

Principal Lifetime Balanced Fund

(formerly known as CIMB-Principal Balanced Fund)

Interim Report

For The Six Months Financial Period Ended 30 June 2020

PRINCIPAL LIFETIME BALANCED FUND
(formerly known as CIMB-Principal Balanced Fund)

INTERIM REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2020

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INVESTORS' LETTER

Dear Valued Investor,

We have seen the reopening of schools and more families enjoying domestic vacations in Malaysia albeit with the necessary measures and standard operating procedures in place. These developments continue to provide positivity and confidence for us to overcome the setbacks experienced in recent times due to the pandemic. The Malaysian economy has been positive with the local unemployment rate starting to reduce as most sectors reopened during the Recovery Movement Control Order ("RMCO"). The FBMKLCI has seen a rebound from the March 2020 low by 21.18% to 1,603 levels as of 31 July 2020. In terms of participation, the retail investors recorded an increase of approximately 33% this year as of 30 June 2020.

Meanwhile, markets globally have shown positive effects of the massive policy support around the world coupled with the reopening of economies. In July 2020, markets rallied across the board with indices within Asia-Pacific bourses outperforming the developed markets. The MSCI Asia ex-Japan Index rose 3.96%, followed by Shanghai 12.09%, and Taiwan 8.64% compared with 5.29% for the S&P 500. The bond market remained positive with increases of 4% to 6%. Nevertheless, markets continue to remain cautious with the ongoing rhetoric between US-China and the US presidential elections in November 2020.

We believe each investor should maintain a diverse portfolio that matches risk tolerance preferences and helps achieve long-term financial goals. For our:

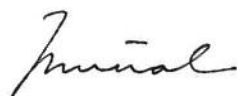
- **Conservative investors, we recommend:** Malaysia focus bond and balanced funds that are income focussed.
- **More aggressive investors, we recommend:** Growth-oriented funds that offer exposure to growth areas in China, Asia-Pacific, Global Technology, ASEAN and Malaysian aggressive funds.

Visit our website (www.principal.com.my) and Facebook account (@PrincipalAssetMY) for additional insights and investing articles.

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

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

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



Munirah Khairuddin
Chief Executive Officer

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

The Fund aims to grow the value of investments over the long-term through investment in a diversified mix of Malaysian assets.

Has the Fund achieved its objective?

For the financial period under review the Fund has performed in line with the benchmark but has not met its objective for the financial period due to the volatile market in the first half of 2020 following the unprecedented times of a pandemic.

What are the Fund investment policy and principal investment strategy?

The Fund aims to invest in a diversified portfolio of equities and fixed income investments. In line with its objective, the investment policy and strategy will be to maintain a balanced portfolio between equities and fixed income investments in the ratio of 70:30. The fixed income portion of the Fund is to provide some capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The investments by the Fund in equity securities shall be between 50% to 70% (both inclusive) of its Net Asset Value ("NAV") and investments in fixed income securities and liquid assets shall not be less than 30% of its NAV with a minimum credit rating of "BBB3" or "P2" by RAM Ratings ("RAM") or equivalent rating by Malaysian Rating Corporation Berhad ("MARC") or by local rating agency(ies) of the country 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 Fixed Income Securities. The Fund may opt to seek investment exposure via collective investment scheme that is in line with the Fund's objective, subject to the requirement of the Securities Commission Malaysia ("SC") Guidelines. The Fund may invest at least 2% of the Fund's NAV in liquid assets.

Fund category/type

Balanced/Growth

How long should you invest for?

Recommended five (5) years or more

When was the Fund launched?

12 March 1998

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

RM52.09 million (148.22 million units)

What is the Fund's benchmark?

70% Financial Times Stock Exchange ("FTSE") Bursa Malaysia ("FBM") Top 100 ("FBM100") Index + 30% CIMB Bank 1-Month Fixed Deposit Rate

Note: The benchmark is for performance comparison only. The benchmark is customised as such to align it closer to the structure of the portfolio and the objective of the Fund. Thus, 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 once a year every January at the Manager's discretion.

What was the net income distribution for the six months financial period ended 30 June 2020?

The Fund distributed a total net income of RM2.95 million to unit holders. As a result, the NAV per unit dropped from RM0.3896 to RM0.3696 on 24 January 2020 during the six months financial period ended 30 June 2020.

PRINCIPAL LIFETIME BALANCED FUND
(formerly known as CIMB-Principal Balanced Fund)

PERFORMANCE DATA

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

	30.06.2020	30.06.2019	30.06.2018
	%	%	%
Quoted securities			
- Construction	4.08	5.60	2.13
- Consumer Products	-	-	3.28
- Consumer Products & Services	3.34	9.08	-
- Energy	7.25	8.11	-
- Finance	-	-	15.86
- Financial Services	9.32	17.51	-
- Health Care	13.54	1.71	-
- Industrials	-	-	8.04
- Industrial Products & Services	-	3.03	-
- Infrastructure Project Companies ("IPC")	-	-	1.97
- Plantation	4.78	-	-
- Property	-	0.09	0.72
- Real Estate Investment Trusts ("REITs")	1.48	3.06	-
- Technology	8.73	0.78	3.22
- Telecommunications & Media	2.34	4.66	-
- Trading/Services	-	-	23.82
- Transportation & Logistics	3.31	5.24	-
- Utilities	4.22	6.43	-
- Unquoted fixed income securities	31.80	31.89	31.74
Cash and other net assets	5.81	2.81	9.22
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

Note: Effective 24 September 2018, Bursa Malaysia has changed its sectoral index and classification.

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

	30.06.2020	30.06.2019	30.06.2018
NAV (RM Million)	52.09	60.24	64.38
Units in circulation (Million)	148.22	154.03	157.81
NAV per unit (RM)	0.3514	0.3911	0.4079
	01.01.2020	01.01.2019	01.01.2018
	to 30.06.2020	to 30.06.2019	to 30.06.2018
Highest NAV per unit (RM)	0.3926	0.4005	0.4626
Lowest NAV per unit (RM)	0.2956	0.3764	0.4046
Total return (%)	(4.66)	2.54	(3.42)
- Capital growth (%)	(9.54)	(1.89)	(3.42)
- Income distribution (%)	5.54	4.53	-

PRINCIPAL LIFETIME BALANCED FUND
(formerly known as CIMB-Principal Balanced Fund)

PERFORMANCE DATA (CONTINUED)

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

	01.01.2020 to 30.06.2020	01.01.2019 to 30.06.2019	01.01.2018 to 30.06.2018
Management Expense Ratio ("MER") (%)	0.99	0.98	1.03
Portfolio Turnover Ratio ("PTR") (times) #	0.87	0.58	0.53

^ The Fund's MER increased from 0.98% to 0.99% mainly due to decrease in average NAV during the financial period.

The Fund's PTR increased from 0.58 times to 0.87 times due to more trades and rebalancing during the financial period under review.

Date of distribution	24.01.2020	22.01.2019	24.01.2018
Gross/Net distribution per unit (sen)	2.00	1.73	2.65

	30.06.2020	30.06.2019	30.06.2018	30.06.2017	30.06.2016
	%	%	%	%	%
Annual total return	(5.26)	0.22	2.12	9.99	0.61

(Launch date: 12 March 1998)

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 JANUARY 2020 TO 30 JUNE 2020)

Equity

The FBM Kuala Lumpur Composite Index ("FBMKLCI") declined 6.34% in Malaysian Ringgit ("MYR") terms during the period under review. It started the year positively before succumbing to sell-down amid concerns over uncertainty in domestic politics and the COVID-19 outbreak.

Political uncertainty engulfed Malaysia stepping into February 2020 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.

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. In order to cushion the pandemic impact to the country, the Government has implemented RM250 billion fiscal stimulus package as well as cut its Overnight Policy Rate ("OPR") by 100 basis points ("bps") year-to-date ("YTD") to 2.0% and has slashed its Statutory Reserve Requirement ("SRR") by 100 bps to 2.0% in order to inject liquidity into the economy.

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 Government also announced that it is offering up to 100% sales tax exemption for completely-knocked down (CKD) and completely built up ("CBU") vehicles from 15 June 2020 till 31 December 2020 while property sector will be boosted by reintroduction of the Home Ownership Campaign ("HOC"), exemption of individuals' Real Property Gains Tax ("RPGT") and the lifting of the maximum loan-to-value ("LTV") ratio to 70%.

MARKET REVIEW (1 JANUARY 2020 TO 30 JUNE 2020) (CONTINUED)

Fixed Income

During the financial period under review, Bank Negara Malaysia (“BNM”) lowered the Overnight Policy Rate (“OPR”) by a total of 100 bps. In the first quarter of 2020, the Central Bank lowered OPR by 25 bps in the month of January 2020 and then by a further 25 bps in the month of March 2020. In January 2020 and March 2020, the Central Bank’s move to lower OPR by 25 bps at both meetings was due to them taking a pre-emptive measure in securing the improving growth trajectory amid price stability. In the second quarter of 2020, the Central Bank lowered OPR by 50 bps as a measure to cushion the impact on businesses and households to COVID-19 and the MCO as well as to support the improvement in economic activity. The statement in May 2020 mentioned that they may utilise policy levers as appropriate to create enabling conditions for a sustainable economic recovery. The Central Bank also announced a 1% SRR cut to free up RM30 billion of banking liquidity and the 6-month loan moratorium to Small and Medium Enterprises (“SMEs”) and consumer loans (excluding credit card balances) in March 2020.

The first half of 2020 saw various events taking place with the worsening of the COVID-19 and the MCO being implemented in the country being key events in the country. The country also saw a change of Prime Minister as Muhyiddin Yassin was sworn in as Malaysia’s 8th Prime Minister on 1 March 2020. Globally, the first two months of the year saw the US and China trade deal negotiations transpiring in mid-January 2020 as US-Iran tensions escalated. Meanwhile, COVID-19 cases were on the rise then which affected China and Hong Kong in the beginning, and then the rest of Asia as well as the world.

In terms of fiscal support, Tun Mahathir, the then Prime Minister first announced a RM20 billion stimulus package on 27 February 2020 in response to mitigating the COVID-19 outbreak to boost the sluggish economy. Another budget stimulus package amounting to RM250 billion (equivalent to 17% Gross Domestic Product (“GDP”)) to sustain private consumption and confidence, among other things was then announced in March 2020. Another package (i.e. Prihatin Rakyat Economic Stimulus Package (“PRIHATIN”)) was announced in April 2020 amounting to RM10 billion targeted to provide financial relief for SMEs to support businesses and retain jobs during and post MCO. The country saw a fourth stimulus package being announced in early June 2020 aptly named Short-Term Economic Recovery Plan (“PENJANA”) to reenergize the economy. With this, the Ministry of Finance (“MoF”) now expects the 2020 budget deficit/GDP at 5.8% to 6.0% on PENJANA’s RM18 billion direct fiscal impact. The total fiscal injection of both PENJANA and PRIHATIN by the Government is RM45 billion.

As for inflation, Malaysia’s January 2020 Consumer Price Index (“CPI”) rose 1.6% year-on-year (“y-o-y”), which was the fastest pace in nearly 2 years. The increase was driven by a rise in the transport sector, which was up 3.9% annually. It then moderated to 1.3% in February 2020 and then went into deflation mode beginning in March 2020. CPI declined by 2.9% y-o-y in March 2020 and continued to stay in deflation mode in the months of April 2020 (-2.9% y-o-y) and May 2020 (-2.9% y-o-y). The decrease in the overall Index was mainly due to the drop in transport index as the low price of RON95 continued to drag down the Index. The drop in transport index was due to the falling oil prices in the first half of 2020. The price of West Texas Intermediate (“WTI”) crude started the year at USD61 and trudged lower in March 2020 and April 2020 and as of end June 2020, closed at around USD39.

Malaysia’s first quarter of 2020 GDP growth remained in positive territory, despite slowing to +0.7% y-o-y (fourth quarter of 2019: +3.6% y-o-y), which came above consensus estimates of -1.0% y-o-y. Positive surprises came from the relative resiliency of domestic demand growth (+3.7% y-o-y; fourth quarter of 2019: +4.9% y-o-y), while being dragged down by a material contraction in net external demand (mainly on exports: -7.1% y-o-y versus -3.4% y-o-y in the fourth quarter of 2019) and the supply side, especially on construction (-7.9% y-o-y versus +1.0 y-o-y in the fourth quarter of 2019). Unemployment numbers continue to tick up from 3.3% in February 2020 to 3.9% in March 2020 and spiked up to a high of 5% in April 2020. The economic data for the second quarter of 2020 is expected to worsen, before a gradual improvement in numbers is seen in the third quarter of 2020 and fourth quarter of 2020, albeit in negative territory.

MARKET REVIEW (1 JANUARY 2020 TO 30 JUNE 2020) (CONTINUED)

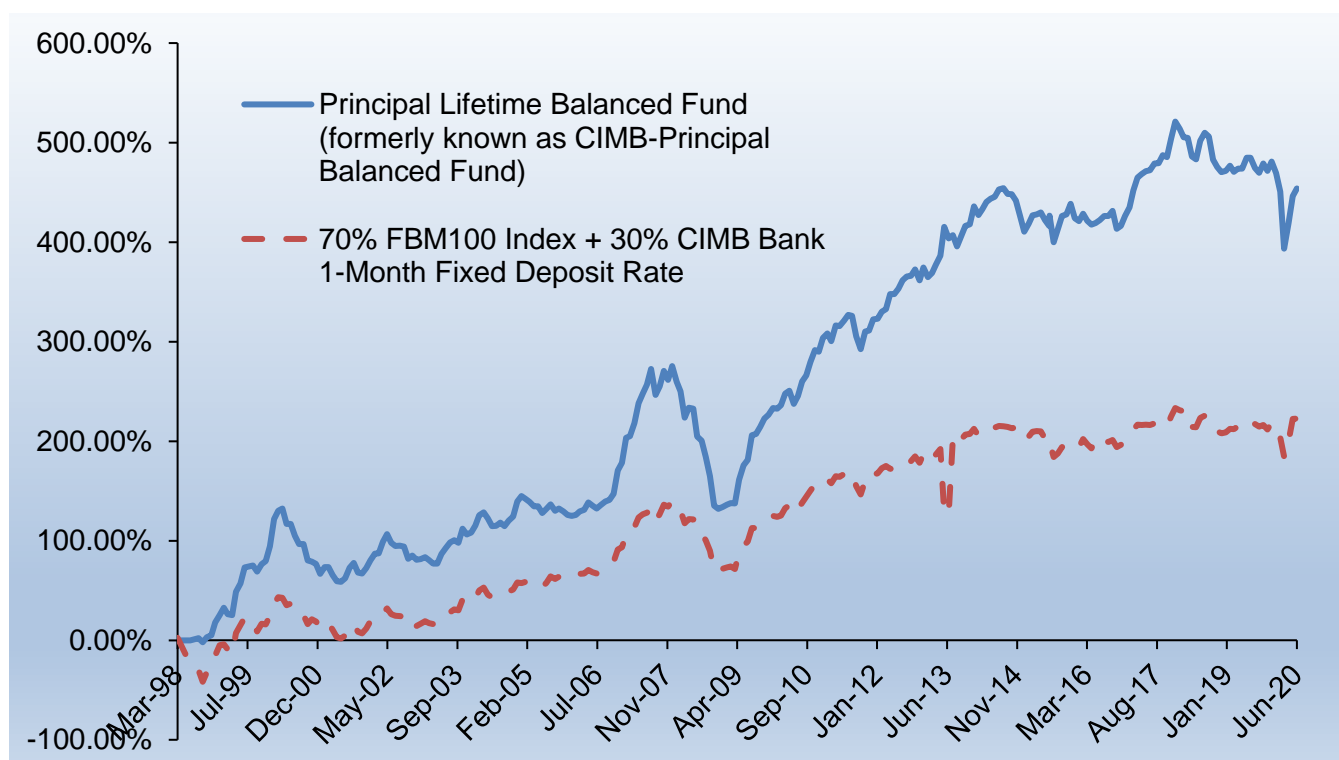
Fixed Income (continued)

In the first half of 2020, local government bond yields moved lower across all tenures for both the Malaysia Government Securities (“MGS”) as well as the Government Investment Issue (“GII”) curve. Yields were lower across the MGS curve by 8 bps to 96 bps with the shorter up to 15 years moving the most. Malaysian government bonds (“Govvies”) continued to rally driven by lower rates despite the additional supply risk on the back of a higher fiscal deficit for the year. Not surprisingly, we also saw the foreign rating agencies changing the country’s outlook to negative. All three agencies still rate Malaysia at A-/A3, but the overall outlook has weakened on balance, with two negatives and one stable (Moody’s). S&P cited in its statement additional downside risks to Malaysia’s fiscal metrics because of weak global growth outlook and heightened policy uncertainty. They mentioned that the current political uncertainty could undermine policymaking in the country with regards to fiscal policy trajectory and meeting fiscal consolidation targets.

FUND PERFORMANCE

	6 months to 30.06.2020	1 year to 30.06.2020	3 years to 30.06.2020	5 years to 30.06.2020	Since inception to 30.06.2020
	%	%	%	%	%
Income					
Distribution	5.54	5.54	17.05	32.07	446.22
Capital Growth	(9.54)	(10.11)	(17.04)	(18.63)	(29.71)
Total Return	(4.66)	(5.26)	(3.04)	7.30	453.86
Benchmark	(4.08)	(6.58)	(7.84)	(1.80)	222.76
Average Total Return	N/A	(5.26)	(1.02)	1.42	7.97

During the financial period under review, the Fund registered a return of -4.66%, underperforming the Benchmark return by 58 bps. On a 1-year, 3-year and 5-year basis, the Fund outperformed the benchmark return respectively.



FUND PERFORMANCE (CONTINUED)

Changes in NAV

	30.06.2020	31.12.2019 Audited	Changes %
NAV (RM Million)	52.09	57.58	(9.53)
NAV/Unit (RM)	0.3514	0.3889	(9.64)

During the financial period under review, the Fund's NAV decreased to RM52.09 million while the NAV per unit decreased to RM0.3514 due to redemptions.

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

(% of NAV)	30.06.2020	31.12.2019 Audited
Quoted securities	62.39	66.58
Unquoted fixed income securities	31.80	30.41
Cash and other net assets	5.81	3.01
TOTAL	100.00	100.00

During the financial period under review, the Fund's Equity allocation decreased to 62.39% while both unquoted fixed income securities and cash allocations increased to 31.80% and 5.81% respectively. The movement was due to the Fund's conservative approach in order to mitigate unnecessary risk during this volatile period.

MARKET OUTLOOK*

Equity

Stepping into the second half of 2020, the reopening themes and persistent strong earnings growth momentum of glove stocks will keep Bursa Malaysia elevated in the near term before potential correction in the fourth quarter of 2020 in the event earnings rebound is slower than anticipated. Uncertainty ahead of a potential snap election will also be a dampener. However, any correction will unlikely to re-test March 2020's low given the supportive monetary and fiscal stimulus.

Fixed Income

After the recent cut by BNM on 7 July 2020 and a cumulative 125 bps reduction in OPR throughout the year, we continue to opine that a further rate cut by the central bank will be data dependent on the back of how well the containment measures implemented are working, effectiveness of the stimulus packages and if there is potential second wave.

MARKET OUTLOOK* (CONTINUED)

Fixed Income (continued)

Similar to the trend in the region, foreign investors turned net buyers of MYR debt securities with an inflow of RM1.5 billion in the month of May 2020 (April 2020: -RM2.0 billion), which is the first monthly inflow after 3 months of outflows in February 2020 to April 2020 which totaled RM22.4 billion. Despite the expected additional supply of government bonds to fund the country's fiscal deficit, we expect the domestic bond market to remain well supported due to ample domestic liquidity. We continue to see corporate issuers tapping the market with more supply expected in the upcoming few weeks but demand remains lukewarm with investors continuing to be selective in names. As such, widening of spreads in selective names remains. We believe investors will be closely watching any indications for a further rate cut by the Central Bank as well as the movements of the current political landscape. Additionally, FTSE Russell's verdict on whether Malaysia will remain on their FTSE World Government Bond Index ("WGBI") in the month of September 2020 will be of interest

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

INVESTMENT STRATEGY

Equity

Remain neutral on the Malaysia equity market, given the prevalent expectation of swift earnings rebound in 2021. Riding on the optimism, we are taking a tactical approach; looking to buy into high yield and growth stocks but will be more selective on quality names with resilient earnings and track record.

Fixed Income

We highlight again that we remain selective in our credit selection with a preference on issuers with stronger and more resilient credit metrics that can withstand this economic condition.

UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 30 June 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	433	1.36	0.92
5,001 to 10,000	454	3.32	2.24
10,001 to 50,000	1,011	23.71	16.00
50,001 to 500,000	358	44.03	29.71
500,001 and above	23	75.80	51.13
Total	2,279	148.22	100.00

SOFT COMMISSIONS AND REBATES

Principal Asset Management Berhad (the “Manager”) and the Trustee will not retain any form of rebate or soft commission from, or otherwise share in any commission with, any broker in consideration for directing dealings in the investments of the 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 LIFETIME BALANCED FUND**
(formerly known as CIMB-PRINCIPAL BALANCED FUND)

We, being the Directors of 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 42 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 June 2020 and of its financial performance, changes in equity and cash flows for the financial period then ended in accordance with the provisions of 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.: 199401018399 (304078-K))

MUNIRAH KHAIRUDDIN
Chief Executive Officer/Executive Director

JUAN IGNACIO EYZAGUIRRE BARAONA
Director

Kuala Lumpur
14 August 2020

TRUSTEE'S REPORT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

We have acted as Trustee for PRINCIPAL LIFETIME BALANCED FUND (*formerly known as CIMB-PRINCIPAL BALANCED FUND*) ("the Fund") for the financial period ended 30 June 2020. To the best of our knowledge, Principal Asset Management Berhad ("the Manager") has managed the Fund in the financial period under review in accordance with the following:

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

An income distribution of 2.00 sen per unit (gross) declared to the unitholders of the Fund for the financial period under ended 30 June 2020.

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

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

JULIA BINTI MUSTAFFA
Chief Executive Officer

Kuala Lumpur, Malaysia

PRINCIPAL LIFETIME BALANCED FUND
(formerly known as CIMB-Principal Balanced Fund)

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2020

	Note	01.01.2020 to 30.06.2020 RM	01.01.2019 to 30.06.2019 RM
(LOSS)/INCOME			
Dividend income		569,125	688,658
Interest income from unquoted fixed income securities at fair value through profit or loss		423,014	470,037
Interest income from deposits with licensed financial institutions at amortised cost		37,587	43,576
Net (loss)/gain on financial assets at fair value through profit or loss	8	<u>(3,055,622)</u>	<u>976,817</u>
		<u>(2,025,896)</u>	<u>2,179,088</u>
EXPENSES			
Management fee	4	479,092	551,726
Trustee's fee	5	20,717	23,858
Audit fee		9,750	9,750
Tax agent's fee		1,800	1,800
Transaction costs		229,533	139,100
Other expenses		<u>7,663</u>	<u>7,762</u>
		<u>748,555</u>	<u>733,996</u>
(LOSS)/PROFIT BEFORE TAXATION		(2,774,451)	1,445,092
Taxation	7	<u>-</u>	<u>-</u>
(LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL PERIOD		<u>(2,774,451)</u>	<u>1,445,092</u>
 (Loss)/Profit after taxation is made up as follows:			
Realised amount		(2,620,846)	806,887
Unrealised amount		<u>(153,605)</u>	<u>638,205</u>
		<u>(2,774,451)</u>	<u>1,445,092</u>

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

PRINCIPAL LIFETIME BALANCED FUND
(formerly known as CIMB-Principal Balanced Fund)

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	30.06.2020 RM	31.12.2019 Audited RM
ASSETS			
Cash and cash equivalents	9	3,037,261	1,806,246
Financial assets at fair value through profit or loss	8	49,066,607	55,844,405
Amount due from stockbrokers		922,262	160,824
Amount due from Manager		15,332	7,179
Dividends receivable		45,317	20,939
Tax recoverable		103,097	103,097
TOTAL ASSETS		<u>53,189,876</u>	<u>57,942,690</u>
LIABILITIES			
Amount due to stockbrokers		937,477	228,290
Amount due to Manager		64,476	21,030
Accrued management fee		79,311	89,931
Amount due to Trustee		3,430	3,889
Other payables and accruals		13,050	19,000
TOTAL LIABILITIES		<u>1,097,744</u>	<u>362,140</u>
NET ASSET VALUE OF THE FUND		<u>52,092,132</u>	<u>57,580,550</u>
EQUITY			
Unit holders' capital		48,166,367	47,931,306
Retained earnings		3,925,765	9,649,244
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>52,092,132</u>	<u>57,580,550</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	10	<u>148,217,369</u>	<u>148,053,097</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.3514</u>	<u>0.3889</u>

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

PRINCIPAL LIFETIME BALANCED FUND
(formerly known as CIMB-Principal Balanced Fund)

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2020

	Note	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 January 2020		47,931,306	9,649,244	57,580,550
Movement in unit holders' contributions:				
- Creation of units from applications		981,784	-	981,784
- Creation of units from distribution		2,729,367	-	2,729,367
- Cancellation of units		(3,476,090)	-	(3,476,090)
Total comprehensive loss for the financial period		-	(2,774,451)	(2,774,451)
Distribution	6	-	(2,949,028)	(2,949,028)
Balance as at 30 June 2020		<u>48,166,367</u>	<u>3,925,765</u>	<u>52,092,132</u>
Balance as at 1 January 2019		49,127,020	11,162,859	60,289,879
Movement in unit holders' contributions:				
- Creation of units from applications		2,140,732	-	2,140,732
- Creation of units from distribution		2,405,176	-	2,405,176
- Cancellation of units		(3,430,098)	-	(3,430,098)
Total comprehensive income for the financial period		-	1,445,092	1,445,092
Distribution	6	-	(2,606,019)	(2,606,019)
Balance as at 30 June 2019		<u>50,242,830</u>	<u>10,001,932</u>	<u>60,244,762</u>

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

PRINCIPAL LIFETIME BALANCED FUND
(formerly known as CIMB-Principal Balanced Fund)

UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2020

	01.01.2020 to 30.06.2020	01.01.2019 to 30.06.2019
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of quoted securities	36,917,837	20,975,169
Proceeds from disposal of unquoted fixed income securities	9,552,079	12,923,059
Purchase of quoted securities	(34,746,810)	(26,623,192)
Purchase of unquoted fixed income securities	(8,280,194)	(7,615,935)
Dividend income received	543,879	614,581
Interest income received from deposits with licensed financial institutions	37,587	43,576
Interest income received from unquoted fixed income securities	420,494	388,213
Management fee paid	(489,712)	(555,959)
Trustee's fee paid	(21,176)	(24,041)
Payment of other fees and expenses	(24,295)	(20,491)
Net cash generated from operating activities	3,909,689	104,980
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	973,631	2,116,546
Payments for cancellation of units	(3,432,644)	(3,443,357)
Distribution paid	(219,661)	(200,843)
Net cash used in financing activities	(2,678,674)	(1,527,654)
Net increase/(decrease) in cash and cash equivalents	1,231,015	(1,422,674)
Cash and cash equivalents at the beginning of financial period	1,806,246	2,906,786
Cash and cash equivalents at the end of financial period	<u>3,037,261</u>	<u>1,484,112</u>
<u>Cash and cash equivalents comprised of:</u>		
Bank balance	33,096	1,362,358
Deposits with licensed financial institutions	3,004,165	121,754
Cash and cash equivalents at the end of the financial period	<u>3,037,261</u>	<u>1,484,112</u>

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 30 JUNE 2020

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES

Principal Lifetime Balanced Fund (*formerly known as CIMB-Principal Balanced Fund*) (the “Fund”) is governed by a Principal Master Deed dated 15 May 2008, an Eighth Supplemental Master Deed dated 14 June 2010, a Thirteenth Supplemental Master Deed dated 26 June 2012, an Eighteenth Supplemental Master Deed dated 25 March 2015 and a Twentieth Supplemental Master Deed dated 21 October 2019 (collectively referred to as the “Deeds”), between Principal Asset Management Berhad (the “Manager”) and Maybank Trustees Berhad (the “Trustee”).

The Fund aims to invest in a diversified portfolio of equities and fixed income investments. In line with its objective, the investment policy and strategy will be to maintain a balanced portfolio between equities and fixed income investments in the ratio of 70:30. The fixed income portion of the Fund is to provide some capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The investments by the Fund in equity securities shall be between 50% to 70% (both inclusive) of its NAV and investments in fixed income securities and liquid assets shall not be less than 30% of its NAV with a minimum credit rating of “BBB3” or “P2” by RAM or equivalent rating by MARC or by local rating agency(ies) of the country 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 Fixed Income Securities. The Fund may opt to seek investment exposure via collective investment scheme that is in line with the Fund’s objective, subject to the requirement of the SC Guidelines. The Fund may invest at least 2% of the Fund’s NAV in 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.

Fund has changed its name from CIMB-Principal Balanced Fund to Principal Lifetime Balanced 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 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.

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.

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.

There are no applicable standards, amendments to standards or interpretations that are effective for financial periods beginning on/after 1 July 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 contractual cash flows of the Fund's debt securities are solely principal and interest. However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

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

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

Recognition and measurement

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Recognition and measurement (continued)

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 period 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 done 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 bases approved by the Trustee after appropriate technical consultation.

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

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

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

Impairment for assets carried at amortised costs

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

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

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

(d) Functional and presentation currency

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Cash and cash equivalents

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

(f) Amount due from/to stockbrokers

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

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

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

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

(g) 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.

(h) 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.

(i) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Unit holders' contributions

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

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

The outstanding units are carried at the redemption amount that is payable at each financial period 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.

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

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

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

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

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

Estimate of fair value of unquoted fixed income securities

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

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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund aims to grow the value of investments over the long-term through investment in a diversified mix of Malaysian assets.

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

The price risk is managed through diversification and selection of quoted securities, unquoted fixed income securities and other financial instruments within specified limits according to the Deeds.

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

(ii) Interest rate risk

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

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

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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(ii) 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.

(b) Credit risk

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

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

In addition, the Manager imposes a minimum rating requirement as rated by either local and/or foreign rating agencies and manages the duration of the investment in accordance with the objective of the Fund. For this Fund, the unquoted fixed income securities must satisfy a minimum credit rating of "BBB3" or "P2" by RAM Ratings ("RAM") or equivalent rating by Malaysian Rating Corporation Berhad ("MARC") or by local rating agency(ies) of the country of issuance or "BBB-" by Standard & Poor's ("S&P") or equivalent rating by any other international rating agencies.

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 the 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.

(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 and other instruments which are capable of being converted into cash within 7 business days.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

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 subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

(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 values of financial assets traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the financial period 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 market 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)

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

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
30.06.2020				
Financial assets at fair value through profit or loss:				
- Quoted securities	32,498,742	-	-	32,498,742
- Unquoted fixed income securities	-	16,567,865	-	16,567,865
	<u>32,498,742</u>	<u>16,567,865</u>	<u>-</u>	<u>49,066,607</u>
31.12.2019				
Audited				
Financial assets at fair value through profit or loss:				
- Quoted securities	38,334,657	-	-	38,334,657
- Unquoted fixed income securities	-	17,509,748	-	17,509,748
	<u>38,334,657</u>	<u>17,509,748</u>	<u>-</u>	<u>55,844,405</u>

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

3. 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 fixed income securities. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Fund's policies on valuation of these financial assets are stated in Note 2(b).

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

4. MANAGEMENT FEE

In accordance with the Deeds, the Manager is entitled to a maximum management fee of 2.00% per annum, calculated daily based on the NAV of the Fund.

For the six months financial period ended 30 June 2020, the management fee is recognised at a rate of 1.85% per annum (30.06.2019: 1.85% 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 Trustee's fee of 0.08% per annum, calculated daily based on the NAV of the Fund. The Trustee's fee includes the local custodian fee but excludes the foreign sub-custodian fee (if any).

For the six months financial period ended 30 June 2020, the Trustee's fee is recognised at a rate of 0.08% per annum (30.06.2019: 0.08% per annum).

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

6. DISTRIBUTION

Distribution to unit holders is derived from the following sources:

	01.01.2020 to 30.06.2020	01.01.2019 to 30.06.2019
	RM	RM
Dividend income	395,290	243,184
Interest income	288,262	178,245
Net realised gain on disposal of investments	162,049	301,875
Prior financial periods' realised income	<u>2,541,966</u>	<u>1,955,887</u>
	3,387,567	2,679,191
Less:		
Expenses	<u>(438,539)</u>	<u>(73,172)</u>
Net distribution amount	<u><u>2,949,028</u></u>	<u><u>2,606,019</u></u>
Distribution on 24 January 2020		
Gross/Net distribution per unit (sen)	<u>2.00</u>	<u>-</u>
Distribution on 22 January 2019		
Gross/Net distribution per unit (sen)	<u>-</u>	<u>1.73</u>

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

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

There are unrealised losses of RM153,605 for the financial period ended 30 June 2020 (30.06.2019: Nil).

7. TAXATION

	01.01.2020 to 30.06.2020	01.01.2019 to 30.06.2019
	RM	RM
Tax charged for the financial period:		
- Current taxation	<u>-</u>	<u>-</u>

PRINCIPAL LIFETIME BALANCED FUND
(formerly known as CIMB-Principal Balanced Fund)

7. TAXATION (CONTINUED)

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

	01.01.2020 to 30.06.2020	01.01.2019 to 30.06.2019
	RM	RM
(Loss)/Profit before taxation	<u>(2,774,451)</u>	<u>1,445,092</u>
Taxation at Malaysian statutory rate of 24%	(665,868)	346,822
Tax effects of:		
- Loss not deductible for tax purposes/(Investment income not subject to tax)	486,215	(522,981)
- Expenses not deductible for tax purposes	61,323	40,804
- Restriction on tax deductible expenses for Unit Trust Funds	<u>118,330</u>	<u>135,355</u>
-Taxation	<u>-</u>	<u>-</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.06.2020	31.12.2019
	RM	Audited RM
At fair value through profit or loss:		
- Quoted securities	32,498,742	38,334,657
- Unquoted fixed income securities	<u>16,567,865</u>	<u>17,509,748</u>
	<u>49,066,607</u>	<u>55,844,405</u>
	01.01.2020 to 30.06.2020	01.01.2019 to 30.06.2019
	RM	RM
Net (loss)/gain on financial assets at fair value through profit or loss:		
- Realised (loss)/gain on disposals	(2,902,016)	339,990
- Unrealised fair value (loss)/gain	<u>(153,606)</u>	<u>636,827</u>
	<u>(3,055,622)</u>	<u>976,817</u>

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2020				
QUOTED SECURITIES				
Construction				
Econpile Holdings Bhd	2,000,000	1,438,579	1,220,000	2.34
Gamuda Bhd	50,033	176,021	182,120	0.35
IJM Corporation Bhd	<u>400,000</u>	<u>836,848</u>	<u>724,000</u>	<u>1.39</u>
	<u>2,450,033</u>	<u>2,451,448</u>	<u>2,126,120</u>	<u>4.08</u>

PRINCIPAL LIFETIME BALANCED FUND
(formerly known as CIMB-Principal Balanced Fund)

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2020				
(CONTINUED)				
QUOTED SECURITIES				
(CONTINUED)				
Consumer Products & Services				
Genting Bhd	100,000	609,507	410,000	0.79
Genting Malaysia Bhd	185,000	504,945	468,050	0.90
Sime Darby Bhd	400,000	880,147	860,000	1.65
	685,000	1,994,599	1,738,050	3.34
Energy				
Dayang Enterprise Holdings Bhd	400,000	504,000	504,000	0.97
Dialog Group Bhd	100,000	328,404	361,000	0.69
Hibiscus Petroleum Bhd	2,000,000	1,487,558	1,230,000	2.36
Serba Dinamik Holdings Bhd	700,090	1,292,911	1,155,149	2.22
Yinson Holdings Bhd	90,000	580,184	531,000	1.01
	3,290,090	4,193,057	3,781,149	7.25
Financial Services				
Hong Leong Bank Bhd	50,000	806,860	704,000	1.35
Malayan Banking Bhd	150,045	1,361,104	1,126,838	2.16
Public Bank Bhd	160,047	2,981,342	2,640,776	5.07
RHB Bank Bhd	80,000	446,902	383,200	0.74
	440,092	5,596,208	4,854,814	9.32
Health Care				
Hartalega Holdings Bhd	220,000	2,041,571	2,860,000	5.49
IHH Healthcare Bhd	30,000	158,407	165,000	0.32
Top Glove Corporation Bhd	250,000	3,002,702	4,025,000	7.73
	500,000	5,202,680	7,050,000	13.54
Plantation				
Kuala Lumpur Kepong Bhd	46,040	1,020,753	1,022,088	1.96
Sime Darby Plantation Bhd	298,900	1,486,742	1,470,588	2.82
	344,940	2,507,495	2,492,676	4.78
REITs				
IGB REIT	250,000	445,231	447,500	0.86
Sunway REIT	200,000	343,463	324,000	0.62
	450,000	788,694	771,500	1.48

PRINCIPAL LIFETIME BALANCED FUND
(formerly known as CIMB-Principal Balanced Fund)

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2020				
(CONTINUED)				
QUOTED SECURITIES				
(CONTINUED)				
Technology				
D&O Green Technologies Bhd	800,000	624,075	580,000	1.11
Inari Amertron Bhd	700,000	1,176,460	1,183,000	2.27
JHM Consolidation Bhd	500,000	630,419	670,000	1.29
Pentamaster Corporation Bhd	270,000	1,209,592	1,390,500	2.67
Unisem (M) Bhd	176,000	365,511	360,800	0.69
Vitrox Corporation Bhd	40,000	285,418	365,600	0.70
	<u>2,486,000</u>	<u>4,291,475</u>	<u>4,549,900</u>	<u>8.73</u>
Telecommunications & Media				
Axiata Group Bhd	219,800	963,412	780,290	1.50
TIME dotCom Bhd	40,000	365,724	435,200	0.84
	<u>259,800</u>	<u>1,329,136</u>	<u>1,215,490</u>	<u>2.34</u>
Transportation & Logistics				
Malaysia Airports Holdings Bhd	100,000	545,130	545,000	1.05
MISC Bhd	130,000	1,034,110	995,800	1.91
Westports Holdings Bhd	47,300	178,394	179,740	0.35
	<u>277,300</u>	<u>1,757,634</u>	<u>1,720,540</u>	<u>3.31</u>
Utilities				
Tenaga Nasional Bhd	189,200	2,590,714	2,198,503	4.22
TOTAL QUOTED SECURITIES	<u>11,372,455</u>	<u>32,703,140</u>	<u>32,498,742</u>	<u>62.39</u>
ACCUMULATED UNREALISED LOSS ON QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>(204,398)</u>		
TOTAL QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>32,498,742</u>		

PRINCIPAL LIFETIME BALANCED FUND
(formerly known as CIMB-Principal Balanced Fund)

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2020 (CONTINUED)				
OTHER INVESTMENT				
Financial Services				
RHB Capital Bhd #	108,100	-	-	-
TOTAL	108,100	-	-	-

As at 31 December 2019, 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.

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2020 (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES				
Aeon Credit Service (M) Bhd 3.80% 10/02/2027 (AA3)	1,150,000	1,167,001	1,187,172	2.28
Ara Bintang Bhd 5.50% 17/03/2026 (NR)	900,000	901,899	932,211	1.79
CIMB Thai Bank PCL 4.15% 06/07/2029 (AA3)	300,000	305,969	309,938	0.59
DRB-Hicom Bhd 4.85% 11/12/2026 (A1)	1,150,000	1,152,903	1,155,652	2.22
IJM Land Bhd 4.73% 17/03/2119 (A2)	750,000	760,851	750,240	1.44
IJM Land Bhd 5.65% 17/03/2119 (A2)	500,000	508,049	529,159	1.02
Mah Sing Group Bhd 4.35% 13/03/2025 (NR)	2,500,000	2,532,774	2,599,974	4.99
Mah Sing Group Bhd 6.90% 04/04/2022 (NR)	2,000,000	2,067,149	2,098,489	4.03
MBSB Bank Bhd 5.05% 20/12/2029 (A3)	120,000	120,149	125,269	0.24
Sabah Development Bank Bhd 5.25% 27/12/2023 (AA1)	3,500,000	3,503,290	3,712,932	7.13
Sports Toto Malaysia Sdn Bhd 4.95% 30/06/2022 (AA3)	1,600,000	1,601,958	1,631,521	3.13
Starbright Capital Bhd 4.35% 24/12/2026 (AAA)	1,500,000	1,533,600	1,535,308	2.94

PRINCIPAL LIFETIME BALANCED FUND
(formerly known as CIMB-Principal Balanced Fund)

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2020				
(CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
TOTAL UNQUOTED FIXED INCOME SECURITIES				
	<u>15,970,000</u>	16,155,592	<u>16,567,865</u>	<u>31.80</u>
ACCUMULATED UNREALISED GAIN ON UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>412,273</u>		
TOTAL UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>16,567,865</u>		

PRINCIPAL LIFETIME BALANCED FUND
(formerly known as CIMB-Principal Balanced Fund)

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2019				
Audited				
QUOTED SECURITIES				
Construction				
Econpile Holdings Bhd	800,000	574,104	604,000	1.05
Gamuda Bhd	230,000	701,186	897,000	1.56
IJM Corporation Bhd	600,000	1,255,272	1,302,000	2.26
	<u>1,630,000</u>	<u>2,530,562</u>	<u>2,803,000</u>	<u>4.87</u>
Consumer Products & Services				
Aeon Co. (M) Bhd	431,000	672,360	612,020	1.06
Bermaz Auto Bhd	100,000	237,888	210,000	0.36
DRB-Hicom Bhd	94,700	245,260	225,386	0.39
Genting Bhd	50,800	387,030	307,340	0.53
Genting Malaysia Bhd	247,400	881,246	813,946	1.41
Nestle Malaysia Bhd	5,000	720,674	735,000	1.28
Sime Darby Bhd	310,000	723,302	688,200	1.20
	<u>1,238,900</u>	<u>3,867,760</u>	<u>3,591,892</u>	<u>6.23</u>
Energy				
Dayang Enterprise Holdings Bhd	200,000	360,795	502,000	0.87
Dialog Group Bhd	202,800	595,623	699,660	1.22
Hibiscus Petroleum Bhd	583,900	568,299	548,866	0.95
Serba Dinamik Holdings Bhd	335,790	691,901	738,738	1.28
Serba Dinamik Holdings Bhd - Warrant	95,940	-	42,214	0.07
Wah Seong Corporation Bhd	225,000	275,488	270,000	0.47
	<u>1,643,430</u>	<u>2,492,106</u>	<u>2,801,478</u>	<u>4.86</u>
Financial Services				
Bursa Malaysia Bhd	32,500	210,169	197,925	0.34
CIMB Group Holdings Bhd	500,024	2,752,301	2,575,124	4.47
Hong Leong Bank Bhd	80,000	1,345,066	1,384,000	2.40
Malayan Banking Bhd	368,545	3,343,183	3,184,229	5.53
Public Bank Bhd	120,047	2,396,295	2,333,714	4.05
RHB Bank Bhd	250,000	1,413,872	1,445,000	2.51
	<u>1,351,116</u>	<u>11,460,886</u>	<u>11,119,992</u>	<u>19.30</u>
Health Care				
Hartalega Holdings Bhd	106,000	574,255	580,880	1.01
IHH Healthcare Bhd	160,000	929,049	875,200	1.52
	<u>266,000</u>	<u>1,503,304</u>	<u>1,456,080</u>	<u>2.53</u>

PRINCIPAL LIFETIME BALANCED FUND
(formerly known as CIMB-Principal Balanced Fund)

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2019				
(CONTINUED)				
Audited (Continued)				
QUOTED SECURITIES				
(CONTINUED)				
Industrial Products & Services				
ATA IMS Bhd	500,000	857,830	870,000	1.51
Petronas Chemicals Group Bhd	150,000	1,122,561	1,102,500	1.91
Press Metal Aluminium Holdings Bhd	90,086	434,735	418,900	0.73
Sunway Bhd	388,500	669,021	699,300	1.21
Uchi Technologies Bhd	42,000	127,344	116,760	0.20
	<u>1,170,586</u>	<u>3,211,491</u>	<u>3,207,460</u>	<u>5.56</u>
Plantation				
Kuala Lumpur Kepong Bhd	29,300	639,446	726,640	1.26
Sime Darby Plantation Bhd	260,900	1,320,809	1,421,905	2.47
	<u>290,200</u>	<u>1,960,255</u>	<u>2,148,545</u>	<u>3.73</u>
Property				
LBS Bina Group Bhd - Preference Share	57,840	63,624	40,488	0.07
Sime Darby Property Bhd	321,700	246,005	294,355	0.52
	<u>379,540</u>	<u>309,629</u>	<u>334,843</u>	<u>0.59</u>
REITs				
IGB REIT	74,600	126,837	140,994	0.24
Sunway REIT	233,100	421,618	424,242	0.74
	<u>307,700</u>	<u>548,455</u>	<u>565,236</u>	<u>0.98</u>
Technology				
D&O Green Technologies Bhd	1,087,000	821,413	923,950	1.60
Malaysian Pacific Industries Bhd	50,000	568,195	571,999	0.99
ViTrox Corporation Bhd	95,900	667,609	759,528	1.32
	<u>1,232,900</u>	<u>2,057,217</u>	<u>2,255,477</u>	<u>3.91</u>
Telecommunications & Media				
Axiata Group Bhd	219,800	963,412	909,972	1.58
Digi.Com Bhd	230,000	1,080,426	1,025,800	1.78
TIME dotCom Bhd	99,000	865,993	912,780	1.60
	<u>548,800</u>	<u>2,909,831</u>	<u>2,848,552</u>	<u>4.96</u>

PRINCIPAL LIFETIME BALANCED FUND
(formerly known as CIMB-Principal Balanced Fund)

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2019				
(CONTINUED)				
Audited (Continued)				
QUOTED SECURITIES				
(CONTINUED)				
Transportation & Logistics				
Malaysia Airports Holdings Bhd				
	89,500	757,051	680,200	1.18
MISC Bhd				
	56,600	384,490	472,610	0.82
Westports Holdings Bhd				
	150,000	568,354	631,500	1.10
	<u>296,100</u>	<u>1,709,895</u>	<u>1,784,310</u>	<u>3.10</u>
Utilities				
Ranhill Holdings Bhd				
	600,000	824,920	642,000	1.12
Taliworks Corporation Bhd				
	300,000	284,619	267,000	0.47
Tenaga Nasional Bhd				
	189,200	2,590,714	2,508,792	4.37
	<u>1,089,200</u>	<u>3,700,253</u>	<u>3,417,792</u>	<u>5.96</u>
TOTAL QUOTED SECURITIES				
	<u>11,444,472</u>	<u>38,261,644</u>	<u>38,334,657</u>	<u>66.58</u>
ACCUMULATED UNREALISED GAIN ON QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>73,013</u>		
TOTAL QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u><u>38,334,657</u></u>		
OTHER INVESTMENT				
Financial Services				
RHB Capital Bhd #				
	<u>108,100</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL				
	<u><u>108,100</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

As at 31 December 2019, 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.

PRINCIPAL LIFETIME BALANCED FUND
(formerly known as CIMB-Principal Balanced Fund)

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2019				
(CONTINUED)				
Audited (Continued)				
UNQUOTED FIXED				
INCOME SECURITIES				
Ara Bintang Bhd 5.50% 17/03/2026 (AAA)	900,000	902,034	905,292	1.57
Bumitama Agri Ltd 4.20% 22/07/2026 (AA3)	550,000	560,316	568,555	0.99
CIMB Thai Bank PCL 4.15% 06/07/2029 (AA3)	300,000	306,037	308,086	0.53
DRB-Hicom Bhd 4.85% 11/12/2026 (A1)	1,150,000	1,153,056	1,159,278	2.01
Edra Energy Sdn Bhd 5.67% 05/01/2023 (AA3)	1,500,000	1,610,499	1,614,737	2.80
Exsim Capital Resources Bhd 5.00% 28/01/2022 (AA3)	3,000,000	3,068,117	3,103,728	5.39
Fortune Premiere Sdn Bhd 3.985% 11/09/2026 (AA2)	450,000	456,910	456,164	0.79
IJM Corporation Bhd 4.76% 10/04/2029 (AA3)	500,000	506,099	523,047	0.91
IJM Land Bhd Perpetual Sukuk 5.65% 17/03/2119 (A2)	500,000	508,049	536,624	0.93
IJM Land Bhd 4.73% 17/03/2119 (A2)	750,000	760,931	761,977	1.32
Malayan Banking Bhd 4.08% 22/02/2117 (AA3)	1,000,000	1,010,955	1,018,145	1.77
MBSB Bank Bhd 5.05% 20/12/2029 (A3)	120,000	120,197	120,221	0.21
Penang Port Sdn Bhd 4.30% 24/12/2026 (AA3)	550,000	550,324	550,318	0.96
Penang Port Sdn Bhd 4.48% 27/12/2029 (AA3)	200,000	200,123	200,121	0.35
Penang Port Sdn Bhd 4.68% 26/12/2031 (AA3)	400,000	400,256	400,252	0.70
Sabah Development Bank Bhd 5.25% 27/12/2023 (AA1)	3,500,000	3,505,060	3,665,793	6.37
Sports Toto Malaysia Sdn Bhd 4.95% 30/06/2022 (AA3)	1,600,000	1,602,317	1,617,410	2.81

PRINCIPAL LIFETIME BALANCED FUND
(formerly known as CIMB-Principal Balanced Fund)

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2019 (CONTINUED)				
Audited (Continued)				
UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
TOTAL UNQUOTED FIXED INCOME SECURITIES	<u>16,970,000</u>	17,221,280	<u>17,509,748</u>	<u>30.41</u>
ACCUMULATED UNREALISED GAIN ON UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>288,468</u>		
TOTAL UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>17,509,748</u>		

PRINCIPAL LIFETIME BALANCED FUND
(formerly known as CIMB-Principal Balanced Fund)

9. CASH AND CASH EQUIVALENTS

	30.06.2020	31.12.2019
	RM	Audited RM
Deposits with licensed financial institutions	3,004,165	1,695,283
Bank balance	33,096	110,963
	3,037,261	1,806,246

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

	01.01.2020 to 30.06.2020	01.01.2019 to 31.12.2019
	No. of units	Audited No. of units
At the beginning of the financial period/year	148,053,097	151,109,097
Add: Creation of units from applications	2,736,884	7,908,618
Add: Creation of units from distribution	7,384,651	6,263,480
Less: Cancellation of units	(9,957,263)	(17,228,098)
At the end of the financial period/year	148,217,369	148,053,097

11. MANAGEMENT EXPENSE RATIO ("MER")

	01.01.2020 to 30.06.2020	01.01.2019 to 30.06.2019
	%	%
MER	0.99	0.98

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 withholding tax
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 RM52,146,006 (30.06.2019: RM60,137,941).

12. PORTFOLIO TURNOVER RATIO (“PTR”)

	01.01.2020 to 30.06.2020	01.01.2019 to 30.06.2019
PTR (times)	0.87	0.58

PTR is derived from the following calculation:

(Total acquisition for the financial period + total disposal for the financial period) ÷ 2
Average NAV of the Fund for the financial period calculated on a daily basis

where:

total acquisition for the financial period = RM43,577,207 (30.06.2019: RM34,698,641)
total disposal for the financial period = RM47,225,428 (30.06.2019: RM34,580,557)

13. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO 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
CIMB Bank Bhd	Fellow related party to the Manager
CGS-CIMB Securities Sdn Bhd	Fellow related party to the Manager

PRINCIPAL LIFETIME BALANCED FUND
(formerly known as CIMB-Principal Balanced Fund)

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

Units held by the Manager and parties related to the Manager

	30.06.2020		31.12.2019	
	No. of units	RM	No. of units	Audited RM
Manager				
Principal Asset Management Berhad	5,053	1,776	5,082	1,976

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.

	30.06.2020	31.12.2019
	RM	Audited RM
<u>Significant related party balances</u>		
Bank balance:		
- CIMB Bank Bhd	33,096	110,962
	01.01.2020 to 30.06.2020	01.01.2019 to 30.06.2019
	RM	RM
<u>Significant related party transactions</u>		
Interest income from deposits with licensed financial institution:		
- CIMB Bank Bhd	1,451	1,605
Cash placements with licensed financial institution:		
- CIMB Bank Bhd	12,984,000	12,718,000

PRINCIPAL LIFETIME BALANCED FUND
(formerly known as CIMB-Principal Balanced Fund)

14. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the top 10 brokers/dealers for the six months financial period ended 30 June 2020 are as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Hong Leong Investment Bank Bhd	14,651,673	16.14	20,264	13.17
RHB Investment Bank Bhd	11,992,504	13.21	20,302	13.20
Maybank Investment Bank Bhd	11,190,589	12.33	20,621	13.41
CLSA Securities (M) Sdn Bhd	10,381,224	11.44	22,280	14.48
CGS-CIMB Securities Sdn Bhd #	7,218,704	7.95	14,632	9.51
Affin Hwang Investment Bank Bhd	6,238,713	6.87	14,059	9.14
RHB Bank Bhd	5,741,550	6.33	-	-
J.P. Morgan Securities (M) Sdn Bhd	5,253,304	5.79	9,611	6.25
UBS Securities (M) Sdn Bhd	4,352,854	4.80	9,370	6.09
Credit Suisse Securities (M) Sdn Bhd	2,883,846	3.18	6,300	4.10
Others	10,869,044	11.96	16,377	10.65
	<u>90,774,005</u>	<u>100.00</u>	<u>153,816</u>	<u>100.00</u>

Details of transactions with the top 10 brokers for the six months financial period ended 30 June 2019 are as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
RHB Investment Bank Bhd	8,271,849	11.95	14,075	14.27
Macquarie Capital Securities (M) Sdn Bhd	8,188,478	11.83	16,396	16.62
KAF Seagroatt & Campbell Securities Sdn Bhd	7,730,489	11.17	17,394	17.63
RHB Bank Bhd	7,588,745	10.96	-	-
JP Morgan Securities (M) Sdn Bhd	4,591,763	6.63	4,688	4.75
Maybank Investment Bank Bhd	4,382,277	6.33	9,860	9.99
UBS Securities (M) Sdn Bhd	4,140,379	5.98	6,569	6.66
Alliance Bank Malaysia Bhd	4,110,420	5.94	-	-
Hong Leong Investment Bank Bhd	3,481,531	5.03	7,833	7.94
Affin Hwang Investment Bank Bhd	3,420,525	4.94	7,729	7.83
Others #	13,330,256	19.24	14,119	14.31
	<u>69,236,712</u>	<u>100.00</u>	<u>98,663</u>	<u>100.00</u>

14. TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)

Included in the transactions are trades conducted with CGS-CIMB Securities Sdn Bhd and CIMB Bank Bhd, fellow related parties to the Manager amounting to RM7,218,704 (30.06.2019: Nil) and Nil (30.06.2019: RM3,103,540) respectively. The Manager is of the opinion that all transactions with the related company have been entered into in the normal course of business at agreed terms between the related parties.

15. SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

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 period.

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

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