

Principal Lifetime Balanced Fund

Unaudited Semi-Annual Report

For The Six Months Financial Period Ended 30 June 2023

PRINCIPAL LIFETIME BALANCED FUND

UNAUDITED SEMI-ANNUAL REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2023

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INVESTORS' LETTER

Dear Valued Investor,

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

We are pleased to bring you a copy of the unaudited Semi-Annual Fund Report of the Principal Lifetime Balanced Fund for the financial period ended 30 June 2023. You may also download this report from our website at www.principal.com.my.

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

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

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

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

Munirah Khairuddin
Chief Executive Officer

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

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

Has the Fund achieved its objective?

The Fund has achieved its objective of providing long-term investment return. The Fund has gained 541.79% since inception.

What are the Fund investment policy and principal investment strategy?

The Fund aims to invest in a diversified portfolio of equities and fixed income investments. In line with its objective, the investment policy and strategy will be to maintain a balanced portfolio between equities and fixed income investments in the ratio of 70:30. The fixed income portion of the Fund is to provide some capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The investments by the Fund in equity securities shall be between 50% to 70% (both inclusive) of its Net Asset Value ("NAV") and investments in fixed income securities and liquid assets shall not be less than 30% of its NAV with a minimum credit rating of "BBB3" or "P2" by RAM Ratings ("RAM") or equivalent rating by Malaysian Rating Corporation Berhad ("MARC") or by local rating agency(ies) of the country of issuance or "BBB-" by Standard & Poor's ("S&P") or equivalent rating by any other international rating agencies. The Fund may invest up to 40% of its NAV in Unrated Fixed Income Securities. The Fund may opt to seek investment exposure via collective investment scheme ("CIS") that is in line with the Fund's objective, subject to the requirement of the Guidelines on Unit Trust Fund issued by the Securities Commission Malaysia ("GUTF"). The Fund may invest at least 2% of the Fund's NAV in liquid assets.

The asset allocation strategy for this Fund is as follows:

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

Fund category/ type

Balanced/ Growth

When was the Fund launched?

12 March 1998

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

RM47.29 million (126.66 million units)

What is the Fund's benchmark?

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

Note: The benchmark is for performance comparison only. The benchmark is customised as such to align it closer to the structure of the portfolio and the objective of the Fund. Thus, investors are cautioned that the risk profile of the Fund is higher than the benchmark.

What is the Fund distribution policy?

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

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

The Fund distributed a total net income of RM0.97 million to unit holders. As a result, the NAV per unit dropped from RM0.3837 to RM0.3762 on 26 January 2023 during the six months financial period ended 30 June 2023.

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY (CONTINUED)

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

Breakdown of distribution were as follows:

	RM	%
Income	971,534	100.00
Capital	-	-
Total	971,534	100.00

PERFORMANCE DATA

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

	30.06.2023	30.06.2022	30.06.2021
	%	%	%
Quoted securities			
- Construction	2.32	2.35	0.54
- Consumer Products & Services	2.50	6.09	4.08
- Energy	3.79	4.35	4.39
- Financial Services	-	13.28	22.56
- Health Care	4.78	2.28	1.18
- Industrial Products & Services	11.04	2.40	10.39
- Plantation	-	7.77	0.62
- Property	0.36	0.79	0.20
- Real Estate Investment Trusts ("REITs")	5.13	-	-
- Technology	20.92	10.64	15.16
- Telecommunications & Media	0.41	0.68	3.22
- Transportation & Logistics	3.84	1.55	-
- Utilities	1.92	-	0.93
- Unquoted fixed income securities	40.37	35.07	31.55
Cash and other assets	2.98	13.64	5.47
Liabilities	(0.36)	(0.89)	(0.29)
	100.00	100.00	100.00

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

	30.06.2023	30.06.2022	30.06.2021
NAV (RM Million)	47.29	47.70	52.56
Units in circulation (Million)	126.66	134.17	139.25
NAV per unit (RM)	0.3733	0.3555	0.3774
	01.01.2023	01.01.2022	01.01.2021
	to 30.06.2023	to 30.06.2022	to 30.06.2021
Highest NAV per unit (RM)	0.3839	0.3990	0.4125
Lowest NAV per unit (RM)	0.3555	0.3532	0.3771
Total return (%)	2.49	(9.21)	(1.12)
- Capital growth (%)	0.48	(11.06)	(4.20)
- Income distribution (%)	1.99	2.08	3.32
Total Expense Ratio ("TER") (%) ^	0.99	0.98	0.98
Portfolio Turnover Ratio ("PTR") (times) #	0.52	0.61	0.91

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

The Fund's PTR decreased from 0.61 times to 0.52 times due to lower trading activities.

PERFORMANCE DATA (CONTINUED)

	01.01.2023 to 30.06.2023	01.01.2022 to 30.06.2022	01.01.2021 to 30.06.2021		
Gross/ Net distribution per unit (sen)					
Date of distribution 26 January 2023	0.75	-	-		
Date of distribution 25 January 2022	-	0.78	-		
Date of distribution 22 January 2021	-	-	1.27		
	30.06.2023	30.06.2022	30.06.2021	30.06.2020	30.06.2019
	%	%	%	%	%
Annual total return	8.70	(3.85)	10.87	(5.26)	0.22

(Launch date: 12 March 1998)

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

MARKET REVIEW (1 JANUARY 2023 TO 30 JUNE 2023)

Equity

The FBM100 Index fell 5.53% in Malaysian Ringgit (“MYR/RM”) terms during the financial period under review.

The FBM100 Index rose by 0.63% in January 2023. Globally, growth stocks outperformed, with technology stocks leading the pack as US inflation cooled further as well as optimism from China’s reopening. Gaming (+8%), Technology (+7%), REITs (+6%) and Building Materials (+6%) were among the biggest winners for the month, while Gloves (-7%), Plantations (-5%) and Healthcare (-4%) languished.

The FBM100 Index fell by 2.04% in February 2023. Investors remained cautious leading up to Budget 2023 while renewed concerns over US Fed staying hawkish given persistent inflation coupled with encouraging consumption and employment data in the US recently further weighed on sentiment. The rebound in the US Dollar (“USD”) also took flows out of emerging markets. Only Construction and Property sub-sectors posted modest gains during the month while Industrial (-7%; mainly Petronas Chemical Group Bhd), Technology (-6%) and Energy (-5%) were heavily beaten down.

The FBM100 Index fell 1.53% in March 2023. Weakness was in line with the sell-off in regional markets as investors aggressively risked off following the collapse of several high-profile banks in the US and Europe, potentially triggering a global liquidity squeeze, and mounting worries that US Federal Reserve (the “Fed”) aggressive tightening may have finally taken a toll on the US economy. Market however rebounded towards the later part of the month following the Fed’s decision to go ahead with a 25 basis points (“bps”) hike, downplaying fears of a banking contagion and shifting attention back to inflation which has started to ease, albeit very gradually. Financials and Commodities were sold down in favor of defensive sectors such as Healthcare and Utilities during the month.

The FBM100 Index fell 0.33% in April 2023. Commodities, Telcos and Consumer Discretionary did well during the month, while Financials weakened further on lingering fear of a potential banking contagion. Recent economic data out of the US were mixed. We have a lower in first quarter of 2023 (“1Q2023”)US Gross Domestic Product (“GDP”) print of a mere 1%, down from 2.6% in fourth quarter of 2022 (“4Q2022”), but that was mainly due to large inventory drawdowns. US consumer spending remains strong, up 3.7% over the same period (vs 1% in 4Q2022) on the back of low unemployment and solid wage gains. Consumer Price Index (“CPI”) cooled to 5% in March 2023, a lower end of forecast, but core Personal Consumption Expenditures (“PCE”) picked up from 3.5% in February 2023 to 3.6% in March 2023 no thanks to higher rents. All said, the Fed will likely go ahead with the 25bps hike in the upcoming Federal Open Market Committee (“FOMC”) meeting, and together with tighter credit conditions following recent collapse of several high-profile US banks, recession risk runs high.

MARKET REVIEW (1 JANUARY 2023 TO 30 JUNE 2023) (CONTINUED)**Equity (continued)**

The FBM100 Index fell 1.3% in May 2023. The sell-off was relatively broad-based, with select stocks within defensive sectors showing green, and we believe it was largely triggered by the recent weakness of the Ringgit on the back of poor Chinese data and consequently the depreciation of the Yuan. Further aggravating the situation was the stronger Dollar due to concerns surrounding the US debt ceiling, and recent US data – encouraging payroll and wage, sticky inflation, and more recently a rebound in job openings - stoking bets on further rates hikes in the next FOMC meeting. The recently concluded 1Q2023 US earnings season saw 78% of companies beating analyst's earnings estimates by an aggregate of 6.5%.

The FBM100 Index fell 1.06% in June 2023. Investors remain weary of the sustained weakness of the Ringgit, a rather uninspiring 1Q2023 corporate results although they were broadly in line, and domestic political uncertainties caused by the upcoming State elections. Expectations of a US recession have now been pushed back to 2024 given the still buoyant data points coming out of the US and consequently stoking bets of further rate hikes by the Fed in second half of 2023.

Fixed Income

In the first three months of 2023, the Monetary Policy Committee ("MPC") maintained the Overnight Policy Rate ("OPR") at 2.75% throughout the two meetings held in January 2023 and March 2023. This was after a total of 100 bps was increased in 2022. The committee then unexpectedly raised its OPR to 3.00% in its May 2023 meeting which was on 3 May 2023. The move was to pre-emptively ward off inflationary pressures amid strong domestic demand and potential subsidy cuts. Meanwhile, at the most recent meeting held in early July 2023, the committee decided to maintain the OPR at 3.00%. They mentioned that the monetary policy stance is slightly accommodative and remains supportive of the economy while continues to see limited risks of future financial imbalances.

The CPI continued to decelerate to 3.7% in January 2023 after being in a deceleration pace from the last few months of 2022. It continued to remain at 3.7% in the month of February 2023. In the month of March 2023, it eased further to 3.4% and 3.3% in the month of April 2023. Continuing its easing pace, inflation in the month of May 2023 was at 2.8% whilst June 2023 recorded a slower pace of 2.4%. The slower increment in June 2023 was driven by the lower increase in components such as restaurants and hotels, food and non-alcoholic beverages and household equipment and routine household maintenance.

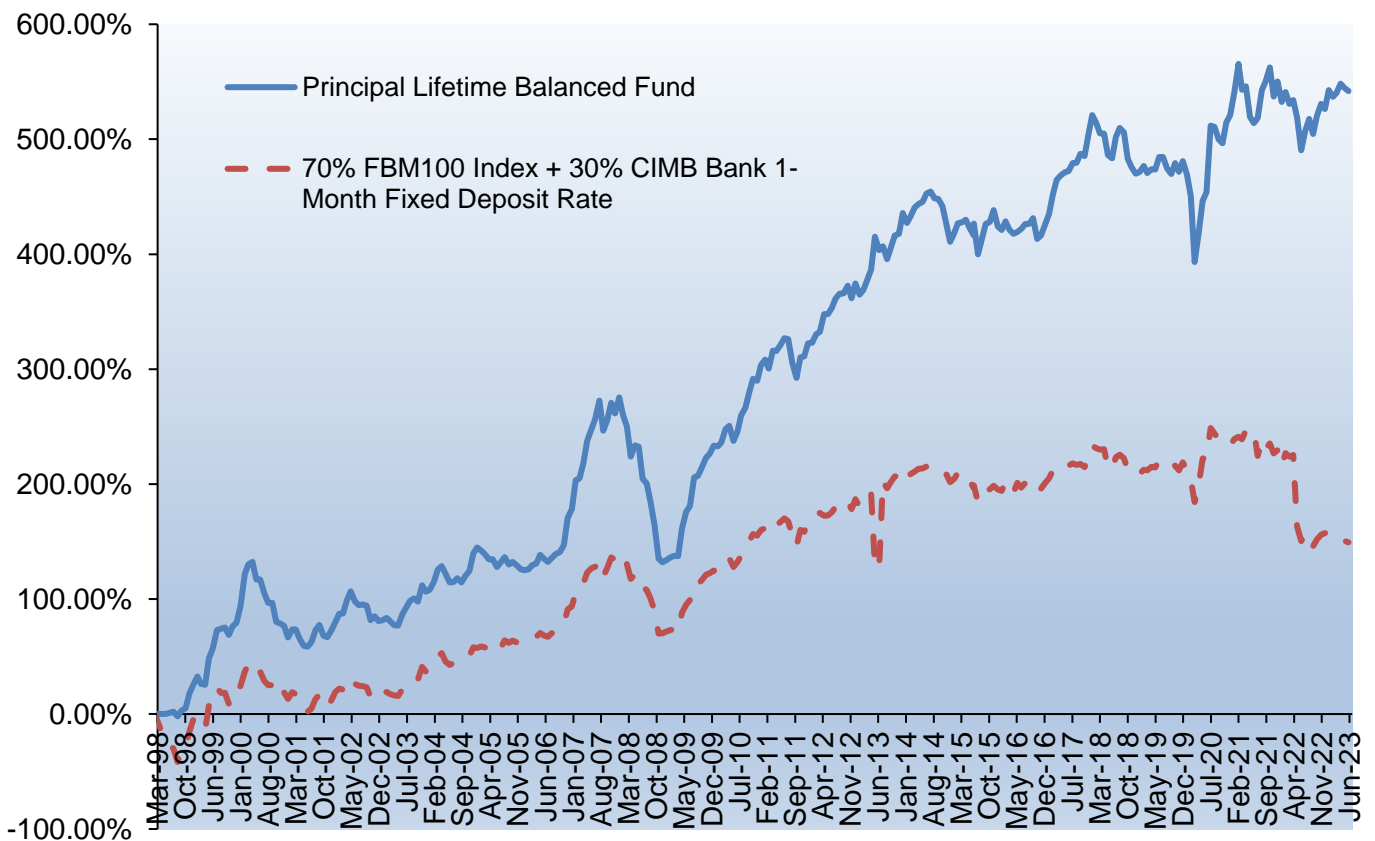
Meanwhile, the 1Q2023 bode well for the fixed income market despite continued volatility seen. For 1Q2023, the Quantshop Government Investment Issue ("GII") Long Index was the best performer year-to-date ("YTD") with a return of +3.35% and the BPAM Corporates All Bond (1year to 3year) Index recorded the lowest return of +1.41% during the period. In Q22023, the best performing index was the Bond Pricing Agency Malaysia ("BPAM") Corporates (7-year over) Index which was also the best performing index on a year-to-date basis returning 6.16%. Meanwhile the worst performing index for the year was the Quantshop Malaysia Government Securities ("MGS") Short Index which returned 2.04% for the year. The 3-year, 5-year, 7-year, 10-year, 15-year, 20- and 30-year benchmarks closed at 3.49%, 3.62%, 3.76%, 3.88%, 4.03%, 4.10% and 4.15%, respectively.

FUND PERFORMANCE

	6 months to 30.06.2023	1 year to 30.06.2023	3 years to 30.06.2023	5 years to 30.06.2023	Since inception to 30.06.2023
	%	%	%	%	%
Income					
Distribution	1.99	3.51	9.08	20.16	329.81
Capital Growth	0.48	5.01	6.23	(8.44)	49.32
Total Return	2.49	8.70	15.88	10.02	541.79
Benchmark	(3.15)	(0.53)	(1.91)	(7.97)	149.24
Average Total Return	5.08	8.70	5.03	1.93	7.62

For the financial period under review, the fund gained 2.49%, while the benchmark lost 3.15%. As such, the fund outperformed its benchmark by 564 bps.

Since Inception



Changes in NAV

	30.06.2023	31.12.2022 Audited	Changes %
NAV (RM Million)	47.29	48.24	(1.97)
NAV/Unit (RM)	0.3733	0.3715	0.48

The NAV per unit increased by 0.48% due to positive investment performance, while the NAV decreased by 1.97% due to redemptions.

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

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	30.06.2023	31.12.2022 Audited
Quoted securities	57.01	53.57
Unquoted fixed income securities	40.37	37.77
Cash and other assets	2.98	9.53
Liabilities	(0.36)	(0.87)
TOTAL	100.00	100.00

Asset allocation into quoted securities increased from 53.57% as at 31 December 2022 to 57.01% as at 30 June 2023 while allocation into unquoted fixed income increased from 37.77% to 40.37% during the same period, reflecting better sentiment.

MARKET OUTLOOK*

Equity

Malaysia's Purchasing Managers' Index ("PMI") reading for June was 47.7 points vs 47.8 points ("pts") in May 2023. According to Standard & Poor's ("S&P") Global, the weaker reading was due to sustained slowdown in new order flows from both domestic and international clients, and manufacturers continue to scale back purchasing as well as staffing. There was a slight uptick in input cost, partly to the MYR/RM weakness, but still well below 2022 levels. Overall, outlook remained positive amid hopes that demand environment would recover in second half of 2023, albeit the degree of optimism is fading.

Malaysia's economy expanded 5.6% year-on-year ("y-o-y") in 1Q2023. The strong growth was contributed by further expansion of household spending, continued investment activity, improving labor market and higher tourism activities. S&P Global opines that the second quarter of 2023 ("2Q2023") PMI data so far suggests the GDP will hold steady around the 5.5% y-o-y mark in proximity with the 1Q2023 print. Bank Negara Malaysia ("BNM") made no change to Malaysia's GDP growth of 4% to 5% in 2023.

BNM may keep OPR unchanged at 3.00% in the upcoming meeting, but there are mounting pressures to intervene given the Ringgit weakness. The central bank could resort to administrative measures instead. Inflation cooled further with May's CPI reading at 2.8% versus April 3.3% and remained in line with BNM's target of 2.8% to 3.8% for 2023.

Malaysia's equity market valuations remain extremely compressed with forward price to earnings ("P/E") ratio of under 13 times still at over -2 Standard Deviation ("SD") below the historical mean. This is based on consensus earnings growth of 9% for 2023 (after proper calibration of the 2022 base) and 8% for 2024. The re-tabled Budget 2023 offered much needed clarity on the new Government's policy posture. Overall, we are encouraged by the non-extension of Prosperity Tax (no derailment of re-acceleration of corporate earnings in 2023), delayed implementation of Gross and services Tax ("GST") and capital gains tax, and fiscal target discipline. There were also numerous tax incentives to spur Small and Medium Enterprises ("SMEs") and investments into various high impact sectors. We remain hopeful that elevated risk premiums on Malaysia would abate over time. Our year-end FBM30 Index target is 1,500 pts.

Fixed Income

At the end of February 2023, we saw Budget 2023 being re-tabled. It is expected that the re-tabled budget deficit of RM93.9 billion versus previous RM99.0 billion will see lower gross issuance of RM175 billion in 2023 (versus previous earlier projection of RM180 billion).

The projected decline in the fiscal deficit to 5.0% of GDP (from 5.6% of GDP in 2022) augurs well for the long-term trajectory of reducing public debt with the commitment of the new government to further reduce its fiscal deficit to 3.2% in 2025.

MARKET OUTLOOK* (CONTINUED)

Fixed Income

The international rating agencies, especially S&P and Moody's have reiterated that they are willing to overlook higher debt levels in the short term if this is balanced by a healthy growth outlook. As such, we expect Malaysia's credit ratings to remain stable in the medium terms with S&P reaffirming the country's ratings recently as well.

Meanwhile, at the end of March 2023, BNM released their 2022 Annual Report whereby they projected for Malaysia's real GDP to grow by 4% to 5% in 2023 which is in line with the Ministry of Finance's expectation.

We continue to see foreign investors being net buyers of Malaysian bonds with YTD June 2023 inflows remain sizeable with cumulative inflows for all Ringgit debts totalling +RM21.2 billion and total foreign holdings rose to RM267.9 billion at end June 2023 (end May 2023: 262.7 billion). This sentiment bodes well for the local fixed income market and is expected to continue in the coming months.

In terms of net issuances, it has been front loaded slightly with around 53.7% funded in first half of 2023. The highest supply was seen in 1Q2023 which saw the highest supply of RM29.38 billion while the lowest was seen in 2Q2023. In 2023, there will be RM80.9 billion with the bulk of maturity being in the months of March and August 2023.

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

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

INVESTMENT STRATEGY

Equity

We prefer to maintain a cautious stance and continue to adopt a barbell strategy, balancing between value and growth, though we saw opportunity on selective sectors post the recent market sell-down. We are constructive on domestic-driven sectors, such as Utilities and REITs, while we continue to like structural growth themes in selective Technology. Furthermore, in view of a stronger rebound in tourist arrivals post-reopening in China, we also like airport and tourism-related stocks. Key risks are the derailment of Malaysia's macroeconomic recovery and corporate earnings growth due to the larger-than-expected impact of rising inflation, slower global economic growth, and heightened geopolitical risks.

Fixed Income

We continue to prefer corporate bonds driven by the compelling potential for a more favorable total return. We maintain our defensive stance in our credit selections on the back of potential implications for economic growth and credit conditions.

SOFT COMMISSIONS AND REBATES

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

SOFT COMMISSIONS AND REBATES (CONTINUED)

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

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

During the financial period under review, the Manager and Trustee did not receive any rebates from the brokers or dealers but the Manager has retained soft commission in the form of goods and services for the benefit of the fund such as financial wire services and stock quotations system incidental to investment management of the Funds and there was no churning of trades.

SECURITIES FINANCING TRANSACTIONS

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

STATE OF AFFAIR OF THE FUND

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

CIRCUMSTANCES THAT MATERIALLY AFFECT ANY INTEREST OF UNIT HOLDERS

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

CROSS TRADE

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

UNIT SPLIT

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

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
PRINCIPAL LIFETIME BALANCED FUND**

We, being the Directors of Principal Asset Management Berhad (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements set out on pages 3 to 30 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 30 June 2023 and of its financial performance, changes in net assets attributable to unit holders and cash flows for the financial period then ended in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS") 134 - Interim Financial Reporting and International Accounting Standards ("IAS") 34 - Interim Financial Reporting.

For and on behalf of the Manager

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

MUNIRAH KHAIRUDDIN
Chief Executive Officer/Executive Director

UDAY JAYARAM
Director

Kuala Lumpur
17 August 2023

TRUSTEE'S REPORT

To the unit holders of PRINCIPAL LIFETIME BALANCED FUND ("Fund")

We have acted as Trustee of the Fund for the financial period ended 30 June 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Principal Asset Management Berhad ("the Manager") has operated and managed the Fund during the period covered by these unaudited financial statements in accordance with the following:

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

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

For Maybank Trustees Berhad
[Co. No.: 196301000109 (5004-P)]

JUANITA BINTI SUHAIMI
Unit Head, Unit Trust Operations

Kuala Lumpur, Malaysia
17 August 2023

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

	Note	01.01.2023 to 30.06.2023 RM	01.01.2022 to 30.06.2022 RM
INCOME/(LOSS)			
Dividend income		242,013	400,783
Interest income from unquoted fixed income securities at fair value through profit or loss		418,514	419,256
Interest income from deposits with licensed financial institutions at amortised cost		41,812	32,719
Net gain/(loss) on financial assets at fair value through profit or loss	8	<u>1,135,751</u>	<u>(4,989,895)</u>
		<u>1,838,090</u>	<u>(4,137,137)</u>
EXPENSES			
Management fee	4	443,971	462,528
Trustee fee	5	19,199	20,001
Audit fee		5,207	5,207
Tax agent's fee		4,000	4,000
Transaction costs		157,639	189,091
Other expenses		<u>6,490</u>	<u>5,018</u>
		<u>636,506</u>	<u>685,845</u>
PROFIT/(LOSS) BEFORE TAXATION		1,201,584	(4,822,982)
Taxation	7	<u>-</u>	<u>-</u>
PROFIT/(LOSS) AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD		<u>1,201,584</u>	<u>(4,822,982)</u>
Profit/(Loss) after taxation is made up as follows:			
Realised amount		(58,416)	94,119
Unrealised amount		<u>1,260,000</u>	<u>(4,917,101)</u>
		<u>1,201,584</u>	<u>(4,822,982)</u>

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

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

		30.06.2023	31.12.2022
	Note	RM	Audited RM
ASSETS			
Cash and cash equivalents	9	1,192,333	3,447,755
Financial assets at fair value through profit or loss	8	46,047,059	44,059,624
Amount due from stockbrokers		140,706	1,069,393
Amount due from Manager		1,214	299
Dividends receivable		29,744	9,571
Tax recoverable		42,400	67,589
TOTAL ASSETS		<u>47,453,456</u>	<u>48,654,231</u>
LIABILITIES			
Amount due to stockbrokers		-	167,257
Amount due to Manager		83,340	151,943
Accrued management fee		72,308	76,287
Amount due to Trustee		3,127	3,299
Other payables and accruals		9,591	18,496
TOTAL LIABILITIES		<u>168,366</u>	<u>417,282</u>
NET ASSET VALUE OF THE FUND		<u>47,285,090</u>	<u>48,236,949</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	10	<u>47,285,090</u>	<u>48,236,949</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	11	<u>126,663,296</u>	<u>129,841,281</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.3733</u>	<u>0.3715</u>

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

UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2023

	Note	01.01.2023 to 30.06.2023 RM	01.01.2022 to 30.06.2022 RM
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD		48,236,949	52,898,717
Movement in unit holders' contributions:			
- Creation of units from applications		413,128	1,891,399
- Creation of units from distribution		900,604	943,188
- Cancellation of units		(2,495,641)	(2,184,427)
		<u>(1,181,909)</u>	<u>650,160</u>
Total comprehensive income/(loss) for the financial period		1,201,584	(4,822,982)
Distribution		(971,534)	(1,023,096)
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL PERIOD	10	<u>47,285,090</u>	<u>47,702,799</u>

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

**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2023**

	01.01.2023 to 30.06.2023	01.01.2022 to 30.06.2022
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of quoted securities	21,915,273	26,241,222
Proceeds from disposal of unquoted fixed income securities	3,847,095	4,769,996
Purchase of quoted securities	(21,555,704)	(22,676,213)
Purchase of unquoted fixed income securities	(4,436,062)	(6,640,707)
Proceed from redemption of unquoted fixed income securities		2,000,000
Dividend income received	220,282	373,571
Interest income received from deposits with licensed financial institutions	41,812	32,719
Interest income received from unquoted fixed income securities	400,023	374,099
Management fee paid	(447,950)	(470,756)
Trustee fee paid	(19,371)	(20,357)
Tax refund received	25,189	-
Payment of other fees and expenses	(23,048)	(7,036)
Net cash (used in)/generated from operating activities	(32,461)	3,976,538
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	412,213	1,897,479
Payments for cancellation of units	(2,564,244)	(2,198,717)
Distribution paid	(70,930)	(79,908)
Net cash used in financing activities	(2,222,961)	(381,146)
Net (decrease)/increase in cash and cash equivalents	(2,255,422)	3,595,392
Cash and cash equivalents at the beginning of financial period	3,447,755	1,930,839
Cash and cash equivalents at the end of financial period	1,192,333	5,526,231
<u>Cash and cash equivalents comprised of:</u>		
Bank balance	36,236	21,899
Deposits with licensed financial institutions	1,156,097	5,504,332
Cash and cash equivalents at the end of the financial period	1,192,333	5,526,231

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2023

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

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

The Fund aims to invest in a diversified portfolio of equities and fixed income investments. In line with its objective, the investment policy and strategy will be to maintain a balanced portfolio between equities and fixed income investments in the ratio of 70:30. The fixed income portion of the Fund is to provide some capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The investments by the Fund in equity securities shall be between 50% to 70% (both inclusive) of its NAV and investments in fixed income securities and liquid assets shall not be less than 30% of its NAV with a minimum credit rating of “BBB3” or “P2” by RAM or equivalent rating by MARC or by local rating agency(ies) of the country of issuance or “BBB-” by S&P or equivalent rating by any other international rating agencies. The Fund may invest up to 40% of its NAV in Unrated Fixed Income Securities. The Fund may opt to seek investment exposure via collective investment scheme that is in line with the Fund’s objective, subject to the requirement of the GUTF. The Fund may invest at least 2% of the Fund’s NAV in liquid assets.

The asset allocation strategy for this Fund is as follows:

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

All investments are subjected to the GUTF, SC requirements, the Deeds, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund’s objective.

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

2. 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 International Financial Reporting Standards (“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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(a) Basis of preparation (continued)**

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

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

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

There are no other standards, amendments to standards or interpretations that are effective for financial periods beginning on 1 January 2023 that have a material effect on the financial statements of the Fund.

None of the standards, amendments to standards or interpretations that are effective for the financial period beginning on/after 1 July 2023 are applicable to the Fund.

(b) Financial assets and financial liabilitiesClassification

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(b) Financial assets and financial liabilities (continued)**Impairment for assets carried at amortised costs

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

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

(c) Income recognition

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(d) Functional and presentation currency**

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

(e) Cash and cash equivalents

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

(f) Amount due from/to stockbrokers

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

(g) Taxation

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

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

(h) Distribution

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

(i) Transaction costs

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

(j) Unit holders’ contributions

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(j) Unit holders' contributions (continued)**

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

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

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

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

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

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

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

Estimate of fair value of unquoted fixed income securities

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

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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Financial risk management is carried out through internal control process adopted by the Manager and adherence to the investment restrictions as stipulated in the Deeds and GUTF.

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

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

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

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

(ii) Interest rate risk

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

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

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

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

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

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

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

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

In addition, the Manager imposes a minimum rating requirement as rated by either local and/or foreign rating agencies and manages the duration of the investment in accordance with the objective of the Fund. For this Fund, the unquoted fixed income securities must satisfy a minimum credit rating of "BBB3" or "P2" by RAM or equivalent rating by MARC or by local rating agency(ies) of the country of issuance or "BBB-" by S&P or equivalent rating by any other international rating agencies.

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

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

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

(c) Liquidity risk

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

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise bank balances and deposits with licensed financial institutions and other instruments which are capable of being converted into cash within 7 business days.

Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector, and other factors. For the purpose of the Fund, the Manager will attempt to balance the entire portfolio by investing in a mix of assets with satisfactory trading volume and those that occasionally could encounter poor liquidity. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(d) Capital risk management**

The capital of the Fund is represented by net assets attributable to unit holders. The amount of capital can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

(e) Fair value estimation

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

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

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

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

(i) Fair value hierarchy

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

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

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

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

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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
30.06.2023				
Financial assets at fair value through profit or loss:				
- Quoted securities	26,956,861	-	-	26,956,861
- Unquoted fixed income securities	-	19,090,198	-	19,090,198
	<u>26,956,861</u>	<u>19,090,198</u>	<u>-</u>	<u>46,047,059</u>
31.12.2022				
Audited				
Financial assets at fair value through profit or loss:				
- Quoted securities	25,842,380	-	-	25,842,380
- Unquoted fixed income securities	-	18,217,244	-	18,217,244
	<u>25,842,380</u>	<u>18,217,244</u>	<u>-</u>	<u>44,059,624</u>

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

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

- (i) The carrying values of cash and cash equivalents, amount due from stockbrokers, amount due from Manager, dividends receivable and all current liabilities are a reasonable approximation of their fair values due to their short-term nature.

4. MANAGEMENT FEE

In accordance with the Deeds, the Manager is entitled to a maximum management fee of 2.00% per annum, calculated daily based on the NAV of the Fund.

For the six months financial period ended 30 June 2023, the management fee was recognised at a rate of 1.85% per annum (30.06.2022: 1.85% per annum).

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

5. TRUSTEE FEE

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

For the six months financial period ended 30 June 2023, the Trustee fee was recognised at a rate of 0.08% per annum (30.06.2022: 0.08% per annum).

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

6. DISTRIBUTION

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

	01.01.2023 to 30.06.2023	01.01.2022 to 30.06.2022
	RM	RM
Dividend income	52,775	18,830
Interest income	45,572	52,696
Net realised gain/(loss) on disposal of investments	13,032	(112,541)
Prior financial periods' realised income	942,880	1,134,216
	1,054,259	1,093,201
Less:		
Expenses	82,725	70,105
Net distribution amount	971,534	1,023,096
Gross/Net distribution per unit (sen)		
Date of distribution 26 January 2023	0.75	
Date of distribution 25 January 2022		0.78

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

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

There are unrealised nil losses for the financial period ended 30 June 2023 (30.06.2022: RM4,917,101).

7. TAXATION

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

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

	01.01.2023 to 30.06.2023 RM	01.01.2022 to 30.06.2022 RM
Profit/(Loss) before taxation	1,201,584	(4,822,982)
Taxation at Malaysian statutory rate of 24% (30.06.2022:24%)	288,380	(1,157,516)
Tax effects of:		
- (Investment income not subject to tax)/Loss not deductible to tax purposes	(441,143)	992,912
- Expenses not deductible for tax purposes	43,912	51,000
- Restriction on tax deductible expenses for Unit Trust Funds	108,851	113,604
Taxation	-	-

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.06.2023 RM	31.12.2022 Audited RM
At fair value through profit or loss:		
- Quoted securities	26,956,861	25,842,380
- Unquoted fixed income securities	19,090,198	18,217,244
	<u>46,047,059</u>	<u>44,059,624</u>

	01.01.2023 to 30.06.2023 RM	01.01.2022 to 30.06.2022 RM
Net gain/(loss) on financial assets at fair value through profit or loss:		
- Realised loss on disposals	(87,587)	(36,134)
- Unrealised fair value gain/(loss)	1,223,338	(4,953,761)
	<u>1,135,751</u>	<u>(4,989,895)</u>

Name of counter 30.06.2023	Quantity	Aggregate cost	Market value	Percentage of NAV
QUOTED SECURITIES				
Construction				
Econpile Holdings Bhd	147,900	47,788	27,362	0.06
Gamuda Bhd	129,227	490,247	568,599	1.20
Southern Score Builders Bhd	2,500,000	500,000	500,000	1.06
	<u>2,777,127</u>	<u>1,038,035</u>	<u>1,095,961</u>	<u>2.32</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2023 (CONTINUED)				
QUOTED SECURITIES				
Consumer Products & Services				
Farm Fresh Bhd	443,000	752,827	558,180	1.18
Karex Bhd	517,700	379,564	295,089	0.62
QL Resources Bhd	61,700	314,112	330,712	0.70
	<u>1,022,400</u>	<u>1,446,503</u>	<u>1,183,981</u>	<u>2.50</u>
Energy				
Dayang Enterprise Holding Bhd	700,900	695,635	897,152	1.90
Yinson Holdings Bhd	326,120	781,158	834,867	1.77
Yinson Holdings Bhd – Warrant	86,722	-	55,068	0.12
	<u>1,113,742</u>	<u>1,476,793</u>	<u>1,787,087</u>	<u>3.79</u>
Health Care				
Hartalega Holding Bhd	1,021,900	1,605,632	1,931,391	4.08
Kossan Rubber Industries Bhd	54,400	76,078	70,176	0.15
Top Glove Corp Bhd	318,700	265,927	258,147	0.55
	<u>1,395,000</u>	<u>1,947,637</u>	<u>2,259,714</u>	<u>4.78</u>
Industrial Products & Services				
Ann Joo Resources Bhd	45,400	58,934	46,762	0.10
Kelington Group Bhd	196,600	199,793	292,934	0.62
Nationgate Holdings Bhd	1,488,700	1,675,070	2,084,180	4.41
Press Metal Aluminium Holding Bhd	100,600	527,653	472,820	1.00
Scicom MSC Bhd	712,400	827,273	826,384	1.75
Solarvest Holdings Bhd	394,300	412,241	461,331	0.98
V.S. Industry Bhd - Warrant	1,131,700	970,224	1,029,847	2.18
	<u>4,069,700</u>	<u>4,671,188</u>	<u>5,214,258</u>	<u>11.04</u>
Property				
Malaysian Resources Corp Bhd	158,500	65,168	48,342	0.10
Skyworld Development Bhd	152,200	121,760	121,760	0.26
	<u>310,700</u>	<u>186,928</u>	<u>170,102</u>	<u>0.36</u>
Technology				
Cape EMS Bhd	1,228,500	1,685,313	1,597,050	3.38
ECA Integrated Solution Bhd	753,600	611,796	663,168	1.40
Genetec Technology Bhd	402,800	1,011,260	934,496	1.98
ITMAX System Bhd	568,900	760,701	796,460	1.68

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2023 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
Technology (continued)				
LGMS Bhd	1,529,400	1,102,374	1,789,398	3.78
My Eg Services Bhd	303,862	243,106	227,897	0.48
Oppstar Bhd	1,171,900	2,260,167	2,214,891	4.68
SMRT Holdings Bhd	2,204,100	1,444,197	1,675,116	3.54
	<u>8,163,062</u>	<u>9,118,914</u>	<u>9,898,476</u>	<u>20.92</u>
Telecommunications and Media				
Astro Malaysia Holdings Bhd	326,300	208,880	195,780	0.41
Transportation and Logistics				
Malaysia Airports Holding Bhd	263,843	1,828,889	1,815,240	3.84
Utilities				
Tenaga Nasional Bhd	47,000	385,176	425,350	0.90
YTL Power International Bhd	370,200	472,761	481,260	1.02
	<u>417,200</u>	<u>857,937</u>	<u>906,610</u>	<u>1.92</u>
TOTAL QUOTED SECURITIES	<u>21,831,874</u>	<u>25,165,605</u>	<u>26,956,861</u>	<u>57.01</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>1,791,256</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>26,956,861</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 %
30.06.2023 (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES				
Aeon Credit Service (M) Bhd 3.85% 10/02/2028 (AA3)	1,100,000	1,135,451	1,095,603	2.32
Ara Bintang Bhd 5.50% 17/03/2026 (NR)	900,000	901,627	900,835	1.91
CIMB Thai Bank PCL 4.15% 06/07/2029 (AA3)	300,000	305,901	305,565	0.65
DIGI Telecomm Sdn Bhd 4.05% 30/05/2030 (AAA)	170,000	170,604	170,527	0.36
DRB-Hicom Bhd 4.85% 04/08/2028 (A)	330,000	337,027	331,031	0.70
DRB-Hicom Bhd 4.85% 11/12/2026 (A)	700,000	705,084	699,576	1.48
Fortune Premiere Sdn Bhd 3.99% 11/09/2026 (AA)	150,000	147,022	150,207	0.32
Gamuda Bhd 4.31% 20/06/2030 (AA3)	120,000	120,156	120,584	0.26
Gamuda Bhd 4.40% 20/06/2033 (AA3)	260,000	260,345	261,822	0.55
Genm Capital Bhd 5.35% 03/05/2030 (AA1)	1,070,000	1,078,940	1,079,517	2.28
IJM Land Bhd 4.73% 17/03/2119 (A2)	750,000	760,340	746,040	1.58
IJM Land Bhd 5.65% 17/03/2119 (A2)	500,000	508,049	517,239	1.09
Mah Sing Group Bhd 4.35% 13/03/2025 (NR)	2,500,000	2,532,774	2,503,874	5.30
Malayan Banking Bhd 3.10% 08/10/2032 (AA1)	350,000	332,936	336,863	0.71
MMC Corporation Bhd 5.64% 27/4/2027 (AA3)	1,050,000	1,098,976	1,102,284	2.33
MMC Port Holdings Sdn Bhd 4.40% 08/04/2027 (AA3)	130,000	131,285	131,523	0.28
MMC Port Holdings Sdn Bhd 4.66% 06/04/2029 (AA3)	270,000	272,827	275,826	0.58
Penang Port Sdn Bhd 4.30% 24/12/2026 (AA3)	1,000,000	995,438	1,005,041	2.13
Point Zone M Sdn Bhd 4.86% 11/03/2033 (AA)	70,000	71,025	73,110	0.15
Ponsb Capital Bhd 4.99% 30/06/2027 (AA3)	320,000	320,044	328,533	0.69
Prasarana Malaysia Bhd 4.38% 29/01/2038 (GG)	500,000	509,120	521,315	1.10
Sarawak Energy Bhd 5.04% 25/04/2031 (AAA)	1,000,000	1,074,387	1,066,542	2.26
Sarawak Energy Bhd 4.70% 25/11/2028 (AAA)	250,000	252,461	258,509	0.55
Sarawak Petchem Sdn Bhd 5.19% 27/07/2033 (AAA)	400,000	436,167	436,740	0.92

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2023 (Continued)				
UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
SP Setia Bhd 4.22% 21/04/2027 (AA)	1,220,000	1,229,450	1,226,034	2.59
SP Setia Bhd 4.56% 21/06/2030 (AA)	560,000	560,560	564,575	1.19
Starbright Capital Bhd 4.35% 24/12/2026 (AAA)	1,500,000	1,519,093	1,481,234	3.13
UEM Sunrise Bhd 4.40% 08/09/2026 (AA3)	500,000	507,632	493,307	1.04
UMW Holding Bhd 6.35% 20/4/2118 (AA3)	600,000	662,273	651,034	1.38
WCT Holdings Bhd 5.65% 20/4/2026 (AA3)	250,000	257,122	255,309	0.54
TOTAL UNQUOTED FIXED INCOME SECURITIES	18,820,000	19,194,116	19,090,199	40.37
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		(103,917)		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		19,090,199		
Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2022				
QUOTED SECURITIES				
Construction				
Econpile Holdings Bhd	290,700	130,643	49,419	0.10
Gamuda Bhd	128,100	472,125	480,375	1.00
Southern Score Builders Bhd	2,500,000	500,000	475,000	0.98
	<u>2,918,800</u>	<u>1,102,768</u>	<u>1,004,794</u>	<u>2.08</u>
Consumer Products & Services				
Farm Fresh Bhd	493,000	837,796	793,730	1.65
Genting Bhd	72,500	348,594	324,800	0.67
Karex Berhad	146,700	100,388	107,091	0.22
QL Resources Bhd	306,700	1,561,398	1,689,917	3.50
	<u>1,018,700</u>	<u>2,848,176</u>	<u>2,915,538</u>	<u>6.04</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2022 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
Energy				
Dayang Enterprise Holding Bhd	700,900	695,635	918,179	1.90
Yinson Holdings Bhd	621,120	1,487,774	1,509,322	3.13
Yinson Holdings Bhd - Warrant	104,022	-	47,850	0.10
	<u>1,426,042</u>	<u>2,183,409</u>	<u>2,475,351</u>	<u>5.13</u>
Financial Services				
CIMB Group Holdings Bhd	362,726	1,832,919	2,103,811	4.36
Hong Leong Bank Bhd	11,400	205,371	234,384	0.49
Public Bank Bhd	998,888	4,480,315	4,315,196	8.95
	<u>1,373,014</u>	<u>6,518,605</u>	<u>6,653,391</u>	<u>13.80</u>
Health Care				
Kossan Rubber Industries Bhd	716,700	830,828	788,370	1.64
Top Glove Corp Bhd	192,300	156,340	174,032	0.36
	<u>909,000</u>	<u>987,168</u>	<u>962,402</u>	<u>2.00</u>
Industrial Products & Services				
Kelington Group Bhd	414,100	420,826	567,317	1.18
V.S. Industry Bhd	590,600	516,035	519,728	1.08
	<u>1,004,700</u>	<u>936,861</u>	<u>1,087,045</u>	<u>2.26</u>
Plantation				
Genting Plantations Bhd	90,800	794,953	581,120	1.20
Sarawak Oil Palms Bhd	106,050	447,312	275,730	0.57
	<u>196,850</u>	<u>1,242,265</u>	<u>856,850</u>	<u>1.77</u>
Property				
Malaysian Resources Corp Bhd	1,081,500	444,664	319,043	0.66
REIT				
AME REIT	415,500	483,995	486,135	1.01
Technology				
Datasonic Group Bhd	1,057,100	559,098	486,266	1.01
Genetec Technology Bhd	387,400	925,781	925,886	1.92
Inari Amertron Bhd	368,100	937,035	960,741	1.99
Infomina Bhd	293,900	395,923	423,216	0.88
ITMAX System Bhd	268,600	287,402	381,412	0.79
LGMS Bhd	1,529,400	1,102,374	1,728,221	3.58
My Eg Services Bhd	1,708,662	1,418,827	1,486,535	3.07
	<u>5,344,562</u>	<u>5,626,440</u>	<u>6,392,277</u>	<u>13.24</u>

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

Name of issuer	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2022 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
Telecommunication & Media				
Maxis Bhd	51,800	209,852	198,912	0.41
Telekom Malaysia Bhd	182,800	998,906	987,120	2.05
	<u>234,600</u>	<u>1,208,758</u>	<u>1,186,032</u>	<u>2.46</u>
Transportation & Logistics				
Malaysia Airports Holding Bhd	160,200	1,067,489	1,050,912	2.18
Utilities				
Tenaga Nasional Bhd	47,000	385,176	452,610	0.94
TOTAL QUOTED SECURITIES	<u>16,399,268</u>	<u>25,035,774</u>	<u>25,842,380</u>	<u>53.57</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>806,606</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>25,842,380</u>		

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2022 (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES				
Aeon Credit Service M Bhd 3.85% 10/02/2028 (AA3)	1,100,000	1,137,680	1,072,290	2.22
Ara Bintang Bhd 5.50% 17/03/2026 (NR)	900,000	901,763	897,245	1.86
CIMB Thai Bank PCL4 .15% 06/07/2029 (AA3)	300,000	306,037	303,925	0.63
DRB-Hicom Bhd 4.55% 12/12/2024 (A1)	350,000	353,474	350,698	0.73
DRB-Hicom Bhd 4.85% 04/08/2028 (A1)	330,000	337,177	327,924	0.68
DRB-Hicom Bhd 4.85% 11/12/2026 (A1)	700,000	705,614	693,726	1.44
Fortune Premiere Sdn Bhd 3.99% 11/09/2026 (AA)	1,050,000	1,024,562	1,032,401	2.14

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2022 (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
Fortune Premiere Sdn Bhd 4.80% 13/3/2023 (AA)	150,000	152,498	152,460	0.32
IJM Land Bhd 4.73% 17/03/2119 (A2)	750,000	760,429	736,680	1.53
IJM Land Bhd 5.65% 17/03/2119 (A2)	500,000	508,049	513,239	1.07
Imtiaz Sukuk II Bhd 4.38% 12/05/2027 (AA2)	660,000	663,802	658,297	1.36
Mah Sing Group Bhd 4.35% 13/03/2025 (NR)	2,500,000	2,532,774	2,480,550	5.14
Malayan Banking Bhd 3.10% 08/10/2032 (AA1)	350,000	330,909	330,087	0.68
MMC Corporation Bhd 5.64% 27/4/2027 (AA3)	1,050,000	1,103,675	1,092,157	2.26
MMC Port Hldgs Sdn Bhd 4.40% 08/04/2027 (AA)	130,000	131,285	128,803	0.27
MMC Port Hldgs Sdn Bhd 4.66% 06/04/2029 (AA)	270,000	272,827	267,446	0.56
Penang Port Sdn Bhd 4.30% 24/12/2026 (AA3)	1,000,000	994,929	993,089	2.06
Ponsb Capital Bhd 4.99% 30/06/2027 (AA3)	320,000	320,088	323,595	0.67
Sarawak Energy Bhd 5.04% 25/04/2031 (AAA)	1,000,000	1,078,008	1,042,560	2.16
Sarawak Energy Bhd 4.70% 24/11/2028 (AAA)	250,000	252,472	256,012	0.53
SP Setia Bhd 4.22% 21/04/2027 (AA)	1,220,000	1,230,156	1,207,537	2.50
Starbright Capital Bhd 4.35% 24/12/2026 (AAA)	1,500,000	1,521,933	1,466,786	3.04
UEM Sunrise Bhd 4.40% 08/09/2026 (AA3)	500,000	507,737	487,497	1.01
UEM Sunrise Bhd 4.75% 22/03/2024 (AA3)	500,000	506,572	505,567	1.05
UMW Hldg Bhd 6.35% 20/4/2118 (AA3)	600,000	667,528	643,380	1.33
WCT Hldgs Bhd 5.65% 20/4/2026 (AA)	250,000	257,871	253,293	0.53
TOTAL UNQUOTED FIXED INCOME SECURITIES	18,230,000	18,559,849	18,217,244	37.77
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		(342,605)		

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2022 (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>18,217,244</u>		

9. CASH AND CASH EQUIVALENTS

	30.06.2023	31.12.2022 Audited
	RM	RM
Deposits with licensed financial institutions	1,156,097	3,413,552
Bank balance	36,236	34,203
	<u>1,192,333</u>	<u>3,447,755</u>

10. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

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

	30.06.2023	31.12.2022 Audited
	RM	RM
Unit holders' contributions	39,859,913	41,041,822
Retained earnings	7,425,177	7,195,127
	<u>47,285,090</u>	<u>48,236,949</u>

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

	Unit holders' contribution RM	Retained earnings RM	Total RM
Balance as at 1 January 2022	41,041,822	7,195,127	48,236,949
Movement in unit holders' contributions:			
- Creation of units from applications	413,128	-	413,128
- Creation of units from distribution	900,604	-	900,604
- Cancellation of units	(2,495,641)	-	(2,495,641)
Total comprehensive income for the financial period	-	1,201,584	1,201,584
Distribution	-	(971,534)	(971,534)
Balance as at 30 June 2022	<u>39,859,913</u>	<u>7,425,177</u>	<u>47,285,090</u>

10. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS (CONTINUED)

	Unit holders' contribution RM	Retained earnings RM	Total RM
Balance as at 1 January 2022	41,954,681	10,944,036	52,898,717
Movement in unit holders' contributions:			
- Creation of units from Applications	1,891,399	-	1,891,399
- Creation of units from Distribution	943,188	-	943,188
- Cancellation of units	(2,184,427)	-	(2,184,427)
Total comprehensive loss for the financial period	-	(4,822,982)	(4,822,982)
Distribution	-	(1,023,096)	(1,023,096)
Balance as at 30 June 2022	<u>42,604,841</u>	<u>5,097,958</u>	<u>47,702,799</u>

11. NUMBER OF UNITS IN CIRCULATION (UNITS)

	01.01.2023 to 30.06.2023	01.01.2022 to 30.06.2022 Audited
	No. of units	No. of units
At the beginning of the financial period/year	129,841,281	132,325,265
Add: Creation of units from applications	1,102,415	11,115,080
Add: Creation of units from distribution	2,393,950	4,348,174
Less: Cancellation of units	(6,674,350)	(17,947,238)
At the end of the financial period/year	<u>126,663,296</u>	<u>129,841,281</u>

12. TOTAL EXPENSE RATIO ("TER")

	01.01.2023 to 30.06.2023 %	01.01.2022 to 30.06.2022 %
TER	<u>0.99</u>	<u>0.98</u>

TER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial period calculated on a daily basis was RM48,396,849 (30.06.2022 RM50,475,043).

13. PORTFOLIO TURNOVER RATIO (“PTR”)

	01.01.2023 to 30.06.2023	01.01.2022 to 30.06.2022
PTR (times)	0.52	0.61

PTR is derived from the following calculation:

(Total acquisition for the financial period + total disposal for the financial period) ÷ 2
Average NAV of the Fund for the financial period calculated on a daily basis

where:

total acquisition for the financial period = RM24,873,250 (30.06.2022: RM29,527,149)

total disposal for the financial period = RM25,734,197 (30.06.2022: RM31,946,195)

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

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

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

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

Units held by the Manager and parties related to the Manager

	30.06.2023		31.12.2022	
	No. of units	RM	No. of units	Audited RM
Manager				
Principal Asset Management Berhad	76	28	7,708	2,864

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

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

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

	30.06.2023	31.12.2022
	RM	Audited RM
<u>Significant related party balances</u>		
Bank balance:		
- CIMB Bank Bhd	36,236	34,203
Quoted securities:		
- CIMB Group Holdings Bhd	-	2,103,811
Unquoted fixed income securities:		
- CIMB Thai Bank PCL 4.15% 06/07/2029 (AA3)	305,565	303,925

15. TRANSACTIONS WITH BROKERS/DEALERS

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

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

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

Brokers/ Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
CGS-CIMB Securities Sdn Bhd #	11,003,792	17.90	22,991	20.84
RHB Investment Bank Bhd	10,406,602	16.93	12,692	11.50
J.P. Morgan Securities (M) Sdn Bhd	5,754,706	9.36	12,389	11.23
KAF Equities Sdn Bhd	4,642,269	7.55	10,445	9.47
CLSA Securities (M) Sdn Bhd	4,508,493	7.33	10,182	9.23
Macquarie Capital Securities (M) Sdn Bhd	4,483,858	7.29	10,089	9.14
Maybank Investment Bank Bhd	4,303,436	7.00	9,683	8.78
Hong Leong Investment Bank Bhd	5,791,185	9.42	8,197	7.43
Affin Hwang Investment Bank Bhd	1,795,421	2.92	4,104	3.72
Credit Suisse Securities (M) Sdn Bhd	1,707,330	2.78	3,842	3.48
Others	7,076,252	11.52	5,723	5.18
	<u>61,473,344</u>	<u>100.00</u>	<u>110,337</u>	<u>100.00</u>

Included in the transactions are trades conducted with CGS-CIMB Securities Sdn Bhd fellow related party to the Manager amounting to RM5,044,756 (30.06.2022: RM11,003,792) respectively. The Manager is of the opinion that all transactions with the related company have been entered into in the normal course of business at agreed terms between the related parties.

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