

CIMB Principal PRS Plus Asia Pacific Ex Japan Equity

Annual Report

For The Financial Year Ended 31 January 2020

**CIMB-PRINCIPAL PRS PLUS ASIA PACIFIC EX JAPAN EQUITY
ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2020**

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MEMBERS' LETTER

Dear Valued Members,

At Principal, we believe just like every cloud has a silver lining – there are opportunities in every market condition. We have seen an unexpected softening in Malaysia's economic growth due to the COVID-19 outbreak, local political changes and ongoing uncertainties already in place globally – such as Brexit, the US Presidential election and ongoing trade discussions. While these factors create heightened market volatility, it can offer good opportunities for investors to invest at attractive valuations.

We believe in investing in fundamentals – not quick wins or fads. We'll work with you to manage your investment portfolio with an understanding of your risk appetite, goals and time horizon for investing. Because we know that integrity, honesty, and comprehensive expertise is the surest path to helping you reach your long-term financial goals.

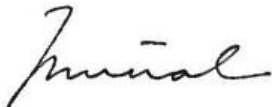
Around the world, Principal manages USD735.3 billion in assets and across Southeast Asia, we manage RM88.1 billion (as of December 2019). We're uniquely positioned to help you with global and local insights and offer a wide portfolio of fixed income and equity solutions. We're focusing our investment strategy on utility, telecommunication, consumers and REITs sectors for defensive and high yielding qualities.

We appreciate your continuous support and the trust you place in us. We're here to help you navigate these changing market conditions and keep your portfolio balanced to your risk tolerance. Please check out www.principal.com.my or our Facebook account (@PrincipalMY) for ongoing investment updates and educational articles and tips.

Yours faithfully,

for **Principal Asset Management Berhad**

(formerly known as CIMB-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 capital growth over the long-term by investing in a target fund with investments in the Asia Pacific ex Japan region.

Has the Fund achieved its objective?

For the financial year under review, the Fund did not achieve its objective as it did not meet the target return of 8% per annum.

What are the Fund investment policy and principal investment strategy?

The Fund will invest at least 95% of its Net Asset Value ("NAV") in the Principal Asia Pacific Dynamic Income Fund (*formerly known as CIMB-Principal Asia Pacific Dynamic Income Fund*) ("Target Fund"), a Malaysian-domiciled fund established on 25 April 2011, which invests in the Asia Pacific ex Japan region. The Fund will also maintain up to a maximum of 5% of its NAV in liquid assets.

Information on the Target Fund

Management Company: Principal Asset Management Berhad

(formerly known as CIMB-Principal Asset Management Berhad)

Regulatory Authority: Securities Commission Malaysia ("SC")

Fund category/type

Feeder Fund - Equity

When was the Fund launched?

12 November 2012

What was the size of the Fund as at 31 January 2020?

RM299.02 million (287.56 million units)

What is the Fund's benchmark?

The Fund has a target return of 8% per annum.

This is not a guaranteed return and is only a measurement of the Fund's performance. The Fund may not achieve the target return in any particular financial year but targets to achieve this growth over the long-term.

Note: 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.

PERFORMANCE DATA

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

	31.01.2020	31.01.2019	31.01.2018
	%	%	%
Collective investment scheme	99.49	99.41	98.85
Cash and other net assets	0.51	0.59	1.15
	<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:

	31.01.2020	31.01.2019	31.01.2018
NAV (RM Million)			
- Class A	208.05	179.91	166.02
- Class C	67.54	51.66	37.52
- Class X	23.42	17.53	14.80
Units in circulation (Million)			
- Class A	200.08	186.15	154.78
- Class C	64.95	53.45	34.98
- Class X	22.53	18.14	13.79
NAV per unit (RM)			
- Class A	1.0398	0.9664	1.0725
- Class C	1.0398	0.9665	1.0726
- Class X	1.0399	0.9665	1.0726
Highest NAV per unit (RM)			
- Class A	1.0998	1.0778	1.0855
- Class C	1.0998	1.0779	1.0855
- Class X	1.0998	1.0779	1.0856
Lowest NAV per unit (RM)			
- Class A	0.9603	0.9038	0.8433
- Class C	0.9603	0.9039	0.8434
- Class X	0.9604	0.9039	0.8434
Total return (%)			
- Class A	7.60	(9.90)	27.19
- Class C	7.58	(9.89)	27.18
- Class X	7.59	(9.89)	27.18
Capital growth (%)			
- Class A	7.60	(9.90)	27.19
- Class C	7.58	(9.89)	27.18
- Class X	7.59	(9.89)	27.18
Income distribution (%)			
- Class A	-	-	-
- Class C	-	-	-
- Class X	-	-	-

PERFORMANCE DATA (CONTINUED)

	31.01.2020	31.01.2019	31.01.2018
Management Expense Ratio ("MER") (%)	0.09	0.09	0.11
Portfolio Turnover Ratio ("PTR") (times) #	0.09	0.12	0.22

For the financial year under review, the PTR decreased from 0.12 times to 0.09 times as there were lesser trading activities.

	31.01.2020	31.01.2019	31.01.2018	31.01.2017	31.01.2016
	%	%	%	%	%
Annual total return					
- Class A	7.60	(9.90)	27.19	21.58	(7.20)
- Class C	7.58	(9.89)	27.18	21.60	(7.20)
- Class X	7.59	(9.89)	27.18	21.60	(7.20)

(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 2019 TO 31 JANUARY 2020)

The MSCI All Country ("AC") Asia ex-Japan Index increased 2.73%, closing at 2,693.27 points in Ringgit Malaysia ("RM") terms over the financial year under review.

Asia Pacific ex-Japan equities rose 2.1% US Dollar ("USD") terms in February 2019, marginally underperforming the MSCI AC World Index (2.5%) by 0.4%. Asian equities rallied as investors turned more upbeat on better news around trade talks and a dovish Fed stance despite softer economic data. Hong Kong, Taiwan, China and Australia equities were the best-performing countries. Reversion, dividend growth and sales growth were outperforming quant factors over the last one month. Price momentum, operating cash flow yield and Return on Equity ("ROE") were the key underperformers. The sectors and markets that significantly outperformed in the past month were China Information technology ("IT"), Hong Kong Financials, China Construction Discretionary, Taiwan IT, HK Construction Discretionary and Australia Financials.

Asia Pacific ex-Japan equities rose a further +1.6% (USD terms) in March 2019, supported by the latest Chinese Purchasing Managers Index ("PMI") data which indicated a rebound towards economic expansion, as well as by the strong bond market as bond yields fell to fresh lows. India was the best performing market as confidence rose that President Modi would be successful in the upcoming elections. Malaysia and Korea lagged the rest of Asia with losses in their respective markets.

Asia Pacific ex-Japan equities rose a further +1.6% (USD terms) in April 2019, supported by the US Federal Reserve (the "Fed")'s accommodative stance and benign inflationary outlook globally. Singapore was the best performing market rising 6.8% on the back of strong bank earnings and demand for high-yield stocks. Malaysia and Philippines were laggards on lack of foreign inflows.

However, in May 2019, Asia Pacific ex-Japan equities fell 8% as US-China trade tensions boiled over. MSCI China was the top loser, down -13%, while Australia, boosted by positive reaction to a surprising Liberal-National Coalition victory, was the only market in the region that ended in positive territory.

MARKET REVIEW (1 FEBRUARY 2019 TO 31 JANUARY 2020) (CONTINUED)

In June 2019, the Asia Pacific ex-Japan equities staged a rebound, rising 6.4% in USD term, backed by rate cut expectations and the belief that the US would reach a truce with China on trade relations. Singapore, with its Real Estate Investment Trust (“REIT”) heavy market, was the prime beneficiary of falling rate expectations, rising 8.4% in the month. India, the worst performer with a loss of 1.2%, was hit by worries over its non-bank financial companies.

Asia Pacific ex-Japan equities fell 1.3% in USD term in July 2019, as disappointment over the lack of progress in US-China trade talks was partially offset by dovish actions from developed world Central Banks. Taiwan was the best performing market following positive guidance from Taiwan Semiconductor Manufacturing Company (“TSMC”), while India performed worst on signs of economic slowdown.

In August 2019, Asia Pacific ex-Japan equities fell -4.3% in USD terms, as worries over the lack of progress in US-China trade talks overshadowed interest rate cuts by Central Banks of US and Asia. Hong Kong was the worst performing market in Asia as the territory entered its third month of civil unrest. Several developments with unpredictable outcomes could have adverse impact on equity fundamentals. For the moment, the chance of a meaningful resolution to the trade impasse between US and China appears dim. Civil tensions in Hong Kong and trade animosity between Japan and Korea are also clouding the horizon. Global economic momentum is weak.

Asia Pacific ex-Japan equities rose 1.8% in USD terms in September 2019 as US and China toned down their trade war rhetoric and investors looked forward to further rate cuts from central banks. Technology stocks benefitted from better-than-expected iPhone sales and reports of hyper-scalers resuming purchase of semiconductors. Consequently, Korea and Taiwan were the best performing markets of the month. The Indian market received a boost when the government announced a slew of fiscal stimulus aimed at reviving investments and capital spending.

Asia Pacific ex-Japan equities rose 3.6% in USD terms in October 2019 on expectations that a limited trade deal could be signed between US and China. Meantime, investors looked forward to further rate cuts from Central Banks in the developed world. This was followed by several Asian Central Banks as inflation remained tame throughout the region. North Asia performed well, especially China and Taiwan. Thailand, dragged down by poor results from the banking sector, was the weakest market. The Indian market continued to respond positively to the government's fiscal stimulus aimed at promoting investments and capital spending.

In November 2019, Asia Pacific ex-Japan equities came in relatively flat at only +0.3%. Asia Pacific ex-Japan equities 2019/2020 earnings saw an upwards revision of 1.3% over the last month. Taiwan saw positive earnings revisions of ~1.2%, fueled by strong third quarter of 2019 earnings, strong product placement in 5G rollout and a stronger iPhone cycle. Meanwhile, Thailand, India, Philippines, and Australia saw negative earnings revisions in the range of 3% to 5%.

Asia Pacific ex-Japan equities posted solid returns (+6.4%) in December 2019 and outperformed MSCI AC World Index (+3.4%) by 2.2%. Note that global equities rallied further in December 2019 lifted by the improvements on the trade fronts, decisive outcome in UK elections and finalization of the United States-Mexico-Canada Agreement (“USMCA”).

MSCI Asia Pacific ex Japan fell 3.7% in January 2020, underperforming MSCI AC World (-1.2%) by 2.5%. Global equities started the year strong on positive economic data and signing of the US-China Phase I trade deal. But in the second half, equities slumped, and bonds rallied on heightened concerns that the spread of the COVID-19 will slam global economic growth. Defensive sectors were the best performing sectors; while Resources and other cyclicals scaled down as bond yields dropped. Note, China, Hong Kong and Taiwan markets were closed due to Lunar New Year holidays over the last week.

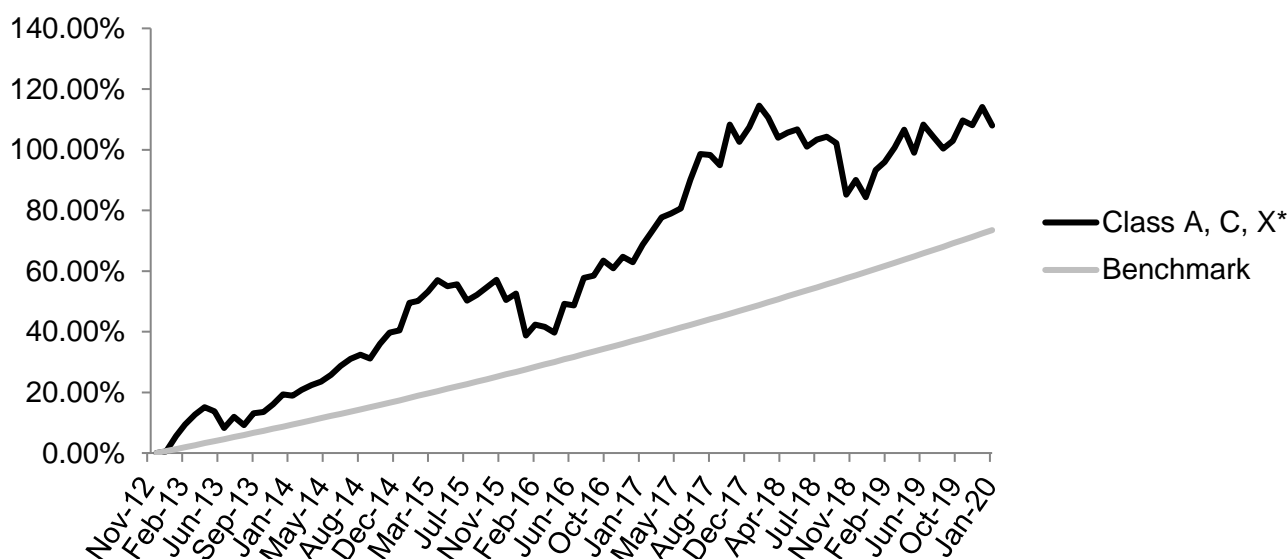
FUND PERFORMANCE

	1 year to 31.01.2020			3 years to 31.01.2020		
	Class A	Class C	Class X	Class A	Class C	Class X
	%	%	%	%	%	%
Income	-	-	-	-	-	-
Capital	7.60	7.58	7.59	23.30	23.29	23.30
Total Return	7.60	7.58	7.59	23.30	23.29	23.30
Benchmark	8.00	8.00	8.00	25.97	25.97	25.97
Average Total Return	7.60	7.58	7.59	7.23	7.22	7.23

	5 years to 31.01.2020			Since inception to 31.01.2020		
	Class A	Class C	Class X	Class A	Class C	Class X
	%	%	%	%	%	%
Income	-	-	-	-	-	-
Capital	39.12	39.12	39.14	107.94	107.96	108.00
Total Return	39.12	39.12	39.14	107.94	107.96	108.00
Benchmark	46.93	46.93	46.93	62.81	62.81	62.81
Average Total Return	6.82	6.83	6.83	10.66	10.67	10.67

For the financial year under review, Class A increased 7.60% while Class C and Class X increased by 7.58% and 7.59% respectively. The Fund has a target return of 8% per annum as benchmark. The underperformance of the Fund relative to its benchmark was mostly driven by stock selection within the Target Fund (Principal Asia Pacific Dynamic Income Fund (formerly known as CIMB-Principal Asia Pacific Dynamic Income Fund)).

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 variation was due to different timing of units created for each of the class.

FUND PERFORMANCE (CONTINUED)

Changes in NAV

CLASS A	31.01.2020	31.01.2019	Changes
			%
NAV (RM Million)	208.05	179.91	15.64
NAV/Unit (RM)	1.0398	0.9664	7.60
 CLASS C	 31.01.2020	 31.01.2019	 Changes
			%
NAV (RM Million)	67.54	51.66	30.74
NAV/Unit (RM)	1.0398	0.9665	7.58
 CLASS X	 31.01.2020	 31.01.2019	 Changes
			%
NAV (RM Million)	23.42	17.53	33.60
NAV/Unit (RM)	1.0399	0.9665	7.59

For the financial year under review, the Fund's NAV for Class A, Class C and Class X increased by 15.64%, 30.74% and 33.60% respectively due to inflows from net creations.

Meanwhile, the Fund's NAV per unit for Class A increased by 7.60% while Class C and Class X both increased by 7.58% and 7.59%, respectively. This was due to positive investment performance as described in the Market Review section.

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)	31.01.2020	31.01.2019
Collective investment scheme	99.49	99.41
Cash and other net assets	0.51	0.59
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*

Stock markets are expected to face heightened volatility as it is currently unclear how severe the COVID-19 outbreak will be in the US and Europe, and whether the affected countries would be able to enact policies to effectively contain the outbreak. Should the US situation deteriorate, and economic activity see significant negative impact, earnings for Asian companies would have to be further adjusted downwards to account for the demand destruction.

* 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 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

As this is a Feeder Fund under the Private Retirement Schemes (“PRS”), the Fund will continue to remain fully invested in the Target Fund with minimal cash kept for liquidity purposes.

MEMBERS STATISTICS AS AT 31 JANUARY 2020

CLASS A

Size of unit holdings (units)	No. of members	No. of units held (million)	% of units held
5,000 and below	15,968	34.76	17.37
5,001-10,000	4,559	33.01	16.50
10,001-50,000	3,756	65.50	32.74
50,001-500,000	415	56.55	28.26
500,001 and above	10	10.26	5.13
Total	24,708	200.08	100.00

CLASS C

Size of unit holdings (units)	No. of members	No. of units held (million)	% of units held
5,000 and below	3,897	9.10	14.01
5,001-10,000	1,384	10.17	15.66
10,001-50,000	995	17.42	26.82
50,001-500,000	142	20.05	30.87
500,001 and above	9	8.21	12.64
Total	6,427	64.95	100.00

CLASS X

Size of unit holdings (units)	No. of members	No. of units held (million)	% of units held
5,000 and below	1,852	2.73	12.12
5,001-10,000	518	3.70	16.42
10,001-50,000	521	10.03	44.52
50,001-500,000	56	4.75	21.08
500,001 and above	2	1.32	5.86
Total	2,949	22.53	100.00

SOFT COMMISSIONS AND REBATES

Principal Asset Management Berhad (*formerly known as CIMB-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 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 Trustee did not receive any rebates from the brokers or dealers but the PRS Provider has retained soft commission in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Funds.

**STATEMENT BY THE PRS PROVIDER TO THE MEMBERS OF
CIMB-PRINCIPAL PRS PLUS ASIA PACIFIC EX JAPAN EQUITY**

We, being the Directors of Principal Asset Management Berhad (*formerly known as CIMB-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 15 to 35 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 January 2020 and of its financial performance, changes in net assets attributable to members and cash flows for the financial year then ended 31 January 2020 in accordance with the provisions of 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.: 304078-K)
(*formerly known as CIMB-Principal Asset Management Berhad*)

MUNIRAH KHAIRUDDIN
Chief Executive Officer/Executive Director

JUAN IGNACIO EYZAGUIRRE BARAONA
Director

Kuala Lumpur
23 March 2020

**TRUSTEE'S REPORT TO THE MEMBERS OF
CIMB-PRINCIPAL PRS PLUS ASIA PACIFIC EX JAPAN EQUITY**

We have acted as Trustee for CIMB-Principal PRS Plus Asia Pacific Ex Japan Equity (the "Fund") for the financial year ended 31 January 2020. To the best of our knowledge, for the financial year under review, Principal Asset Management Berhad (*formerly known as CIMB-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 has been carried out in accordance with the Deed(s) of the Fund and applicable regulatory requirement; and
- (c) creation and cancellation of units for the Fund have been carried out in accordance with the Deed(s) of the Fund and applicable regulatory requirement.

For Deutsche Trustees Malaysia Berhad

NG HON LEONG
Head, Trustee Operations

RICHARD LIM HOCK SENG
Chief Executive Officer

Kuala Lumpur
18 March 2020

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CIMB-PRINCIPAL PRS PLUS ASIA PACIFIC EX JAPAN EQUITY**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of CIMB-Principal PRS Plus Asia Pacific Ex Japan Equity (the "Fund") give a true and fair view of the financial position of the Fund as at 31 January 2020, and of its financial performance and its cash flows for the financial year then ended 31 January 2020 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 January 2020, and the statement of comprehensive income, statement of changes in net assets attributable to members and statement of cash flows for the financial year then ended 31 January 2020 and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 15 to 35.

Basis for opinion

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

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

Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("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
CIMB-PRINCIPAL PRS PLUS ASIA PACIFIC EX JAPAN EQUITY (CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the PRS Provider for the financial statements

The PRS Provider responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The 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 has no realistic alternative but to do so.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CIMB-PRINCIPAL PRS PLUS ASIA PACIFIC EX JAPAN EQUITY (CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

- (a) Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the PRS Provider.
- (d) 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.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CIMB-PRINCIPAL PRS PLUS ASIA PACIFIC EX JAPAN EQUITY (CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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.

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
23 March 2020

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2020**

	Note	2020 RM	2019 RM
INCOME/(LOSS)			
Dividend income		8,970,584	5,404,827
Net gain/(loss) on financial assets at fair value through profit or loss	7	<u>10,167,572</u>	<u>(27,282,251)</u>
		<u>19,138,156</u>	<u>(21,877,424)</u>
EXPENSES			
Private Pension Administrator's fee	4	109,275	89,372
Trustee's fee	5	109,275	89,372
Audit fee		10,500	11,000
Tax agent's fee		4,000	1,000
Other expenses		<u>1,972</u>	<u>4,565</u>
		<u>235,022</u>	<u>195,309</u>
PROFIT/(LOSS) BEFORE TAXATION		18,903,134	(22,072,733)
Taxation	6	<u>(4,653)</u>	<u>-</u>
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO MEMBERS		<u>18,898,481</u>	<u>(22,072,733)</u>
Increase/(Decrease) in net assets attributable to members is made up as follows:			
Realised amount		9,915,924	5,226,287
Unrealised amount		<u>8,982,557</u>	<u>(27,299,020)</u>
		<u>18,898,481</u>	<u>(22,072,733)</u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2020**

	Note	2020 RM	2019 RM
ASSETS			
Cash and cash equivalents	8	2,108,302	1,256,643
Financial assets at fair value through profit or loss	7	297,488,095	247,619,939
Amount due from the PRS Provider			
- Creation of units		231,750	394,321
Tax recoverable		-	4,653
TOTAL ASSETS		299,828,147	249,275,556
LIABILITIES			
Amount due to the PRS Provider			
- Cancellation of units		177,067	145,231
- Purchase of collective investment scheme		600,000	-
Amount due to Private Pension Administrator		10,490	8,185
Amount due to Trustee		10,490	8,185
Other payables and accruals		12,700	13,300
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO MEMBERS)		810,747	174,901
NET ASSET VALUE OF THE FUND		299,017,400	249,100,655
NET ASSETS ATTRIBUTABLE TO MEMBERS		299,017,400	249,100,655
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS			
- CLASS A		208,052,268	179,909,731
- CLASS C		67,540,916	51,658,768
- CLASS X		23,424,216	17,532,156
		299,017,400	249,100,655
NUMBER OF UNITS IN CIRCULATION (UNITS)			
- CLASS A		200,079,342	186,150,148
- CLASS C		64,951,023	53,448,882
- CLASS X		22,525,223	18,138,961
	9	287,555,588	257,737,991
NET ASSET VALUE PER UNIT (RM)			
- CLASS A		1.0398	0.9664
- CLASS C		1.0398	0.9665
- CLASS X		1.0399	0.9665

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

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO MEMBERS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2020**

	2020	2019
	RM	RM
NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE BEGINNING OF THE FINANCIAL YEAR	249,100,655	218,332,036
Movement due to units created and cancelled during the financial year:		
Creation of units from applications		
- Class A	35,337,068	43,277,343
- Class C	17,140,546	19,412,586
- Class X	4,880,421	4,819,978
	<u>57,358,035</u>	<u>67,509,907</u>
Cancellation of units		
- Class A	(20,859,667)	(13,025,628)
- Class C	(5,109,627)	(1,091,603)
- Class X	(370,477)	(551,324)
	<u>(26,339,771)</u>	<u>(14,668,555)</u>
Increase/(Decrease) in net assets attributable to members during the financial year	<u>18,898,481</u>	<u>(22,072,733)</u>
NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE END OF THE FINANCIAL YEAR	<u><u>299,017,400</u></u>	<u><u>249,100,655</u></u>

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2020**

	Note	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from disposal of collective investment scheme		10,250,000	140,000
Purchase of collective investment scheme		(40,380,000)	(52,400,000)
Private Pension Administrator's fee paid		(106,970)	(88,534)
Trustee's fee paid		(106,970)	(88,534)
Payment for other fees and expenses		(17,072)	(21,001)
Net cash used in operating activities		<u>(30,361,012)</u>	<u>(52,458,069)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		57,520,606	67,911,529
Payments for cancellation of units		(26,307,935)	(14,609,393)
Net cash generated from financing activities		<u>31,212,671</u>	<u>53,302,136</u>
Net increase in cash and cash equivalents		851,659	844,067
Cash and cash equivalents at the beginning of the financial year		<u>1,256,643</u>	<u>412,576</u>
Cash and cash equivalents at the end of the financial year	8	<u><u>2,108,302</u></u>	<u><u>1,256,643</u></u>
<u>Cash and cash equivalents comprised of:</u>			
Bank balance		<u>2,108,302</u>	<u>1,256,643</u>
Cash and cash equivalents at the end of the financial year	8	<u><u>2,108,302</u></u>	<u><u>1,256,643</u></u>

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 2020**

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

CIMB-Principal PRS Plus Asia Pacific Ex Japan Equity (the “Fund”) is governed by a Deed dated 8 November 2012, a First Supplemental Deed dated 2 January 2014 and a Second Supplemental Deed dated 25 November 2014 (collectively referred to as the “Deeds”) made between Principal Asset Management Berhad (*formerly known as CIMB-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, Class A and Class C are for Members who have attained 18 years of age as of the date of opening a private pension account. Class A and C have different management fee. Class X is for members who participate via respective employers and is subject to a minimum of 200 participating employees per employer or 50 participating employees under payroll deduction per employer.

The Fund will invest at least 95% of its NAV in the Target Fund, a Malaysian-domiciled fund established on 25 April 2011, which invests in the Asia Pacific ex Japan region. The Fund will also maintain up to a maximum of 5% of its NAV in liquid assets.

All investments are subjected to the Securities Commission Malaysia (“SC”) on Private Retirement Schemes (“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 and IFRS.

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

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.

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(j).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

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

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

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

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 February 2019 that have a material effect on the financial statements of the Fund.

There are no applicable standard, amendments to standards or interpretations that are effective for annual periods beginning on/after 1 February 2020 to the financial statement of the Fund.

(b) Financial assets and financial liabilities

Classification

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

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

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

Investment in collective investment scheme is debt instrument with contractual cash flow that do not represent solely payment of principal and interest and therefore is classified as fair value through profit or loss.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities

Classification (continued)

The Fund classifies amount due to the PRS Provider and other payables and accruals as other financial liabilities as financial liabilities subsequently 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.

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

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

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

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

Collective investment scheme is valued based on the most recent published NAV per unit or share of such collective investment scheme or, if unavailable, on the last published price of such unit or share (excluding any sales charge included in such selling price).

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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Definition of default and credit-impaired financial assets

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

Write-off

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

(c) Income recognition

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

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

(d) Functional and presentation currency

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

(e) 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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Increase/Decrease in net assets attributable to members

Income not distributed is included in net assets attributable to members.

(g) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balance 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 year.

(i) Realised and unrealised portions of increase/decrease in net assets attributable to members

The analysis of realised and unrealised increase/decrease in net assets attributable to members as presented on the statement of comprehensive income is prepared in accordance with SC Guidelines on PRS.

(j) 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.

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.

However, the PRS Provider is of the opinion that there are no accounting policies which require significant judgement to be exercised.

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 amortised at cost RM	Total RM
2020			
Cash and cash equivalents (Note 8)	-	2,108,302	2,108,302
Collective investment scheme (Note 7)	297,488,095	-	297,488,095
Amount due from the PRS Provider - Creation of units	-	231,750	231,750
	<u>297,488,095</u>	<u>2,340,052</u>	<u>299,828,147</u>
2019			
Cash and cash equivalents (Note 8)	-	1,256,643	1,256,643
Collective investment scheme (Note 7)	247,619,939	-	247,619,939
Amount due from the PRS Provider - Creation of units	-	394,321	394,321
	<u>247,619,939</u>	<u>1,650,964</u>	<u>249,270,903</u>

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

The investment objective of the Fund is to provide capital growth over the long-term by investing in a Target Fund with investments in the Asia Pacific ex Japan region.

The Fund is exposed to a variety of risks which include market risk (inclusive of price 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 will fluctuate because of changes in market prices. The value of investment 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 collective investment scheme and other financial instruments within specified limits according to the Deeds.

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

(a) Market risk (continued)

(i) Price risk (continued)

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

	2020	2019
	RM	RM
Financial assets at fair value through profit or loss:		
- Collective investment scheme	<u>297,488,095</u>	<u>247,619,939</u>

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

% Change in price of collective investment scheme	Market value RM	Impact on profit or loss/NAV RM
2020		
-5%	282,613,690	(14,874,405)
0%	297,488,095	-
+5%	<u>312,362,500</u>	<u>14,874,405</u>
2019		
-5%	235,238,942	(12,380,997)
0%	247,619,939	-
+5%	<u>260,000,936</u>	<u>12,380,997</u>

(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.

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

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

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:

	Cash and cash equivalents RM	Amount due from the PRS Provider RM	Total RM
2020			
- AA1	2,108,302	-	2,108,302
- Not Rated	-	231,750	231,750
	<u>2,108,302</u>	<u>231,750</u>	<u>2,340,052</u>
2019			
- AA1	1,256,643	-	1,256,643
- Not Rated	-	394,321	394,321
	<u>1,256,643</u>	<u>394,321</u>	<u>1,650,964</u>

(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 other instruments, which are capable of being converted into cash within 7 business days. The Fund's investments in collective investment scheme are realisable which are capable of being converted into cash within 10 business days. This is expected to reduce the risk for the entire portfolio without limiting to the Fund's growth potential.

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
2020			
Amount due to the PRS Provider			
- Cancellation of units	177,067	-	177,067
- Purchase of collective investment scheme	600,000	-	600,000
Amount due to Private Pension Administrator	10,490	-	10,490
Amount due to Trustee	10,490	-	10,490
Other payables and accruals	-	12,700	12,700
Net assets attributable to members*	<u>299,017,400</u>	-	<u>299,017,400</u>
Contractual undiscounted cash flows	<u>299,815,447</u>	<u>12,700</u>	<u>299,828,147</u>

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

(c) Liquidity risk (continued)

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
2019			
Amount due to the PRS Provider			
- Cancellation of units	145,231	-	145,231
Amount due to Private Pension Administrator	8,185	-	8,185
Amount due to Trustee	8,185	-	8,185
Other payables and accruals	-	13,300	13,300
Net assets attributable to members*	<u>249,100,655</u>	<u>-</u>	<u>249,100,655</u>
Contractual undiscounted cash flows	<u><u>249,262,256</u></u>	<u><u>13,300</u></u>	<u><u>249,275,556</u></u>

* 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 to long term.

(d) Capital risk management

The capital of the Fund is represented by net assets attributable to members of RM299,017,400 (2019: RM249,100,655). The amount of net assets attributable to members can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of the 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 the 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 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.

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

(e) Fair value estimation (continued)

(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.

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2020				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	<u>297,488,095</u>	<u>-</u>	<u>-</u>	<u>297,488,095</u>
2019				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	<u>247,619,939</u>	<u>-</u>	<u>-</u>	<u>247,619,939</u>

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

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

(ii) The carrying values of cash and cash equivalents, amount due from the PRS Provider, 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'S 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 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 as the management fee has been waived by the PRS Provider.

The Private Pension Administrator's fee is recognised at a rate of 0.04% per annum (2019: 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's fee other than the amount recognised above.

5. TRUSTEE'S 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's fee includes local custodian fees and charges but excludes foreign custodian fees.

For the financial year ended 31 January 2020, the Trustee's fee is recognised at a rate of 0.04% per annum (2019: 0.04% per annum) for each unit class.

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

6. TAXATION

	2020	2019
	RM	RM
Tax charged for the financial year:		
- Current taxation	-	-
- Under provision of prior year's tax	4,653	-
	<u>4,653</u>	<u>-</u>

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

	2020	2019
	RM	RM
Profit/(Loss) before taxation	<u>18,903,134</u>	<u>(22,072,733)</u>
Taxation at Malaysian statutory rate of 24% (2019: 24%)	4,536,752	(5,297,456)
Tax effects of:		
- (Income not subject to tax)/Loss not deductible for tax purpose	(4,593,157)	5,250,582
- Expenses not deductible for tax purposes	53,711	44,074
- Restriction on tax deductible expenses for PRS Funds	2,694	2,800
- Under provision of prior year's tax	4,653	-
Taxation	<u>4,653</u>	<u>-</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020	2019
	RM	RM
Financial assets at fair value through profit or loss:		
- Collective investment scheme	<u>297,488,095</u>	<u>247,619,939</u>
Net gain/(loss) on financial assets at fair value through profit or loss:		
- Realised gain on disposals	1,185,015	16,769
- Unrealised fair value gain/(loss)	8,982,557	(27,299,020)
	<u>10,167,572</u>	<u>(27,282,251)</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 %
2020				
COLLECTIVE INVESTMENT SCHEME				
Principal Asia Pacific Dynamic Income Fund <i>(formerly known as CIMB- Principal Asia Pacific Dynamic Income Fund)</i>	<u>822,017,395</u>	<u>271,308,062</u>	<u>297,488,095</u>	<u>99.49</u>
TOTAL COLLECTIVE INVESTMENT SCHEME	<u>822,017,395</u>	<u>271,308,062</u>	<u>297,488,095</u>	<u>99.49</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>26,180,033</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>297,488,095</u>		
2019				
COLLECTIVE INVESTMENT SCHEME				
CIMB-Principal Asia Pacific Dynamic Income Fund	<u>714,013,666</u>	<u>230,422,463</u>	<u>247,619,939</u>	<u>99.41</u>
TOTAL COLLECTIVE INVESTMENT SCHEME	<u>714,013,666</u>	<u>230,422,463</u>	<u>247,619,939</u>	<u>99.41</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>17,197,476</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>247,619,939</u>		

8. CASH AND CASH EQUIVALENTS

	2020	2019
	RM	RM
Bank balance	<u>2,108,302</u>	<u>1,256,643</u>

9. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2020	2019
	No. of units	No. of units
Class A (i)	200,079,342	186,150,148
Class C (ii)	64,951,023	53,448,882
Class X (iii)	<u>22,525,223</u>	<u>18,138,961</u>
	<u>287,555,588</u>	<u>257,737,991</u>

(i) Class A

	2020	2019
	No. of units	No. of units
At the beginning of the financial year	186,150,148	154,782,603
Add : Creation of units from applications	34,129,253	44,411,669
Less: Cancellation of units	<u>(20,200,059)</u>	<u>(13,044,124)</u>
At the end of the financial year	<u>200,079,342</u>	<u>186,150,148</u>

(ii) Class C

	2020	2019
	No. of units	No. of units
At the beginning of the financial year	53,448,882	34,976,638
Add : Creation of units from applications	16,412,732	19,585,019
Less: Cancellation of units	<u>(4,910,591)</u>	<u>(1,112,775)</u>
At the end of the financial year	<u>64,951,023</u>	<u>53,448,882</u>

(iii) Class X

	2020	2019
	No. of units	No. of units
At the beginning of the financial year	18,138,961	13,793,125
Add : Creation of units from applications	4,744,468	4,894,962
Less: Cancellation of units	<u>(358,206)</u>	<u>(549,126)</u>
At the end of the financial year	<u>22,525,223</u>	<u>18,138,961</u>

10. MANAGEMENT EXPENSE RATIO (“MER”)

	2020	2019
	%	%
MER	<u>0.09</u>	<u>0.09</u>

MER is derived from the following calculation:

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

- A = Private Pension Administrator's fee
- B = Trustee's Fee
- C = Audit fee
- D = Tax agent's fee
- E = Other expenses
- F = 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 RM273,427,965 (2019: RM223,579,982).

11. PORTFOLIO TURNOVER RATIO (“PTR”)

	2020	2019
PTR (times)	<u>0.09</u>	<u>0.12</u>

PTR is derived based on the following calculation:

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

where:

- total acquisition for the financial year = RM40,980,000 (2019: RM51,900,000)
- total disposal for the financial year = RM10,250,000 (2019: RM140,000)

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 Bhd (<i>formerly known as CIMB-Principal Asset Management Bhd</i>)	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 shareholder of 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 each financial year.

In addition to related party disclosures 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.

	2020 RM	2019 RM
<u>Significant related party transactions</u>		
Dividend income from collective investment scheme managed by the PRS Provider	<u>8,970,584</u>	<u>5,404,827</u>
Purchase of collective investment scheme:		
- Principal Asset Management Bhd (<i>formerly known as CIMB-Principal Asset Management Bhd</i>)	<u>40,980,000</u>	<u>51,900,000</u>
Disposal of collective investment scheme:		
- Principal Asset Management Bhd (<i>formerly known as CIMB-Principal Asset Management Bhd</i>)	<u>10,250,000</u>	<u>140,000</u>

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

Units held by the PRS Provider and parties related to the PRS Provider (continued)

	2020	2019
	RM	RM
<u>Significant related party balances</u>		
Collective investment scheme managed by the PRS Provider:		
- Principal Asia Pacific Dynamic Income Fund (formerly known as CIMB-Principal Asia Pacific Dynamic Income Fund)	<u>297,488,095</u>	<u>247,619,939</u>

13. TRANSACTIONS WITH BROKERS/DEALERS

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

Brokers/Dealers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
Principal Asset Management Bhd (formerly known as CIMB-Principal Asset Management Bhd) #	<u>51,230,000</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

Details of transactions with the brokers/dealers for the financial year ended 31 January 2019 are as follows:

Brokers/Dealers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
Principal Asset Management Bhd (formerly known as CIMB-Principal Asset Management Bhd) #	<u>52,040,000</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

Included in the transactions are trades conducted with Principal Asset Management Bhd (formerly known as CIMB-Principal Asset Management Bhd), the PRS Provider, amounting to RM51,230,000 (2019: RM52,040,000). 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. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the PRS Provider on 23 March 2019.

DIRECTORY

Head Office of the PRS Provider

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