

Principal Malaysia Enhanced Opportunities Fund

Interim Report

For the Six Months Financial Period Ended 31 October 2020

PRINCIPAL MALAYSIA ENHANCED OPPORTUNITIES FUND

INTERIM REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2020

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INVESTORS' LETTER

Dear Valued Investor,

The month of December is always a good time to re-evaluate where you stand financially and relook at how you can diversify and strategise your investment portfolio for the new year and years to come.

What's more, the recent Budget 2021 announcement that the tax relief for the Private Retirement Scheme ("PRS") has been extended till 2025 is something all of us should take advantage of - for your financial planning in the new year and beyond that for your retirement.

This year, we have seen unprecedented hits to our economic activities, major infusion of monetary and fiscal policymaking, and a vote for new leadership in the US. Going into 2021, I believe it will be a year of renewal where we will see the world trying to shift to pre-pandemic norms while at the same time, accelerate into the post-pandemic future.

Our commitment to responsible investing focuses on one key priority—your long-term best interest. We're able to deliver on this commitment to you by developing strong, stable, research-based investment solutions through our globally integrated asset class teams and shared information infrastructure.

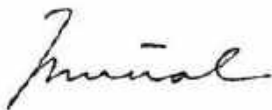
We continue to prefer equities over fixed income and remain positive on Asian equities favouring China and more developed Asian economies on a 12-month basis. For our:

- **Conservative investors, we recommend:** Malaysia focus bond funds and regional balanced funds that are income focussed.
- **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.

We are constantly sharing content on investing, retirement and latest market outlook in our website (www.principal.com.my). Do like out our Facebook page (@PrincipalAssetMY) in order not to miss these updates and promotions – and for those who already have, I take this opportunity to thank you.

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

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



Munirah Khairuddin
Chief Executive Officer

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

The Fund aims to provide investors with long-term capital growth by investing principally in equities. The Fund also seeks to outperform the Financial Times Stock Exchange ("FTSE") Bursa Malaysia ("FBM") Kuala Lumpur Composite Index ("FBMKLCI") benchmark.

Has the Fund achieved its objective?

For the financial period under review, the Fund registered a gain of 11.31%, while the benchmark registered a gains of 4.20%. The Fund has achieved its objective of capital growth during the financial period under review. Nevertheless, the Fund's objective of providing capital over the medium to long-term is still in place.

What are the Fund investment policy and principal investment strategy?

The Fund will invest between 70% to 98% (both inclusive) of its Net Asset Value ("NAV") in equities and up to a maximum of 30% of its NAV may be invested in warrants and options. In line with its objective, the investment policy and strategy of the Fund will focus on investment in shares of companies with growth potential. The Fund may opt to seek investment exposure via collective investment schemes that is in line with the Fund's objective, subject to the requirement of the Securities Commission Malaysia ("SC") Guidelines. Liquid assets may also be strategically used if the Manager perceives that the downside risk of the market is high in the short-term.

The asset allocation strategy for this Fund is as follows:

- between 70% to 98% (both inclusive) of the Fund's NAV in equities;
- up to 30% of the Fund's NAV in warrants and options; and
- minimum of 2% of the Fund's NAV in liquid assets.

Fund category/type

Equity/Growth

When was the Fund launched?

18 August 2004

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

RM48.89 million (81.33 million units)

What is the Fund's benchmark?

FBMKLCI

What is the Fund distribution policy?

The Manager has the discretion to distribute part or all of the Fund's distributable income. The distribution (if any) may vary from period to period depending on the investment objective and the performance of the Fund.

What was the net income distribution for the six months financial period ended 31 October 2020?

The Fund distributed a total net income of RM1.92 million to unit holders for the six months financial period ended 31 October 2020. As a result of distribution, the NAV per unit dropped from RM0.6305 to RM0.6075 on 3 July 2020.

PERFORMANCE DATA

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

	31.10.2020	31.10.2019	31.10.2018
	%	%	%
Quoted securities			
- Construction	2.08	0.73	4.33
- Consumer Products & Services	5.98	15.68	15.45
- Energy	8.50	12.83	7.26
- Financial Services	20.29	25.79	16.87
- Health care	23.16	1.45	4.34
- Industrial Products & Services	5.89	3.96	10.22
- Plantation	10.16	7.65	0.64
- Property	-	-	1.06
- Real Estate Investment Trusts ("REITs")	0.79	2.41	-
- Technology	7.56	8.98	14.92
- Telecommunications & Media	1.17	8.13	1.98
- Transportation & Logistics	5.73	3.07	3.37
- Utilities	6.33	5.48	6.30
Cash and other net assets	2.36	3.84	13.26
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	31.10.2020	31.10.2019	31.10.2018
NAV (RM Million)	48.89	59.56	66.24
Units in circulation (Million)	81.33	92.23	98.38
NAV per unit (RM)	0.6010	0.6458	0.6751
	01.05.2020 to 31.10.2020	01.05.2019 to 31.10.2019	01.05.2018 to 31.10.2018
Highest NAV per unit (RM)	0.6446	0.6936	0.7683
Lowest NAV per unit (RM)	0.5520	0.6217	0.6597
Total return (%)	11.31	0.79	(4.63)
- Capital growth (%)	7.25	(3.49)	(12.11)
- Income distribution (%)	3.79	4.44	8.53
Management Expense Ratio ("MER") (%) ^	0.82	0.81	0.82
Portfolio Turnover Ratio ("PTR") (times) #	0.70	0.56	0.64

^ The Fund's MER slightly increased from 0.81 to 0.82% due to lower in average NAV during the financial period under review.

The Fund's PTR was increased from 0.56 times to 0.70 times for the financial period under review due to higher trading activities

PERFORMANCE DATA (CONTINUED)

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

	01.05.2020 to 31.10.2020	01.05.2019 to 31.10.2019	01.05.2018 to 31.10.2018			
Date of distribution	03.07.2020	11.07.2019	18.07.2018			
Gross/Net distribution per unit (sen)	2.30	2.95	6.00			
	31.10.2020	31.10.2019	31.10.2018	31.10.2017	31.10.2016	31.10.2015
	%	%	%	%	%	%
Annual total return	(3.41)	(0.09)	(6.84)	13.84	4.62	(6.02)

(Launch date: 18 August 2004)

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

MARKET REVIEW (1 MAY 2020 TO 31 OCTOBER 2020)

For the financial period under review, the FBM KLCI Index ("FBMKLCI") gained by 4.20% from 1,407.78 points to 1,466.89 points.

After the surge in April 2020, the rally continued in May 2020 driven mainly by glove and technology stocks. The former was due to rising average selling price amid tight global supply of medical gloves and the latter on the back of demand resiliency coming from 5G, Internet of Things and medical life-sciences. First quarter of 2020 Gross Domestic Product ("GDP") growth fell sharply to 0.7% 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. While second quarter of 2020 GDP is expected to slide further given the full impact of nationwide lockdown during the Movement Control Order ("MCO"), recovery is expected from third quarter of 2020 onwards as the nation prepares to exit from lockdown. In line with other countries, expectations are rising that the Government will end the MCO soon. This will set the stage for a much broader economic recovery as almost all business activities will resume although the pace of recovery will likely be gradual as social distancing practice will remain a norm for some time to come. To provide further boost to the domestic economy, the Government has announced an additional RM35 billion stimulus package on 5 June 2020 to aid the economy during its post-lockdown recovery phase. This is in addition to the RM260 billion Prihatin Rakyat Economic Stimulus Package which has been announced earlier. The Central Bank has also played its role in ensuring that its monetary stance remains accommodative and has cut the Overnight Policy Rate ("OPR") by a further 50 bps to 2.0% in early May 2020.

Subsequently, FBKMLCI was facing some profit-taking activities after the strong surge since late March 2020 as there are concern of second wave of Coronavirus 2019 ("COVID-19") new infections after MCO is being lifted gradually. Over the course of June, 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 Complete Knocked-Down ("CKD") and Completely Built-Up ("CBU") vehicles from 15 June till 31 December while property sector will be boosted by reintroduction of the Home Ownership Campaign ("HOC"), exemption of individuals' Real Property Gain Tax ("RPGT") and the lifting of the maximum loan-to-value ratio ("LTV") to 70%.

MARKET REVIEW (1 MAY 2020 TO 31 OCTOBER 2020) (CONTINUED)

In July 2020, Malaysia equity market continued to have a strong rally, outperforming its regional peers. 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% month-on-month (“m-o-m”) gain in Bursa Malaysia Healthcare Index. Besides healthcare, technology (+24.4% m-o-m) and plantation (+6.5% m-o-m) are the two other notable sectors which also contributed to the broad rally.

Nonetheless, the rally was not sustained into the month of August 2020 as market sentiment dented by subdued second quarter of 2020 corporate earnings results despite earlier expectation of severe earnings contraction due to the full impact of MCO. The earnings disappointment was further compounded by the absence of any interim dividends by the banks to preserve capital against potential losses as the end of loan moratorium loomed.

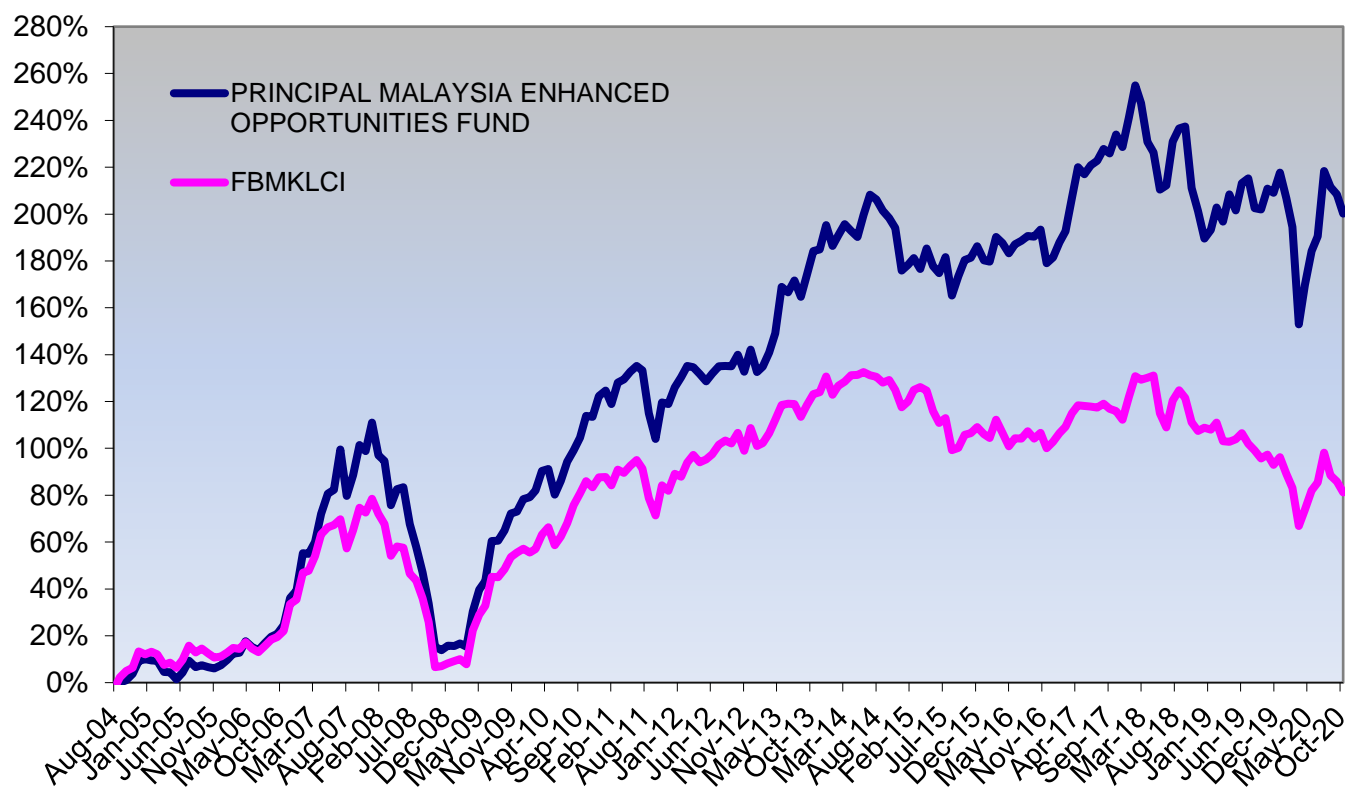
The market continued to slide in September 2020 affected by selling pressure on the Healthcare sector, due to the correction in glove stocks on vaccine development news flow, as well as the sell-down of some blue-chip stocks amid continued net outflow by foreign institutional investors. Politics was another dampener the equity market (especially for the foreign investors). Given slim majority of the current government, there was concern of snap general election may be called soon. Any potential change in government could lead to policy uncertainty, thus negatively impacting the markets in the short term.

The equity market slipped for third consecutive month in October since staging a strong rally in July 2020. The sharp rise in COVID-19 post Sabah state election resulted in the implementation of Conditional MCO (“CMCO”). Despite assurance that all economic sectors would be allowed to operate during the implementation of CMCO, productivity and consumer sentiment as well as spending would be affected. Politics also took the limelight in October when there was news that the Prime Minister had proposed to the King to call for a state of emergency for the country, which was later declined by the King. With threats to the economy were growing by the day, the market hoped that the Budget 2021 would provide enough economic stimulus to steer past the COVID-19 and providing enough safety net for the Bottom 40 (“B40”) population. Warily, there would a threat that the Budget 2021 may not get enough support for approval.

FUND PERFORMANCE

	6 months to 31.10.2020	1 year to 31.10.2020	3 years to 31.10.2020	5 years to 31.10.2020	Since inception to 31.10.2020
	%	%	%	%	%
Income Distribution	3.79	3.79	17.64	37.43	123.55
Capital Growth	7.25	(6.93)	(23.56)	(22.06)	19.46
Total Return	11.31	(3.41)	(10.10)	7.07	200.25
Benchmark	4.20	(8.20)	(16.08)	(11.94)	81.20
Average Total Return	N/A	(3.41)	(3.49)	1.38	7.01

For the financial period under review, the Fund increased by 11.31%, while the benchmark increased by 4.20%. As such, the Fund outperformed its benchmark by 7.11%.



Changes in NAV

	31.10.2020	30.04.2020 Audited	Changes %
NAV (RM Million)	48.89	47.32	3.32
NAV/Unit (RM)	0.6010	0.5602	7.28

The NAV per unit increased by 7.28% due to positive investment performance, whilst NAV increased by 3.32% which is lower due to redemption.

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)	31.10.2020	30.04.2020 Audited
Quoted securities	97.64	85.35
Cash and other net assets	2.36	14.65
TOTAL	100.00	100.00

Asset allocation increased from 85.35% as at 30 April 2020 to 97.64% as at 31 October 2020 to reflect our more constructive view on the Malaysian equity market.

MARKET OUTLOOK*

Contraction in Malaysia's GDP moderated significantly to -2.7% year-on-year ("y-o-y") in third quarter 2020 (-17.1% y-o-y in second quarter of 2020), as economic activity rebounded strongly on a sequential basis, which mainly attributable to higher goods exports and post-MCO recovery in domestic demand. The ongoing implementation of CMCO 2.0 since mid-October 2020 may keep Malaysia's economy in contraction in fourth quarter of 2020. Looking forward, as per Bank Negara Malaysia ("BNM") policy statement, Malaysia economic growth is likely to recover significantly in 2021 on the back of supportive monetary settings as well fiscal measures implemented. The low interest rate environment is likely to be sustained until the economy is on a firmer footing. The equity market will move on to figuring out the pandemic and the impact on the economic recovery in 2021. Equity valuation is seemed fair in relative to the current low interest rate environment.

* 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

Reopening themes and persistent strong earnings growth momentum of glove stocks will keep Bursa Malaysia elevated in the near term. On the other hand, the uncertainty of a potential snap election and the resurgence of COVID-19 cases could dampen the market sentiment. Having said that, we believe that any correction in the near term will unlikely to re-test March 2020 low given the supportive monetary and fiscal stimulus in place. Earlier hope for rapid recovery in fourth quarter of 2020 may now be pushed further into first quarter or second quarter of 2021. Heighten volatility in the coming months present a good opportunity to position the fund for next year. Consider all factors, we reiterate our neutral stance on the Malaysia equity market, given the prevalent expectation of earnings rebound in 2021.

UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 31 October 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	576	1.56	1.92
5,001-10,000	456	3.39	4.17
10,001-50,000	1,197	28.54	35.09
50,001-500,000	421	40.10	49.31
500,001 and above	6	7.74	9.51
Total	2,656	81.33	100.00

SOFT COMMISSIONS AND REBATES

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

During the financial 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 MALAYSIA ENHANCED OPPORTUNITIES 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 11 to 34 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 October 2020 and of its financial performance, changes in equity and cash flows for the financial period then ended in accordance with 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 December 2020

TRUSTEE'S REPORT

For The Six Months Financial Period Ended 31 October 2020

**TO THE UNIT HOLDERS OF
PRINCIPAL MALAYSIA ENHANCED OPPORTUNITIES FUND**

We, Amanahraya Trustees Berhad, have acted as trustee Principal Malaysia Enhanced Opportunities Fund for the six months financial period ended 31 October 2020. In our opinion, Principal Asset Management Berhad, the manager, has operated and managed Principal Malaysia Enhanced Opportunities Fund in accordance with the limitations imposed on the investment powers of the management company under the Deed, securities laws and the applicable Guidelines on Unit Trust Funds for the six months financial period ended 31 October 2020.

We are also of the opinion that:

- (a) Valuation and pricing is carried out in accordance with the Deeds and any regulatory requirement;
- (b) Creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirement; and
- (c) The distribution of income made by Principal Malaysia Enhanced Opportunities Fund as declared by the Manager is appropriate and reflects the investment objective of Principal Malaysia Enhanced Opportunities Fund.

Yours faithfully

AMANAHRAYA TRUSTEES BERHAD

ZAINUDIN BIN SUHAIMI

Deputy Chief Executive Officer

Kuala Lumpur, Malaysia

11 December 2020

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2020**

		01.05.2020 to 31.10.2020	01.05.2019 to 31.10.2019
	Note	RM	RM
INCOME			
Dividend income		453,074	952,931
Interest income from deposits with licensed financial institutions		23,490	56,953
Net gain on financial assets at fair value through profit or loss	8	<u>5,732,054</u>	<u>129,615</u>
		<u>6,208,618</u>	<u>1,139,499</u>
EXPENSES			
Management fee	4	388,211	452,751
Trustee fee	5	15,528	18,110
Transaction costs		198,625	186,386
Audit fee		5,050	8,550
Tax agent's fee		4,627	2,000
Other expenses		<u>9,825</u>	<u>8,368</u>
		<u>621,866</u>	<u>676,165</u>
PROFIT BEFORE TAXATION		5,586,752	463,334
Taxation	6	<u>-</u>	<u>-</u>
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		<u>5,586,752</u>	<u>463,334</u>
Profit after taxation is made up as follows:			
Realised amount		2,544,879	2,226,267
Unrealised amount		<u>3,041,873</u>	<u>(1,762,933)</u>
		<u>5,586,752</u>	<u>463,334</u>

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2020**

		31.10.2020	30.04.2020
	Note	RM	Audited RM
ASSETS			
Cash and cash equivalents	9	1,572,456	7,651,460
Financial assets at fair value through profit or loss	8	47,734,440	40,387,303
Amount due from stockbrokers		36,455	46,566
Amount due from Manager		1,300	10,824
Dividends receivable		73,931	172,916
TOTAL ASSETS		<u>49,418,582</u>	<u>48,269,069</u>
LIABILITIES			
Amount due to stockbrokers		149,929	804,924
Amount due to Manager		294,287	65,648
Accrued management fee		64,278	56,450
Amount due to Trustee		2,571	2,258
Other payables and accruals		21,749	18,300
TOTAL LIABILITIES		<u>532,814</u>	<u>947,580</u>
NET ASSET VALUE OF THE FUND		<u>48,885,768</u>	<u>47,321,489</u>
EQUITY			
Unit holders' capital		1,809,371	543,022
Retained earnings		47,076,397	46,778,467
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>48,885,768</u>	<u>47,321,489</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	10	<u>81,334,955</u>	<u>84,462,058</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.6010</u>	<u>0.5602</u>

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

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2020**

	Note	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 May 2020		543,022	46,778,467	47,321,489
Movements in unit holders' contributions:				
- Creation of units from applications		2,809,626	-	2,809,626
- Creation of units from distribution		1,902,980	-	1,902,980
- Cancellation of units		(3,446,257)	(3,366,850)	(6,813,106)
Total comprehensive income for the financial period		-	5,586,752	5,586,752
Distribution	7		(1,921,973)	(1,921,973)
Balance as at 31 October 2020		<u>1,809,371</u>	<u>47,076,397</u>	<u>48,885,768</u>
Balance as at 1 May 2019		5,097,785	56,587,611	61,685,396
Movements in unit holders' contributions:				
- Creation of units from applications		2,177,207	-	2,177,207
- Creation of units from distribution		2,645,536	-	2,645,536
- Cancellation of units		(4,715,574)	-	(4,715,574)
Total comprehensive income for the financial period		-	463,334	463,334
Distribution	7	-	(2,692,021)	(2,692,021)
Balance as at 31 October 2019		<u>5,204,954</u>	<u>54,358,924</u>	<u>59,563,878</u>

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

**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2020**

	01.05.2020 to 31.10.2020	01.05.2019 to 31.10.2019
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of quoted securities	35,292,520	33,421,819
Purchase of quoted securities	(37,751,112)	(31,161,010)
Interest income received from deposits with licensed financial institutions	23,490	56,953
Dividend income received	550,386	976,075
Management fee paid	(380,383)	(453,180)
Trustee fee paid	(15,215)	(18,128)
Payments for other fees and expenses	(14,380)	(17,632)
Net cash (used in)/generated from operating activities	(2,294,694)	1,183,317
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	2,819,150	2,259,291
Payments for cancellation of units	(6,584,467)	(4,692,609)
Distribution paid	(18,993)	(46,485)
Net cash used in financing activities	(3,784,310)	(2,479,803)
Net (decrease)/increase in cash and cash equivalents	(6,079,004)	325,094
Cash and cash equivalents at the beginning of the financial period	7,651,460	2,365,269
Cash and cash equivalents at the end of the financial period	1,572,456	2,690,363
<u>Cash and cash equivalents comprised of</u>		
Deposits with licensed financial institutions	20,316	38,130
Bank balances	1,552,140	2,652,233
Cash and cash equivalents at the end of the financial period	1,572,456	2,690,363

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 31 OCTOBER 2020**

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES

Principal Malaysia Enhanced Opportunities Fund (the "Fund") was constituted pursuant to a Deed dated 18 August 2004, a First Supplemental Master Deed dated 25 June 2008, a Second Supplemental Master Deed dated 25 June 2008, a Third Supplemental Master Deed dated 14 July 2008, 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"), made between Principal Asset Management Berhad (the "Manager") and AmanahRaya Trustees Berhad (the "Trustee").

The Fund will invest between 70% to 98% (both inclusive) of its NAV in equities and up to a maximum of 30% of its NAV may be invested in warrants and options. In line with its objective, the investment policy and strategy of the Fund will focus on investment in shares of companies with growth potential. 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. Liquid assets may also be strategically used if the Manager perceives that the downside risk of the market is high in the short-term.

The asset allocation strategy for this Fund is as follows:

- between 70% to 98% (both inclusive) of the Fund's NAV in equities;
- up to 30% of the Fund's NAV in warrants and options; and
- minimum of 2% of the Fund's NAV in liquid assets

All investments are subject to the SC Guidelines on Unit Trust Funds, SC requirements, the Deeds, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund's objective.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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(l).

There are no other standards, amendments to standards or interpretations that are effective for financial period beginning on 1 May 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 May 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 at fair value through other comprehensive income ("OCI").

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the financial 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 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 are accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on a weighted average cost basis.

(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 Malaysian Ringgit ("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 balance 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 period.

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

(h) Amount due from/(to) stockbrokers

Amounts due from and to stockbrokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. The amount due from stockbrokers balance is held for collection.

These amounts are measured at amortised cost. At each reporting date, the Fund measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month 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 the Manager as any contractual payment which is more than 30 days past due.

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

(i) 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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 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 this accounting policy, no significant judgement was required.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to provide investors with long-term capital growth by investing principally in equities. The Fund also seeks to outperform the FBMKLCI benchmark.

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 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 diversification and selection of quoted securities and other financial instruments within specified limits according to the Deeds.

(ii) Interest rate risk

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

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

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

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

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

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

The Fund's exposure to interest rate risk associated with deposits with licensed financial institutions is expected to be minimal as the deposits are held on short-term basis.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk

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

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

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

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.

(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. 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.

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31.10.2020				
Financial assets at fair value through profit or loss				
- Quoted securities	<u>47,734,440</u>	<u>-</u>	<u>-</u>	<u>47,734,440</u>
30.04.2020				
Audited				
Financial assets at fair value through profit or loss				
- Quoted securities	<u>40,387,303</u>	<u>-</u>	<u>-</u>	<u>40,387,303</u>

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed quoted 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).

- (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 3.00% per annum calculated daily based on the NAV of the Fund.

For the six months financial period ended 31 October 2020, the management fee is recognised at a rate of 1.50% per annum (31.10.2019: 1.50% per annum).

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

5. TRUSTEE FEE

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

For the six months financial period ended 31 October 2020, the Trustee fee is recognised at a rate of 0.06% per annum (31.10.2019: 0.06% per annum).

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

6. TAXATION

	01.05.2020 to 31.10.2020 RM	01.05.2019 to 31.10.2019 RM
Tax charged for the financial period:		
- Current taxation	-	-

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

	01.05.2020 to 31.10.2020 RM	01.05.2019 to 31.10.2019 RM
Profit before taxation	5,586,752	463,334
Taxation at Malaysian statutory rate of 24%	1,340,820	111,200
Tax effects of:		
Investment income not subject to tax	(1,490,068)	(273,480)
Expenses not deductible for tax purposes	53,672	50,275
Restriction on tax deductible expenses for Unit Trust Funds	95,576	112,005
Taxation	-	-

7. DISTRIBUTION

Distribution to unit holders is derived from the following sources:

	01.05.2020 to 31.10.2020 RM	01.05.2019 to 31.10.2019 RM
Dividend income	6,461	400,433
Interest income	497	14,564
Net realised gain on disposal of quoted securities	10,333	905,146
Prior financial periods' realised income	1,950,969	1,657,573
	1,968,260	2,977,716
Less:		
Expenses	(46,286)	(285,695)
Net distribution amount	1,921,973	2,692,021
Final distribution on 3 July 2020		
Gross/Net distribution per unit (sen)	2.30	-
Final distribution on 11 July 2019		
Gross/Net distribution per unit (sen)	-	2.95

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 expense, 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.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.10.2020	30.04.2020
	RM	Audited RM
At fair value through profit or loss:		
- Quoted securities	<u>47,734,440</u>	<u>40,387,303</u>
	01.05.2020	01.05.2019
	to 31.10.2020	to 31.10.2019
	RM	RM
Net gain on financial assets at fair value through profit or loss:		
- Realised gain on disposals	2,690,181	1,892,548
- Unrealised fair value gain/(loss)	<u>3,041,873</u>	<u>(1,762,933)</u>
	<u>5,732,054</u>	<u>129,615</u>

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.10.2020				
QUOTED SECURITIES				
Construction				
Econpile Holdings Bhd	190,300	126,340	61,848	0.13
IJM Corporation Bhd	<u>711,800</u>	<u>1,092,311</u>	<u>953,812</u>	<u>1.95</u>
	<u>902,100</u>	<u>1,218,651</u>	<u>1,015,660</u>	<u>2.08</u>
Consumer Products & Services				
DRB-Hicom Bhd	230,600	445,019	438,140	0.90
Genting Malaysia Bhd	827,700	3,154,310	1,655,400	3.39
Mr DIY Group (M) Bhd - IPO	29,400	47,040	51,450	0.11
Sime Darby Bhd	<u>321,400</u>	<u>674,545</u>	<u>774,574</u>	<u>1.58</u>
	<u>1,409,100</u>	<u>4,320,914</u>	<u>2,919,564</u>	<u>5.98</u>
Energy				
Dialog Group Bhd	582,800	1,931,158	2,156,360	4.41
Hibiscus Petroleum Bhd	1,479,600	1,298,581	680,616	1.39
Solarvest Holdings Bhd	705,300	843,956	832,254	1.70
Yinson Holdings Bhd	<u>106,800</u>	<u>637,463</u>	<u>489,144</u>	<u>1.00</u>
	<u>2,874,500</u>	<u>4,711,158</u>	<u>4,158,374</u>	<u>8.50</u>
Financial Services				
CIMB Group Holdings Bhd	197,642	1,086,034	583,044	1.19
Hong Leong Bank Bhd	118,300	1,912,976	1,750,840	3.58
Malayan Banking Bhd	327,516	3,008,558	2,292,612	4.69
Public Bank Bhd - Local	287,700	5,263,309	4,338,516	8.87
RHB Bank Bhd	<u>226,468</u>	<u>1,183,676</u>	<u>957,960</u>	<u>1.96</u>
	<u>1,157,626</u>	<u>12,454,553</u>	<u>9,922,972</u>	<u>20.29</u>
Health Care				
Hartalega Holding Bhd	198,600	2,401,490	3,574,800	7.31
IHH Healthcare Bhd	252,900	1,296,370	1,256,913	2.57
Kossan Rubber Industries	203,300	1,441,795	1,524,750	3.12
Optimax Holdings Bhd	1,232,500	969,563	825,775	1.69
Top Glove Corporation Bhd	<u>483,200</u>	<u>2,198,057</u>	<u>4,141,024</u>	<u>8.47</u>
	<u>2,370,500</u>	<u>8,307,275</u>	<u>11,323,262</u>	<u>23.16</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.10.2020 (Continued)				
QUOTED SECURITIES (CONTINUED)				
Industrial Products & Svc				
ATA IMS Bhd	306,500	672,476	640,585	1.31
Chemical Co. Malaysia Bhd	82,266	134,752	162,064	0.33
Greatech Technology Bhd	28,000	175,486	214,480	0.44
Kelington Group Bhd	426,100	479,970	485,754	0.99
Press Metal Aluminium Holding Bhd	241,700	1,245,453	1,326,933	2.71
V.S. Industry Bhd	22,400	31,174	52,416	0.11
	<u>1,106,966</u>	<u>2,739,311</u>	<u>2,882,232</u>	<u>5.89</u>
Plantation				
FGV Holdings Bhd	1,516,600	1,861,322	1,607,596	3.29
IOI Corporation Bhd	186,400	827,542	801,520	1.64
Kuala Lumpur Kepong Bhd	13,615	299,879	288,910	0.59
Sime Darby Plantation Bhd	468,576	2,428,171	2,267,908	4.64
	<u>2,185,191</u>	<u>5,416,914</u>	<u>4,965,934</u>	<u>10.16</u>
REIT				
Axis REIT	<u>183,369</u>	<u>334,806</u>	<u>385,075</u>	<u>0.79</u>
Technology				
D&O Green Technologies Bhd	1,218,700	988,436	1,352,757	2.77
Inari Amertron Bhd	195,300	510,514	496,062	1.01
JHM Consolidation	651,100	798,267	1,132,914	2.32
MI Technovation Bhd	178,300	780,152	713,200	1.46
	<u>2,243,400</u>	<u>3,077,369</u>	<u>3,694,933</u>	<u>7.56</u>
Telecommunications/Media				
Axiata Group Bhd	117,652	541,102	344,720	0.71
Maxis Bhd	46,900	257,331	225,120	0.46
	<u>164,552</u>	<u>798,433</u>	<u>569,840</u>	<u>1.17</u>
Transportation/Logistics				
Malaysia Airports Holding Bhd	325,700	1,737,626	1,361,426	2.78
MISC Bhd - Local	218,500	1,719,727	1,439,915	2.95
	<u>544,200</u>	<u>3,457,353</u>	<u>2,801,341</u>	<u>5.73</u>
Utilities				
Tenaga Nasional Bhd	<u>324,450</u>	<u>4,284,991</u>	<u>3,095,253</u>	<u>6.33</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.10.2020 (Continued)				
QUOTED SECURITIES (CONTINUED)				
TOTAL QUOTED SECURITIES	15,465,954	51,121,728	47,734,440	97.64
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		(3,387,288)		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		47,734,440		
Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.04.2020				
Audited				
QUOTED SECURITIES				
Consumer Products & Services				
British American Tobacco Bhd	122,300	1,469,392	1,548,318	3.27
Carlsberg Brewery Malaysia Bhd	5,100	105,575	140,760	0.30
DRB-Hicom Bhd	162,700	352,330	229,407	0.49
Genting Malaysia Bhd	756,100	2,958,913	1,791,957	3.79
	<u>1,046,200</u>	<u>4,886,210</u>	<u>3,710,442</u>	<u>7.85</u>
Energy				
Dayang Enterprise Holdings Bhd	570,500	1,297,844	718,830	1.52
Dialog Group Bhd	266,700	709,667	888,111	1.88
Hibiscus Petroleum Bhd	1,167,600	1,093,959	572,124	1.21
Serba Dinamik Holdings Bhd	199,790	370,263	317,666	0.67
Wah Seong Corporation Bhd	786,239	860,640	487,468	1.03
Yinson Holdings Bhd	132,000	670,415	683,760	1.45
	<u>3,122,829</u>	<u>5,002,788</u>	<u>3,667,959</u>	<u>7.76</u>
Financial Services				
CIMB Group Holdings Bhd	767,842	4,219,259	2,649,055	5.60
Hong Leong Bank Bhd	104,900	1,731,129	1,395,170	2.95
Malayan Banking Bhd	378,816	3,479,799	2,867,637	6.06
Public Bank Bhd	158,100	3,237,555	2,589,678	5.47
RHB Bank Bhd	78,668	441,988	373,673	0.79
	<u>1,488,326</u>	<u>13,109,730</u>	<u>9,875,213</u>	<u>20.87</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.04.2020 (CONTINUED)				
Audited				
QUOTED SECURITIES				
(CONTINUED)				
Health Care				
Duopharma Biotech Bhd	136,770	151,215	213,361	0.45
Hartalega Holdings Bhd	91,100	554,225	692,360	1.46
IHH Healthcare Bhd	47,600	223,454	249,900	0.53
Kossan Rubber Industries	75,700	419,605	423,920	0.90
Top Glove Corporation Bhd	315,600	1,785,992	2,291,256	4.84
	<u>666,770</u>	<u>3,134,491</u>	<u>3,870,797</u>	<u>8.18</u>
Industrial Products & Services				
Chemical Co. Malaysia Bhd	294,066	481,680	323,473	0.68
Press Metal Aluminium Holdings Bhd	76,700	373,045	302,198	0.64
	<u>370,766</u>	<u>854,725</u>	<u>625,671</u>	<u>1.32</u>
Plantation				
IOI Corporation Bhd	371,000	1,647,093	1,506,260	3.18
Kuala Lumpur Kepong Bhd	62,715	1,379,432	1,317,015	2.78
Sime Darby Plantation Bhd	460,076	2,387,456	2,277,376	4.81
	<u>893,791</u>	<u>5,413,981</u>	<u>5,100,651</u>	<u>10.77</u>
Property				
Malaysian Resources Corporation Bhd	453,800	411,532	220,093	0.47
REIT				
Axis REIT	460,869	841,481	898,694	1.90
Technology				
D&O Green Technologies Bhd	2,012,700	1,550,014	1,459,208	3.08
JHM Consolidation	598,400	719,321	568,480	1.20
My Eg Services Bhd	93,000	119,576	118,110	0.25
Pentamaster Corporation Bhd	115,912	223,065	483,353	1.02
	<u>2,820,012</u>	<u>2,611,975</u>	<u>2,629,151</u>	<u>5.55</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.04.2020 (CONTINUED)				
Audited				
QUOTED SECURITIES				
(CONTINUED)				
Telecommunications & Media				
Astro Malaysia Holdings Bhd	1,789,800	2,028,959	1,691,361	3.57
Axiata Group Bhd	458,652	2,109,420	1,807,089	3.82
Digi.com Bhd	232,300	947,150	1,077,872	2.28
Telekom Malaysia Bhd	193,400	725,274	779,402	1.65
	<u>2,674,152</u>	<u>5,810,803</u>	<u>5,355,724</u>	<u>11.32</u>
Transportation & Logistics				
MISC Bhd	41,600	309,801	328,224	0.69
Utilities				
Tenaga Nasional Bhd	335,350	4,428,946	4,104,684	8.67
TOTAL QUOTED SECURITIES	<u>14,374,465</u>	<u>46,816,464</u>	<u>40,387,303</u>	<u>85.35</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(6,429,161)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>40,387,303</u>		

9. CASH AND CASH EQUIVALENTS

	31.10.2020 RM	30.04.2020 Audited RM
Deposits with licensed financial institutions	1,552,140	7,629,512
Bank balances	20,316	21,948
	<u>1,572,456</u>	<u>7,651,460</u>

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

	01.05.2020 to 31.10.2020	01.05.2019 to 30.04.2020
	No. of units	Audited No. of units
At the beginning of the financial period/year	84,462,058	92,169,667
Add : Creation of units from applications	4,695,968	6,022,462
Add : Creation of units from distribution	3,132,477	3,983,042
Less: Cancellation of units	(10,955,548)	(17,713,113)
At the end of the financial period/year	81,334,955	84,462,058

11. MANAGEMENT EXPENSE RATIO (“MER”)

	01.05.2020 to 31.10.2020	01.05.2019 to 31.10.2019
	%	%
MER	0.82	0.81

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 period calculated on a daily basis is RM51,532,630 (31.10.2019: RM59,915,832).

12. PORTFOLIO TURNOVER RATIO (“PTR”)

	01.05.2020 to 31.10.2020	01.05.2019 to 31.10.2019
PTR (times)	0.70	0.56

PTR is derived based on the following calculation:

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

where:

total acquisition for the financial period	=	RM37,004,241 (31.10.2019: RM32,180,850)
total disposal for the financial period	=	RM35,389,159 (31.10.2019: RM34,613,149)

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 CIMB Group Holdings Bhd, other than above, as disclosed in its financial statements	Fellow subsidiary and associated companies of the ultimate holding company of the Manager
CIMB Group Holdings Bhd	Ultimate holding company of shareholder of the Manager
CIMB Bank Bhd	Fellow related party to the Manager
CIMB Islamic Bank Bhd	Fellow related party to the Manager
CGS-CIMB Securities Sdn Bhd	Fellow related party to the Manager
CIMB Investment Bank Bhd	Fellow related party to the Manager
CIMB Group Sdn Bhd	Shareholder of the Manager
Subsidiaries and associates of Principal Financial Group Incorporation, other than above, as disclosed in its financial statements	Fellow subsidiary and associated companies of the ultimate holding company of shareholder of the Manager

Units held by the Manager and parties related to the Manager

Manager	31.10.2020		30.04.2020	
	No. of units	RM	No. of units	RM
Principal Asset Management Berhad	<u>33,341</u>	<u>20,038</u>	<u>31,006</u>	<u>17,370</u>

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 company have been entered into in the normal course of business at agreed terms between the related parties.

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

	01.05.2020 to 31.10.2020 RM	01.05.2019 to 31.10.2019 RM
<u>Significant related party transactions</u>		
Dividend income		
- CIMB Group Holdings Bhd	-	154,780
Interest income from deposits with licensed financial institution:		
- CIMB Islamic Bank Bhd	5,443	19,285
Cash placements with licensed financial institutions:		
- CIMB Islamic Bank Bhd	58,891,000	105,015,000
	31.10.2020	30.04.2020
	RM	Audited
		RM
<u>Significant related party balances</u>		
Deposits with licensed financial institutions:		
- CIMB Islamic Bank Bhd	-	2,543,000
Bank balances:		
- CIMB Islamic Bank Bhd	20,316	21,948

14. TRANSACTIONS WITH BROKERS

Details of transactions with the top 10 brokers for the six months financial period ended 31 October 2020 are as follows:

Brokers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Macquarie Capital Securities (M) Sdn Bhd	13,663,734	18.88	21,815	17.25
KAF Equities Sdn Bhd	9,864,625	13.63	22,257	17.60
CLSA Securities (M) Sdn Bhd	9,641,791	13.32	14,780	11.69
Maybank Investment Bank Bhd	8,713,723	12.04	13,828	10.93
UBS Securities (M) Sdn Bhd	7,971,064	11.01	12,659	10.01
Hong Leong Investment Bank Bhd	4,884,788	6.75	11,019	8.71
RHB Investment Bank Bhd	3,961,873	5.47	8,992	7.11
Affin Hwang Investment Bank Bhd	3,884,270	5.37	8,761	6.93
CGS-CIMB Securities Sdn Bhd	3,403,681	4.70	5,154	4.08
JP Morgan Securities (M) Sdn Bhd	3,387,592	4.68	2,473	1.96
Others	3,009,421	4.15	4,720	3.73
	<u>72,386,562</u>	<u>100.00</u>	<u>126,458</u>	<u>100.00</u>

14. TRANSACTIONS WITH BROKERS (CONTINUED)

Details of transactions with the top 10 brokers for the six months financial period ended 31 October 2019 are as follows:

Brokers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Maybank Investment Bank Bhd	10,181,311	15.28	22,646	17.53
CLSA Securities (M) Sdn Bhd	8,923,347	13.39	17,188	13.31
RHB Investment Bank Bhd	8,379,189	12.58	18,890	14.63
UBS Securities (M) Sdn Bhd	8,192,663	12.30	8,257	6.39
KAF-Seagroatt & Campbell Securities Sdn Bhd	7,885,838	11.84	17,766	13.76
Macquarie Capital Securities (M) Sdn Bhd	6,798,452	10.21	12,659	9.80
Affin Hwang Investment Bank Bhd	5,360,408	8.05	12,109	9.38
JP Morgan Securities (M) Sdn Bhd	3,785,103	5.68	4,903	3.80
Hong Leong Investment Bank Bhd	2,266,215	3.40	5,242	4.06
CGS-CIMB Securities Sdn Bhd #	1,709,586	2.57	3,292	2.55
Others	3,135,029	4.70	6,200	4.79
	<u>66,617,141</u>	<u>100.00</u>	<u>129,152</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 RM3,403,681 (31.10.2019: RM1,709,586). 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 party.

15. SIGNIFICANT EVENT DURING THE 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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