

# Principal Islamic Deposit Fund

(formerly known as CIMB Islamic Deposit Fund)

Interim Report

For The Six Months Financial Period Ended 31 July 2020

**PRINCIPAL ISLAMIC DEPOSIT FUND**  
*(formerly known as CIMB Islamic Deposit Fund)*

**INTERIM REPORT**

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

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## INVESTORS' LETTER

Dear Valued Investor,

Most of you would have heard investment experts saying that there is no time like the present to invest. I couldn't agree more to this, given that the economic recovery has started to broaden - this is the time that you should remain invested.

Below are some key questions Investors may have, and which we have attempted to answer:

Is there still upside for equities ?

- Yes. 3 stories driving the markets are: central bank liquidity, medical development of Coronavirus 2019 ("COVID-19"), and the US elections.
- The Federal Reserve System (the "Fed") - central bank of the United States will continue to loosen financial conditions and keep stimulus in place even as the economy starts to recover.

Should I remain invested now ?

- Yes. Global stocks have room to rally, backed by positive medical developments, reopening of economies and accommodative monetary policies.
- The Fed announced it will allow target inflation at 2% over time, investors can therefore expect low rates for a longer period, and ultra-low interest rates making it rational for investors to pay more for a given dollar of equity earnings.
- Global stocks have rebounded around 49% since their March lows and credit spreads have narrowed.

Where can investors find yield ?

- Central banks around the world have cut their rates to unprecedented levels to cushion the COVID-19-induced economic slowdown. Accommodative monetary policies also mean rates are set to stay lower for the foreseeable future.
- The Fed has said it is "not even thinking about" raising rates.
- Investors will likely be pushed to search harder for yield, especially in the Asian equities and fixed income space in the medium to long term.

**INVESTORS' LETTER (CONTINUED)**

We're here to help you choose the right investments according to your risk appetite and long-term financial goals. For our:

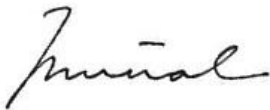
- **Conservative investors, we recommend:** Malaysia focus bond and balanced funds that are income focussed.
- **Moderate investors, we recommend:** Regional Asia-Pacific mixed asset funds.
- **More aggressive investors, we recommend:** Growth-oriented funds that offer exposure to growth areas in China, Asia-Pacific, ASEAN and Malaysian aggressive funds.

Be sure to check out our website ([www.principal.com.my](http://www.principal.com.my)) and Facebook account (@PrincipalAssetMY) regularly for our latest insights and investment articles.

Please be informed that effective 31 December 2019, the Fund has been renamed as Principal Islamic Deposit Fund following the issuance of the Replacement Master Prospectus (Islamic Funds).

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

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



**Munirah Khairuddin**  
Chief Executive Officer

## **MANAGER'S REPORT**

### **FUND OBJECTIVE AND POLICY**

#### **What is the investment objective of the Fund?**

The Fund aims to provide investors with liquidity and regular income, whilst maintaining capital stability by investing primarily in deposits that comply with the Shariah principles.

#### **Has the Fund achieved its objective?**

For the financial period under review, the Fund is in line with its stated objectives.

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

The Fund seeks to achieve its objective by investing at least 95% of the Fund's Net Asset Value ("NAV") in Islamic Deposits, which have a remaining maturity period of less than 365 days. Up to 5% of the Fund's NAV may be maintained in cash. The investment policy is to invest in liquid and low risk short-term investments for capital preservation\*.

The Fund will be actively managed with frequency that will depend on the market conditions and market outlook to provide liquidity and to accommodate the short-term cash flow requirements of its Unit holders.

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

The asset allocation strategy for this Fund is as follows:

- at least 95 of the Fund's NAV will be invested in Islamic Deposits; and
- up to 5% of the Fund's NAV in cash.

#### **Fund category/type**

Money Market (Islamic)/Income

#### **How long should you invest for?**

Recommended one (1) year

#### **When was the Fund launched?**

9 September 2009

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

RM3,214.36 million (3,214.40 million units)

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

Islamic Interbank Overnight Rate

Note: The benchmark is customised as such to align it closer to the structure of the portfolio and the objective of the Fund. The Islamic Interbank Overnight Rate is reflective of the objective of the Fund. Thus, investors are cautioned that the risk profile of the Fund is higher than the benchmark.

#### **What is the Fund distribution policy?**

Monthly, depending on the level of income (if any) the Fund generates.

#### **What was the net income distribution for the financial period ended 31 July 2020?**

The Fund distributed a total net income of RM32.83 million to unit holders for the six months financial period ended 31 July 2020.

**PRINCIPAL ISLAMIC DEPOSIT FUND**  
*(formerly known as CIMB Islamic Deposit Fund)*

**FUND OBJECTIVE AND POLICY (CONTINUED)**

The Fund's NAV per unit are as follows:

<b>Date</b>	<b>NAV per unit (Before distribution)</b>	<b>NAV per unit (After distribution)</b>
28.02.2020	1.0023	1.0000
31.03.2020	1.0024	1.0000
30.04.2020	1.0022	1.0000
29.05.2020	1.0020	1.0000
30.06.2020	1.0017	1.0000
30.07.2020	1.0016	1.0000

**PERFORMANCE DATA**

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

	<b>31.07.2020</b>	<b>31.07.2019</b>	<b>31.07.2018</b>
	%	%	%
Shariah-compliant deposits with licensed Islamic financial institutions	99.70	100.00	98.89
Cash and other net assets	0.30	-	1.11
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	<b>31.07.2020</b>	<b>31.07.2019</b>	<b>31.07.2018</b>
NAV (RM Million)*	3,214.36	2,991.65	1,757.34
Units in circulation (Million)	3,214.40	2,991.65	1,757.34
NAV per unit (RM)*	0.9999	1.0000	1.0000
	<b>01.02.2020 to 31.07.2020</b>	<b>01.02.2019 to 31.07.2019</b>	<b>01.02.2018 to 31.07.2018</b>
Highest NAV per unit (RM)	1.0024	1.0027	1.0028
Lowest NAV per unit (RM)*	0.9999	1.0000	1.0000
Total return (%)	1.25	1.64	1.65
- Capital growth (%)	1.25	1.64	1.65
- Income distribution (%)	-	-	-

\*Ex-distribution

Management Expense Ratio ("MER") (%)	0.24	0.24	0.25
Portfolio Turnover Ratio ("PTR") (times) #	6.41	5.48	3.16

# The Fund's PTR for the period under review was higher at 6.41 times from 5.48 times a year ago due to lower average NAV.

**PRINCIPAL ISLAMIC DEPOSIT FUND**  
(formerly known as CIMB Islamic Deposit Fund)

**PERFORMANCE DATA (CONTINUED)**

	<b>01.02.2020 to 31.07.2020</b>	<b>01.02.2019 to 31.07.2019</b>	<b>01.02.2018 to 31.07.2018</b>		
<b>Gross/Net distribution per unit (sen)</b>					
Distribution on 28 February 2020	0.24	-	-		
Distribution on 31 March 2020	0.24	-	-		
Distribution on 30 April 2020	0.22	-	-		
Distribution on 29 May 2020	0.21	-	-		
Distribution on 30 June 2020	0.17	-	-		
Distribution on 30 July 2020	0.16	-	-		
Distribution on 28 February 2019	-	0.25	-		
Distribution on 29 March 2019	-	0.29	-		
Distribution on 30 April 2019	-	0.27	-		
Distribution on 31 May 2019	-	0.28	-		
Distribution on 28 June 2019	-	0.27	-		
Distribution on 31 July 2019	-	0.27	-		
Distribution on 28 February 2018	-	-	0.25		
Distribution on 30 March 2018	-	-	0.28		
Distribution on 30 April 2018	-	-	0.27		
Distribution on 31 May 2018	-	-	0.28		
Distribution on 29 June 2018	-	-	0.27		
Distribution on 31 July 2018	-	-	0.28		
	<b>31.07.2020</b>	<b>31.07.2019</b>	<b>31.07.2018</b>	<b>31.07.2017</b>	<b>31.07.2016</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Annual total return	2.83	3.36	3.33	3.07	3.16

(Launch date: 9 September 2009)

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

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

Bank Negara Malaysia (“BNM”) has further reduced the Overnight Policy Rate (“OPR”) to 1.75% in its July 2020 Monetary Policy Committee (“MPC”) meeting, bringing it to a total of 125 basis points (“bps”) to date. The reduction in the OPR was to provide additional policy stimulus to “accelerate the pace of economic recovery” into the longer term. The central bank also added that the OPR cut complements the fiscal support announced by the government in ensuring growth prospects improve. On a positive note, BNM indicated that with the gradual and progressive reopening of the economy in early May 2020, economic activities in the country have begun to recover however, it noted that downside risks to the global outlook remain.

BNM expects the economic activity to trough in second quarter of 2020 and noted that “broad-based weakness in labour markets and precautionary behavior by households and businesses could affect the recovery going forward”. As such, BNM will continue to monitor the economic conditions and will use its policy levers appropriately to aid a sustainable economic recovery.

The Government has launched the third stimulus package (i.e. Pelan Jana Semula Ekonomi Negara (“PENJANA”)) worth RM35 billion on 5 June 2020 containing 40 measures, mainly on jobs initiatives, Micro Small and Medium Enterprises (“MSMEs”) supports, stimulation of Foreign Direct Investment inflows (“FDI”) & consumption as well as to facilitate digitalization. To finance the additional stimulus, the Parliament has recently approved to raise Malaysia’s debt ceiling from 55% of Gross Domestic Products (“GDP”) to 60% of GDP.



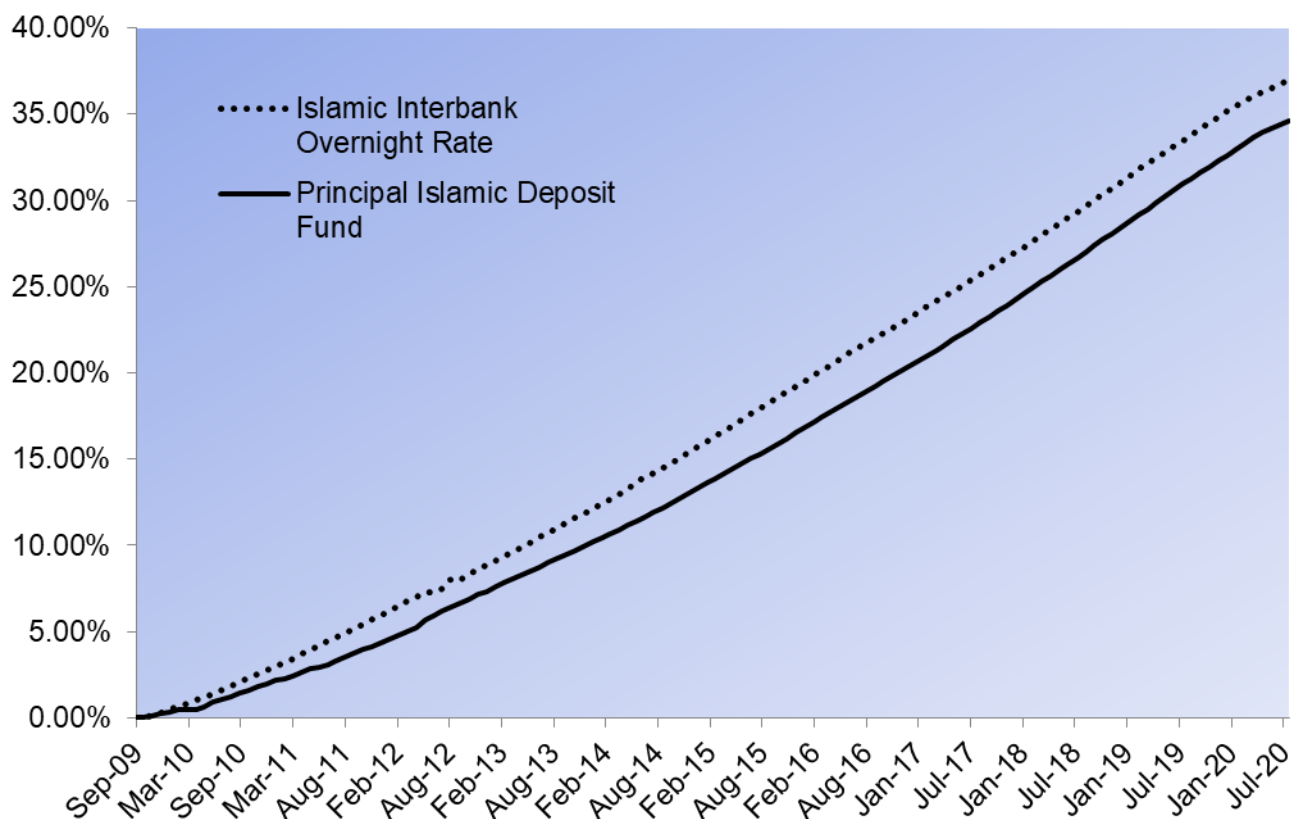
**PRINCIPAL ISLAMIC DEPOSIT FUND**  
*(formerly known as CIMB Islamic Deposit Fund)*

**FUND PERFORMANCE**

	<b>6 months to 31.07.2020</b>	<b>1 year to 31.07.2020</b>	<b>3 years to 31.07.2020</b>	<b>5 years to 31.07.2020</b>	<b>Since inception to 31.07.2020</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Income Distribution	-	-	-	-	-
Capital Growth	1.25	2.83	9.82	16.76	34.64
Total Return	1.25	2.83	9.82	16.76	34.64
Benchmark	1.19	2.71	9.35	16.32	36.96
Average Total Return	N/A	2.83	3.17	3.15	2.77

As at 31 July 2020, the Fund gave an average total 1-year return of 2.83%, beating the benchmark returns of 2.71%.

The Fund also delivered a total return of 9.82% over the last three years, and 16.76% over the last five years, with the period ending 31 July 2020; beating the benchmark returns of 9.35% and 16.32%, respectively.



## FUND PERFORMANCE (CONTINUED)

### Changes in NAV

	31.07.2019	31.01.2020 Audited	Changes %
NAV (RM Million)*	3,214.36	2,780.99	15.58
NAV/Unit (RM)*	0.9999	1.0000	(0.01)

\*Ex-distribution

The Fund's total NAV increased by 15.58% to RM3.214 billion as at 31 July 2020, from RM2.781 billion as at 31 January 2020. The Fund's NAV per unit was slightly increased from RM0.9999 to at RM1.0000 during the financial period under review.

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

## PORTFOLIO STRUCTURE

### Asset allocation

(% of NAV)	31.07.2020	31.01.2020
Shariah-compliant deposits with licensed Islamic financial institutions	99.70	99.66
Cash and other net assets	0.30	0.34
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>

The Fund was 99.70% invested in Shariah-compliant deposit placements with licensed Islamic financial institutions and 0.30% in cash and other net assets.

### MARKET OUTLOOK\*

Malaysia's GDP in second quarter of 2020 came in weak at -17.1% year-on-year ("y-o-y") (first quarter of 2020: +0.7% y-o-y), as the economy suffered from double digit declines across most activities (i.e. manufacturing: -18.3% y-o-y, services -16.2% y-o-y, mining -20.0% y-o-y and construction -44.5% y-o-y). The economy is expected to have bottomed in second quarter of 2020, as the key indicators like manufacturing Purchasing Managers' Index ("PMI"), external and retail trade have all improved under the current Recovery Movement Control Order ("RMCO") (10 June 2020 to 31 August 2020).

Headline Consumer Price Index ("CPI") remained in deflation territory at -1.3% y-o-y, in the month of July 2020, but was smaller compared to -1.9% y-o-y in June 2020. CPI could turn less negative from hereon, as oil price trajectory points to further recovery in RON95 prices through year-end. However, in the second half of 2020, demand-pull pressures should remain muted, given headwinds of consumer recovery from continuing social distancing, soft labor market and high household debt.

The country's unemployment rate in June 2020 reduced to 4.9% (May 2020: 5.3%) as the number of people out of jobs eased slightly to 778,800. The statistics department now project the full year unemployment rate at 3.5% to 5.5%, which shows that the jobless rate may get worse before getting better.

## MARKET OUTLOOK\* (CONTINUED)

Given the still weak macro-environment, both globally and domestically, we think that BNM may reduce the OPR by another 25 bps in second half of 2020. Going forward, we also believe that BNM will continue to keep its monetary policy rate low and accommodative, to support the economic recovery going into 2021.

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

## INVESTMENT STRATEGY

The Fund's objective is to provide investors with liquidity and regular income hence it will continue to maintain its investment primarily in Shariah-compliant deposits with licensed Islamic financial institutions.

## UNIT HOLDINGS STATISTICS

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

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	-	0.00	0.00
5,001-10,000	2	0.01	0.00
10,001-50,000	5	0.16	0.01
50,001-500,000	3	0.71	0.02
500,001 and above	50	3,213.52	99.97
<b>Total</b>	<b>60</b>	<b>3,214.40</b>	<b>100.00</b>

## SOFT COMMISSIONS AND REBATES

Principal Asset Management Berhad (the "Manager") and the Trustee will not retain any form of rebate or soft commission from, or otherwise share in any commission with, any broker in consideration for directing dealings in the investments of the Funds unless the soft commission received is retained in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Funds. All dealings with brokers are executed on best available terms.

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

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF  
PRINCIPAL ISLAMIC DEPOSIT FUND**  
**(formerly known as CIMB Islamic Deposit Fund)**

We, being the Directors of Principal Asset Management Berhad (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements set out on pages 12 to 30 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 July 2020 and of its financial performance, changes in equity and cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 - Interim Financial Reporting and International Accounting Standards ("IAS") 34 - Interim Financial Reporting.

For and on behalf of the Manager

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

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

**JUAN IGNACIO EYZAGUIRRE BARAONA**  
Director

Kuala Lumpur  
14 September 2020

**TRUSTEE'S REPORT TO THE UNIT HOLDERS OF**  
**PRINCIPAL ISLAMIC DEPOSIT FUND**  
**(formerly known as CIMB Islamic Deposit Fund)**

We have acted as Trustee of Principal Islamic Deposit Fund (*formerly known as CIMB Islamic Deposit Fund*) (the "Fund") for the financial period ended 31 July 2020. To the best of our knowledge, Principal Asset Management Berhad (the "Manager"), has operated and managed the Fund in accordance with the following:

- (a) limitations imposed on the investment powers of the Manager and the Trustee under the Deeds, the Securities Commission's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) valuation/pricing is carried out in accordance with the Deeds and any regulatory requirements;  
and
- (c) creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirements.

During this financial period, a total distribution of 1.24 sen per unit (gross) has been distributed to the unit holders of the Fund. We are of the view that the distributions are not inconsistent with the objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Tan Bee Nie  
Manager, Investment Compliance Monitoring

Kuala Lumpur  
14 September 2020

**SHARIAH ADVISER'S REPORT TO THE UNIT HOLDERS OF  
PRINCIPAL ISLAMIC DEPOSIT FUND**  
**(formerly known as CIMB Islamic Deposit Fund)**

**For the Financial Period from 1 February 2020 to 31 July 2020**

We have acted as the Shariah Adviser of Principal Islamic Deposit Fund (*formerly known as CIMB Islamic Deposit Fund*) ("the Fund"). Our responsibility is to ensure that the procedures and processes employed by Principal Asset Management Berhad (the "Manager") are in accordance with Shariah principles.

In our opinion, the Manager has managed and administered the Fund in accordance with Shariah principles and complied with applicable guidelines, rulings or decisions issued by the Securities Commission ("SC") pertaining to Shariah matters.

In addition, we confirm that the investment portfolio of the Fund comprises securities and/or instruments which have been classified as Shariah compliant by the Shariah Advisory Council ("SAC") of the SC and/or SAC of Bank Negara Malaysia ("BNM"), where applicable. For securities and/or instruments which are not classified as Shariah-compliant by the SAC of the SC and/or SAC of BNM, we have determined that such securities and/or instruments are in accordance with Shariah principles and have complied with the applicable Shariah Guidelines.

This report is made solely to the unit holders of the Fund, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report and we shall not be liable for any errors or non-disclosure on the part of the Manager.

For **Amanie Advisors Sdn Bhd**,

**DATUK DR MOHD DAUD BAKAR**  
Executive Chairman

13 September 2020

**PRINCIPAL ISLAMIC DEPOSIT FUND**  
*(formerly known as CIMB Islamic Deposit Fund)*

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

	Note	01.02.2020 to 31.07.2020 RM	01.02.2019 to 31.07.2019 RM
<b>INVESTMENT INCOME</b>			
Profit income from Shariah-compliant deposits with licensed Islamic financial institutions at fair value through profit or loss		39,405,321	59,230,014
Hibah		4,888	39
		39,410,209	59,230,053
<b>EXPENSES</b>			
Management fee	4	5,997,387	7,072,458
Trustee's fee	5	533,101	628,663
Audit fee		3,850	5,650
Tax agent's fee		2,650	1,750
Other expenses		8,766	9,238
		6,545,754	7,717,759
<b>PROFIT BEFORE TAXATION</b>		32,864,455	51,512,294
Taxation	7	-	-
<b>PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD</b>		32,864,455	51,512,294
Profit after taxation is made up as follows:			
Realised amount		32,864,455	51,512,294

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

**PRINCIPAL ISLAMIC DEPOSIT FUND**  
*(formerly known as CIMB Islamic Deposit Fund)*

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

	<b>Note</b>	<b>31.07.2020</b> <b>RM</b>	<b>31.01.2020</b> <b>Audited</b> <b>RM</b>
<b>ASSETS</b>			
Cash and cash equivalents	<b>9</b>	21,445	21,065
Financial assets at fair value through profit or loss (Shariah-compliant)	<b>8</b>	3,204,768,698	2,771,427,479
Amount due from Manager		10,950,000	10,948,261
<b>TOTAL ASSETS</b>		<u>3,215,740,143</u>	<u>2,782,396,805</u>
<b>LIABILITIES</b>			
Accrued management fee		1,257,535	1,212,980
Amount due to Trustee		111,781	107,820
Distribution payable		89	73,645
Other payables and accruals		10,000	11,200
<b>TOTAL LIABILITIES</b>		<u>1,379,405</u>	<u>1,405,645</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>3,214,360,738</u>	<u>2,780,991,160</u>
<b>EQUITY</b>			
Unit holders' capital		3,212,210,975	2,780,987,062
Retained earnings		2,149,763	4,098
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>3,214,360,738</u>	<u>2,780,991,160</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>	<b>10</b>	<u>3,214,403,773</u>	<u>2,780,990,559</u>
<b>NET ASSET VALUE PER UNIT (RM)</b> <b>(EX-DISTRIBUTION)</b>		<u>0.9999</u>	<u>1.0000</u>

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



**PRINCIPAL ISLAMIC DEPOSIT FUND**  
*(formerly known as CIMB Islamic Deposit Fund)*

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

	Note	Unit holders' capital RM	Retained earnings RM	Total RM
<b>Balance as at 1 February 2020</b>		2,778,878,216	2,112,944	2,780,991,160
Movement in unit holders' contributions:				
- Creation of units from applications		1,647,991,306	-	1,647,991,306
- Creation of units from distributions		32,710,898	-	32,710,898
- Cancellation of units		(1,247,369,445)	-	(1,247,369,445)
Total comprehensive income for the financial period		-	32,864,455	32,864,455
Distributions	<b>6</b>	-	(32,827,636)	(32,827,636)
<b>Balance as at 31 July 2020</b>		<u>3,212,210,975</u>	<u>2,149,763</u>	<u>3,214,360,738</u>
<b>Balance as at 1 February 2019</b>		3,111,731,358	-	3,111,731,358
Movement in unit holders' contributions:				
- Creation of units from applications		1,290,689,259	-	1,290,689,259
- Creation of units from distributions		50,306,856	-	50,306,856
- Cancellation of units		(1,461,805,642)	-	(1,461,805,642)
Total comprehensive income for the financial period		-	51,512,294	51,512,294
Distributions	<b>6</b>	725,853	(51,506,523)	(50,780,670)
<b>Balance as at 31 July 2019</b>		<u>2,991,647,684</u>	<u>5,771</u>	<u>2,991,653,455</u>

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

**PRINCIPAL ISLAMIC DEPOSIT FUND**  
*(formerly known as CIMB Islamic Deposit Fund)*

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

	<b>01.02.2020 to 31.07.2020 RM</b>	<b>01.02.2019 to 31.07.2019 RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from maturity of Shariah-compliant deposits with licensed Islamic financial institutions	17,057,831,102	17,375,135,875
Placement of Shariah-compliant deposits with licensed Islamic financial institutions	(17,451,767,000)	(17,280,770,575)
Profit income received from Shariah-compliant deposits with licensed Islamic financial institutions and Hibah earned	4,888	51,898,515
Management fee paid	(5,952,832)	(6,756,243)
Trustee's fee paid	(529,140)	(600,555)
Payments for other fees and expenses	(16,466)	(18,862)
<b>Net cash (used in)/generated from operating activities</b>	<b>(400,429,448)</b>	<b>138,888,155</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash proceeds from units created	1,647,989,566	1,281,621,499
Payments for cancellation of units	(1,247,369,445)	(1,419,980,615)
Distributions paid	(190,204)	(517,878)
<b>Net cash generated from/(used in) financing activities</b>	<b>400,429,917</b>	<b>(138,876,994)</b>
Net increase in cash and cash equivalents	469	11,161
Cash and cash equivalents at the beginning of the financial period	20,976	20,940
Cash and cash equivalents at the end of the financial period	<u>21,445</u>	<u>32,101</u>
<u>Cash and cash equivalents comprised of:</u>		
Bank balances	21,445	32,101
Cash and cash equivalents at the end of the financial period	<u>21,445</u>	<u>32,101</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 JULY 2020**

**1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES**

Principal Islamic Deposit Fund (*formerly known as CIMB Islamic Deposit Fund*) (the “Fund”) is governed by a Principal Master Deed dated 15 May 2008, a Tenth Supplemental Master Deed dated 23 July 2009, a Fourteenth Supplemental Master Deed dated 26 June 2012, a Fifteenth Supplemental Master Deed dated 21 September 2012, a Seventeenth Supplemental Master Deed dated 25 March 2015 and a Nineteenth Supplemental Master Deed dated 18 June 2019 (collectively referred to as the “Deeds”), made between Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (the “Manager”) and HSBC (Malaysia) Trustee Berhad (the “Trustee”).

The Fund seeks to achieve its objective by investing at least 95% of the Fund’s NAV in Islamic Deposits, which have a remaining maturity period of less than 365 days. Up to 5% of the Fund’s NAV may be maintained in cash. The investment policy is to invest in liquid and low risk short-term investments for capital preservation.

The Fund will be actively managed with frequency that will depend on the market conditions and market outlook to provide liquidity and to accommodate the short-term cash flow requirements of its Unit holders.

The asset allocation strategy for this Fund is as follows:

- at least 95 of the Fund’s NAV will be invested in Islamic Deposits; and
- up to 5% of the Fund’s NAV in cash.

All investments are subjected to the Securities Commission Malaysia’s (“SC”) Guidelines on Unit Trust Funds, SC requirements, the Deeds, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund’s objective.

The Fund has changed its name from CIMB Islamic Deposit Fund to Principal Islamic Deposit Fund following the issuance of the Replacement Master Prospectus (Islamic Funds) dated 31 December 2019.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Basis of preparation**

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

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

## **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 period.

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

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

There are no applicable standards, amendments to standards or interpretations that are effective for financial periods beginning on/after 1 January 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.

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 contractual cash flows of the Fund's debt securities are solely principal and interest<sup>1</sup>, 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 and amount due from Manager as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

The Fund classifies accrued management fee, 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.

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

### **(b) Financial assets and financial liabilities (continued)**

#### Recognition and measurement (continued)

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 Shariah-compliant investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Shariah-compliant deposits with licensed Islamic financial institutions are stated at fair value. Due to the short term nature of the deposits, the cost plus accrued interest calculated based on the effective profit method over the period from the date of placement to the date of maturity of the respective deposits is a reasonable estimate of fair value.

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

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

<sup>1</sup> For the purposes of this Fund, interest refers to profits earned from Shariah-compliant investments.

#### Impairment for assets carried at amortised costs

The Fund measures credit risk and expected credit losses (“ECL”) using probability of default, exposure at default and loss given default. The Manager consider both historical analysis and forward looking information in determining any ECL. Management 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 management as any contractual payment which is more than 30 days past due.

#### Definition of default and credit-impaired financial assets

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

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

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

Write-off

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

**(c) Income recognition**

Profit income from Shariah-compliant deposits with licensed Islamic financial institutions is recognised on a time proportionate basis using effective profit rate method on an accrual basis.

Profit income is calculated by applying the effective profit 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 profit rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

**(d) Functional and presentation currency**

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

**(e) Cash and cash equivalents**

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balance which are subject to an insignificant risk of changes in value.

**(f) 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.

**(g) Distribution**

A distribution to the Fund's unit holders is accounted for as a deduction from realised reserve. A proposed distribution is recognised as a liability in the financial year in which it is approved by the Trustee.

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

### **(h) Unit holders' contributions**

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

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

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

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

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

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

### **(j) Critical accounting estimates and judgements in applying accounting policies**

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

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

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

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

### **3. RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Fund aims to provide investors with liquidity and regular income, whilst maintaining capital stability by investing primarily in deposits that comply with the Shariah principles.

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

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

#### **(a) Market risk**

##### **(i) Interest rate risk**

Interest rate is a general economic indicator that will have an impact on the management of the Fund. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

It does not in any way suggest that this Fund will invest in conventional financial instruments. All investment carried out for the Fund including placements and deposits are in accordance with Shariah.

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

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

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

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

#### **(b) Liquidity risk**

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

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise bank balances, Shariah-compliant deposits with licensed Islamic financial institutions and other instruments, which are capable of being converted into cash within 7 business days. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.



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

#### (c) Credit risk

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

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

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

#### (d) Capital risk management

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

#### (e) Fair value estimation

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

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

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)

**3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

**(e) Fair value estimation (continued)**

**(i) Fair value hierarchy (continued)**

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.

Fair value is defined as the price that would be received to sell an asset or paid to 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.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>31.07.2020</b>				
Financial assets at fair value through profit or loss:				
- Shariah- compliant deposits with licensed Islamic financial institutions	-	<u>3,204,768,698</u>	-	<u>3,204,768,698</u>
<b>31.01.2020</b>				
<b>Audited</b>				
Financial assets at fair value through profit or loss:				
- Shariah- compliant deposits with licensed Islamic financial institutions	-	<u>2,771,427,479</u>	-	<u>2,771,427,479</u>

**3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

**(e) Fair value estimation (continued)**

**(i) Fair value hierarchy (continued)**

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 includes Shariah-compliant deposits with licensed Islamic financial institutions.

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 Manager and all liabilities are a reasonable approximation of their fair values due to their short term nature.**

**4. MANAGEMENT FEE**

In accordance with the Deeds, the Manager is entitled to a maximum management fee of up to 3.00% per annum calculated daily based on the NAV of the Fund.

For the six months financial period ended 31 July 2020, the management fee is recognised at a rate of 0.45% per annum (31.07.2019: 0.45% per annum).

There is no further liability to the Manager in respect of management 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 calculated daily based on the NAV of the Fund. The Trustee's fee excludes the foreign sub-custodian fees and charges.

For the six months financial period ended 31 July 2020, the Trustee's fee is recognised at a rate of 0.04% per annum (31.07.2019: 0.04% per annum).

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

**6. DISTRIBUTION**

Distributions to unit holders are derived from the following sources:

	<b>01.02.2020 to 31.07.2020 RM</b>	<b>01.02.2019 to 31.07.2019 RM</b>
Profit income from Shariah-compliant deposits with licensed Islamic financial institutions at fair value through profit or loss	39,410,209	59,230,053
Distribution equalisation	<u>(80,455)</u>	<u>(725,853)</u>
	39,329,754	58,504,200
Less:		
Expenses	<u>(6,502,118)</u>	<u>(7,723,530)</u>
Net distribution amount	<u>32,827,636</u>	<u>50,780,670</u>
 <b>Gross/Net distribution per unit (sen)</b>		
Distribution on 28 February 2020	0.24	-
Distribution on 31 March 2020	0.24	-
Distribution on 30 April 2020	0.22	-
Distribution on 29 May 2020	0.21	-
Distribution on 30 June 2020	0.17	-
Distribution on 30 July 2020	0.16	-
Distribution on 28 February 2019	-	0.25
Distribution on 29 March 2019	-	0.29
Distribution on 30 April 2019	-	0.27
Distribution on 31 May 2019	-	0.28
Distribution on 28 June 2019	-	0.27
Distribution on 31 July 2019	-	0.27
	<u>1.24</u>	<u>1.63</u>

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

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

Distribution equalisation represents the average amount of distributable income included in the creation and cancellation prices of units. It is computed as at each date of creation and cancellation of units. For the purpose of determining amount available for distribution, distribution equalisation is included in the computation of realised gains or income available for distribution.

**PRINCIPAL ISLAMIC DEPOSIT FUND**  
*(formerly known as CIMB Islamic Deposit Fund)*

**7. TAXATION**

	<b>01.02.2020 to 31.07.2020</b>	<b>01.02.2019 to 31.07.2019</b>
	RM	RM
Tax charged for the financial period:		
- Current taxation	<u>-</u>	<u>-</u>

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>01.02.2020 to 31.07.2020</b>	<b>01.02.2019 to 31.07.2019</b>
	RM	RM
Profit before taxation	<u>32,864,455</u>	<u>51,512,294</u>
Taxation at Malaysian statutory rate of 24	7,887,469	12,362,951
Tax effects of:		
- Income not subject to tax	(9,458,449)	(14,215,213)
- Expenses not deductible for tax purposes	129,751	152,654
- Restriction on tax deductible expenses for Unit Trust Funds	<u>1,441,229</u>	<u>1,699,608</u>
Taxation	<u>-</u>	<u>-</u>

**8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (SHARIAH-COMPLIANT)**

	<b>31.07.2020</b>	<b>31.01.2020 Audited</b>
	RM	RM
At fair value through profit or loss:		
- Shariah-compliant deposits with licensed Islamic financial institutions*	<u>3,204,768,698</u>	<u>2,771,427,479</u>

\* Includes profit receivable of RM13,573,698 (31.01.2020: RM36,114,479).

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

	<b>31.07.2020</b>	<b>31.01.2020 Audited</b>
	%	%
Shariah-compliant deposits with licensed Islamic financial institutions	<u>2.35</u>	<u>3.52</u>

Shariah-compliant deposits with licensed Islamic financial institutions of the Fund have an average maturity of 129 days (31.01.2020: 69 days).

**9. CASH AND CASH EQUIVALENTS (SHARIAH-COMPLIANT)**

	<b>31.07.2020</b>	<b>31.01.2020 Audited</b>
	RM	RM
Bank balances	<u>21,445</u>	<u>21,065</u>

**PRINCIPAL ISLAMIC DEPOSIT FUND**  
*(formerly known as CIMB Islamic Deposit Fund)*

**10. NUMBER OF UNITS IN CIRCULATION (UNITS)**

	<b>01.02.2020 to 31.07.2020</b>	<b>01.02.2019 to 31.01.2020</b>
	<b>No. of units</b>	<b>Audited No. of units</b>
At the beginning of the financial period/year	2,780,990,559	3,111,733,969
Add: Creation of units from applications	1,646,293,723	3,292,217,586
Add: Creation of units from distributions	32,710,899	98,253,452
Less: Cancellation of units	<u>(1,245,591,408)</u>	<u>(3,721,214,448)</u>
At the end of the financial period/year	<u>3,214,403,773</u>	<u>2,780,990,559</u>

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

	<b>01.02.2020 to 31.07.2020</b>	<b>01.02.2019 to 31.07.2019</b>
	<b>%</b>	<b>%</b>
MER	<u>0.24</u>	<u>0.24</u>

MER is derived from the following calculation:

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

A	=	Management fee
B	=	Trustee's fee
C	=	Audit fee
D	=	Tax agent's fee
E	=	Other expenses excluding CDS fee and withholding tax
F	=	Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial period calculated on a daily basis is RM2,682,104,658 (31.07.2019: RM3,168,072,043).

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

	<b>01.02.2020 to 31.07.2020</b>	<b>01.02.2019 to 31.07.2019</b>
PTR (times)	<u>6.41</u>	<u>5.48</u>

PTR is derived based on the following calculation:

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

where:

total placement for the financial period = RM16,927,831,102 (31.07.2019: RM17,427,034,351)  
total maturity for the financial period = RM17,451,767,000 (31.07.2019: RM17,280,770,575)

**13. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER, AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES**

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

<u>Related parties</u>	<u>Relationship</u>
Principal Asset Management Berhad	The Manager
Principal Financial Group, Inc.	Ultimate holding company of shareholder of the Manager
Principal International (Asia) Ltd	Shareholder of the Manager
Subsidiaries and associates of Principal Financial Group Inc., other than above, as disclosed in its financial statements	Fellow subsidiary and associated companies of the ultimate holding company of shareholder of the Manager
CIMB Group Holdings Bhd	Ultimate holding company of shareholder of the Manager
CIMB Group Sdn Bhd	Shareholder of the Manager
Subsidiaries and associates of CIMB Group Holdings Bhd, other than above, as disclosed in its financial statements	Fellow subsidiary and associated companies of the ultimate holding company of the shareholder of the Manager
CIMB Islamic Bank Bhd	Fellow related party to the Manager

Units held by the Manager and parties related to the Manager

	<b>31.07.2020</b>		<b>31.01.2020</b>	
	<b>No. of units</b>	<b>RM</b>	<b>No. of units</b>	<b>RM</b>
<b>Manager</b>				<b>Audited</b>
Principal Asset Management Berhad	36,977	36,973	55,112	55,112

In the opinion of the Manager, the above units were transacted at the prevailing market price.

The units are held beneficially by the Manager for booking purposes. Other than the above, there were no units held by the Directors or parties related to the Manager.

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

	<b>01.02.2020 to 31.07.2020</b>	<b>01.02.2019 to 31.07.2019</b>
	<b>RM</b>	<b>RM</b>
<u>Significant related party transactions</u>		
Profit income from Shariah-compliant deposits with licensed Islamic financial institution:		
- CIMB Islamic Bank Bhd	2,965,299	2,575,700

**PRINCIPAL ISLAMIC DEPOSIT FUND**  
*(formerly known as CIMB Islamic Deposit Fund)*

**13. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER, AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

	<b>31.07.2020</b>	<b>31.01.2020</b>
	<b>RM</b>	<b>Audited RM</b>
<u>Significant related party balances</u>		
Shariah-compliant deposits with licensed Islamic financial institution:		
- CIMB Islamic Bank Bhd	<u>3,871,731,000</u>	<u>90,006,658</u>

There were no significant related party balances at the end of each financial period/year.

**14. TRANSACTIONS WITH FINANCIAL INSTITUTIONS**

Details of transactions, primarily cash placement with the licensed Islamic financial institutions for the six months financial period ended 31 July 2020 are as follows:

<b>Financial Institutions</b>	<b>Value of placements RM</b>	<b>Percentage of total placements %</b>
Maybank Islamic Bhd	10,198,154,143	29.66
Public Islamic Bank Bhd	8,164,214,754	23.75
CIMB Islamic Bank Bhd #	7,235,285,299	21.05
Hong Leong Islamic Bank Bhd	3,242,647,412	9.43
RHB Islamic Bank Bhd	1,508,773,881	4.39
Amlslamic Bank Bhd	1,419,437,544	4.13
Bank Muamalat Msia Bhd	998,854,450	2.91
Bank Islam Malaysia Bhd	738,310,384	2.15
Alliance Islamic Bank Msia Bhd	651,767,685	1.90
Affin Islamic Bank Bhd	222,152,550	0.63
	<u>34,379,598,102</u>	<u>100.00</u>



**14. TRANSACTIONS WITH FINANCIAL INSTITUTIONS (CONTINUED)**

Details of transactions, primarily cash placement with the licensed Islamic financial institutions for the six months financial period ended 31 July 2019 are as follows:

Financial Institutions	Value of placements RM	Percentage of total placements %
CIMB Islamic Bank Bhd #	5,292,179,000	30.38
Public Islamic Bank Bhd	4,560,750,000	26.18
Hong Leong Islamic Bank Bhd	2,017,775,000	11.58
Maybank Islamic Bhd	1,543,725,000	8.86
Bank Muamalat Msia Bhd	1,181,952,575	6.78
Amlslamic Bank Bhd	996,921,000	5.72
Affin Islamic Bank Bhd	631,118,000	3.62
RHB Islamic Bank Bhd	614,982,000	3.53
Bank Islam Malaysia Bhd	560,532,000	3.22
Alliance Islamic Bank Malaysia Bhd	20,836,000	0.13
	<u>17,420,770,575</u>	<u>100.00</u>

# Included in the transactions are trades conducted with CIMB Islamic Bank Bhd, fellow related party to the Manager amounting to RM7,235,285,299 (31.07.2019: RM5,292,179,000). The Manager is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties.

**15. SUBSEQUENT EVENTS**

The Manager proposed for the payment of a gross distribution of 0.16 sen per unit in respect of the month of August 2020, which have been approved by the Trustee. The distribution will be accounted for in the net assets attributable to unit holders as an appropriation of the retained earnings for the financial year ending 31 January 2020.

**16. SIGNIFICANT EVENT DURING THE YEAR**

The worsening of the macro-economic outlook as a result of COVID-19, both domestically and globally, has impacted the Fund's performance during the financial year.

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

## DIRECTORY

### Head Office of the Manager

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### Customer Care Centre

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### Trustee for the Principal Islamic Deposit Fund (formerly known as CIMB Islamic Deposit Fund)

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### Shariah Adviser of the Principal Islamic Deposit Fund (formerly known as CIMB Islamic Deposit Fund)

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