

Principal Malaysia Titans Fund

(formerly known as CIMB-Principal Equity Fund)

Annual Report

For The Financial Year Ended 30 June 2020

PRINCIPAL MALAYSIA TITANS FUND
(formerly known as CIMB-Principal Equity Fund)

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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INVESTORS' LETTER

Dear Valued Investor,

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

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

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

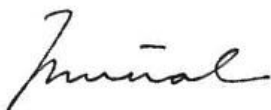
- **Conservative investors, we recommend:** Malaysia focus bond and balanced funds that are income focussed.
- **More aggressive investors, we recommend:** Growth-oriented funds that offer exposure to growth areas in China, Asia-Pacific, Global Technology, ASEAN and Malaysian aggressive funds.

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

Please be informed that effective 17 April 2020, the Fund has been renamed as Principal Malaysia Titans 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 maximise capital growth over the medium to long-term through the stock market.

Has the Fund achieved its objective?

For the financial year under review, the Fund registered a loss of 6.24%, while the benchmark registered a loss of 10.48%. The Fund has not achieved its objective of capital growth during the financial year 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 its net asset value ("NAV") in equities and other equity related securities. The Fund may also invest up to 28% of its NAV in other permissible investments. In line with its objective, the investment policy and strategy of the Fund will focus on investment in shares of companies with growth potential and listed on the main market. 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 Security Commission Malaysia ("SC") Guidelines.

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 equities and other equity related securities;
- up to 28% of the Fund's NAV in permissible investments; 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?

1 August 1995

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

RM291.46 million (233.83 million units)

What is the Fund's benchmark?

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

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 financial year ended 30 June 2020?

The Fund distributed a total net income of RM17.01 million to unit holders. As a result, the NAV per unit has dropped from RM1.3702 to RM1.3160 on 24 October 2019 for the financial year ended 30 June 2020.

PRINCIPAL MALAYSIA TITANS FUND
(formerly known as *CIMB-Principal Equity Fund*)

PERFORMANCE DATA

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

	30.06.2020	30.06.2019	30.06.2018
	%	%	%
Quoted securities			
- Construction	1.01	1.31	0.74
- Consumer Products & Services	8.59	9.44	-
- Consumer Products	-	-	4.86
- Energy	5.01	7.65	-
- Financial Services	25.79	25.82	-
- Finance	-	-	28.91
- Healthcare	12.58	3.71	-
- Industrial Products & Services	4.12	4.58	-
- Industrials	-	-	6.99
- Infrastructure Project Company ("IPC")	-	-	0.47
- Plantation	9.99	8.52	5.67
- Properties	1.01	1.75	0.21
- Real Estate Investment Trusts ("REITs")	0.99	1.51	-
- Technology	5.98	5.80	2.12
- Telecommunications & Media	7.37	6.78	-
- Trading/Services	-	-	34.64
- Transportation & Logistics	6.23	8.59	-
- Utilities	8.35	5.75	-
Cash and other net assets	2.98	8.79	15.39
	<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 years are as follows:

	30.06.2020	30.06.2019	30.06.2018
Net asset value (RM Million)	291.46	434.46	454.49
Units in circulation (Million)	233.83	313.97	302.06
Net asset value per unit (RM)	1.2464	1.3837	1.5046
Highest NAV per unit (RM)	1.4100	1.5995	1.6942
Lowest NAV per unit (RM)	1.0098	1.2932	1.4870
Total return (%)	(6.24)	0.12	(4.08)
- Capital return (%)	(9.95)	(7.92)	(10.45)
- Income return (%)	4.12	8.72	7.11
Management Expense Ratio ("MER") (%) *	1.55	1.53	1.63
Portfolio Turnover Ratio ("PTR") (times) #	1.04	0.82	0.90

* The Fund's MER increased from 1.53% to 1.55% was mainly due to decrease in average NAV during the financial year under review.

The Fund's PTR was increased from 0.82 times to 1.04 times for the financial year under review due to higher trading activities.

PERFORMANCE DATA (CONTINUED)

Date of distribution	24.10.2019	24.10.2018	23.10.2017
Gross/Net distribution per unit (sen)	5.42	12.00	11.00

	30.06.2020	30.06.2019	30.06.2018	30.06.2017	30.06.2016
	%	%	%	%	%
Annual total return	(6.24)	0.12	(4.08)	10.39	1.26

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

MARKET REVIEW (1 JULY 2019 TO 30 JUNE 2020)

For the financial year under review, the FBM100 Index declined by 10.48% from 11,631.65 points to 10,413.00 points.

Following the relief rally in June 2019, FBM100 Index shed 1.3% in July 2019 and stayed range bound for the month of August 2019. Weak petrochemical and Crude Palm Oil (“CPO”) prices, and slow loans growth have been a drag on Bursa Malaysia EMAS Shariah (“FBMS”) Index performance as reflected by a weak second quarter (“2Q19”) earnings season.

After staying side-line for almost 2 months, FBM100 Index suffered a mini-dip due to the breakdown in Axiata-Telenor merger talks before staging a rebound. Risk appetite returned on the back of easing US-China trade war concern, and Federal Reserve’s (the “Fed”) further monetary easing. In addition, financial results from companies related to 5G, Internet-of-Things and oil and gas are showing signs of recoveries, hence, the outperformance of FTSE Bursa Malaysia Small Cap (“FBMSCAP”) Index as compared to FBM Kuala Lumpur Composite Index (“FBMKLCI”). The latter’s underperformance was due to the facts that financials, telecommunications and petrochemical companies were still showing margin compressions.

However, the rally was dented towards the end of November 2019 due to persisting concerns on U.S.-China trade deal and ongoing civil unrest in Hong Kong. Furthermore, Malaysia along with other Association of South East Asian Nations (“ASEAN”) markets were facing fund outflows in November 2019 due to MSCI rebalancing as the weightage for The ASEAN was reduced to accommodate higher weighting for China and Saudi Arabia.

In December 2019, FBM100 Index found a footing and gained 1.88% as the continued surge in CPO prices led to a 9.4% surge in the plantation index. Besides this, market sentiment was also buoyed by the Phase 1 trade deal between US and China. 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

MARKET REVIEW (1 JULY 2019 TO 30 JUNE 2020) (CONTINUED)

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 8th Prime Minister after determining that the latter is likely to get a majority support in the parliament. In his last act as interim prime minister, Tun Dr Mahathir unveiled a RM20 billion stimulus package to mitigate the adverse economic impact from the COVID-19 outbreak. He further lowers Malaysia Gross Domestic Product (“GDP”) growth forecast in 2020 from 4.8% to 3.2% to 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 (“4Q19”) 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 2020 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.

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 (“1Q20”) 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 (“2Q20”) 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 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 Overnight Policy Rate (“OPR”) by a further 50 bps to 2.0% in early May 2020.

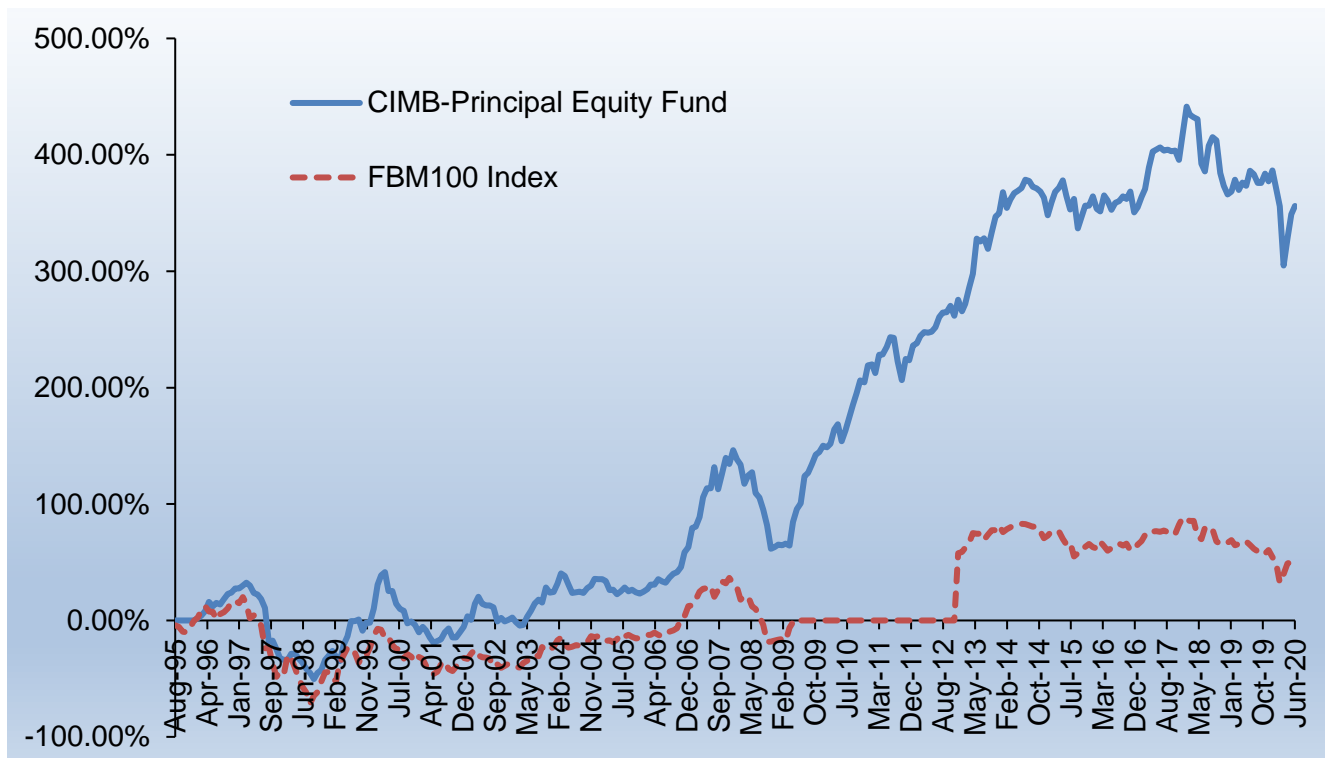
MARKET REVIEW (1 JULY 2019 TO 30 JUNE 2020) (CONTINUED)

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 Units (“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 Gains Tax (“RPGT”) and the lifting of the maximum loan-to-value ratio (“LTV”) to 70%.

FUND PERFORMANCE

	1 year to 30.06.2020	3 years to 30.06.2020	5 years to 30.06.2020	Since Inception to 30.06.2020
	%	%	%	%
Income Distribution	4.12	21.26	39.46	265.83
Capital Growth	(9.95)	(25.74)	(27.84)	24.64
Total Return	(6.24)	(9.96)	0.64	355.98
Benchmark	(10.48)	(14.89)	(9.13)	50.36
Average Total Return	(6.24)	(3.44)	0.13	6.27

For the financial year under review, the Fund's decreased by 6.24%, while the benchmark declined by 10.48%. As such, the Fund outperformed its benchmark by 4.24%.



Changes in NAV

	30.06.2020	30.06.2019	Changes %
NAV (RM Million)	291.46	434.46	(32.91)
NAV/Unit (RM)	1.2464	1.3837	(9.92)

The Fund's NAV declined by 32.91% due to negative investment performance and redemptions while NAV per unit declined 9.92% due to negative investment performance during the financial year 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 year have been extracted from Lipper.

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	30.06.2020	30.06.2019
Quoted securities	97.02	91.21
Cash and other net assets	2.98	8.79
TOTAL	100.00	100.00

Asset allocation increased from 91.21% as at 30 June 2019 to 97.02% as at 30 June 2020 to reflect our more constructive view on the Malaysian equity market.

MARKET OUTLOOK*

Although second quarter of 2020 economic data and corporate results will be worse than 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 quarter 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 fourth quarter of 2020 in the event earnings rebound is slower than anticipated. Uncertainty ahead of a potential snap election will also be a dampener. That said, we believe the correction will unlikely to re-test March 2020 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:

Size of unit holding (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	4,329	10.56	4.52
5,001 - 10,000	2,324	16.65	7.12
10,001 - 50,000	4,377	96.07	41.09
50,001 - 500,000	800	74.13	31.70
500,001 and above	17	36.42	15.57
Total	11,847	233.83	100.00

SOFT COMMISSIONS AND REBATES

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

During the financial year under review, the Manager and the Trustee did not receive any rebates from the brokers or the 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 TITANS FUND**
(formerly known as CIMB-Principal Equity Fund)

We, being the Directors of Principal Asset Management Berhad (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying audited financial statements set out on pages 15 to 43 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 30 June 2020 and of its financial performance, changes in equity and cash flows for the financial year then ended in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

For and on behalf of the Manager

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

MUNIRAH KHAIRUDDIN
Chief Executive Officer/Executive Director

JUAN IGNACIO EYZAGUIRRE BARAONA
Director

Kuala Lumpur
13 August 2020

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

We, Universal Trustee (Malaysia) Berhad, being the Trustee of Principal Malaysia Titans Fund (formerly known as CIMB-Principal Equity Fund) (the "Fund"), are of the opinion that Principal Asset Management Berhad (the "Manager"), acting in the capacity of Manager of the Fund, have fulfilled their duties in the following manner for the financial year ended 30 June 2020:

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

During this financial year, a total distribution of 5.42 sen per unit (gross) has been distributed to the unit holders of the fund. We are of the view that the distribution is consistent with the objective of the Fund.

For and on behalf of the Trustee,
UNIVERSAL TRUSTEE (MALAYSIA) BERHAD

ONG TEE VANN
Chief Executive Officer

Kuala Lumpur
14 August 2020

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL MALAYSIA TITANS FUND**
(formerly known as CIMB-Principal Equity Fund)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

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

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 30 June 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 15 to 43.

Basis for opinion

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

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

Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL MALAYSIA TITANS FUND (CONTINUED)**
(formerly known as CIMB-Principal Equity Fund)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL MALAYSIA TITANS FUND (CONTINUED)**
(formerly known as CIMB-Principal Equity Fund)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL MALAYSIA TITANS FUND (CONTINUED)**
(formerly known as CIMB-Principal Equity Fund)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
13 August 2020

PRINCIPAL MALAYSIA TITANS FUND
(formerly known as CIMB-Principal Equity Fund)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	2020 RM	2019 RM
(LOSS)/INCOME			
Dividend income		11,197,000	12,897,403
Interest income from deposits with licensed financial institutions at amortised cost		861,851	1,889,855
Net loss on financial assets at fair value through profit or loss	8	<u>(26,138,052)</u>	<u>(7,155,772)</u>
		<u>(14,079,201)</u>	<u>7,631,486</u>
EXPENSES			
Management fee	4	5,277,114	6,663,257
Trustee's and custodian fee	5	86,629	114,281
Audit fee		13,600	13,600
Tax agent's fee		4,100	5,700
Transaction costs		1,693,051	1,538,825
Other expenses		<u>93,847</u>	<u>25,606</u>
		<u>7,168,341</u>	<u>8,361,269</u>
LOSS BEFORE TAXATION		(21,247,542)	(729,783)
Taxation	7	<u>-</u>	<u>-</u>
LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		<u>(21,247,542)</u>	<u>(729,783)</u>
Loss after taxation is made up as follows:			
Realised amount		(631,506)	(2,974,405)
Unrealised amount		<u>(20,616,036)</u>	<u>2,244,622</u>
		<u>(21,247,542)</u>	<u>(729,783)</u>

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

PRINCIPAL MALAYSIA TITANS FUND
(formerly known as CIMB-Principal Equity Fund)

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 RM	2019 RM
ASSETS			
Cash and cash equivalents	9	9,584,029	38,384,307
Financial assets at fair value through profit or loss	8	282,776,673	396,265,714
Amount due from stockbrokers		2,419,492	-
Amount due from Manager		402,615	132,543
Dividends receivable		427,268	563,473
Tax recoverable		-	208,861
TOTAL ASSETS		<u>295,610,077</u>	<u>435,554,898</u>
LIABILITIES			
Amount due to stockbrokers		3,021,525	-
Amount due to Manager		732,974	545,368
Accrued management fee		365,831	529,383
Amount due to Trustee		4,898	5,995
Other payables and accruals		28,788	17,268
TOTAL LIABILITIES		<u>4,154,016</u>	<u>1,098,014</u>
NET ASSET VALUE OF THE FUND		<u>291,456,061</u>	<u>434,456,884</u>
EQUITY			
Unit holders' capital		181,874,294	286,618,788
Retained earnings		109,581,767	147,838,096
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>291,456,061</u>	<u>434,456,884</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	10	<u>233,827,130</u>	<u>313,969,814</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.2464</u>	<u>1.3837</u>

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

PRINCIPAL MALAYSIA TITANS FUND
(formerly known as CIMB-Principal Equity Fund)

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

	Note	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 July 2019		286,618,788	147,838,096	434,456,884
Movement in unit holders' contributions:				
- Creation of units from applications		20,809,380	-	20,809,380
- Creation of units from distribution		13,035,825	-	13,035,825
- Cancellation of units		(138,589,699)	-	(138,589,699)
Total comprehensive loss for the financial year		-	(21,247,542)	(21,247,542)
Distribution	6	-	(17,008,787)	(17,008,787)
Balance as at 30 June 2020		<u>181,874,294</u>	<u>109,581,767</u>	<u>291,456,061</u>
Balance as at 1 July 2018		269,566,912	184,927,089	454,494,001
Movement in unit holders' contributions:				
- Creation of units from applications		27,399,671	-	27,399,671
- Creation of units from distribution		35,368,534	-	35,368,534
- Cancellation of units		(45,716,329)	-	(45,716,329)
Total comprehensive loss for the financial year		-	(729,783)	(729,783)
Distribution	6	-	(36,359,210)	(36,359,210)
Balance as at 30 June 2019		<u>286,618,788</u>	<u>147,838,096</u>	<u>434,456,884</u>

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

PRINCIPAL MALAYSIA TITANS FUND
(formerly known as CIMB-Principal Equity Fund)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	2020	2019
Note	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of quoted securities	404,156,222	358,164,020
Purchase of quoted securities	(317,896,252)	(380,699,323)
Dividend income received	11,289,707	14,650,976
Interest income received from deposits with licensed financial institutions	861,851	1,889,855
Management fee paid	(5,440,666)	(6,709,645)
Trustee's fee paid	(87,726)	(114,590)
Payments for other fees and expenses	(56,529)	(36,793)
Tax refunded	208,861	-
Net cash generated from/(used in) operating activities	93,035,468	(12,855,500)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	20,539,308	27,609,524
Payments for cancellation of units	(138,402,093)	(47,055,217)
Distribution paid	(3,972,961)	(990,676)
Net cash used in financing activities	(121,835,746)	(20,436,369)
Net decrease in cash and cash equivalents	(28,800,278)	(33,291,869)
Cash and cash equivalents at the beginning of the financial year	38,384,307	71,676,176
Cash and cash equivalents at the end of the financial year	9 9,584,029	38,384,307
<u>Cash and cash equivalents comprised of:</u>		
Deposits with licensed financial institutions	9,327,737	37,757,557
Bank balances	256,292	626,750
Cash and cash equivalents at the end of the financial year	9 9,584,029	38,384,307

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES

Principal Malaysia Titans Fund (*formerly known as CIMB-Principal Equity Fund*) (the “Fund”) is governed by a Principal Master Deed dated 15 May 2008, a First Supplemental Master Deed dated 25 June 2008, a Third Supplemental Master Deed dated 14 July 2008, a Fourth Supplemental Master Deed dated 18 March 2009, a Fifth Supplemental Master Deed dated 16 July 2009, 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 (the “Manager”), and Universal Trustee (Malaysia) Berhad (the “Trustee”).

The Fund may invest between 70% to 98% (both inclusive) of its NAV in equities and other equity related securities. The Fund may also invest up to 28% of its NAV in other permissible investments. In line with its objective, the investment policy and strategy of the Fund will focus on investment in shares of companies with growth potential and listed on the main market. 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 SC Guidelines.

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 equities and other equity related securities;
- up to 28% of the Fund’s NAV in permissible investments; and
- at least 2% of the Fund’s NAV in liquid assets.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

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).

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

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

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

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

There are no other standards, amendments to standards or interpretations that are effective for financial year beginning on 1 July 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 year beginning on/after 1 July 2020 to the financial statements of the Fund.

(b) Financial assets and financial liabilities

Classification

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Classification (continued)

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 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.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Fund commits to purchase or sell the asset. Shariah-compliant investments are initially recognised at fair value. 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 Shariah-compliant investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Recognition and measurement

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of gross dividend income when the Fund's right to receive payments is established.

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

If a valuation based on the market price does not represent the fair value of the quoted securities, for example during abnormal market conditions or when no market price is available, including in the event of a suspension in the quotation of the quoted securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the quoted securities are valued as determined in good faith by the Manager, based on the methods or basis approved by the Trustee after appropriate technical consultation.

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

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

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 year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Income recognition

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

For quoted equities, realised gains and losses on sale of investments are accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on a weighted average cost basis.

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 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.

(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 Ringgit Malaysia (“RM”), which is the Fund’s functional and presentation currency.

(e) Taxation

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

(f) Cash and cash equivalents

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

(g) Distribution

A distribution to the Fund’s unit holders is accounted for as a deduction from realised reserve. A proposed distribution is recognised as a liability in the financial year in which it is approved by the Trustee.

(h) Transaction costs

Transaction costs are costs incurred to acquire or dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisors, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Amount due from/to stockbrokers

Amounts due from and amount due to stockbrokers represent receivables for investments sold and payables for investments 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 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 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.

(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 year if unit holder exercises the right to put the unit back to the Fund.

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

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund are as follows:

	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
2020			
Cash and cash equivalents (Note 9)	-	9,584,029	9,584,029
Quoted securities (Note 8)	282,776,673	-	282,776,673
Amount due from stockbroker		2,419,492	2,419,492
Amount due from Manager	-	402,615	402,615
Dividends receivable	-	427,268	427,268
	<u>282,776,673</u>	<u>12,833,404</u>	<u>295,610,077</u>
2019			
Cash and cash equivalents (Note 9)	-	38,384,307	38,384,307
Quoted securities (Note 8)	396,265,714	-	396,265,714
Amount due from Manager	-	132,543	132,543
Dividends receivable	-	563,473	563,473
	<u>396,265,714</u>	<u>39,080,323</u>	<u>435,346,037</u>

All current liabilities are financial liabilities which are carried at amortised cost.

The Fund aims to maximise capital growth over the medium to long-term through the stock market.

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 restriction 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.

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

(a) Market risk (continued)

(i) Price risk (continued)

The Fund's overall exposure to price risk was as follows:

	2020	2019
	RM	RM
Financial assets at fair value through profit or loss:		
- Quoted securities	282,776,673	396,265,714

The table below summarises the sensitivity of the Fund's profit or loss and NAV to movements in prices of quoted securities at the end of each reporting year. The analysis is based on the assumptions that the price of the quoted securities fluctuates by 5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted securities, having regard to the historical volatility of the prices.

% Change in price of quoted securities	Market value RM	Impact on profit or loss/NAV RM
2020		
-5%	268,637,839	(14,138,834)
0%	282,776,673	-
5%	296,915,507	14,138,834
2019		
-5%	376,452,428	(19,813,286)
0%	396,265,714	-
5%	416,079,000	19,813,286

(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 year, the Fund is not exposed to a material level of interest rate risk.

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

(a) Market risk (continued)

(ii) Interest rate risk (continued)

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

	2020	2019
	%	%
Deposits with licensed financial institutions	2.01	3.20

(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 bank balances and placements of deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions. For amount due from Manager, the settlement terms of the proceeds from the creation of units are governed by the SC Guidelines on Unit Trust Funds.

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

The following table sets out the credit risk concentration of the Fund at the end of each reporting year:

	Cash and cash equivalents	Amount due from stockbroker	Amount due from Manager	Dividends receivable	Total
	RM	RM	RM	RM	RM
2020					
- AAA	9,584,029	-	-	-	9,584,029
- Not Rated	-	2,419,492	402,615	427,268	3,249,375
	9,584,029	2,419,492	402,615	427,268	12,833,404
2019					
- AAA	6,975,880	-	-	-	6,975,880
- AA1	21,709,177	-	-	-	21,709,177
- AA2	9,699,250	-	-	-	9,699,250
- Not Rated	-	-	132,543	563,473	696,016
	38,384,307	-	132,543	563,473	39,080,323

All deposits with licensed financial institutions of the Fund have an average maturity of 1 day (2019: 2 days).

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

(c) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations.

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise bank balances and deposits with licensed financial institutions, which are capable of being converted into cash within 7 business days. 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.

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

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
2020			
Amount due to stockbrokers	3,021,525	-	3,021,525
Amount due to Manager	732,974	-	732,974
Accrued management fee	365,831	-	365,831
Amount due to Trustee	4,898	-	4,898
Other payables and accruals	-	28,788	28,788
Contractual undiscounted cash outflows	4,125,228	28,788	4,154,016
2019			
Amount due to Manager	545,368	-	545,368
Accrued management fee	529,383	-	529,383
Amount due to Trustee	5,995	-	5,995
Other payables and accruals	-	17,268	17,268
Contractual undiscounted cash outflows	1,080,746	17,268	1,098,014

(d) Capital risk management

The capital of the Fund is represented by equity consisting of unit holders' capital of RM181,874,294 (2019: RM286,618,788) and retained earnings of RM109,581,767 (2019: RM147,838,096). 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. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation

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

The fair values of financial assets traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the financial year end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques.

(i) Fair value hierarchy

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

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

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

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

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

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

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2020				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>282,776,673</u>	<u>-</u>	<u>-</u>	<u>282,776,673</u>
2019				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>396,265,714</u>	<u>-</u>	<u>-</u>	<u>396,265,714</u>

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 the Deeds, the Manager is entitled to a maximum management fee of 1.50% per annum, calculated daily based on the NAV of the Fund.

For the financial year ended 30 June 2020, the management fee is recognised at a rate of 1.50% per annum (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'S AND CUSTODIAN FEES

In accordance with the Deeds, the Trustee is entitled to a fee at the following rates for both the current and the previous financial year:

Size of the Fund	Rate per annum on the NAV
First RM20 million	0.06%
Next RM20 million	0.05%
Next RM20 million	0.04%
Next RM20 million	0.03%
Next RM20 million	0.02%
Any amount in excess of RM100 million	0.01%

Trustees fee is calculated daily based on the NAV of the Fund. The Trustees fee excludes local custodian fee which is subject to a maximum fee of RM25,000 per annum.

For the financial year ended 30 June 2020 and 30 June 2019, the Trustee's fee is recognised at the above mentioned rates. The custodian fee is recognised at RM21,407 (30 June 2019: RM25,000).

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

6. DISTRIBUTION

Distributions to unit holders are derived from the following sources:

	2020 RM	2019 RM
Dividend income	140,120	153,427
Interest income from deposits with licensed financial Institutions	26,344	71,285
Net realised gain on sale of investments	478,620	271,233
Prior financial years' realised income	16,525,196	35,944,380
	<u>17,170,280</u>	<u>36,440,325</u>
Less:		
Expenses	<u>(161,493)</u>	<u>(81,115)</u>
Net distribution amount	<u>17,008,787</u>	<u>36,359,210</u>
Distribution on 24 October 2019		
Gross/Net distribution per unit (sen)	<u>5.42</u>	<u>-</u>
Distribution on 24 October 2018		
Gross/Net distribution per unit (sen)	<u>-</u>	<u>12.00</u>

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

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

During the financial year ended 30 June 2020, the Fund incurred unrealised losses of RM20,616,038.

7. TAXATION

	2020	2019
	RM	RM
Tax charged for the financial year:		
- Current taxation	<u>-</u>	<u>-</u>

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

	2020	2019
	RM	RM
Loss before taxation	<u>(21,247,542)</u>	<u>(729,783)</u>
Taxation at Malaysian statutory rate of 24%	(5,099,410)	(175,148)
Tax effects of:		
- Loss not deductible for tax purposes/(Income not subject to tax)	3,379,008	(1,831,556)
- Expenses not deductible for tax purposes	446,012	402,993
- Restriction on tax deductible expenses for Unit Trust Funds	<u>1,274,390</u>	<u>1,603,711</u>
Taxation	<u>-</u>	<u>-</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020	2019
	RM	RM
At fair value through profit or loss:		
- Quoted securities	<u>282,776,673</u>	<u>396,265,714</u>
Net loss on financial assets at fair value through profit or loss:		
- Realised loss on disposals	(5,522,016)	(9,400,393)
- Unrealised fair value (loss)/gain	<u>(20,616,036)</u>	<u>2,244,621</u>
	<u>(26,138,052)</u>	<u>(7,155,772)</u>

PRINCIPAL MALAYSIA TITANS FUND
(formerly known as CIMB-Principal Equity Fund)

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2020				
QUOTED SECURITIES				
Construction				
Econpile Holdings Bhd	322,400	214,041	196,664	0.07
IJM Corporation Bhd	1,515,700	2,936,788	2,743,417	0.94
	<u>1,838,100</u>	<u>3,150,829</u>	<u>2,940,081</u>	<u>1.01</u>
Consumer Products & Services				
British American Tobacco Bhd	106,300	1,299,255	1,145,914	0.39
DRB-Hicom Bhd	1,371,600	3,445,492	2,345,436	0.80
Genting Malaysia Bhd	4,653,900	14,435,036	11,774,367	4.04
Petronas Dagangan Bhd	123,500	2,705,070	2,544,100	0.87
Sime Darby Bhd	3,372,500	7,648,994	7,250,875	2.49
	<u>9,627,800</u>	<u>29,533,847</u>	<u>25,060,692</u>	<u>8.59</u>
Energy				
Dialog Group Bhd	2,220,100	7,619,200	8,014,561	2.75
Hibiscus Petroleum Bhd	3,714,000	2,726,468	2,284,110	0.78
Yinson Holdings Bhd	732,000	3,641,626	4,318,800	1.48
	<u>6,666,100</u>	<u>13,987,294</u>	<u>14,617,471</u>	<u>5.01</u>
Financial Services				
CIMB Group Holdings Bhd	3,957,774	20,980,009	14,089,675	4.83
Hong Leong Bank Bhd	671,900	10,749,603	9,460,352	3.25
Hong Leong Financial Group	228,400	3,967,668	2,992,040	1.03
Malayan Banking Bhd	2,153,543	19,438,115	16,173,108	5.55
Public Bank Bhd	1,646,178	30,156,752	27,161,937	9.32
RHB Bank Bhd	1,102,763	6,018,231	5,282,235	1.81
	<u>9,760,558</u>	<u>91,310,378</u>	<u>75,159,347</u>	<u>25.79</u>
Health Care				
Hartalega Holdings Bhd	1,161,700	11,842,785	15,102,100	5.18
IHH Healthcare Bhd	791,700	4,114,156	4,354,350	1.49
Kossan Rubber Industries Bhd	374,200	2,074,140	3,184,442	1.09
Top Glove Corporation Bhd	873,300	5,105,780	14,060,130	4.82
	<u>3,200,900</u>	<u>23,136,861</u>	<u>36,701,022</u>	<u>12.58</u>

PRINCIPAL MALAYSIA TITANS FUND
(formerly known as CIMB-Principal Equity Fund)

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2020 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
Industrial Products & Services				
Petronas Chemicals Group Bhd	1,101,000	7,580,057	6,826,200	2.34
Press Metal Aluminium Holding Bhd	80,400	392,199	364,212	0.12
SKP Resources Bhd	883,335	1,149,119	1,192,502	0.41
Solarvest Holdings Bhd	2,048,200	2,414,706	3,174,710	1.10
V.S. Industry Bhd	442,200	729,663	428,934	0.15
	<u>4,555,135</u>	<u>12,265,744</u>	<u>11,986,558</u>	<u>4.12</u>
Plantation				
Genting Plantations Bhd	465,200	5,057,282	4,572,916	1.57
IOI Corp Bhd	1,789,300	8,081,897	7,765,562	2.66
Kuala Lumpur Kepong Bhd	406,148	9,344,010	9,016,486	3.09
Sime Darby Plantation Bhd	1,582,384	8,103,432	7,785,329	2.67
	<u>4,243,032</u>	<u>30,586,621</u>	<u>29,140,293</u>	<u>9.99</u>
Properties				
Sime Darby Property Bhd	2,238,700	1,945,168	1,522,316	0.52
SP Setia Bhd	1,674,900	1,564,391	1,415,291	0.49
	<u>3,913,600</u>	<u>3,509,559</u>	<u>2,937,607</u>	<u>1.01</u>
REIT				
Axis REIT	1,403,012	2,603,810	2,890,205	0.99
Technology				
D&O Green Technologies Bhd	6,748,700	5,158,598	4,892,808	1.68
Globetronics Technology Bhd	264,600	653,281	566,244	0.19
Greatech Technology Bhd	815,000	3,115,251	3,154,050	1.08
Inari Amertron Bhd	440,000	747,780	743,600	0.26
Malaysian Pacific Industries Bhd	462,000	5,240,596	5,082,000	1.74
Pentamaster Corporation Bhd	580,300	1,266,130	2,988,545	1.03
	<u>9,310,600</u>	<u>16,181,636</u>	<u>17,427,247</u>	<u>5.98</u>

PRINCIPAL MALAYSIA TITANS FUND
(formerly known as CIMB-Principal Equity Fund)

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2020 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
Telecommunications/ Media				
Axiata Group Bhd	2,943,936	14,420,624	10,450,973	3.59
Digi.com Bhd	1,703,700	7,597,675	7,342,947	2.52
Maxis Bhd	274,000	1,503,383	1,471,380	0.50
Telekom Malaysia Bhd	176,200	647,750	731,230	0.25
Time Dotcom Bhd	136,700	1,125,697	1,487,296	0.51
	<u>5,234,536</u>	<u>25,295,129</u>	<u>21,483,826</u>	<u>7.37</u>
Transportation/Logistics				
Malaysia Airports Holding Bhd	1,407,100	7,523,241	7,668,695	2.64
MISC Bhd	1,084,600	8,615,287	8,308,036	2.85
Westports Holdings Bhd	565,800	2,026,200	2,150,040	0.74
	<u>3,057,500</u>	<u>18,164,728</u>	<u>18,126,771</u>	<u>6.23</u>
Utilities				
Tenaga Nasional Bhd	2,091,700	27,385,745	24,305,553	8.35
TOTAL QUOTED SECURITIES	<u>64,902,573</u>	<u>297,112,181</u>	<u>282,776,673</u>	<u>97.02</u>
ACCUMULATED UNREALISED LOSS ON QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>(14,335,508)</u>		
TOTAL QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>282,776,673</u>		

PRINCIPAL MALAYSIA TITANS FUND
(formerly known as CIMB-Principal Equity Fund)

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2019				
QUOTED SECURITIES				
Construction				
IJM Corporation Bhd	1,489,200	2,925,965	3,574,080	0.82
Muhibbah Engineering M Bhd	774,400	2,340,487	2,137,344	0.49
	<u>2,263,600</u>	<u>5,266,452</u>	<u>5,711,424</u>	<u>1.31</u>
Consumer Products & Services				
Aeon Co. M Bhd	2,718,100	4,380,597	4,593,589	1.06
Carlsberg Brewery Malaysia Bhd	166,600	4,183,716	4,274,956	0.98
Genting Bhd	1,919,200	17,336,297	12,992,984	2.99
Genting Malaysia Bhd	1,672,600	5,182,144	5,419,224	1.25
Petronas Dagangan Bhd	194,600	5,095,329	4,942,840	1.14
Sime Darby Bhd	3,891,900	9,128,018	8,795,694	2.02
	<u>10,563,000</u>	<u>45,306,101</u>	<u>41,019,287</u>	<u>9.44</u>
Energy				
Dialog Group Bhd	3,048,900	8,596,292	9,939,414	2.29
Hibiscus Petroleum Bhd	2,147,500	2,164,953	2,297,825	0.53
Sapura Energy Bhd	13,138,000	4,531,024	3,941,400	0.91
Serba Dinamik Holdings Bhd	1,084,600	4,220,638	4,370,938	1.01
Yinson Holdings Bhd	2,074,100	9,484,849	12,631,269	2.91
	<u>21,493,100</u>	<u>28,997,756</u>	<u>33,180,846</u>	<u>7.65</u>
Financial Services				
Aeon Credit Service M Bhd	223,900	223,900	342,567	0.08
Alliance Bank Malaysia Bhd	1,003,500	4,110,550	3,773,160	0.87
Bursa Malaysia Bhd	327,550	2,380,134	2,292,850	0.53
CIMB Group Holdings Bhd	5,910,244	31,843,327	31,797,113	7.32
Hong Leong Bank Bhd	421,000	6,755,840	7,999,000	1.84
Hong Leong Financial Group Bhd	143,200	2,531,181	2,654,928	0.61
Malayan Banking Bhd	3,801,943	34,516,157	33,761,254	7.77
Public Bank Bhd	905,278	19,796,484	20,821,394	4.79
RHB Bank Bhd	1,561,600	8,628,818	8,729,344	2.01
	<u>14,298,215</u>	<u>110,786,391</u>	<u>112,171,610</u>	<u>25.82</u>
Health Care				
Hartalega Holdings Bhd	919,800	4,765,905	4,819,752	1.11
IHH Healthcare Bhd	1,945,400	10,972,971	11,283,320	2.60
	<u>2,865,200</u>	<u>15,738,876</u>	<u>16,103,072</u>	<u>3.71</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 %
2019 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
Industrial Products & Services				
Petronas Chemicals Group Bhd	1,852,700	14,773,432	15,562,680	3.58
Sunway Bhd - Warrant	669,750	-	251,156	0.06
Uchi Technologies Bhd	996,300	2,996,783	2,869,344	0.66
V.S. Industry Bhd	1,104,500	1,822,509	1,214,950	0.28
	<u>4,623,250</u>	<u>19,592,724</u>	<u>19,898,130</u>	<u>4.58</u>
Plantation				
FGV Holdings Bhd	3,304,300	4,083,768	3,700,816	0.85
Genting Plantations Bhd	488,200	5,307,320	4,882,000	1.12
IOI Corporation Bhd	2,462,100	11,259,306	10,463,925	2.41
Kuala Lumpur Kepong Bhd	263,100	6,501,634	6,461,736	1.49
Sime Darby Plantation Bhd	2,343,325	12,022,678	11,529,159	2.65
	<u>8,861,025</u>	<u>39,174,706</u>	<u>37,037,636</u>	<u>8.52</u>
Properties				
Malaysian Resources Corporation Bhd	4,751,300	4,249,024	4,513,735	1.04
Sime Darby Property Bhd	3,008,600	3,151,632	3,098,858	0.71
	<u>7,759,900</u>	<u>7,400,656</u>	<u>7,612,593</u>	<u>1.75</u>
REITs				
IGB REIT	2,289,100	4,082,543	4,372,181	1.01
Sunway REIT	1,166,600	2,068,316	2,181,542	0.50
	<u>3,455,700</u>	<u>6,150,859</u>	<u>6,553,723</u>	<u>1.51</u>
Technology				
Frontken Corporation Bhd	2,484,700	2,423,841	3,329,498	0.77
Globetronics Technology Bhd	1,396,200	3,447,134	2,331,654	0.54
Greatech Technology Bhd	2,882,500	2,371,145	2,796,025	0.64
Malaysian Pacific Industries	548,100	6,352,821	5,053,482	1.16
Pentamaster Corporation Bhd	2,853,900	5,792,313	8,219,232	1.89
Revenue Group Bhd	2,205,200	2,734,134	3,131,384	0.72
Revenue Group Bhd -Warrant	802,950	-	365,342	0.08
	<u>13,173,550</u>	<u>23,121,388</u>	<u>25,226,617</u>	<u>5.80</u>
Telecommunications & Media				
Axiata Group Bhd	2,891,109	14,148,638	14,397,723	3.31
Digi.com Bhd	1,958,700	9,422,275	9,891,435	2.28
Telekom Malaysia Bhd	972,700	3,017,996	3,890,800	0.90
Time Dotcom Bhd	141,300	1,163,577	1,267,461	0.29
	<u>5,963,809</u>	<u>27,752,486</u>	<u>29,447,419</u>	<u>6.78</u>

PRINCIPAL MALAYSIA TITANS FUND
(formerly known as CIMB-Principal Equity Fund)

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
Transportation & Logistics				
Malaysia Airports Holding Bhd	2,063,100	17,682,363	17,598,243	4.05
MISC Bhd	1,563,400	10,693,585	11,178,310	2.57
Westports Holdings Bhd	2,173,400	7,783,215	8,563,196	1.97
	<u>5,799,900</u>	<u>36,159,163</u>	<u>37,339,749</u>	<u>8.59</u>
Utilities				
Petronas Gas Bhd	433,400	7,788,236	7,523,824	1.73
Tenaga Nasional Bhd	1,260,100	16,749,392	17,439,784	4.02
	<u>1,693,500</u>	<u>24,537,628</u>	<u>24,963,608</u>	<u>5.75</u>
TOTAL QUOTED SECURITIES	<u>102,813,749</u>	<u>389,985,186</u>	<u>396,265,714</u>	<u>91.21</u>
ACCUMULATED UNREALISED GAIN ON QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>6,280,528</u>		
TOTAL QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>396,265,714</u>		

9. CASH AND CASH EQUIVALENTS

	2020	2019
	RM	RM
Deposits with licensed financial institutions	9,327,737	37,757,557
Bank balances	<u>256,292</u>	<u>626,750</u>
	<u><u>9,584,029</u></u>	<u><u>38,384,307</u></u>

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2020	2019
	No. of units	No. of units
At the beginning of the financial year	313,969,814	302,063,563
Add : Creation of units from applications	16,120,538	18,822,007
Add: Creation of units from distribution	9,905,642	25,715,089
Less: Cancellation of units	<u>(106,168,864)</u>	<u>(32,630,845)</u>
At the end of the financial year	<u><u>233,827,130</u></u>	<u><u>313,969,814</u></u>

11. MANAGEMENT EXPENSE RATIO (“MER”)

	2020	2019
	%	%
MER	<u><u>1.55</u></u>	<u><u>1.53</u></u>

MER is derived from the following calculation:

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

A	=	Management fee
B	=	Trustee's and custodian fee
C	=	Audit fee
D	=	Tax agent's fee
E	=	Other expenses excluding CDS fee and withholding tax
F	=	Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on daily basis is RM351,285,330 (2019: RM444,367,115).

12. PORTFOLIO TURNOVER RATIO (“PTR”)

	2020	2019
PTR (times)	<u><u>1.04</u></u>	<u><u>0.82</u></u>

PTR is derived based on the following calculation:

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

where:

total acquisition for the financial year = RM320,231,080 (2019: RM372,838,064)
total disposal for the financial year = RM407,582,069 (2019: RM353,238,110)

13. 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 Manager
CIMB Investment Bank Bhd	Fellow related party to the Manager
CIMB Securities Sdn Bhd	Fellow related party to the Manager
CIMB Bank Bhd	Fellow related party to the Manager
CGS-CIMB Securities Sdn Bhd	Fellow related party to the Manager

Units held by the Manager and parties related to the Manager

	<u>2020</u>		<u>2019</u>	
	<u>No. of units</u>	<u>RM</u>	<u>No. of units</u>	<u>RM</u>
Manager				
Principal Asset Management Berhad	<u>131,725</u>	<u>164,182</u>	<u>232,256</u>	<u>321,372</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 companies 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 PARTY TRANSACTIONS AND BALANCES (CONTINUED)

	2020	2019
	RM	RM
<u>Significant related party transactions</u>		
Dividend income received:		
- CIMB Group Holdings Bhd	1,187,551	1,054,908
Interest income from deposits with licensed financial institution:		
- CIMB Bank Bhd	58,651	55,964
Deposits with licensed financial institution:		
- CIMB Bank Bhd	111,893,000	126,461,000

14. TRANSACTIONS WITH BROKERS

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

Brokers	Value of trades	Percentage of total	Brokerage fees	Percentage of total
	RM	%	RM	%
Macquarie Capital Securities (M) Sdn Bhd	106,127,366	14.60	166,324	13.19
UBS Securities (M) Sdn Bhd	104,377,132	14.36	144,995	11.50
KAF Equities Sdn Bhd	90,144,309	12.40	196,368	15.57
Maybank Investment Bank Bhd	83,989,166	11.56	156,986	12.45
CLSA Securities (M) Sdn Bhd	69,860,500	9.61	108,462	8.60
Affin Hwang Investment Bank Bhd	57,627,677	7.93	127,462	10.11
J.P. Morgan Securities (M) Sdn Bhd	50,415,681	6.94	43,673	3.46
Hong Leong Investment Bank Bhd	46,496,987	6.40	100,156	7.94
CGS-CIMB Securities Sdn Bhd #	37,733,340	5.19	52,263	4.15
RHB Investment Bank Bhd	32,938,122	4.53	72,868	5.78
Others	47,044,242	6.48	91,235	7.25
	726,754,522	100.00	1,260,792	100.00

14. TRANSACTIONS WITH BROKERS (CONTINUED)

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

Brokers	Value of trades RM	Percentage of total %	Brokerage fees RM	Percentage of total %
Macquarie Malaysia Sdn Bhd	110,667,161	15.34	166,899	13.42
CIMB Securities Sdn Bhd #	100,090,589	13.87	147,673	11.87
KAF Seagroats & Campbell Securities	91,711,591	12.71	200,823	16.14
Affin Hwang Investment Bank Bhd	77,572,210	10.75	169,215	13.60
JPMorgan Securities (M) Sdn Bhd	73,332,601	10.16	92,952	7.47
CLSA Securities (M) Sdn Bhd	61,916,457	8.58	85,922	6.91
RHB Investment Bank Bhd	52,415,084	7.26	113,939	9.16
UBS Securities Malaysia Sdn Bhd	48,392,649	6.71	55,058	4.43
Maybank Investment Bank Bhd	32,756,362	4.54	70,513	5.67
Hong Leong Investment Bank Bhd	24,338,658	3.37	45,989	3.70
Others	48,465,898	6.71	94,967	7.63
	<u>721,659,260</u>	<u>100.00</u>	<u>1,243,950</u>	<u>100.00</u>

Included in the transactions are trades conducted with CIMB Securities Sdn Bhd and CGS-CIMB Securities Sdn Bhd, fellow related parties to the Manager amounting to Nil (2019: RM100,090,589) and RM37,733,340 (2019: Nil) respectively. The Manager is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties.

15. SIGNIFICANT EVENT DURING THE YEAR

The worsening macro-economic outlook as a result of COVID-19, both domestically and globally, has impacted the fund performance during the financial year.

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

16. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 13 August 2020.

DIRECTORY

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