.06
Sarawak Energy Bhd 4.95% 25/11/2033 (AA1)	2,500,000	2,532,887	2,837,912	0.68
Sarawak Hidro Sdn Bhd 4.61% 09/08/2030 (AAA)	5,000,000	5,107,041	5,431,499	1.31
Southern Power Generation Sdn Bhd 5.04% 28/04/2028 (AA3)	2,000,000	2,039,836	2,206,444	0.53
Southern Power Generation Sdn Bhd 5.25% 30/04/2031 (AA3)	5,000,000	5,355,151	5,701,328	1.37
Tadau Energy Sdn Bhd 5.40% 28/07/2025 (AA3)	2,500,000	2,527,020	2,652,125	0.64
Tadau Energy Sdn Bhd 5.60% 27/07/2027 (AA3)	5,000,000	5,203,399	5,399,282	1.30
Telekom Malaysia Bhd 4.55% 07/10/2024 (AAA)	5,000,000	5,223,849	5,345,700	1.29
Telekom Malaysia Bhd 4.68% 31/10/2028 (AAA)	5,000,000	5,303,489	5,499,696	1.32
Tenaga Nasional Bhd 4.98% 27/08/2038 (AAA)	5,000,000	5,123,868	5,743,297	1.38
UEM Edgenta Bhd 4.85% 26/04/2022 (AA3)	6,000,000	6,116,896	6,251,389	1.51
UEM Sunrise Bhd 4.75% 22/03/2024 (AA3)	4,500,000	4,600,716	4,781,170	1.15
UEM Sunrise Bhd 4.98% 31/10/2023 (AA3)	3,000,000	3,132,446	3,193,705	0.77
UEM Sunrise Bhd 5.06% 09/12/2022 (AA3)	5,000,000	5,065,324	5,269,488	1.27
UEM Sunrise Bhd 5.15% 31/10/2025 (AA3)	3,000,000	3,060,083	3,264,408	0.79
UMW Holdings Bhd 5.12% 04/10/2023 (AA2)	2,500,000	2,558,902	2,694,478	0.65
UMW Holdings Bhd 4.83% 22/06/2022 (AA2)	1,000,000	1,009,833	1,043,021	0.25
UMW Holdings Bhd 6.35% 20/04/2118 (A1)	10,500,000	11,066,206	12,174,144	2.93
WCT Holdings Bhd 4.95% 22/10/2021 (AA3)	5,000,000	5,069,760	5,148,629	1.24
WCT Holdings Bhd 5.17% 23/10/2023 (AA3)	5,000,000	5,001,549	5,216,877	1.26
WCT Holdings Bhd 5.55% 21/02/2025 (AA3)	500,000	501,842	523,569	0.13
WCT Holdings Bhd 5.65% 20/04/2026 (AA3)	1,000,000	1,023,107	1,074,633	0.26

**PRINCIPAL ISLAMIC LIFETIME SUKUK FUND**  
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**7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (SHARIAH-COMPLIANT)  
(CONTINUED)**

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>31.08.2019 (CONTINUED)</b>				
<b>Audited (Continued)</b>				
<b>UNQUOTED SUKUK (CONTINUED)</b>				
West Coast Expressway Sdn Bhd 5.29% 28/08/2035 (AAA)	1,000,000	1,004,974	1,152,220	0.28
YTL Power International Bhd 5.05% 03/05/2027 (AA1)	<u>28,500,000</u>	<u>29,825,272</u>	<u>31,326,946</u>	<u>7.55</u>
<b>TOTAL UNQUOTED SUKUK</b>	<b><u>318,550,000</u></b>	<b><u>330,468,011</u></b>	<b><u>345,377,931</u></b>	<b><u>83.21</u></b>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>14,909,920</u></b>		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>345,377,931</u></b>		

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

**PRINCIPAL ISLAMIC LIFETIME SUKUK FUND**  
*(formerly known as CIMB Islamic Sukuk Fund)*

**8. CASH AND CASH EQUIVALENTS**

	<b>29.02.2020</b>	<b>31.08.2019</b>
	<b>RM</b>	<b>Audited RM</b>
Shariah-compliant deposits with licensed Islamic financial institutions	63,213,932	61,612,038
Bank balances	<u>627,089</u>	<u>20,861</u>
	<u><u>63,841,021</u></u>	<u><u>61,632,899</u></u>

**9. NUMBER OF UNITS IN CIRCULATION (UNITS)**

	<b>01.09.2019 to 29.02.2020</b>	<b>01.09.2018 to 31.08.2019</b>
	<b>No. of units</b>	<b>Audited No. of units</b>
At the beginning of the financial period/year	314,745,983	150,155,140
Add : Creation of units from applications	202,865,903	240,183,450
Add : Creation of units from distribution	-	10,611,564
Less : Cancellation of units	<u>(102,619,322)</u>	<u>(86,204,171)</u>
At the end of the financial period/year	<u><u>414,992,564</u></u>	<u><u>314,745,983</u></u>

**10. MANAGEMENT EXPENSE RATIO (“MER”)**

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

MER is derived based on the following calculation:

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

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

The average NAV of the Fund for the financial period calculated on a daily basis is RM476,657,319 (28.02.2019: RM216,734,859).

**11. PORTFOLIO TURNOVER RATIO (“PTR”)**

	<b>01.09.2019 to 29.02.2020</b>	<b>01.09.2018 to 28.02.2019</b>
PTR (times)	0.31	0.38

PTR is derived from the following calculation:

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

where:

total acquisition for the financial period	= RM213,884,270 (28.02.2019: RM113,133,040)
total disposal for the financial period	= RM78,263,885 (28.02.2019: RM50,384,970)

**12. 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 Berhad, 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 Islamic Bank Bhd	Fellow related party to Manager
CIMB Bank Bhd	Fellow related party to Manager

**12. 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

	<b>28.02.2020</b>		<b>31.08.2019</b>	
	<b>No. of units</b>	<b>RM</b>	<b>No. of units</b>	<b>Audited RM</b>
<b>Manager</b>				
Principal Asset Management Berhad	298,737	408,134	291,452	384,367

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 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.

	<b>01.09.2019 to 29.02.2020</b>	<b>01.09.2018 to 28.02.2019</b>
	<b>RM</b>	<b>RM</b>
<u>Significant related party transactions</u>		
Profit income from Shariah-compliant deposits with licensed Islamic financial institution:		
- CIMB Islamic Bank Bhd	149,083	53,976
Cash placements with licensed Islamic financial institution:		
- CIMB Islamic Bank Bhd	335,576,000	117,220,000
	<b>29.02.2020</b>	<b>31.08.2019</b>
	<b>RM</b>	<b>Audited RM</b>
<u>Significant related party balances</u>		
Shariah-compliant deposits with licensed Islamic financial institution:		
- CIMB Islamic Bank Bhd	30,649,108	8,038,247
Bank balances:		
- CIMB Islamic Bank Bhd	627,089	20,861

### 13. TRANSACTIONS WITH DEALERS

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

Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Malayan Banking Bhd	70,550,000	24.15	-	-
Hong Leong Bank Bhd	53,473,655	18.30	-	-
RHB Investment Bank Bhd	32,365,745	11.08	-	-
CIMB Bank Bhd #	27,978,700	9.58	-	-
Hong Leong Investment Bank Bhd	14,750,000	5.05	-	-
RHB Bank Berhad	11,846,850	4.06	-	-
Bank Islam Malaysia Bhd	11,154,000	3.82	-	-
United Overseas Bank (M) Bhd	10,248,000	3.51	-	-
Alliance Bank Malaysia Bhd	8,947,850	3.06	-	-
AmBank Berhad	7,096,500	2.43	-	-
Others	43,736,855	14.96	-	-
	<u>292,148,155</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

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

Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
RHB Investment Bank Bhd	34,887,890	21.34	-	-
RHB Bank Bhd	20,364,320	12.45	-	-
CIMB Bank Bhd #	18,164,200	11.11	-	-
Standard Chartered Bank Malaysia Bhd	18,095,300	11.07	-	-
Affin Hwang Investment Bank Bhd	13,221,400	8.09	-	-
Hong Leong Bank Bhd	13,060,300	7.99	-	-
United Overseas Bank (Malaysia) Bhd	9,024,850	5.52	-	-
Hong Leong Investment Bank Bhd	8,513,100	5.21	-	-
Malayan Banking Bhd	5,595,500	3.42	-	-
KAF Investment Bank Bhd	5,050,500	3.09	-	-
Others	17,540,650	10.71	-	-
	<u>163,518,010</u>	<u>100.00</u>	<u>-</u>	<u>-</u>



**13. TRANSACTIONS WITH DEALERS (CONTINUED)**

- # Included in the transactions are trades conducted with CIMB Bank Bhd, fellow subsidiary of the Manager amounting to RM27,978,700 (28.02.2019: RM18,164,200). 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.

**DIRECTORY**

**Head office of the Manager**

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**(formerly known as CIMB Islamic Sukuk Fund)**

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