

PRINCIPAL PRS PLUS CONSERVATIVE
ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023

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MEMBERS' LETTER

Dear Valued Members,

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 Annual Fund Report of the Principal PRS Plus Conservative for the financial year ended 31 January 2023. You may also download this report from our website at www.principal.com.my.

We are pleased to share that Principal Malaysia was accorded with the 2023 Best of the Best Performance Award for Asia Pacific Equity ex-Japan (10 Years) at the Asia Asset Management Best of the Best Awards 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

PRS PROVIDER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

The Fund seeks to provide Members with capital preservation* through investment primarily in fixed income instruments.

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

Has the Fund achieved its objective?

The Fund has achieved its objective of providing members with capital preservation. Since inception, the fund has gained 40.58%, including 15.57% in income distributions.

What are the Fund investment policy and principal investment strategy?

The Fund aims to invest in a diversified portfolio of primarily fixed income instruments with some exposure in equities. The fixed income portion will provide capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The Fund may opt to invest in fixed income instruments, money market instruments and equities either directly or via collective investment schemes.

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

The asset allocation strategy for this Fund is as follows:

- At least 80% of the Fund's NAV will be invested in fixed income instruments and money market instruments, of which a minimum 20% of the Fund's NAV will be invested in money market instruments;
- Up to 20% of the Fund's NAV may be invested in equities; and
- Up to 5% of the Fund's NAV may be invested in liquid assets for liquidity purpose.

Fund category/type

Fixed income

When was the Fund launched?

Name of Class	Launch Date
Class A	12 November 2012
Class C	12 November 2012
Class X	12 November 2012

What was the size of the Fund as at 31 January 2023?

RM24.30 million (39.95 million units)

What is the Fund's benchmark?

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

Note: The Fund's benchmark is for performance comparison purpose only. The risk profile of the Fund is not the same as the risk profile of the benchmark.

What is the Fund distribution policy?

The Fund is not expected to pay any distribution. All income earned by members will automatically be reinvested into the Fund.

FUND OBJECTIVE AND POLICY (CONTINUED)

What was the net income distribution for the financial year ended 31 January 2023?

The Fund distributed a total net income of RM1.36 million to members for the financial year ended 31 January 2023.

The Fund's NAV per unit are as follows:

Date	NAV per unit (before distribution) RM	NAV per unit (after distribution) RM
Distribution on 12 August 2022		
Class A	0.6164	0.5999
Class C	0.6144	0.5983
Class X	0.6164	0.6012

Breakdown of distribution were as follows:

	RM	%
Income	1,357,689	100.00
Capital	-	-
Total	1,357,689	100.00

PERFORMANCE DATA

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

	31.01.2023 %	31.01.2022 %	31.01.2021 %
Quoted securities			
- Construction	-	0.44	0.44
- Consumer Products & Services	-	2.01	0.76
- Energy	-	2.70	1.63
- Financial Services	-	3.23	4.38
- Health Care	-	-	1.75
- Industrial Products & Services	-	6.16	2.46
- Plantation	-	-	0.32
- Property	-	0.39	-
- Technology	-	2.11	5.52
- Telecommunications & Media	-	-	1.08
- Utilities	-	-	0.42
Unquoted fixed income securities	96.97	80.44	80.27
Cash and other assets	3.36	2.84	1.79
Liabilities	(0.33)	(0.32)	(0.82)
	100.00	100.00	100.00

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

	31.01.2023	31.01.2022	31.01.2021
NAV (RM Million)			
- Class A	18.60	34.65	33.05
- Class C	2.70	2.25	2.15
- Class X	3.00	13.44	9.78
Units in circulation (Million)			
- Class A	30.58	56.00	51.35
- Class C	4.45	3.65	3.35
- Class X	4.92	21.72	15.20

PERFORMANCE DATA (CONTINUED)

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

	31.01.2023	31.01.2022	31.01.2021
NAV per unit (RM)			
- Class A	0.6082	0.6188	0.6435
- Class C	0.6063	0.6171	0.6423
- Class X	0.6097	0.6188	0.6435
Highest NAV per unit (RM)			
- Class A	0.6236	0.6600	0.6800
- Class C	0.6219	0.6584	0.6788
- Class X	0.6236	0.6600	0.6800
Lowest NAV per unit (RM)			
- Class A	0.5995	0.6154	0.6158
- Class C	0.5979	0.6138	0.6151
- Class X	0.6008	0.6154	0.6158
Total return (%)			
- Class A	0.99	1.69	5.87
- Class C	0.89	1.60	5.77
- Class X	1.02	1.69	5.87
Capital growth (%)			
- Class A	(1.71)	(3.84)	(0.47)
- Class C	(1.75)	(3.92)	(0.56)
- Class X	(1.47)	(3.84)	(0.46)
Income distribution (%)			
- Class A	2.75	5.75	6.36
- Class C	2.69	5.75	6.36
- Class X	2.53	5.75	6.36
Total Expense Ratio ("TER") (%) ^	1.55	1.54	1.55
Portfolio Turnover Ratio ("PTR") (times) #	0.79	0.56	0.71

^ The Fund's TER increased from 1.54% to 1.55% mainly due to the decrease in average NAV during the financial year under review.

The Fund's PTR for the financial year under review increased from 0.56 times to 0.79 times due to higher trading activities.

Gross/Net distribution per unit (sen)
Date of distribution
Distribution on 12 August 2022

- Class A	1.65	-	-
- Class C	1.61	-	-
- Class X	1.52	-	-

Distribution on 14 October 2021

- Class A	-	3.59	-
- Class C	-	3.58	-
- Class X	-	3.59	-

Distribution on 18 December 2020

- Class A	-	-	4.05
- Class C	-	-	4.04
- Class X	-	-	4.05

PERFORMANCE DATA (CONTINUED)

	31.01.2023	31.01.2022	31.01.2021	31.01.2020	31.01.2019
	%	%	%	%	%
Annual total return					
- Class A	0.99	1.69	5.87	5.41	2.28
- Class C	0.89	1.60	5.77	5.32	2.25
- Class X	1.02	1.69	5.87	5.40	2.28

(Launch date: 12 November 2012)

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

MARKET REVIEW (1 FEBRUARY 2022 TO 31 JANUARY 2023)**Fixed Income**

During the financial period under review, the Monetary Policy Committee (“MPC”) increased the Overnight Policy Rate (“OPR”) by a total of 100 basis points (“bps”) as it increased 25 bps each at the four meetings held between the months of May 2022 and November 2022. The central bank unexpectedly paused its monetary policy tightening during its first MPC meeting of the year in January 2023. Bank Negara Malaysia (“BNM”) left the OPR unchanged at 2.75% and stated that the decision will allow the MPC to assess the impact of the cumulative past OPR adjustments, given the lag effects of monetary policy on the economy. At the end of 2022, the OPR ended at 2.75%.

2022 was a roundly challenging year in terms of macro, earnings, and politics. Gross Domestic Product (“GDP”) recovery for Malaysia as well as ASEAN has been powered by economic reopening since first quarter of 2022 (“1Q2022”) with strong trade growth, supportive monetary policy as well as high commodity prices helping boost growth. In 1Q2022, Malaysia’s GDP grew by 5.0% Year-on-Year (“YoY”) (2021: 3.6% YoY) with growth being boosted by robust growth in services sector. This was supported by higher household consumption which reflected from the improvement of consumers’ confidence level. The country’s economic performance continued to improve as GDP surged by 8.9% YoY in 1Q2022 representing a sequential 3.5% quarter-on-quarter (“Q-o-Q”) expansion on continued reopening boost to domestic demand. It continued to record stellar growth in third quarter of 2022 (“3Q2022”) as it delivered a growth of 14.2% YoY contributed by robust domestic and external demand as well as improved labour market. In fourth quarter of 2022 (“Q42022”), the economy expanded by 7.0% with the services sectors being the main contributor to the country’s economy as it rose 8.9% for the period. Overall, Malaysia’s economic performance boosted to 8.7% in 2022 as compared to 3.1% in the previous year.

Malaysia’s Consumer Price Index (“CPI”) increased by 2.3% in February 2022 driven mainly by food inflation, on the back of rising prices for raw cooking materials such as chicken. In March 2022, inflation rose at 2.2% and it then increased by 2.3% YoY in April 2022, 2.8% YoY in May 2022 and 3.4% YoY in June 2022 with food inflation as its major contributor. CPI accelerated further in July 2022 as it increased by 4.4% YoY. The sharp increase in July 2022 was also due to the lower base effect as a result of the electricity bill discount from 5% to 40% based on total usage given to consumers under the Pemulihan Ekonomi (“PEMULIH”) package from July 2021 to September 2021. In August 2022, it inched even higher at 4.7% YoY as it was driven by food away from home increase by 8.4%, while food at home increased by 6.4%. In September 2022, it inched slightly lower as it recorded 4.5% YoY increase and continued to decelerate in October 2022 and November 2022 as it recorded 4.0% YoY increase for both months. In December 2022, it eased to 3.8% YoY with a slower increase in the Food & Non-Alcoholic Beverages group. Inflation for the overall year 2022 increased 3.3% as compared to 2.5% recorded in 2021. Malaysia recorded a lower inflation rate than some selected countries, namely the Euro Zone (9.2%), Philippines (8.1%), United States of America (6.5%), Thailand (5.9%), Indonesia (5.5%) and the Republic of Korea (5.0%).

MARKET REVIEW (1 FEBRUARY 2022 TO 31 JANUARY 2023) (CONTINUED)**Fixed Income (continued)**

The MGS market was volatile over the course of the financial period under review. In the first half of 2022, the local benchmark performances were mixed. For 1Q2022, Bond Pricing Agency Malaysia (“BPAM”) Corporates All Bond (1-3y) Index was the best performing index with return of 0.57% while the Quantshop GII Long Index was the worst performer for the quarter with return of -3.81%. In 2Q2022, best performer continued to be the BPAM Corporates All Bond (1year to 3year) Index with a return of 0.14% and the worst performer was the BPAM Corporates Sukuk (7-year over) Index with a return of -2.82%. In 3Q2022, almost all indices recorded positive returns with corporates outperforming local govies as BPAM Corporates 3-year to 7-year index recorded best returns for the quarter whilst MGS Long Index returned -0.50% for the same period. In October 2022, market started recording positive returns reversing their dismal performance in the months prior. The MGS yield curve bull flattened in November 2022 with the yields seen falling across the curve by 6 bps to 70 bps. Sentiment turned positive due to the mix of the Federal Open Market Committee (“FOMC”) minutes which hinted smaller rate hikes as well as better political clarity with the formation of unity government led by Pakatan Harapan and the announcement of Anwar Ibrahim as the Prime Minister. The bond rally continued until the end of December 2022, albeit at a milder pace and with some volatility during the month.

In January 2023, the unexpected pause by BNM resulted in the MGS benchmark yield curve shifting lower across the board as yields shifted lower by 22 bps to 32 bps. The 3-year, 5-year, 7-year, 10-year, 15-year, 20-year and 30-year MGS yields closed at 3.46%, 3.57%, 3.72%, 3.83%, 4.03%, 4.20% and 4.38% respectively at the end of January 2023.

Local Equity

During the financial year under review, the FBM100 Index declined 2.27% in MYR terms. The market rallied in February 2022 on a rally in commodities, namely Plantations, Energy, Aluminium and Steel, further stoked by the Russian-Ukraine conflict exacerbating supply worries. Technology, Healthcare, and select Telecommunications languished.

Market entered into profit-taking mode in March 2022 followed by a rally in April 2022 led by commodities related, partly fuelled by the prolonged Russian-Ukraine conflict which entered its third month. Tourism plays also saw interest with the 1 April 2022 border reopening.

However, the FBM100 Index closed lower in the following two months, May 2022 and June 2022. The sell-off was triggered by the release of the US inflation data with the CPI at 8.6% in May 2022 which was a fresh 40-year high and renewed fears that the US Federal Reserve (the “Fed”) could over-tighten and landing the world’s largest economy into a recession. Due to recession fears, commodities-related stocks were then significantly battered in the expectation of slowing global demand.

The FBM100 Index rose 3.0% month-on-month (“m-m”) in July 2022, mainly on the back of easing inflation concerns and rising hopes that a hard landing of the US economy may be avoided and then remained sideways in August 2022 with a rise of 0.1% m-m.

However, the FBM100 Index suffered a big drop of 6.9% m-m in September 2022, as the market reeled from renewed fears of a global recession stoked by the ever-so-hawkish the Fed which remained adamant about sustaining hikes to cool the economy further. A stronger US dollar also triggered flows out of emerging markets and commodities.

Fortunately, the market recovered with the FBM100 Index rising 3.7% m-m in October 2022 in tandem with the rebound in global and regional markets. The FBM100 Index escalated further by 2.6% m-m in November 2022. Investors cheered as the political deadlock from 15th General Election (which resulted in a hung parliament) was broken with the appointment of Datuk Seri Anwar Ibrahim as Malaysia’s 10th Prime Minister who will lead a ‘unity government’. Global sentiment also improved on raised bets that the US Fed may start slowing the pace of rate hikes in the upcoming FOMC meeting in December 2022 following the softer October 2022 inflation print.

MARKET REVIEW (1 FEBRUARY 2022 TO 31 JANUARY 2023) (CONTINUED)

Local Equity (continued)

The FBM100 Index remained sideways in December 2022 with a slight gain of 0.1% m-m as the market continued to stay vigilant on renewed fears of a US recession with concerns of inflation staying higher for longer and as the pace of the Fed rate hikes starts taking a toll on the economy. Recent Institute for Supply Management (“ISM”) data showed an unexpected rise in the services industry in November 2022 while employment and wage growth remain robust, albeit US home prices fell for the fourth month running.

The FBM100 Index ended January 2023 with a slight gain of 0.1% m-m to 10,485.46 points as Malaysia’s Purchasing Managers’ Index (“PMI”) declined further from 46.5 points (“pts”) from 47.8 pts in December 2022, representing the sixth consecutive month of contraction which contrasted the rest of ASEAN. Bank Negara also surprised with a rate hike pause, holding OPR at 2.75%.

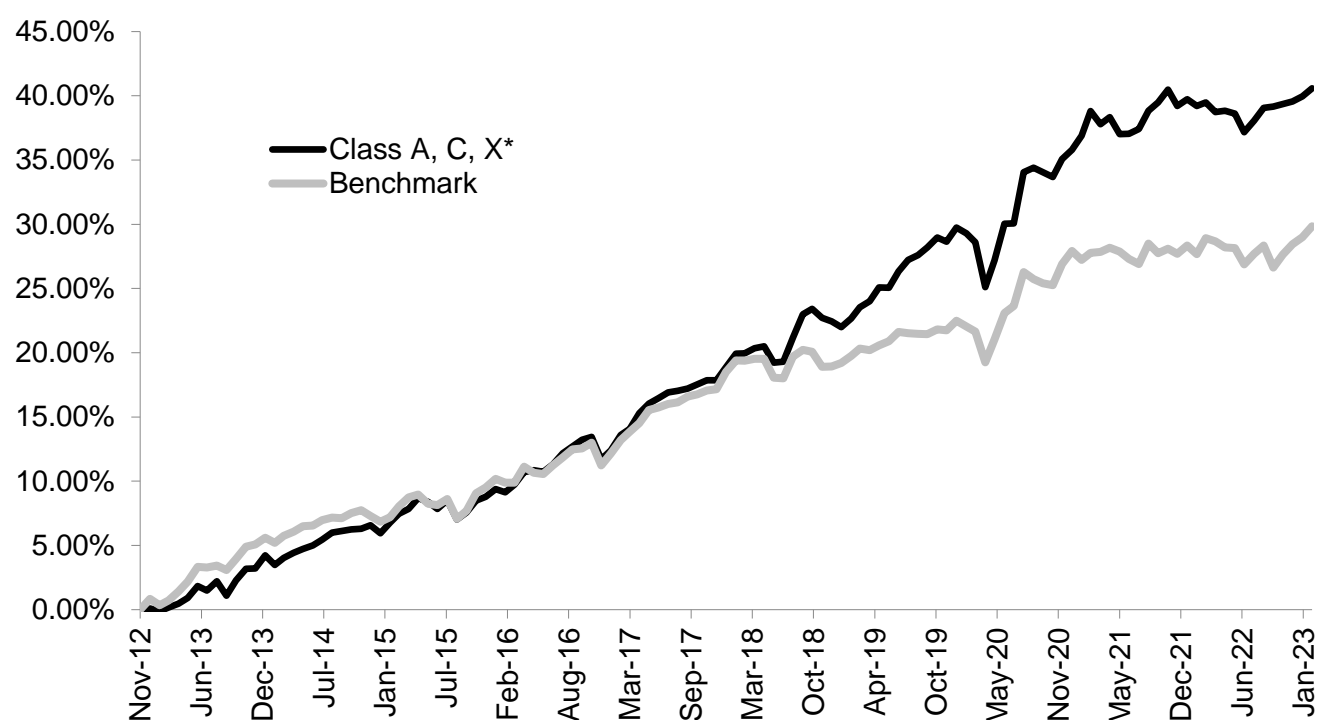
FUND PERFORMANCE

	1 year to 31.01.2023			3 years to 31.01.2023		
	Class A %	Class C %	Class X %	Class A %	Class C %	Class X %
Income Distribution	2.75	2.69	2.53	15.57	15.50	15.32
Capital Growth	(1.71)	(1.75)	(1.47)	(5.92)	(6.13)	(5.69)
Total Return	0.99	0.89	1.02	8.73	8.42	8.76
Benchmark	1.70	1.70	1.70	6.19	6.19	6.19
Average Total Return	0.99	0.89	1.02	2.83	2.73	2.84

	5 years to 31.01.2023			Since inception to 31.01.2023		
	Class A %	Class C %	Class X %	Class A %	Class C %	Class X %
Income Distribution	15.57	15.50	15.32	15.57	15.50	15.32
Capital Growth	1.43	1.08	1.67	21.64	21.26	21.94
Total Return	17.23	16.75	17.25	40.58	40.05	40.63
Benchmark	9.04	9.04	9.04	29.85	29.85	29.85
Average Total Return	3.23	3.15	3.23	3.39	3.35	3.39

For the 1-year financial period, Class A, C and X gained 0.99%, 0.89% and 1.02%, respectively. Meanwhile, the benchmark appreciated by 1.70% over the same period. The underperformance of the Fund relative to its benchmark was driven mainly by the allocation into equity.

The slight variation in the performance between Class A, Class C and Class X, if any, was due to different timing of units created for each of the class.

FUND PERFORMANCE (CONTINUED)**Since inception**

* Performance of Class A, Class C and Class X are almost the same. Slight variant was due to different timing of units created for each of the class.

Changes in NAV

	31.01.2023	31.01.2022	Changes %
CLASS A			
NAV (RM Million)	18.60	34.66	(46.34)
NAV/Unit (RM)	0.6082	0.6188	(1.71)
CLASS C			
NAV (RM Million)	2.70	2.25	20.00
NAV/Unit (RM)	0.6063	0.6171	(1.75)
CLASS X			
NAV (RM Million)	3.00	13.44	(77.68)
NAV/Unit (RM)	0.6097	0.6188	(1.47)

The Fund recorded net outflow from unit cancellations over the financial period under review for all the three classes - Class A, Class C and Class X. This was due to the restructuring of PRS funds in the month of September 2022 following the approval obtained from Securities Commission for the establishment of Target Dated Funds.

The NAV for Class A remained the largest amongst all three classes. The NAV per unit for Class A, Class C and Class X decreased by 1.71%, 1.75% and 1.47%, respectively.

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

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	31.01.2023	31.01.2022
Quoted securities	-	17.04
Unquoted fixed income securities	96.97	80.44
Cash and other assets	3.36	2.84
Liabilities	(0.33)	(0.32)
Total	100.00	100.00

The Fund was fully invested during the financial period under review. A minimal level of liquid assets was maintained primarily for redemption purposes. The fund was fully allocated in fixed income instruments at the end of the period under review following the change in Lipper Categories from Mixed Asset MYR Conservative category to Bond MYR category in mid-2022.

MARKET OUTLOOK*

Fixed Income

Taking into consideration maturity of RM80.9 billion and a deficit of RM99.0 billion, there is projected RM180 billion of gross supply (annual increase of 4.98%). The projection will likely change should there be a change in the deficit amount after the new government re-tables Budget 2023 on 24 February 2023. The issuance is likely to be slightly front loaded slightly with 51% targeted in the first half of 2023. Looking at the net issuances, the third quarter of 2023 will see the highest supply of RM29 billion while the second quarter of 2023 lowest. There will be RM80.9 billion maturity in 2023 (2022: RM78.9 billion) with the bulk of the maturity amounting to RM65.4 billion (81%) between the months of March to August 2023. There are more supply/auctions in the belly of the curve with less supply/auctions seen for the longer end.

Corporate bond issuance is expected to remain steady in 2023 on the back of healthy economic activity although it is expected to be milder than 2022, in terms of infrastructure projects and refinancing. This will be dependent on the new re-tabled Budget 2023. Key risk to issuances also is the potential mild global recession looming.

In January 2023, we saw BNM surprising most economists by leaving policy rates unchanged as it maintained OPR at 2.75% at its first meeting of the year. The committee signaled that the pause was meant to facilitate an assessment of the cumulative impact of previous OPR hikes (i.e. 100bps since May 2022), however the balance of risks to growth and inflation still shows possibility of potential tightening down the line. We are seeing economists expecting a potential hike of 25-50bps back to pre-pandemic levels, barring any new shocks albeit the pause for now.

Local Equity

Malaysia's manufacturing sector slowed further in December 2022 with a PMI reading of 46.5 pts vs 47.8 pts in November 2022, representing the fourth straight month of contraction. The weak reading stemmed from waning global demand with order book volumes losing further momentum. New export orders were scaled back for the sixth time in many months. Consequently, firms lowered input buying and moderated inventory levels. Encouragingly, delivery times lengthening took a pause and input cost pressures appear to be easing.

During the Budget 2023 announcement, Malaysia's GDP growth forecast for 2022 was revised upwards to 6.5% to 7.0% from of 5.3% to 6.3% previously, and headline inflation raised to 3.3%. The government expects GDP growth to decelerate to 4.5% in 2023. Budget 2023 was expansionary, and the government remains on a gradual fiscal consolidation path. BNM raised OPR by another 25 bps in its recent MPC meeting, translating to a cumulative hike of 100 bps for the year. Malaysia's CPI decelerated further to 4% in October 2022 from 4.5% the previous month. Prices of housing and utilities rose by a smaller quantum of 1.5% from 4% in September 2022, offsetting the acceleration in food and non-alcoholic beverages from 6.8% to 7.1%.

MARKET OUTLOOK* (CONTINUED)

Local Equity (continued)

Domestic political issue has amplified the effects of global macroeconomic and geopolitical headwinds, resulting in Malaysia's equity market valuation being significantly compressed to -2 standard deviation below the historical mean. Beyond the initial celebratory rally post Malaysia's 15th General Elections ("GE15"), there needs to be some clarity on the policy direction of the new Government. That said, risk premiums should fall over time as some of these concerns abate. Malaysia should also play catch-up to recent positive shift in global investor sentiment on the back of easing monetary tightening measures and China embracing a more pragmatic approach to zero Coronavirus Disease 2019 ("Covid-19").

* 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

Fixed Income

We believe local markets are observing closely the upcoming re-tabling of Budget 2023 which will be held on 24 February 2023. Main catalyst for the bond market would be the updated projected deficit figure. We are watchful for opportunities to trade local govvnies market as we believe flows will continue to be positive for the market and we aim to gradually add some position in the longer end of the curve to anchor our returns for the year. This is also in line with our aim in increasing our duration band slightly this year. Although we continue to remain overweight in corporates, we are mindful of the potential slower growth for certain sectors in the economy and as such, prefer names with a stronger credit profile.

Local Equity

Given the recent positive market momentum as well as the prospects of reduced risk premium and upside in valuation, we are cautiously optimistic on Malaysia market. We would continue to focus on companies with firm fundamentals, strong cash flows generation and defensive in nature. We see opportunity in select technology and tourism related stocks in view of China reopening borders in January 2023. Key risks are derailment of Malaysia's macro recovery and corporate earnings growth due to a larger-than-expected impact of rising inflation, slower global economic growth as well as heightened geopolitical risks.

SOFT COMMISSIONS AND REBATES

Principal Asset Management Berhad (the "PRS Provider") and the Trustee will not retain any form of rebate or soft commission from, or otherwise share in any commission with, any broker in consideration for directing dealings in the investments of the Principal Malaysia Funds ("Funds") unless the soft commission received is retained in the form of goods and services such as research and advisory services that assist in the decision making process relating to the Fund's investments. All dealings with brokers are executed on most favourable terms available for the Fund. Any rebates will be directed to the account of the Fund.

During the financial year under review, the PRS Provider and Trustee did not receive any rebates from the brokers or dealers but the PRS Provider has retained soft commission in the form of goods and services 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 year under review.

STATE OF AFFAIR OF THE FUND

Latest changes to the Statement by PRS Provider's signatory as follows:

Mr. Juan Ignacio Eyzaguirre Baraona (retired on 30 June 2022)

Mr. Uday Jayaram (appointed on 30 June 2022)

There were no other significant changes in the state of affairs of the Fund during the financial year and up to the date of PRS Provider's report, not otherwise disclosed in the financial statements.

CIRCUMSTANCES THAT MATERIALLY AFFECT ANY INTEREST OF MEMBERS

There were no circumstances that had materially affected the interest of the members during the financial year under review.

CROSS TRADE

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

UNIT SPLIT

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

**STATEMENT BY THE PRS PROVIDER TO THE MEMBERS OF
PRINCIPAL PRS PLUS CONSERVATIVE**

We, being the Directors of Principal Asset Management Berhad (the “PRS Provider”), do hereby state that, in the opinion of the PRS Provider, the accompanying audited financial statements set out on pages 7 to 34 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 January 2023 and of its financial performance, changes in net assets attributable to members and cash flows for the financial year then ended in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

For and on behalf of the PRS Provider

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

MUNIRAH KHAIRUDDIN

Chief Executive Officer/Executive Director

UDAY JAYARAM

Director

Kuala Lumpur

28 March 2023

TRUSTEE'S REPORT

TO THE MEMBERS OF PRINCIPAL PRS PLUS CONSERVATIVE

We have acted as the Scheme Trustee of the Fund for the financial year ended 31 January 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Principal Asset Management (the "PRS Provider") has operated and managed the Fund during the year covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the PRS Provider under the deed, securities laws and the Guidelines on Private Retirement Schemes;
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 Deutsche Trustees Malaysia Berhad

Soon Lai Ching
Senior Manager, Trustee Operations

Jiva Munusamy
Head, Client Management

Kuala Lumpur
13 March 2023

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PRINCIPAL PRS PLUS CONSERVATIVE**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Principal PRS Plus Conservative (the "Fund"), which comprise the statement of financial position of the Fund as at 31 January 2023, and statement of comprehensive income, statement of changes in net assets attributable to members and statement of cash flows of the Fund for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 7 to 34.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 January 2023, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PRINCIPAL PRS PLUS CONSERVATIVE (cont'd.)**

Report on the audit of the financial statements (cont'd.)

Information other than the financial statements and auditors' report thereon

The PRS Provider of the Fund (the "PRS Provider") is responsible for the other information. The other information comprises the information included in the annual report of the Fund, but does not include the financial statements of the Fund and our auditors' report thereon.

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

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

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

Responsibilities of the PRS Provider and the Trustee for the financial statements

The PRS Provider is responsible for the preparation of financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The PRS Provider is also responsible for such internal control as the PRS Provider determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the PRS Provider is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the PRS Provider either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

The Trustee is responsible for overseeing the Fund's financial reporting process. The Trustee is also responsible for ensuring that the PRS Provider maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PRINCIPAL PRS PLUS CONSERVATIVE (cont'd.)****Report on the audit of the financial statements (cont'd.)***Auditors' responsibilities for the audit of the financial statements*

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the PRS Provider.
- Conclude on the appropriateness of the PRS Provider's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the PRS Provider regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PRINCIPAL PRS PLUS CONSERVATIVE (cont'd.)**

Other matters

This report is made solely to the members of the Fund, as a body, in accordance with the Guidelines on Private Retirement Schemes issued by the Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Yeo Beng Yean
No. 03013/10/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
28 March 2023

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023**

	Note	2023	2022 RM
INCOME			
Dividend income		150,260	215,512
Interest income from deposits with licensed financial institutions		70,210	16,268
Interest income from unquoted fixed income securities at fair value through profit or loss		1,210,351	1,419,129
Net loss on financial assets at fair value through profit or loss	8	(497,706)	(84,875)
		<u>933,115</u>	<u>1,566,034</u>
EXPENSES			
Management fee	4	580,258	661,771
Private Pension Administrator administration fee	4	16,513	18,846
Trustee fee	5	16,513	18,846
Audit fee		8,100	8,100
Tax agent's fee		5,603	6,020
Transaction costs		51,898	66,445
Other expenses		10,432	10,210
		<u>689,317</u>	<u>790,238</u>
PROFIT BEFORE DISTRIBUTION AND TAXATION		243,798	775,796
Distribution:			
- Class A		928,657	1,852,767
- Class C		57,463	117,100
- Class X		371,569	660,269
	6	<u>1,357,689</u>	<u>2,630,136</u>
LOSS BEFORE TAXATION		(1,113,891)	(1,854,340)
Taxation	7	-	-
LOSS AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		<u>(1,113,891)</u>	<u>(1,854,340)</u>
Loss after taxation is made up as follows:			
Realised amount		(311,705)	(880,885)
Unrealised amount		(802,186)	(973,455)
		<u>(1,113,891)</u>	<u>(1,854,340)</u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2023**

	Note	2023 RM	2022 RM
ASSETS			
Cash and cash equivalents	9	769,424	1,278,605
Financial assets at fair value through profit or loss	8	23,561,214	49,081,719
Amount due from the PRS Provider			
- creation of units		47,567	142,683
Dividends receivable		-	8,413
Tax recoverable		78	78
TOTAL ASSETS		24,378,283	50,511,498
LIABILITIES			
Amount due to the PRS Provider			
- management fee		29,097	60,176
- cancellation of units		30,844	82,393
Amount due to Private Pension Administrator		825	1,714
Amount due to Trustee		825	1,714
Other payables and accruals		17,497	17,497
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO MEMBERS)		79,088	163,494
NET ASSET VALUE OF THE FUND		24,299,195	50,348,004
NET ASSETS ATTRIBUTABLE TO MEMBERS		24,299,195	50,348,004
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS			
- Class A		18,597,730	34,653,638
- Class C		2,698,516	2,252,405
- Class X		3,002,949	13,441,961
		24,299,195	50,348,004
NUMBER OF UNITS IN CIRCULATION (UNITS)			
- Class A		30,575,334	55,995,630
- Class C		4,450,784	3,649,627
- Class X		4,925,074	21,720,524
	10	39,951,192	81,365,781
NET ASSET VALUE PER UNIT (RM)			
- Class A		0.6082	0.6188
- Class C		0.6063	0.6171
- Class X		0.6097	0.6188

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

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO MEMBERS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023**

	2023 RM	2022 RM
NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE BEGINNING OF THE FINANCIAL YEAR	<u>50,348,004</u>	<u>44,978,660</u>
Movement due to units created and cancelled during the financial year:		
Creation of units from applications		
- Class A	2,524,059	4,020,022
- Class C	964,303	536,683
- Class X	<u>3,105,754</u>	<u>4,155,464</u>
	<u>6,594,116</u>	<u>8,712,169</u>
Creation of units from distribution		
- Class A	928,657	1,852,767
- Class C	57,463	117,100
- Class X	<u>371,569</u>	<u>660,269</u>
	<u>1,357,689</u>	<u>2,630,136</u>
Cancellation of units		
- Class A	(18,760,616)	(2,976,655)
- Class C	(538,924)	(470,018)
- Class X	<u>(13,587,183)</u>	<u>(671,948)</u>
	<u>(32,886,723)</u>	<u>(4,118,621)</u>
Total comprehensive loss for the financial year	<u>(1,113,891)</u>	<u>(1,854,340)</u>
NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE END OF THE FINANCIAL YEAR	<u>24,299,195</u>	<u>50,348,004</u>

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023**

	Note	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from disposal of quoted securities		12,171,188	10,298,509
Purchase of quoted securities		(3,839,159)	(10,060,508)
Proceeds from disposal of unquoted fixed income securities		24,641,200	12,832,170
Proceeds from redemption of unquoted fixed income securities		16,650,000	2,250,000
Purchase of unquoted fixed income securities		(24,977,065)	(20,396,097)
Interest income received from deposits with licensed financial institutions		70,210	16,268
Interest income received from unquoted fixed income securities		1,535,087	1,851,684
Dividend income received		158,673	215,379
Management fee paid		(611,337)	(654,930)
Private Pension Administrator administration fee paid		(17,402)	(18,649)
Trustee fee paid		(17,402)	(18,649)
Payments for other fees and expenses		(24,134)	(19,934)
Net cash generated from/(used in) operating activities		25,739,859	(3,704,757)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		6,689,232	8,695,207
Payments for cancellation of units		(32,938,272)	(4,044,509)
Net cash (used in)/generated from financing activities		(26,249,040)	4,650,698
Net (decrease)/increase in cash and cash equivalents		(509,181)	945,941
Cash and cash equivalents at the beginning of the financial year		1,278,605	332,664
Cash and cash equivalents at the end of the financial year	9	769,424	1,278,605
<u>Cash and cash equivalents comprised of:</u>			
Deposit with licensed financial institution		749,057	1,257,061
Bank balance		20,367	21,544
Cash and cash equivalents at the end of financial year	9	769,424	1,278,605

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023**

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

Principal PRS Plus Conservative (the “Fund”) is governed by a Deed dated 8 November 2012, a First Supplemental Deed dated 2 January 2014, a Second Supplemental Deed dated 25 November 2014, a Third Supplemental Deed dated 3 February 2020, a Fourth Supplemental Deed dated 17 December 2021 and a Fifth Supplemental Deed dated 12 July 2022 (collectively referred to as the “Deeds”) made between Principal Asset Management Berhad (the “PRS Provider”) and Deutsche Trustees Malaysia Berhad (the “Trustee”).

The Fund offers three classes of units known respectively as Class A, Class C and Class X. In accordance with the Disclosure Document, subject to the PRS Provider’s absolute discretion, Class A and Class C are for an individual who has attained the age 18 years as of the date of opening a private pension account while Class X is for Member who participates via his/her employer. Class A and Class C have different Sales Charge and Management Fee while Class X has no Sales Charge.

The Fund aims to invest in a diversified portfolio of primarily fixed income instruments with some exposure in equities. The fixed income portion will provide capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The Fund may opt to invest in fixed income instruments, money market instruments and equities either directly or via collective investment schemes.

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

The asset allocation strategy for this Fund is as follows:

- At least 80% of the Fund’s NAV will be invested in fixed income instruments and money market instruments, of which a minimum 20% of the Fund’s NAV will be invested in money market instruments;
- Up to 20% of the Fund’s NAV may be invested in equities; and
- Up to 5% of the Fund’s NAV may be invested in liquid assets for liquidity purpose.

With effect from 1 June 2020, Principal Asset Management (S) Pte Ltd (“Principal Singapore”) has been appointed as the Sub-Adviser of the Fund. Principal Singapore will provide investment research and recommendation to us in accordance with the investment objective and within the investment restrictions of the Fund.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements have been prepared in accordance with the provisions of the MFRS 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 use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported year.

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

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

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 February 2022 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 year beginning on/after 1 February 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 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 payment of 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Classification (continued)

The Fund classifies cash and cash equivalents, amount due from the PRS Provider – creation of units 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.

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 year which they arise.

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

Quoted securities in Malaysia are valued at the last done market price quoted on Bursa Malaysia Securities Bhd ("Bursa Securities") at the date of the statement of financial position.

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

Unquoted fixed income securities denominated in 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 SC Guidelines on PRS. Refer to Note 2(k) for further explanation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Recognition and measurement (continued)

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

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

Impairment for assets carried at amortised costs

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

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

(c) Income recognition

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Income recognition (continued)

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

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

(d) Functional and presentation currency

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

(e) Members’ contributions

The members’ contributions to the Fund meet the definition of puttable instruments classified as financial liability under MFRS 132 “Financial Instruments: Presentation”.

The Fund issues cancellable units, in three classes of units, known respectively as the Class A, Class C and Class X, which are cancelled at the member’s option and do not have identical features subject to restrictions as stipulated in the Disclosure Document and SC Guidelines on PRS. The units are classified as financial liabilities. Cancellable units can be reinvested 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 reinvest the unit to the Fund.

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

(f) Distribution

Any distribution to the Fund’s members is accounted for as a deduction in profit or loss from realised reserves and recognised in the statement of comprehensive income, as the members’ capital are classified as financial liabilities as per Note 2(e). Distribution is reinvested into the PRS on the ex-date. Reinvestment of units is based on the NAV per unit on the ex-date, which is also the time of creation. Proposed distributions are recognised as a liability in the financial year in which it is approved by the Trustee.

(g) Transactions costs

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(h) Cash and cash equivalents**

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balance and deposits with licensed financial institution 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.

(i) Taxation

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

(j) Realised and unrealised portions of profit or loss after taxation

The analysis of realised and unrealised portions of profit or loss after taxation as presented on the statement of comprehensive income is prepared in accordance with SC Guidelines on PRS.

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

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

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

Estimate of fair value of unquoted fixed income securities

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

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

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund are as follows:

	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
2023			
Cash and cash equivalents (Note 9)	-	769,424	769,424
Unquoted fixed income securities (Note 8)	23,561,214	-	23,561,214
Amount due from the PRS Provider - creation of units	-	47,567	47,567
	<u>23,561,214</u>	<u>816,991</u>	<u>24,378,205</u>
2022			
Cash and cash equivalents (Note 9)	-	1,278,605	1,278,605
Quoted securities (Note 8)	8,579,822	-	8,579,822
Unquoted fixed income securities (Note 8)	40,501,897	-	40,501,897
Amount due from the PRS Provider - creation of units	-	142,683	142,683
Dividends receivable	-	8,413	8,413
	<u>49,081,719</u>	<u>1,429,701</u>	<u>50,511,420</u>

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

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

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

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

(a) Market risk**(i) Price risk**

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

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

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

(a) Market risk (continued)

(i) Price risk (continued)

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

	2023 RM	2022 RM
Financial assets at fair value through profit or loss:		
- Quoted securities	-	8,579,822
- Unquoted fixed income securities*	23,561,214	40,501,897
	<u>23,561,214</u>	<u>49,081,719</u>

* Includes interest receivables of RM343,936 (2022: RM423,882).

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

% Change in price of quoted securities	Market value RM	Impact on profit or loss/NAV RM
2023		
-5%	-	-
0%	-	-
5%	-	-
2022		
-5%	8,150,831	(428,991)
0%	8,579,822	-
5%	9,008,813	428,991

The Fund is exposed to price risk arising from interest rate fluctuation in relation to its investments of RM23,561,214 (2022: RM40,501,897) 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 PRS Provider will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the PRS Provider, which is based on its continuous fundamental research and analysis.

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

(a) Market risk (continued)

(ii) Interest rate risk (continued)

Investors should note that movement in prices of unquoted fixed income securities and money market instruments are benchmarked against interest rates. As such, the investments are exposed to the movement of the interest rates.

This risk is crucial since unquoted fixed income securities portfolio management depends on forecasting interest rate movements. Prices of unquoted fixed income securities move inversely to interest rate movements, therefore as interest rates rise, the prices of unquoted fixed income securities decrease and vice versa. Furthermore, unquoted fixed income securities with longer maturity and lower yield coupon rates are more susceptible to interest rate movements.

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

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

% Change in interest rate	Impact on profit or loss/NAV	
	2023 RM	2022 RM
+1%	(16,360)	(24,955)
-1%	16,406	25,010

The Fund's exposure to interest rate risk associated with deposits with licensed financial institution is not material as the deposits are held on short-term basis.

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

	2023 %	2022 %
Deposit with licensed financial institution	2.80	1.78

(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.

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

(b) Credit risk (continued)

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

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

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

The following table sets out the credit risk concentration of the Fund:

	Financial assets at fair value through profit or loss RM	Cash and cash equivalents RM	Amount due from the PRS Provider - creation of units RM	Total RM
2023				
- AAA	1,844,421	769,424	-	2,613,845
- AA1	2,558,670	-	-	2,558,670
- AA2	4,746,558	-	-	4,746,558
- AA3	398,335	-	-	398,335
- AA	3,416,477	-	-	3,416,477
- AA-	9,464,910	-	-	9,464,910
- AA+	1,032,673	-	-	1,032,673
- A2	99,170	-	-	99,170
- Not Rated	-	-	47,567	47,567
	<u>23,561,214</u>	<u>769,424</u>	<u>47,567</u>	<u>24,378,205</u>

	Financial assets at fair value through profit or loss RM	Cash and cash equivalents RM	Amount due from the PRS Provider - creation of units RM	Dividends receivable RM	Total RM
2022					
- AAA	4,402,151	1,278,605	-	-	5,680,756
- AA1	5,432,851	-	-	-	5,432,851
- AA2	6,021,252	-	-	-	6,021,252
- AA3	19,990,018	-	-	-	19,990,018
- A2	99,927	-	-	-	99,927
- Not Rated	4,555,698	-	142,683	8,413	4,706,794
	<u>40,501,897</u>	<u>1,278,605</u>	<u>142,683</u>	<u>8,413</u>	<u>41,931,598</u>

All deposits with licensed financial institution of the Fund have an average remaining maturity of 1 days (2022: 2 days).

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

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

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
2023			
Amount due to the PRS Provider			
- management fee	29,097	-	29,097
- cancellation of units	30,844	-	30,844
Amount due to Private Pension Administrator	825	-	825
Amount due to Trustee	825	-	825
Other payables and accruals	-	17,497	17,497
Net assets attributable to members*	24,299,195	-	24,299,195
Contractual undiscounted cash flows	24,360,786	17,497	24,378,283
2022			
Amount due to the PRS Provider			
- management fee	60,176	-	60,176
- cancellation of units	82,393	-	82,393
Amount due to Private Pension Administrator	1,714	-	1,714
Amount due to Trustee	1,714	-	1,714
Other payables and accruals	-	17,497	17,497
Net assets attributable to members*	50,348,004	-	50,348,004
Contractual undiscounted cash flows	50,494,001	17,497	50,511,498

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

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

(d) Capital risk management

The capital of the Fund is represented by net assets attributable to members of RM24,199,195 (2022: RM50,348,004). The amount of net assets attributable to member can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of members. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to members and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

(e) Fair value estimation

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

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

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

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

(i) Fair value hierarchy

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

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

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

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

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

3. FINANCIAL INSTRUMENTS AND 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
2023				
Financial assets at fair value through profit or loss:				
- Unquoted fixed income securities	-	-	-	-
	-	23,561,214	-	23,561,214
	<u>-</u>	<u>23,561,214</u>	<u>-</u>	<u>23,561,214</u>
2022				
Financial assets at fair value through profit or loss:				
- Quoted securities	8,579,822	-	-	8,579,822
- Unquoted fixed income securities	-	40,501,897	-	40,501,897
	<u>8,579,822</u>	<u>40,501,897</u>	<u>-</u>	<u>49,081,719</u>

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

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

- (ii) The carrying values of cash and cash equivalents, amount due from the PRS Provider - creation of units, dividends receivable and all current liabilities are a reasonable approximation of their fair values due to their short term nature.

4. MANAGEMENT FEE AND PRIVATE PENSION ADMINISTRATOR ADMINISTRATION FEE

In accordance with the Deeds, the PRS Provider is entitled to a maximum management fee of 3.00% per annum for each unit class, calculated daily based on the NAV of the Fund.

For the financial year ended 31 January 2023 and 31 January 2022, the management fee for the respective classes is recognised at the following rates:

Class A	Class C	Class X
1.40%	1.50%	1.40%

The Private Pension Administrator administration fee is recognised at a rate of 0.04% per annum (2022: 0.04% per annum) for each unit class, calculated daily based on the NAV of the Fund.

There was no further liability in respect of management fee and Private Pension Administrator administration fee other than the amount recognised above.

5. TRUSTEE FEE

In accordance with the Deeds, the Trustee is entitled to a maximum fee of 0.04% per annum for each unit class, calculated daily based on the NAV of the Fund. The Trustee fee includes local custodian fees and charges but excluding foreign sub-custodian fees and charges (if any).

For the financial year ended 31 January 2023, the Trustee fee is recognised at a rate of 0.04% per annum (2022: 0.04% per annum) for each unit class.

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

6. DISTRIBUTION

Distribution to members was derived from the following sources (assessed up to distribution declaration date):

	2023 RM	2022 RM
Dividend income	79,576	106,405
Interest income	456,440	658,513
Net realised (loss)/gain from disposal of quoted securities	(116,388)	286,145
Prior financial year's realised income	1,192,500	1,935,573
	1,612,128	2,986,636
Less:		
Expenses	254,439	356,500
Net distribution amount	1,357,689	2,630,136

Gross/Net distribution per unit (sen)

Distribution on 12 August 2022

- Class A	1.65	-
- Class C	1.61	-
- Class X	1.52	-

Distribution on 14 October 2021

- Class A	-	3.59
- Class C	-	3.58
- Class X	-	3.59

6. DISTRIBUTION (CONTINUED)

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

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

There were unrealised losses of RM 802,186 during the financial year ended 31 January 2023 (2022: RM 973,455).

7. TAXATION

	2023 RM	2022 RM
Tax charged for the financial year:		
- Current taxation	-	-

Income from PRS approved by the SC in accordance with the Capital Markets and Services Act 2007 is exempted from tax in accordance with Schedule 6, Paragraph 20 of the Income Tax Act, 1967 ("ITA").

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

	2023 RM	2022 RM
Loss before taxation	(1,113,891)	(1,854,340)
Taxation at Malaysian statutory rate of 24% (2021: 24%)	(267,334)	(445,042)
Tax effects of:		
- Income not subject to tax	(223,947)	(375,848)
- Expenses not deductible for tax purposes	348,118	659,272
- Restriction on tax deductible expenses for PRS Funds	143,163	161,618
Taxation	-	-

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 RM	2022 RM
At fair value through profit or loss:		
- Quoted securities	-	8,579,822
- Unquoted fixed income securities	23,561,214	40,501,897
	<u>23,561,214</u>	<u>49,081,719</u>
Net loss financial assets at fair value through profit or loss:		
- Realised gain on disposals	289,449	881,358
- Unrealised fair value loss	(787,155)	(966,233)
	<u>(497,706)</u>	<u>(84,875)</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 %
2023				
UNQUOTED FIXED INCOME SECURITIES				
AZRB Capital Sdn Bhd 4.85% 26/12/2024 (AA-)	900,000	906,350	901,767	3.71
Bermaz Auto Berhad 3.26% 18/12/2023 (AA3)	400,000	401,164	398,335	1.65
Fortune Premiere Sdn Bhd IMTN 4.80% 13/3/2023 (AA)	3,350,000	3,416,520	3,416,477	14.06
IJM Land Bhd 4.73% 17/03/2119 (A2)	100,000	101,791	99,170	0.41
Konsortium KAJV Sdn Bhd 5.05% 12/05/2023 (AA-)	100,000	101,235	101,196	0.42
Malayan Banking Bhd 3.10% 08/10/2032 (AA1)	550,000	552,669	525,738	2.16
MMC Corporation Berhad 5.290% 26/04/2023 (AA-)	800,000	815,193	814,106	3.35
MMC Corporation Berhad 5.64% 27/4/2027 (AA-)	1,150,000	1,217,196	1,208,683	4.97
MMC Corporation Berhad 5.80% 12/11/2025 (AA-)	150,000	156,649	157,143	0.65
Penang Port Sdn Bhd 4.48% 27/12/2029 (AA-)	150,000	145,565	148,992	0.61
Pengerang LNG (Two) Sdn Bhd 2.67% 21/10/2026 (AAA)	300,000	283,676	287,764	1.18
Perbadanan Kemajuan Negeri Selangor IMTN 5.15% 10.08.2023 (AA2)	2,050,000	2,103,929	2,110,394	8.69
Press Metal Aluminium Holding Bhd 4.10% 17/10/2024 (AA2)	2,600,000	2,640,637	2,636,164	10.85
Quantum Solar Park Green SRI Sukuk 5.24% 6/10/23 (AA-)	2,300,000	2,363,960	2,357,294	9.70
Sarawak Energy Bhd IMTN 4.70% 24/11/2028 (AAA)	1,500,000	1,535,211	1,556,657	6.41
UEM Sunrise Bhd IMTN 4.75% 22/03/2024 (AA-)	3,220,000	3,302,353	3,271,643	13.46
UEM Sunrise Bhd IMTN 5.15% 31/10/2025 (AA-)	500,000	515,137	504,086	2.07
UMW Hldg Bhd 3.03% 05/11/2025 (AA+)	1,050,000	1,047,758	1,032,673	4.25
YTL Power International Bhd 4.49% 24/03/2023 (AA1)	2,000,000	2,032,687	2,032,932	8.37

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 %
2023 (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES				
TOTAL UNQUOTED FIXED INCOME SECURITIES	23,170,000	23,639,680	23,561,214	96.97
ACCUMULATED UNREALISED LOSS ON UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		(78,466)		
TOTAL UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		23,561,214		
Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2022				
QUOTED SECURITIES				
Construction				
Gamuda Bhd	80,056	305,730	221,755	0.44
Consumer Products & Services				
Genting Bhd	60,000	282,220	262,200	0.52
Genting Malaysia Bhd	90,000	259,100	245,700	0.49
Mr D.I.Y. Group (M) Bhd	141,900	508,250	503,745	1.00
	291,900	1,049,570	1,011,645	2.01
Energy				
Hibiscus Petroleum Bhd	650,000	433,088	656,500	1.30
Yinson Holdings Bhd	128,500	749,168	706,750	1.40
	778,500	1,182,256	1,363,250	2.70
Financial Services				
AMMB Holdings Berhad	156,100	491,419	508,886	1.01
Bank Islam Malaysia Bhd	31,300	85,853	98,595	0.20
CIMB Group Holdings Bhd	117,869	540,403	612,919	1.22
RHB Bank Bhd	72,678	402,582	404,090	0.80
	377,947	1,520,257	1,624,490	3.23

Note: 0.00* denotes allocation less than 0.01%.

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 %
2022 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
Industrial Products & Services				
Kelington Group Bhd	240,000	135,925	355,200	0.71
Kelington Group Bhd - W	80,000	-	50,400	0.10
Petronas Chemicals Group Bhd	84,600	751,789	752,094	1.49
Press Metal Aluminium Holdings Bhd	131,400	713,434	809,424	1.61
SKP Resources Bhd - W	6,000	-	870	0.00*
Solarvest Holdings	571,100	784,871	656,765	1.31
V.S. Industry Bhd	382,600	348,754	459,120	0.91
V.S. Industry Bhd – W	48,000	-	15,360	0.03
	<u>1,543,700</u>	<u>2,734,773</u>	<u>3,099,233</u>	<u>6.16</u>
Property				
Malaysian Resources Corporation Bhd	<u>584,300</u>	<u>206,899</u>	<u>198,662</u>	<u>0.39</u>
Technology				
Genetec Technology Bhd	75,400	89,900	218,660	0.43
Greatech Technology Bhd	100,100	478,018	521,521	1.04
JHM Consolidation Bhd	50,000	64,259	75,500	0.15
Pentamaster Corporation Bhd	60,075	225,349	245,106	0.49
	<u>285,575</u>	<u>857,526</u>	<u>1,060,787</u>	<u>2.11</u>
TOTAL QUOTED SECURITIES	<u>3,941,978</u>	<u>7,857,011</u>	<u>8,579,822</u>	<u>17.04</u>
ACCUMULATED UNREALISED GAIN ON QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>722,811</u>		
ACCUMULATED UNREALISED GAIN ON QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u><u>8,579,822</u></u>		

Note: 0.00* denotes allocation less than 0.01%.

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 %
2022 (CONTINUED) UNQUOTED FIXED INCOME SECURITIES				
AZRB Capital Sdn Bhd 4.85% 26/12/2024 (AA3)	1,100,000	1,133,044	1,118,374	2.22
Bank Pembangunan Malaysia Bhd 4.28% 02/03/2022 (AAA)	1,350,000	1,374,638	1,376,246	2.73
Bank Pembangunan Malaysia Bhd 4.50% 04/11/2026 (AAA)	2,500,000	2,675,331	2,618,873	5.20
Bumitama Agri Ltd 4.20% 22/07/2026 (AA2)	1,550,000	1,595,433	1,567,764	3.11
Celcom Networks Sdn Bhd 4.85% 29/08/2022 (AA1)	500,000	510,617	517,308	1.03
Edra Energy Sdn Bhd 5.64% 05/07/2022 (AA3)	1,500,000	1,522,785	1,525,158	3.03
Edra Energy Sdn Bhd 5.67% 05/01/2023 (AA3)	1,900,000	1,935,713	1,958,699	3.89
Fortune Premiere Sdn Bhd 3.985% 11/09/2026 (AA2)	700,000	723,631	700,829	1.39
Fortune Premiere Sdn Bhd 4.65% 21/12/2022 (AA2)	550,000	552,789	560,555	1.11
Fortune Premiere Sdn Bhd 4.80% 13/03/2023 (AA2)	2,350,000	2,419,576	2,435,499	4.84
Govt Investment Issues 4.194% 15/07/2022 (NR)	4,500,000	4,557,020	4,555,698	9.05
IJM Land Bhd 4.73% 17/03/2119 (A2)	100,000	101,815	99,927	0.20
Imtiaz Sukuk II Berhad 3.54% 17/04/2026 (AA2)	300,000	304,436	300,173	0.60
Lafarge Cement Sdn Bhd 4.40% 11/12/2023 (AA3)	2,000,000	2,044,859	2,043,118	4.06
Malayan Banking Bhd 3.10% 08/10/2032 (AA1)	550,000	552,163	535,165	1.06
MMC Corporation Berhad 5.29% 26/04/2023 (AA3)	150,000	156,205	156,359	0.31
MMC Corporation Berhad 5.64% 27/04/2027 (AA3)	500,000	550,540	542,129	1.08
NORTHPORT 5.00% 02/12/2022 (AA3)	1,650,000	1,690,084	1,695,353	3.37
Pengurusan Air SPV Bhd 3.80% 30/10/2026 (AAA)	400,000	412,496	407,032	0.81
Perbadanan Kemajuan Negeri Selangor 5.15% 10/08/2023 (AA3)	2,450,000	2,522,699	2,566,041	5.10
Quantum Solar Park Green SRI Sukuk 5.24% 06/10/2023 (AA3)	1,400,000	1,466,734	1,468,264	2.92
RHB Islamic Bank Bhd 4.88% 27/04/2027 (AA3)	200,000	202,727	203,608	0.40

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 %
2022 (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
UEM Edgenta Bhd 4.85% 26/04/2022 (AA3)	3,800,000	3,851,873	3,868,521	7.68
UEM Sunrise Bhd 4.75% 22/03/2024 (AA3)	1,120,000	1,166,153	1,157,439	2.30
UEM Sunrise Bhd 5.15% 31/10/2025 (AA3)	500,000	518,159	517,852	1.03
UMW Holdings Bhd 3.03% 05/11/2025 (AA1)	1,200,000	1,194,978	1,186,194	2.36
UMW Holdings Bhd 4.83% 22/6/2022 (AA1)	200,000	201,266	202,997	0.40
UMW Holdings Bhd 5.12% 4/10/2023 (AA1)	900,000	938,572	948,207	1.88
United Growth Bhd 4.73% 21/06/2022 (AA2)	450,000	452,832	456,432	0.91
WCT Holdings Bhd 5.32% 11/05/2022 (AA3)	1,150,000	1,169,034	1,169,103	2.32
YTL Corporation Bhd 4.38% 25/04/2023 (AA1)	2,000,000	2,017,817	2,042,980	4.05
TOTAL UNQUOTED FIXED INCOME SECURITIES	39,520,000	40,516,019	40,501,897	80.44
ACCUMULATED UNREALISED LOSS ON UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		(14,122)		
TOTAL UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		40,501,897		

9. CASH AND CASH EQUIVALENTS

	2023 RM	2022 RM
Deposit with licensed financial institution	749,057	1,257,061
Bank balance	20,367	21,544
	769,424	1,278,605

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2023	2022
	No of units	No of units
Class A (i)	30,575,334	55,995,630
Class C (ii)	4,450,784	3,649,627
Class X (iii)	4,925,074	21,720,524
	<u>39,951,192</u>	<u>81,365,781</u>
 (i) Class A		
At the beginning of the financial year	55,995,630	51,351,411
Add : Creation of units from applications	4,147,102	6,340,290
Add : Creation of units from distribution	1,548,020	2,967,276
Less : Cancellation of units	<u>(31,115,418)</u>	<u>(4,663,347)</u>
At the end of the financial year	<u>30,575,334</u>	<u>55,995,630</u>
 (ii) Class C		
At the beginning of the financial year	3,649,627	3,349,331
Add : Creation of units from applications	1,594,943	847,506
Add : Creation of units from distribution	96,044	187,992
Less : Cancellation of units	<u>(889,830)</u>	<u>(735,202)</u>
At the end of the financial year	<u>4,450,784</u>	<u>3,649,627</u>
 (iii) Class X		
At the beginning of the financial year	21,720,524	15,196,321
Add : Creation of units from applications	5,084,508	6,514,691
Add : Creation of units from distribution	618,046	1,057,446
Less : Cancellation of units	<u>(22,498,004)</u>	<u>(1,047,934)</u>
At the end of the financial year	<u>4,925,074</u>	<u>21,720,524</u>

11. TOTAL EXPENSE RATIO ("TER")

	2023	2022
	%	%
TER	<u>1.55</u>	<u>1.54</u>

TER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial year calculated on a daily basis is RM41,215,612 (2022: RM47,127,156).

12. PORTFOLIO TURNOVER RATIO (“PTR”)

	2023	2022
PTR (times)	0.79	0.56

PTR is derived based on the following calculation:

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

where:

total acquisition for the financial year	= RM28,602,715 (2022: RM29,897,293)
total disposal for the financial year	= RM36,588,888 (2022: RM22,705,245)

13. UNITS HELD BY THE PRS PROVIDER AND PARTIES RELATED TO THE PRS PROVIDER, AND SIGNIFICANT RELATED PARTIES TRANSACTIONS AND BALANCES

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

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

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

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

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

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

	2023 RM	2022 RM
<u>Significant related party balance:</u>		
Quoted security:		
- CIMB Group Holdings Bhd	-	540,403
<u>Significant related party transactions:</u>		
Dividend income:		
- CIMB Group Holdings Bhd	14,793	15,909
<u>Interest income from deposits with licensed financial institution:</u>		
- CIMB Bank Bhd	2,155	-

14. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the top 10 brokers/dealers for the financial year ended 31 January 2023 are as follows:

Brokers/Dealers	Values of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
RHB Investment Bank Bhd	10,175,444	15.62	1,414	5.78
J.P. Morgan Securities (M) Sdn Bhd	8,739,970	13.41	5,684	23.25
RHB Bank Berhad	6,290,422	9.65	-	-
Government Investment Issues	5,067,500	7.77	-	-
Affin Hwang Investment Bank Bhd	4,116,382	6.31	1,523	6.23
MMC Corporation Bhd	3,532,750	5.42	-	-
Press Metal Aluminium Holdings Bhd	2,713,800	4.16	-	-
UEM Sunrise Bhd	2,120,433	3.25	-	-
YTL Power International Bhd	2,002,406	3.07	-	-
Standard Chartered Bank	1,913,300	2.93	-	-
Others #	18,519,196	28.41	15,831	64.74
	65,191,603	100.00	24,452	100.00

14. TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)

Details of transactions with the top 10 brokers/dealers for the financial year ended 31 January 2022 are as follows:

Brokers/Dealers	Values of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
RHB Investment Bank Bhd	11,220,321	21.35	2,023	4.72
RHB Bank Berhad	10,793,149	20.54	-	-
Hong Leong Investment Bank Bhd	6,106,256	11.62	6,254	14.59
UBS Securities (M) Sdn Bhd	3,064,897	5.83	6,707	15.65
CLSA Securities (Malaysia) Sdn Bhd	2,866,719	5.46	6,386	14.90
Macquarie Capital Securities (Malaysia) Sdn Bhd	2,702,442	5.14	5,939	13.86
KAF Equities Sdn Bhd	2,485,448	4.73	5,592	13.05
AmBank (M) Bhd	2,351,221	4.47	-	-
CIMB Islamic Bank Berhad #	2,243,076	4.27	-	-
Affin Hwang Investment Bank Bhd	2,060,612	3.92	1,401	3.27
Others #	6,648,455	12.67	8,550	19.96
	<u>52,542,596</u>	<u>100.00</u>	<u>42,852</u>	<u>100.00</u>

Included in the transactions are trades conducted with CGS-CIMB Securities Sdn Bhd and CIMB Islamic Bank Bhd, fellow related parties to the PRS Provider amounting to RM923,056 (2022: RM861,882) and RM1,003,760 (2022: RM 2,243,076). The PRS Provider is of the opinion that all transactions have been entered into in the normal course of business at agreed terms between the related parties.

15. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The COVID-19 pandemic and related lockdowns and movement restrictions, together with geopolitical tensions and heightened inflationary environment globally have had, and will continue to have, a significant impact on global economic conditions and the environment which the Fund operates.

The PRS Provider continues to closely monitor the macroeconomic outlook affected by these factors and their impact to the Fund's performance and will be managing the risks to achieve the Fund's objective.

16. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the PRS Provider on 28 March 2023.

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