

Principal Lifetime Balanced Fund

Unaudited Semi-Annual Report

For The Six Months Financial Period Ended 30 June 2024

PRINCIPAL LIFETIME BALANCED FUND

UNAUDITED SEMI-ANNUAL REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2024

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INVESTORS' LETTER

Dear Valued Investor,

Greetings from Principal Asset Management Berhad (“Principal Malaysia”) and thank you for investing with us!

We are pleased to bring you a copy of the unaudited Semi-Annual Fund Report of the Principal Lifetime Balanced Fund for the financial period ended 30 June 2024. You may also download this report from our website at www.principal.com.my.

We are proud to announce that Principal Malaysia has received numerous accolades in 2024. At the Asia Asset Management 2024 Best of the Best Awards, we won the Best of the Best Performance Award: China A-Share Equity (3 years) and Best Institutional House – Malaysia. At the 2024 Global Banking & Finance Awards, our CEO, Munirah Khairuddin, was named Asset Management CEO of the Year Malaysia, and we were recognized as Asset Management Company of the Year Malaysia. We also received the Best International Equity Fund Manager for MSCI EM Latin America 2023 at the EPF External Fund Managers Awards 2023.

At the Alpha Southeast Asia Fund Management Awards 2024, we won three awards: Best Absolute Return Strategy, Best Online & Mobile Platform (Asset Manager), and Best Asset Manager (Income Oriented, Money Market & Alternative Investment Funds). At the Triple A Sustainable Investing Awards 2024, we secured the Asset Management Company of the Year (Malaysia) award. The World Business Outlook magazine awarded us Best Investment Management and Solutions Provider Malaysia, Best Institutional House Malaysia, and Asset Management CEO (Munirah Khairuddin) of the Year Malaysia. Additionally, we received three awards at the iFast Awards 2024, seven at the LSEG Lipper Fund Awards 2024, and ten at the FSMOne Recommended Funds 2023/2024.

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

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

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

MUNIRAH KHAIRUDDIN

Chief Executive Officer,
Malaysia & Global Shariah & Managing Director,
Strategic Distribution & Institutional Client Relations
(Southeast Asia & Global Shariah)
Non-Independent Executive Director

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

The Fund aims to grow the value of investments over the long-term through investment in a diversified mix of Malaysian assets.

Has the Fund achieved its objective?

The Fund has achieved its objective of providing long-term investment returns.

What are the Fund investment policy and principal investment strategy?

The Fund aims to invest in a diversified portfolio of equities and fixed income investments. In line with its objective, the investment policy and strategy will be to maintain a balanced portfolio between equities and fixed income investments in the ratio of 70:30. The fixed income portion of the Fund is to provide some capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The investments by the Fund in equity securities shall be between 50% to 70% (both inclusive) of its Net Asset Value ("NAV") and investments in fixed income securities and liquid assets shall not be less than 30% of its NAV with a minimum credit rating of "BBB3" or "P2" by RAM Ratings ("RAM") or equivalent rating by Malaysian Rating Corporation Berhad ("MARC") or by local rating agency(ies) of the country of issuance or "BBB-" by Standard & Poor's ("S&P") or equivalent rating by any other international rating agencies. The Fund may invest up to 40% of its NAV in Unrated Fixed Income Securities. The Fund may opt to seek investment exposure via collective investment scheme ("CIS") that is in line with the Fund's objective, subject to the requirement of the Guidelines on Unit Trust Fund issued by the Securities Commission Malaysia ("GUTF"). With effect from 10 July 2023, the Fund may invest up to 25% of its NAV in any Eligible Market globally with some operations or businesses in Malaysia to capture growth opportunities..

The asset allocation strategy for this Fund is as follows:

- the equity securities will be between 50% to 70% (both inclusive) of the Fund's NAV;
- investments in fixed income securities and liquid assets shall not be less than 30% of the Fund's NAV;
- up to 40% of the Fund's NAV may be in Unrated Fixed Income Securities; and
- at least 2% of the Fund's NAV in liquid assets

Fund category/ type

Balanced/ Growth

When was the Fund launched?

12 March 1998

What was the size of the Fund as at 30 June 2024?

RM52.32 million (119.78 million units)

What is the Fund's benchmark?

70% FTSE Bursa Malaysia ("FBM") Top 100 ("FBM100") Index + 30% CIMB Bank 1-Month Fixed Deposit Rate

Note: The benchmark is for performance comparison only. The benchmark is customised as such to align it closer to the structure of the portfolio and 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?

Distribution (if any) is expected to be distributed once a year every January at the Manager's discretion.

What was the net income distribution for the six months financial period ended 30 June 2024?

The Fund distributed a total net income of RM0.48 million to unit holders. As a result, the NAV per unit dropped from RM0.3804 to RM0.3764 on 23 January 2024 during the six months financial period ended 30 June 2024.

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY (CONTINUED)

What was the net income distribution for the six months financial period ended 30 June 2024? (continued)

Breakdown of distribution were as follows:

	30.06.2024		30.06.2023	
	RM	%	RM	%
Source of distribution				
Distribution out of current period's income	483,079	100	971,534	100
Distribution out of prior period's income/capital	-	-	-	-
Total	483,079	100	971,534	100

PERFORMANCE DATA

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

	30.06.2024	30.06.2023	30.06.2022
	%	%	%
Quoted securities			
- Construction	7.68	2.32	2.35
- Consumer	0.18	-	-
- Consumer Products & Services	4.38	2.50	6.09
- Energy	2.99	3.79	4.35
- Financial Services	6.85	-	13.28
- Health Care	2.86	4.78	2.28
- Industrial Products & Services	5.28	11.04	2.40
- Plantation	-	-	7.77
- Property	5.12	0.36	0.79
- Real Estate Investment Trusts ("REITs")	-	5.13	-
- Technology	15.84	20.92	10.64
- Telecommunications & Media	1.56	0.41	0.68
- Transportation & Logistics	1.45	3.84	1.55
- Utilities	10.06	1.92	-
- Unquoted fixed income securities	30.85	40.37	35.07
Cash and other assets	6.23	2.98	13.64
Liabilities	(1.34)	(0.36)	(0.89)
	100.00	100.00	100.00

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

	30.06.2024	30.06.2023	30.06.2022
NAV (RM Million)	52.32	47.29	47.70
Units in circulation (Million)	119.78	126.66	134.17
NAV per unit (RM)	0.4367	0.3733	0.3555
	01.01.2024	01.01.2023	01.01.2022
	to 30.06.2024	to 30.06.2023	to 30.06.2022
Highest NAV per unit (RM)	0.4482	0.3839	0.3990
Lowest NAV per unit (RM)	0.3713	0.3555	0.3532
Total return (%)	18.42	2.49	(9.21)
- Capital growth (%)	17.17	0.48	(11.06)
- Income distribution (%)	1.06	1.99	2.08
Total Expense Ratio ("TER") (%) ^	0.98	0.99	0.98
Portfolio Turnover Ratio ("PTR") (times) #	0.40	0.52	0.61

PERFORMANCE DATA (CONTINUED)

^ The Fund's TER decrease from 0.99% to 0.98% or the financial period under review due to the decrease in expenses during the financial period under review.

The Fund's PTR decreased to 0.40 times from 0.52 times for the financial period under review due to lower trading activities.

	01.01.2024 to 30.06.2024	01.01.2023 to 30.06.2023	01.01.2022 to 30.06.2022		
Gross/ Net distribution per unit (sen)					
Date of distribution 23 January 2024	0.40	-	-		
Date of distribution 26 January 2023	-	0.75	-		
Date of distribution 25 January 2022	-	-	0.78		
	30.06.2024	30.06.2023	30.06.2022	30.06.2021	30.06.2020
	%	%	%	%	%
Annual total return	20.94	8.70	(3.85)	10.87	(5.26)

(Launch date: 12 March 1998)

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 JANUARY 2024 TO 30 JUNE 2024)

Equity

The FBM100 Index rose 4.0% in January 2024. This marked the 4th consecutive month of gains, with Malaysia outperforming most ASEAN markets. Sentiment was lifted by the Federal Reserve (the "Fed's") communication on interest rates given the recent cooling inflation and economic data out of the US. The weaker United States Dollar ("USD") and lower treasury yield that ensued favored EM. Utilities, Commodities, Telcos and Financials topped the gainers list. Within the broader market, Energy, Construction and Property did well, while Technology languished despite the sentiment on Fed rates.

The FBM100 Index rose 2.3% in February 2024. This marked the 5th consecutive month of gains, with Malaysia outperforming most ASEAN markets. This was also despite the stronger dollar following stronger-than-expected inflation and economic data out of the US, and bets on rate cuts by the Fed pushed back. Financials, Utilities, Commodities and Telcos topped the gainers list. Within the broader market, Energy did well, and Tech rebounded strongly.

The FBM100 Index rose 0.5% in March 2024. This marked the 6th consecutive month of gains. Bets on rate cuts by the Fed were pushed back given the persistent strong data out of the US, and there was an absence of fresh catalysts domestically. During the month, there were also distortions caused by FTSE rebalancing (as well as MSCI rebalancing in Feb) and many index stocks going ex-dividends. Financials, Transport, Utilities and Commodities topped the gainers list while Telcos languished. Within the broader market, Property, Construction, Tech, Healthcare and Energy did well.

The FBM100 Index rose 2.5% in April. This marked the 7th consecutive month of gains. Local investors remain upbeat despite bets on rate cuts by the Fed pushed back given the persistent strong economic data out of the US and sticky inflation. The run-up was relatively broad-based but Utilities, Industrial (mainly PMAH), Healthcare and Transport led gains while Energy eased. Within the broader market, Property and Consumer did well.

The FBM100 Index rose 2.3% in May 2024. This marked the 8th consecutive month of gains. This came amidst a slight distortion from MSCI May rebalancing, with investors staying upbeat despite bets on rate cuts by the Fed pushed back given the persistent strong economic data out of the US and sticky inflation. Utilities, Financials, Consumer and Industrial led gains while Telcos and Commodities lagged. Within the broader market, Construction, Property and Tech did well.

MARKET REVIEW (1 JANUARY 2024 TO 30 JUNE 2024) (CONTINUED)

Equity (continued)

The FBM100 Index rose 0.2% in June 2024 as investors took the opportunity to lock in gains during half-time, but still remained relatively upbeat considering recent weakness in US economic data and inflation moderating. Utilities and Healthcare rose while Consumer eased. Within the broader market, Construction and Tech posted strong gains, while other sectors were mixed.

Fixed Income

For the financial period under review, the central bank maintained the Overnight Policy Rate at 3.00% throughout all the Monetary Policy Committee (“MPC”) meetings held. At its May meeting, policymakers emphasized that the current monetary policy stance continues to support the economy and aligns with the present evaluation of inflation and growth prospects.

Malaysia’s inflation climbed up 1.8% in the month of February 2024 after reporting 1.5% in the month of January 2024. For the next two months of March and April, it continued to stay at 1.8%. The spike in February was partly due to the lunar new year as well as the increase in transportation, housing and utilities. Inflation then climbed up to 2.0% in May driven by price increases in the main groups of housing, water, electricity, gas and other fuels (“HWEG”) and a hike in restaurant & accommodation services. The HWEG increase was attributable to higher housing and water tariff hikes. Core inflation increased by 1.9% in May 2024, similar to April. Inflation remained at 2.0% in the month of June, with the country’s core inflation increased 1.9% in June, equal to the rate in May.

In June 2024, foreign investors turned net seller with net outflows of -RM0.6 billion in ringgit bonds after 3 consecutive months of inflows. (May 2024: RM5.5 billion, April 2024: RM0.6 billion; March 2024: RM1.7 billion). The outflows in June 2024 occurred due to a sizeable Malaysia Government Securities (“MGS”) maturity of RM21.5 billion on 14 June 2024 which caused a big reduction on the day. The foreign share of MGS increased to 33.3% (May 2024: 32.8%) as the total outstanding base contracted after the sizeable maturity. The foreign share of GII rose slightly to 9.2% (May 2024: 9.1%), while the combined foreign share of MGS+GII remained stable at 21.7%

For the first half of 2024, the Bond Pricing Agency Malaysia (“BPAM”) Corporates All Bond (7 years over) Index held its position as the best performer returning 3.23%, whilst the Quantshop GII Long Index underperformed the rest with a return of 1.57%. Total corporate bond issuances amounted to RM46.5 billion for the first 6 months of 2024, representing an increase of 6.7% year of year (“Y-o-Y”) compared to the same period in 2023. (6M2023: RM43.6 billion). Overall, credit spreads have tightened between 2 to 23 basis points across the board since the start of 2024. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year benchmarks closed at 3.53%, 3.65%, 3.80%, 3.88%, 4.01%, 4.12% and 4.22%, respectively in June.

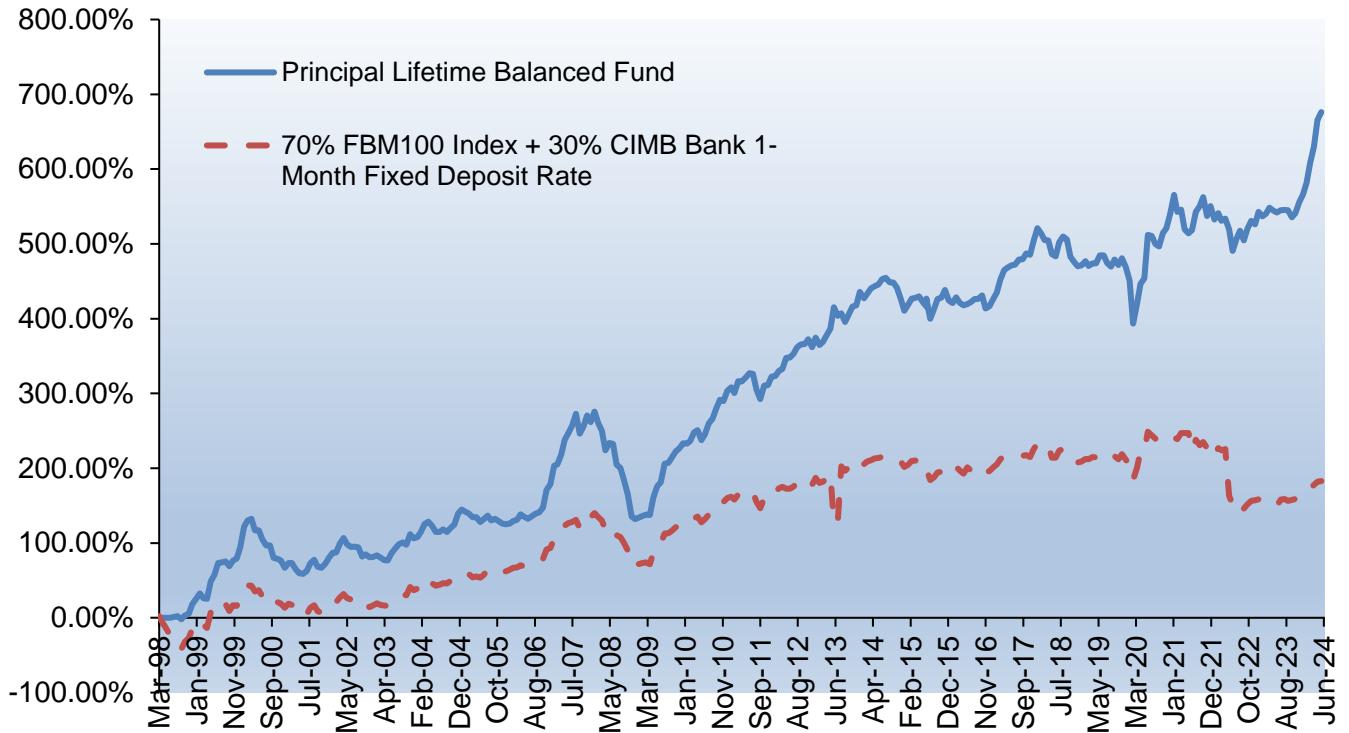
FUND PERFORMANCE

	6 months to 30.06.2024	1 year to 30.06.2024	3 years to 30.06.2024	5 years to 30.06.2024	Since inception to 30.06.2024
	%	%	%	%	%
Income					
Distribution	1.06	3.38	9.23	18.87	344.34
Capital Growth	17.17	16.98	15.71	11.69	74.68
Total Return	18.42	20.94	26.40	32.67	676.18
Benchmark	8.44	13.40	7.64	4.17	182.63
Average Total Return	40.36	20.94	8.11	5.82	8.10

For the financial period under review, the fund gained 18.42%, while the benchmark gained 8.44%. As such, the fund outperformed the benchmark by 9.98%.

FUND PERFORMANCE (CONTINUED)

Since Inception



Changes in NAV

	30.06.2024	31.12.2023 Audited	Changes %
NAV (RM Million)	52.32	45.08	16.06
NAV/Unit (RM)	0.4367	0.3727	17.17

The NAV per Unit increased by 17.17, while the NAV increased by 16.06% due to positive fund performance.

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)	30.06.2024	31.12.2023 Audited
Quoted securities	64.26	65.30
Unquoted fixed income securities	30.85	30.82
Cash and other assets	6.23	5.38
Liabilities	(1.34)	(1.50)
TOTAL	100.00	100.00

Asset allocation into equities decreased slightly from 65.30% as at 31 December 2023 to 64.26% as at 30 June 2024. Allocation to fixed income decreased slightly from 30.82% to 30.85% during the same period. Hence, asset allocation remained broadly unchanged.

MARKET OUTLOOK*

Equity

Malaysia's manufacturing sector reflected stable conditions in June 2024, with the Purchasing Managers' Index ("PMI") reading at 49.9 points ("pts") vs 50.2pts in May 2024. S&P Global saw further expansion in total new orders and exports, while staffing levels were unchanged. There was also stability in input cost inflation and firms raised prices at an accelerated pace. Firms remained cautious and scaled back purchases as well as inventories, and business confidence waned further. That said, the latest PMI data supports an acceleration in Gross Domestic Product ("GDP") growth into second quarter of 2024 ("2Q24"). To recap, Bank Negara Malaysia ("BNM") projects GDP to grow 4% to 5% in 2024, from an estimate of 3.8% in 2023, and 4.2% in 1Q24.

We expect BNM to maintain OPR at 3.00% for the rest of the year given muted inflation and modest economic growth. Inflation was at 2% in May 2024, an uptick from April. There appears to be sufficient headroom to central bank's latest 2.0-3.5% CPI forecast for 2024 with the impending subsidy rationalization plans.

Fixed Income

The inflation impact of broadening of services tax base and its rate from 6% to 6% to 8% range effective 1 Mar 2024 was mild, as can be seen in services inflation number. There was also muted impact from diesel price adjustment in Peninsular Malaysia so far, which was set higher at MYR3.35 per liter from MYR2.15 per liter from 10 Jun 2024 as the government embarked on targeted diesel subsidy rationalization. As for petrol RON95 subsidy rationalization. The Government now intends also to evaluate returns of rationalizing subsidies on electricity, chicken and diesel.

Slightly lower gross MGS/GII supply for 2024 should provide positive catalyst for the local bond market. Additionally, the market is past the heavy net supply in the first four months and will turn favorable for the remaining part of the year.

Overall, we remain positive for the domestic bond market as we believe BNM will keep its OPR unchanged for now unless growth and inflationary outlook continue to surprise the market. We believe the local bond market will remain well supported for now with volatility mainly coming from global yield movements.

* 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 Bhd ("Principal Malaysia") or based on data obtained from sources believed to be reliable by Principal Malaysia. Whilst every care has been taken in preparing this, Principal Malaysia makes no guarantee, representation or warranty and is under no circumstances liable for any loss or damage caused by reliance on, any opinion, advice or statement made in this market outlook.

INVESTMENT STRATEGY

Equity

Following a strong 1H24, we continue to take profit to lock in our gains and performances. We have also redeployed the cash into laggards and focus on companies with firm fundamentals with good cash flows generation. Overall, we are still positive on the market. We believe key themes such as National Energy Transition Roadmap ("NETR") will continue to drive the market. We stay overweight in Utilities, Construction, Property and selective oil and gas ("O&G"). Additionally, we remain optimistic on selective Financials as we expect positive momentum to persist. Key risks are the derailment of Malaysia's macroeconomic recovery and corporate earnings growth due to the larger-than-expected impact of rising inflation, slower global economic growth, and heightened geopolitical risk.

INVESTMENT STRATEGY (CONTINUED)

Fixed Income

We continue to prefer corporate bonds for the fund driven by the compelling potential for a more favorable total return on the back of sound economic outlook for 2024. We aim to take profit on bonds with compressed yields and to reinvest in primary issuances with higher spreads when possible for yield enhancement.

SOFT COMMISSIONS AND REBATES

Principal Malaysia (the “Manager”) and the Trustees will not retain any form of rebate or otherwise share in any commission with, any broker or dealer in consideration for directing dealings in the investments of the Principal Malaysia Funds (“Funds”). Accordingly, any rebates or shared commission will be directed to the account of the Fund.

The Manager may retain goods and services (soft commission) provided by any broker or dealer if the following conditions are met:

- (a) the soft commission bring direct benefit or advantage to the management of the Fund and may include research and advisory related services;
- (b) any dealings with the broker or dealer is executed on terms which are the most favourable for the Funds; and
- (c) the availability of soft commissions is not the sole or primary purpose to perform or arrange transactions with such broker or dealer, and the Manager or the will not enter into unnecessary trades in order to achieve a sufficient volume of transactions to qualify for soft commissions.

During the financial period under review, the Manager and 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 for the benefit of the fund such as financial wire services and stock quotations system incidental to investment management of the Funds and there was no churning of trades.

SECURITIES FINANCING TRANSACTIONS

The Fund has not undertaken any securities lending or repurchase transactions during the financial period under review.

STATE OF AFFAIR OF THE FUND

There were no significant changes in the state of affairs of the Fund during the financial period and up to the date of Manager’s report, not otherwise disclosed in the financial statements.

CIRCUMSTANCES THAT MATERIALLY AFFECT ANY INTEREST OF UNIT HOLDERS

There were no circumstances that had materially affected the interest of the unit holders during the financial period under review.

CROSS TRADE

No cross-trade transactions have been carried out during the financial period under review.

UNIT SPLIT

No unit split exercise has been carried out during the financial period under review

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
PRINCIPAL LIFETIME BALANCED 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 3 to 29 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 30 June 2024 and of its financial performance, changes in net assets attributable to unit holders and cash flows for the financial period then ended in accordance with the provisions of the 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,
Malaysia & Global Shariah & Managing Director,
Strategic Distribution & Institutional Client Relations
(Southeast Asia & Global Shariah)
Non-Independent Executive Director

UDAY JAYARAM

Executive Managing Director,
Head of Southeast Asia
Non-Independent Executive Director

Kuala Lumpur
16 August 2024

TRUSTEE'S REPORT

**TO THE UNIT HOLDERS OF
PRINCIPAL LIFETIME BALANCED FUND ("Fund")**

We have acted as Trustee of the Fund for the financial period ended 30 June 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquires, Principal Asset Management Berhad has operated and managed the Fund during the period covered by these financial statements in accordance with the following:-

1. Limitations imposed on the investment powers of the Management Company under the Deeds, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the Deeds; and
3. Any creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirement.

We are of the opinion that the distribution of income by the Fund is appropriate and reflects the investment objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat
Manager, Investment Compliance Monitoring

Kuala Lumpur
16 August 2024

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2024**

	Note	01.01.2024 to 30.06.2024 RM	01.01.2023 to 30.06.2023 RM
INCOME			
Dividend income		400,327	242,013
Interest income from unquoted fixed income securities at fair value through profit or loss		327,845	418,514
Interest income from deposits with licensed financial institutions at amortised cost		30,253	41,812
Net gain on financial assets at fair value through profit or loss	8	<u>7,930,916</u>	<u>1,135,751</u>
		<u>8,689,341</u>	<u>1,838,090</u>
EXPENSES			
Management fee	4	442,338	443,971
Trustee fee	5	10,760	19,199
Audit fee		5,164	5,207
Tax agent's fee		4,000	4,000
Transaction costs		131,160	157,639
Other expenses		<u>10,044</u>	<u>6,490</u>
		<u>603,466</u>	<u>636,506</u>
PROFIT BEFORE TAXATION		8,085,875	1,201,584
Taxation	7	<u>-</u>	<u>-</u>
PROFIT AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		<u>8,085,875</u>	<u>1,201,584</u>
Profit after taxation is made up as follows:			
Realised amount		2,075,365	(58,416)
Unrealised amount		<u>6,010,510</u>	<u>1,260,000</u>
		<u>8,085,875</u>	<u>1,201,584</u>

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

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

		30.06.2024	31.12.2023
	Note	RM	Audited RM
ASSETS			
Cash and cash equivalents	9	2,792,649	2,336,433
Financial assets at fair value through profit or loss	8	49,759,690	43,328,236
Amount due from Manager		335,592	37,035
Dividends receivable		87,635	10,209
Tax recoverable		42,400	42,400
TOTAL ASSETS		<u>53,017,966</u>	<u>45,754,313</u>
LIABILITIES			
Amount due to stockbrokers		544,519	541,757
Amount due to Manager		58,760	41,114
Accrued management fee		79,057	70,215
Amount due to Trustee		1,923	1,708
Other payables and accruals		16,532	19,900
TOTAL LIABILITIES		<u>700,791</u>	<u>674,694</u>
NET ASSET VALUE OF THE FUND		<u>52,317,175</u>	<u>45,079,619</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	10	<u>52,317,175</u>	<u>45,079,619</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	11	<u>119,783,900</u>	<u>120,937,196</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.4367</u>	<u>0.3727</u>

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

UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2024

	Note	01.01.2024 to 30.06.2024 RM	01.01.2023 to 30.06.2023 RM
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD		45,079,619	48,236,949
Movement in unit holders' contributions:			
- Creation of units from applications		3,028,338	413,128
- Creation of units from distribution		455,697	900,604
- Cancellation of units		(3,849,275)	(2,495,641)
		<u>(365,240)</u>	<u>(1,181,909)</u>
Total comprehensive income for the financial period		8,085,875	1,201,584
Distribution	6	(483,079)	(971,534)
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL PERIOD	10	<u>52,317,175</u>	<u>47,285,090</u>

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

**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2024**

	01.01.2024 to 30.06.2024	01.01.2023 to 30.06.2023
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of quoted securities	19,728,432	21,915,273
Proceeds from disposal of unquoted fixed income securities	263,788	3,847,095
Purchase of quoted securities	(16,192,342)	(21,555,704)
Purchase of unquoted fixed income securities	(2,423,589)	(4,436,062)
Dividend income received	322,900	220,282
Interest income received from deposits with licensed financial institutions	30,253	41,812
Interest income received from unquoted fixed income securities	322,624	400,023
Management fee paid	(433,496)	(447,950)
Trustee fee paid	(10,544)	(19,371)
Tax refund received	-	25,189
Payment of other fees and expenses	(22,579)	(23,048)
Net cash generated from/(used in) operating activities	1,585,447	(32,461)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	2,729,780	412,213
Payments for cancellation of units	(3,831,629)	(2,564,244)
Distribution paid	(27,382)	(70,930)
Net cash used in financing activities	(1,129,231)	(2,222,961)
Net increase/(decrease) in cash and cash equivalents	456,216	(2,255,422)
Cash and cash equivalents at the beginning of financial period	2,336,433	3,447,755
Cash and cash equivalents at the end of financial period	2,792,649	1,192,333
<u>Cash and cash equivalents comprised of:</u>		
Bank balance	79,911	36,236
Deposits with licensed financial institutions	2,712,738	1,156,097
Cash and cash equivalents at the end of the financial period	9 2,792,649	1,192,333

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 30 JUNE 2024

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

Principal Lifetime Balanced Fund (the “Fund”) is governed by a Principal Master Deed dated 15 May 2008, an Eighth Supplemental Master Deed dated 14 June 2010, a Thirteenth Supplemental Master Deed dated 26 June 2012, an Eighteenth Supplemental Master Deed dated 25 March 2015, a Twentieth Supplemental Master Deed dated 21 October 2019, Twenty Third Supplemental Master Deed dated 27 June 2022, Twenty Fourth Supplemental Master Deed dated 13 January 2023 (the “Previous Trustee”) and a Twenty Fifth Supplemental Master Deed dated 26 May 2023 (collectively referred to as the “Deeds”) between the Manager and HSBC (Malaysia) Trustee Berhad (the “Trustee”).

The Fund aims to invest in a diversified portfolio of equities and fixed income investments. In line with its objective, the investment policy and strategy will be to maintain a balanced portfolio between equities and fixed income investments in the ratio of 70:30. The fixed income portion of the Fund is to provide some capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The investments by the Fund in equity securities shall be between 50% to 70% (both inclusive) of its Net Asset Value (“NAV”) and investments in fixed income securities and liquid assets shall not be less than 30% of its NAV with a minimum credit rating of “BBB3” or “P2” by RAM Ratings (“RAM”) or equivalent rating by Malaysian Rating Corporation Berhad (“MARC”) or by local rating agency(ies) of the country of issuance or “BBB-” by Standard & Poor’s (“S&P”) or equivalent rating by any other international rating agencies. The Fund may invest up to 40% of its NAV in Unrated Fixed Income Securities. The Fund may opt to seek investment exposure via collective investment scheme (“CIS”) that is in line with the Fund’s objective, subject to the requirement of the Guidelines on Unit Trust Fund issued by the Securities Commission Malaysia (“GUTF”). With effect from 10 July 2023, the Fund may invest up to 25% of its NAV in any Eligible Market globally with some operations or businesses in Malaysia to capture growth opportunities..

The asset allocation strategy for this Fund is as follows:

- the equity securities will be between 50% to 70% (both inclusive) of the Fund’s NAV;
- investments in fixed income securities and liquid assets shall not be less than 30% of the Fund’s NAV;
- up to 40% of the Fund’s NAV may be in Unrated Fixed Income Securities; and
- at least 2% of the Fund’s NAV in liquid assets.

All investments are subjected to the GUTF, 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 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. MATERIAL ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements have been prepared in accordance with the provisions of the MFRS as issued by the Malaysian Accounting Standards Board (“MASB”) and International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**(a) Basis of preparation (continued)**

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

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

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

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

There are no other standards, amendments to standards or interpretations that are effective for financial periods beginning on 1 January 2024 that have a material effect on the financial statements of the Fund.

None of the standards, amendments to standards or interpretations that are effective for the financial period beginning on/after 1 July 2024 are applicable to the Fund.

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

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

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

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

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

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

All of the Fund's financial liabilities are measured at amortised cost.

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

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

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

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

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

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

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

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 Manager, based on the methods or bases approved by the Trustee after appropriate technical consultation.

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

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

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**(b) Financial assets and financial liabilities (continued)**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. The Manager 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 Manager as any contractual payment which is more than 30 days past due.

Definition of default and credit-impaired financial assets

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

Write-off

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

(c) Income recognition

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

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

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

Realised gain or loss on disposal of quoted securities is accounted for as the difference between the net disposal proceeds and the carrying amount of 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.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**(d) Functional and presentation currency**

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

(e) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balances and deposits with licensed financial institutions held in highly liquid investments 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.

(f) Amount due from/to stockbrokers

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

(g) Taxation

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

Withholding taxes on investment income from investment are based on tax regime of the respective countries that the Fund invests in. They are presented within other expenses line in the statement of comprehensive income.

(h) 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 period in which it is approved by the Trustee.

(i) Transaction 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.

(j) 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 are 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.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**(j) Unit holders' contributions (continued)**

The outstanding units are carried at the redemption amount that is payable at each financial period 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.

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

The analysis of realised and unrealised portion of profit or loss after tax as presented on the statement of comprehensive income is prepared in accordance with GUTF.

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

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

Estimates and judgements are continually evaluated by the Manager 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 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 GUTF.

Ringgit-denominated unquoted fixed income securities are valued using fair value prices quoted by a BPA. Where the Manager 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 Manager may use market price, provided that the Manager 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 adopting the use of non-BPA price.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund aims to grow the value of investments over the long-term through investment in a diversified mix of Malaysian assets.

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 Manager and adherence to the investment restrictions as stipulated in the Deeds and GUTF.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(a) Market risk****(i) Price risk**

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

The price risk is managed through diversification and selection of quoted securities, unquoted fixed income securities and other financial instruments within specified limits according to the Deeds.

The Fund is exposed to price risk arising from interest rate fluctuation in relation to its investments in unquoted fixed income securities. The Fund's exposure to price risk arising from interest rate fluctuation and the related sensitivity analysis are disclosed in "interest rate risk" below.

(ii) Interest rate risk

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

Investors should note that the 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 Fund's exposure to interest rate risk associated with deposits with licensed financial institutions is not material as the deposits are held on short-term basis.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(b) Credit risk**

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

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

In addition, the Manager 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 credit rating of "BBB3" or "P2" by RAM or equivalent rating by MARC or by local rating agency(ies) of the country of issuance or "BBB-" by S&P or equivalent rating by any other international rating agencies.

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

For the amount due from Manager, the settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the GUTF.

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

(c) 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 and deposits with licensed financial institutions and other instruments 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 Manager 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. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(d) Capital risk management**

The capital of the Fund is represented by net assets attributable to unit holders. The amount of capital can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of 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 holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

(e) Fair value estimation

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

The fair values of financial assets traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the financial period end date. The Fund utilises the last traded market price for financial assets where the last traded market 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)

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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
30.06.2024				
Financial assets at fair value through profit or loss:				
- Quoted securities	33,617,127	-	-	33,617,127
- Unquoted fixed income securities	-	16,142,563	-	16,142,563
	<u>33,617,127</u>	<u>16,142,563</u>	<u>-</u>	<u>49,759,690</u>
31.12.2023				
Audited				
Financial assets at fair value through profit or loss:				
- Quoted securities	29,436,241	-	-	29,436,241
- Unquoted fixed income securities	-	13,891,995	-	13,891,995
	<u>29,436,241</u>	<u>13,891,995</u>	<u>-</u>	<u>43,328,236</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 includes 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 stockbrokers, amount due from Manager, dividends receivable and all current 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 2.00% per annum, calculated daily based on the NAV of the Fund.

For the six months financial period ended 30 June 2024, the management fee was recognised at a rate of 1.85% per annum (30.06.2023: 1.85% per annum).

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

5. TRUSTEE FEE

In accordance with the Deeds, the Trustee is entitled to a maximum Trustee fee of 0.08% per annum, calculated daily based on the NAV of the Fund. The Trustee fee includes the local custodian fee but excludes the foreign sub-custodian fee (if any).

For the six months financial period ended 30 June 2024, the Trustee fee was recognised at a rate of 0.045% per annum (30.06.2023: 0.08% per annum).

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

6. DISTRIBUTION

Distributions to unit holders were derived from the following sources:

	30.06.2024		30.06.2023	
	RM	%	RM	%
Source of distribution				
Distribution out of current period's income	483,079	100	971,534	100
Distribution out of prior period's income/capital	-	-	-	-
Total	483,079	100	971,534	100
	01.01.2024 to 30.06.2024		01.01.2023 to 30.06.2023	
	RM		RM	
Gross/Net distribution per unit (sen)				
Date of distribution 23 January 2024		0.40		-
Date of distribution 26 January 2023		-		0.75

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.

There are unrealised nil losses for the financial period ended 30 June 2024 and 30 June 2023.

7. TAXATION

	01.01.2024 to 30.06.2024 RM	01.01.2023 to 30.06.2023 RM
Tax charged for the financial period:		
- Current taxation	-	-

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

	01.01.2024 to 30.06.2024 RM	01.01.2023 to 30.06.2023 RM
Profit before taxation	8,085,875	1,201,584
Taxation at Malaysian statutory rate of 24% (30.06.2023:24%)	1,940,610	288,380
Tax effects of:		
- Investment income not subject to tax	(2,085,443)	(441,143)
- Expenses not deductible for tax purposes	36,055	43,912
- Restriction on tax deductible expenses for Unit Trust Funds	108,778	108,851
Taxation	-	-

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.06.2024 RM	31.12.2023 Audited RM
At fair value through profit or loss:		
- Quoted securities	33,617,127	29,436,241
- Unquoted fixed income securities	16,142,563	13,891,995
	49,759,690	43,328,236

	01.01.2024 to 30.06.2024 RM	01.01.2023 to 30.06.2023 RM
Net gain on financial assets at fair value through profit or loss:		
- Realised gain/(loss) on disposals	1,920,406	(87,587)
- Unrealised fair value gain	6,010,510	1,223,338
	7,930,916	1,135,751

Name of counter 30.06.2024	Quantity	Aggregate cost	Market value	Percentage of NAV
QUOTED SECURITIES				
Construction				
Gamuda Bhd	360,780	1,702,207	2,373,932	4.54
IJM Corp Bhd	392,200	681,457	1,196,210	2.29
Southern Score Builders Bhd	712,400	142,480	445,250	0.85
	<u>1,465,380</u>	<u>2,526,144</u>	<u>4,015,392</u>	<u>7.68</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2024 (CONTINUED) QUOTED SECURITIES				
Consumer				
Well Chip Group Bhd	82,600	94,990	94,990	0.18
Consumer Products & Services				
Farm Fresh Bhd	513,300	788,196	780,216	1.49
RGB International Bhd	3,219,800	1,135,777	1,513,306	2.89
	<u>3,733,100</u>	<u>1,923,973</u>	<u>2,293,522</u>	<u>4.38</u>
Energy				
Dialog Group Bhd	655,300	1,331,119	1,566,167	2.99
Financial Services				
AMMB Holding Bhd	264,700	1,105,408	1,135,563	2.17
CIMB Group Holdings Bhd	360,200	2,018,675	2,449,360	4.68
	<u>624,900</u>	<u>3,124,083</u>	<u>3,584,923</u>	<u>6.85</u>
Health Care				
Hartalega Holding Bhd	455,400	715,534	1,493,712	2.86
Industrial Products & Services				
KJTS Group Bhd	718,500	337,666	459,840	0.88
Nationgate Holdings Bhd	852,700	959,450	1,560,441	2.98
P.I.E. Industrial Bhd	118,400	581,652	741,184	1.42
	<u>1,689,600</u>	<u>1,878,768</u>	<u>2,761,465</u>	<u>5.28</u>
Property				
Eastern and Oriental Bhd	671,300	426,200	661,230	1.26
SP Setia Bhd	756,100	814,032	1,043,418	1.99
UEM Sunrise Bhd	904,200	975,117	976,536	1.87
	<u>2,331,600</u>	<u>2,215,349</u>	<u>2,681,184</u>	<u>5.12</u>
Technology				
Cape EMS Bhd	1,227,700	1,625,279	1,147,899	2.19
Frontken Corp Bhd	273,800	905,910	1,221,148	2.33
Genetec Technology Bhd	435,800	1,082,102	976,192	1.87
Greatech Tevhnology Bhd	81,500	429,869	427,875	0.82
Ifca Msc Bhd	609,300	456,806	472,208	0.90
LGMS Bhd	1,140,000	821,699	1,561,800	2.99
Oppstar Bhd	166,700	321,503	220,044	0.42
Pentamaster Corp Bhd	102,100	528,943	512,542	0.98
SMRT Holdings Bhd	1,848,900	1,214,986	1,747,211	3.34
	<u>5,885,800</u>	<u>7,387,097</u>	<u>8,286,919</u>	<u>15.84</u>
Telecommunications and Media				
Telekom Malaysia Bhd	121,100	789,681	818,636	1.56

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2024 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
Transportation and Logistics				
MISC Bhd	89,100	726,858	759,132	1.45
Utilities				
Tenaga Nasional Bhd	234,600	2,320,144	3,232,788	6.18
YTL Corp Bhd	333,500	481,836	1,150,575	2.20
YTL Power International Bhd	182,100	232,549	877,722	1.68
	<u>750,200</u>	<u>3,034,529</u>	<u>5,261,085</u>	<u>10.06</u>
TOTAL QUOTED SECURITIES	<u>17,884,080</u>	<u>25,748,125</u>	<u>33,617,127</u>	<u>64.26</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>7,869,002</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>33,617,127</u>		
UNQUOTED FIXED INCOME SECURITIES				
Aeon Credit Service M Bhd 3.85% 10/02/2028 (AA3)	600,000	617,083	607,417	1.16
APM Automotive Holdings Bhd 4.69% 30/04/2029 (AA2)	50,000	50,609	50,810	0.10
APM Automotive Holdings Bhd 4.82% 30/04/2031 (AA2)	50,000	50,695	51,033	0.10
Ara Bintang Bhd 5.50% 17/03/2026 (NR)	900,000	901,763	902,150	1.72
CIMB Thai Bank PCL 4.15% 06/07/2029 (AA3)	300,000	305,969	305,978	0.58
DIGI Telecomm Sdn Bhd 4.05% 30/05/2030 (AAA)	170,000	170,604	172,067	0.33
DRB-Hicom Bhd 4.85% 04/08/2028 (A)	330,000	336,986	341,009	0.65

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2024 (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES				
DRB-Hicom Bhd 4.85% 11/12/2026 (A)	700,000	704,170	711,035	1.36
Edotco Malaysia Sdn Bhd 4.44% 07/09/2029 (AA)	500,000	518,518	519,297	0.99
GENM Capital Bhd 5.35% 03/05/2030 (AA1)	1,070,000	1,078,783	1,116,297	2.13
IJM Land Bhd 4.73% 17/03/2119 (A2)	750,000	760,151	757,552	1.45
IJM Land Bhd Perpetual Sukuk 5.65% 17/03/2119 (A2)	500,000	508,049	516,814	0.99
Mah Sing Group Bhd 4.35% 13/03/2025 (NR)	2,500,000	2,532,774	2,524,049	4.82
Malaysian Resources Corp Bhd 5.19% 27/02/2026 (AA)	500,000	515,294	515,711	0.99
MMC Corporation Bhd 5.64% 27/4/2027 (AA)	1,050,000	1,089,179	1,107,650	2.12
OSK Rated Bond Sdn Bhd 4.49% 13/09/2030 (AA)	180,000	182,391	187,032	0.36
Penang Port Sdn Bhd 4.30% 24/12/2026 (AA)	1,000,000	996,769	1,010,681	1.93
Prasarana Malaysia Bhd 4.38% 29/01/2038 (GG)	500,000	509,180	528,020	1.01
Starbright Capital Bhd 4.35% 24/12/2026 (AAA)	1,500,000	1,514,267	1,493,066	2.85
Sunway Healthcare Treasury Sdn Bhd 4.00% 27/04/2029 (AA)	290,000	292,002	293,557	0.56
UEM Sunrise Bhd 4.40% 08/09/2026 (AA)	500,000	507,414	512,242	0.98
UMW Holding Bhd 6.35% 20/4/2118 (AA)	600,000	651,745	649,198	1.24
WCT Holdings Bhd 5.65% 20/4/2026 (A)	250,000	255,558	254,417	0.49
YTL Power International Bhd 4.21% 18/03/2037 (AA1)	1,000,000	1,015,007	1,015,481	1.94
TOTAL UNQUOTED FIXED INCOME SECURITIES	15,790,000	16,064,960	16,142,563	30.85
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		77,603		

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2024 (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES				
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		16,142,562		
31.12.2023				
Audited				
QUOTED SECURITIES				
Construction				
Gamuda Bhd	192,580	768,730	883,942	1.96
IJM Corporation Bhd	483,400	839,919	908,792	2.02
Southern Score Builders Bhd	712,400	142,480	153,166	0.34
	<u>1,388,380</u>	<u>1,751,129</u>	<u>1,945,900</u>	<u>4.32</u>
Consumer Products & Services				
Karex Bhd	517,700	379,564	377,921	0.84
Energy				
Bumi Armada Bhd	882,200	494,039	436,689	0.97
Financial Services				
CIMB Group Holding Bhd	427,400	2,395,285	2,500,290	5.55
Public Bank Bhd - Local	281,500	1,173,531	1,207,635	2.68
	<u>708,900</u>	<u>3,568,816</u>	<u>3,707,925</u>	<u>8.23</u>
Health Care				
Hartalega Hldg Bhd	723,000	1,135,993	1,952,100	4.33
KPJ Healthcare Bhd	385,600	539,840	555,264	1.23
Top Glove Corp Bhd	318,700	265,927	286,830	0.64
	<u>1,427,300</u>	<u>1,941,760</u>	<u>2,794,194</u>	<u>6.20</u>
Industrial Products & Svc				
Nationgate Holdings Bhd	878,500	988,479	1,326,535	2.94
Scicom MSC Bhd	976,200	1,132,714	1,083,582	2.41
V.S. Industry	1,135,000	982,658	925,025	2.05
	<u>2,989,700</u>	<u>3,103,851</u>	<u>3,335,142</u>	<u>7.40</u>
Property				
Eastern and Oriental Bhd	1,115,600	708,281	641,470	1.42
Sime Darby Property Bhd	952,800	651,153	595,500	1.32
SP Setia Bhd	631,300	574,628	505,040	1.12
	<u>2,699,700</u>	<u>1,934,062</u>	<u>1,742,010</u>	<u>3.86</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2023				
Audited (CONTINUED)				
QUOTED SECURITIES				
(CONTINUED)				
Technology				
Cape EMS Bhd	1,228,500	1,685,313	1,302,210	2.89
ECA Integrated Solution Bhd	753,600	611,796	380,568	0.84
Frontken Corporation Bhd	271,100	883,218	878,364	1.95
Genetec Technology Bhd	483,200	1,199,798	1,140,352	2.53
Inari Amertron Bhd	152,000	474,234	457,520	1.01
Infomina Bhd	210,400	359,389	351,368	0.78
ITMAX System Bhd	348,100	465,460	623,099	1.38
LGMS Bhd	1,504,800	1,084,642	1,384,416	3.07
My Eg Services Bhd	472,634	380,977	385,197	0.85
Oppstar Bhd	1,171,900	2,260,167	1,535,189	3.42
SMRT Holdings Bhd	2,261,000	1,485,794	2,419,270	5.37
	<u>8,857,234</u>	<u>10,890,788</u>	<u>10,857,553</u>	<u>24.09</u>
Transportation/Logistics				
Malaysia Airports Holding Bhd	44,315	307,180	326,158	0.72
Utilities				
Tenaga Nasional Bhd	184,900	1,803,896	1,856,396	4.12
YTL Corporation Bhd	590,500	853,146	1,116,045	2.48
YTL Power International Bhd	370,200	472,761	940,308	2.07
	<u>1,145,600</u>	<u>3,129,803</u>	<u>3,912,749</u>	<u>8.67</u>
TOTAL QUOTED SECURITIES	<u>20,661,029</u>	<u>27,500,992</u>	<u>29,436,241</u>	<u>65.30</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>1,935,249</u>		
TOTAL QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>29,436,241</u>		

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2023				
Audited (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES				
Aeon Credit Service M Bhd 3.85% 10/02/2028 (AA3)	600,000	618,466	602,009	1.34
Ara Bintang Bhd 5.50% 17/03/2026 (NR)	900,000	901,899	902,295	2.00
CIMB Thai Bank PCL 4.15% 06/07/2029 (AA3)	300,000	305,969	306,062	0.68
DIGI Telecomm Sdn Bhd 4.05% 30/05/2030 (AAA)	170,000	170,604	171,391	0.38
DRB-Hicom Bhd 4.85% 04/08/2028 (A1)	330,000	337,095	335,934	0.75
DRB-Hicom Bhd 4.85% 11/12/2026 (A1)	700,000	704,722	706,277	1.57
GENM Capital Bhd 5.35% 03/05/2030 (AA1)	1,070,000	1,078,783	1,096,684	2.43
IJM Land Bhd 4.73% 17/03/2119 (A2)	750,000	760,247	751,860	1.67
IJM Land Bhd 5.65% 17/03/2119 (A2)	500,000	508,049	517,604	1.15
Mah Sing Group Bhd 4.35% 13/03/2025 (NR)	2,500,000	2,532,774	2,512,599	5.57
MMC Corporation Bhd 5.64% 27/4/2027 (AA3)	1,050,000	1,094,425	1,106,761	2.46
OSK Rated Bond Sdn Bhd 4.49% 13/09/2030 (AA)	180,000	182,391	184,614	0.41
Penang Port Sdn Bhd 4.30% 24/12/2026 (AA3)	1,000,000	996,212	1,010,289	2.24
Prasarana Malaysia Bhd 4.38% 29/01/2038 (GG)	500,000	509,240	526,900	1.17
Sarawak Energy Bhd 4.70% 24/11/2028 (AAA)	250,000	252,321	260,547	0.58
Starbright Capital Bhd 4.35% 24/12/2026 (AAA)	1,500,000	1,516,868	1,489,091	3.30
UEM Sunrise Bhd 4.40% 08/09/2026 (AA3)	500,000	507,524	505,867	1.12
UMW Holding Bhd 6.35% 20/4/2118 (AA3)	600,000	657,139	651,738	1.45
WCT Holdings Bhd 5.65% 20/4/2026 (AA3)	250,000	256,422	253,473	0.55
TOTAL UNQUOTED FIXED INCOME SECURITIES	13,650,000	13,891,150	13,891,995	30.82

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2023				
Audited (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>845</u>		
TOTAL UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>13,891,995</u>		

9. CASH AND CASH EQUIVALENTS

	30.06.2024 RM	31.12.2023 Audited RM
Deposits with licensed financial institutions	2,712,737	2,281,600
Bank balance	<u>79,912</u>	<u>54,833</u>
	<u>2,792,649</u>	<u>2,336,433</u>

10. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

Net assets attributable to unit holders as at the reporting date comprise:

	30.06.2024 RM	31.12.2023 Audited RM
Unit holders' contributions	37,380,863	37,746,103
Retained earnings	<u>14,936,312</u>	<u>7,333,516</u>
	<u>52,317,175</u>	<u>45,079,619</u>

The movement in the components of net assets attributable to unit holders for the period were as follows:

	Unit holders' contribution RM	Retained earnings RM	Total RM
Balance as at 1 January 2024	37,746,103	7,333,516	45,079,619
Movement in unit holders' contributions:			
- Creation of units from applications	3,028,338	-	3,028,338
- Creation of units from distribution	455,697	-	455,697

10. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS (CONTINUED)

The movement in the components of net assets attributable to unit holders for the period were as follows (continued):

	Unit holders' contribution RM	Retained earnings RM	Total RM
- Cancellation of units	(3,849,275)	-	(3,849,275)
Total comprehensive income for the financial period	-	8,085,875	8,085,875
Distribution	-	(483,079)	(483,079)
Balance as at 30 June 2024	37,380,863	14,936,312	52,317,175
Balance as at 1 January 2023	41,041,822	7,195,127	48,236,949
Movement in unit holders' contributions:			
- Creation of units from applications	413,128	-	413,128
- Creation of units from distribution	900,604	-	900,604
- Cancellation of units	(2,495,641)	-	(2,495,641)
Total comprehensive income for the financial period	-	1,201,584	1,201,584
Distribution	-	(971,534)	(971,534)
Balance as at 30 June 2023	39,859,913	7,425,177	47,285,090

11. NUMBER OF UNITS IN CIRCULATION (UNITS)

	01.01.2024 to 30.06.2024	31.12.2023 Audited
	No. of units	No. of units
At the beginning of the financial period/year	120,937,196	129,841,281
Add: Creation of units from applications	7,218,367	2,532,430
Add: Creation of units from distribution	1,210,671	5,115,485
Less: Cancellation of units	(9,582,334)	(16,552,000)
At the end of the financial period/year	119,783,900	120,937,196

12. TOTAL EXPENSE RATIO ("TER")

	01.01.2024 to 30.06.2024	01.01.2023 to 30.06.2023
	%	%
TER	0.98	0.99

TER is derived from the following calculation:

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

12. TOTAL EXPENSE RATIO (“TER”) (CONTINUED)

A	=	Management fee
B	=	Trustee fee
C	=	Audit fee
D	=	Tax agent’s fee
E	=	Other expenses excluding 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 was RM48,047,354 (30.06.2023 RM48,396,849).

13. PORTFOLIO TURNOVER RATIO (“PTR”)

	01.01.2024 to 30.06.2024	01.01.2023 to 30.06.2023
PTR (times)	<u>0.40</u>	<u>0.52</u>

PTR is derived from the following calculation:

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

where:

total acquisition for the financial period = RM18,546,538 (30.06.2023: RM24,873,250)
 total disposal for the financial period = RM20,058,682 (30.06.2023: RM25,734,197)

14. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO MANAGER, AND SIGNIFICANT RELATED PARTIES TRANSACTIONS AND BALANCES

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

<u>Related parties</u>	<u>Relationship</u>
Principal Asset Management Berhad	The 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
Principal Asset Management Berhad	The Manager
CIMB Bank Bhd	Fellow related party to the Manager

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

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

<u>Related parties</u>	<u>Relationship</u>
CGS-CIMB Securities Sdn Bhd	Fellow related party to the Manager
CIMB Thai Bank PCL	Fellow related party to 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

Units held by the Manager and parties related to the Manager

	30.06.2024		31.12.2023	
	No. of units	RM	No. of units	Audited RM
Manager				
Principal Asset Management Berhad	452	197	336	125

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 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 into in the normal course of business at agreed terms between the related parties.

	30.06.2024	31.12.2023
	RM	Audited RM
<u>Significant related party balances</u>		
Quoted securities:		
- CIMB Group Holdings Bhd	2449,360	2,500,290
Unquoted fixed income securities:		
- CIMB Thai Bank PCL 4.15% 06/07/2029 (AA3)	305,978	-

15. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the top 10 brokers/ dealers for the six months financial period ended 30 June 2024 were as follows:

Brokers/ Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Affin Hwang Investment Bank Bhd	6,032,358	15.63	13,692	16.16
CLSA Securities (M) Sdn Bhd	5,336,718	13.82	12,012	14.18
Macquarie Capital Securities (M) Sdn Bhd	5,109,169	13.23	11,496	13.57
RHB Investment Bank Bhd	3,829,473	9.92	7,530	8.89
Nomura Securities Malaysia Sdn Bhd	3,677,321	9.53	8,274	9.76
Maybank Investment Bank Bhd	3,326,415	8.62	7,573	8.94
CGS Inter Securities Malaysia Sdn Bhd	2,121,525	5.50	5,035	5.94
CGS-CIMB Securities Sdn Bhd #	2,075,595	5.38	4,671	5.51
J.P. Morgan Securities (M) Sdn Bhd	1,869,598	4.84	2,787	3.29
UBS Securities (M) Sdn Bhd	1,455,353	3.77	3,279	3.87
Others	3,771,696	9.76	8,386	9.89
	<u>38,605,221</u>	<u>100.00</u>	<u>84,735</u>	<u>100.00</u>

Details of transactions with the top 10 brokers/ dealers for the six months financial period ended 30 June 2023 were as follows:

Brokers/ Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
J.P. Morgan Securities (M) Sdn Bhd	6,437,575	12.72	13,189	14.32
Maybank Investment Bank Bhd	5,900,248	11.66	13,289	14.43
Macquarie Capital Securities (M) Sdn Bhd	5,742,956	11.35	12,451	13.52
CLSA Securities (M) Sdn Bhd	5,526,931	10.92	12,385	13.45
CGS-CIMB Securities Sdn Bhd #	5,044,756	9.97	8,796	9.55
RHB Investment Bank Bhd	4,865,787	9.61	8,895	9.66
KAF Equities Sdn Bhd	3,921,327	7.75	8,891	9.65
UBS Securities Malaysia Sdn Bhd	3,414,560	6.75	7,549	8.20
Hong Leong Investment Bank Bhd	2,402,150	4.75	2,073	2.25
RHB Bank Bhd	2,136,670	4.22	-	-
Others	5,214,487	10.30	4,594	4.97
	<u>50,607,447</u>	<u>100.00</u>	<u>92,112</u>	<u>100.00</u>

Included in the transactions are trades conducted with CGS-CIMB Securities Sdn Bhd fellow related party to the Manager amounting to RM2,075,595 (30.06.2023: RM5,044,756) respectively. The Manager is of the opinion that all transactions with the related company have been entered into in the normal course of business at agreed terms between the related parties.

DIRECTORY

Head Office of the Manager

Principal Asset Management Berhad (Company No.: 199401018399 (304078-K))
Level 32, Exchange 106,
Lingkaran TRX,
55188 Tun Razak Exchange, Kuala Lumpur
MALAYSIA.
Tel: (03) 8680 8000

Website

www.principal.com

E-mail address

myservice@principal.com

Customer Care Centre

(03) 7723 7260

Chat with us via WhatsApp:

(6016) 299 9792

Trustee for the Principal Lifetime Balanced Fund

HSBC (Malaysia) Trustee Berhad (Company No.: 193701000084 (1281-T))
19th Floor, Menara IQ, Lingkaran TRX,
55188 Tun Razak Exchange, Kuala Lumpur, MALAYSIA.
Tel: (03) 2075 7800
Fax: (03) 8894 2611

Principal Asset Management Berhad
199401018399 (304078-K)

Enquiries:

Customer Care Centre
(603)7723 7260

Chat with us via WhatsApp
(6016)299 9792

Email
myservice@principal.com

Website
www.principal.com.my