

Principal KLCI-Linked Fund

(formerly known as CIMB-Principal
KLCI-Linked Fund)

Annual Report

For the Financial Year Ended 30 September 2020

PRINCIPAL KLCI-LINKED FUND
(formerly known as CIMB-Principal KLCI-Linked Fund)

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

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INVESTORS' LETTER

Dear Valued Investor,

Volatility has always been part of investing. Markets aren't more volatile than they've been in recent years. I would say the difference now is how quickly risks - may it be an announcement from the Government, a possible pandemic, or simply a tweet - can appear to affect the equity market. The roadmap to recovery will continue to be driven by supportive stimulus post US election, successful vaccine trials and the broadening recovery in China and other parts of Asia. Thus, focusing on your long-term investment plan can be one way to counteract the stresses of volatility. Eventually, markets will learn to separate noise from true information and adapt to the speed of information. It just takes time.

Our commitment to you remains steadfast. We are not advocating short-term, reactive investment decisions. A practical investment approach is generally based on a long-term view and your time horizon. Here are a few things to keep in mind:

1. Stay the course.

Remember volatility, isn't just markets dropping. It's movement. Markets can move up or down and this can create opportunities for long-term growth.

2. Review your goals, risk tolerance, and time horizon.

It's important to make sure your portfolio diversification continues to be in line with your long-term goals and matches your risk tolerance preferences.

3. Keep investing.

There is always a good time to invest. Invest whenever you can.

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. For our:

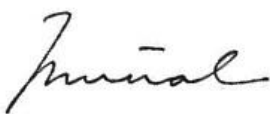
- **Conservative investors, we recommend:** Malaysia focus bond funds and regional balanced funds that are income focused.
- **More aggressive investors, we recommend:** Growth-oriented funds that offer exposure to growth areas in China, Asia-Pacific, ASEAN, Global Technology and Malaysian aggressive funds.

Please continue to check out our website (<http://www.principal.com.my>) and Facebook account (@PrincipalAssetMY) for our latest insights and investment articles.

Please be informed that effective 17 April 2020, the Fund has been renamed as Principal KLCI Linked Fund following the issuance of the Replacement Master Prospectus.

We appreciate your continuous support and the trust you place in us. And, we're happy to share that we recently won four awards at the iFAST Awards Night 2020 and another eight awards from the Private Pension Administration ("PPA").

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



Munirah Khairuddin
Chief Executive Officer

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

The Fund aims to achieve medium to long-term capital appreciation by seeking to match the performance of the Financial Times Stock Exchange ("FTSE") Bursa Malaysia ("FBM") Kuala Lumpur Composite Index ("FBMKLCI").

Has the Fund achieved its objective?

For the financial year under review, the Fund has performed in line with its stated objectives.

What are the Fund investment policy and principal investment strategy?

The Fund is an index fund which aims to track the movement of the FBMKLCI. The Fund's indexing strategy is to hold a representative sample of the securities that make up its underlying index. Thus, the Fund normally invests at least 90% of its Net Asset Value ("NAV") in the index stocks representing the top 95%-98% of the index weights. As such, the Fund may invest up to 30 index stocks, being the representative index stocks of the FBMKLCI. The Fund may also utilise index futures to ensure it is fully invested at all times and to reduce transaction costs.

The asset allocation strategy for this Fund is as follows:

- up to 99.5% of the Fund will be invested in securities and other permissible investments; and
- at least 0.5% in liquid assets.

Fund category/type

Equity/Index-tracking

When was the Fund launched?

8 June 2000

What was the size of the Fund as at 30 September 2020?

RM16.88 million (13.62 million units)

What is the Fund's benchmark?

FBMKLCI

Note: The Fund's benchmark is for performance comparison purpose only.

What is the Fund distribution policy?

No distribution is expected to be paid, however, distribution, if any, will be incidental and will vary from period to period depending on interest rates, market conditions and the performance of the Fund.

PRINCIPAL KLCI-LINKED FUND
(formerly known as *CIMB-Principal KLCI-Linked Fund*)

PERFORMANCE DATA

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

	30.09.2020	30.09.2019	30.09.2018
	%	%	%
Quoted securities			
- Consumer Products & Services	10.90	12.22	13.62
- Energy	3.75	3.27	3.06
- Financial Services	28.10	32.72	31.76
- Health Care	16.64	6.61	4.59
- Industrial Products & Services	6.51	7.53	8.02
- Plantation	9.19	8.64	8.49
- Real Estate Investment Trust ("REITs")	0.77	-	0.80
- Telecommunications & Media	10.90	10.81	11.54
- Transportation & Logistics	2.40	4.04	3.39
- Utilities	10.80	12.28	12.44
KLCI Futures Contracts	-	-	0.37
Cash and other net assets	0.04	1.88	1.92
	<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:

	30.09.2020	30.09.2019	30.09.2018
NAV (RM Million)	16.88	18.00	20.95
Units in circulation (Million)	13.62	14.09	14.84
NAV per unit (RM)	1.2397	1.2778	1.4118
Highest NAV per unit (RM)	1.3224	1.4153	1.4740
Lowest NAV per unit (RM)	1.0027	1.2703	1.3035
Total return (%)	(2.91)	(9.54)	4.83
- Capital growth (%)	(2.91)	(9.54)	4.83
- Income distribution (%)	-	-	-
Management Expense Ratio ("MER") (%) ^	1.20	1.14	1.23
Portfolio Turnover Ratio ("PTR") (times) #	0.13	0.12	0.32

^ The Fund's MER increased from 1.14% to 1.20% due to decreased in average NAV during the financial year.

The Fund's PTR slightly increased from 0.12 times to 0.13 times as the trading activities remain low which reflect the index-tracking status of the Fund.

PRINCIPAL KLCI-LINKED FUND
(formerly known as *CIMB-Principal KLCI-Linked Fund*)

PERFORMANCE DATA (CONTINUED)

	30.09.2020	30.09.2019	30.09.2018	30.09.2017	30.09.2016
	%	%	%	%	%
Annual total return	(2.91)	(9.54)	4.83	8.00	4.20

(Launch date: 8 June 2000)

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.

Characteristics and general composition of the Index

Sector	Percentage of Index (Market Capitalisation)
	%
Consumer Products & Services	10.65
Energy	3.70
Financial Services	28.40
Health Care	17.29
Industrial Products & Services	6.43
Plantation	9.11
REIT	0.73
Telecommunications & Media	10.72
Transportation & Logistics	2.28
Utilities	10.69
TOTAL	100.00

MARKET REVIEW (1 OCTOBER 2019 TO 30 SEPTEMBER 2020)

For the financial year under review, the FBMKLCI Index fell by 5.0% from 1,584.14 points to 1504.82 points.

The FBMKLCI Index gained 0.9% in October 2019, in line with regional markets' performance as risk appetite returned on the back of easing US-China trade war concern, and the US Federal Government (the "Fed") further monetary easing. Gainers outweighed losers by 18 to 11. Among the FBMKLCI component stocks, all financial stocks posted gains except Arab-Malaysian Merchant Bank Berhad ("AMMB"). Top 3 contributors to the index gain were CIMB Bank Bhd (+7.4%), Tenaga Nasional Bhd (+1.6%) and MISC Bhd (+6.8%) while the top 3 losers were Kuala Lumpur Kepong Bhd (-6.2%), Malaysia Airports Holdings Bhd (-8.4%) and Maxis Bhd (-3.8%).

The FBMKLCI Index declined by 2.2% in November 2019, in line with regional markets. Third quarter of 2019 earnings season has been uninspiring as negative earnings surprises still trumped positive surprises. Despite rising Crude Palm Oil ("CPO") prices, plantation stocks' results have largely been disappointing due to lower Fresh Fruit Bunches ("FFB") production while several banks were also dragged by spike in credit cost and other one-off expenses. Within the mid and small cap space, aviation and construction stocks have also disappointed. FBMKLCI earnings rebound in 2020 is expected to be driven by banks (cost normalization) and plantation (higher CPO prices) sectors. Domestic discretionary spending (auto and property) will remain weak while we expect cyclical sectors (basic material, plantation and oil & gas) to be boosted by potential US-China trade deal.

The FBMKLCI ended the year as the worst performing Asian market with a loss of 6% in 2019. In December 2019, FBMKLCI gained 1.7% as the continued surge in crude palm oil CPO prices led to a 9.4% surge in the plantation index. Besides this, market sentiment was also buoyed by the phase 1 trade deal between US and China. Top three contributors towards the FBMKLCI's gains were Sime Plantation Bhd (+9.4%), Petronas Gas Bhd (+8.5%) and IOI Bhd (+6.0%). Externally, the rebound in Purchasing Managers' Index ("PMI") to 50 in December 2019 after hitting a low of 46.8 in December 2018 bodes well for exports outlook particularly in the Electronics and Electrical ("E&E") segment.

MARKET REVIEW (1 OCTOBER 2019 TO 30 SEPTEMBER 2020) (CONTINUED)

The FBMKLCI Index started the year positively before succumbing to sell-down as fears of Coronavirus 2019 (“COVID-19”) outbreak dampens investors sentiment. The benchmark index declined 3.6% in January 2020 with notable gainers were gloves and healthcare stocks such as Top Glove Corporation Bhd (+24.5%), Hartalega Holding Bhd (+8.0%), and IHH Healthcare Bhd (+4.2%) which are beneficiaries of the COVID-19 outbreak. Given the widespread travel curtailment imposed by various governments since the COVID-19 outbreak in Wuhan, global tourism will be hit in the near term. This dampens the prospect of Malaysia achieving its 30m tourist arrival target during Visit Malaysia Year 2020 as China accounts for RM2.94 billion or 12% of arrivals in 2018 (versus RM0.7 billion or 6% in 2002 prior to Severe Acute Respiratory Syndrome (“SARS”). In addition, Bank Negara Malaysia (“BNM”) has surprised the market in January 2020 by cutting the Overnight Policy Rate (“OPR”) by 25 basis points (“bps”) to 2.75% as the Central Bank took pre-emptive measure to support the economic growth trajectory amid benign inflationary pressure and still uncertain geopolitical tensions and policy uncertainties in a number of countries.

The FBMKLCI Index declined 3.2% in February 2020 amid concerns over uncertainty in domestic politics, COVID-19 outbreak and the poor set of lacklustre corporate results. Political uncertainty engulfed Malaysia again following the shocked resignation of Tun Dr Mahathir as prime minister after losing a majority support in the parliament. However, the uncertainty of not having a functioning federal Government was short-lived as the King has appointed Tan Sri Muhyiddin Yasin as the 8th Prime Minister after determining that the latter is likely to get a majority support in the parliament. In his last act as interim prime minister, Tun Dr Mahathir unveiled a RM20 billion stimulus package to mitigate the adverse economic impact from the COVID-19 outbreak. He further lowers Malaysia Gross Domestic Product (“GDP”) growth forecast in 2020 from 4.8% to 3.2-4.2% while raising the fiscal deficit target from 3.2% to 3.4%.

The FBMKLCI Index declined 8.9% in March 2020 as concerns over the COVID-19 outbreak intensified which was further exacerbated by the sharp 47% fall in Brent CPO following the breakdown in talks between Saudi Arabia and Russia to extend the Organization of the Petroleum Exporting Countries (“OPEC”) production cut agreement. The Malaysian Government has enforced an initial 2-week Movement Control Order (“MCO”) since 18 March 2020 which was extended until 14 April 2020 as the number of new COVID-19 infections spiked. To mitigate the economic impact of COVID-19 and MCO, a RM250 billion stimulus package was announced with the primary focus of (i) sustaining private consumption and confidence, (ii) preserving the viability and continuity of domestic business entities; and (iii) strengthening the domestic economy. While the stimulus package amounts to 17% of GDP, direct government spending is only RM25bn which is equivalent to 1.7% of GDP.

A liquidity driven relief rally lifted The FBMKLCI Index by 4.2% in April 2020. Small and mid-cap stocks, led mainly by technology stocks, staged a much stronger rebound as the FBM Small Cap Index surged 20.2% in April 2020. The sharp turnaround in investors’ sentiment was driven by coordinated fiscal and monetary responses globally following the COVID-19 outbreak which led to a sharp recession as economic activities came to a halt.

The FBMKLCI Index gained 4.65% in May 2020, outperforming the markets in the region (versus MISC Bhd +1.3%). The positive performance was driven entirely by glove stocks as Hartalega Holding Bhd and Top Glove Corporation Bhd gained 65% and 83% respectively during the month on the back of rising Average Selling Price (“ASP”) amid tight global supply of medical gloves. Excluding the glove stocks, the benchmark index would have been flat in May 2020. First quarter of 2020 GDP growth fell sharply to 0.7% (fourth quarter of 2019: 3.6%) as the impact of the global pandemic and the subsequent lockdown severely impacted macroeconomic conditions. Exports fell sharply by 7.1% due to global supply chain disruption following lockdowns. Gross fixed capital formation fell 4.6% as businesses and government curtailed investment spending given uncertain outlook.

MARKET REVIEW (1 OCTOBER 2019 TO 30 SEPTEMBER 2020) (CONTINUED)

The FBMKLCI Index gained 1.88% in June 2020 driven by further rally on glove and reopening themes. Compared to the previous month, the rally was broader base with 20 gainers versus 12 losers among FBMKLCI component stocks. Note that Telekom and KLCC Stapled Securities have replaced MAHB and AMBank Bhd in the benchmark index. Public Bank bhd (+12.6%), Top Glove Corporation Bhd (+21.8%) and Press Metal Aluminium Holding Bhd (+20.4%) were the top contributors to the rally. Big cap blue chips have outperformed the small cap index (-1.7%) in June 2020 as retail investors took profit ahead of the decision by regulators on whether to extend short selling restriction beyond 30 June 2020. To alleviate any sharp downfall, the Malaysian Government has maintained an accommodative policy stance to aid the domestic economy in its recovery from the COVID-19 pandemic. Over the course of June 2020, the government has announced further RM35 billion stimulus under National Economic Recovery Plan (“PENJANA”) which consists of RM10 billion in direct fiscal injections, RM8 billion in tax incentives and the rest via measures by public sector entities.

The FBMKLCI Index outperformed its regional peers again in July 2020 with a 6.85% gain. The broader market has performed even better as the FBM Small Cap Index and FBM Access, Certainty & Efficiency (“ACE”) Index gained a whopping 10.1% and 38.5% respectively. The healthcare sector was again the star of the month as the continued rise in global COVID-19 new cases underpinned the spike in demand for Personal Protective Equipment (“PPE”) including gloves. This led to a 68.0% gain in Bursa Malaysia Healthcare Index. Besides healthcare, technology (+24.4%) and plantation (+6.5%) are the two other notable sectors which also contributed to the broad rally.

The FBMKLCI Index underperformed its regional peers in August 2020 with a 4.9% loss. Rotational play into non gloves sectors, such as technology (+11.3%) energy (+6.5%) and property (+3.5%) led to some selling pressure on the Healthcare sector, thus driving the FBMKLCI lower. Continuous sell-down of blue-chip stocks, amid continued net outflow by foreign institutional investors, was the other driving force for lower the FBMKLCI. Banking stocks came under pressure, as Second quarter of 2020 financial numbers came in weaker than expected added by the surprise zero dividend been announced by majority of the Banks

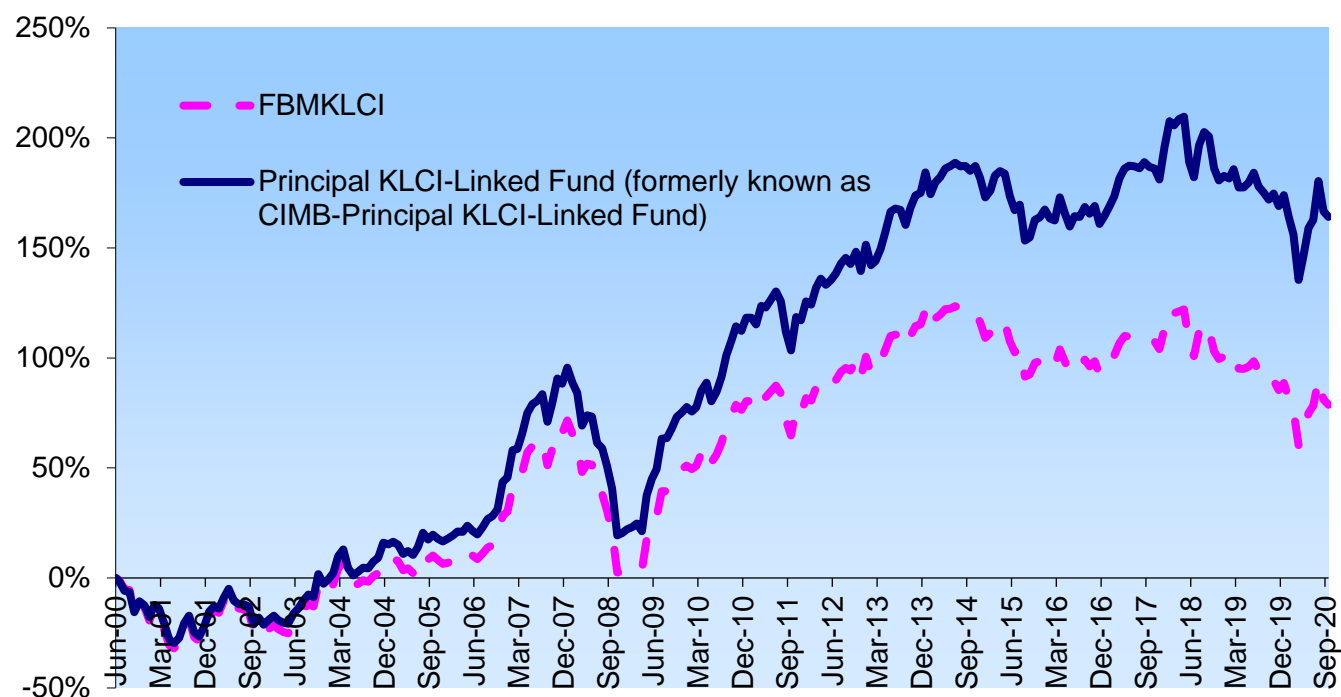
The FBMKLCI Index fell 1.3% in September 2020 amid a global equity rout. Nonetheless, it outperformed its regional peers which posted a 6.7% loss in MSCI ASEAN Index. All domestic sub-indices were in the red too except for construction and industrial products. By sector, the market correction was led 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.

FUND PERFORMANCE

	1 year	3 years	5 years	Since inception
	to 30.09.2020	to 30.09.2020	to 30.09.2020	to 30.09.2020
	%	%	%	%
Income Distribution	-	-	-	-
Capital Growth	(2.91)	(7.94)	3.60	164.05
Total Return	(2.91)	(7.94)	3.60	164.05
Benchmark	(4.99)	(14.28)	(7.17)	78.67
Average Total Return	(2.91)	(2.72)	0.71	4.89

During the financial year under review, the Fund fell by 2.91%, outperforming the benchmark, which declined by 4.99%.

FUND PERFORMANCE (CONTINUED)



Changes in NAV

	30.09.2020	30.09.2019	Changes %
NAV (RM Million)	16.88	18.00	(6.22)
NAV/Unit (RM)	1.2397	1.2778	(2.98)
FBMKLCI	1,504.82	1,583.91	(4.99)

For the 1-year period under review, the total NAV decreased by 6.22%, while the NAV per unit declined by 2.98%. The decrease in total NAV was due to fund redemption, while the lower NAV per unit was due to negative market performance.

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

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	30.09.2020	30.09.2019
Quoted securities	99.96	98.12
Cash and other net assets	0.04	1.88
TOTAL	100.00	100.00

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

MARKET OUTLOOK*

After a period of flattened curve of domestic COVID-19 new cases, a second wave is unravelling especially in Sabah which has now spread to Peninsular Malaysia. An inter-district travel ban has been implemented in Sabah. In addition, the government also announced on 12 October 2020 that Kuala Lumpur, Selangor, and Putrajaya will be placed under Conditional Movement Control Order (“CMCO”) from a period of 14 October 2020 to 27 October 2020. This will likely dampen domestic consumption especially domestic retail and tourism spending and the recovery prospect for airlines, airports, and the hospitality industries. Globally, we also reiterate our cautious view on the global market perspective driven by the volatility surrounding the US Presidential Election.

* 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

As this is an index fund, the Fund will continue to remain fully invested in the benchmark index stocks with minimal cash kept for liquidity purposes in order to track the performance of the benchmark.

UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 30 September 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	369	1.00	7.34
5,001 – 10,000	181	1.33	9.77
10,001 – 50,000	269	5.58	40.97
50,001 – 500,000	43	4.25	31.20
500,001 and above	2	1.46	10.72
Total	864	13.62	100.00

SOFT COMMISSIONS AND REBATES

Principal Asset Management Berhad (“the Manager”), as well as the Trustees 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 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 KLCI-LINKED FUND**
(formerly known as CIMB-Principal KLCI-Linked 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 15 to 41 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 30 September 2020 and of its financial performance, changes in equity and cash flows for the financial year then ended in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

For and on behalf of the Manager

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

MUNIRAH KHAIRUDDIN
Chief Executive Officer/Executive Director

JUAN IGNACIO EYZAGUIRRE BARAONA
Director

Kuala Lumpur
12 November 2020

**TRUSTEE'S REPORT TO THE UNITHOLDERS OF
PRINCIPAL KLCI-LINKED FUND**
(formerly known as CIMB-Principal KLCI-Linked Fund)

We have acted as Trustee of Principal KLCI-Linked Fund *(formerly known as CIMB-Principal KLCI-Linked Fund)* (the "Fund") for the financial year ended 30 September 2020. To the best of our knowledge, Principal Asset Management Berhad (the "Manager"), has operated and managed the Fund in accordance with the following:

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

For HSBC (Malaysia) Trustee Berhad

Vicknesan Balakrishnan
Chief Executive Officer

Kuala Lumpur
12 November 2020

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL KLCI-LINKED FUND**
(formerly known as CIMB-Principal KLCI-Linked Fund)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Principal KLCI-Linked Fund (the "Fund") *(formerly known as CIMB-Principal KLCI-Linked Fund)* give a true and fair view of the financial position of the Fund as at 30 September 2020, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 30 September 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 15 to 41.

Basis for opinion

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

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

Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' 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 KLCI-LINKED FUND (CONTINUED)**
(formerly known as CIMB-Principal KLCI-Linked Fund)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL KLCI-LINKED FUND (CONTINUED)**
(formerly known as CIMB-Principal KLCI-Linked Fund)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL KLCI-LINKED FUND (CONTINUED)**
(formerly known as CIMB-Principal KLCI-Linked Fund)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
12 November 2020

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020**

	Note	2020 RM	2019 RM
LOSS			
Dividend income		582,663	585,859
Interest income from deposits with licensed financial institutions at amortised cost		8,817	5,899
Net loss on financial assets at fair value through profit or loss	7	(845,148)	(2,303,537)
Net loss on derivative liabilities at fair value through profit or loss	9	-	(31,436)
		<u>(253,668)</u>	<u>(1,743,215)</u>
EXPENSES			
Management fee	4	165,037	180,234
Trustee fee	5	12,161	13,280
Audit fee		13,600	13,600
Tax agent's fee		5,600	5,600
Transaction costs		18,016	15,428
Other expenses		11,566	3,369
		<u>225,980</u>	<u>231,511</u>
LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		(479,648)	(1,974,726)
Taxation	6	<u>-</u>	<u>-</u>
LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		<u>(479,648)</u>	<u>(1,974,726)</u>
Loss after taxation is made up as follows:			
Realised amount		390,856	551,967
Unrealised amount		(870,504)	(2,526,693)
		<u>(479,648)</u>	<u>(1,974,726)</u>

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

PRINCIPAL KLCI-LINKED FUND
(formerly known as *CIMB-Principal KLCI-Linked Fund*)

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	Note	2020 RM	2019 RM
ASSETS			
Cash and cash equivalents	8	153,819	268,296
Financial assets at fair value through profit or loss	7	16,877,973	17,666,570
Amount due from Manager		2,891	3,484
Dividends receivable		59,889	119,939
Tax recoverable		3,826	7,304
TOTAL ASSETS		<u>17,098,398</u>	<u>18,065,593</u>
LIABILITIES			
Amount due to Manager		178,431	30,252
Accrued management fee		13,282	14,133
Amount due to Trustee		979	1,041
Other payables and accruals		21,300	15,700
TOTAL LIABILITIES		<u>213,992</u>	<u>61,126</u>
NET ASSET VALUE OF THE FUND		<u>16,884,406</u>	<u>18,004,467</u>
EQUITY			
Unit holders' capital		808,574	1,448,987
Retained earnings		16,075,832	16,555,480
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>16,884,406</u>	<u>18,004,467</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	10	<u>13,619,241</u>	<u>14,089,474</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.2397</u>	<u>1.2778</u>

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

PRINCIPAL KLCI-LINKED FUND
(formerly known as CIMB-Principal KLCI-Linked Fund)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 October 2019	1,448,987	16,555,480	18,004,467
Movement in unit holders' contributions:			
- Creation of units from applications	2,902,443	-	2,902,443
- Cancellation of units	(3,542,856)	-	(3,542,856)
Total comprehensive loss for the financial year	-	(479,648)	(479,648)
Balance as at 30 September 2020	<u>808,574</u>	<u>16,075,832</u>	<u>16,884,406</u>
Balance as at 1 October 2018	2,419,830	18,530,206	20,950,036
Movement in unit holders' contributions:			
- Creation of units from applications	1,922,977	-	1,922,977
- Cancellation of units	(2,893,820)	-	(2,893,820)
Total comprehensive loss for the financial year	-	(1,974,726)	(1,974,726)
Balance as at 30 September 2019	<u>1,448,987</u>	<u>16,555,480</u>	<u>18,004,467</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 30 SEPTEMBER 2020

	2020	2019
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of quoted securities	2,276,980	3,777,871
Purchase of quoted securities	(2,351,546)	(2,879,621)
Receipt from margin accounts	-	45,790
Dividend income received	642,610	569,939
Interest income received from deposits with licensed financial institutions	8,817	5,899
Management fee paid	(165,887)	(182,721)
Trustee fee paid	(12,223)	(13,464)
Tax refund	3,478	-
Payments for other fees and expenses	(25,064)	(28,706)
Net cash generated from operating activities	377,165	1,294,987
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	2,903,035	1,920,088
Payments for cancellation of units	(3,394,677)	(3,202,390)
Net cash used in financing activities	(491,642)	(1,282,302)
Net (decrease)/increase in cash and cash equivalents	(114,477)	12,685
Cash and cash equivalents at the beginning of the financial year	268,296	255,611
Cash and cash equivalents at the end of the financial year	8 153,819	268,296
<u>Cash and cash equivalents comprised of:</u>		
Deposits with licensed financial institutions	134,006	248,021
Bank balance	19,813	20,275
Cash and cash equivalents at the end of the financial year	8 153,819	268,296

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 30 SEPTEMBER 2020

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES

Principal KLCI-Linked Fund (*formerly known as CIMB-Principal KLCI-Linked Fund*) (the “Fund”) is governed by a Master Deed dated 30 November 2007, a First Supplemental Master Deed dated 25 June 2008, a Second Supplemental Master Deed dated 14 July 2008, a Third Supplemental Deed dated 16 July 2009, a Fourth Supplemental Deed dated 26 July 2013, a Fifth Supplemental Deed dated 23 March 2015 and a Sixth Supplemental Deed dated 21 October 2019 (collectively referred to as the “Deeds”), made between Principal Asset Management Berhad (the “Manager”) and HSBC (Malaysia) Trustee Berhad (the “Trustee”).

The Fund is an index fund which aims to track the movement of the FBMKLCI. The Fund’s indexing strategy is to hold a representative sample of the securities that make up its underlying index. Thus, the Fund normally invests at least 90% of its NAV in the index stocks representing the top 95%-98% of the index weights. As such, the Fund may invest up to 30 index stocks, being the representative index stocks of the FBMKLCI. The Fund may also utilise index futures to ensure it is fully invested at all times and to reduce transaction costs.

The asset allocation strategy for this Fund is as follows:

- up to 99.5% of the Fund will be invested in securities and other permissible investments; and
- at least 0.5% in liquid assets.

All investments are subjected to the Securities Commission Malaysia (“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-Principal KLCI-Linked Fund to Principal KLCI-Linked Fund following the issuance of the Replacement Master Prospectus dated 17 April 2020.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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(k).

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

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

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

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

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

There are no applicable standards, amendments to standards or interpretations that are effective for financial period beginning on/after 1 October 2020 to 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 has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income ("OCI").

The Fund classifies cash and cash equivalents, amount due from Manager and dividends receivable 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 other financial liabilities as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

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

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

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

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

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

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.

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

If a valuation based on the market price does not represent the fair value of the 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 quoted securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the 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.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Impairment for assets carried at amortised costs

The Fund measures credit risk and expected credit loss (“ECL”) using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any ECL. Management 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 management 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 period.

(c) Income recognition

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

Interest income from deposits with licensed financial institutions is recognised on a time proportionate basis using effective interest rate method on an accrual basis.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) **Functional and presentation currency**

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

(e) **Cash and cash equivalents**

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

(f) **Taxation**

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

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

(g) **Transaction 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, advisors, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expenses.

(h) **Derivatives financial instruments**

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Unit holders' contribution

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.

(j) 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.

(k) 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 Funds' 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.

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

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 8)	-	153,819	153,819
Quoted securities (Note 7)	16,877,973	-	16,877,973
Amount due from Manager	-	2,891	2,891
Dividends receivable	-	59,889	59,889
	<u>16,877,973</u>	<u>216,599</u>	<u>17,094,572</u>
2019			
Cash and cash equivalents (Note 8)	-	268,296	268,296
Quoted securities (Note 7)	17,666,570	-	17,666,570
Amount due from Manager	-	3,484	3,484
Dividends receivable	-	119,939	119,939
	<u>17,666,570</u>	<u>391,719</u>	<u>18,058,289</u>

All liabilities are financial liabilities carried at amortised cost.

The investment objective of the Fund is to achieve medium to long-term capital appreciation by seeking to match the performance of the FBMKLCI.

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

(a) Market risk

(i) Price risk

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

The price risk is managed through portfolio diversification and selection of quoted securities 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:		
- Quoted securities	16,877,973	17,666,570

The table below summarises the sensitivity of the Fund's profit or loss and NAV to movements in prices of quoted securities and derivative liabilities at the end of each reporting year. The analysis is based on the assumptions that the price of the quoted securities fluctuates by 10% (2019: 10%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the FBMKLCI Index quoted securities and derivatives liabilities, having regard to the historical volatility of the index.

% Change in price of quoted securities and derivative liabilities	Fair value RM	Impact on profit or loss/NAV RM
2020		
-10 %	15,190,176	(1,687,797)
0 %	16,877,973	-
10 %	18,565,770	1,687,797
2019		
-10 %	15,899,913	(1,766,657)
0 %	17,666,570	-
10 %	19,433,227	1,766,657

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

(b) Market risk

(ii) Interest rate risk

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

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

The Fund's exposure to fair value interest rate risk arises from investment in money market instrument. The interest rate risk is expected to be minimal as the Fund's investments comprise mainly short term deposits with approved licensed financial institutions.

Cash flow interest rate risk is the risk that the futures cash flows of financial instruments which fluctuate because of changes in market interest rate.

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

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

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

	2020	2019
	%	%
Deposits with licensed financial institutions	<u>1.75</u>	<u>3.10</u>

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

(b) Credit risk

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

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

For amount due from Manager, the settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC Guidelines on 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 quoted securities are settled/paid upon delivery using approved stockbrokers.

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

	Cash and cash equivalents RM	Amount due from Manager RM	Dividends receivable RM	Total RM
2020				
AAA	153,819	-	-	153,819
Not Rated	-	2,891	59,889	62,780
	153,819	2,891	59,889	216,599

	Cash and cash equivalents RM	Amount due from Manager RM	Dividends receivable RM	Total RM
2019				
AAA	268,296	-	-	268,296
Not Rated	-	3,484	119,939	123,423
	268,296	3,484	119,939	391,719

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

Deposits with licensed financial institutions of the Fund have an average maturity of 1 day (2019: 1 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 balances and deposits with licensed financial institutions, which are capable of being converted into cash within 7 business days. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

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

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
2020			
Amount due to Manager	178,431	-	178,431
Accrued management fee	13,282	-	13,282
Amount due to Trustee	979	-	979
Other payables and accruals	-	21,300	21,300
Contractual undiscounted cash flows	192,692	21,300	213,992
2019			
Amount due to Manager	30,252	-	30,252
Accrued management fee	14,133	-	14,133
Amount due to Trustee	1,041	-	1,041
Other payables and accruals	-	15,700	15,700
Contractual undiscounted cash flows	45,426	15,700	61,126

(d) Capital risk management

The capital of the Fund is represented by equity consisting of unit holder's capital of RM808,574 (2019: RM1,448,987) and retained earnings of RM16,075,832 (2019: RM16,555,480). The amount of capital can change significantly on a daily basis as the Fund is subjected to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to unit holder and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

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

(e) Fair value estimation

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

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.

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

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

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2020				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>16,877,973</u>	<u>-</u>	<u>-</u>	<u>16,877,973</u>
2019				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>17,666,570</u>	<u>-</u>	<u>-</u>	<u>17,666,570</u>

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

- (ii) The carrying values of cash and cash equivalents, amount due from Manager, 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 1.50% per annum, calculated daily based on the NAV of the Fund.

For the financial year ended 30 September 2020, the management fee is recognised at a rate of 0.95% per annum (2019: 0.95% per annum).

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

5. TRUSTEE FEE

In accordance with the Deeds, the Trustee is entitled to a maximum fee of 0.20% per annum, calculated daily based on the NAV of the Fund.

For the financial year ended 30 September 2020, the Trustee 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. TAXATION

	2020	2019
	RM	RM
Tax charged for the financial year:		
- Current taxation	-	-

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

	2020	2019
	RM	RM
Loss before taxation	<u>(479,648)</u>	<u>(1,974,726)</u>
Taxation at Malaysian statutory rate of 24%	(115,115)	(473,934)
Tax effects of:		
Loss not deductible for tax purposes	60,880	418,372
Expenses not deductible for tax purposes	8,980	7,348
Restriction on tax deductible expenses for Unit Trust Funds	<u>45,255</u>	<u>48,214</u>
Taxation	<u>-</u>	<u>-</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020	2019
	RM	RM
At fair value through profit or loss:		
- Quoted securities	<u>16,877,973</u>	<u>17,666,570</u>
Net loss on financial assets at fair value through profit or loss:		
- Realised gain on disposals	25,356	223,656
- Unrealised fair value loss	<u>(870,504)</u>	<u>(2,527,193)</u>
	<u>(845,148)</u>	<u>(2,303,537)</u>

PRINCIPAL KLCI-LINKED FUND
(formerly known as CIMB-Principal KLCI-Linked Fund)

7. 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				
QUOTED SECURITIES				
Consumer Products & Services				
Genting Bhd	83,300	652,548	264,894	1.57
Genting Malaysia Bhd	109,100	391,689	226,928	1.35
Nestle (Malaysia) Bhd	2,200	240,250	311,080	1.84
Petronas Dagangan Bhd	12,900	256,439	254,646	1.51
PPB Group Bhd	24,540	309,378	466,260	2.76
Sime Darby Bhd	126,645	230,705	315,346	1.87
	<u>358,685</u>	<u>2,081,009</u>	<u>1,839,154</u>	<u>10.90</u>
Energy				
Dialog Group Bhd	166,100	547,644	632,841	3.75
Financial Services				
CIMB Group Holdings Bhd	251,826	1,479,055	775,624	4.59
Hong Leong Bank Bhd	24,500	296,912	368,480	2.18
Hong Leong Financial Group Bhd	8,510	124,347	121,523	0.72
Malayan Banking Bhd	214,868	1,752,161	1,551,347	9.19
Public Bank Bhd	106,344	1,575,875	1,669,601	9.89
RHB Bank Bhd	56,578	300,903	258,561	1.53
	<u>662,626</u>	<u>5,529,253</u>	<u>4,745,136</u>	<u>28.10</u>
Health Care				
Hartalega Holdings Bhd	49,100	308,070	795,420	4.71
IHH Healthcare Bhd	108,500	434,980	564,200	3.34
Top Glove Corporation Bhd	174,700	302,187	1,450,010	8.59
	<u>332,300</u>	<u>1,045,237</u>	<u>2,809,630</u>	<u>16.64</u>
Industrial Products & Services				
Hap Seng Consolidated Bhd	24,100	212,206	172,074	1.02
Petronas Chemicals Group Bhd	103,500	695,060	580,635	3.44
Press Metal Aluminium Holdings Bhd	67,400	328,694	346,436	2.05
	<u>195,000</u>	<u>1,235,960</u>	<u>1,099,145</u>	<u>6.51</u>

PRINCIPAL KLCI-LINKED FUND
(formerly known as CIMB-Principal KLCI-Linked Fund)

7. 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)				
QUOTED SECURITIES				
(CONTINUED)				
Plantation				
IOI Corporation Bhd	114,880	502,623	512,365	3.03
Kuala Lumpur Kepong Bhd	16,921	321,965	385,799	2.28
Sime Darby Plantation Bhd	129,645	715,679	654,707	3.88
	<u>261,446</u>	<u>1,540,267</u>	<u>1,552,871</u>	<u>9.19</u>
REIT				
KLCCP Stapled Group	<u>16,900</u>	<u>138,698</u>	<u>130,468</u>	<u>0.77</u>
Telecommunications & Media				
Axiata Group Bhd	170,337	733,912	502,494	2.98
DiGi.Com Bhd	132,100	399,612	532,363	3.15
Maxis Bhd	99,200	580,187	503,936	2.98
Telekom Malaysia Bhd	73,000	301,125	301,490	1.79
	<u>474,637</u>	<u>2,014,836</u>	<u>1,840,283</u>	<u>10.90</u>
Transportation & Logistics				
MISC Bhd	<u>53,900</u>	<u>308,659</u>	<u>404,250</u>	<u>2.40</u>
Utilities				
Petronas Gas Bhd	20,700	276,135	339,894	2.01
Tenaga Nasional Bhd	141,362	1,561,459	1,484,301	8.79
	<u>162,062</u>	<u>1,837,594</u>	<u>1,824,195</u>	<u>10.80</u>
TOTAL QUOTED SECURITIES	<u>2,683,656</u>	<u>16,279,157</u>	<u>16,877,973</u>	<u>99.96</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>598,816</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>16,877,973</u>		

PRINCIPAL KLCI-LINKED FUND
(formerly known as CIMB-Principal KLCI-Linked Fund)

7. 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				
QUOTED SECURITIES				
Consumer Products & Services				
Genting Bhd	86,300	683,944	495,362	2.75
Genting Malaysia Bhd	105,700	386,096	320,271	1.78
Nestle (Malaysia) Bhd	2,400	262,090	349,681	1.94
Petronas Dagangan Bhd	11,200	219,235	264,320	1.47
PPB Group Bhd	25,140	308,306	456,040	2.53
Sime Darby Bhd	140,245	255,297	315,551	1.75
	370,985	2,114,968	2,201,225	12.22
Energy				
Dialog Group Bhd	172,900	569,100	587,860	3.27
Financial Services				
AMMB Holding Bhd	75,000	324,741	310,500	1.72
CIMB Group Holdings Bhd	247,326	1,480,355	1,244,050	6.91
Hong Leong Bank Bhd	24,400	293,657	399,184	2.22
Hong Leong Financial Group	9,910	144,804	161,137	0.89
Malayan Banking Bhd	202,968	1,673,670	1,727,258	9.59
Public Bank Bhd	87,044	1,255,953	1,747,844	9.71
RHB Bank Bhd	53,778	285,880	303,308	1.68
RHB Capital Bhd #	37,554	-	-	-
	737,980	5,459,060	5,893,281	32.72
Health Care				
Hartalega Holding Bhd	56,500	347,168	296,625	1.65
IHH Healthcare Bhd	107,900	426,059	612,872	3.40
Top Glove Corporation Bhd	63,000	326,923	280,350	1.56
	227,400	1,100,150	1,189,847	6.61
Industrial Products & Services				
Hap Seng Consolidated Bhd	25,300	223,128	249,458	1.39
Petronas Chemicals Group Bhd	104,400	702,987	787,176	4.37
Press Metal Aluminium Holding Bhd	67,100	327,869	319,396	1.77
	196,800	1,253,984	1,356,030	7.53

PRINCIPAL KLCI-LINKED FUND
(formerly known as CIMB-Principal KLCI-Linked Fund)

7. 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)				
QUOTED SECURITIES (CONTINUED)				
Plantation				
IOI Corporation Bhd	118,580	518,759	525,310	2.92
Kuala Lumpur Kepong Bhd	17,550	331,176	405,054	2.25
Sime Darby Plantation Bhd	132,045	730,032	624,573	3.47
	<u>268,175</u>	<u>1,579,967</u>	<u>1,554,937</u>	<u>8.64</u>
Telecommunications/Media				
Axiata Group Bhd	169,737	737,885	729,870	4.05
Digi.com Bhd	136,200	408,278	646,950	3.60
Maxis Bhd	101,700	595,915	569,520	3.16
	<u>407,637</u>	<u>1,742,078</u>	<u>1,946,340</u>	<u>10.81</u>
Transportation/Logistics				
Malaysia Airports Holding Bhd	34,600	309,467	299,290	1.66
MISC Bhd	54,800	308,089	427,440	2.38
	<u>89,400</u>	<u>617,556</u>	<u>726,730</u>	<u>4.04</u>
Utilities				
Petronas Gas Bhd	28,300	376,219	463,554	2.57
Tenaga Nasional Bhd	128,062	1,384,168	1,746,766	9.71
	<u>156,362</u>	<u>1,760,387</u>	<u>2,210,320</u>	<u>12.28</u>
TOTAL QUOTED SECURITIES	<u>2,627,639</u>	<u>16,197,250</u>	<u>17,666,570</u>	<u>98.12</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>1,469,320</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>17,666,570</u>		

The Fund holds shares in RHB Capital Bhd, which has been delisted to facilitate the transfer of shares and listing status to RHB Bank Bhd. Following the spin-off event on 2 June 2016, there is no cost and market value for the said security as all assets and liabilities have been vested to RHB Bank Bhd.

8. CASH AND CASH EQUIVALENTS

	2020	2019
	RM	RM
Deposits with licensed financial institutions	134,006	248,021
Bank balance	19,813	20,275
	153,819	268,296

9. DERIVATIVE LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020	2019
	RM	RM
<u>Derivative liabilities at fair value through profit or loss</u>		
Futures contracts	-	-
<u>Net loss on derivative liabilities at fair value through profit or loss</u>		
Realised loss on futures contracts	-	(31,936)
Unrealised gain on futures contracts	-	500
	-	(31,436)

The FBMKLCI Futures contracts have been entered into during the previous financial year to minimise risk of tracking error between the Fund and the Benchmark Index.

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2020	2019
	No. of units	No. of units
At the beginning of the financial year	14,089,474	14,838,790
Add : Creation of units from applications	2,422,555	1,457,463
Less: Cancellation of units	(2,892,788)	(2,206,779)
At the end of the financial year	13,619,241	14,089,474

11. MANAGEMENT EXPENSE RATIO (“MER”)

	2020	2019
	%	%
MER	<u>1.20</u>	<u>1.14</u>

MER is derived from the following calculation:

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

- A = Management fee
- B = Trustee’s fee
- C = Audit fee
- D = Tax Agent’s fee
- E = Other expenses excluding CDS transfer fee and 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 RM17,374,831 (2019: RM18,982,565).

12. PORTFOLIO TURNOVER RATIO (“PTR”)

	2020	2019
PTR (times)	<u>0.13</u>	<u>0.12</u>

PTR is derived from the following calculation:

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

where:

- total acquisition for the financial year = RM2,342,678 (2019: RM2,010,932)
- total disposal for the financial year = RM2,286,127 (2019: RM2,510,436)

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

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

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

Units held by the Manager and parties related to the Manager

The units in the Fund, held by the Manager are as follows:

	2020	2019
Manager	No. of units	RM
	No. of units	RM
Principal Asset Management Berhad	2,448	3,035
	1,692	2,162

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.

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

Units held by the Manager and parties related to the Manager (continued)

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.

	2020	2019
	RM	RM
<u>Significant related party transactions</u>		
Dividend income		
- CIMB Group Holdings Bhd	64,784	-

14. TRANSACTIONS WITH BROKERS/DEALERS/FINANCIAL INSTITUTIONS

Details of transactions with the top 10 brokers/dealers for the financial year ended 30 September 2020 are as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Credit Suisse Securities (Malaysia) Sdn Bhd	882,475	19.09	2,125	17.93
Hong Leong Investment Bank Bhd	751,338	16.25	1,938	16.35
CGS-CIMB Securities Sdn Bhd <i>(formerly known as CIMB Securities Sdn Bhd) #</i>	574,492	12.43	1,476	12.45
Maybank Investment Bank Bhd	553,726	11.98	1,383	11.66
Affin Hwang Investment Bank Bhd	545,042	11.79	1,569	13.23
RHB Investment Bank Bhd	536,819	11.61	1,281	10.80
CLSA Securities Malaysia Sdn Bhd	476,583	10.31	1,250	10.54
J.P. Morgan Sec (M) Sdn Bhd	302,192	6.54	834	7.04
	4,622,667	100.00	11,856	100.00

14. TRANSACTIONS WITH BROKERS/DEALERS/FINANCIAL INSTITUTIONS (CONTINUED)

Details of transactions with the top 10 brokers/dealers for the financial year ended 30 September 2019 are as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
CGS-CIMB Securities Sdn Bhd (<i>formerly known as CIMB Securities Sdn Bhd</i>) #	438,737	9.70	1,008	10.74
Kaf Seagroatt & Campbell Securities Sdn. Bhd.	433,093	9.58	974	10.38
Maybank Investment Bank Bhd	431,103	9.53	1,154	12.29
RHB Investment Bank Bhd	404,474	8.95	910	9.69
Affin Hwang Investment Bank Bhd	392,881	8.69	927	9.88
UBS Securities (Malaysia) Sdn Bhd	373,395	8.26	262	2.79
Macquarie Capital Securities (M) Sdn Bhd	350,730	7.76	246	2.62
Credit Suisse Securities (Malaysia) Sdn Bhd	342,060	7.57	770	8.20
CLSA Securities Malaysia Sdn Bhd	323,765	7.16	729	7.77
Alliance Investment Bank Bhd	304,435	6.73	693	7.38
Others	726,695	16.07	1,714	18.26
	<u>4,521,368</u>	<u>100.00</u>	<u>9,387</u>	<u>100.00</u>

Included in the transactions are trades conducted with CGS-CIMB Securities Sdn Bhd, fellow related parties to the Manager amounting to RM574,492 (2019: RM438,737). 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 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 12 November 2020.

DIRECTORY

Head Office of the Manager

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Trustee for the Principal KLCI-Linked Fund

(formerly known as CIMB-Principal KLCI-Linked Fund)

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Auditors of the Fund and of the Manager

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