

# Principal Malaysia Titans Fund

Interim Report

For the Six Months Financial Period Ended 31 December 2020

**PRINCIPAL MALAYSIA TITANS FUND**

**INTERIM REPORT**

**FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

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## INVESTORS' LETTER

Dear Valued Investor,

Firstly, allow me to wish you a very Happy New Year! Every year is a new beginning, for us to look back at our achievements and set new goals. My guess is all of us will remember 2020 as one of the most interesting, if not most challenging periods of our lives. Families, businesses and communities are all adjusting as we face new challenges and opportunities.

Here at Principal, it means a renewed commitment to helping our customers. In 2021, we will continue to deliver exciting new investment opportunities and digital innovations for our customers. We are grateful for the opportunity to serve you and for the trust you place in us.

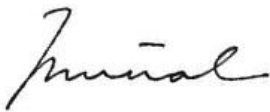
Amid a global pandemic, it might be tempting to think about delaying your investment goals. But, in reality “now” is always a better time than “later” for pursuing your goals and dreams. At Principal, customers are a top priority. We will always work to help you reach your goals, as we did last year throughout the pandemic. We will continue to focus on finding ways to make it easier for you to do investments with us, by offering new solutions around digital payments, digital submissions and digital onboarding to name a few. And, we're just getting started.

We continue to prefer equities over bonds and are more comfortable with our overweight position. Growth will remain as the core strategy as it is complemented by tactical strategies on value plays. We maintain our preference for Asian over global equities due to higher growth, resilient economies and currencies and higher anticipated inflows.

As we look towards this year, the team is excited to bring you more insights, tips and innovative solutions to help you manage your investments and reach your long-term financial goals. Visit our website ([www.principal.com.my](http://www.principal.com.my)) and follow our Facebook page (@PrincipalAssetMY) in order not to miss these updates and promotions.

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?

The Fund has achieved its objective of providing long-term capital growth.

#### 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

#### When was the Fund launched?

1 August 1995

#### What was the size of the Fund as at 31 December 2020?

RM305.83 million (228.47 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. You are cautioned that the risk profile of the Fund is higher than the benchmark. Information on the benchmark can be obtained from <http://www.bursamalaysia.com>.

#### What is the Fund distribution policy?

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

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

The Fund distributed a total net income of RM14.59 million to unit holders. As a result, the NAV per unit has dropped from RM1.2842 to RM1.2192 on 22 October 2020 during the six months financial period ended 31 December 2020.

**PERFORMANCE DATA**

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

	<b>31.12.2020</b> %	<b>31.12.2019</b> %	<b>31.12.2018</b> %
Quoted securities			
- Construction	1.20	1.58	0.72
- Consumer Products & Services	11.00	9.42	7.36
- Energy	6.35	10.55	4.85
- Financial Services	26.83	33.60	27.65
- Health Care	8.86	1.49	-
- Industrial Products & Services	10.12	3.38	8.48
- Oil & Gas	1.17	-	-
- Plantation	6.32	11.46	5.73
- Property	0.20	2.03	-
- Real Estate Investment Trust ("REIT")	0.67	2.05	-
- Technology	4.69	6.94	3.47
- Telecommunications & Media	5.79	6.73	4.72
- Transportation & Logistics	5.06	1.40	8.29
- Utilities	6.96	6.93	9.20
Cash and other net assets	4.78	2.44	19.53
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	<b>31.12.2020</b>	31.12.2019	<b>31.12.2018</b>
NAV (RM Million)	305.83	327.91	430.38
Units in circulation (Million)	228.47	246.58	324.52
NAV per unit (RM)	1.3385	1.3298	1.3261
	<b>01.07.2020 to 31.12.2020</b>	<b>01.07.2019 to 31.12.2019</b>	<b>01.07.2018 to 31.12.2018</b>
Highest NAV per unit (RM)	1.3658	1.4100	1.5995
Lowest NAV per unit (RM)	1.1874	1.3026	1.2931
Total return (%)	13.11	0.07	(4.06)
Capital growth (%)	7.39	(3.89)	(11.75)
Income distribution (%)	5.33	4.12	8.72
Management Expense Ratio ("MER") ^	0.78	0.76	0.77
Portfolio Turnover Ratio ("PTR") #	0.35	0.51	0.38

^ The Fund's MER increased marginally from 0.76% to 0.78% mainly due to decreased in average NAV during the financial period under review.

# The Fund's PTR was lowered from 0.51 times to 0.35 times on lesser trading activities during the the financial period under review.

	22.10.2020	24.10.2019	24.10.2018
Date of distribution			
Gross/Net distribution per unit (sen)	6.50	5.42	12.00
	<b>31.12.2020</b> %	<b>31.12.2019</b> %	<b>31.12.2018</b> %
Annual total return	5.98	4.43	(10.18)
	<b>31.12.2017</b> %	<b>31.12.2016</b> %	
	14.05	(2.00)	

(Launch date: 1 August 1995)

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 period have been extracted from Lipper.

**MARKET REVIEW (1 JULY 2020 TO 31 DECEMBER 2020)**

For the financial period under review, FBM100 Index (the “Index”) rose by 10.46% from 10,413 points to 11,501.99 points.

In July 2020, Malaysia equity market displayed a strong rally, outperforming its regional peers with FBM 100 gained 8.1% month-on-month (“m-o-m”). The healthcare sector was again the star of the month as the continued rise in global Coronavirus (“COVID-19”) new cases underpinned the spike in demand for Personal Protective Equipment (“PPE”) including gloves. This led to a 68.0% m-o-m gain in Bursa Malaysia Healthcare Index. Besides healthcare, technology (+24.4% m-o-m) and plantation (+6.5% m-o-m) are the two other notable sectors which also contributed to the broad rally.

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

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

The equity market slipped for 3<sup>rd</sup> consecutive month in October 2020 since staging a strong rally in July 2020. The sharp rise in COVID-19 post Sabah state election resulted in the implementation of Conditional MCO (“CMCO”). Despite assurance that all economic sectors would be allowed to operate during the implementation of CMCO, productivity and consumer sentiment as well as spending would be affected. Politics also took the limelight in October when there was news that the Prime Minister had proposed to the King (YDPA) to call for a state of emergency for the country, which was later declined by the King. With threats to the economy were growing by the day, the market hoped that the Budget 2021 would provide enough economic stimulus to steer past the COVID-19 and providing enough safety net for the Bottom 40% (“B40”). Warily, there would a threat that the Budget 2021 may not get enough support for approval.

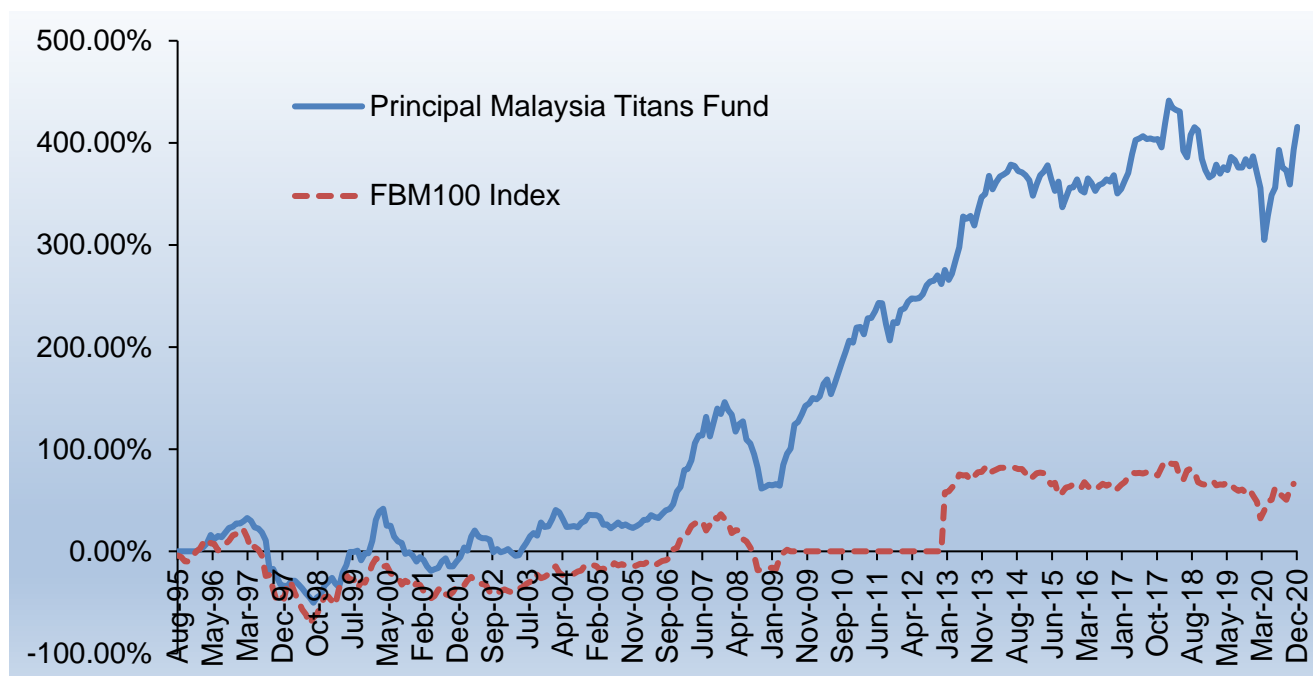
The market rebounded strongly in November 2020 with the Index increased by 6.4% m-o-m, following news of a COVID-19 vaccine breakthrough by Pfizer and better-than-expected third quarter of 2020 results season. These more than offset concerns over rising COVID-19 cases. Investors’ focus turned into reopening theme plays. The passing of the 2021 Budget by parliament had further boosted market confidence. Additionally, Brent crude oil climbed to the highest level since early March 2020 on optimism surrounding the announcement of vaccines to tackle the pandemic. Rising commodity prices, particularly oil and gas and palm oil, would bode well for Malaysia as these sectors are the major exports and consumption pillars for the country. With higher oil prices, Malaysia Ringgit (“MYR”) strengthened to RM4.0728 versus USD.

The Index posted a second consecutive month of gains in December 2020 with an upswing of 3.6% m-o-m, as investors continued to position into the COVID-19 recovery play in the market following news of COVID-19 vaccine breakthroughs in November 2020. All sectors, except healthcare and REITs, posted m-o-m positive returns in December 2020. Despite Malaysia was downgraded in rating by Fitch from ‘A-’ to ‘BBB+’, MYR and bond yield remained stable. On top of that, the Budget 2021 was passed in the final approval stage in the Dewan Rakyat, which was a short-term positive development that would help to alleviate political risk in Malaysia.

FUND PERFORMANCE

	6 months to 31.12.2020 %	1 year to 31.12.2020 %	3 years to 31.12.2019 %	5 years to 31.12.2019 %	Since inception to 31.12.2019 %
Income Distribution	5.33	5.33	19.24	37.63	285.33
Capital Growth	7.39	0.62	(16.62)	(19.27)	33.85
Total Return	13.11	5.98	(0.59)	11.11	415.77
Benchmark	10.46	3.49	(8.82)	0.27	66.08
Average Total Return	N/A	5.98	(0.20)	2.13	6.66

For the financial period under review, the Fund's performance increased by 13.12%, while the benchmark rose by 10.46%. As such, the Fund outperformed its benchmark by 2.66%.



Changes in NAV

	31.12.2020	30.06.2020 Audited	Changes %
NAV (RM Million)	305.83	291.46	4.93
NAV/Unit (RM)	1.3385	1.2464	7.39

The NAV and NAV per unit increased by 4.93% and 7.39% respectively, which were in tandem with the positive return of the Fund 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

(% of NAV)	31.12.2020	30.06.2020 Audited
Quoted securities	95.22	97.02
Cash and other net assets	4.78	2.98
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>

Asset allocation decreased from 97.02% as at 30 June 2020 to 95.22% as at 31 December 2020. The movement was due to the approach taken in repositioning the Fund during the financial period under review.

### MARKET OUTLOOK\*

The resurgence of COVID-19 cases and the eventual implementation of MCO would have an impact on the market sentiment in the short term. Nonetheless, it is anticipated that the gradual rollout of mass vaccinations, going forward, would help lifting investor's confidence in the market. As per BNM policy statement, Malaysia economic growth is likely to recover significantly in 2021 on the back of supportive monetary settings as well fiscal measures implemented. The low interest rate environment is likely to be sustained until the economy is on a firmer footing. The equity market will move on to figuring out the pandemic and the impact on the economic recovery in 2021. Equity valuation is seemed fair in relative to the current low interest rate environment.

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

### INVESTMENT STRATEGY

Remain cautiously optimistic on the Malaysia equity market, given the prospect of a rebound in economies and the prevalent expectation of strong earnings recovery. We are taking a tactical approach to focus on reopening themes as well as selective growth stocks and quality names with resilient earnings.

### UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 31 December 2020 are as follows:

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	3,973	9.81	4.29
5,001 to 10,000	2,144	15.46	6.77
10,001 to 50,000	4,095	90.83	39.76
50,001 to 500,000	799	74.94	32.80
500,001 and above	17	37.43	16.38
<b>Total</b>	<b>11,028</b>	<b>228.47</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 Principal Malaysia Funds (“Funds”) unless the soft commission received is retained in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Funds. All dealings with brokers are executed on best available terms.

During the financial period under review, the Manager and the Trustee did not receive any rebates from the brokers or dealers but the Manager has retained soft commission in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Funds.

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF  
PRINCIPAL MALAYSIA TITANS FUND**

We, being the Directors of Principal Asset Management Berhad (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements set out on pages 10 to 34 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 December 2020 and of its financial performance, changes in equity and cash flows for the financial period then ended in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134 - Interim Financial Reporting and International Accounting Standards (“IAS”) 34 - Interim Financial Reporting.

For and on behalf of the Manager

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

**MUNIRAH KHAIRUDDIN**  
Chief Executive Officer/Executive Director

**JUAN IGNACIO EYZAGUIRRE BARAONA**  
Director

Kuala Lumpur  
10 February 2020

**TRUSTEE'S REPORT TO THE UNIT HOLDERS OF  
PRINCIPAL MALAYSIA TITANS FUND**

We, Universal Trustee (Malaysia) Berhad, being the Trustee of Principal Malaysia Titans Fund (the "Fund"), are of the opinion that Principal Asset Management (the "Manager"), acting in the capacity of Manager of the Fund, have fulfilled their duties in the following manner for the six months financial period ended 31 December 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 period, a total distribution of 6.50 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  
10 February 2020

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

		01.07.2020 to 31.12.2020	01.07.2019 to 31.12.2019
	Note	RM	RM
<b>INCOME/(LOSS)</b>			
Dividend income		3,188,651	5,747,869
Interest income from deposits with licensed financial institutions at amortised cost		101,964	509,303
Net gain/(loss) on financial assets at fair value through profit or loss	<b>8</b>	<u>36,638,728</u>	<u>(2,392,298)</u>
		<u>39,929,343</u>	<u>3,864,874</u>
<b>EXPENSES</b>			
Management fee	<b>4</b>	2,262,503	3,094,762
Trustee fee	<b>5</b>	30,165	45,209
Audit fee		6,000	8,550
Tax agent's fee		227	2,050
Transaction costs		527,396	996,252
Other expenses		<u>38,866</u>	<u>66,610</u>
		<u>2,865,157</u>	<u>4,213,433</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		37,064,186	(348,559)
Taxation	<b>7</b>	<u>-</u>	<u>-</u>
<b>PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD</b>		<u>37,064,186</u>	<u>(348,559)</u>
Profit/(Loss) after taxation is made up as follows:			
Realised amount		8,510,539	7,528,857
Unrealised amount		<u>28,553,648</u>	<u>(7,877,416)</u>
		<u>37,064,186</u>	<u>(348,559)</u>

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

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

		31.12.2020	30.06.2020
	Note	RM	Audited RM
<b>ASSETS</b>			
Cash and cash equivalents	9	15,518,661	9,584,029
Financial assets at fair value through profit or loss	8	291,223,013	282,776,673
Amount due from stockbrokers		-	2,419,492
Amount due from Manager		108,959	402,615
Dividends receivable		337,761	427,268
<b>TOTAL ASSETS</b>		<u>307,188,394</u>	<u>295,610,077</u>
<b>LIABILITIES</b>			
Amount due to stockbrokers		700,048	3,021,525
Amount due to Manager		235,103	732,974
Accrued management fee		393,806	365,831
Amount due to Trustee		5,166	4,898
Other payables and accruals		27,138	28,788
<b>TOTAL LIABILITIES</b>		<u>1,361,261</u>	<u>4,154,016</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>305,827,133</u>	<u>291,456,061</u>
<b>EQUITY</b>			
Unit holders' capital		173,767,712	181,874,294
Retained earnings		<u>132,059,421</u>	<u>109,581,767</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>305,827,133</u>	<u>291,456,061</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>	10	<u>228,471,698</u>	<u>233,827,130</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>1.3385</u>	<u>1.2464</u>

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

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

	Note	Unit holders' capital RM	Retained earnings RM	Total RM
<b>Balance as at 1 July 2020</b>		181,874,294	109,581,767	291,456,061
Movement in unit holders' contributions:				
- Creation of units from applications		13,184,019	-	13,184,019
- Creation of units from distribution		14,209,139	-	14,209,139
- Cancellation of units		(35,499,740)	-	(35,499,740)
Total comprehensive income for the financial period		-	37,064,186	37,064,186
Distribution	6	-	(14,586,532)	(14,586,532)
<b>Balance as at 31 December 2020</b>		<u>173,767,712</u>	<u>132,059,421</u>	<u>305,827,133</u>
<b>Balance as at 1 July 2019</b>		286,618,788	147,838,096	434,456,884
Movement in unit holders' contributions:				
- Creation of units from applications		11,760,266	-	11,760,266
- Creation of units from distribution		13,035,825	-	13,035,825
- Cancellation of units		(113,987,406)	-	(113,987,406)
Total comprehensive loss for the financial period		-	(348,559)	(348,559)
Distribution	6	-	(17,008,787)	(17,008,787)
<b>Balance as at 31 December 2019</b>		<u>197,427,473</u>	<u>130,480,750</u>	<u>327,908,223</u>

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

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

	<b>01.07.2020 to 31.12.2020</b>	<b>01.07.2019 to 31.12.2019</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from disposal of quoted securities	121,736,757	185,048,009
Purchase of quoted securities	(93,973,749)	(168,305,716)
Dividend income received	3,273,276	8,389,116
Interest income received from deposits with licensed financial institutions	101,964	1,115,482
Management fee paid	(2,234,528)	(3,491,154)
Trustee fee paid	(29,897)	(50,869)
Payments for other fees and expenses	(41,862)	(7,620)
<b>Net cash generated from operating activities</b>	<u>28,831,961</u>	<u>22,697,248</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash proceeds from units created	13,477,675	18,928,472
Payments for cancellation of units	(35,997,611)	(24,136,156)
Distribution paid	(377,393)	(990,676)
<b>Net cash used in financing activities</b>	<u>(22,897,329)</u>	<u>(6,198,360)</u>
Net increase in cash and cash equivalents	5,934,632	16,498,888
Cash and cash equivalents at the beginning of the financial period	<u>9,584,029</u>	<u>71,545,090</u>
Cash and cash equivalents at the end of the financial period	<u>15,518,661</u>	<u>88,043,978</u>
<u>Cash and cash equivalents comprise of</u>		
Deposits with licensed financial institutions	15,424,526	87,431,844
Bank balances	94,135	612,134
Cash and cash equivalents at the end of the financial period	<u>15,518,661</u>	<u>88,043,978</u>

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



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Basis of preparation**

The financial statements have been prepared in accordance with the provisions of the MFRS and International Financial Reporting Standards ("IFRS").

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(a) Basis of preparation (continued)**

It also requires the Manager to exercise their judgement in the process of applying the Fund's accounting policies. Although these estimates and assumptions are based on the Manager's best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(l).

There are no other standards, amendments to standards or interpretations that are effective for financial period beginning on 1 July 2020 that have a material effect on the financial statements of the Fund.

There are no applicable standards, amendments to standards or interpretations that are effective for financial period beginning on/after 1 January 2021 to the financial statements of the Fund.

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

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

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

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

The contractual cash flows of the Fund's debt securities are solely principal and profit ("SPPI"). However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

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

All of the Fund's financial liabilities are measured at amortised cost.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(b) Financial assets and financial liabilities (continued)**Recognition and measurement

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

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

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

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

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

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

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

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

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(b) Financial assets and financial liabilities (continued)**Impairment for assets carried at amortised costs

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

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

**(c) Income recognition**

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

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

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

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

**(d) Functional and presentation currency**

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

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

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

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

**(f) Cash and cash equivalents**

For the purpose of statement of cash flows, cash and cash equivalents 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.

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

**(i) Amount due from/to stockbrokers**

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

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

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(j) Unit holders' capital**

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

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

The outstanding units are carried at the redemption amount that is payable at each financial period if unit holder exercises the right to put the unit back to the Fund.

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

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

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

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

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

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

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

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

### 3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The 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.

##### (ii) Interest rate risk

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

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

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

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

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

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

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

**3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****(b) Credit risk**

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

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

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

For amount due from Manager, the settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC Guidelines on Unit Trust Funds.

**(c) Liquidity risk**

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

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise bank balances and deposits with licensed financial institutions, which are capable of being converted into cash within 7 business days. Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector and other factors. For the purpose of the Fund, the Manager will attempt to balance the entire portfolio by investing in a mix of assets with satisfactory trading volume and those that occasionally could encounter poor liquidity. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

**(d) Capital risk management**

The capital of the fund is represented by equity consisting of unit holders' capital and retained earnings. The amount of capital can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

**(e) Fair value estimation**

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

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



3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

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.

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>31.12.2020</b>				
Financial asset at fair value through profit or loss:				
- Quoted securities	<u>291,223,013</u>	<u>-</u>	<u>-</u>	<u>291,223,013</u>
<b>30.06.2020</b>				
<b>Audited</b>				
Financial asset at fair value through profit or loss:				
- Quoted securities	<u>282,776,673</u>	<u>-</u>	<u>-</u>	<u>282,776,673</u>

**3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****(e) Fair value estimation****(i) Fair value hierarchy (continued)**

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 six months financial period ended 31 December 2020, the management fee is recognised at a rate of 1.50% per annum (31.12.2019: 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 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 period:

<b>Rate per annum on Size of the Fund</b>	<b>the NAV</b>
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 six months financial period ended 31 December 2020, the Trustee fee is recognised at the above mentioned rates and the custodian fees is recognised at an annual fee of RM25,000 per annum (2019: RM25,000 per annum).

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

6. DISTRIBUTION

Distribution to unit holders is derived from the following sources:

	<b>01.07.2020 to 31.12.2020</b>	<b>01.07.2019 to 31.12.2019</b>
	<b>RM</b>	<b>RM</b>
Dividend income	291,164	1,418,638
Interest income from deposits with licensed financial institutions	25,840	81,772
Net realised profit/(loss) from disposal of financial assets at fair value through profit or loss	470,633	(704,782)
Prior financial periods' realised income	13,918,844	17,854,135
	<u>14,706,481</u>	<u>18,649,763</u>
Less:		
Expenses	(119,949)	(1,640,976)
Net distribution amount	<u>14,586,532</u>	<u>17,008,787</u>
<b>Distribution on 22 October 2020</b>		
Gross/Net distribution per unit (sen)	<u>6.50</u>	<u>-</u>
<b>Distribution on 24 October 2019</b>		
Gross/Net distribution per unit (sen)	<u>-</u>	<u>5.42</u>

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

7. TAXATION

	<b>01.07.2020 to 31.12.2020</b>	<b>01.07.2019 to 31.12.2019</b>
	<b>RM</b>	<b>RM</b>
Tax charged for the financial period:		
- Current taxation	<u>-</u>	<u>-</u>

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

	<b>01.07.2020 to 31.12.2020</b>	<b>01.07.2019 to 31.12.2019</b>
	<b>RM</b>	<b>RM</b>
Profit/(Loss) before taxation	<u>37,064,186</u>	<u>(348,559)</u>
Taxation at Malaysian statutory rate of 24%	8,895,402	(83,654)
Tax effects of:		
Income not subject to tax	(9,583,042)	(927,570)
Expenses not deductible for tax purposes	142,233	262,776
Restriction on tax deductible expenses for Unit Trust Funds	545,407	748,448
Taxation	<u>-</u>	<u>-</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.12.2020	30.06.2020
	RM	Audited RM
At fair value through profit or loss:		
- Quoted securities	<u>291,223,013</u>	<u>282,776,673</u>
	<b>01.07.2020</b>	<b>01.07.2019</b>
	<b>to 31.12.2020</b>	<b>to 31.12.2019</b>
	RM	RM
Net gain/(loss) on financial assets at fair value		
Through profit or loss:		
- Realised gain on disposals	8,085,083	5,485,115
- Unrealised fair value gain/(loss)	<u>28,553,645</u>	<u>(7,877,413)</u>
	<u>36,638,728</u>	<u>(2,392,298)</u>

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>31.12.2020</b>				
<b>QUOTED SECURITIES</b>				
<b>Construction</b>				
IJM Corporation Bhd	<u>2,126,900</u>	<u>3,427,970</u>	<u>3,679,537</u>	<u>1.20</u>
<b>Consumer Products &amp; Services</b>				
Carlsberg Brewery Malaysia Bhd	155,000	3,024,334	3,602,200	1.18
DRB-Hicom Bhd	2,054,800	4,351,875	4,273,984	1.40
Genting Bhd	1,250,000	5,816,303	5,575,000	1.82
Genting Malaysia Bhd	4,653,900	14,435,036	12,518,991	4.09
Padini Holding Bhd	345,100	1,035,489	993,888	0.32
Petronas Dagangan Bhd	81,500	1,785,127	1,744,100	0.57
Sime Darby Bhd	<u>2,136,500</u>	<u>4,845,686</u>	<u>4,935,315</u>	<u>1.62</u>
	<u>10,676,800</u>	<u>35,293,850</u>	<u>33,643,478</u>	<u>11.00</u>
<b>Energy</b>				
Dialog Group Bhd	2,397,700	8,312,106	8,272,065	2.70
Hibiscus Petroleum Bhd	3,714,000	2,726,468	2,154,120	0.70
Serba Dinamik Holdings Bhd	468,000	868,187	823,680	0.27
Yinson Holdings Bhd	<u>1,420,000</u>	<u>8,121,890</u>	<u>8,165,000</u>	<u>2.68</u>
	<u>7,999,700</u>	<u>20,028,651</u>	<u>19,414,865</u>	<u>6.35</u>
<b>Financial Services</b>				
CIMB Group Holdings Bhd	1,493,074	7,914,728	6,420,218	2.10
Hong Leong Bank Bhd	621,900	9,949,662	11,318,580	3.70
Hong Leong Financial Group	228,400	3,967,668	4,124,904	1.35
Malayan Banking Bhd	2,293,156	20,582,272	19,400,100	6.34
Public Bank Bhd	1,468,178	26,895,925	30,244,467	9.89
RHB Bank Bhd	<u>1,933,763</u>	<u>10,574,548</u>	<u>10,539,008</u>	<u>3.45</u>
	<u>8,038,471</u>	<u>79,884,805</u>	<u>82,047,277</u>	<u>26.83</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 %
<b>31.12.2020 (Continued)</b>				
<b>QUOTED SECURITIES (CONTINUED)</b>				
<b>Health Care</b>				
Duopharma Biotech Bhd	229,000	842,069	774,020	0.25
Hartalega Holding Bhd	821,500	9,183,137	9,973,010	3.26
IHH Healthcare Bhd	610,400	3,172,011	3,357,200	1.10
Kossan Rubber Industries Bhd	477,600	3,193,064	2,149,200	0.70
Top Glove Corporation Bhd	1,776,400	7,312,385	10,871,568	3.55
	<u>3,914,900</u>	<u>23,702,664</u>	<u>27,124,998</u>	<u>8.86</u>
<b>Industrial Products &amp; Services</b>				
ATA IMS Bhd	1,255,200	2,837,204	2,987,376	0.98
Greatech Technology Bhd	105,200	559,713	957,320	0.31
Petronas Chemicals Group Bhd	1,101,000	7,580,057	8,180,430	2.67
Press Metal Aluminium Holding Bhd	1,115,900	5,956,567	9,362,401	3.06
SKP Resources Bhd	782,200	1,563,427	1,681,730	0.55
Solarvest Holdings Bhd	2,158,900	2,585,937	4,080,321	1.33
V.S. Industry Bhd	1,424,300	1,962,145	3,688,937	1.22
	<u>7,942,700</u>	<u>23,045,050</u>	<u>30,938,515</u>	<u>10.12</u>
<b>Oil &amp; Gas</b>				
Hibiscus Petroleum Bhd – CRPS	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,570,000</u>	<u>1.17</u>
<b>Plantation</b>				
IOI Corporation Bhd	1,423,800	6,431,009	6,222,006	2.03
Kuala Lumpur Kepong Bhd	221,148	5,087,823	5,236,785	1.71
Sime Darby Plantation Bhd	1,582,384	8,103,432	7,896,096	2.57
	<u>3,227,332</u>	<u>19,622,264</u>	<u>19,354,887</u>	<u>6.32</u>
<b>Property</b>				
Sime Darby Property Bhd	<u>935,000</u>	<u>688,160</u>	<u>621,775</u>	<u>0.20</u>
<b>REIT</b>				
Axis REIT	<u>1,003,012</u>	<u>1,861,461</u>	<u>2,036,114</u>	<u>0.67</u>
<b>Technology</b>				
D&O Green Technologies Bhd	4,439,600	3,393,559	10,122,288	3.31
Inari Amertron Bhd	378,000	746,932	1,043,280	0.34
JHM Consolidation Bhd	669,400	1,269,417	1,278,554	0.42
Malaysian Pacific Industries Bhd	73,000	828,059	1,895,080	0.62
	<u>5,560,000</u>	<u>6,237,968</u>	<u>14,339,202</u>	<u>4.69</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 %
<b>31.12.2020 (Continued)</b>				
<b>QUOTED SECURITIES (CONTINUED)</b>				
<b>Telecommunications/ Media</b>				
Axiata Group Bhd	1,423,136	6,971,113	5,322,529	1.74
Digi.com Bhd	1,283,100	5,722,004	5,312,034	1.74
Telekom Malaysia Bhd	974,000	4,281,407	5,269,340	1.72
Time Dotcom Bhd	136,700	1,125,697	1,812,642	0.59
	<u>3,816,936</u>	<u>18,100,221</u>	<u>17,716,545</u>	<u>5.79</u>
<b>Transportation/Logistics</b>				
Malaysia Airports Holding Bhd	1,051,300	5,682,222	6,223,696	2.04
MISC Bhd	921,900	7,313,767	6,333,453	2.07
Pos Malaysia Bhd	1,167,700	1,351,879	1,412,917	0.46
Westports Holdings Bhd	346,800	1,241,9343	1,491,240	0.49
	<u>3,487,700</u>	<u>15,589,801</u>	<u>15,461,306</u>	<u>5.06</u>
<b>Utilities</b>				
Tenaga Nasional Bhd	2,041,700	26,522,012	21,274,514	6.96
<b>TOTAL QUOTED SECURITIES</b>	<b><u>63,771,151</u></b>	<b><u>277,004,876</u></b>	<b><u>291,223,013</u></b>	<b><u>95.22</u></b>
<b>ACCUMULATED UNREALISED GAIN ON QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
		<b><u>14,218,137</u></b>		
<b>TOTAL QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
		<b><u>291,223,013</u></b>		

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 %
<b>30.06.2020</b>				
<b>Audited</b>				
<b>QUOTED SECURITIES</b>				
<b>Construction</b>				
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>
<b>Consumer Products &amp; Services</b>				
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>
<b>Energy</b>				
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>
<b>Financial Services</b>				
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>
<b>Health Care</b>				
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>

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 %
<b>30.06.2020</b>				
<b>(CONTINUED)</b>				
<b>Audited (Continued)</b>				
<b>QUOTED SECURITIES</b>				
<b>(CONTINUED)</b>				
<b>Industrial Products &amp; Services</b>				
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>
<b>Plantation</b>				
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>
<b>Properties</b>				
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>
<b>REIT</b>				
Axis REIT	1,403,012	2,603,810	2,890,205	0.99
<b>Technology</b>				
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>



## 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 %
<b>30.06.2020</b>				
<b>(CONTINUED)</b>				
<b>Audited (Continued)</b>				
<b>QUOTED SECURITIES</b>				
<b>(CONTINUED)</b>				
<b>Telecommunications/ Media</b>				
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>
<b>Transportation/Logistics</b>				
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>
<b>Utilities</b>				
Tenaga Nasional Bhd	2,091,700	27,385,745	24,305,553	8.35
<b>TOTAL QUOTED SECURITIES</b>	<b><u>64,902,573</u></b>	<b><u>297,112,181</u></b>	<b><u>282,776,673</u></b>	<b><u>97.02</u></b>
<b>ACCUMULATED UNREALISED LOSS ON QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
		<b><u>(14,335,508)</u></b>		
<b>TOTAL QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
		<b><u>282,776,673</u></b>		

9. CASH AND CASH EQUIVALENTS

	31.12.2020	30.06.2020
	RM	Audited RM
Deposits with licensed financial institutions	15,424,526	9,327,737
Bank balances	94,135	256,292
	<u>15,518,661</u>	<u>9,584,029</u>

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

	01.07.2020 to 31.12.2020	01.07.2019 to 30.06.2020
	No. of units	Audited No. of units
At the beginning of the financial period/year	233,827,130	313,969,814
Add: Creation of units from applications	9,924,350	16,120,538
Add: Creation of units from distribution	11,654,477	9,905,642
Less: Cancellation of units	(26,934,259)	(106,168,864)
At the end of the financial period/year	<u>228,471,698</u>	<u>233,827,130</u>

11. MANAGEMENT EXPENSE RATIO ("MER")

	01.07.2020 to 31.12.2020	01.07.2019 to 31.12.2019
	%	%
MER	<u>0.78</u>	<u>0.76</u>

MER is derived from the following calculation:

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

A	=	Management fee
B	=	Trustee 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 period calculated on daily basis is RM299,987,447 (30.06.2019: RM419,174,444 ).

12. PORTFOLIO TURNOVER RATIO ("PTR")

	01.07.2020 to 31.12.2020	01.07.2019 to 31.12.2019
PTR	<u>0.35</u>	<u>0.51</u>

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 = RM91,449,908 (30.06.2019: RM175,102,047)

total disposal for the financial period = RM119,642,296 (30.06.2019: RM249,054,580)

**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

	<b>31.12.2020</b>		<b>30.06.2020</b>	
	<b>No. of units</b>	<b>RM</b>	<b>No. of units</b>	<b>RM</b>
<b>Manager</b>				
Principal Asset Management Berhad	104,192	139,461	131,725	164,182

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)

	31.12.2020 RM	30.06.2020 Audited RM
<u>Significant related party transactions</u>		
Dividend income received:		
- CIMB Group Holdings Bhd	-	1,187,551
Interest income from deposits with licensed financial institution:		
- CIMB Bank Bhd	7,513	58,651
Deposits with licensed financial institution:		
- CIMB Bank Bhd	116,882,000	111,893,000

14. TRANSACTIONS WITH BROKERS

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

Brokers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
CGS-CIMB Securities Sdn Bhd #	36,571,642	17.35	56,449	14.33
KAF Equities Sdn Bhd	27,809,816	13.19	61,523	15.62
RHB Investment Bank Bhd	23,769,950	11.28	52,050	13.21
Macquarie Capital Securities (M) Sdn Bhd	23,536,037	11.17	47,097	11.96
Affin Hwang Investment Bank Bhd	23,040,249	10.93	50,680	12.87
Maybank Investment Bank Bhd	20,474,017	9.71	31,391	7.97
Hong Leong Investment Bank Bhd	17,408,167	8.26	38,736	9.83
CLSA Securities Malaysia Sdn Bhd	13,776,665	6.54	25,858	6.56
UBS Securities Malaysia Sdn Bhd	11,461,201	5.44	14,108	3.58
J.P. Morgan Securities (M) Sdn Bhd	9,350,413	4.44	7,921	2.01
Others	3,589,820	1.69	8,077	2.06
	<u>210,787,977</u>	<u>100.00</u>	<u>393,890</u>	<u>100.00</u>

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

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

<b>Brokers</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	69,164,458	16.31	86,880	12.15
Macquarie Capital Securities (M) Sdn Bhd	57,078,028	13.46	86,074	12.03
KAF Seagroatt & Campbell Securities Sdn Bhd	48,285,479	11.38	106,468	14.88
Affin Hwang Investment Bank Bhd	44,588,462	10.51	98,124	13.72
Maybank Investment Bank Bhd	42,835,482	10.10	90,147	12.60
CLSA Securities (M) Sdn Bhd	35,916,689	8.47	66,753	9.33
JP Morgan Securities (M) Sdn Bhd	30,286,275	7.14	25,690	3.59
CGS-CIMB Securities Sdn Bhd #	21,662,789	5.11	32,779	4.58
RHB Investment Bank Bhd	21,623,058	5.10	47,409	6.63
Hong Leong Investment Bank Bhd	18,382,341	4.33	39,067	5.46
Others	34,333,566	8.09	35,940	5.03
	<u>424,156,627</u>	<u>100.00</u>	<u>715,331</u>	<u>100.00</u>

# Included in the transactions are trades conducted with CGS-CIMB Securities Sdn Bhd, fellow related parties to the Manager amounting to RM36,571,642 (31.12.2019: RM21,662,789). 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 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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**Head Office of the Manager**

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