

Principal Money Market Income Fund

Unaudited Semi-Annual Report

For The Six Months Financial Period Ended 30 June 2023

PRINCIPAL MONEY MARKET INCOME FUND
UNAUDITED SEMI-ANNUAL REPORT
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2023

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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 Money Market Income Fund for the financial period ended 30 June 2023. You may also download this report from our website at www.principal.com.my.

We are happy to share that Principal Malaysia won three accolades at Alpha Southeast Asia's 14th Annual Fund Management Awards 2023. The awards were for Best Online & Mobile Platform (Asset Manager), Best Absolute Return Strategy and Best Fund Manager for Pension Mandates. Principal Malaysia was also honoured with multiple awards at the FSMOne Recommended Unit Trusts Awards 2023/2024 including Investors' Choice Fund House of the year 2023.

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

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

The Fund aims to provide a low risk investment option that normally earns higher interest than traditional bank accounts.

Has the Fund achieved its objective?

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

What are the Fund investment policy and principal investment strategy?

The Fund may place at least 90% of its Net Asset Value ("NAV") in deposits as well as invest in money market instruments and short-term debt securities with a minimum credit rating of "BBB3" or "P2" by RAM Ratings Services Berhad ("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, all of which have a remaining maturity period of 397 days or less. Up to 10% of the Fund's NAV may be invested in short-term debt securities which have a remaining maturity period of more than 397 days but less than 732 days. The Fund will be actively managed with frequency that will depend on the market conditions and the market outlook. The investment policy and strategy is to invest in liquid and low risk short-term investments for capital preservation. The Fund may also invest up to 30% of its NAV in foreign markets Eligible Markets.

The asset allocation strategy for this Fund is as follows:

- at least 90% of the Fund's NAV in deposits, money market instruments and/or short-term debt securities; and
- up to 10% of the Fund's NAV in debt securities with maturity period of more than 397 days but less than 732 days.

Fund category/type

Money Market/Income

When was the Fund launched?

Name of Class	Launch date
Class AI	18 February 2004
Class AR	Effective date*

With effect from 13 August 2021, the Fund will be split into Class AI and AR where individual unitholders will be designated to Class AR and non-individual unit holders will be designated to Class AI.

* The effective launch date of Class AR will be the date of the Fund is split into Class AI and AR.

What was the size of the Fund as at 30 June 2023?

RM392.74 million (400.49 million units)

What is the Fund's benchmark?

CIMB Bank Overnight Rate

Note: Given that the Fund is an income fund, the Fund shall benchmark itself against the overnight rate for performance comparison purpose only. Therefore, investors are cautioned that the risk profile of the Fund is higher than the benchmark.

What is the Fund distribution policy?

Quarterly, if any, within 14 days after the last day of each quarter.

What was the net income distribution for the six months financial period ended 30 June 2023?

The Fund distributed a total net income of RM5.38 million to unit holders for the six months financial period ended 30 June 2023.

FUND OBJECTIVE AND POLICY (CONTINUED)

What was the net income distribution for the six months financial period ended 30 June 2023? (continued)

The Fund's NAV per unit before and after distributions were as follows:

Date	NAV per unit (Before distribution) RM	NAV per unit (After distribution) RM
Distribution on 31 March 2023		
- Class AI	0.9848	0.9784
- Class AR	0.9847	0.9783
Distribution on 30 June 2023		
- Class AI	0.9875	0.9806
- Class AR	0.9873	0.9804

Breakdown of distribution were as follows:

	RM	%
Income	5,375,300	100.00
Capital	-	-
Total	5,375,300	100.00

PERFORMANCE DATA

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

	30.06.2023 %	30.06.2022 %	30.06.2021 %
Unquoted fixed income securities	83.29	89.56	87.26
Deposits with licensed financial institutions at fair value through profit or loss	-	-	-
Cash and other net assets	21.44	10.52	13.01
Liabilities	(4.73)	(0.08)	(0.27)
	100.00	100.00	100.00

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

	30.06.2023	30.06.2022	30.06.2021
NAV (RM Million)*			
- Class AI	353.07	798.53	250.68
- Class AR	39.67	29.17	-
Units in circulation (Million)			
- Class AI	360.04	819.39	257.71
- Class AR	40.45	29.93	-
NAV per unit (RM)*			
- Class AI	0.9806	0.9745	0.9727
- Class AR	0.9804	0.9744	-

* Ex-distribution

	01.01.2023 to 30.06.2023	01.01.2022 to 30.06.2022	01.01.2021 to 30.06.2021
Highest NAV per unit (RM)			
- Class AI	0.9874	0.9805	0.9810
- Class AR	0.9872	0.9805	-

PERFORMANCE DATA (CONTINUED)

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

	01.01.2023 to 30.06.2023	01.01.2022 to 30.06.2022	01.01.2021 to 30.06.2021
Lowest NAV per unit (RM)			
Class AI	0.9762	0.9745	0.9727
Class AR	0.9759	0.9744	-
Total return (%)			
Class AI	1.85	1.00	0.99
Class AR	1.85	1.00	-
Capital growth (%)			
- Class AI	0.48	(0.04)	(0.35)
- Class AR	0.48	(0.04)	-
Income distribution (%)			
- Class AI	1.36	1.04	1.34
- Class AR	1.36	1.04	-
Total Expense Ratio ("TER") ^	0.22	0.21	0.36
Portfolio Turnover Ratio ("PTR") #	0.38	0.76	0.55

^ The Fund's TER increased from 0.21% to 0.22% due to decrease in average NAV during the financial period under review.

The Fund's PTR for the financial period under review decreased from 0.76 times to 0.38 times compared to the previous year's corresponding period due to the decrease in number of transactions.

	01.01.2023 to 30.06.2023	01.01.2022 to 30.06.2022	01.01.2021 to 30.06.2021
Date of distribution			
Gross/Net distribution per unit (sen)			
Distribution on 31 March 2023			
- Class AI	0.64	-	-
- Class AR	0.64	-	-
Distribution on 30 June 2023			
- Class AI	0.69	-	-
- Class AR	0.69	-	-
Distribution on 31 March 2022			
- Class AI	-	0.49	-
- Class AR	-	0.49	-
Distribution on 30 June 2022			
- Class AI	-	0.52	-
- Class AR	-	0.52	-
Distribution on 31 March 2021			
- Class AI	-	-	0.46
Distribution on 30 June 2021			
- Class AI	-	-	0.84

PERFORMANCE DATA (CONTINUED)

	30.06.2023	30.06.2022	30.06.2021	30.06.2020	30.06.2019
	%	%	%	%	%
Annual total return					
- Class AI	3.37	2.35	1.93	3.05	3.84
- Class AR	3.35	2.34	-	-	-

(Launch date: 18 February 2004)

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 2023 TO 30 JUNE 2023)

Bank Negara Malaysia (“BNM”) unexpectedly raised its Overnight Policy Rate (“OPR”) to 3.00% (+25 basis points (“bps”) in its latest Monetary Policy Committee (“MPC”) meeting on 3 May 2023. The hike came after two consecutive pauses in January 2023 and March 2023, and it was justified on resilient demand. BNM warned that the balance of risk to the inflation outlook is tilted to the upside and remains highly subject to changes to domestic policy including subsidies and price controls. BNM also stated that it is timely to further normalize the degree of monetary accommodation with the domestic growth prospects remain resilient, and household spending would be supported by the further labor market improvements.

Headline inflation in Malaysia fell to 2.8% in May 2023 (consensus: 3.0%; April 2023: 3.3%), with easing inflation contributed by the fall in the food and beverages subindex at 5.9% for May 2023 (April 2023: 6.3%), while core Consumer Price Index (“CPI”) also eased to 3.5% in May 2023 (April 2023: 3.6%).

Malaysia reported a better-than-expected Gross Domestic Product (“GDP”) growth of 5.6% for first quarter of 2023 (“1Q23”) (vs 7% in fourth quarter of 2023 (“4Q23”)), with the bulk of the growth primarily came from private consumption, rising 5.9% Year-on-Year (“YoY”). The strong consumption sentiment has also reflected in a continued steaming service sector, which was expanded by 7.3% YoY for 1Q23.

FUND PERFORMANCE

	6 months	1 year	3 years	5 years	Since
	to 30.06.2023	to 30.06.2023	to 30.06.2023	to 30.06.2023	inception
	%	%	%	%	%
Income Distribution					
- Class AI	1.36	2.72	7.87	15.07	80.24
- Class AR	1.36	2.72	7.87	15.07	80.24
Capital Growth					
- Class AI	0.48	0.62	(0.04)	0.28	(1.94)
- Class AR	0.48	0.61	(0.06)	0.26	0.48
Total Return					
- Class AI	1.85	3.37	7.83	15.39	76.74
- Class AR	1.85	3.35	7.81	15.37	81.11
Benchmark					
- Class AI	0.71	1.29	2.34	5.40	35.37
- Class AR	0.71	1.29	2.34	5.40	35.37
Average Total Return					
- Class AI	3.74	3.37	2.54	2.90	2.08
- Class AR	3.74	3.35	2.54	2.90	2.17

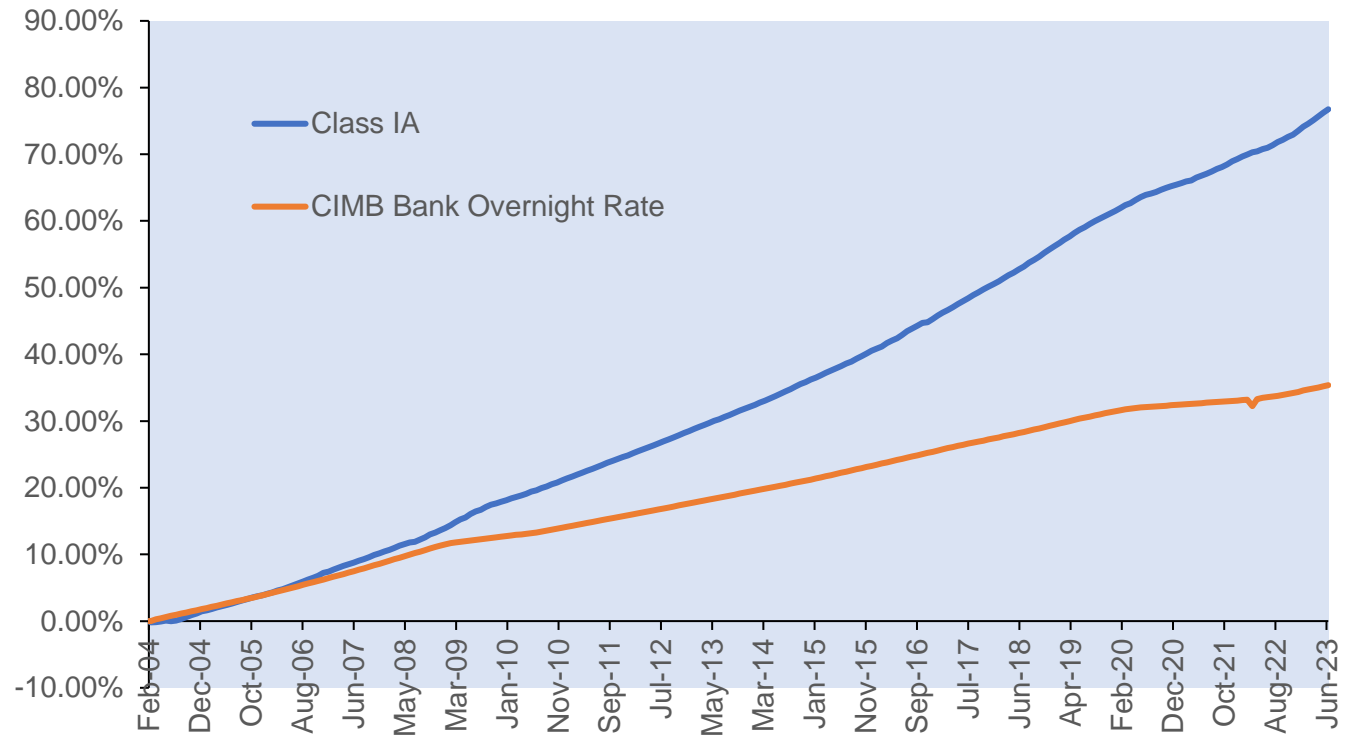
As at 30 June 2023, the total return for Class AI on a 1 year, 3 years, and 5 years basis stood at 3.37%, 7.83% and 15.39% respectively, meanwhile the total return for Class AR on a 1 year, 3 years, and 5 years basis stood at 3.35%, 7.81% and 15.37% respectively.

FUND PERFORMANCE (CONTINUED)

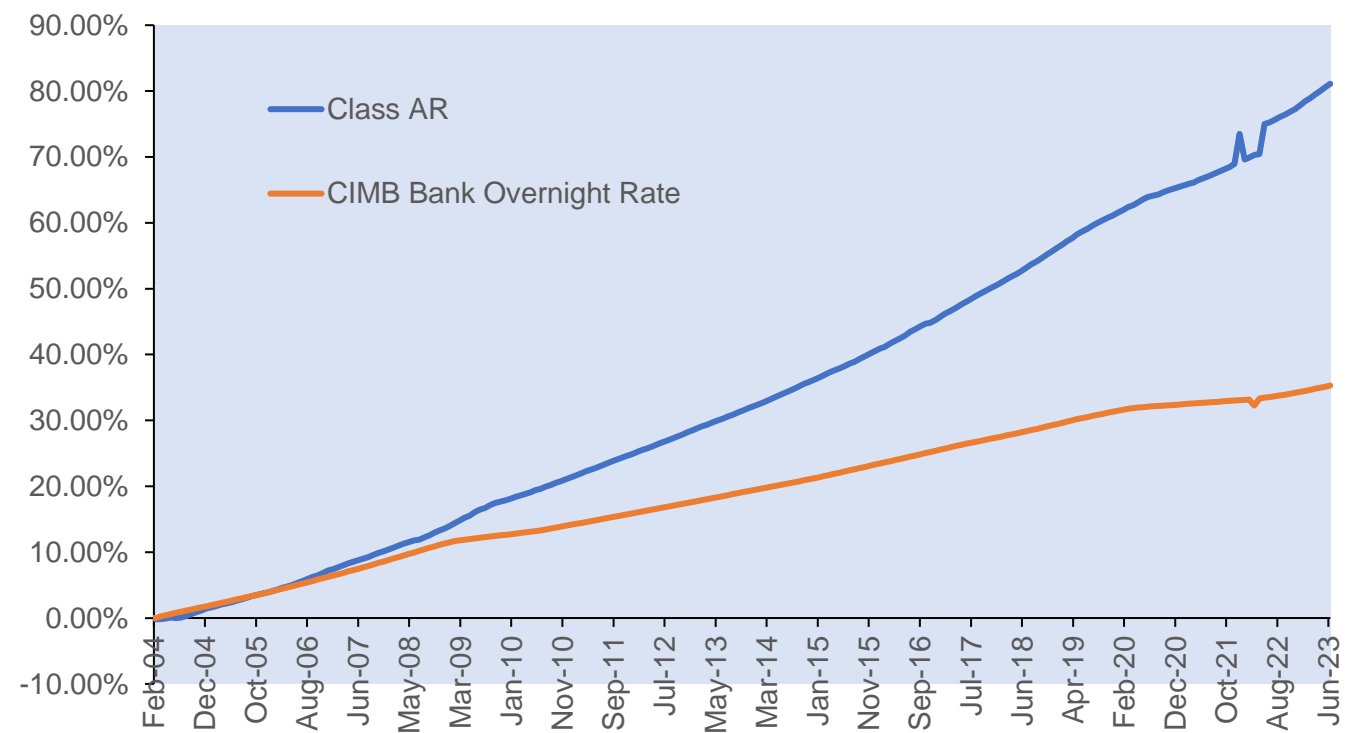
Both classes outperformed the benchmark in the respective periods. Since inception, the Fund's Class AI and AR achieved a total return of 76.74% and 81.11% respectively, also outperforming the benchmark returns.

Since inception

Class AI



Class AR



FUND PERFORMANCE (CONTINUED)

Changes in NAV

	30.06.2023	31.12.2022 Audited	Changes %
CLASS AI			
NAV (RM Million)	353.07	470.17	(24.91)
NAV/Unit (RM)	0.9806	0.9759	0.48
CLASS AR			
NAV (RM Million)	39.67	27.95	41.93
NAV/Unit (RM)	0.9804	0.9758	0.47

* Ex-distribution

The Fund's NAV for class AI as at 30 June 2023 decreased by 24.91% to RM353.07 million from RM470.17 million on 31 December 2022. Meanwhile, the NAV per unit increased by 0.48% from RM0.9759 per unit to RM0.9806 per unit.

The Fund's NAV for class AR as at 30 June 2023 increased by 41.93% to RM39.67 million from RM27.95 million on 31 December 2022. Meanwhile, the NAV per unit increased by 0.47% from RM0.9758 per unit to RM0.9804 per unit.

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)	30.06.2023	31.12.2022 Audited
Unquoted fixed income securities	83.29	75.39
Cash and other assets	21.44	24.68
Liabilities	(4.73)	(0.07)
TOTAL	100.00	100.00

As at 30 June 2023, the Fund was 83.29% invested in unquoted fixed income securities, with the remaining 16.71% in cash and other net assets (net of liabilities).

MARKET OUTLOOK*

For the Malaysian economy, latest developments point towards further expansion in economic activity in the 1Q23 after the strong performance in 2022. While exports are expected to moderate, growth in 2023 will be driven by domestic demand. Household spending remains resilient, underpinned by better labour market conditions as unemployment continues to decline to pre-pandemic levels. The pickup in tourist arrivals is expected to lift tourism-related activities. Further progress of multi-year infrastructure projects will support investment activity. Domestic financial conditions also remain conducive to financial intermediation, with no signs of excessive tightening affecting consumption and investment activities. Risks to the domestic growth outlook are relatively balanced.

BNM highlighted that the monetary policy stance is slightly accommodative and remains supportive of the economy. The MPC will continue to ensure that the monetary policy stance remains consistent with the outlook of domestic inflation and growth.

MARKET OUTLOOK* (CONTINUED)

We believe BNM will keep its OPR unchanged for now unless growth and inflationary outlook continue to surprise market on the upside.

* 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

We continue to overweight on quality short term fixed income securities as well as commercial papers issued by corporates with strong fundamentals.

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

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 other 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 have been carried out during the financial period under review.

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
PRINCIPAL MONEY MARKET INCOME 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 27 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 2023 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 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

UDAY JAYARAM

Director

Kuala Lumpur
16 August 2023

TRUSTEE'S REPORT

To the unit holders of PRINCIPAL MONEY MARKET INCOME FUND ("Fund"),

We have acted as Trustee of the Fund for the financial period ended 30 June 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, 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 deed, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the deed; and
3. Any creation and cancellation of units are carried out in accordance with the deed 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 **Maybank Trustees Berhad**

[Company No.: 196301000109 (5004-P)]

JUANITA BINTI SUHAIMI

Unit Head, Unit Trust Operations

16 August 2023

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2023**

		01.01.2023 to 30.06.2023	01.01.2022 to 30.06.2022
	Note	RM	RM
INCOME/(LOSS)			
Interest income from unquoted fixed income securities at fair value through profit or loss		6,196,306	8,297,798
Interest income from deposits with licensed financial institutions and bank balance		1,756,262	826,561
Net gain/(loss) on financial assets at fair value through profit or loss	8	<u>746,767</u>	<u>(1,446,177)</u>
		<u>8,699,335</u>	<u>7,678,182</u>
EXPENSES			
Management fee	4	843,392	1,280,475
Trustee fee	5	63,254	96,036
Audit fee		3,571	3,600
Tax agent's fee		4,000	4,000
Other expenses		<u>8,007</u>	<u>1,857</u>
		<u>922,224</u>	<u>1,385,968</u>
PROFIT BEFORE DISTRIBUTION AND TAXATION		7,777,111	6,292,214
Distribution:			
- Class AI		4,916,675	6,603,833
- Class AR		<u>458,625</u>	<u>289,831</u>
		<u>5,375,300</u>	<u>6,893,664</u>
PROFIT/(LOSS) BEFORE TAXATION		2,401,811	(601,450)
Taxation	7	<u>-</u>	<u>-</u>
PROFIT/(LOSS) AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD		<u>2,401,811</u>	<u>(601,450)</u>
Profit/(Loss) after taxation is made up as follows:			
Realised amount		665,335	377,404
Unrealised amount		<u>1,736,476</u>	<u>(978,854)</u>
		<u>2,401,811</u>	<u>(601,450)</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 2023**

		30.06.2023	31.12.2022
	Note	RM	Audited RM
ASSETS			
Cash and cash equivalents	9	83,558,474	122,815,712
Financial assets at fair value through profit or loss	8	327,127,622	375,549,755
Amount due from Manager		635,100	90,100
		<u>411,321,196</u>	<u>498,455,567</u>
LIABILITIES			
Amount due to dealer		18,440,939	-
Amount due to Manager		-	88,255
Accrued management fee		125,229	209,728
Amount due to Trustee		9,392	15,730
Distribution payable		1,050	2,004
Other payables and accruals		7,955	15,200
TOTAL LIABILITIES		<u>18,584,565</u>	<u>330,917</u>
NET ASSET VALUE OF THE FUND		<u>392,736,631</u>	<u>498,124,650</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>392,736,631</u>	<u>498,124,650</u>
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS (RM)			
- Class AI		353,072,425	470,175,906
- Class AR		39,664,206	27,948,744
		<u>392,736,631</u>	<u>498,124,650</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)			
- Class AI		360,037,434	481,743,140
- Class AR		40,453,380	28,640,117
	10	<u>400,490,814</u>	<u>510,383,257</u>
NET ASSET VALUE PER UNIT (RM)			
- Class AI		0.9806	0.9759
- Class AR		<u>0.9804</u>	<u>0.9758</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 2023**

	01.01.2023 to 30.06.2023 RM	01.01.2022 to 30.06.2022 RM
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>498,124,650</u>	<u>526,323,336</u>
Movement in unit holders' contributions:		
Creation of units from applications		
- Class AI	121,570,561	495,732,293
- Class AR	35,348,216	23,786,612
	<u>156,918,777</u>	<u>519,518,905</u>
Creation of units from distributions		
- Class AI	4,913,996	6,603,833
- Class AR	458,626	289,831
	<u>5,372,622</u>	<u>6,893,664</u>
Cancellation of units		
- Class AI	(245,865,845)	(194,827,231)
- Class AR	(24,215,384)	(29,607,564)
	<u>(270,081,229)</u>	<u>(224,434,795)</u>
Total comprehensive income/(loss) for the financial period	2,401,811	(601,450)
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL PERIOD	<u><u>392,736,631</u></u>	<u><u>827,699,660</u></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 2023**

	01.01.2023 to 30.06.2023 RM	01.01.2022 to 30.06.2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of unquoted fixed income securities	32,031,198	63,608,287
Proceeds from redemption of unquoted fixed income securities	303,730,000	344,475,000
Purchase of unquoted fixed income securities	(270,838,536)	(925,032,662)
Interest income received from deposits with licensed financial institutions and current account	1,756,262	826,561
Interest income received from unquoted fixed income securities	8,883,484	10,855,631
Management fee paid	(927,891)	(1,095,202)
Trustee fee paid	(69,592)	(82,141)
Payments for other fees and expenses	(22,823)	(3,857)
Net cash generated from/(used in) operating activities	74,542,102	(506,448,383)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	156,373,776	519,406,405
Payments for cancellation of units	(270,169,484)	(225,627,321)
Distribution paid	(3,632)	-
Net (used in)/generated from financing activities	(113,799,340)	293,779,084
Net decrease in cash and cash equivalents	(39,257,238)	(212,669,299)
Cash and cash equivalents at the beginning of the financial period	122,815,712	299,599,386
Cash and cash equivalents at the end of the financial period	<u>83,558,474</u>	<u>86,930,087</u>
<u>Cash and cash equivalents comprised of:</u>		
Bank balance	13,626	12,972
Deposits with licensed financial institutions	83,544,848	86,917,115
Cash and cash equivalents at the end of financial period	<u>83,558,474</u>	<u>86,930,087</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 30 JUNE 2023**

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES

Principal Money Market Income Fund (the “Fund”) is governed by a Principal Master Deed dated 15 May 2008, a Fifth Supplemental Master Deed dated 16 July 2009, a Thirteenth Supplemental Master Prospectus dated 26 June 2012, an Eighteenth Supplemental Master Deed dated 25 March 2015 and a Twentieth Supplemental Master Deed dated 21 October 2019, a Twenty Second Supplemental Master Deed dated 7 May 2021, a Twenty Third Supplemental Master Deed dated 27 June 2022, a Twenty Fourth Supplemental Master Deed dated 13 January 2023 (collectively referred to as the “Deeds”) made between Principal Asset Management Berhad (the “Manager”) and Maybank Trustees Bhd (the “Trustee”).

The Fund may place at least 90% of its NAV in deposits as well as invest in money market instruments and short-term debentures with a minimum credit rating of “BBB3” or “P2” 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, all of which have a remaining maturity period of less than 365 days. Up to 10% of the Fund’s NAV may be invested in short-term debentures which have a remaining maturity period of more than 365 days but less than 732 days. The Fund will be actively managed with frequency that will depend on the market conditions and the market outlook. The investment policy and strategy are to invest in liquid and low risk short-term investments for capital preservation. The Fund may also invest up to 30% of its NAV in foreign markets where the regulatory authorities are ordinary or associate members of the IOSCO.

The asset allocation strategy for this Fund is as follows:

- at least 90% of the Fund’s NAV in deposits, money market instruments and/or short-term debentures and;
- up to 10% of the Fund’s NAV in short-term debentures with maturity period of more than 365 days but less than 732 days.

All investments are subjected to the Securities Commission Malaysia (“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 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 as issued by the Malaysian Accounting Standards Board (“MASB”) and IFRS as issued by the International Accounting Standards Board (“IASB”).

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

The preparation of financial statements in conformity with MFRS and IFRS requires the

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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(j).

There are no other standards, amendments to standards or interpretations that are effective for financial periods beginning on 1 January 2023 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 2023 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 contractual cash flows of the Fund's debt securities are solely principal and interest. However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents 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.

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

2. SUMMARY OF SIGNIFICANT 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.

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 year which they arise.

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

Impairment for assets carried at amortised costs

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

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 period.

(c) Income recognition

Interest income from deposits with licensed financial institutions and unquoted fixed income securities are recognised on a time proportionate basis using the effective interest 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 unquoted fixed income securities is accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on cost adjusted for accretion of discount or amortisation of premium.

(d) Functional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in 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 Shariah-compliant deposits with licensed Islamic 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) 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. Such withholding taxes are not "income tax" in nature and are recognised and measured based on the requirements of MFRS 137. They are presented within other expenses line in the statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Distribution

A distribution to the Fund's unit holders is accounted for as finance cost in the statement of comprehensive income as the unit holders' contributions are classified as financial liability as per Note 2(j). A proposed distribution is recognised as a liability in the financial period in which it is approved by the Trustee.

(h) Unit holders' contributions

The unit holders' contributions to the Fund meet the definition of puttable instruments classified as financial liability under MFRS 132 "Financial Instruments: Presentation".

The Fund issues cancellable units, in two classes of units, known respectively as the Class AI and Class AR which are cancelled at the unit holder's option and do not have identical features subject to restrictions as stipulated in the Prospectus and GUTF. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's NAV of respective classes. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the member exercises the right to put back the unit to the Fund.

Units are created and cancelled at the unit holders' option at prices based on the Fund's NAV per unit of respective classes at the close of business on the relevant dealing day. The Fund's NAV per unit of respective classes is calculated by dividing the net assets attributable to members of respective classes with the total number of outstanding units of respective classes.

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

The analysis of realised and unrealised portions of increase/decrease in net assets attributable to unit holders as presented on the statement of comprehensive income is prepared in accordance with GUTF.

(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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Critical accounting estimates and judgements in applying accounting policies (continued)

Estimate of fair value of unquoted fixed income securities (continued)

MYR/RM-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 provide a low risk investment option that normally earns higher interest than traditional bank accounts.

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.

(a) Market risk

(i) Price risk

This is the risk that the fair value of an investment in unquoted fixed income securities will fluctuate because of changes in market prices (other than those arising from interest rate risk). The value of 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 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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(ii) Interest rate risk (continued)

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 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 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 expected to be minimal as the deposits are held on short-term basis.

(b) Credit risk

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

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

Credit risk can be managed by performing continuous fundamental credit research and analysis to ascertain the creditworthiness of its issuer. In addition, the 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 amount due from Manager, the settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the GUTF.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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 balance and deposits with licensed financial institutions, which are capable of being converted into cash within 7 business days.

Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector and other factors. For the purpose of the 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.

(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 holder and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

(e) Fair value estimation

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

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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

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

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

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
30.06.2023				
Financial assets at fair value through profit or loss:				
- Unquoted fixed income securities	-	327,127,622	-	327,127,622
31.12.2022				
Audited				
Financial assets at fair value through profit or loss:				
- Unquoted fixed income securities	-	375,549,755	-	375,549,755

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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

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 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 1.00% per annum, calculated daily based on the NAV of the Fund.

For the six months financial period ended 30 June 2023, the management fee was recognised at a rate of 0.40% per annum (30.06.2022: 0.40% per annum).

Class AI	Class AR
0.40%	0.40%

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 fee of 0.03% 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 2023, the Trustee fee was recognised at a rate of 0.03% per annum (30.06.2022: 0.03% 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:

	01.01.2023 to 30.06.2023 RM	01.01.2022 to 30.06.2022 RM
Interest income from deposits with licensed financial institutions	2,969,408	820,288
Interest income from unquoted fixed income securities	10,373,052	8,297,798
Net realised gain/(loss) on disposal of unquoted fixed income securities	326,344	229,595
Prior financial periods' realised (loss)/income	(8,012,230)	(1,596,165)

6. DISTRIBUTION

Distributions to unit holders were derived from the following sources (continued):

	01.01.2023 to 30.06.2023 RM	01.01.2022 to 30.06.2022 RM
	5,656,574	7,751,516
Less:		
Expenses	281,274	857,852
Net distribution amount	5,375,300	6,893,664
Gross/Net distribution per unit (sen)		
Distribution on 31 March 2023		
- Class AI	0.64	-
- Class AR	0.64	-
Distribution on 30 June 2023		
- Class AI	0.69	-
- Class AR	0.69	-
Distribution on 31 March 2022		
- Class AI	-	0.49
- Class AR	-	0.49
Distribution on 30 June 2022		
- Class AI	-	0.52
- Class AR	-	0.52
	2.66	2.02

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

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.

During the six months financial period ended 30 June 2023, the Fund recorded unrealised loss of Nil (30.06.2022: RM978,854).

7. TAXATION

	01.01.2023 to 30.06.2023 RM	01.01.2022 to 30.06.2022 RM
Tax charged for the financial period:		
- Current taxation	-	-

7. TAXATION (CONTINUED)

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

	01.01.2023 to 30.06.2023 RM	01.01.2022 to 30.06.2022 RM
Profit/(Loss) before taxation	2,401,811	(601,450)
Taxation at Malaysian statutory rate of 24% (30.06.2022: 24%)	576,435	(144,348)
Tax effects of:		
- Investment income not subject to tax	(2,087,840)	(1,842,764)
- Expenses not deductible for tax purposes	17,326	24,224
- Restriction on tax deductible expenses for Unit Trust Funds	1,494,079	1,962,888
Taxation	-	-

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.06.2023 RM	31.12.2022 Audited RM
At fair value through profit or loss:		
- Unquoted fixed income securities	327,127,622	375,549,755
	01.01.2023 to 30.06.2023 RM	01.01.2022 to 30.06.2022 RM
Net gain/(loss) on financial assets at fair value through profit or loss:		
- Realised gain on disposals	20,746	229,596
- Unrealised fair value gain/(loss)	726,021	(1,675,773)
	746,767	(1,446,177)

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2023				
UNQUOTED FIXED INCOME SECURITIES				
IJM Corp Bhd IMTN 4.600% 17.10.2024 (AA3)	2,500,000	2,540,817	2,543,555	0.65
WCT Hldgs Bhd 5.15% 01/04/2024 (AA-)	5,000,000	5,066,393	5,067,954	1.29
WCT Hldgs Bhd 5.170% 23/10/2023 (AA-)	21,100,000	21,347,291	21,315,012	5.43
Aeon Co. M Bhd 3.15% 10/11/2023 (AA2)	15,000,000	15,011,878	15,017,776	3.82
Bermaz Auto Berhad 3.26% 18/12/2023 (AA3)	10,820,000	10,787,031	10,792,298	2.75

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 %
30.06.2023 (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
Kedah Cement Sdn Bhd 4.55% 07/07/2023 (AA3)	9,500,000	9,706,239	9,705,350	2.47
Lafarge Cement Sdn Bhd 4.40% 11/12/2023 (AA3)	22,200,000	22,347,475	22,256,656	5.67
Edra Energy Sdn Bhd IMTN 5.7% 05/07/2023-Tranche (AA3)	10,000,000	10,279,037	10,278,111	2.62
Edra Energy Sdn Bhd IMTN 5.73% 05/01/2024- Tranche (AA3)	5,000,000	5,183,306	5,182,833	1.32
Malakoff Power Bhd 5.550% 17/12/2024 (AA-)	2,500,000	2,547,054	2,548,162	0.65
Quantum Solar Park Green SRI Sukuk 5.24% 6/10/23 (AA-)	2,500,000	2,538,769	2,538,391	0.65
Teknologi Tenaga Perlis - 4.79% 31/07/2023 (AA1)	10,000,000	10,207,747	10,207,062	2.60
TNB Western Energy Berhad 5.06% 30/07/2024 (AAA)	1,500,000	1,550,078	1,549,668	0.39
Aman Sukuk Bhd 4.780% 30/05/2024 (AAA)	5,000,000	5,069,613	5,069,253	1.29
Fortune Premiere Sdn Bhd 4.85% 02/11/2023 (AA)	5,000,000	5,054,034	5,053,663	1.29
Fortune Premiere Sdn Bhd IMTN 4.85% 07/09/2023 (AA)	7,500,000	7,626,970	7,626,553	1.94
Malaysian Resources Corp Bhd 3.85% 14/08/2023 (AA-)	4,050,000	4,103,804	4,104,273	1.05
Perbadanan Kemajuan Negeri Selangor IMTN 5.013% 31.10.2023 (AA3)	3,000,000	3,032,723	3,033,914	0.77
Perbadanan Kemajuan Negeri Selangor IMTN 5.15% 10.08.2023 (AA3)	2,000,000	2,042,051	2,042,319	0.52
Putrajaya Hldg Sdn Bhd 4.55% 19/09/2023 (AAA)	5,000,000	5,074,246	5,073,073	1.29
UEM Sunrise Bhd 3.90% 21/09/2023 (AA-)	1,450,000	1,465,929	1,464,150	0.37
UEM Sunrise Bhd 4.00% 16/02/2024 (AA-)	6,400,000	6,460,070	6,466,663	1.65
UEM Sunrise Bhd 5.05% 15/04/2024 (AA-)	5,000,000	5,053,959	5,065,059	1.29
UEM Sunrise Bhd IMTN 4.75% 22/03/2024 (AA-)	3,900,000	3,948,249	3,952,509	1.01

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 %
30.06.2023 (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
Projek Lebuhraya Usahasama Bhd Sukuk Plus 4.56% 12/01/2024 (AAA)	8,500,000	8,716,476	8,716,141	2.22
Starbright Capital Berhad 4.08% 27/12/2023 (AAA)	22,200,000	22,169,257	22,171,846	5.65
Starbright Capital Berhad 4.15% 27/12/2024 (AAA)	4,850,000	4,824,246	4,828,823	1.23
Swirl Assets Berhad ABSMTN 1095D 18/09/2023 (AAA)	6,000,000	6,044,002	6,043,887	1.54
CIMB Group Hldgs Bhd 3.88% 12/06/2024 (AA1)	15,000,000	15,032,312	15,031,346	3.83
Sabah Development Bank 5.25% 27/12/2023 (AA1)	15,000,000	15,062,409	15,059,630	3.83
Sabah Development Bank 5.30% 24/4/2024 (AA1)	8,500,000	8,620,219	8,631,230	2.20
7-Eleven Malaysia Hldgs Bhd 4.00% 28/06/2024 (AA-)	20,800,000	20,730,280	20,732,633	5.28
Toyota Capital (M) Sdn Bhd 4.15% 22/07/2024 (AAA)	5,000,000	5,086,508	5,109,403	1.30
Hanwha Q Cells Malaysia Sdn Bh 3.05% 30/08/2024 (AAA)	12,070,000	12,000,334	12,044,708	3.07
YTL Power International Bhd MTN 1826D 4.65% 24.08.2023 (AA1)	3,000,000	3,051,310	3,051,448	0.78
Berjaya Land Bhd 3.69% 16/12/2024 (AAA)	5,000,000	4,955,045	4,965,782	1.26
Impian Ekspresi Sdn Bhd 3.20% 27/11/2023 (AAA)	13,000,000	12,984,938	12,988,640	3.31
SME Bank Bhd 90D 18/07/2023 (AAA)	10,000,000	9,982,205	9,985,900	2.54
Sabah Credit Corporation 181D 14/08/2023 (AA1)	5,000,000	4,975,639	4,977,900	1.27
UEM Sunrise Bhd 365D 18/04/2024 (AA-)	5,000,000	4,809,210	4,834,050	1.23

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 %
30.06.2022 (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
TOTAL UNQUOTED FIXED INCOME SECURITIES	<u>324,840,000</u>	<u>327,089,151</u>	<u>327,127,622</u>	<u>83.29</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>38,470</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>327,127,622</u>		

P1 – Commercial Paper

GG/GB - The unquoted fixed income securities which are not rated as at the end of each financial period/year are issued, backed or guaranteed by government or government agencies.

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2022				
Audited UNQUOTED FIXED INCOME SECURITIES				
Bermaz Auto Berhad 3.26% 18/12/2023 (AA3)	200,000	199,001	198,308	0.04
Cagamas Bhd 2.47% 02/02/2023 (AAA)	20,000,000	20,211,134	20,195,334	4.05
Edra Energy Sdn Bhd IMTN 5.7% 05/07/2023 (AA3)	10,000,000	10,403,790	10,367,496	2.08
Govt Investment Issues 4.44% 22/05/2024 (GB)	12,500,000	12,726,718	12,711,381	2.55
Gulf Investment Corp 4.52% 06/02/2023 (AAA)	10,000,000	10,198,702	10,189,615	2.05
Hanwha Q Cells Malaysia Sdn Bhd 3.05% 30/08/2024 (AAA)	10,000,000	9,870,534	9,891,945	1.99
Jimah East Power Sdn Bhd 5.22% 2/6/2023 (AA3)	5,000,000	5,062,757	5,044,557	1.01
Johor Port Bhd 31/03/2023 (MA)	8,750,000	8,662,600	8,665,650	1.74
Kedah Cement Sdn Bhd 4.55% 07/07/2023 (AA3)	6,500,000	6,683,388	6,639,072	1.33

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 %
31.12.2022 (CONTINUED)				
Audited (Continued)				
UNQUOTED FIXED				
INCOME SECURITIES				
(CONTINUED)				
Kedah Cement Sdn Bhd 4.55% 07/07/2023 (AA3)	6,500,000	6,683,388	6,639,072	1.33
Konsortium KAJV Sdn Bhd 5.05% 12/05/2023 (AA3)	2,500,000	2,518,112	2,514,940	0.50
Lafarge Cement Sdn Bhd 4.40% 11/12/2023 (AA3)	22,200,000	22,447,496	22,200,280	4.46
Lafarge Cement Sdn Bhd 4.60% 13/01/2023 (AA3)	20,000,000	20,443,474	20,434,734	4.10
MMC Corporation Berhad 5.29% 26/04/2023 (AA3)	6,250,000	6,343,761	6,338,003	1.27
Pengurusan Air SPV Bhd 4.22% 07/02/2023 (AAA)	2,500,000	2,546,179	2,543,700	0.51
Quantum Solar Park Green Sri Sukuk 5.20% 6/4/2023 (AA3)	5,900,000	6,005,086	5,993,188	1.20
Sabah Credit Corp 24/03/2023 (P1)	30,000,000	29,754,194	29,764,500	5.98
SME Bank Bhd 90D 19/01/2023 (MA)	33,330,000	33,274,165	33,282,671	6.68
Southern Power Generation IMTN 4.76% 28/04/2023 (AA3)	5,000,000	5,057,246	5,055,727	1.01
Telekom Malaysia Bhd IMTN 4.342% 25/08/2023 (AAA)	5,000,000	5,104,702	5,097,639	1.02
Toyota Capital (M) Sdn Bhd 4.15% 22/07/2024 (AAA)	5,000,000	5,088,724	5,086,914	1.02
Toyota Capital (M) Sdn Bhd MTN 4.65% 24/01/2023 (AAA)	15,000,000	15,319,352	15,312,053	3.07
UEM Sunrise Bhd 3.90% 21/09/2023 (AA3)	1,250,000	1,265,182	1,256,573	0.25
UEM Sunrise Bhd 5.00% 19/05/2023 (AA3)	5,000,000	5,049,019	5,036,882	1.01
WCT Holdings Bhd 4.05% 31/03/2023 (AA3)	10,500,000	10,609,160	10,589,137	2.13
WCT Holdings Bhd 5.17% 23/10/2023 (AA3)	26,100,000	26,502,972	26,381,144	5.30
Widad Concession Sdn Bhd 3.31% 30/03/2023 (AA1)	5,000,000	5,042,862	5,031,919	1.02
YTL Corp Bhd 4.38% 25/04/2023 (AA1)	88,000,000	88,832,810	88,713,681	17.82
YTL Power International Bhd 4.49% 24/03/2023 (AA1)	1,000,000	1,014,186	1,012,712	0.20

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 %
31.12.2022 (CONTINUED) Audited (Continued) UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
TOTAL UNQUOTED FIXED INCOME SECURITIES	<u>372,480,000</u>	376,237,306	<u>375,549,755</u>	<u>75.39</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(687,551)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>375,549,755</u>		

9. CASH AND CASH EQUIVALENTS

	30.06.2023	31.12.2022 Audited
	RM	RM
Deposits with licensed financial institutions	83,544,848	122,803,972
Bank balance	13,626	11,740
	<u>83,558,474</u>	<u>122,815,712</u>

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

	01.01.2023 to 30.06.2023	01.01.2022 to 31.12.2022 Audited
	No. of units	No. of units
Class AI (i)	360,037,434	481,743,140
Class AR (ii)	40,453,380	28,640,117
	<u>400,490,814</u>	<u>510,383,257</u>
(i) Class AI		
At the beginning of the financial period/year	481,743,140	504,250,072
Add: Creation of units from applications	123,981,898	890,165,010
Add: Creation of units from distribution	5,016,820	15,890,646
Less: Cancellation of units	(250,704,424)	(928,562,588)
At the end of the financial period/year	<u>360,037,434</u>	<u>481,743,140</u>

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

	01.01.2023 to 30.06.2023	01.01.2022 to 31.12.2022 Audited
	No. of units	No. of units
(ii) Class AR		
At the beginning of the financial period/year	28,640,117	35,588,786
Add: Creation of units from applications	35,991,691	40,875,746
Add: Creation of units from distribution	468,190	649,931
Less: Cancellation of units	(24,646,618)	(48,474,346)
At the end of the financial period/year	<u>40,453,380</u>	<u>28,640,117</u>

11. TOTAL EXPENSE RATIO ("TER")

	01.01.2023 to 30.06.2023	01.01.2022 to 30.06.2022
	%	%
TER	<u>0.22</u>	<u>0.21</u>

TER was derived from the following calculation:

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

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

The average NAV of the Fund for the financial period calculated on a daily basis was RM424,510,923 (30.06.2022: RM647,104,666).

12. PORTFOLIO TURNOVER RATIO ("PTR")

	01.01.2023 to 30.06.2023	01.01.2022 to 30.06.2022
PTR (times)	<u>0.38</u>	<u>0.76</u>

PTR was derived based on the following calculation:

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

where:

total acquisition for the financial period	=	RM286,856,523 (30.06.2022: RM920,558,020)
total disposal for the financial period	=	RM31,648,422 (30.06.2022: RM62,908,350)

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 Manager
CIMB Islamic Bank Bhd	Fellow related party to the Manager
CIMB Bank Bhd	Fellow related party to the Manager

Units held by the Manager and parties related to the Manager

	30.06.2023		31.12.2022	
	No. of units	RM	No. of units	RM
Manager				
Principal Asset Management Berhad				
- Class AI	3,002	2,944	22,212	21,677
- Class AR	32	32	515	503

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

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

	01.01.2023 to 30.06.2023 RM	01.01.2022 to 30.06.2022 RM
<u>Significant related party transactions</u>		
Profit income received from deposits with licensed financial institution:		
- CIMB Bank Bhd	-	1,069
- CIMB Islamic Bank Bhd	243,130	2,877
	30.06.2023	31.12.2022
	RM	Audited RM
<u>Significant related party balances</u>		
Bank balance:		
- CIMB Islamic Bank Bhd	13,626	11,740
Unquoted fixed income securities:		
- CIMB Group Hldgs Bhd 3.88% 12/06/2024 (AA1)	15,031,346	-

14. TRANSACTIONS WITH DEALERS

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

Dealers	Values of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
RHB Bank Bhd	127,384,517	39.99	-	-
RHB Investment Bank Bhd	59,663,785	18.73	-	-
Affin Hwang Investment Bank Bhd	35,839,815	11.25	-	-
Hong Leong Investment Bank Bhd	23,235,385	7.30	-	-
AmIslamic Bank Bhd	19,815,436	6.22	-	-
AmBank (M) Bhd	17,790,676	5.59	-	-
CIMB Islamic Bank Bhd	10,140,000	3.18	-	-
CIMB Bank Bhd #	9,662,082	3.03	-	-
Hong Leong Bank Bhd	7,437,750	2.34	-	-
Malayan Banking Bhd	5,000,000	1.57	-	-
Others	2,535,499	0.80	-	-
	<u>318,504,945</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

14. TRANSACTIONS WITH DEALERS (CONTINUED)

Details of transactions with the top 10 dealers for the six months financial period ended 30 June 2022 were as follows:

Dealers	Values of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
RHB Investment Bank Bhd	265,881,076	27.04	-	-
Malayan Banking Bhd	223,822,666	22.76	-	-
Affin Hwang Investment Bank Bhd	144,503,203	14.69	-	-
RHB Bank Bhd	102,330,664	10.41	-	-
Citi Bank Bhd	80,800,600	8.22	-	-
CIMB Bank Bhd #	40,373,000	4.11	-	-
Hong Leong Bank Bhd	27,841,500	2.83	-	-
Amlslamic Bank Bhd	24,951,781	2.54	-	-
HSBC Bank Malaysia Bhd	20,141,000	2.05	-	-
AmBank (M) Bhd	14,821,788	1.51	-	-
Others	37,999,092	3.84	-	-
	<u>983,466,370</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

Included in the transactions are trades conducted with CIMB Islamic Bank Bhd and CIMB Bank Bhd, fellow related parties to the Manager amounting to RM10140,000 (30.06.2022: Nil) and RM9,662,082 (30.06.2022: RM40,373,000) 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.

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