

Principal PRS Plus Conservative

(formerly known as CIMB-Principal PRS Plus Conservative)

Annual Report

For the Financial Year Ended 31 January 2021

PRINCIPAL PRS PLUS CONSERVATIVE
(formerly known as CIMB-Principal PRS Plus Conservative)

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021

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MEMBERS' LETTER

Dear Valued Members,

The market today is looking beyond the pandemic and we anticipate further recovery in global growth as economies start to reopen. Another positive is while the rollout of the Coronavirus Disease 2019 ("COVID-19") vaccination is still a work-in-progress, the number of people vaccinated globally has exceeded the number of confirmed cases.

At Principal, we continue to assess relative valuations and search for the right opportunities that will give the best potential returns for our customers. With the market starting to experience a strong economic recovery, we believe a disciplined, diversified, and far-sighted approach to investing will remain the best way to grow capital over the long term.

We generally prefer equities over fixed income and remain positive on Asian equities favouring China and more developed Asian economies on a 12-month basis. We've also added more ASEAN names in anticipation of a broader economic recovery which would be strengthened by the greater availability of COVID-19 vaccines by mid-2021.

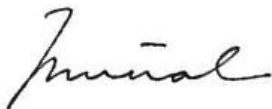
We're here to help you navigate the changing market conditions and manage your investments towards reaching your long-term financial goals. Please visit our website (www.principal.com.my) and our Facebook page (@PrincipalAssetMY) for ongoing investment updates and educational articles and tips.

Please be informed that effective 22 April 2020, the Fund has been renamed as Principal PRS Plus Conservative following the issuance of the Second Replacement Disclosure Document.

We also wish to inform that Ernst & Young PLT ("EY") has been appointed as the auditor of the Fund in respect of the audit for the financial year ended 31 January 2021 onwards. The appointment of the Fund Auditor by the Trustee of the Fund, Deutsche Trustees Malaysia Berhad, is in accordance with the provisions of the Deed in relation to the Fund.

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

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



Munirah Khairuddin
Chief Executive Officer

PRS PROVIDER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

The Fund seeks to provide Members with capital preservation* through investment primarily in fixed income instruments.

*The Fund is neither a capital guaranteed fund nor a capital protected fund.

Has the Fund achieved its objective?

For the financial year under review, the Fund has performed in line with its objective as stated under the Fund Performance section.

What are the Fund investment policy and principal investment strategy?

The Fund aims to invest in a diversified portfolio of primarily fixed income instruments with some exposure in equities. The fixed income portion will provide capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The Fund may opt to invest in fixed income instruments, money market instruments and equities either directly or via collective investment schemes.

Before 1 June 2020

At least 80% of the Fund's Net Asset Value ("NAV") will be invested in fixed income instruments and money market instruments, of which a minimum 20% of the Fund's NAV will be invested in money market instruments, all of which have a minimum credit rating of "BBB3" or "P2" by RAM Ratings ("RAM") or equivalent rating by Malaysian Rating Corporation Berhad ("MARC"). The investments in equities shall not exceed 20% of the Fund's NAV.

The asset allocation strategy for this Fund is as follows:

- At least 80% of the Fund's NAV will be invested in fixed income instruments and money market instruments, of which a minimum 20% of the Fund's NAV will be invested in money market instruments;
- Up to 20% of the Fund's NAV may be invested in equities; and
- Up to 5% of the Fund's NAV may be invested in liquid assets for liquidity purpose.

With effect from 1 June 2020

At least 80% of the Fund's NAV will be invested in local and/or foreign fixed income instruments and money market instruments, of which a minimum 20% of the Fund's NAV will be invested in money market instruments, all of which have a minimum credit rating of "BBB3" or "P2" by RAM or equivalent rating by MARC or "BBB" or "A-2" by S&P or equivalent rating by any other international rating agencies. Notwithstanding, the Fund may invest up to 5% of its NAV in unrated fixed income instruments. The investments in equities which include foreign exposure shall not exceed 20% of the Fund's NAV.

The asset allocation strategy for this Fund is as follows:

- At least 80% of the Fund's NAV will be invested in fixed income instruments and money market instruments, of which a minimum 20% of the Fund's NAV will be invested in money market instruments and up to 5% of the Fund's NAV may be invested in unrated fixed income instruments;
- Up to 20% of the Fund's NAV will be invested in equities; and
- Up to 5% of the Fund's NAV will be invested in liquid assets for liquidity purpose.

FUND OBJECTIVE AND POLICY (CONTINUED)

Fund category/type

Core (Conservative)

When was the Fund launched?

Name of Class	Launch Date
Class A	12 November 2012
Class C	12 November 2012
Class X	12 November 2012

What was the size of the Fund as at 31 January 2021?

RM44.98 million (69.90 million units)

What is the Fund's benchmark?

60% Quant shop Malaysian Government Securities ("MGS") Short Index + 20% CIMB Bank 1-Year Fixed Deposit Rate + 20% Financial Times Stock Exchange ("FTSE") Bursa Malaysia ("FBM") Top 100 ("FBM100") Index

Note: The Fund's benchmark is for performance comparison purpose only. The risk profile of the Fund is not the same as the risk profile of the benchmark.

What is the Fund distribution policy?

The Fund is not expected to pay any distribution. All income earned by members will automatically be reinvested into the Fund.

What was the net income distribution for the financial year ended 31 January 2021?

The Fund distributed a total net income of RM2.61 million to members for the financial year ended 31 January 2021.

The Fund's NAV per unit are as follows:

Date	NAV per unit (before distribution) RM	NAV per unit (after distribution) RM
18.12.2020		
Class A	0.6769	0.6364
Class C	0.6757	0.6353
Class X	0.6769	0.6364

PRINCIPAL PRS PLUS CONSERVATIVE
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PERFORMANCE DATA

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

	31.01.2021	31.01.2020	31.01.2019
	%	%	%
Quoted securities			
- Construction	0.44	1.23	-
- Consumer Products & Services	0.76	-	2.06
- Energy	1.63	2.30	1.07
- Financial Services	4.38	2.66	4.84
- Health Care	1.75	1.25	0.71
- Industrial Products & Services	2.46	1.57	0.98
- Plantation	0.32	1.05	0.57
- Property	-	0.21	-
- Real Estate Investment Trusts ("REITs")	-	1.01	2.53
- Technology	5.52	2.04	1.54
- Telecommunications & Media	1.08	0.34	0.39
- Transportation & Logistics	-	2.20	1.59
- Utilities	0.42	2.00	1.21
Unquoted fixed income securities	80.27	81.61	81.26
Cash and other assets	1.79	0.70	1.43
Liabilities	(0.82)	(0.17)	(0.18)
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	31.01.2021	31.01.2020	31.01.2019
NAV (RM Million)			
- Class A	33.05	29.04	21.30
- Class C	2.15	1.58	0.99
- Class X	9.78	6.72	4.68
Units in circulation (Million)			
- Class A	51.35	44.92	34.74
- Class C	3.35	2.44	1.61
- Class X	15.20	10.40	7.63
NAV per unit (RM)			
- Class A	0.6435	0.6465	0.6132
- Class C	0.6423	0.6458	0.6132
- Class X	0.6435	0.6465	0.6132
Highest NAV per unit (RM)			
- Class A	0.6800	0.6515	0.6182
- Class C	0.6788	0.6509	0.6184
- Class X	0.6800	0.6515	0.6182
Lowest NAV per unit (RM)			
- Class A	0.6158	0.6133	0.5945
- Class C	0.6151	0.6133	0.5947
- Class X	0.6158	0.6134	0.5945
Total return (%)			
- Class A	5.87	5.41	2.28
- Class C	5.77	5.32	2.25
- Class X	5.87	5.40	2.28

PRINCIPAL PRS PLUS CONSERVATIVE
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PERFORMANCE DATA (CONTINUED)

	31.01.2021	31.01.2020	31.01.2019
Capital growth (%)			
- Class A	(0.47)	5.41	2.28
- Class C	(0.56)	5.32	2.25
- Class X	(0.46)	5.40	2.28
Income distribution (%)			
- Class A	6.36	-	-
- Class C	6.36	-	-
- Class X	6.36	-	-
Management Expense Ratio ("MER") (%) ^	1.55	1.56	0.49
Portfolio Turnover Ratio ("PTR") (times) #	0.71	0.57	0.58

^ The Fund's MER decreased from 1.56% to 1.55% mainly due to the increase in average NAV during the financial year under review.

The Fund's PTR increased from 0.57 times to 0.71 times due to more trading activities carried out during the financial year under review.

Gross/Net distribution per unit (sen)	31.01.2021	31.01.2020	31.01.2019
Distribution on 18 December 2020			
- Class A	4.05	-	-
- Class C	4.04	-	-
- Class X	4.05	-	-

	31.01.2021	31.01.2020	31.01.2019	31.01.2018	31.01.2017
	%	%	%	%	%
Annual total return					
- Class A	5.87	5.41	2.28	5.56	4.09
- Class C	5.77	5.32	2.25	5.56	4.08
- Class X	5.87	5.40	2.28	5.58	4.07

(Launch date: 12 November 2012)

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

MARKET REVIEW (1 FEBRUARY 2020 TO 31 JANUARY 2021)

Fixed Income

Bank Negara Malaysia ("BNM") reduced its Overnight Policy Rate ("OPR") by a total of 125 basis points ("bps") in 2020. In first quarter of 2020, the Central Bank cut its rates by 25 bps in January 2020 and another 25 bps in March 2020 as a pre-emptive move ahead of the potential impact of the COVID-19 pandemic to the local economy. However, it continued to cut another 50 bps to bring the OPR to 2.00% in May 2020 and a further 25 bps at the Monetary Policy Committee ("MPC") meeting in July 2020. The cut was mainly due to the significant weakening of the global and local economic conditions from the measures implemented to contain the spread of the COVID-19. Following that, BNM maintained the OPR steady at 1.75% at all the MPC meetings in September 2020 and November 2020 as well as the latest MPC meeting in January 2021. The Central Bank continued to mention that the overall outlook locally and globally remains subject to downside risks, primarily if there is a further resurgence of COVID-19 cases.

MARKET REVIEW (1 FEBRUARY 2020 TO 31 JANUARY 2021) (CONTINUED)

Fixed Income (Continued)

On the fiscal side, Prime Minister Muhyiddin Yassin announced a RM250 billion stimulus package in March 2020, 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. The Government subsequently introduced more stimulus packages (i.e. Pelan Jana Semula Ekonomi Negara (“PENJANA”)) worth RM35 billion on 5 June 2020 containing 40 measures, mainly on jobs initiatives, Micro, Small and Medium Enterprises (“MSMEs”) supports, stimulation of Foreign Direct Investment (“FDI”) & consumption as well as to facilitate digitalization. To finance the additional stimulus, the Parliament also approved to raise Malaysia’s debt ceiling from 55% of Gross Domestic Product (“GDP”) to 60% of GDP. On 23 September 2020, the Prime Minister announced an additional RM10 billion of fiscal stimulus package to bolster the country’s economy in weathering the impact of COVID-19. The Kita Prihatin programme is a special initiative aimed at helping micro entrepreneurs, the country’s workforce and those from the Bottom 40% (“B40”) as well as the Middle 40% (“M40”) income group. In January 2021, the Government unveiled PERMAI, its 5th economic stimulus package to date worth RM15 billion spread over 22 initiatives aimed at safeguarding the welfare of the people and supporting business continuity following the implementation of Second Movement Control Order (“MCO”) 2.0.

2021 began with two major announcements - i.e., the MCO 2.0 and the State of Emergency (“SoE”). The entire country was placed under MCO 2.0 (except Sarawak) up until 4 February 2021. MCO 2.0 continued up until 4 March 2021 for 4 states i.e., Selangor, Kuala Lumpur, Johor and Penang due to the high number of cases. Meanwhile, the Palace issued the SoE proclamation to suspend Parliament and State Legislative Assemblies (including elections) until 1 August 2021.

Malaysia’s Budget 2021 was passed at its policy stage via a majority voice vote on 27 November 2020 with additional measures/amendments including a further loan moratorium for the the B40 and MSMEs and the expansion of i-Sinar facility to include all Employees’ Provident Fund (“EPF”) members whose income has been affected persons by the pandemic. At the time of writing, it was announced that members with savings of RM100,000 and below in their Account 1 can withdraw up to RM10,000, while those with savings of RM100,000 and above can withdraw up to 10% of their Account 1 or up to RM60,000 - whichever the lower.

On 4 December 2020, Fitch Ratings downgraded Malaysia’s sovereign rating to “BBB+” from “A-” with a stable outlook. Fitch noted that COVID-19 has weakened Malaysia’s several key credit metrics. Fitch pointed that Malaysia’s debt burden is significantly higher than the medians of 59.2% and 52.7% for the ‘A’ and ‘BBB’ rating categories respectively. Additionally, it views the lingering political uncertainty following the change in Government in March 2020 weights on the policy outlook and affects the prospects for further improvement in governance standards. Meanwhile, in January 2021, Moody’s reaffirmed Malaysia’s A3 rating and maintained its stable outlook. The rating agency cited strong medium-term growth prospects, credible and effective macro policymaking institutions, and expectations of gradual fiscal consolidation over the next 2-3 years. These credit strengths moderate Malaysia’s relatively high debt level.

Malaysia’s Consumer Price Index (“CPI”) continued to be in deflation mode until the end of the year with the latest December 2020 data pointing at CPI falling by 1.4% year-on-year (“y-o-y”). The drop in the overall Index was mainly due to the transport index as the lower oil prices continued to drag down the Index. CPI for the year 2020 decreased by 1.2% as compared to last year.

In 2020, Malaysia’s GDP contracted by 5.6%, which is the worst contraction seen since 1998. In fourth quarter of 2020, the country’s economy contracted by 3.4% (third quarter 2020:2.7%, second quarter of 2020:17.1%). The decline in GDP was worse than initially projected by the Ministry of Finance (“MoF”) which predicted a shrink of 4.5% for 2020. In 2019, Malaysia recorded GDP growth of 4.3%. Construction, mining and services sectors posted the biggest declines in 2020, contracting by 19.4%, 10% and 5.5%, respectively.

MARKET REVIEW (1 FEBRUARY 2020 TO 31 JANUARY 2021) (CONTINUED)

Fixed Income (Continued)

The 3-year, 5-year, 7-year, 10-year, 15-year, 20-year and 30-year Malaysian Government Securities (“MGS”) yields closed at 1.93% (-1 bps), 2.13% (-3 bps), 2.42% (+0 bps), 2.68% (+9 bps), 3.38% (+12 bps), 3.58% (+18 bps) and 3.95% (+9 bps) respectively at the end of January 2021.

Local Equity

The FBM100 Index rose 2.92% in Malaysian Ringgit (“MYR”) terms during the financial year under review. It started the year 2020 positively before succumbing to sell-down amid concerns over uncertainty in domestic politics and the COVID-19 outbreak towards mid-year before ending the year on positive sentiments from successful COVID-19 vaccines testing spillover to December 2020.

Political uncertainty engulfed Malaysia stepping into February 2020 following the shocked resignation of Tun Dr Mahathir as prime minister after losing a majority support in the parliament. However, the uncertainty of not having a functioning Federal Government was short-lived as the King has appointed Tan Sri Muhyiddin Yasin as the 8th Prime Minister after determining that the latter is likely to get a majority support in the parliament. In his last act as interim prime minister, Tun Dr Mahathir unveiled a RM20 billion stimulus package to mitigate the adverse economic impact from the COVID-19 outbreak.

The Malaysian Government has enforced an initial 2-week MCO since 18 March 2020 which was extended until 14 April 2020 as the number of new COVID-19 infections spiked. In order to cushion the pandemic impact to the country, the Government has implemented RM250 billion fiscal stimulus package as well as cut its OPR by 100 bps year-to-date (“YTD”) to 2.0% and has slashed its Statutory Reserve Requirement (“SRR”) by 100 bps to 2.0% in order to inject liquidity into the economy.

Over the course of June 2020, the Government has announced further RM35 billion stimulus under 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 Build-Up (“CBU”) vehicles from 15 June 2020 till 31 December 2020 while property sector will be boosted by reintroduction of the Home Ownership Campaign (“HOC”), exemption of individuals’ Real Property Gains Tax (“RPGT”) and the lifting of the maximum loan-to-value ratio (“LVR”) to 70%.

On the economic side, the Government has decided to provide further financial support to individuals financially affected by COVID-19 and has announced a 3-month extension to the loan repayment moratorium for those who lost their jobs this year due to the pandemic. This targeted loan moratorium and financial assistance was a welcomed move not just for the rakyat but also for the banks as a blanket loan moratorium extension beyond end-September 2020 would have led to further uncertainty on the health of the banking sector’s loan book.

Second quarter of 2020 earnings season was a disappointment despite earlier expectation of severe earnings contraction due to the full impact of MCO. Post reporting season, consensus current year 2020 and current year 2021 Earning per share (“EPS”) estimates of FBM Kula Lumpur Composite Index (“KLCI”) have been cut by 2% and 6.4% respectively. 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 looms. Politics will remain the source of uncertainty for the equity market (especially for the foreign investors). Given slim majority of the current government, there is concern that a snap general election may be called soon even though it is not due for 3 years.

MARKET REVIEW (1 FEBRUARY 2020 TO 31 JANUARY 2021) (CONTINUED)

Local Equity (continued)

In October 2020, after a period of flattened curve of domestic COVID-19 new cases, a second wave is unravelling especially in Sabah which has now spread to Peninsular Malaysia. An inter-district travel ban has been implemented in Sabah followed by the implementation of Conditional MCO (“CMCO”) in Sabah, Selangor, Putrajaya and Kuala Lumpur due to the resurgence of COVID-19 cases in these states. This will dampen domestic consumption especially domestic retail and tourism spending and the recovery prospect for airlines, airports, and the hospitality industries.

With threats to the economy is growing by the day, there have been high hopes on the current Government to deliver a Budget that will provide enough economic stimulus to steer past the COVID-19 and providing enough safety net for the B40. Warily, politically, due to Prime Minister Muhyiddin weak coalition, there will a threat that the Budget may not get enough support for approval.

The year ended with Budget 2021 being passed in the final approval stage in the Dewan Rakyat. The vote ended with 111 Members of Parliament (“MPs”) in favour and 108 MPs against the passing of the budget. While 2021 began where the Index eased 1,566.4 points, giving up 60.8 points or 3.73% YTD on the back of softer sentiment in the market dampened by the jump in the number of COVID-19 cases that reached new peak over 5,000 cases per day.

FUND PERFORMANCE

	1 year to 31.01.2021			3 years to 31.01.2021		
	Class A	Class C	Class X	Class A	Class C	Class X
	%	%	%	%	%	%
Income Distribution	6.36	6.36	6.36	6.36	6.36	6.36
Capital Growth	(0.47)	(0.56)	(0.46)	7.31	7.06	7.06
Total Return	5.87	5.77	5.87	14.15	13.90	14.13
Benchmark	4.26	4.26	4.26	6.56	6.56	6.56
Average Total Return	5.87	5.77	5.87	4.51	4.43	4.50

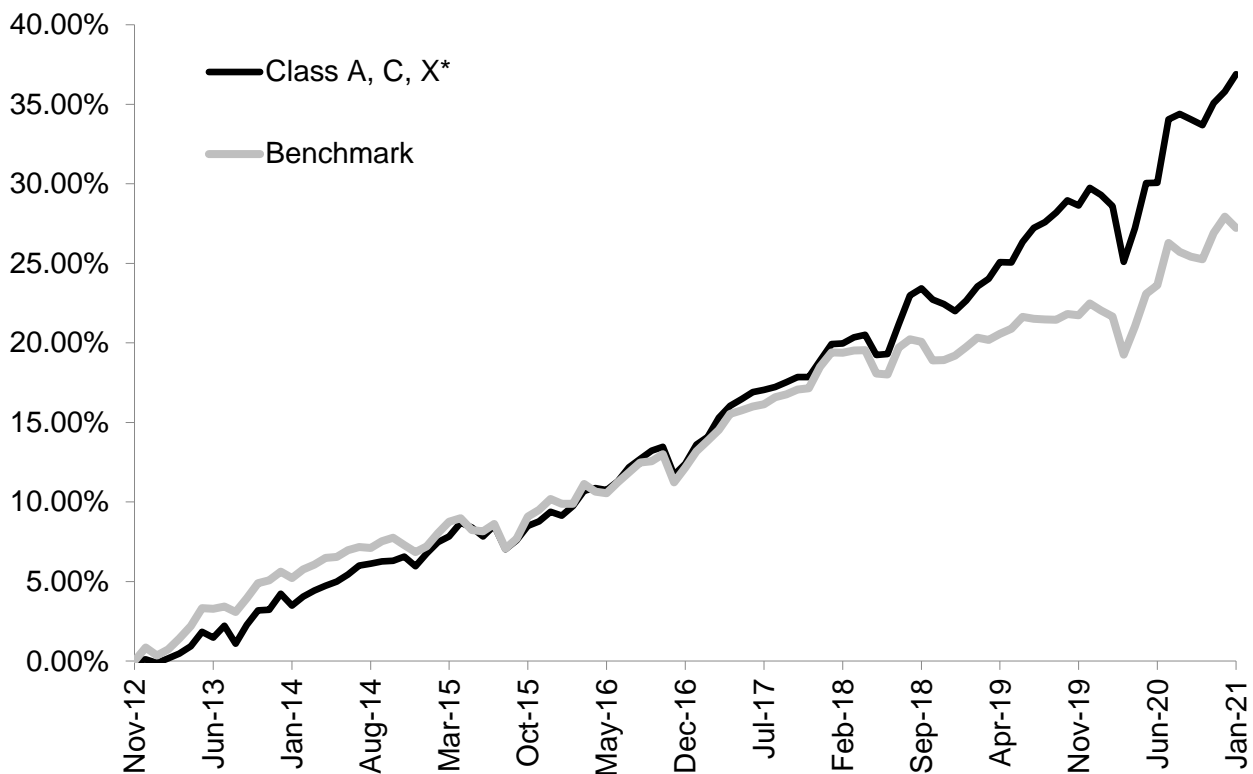
	5 years to 31.01.2021			Since inception to 31.01.2021		
	Class A	Class C	Class X	Class A	Class C	Class X
	%	%	%	%	%	%
Income Distribution	6.36	6.36	6.36	6.36	6.36	6.36
Capital Growth	17.87	17.61	17.89	28.52	17.89	28.58
Total Return	25.43	25.14	25.40	36.89	36.63	36.89
Benchmark	15.79	15.79	15.79	27.24	27.24	27.24
Average Total Return	4.64	4.59	4.63	3.89	3.87	3.89

For the 1-year financial period, Class A and X gained by 5.87% whilst Class C gained by 5.77%. Meanwhile, the benchmark appreciated by 4.26% over the same period. The outperformance of the Fund relative to its benchmark was driven mainly by the allocation into fixed income securities..

The slight variation in the performance between Class A, Class C and Class X, if any, was due to different timing of units created for each of the class.

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FUND PERFORMANCE (CONTINUED)



* Performance of Class A, Class C and Class X are almost the same. Slight variant was due to different timing of units created for each of the class.

Changes in NAV

CLASS A	31.01.2021	31.01.2020	Changes %
NAV (RM Million)	33.05	29.04	13.81
NAV/Unit (RM)	0.6435	0.6465	(0.46)
CLASS C	31.01.2021	31.01.2020	Changes %
NAV (RM Million)	2.15	1.58	36.08
NAV/Unit (RM)	0.6423	0.6458	(0.54)
CLASS X	31.01.2021	31.01.2020	Changes %
NAV (RM Million)	9.78	6.72	45.54
NAV/Unit (RM)	0.6435	0.6465	(0.46)

The Fund recorded positive net inflow from unit creations over the financial year under review for all the three classes - Class A, Class C and Class X.

The NAV for Class A remained the largest amongst all three classes. The NAV for Class A, Class C and Class X grew by 13.81%, 36.08% and 45.54%, respectively.

For the 1-year period, the Fund ranked 20th in Quartile 3 under the Mixed Asset MYR Conservative category in the Lipper rankings.

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)	31.01.2021	31.01.2020
Quoted securities	18.76	17.86
Unquoted fixed income securities	80.27	81.61
Cash and other assets	1.79	0.70
Liabilities	(0.82)	(0.17)
Total	100.00	100.00

The Fund was fully invested during the financial year under review. A minimal level of liquid assets was maintained primarily for redemption purposes.

MARKET OUTLOOK*

Fixed Income

Despite the OPR cut of 1.25% in 2020, only the short end bonds saw yields contracted by the same magnitude. The long-end steepness now still reflects the underlying risks investing in MYR Bond. For long-end term spreads to contract back to historical levels, we need to see the Government establish better stability as well as stronger discipline to improve the country's fiscal standing. Lastly, fund flows may also be another catalyst to drive spreads narrower. However, if fundamental factors are not improved on a sustained manner, spreads can adjust higher again as outflow happens. With the lower-than-expected GDP number released for fourth quarter of 2020, it is expected that the Central Bank would release its revised outlook for full year economic growth in March 2021. The initial projections by the MoF were between 6.5% to 7.5%.

Local Equity

The approval of 2021 Budget by the Parliament was the biggest short-term positive development that would help to alleviate political risk in Malaysia. Despite the downgrade in rating by Fitch from 'A-' to 'BBB+', MYR and bond yield remained stable. To end the year 2020 on a positive note, the Ministry of Finance announced the extension of the vehicle sales tax exemption period, due to expire on 31 December 2020, by a further six months until 30 June 2021. In a nutshell, recovery and growth all hinges on our fight against COVID-19. With the vaccine roll-out, the economy will normalize and then recovery and growth in the economy as well as in corporate earnings can take place.

* 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

Fixed Income

We expect more supply to the market although we are seeing mostly high-grade names supply and highlight potential repricing risk. As such, we will take profit accordingly when possible to move to new credit supply. With that said, we continue to be mindful in our credit selection with a preference on names which are more resilient with stronger fundamentals, as well as better liquidity.

With major headwinds (US Presidential Election and Malaysia Budget 2021) being addressed and with Malaysia coming from an attractive valuation, we are now cautiously optimistic towards first half of 2021. We remain constructive on the market and look ahead towards normalization. With that, we will be focusing on post COVID-19 recovery theme; positioning in companies with high growth, resilient earnings and solid track record.

MEMBERS STATISTICS AS AT 31 JANUARY 2021

CLASS A

Size of unit holdings (units)	No. of members	No. of units held (million)	% of units held
5,000 and below	1,625	2.21	4.30
5,001-10,000	1,013	6.58	12.81
10,001-50,000	1,151	25.57	49.80
50,001-500,000	78	8.32	16.20
500,001 and above	4	8.67	16.89
Total	3,871	51.35	100.00

CLASS C

Size of unit holdings (units)	No. of members	No. of units held (million)	% of units held
5,000 and below	339	0.59	17.61
5,001-10,000	86	0.57	17.01
10,001-50,000	79	1.51	45.07
50,001-500,000	4	0.68	20.31
500,001 and above	-	-	-
Total	508	3.35	100.00

CLASS X

Size of unit holdings (units)	No. of members	No. of units held (million)	% of units held
5,000 and below	493	0.52	3.42
5,001-10,000	92	0.66	4.33
10,001-50,000	192	4.48	29.51
50,001-500,000	82	9.03	59.44
500,001 and above	1	0.51	3.30
Total	860	15.20	100.00

SOFT COMMISSIONS AND REBATES

Principal Asset Management Berhad (the “PRS Provider”) 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 year under review, the PRS Provider and the Trustee did not receive any rebates from the brokers or dealers but the PRS Provider has retained soft commissions 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 THE PRS PROVIDER TO THE MEMBERS OF
PRINCIPAL PRS PLUS CONSERVATIVE**
(formerly known as CIMB-Principal PRS Plus Conservative)

We, being the Directors of Principal Asset Management Berhad (the “PRS Provider”), do hereby state that, in the opinion of the PRS Provider, the accompanying audited financial statements set out on pages 18 to 51 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 January 2021 and of its financial performance, changes in net assets attributable to members and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

For and on behalf of the PRS Provider
Principal Asset Management Berhad (Company No.: 199401018399 (304078-K))

MUNIRAH KHAIRUDDIN
Chief Executive Officer/Executive Director

JUAN IGNACIO EYZAGUIRRE BARAONA
Director

Kuala Lumpur
24 March 2021

TRUSTEE'S REPORT

TO THE MEMBERS OF PRINCIPAL PRS PLUS CONSERVATIVE

We have acted as Trustee for Principal PRS Plus Conservative (the "Fund") for the financial year ended 31 January 2021. To the best of our knowledge, for the financial year under review, Principal Asset Management (the "PRS Provider") has operated and managed the Fund in accordance with the following:-

- (a) limitations imposed on the investment powers of the PRS Provider under the Deed(s), the Securities Commission's Guidelines on Private Retirement Schemes, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) valuation and pricing for the Fund is carried out in accordance with the Deed(s) of the Fund and any regulatory requirements; and
- (c) creation and cancellation of units for the Fund are carried out in accordance with the Deed(s) of the Fund and any regulatory requirement.

We are of the view that the distribution made during the financial year ended 31 January 2021 by the PRS Provider is not inconsistent with the objectives of the Fund.

For Deutsche Trustees Malaysia Berhad

NG HON LEONG
Head, Trustee Operations

GERARD ANG
Chief Executive Officer

Kuala Lumpur
10 March 2021

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PRINCIPAL PRS PLUS CONSERVATIVE**
(formerly known as CIMB-Principal PRS Plus Conservative)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Principal PRS Plus Conservative (*formerly known as CIMB-Principal PRS Plus Conservative*) (the "Fund"), which comprise the statement of financial position of the Fund as at 31 January 2021, and statement of comprehensive income, statement of changes in net assets attributable to members and statement of cash flows of the Fund for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 18 to 51.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 January 2021, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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 audit 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 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 MEMBERS OF
PRINCIPAL PRS PLUS CONSERVATIVE**
(formerly known as CIMB-Principal PRS Plus Conservative) (cont'd.)

Report on the audit of the financial statements (cont'd.)

Information other than the financial statements and auditors' report thereon

The PRS Provider of the Fund (the "PRS Provider") is responsible for the other information. The other information comprises the information included in the annual report of the Fund, 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 PRS Provider for the financial statements

The PRS Provider is responsible for the preparation of 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 PRS Provider is also responsible for such internal control as the PRS Provider 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 PRS Provider 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 PRS Provider either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

The Trustee is responsible for overseeing the Fund's financial reporting process. The Trustee is also responsible for ensuring that the PRS Provider maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PRINCIPAL PRS PLUS CONSERVATIVE**
(formerly known as CIMB-Principal PRS Plus Conservative) (cont'd.)

Report on the audit of the financial statements (cont'd.)

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 skepticism throughout the audit. We also:

- 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the PRS Provider.
- Conclude on the appropriateness of the PRS Provider'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.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the PRS Provider 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 MEMBERS OF
PRINCIPAL PRS PLUS CONSERVATIVE**
(formerly known as CIMB-Principal PRS Plus Conservative) (cont'd.)

Other matters

This report is made solely to the members of the Fund, as a body, in accordance with the Guidelines on Private Retirement Schemes ("PRS") issued by the Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

The financial statements of the Fund for year ended 31 January 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 23 March 2020.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Yeo Beng Yean
No. 03013/10/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia
24 March 2021

PRINCIPAL PRS PLUS CONSERVATIVE
(formerly known as CIMB-Principal PRS Plus Conservative)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021

	Note	2021 RM	2020 RM
INCOME			
Dividend income		198,859	171,146
Interest income from deposits with licensed financial institutions		17,402	14,531
Interest income from unquoted fixed income securities at fair value through profit or loss		1,343,290	1,096,546
Net gain on financial assets at fair value through profit or loss	8	<u>1,558,069</u>	<u>858,202</u>
		<u>3,117,620</u>	<u>2,140,425</u>
EXPENSES			
Management fee	4	568,911	443,350
Private Pension Administrator administration fee	4	16,198	12,637
Trustee fee	5	16,198	12,637
Audit fee		8,700	10,500
Tax agent's fee		6,500	4,000
Transaction costs		111,999	49,365
Other expenses		<u>11,311</u>	<u>10,514</u>
		<u>739,817</u>	<u>543,003</u>
PROFIT BEFORE FINANCE COST AND TAXATION		2,377,803	1,597,422
Finance cost:			
- Class A		(1,937,569)	-
- Class C		(129,150)	-
- Class X		<u>(547,180)</u>	<u>-</u>
	6	<u>(2,613,899)</u>	<u>-</u>
(LOSS)/PROFIT BEFORE TAXATION		(236,096)	1,597,422
Taxation	7	<u>-</u>	<u>-</u>
(LOSS)/PROFIT AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL YEAR		<u>(236,096)</u>	<u>1,597,422</u>
(Loss)/Profit after taxation is made up as follows:			
Realised amount		(1,293,408)	1,178,635
Unrealised amount		<u>1,057,312</u>	<u>418,787</u>
		<u>(236,096)</u>	<u>1,597,422</u>

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

PRINCIPAL PRS PLUS CONSERVATIVE
(formerly known as CIMB-Principal PRS Plus Conservative)

STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2021

	Note	2021 RM	2020 RM
ASSETS			
Cash and cash equivalents	9	332,664	210,625
Financial assets at fair value through profit or loss	8	44,542,030	37,144,899
Amount due from the PRS Provider			
- creation of units		125,721	50,406
Amount due from stockbrokers		339,341	-
Dividends receivable		8,280	2
Tax recoverable		78	78
TOTAL ASSETS		45,348,114	37,406,010
LIABILITIES			
Amount due to the PRS Provider			
- management fee		53,335	44,479
- cancellation of units		8,281	32
Amount due to stockbrokers		291,702	-
Amount due to Private Pension Administrator		1,518	1,267
Amount due to Trustee		1,518	1,267
Other payables and accruals		13,100	14,500
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO MEMBERS)		369,454	61,545
NET ASSET VALUE OF THE FUND		44,978,660	37,344,465
NET ASSETS ATTRIBUTABLE TO MEMBERS		44,978,660	37,344,465
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS			
- Class A		33,047,403	29,039,758
- Class C		2,151,510	1,579,404
- Class X		9,779,747	6,725,303
		44,978,660	37,344,465
NUMBER OF UNITS IN CIRCULATION (UNITS)			
- Class A		51,351,411	44,917,280
- Class C		3,349,331	2,445,349
- Class X		15,196,321	10,402,069
	10	69,897,063	57,764,698
NET ASSET VALUE PER UNIT (RM)			
- Class A		0.6435	0.6465
- Class C		0.6423	0.6458
- Class X		0.6435	0.6465

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

PRINCIPAL PRS PLUS CONSERVATIVE
(formerly known as CIMB-Principal PRS Plus Conservative)

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO MEMBERS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021**

	2021	2020
	RM	RM
NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE BEGINNING OF THE FINANCIAL YEAR	<u>37,344,465</u>	<u>26,968,183</u>
Movement due to units created and cancelled during the financial year:		
Creation of units from applications		
- Class A	4,498,070	8,781,392
- Class C	2,030,202	897,251
- Class X	<u>3,355,672</u>	<u>1,888,336</u>
	<u>9,883,944</u>	<u>11,566,979</u>
Creation of units from distribution		
- Class A	1,937,569	-
- Class C	129,150	-
- Class X	<u>547,180</u>	<u>-</u>
	<u>2,613,899</u>	<u>-</u>
Cancellation of units		
- Class A	(2,262,203)	(2,307,169)
- Class C	(1,587,785)	(354,035)
- Class X	<u>(777,564)</u>	<u>(126,915)</u>
	<u>(4,627,552)</u>	<u>(2,788,119)</u>
Total comprehensive (loss)/income for the financial year	<u>(236,096)</u>	<u>1,597,422</u>
NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE END OF THE FINANCIAL YEAR	<u>44,978,660</u>	<u>37,344,465</u>

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

PRINCIPAL PRS PLUS CONSERVATIVE
(formerly known as CIMB-Principal PRS Plus Conservative)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021

	Note	2021 RM	2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from disposal of quoted securities		16,472,977	7,444,480
Purchase of quoted securities		(16,913,396)	(8,998,380)
Proceeds from disposal of unquoted fixed income securities		7,493,851	2,809,927
Proceeds from redemption of unquoted fixed income securities		3,250,000	5,950,000
Purchase of unquoted fixed income securities		(16,580,400)	(17,035,366)
Interest income received from deposits with licensed financial institutions		17,402	14,531
Interest income received from unquoted fixed income securities		1,621,558	1,234,401
Dividend income received		190,581	156,760
Management fee paid		(560,055)	(430,654)
Private Pension Administrator administration fee paid		(15,946)	(12,275)
Trustee fee paid		(15,946)	(12,275)
Payments for other fees and expenses		(27,913)	(22,276)
Net cash used in operating activities		(5,067,287)	(8,901,127)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		9,808,629	11,811,465
Payments for cancellation of units		(4,619,303)	(2,788,102)
Net cash generated from financing activities		5,189,326	9,023,363
Net increase in cash and cash equivalents		122,039	122,236
Cash and cash equivalents at the beginning of the financial year		210,625	88,389
Cash and cash equivalents at the end of the financial year	9	332,664	210,625
<u>Cash and cash equivalents comprised of:</u>			
Deposit with licensed financial institution		291,041	190,014
Bank balance		41,623	20,611
Cash and cash equivalents at the end of financial year	9	332,664	210,625

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 31 JANUARY 2021**

1. THE FUND, THE PRS PROVIDER AND ITS PRINCIPAL ACTIVITIES

Principal PRS Plus Conservative (*formerly known as CIMB-Principal PRS Plus Conservative*) (the "Fund") is governed by a Deed dated 8 November 2012, a First Supplemental Deed dated 2 January 2014, a Second Supplemental Deed dated 25 November 2014 and a Third Supplemental Deed dated 3 February 2020 (collectively referred to as the "Deeds") made between Principal Asset Management Berhad (the "PRS Provider") and Deutsche Trustees Malaysia Berhad (the "Trustee").

The Fund offers three classes of units known respectively as Class A, Class C and Class X. In accordance with the Disclosure Document, subject to the PRS Provider's absolute discretion, Class A and Class C are for an individual who has attained the age 18 years as of the date of opening a private pension account while Class X is for Member who participates via his/her employer. Class A and Class C have different Sales Charge and Management Fee while Class X has no Sales Charge.

The Fund aims to invest in a diversified portfolio of primarily fixed income instruments with some exposure in equities. The fixed income portion will provide capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The Fund may opt to invest in fixed income instruments, money market instruments and equities either directly or via collective investment schemes.

Before 1 June 2020

At least 80% of the Fund's NAV will be invested in fixed income instruments and money market instruments, of which a minimum 20% of the Fund's NAV will be invested in money market instruments, all of which have a minimum credit rating of "BBB3" or "P2" by RAM or equivalent rating by MARC. The investments in equities shall not exceed 20% of the Fund's NAV.

The asset allocation strategy for this Fund is as follows:

- At least 80% of the Fund's NAV will be invested in fixed income instruments and money market instruments, of which a minimum 20% of the Fund's NAV will be invested in money market instruments;
- Up to 20% of the Fund's NAV may be invested in equities; and
- Up to 5% of the Fund's NAV may be invested in liquid assets for liquidity purpose.

With effect from 1 June 2020

At least 80% of the Fund's NAV will be invested in local and/or foreign fixed income instruments and money market instruments, of which a minimum 20% of the Fund's NAV will be invested in money market instruments, all of which have a minimum credit rating of "BBB3" or "P2" by RAM or equivalent rating by MARC or "BBB" or "A-2" by S&P or equivalent rating by any other international rating agencies. Notwithstanding, the Fund may invest up to 5% of its NAV in unrated fixed income instruments. The investments in equities which include foreign exposure shall not exceed 20% of the Fund's NAV.

The asset allocation strategy for this Fund is as follows:

- At least 80% of the Fund's NAV will be invested in fixed income instruments and money market instruments, of which a minimum 20% of the Fund's NAV will be invested in money market instruments and up to 5% of the Fund's NAV may be invested in unrated fixed income instruments;
- Up to 20% of the Fund's NAV will be invested in equities; and
- Up to 5% of the Fund's NAV will be invested in liquid assets for liquidity purpose.

1. THE FUND, THE PRS PROVIDER AND ITS PRINCIPAL ACTIVITIES (CONTINUED)

With effect from 1 June 2020, Principal Asset Management (S) Pte Ltd (“Principal Singapore”) has been appointed as the Sub-Adviser of the Fund. Principal Singapore will provide investment research and recommendation to us in accordance with the investment objective and within the investment restrictions of the Fund.

All investments will be subjected to the Securities Commission Malaysia (“SC”) Guidelines on PRS, 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 PRS Plus Conservative to Principal PRS Plus Conservative following the issuance of the Second Replacement Disclosure Document dated 22 April 2020.

The PRS Provider, 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 PRS Provider 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 as issued by the Malaysian Accounting Standards Board (“MASB”) and IFRS as issued by the International Accounting Standards Board (“IASB”).

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 year.

It also requires the PRS Provider to exercise their judgement in the process of applying the Fund’s accounting policies. Although these estimates and assumptions are based on the PRS Provider’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 annual periods beginning on 1 February 2020 that have a material effect on the financial statements of the Fund.

None of the standards, amendments to standards or interpretations that are effective for the financial year beginning on/after 1 February 2021 are applicable to the Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities

Classification

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

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

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

The contractual cash flows of the Fund's debt securities are solely payment of principal and interest ("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 the PRS Provider – creation of units, amount due from stockbroker 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.

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 year which they arise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

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

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

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

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

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

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

Impairment for assets carried at amortised costs

The Fund measures credit risk and expected credit losses ("ECL") using probability of default, exposure at default and loss given default. The PRS Provider consider both historical analysis and forward looking information in determining any ECL. The PRS Provider 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 PRS Provider 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

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.

(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 institution and unquoted fixed income securities are recognised on a time proportionate basis using the effective interest rate method on an accrual basis.

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

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

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

(d) Functional and presentation currency

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

(e) Members' contributions

The members' contributions to the Fund meet the definition of puttable instruments classified as financial liability under MFRS 132 "Financial Instruments: Presentation".

The Fund issues cancellable units, in three classes of units, known respectively as the Class A, Class C and Class X, which are cancelled at the member's option and do not have identical features subject to restrictions as stipulated in the Disclosure Document and SC Guidelines on PRS. The units are classified as financial liabilities. Cancellable units can be reinvested to the Fund at any time for cash equal to a proportionate share of the Fund's NAV of respective classes. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the member exercises the right to reinvest the unit to the Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Members' contributions (continued)

Units are created and cancelled at the member's option at prices based on the Fund's NAV per unit of respective classes at the close of business on the relevant dealing day. The Fund's NAV per unit of respective classes is calculated by dividing the net assets attributable to members of respective classes with the total number of outstanding units of respective classes.

(f) Distribution

Distributions to members are recognised in the statement of comprehensive income as finance costs, as the members' contribution are classified as financial liability as per Note 2(e). Distribution is reinvested into the PRS on the ex-date. Reinvestment of units is based on the NAV per unit on the ex-date, which is also the time of creation. Proposed distributions are recognised as a liability in the financial year in which it is approved by the Trustee.

(g) Transactions costs

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

(h) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balance and deposits with licensed financial institution 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.

(i) 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.

(j) Amounts due from/to stockbrokers

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

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund measures the loss allowance on amounts due from brokers 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Amount due from/to stockbrokers (continued)

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

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

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

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

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

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

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

Estimate of fair value of unquoted fixed income securities

In undertaking any of the Fund's investment, the PRS Provider 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 PRS.

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

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
2021			
Cash and cash equivalents (Note 9)	-	332,664	332,664
Quoted securities (Note 8)	8,439,796	-	8,439,796
Unquoted fixed income securities (Note 8)	36,102,234	-	36,102,234
Amount due from the PRS Provider - creation of units	-	125,721	125,721
Amount due to stockbrokers	-	339,341	339,341
Dividends receivable	-	8,280	8,280
	<u>44,542,030</u>	<u>806,006</u>	<u>45,348,036</u>
2020			
Cash and cash equivalents (Note 9)	-	210,625	210,625
Quoted securities (Note 8)	6,668,848	-	6,668,848
Unquoted fixed income securities (Note 8)	30,476,051	-	30,476,051
Amount due from the PRS Provider - creation of units	-	50,406	50,406
Dividends receivable	-	2	2
	<u>37,144,899</u>	<u>261,033</u>	<u>37,405,932</u>

All liabilities are financial liabilities which are carried at amortised cost except net assets attributable to members which are carried at fair value through profit or loss.

The investment objective of the Fund is to provide Members with capital preservation through investment primarily in fixed income instruments.

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 PRS Provider and adherence to the investment restrictions as stipulated in the Deeds and SC Guidelines on PRS.

(a) Market risk

(i) Price risk

This is the risk that the fair value of the Fund's investment in quoted securities and unquoted fixed income securities will fluctuate because of changes in market prices. The value of investments 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 investments 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:

	2021	2020
	RM	RM
Financial assets at fair value through profit or loss:		
- Quoted securities	8,439,796	6,668,848
- Unquoted fixed income securities*	36,102,234	30,476,051
	44,542,030	37,144,899

* Includes interest receivables of RM431,803 (2020: RM371,745).

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 financial 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	Impact on profit or loss/NAV
	RM	RM
2021		
-5%	8,017,806	(421,990)
0%	8,439,796	-
5%	8,861,786	421,990
2020		
-5%	6,335,406	(333,442)
0%	6,668,848	-
5%	7,002,290	333,442

The Fund is exposed to price risk arising from interest rate fluctuation in relation to its investments of RM36,102,234 (2020: RM30,476,051) in unquoted fixed income securities. The Fund's exposure to price risk arising from interest rate fluctuation and the related sensitivity analysis are disclosed in "interest rate risk" below.

(ii) Interest rate risk

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

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

(b) Market risk (continued)

(ii) Interest rate risk (continued)

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

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

Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to meet the obligation under the instrument, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

The table below summarises the sensitivity of the Fund's profit or loss and NAV to movements in prices of unquoted fixed income securities held by the Fund as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate changed by 1% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the interest rate, having regard to the historical volatility of the interest rate.

% Change in interest rate	Impact on profit or loss/NAV	
	2021 RM	2020 RM
+1%	(20,132)	(22,913)
-1%	20,153	22,939

The Fund's exposure to interest rate risk associated with deposits with licensed financial institution is not material as the deposits are held on short-term basis.

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

	2021 %	2020 %
Deposit with licensed financial institution	1.77	2.75

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

(b) Credit risk

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

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

Credit risk can be managed by performing continuous fundamental credit research and analysis to ascertain the creditworthiness of its issuer. In addition, the PRS Provider imposes a minimum rating requirement as rated by either local and/or foreign rating agencies and manages the duration of the investment in accordance with the objective of the Fund. For this Fund, the unquoted fixed income securities must satisfy a minimum rating requirement of at least "BBB3" or "P2" by RAM or equivalent rating by MARC.

The credit risk arising from bank balance and placements of deposits with licensed financial institution is managed by ensuring that the Fund will only place deposits in reputable licensed financial institution.

For amount due from the PRS Providers, the settlement terms of the proceeds from the creation of units receivable from the PRS Providers are governed by the SC Guidelines on PRS.

The following table sets out the credit risk concentration of the Fund:

	Financial assets at fair value through profit or loss	Cash and cash equivalents	Amount due from the PRS Provider - creation of units	Amount due from stockbroker	Dividends receivable	Total
	RM	RM	RM	RM	RM	RM
2021						
- AAA	2,594,892	332,664	-	-	-	2,927,556
- AA1	4,132,361	-	-	-	-	4,132,361
- AA2	2,671,472	-	-	-	7,000	2,678,472
- AA3	8,266,915	-	-	-	-	8,266,915
- AA	16,309,628	-	-	-	-	16,309,628
- A1	2,025,650	-	-	-	-	2,025,650
- A2	101,316	-	-	-	-	101,316
- Not Rated	-	-	125,721	339,341	1,280	466,342
	<u>36,102,234</u>	<u>332,664</u>	<u>125,721</u>	<u>339,341</u>	<u>8,280</u>	<u>36,908,240</u>

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

(b) Credit risk (continued)

The following table sets out the credit risk concentration of the Fund (continued):

	Financial assets at fair value through profit or loss	Cash and cash equivalents	Amount due from the PRS Provider - creation of units and sales	Dividends receivable	Total
	RM	RM	RM	RM	RM
2020					
- AAA	3,862,245	190,014	-	-	4,052,259
- AA1	4,940,027	20,611	-	-	4,960,638
- AA2	7,178,151	-	-	-	7,178,151
- AA3	14,033,547	-	-	-	14,033,547
- A1	358,771	-	-	-	358,771
- A2	103,310	-	-	-	103,310
- Not Rated	-	-	50,406	2	50,408
	<u>30,476,051</u>	<u>210,625</u>	<u>50,406</u>	<u>2</u>	<u>30,737,084</u>

All deposits with licensed financial institution of the Fund have an average remaining maturity of 3 days (2020: 3 days).

(c) Liquidity risk

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

The PRS Provider manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by members. Liquid assets comprise bank balance and deposits with licensed financial institution, 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 PRS Provider 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.

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

(c) Liquidity risk (continued)

The table below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining period 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
2021			
Amount due to the PRS Provider			
- management fee	53,335	-	53,335
- cancellation of units	8,281	-	8,281
Amount due to stocbroker	291,702	-	291,702
Amount due to Private Pension Administrator	1,518	-	1,518
Amount due to Trustee	1,518	-	1,518
Other payables and accruals	-	13,100	13,100
Net assets attributable to members*	44,978,660	-	44,978,660
Contractual undiscounted cash flows	45,335,014	13,100	45,348,114
2020			
Amount due to the PRS Provider			
- management fee	44,479	-	44,479
- cancellation of units	32	-	32
Amount due to Private Pension Administrator	1,267	-	1,267
Amount due to Trustee	1,267	-	1,267
Other payables and accruals	-	14,500	14,500
Net assets attributable to members*	37,344,465	-	37,344,465
Contractual undiscounted cash flows	37,391,510	14,500	37,406,010

* Outstanding units are redeemed on demand at the member's option. However, the PRS Provider does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium for long term.

(d) Capital risk management

The capital of the Fund is represented by net assets attributable to members of RM44,978,660 (2020: RM37,344,465). The amount of net assets attributable to member can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of members. 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 members 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 PRS Provider will determine the point within the bid-ask spread that is most representative of the fair value.

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

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

(i) Fair value hierarchy

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

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

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

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

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

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

3. 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
2021				
Financial assets at fair value through profit or loss:				
- Quoted securities	8,439,796	-	-	8,439,796
- Unquoted fixed income securities	-	36,102,234	-	36,102,234
	<u>8,439,796</u>	<u>36,102,234</u>	<u>-</u>	<u>44,542,030</u>
2020				
Financial assets at fair value through profit or loss:				
- Quoted securities	6,668,848	-	-	6,668,848
- Unquoted fixed income securities	-	30,476,051	-	30,476,051
	<u>6,668,848</u>	<u>30,476,051</u>	<u>-</u>	<u>37,144,899</u>

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

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. This include unquoted fixed income securities. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Fund's policies on valuation of these financial assets are stated in Note 2(b).

- (ii) The carrying values of cash and cash equivalents, amount due from the PRS Provider - creation of units, amount due from stockbroker, dividends receivable and all current liabilities are a reasonable approximation of their fair values due to their short term nature.

4. MANAGEMENT FEE AND PRIVATE PENSION ADMINISTRATOR ADMINISTRATION FEE

In accordance with the Deeds, the PRS Provider is entitled to a maximum management fee of 3.00% per annum for each unit class, calculated daily based on the NAV of the Fund.

For the financial year ended 31 January 2021 and 31 January 2020, the management fee for the respective classes is recognised at the following rates:

Class A	Class C	Class X
1.40%	1.50%	1.40%

The Private Pension Administrator administration fee is recognised at a rate of 0.04% per annum (2020: 0.04% per annum) for each unit class, calculated daily based on the NAV of the Fund.

There is no further liability in respect of management fee and Private Pension Administrator administration fee other than the amount recognised above.

5. TRUSTEE FEE

In accordance with the Deeds, the Trustee is entitled to a maximum fee of 0.04% per annum for each unit class, calculated daily based on the NAV of the Fund. The Trustee fee includes local custodian fees and charges but excluding foreign sub-custodian fees and charges (if any).

For the financial year ended 31 January 2021, the Trustee fee is recognised at a rate of 0.04% per annum (2020: 0.04% per annum) for each unit class.

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

6. FINANCE COST

Distribution to members was derived from the following sources (assessed up to distribution declaration date):

	2021	2020
	RM	RM
Dividend income	27,713	-
Interest income	249,614	-
Net realised loss from disposal of quoted securities	(30,407)	-
Prior financial year's realised income	2,566,809	-
	<u>2,813,729</u>	-
Less:		
Expenses	(199,830)	-
Net distribution amount	<u>2,613,899</u>	-
Gross/Net distribution per unit (sen)		
Distribution on 18 December 2020		
- Class A	4.05	-
- Class C	4.04	-
- Class X	<u>4.05</u>	-

6. FINANCE COST (CONTINUED)

Gross distribution was derived using total income less total expenses. Net distribution above was sourced from current financial year's realised income.

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

7. TAXATION

	2021	2020
	RM	RM
Tax charged for the financial year:		
- Current taxation	-	-

Income from PRS approved by the SC in accordance with the Capital Markets and Services Act 2007 is exempted from tax in accordance with Schedule 6, Paragraph 20 of the Income Tax Act, 1967 ("ITA").

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

	2021	2020
	RM	RM
(Loss)/Profit before taxation	(236,096)	1,597,422
Taxation at Malaysian statutory rate of 24% (2020: 24%)	(56,663)	383,381
Tax effects of:		
- Income not subject to tax	(748,228)	(513,701)
- Expenses not deductible for tax purposes	665,891	21,133
- Restriction on tax deductible expenses for PRS Funds	139,000	109,187
Taxation	-	-

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021	2020
	RM	RM
At fair value through profit or loss:		
- Quoted securities	8,439,796	6,668,848
- Unquoted fixed income securities	36,102,234	30,476,051
	<u>44,542,030</u>	<u>37,144,899</u>
Net gain on financial assets at fair value through profit or loss:		
- Realised gain on disposals	418,266	448,637
- Unrealised fair value gain	1,139,803	409,565
	<u>1,558,069</u>	<u>858,202</u>

PRINCIPAL PRS PLUS CONSERVATIVE
(formerly known as CIMB-Principal PRS Plus Conservative)

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 %
2021				
QUOTED SECURITIES				
Construction				
Gamuda Bhd	60,056	243,320	198,185	0.44
Consumer Products & Services				
Genting Bhd	50,000	226,095	199,000	0.44
Genting Malaysia Bhd	50,000	136,465	123,000	0.27
Sime Darby Bhd	10,000	22,201	22,000	0.05
	<u>110,000</u>	<u>384,761</u>	<u>344,000</u>	<u>0.76</u>
Energy				
Dialog Group Bhd	50,000	172,390	152,000	0.34
Hibiscus Petroleum Bhd	400,000	324,731	214,000	0.48
Hibiscus Petroleum Bhd- Preference share	150,000	150,000	172,500	0.38
Serba Dinamik Holdings Bhd	120,000	234,200	193,200	0.43
	<u>720,000</u>	<u>881,320</u>	<u>731,700</u>	<u>1.63</u>
Financial Services				
Bursa Malaysia Bhd	40,000	390,216	374,800	0.83
Hong Leong Bank Bhd	30,000	533,067	517,800	1.15
Malayan Banking Bhd	60,000	516,881	468,600	1.04
Public Bank Bhd	60,000	230,532	251,400	0.56
RHB Bank Bhd	70,000	390,115	357,000	0.80
	<u>260,000</u>	<u>2,060,811</u>	<u>1,969,600</u>	<u>4.38</u>
Health Care				
Duopharma Biotech Bhd	20,000	79,252	70,800	0.16
Hartalega Holding Bhd	34,600	314,216	444,956	0.99
Top Glove Corporation Bhd	40,000	346,257	269,600	0.60
	<u>94,600</u>	<u>739,725</u>	<u>785,356</u>	<u>1.75</u>
Industrial Products & Services				
ATA IMS Bhd	40,000	91,256	87,200	0.19
HSS Engineers Bhd	226,200	143,261	110,838	0.25
Kelington Group Bhd	120,000	135,925	259,200	0.58
Press Metal Aluminium Holdings Bhd	10,000	74,726	79,900	0.18
SKP Resources Bhd	60,000	117,198	131,400	0.29
V.S. Industry Bhd	160,000	212,656	438,400	0.97
	<u>616,200</u>	<u>775,022</u>	<u>1,106,938</u>	<u>2.46</u>

PRINCIPAL PRS PLUS CONSERVATIVE
(formerly known as CIMB-Principal PRS Plus Conservative)

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

Name of counter	Quantity	Aggregate cost	Market value	Percentage of NAV
	Units	RM	RM	%
2021 (CONTINUED)				
QUOTED SECURITIES				
(CONTINUED)				
Plantation				
Sime Darby Plantation Bhd	30,000	149,667	145,500	0.32
Technology				
D&O Green Technologies Bhd	333,200	315,145	916,300	2.04
GHL Systems Bhd	80,000	145,146	136,800	0.30
Globetronics Technology Bhd	60,000	174,943	191,400	0.43
Inari Amertron Bhd	130,000	268,454	442,000	0.98
JHM Consolidation Bhd	140,000	179,925	348,600	0.78
Pentamaster Corporation Bhd	70,075	242,645	445,677	0.99
	<u>813,275</u>	<u>1,326,258</u>	<u>2,480,777</u>	<u>5.52</u>
Telecommunications & Media				
Telekom Malaysia Bhd	40,000	245,668	254,000	0.56
Time Dotcom Bhd	16,600	178,267	230,740	0.52
	<u>56,600</u>	<u>423,935</u>	<u>484,740</u>	<u>1.08</u>
Utilities				
Tenaga Nasional Bhd	20,000	277,141	193,000	0.42
	<u>20,000</u>	<u>277,141</u>	<u>193,000</u>	<u>0.42</u>
TOTAL QUOTED SECURITIES	<u>2,780,731</u>	<u>7,261,961</u>	<u>8,439,796</u>	<u>18.76</u>
ACCUMULATED UNREALISED GAIN ON QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>1,177,835</u>		
ACCUMULATED UNREALISED GAIN ON QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>8,439,796</u>		

PRINCIPAL PRS PLUS CONSERVATIVE
(formerly known as CIMB-Principal PRS Plus Conservative)

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2021 (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES				
AZRB Capital Sdn Bhd 4.85% 26/12/2024 (AA3)	1,100,000	1,141,786	1,145,486	2.55
Bank Pembangunan Malaysia Bhd 4.28% 02/03/2022 (AAA)	1,000,000	1,016,501	1,038,791	2.31
Bumitama Agri Ltd 4.20% 22/07/2026 (AA3)	800,000	836,092	842,201	1.87
Celcom Networks Sdn Bhd 4.85% 29/08/2022 (AA1)	500,000	511,315	528,946	1.18
Edra Energy Sdn Bhd 5.64% 05/07/2022 (AA3)	1,500,000	1,561,225	1,562,718	3.47
Edra Energy Sdn Bhd 5.67% 05/01/2023 (AA3)	1,900,000	1,964,610	2,002,760	4.45
Fortune Premiere Sdn Bhd 3.99% 11/09/2026 (AA)	550,000	571,605	579,278	1.29
Fortune Premiere Sdn Bhd 4.65% 21/12/2022 (AA)	550,000	552,650	571,681	1.27
Fortune Premiere Sdn Bhd 4.80% 13/03/2023 (AA)	1,300,000	1,333,352	1,376,311	3.06
Fortune Premiere Sdn Bhd 4.85% 07/09/2023 (AA)	250,000	261,507	267,098	0.59
Genting Capital Bhd 4.42% 08/06/2022 (AA1)	2,000,000	2,007,416	2,050,961	4.56
Gulf Investment Corporation 5.10% 16/03/2021 (AAA)	250,000	255,591	255,593	0.57
IJM Land Bhd 4.73% 17/03/2119 (A2)	100,000	101,837	101,316	0.23
Imtiaz Sukuk II Bhd 4.58% 27/05/2022 (AA2)	1,200,000	1,221,654	1,242,726	2.76
MMC Corporation Bhd 5.64% 27/4/2027 (AA3)	500,000	557,843	554,889	1.23
Perbadanan Kemajuan Negeri Selangor 5.00% 10/08/2021 (AA3)	1,050,000	1,078,562	1,086,212	2.41
Perbadanan Kemajuan Negeri Selangor 5.15% 10/08/2023 (AA3)	2,400,000	2,477,200	2,565,169	5.70
RHB Islamic Bank Bhd 4.88% 27/4/2027 (AA3)	200,000	203,339	207,856	0.46
Tan Chong Motor Holdings Bhd 4.70% 24/11/2021 (A1)	2,000,000	2,030,689	2,025,650	4.50
Telekom Malaysia Bhd 4.20% 13/09/2021 (AAA)	750,000	762,367	771,562	1.72

PRINCIPAL PRS PLUS CONSERVATIVE
(formerly known as CIMB-Principal PRS Plus Conservative)

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2021 (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
UEM Edgenta Bhd 4.85% 26/4/2022 (AA3)	3,600,000	3,655,150	3,739,651	8.31
UEM Sunrise Bhd 4.80% 08/04/2022 (AA3)	2,050,000	2,115,041	2,111,866	4.70
UEM Sunrise Bhd 4.75% 22/03/2024 (AA3)	970,000	1,021,997	1,014,366	2.26
UMW Holdings Bhd 4.83% 22/6/2022 (AA2)	200,000	201,745	207,475	0.46
UMW Holdings Bhd 5.12% 04/10/2023 (AA2)	700,000	737,088	755,421	1.68
United Growth Bhd 4.73% 21/06/2022 (AA2)	450,000	453,852	465,850	1.04
WCT Holdings Bhd 5.32% 11/05/2022 (AA3)	4,800,000	4,960,061	4,949,001	11.00
YTL Corporation Bhd 4.38% 25/04/2023 (AA1)	2,000,000	2,013,072	2,081,400	4.64
TOTAL UNQUOTED FIXED INCOME SECURITIES	<u>34,670,000</u>	<u>35,605,147</u>	<u>36,102,234</u>	<u>80.27</u>
ACCUMULATED UNREALISED GAIN ON UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>497,087</u>		
TOTAL UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>36,102,234</u>		

PRINCIPAL PRS PLUS CONSERVATIVE
(formerly known as CIMB-Principal PRS Plus Conservative)

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				
Gamuda Bhd	46,156	185,974	178,162	0.48
IJM Corporation Bhd	82,800	186,648	175,536	0.47
Kerjaya Prospek Group Bhd	80,000	109,851	106,400	0.28
	<u>208,956</u>	<u>482,473</u>	<u>460,098</u>	<u>1.23</u>
Energy				
Dayang Enterprise Holdings Bhd	60,000	116,509	166,200	0.45
Dialog Group Bhd	50,000	133,655	163,500	0.44
Hibiscus Petroleum Bhd	300,000	288,136	255,000	0.68
Serba Dinamik Holdings Bhd	63,000	129,910	141,750	0.38
Serba Dinamik Holdings Bhd - Warrant	18,000	-	6,030	0.02
Yinson Holdings Bhd	20,000	92,099	124,000	0.33
	<u>511,000</u>	<u>760,309</u>	<u>856,480</u>	<u>2.30</u>
Financial Services				
CIMB Group Holdings Bhd	80,093	419,308	394,858	1.06
Malayan Banking Bhd	38,416	362,866	323,847	0.88
Public Bank Bhd	5,400	120,225	100,440	0.27
RHB Bank Bhd	29,400	169,026	167,286	0.45
	<u>153,309</u>	<u>1,071,425</u>	<u>986,431</u>	<u>2.66</u>
Health Care				
Hartalega Holdings Bhd	35,000	184,246	207,200	0.55
IHH Healthcare Bhd	23,800	123,634	135,660	0.36
Top Glove Corporation Bhd	21,700	101,432	126,945	0.34
	<u>80,500</u>	<u>409,312</u>	<u>469,805</u>	<u>1.25</u>
Industrial Products & Services				
Petronas Chemicals Group Bhd	40,000	344,156	247,600	0.66
Press Metal Aluminium Holdings Bhd	70,000	335,497	341,600	0.91
	<u>110,000</u>	<u>679,653</u>	<u>589,200</u>	<u>1.57</u>
Plantation				
Sime Darby Plantation Bhd	77,400	383,602	392,418	1.05
Property				
Sime Darby Property Bhd	100,000	87,630	78,000	0.21

PRINCIPAL PRS PLUS CONSERVATIVE
(formerly known as CIMB-Principal PRS Plus Conservative)

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)				
REITs				
Axis REIT	50,000	89,103	89,000	0.24
IGB REIT	150,000	264,049	288,000	0.77
	<u>200,000</u>	<u>353,152</u>	<u>377,000</u>	<u>1.01</u>
Technology				
D&O Green Technologies Bhd	400,000	303,151	318,000	0.85
I-Stone Group Bhd	300,089	52,301	61,518	0.16
Malaysian Pacific Industries Bhd	8,000	88,021	95,200	0.25
Pentamaster Corporation Bhd	59,150	133,738	289,835	0.78
	<u>767,239</u>	<u>577,211</u>	<u>764,553</u>	<u>2.04</u>
Telecommunications & Media				
DiGi.Com Bhd	30,100	149,577	127,323	0.34
Transportation & Logistics				
Malaysia Airports Holdings Bhd	6,000	48,044	40,440	0.11
MISC Bhd	50,000	380,966	384,500	1.03
Westports Holdings Bhd	100,000	400,667	395,000	1.06
	<u>156,000</u>	<u>829,677</u>	<u>819,940</u>	<u>2.20</u>
Utilities				
Tenaga Nasional Bhd	60,000	831,423	747,600	2.00
TOTAL QUOTED SECURITIES	<u>2,454,504</u>	<u>6,615,444</u>	<u>6,668,848</u>	<u>17.86</u>
ACCUMULATED UNREALISED GAIN ON QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>53,404</u>		
ACCUMULATED UNREALISED GAIN ON QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>6,668,848</u>		

PRINCIPAL PRS PLUS CONSERVATIVE
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8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2020 (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES				
Bandar Serai Development Sdn Bhd 4.78% 27/10/2020 (AA3)	500,000	507,533	511,180	1.37
Bank Islam Malaysia Bhd 5.50% 15/12/2025 (A1)	350,000	356,282	358,771	0.96
Bank Pembangunan Malaysia Bhd 4.28% 02/03/2022 (AAA)	1,000,000	1,015,106	1,035,973	2.77
Celcom Networks Sdn Bhd 4.85% 29/08/2022 (AA1)	500,000	511,789	527,944	1.41
Edra Energy Sdn Bhd 5.67% 05/01/2023 (AA3)	1,900,000	1,992,155	2,003,871	5.37
Encorp Systembilt Sdn Bhd 4.84% 18/11/2021 (AA1)	250,000	258,516	258,833	0.69
Exsim Capital Resources Bhd 5.00% 28/01/2022 (AA3)	3,000,000	3,044,051	3,043,902	8.15
Fortune Premiere Sdn Bhd 3.985% 11/09/2026 (AA2)	200,000	203,423	206,404	0.55
Fortune Premiere Sdn Bhd 4.65% 21/12/2022 (AA2)	550,000	552,379	569,936	1.53
Fortune Premiere Sdn Bhd 4.80% 13/03/2023 (AA2)	1,050,000	1,070,857	1,108,846	2.97
Fortune Premiere Sdn Bhd 4.85% 07/09/2023 (AA2)	250,000	263,801	265,756	0.71
Genting Capital Bhd 4.42% 08/06/2022 (AAA)	2,000,000	2,003,087	2,053,198	5.50
IJM Land Bhd 4.73% 17/03/2119 (A2)	100,000	101,859	103,310	0.28
Imtiaz Sukuk II Bhd 4.58% 27/05/2022 (AA2)	750,000	756,525	774,263	2.07
Perbadanan Kemajuan Negeri Selangor 5.00% 10/08/2021 (AA3)	800,000	821,749	836,606	2.24
Perbadanan Kemajuan Negeri Selangor 5.15% 10/08/2023 (AA3)	2,400,000	2,483,887	2,572,055	6.89
RHB Islamic Bank Bhd 4.88% 27/04/2027 (AA3)	200,000	203,872	208,381	0.56
Sabah Credit Corporation 4.70% 08/05/2020 (AA1)	2,050,000	2,076,569	2,079,510	5.57
Tanjung Bin Power Sdn Bhd 4.66% 14/08/2020 (AA2)	2,750,000	2,826,648	2,829,823	7.58
Telekom Malaysia Bhd 4.20% 13/09/2021 (AAA)	750,000	762,946	773,074	2.07

PRINCIPAL PRS PLUS CONSERVATIVE
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8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2020 (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
UEM Edgenta Bhd 4.85% 26/04/2022 (AA3)	3,600,000	3,660,320	3,741,384	10.02
UEM Sunrise Bhd 4.75% 22/03/2024 (AA3)	270,000	284,827	286,775	0.77
UMW Holdings Bhd 4.83% 22/06/2022 (AA2)	200,000	202,177	207,447	0.56
UMW Holdings Bhd 5.12% 04/10/2023 (AA2)	700,000	746,112	749,758	2.01
United Growth Bhd 4.73% 21/06/2022 (AA2)	450,000	454,716	465,918	1.25
WCT Holdings Bhd 5.32% 11/05/2022 (AA3)	800,000	824,160	829,393	2.22
YTL Corporation Bhd 4.38% 25/04/2023 (AA1)	<u>2,000,000</u>	<u>2,008,990</u>	<u>2,073,740</u>	<u>5.54</u>
TOTAL UNQUOTED FIXED INCOME SECURITIES	<u>29,370,000</u>	<u>29,994,336</u>	<u>30,476,051</u>	<u>81.61</u>
ACCUMULATED UNREALISED GAIN ON UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>481,715</u>		
TOTAL UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>30,476,051</u>		

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9. CASH AND CASH EQUIVALENTS

	2021	2020
	RM	RM
Deposit with licensed financial institution	291,041	190,014
Bank balance	41,623	20,611
	332,664	210,625

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2021	2020
	No of units	No of units
Class A (i)	51,351,411	44,917,280
Class C (ii)	3,349,331	2,445,349
Class X (iii)	15,196,321	10,402,069
	69,897,063	57,764,698

(i) Class A

	2021	2020
	No of units	No of units
At the beginning of the financial year	44,917,280	34,737,767
Add : Creation of units from applications	6,855,706	13,821,058
Add : Creation of units from distribution	3,044,576	-
Less : Cancellation of units	(3,466,151)	(3,641,545)
At the end of the financial year	51,351,411	44,917,280

(ii) Class C

	2021	2020
	No of units	No of units
At the beginning of the financial year	2,445,349	1,607,831
Add : Creation of units from applications	3,166,897	1,401,202
Add : Creation of units from distribution	203,290	-
Less : Cancellation of units	(2,466,205)	(563,684)
At the end of the financial year	3,349,331	2,445,349

(iii) Class X

	2021	2020
	No of units	No of units
At the beginning of the financial year	10,402,069	7,630,446
Add : Creation of units from applications	5,124,605	2,971,652
Add : Creation of units from distribution	859,806	-
Less : Cancellation of units	(1,190,159)	(200,029)
At the end of the financial year	15,196,321	10,402,069

11. MANAGEMENT EXPENSE RATIO (“MER”)

	2021	2020
	%	%
MER	1.55	1.56

MER is derived from the following calculation:

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

- A = Management fee
- B = Private Pension Administrator administration fee
- C = Trustee fee
- D = Audit fee
- E = Tax agent’s fee
- F = Other expenses excluding withholding tax
- G = Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on a daily basis is RM40,501,345 (2020: RM31,622,372).

12. PORTFOLIO TURNOVER RATIO (“PTR”)

	2021	2020
PTR (times)	0.71	0.57

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 = RM33,557,959 (2020: RM25,878,403)
- total disposal for the financial year = RM24,323,222 (2020: RM10,231,886)

13. UNITS HELD BY THE PRS PROVIDER AND PARTIES RELATED TO THE PRS PROVIDER, AND SIGNIFICANT RELATED PARTIES TRANSACTIONS AND BALANCES

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

<u>Related parties</u>	<u>Relationship</u>
Principal Asset Management Berhad	The PRS Provider
Principal Financial Group, Inc.	Ultimate holding company of shareholder of the PRS Provider
Principal International (Asia) Ltd	Shareholder of the PRS Provider
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 PRS Provider
CIMB Group Holdings Bhd	Ultimate holding company of shareholder of the PRS Provider
CIMB Group Sdn Bhd	Shareholder of the PRS Provider
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 PRS Provider
CGS-CIMB Securities Sdn Bhd	Fellow related party to the PRS Provider
CIMB Bank Bhd	Fellow related party to the PRS Provider
CIMB Investment Bank Bhd	Fellow related party to the PRS Provider

Units held by the PRS Provider and parties related to the PRS Provider

There were no units held by the PRS Provider, the Directors or parties related to the PRS Provider as at the end of the financial year.

In addition to the related party disclosure mentioned elsewhere in the financial statements, set out below are other significant related party transactions. The PRS Provider 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.

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

	2021	2020
	RM	RM
<u>Significant related party balance:</u>		
Quoted security:		
- CIMB Group Holdings Bhd	-	394,858
<u>Significant related party transactions:</u>		
Dividend income:		
- CIMB Group Holdings Bhd	7,211	10,821
Interest income from deposits with licensed financial institution:		
- CIMB Bank Bhd	56	544

14. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the top 10 brokers/dealers for the financial year ended 31 January 2021 are as follows:

Brokers/Dealers	Values of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
RHB Investment Bank Bhd	10,636,527	18.37	12,058	16.86
Alliance Bank Malaysia Bhd	7,364,968	12.72	-	-
Hong Leong Investment Bank Bhd	5,880,181	10.16	9,384	13.12
Maybank Investment Bank Bhd	5,260,959	9.09	10,828	15.14
RHB Bank Bhd	4,676,620	8.08	-	-
Affin Hwang Investment Bank Bhd	4,216,406	7.28	9,787	13.68
CGS-CIMB Securities Sdn Bhd #	2,866,685	4.95	6,156	8.61
CLSA Securities (Malaysia) Sdn Bhd	2,321,119	4.01	4,936	6.90
KAF Equities Sdn Bhd	2,307,495	3.99	5,209	7.28
Macquarie Capital Securities (Malaysia) Sdn Bhd	2,008,613	3.47	4,170	5.83
Others	10,361,608	17.88	9,001	12.58
	<u>57,901,181</u>	<u>100.00</u>	<u>71,529</u>	<u>100.00</u>

14. TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)

Details of transactions with the top 10 brokers/dealers for the financial year ended 31 January 2020 are as follows:

Brokers/Dealers	Values of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
RHB Investment Bank Bhd	18,082,406	50.10	4,211	13.79
Standard Chartered Bank Bhd	2,780,250	7.70	-	-
Alliance Investment Bank Bhd	2,311,868	6.41	5,202	17.04
Affin Hwang Investment Bank Bhd	2,189,151	6.07	4,926	16.13
Macquarie Capital Securities (Malaysia) Sdn Bhd	2,122,082	5.88	2,701	8.85
Maybank Investment Bank Bhd	1,792,827	4.97	4,034	13.21
CLSA Securities (Malaysia) Sdn Bhd	1,520,845	4.21	2,685	8.79
J.P. Morgan Securities (Malaysia) Sdn Bhd	1,346,814	3.73	1,157	3.79
Hong Leong Investment Bank Bhd	1,077,089	2.98	2,423	7.94
CGS-CIMB Securities Sdn Bhd #	949,737	2.63	849	2.78
Others #	1,921,491	5.32	2,343	7.68
	<u>36,094,560</u>	<u>100.00</u>	<u>30,531</u>	<u>100.00</u>

Included in the transactions are trades conducted with CGS-CIMB Securities Sdn Bhd and CIMB Bank Bhd, fellow related parties to the PRS Provider amounting to RM2,866,685 (2020: RM949,737) and Nil (2020: RM100,200). The PRS Provider is of the opinion that all transactions have been entered into in the normal course of business at agreed terms between the related parties.

15. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

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 year.

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

16. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the PRS Provider on 24 March 2021.

DIRECTORY

Head Office of the PRS Provider

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

(03) 7718 3000

Trustee for the Principal PRS Plus Conservative

(formerly known as CIMB-Principal PRS Plus Conservative)

Deutsche Trustees Malaysia Berhad (Co. No.: 200701005591 (763590-H))
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Auditors of the Fund (for financial year ended 31 January 2021) and of the PRS Provider (for the year ended 31 December 2020)

Ernst & Young PLT 202006000003 (LLP0022760-LCA) & AF 0039
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Auditors of the Fund (for financial year ended 31 January 2020) and of the PRS Provider (for the year ended 31 December 2019)

PricewaterhouseCoopers PLT (Company No.: LLP0014401-LCA & AF 1146)
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