

# Principal Malaysia Opportunities Fund

(formerly known as CIMB-Principal Equity Aggressive Fund 3)

Interim Report

For The Six Months Financial Period Ended 30 June 2020

**PRINCIPAL MALAYSIA OPPORTUNITIES FUND**  
*(formerly known as CIMB-Principal Equity Aggressive Fund 3)*

**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:

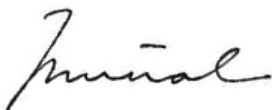
- **Conservative investors, we recommend:** Malaysia focus bond and balanced funds that are income focussed.
- **More aggressive investors, we recommend:** Growth-oriented funds that offer exposure to growth areas in China, Asia-Pacific, Global Technology, ASEAN and Malaysian aggressive funds.

Visit our website ([www.principal.com.my](http://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 Malaysia Opportunities 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 Malaysian shares.

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

For the financial period under review, the Fund registered a loss of -8.84%, while the benchmark registered a loss of -6.31%. The Fund has not achieved its objective of capital growth during the financial period under review due to unfavourable macro environment. 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 may invest between 70% to 98% (both inclusive) of the Fund's Net Asset Value ("NAV") in local equities. The investment policy and strategy of the Fund will be to invest in stocks which are selected based on their future growth prospects. 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. In addition, liquid assets may also be strategically used if the Manager feels that the market downside risk is high in the short term.

The Fund will be managed with high tracking error. The investment strategy of the Fund will be predominantly based on bottom up stock selection instead of investing mainly in the stocks represented in the benchmark. Consequently, the Fund's individual stock and sector weightage will deviate significantly from the benchmark, thus leads to high tracking error. The strategy of the Fund includes utilizing liquid assets dynamically in the changing market conditions. For example, high level of cash holdings in the bearish market will result in higher tracking error as the cash positions helps minimize the degree of the decline in Fund's NAV as compared to the benchmark which have 100% exposure to the market downside.

The asset allocation strategy for this Fund is as follows:

- between 70% to 98% (both inclusive) of the Fund's NAV will be invested in local equities; and
- at least 2% of the Fund's NAV in liquid assets.

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

Equity/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?**

RM51.50 million (49.46 million units)

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

Financial Times Stock Exchange ("FTSE") Bursa Malaysia ("FBM") Top 100 ("FBM100") Index

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

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

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

**PRINCIPAL MALAYSIA OPPORTUNITIES FUND**  
(formerly known as *CIMB-Principal Equity Aggressive Fund 3*)

**FUND OBJECTIVE AND POLICY (CONTINUED)**

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

There was no distribution made for the six months financial period ended 30 June 2020.

**PERFORMANCE DATA**

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

	<b>30.06.2020</b>	<b>30.06.2019</b>	<b>30.06.2018</b>
	%	%	%
Quoted securities			
- Construction	3.20	-	3.11
- Consumer Products	-	-	10.73
- Consumer Products & Services	7.04	16.07	-
- Energy	5.99	14.18	-
- Finance	-	-	16.99
- Financial Services	25.02	21.21	-
- Health Care	14.76	1.48	-
- Industrials	-	-	13.19
- Industrial Products & Services	3.64	6.38	-
- Plantation	9.92	10.26	2.82
- Properties	1.32	2.61	0.63
- Real Estate Investment Trust ("REIT")	0.99	1.42	-
- Technology	8.72	5.89	10.68
- Telecommunications & Media	4.28	5.85	-
- Trading/Services	-	-	34.31
- Transportation & Logistics	5.34	3.53	-
- Utilities	7.68	6.00	-
Cash and other net assets	2.10	5.12	7.54
	<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:

	<b>30.06.2020</b>	<b>30.06.2019</b>	<b>30.06.2018</b>
NAV (RM Million)	51.50	63.39	67.45
Units in circulation (Million)	49.46	53.84	57.30
NAV per unit (RM)	1.0413	1.1774	1.1772
	<b>01.01.2020 to 30.06.2020</b>	<b>01.01.2019 to 30.06.2019</b>	<b>01.01.2018 to 30.06.2018</b>
Highest NAV per unit (RM)	1.1575	1.1826	1.3546
Lowest NAV per unit (RM)	0.8130	1.0759	1.1619
Total return (%)	(8.84)	7.88	(8.07)
- Capital growth (%)	(8.84)	7.88	(8.07)
- Income distribution (%)	-	-	-
Management Expense Ratio ("MER") (%) ^	0.99	0.98	1.05
Portfolio Turnover Ratio ("PTR") (times) #	0.65	0.84	0.79

^ The Fund's MER increased slightly from 0.98% to 0.99% due to decrease in average NAV during the six months financial period under review.

# The Fund's PTR was decreased from 0.84 times to 0.65 times for the financial period under review due to lower trading activities.

**PRINCIPAL MALAYSIA OPPORTUNITIES FUND**  
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**PERFORMANCE DATA (CONTINUED)**

	<b>30.06.2020</b>	<b>30.06.2019</b>	<b>30.06.2018</b>	<b>30.06.2017</b>	<b>30.06.2016</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Annual total return	(7.64)	0.01	(2.18)	11.28	3.27

(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)**

For the financial period under review, the FBM100 Index declined by -6.31% from 11,114.55 points to 10,413.00 points.

Following the rally in December 2019, the optimism in the market did not last as equities slumped and bonds rallied on heightened concerns that the spread of the COVID-19 virus will slam global economic growth.

Subsequently, Bank Negara Malaysia (“BNM”) has surprised the market in January 2020 by cutting the Overnight Policy Rate (“OPR”) by 25 basis points (“bps”) to 2.75% as the central bank took pre-emptive measure to support the economic growth trajectory amid benign inflationary pressure and still uncertain geopolitical tensions and policy uncertainties in a number of countries.

Malaysian market along with FBM100 Index continued to descend amid concerns over uncertainty in domestic politics, COVID-19 outbreak and the poor set of lacklustre corporate results. Political uncertainty engulfed Malaysia again following the shocked resignation of Tun Dr Mahathir as Prime Minister after losing a majority support in the parliament. However, the uncertainty of not having a functioning Federal Government was short-lived as the King has appointed Tan Sri Muhyiddin Yasin as the 8<sup>th</sup> Prime Minister after determining that the latter is likely to get a majority support in the parliament. In his last act as interim prime minister, Tun Dr Mahathir unveiled a RM20 billion stimulus package to mitigate the adverse economic impact from the COVID-19 outbreak. He further lowers Malaysia Gross Domestic Product (“GDP”) growth forecast in 2020 from 4.8% to 3.2%-4.2% while raising the fiscal deficit target from 3.2% to 3.4%.

FBM100 Index declined 11.01% in March 2020 as concerns over the COVID-19 outbreak intensified which was further exacerbated by the sharp 47% fall in Brent crude oil price following the breakdown in talks between Saudi Arabia and Russia to extend the Organization of the Petroleum Exporting Countries (“OPEC+”) production cut agreement. The Malaysian Government has enforced an initial 2-week movement control order (“MCO”) since 18 March 2020 which was extended until 14 April 2020 as the number of new COVID-19 infections spiked. To mitigate the economic impact of COVID-19 and Movement Control Order (“MCO”), a RM250 billion stimulus package was announced with the primary focus of (i) sustaining private consumption and confidence, (ii) preserving the viability and continuity of domestic business entities; and (iii) strengthening the domestic economy. Furthermore, on the backdrop of a disappointing fourth quarter of 2019 GDP growth of 3.6% (versus 4.1% street expectation) and a weaker Purchasing Managers’ Index (“PMI”) reading of 48.5 in February 2020, BNM has followed through with its second interest rate cut this year as it lowers the OPR by 25 bps to 2.50% in its March’s Monetary Policy Committee (“MPC”) meeting. The central bank continues to take pre-emptive measure to support the economic growth trajectory amid slower growth outlook due to the COVID-19 outbreak and weak commodity markets.

Subsequently, a liquidity driven relief rally lifted the FBM100 Index by 5.57% in April 2020 led mainly by technology stocks. The sharp turnaround in investors’ sentiment was driven by coordinated fiscal and monetary responses globally following the COVID-19 outbreak which led to a sharp recession as economic activities came to a halt.

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

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 fifth generation (“5G”), Internet of Things and medical life-sciences. In the first quarter of 2020, 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 the second quarter of 2020 GDP is expected to slide further given the full impact of nationwide lockdown during the MCO, recovery is expected from the third quarter of 2020 onwards as the nation prepares to exit from lockdown. Inline with other countries, expectations is 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 OPR by a further 50 bps to 2.0% in early May 2020.

Subsequently, FBM100 Index was facing some profit-taking activities after the strong surge since late March 2020 as there are concern of second wave of COVID-19 new infections after MCO is being lifted gradually. 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 ratio (“LTV”) to 70%.

**FUND PERFORMANCE**

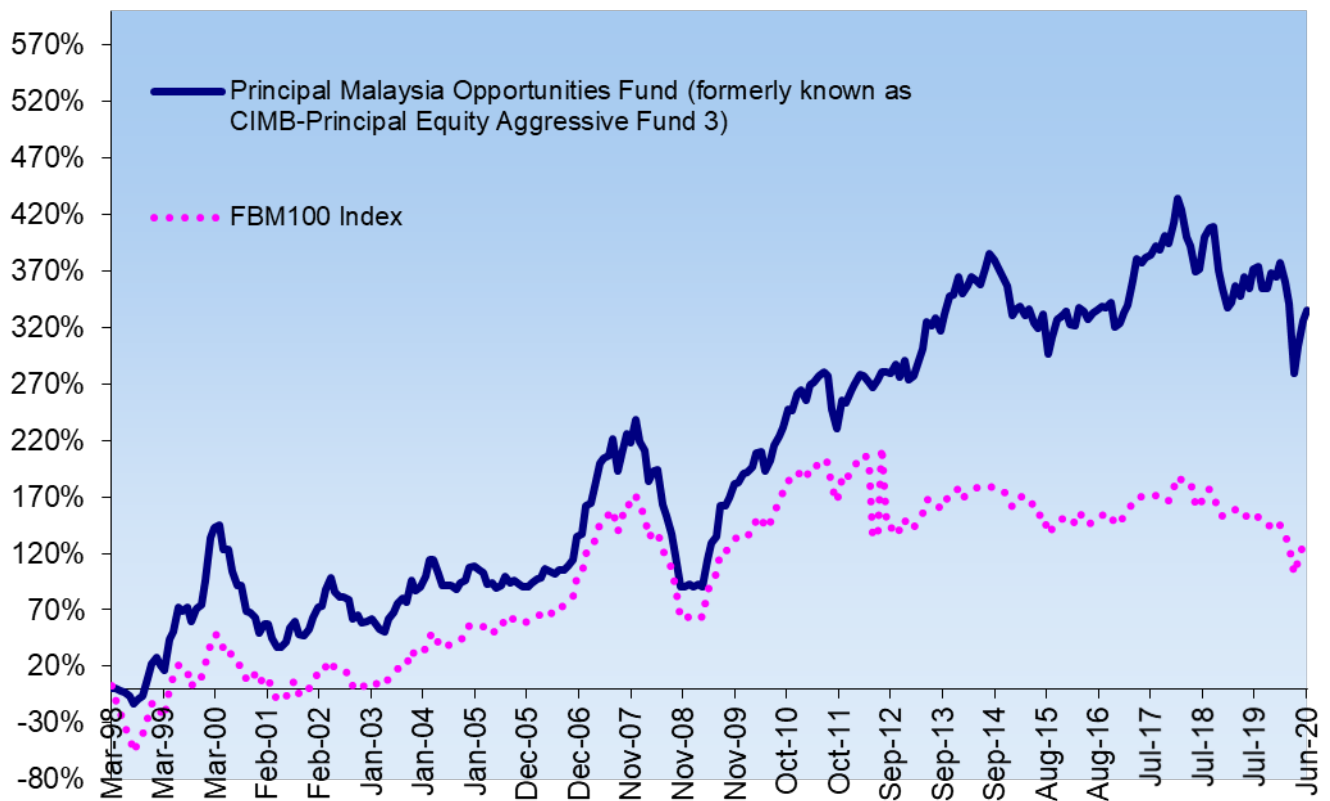
	<b>6 months</b>	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>Since</b>
	<b>to 30.06.2020</b>	<b>to 30.06.2020</b>	<b>to 30.06.2020</b>	<b>to 30.06.2020</b>	<b>inception</b>
		%	%	%	%
Income Distribution	-	4.52	4.52	4.52	4.52
Capital Growth	(8.84)	(11.63)	(13.55)	(0.66)	316.55
Total Return	(8.84)	(7.64)	(9.64)	3.84	335.35
Benchmark	(6.31)	(10.48)	(14.89)	(9.13)	129.88
Average Total Return	N/A	(7.64)	(3.32)	0.76	6.81

For the financial period under review, the Fund's decreased by -8.84%, while the benchmark declined by -6.31%. As such, the Fund underperformed its benchmark by 2.53%.



**PRINCIPAL MALAYSIA OPPORTUNITIES FUND**  
*(formerly known as CIMB-Principal Equity Aggressive Fund 3)*

**FUND PERFORMANCE (CONTINUED)**



**Changes in NAV**

	<b>30.06.2020</b>	<b>31.12.2019</b> <b>Audited</b>	<b>Changes</b> <b>%</b>
NAV (RM Million)	51.50	60.62	(15.04)
NAV/Unit (RM)	1.0413	1.1414	(8.77)

The Fund's NAV declined by 15.04% due to negative investment performance and redemptions while NAV per Unit declined 9.92% due to negative investment performance during the financial period under review.

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

**PORTFOLIO STRUCTURE**

**Asset allocation**

<b>(% of NAV)</b>	<b>30.06.2020</b>	<b>31.12.2019</b> <b>Audited</b>
Quoted securities	97.90	97.83
Cash and other net assets	2.10	2.17
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>

Asset allocation increased slightly from 97.83% as at 31 December 2019 to 97.90% as at 30 June 2020 to reflect our more constructive view on the Malaysian equity market.

## **MARKET OUTLOOK\***

Although the second quarter of 2020 economic data and corporate results will be worse than the first quarter of 2020, we believe investors are already looking past these backward-looking numbers and pricing in rebound in economic activities and financial turnaround of corporates going forward. As such, the litmus test will be in third and fourth quarters of 2020 when investors evaluate whether the actual pace of recovery matches that of expectations. To alleviate any sharp downfall, the Government has maintained an accommodative policy stance to aid the domestic economy in its recovery from the COVID-19 pandemic.

\* 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 before potential correction in the fourth quarter of 2020 in the event earnings rebound is slower than anticipated. That said, we believe the correction will unlikely to re-test March 2020’s low given the supportive monetary and fiscal stimulus. Consider all factors, we are reiterating our neutral stance on the Malaysia equity market, given the prevalent expectation of swift earnings rebound in 2021.

## **UNIT HOLDINGS STATISTICS**

Breakdown of unit holdings by size as at 30 June 2020 are as follows:

<b>Size of unit holdings (units)</b>	<b>No. of unit holders</b>	<b>No. of units held (million)</b>	<b>% of units held</b>
5,000 and below	1,697	5.24	10.59
5,001 - 10,000	837	5.95	12.03
10,001 - 50,000	819	15.82	31.99
50,001 - 500,000	140	15.17	30.67
500,001 and above	3	7.28	14.72
<b>Total</b>	<b>3,496</b>	<b>49.46</b>	<b>100.00</b>

## **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 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 OPPORTUNITIES FUND**  
*(formerly known as CIMB-Principal Equity Aggressive Fund 3)*

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 10 to 35 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 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 August 2020

**TRUSTEE'S REPORT TO THE UNIT HOLDERS OF  
PRINCIPAL MALAYSIA OPPORTUNITIES FUND**  
*(formerly known as CIMB-Principal Equity Aggressive Fund 3)*

**FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2020**

We have acted as Trustee for PRINCIPAL MALAYSIA OPPORTUNITIES FUND (formerly known as CIMB-PRINCIPAL EQUITY AGGRESSIVE FUND 3) ("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.

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

**BERNICE K M LAU**  
Head, Operations

Kuala Lumpur, Malaysia  
14 August 2020

**PRINCIPAL MALAYSIA OPPORTUNITIES FUND**  
*(formerly known as CIMB-Principal Equity Aggressive Fund 3)*

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

	<b>Note</b>	<b>01.01.2020 to 30.06.2020</b>	<b>01.01.2019 to 30.06.2019</b>
		<b>RM</b>	<b>RM</b>
<b>(LOSS)/INCOME</b>			
Dividend income		906,371	864,072
Interest income from deposits with licensed financial institutions		57,717	90,642
Net (loss)/gain on financial assets at fair value through profit or loss	<b>7</b>	<u>(5,575,732)</u>	<u>4,701,404</u>
		<u>(4,611,644)</u>	<u>5,656,118</u>
<b>EXPENSES</b>			
Management fee	<b>4</b>	480,032	572,075
Trustee's & custodian fees	<b>5</b>	20,758	27,369
Transaction costs		181,092	299,363
Audit fee		8,550	8,550
Tax agent's fee		1,800	1,500
Other expenses		<u>5,682</u>	<u>15,280</u>
		<u>697,914</u>	<u>924,137</u>
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		(5,309,558)	4,731,981
Taxation	<b>6</b>	<u>-</u>	<u>-</u>
<b>(LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL PERIOD</b>		<u>(5,309,558)</u>	<u>4,731,981</u>
 (Loss)/Profit after taxation is made up as follows:			
Realised amount		(2,099,395)	(599,761)
Unrealised amount		<u>(3,210,163)</u>	<u>5,331,742</u>
		<u>(5,309,558)</u>	<u>4,731,981</u>

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

**PRINCIPAL MALAYSIA OPPORTUNITIES FUND**  
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**UNAUDITED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

		<b>30.06.2020</b>	<b>31.12.2019</b>
	<b>Note</b>	<b>RM</b>	<b>Audited RM</b>
<b>ASSETS</b>			
Cash and cash equivalents	<b>8</b>	1,699,301	1,783,637
Financial assets at fair value through profit or loss	<b>7</b>	50,418,650	59,309,698
Amount due from stockbrokers		124,079	8,777
Amount due from Manager		28,744	-
Dividends receivable		104,248	34,768
<b>TOTAL ASSETS</b>		<u>52,375,022</u>	<u>61,136,880</u>
<b>LIABILITIES</b>			
Amount due to stockbrokers		606,196	229,083
Amount due to Manager		160,211	169,361
Accrued management fee		79,546	94,747
Amount due to Trustee		3,440	4,097
Other payables and accruals		23,950	17,200
<b>TOTAL LIABILITIES</b>		<u>873,343</u>	<u>514,488</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>51,501,679</u>	<u>60,622,392</u>
<b>EQUITY</b>			
Unit holders' capital		1,806,390	3,637,225
Retained earnings		49,695,289	56,985,167
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>51,501,679</u>	<u>60,622,392</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>	<b>9</b>	<u>49,456,106</u>	<u>53,108,132</u>
<b>NET ASSET VALUE PER UNIT</b>		<u>1.0413</u>	<u>1.1414</u>

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

**PRINCIPAL MALAYSIA OPPORTUNITIES FUND**  
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**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2020**

	Unit holders' capital RM	Retained earnings RM	Total RM
<b>Balance as at 1 January 2020</b>	3,637,225	56,985,167	60,622,392
Movement in unit holders' contributions:			
- Creation of units from applications	453,727	-	453,727
- Cancellation of units	(2,284,562)	(1,980,320)	(4,264,882)
Total comprehensive loss for the financial period	-	(5,309,558)	(5,309,558)
<b>Balance as at 30 June 2020</b>	<u>1,806,390</u>	<u>49,695,289</u>	<u>51,501,679</u>
<b>Balance as at 1 January 2019</b>	3,730,783	57,826,888	61,557,671
Movement in unit holders' contributions:			
- Creation of units from applications	871,328	-	871,328
- Cancellation of units	(3,768,455)	-	(3,768,455)
Total comprehensive income for the financial period	-	4,731,981	4,731,981
<b>Balance as at 30 June 2019</b>	<u>833,656</u>	<u>62,558,869</u>	<u>63,392,525</u>

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

**PRINCIPAL MALAYSIA OPPORTUNITIES FUND**  
*(formerly known as CIMB-Principal Equity Aggressive Fund 3)*

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

	<b>01.01.2020 to 30.06.2020</b>	<b>01.01.2019 to 30.06.2019</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from disposal of quoted securities	35,643,364	51,124,340
Purchase of quoted securities	(32,247,329)	(54,917,014)
Dividend income received	836,066	837,527
Interest income received from deposits with licensed financial institutions	57,717	90,642
Management fee paid	(495,233)	(575,207)
Trustee's fee paid	(21,415)	(27,505)
Payments for other fees and expenses	(8,457)	(21,950)
<b>Net cash generated from/(used in) operating activities</b>	<b>3,764,713</b>	<b>(3,489,167)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash proceeds from units created	424,983	856,855
Payments for cancellation of units	(4,274,032)	(3,724,843)
<b>Net cash used in financing activities</b>	<b>(3,849,049)</b>	<b>(2,867,988)</b>
Net decrease in cash and cash equivalents	(84,336)	(6,357,155)
Cash and cash equivalents at the beginning of the financial period	1,783,637	9,947,744
Cash and cash equivalents at the end of the financial period	1,699,301	3,590,589
<u>Cash and cash equivalents comprised of:</u>		
Deposits with licensed financial institutions	1,679,092	3,550,121
Bank balance	20,209	40,468
Cash and cash equivalents at the end of the financial period	1,699,301	3,590,589

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 Malaysia Opportunities Fund (*formerly known as CIMB-Principal Equity Aggressive Fund 3*) (the "Fund") is governed by a Principal Master Deed dated 15 May 2008, a Fourth Supplemental Master Deed dated 18 March 2009, 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") entered into between Principal Asset Management Berhad (the "Manager") and Maybank Trustees Berhad (the "Trustee").

The Fund may invest between 70% to 98% (both inclusive) of the Fund's NAV in local equities. The investment policy and strategy of the Fund will be to invest in stocks which are selected based on their future growth prospects. 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. In addition, liquid assets may also be strategically used if the Manager feels that the market downside risk is high in the short term.

The Fund will be managed with high tracking error. The investment strategy of the Fund will be predominantly based on bottom up stock selection instead of investing mainly in the stocks represented in the benchmark. Consequently, the Fund's individual stock and sector weightage will deviate significantly from the benchmark, thus leads to high tracking error. The strategy of the Fund includes utilizing liquid assets dynamically in the changing market conditions. For example, high level of cash holdings in the bearish market will result in higher tracking error as the cash positions helps minimize the degree of the decline in Fund's NAV as compared to the benchmark which have 100% exposure to the market downside.

The asset allocation strategy for this Fund is as follows:

- between 70% to 98% (both inclusive) of the Fund's NAV will be invested in local equities; and
- at least 2% of the Fund's NAV in liquid assets.

The Fund has changed its name from CIMB-Principal Equity Aggressive Fund 3 to Principal Malaysia Opportunities Fund following the issuance of the Replacement Master Prospectus Issue No.22 dated 17 April 2020.

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

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

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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 estimates and assumptions are significant to the financial statements are disclosed in Note 2(k).

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.

#### Classification

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

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

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

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

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 as financial liabilities subsequently measured at amortised cost.

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

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

Recognition and measurement

Regular purchases and sales of financial assets are recognised on 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 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 carried at amortised cost using the effective interest method.

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

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

Impairment for assets carried at amortised costs

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

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

**(c) Functional and presentation currency**

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

**(d) Cash and cash equivalents**

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

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

**(e) Income recognition**

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

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

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

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

**(f) Taxation**

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

**(g) Transactions costs**

Transaction costs are costs incurred to acquire or dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisors, stockbrokers 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 amount due to stockbrokers represent receivables for quoted securities sold and payables for quoted securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

These amounts are 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 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.

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

**(i) 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.

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

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

**(k) Critical accounting estimates and judgements in applying accounting policies**

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the 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 these accounting policies, significant judgement was required.

### **3. RISK MANAGEMENT OBJECTIVES AND POLICIES**

The investment objective of the Fund is to grow the value of investments over the long-term through investment in Malaysian shares.

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**

Price risk is the risk that the fair value of an investment in quoted securities will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency 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 Deed.

##### **(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.

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

**(b) Credit risk**

Credit risk refers to the risk that 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 exchanges. The credit risk is minimal as all transactions in quoted securities are settled/paid upon delivery using approved stockbrokers.

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.

**(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 year end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded 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)

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**

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>30.06.2020</b>				
Financial assets at fair value through profit or loss:				
- Quoted securities	50,418,650	-	-	50,418,650-
<b>31.12.2019</b>				
<b>Audited</b>				
Financial assets at fair value through profit or loss:				
- Quoted securities	59,309,698	-	-	59,309,698

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

(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 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 amounts recognised above.

**5. TRUSTEE'S FEE**

In accordance with the Deeds, the Trustee is entitled to a maximum management 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 the 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.

**PRINCIPAL MALAYSIA OPPORTUNITIES FUND**  
*(formerly known as CIMB-Principal Equity Aggressive Fund 3)*

**6. TAXATION**

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

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:

	<b>01.01.2020 to 30.06.2020</b>	<b>01.01.2019 to 30.06.2019</b>
	<b>RM</b>	<b>RM</b>
(Loss)/Profit before taxation	<u>(5,309,558)</u>	<u>4,731,981</u>
Taxation at Malaysian statutory rate of 24%	(1,274,294)	1,135,675
Tax effects of:		
- Loss not deductible for tax purpose/(Income not subject to tax)	1,106,795	(1,357,468)
- Expenses not deductible for tax purposes	49,718	81,460
- Restriction on tax deductible expenses for Unit Trust Fund	<u>117,781</u>	<u>140,333</u>
Taxation	<u>-</u>	<u>-</u>

**7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>30.06.2020</b>	<b>31.12.2019</b>
	<b>RM</b>	<b>Audited RM</b>
At fair value through profit or loss:		
- Quoted securities	<u>50,418,650</u>	<u>59,309,698</u>
	<b>01.01.2020 to 30.06.2020</b>	<b>01.01.2019 to 30.06.2019</b>
	<b>RM</b>	<b>RM</b>
Net (loss)/gain on financial assets at fair value through profit or loss:		
- Realised loss on disposals	(2,365,570)	(630,341)
- Unrealised fair value (loss)/gain	<u>(3,210,162)</u>	<u>5,331,745</u>
	<u>(5,575,732)</u>	<u>4,701,404</u>

**PRINCIPAL MALAYSIA OPPORTUNITIES FUND**  
(formerly known as *CIMB-Principal Equity Aggressive Fund 3*)

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>30.06.2020</b>				
<b>QUOTED SECURITIES (CONTINUED)</b>				
<b>Construction</b>				
Econpile Holdings Bhd	186,200	123,618	113,582	0.22
IJM Corporation Bhd	234,500	429,250	424,445	0.82
Solarvest Holdings Bhd	718,300	859,232	1,113,365	2.16
	1,139,000	1,412,100	1,651,392	3.20
<b>Consumer Products &amp; Services</b>				
DRB-Hicom Bhd	85,000	185,455	145,350	0.28
Genting Malaysia Bhd	810,100	3,149,411	2,049,553	3.98
Petronas Dagangan Bhd	21,300	466,542	438,780	0.85
Sime Darby Bhd	463,200	970,018	995,880	1.93
	1,379,600	4,771,426	3,629,563	7.04
<b>Energy</b>				
Dialog Group Bhd	431,100	1,356,620	1,556,271	3.02
Hibiscus Petroleum Bhd	1,496,900	1,314,621	920,593	1.79
Serba Dinamik Holdings Bhd	204,880	379,175	338,052	0.66
Yinson Holdings Bhd	45,400	233,528	267,860	0.52
	2,178,280	3,283,944	3,082,776	5.99
<b>Financial Services</b>				
CIMB Group Holdings Bhd	792,008	4,357,214	2,819,549	5.48
Hong Leong Bank Bhd	119,500	1,931,327	1,682,560	3.27
Malayan Banking Bhd	365,513	3,358,059	2,745,003	5.33
Public Bank Bhd	286,000	5,255,153	4,719,000	9.16
RHB Bank Bhd	191,557	1,050,746	917,558	1.78
	1,754,578	15,952,499	12,883,670	25.02
<b>Health Care</b>				
Duopharma Biotech Bhd	265,901	297,128	430,760	0.84
Hartalega Holdings Bhd	205,400	2,224,383	2,670,200	5.19
IHH Healthcare Bhd	136,600	710,502	751,300	1.46
Kossan Rubber Industries	64,600	358,080	549,746	1.07
Top Glove Corporation Bhd	198,300	1,143,598	3,192,630	6.20
	870,801	4,733,691	7,594,636	14.76

**PRINCIPAL MALAYSIA OPPORTUNITIES FUND**  
*(formerly known as CIMB-Principal Equity Aggressive Fund 3)*

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>30.06.2020 (CONTINUED)</b>				
<b>QUOTED SECURITIES (CONTINUED)</b>				
<b>Industrial Products &amp; Services</b>				
Chemical Company Malaysia Bhd	299,933	632,117	356,920	0.69
Petronas Chemicals Group Bhd	191,000	1,297,369	1,184,200	2.30
Press Metal Aluminium Holdings Bhd	13,900	67,468	62,967	0.12
SKP Resources Bhd	202,694	267,521	273,637	0.53
	<u>707,527</u>	<u>2,264,475</u>	<u>1,877,724</u>	<u>3.64</u>
<b>Plantation</b>				
IOI Corporation Bhd	308,500	1,366,544	1,338,890	2.60
Kuala Lumpur Kepong Bhd	70,519	1,551,816	1,565,522	3.04
Sime Darby Plantation Bhd	448,177	2,304,022	2,205,031	4.28
	<u>827,196</u>	<u>5,222,382</u>	<u>5,109,443</u>	<u>9.92</u>
<b>Property</b>				
SP Setia Bhd	803,400	747,526	678,873	1.32
<b>REIT</b>				
Axis REIT	248,094	452,286	511,074	0.99
<b>Technology</b>				
D&O Green Technologies Bhd	2,039,600	1,568,035	1,478,710	2.87
Greatech Technology Bhd	188,400	726,333	729,108	1.42
Inari Amertron Bhd	233,400	449,597	394,446	0.77
JHM Consolidation Bhd	1,023,600	1,257,329	1,371,624	2.66
Pentamaster Corporation Bhd	100,402	192,221	517,070	1.00
	<u>3,585,402</u>	<u>4,193,515</u>	<u>4,490,958</u>	<u>8.72</u>
<b>Telecommunications &amp; Media</b>				
Astro Malaysia Holdings Bhd	469,800	487,578	389,934	0.76
Axiata Group Bhd	438,884	1,998,016	1,558,038	3.03
Maxis Bhd	47,400	260,074	254,538	0.49
	<u>956,084</u>	<u>2,745,668</u>	<u>2,202,510</u>	<u>4.28</u>

**PRINCIPAL MALAYSIA OPPORTUNITIES FUND**  
*(formerly known as CIMB-Principal Equity Aggressive Fund 3)*

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>30.06.2020 (CONTINUED)</b>				
<b>QUOTED SECURITIES (CONTINUED)</b>				
<b>Transportation &amp; Logistics</b>				
Malaysia Airports Holdings Bhd	243,600	1,303,358	1,327,620	2.58
MISC Bhd	185,500	1,473,959	1,420,929	2.76
	<u>429,100</u>	<u>2,777,317</u>	<u>2,748,549</u>	<u>5.34</u>
<b>Utilities</b>				
Tenaga Nasional Bhd	340,575	4,509,966	3,957,482	7.68
	<u>340,575</u>	<u>4,509,966</u>	<u>3,957,482</u>	<u>7.68</u>
<b>TOTAL QUOTED SECURITIES</b>	<b><u>15,219,637</u></b>	<b><u>53,066,795</u></b>	<b><u>50,418,650</u></b>	<b><u>97.90</u></b>
<b>ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>(2,648,145)</u></b>		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>50,418,650</u></b>		

**PRINCIPAL MALAYSIA OPPORTUNITIES FUND**  
*(formerly known as CIMB-Principal Equity Aggressive Fund 3)*

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>31.12.2019</b>				
<b>Audited</b>				
<b>QUOTED SECURITIES</b>				
<b>Construction</b>				
Gamuda Bhd	32,600	123,857	127,140	0.21
IJM Corporation Bhd	136,300	303,409	295,771	0.49
	<u>168,900</u>	<u>427,266</u>	<u>422,911</u>	<u>0.70</u>
<b>Consumer Products &amp; Services</b>				
Bermaz Auto Bhd	629,300	1,424,717	1,321,530	2.18
DRB-Hicom Bhd	752,100	1,640,947	1,789,998	2.95
Genting Malaysia Bhd	646,100	2,650,552	2,125,669	3.51
	<u>2,027,500</u>	<u>5,716,216</u>	<u>5,237,197</u>	<u>8.64</u>
<b>Energy</b>				
Dayang Enterprise Holdings Bhd	854,600	1,923,861	2,145,046	3.54
Dialog Group Bhd	409,100	1,097,454	1,411,395	2.33
Hibiscus Petroleum Bhd	1,467,800	1,350,572	1,379,732	2.28
Sapura Energy Bhd	5,721,800	1,752,701	1,544,886	2.55
Serba Dinamik Holdings Bhd	215,880	373,213	474,936	0.78
Wah Seong Corporation Bhd	998,500	1,093,105	1,198,200	1.98
Yinson Holdings Bhd	316,600	1,628,521	2,051,568	3.38
	<u>9,984,280</u>	<u>9,219,427</u>	<u>10,205,763</u>	<u>16.84</u>
<b>Financial Services</b>				
CIMB Group Holdings Bhd	1,091,208	6,003,255	5,619,721	9.27
Hong Leong Bank Bhd	135,300	2,232,776	2,340,690	3.86
Malayan Banking Bhd	592,213	5,454,357	5,116,720	8.44
Public Bank Bhd	216,100	4,418,037	4,200,984	6.93
RHB Bank Bhd	155,657	878,429	899,697	1.48
	<u>2,190,478</u>	<u>18,986,854</u>	<u>18,177,812</u>	<u>29.98</u>

**PRINCIPAL MALAYSIA OPPORTUNITIES FUND**  
*(formerly known as CIMB-Principal Equity Aggressive Fund 3)*

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>31.12.2019 (CONTINUED)</b>				
<b>Audited</b>				
<b>QUOTED SECURITIES</b>				
<b>(CONTINUED)</b>				
<b>Health Care</b>				
Duopharma Biotech Bhd	431,001	481,617	612,021	1.01
Top Glove Corporation Bhd	60,800	291,005	285,760	0.47
	<u>491,801</u>	<u>772,622</u>	<u>897,781</u>	<u>1.48</u>
<b>Industrial Products &amp; Services</b>				
Chemical Company Malaysia Bhd	325,233	685,438	400,037	0.66
Petronas Chemicals Group Bhd	81,000	684,730	595,350	0.98
Press Metal Aluminium Holding Bhd	225,200	1,091,310	1,047,180	1.73
Uchi Technologies Bhd	107,400	310,807	298,572	0.49
	<u>738,833</u>	<u>2,772,285</u>	<u>2,341,139</u>	<u>3.86</u>
<b>Plantation</b>				
FGV Holdings Bhd	487,200	2,158,121	2,245,992	3.70
IOI Corporation Bhd	66,000	1,450,523	1,636,800	2.70
Sime Darby Plantation Bhd	554,000	2,873,892	3,019,300	4.98
	<u>1,107,200</u>	<u>6,482,536</u>	<u>6,902,092</u>	<u>11.38</u>
<b>Property</b>				
Malaysian Resources Corporation Bhd	990,900	897,939	723,357	1.19
Sime Darby Property Bhd	537,600	422,035	491,904	0.81
SP Setia Bhd	402,500	562,011	644,000	1.06
	<u>1,931,000</u>	<u>1,881,985</u>	<u>1,859,261</u>	<u>3.06</u>
<b>REIT</b>				
Axis REIT	603,900	1,101,543	1,068,903	1.76
<b>Technology</b>				
D&O Green Technologies Bhd	1,620,000	1,217,093	1,377,000	2.27
Inari Amertron Bhd	156,500	324,393	266,050	0.44
I-STONE Group Bhd	594,547	100,068	145,664	0.24
JHM Consolidation Bhd	1,078,100	1,263,160	1,800,427	2.97
Pentamaster Corporation Bhd	258,602	404,520	1,174,053	1.94
	<u>3,707,749</u>	<u>3,309,234</u>	<u>4,763,194</u>	<u>7.86</u>



**PRINCIPAL MALAYSIA OPPORTUNITIES FUND**  
*(formerly known as CIMB-Principal Equity Aggressive Fund 3)*

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>31.12.2019 (CONTINUED)</b>				
<b>Audited</b>				
<b>QUOTED SECURITIES</b>				
<b>(CONTINUED)</b>				
<b>Telecommunications &amp; Media</b>				
Astro Malaysia Holdings Bhd	1,107,200	1,737,950	1,406,144	2.32
Axiata Group Bhd	438,884	1,998,015	1,816,980	3.00
Telekom Malaysia Bhd	163,000	620,285	622,660	1.03
	<u>1,709,084</u>	<u>4,356,250</u>	<u>3,845,784</u>	<u>6.35</u>
<b>Transportation &amp; Logistics</b>				
Malaysia Airports Holdings Bhd	51,300	391,136	389,880	0.64
<b>Utilities</b>				
Tenaga Nasional Bhd	241,175	3,330,327	3,197,981	5.28
<b>TOTAL QUOTED SECURITIES</b>	<b><u>24,953,200</u></b>	<b><u>58,747,681</u></b>	<b><u>59,309,698</u></b>	<b><u>97.83</u></b>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>562,017</u></b>		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>59,309,698</u></b>		

**PRINCIPAL MALAYSIA OPPORTUNITIES FUND**  
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**8. CASH AND CASH EQUIVALENTS**

	<b>30.06.2020</b>	<b>31.12.2019</b>
	<b>RM</b>	<b>Audited RM</b>
Deposits with licensed financial institutions	1,679,092	1,665,513
Bank balances	20,209	118,124
	1,699,301	1,783,637

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

	<b>01.01.2020 to 30.06.2020</b>	<b>01.01.2019 to 31.12.2019</b>
	<b>No. of units</b>	<b>Audited No. of units</b>
At the beginning of the financial period/year	53,108,132	56,398,186
Add : Creation of units from applications	485,517	1,015,223
Add : Creation of units from distribution	-	2,037,732
Less: Cancellation of units	(4,137,543)	(6,343,009)
At the end of the financial period/year	49,456,106	53,108,132

**10. MANAGEMENT EXPENSE RATIO ("MER")**

	<b>01.01.2020 to 30.06.2020</b>	<b>01.01.2019 to 30.06.2019</b>
	<b>%</b>	<b>%</b>
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 on dividend
- 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 RM52,288,196 (30.06.2019: RM62,355,721).

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

	<b>01.01.2020 to 30.06.2020</b>	<b>01.01.2019 to 30.06.2019</b>
PTR (times)	0.65	0.84

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 = RM32,549,823 (30.06.2019: RM55,181,168)

total disposal for the financial period = RM35,865,140 (30.06.2019: RM49,302,783)

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

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

<u>Related parties</u>	<u>Relationship</u>
Principal Asset Management Berhad	The Manager
Principal Financial Group, Inc.	Ultimate holding company of shareholder of the Manager
Principal International (Asia) Ltd	Shareholder of the Manager
Subsidiaries and associates of Principal Financial Group Inc., other than above, as disclosed in its financial statements	Fellow subsidiary and associated companies of the ultimate holding company of shareholder of the Manager
CIMB Group Holdings Bhd	Ultimate holding company of shareholder of the Manager
CIMB Group Sdn Bhd	Shareholder of the Manager
Subsidiaries and associates of CIMB Group Holdings 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 MALAYSIA OPPORTUNITIES FUND**  
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**12. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER, AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

Units held by the Manager and parties related to the Manager

<b>Manager</b>	<b>30.06.2020</b>		<b>31.12.2019</b>	
	<b>No. of units</b>	<b>RM</b>	<b>No. of units</b>	<b>Audited RM</b>
Principal Asset Management Berhad	511	532	434	495

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

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

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

	<b>01.01.2020 to 30.06.2020</b>	<b>01.01.2019 to 30.06.2019</b>
	<b>RM</b>	<b>RM</b>
<u>Significant related party transactions</u>		
Interest income from deposits with licensed financial institution:		
- CIMB Bank Bhd	68	3,419
- CIMB Islamic Bank Bhd	222	-
Cash placements with licensed financial institution:		
- CIMB Bank Bhd	423,000	6,702,000
- CIMB Islamic Bank Bhd	1,000,000	-
	<b>30.06.2020</b>	<b>31.12.2019</b>
	<b>RM</b>	<b>Audited RM</b>
<u>Significant related party balance</u>		
Deposits with licensed financial institution		
- CIMB Bank Bhd	-	871,000

**PRINCIPAL MALAYSIA OPPORTUNITIES FUND**  
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**13. 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:

<b>Brokers/Dealers</b>	<b>Value of trades RM</b>	<b>Percentage of total trades %</b>	<b>Brokerage Fees RM</b>	<b>Percentage of total brokerage fees %</b>
UBS Securities Malaysia Sdn Bhd	10,421,971	15.23	17,854	15.94
Maybank Investment Bank Bhd	8,870,660	12.97	16,052	14.33
Macquarie Capital Securities (M) Sdn Bhd	8,618,532	12.60	13,728	12.26
CLSA Securities (M) Sdn Bhd	8,507,138	12.44	9,966	8.90
JP Morgan Sec (M) Sdn Bhd	7,282,469	10.65	6,456	5.76
KAF Equities Sdn Bhd	6,457,848	9.44	14,625	13.06
CGS-CIMB Securities Sdn Bhd #	3,841,079	5.61	4,465	3.99
Hong Leong Investment Bank Bhd	3,824,237	5.59	8,627	7.70
Credit Suisse Sec (M) Sdn Bhd	3,591,265	5.25	4,522	4.04
RHB Investment Bank Bhd	3,386,078	4.95	7,628	6.81
Others	3,610,262	5.27	8,073	7.21
	<u>68,411,539</u>	<u>100.00</u>	<u>111,996</u>	<u>100.00</u>

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

<b>Brokers/Dealers</b>	<b>Value of trades RM</b>	<b>Percentage of total trades %</b>	<b>Brokerage Fees RM</b>	<b>Percentage of total brokerage fees %</b>
RHB Investment Bank Bhd	18,327,989	17.54	41,314	18.67
Macquarie Capital Securities (M) Sdn Bhd	14,749,270	14.12	29,441	13.30
Maybank Investment Bank Bhd	12,441,574	11.91	25,748	11.64
KAF-Seagroatt & Campbell Sdn Bhd	11,962,719	11.45	27,026	12.21
Affin Hwang Investment Bank Bhd	10,637,405	10.18	23,987	10.84
UBS Securities Malaysia Sdn Bhd	9,805,983	9.39	17,660	7.98
JP Morgan Securities (M) Sdn Bhd	9,562,295	9.15	18,600	8.41
CGS-CIMB Securities Sdn Bhd #	6,134,418	5.87	13,876	6.27
CLSA Securities (M) Sdn Bhd	5,863,501	5.61	12,719	5.75
Hong Leong Investment Bank Bhd	2,090,895	2.00	4,767	2.15
Others	2,907,902	2.78	6,158	2.78
	<u>104,483,951</u>	<u>100.00</u>	<u>221,296</u>	<u>100.00</u>

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

# Included in the transactions are trades conducted with CGS-CIMB Securities Sdn Bhd, fellow related party to the Manager amounting to RM3,841,079 (30.06.2019: RM6,134,418). 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.

**14. 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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***(formerly known as CIMB-Principal Equity Aggressive Fund 3)***

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