

# CIMB Principal PRS Plus Conservative

Annual Report

For The Financial Year Ended 31 January 2020

**CIMB-PRINCIPAL PRS PLUS CONSERVATIVE  
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.

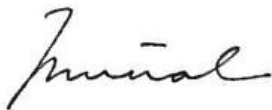
Around the world, Principal manages USD735.3 billion in assets and across Southeast Asia, we manage RM88.1 billion (as of December 2019). We're uniquely positioned to help you with global and local insights and offer a wide portfolio of fixed income and equity solutions. We're focusing our investment 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](http://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 Members with capital preservation\* through investment primarily in fixed income instruments.

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

#### Has the Fund achieved its objective?

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

#### What are the Fund investment policy and principal investment strategy?

The Fund aims to invest in a diversified portfolio of primarily fixed income instruments with some exposure in equities.

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 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.

#### Fund category/type

Core (Conservative)

#### When was the Fund launched?

12 November 2012

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

RM37.34 million (57.76 million units)

#### What is the Fund's benchmark?

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

**Note:** The 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:

	<b>31.01.2020</b>	<b>31.01.2019</b>	<b>31.01.2018</b>
	%	%	%
Quoted securities			
- Construction	1.23	-	-
- Consumer Products	-	-	0.75
- Consumer Products & Services	-	2.06	-
- Energy	2.30	1.07	-
- Finance	-	-	4.94
- Financial Services	2.66	4.84	-
- Health Care	1.25	0.71	-
- Industrials	-	-	1.24
- Industrial Products & Services	1.57	0.98	-
- Infrastructure Project Companies ("IPC")	-	-	0.28
- Plantation	1.05	0.57	1.48
- Properties	-	-	0.27
- Property	0.21	-	-
- Real Estate Investment Trusts ("REITs")	1.01	2.53	-
- Technology	2.04	1.54	0.24
- Telecommunications & Media	0.34	0.39	-
- Trading/Services	-	-	9.30
- Transportation & Logistics	2.20	1.59	-
- Utilities	2.00	1.21	-
Unquoted fixed income securities	81.61	81.26	80.44
Cash and other net assets	0.53	1.25	1.06
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

Note: Effective 24 September 2018, Bursa Malaysia has changed its sectorial index and classification.

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

	<b>31.01.2020</b>	<b>31.01.2019</b>	<b>31.01.2018</b>
NAV (RM Million)			
- Class A	29.04	21.30	18.25
- Class C	1.58	0.99	0.32
- Class X	6.72	4.68	3.24
Units in circulation (Million)			
- Class A	44.92	34.74	30.44
- Class C	2.44	1.61	0.53
- Class X	10.40	7.63	5.40
NAV per unit (RM)			
- Class A	0.6465	0.6132	0.5995
- Class C	0.6458	0.6132	0.5997
- Class X	0.6465	0.6132	0.5995

**PERFORMANCE DATA (CONTINUED)**

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

	<b>31.01.2020</b>	<b>31.01.2019</b>	<b>31.01.2018</b>
Highest NAV per unit (RM)			
- Class A	0.6515	0.6182	0.6003
- Class C	0.6509	0.6184	0.6005
- Class X	0.6515	0.6182	0.6003
Lowest NAV per unit (RM)			
- Class A	0.6133	0.5945	0.5671
- Class C	0.6133	0.5947	0.5673
- Class X	0.6134	0.5945	0.5672
Total return (%)			
- Class A	5.41	2.28	5.56
- Class C	5.32	2.25	5.56
- Class X	5.40	2.28	5.58
Capital growth (%)			
- Class A	5.41	2.28	5.56
- Class C	5.32	2.25	5.56
- Class X	5.40	2.28	5.58
Income distribution (%)			
- Class A	-	-	-
- Class C	-	-	-
- Class X	-	-	-
Management Expense Ratio ("MER") (%) ^	1.56	0.49	0.21
Portfolio Turnover Ratio ("PTR") (times) #	0.57	0.58	1.34

^ The Fund's MER increased from 0.49% to 1.56% mainly due to the increase in expenses during the financial year under review.

# The Fund's PTR decreased slightly from 0.58 times to 0.57 times mainly due to the increase in average NAV during the financial period under review.

	<b>31.01.2020</b>	<b>31.01.2019</b>	<b>31.01.2018</b>	<b>31.01.2017</b>	<b>31.01.2016</b>
	%	%	%	%	%
Annual total return					
- Class A	5.41	2.28	5.56	4.09	2.23
- Class C	5.32	2.25	5.56	4.08	2.23
- Class X	5.40	2.28	5.58	4.07	2.23

(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)****Fixed Income**

During the financial year under review, Bank Negara Malaysia (“BNM”) lowered the Overnight Policy Rate (“OPR”) by a total of 50 basis points (“bps”). On 7 May 2019, BNM lowered the OPR by 25 bps to 3.00% as widely anticipated by the market. The adjustment to the OPR was a pre-emptive move by the Central Bank to preserve the degree of monetary accommodativeness in the country. Following the OPR cut in May 2019, the rates remained flat at 3.00% for the rest of 2019. The next OPR cut was at the Monetary Policy Committee’s (“MPC”) first meeting in January 2020. This cut by the Central Bank came as a surprise to most. In its statement, BNM stated that the adjustment to the OPR is a pre-emptive measure to secure the improving growth trajectory amid price stability. They also mentioned that despite the dissipation of trade tensions pointing towards improving global trade activity as well as monetary easing across major economies helping to ease financial conditions, the downside risks continue to remain on the back of geopolitical tensions and policy uncertainties in some countries.

In the second month of 2019, the Consumer Price Index (“CPI”) declined by -0.4% year-on-year (“y-o-y”). It continued to rise at a slow pace of 0.2% y-o-y in the following months of March 2019, April 2019 and May 2019. In the following three months of June 2019, July 2019 and August 2019, it inched higher by rising 1.50%, 1.40% and 1.50% y-o-y respectively, on the back of the low base seen in the prior year due to the zerorisation of Goods and Services Tax (“GST”) in prior year 2018. In September 2019 and October 2019, it eased slightly to 1.1% y-o-y for two consecutive months. It continued to ease further in the month of November 2019 as it grew only 0.9% y-o-y as food and beverages and transport component prices weakened. The CPI for the month December 2019 was up by 1% y-o-y, bringing in full year inflation for 2019 at 0.7%.

The local bond market saw some volatility following the announcement made by FTSE Russell to place Malaysia in their Watch List in the month of April 2019. In the month of September 2019, the Index provider announced that Malaysia would continue to be on the Watch List up until the next review in March 2020. As for now, Malaysia continues to be in the Index provider’s World Government Bond Index (“WGBI”). In the month of May 2019, the Central Bank announced measures to boost bond market accessibility, likely in response to the action taken by the Index provider. The measures include boosting repo market liquidity and flexibility and enhancing the delivery mechanism for settlement of government securities futures contracts. The local bond market also saw a mild boost following the Central Bank’s recent announcement in early November 2019 whereby they cut the Statutory Reserve Requirement (“SRR”) ratio to 3% from 3.5% to enhance liquidity in the domestic financial system. The 10-year MGS began the year at 4.10% and ended the year at 3.32%. Government bond yields across all tenors moved lower by 32 bps to 93 bps in 2019. Following the rate cut seen in January 2020, the yields on all the Malaysian government bonds (“govvies”) went down between 15 bps to 25 bps with the longer tenures moving the most. Yields continued to move lower at the end of January 2020 as investors across all markets became rattled by the new 2019 COVID-19 which was first identified in Wuhan, Hubei province, China.

Meanwhile, the country’s economy expanded by 4.4% in the third quarter of 2019, slower than the 4.9% growth recorded in the second quarter of 2019 and the 4.5% growth seen in the first quarter of 2019. We saw the fourth quarter of 2019 Gross Domestic Product (“GDP”) coming in at a low of 3.6% due to the weaker manufacturing and agriculture sectors. According to the Statistics Department, GDP expanded at 4.3% in 2019 which was slower than the 4.7% in 2018. The growth in 2019 was the weakest since 2009.



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

For the financial year under review, sentiment in the local bourse was lifted by announcement made the Communications and Multimedia Minister, which indicated there will not be further reductions in high speed broadband prices in 2019 and Fitch re-affirmed Malaysia's sovereign rating. For the first quarter of 2019 earnings season, plantation, technology, aviation and basic materials were the major disappointments while positive results came from automotive, construction, telecommunications companies and utilities. While the moderation in the first quarter of 2019 GDP growth of 4.5% was shallower than street expectation, growth drivers going forward are weak given the escalating trade tension between the US and its major trading partners, and slowing private investments due to dampened sentiment. Freshly out May 2019 Purchasing Managers' Index ("PMI") numbers (48.8 versus 49.4 in April 2019) for Malaysia showed further weakening in external demand.

Domestically, the underwhelming second quarter of 2019 earnings season and sell-down of Genting Berhad ("GENT") and Genting Malaysia Berhad ("GENM") following a related party transaction ("RPT") proposal also led to the decline in the Benchmark Index. Second quarter of 2019 earnings season was a major disappointment as reflected by further negative earnings revision leading to a much higher earnings contraction of 7.2% in 2019 (versus 4.5% a month ago). To counter the growth slowdown, BNM has preemptively slashed OPR by 25 bps in May 2019 to 3%. With benign inflation (median forecast 1.1% in 2019), BNM has further room to cut its OPR should the need arise.

Come September 2019, the breakdown in Axiata Group Bhd and Norway's Telenor SA ("Axiata-Telenor") merger talks was a dampener on the Benchmark Index but was moderated by export-oriented sectors such as tech and glove have generally posted gains on the back of weaker Ringgit Malaysia ("RM") and seasonal uptick in volume loading for selected tech stocks. Besides these, oil and gas sector has also gained on the back of higher crude oil prices.

Budget 2020, which was announced on 11 October 2019, positively as the Government focuses on reinventing Malaysia in the digital space over the medium term by attracting foreign and domestic investments. Various tax incentives have been proposed to attract these investments which are expected to create high-paying jobs, especially those in the manufacturing and technology sectors. In view of the need to spur the domestic economy amid external challenges, the Federal Government has also lowered its fiscal deficit target to 3.2% versus 3.0% earlier. This raises the prospect for resumption of infrastructure spending by the government with the resumption of mega projects under review such as East Coast Rail Link ("ECRL") and Pan Borneo Highway. Another positive is the absence of another special dividend from Petronas which is a boost to its capital expenditure ("capex") plan in 2020, a clear re-rating catalyst for the domestic oil and gas service providers

The fourth quarter of 2019 GDP growth came in below expectation at +3.6% versus +4.1% consensus. For the full year, GDP growth came in at 4.3% versus 4.5% consensus. This is the weakest quarterly growth in 10 years (since the third quarter of 2009). While private consumption continues to underpin broad economic growth, overall growth was dragged by contraction in exports and public sector investment. By economy activity, the drag was mainly attributed to contraction in the mining and agriculture sectors due to commodity supply disruption. Note that we are not particularly concerned with the volume contraction in these two sectors as we expect the supply disruption in the domestic oil and gas sector to normalise in due course while lower crude palm oil production is being offset by significant rebound in prices. In fact, we are positive on the earnings growth outlook for the oil and gas, and plantation sectors going into 2020. That said, the COVID-19 outbreak in the first quarter of 2020 is expected to dampen consumption and sentiment although its severity remains uncertain as it is dependent on the duration and intensity of the outbreak. While BNM has taken the pre-emptive measure to cut the OPR by 25 bps to 2.7% in January 2020, we do not rule out another potential cut in the first half of 2020 as the Central Bank has ample headroom to do so given the benign inflationary outlook.

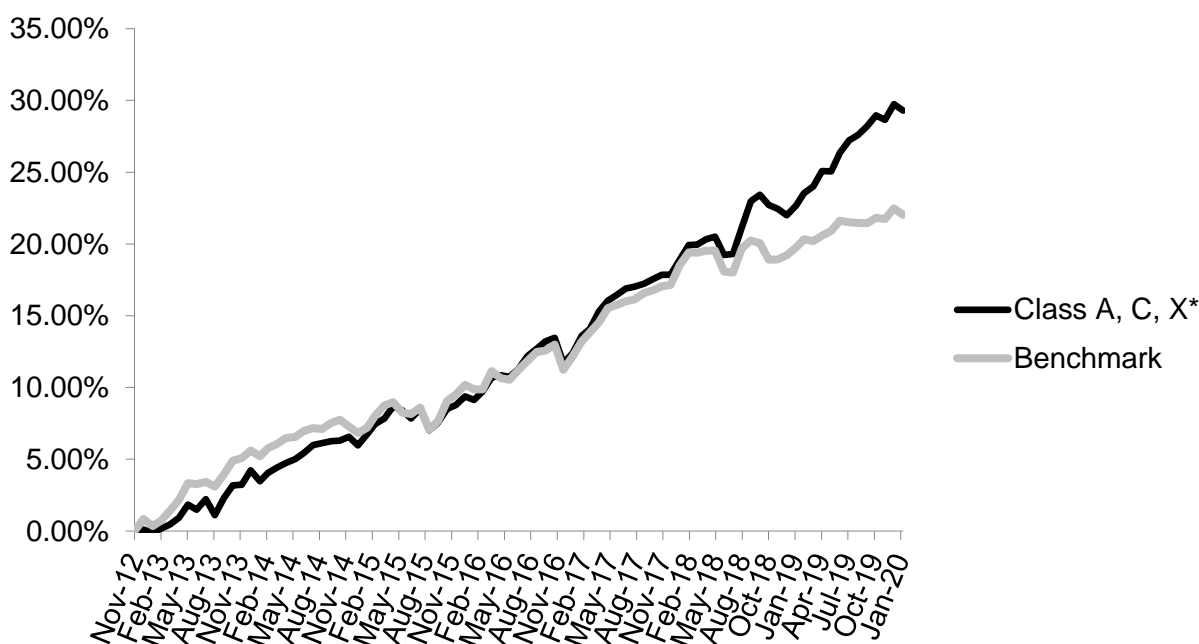
FUND PERFORMANCE

	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	5.41	5.32	5.40	13.82	13.67	13.82
Total Return	5.41	5.32	5.40	13.82	13.67	13.82
Benchmark	1.90	1.90	1.90	7.81	7.81	7.81
Average Total Return	5.41	5.32	5.40	4.41	4.36	4.41

	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	21.11	20.96	21.09	29.30	29.18	29.30
Total Return	21.11	20.96	21.09	29.30	29.18	29.30
Benchmark	13.49	13.49	13.49	22.03	22.03	22.03
Average Total Return	3.91	3.88	3.90	3.62	3.61	3.62

For the financial year under review, total return of Class A, Class C and Class X gained by 5.41%, 5.32% and 5.40% respectively. Meanwhile, the benchmark's return was 1.90% for the same reporting period. The Fund has outperformed its benchmark since inception to 31 January 2020 by 7.27% for Class A and Class X, 7.15% for Class C respectively.

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**

**CLASS A**

	<b>31.01.2020</b>	<b>31.01.2019</b>	<b>Changes %</b>
NAV (RM Million)	29.04	21.30	36.34
NAV/Unit (RM)	0.6465	0.6132	5.43

**CLASS C**

	<b>31.01.2020</b>	<b>31.01.2019</b>	<b>Changes %</b>
NAV (RM Million)	1.58	0.99	59.60
NAV/Unit (RM)	0.6458	0.6132	5.32

**CLASS X**

	<b>31.01.2020</b>	<b>31.01.2019</b>	<b>Changes %</b>
NAV (RM Million)	6.72	4.68	43.59
NAV/Unit (RM)	0.6465	0.6132	5.43

The Fund recorded positive net inflow from unit creations over the financial year under review for all the three classes, especially Class C and Class X. Class A's NAV remained the largest for the Fund as it stood at RM29.04 million at the end of the reporting year.

For the 1-year period, the Fund ranked 7<sup>th</sup> in Quartile 2 under the Mixed Asset MYR Conservative category in the Lipper rankings.

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

**PORTFOLIO STRUCTURE**

**Asset allocation**

<b>(% of NAV)</b>	<b>31.01.2020</b>	<b>31.01.2019</b>
Quoted securities	17.86	17.49
Unquoted fixed income securities	81.61	81.26
Cash and other net assets	0.53	1.25
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

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

**MARKET OUTLOOK\*****Fixed Income**

The Malaysian Government on Monday (16 March 2020) night announced measures to contain the spread of the COVID-19. The number of confirmed cases accelerated over the last few days – with 790 confirmed cases as of writing compared with less than 50 cases two weeks ago. Movement control is akin to enforced social distancing. The end game is to allow the epidemic curve to flatten. The countries that have achieved a flattening are China, Taiwan, Singapore, South Korea and Hong Kong. Malaysia has borrowed a page from these countries on their containment policies. The containment policy would have a drag effect on domestic economic activities especially consumption arising from closure of government and private business premises.

Whilst trade war factors have dissipated currently, it is replaced by the fallout from the COVID-19 outbreak in China and now the rest of the world. BNM has acted swiftly by cutting policy rate by 25 bps twice in January 2020 and March 2020. In addition, BNM highlighted that there is ample room to cut interest rate given the slow economic growth and moderate inflation. At time of report writing, BNM has cut the OPR by 50 bps in total at the MPC meetings held on 22 January 2020 as well as on 3 March 2020. The likelihood of a third rate cut therefore has increased with the timing to be determined by BNM. Nevertheless, should the developed world's efforts to fight COVID-19 be prolonged, the possibility of a fourth OPR cut should not be discounted. To cushion the fallout from the COVID-19 breakout, policymakers have announced a RM20 billions fiscal stimuli that includes: - (1) targeted special relief financing facility for sectors, e.g. hotels and tour operators, negatively affected by COVID-19 outbreak; (2) reduction in employees' contribution to Employees' Provident Fund ("EPF"), which would put money directly into consumers' hands; and (3) front-loading of existing spending such as Bantuan Sara Hidup and other infrastructure projects.

For now, we continue to expect the domestic bond market to remain supported but at time of report writing, we are seeing the bond market being sold off on the back of the plunge in oil prices, regional market rates coming off as well as the weaker RM. Additionally, we highlight the possibility of a negative impact to the country's sovereign credit ratings by the three foreign rating agencies. We were expecting some primary issuances in the first half of 2020 but supply seems fairly limited in this current environment. We expect investors to be watching closely BNM's next move, FTSE Russell's verdict on whether Malaysia will remain on their WGBI index in early April 2020 and the success of the containment measures.

**Local Equity**

After a positive start to the year with net inflows, foreign institutional investors turned net sellers again towards end of January 2020 as the COVID-19 outbreak led to a risk-off sentiment. For the month of January 2020, Malaysia posted a marginal net outflow of USD32.4 million. Positively, after two consecutive years of net outflow, foreign shareholding in Malaysia has declined to 22.3% in December 2019, which is a 13-year low. This suggests that foreign net outflow should ease going forward. This suggests that foreign net outflow should ease going forward. We will monitor on the developments on the COVID-19 and the possible impact to our economy.

The recent by-election loss of the ruling Government will potentially be the catalyst for more market friendly policies going forward. However, we remain watchful as the political and regulatory risks remains elevated. On the other hand, Malaysia is benefitting from trade diversion with the increase in Foreign Direct Investments ("FDIs") flow, but the Government would need to do more to restore business and consumer confidence in order to boost both domestic investment and consumption.

\* 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

**Fixed Income**

As this is a core Fund for the PRS, the Fund will continue to remain fully invested with minimal cash kept for redemption purposes. Our asset allocation decisions will continue to be subject to market conditions.

**Local Equity**

In view of the rising market risk premium, our strategy will be tilting our barbell approach from growth bias to capital preservation bias. We will focus on companies with defensive and high yielding qualities.

## 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	1,566	2.55	5.68
5,001-10,000	971	6.31	14.05
10,001-50,000	1,023	21.83	48.60
50,001-500,000	58	6.85	15.25
500,001 and above	3	7.38	16.42
<b>Total</b>	<b>3,621</b>	<b>44.92</b>	<b>100.00</b>

## CLASS C

Size of unit holdings (units)	No. of members	No. of units held (million)	% of units held
5,000 and below	268	0.61	25.00
5,001-10,000	53	0.39	15.99
10,001-50,000	59	1.08	44.26
50,001-500,000	3	0.36	14.75
500,001 and above	-	-	-
<b>Total</b>	<b>383</b>	<b>2.44</b>	<b>100.00</b>

## CLASS X

Size of unit holdings (units)	No. of members	No. of units held (million)	% of units held
5,000 and below	446	0.51	4.90
5,001-10,000	86	0.58	5.58
10,001-50,000	147	3.40	32.69
50,001-500,000	53	5.91	56.83
500,001 and above	-	-	-
<b>Total</b>	<b>732</b>	<b>10.40</b>	<b>100.00</b>

**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 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  
CIMB-PRINCIPAL PRS PLUS CONSERVATIVE**

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 18 to 50 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 in accordance with the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

For and on behalf of the PRS Provider

**Principal Asset Management Berhad (Company No.: 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 CONSERVATIVE**

We have acted as Trustee for CIMB-Principal PRS Plus Conservative (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 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

**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 CONSERVATIVE**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Our opinion

In our opinion, the financial statements of CIMB-Principal PRS Plus Conservative (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 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, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 18 to 50.

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 CONSERVATIVE (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 is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The 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 CONSERVATIVE (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 CONSERVATIVE (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
<b>INCOME</b>			
Dividend income		171,146	125,121
Interest income from deposits with licensed financial institutions at amortised cost		14,531	7,809
Interest income from unquoted fixed income securities at fair value through profit or loss		1,096,546	843,902
Net gain/(loss) on financial assets at fair value through profit or loss	7	<u>858,202</u>	<u>(293,240)</u>
		<u>2,140,425</u>	<u>683,592</u>
<b>EXPENSES</b>			
Management fee	4	443,350	76,668
Private Pension Administrator's fee	4	12,637	9,431
Trustee's fee	5	12,637	9,431
Audit fee		10,500	8,800
Tax agent's fee		4,000	4,600
Transaction costs		49,365	36,457
Other expenses		<u>10,514</u>	<u>7,464</u>
		<u>543,003</u>	<u>152,851</u>
<b>PROFIT BEFORE TAXATION</b>		1,597,422	530,741
Taxation	6	<u>-</u>	<u>-</u>
<b>INCREASE IN NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<u>1,597,422</u>	<u>530,741</u>
Increase in net assets attributable to members is made up as follows:			
Realised amount		1,178,635	648,794
Unrealised amount		<u>418,787</u>	<u>(118,053)</u>
		<u>1,597,422</u>	<u>530,741</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
<b>ASSETS</b>			
Cash and cash equivalents	8	210,625	88,389
Financial assets at fair value through profit or loss	7	37,144,899	26,632,531
Amount due from the PRS Provider			
- Creation of units		50,406	294,892
Dividends receivable		2	-
Tax recoverable		78	78
<b>TOTAL ASSETS</b>		<u>37,406,010</u>	<u>27,015,890</u>
<b>LIABILITIES</b>			
Amount due to the PRS Provider			
- Management fee		44,479	31,783
- Cancellation of units		32	15
Amount due to Private Pension Administrator		1,267	906
Amount due to Trustee		1,267	906
Other payables and accruals		14,500	14,097
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO MEMBERS)</b>		<u>61,545</u>	<u>47,707</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>37,344,465</u>	<u>26,968,183</u>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<u>37,344,465</u>	<u>26,968,183</u>
<b>REPRESENTED BY:</b>			
<b>FAIR VALUE OF OUTSTANDING UNITS</b>			
- Class A		29,039,758	21,302,699
- Class C		1,579,404	985,986
- Class X		6,725,303	4,679,498
		<u>37,344,465</u>	<u>26,968,183</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>			
- Class A		44,917,280	34,737,767
- Class C		2,445,349	1,607,831
- Class X		10,402,069	7,630,446
	9	<u>57,764,698</u>	<u>43,976,044</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>			
- Class A		0.6465	0.6132
- Class C		0.6458	0.6132
- Class X		<u>0.6465</u>	<u>0.6132</u>

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**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	<u>26,968,183</u>	<u>21,806,409</u>
Movement due to units created and cancelled during the financial year:		
Creation of units from applications		
- Class A	8,781,392	3,859,076
- Class C	897,251	952,524
- Class X	<u>1,888,336</u>	<u>1,527,151</u>
	<u>11,566,979</u>	<u>6,338,751</u>
Cancellation of units		
- Class A	(2,307,169)	(1,239,432)
- Class C	(354,035)	(290,712)
- Class X	<u>(126,915)</u>	<u>(177,574)</u>
	<u>(2,788,119)</u>	<u>(1,707,718)</u>
Increase in net assets attributable to members during the financial year	<u>1,597,422</u>	<u>530,741</u>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE END OF THE FINANCIAL YEAR</b>	<u>37,344,465</u>	<u>26,968,183</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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from disposal of quoted securities		7,444,480	4,990,069
Purchase of quoted securities		(8,998,380)	(5,995,968)
Proceeds from disposal of unquoted fixed income securities		2,809,927	6,401,337
Proceeds from redemption of unquoted fixed income securities		5,950,000	-
Purchase of unquoted fixed income securities		(17,035,366)	(10,570,778)
Interest income received from deposits with licensed financial institutions		14,531	7,809
Interest income received from unquoted fixed income securities		1,234,401	715,072
Dividend income received		156,760	125,455
Management fee paid		(430,654)	(9,268)
Private Pension Administrator's fee paid		(12,275)	(44,885)
Trustee's fee paid		(12,275)	(9,268)
Payments for other fees and expenses		(22,276)	(22,223)
<b>Net cash used in operating activities</b>		<u>(8,901,127)</u>	<u>(4,412,648)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash proceeds from units created		11,811,465	6,108,976
Payments for cancellation of units		(2,788,102)	(1,731,695)
<b>Net cash generated from financing activities</b>		<u>9,023,363</u>	<u>4,377,281</u>
Net increase/(decrease) in cash and cash equivalents		122,236	(35,367)
Cash and cash equivalents at the beginning of the financial year		88,389	123,756
Cash and cash equivalents at the end of the financial year	<b>8</b>	<u>210,625</u>	<u>88,389</u>
<u>Cash and cash equivalents comprised of:</u>			
Deposit with licensed financial institution		190,014	-
Bank balance		20,611	88,389
Cash and cash equivalents at the end of financial year	<b>8</b>	<u>210,625</u>	<u>88,389</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 Conservative (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") 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 the age 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 aims to invest in a diversified portfolio of primarily fixed income instruments with some exposure in equities.

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

The 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.

All investments are subjected to the Securities Commission Malaysia's ("SC") Guidelines 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of preparation (continued)

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

It also requires the PRS Provider to exercise their judgement in the process of applying the Fund's accounting policies. Although these estimates and judgement 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).

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

The Fund has applied the following amendments to published standard for the first time for the financial year 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 standards, amendments to standards or interpretations that are effective for annual periods beginning on/after 1 February 2020 to the financial statements of the Fund.

### (b) Financial assets and financial liabilities

#### Classification

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

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

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

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

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

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

The Fund classifies amount due to the PRS Provider, amount due to Private Pension Administrator, amount due to Trustee, and other payables and accruals as other financial liabilities measured at amortised cost.

Recognition and measurement

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

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

Financial assets are derecognised when the rights to receive cash flows from the 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.

**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 done market price quoted on Bursa Malaysia Securities Bhd (“Bursa Securities”) at the date of the statement of financial position.

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

Unquoted fixed income securities denominated in RM 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(k) for further explanation.

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

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

Impairment for assets carried at amortised costs

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

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

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

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

Interest income from deposits with licensed financial institution and unquoted fixed income securities are recognised on a time proportionate basis using the effective interest rate method on an accrual basis.

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

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

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

**(d) Functional and presentation currency**

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in 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) Increase/Decrease in net assets attributable to members**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(g) Transactions costs**

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

**(h) Cash and cash equivalents**

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

**(i) Taxation**

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

**(j) 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.

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

**Estimate of fair value of unquoted fixed income securities**

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

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

**3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES**

Financial instruments of the Fund are as follows:

	<b>Financial assets at fair value through profit or loss RM</b>	<b>Financial assets at amortised cost RM</b>	<b>Total RM</b>
<b>2020</b>			
Cash and cash equivalents (Note 8)	-	210,625	210,625
Quoted securities (Note 7)	6,668,848	-	6,668,848
Unquoted fixed income securities (Note 7)	30,476,051	-	30,476,051
Amount due from the PRS Provider			
- Creation of units	-	50,406	50,406
Dividends receivable	-	2	2
	<u>37,144,899</u>	<u>261,033</u>	<u>37,045,932</u>
<b>2019</b>			
Cash and cash equivalents (Note 8)	-	88,389	88,389
Quoted securities (Note 7)	4,717,293	-	4,717,293
Unquoted fixed income securities (Note 7)	21,915,238	-	21,915,238
Amount due from the PRS Provider			
- Creation of units	-	294,892	294,892
	<u>26,632,531</u>	<u>383,281</u>	<u>27,015,812</u>

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

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

The Fund is exposed to a variety of risks which include market risk (inclusive of price risk and interest rate risk), credit risk and liquidity risk.

Financial risk management is carried out through internal control process adopted by the PRS Provider and adherence to the investment restrictions as stipulated in the Deeds and SC Guidelines on PRS.

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

(a) Market risk

(i) Price risk

This is the risk that the fair value of the Fund's investment in quoted securities and unquoted fixed income securities will fluctuate because of changes in market prices. The value of investments may fluctuate according to the activities of individual companies, sector and overall political and economic conditions. Such fluctuation may cause the Fund's NAV and prices of units to fall as well as rise, and income produced by the Fund may also fluctuate.

The price risk is managed through diversification and selection of investments and other financial instruments within specified limits according to the Deeds.

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

	2020 RM	2019 RM
Financial assets at fair value through profit or loss:		
- Quoted securities	6,668,848	4,717,293
- Unquoted fixed income securities*	<u>30,476,051</u>	<u>21,915,238</u>
	<u>37,144,899</u>	<u>26,632,531</u>

\* Includes interest receivables of RM371,745 (2019: RM328,058).

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

% Change in price of quoted securities	Market value RM	Impact on profit or loss/NAV RM
<b>2020</b>		
-5%	6,335,406	(333,442)
0%	6,668,848	-
5%	<u>7,002,290</u>	<u>333,442</u>
<b>2019</b>		
-5%	4,481,428	(235,865)
0%	4,717,293	-
5%	<u>4,953,158</u>	<u>235,865</u>

The Fund is exposed to price risk arising from interest rate fluctuation in relation to its investments of RM30,476,051 (2019: RM21,915,238) 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.



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

(a) Market risk (continued)

(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.

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

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

% Change in interest rate	Impact on profit or loss/NAV	
	2020	2019
	RM	RM
+1%	(22,913)	(23,546)
-1%	22,939	23,586

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.

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

(a) Market risk (continued)

(ii) Interest rate risk (continued)

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

	2020	2019
	%	%
Deposit with licensed financial institution	2.75	-

(b) Credit risk

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

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

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

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

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

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:

	Financial assets at fair value through profit or loss RM	Cash and cash equivalents RM	Amount due from the PRS Provider RM	Dividends receivable RM	Total RM
<b>2020</b>					
- AAA	3,862,245	190,014	-	-	4,052,259
- AA1	4,940,027	20,611	-	-	4,960,638
- AA2	7,178,151	-	-	-	7,178,151
- AA3	14,033,547	-	-	-	14,033,547
- A1	358,771	-	-	-	358,771
- A2	103,310	-	-	-	103,310
- Not Rated	-	-	50,406	2	50,408
	<u>30,476,051</u>	<u>210,625</u>	<u>50,406</u>	<u>2</u>	<u>30,737,084</u>
<b>2019</b>					
- AAA	3,778,459	-	-	-	3,778,459
- AA1	2,980,526	88,389	-	-	3,068,915
- AA2	5,868,843	-	-	-	5,868,843
- AA3	9,287,410	-	-	-	9,287,410
- Not Rated	-	-	294,892	-	294,892
	<u>21,915,238</u>	<u>88,389</u>	<u>294,892</u>	<u>-</u>	<u>22,298,519</u>

Deposits with licensed financial institution of the Fund have an average maturity of 3 days (2019: Nil days).

(c) Liquidity risk

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

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

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

(c) Liquidity risk (continued)

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

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
<b>2020</b>			
Amount due to the PRS Provider			
- Management fee	44,479	-	44,479
- Cancellation of units	32	-	32
Amount due to Private Pension Administrator	1,267	-	1,267
Amount due to Trustee	1,267	-	1,267
Other payables and accruals	-	14,500	14,500
Net assets attributable to members*	37,344,465	-	37,344,465
<b>Contractual undiscounted cash flows</b>	<b>37,391,510</b>	<b>14,500</b>	<b>37,406,010</b>
<b>2019</b>			
Amount due to the PRS Provider			
- Management fee	31,783	-	31,783
- Cancellation of units	15	-	15
Amount due to Private Pension Administrator	906	-	906
Amount due to Trustee	906	-	906
Other payables and accruals	-	14,097	14,097
Net assets attributable to members*	26,968,183	-	26,968,183
<b>Contractual undiscounted cash flows</b>	<b>27,001,793</b>	<b>14,097</b>	<b>27,015,890</b>

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

(d) Capital risk management

The capital of the Fund is represented by net assets attributable to members of RM37,344,465 (2019: RM26,968,183). The amount of net assets attributable to member can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of members. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to members and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

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

#### (e) Fair value estimation

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

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

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

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

#### (i) Fair value hierarchy

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

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

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

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

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

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

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>2020</b>				
Financial assets at fair value through profit or loss:				
- Quoted securities	6,668,848	-	-	6,668,848
- Unquoted fixed income securities	-	30,476,051	-	30,476,051
	<u>6,668,848</u>	<u>30,476,051</u>	<u>-</u>	<u>37,144,899</u>
<b>2019</b>				
Financial assets at fair value through profit or loss:				
- Quoted securities	4,717,293	-	-	4,717,293
- Unquoted fixed income securities	-	21,915,238	-	21,915,238
	<u>4,717,293</u>	<u>21,915,238</u>	<u>-</u>	<u>26,632,531</u>

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

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

- (ii) The carrying values of cash and cash equivalents, amount due from the PRS Provider, 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'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 and 31 January 2019, the management fee for the respective classes is recognised at the following rates:

<b>Class A</b>	<b>Class C</b>	<b>Class X</b>
1.40%	1.50%	1.40%

No management fee was charged on the Fund up until 15 November 2018 as the management fee was waived by the PRS Provider. Management fee is charged effective from 16 November 2018.

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 excluding foreign custodian fees (if any).

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**

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

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:

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Profit before taxation	1,597,422	530,741
Taxation at Malaysian statutory rate of 24%	383,381	127,378
Tax effects of:		
- Income not subject to tax	(513,701)	(164,062)
- Expenses not deductible for tax purposes	21,133	34,228
- Restriction on tax deductible expenses for PRS Funds	109,187	2,456
Taxation	-	-

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 RM	2019 RM
At fair value through profit or loss:		
- Quoted securities	6,668,848	4,717,293
- Unquoted fixed income securities	30,476,051	21,915,238
	<u>37,144,899</u>	<u>26,632,531</u>
Net gain/(loss) on financial assets at fair value through profit or loss:		
- Realised gain/(loss) on disposals	448,637	(164,431)
- Unrealised fair value gain/(loss)	409,565	(128,809)
	<u>858,202</u>	<u>(293,240)</u>

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2020</b>				
<b>QUOTED SECURITIES</b>				
<b>Construction</b>				
Gamuda Bhd	46,156	185,974	178,162	0.48
IJM Corporation Bhd	82,800	186,648	175,536	0.47
Kerjaya Prospek Group Bhd	80,000	109,851	106,400	0.28
	<u>208,956</u>	<u>482,473</u>	<u>460,098</u>	<u>1.23</u>
<b>Energy</b>				
Dayang Enterprise Holdings Bhd	60,000	116,509	166,200	0.45
Dialog Group Bhd	50,000	133,655	163,500	0.44
Hibiscus Petroleum Bhd	300,000	288,136	255,000	0.68
Serba Dinamik Holdings Bhd	63,000	129,910	141,750	0.38
Serba Dinamik Holdings Bhd - Warrant	18,000	-	6,030	0.02
Yinson Holdings Bhd	20,000	92,099	124,000	0.33
	<u>511,000</u>	<u>760,309</u>	<u>856,480</u>	<u>2.30</u>
<b>Financial Services</b>				
CIMB Group Holdings Bhd	80,093	419,308	394,858	1.06
Malayan Banking Bhd	38,416	362,866	323,847	0.88
Public Bank Bhd	5,400	120,225	100,440	0.27
RHB Bank Bhd	29,400	169,026	167,286	0.45
	<u>153,309</u>	<u>1,071,425</u>	<u>986,431</u>	<u>2.66</u>
<b>Health Care</b>				
Hartalega Holdings Bhd	35,000	184,246	207,200	0.55
IHH Healthcare Bhd	23,800	123,634	135,660	0.36
Top Glove Corporation Bhd	21,700	101,432	126,945	0.34
	<u>80,500</u>	<u>409,312</u>	<u>469,805</u>	<u>1.25</u>



## 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 %
<b>2020 (CONTINUED) QUOTED SECURITIES (CONTINUED)</b>				
<b>Industrial Products &amp; Services</b>				
Petronas Chemicals Group Bhd	40,000	344,156	247,600	0.66
Press Metal Aluminium Holdings Bhd	70,000	335,497	341,600	0.91
	<u>110,000</u>	<u>679,653</u>	<u>589,200</u>	<u>1.57</u>
<b>Plantation</b>				
Sime Darby Plantation Bhd	<u>77,400</u>	<u>383,602</u>	<u>392,418</u>	<u>1.05</u>
<b>Property</b>				
Sime Darby Property Bhd	<u>100,000</u>	<u>87,630</u>	<u>78,000</u>	<u>0.21</u>
<b>REITs</b>				
Axis REIT	50,000	89,103	89,000	0.24
IGB REIT	150,000	264,049	288,000	0.77
	<u>200,000</u>	<u>353,152</u>	<u>377,000</u>	<u>1.01</u>
<b>Technology</b>				
D&O Green Technologies Bhd	400,000	303,151	318,000	0.85
I-Stone Group Bhd	300,089	52,301	61,518	0.16
Malaysian Pacific Industries Bhd	8,000	88,021	95,200	0.25
Pentamaster Corporation Bhd	59,150	133,738	289,835	0.78
	<u>767,239</u>	<u>577,211</u>	<u>764,553</u>	<u>2.04</u>
<b>Telecommunications &amp; Media</b>				
DiGi.Com Bhd	<u>30,100</u>	<u>149,577</u>	<u>127,323</u>	<u>0.34</u>
<b>Transportation &amp; Logistics</b>				
Malaysia Airports Holdings Bhd	6,000	48,044	40,440	0.11
MISC Bhd	50,000	380,966	384,500	1.03
Westports Holdings Bhd	100,000	400,667	395,000	1.06
	<u>156,000</u>	<u>829,677</u>	<u>819,940</u>	<u>2.20</u>

## 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 %
<b>2020 (CONTINUED) QUOTED SECURITIES (CONTINUED)</b>				
<b>Utilities</b>				
Tenaga Nasional Bhd	60,000	831,423	747,600	2.00
<b>TOTAL QUOTED SECURITIES</b>	<b>2,454,504</b>	<b>6,615,444</b>	<b>6,668,848</b>	<b>17.86</b>
<b>ACCUMULATED UNREALISED GAIN ON QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b>53,404</b>		
<b>ACCUMULATED UNREALISED GAIN ON QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b>6,668,848</b>		

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

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

## 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 %
<b>2019</b>				
<b>QUOTED SECURITIES</b>				
<b>Consumer Products &amp; Services</b>				
Genting Bhd	17,700	155,472	122,838	0.46
Genting Malaysia Bhd	37,800	115,354	124,362	0.46
Petronas Dagangan Bhd	6,900	179,701	182,022	0.67
UMW Holdings Bhd	21,900	113,692	127,896	0.47
	<u>84,300</u>	<u>564,219</u>	<u>557,118</u>	<u>2.06</u>
<b>Energy</b>				
Dialog Group Bhd	55,700	140,851	167,100	0.62
Yinson Holdings Bhd	29,500	117,603	120,950	0.45
	<u>85,200</u>	<u>258,454</u>	<u>288,050</u>	<u>1.07</u>
<b>Financial Services</b>				
AMMB Holdings Bhd	20,500	90,425	92,250	0.34
Bursa Malaysia Bhd	14,000	113,228	102,200	0.38
Hong Leong Bank Bhd	12,200	215,504	251,808	0.93
Malayan Banking Bhd	27,817	262,836	265,374	0.98
Public Bank Bhd	24,000	547,881	594,720	2.21
	<u>98,517</u>	<u>1,229,874</u>	<u>1,306,352</u>	<u>4.84</u>
<b>Health Care</b>				
Hartalega Holdings Bhd	10,800	57,901	58,320	0.22
IHH Healthcare Bhd	23,800	123,634	133,280	0.49
	<u>34,600</u>	<u>181,535</u>	<u>191,600</u>	<u>0.71</u>
<b>Industrial Products &amp; Services</b>				
Petronas Chemicals Group Bhd	31,300	271,246	264,485	0.98

## 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 %
<b>2019 (CONTINUED) QUOTED SECURITIES (CONTINUED)</b>				
<b>Plantation</b>				
Genting Plantations Bhd	5,600	60,032	57,232	0.21
IOI Corporation Bhd	21,100	95,161	98,115	0.36
	<u>26,700</u>	<u>155,193</u>	<u>155,347</u>	<u>0.57</u>
<b>REITs</b>				
IGB REIT	230,000	390,131	409,400	1.52
Sunway REIT	155,100	255,118	271,425	1.01
	<u>385,100</u>	<u>645,249</u>	<u>680,825</u>	<u>2.53</u>
<b>Technology</b>				
Globetronics Technology Bhd	63,300	109,218	121,536	0.45
Inari Amertron Bhd	75,450	172,399	113,175	0.42
Pentamaster Corporation Bhd	30,800	76,191	96,712	0.36
Revenue Group Bhd	51,900	30,901	63,837	0.24
Revenue Group Bhd - Warrant	46,600	-	18,873	0.07
	<u>268,050</u>	<u>388,709</u>	<u>414,133</u>	<u>1.54</u>
<b>Telecommunications &amp; Media</b>				
Axiata Group Bhd	26,531	143,725	106,389	0.39
<b>Transportation &amp; Logistics</b>				
Malaysia Airports Holdings Bhd	8,200	70,426	65,928	0.24
MISC Bhd	35,500	243,673	240,690	0.89
Westports Holdings Bhd	33,300	121,968	123,876	0.46
	<u>77,000</u>	<u>436,067</u>	<u>430,494</u>	<u>1.59</u>
<b>Utilities</b>				
Tenaga Nasional Bhd	25,000	377,276	322,500	1.21

## 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 %
<b>2019 (CONTINUED) QUOTED SECURITIES (CONTINUED)</b>				
<b>TOTAL QUOTED SECURITIES</b>	<b><u>1,142,298</u></b>	<b><u>4,651,547</u></b>	<b><u>4,717,293</u></b>	<b><u>17.49</u></b>
<b>ACCUMULATED UNREALISED GAIN ON QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>65,746</u></b>		
<b>TOTAL QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u><u>4,717,293</u></u></b>		
Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2019 (CONTINUED) UNQUOTED FIXED INCOME SECURITIES</b>				
Bandar Serai Development Sdn Bhd 4.78% 27/10/2020 (AA3)	500,000	509,290	509,711	1.89
Bank Pembangunan Malaysia Bhd 4.28% 02/03/2022 (AAA)	1,000,000	1,013,787	1,014,375	3.76
Bumitama Agri Ltd 5.00% 02/09/2019 (AA3)	2,750,000	2,815,003	2,817,251	10.45
Celcom Networks Sdn Bhd 4.85% 29/08/2022 (AA1)	500,000	512,304	518,139	1.92
Fortune Premiere Sdn Bhd 4.65% 21/12/2022 (AA2)	550,000	552,390	554,230	2.06
Fortune Premiere Sdn Bhd 4.80% 13/03/2023 (AA2)	1,050,000	1,071,236	1,077,262	3.99
Genting Capital 4.42% 08/06/2022 (AAA)	2,000,000	1,998,956	2,000,476	7.42
Imtiaz Sukuk II Bhd 4.58% 27/05/2022 (AA2)	750,000	756,742	760,606	2.82
Perbadanan Kemajuan Negeri Selangor 5.00% 10/08/2021 (AA3)	800,000	823,367	825,623	3.06
Perbadanan Kemajuan Negeri Selangor 5.15% 10/08/2023 (AA3)	1,000,000	1,033,170	1,036,788	3.84

## 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 %
<b>2019 (CONTINUED)</b>				
<b>UNQUOTED FIXED INCOME SECURITIES (CONTINUED)</b>				
RHB Islamic Bank Bhd 4.88% 27/04/2027 (AA3)	200,000	204,431	205,157	0.76
Tanjung Bin Power Sdn Bhd 4.54% 16/08/2019 (AA2)	2,750,000	2,812,041	2,814,187	10.44
Telekom Malaysia Bhd 4.20% 13/09/2021(AAA)	750,000	763,418	763,608	2.83
UEM Edgenta Bhd 4.85% 26/04/2022 (AA3)	3,600,000	3,668,021	3,688,027	13.68
UMW Holding Bhd 4.83% 22/06/2022 (AA2)	200,000	202,588	203,458	0.75
UniTapah Sdn Bhd 5.01% 12/06/2019 (AA1)	450,000	454,479	454,847	1.69
United Growth Bhd 4.73% 21/06/2022 (AA2)	450,000	455,764	459,100	1.70
WCT Holdings Bhd 5.32% 11/5/2022 (AA3)	200,000	203,563	204,853	0.76
YTL Corporation Bhd 4.38% 25/04/2023 (AA1)	2,000,000	2,004,880	2,007,540	7.44
<b>TOTAL UNQUOTED FIXED INCOME SECURITIES</b>	<b>21,500,000</b>	<b>21,855,430</b>	<b>21,915,238</b>	<b>81.26</b>
<b>ACCUMULATED UNREALISED GAIN ON UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
		<b>59,808</b>		
<b>TOTAL UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
		<b>21,915,238</b>		



8. CASH AND CASH EQUIVALENTS

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Deposits with licensed financial institution	190,014	-
Bank balance	20,611	88,389
	<u>210,625</u>	<u>88,389</u>

9. NUMBER OF UNITS IN CIRCULATION (UNITS)

	<b>2020</b>	<b>2019</b>
	<b>No of units</b>	<b>No of units</b>
Class A (i)	44,917,280	34,737,767
Class C (ii)	2,445,349	1,607,831
Class X (iii)	10,402,069	7,630,446
	<u>57,764,698</u>	<u>43,976,044</u>

(i) Class A

	<b>2020</b>	<b>2019</b>
	<b>No of units</b>	<b>No of units</b>
At the beginning of the financial year	34,737,767	30,441,631
Add : Creation of units from applications	13,821,058	6,342,364
Less : Cancellation of units	(3,641,545)	(2,046,228)
At the end of the financial year	<u>44,917,280</u>	<u>34,737,767</u>

(ii) Class C

	<b>2020</b>	<b>2019</b>
	<b>No of units</b>	<b>No of units</b>
At the beginning of the financial year	1,607,831	527,534
Add : Creation of units from applications	1,401,202	1,560,914
Less : Cancellation of units	(563,684)	(480,617)
At the end of the financial year	<u>2,445,349</u>	<u>1,607,831</u>

(iii) Class X

	<b>2020</b>	<b>2019</b>
	<b>No of units</b>	<b>No of units</b>
At the beginning of the financial year	7,630,446	5,402,579
Add : Creation of units from applications	2,971,652	2,520,318
Less : Cancellation of units	(200,029)	(292,451)
At the end of the financial year	<u>10,402,069</u>	<u>7,630,446</u>

**10. MANAGEMENT EXPENSE RATIO (“MER”)**

	<b>2020</b>	<b>2019</b>
	<b>%</b>	<b>%</b>
MER	<u>1.56</u>	<u>0.49</u>

MER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial year calculated on a daily basis is RM31,622,372 (2019: RM23,591,106).

**11. PORTFOLIO TURNOVER RATIO (“PTR”)**

	<b>2020</b>	<b>2019</b>
PTR (times)	<u>0.57</u>	<u>0.58</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 = RM25,878,403 (2019: RM16,365,830)
- total disposal for the financial year = RM10,231,886 (2019: RM11,121,209)

**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 <i>(formerly known as CIMB-Principal Asset Management Berhad)</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 PRS Provider
CGS-CIMB Securities Sdn Bhd	Fellow related party to the PRS Provider
CIMB Bank Bhd	Fellow related party to the PRS Provider
CIMB Investment Bank Bhd	Fellow related party to the PRS Provider

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

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

In addition to the related party disclosure mentioned elsewhere in the financial statements, set out below are other significant related party transactions. The PRS Provider is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties.

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

	2020 RM	2019 RM
<u>Significant related party transactions:</u>		
Dividend income:		
- CIMB Group Holdings Bhd	10,821	12,908
Interest income from deposits with licensed financial institution:		
- CIMB Bank Bhd	544	110
Deposits with licensed financial institution:		
- CIMB Bank Bhd	3,087,000	882,000

There were no related party balances as at the end of the financial year, apart from those mentioned elsewhere in the financial statements.

13. TRANSACTIONS WITH BROKERS/DEALERS

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

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

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

Details of transactions with the top 10 brokers/dealers for the financial year ended 31 January 2019 are as follows:

<b>Brokers/Dealers</b>	<b>Values of trades RM</b>	<b>Percentage of total trades %</b>	<b>Brokerage fees RM</b>	<b>Percentage of total brokerage fees %</b>
RHB Bank Bhd	11,626,145	42.32	-	-
RHB Investment Bank Bhd	4,756,887	17.32	1,680	7.03
Hong Leong Investment Bank Bhd	2,514,602	9.15	3,060	12.81
Affin Hwang Investment Bank Bhd	2,025,105	7.37	4,571	19.13
CIMB Investment Bank Bhd #	1,514,496	5.51	3,431	14.36
J.P. Morgan Securities (Malaysia) Sdn Bhd	1,218,167	4.43	2,741	11.47
Kenanga Investment Bank Bhd	1,195,161	4.35	2,723	11.40
KAF-Seagroatt & Campbell Securities Sdn Bhd	1,088,612	3.97	2,449	10.25
Maybank Investment Bank Bhd	605,020	2.21	1,361	5.70
CLSA Securities (Malaysia) Sdn Bhd	431,266	1.57	748	3.13
Others	494,092	1.80	1,129	4.72
	<u>27,469,553</u>	<u>100.00</u>	<u>23,893</u>	<u>100.00</u>

# Included in the transactions are trades conducted with CGS-CIMB Securities Sdn Bhd, CIMB Bank Bhd and CIMB Investment Bank Bhd, fellow related parties to the PRS provider amounting to RM949,737 (2019: Nil), RM100,200 (2019: Nil), and Nil (2019: RM1,514,496). 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 2020.

## DIRECTORY

### Head Office of the PRS Provider

Principal Asset Management Berhad (Company No.: 304078-K)  
(formerly known as CIMB-Principal Asset Management Berhad)  
10<sup>th</sup> Floor, Bangunan CIMB,  
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### Website

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### E-mail address

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### Customer Care Centre

(03) 7718 3000

### Trustee for the CIMB-Principal PRS Plus Conservative

Deutsche Trustees Malaysia Berhad (Company No.: 763590-H)  
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Tel: (03) 2053 7522  
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### Auditors of the Fund and of the PRS Provider

PricewaterhouseCoopers PLT (Company No.: LLP0014401-LCA & AF 1146)  
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Principal Asset Management Berhad (304078-K)  
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