

Principal PRS Plus Conservative

Interim Report

For The Six Months Financial Period Ended 31 July 2021

PRINCIPAL PRS PLUS CONSERVATIVE

INTERIM REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 JULY 2021

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MEMBERS' LETTER

Dear Valued Member,

Greetings from Principal Asset Management Berhad and thank you for investing with us!

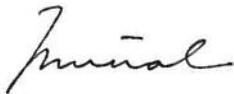
We are pleased to bring you a copy of the Interim Fund Report of the Principal PRS Plus Conservative for the financial period ended 31 July 2021. You may also download this report from our website at www.principal.com.my.

We are happy to share that we recently won the Most Innovative New Money Market Fund – Principal e-Cash Fund at the Global Business Outlook Awards 2020.

Digital innovation is central to our strategy, as we use data and technology to develop the right solutions for you. We will continue to advance our digital capabilities to provide easy access to your investment portfolio and enable you to carry out transactions seamlessly. Please continue to check out our website (www.principal.com.my), like our Facebook page (@PrincipalAssetMY) and follow us on our Instagram account (@principalassetmanagement_my) for the latest updates, market insights and investment articles.

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 period 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 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

FUND OBJECTIVE AND POLICY (CONTINUED)

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

RM46.44 million (71.86 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% 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 six months financial period ended 31 July 2021?

There was no distribution made for the six months financial period ended 31 July 2021.

PERFORMANCE DATA

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

	31.07.2021	31.07.2020	31.07.2019
	%	%	%
Quoted securities			
- Construction	2.06	1.66	-
- Consumer products & services	1.37	0.91	1.73
- Energy	0.90	2.03	2.44
- Financial services	5.33	0.65	2.99
- Health Care	-	4.28	0.92
- Industrial products & services	2.75	1.35	1.46
- Plantation	-	0.89	0.45
- Real Estate Investment Trust ("REIT")	-	-	1.01
- Technology	4.36	4.71	1.53
- Telecommunications & media	-	0.27	0.97
- Transportation & logistics	-	0.29	1.24
- Utilities	-	1.67	0.53
Unquoted fixed income securities	80.54	79.68	83.64
Cash and other assets	4.02	2.44	1.37
Liabilities	(1.33)	(0.83)	(0.28)
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	31.07.2021	31.07.2020	31.07.2019
NAV (RM Million)			
- Class A	33.02	31.14	23.91
- Class C	2.12	2.01	1.00
- Class X	11.30	8.02	5.62
Units in circulation (Million)			
- Class A	51.10	46.44	37.60
- Class C	3.28	3.01	1.58
- Class X	17.48	11.97	8.83
NAV per unit (RM)			
- Class A	0.6462	0.6704	0.6359
- Class C	0.6447	0.6694	0.6356
- Class X	0.6462	0.6704	0.6359

PERFORMANCE DATA (CONTINUED)

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

	01.02.2021 to 31.07.2021	01.02.2020 to 31.07.2020	01.02.2019 to 31.07.2019
Highest NAV per unit (RM)			
- Class A	0.6545	0.6704	0.6378
- Class C	0.6533	0.6694	0.6375
- Class X	0.6546	0.6704	0.6378
Lowest NAV per unit (RM)			
- Class A	0.6421	0.6158	0.6133
- Class C	0.6407	0.6151	0.6133
- Class X	0.6421	0.6158	0.6134
Total return (%)			
- Class A	0.39	3.68	3.72
- Class C	0.34	3.64	3.67
- Class X	0.39	3.68	3.70
Capital growth (%)			
- Class A	0.39	3.68	3.72
- Class C	0.34	3.64	3.67
- Class X	0.39	3.68	3.70
Income distribution (%)			
- Class A	-	-	-
- Class C	-	-	-
- Class X	-	-	-
Management Expense Ratio ("MER") (%) ^	0.76	0.77	0.78
Portfolio Turnover Ratio ("PTR") (times) #	0.34	0.38	0.21

^ The Fund's MER decreased from 0.77% to 0.76% mainly due to higher average NAV during the financial period.

The Fund's PTR decreased from 0.38 times to 0.34 mainly due to higher average NAV during the financial period.

	31.07.2021 %	31.07.2020 %	31.07.2019 %	31.07.2018 %	31.07.2017 %
Annual total return					
- Class A	2.51	5.38	4.98	3.54	4.33
- Class C	2.40	5.28	4.92	3.54	4.31
- Class X	2.51	5.38	4.98	3.54	4.31

(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 period have been extracted from Lipper.

MARKET REVIEW (1 FEBRUARY 2021 TO 31 JULY 2021)

Equity

The FBM 100 Index declined -3.82% in Malaysian Ringgit (“MYR”) terms during the period under review. It started the year negatively amid concerns over uncertainty in domestic politics and the COVID-19 outbreak, where Malaysian Government reintroduced Movement Control Order (“MCO”) twice, one in January 2021 and addition in May 2021.

Entering January of 2021, the market slipped as sentiment dampened by the jump in the number of COVID-19 cases that reached new peak of over 5,000 cases per day, which led to the Government imposing MCO 2.0. This was quickly followed by the Yang Di Pertuan Agong declaring State of Emergency (“SOE”) for Malaysia until the end of July 2021. In addition, the suspension of Regulated Short Selling (“RSS”) from 24 March last year, was lifted this year adding to the volatility of the market.

The broad market has been trading sideways since February 2021 before staging a brief rally in April 2021 led by gloves makers following the resurgence of COVID-19 new cases around the region, in particular India. The rally did not last as investors were spooked by the surge in US Consumer Price Index (“CPI”) reading for the month of April 2021 which came in at 4.2%, the sharpest increase since the Global Financial Crisis (“GFC”), while Malaysia instituted much stricter MCO due the surge in COVID-19 cases domestically.

The Index continued to fall in July 2021 as overall market sentiment affected by the Malaysian Government resorting to a total lockdown from 1 June 2021 to battle surging COVID-19 cases. As a result, the delay of transitioning into Phase 2 of the National Recovery Plan (“NRP”).

Fixed Income

During the period under review, there were no changes to the Overnight Policy Rate (“OPR”). Bank Negara Malaysia (“BNM”) maintained OPR at 1.75% at its latest meeting in early July 2021. The latest Monetary Policy Committee (“MPC”) statement continued to highlight downside risks to both global and local economic growth. They highlighted that the reimposition of the latest nation-wide containment measures to curb the resurgence in COVID-19 will dampen the growth momentum. However, the degree of impact to the economy is dependent on the stringency and duration of the containment measures. They also mentioned that the stance of monetary policy to be appropriate and accommodative and will continue to be watchful of new data and information and their implications on the overall outlook for inflation and domestic growth.

Headline inflation in the country began to inch upwards as it edged up 0.1% in February 2021 and then by 1.7% in March 2021. In April 2021 and May 2021, it rose by 4.7% and 4.4%, respectively. In June 2021, it continued to rise albeit at a slightly slower pace of 3.4% year-on-year (“y-o-y”). CPI remained positive for the fifth consecutive month due to the lower base effect because of the decline in fuel prices for private vehicles. BNM believes this spike is transitory and believes headline inflation will moderate in the near term as the base effect dissipates. Underlying inflation is expected to remain subdued.

The Government announced a few stimulus packages during the period under review as a response to the lockdown measures imposed in the country. The most recent Economic Stimulus Package announced was named “PEMULIH” which is worth RM150 billion, including the Government’s direct fiscal injection of RM10 billion. PEMULIH is aimed at giving a comprehensive aid to the rakyat based on three main focuses: continuing with the Prihatin Rakyat Agenda, supporting businesses and increasing vaccination rate. Prior to this, in May 2021, the Government unveiled the PEMERKASA Plus financial aid package which was worth RM40 billion. This package is in addition to the PEMERKASA package which was announced by the government in March 2021 worth RM20 billion.

2021 began with two major announcements– i.e. the MCO 2.0 and the SOE. The entire country was placed under MCO 2.0 (except Sarawak) up until 4 February 2021. MCO2.0 continued up until 4 March 2021 for 4 states i.e. Selangor, Kuala Lumpur, Johor and Penang due to the high number of cases.

MARKET REVIEW (1 FEBRUARY 2021 TO 31 JULY 2021) (CONTINUED)

Fixed Income (continued)

Meanwhile, the Palace issued the SoE proclamation to suspend Parliament and State Legislative Assemblies (including elections) until 1 August 2021. At the time of writing, most parts of the country are still under the third MCO 3.0 which started in June 2021. In mid-June 2021, Prime Minister Mahiaddin introduced the NPR outlining the necessary conditions to transition from the current lockdown (Phase 1) to the exit phases (Phase 2 - 4). The three key conditions are; 1) average daily COVID-19 infections; 2) ICU bed capacity; and 3) % of population fully vaccinated. In early-July 2021, the Government eventually relaxed the restrictions for Kelantan, Terengganu, Pahang, Perak, Perlis and Penang to transition into Phase 2, given that these states have met the threshold. However, an Enhanced MCO (“EMCO”) was imposed on most parts of Selangor and Kuala Lumpur from 3 to 16 July 2021, with stricter movements on affected areas. Most factories within EMCO areas would be shut except essential services.

On a positive note, S&P reaffirmed Malaysia’s rating at A- but maintained its negative outlook to reflect the enduring pressures on Malaysia’s fiscal and debt profile. The reaffirmation has helped to lift the negative sentiment on the domestic bonds in the near-term. A key downward trigger to note is Malaysia’s “change in net general govt. debt > 4% on a sustainable basis” (2020: 6.3%, 2021: 6.6%). Fitch also affirmed Malaysia’s sovereign rating at BBB+ with a stable outlook premised on the strong and broad-based medium growth and consistent current account surpluses with a highly diversified export base. However, the rating agency warns that high public debt, low government revenue and lingering political uncertainty will remain key downside risk to rating outlook.

The Malaysian economy expanded by 16.1% in second quarter of 2021 (first quarter of 2021: -0.5%) with economic performance mainly supported by improvement in domestic demand and continued robust exports performance. The strong growth also reflected the low base from the significant decline in activity seen second quarter of 2020. On a quarter-on-quarter (“q-o-q”) seasonally adjusted basis, the economy registered a decline of 2.0% (first quarter of 2021: 2.7%), weighed by the tighter containment measures.

In the month of July 2021, the MGS yield curve ended flatter with yields falling 8 to 19 basis points (“bps”) on the long end of the curve while the front to belly yields were between +4 to -11 bps. The 3-year, 5-year, 7-year, 10-year, 15-year, 20-year and 30-year MGS yields closed at 2.30% (+4 bps), 2.57% (-11 bps), 3.06% (+4 bps), 3.21% (-8 bps), 3.76% (-13 bps), 4.01% (-19 bps) and 4.22% (-9 bps) respectively at the end of July 2021.

FUND PERFORMANCE

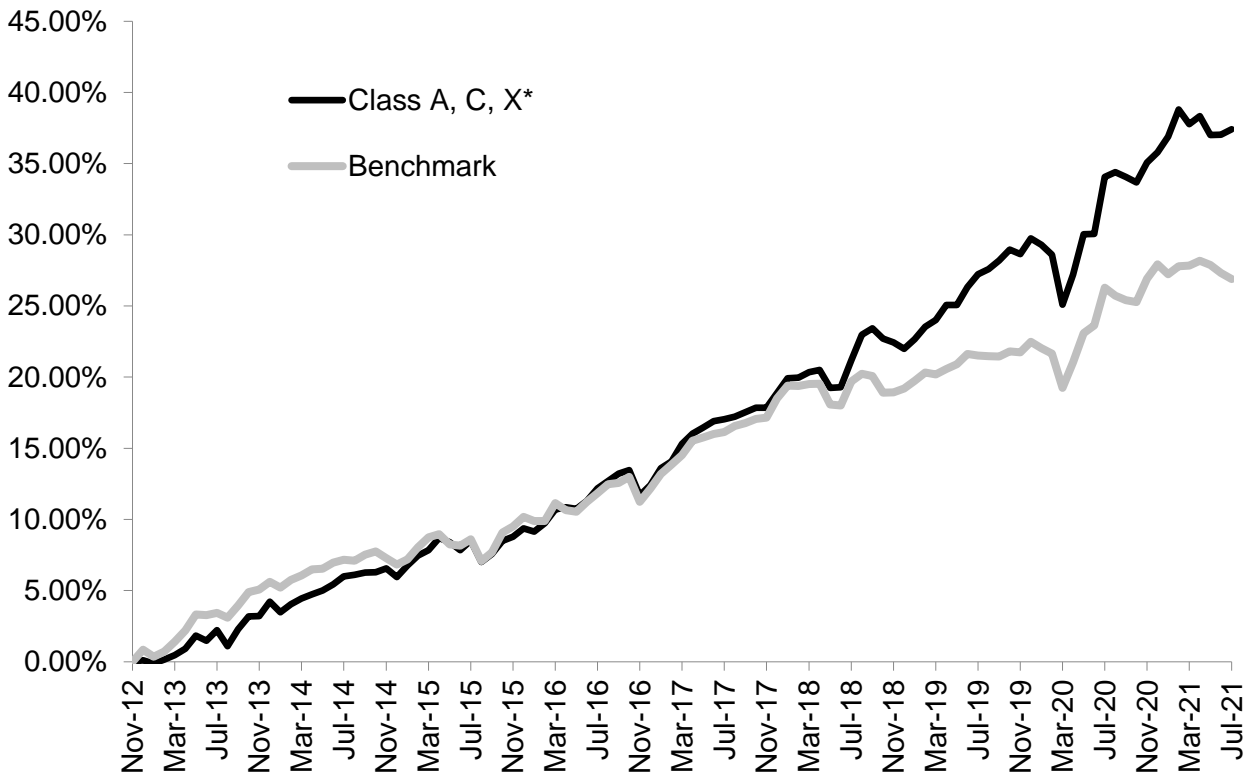
	6 months to 31.07.2021			1 year to 31.07.2021		
	Class A	Class C	Class X	Class A	Class C	Class X
	%	%	%	%	%	%
Income Distribution	-	-	-	6.36	6.36	6.36
Capital Growth	0.39	0.34	0.39	(3.63)	(3.72)	(3.63)
Total Return	0.39	0.34	0.39	2.51	2.40	2.51
Benchmark	(0.26)	(0.26)	(0.26)	0.48	0.48	0.48
Average Total Return	0.78	0.69	0.78	2.51	2.40	2.51
	3 years to 31.07.2021			5 years to 31.07.2021		
	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	6.62	6.35	6.32	15.17	14.86	15.15
Total Return	13.40	13.12	13.40	22.50	22.17	22.48
Benchmark	6.02	6.02	6.02	13.45	13.45	13.45
Average Total Return	4.28	4.19	4.28	4.14	4.09	4.14

FUND PERFORMANCE (CONTINUED)

	Since inception to 31.07.2021		
	Class A	Class C	Class X
	%	%	%
Income Distribution	6.36	6.36	6.36
Capital Growth	28.84	28.56	28.84
Total Return	37.42	37.10	37.42
Benchmark	26.90	26.90	26.90
Average Total Return	3.71	3.68	3.71

For the financial period under review, total return of Class A, Class C and Class X gained by 0.39%, 0.34% and 0.39% respectively. Meanwhile, the benchmark declined by 0.26% over the same reporting period. The outperformance of the Fund relative to its benchmark was driven mainly by the allocation into fixed income funds.

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.



* 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.

FUND PERFORMANCE (CONTINUED)

Changes in NAV

	31.07.2021	31.01.2021 Audited	Changes %
CLASS A			
NAV (RM Million)	33.01	33.05	(0.12)
NAV/Unit (RM)	0.6462	0.6435	0.42
CLASS C			
NAV (RM Million)	2.11	2.15	(1.86)
NAV/Unit (RM)	0.6447	0.6423	0.37
CLASS X			
NAV (RM Million)	11.30	9.78	15.54
NAV/Unit (RM)	0.6462	0.6435	0.42

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

The total NAV of Class A and Class C dropped slightly by -0.12% and -1.86%, respectively. Meanwhile, Class X grew by 15.54% during the financial period under review.

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

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	31.07.2021	31.01.2021 Audited
Quoted securities	16.77	18.76
Unquoted fixed income securities	80.54	80.27
Cash and other assets	4.02	1.79
Liabilities	(1.33)	(0.82)
	100.00	100.00

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

MARKET OUTLOOK*

Equity

While Malaysia appears to be at a significant discount to the region despite comparable market earnings growth, we opine those concerns over the country's pace of recovery given the surge in domestic COVID-19 cases and stricter movement controls, fiscal position, and domestic political issues remain as the key overhangs.

MARKET OUTLOOK* (CONTINUED)

Fixed Income

In third quarter of 2021, we are anticipating RM32.2 billion (MGS: RM25.2 billion; MGII: RM7 billion) of govies maturing. As we are looking at about RM42 billion of new issuance, the small net issuance will see some support for the local bond market as investors will look to roll over their positions. The new i-Citra facility is expected to see withdrawals up to RM30 billion. However, these estimates are typically conservative and actual withdrawals could fall short as most of the vulnerable members have already exhausted their balances. Domestic liquidity remains healthy given the strong bit-to-cover (“BTC”) for both of the longer dated auctions in July 2011 with the 10-year Malaysian Government Investemnt Issue (“MGII”) auction garnered the highest BTC seen in 2021 auctions so far. Foreign investors continue to add Malaysian debt securities in May 2021, the 13th consecutive month of increase since the last outflows in April 2020. However, as of June and July 2021, we are seeing net outflows from foreign investors of -RM0.5 billion and -RM3.6 billion, respectively.

We expect repricing pressure to continue in the primary market and we may find a new equilibrium for credit risk premium. We continue to see many moving parts and factors in play affecting the market currently and believe it will continue in the short to medium term i.e. the vaccination rate in the country, results of the containment measures, political uncertainty, foreign rating of the sovereign in addition to the movement of the US Treasury (“UST”).

* 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

Equity

Given the prolonged MCO and lack of clear re-rating catalyst, we continue to stay cautious on market development in Malaysia. We are selective on stocks from a bottom-up basis that plays into the reopening theme and thus remain constructive on sectors such as financials, cyclicals namely consumer discretionary and select transport. We turn positive on Technology following the recent pullback, while maintaining our underweight stance on gloves and plantations.

Fixed Income

We expect interest rates will remain accommodative for a longer period to support growth with COVID-19 infections spiking new highs. We are optimistically cautious on the sovereign market in the near term and we believe the bond market will stay supported in this quarter. Nevertheless, we are cautious on the upcoming events, 2022 Budget and the ongoing domestic political uncertainties. We remain overweight on corporates for better yield pick up. We believe the credit segment will be well supported with manageable credit supply in the coming months (other than the GG bonds segment). 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.

MEMBERS STATISTICS AS AT 31 JULY 2021

CLASS A

Size of unit holdings (units)	No. of members	No. of units held (million)	% of units held
5,000 and below	1,702	2.23	4.36
5,001-10,000	1,004	6.55	12.82
10,001-50,000	1,153	25.59	50.08
50,001-500,000	81	8.26	16.16
500,001 and above	4	8.47	16.58
Total	3,944	51.10	100.00

CLASS C

Size of unit holdings (units)	No. of members	No. of units held (million)	% of units held
5,000 and below	365	0.54	16.46
5,001-10,000	89	0.60	18.29
10,001-50,000	77	1.47	44.82
50,001-500,000	4	0.67	20.43
500,001 and above	-	-	-
Total	535	3.28	100.00

CLASS X

Size of unit holdings (units)	No. of members	No. of units held (million)	% of units held
5,000 and below	508	0.50	2.86
5,001-10,000	104	0.73	4.17
10,001-50,000	209	4.99	28.51
50,001-500,000	97	10.72	61.26
500,001 and above	1	0.54	3.20
Total	919	17.48	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 period 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**

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 unaudited financial statements set out on pages 13 to 42 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 July 2021 and of its financial performance, changes in net assets attributable to members and cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 - Interim Financial Reporting and International Accounting Standards ("IAS") 34 - Interim Financial Reporting.

For and on behalf of the 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
23 September 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 period ended 31 July 2021. To the best of our knowledge, for the financial period under review, Principal Asset Management Berhad (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.

For Deutsche Trustees Malaysia Berhad

Soon Lai Ching
Senior Manager, Trustee Operations

Gerard Ang
Chief Executive Officer

Kuala Lumpur
10 September 2021

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 JULY 2021**

	Note	01.02.2021 to 31.07.2021 RM	01.02.2020 to 31.07.2020 RM
INCOME			
Dividend income		133,638	110,144
Interest income from unquoted fixed income securities at fair value through profit or loss		3,819	659,267
Interest income from deposits with licensed financial institutions at amortised cost		713,163	9,808
Net (loss)/gain on financial assets at fair value through profit or loss	7	(269,559)	1,054,843
		581,061	1,834,062
EXPENSES			
Management fee	4	317,665	267,304
Private Pension Administrator administration fee	4	9,046	7,611
Trustee and custodian fees	5	9,046	7,611
Audit fee		4,050	4,350
Tax agent's fee		3,100	2,000
Transaction costs		43,972	66,230
Other expenses		5,970	5,714
		392,849	360,820
PROFIT BEFORE TAXATION		188,212	1,473,242
Taxation	6	-	-
PROFIT AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		188,212	1,473,242
Profit after taxation is made up as follows:			
Realised amount		825,688	464,789
Unrealised amount		(637,476)	1,008,453
		188,212	1,473,242

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

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2021

	Note	31.07.2021 RM	31.01.2021 Audited RM
ASSETS			
Cash and cash equivalents	8	1,113,155	332,664
Financial assets at fair value through profit or loss	7	45,186,473	44,542,030
Amount due from dealers		572,457	-
Amount due from stockbrokers		-	339,341
Amount due from the PRS Provider			
- creation of units		175,988	125,721
Dividends receivable		3,821	8,280
Tax recoverable		78	78
TOTAL ASSETS		<u>47,051,972</u>	<u>45,348,114</u>
LIABILITIES			
Amount due to dealers		515,486	-
Amount due to stockbrokers		-	291,702
Accrued management fee		55,133	53,335
Amount due to the PRS Provider			
- cancellation of units		22,727	8,281
Amount due to Private Pension Administrator		1,570	1,518
Amount due to Trustee		1,570	1,518
Other payables and accruals		19,650	13,100
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO MEMBERS)		<u>616,136</u>	<u>369,454</u>
NET ASSET VALUE OF THE FUND		<u>46,435,836</u>	<u>44,978,660</u>
NET ASSETS ATTRIBUTABLE TO MEMBERS		<u>46,435,836</u>	<u>44,978,660</u>
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS			
- Class A		33,020,904	33,047,403
- Class C		2,115,401	2,151,510
- Class X		11,299,531	9,779,747
		<u>46,435,836</u>	<u>44,978,660</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)			
- Class A		51,097,417	51,351,411
- Class C		3,281,021	3,349,331
- Class X		17,485,166	15,196,321
	10	<u>71,863,604</u>	<u>69,897,063</u>
NET ASSET VALUE PER UNIT (RM)			
- Class A		0.6462	0.6435
- Class C		0.6447	0.6423
- Class X		<u>0.6462</u>	<u>0.6435</u>

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

**UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO MEMBERS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 JULY 2021**

	01.02.2021 to 31.07.2021 RM	01.02.2020 to 31.07.2020 RM
NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE BEGINNING OF THE FINANCIAL PERIOD	44,978,660	37,344,465
Movement due to units created and cancelled during the financial period:		
Creation of units from applications		
- Class A	1,112,327	2,348,812
- Class C	196,426	1,447,850
- Class X	1,779,197	1,393,211
	3,087,950	5,189,873
Cancellation of units		
- Class A	(1,280,039)	(1,354,992)
- Class C	(240,690)	(1,098,005)
- Class X	(298,257)	(380,240)
	(1,818,986)	(2,833,237)
Total comprehensive income for the financial period	188,212	1,473,242
NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE END OF THE FINANCIAL PERIOD	46,435,836	41,174,343

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

**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 JULY 2021**

	01.02.2021 to 31.07.2021	01.02.2020 to 31.07.2020
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of quoted securities	6,930,013	9,732,265
Purchase of quoted securities	(6,340,880)	(9,996,516)
Proceeds from disposal of unquoted fixed income securities	4,526,237	2,686,720
Proceeds from redemption of unquoted fixed income securities	250,000	1,550,000
Purchase of unquoted fixed income securities	(6,496,328)	(6,296,277)
Dividend income received	138,097	107,833
Interest income received from deposits with licensed financial institutions and current account	3,819	9,808
Interest income received from unquoted fixed income securities	876,815	780,904
Management fee paid	(315,867)	(263,400)
Private Pension Administrator administration fee paid	(8,994)	(7,501)
Trustee's fee and custodian fee paid	(8,994)	(11,560)
Payments for other fees and expenses	(6,570)	(11,440)
Net cash used in operating activities	<u>(452,652)</u>	<u>(1,719,164)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from unit created	3,037,682	5,053,912
Payments for cancellation of units	(1,804,540)	(2,775,928)
Net cash generated from financing activities	<u>1,233,142</u>	<u>2,277,984</u>
Net increase in cash and cash equivalents	780,490	558,820
Cash and cash equivalents at the beginning of the financial period	<u>332,665</u>	<u>210,625</u>
Cash and cash equivalents at the end of the financial period	<u><u>1,113,155</u></u>	<u><u>769,445</u></u>
<u>Cash and cash equivalents comprised of:</u>		
Deposit with licensed financial institutions	1,094,105	630,060
Bank balance	<u>19,050</u>	<u>139,385</u>
Cash and cash equivalents at the end of the financial period	<u><u>1,113,155</u></u>	<u><u>769,445</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 JULY 2021**

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

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 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.

With effect from 1 June 2020, Principal Singapore will be 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.

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

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 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 International Financial Reporting Standards ("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 period.

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(k).

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

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

(b) Financial assets and financial liabilities

Classification

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

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

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

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

The contractual cash flows of the Funds' debt securities are solely principal and profit ("SPPI"). However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measure 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 stockbrokers, amount due from dealers 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 period which they arise.

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

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

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

If a valuation based on the market price does not represent the fair value of the quoted securities, for example during abnormal market conditions or when no market price is available, including in the event of a suspension in the quotation of the quoted securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the quoted securities are valued as determined in good faith by the PRS Provider, based on the methods or basis 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 institutions are stated at cost plus accrued interest calculated on the effective interest method over the period from the date of placement to the date of maturity of the respective deposits.

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

Impairment for assets carried at amortised costs

The Fund measures credit risk and expected credit loss (“ECL”) using probability of default, exposure at default and loss given default. 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.

Write-off

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(c) Income recognition**

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

Interest income from deposits with licensed financial institutions 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 investments, 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 investments, 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 RM, 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 put back 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 put back the unit to the Fund.

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) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(g) Cash and cash equivalents**

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

(h) Taxation

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

Tax on dividend income from foreign quoted securities is based on the tax regime of the respective countries that the Fund invests in.

(j) Amount due from/to stockbrokers/dealer

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

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

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

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

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

Estimates and judgement are continually evaluated by the 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. RISK MANAGEMENT OBJECTIVES AND POLICIES

The 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 quoted securities and unquoted 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 quoted securities, unquoted securities and other financial instruments within specified limit according to the Deeds.

The Fund is exposed to price risk arising from interest rate fluctuation in relation to its investments 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.

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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(a) Market risk (continued)****(ii) Interest rate risk (continued)**

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 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.

(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 placements of deposits with licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

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

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.

(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 balances and deposits with licensed financial institutions, which are capable of being converted into cash within 7 business days. Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector and other factors. For the purpose of the

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

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 potential.

(d) Capital risk management

The capital of the Fund is represented by net assets attributable to members. The amount of capital can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of 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.

(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 period end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the 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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

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.

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31.07.2021				
Financial assets at fair value through profit or loss:				
- Quoted securities	7,788,059	-	-	7,788,059
- Unquoted fixed income securities	-	37,398,414	-	37,398,414
	<u>7,788,059</u>	<u>37,398,414</u>	<u>-</u>	<u>45,186,473</u>
31.01.2021				
Audited				
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>

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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

- (ii) The carrying values of cash and cash equivalents, amount due from the PRS Provider - creation of units, amount due from stockbrokers, amount due from dealers, 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 six months financial period ended 31 July 2021 and 31 July 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%

Nonetheless, no management fee is charged on the Fund up until 15 November 2018 as the management fee has been waived by the PRS Provider. Effective from 16 November 2018, the fee is charged to the Fund.

The Private Pension Administrator administration fee is recognised at a rate of 0.04% per annum (31.07.2020: 0.04% per annum) for each unit class, calculated daily based on the NAV of the Fund.

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

5. TRUSTEE AND CUSTODIAN FEES

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 excludes foreign sub-custodian fees and charges.

For the six months financial period ended 31 July 2021, the Trustee fee is recognised at a rate of 0.04% per annum (31.07.2020: 0.04% per annum) for each unit class.

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

6. TAXATION

	01.02.2021 to 31.07.2021	01.02.2020 to 31.07.2020
	RM	RM
Tax charged for the financial period		
- Current taxation	-	-
	<hr/>	<hr/>

6. TAXATION (CONTINUED)

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

	01.02.2021 to 31.07.2021 RM	01.02.2020 to 31.07.2020 RM
Profit before taxation	<u>188,212</u>	<u>1,473,242</u>
Taxation at Malaysian statutory rate of 24% (31.07.2020: 24%)	45,171	353,578
Tax effects of:		
- Investment income not subject to tax	(139,455)	(440,175)
- Expenses not deductible for tax purposes	17,072	20,052
- Restriction on tax deductible expenses for PRS Funds	<u>77,212</u>	<u>66,545</u>
Taxation	<u>-</u>	<u>-</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.07.2021 RM	31.01.2021 Audited RM
At fair value through profit or loss:		
- Quoted securities	7,788,059	8,439,796
- Unquoted fixed income securities	<u>37,398,414</u>	<u>36,102,234</u>
	<u>45,186,473</u>	<u>44,542,030</u>
	01.02.2021 to 31.07.2021 RM	01.02.2020 to 31.07.2020 RM
Net (loss)/gain on financial assets at fair value through profit or loss:		
- Realised gain on disposals	367,918	46,390
- Unrealised fair value (loss)/gain	<u>(637,477)</u>	<u>1,008,453</u>
	<u>(269,559)</u>	<u>1,054,843</u>

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.07.2021				
QUOTED SECURITIES				
Construction				
Gamuda Bhd	80,056	305,730	224,157	0.48
Solarvest Holdings	<u>527,400</u>	<u>726,968</u>	<u>733,086</u>	<u>1.58</u>
	<u>607,456</u>	<u>1,032,698</u>	<u>957,243</u>	<u>2.06</u>
Consumer Products & Services				
Genting Bhd	60,000	282,220	282,600	0.61
Genting Malaysia Bhd	90,000	259,100	248,400	0.53
Mr D.I.Y. Group (M) Bhd	<u>30,000</u>	<u>108,297</u>	<u>104,700</u>	<u>0.23</u>
	<u>180,000</u>	<u>649,617</u>	<u>635,700</u>	<u>1.37</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.07.2021 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
Energy				
Hibiscus Petroleum Bhd	650,000	433,089	419,250	0.90
Financial Services				
AMMB Holdings Bhd	95,000	295,453	270,750	0.58
BIMB Holdings Bhd	30,000	110,338	112,500	0.24
CIMB Group Holdings Bhd	115,069	528,391	512,057	1.10
Hong Leong Bank Bhd	20,000	366,573	360,000	0.78
Malayan Banking Bhd	82,225	700,421	658,622	1.42
Public Bank Bhd	50,000	192,114	199,000	0.43
RHB Bank Bhd	71,161	395,467	363,633	0.78
	<u>463,455</u>	<u>2,588,757</u>	<u>2,476,562</u>	<u>5.33</u>
Industrial Products & Services				
Hss Engineers Bhd	226,200	143,261	119,886	0.26
JAG Bhd	400,000	167,976	146,000	0.31
Kelington Group Bhd	240,000	135,925	297,600	0.64
Kelington Group Bhd - Warrant	80,000	-	-	-
Press Metal Aluminium Hldg Bhd	40,000	188,403	192,800	0.42
SKP Resources Bhd - Warrant	6,000	-	1,020	-
Sunway Bhd	100,000	168,297	170,000	0.37
V.S. Industry	240,000	159,492	331,200	0.71
V.S. Industry - Warrant	48,000	-	16,560	0.04
	<u>1,380,200</u>	<u>963,354</u>	<u>1,275,066</u>	<u>2.75</u>
Technology				
D&O Green Technologies Bhd	100,000	94,575	530,000	1.14
Genetec Technology Bhd	5,800	89,900	132,356	0.28
Ghl Systems Bhd	114,000	204,646	210,900	0.45
Inari Amertron Bhd	100,000	217,333	333,000	0.72
JHM Consolidation	50,000	64,258	114,000	0.25
My Eg Services Bhd	100,000	196,797	166,000	0.36
Pentamaster Corp Bhd	60,075	225,331	318,398	0.69
Revenue Group Bhd	116,800	264,895	219,584	0.47
	<u>646,675</u>	<u>1,357,735</u>	<u>2,024,238</u>	<u>4.36</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.07.2021 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
TOTAL QUOTED SECURITIES	<u>3,927,786</u>	<u>7,025,250</u>	<u>7,788,059</u>	<u>16.77</u>

**ACCUMULATED
UNREALISED GAIN ON
QUOTED SECURITIES
AT FAIR VALUE
THROUGH PROFIT OR
LOSS**

762,809

**ACCUMULATED
UNREALISED GAIN ON
QUOTED SECURITIES
AT FAIR VALUE
THROUGH PROFIT OR
LOSS**

7,025,250

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
31.07.2021 (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES				
Bank Pembangunan Malaysia Bhd 4.28% 2/3/2022 (AAA)	1,000,000	1,016,854	1,029,288	2.22
Bank Pembangunan Malaysia Bhd 4.50% 4/11/2026 (AAA)	2,500,000	2,689,082	2,685,454	5.78
Imtiaz Sukuk II Bhd 3.54% 17/04/2026 (AA2)	300,000	304,590	305,609	0.66
Malayan Banking Bhd 3.10% 08/10/2032 (AA1)	550,000	551,960	545,123	1.17
RHB Islamic Bank Bhd 4.88% 27/4/2027 (AA3)	200,000	203,012	205,757	0.44
MMC Corporation Bhd 5.64% 27/4/2027 (AA)	500,000	554,178	552,347	1.19
UMW Holdings Bhd 3.03% 05/11/2025 (AA2)	1,200,000	1,193,262	1,196,478	2.58
UMW Holdings Bhd 4.83% 22/6/2022 (AA2)	200,000	201,484	204,973	0.44
UMW Holdings Bhd 5.12% 4/10/2023 (AA2)	700,000	732,452	743,864	1.60
United Growth Bhd 4.73% 21/06/2022 (AA2)	450,000	453,294	461,368	0.99

7. 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 %
31.07.2021 (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
AZRB Capital Sdn Bhd 4.85% 26/12/2024 (AA)	1,100,000	1,137,277	1,133,801	2.44
WCT Holdings Bhd 5.32% 11/5/2022 (AA)	2,300,000	2,357,703	2,354,169	5.07
UEM Edgenta Bhd 4.85% 26/4/2022 (AA)	3,600,000	3,651,293	3,702,417	7.97
Bumitama Agri Ltd 4.20% 22/07/2026 (AA3)	1,050,000	1,091,733	1,088,578	2.34
NORTHPORT IMTN 5.00% 02/12/2022 (AA)	500,000	515,486	515,616	1.11
Edra Energy Sdn Bhd 5.64% 05/07/2022 (AA3)	1,500,000	1,542,302	1,543,683	3.32
Edra Energy Sdn Bhd 5.67% 05/01/2023 (AA3)	1,900,000	1,950,420	1,977,623	4.26
Fortune Premiere Sdn Bhd 3.99% 11/09/2026 (AA)	700,000	725,074	724,257	1.56
Fortune Premiere Sdn Bhd 4.65% 21/12/2022 (AA)	550,000	552,648	565,919	1.22
Fortune Premiere Sdn Bhd 4.80% 13/3/2023 (AA)	1,300,000	1,331,520	1,361,638	2.93
Fortune Premiere Sdn Bhd 4.85% 07/09/2023 (AA)	600,000	629,669	633,342	1.36
IJM Land Bhd 4.73% 17/03/2119 (A2)	100,000	101,826	101,017	0.22
Perbadanan Kemajuan Negeri Selangor 5.00% 10/08/2021 (AA3)	1,050,000	1,075,092	1,075,386	2.32
Perbadanan Kemajuan Negeri Selangor 5.15% 10/08/2023 (AA3)	2,400,000	2,473,358	2,543,076	5.48
UEM Sunrise Bhd 4.80% 08/04/2022 (AA)	2,050,000	2,100,264	2,099,256	4.52
UEM Sunrise Bhd 4.75% 22/03/2024 (AA)	970,000	1,016,656	1,007,256	2.17
Celcom Networks Sdn Bhd 4.85% 29/8/2022 (AA)	500,000	510,970	523,914	1.13
Pengurusan Air SPV Bhd 3.80% 30/10/2026 (AAA)	400,000	413,246	417,057	0.90
YTL Corp Bhd 4.38% 25/04/2023 (AA1)	2,000,000	2,015,040	2,059,900	4.44
Genting Capital 4.42% 08/06/2022 (AA1)	2,000,000	2,009,265	2,022,518	4.36

7. 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 %
31.07.2021 (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
Tan Chong Motor Holdings Bhd 4.70% 24/11/2021 (A1)	<u>2,000,000</u>	<u>2,022,769</u>	<u>2,017,730</u>	<u>4.35</u>
TOTAL UNQUOTED FIXED INCOME SECURITIES	<u>36,170,000</u>	<u>37,123,779</u>	<u>37,398,414</u>	<u>80.54</u>
ACCUMULATED UNREALISED GAIN ON UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>274,636</u>		
TOTAL UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>37,398,415</u>		
Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.01.2020				
Audited QUOTED SECURITIES				
Construction				
Gamuda Bhd	<u>60,056</u>	<u>243,320</u>	<u>198,185</u>	<u>0.44</u>
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	<u>10,000</u>	<u>22,201</u>	<u>22,000</u>	<u>0.05</u>
	<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

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.01.2020 (CONTINUED)				
Audited (Continued)				
QUOTED SECURITIES (CONTINUED)				
Energy (continued)				
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>
Plantation				
Sime Darby Plantatio 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>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.01.2020 (CONTINUED)				
Audited (Continued)				
QUOTED SECURITIES				
(CONTINUED)				
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>		

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
31.01.2020 (CONTINUED)				
Audited (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

7. 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 %
31.01.2020 (CONTINUED)				
Audited (Continued)				
UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
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
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

7. 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 %
31.01.2020 (CONTINUED)				
Audited (Continued)				
UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
YTL Corporation Bhd 4.38% 25/04/2023 (AA1)	<u>2,000,000</u>	<u>2,013,072</u>	<u>2,081,400</u>	<u>4.64</u>
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><u>36,102,234</u></u>		

8. CASH AND CASH EQUIVALENTS

	31.07.2021	31.01.2021 Audited
	RM	RM
Deposits with licensed financial institutions	1,094,105	291,041
Bank balance	<u>19,050</u>	<u>41,623</u>
	<u>1,113,155</u>	<u>332,664</u>

9. NUMBER OF UNITS IN CIRCULATION (UNITS)

	01.02.2021 to 31.07.2021	01.02.2020 to 31.01.2021 Audited
	No. of units	No. of units
Class A (i)	51,097,417	51,351,411
Class C (ii)	3,281,021	3,349,331
Class X (iii)	<u>17,485,166</u>	<u>15,196,321</u>
	<u>71,863,604</u>	<u>69,897,063</u>

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

(i) Class A

	01.02.2021 to 31.07.2021	01.02.2020 to 31.01.2021 Audited
	No. of units	No. of units
At the beginning of the financial period/year	51,351,411	44,917,280
Add: Creation of units from applications	1,718,028	6,855,706
Add: Creation of units from distribution	-	3,044,576
Less: Cancellation of units	(1,972,022)	(3,466,151)
At the end of the financial period/year	<u>51,097,417</u>	<u>51,351,411</u>

(ii) Class C

	01.02.2021 to 31.07.2021	01.02.2020 to 31.01.2021 Audited
	No. of units	No. of units
At the beginning of the financial period/year	3,349,331	2,445,349
Add: Creation of units from applications	303,959	3,166,897
Add: Creation of units from distribution	-	203,290
Less: Cancellation of units	(372,269)	(2,466,205)
At the end of the financial period/year	<u>3,281,021</u>	<u>3,349,331</u>

(iii) Class X

	01.02.2021 to 31.07.2021	01.02.2020 to 31.01.2021 Audited
	No. of units	No. of units
At the beginning of the financial period/year	15,196,321	10,402,069
Add: Creation of units from applications	2,750,520	5,124,605
Add: Creation of units from distribution	-	859,806
Less: Cancellation of units	(461,676)	(1,190,159)
At the end of the financial period/year	<u>17,485,166</u>	<u>15,196,321</u>

10. MANAGEMENT EXPENSE RATIO (“MER”)

	01.02.2021 to 31.07.2021	01.02.2020 to 31.07.2020
	%	%
MER	0.76	0.77

MER was 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	=	Tax agent’s fee
E	=	Audit 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 period calculated on a daily basis was RM45,612,697 (31.07.2020: RM38,281,904).

11. PORTFOLIO TURNOVER RATIO (“PTR”)

	01.02.2021 to 31.07.2021	01.02.2020 to 31.07.2020
PTR (times)	0.34	0.38

PTR was derived based on the following calculation:

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

where:

total acquisition for the financial period	=	RM12,985,077 31.07.2020: RM16,428,120)
total disposal for the financial period	=	RM18,307,345 (31.07.2020: RM12,492,904)

12. 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

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

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

<u>Related parties</u>	<u>Relationship</u>
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 shareholder of the PRS Provider
CIMB Bank Bhd	Fellow related party to the PRS Provider
CGS-CIMB Securities Sdn 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 period.

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

	01.02.2021 to 31.07.2021 RM	01.02.2020 to 31.07.2020 RM
<u>Significant related party transactions</u>		
Dividend income:		
- CIMB Group Holdings Bhd	3,896	7,211
Interest income from deposits with licensed financial institution:		
- CIMB Bank Bhd	-	41

Significant related party balances

	31.07.2021 RM	31.07.2020 Audited RM
Quoted securities:		
- CIMB Group Holdings Bhd	512,057	-

13. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the top 10 brokers/dealers for the six months financial period ended 31 July 2021 were as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
RHB Investment Bank Bhd	5,410,212	22.64	2,023	7.35
Hong Leong Investment Bank Bhd	4,535,009	18.98	6,254	22.71
RHB Bank Bhd	4,433,483	18.56	-*	-
KAF Equities Sdn Bhd	2,485,448	10.40	5,592	20.31
Maybank Investment Bank Bhd	1,199,624	5.02	2,487	9.03
CLSA Securities (M) Sdn Bhd	1,089,362	4.56	2,371	8.61
Macquarie Capital Securities (M) Sdn Bhd	1,025,680	4.29	2,166	7.87
CGS-CIMB Securities Sdn Bhd #	861,882	3.61	1,626	5.90
UBS Securities (M) Sdn Bhd	741,281	3.10	1,479	5.37
J.P. Morgan Securities (M) Sdn Bhd	704,825	2.95	1,423	5.17
Others	1,406,630	5.89	2,118	7.68
	<u>23,893,436</u>	<u>100.00</u>	<u>27,539</u>	<u>100.00</u>

Details of transactions with the top 10 brokers/dealers for the six months financial period ended 31 July 2020 were as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
RHB Investment Bank Bhd	6,103,522	21.10	7,478	18.22
Hong Leong Investment Bank Bhd	4,043,538	13.98	6,709	16.35
Maybank Investment Bank Bhd	3,483,746	12.05	7,274	17.73
Alliance Bank Malaysia Bhd	3,237,328	11.19	-*	-
Affin Hwang Investment Bank Bhd	3,086,934	10.67	6,947	16.93
RHB Bank Bhd	2,011,687	6.96	-*	-
J.P. Morgan Securities (M) Sdn Bhd	1,349,024	4.66	1,446	3.52
CGS-CIMB Securities Sdn Bhd #	1,243,891	4.30	2,581	6.29
UBS Securities (M) Sdn Bhd	1,063,060	3.68	1,753	4.27
CLSA Securities (M) Sdn Bhd	964,171	3.33	1,940	4.73
Others	2,333,380	8.08	4,903	11.96
	<u>28,920,281</u>	<u>100.00</u>	<u>41,031</u>	<u>100.00</u>

* No brokerage fee is charged for unquoted fixed income securities transaction.

13. TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)

Included in the transactions are trades conducted with CGS-CIMB Securities Sdn Bhd, fellow related party to the PRS provider amounting to RM861,882 (31.07.2020: RM1,243,891). 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.

14. SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

The COVID-19 pandemic and related lockdowns and movement restrictions have had, and will continue to have, a significant impact on global economic conditions and the environment in which the Fund operates. The PRS Provider continues to closely monitor the macro-economic outlook as a result of COVID-19 pandemic and its impact to the Fund's performance and will be managing the risks to achieve the Fund's objective.

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