

PRINCIPAL PRS PLUS MODERATE

UNAUDITED SEMI-ANNUAL REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 JULY 2023

| CONTENTS | PAGE(S) |
|---|----------------|
| MEMBERS' LETTER | i |
| PRS PROVIDER'S REPORT | ii - x |
| Fund Objective and Policy | |
| Performance Data | |
| Market Review | |
| Fund Performance | |
| Portfolio Structure | |
| Market Outlook | |
| Investment Strategy | |
| Members Statistics | |
| Soft Commissions and Rebates | |
| Securities Financing Transactions | |
| State Of Affair of The Fund | |
| Circumstances That Materially Affect Any Interest of Members | |
| Cross Trade | |
| Unit Split | |
| STATEMENT BY THE PRS PROVIDER | 1 |
| TRUSTEE'S REPORT | 2 |
| UNAUDITED STATEMENT OF COMPREHENSIVE INCOME | 3 |
| UNAUDITED STATEMENT OF FINANCIAL POSITION | 4 |
| UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO MEMBERS | 5 |
| UNAUDITED STATEMENT OF CASH FLOWS | 6 |
| NOTES TO THE FINANCIAL STATEMENTS | 7 – 33 |
| DIRECTORY | 34 |

MEMBERS' LETTER

Dear Valued Member,

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 PRS Plus Moderate for the financial period ended 31 July 2023. You may also download this report from our website at www.principal.com.my.

We 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.

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
Country Head and Chief Executive Officer, Malaysia
Non-Independent Executive Director

PRS PROVIDER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

The Fund seeks to provide a moderate level of capital growth over the long-term by investing in a diversified portfolio of equity and fixed income instruments.

Has the Fund achieved its objective?

For the financial period under review, the Fund has performed in line with its objective.

What are the Fund investment policy and principal investment strategy?

The Fund will invest in a mix of equities and fixed income instruments to provide a moderate level of capital growth to the Fund. 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 and equities either directly or via collective investment schemes ("CIS").

The investments by the Fund in equities which include foreign exposure shall not exceed 60% of the Fund's NAV and investments in local and/or foreign fixed income instruments shall not be less than 40% of its NAV with a minimum credit rating of "BBB3" or "P2" by RAM ratings ("RAM") or equivalent rating by Malaysia Rating Corporation Berhad ("MARC") or "BBB" or "A-2" by Standard and Poor's ("S&Ps") or equivalent rating by any other international rating agencies. Notwithstanding, the Fund may also invest up to 5% of its NAV in unrated fixed income instruments.

The asset allocation strategy for this Fund is as follows:

- At least 40% of the Fund's NAV will be invested in fixed income instruments, of which up to 5% of the Fund's NAV may be invested in unrated fixed income instruments;
- Up to 60% 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

Balanced

When was the Fund launched?

12 November 2012

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

RM33.68 million (46.61 million units)

What is the Fund's benchmark?

60% FTSE Bursa Malaysia ("FBM") Top 100 ("FBM100") Index + 40% Quant shop Malaysian Government Securities ("MGS") Short 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.

What was the net income distribution for the six months financial period ended 31 July 2023?

There was no distribution made for the six months financial period ended 31 July 2023.

PERFORMANCE DATA

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

| | 31.07.2023 | 31.07.2022 | 31.07.2021 |
|----------------------------------|-------------------|-------------------|-------------------|
| | % | % | % |
| Quoted securities | | | |
| - Communication Services | 7.63 | 7.83 | 5.32 |
| - Consumer Discretionary | 3.72 | 5.45 | 7.93 |
| - Consumer Staples | 3.18 | - | - |
| - Energy | - | 1.06 | - |
| - Financials | 12.22 | 9.01 | 10.71 |
| - Health Care | 2.34 | 4.16 | 3.30 |
| - Industrials | 5.19 | 4.19 | 6.54 |
| - Information Technology | 7.79 | 10.10 | 11.16 |
| - Materials | 3.41 | 3.69 | 7.45 |
| - Real Estate | 8.35 | 7.23 | 2.82 |
| - Utilities | - | 1.21 | - |
| Unquoted fixed income securities | 42.59 | 42.77 | 41.02 |
| Cash and other assets | 3.81 | 3.45 | 4.00 |
| Liabilities | (0.23) | (0.15) | (0.25) |
| | <u>100.00</u> | <u>100.00</u> | <u>100.00</u> |

* Note: The Fund has adopted the Global Industry Classification Standard ("GICS") sectors classification.

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

| | 31.07.2023 | 31.07.2022 | 31.07.2021 |
|--------------------------------|----------------------|----------------------|----------------------|
| NAV (RM Million) | | | |
| - Class A | 16.51 | 25.44 | 26.47 |
| - Class C | 4.60 | 4.01 | 4.06 |
| - Class X | 12.57 | 36.26 | 28.65 |
| Units in circulation (Million) | | | |
| - Class A | 22.86 | 35.66 | 33.18 |
| - Class C | 6.39 | 5.64 | 5.10 |
| - Class X | 17.36 | 50.84 | 35.90 |
| NAV per unit (RM) | | | |
| - Class A | 0.7225 | 0.7132 | 0.7979 |
| - Class C | 0.7194 | 0.7108 | 0.7961 |
| - Class X | 0.7239 | 0.7132 | 0.7979 |
| | 01.02.2023 | 01.02.2022 | 01.02.2021 |
| | to 31.07.2023 | to 31.07.2022 | to 31.07.2021 |
| Highest NAV per unit (RM) | | | |
| - Class A | 0.7355 | 0.7549 | 0.8150 |
| - Class C | 0.7325 | 0.7528 | 0.8133 |
| - Class X | 0.7369 | 0.7549 | 0.8150 |
| Lowest NAV per unit (RM) | | | |
| - Class A | 0.6923 | 0.6959 | 0.7661 |
| - Class C | 0.6895 | 0.6936 | 0.7646 |
| - Class X | 0.6937 | 0.6959 | 0.7661 |

PERFORMANCE DATA (CONTINUED)

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

| | 01.02.2023 to 31.07.2023 | 01.02.2022 to 31.07.2022 | 01.02.2021 to 31.07.2021 |
|--|-------------------------------------|-------------------------------------|-------------------------------------|
| Total return (%) | | | |
| - Class A | 1.63 | (3.18) | 2.80 |
| - Class C | 1.60 | (3.24) | 2.75 |
| - Class X | 1.63 | (3.19) | 2.81 |
| Capital growth (%) | | | |
| - Class A | 1.63 | (3.18) | 2.80 |
| - Class C | 1.60 | (3.24) | 2.75 |
| - Class X | 1.63 | (3.19) | 2.81 |
| Income distribution (%) | | | |
| - Class A | - | - | - |
| - Class C | - | - | - |
| - Class X | - | - | - |
| Total Expense Ratio ("TER") (%) ^ | 0.77 | 0.76 | 0.78 |
| Portfolio Turnover Ratio ("PTR") (times) # | 0.13 | 0.19 | 0.14 |

^ The Fund's TER increased from 0.76% to 0.77% due to decrease in average NAV for the financial period under review.

The Fund's PTR declined from 0.19 times to 0.13 times during the period under review due to less trading activities during the period.

| | 31.07.2023 | 31.07.2022 | 31.07.2021 | 31.07.2020 | 31.07.2019 |
|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | % | % | % | % | % |
| Annual total return | | | | | |
| - Class A | 4.05 | (7.10) | 14.51 | 3.94 | 5.87 |
| - Class C | 3.98 | (7.22) | 14.42 | 3.85 | 5.80 |
| - Class X | 4.06 | (7.11) | 14.51 | 3.94 | 5.87 |

(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 period have been extracted from Lipper.

MARKET REVIEW (1 FEBRUARY 2023 TO 31 JULY 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 and March 2023. This was after a total of 100 basis points ("bps") was increased in 2022. The committee then unexpectedly raised its OPR to 3.00% in its May 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.

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

The Consumer Price Index (“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 first quarter of 2023 (“1Q2023”) bode well for the fixed income market despite continued volatility seen. For first quarter of 2023, the Quantshop Government Investment Issues (“GII”) Long Index was the best performer year-to-date (“YTD”) with a return of +3.35% and the Bond Price Agency Malaysia (“BPAM”) Corporates All Bond (1-year to 3-year) Index recorded the lowest return of +1.41% during the period. In second quarter of 2023, the best performing index was the BPAM Corporates (7-year over) Index which was also the best performing index on a YTD basis returning 6.16%. Meanwhile the worst performing index for the year was the Quantshop MGS Short Index which returned 2.04% for the year. In July, the best performing index was the BPAM Corporates Sukuk (7-yearly over) index with returns of 0.93% while the worst performer was the Quantshop MGS Short Index which recorded a return of 0.30%. The 3-year, 5-year, 7-year, 10-year, 15-year, 20-year and 30-year benchmarks closed at 3.50%, 3.63%, 3.79%, 3.84%, 4.04%, 4.12% and 4.23% respectively at the end of July 2023.

Foreign Equity

During the period under review, the Morgan Stanley Capital International (“MSCI”) Asia Pac ex Japan Index declined 1.36% in USD terms. Topical issues were: a) Sustained high inflation leading to continued pace in tightening of monetary policy, b) concerns over US financial stability after the fallout of Silicon Valley Bank, c) rising geopolitical tensions between US and China, and d) slower than expected economic growth in China.

After a strong start in 2023 as investors positioned for China’s pivot to growth, the markets were then spooked by the monthly headline inflation in the US in February 2023, which was up 0.5% month-on-month (“m-o-m”), reversing the two months of slowdowns experienced earlier. This ran contrary to the disinflation narrative. Consequently, the “peak” the US Federal Reserve (the “Fed”) Funds policy rate has been revised upwards to between 50 bps to 75 bps rate hikes this year. The fallout of Silicon Valley Bank and run on US regional banks raised concerns over US financial stability in March 2023. The US Fed had reacted quickly with its Bank Term Funding Program to alleviate any potential liquidity concerns, but the markets are still jittery about the health of the US regional banks. Hence, the market view on the Fed Funds policy rate reversed and a much dovish the Fed is expected from hereon, with futures implying rate cuts by second half 2023 (“2Q2023”). This has led to the rebound in Asian equities in March 2023.

Subsequently, Asian markets performance was weighed by the weak performance of China. China’s economic recovery was on track with first quarter of 2023 Gross Domestic Product (“GDP”) growth at +2% qoq seasonally adjusted. However, investors were soon concerned about the sustainability of the strong recovery after signs of weakening growth emerged. The Manufacturing Purchasing Managers’ Index (“PMI”) index fell below 50 in April 2023 and weak new orders already foreshadow this. Property sales for new and existing homes have also softened after 1Q2023. The Chinese government rolled out a series of targeted measures to support the economy, but the investors did not view them positively enough to sustain a rebound in Chinese equity market. Intensifying geopolitical tensions between US and China added to the mounting market concerns.

Moreover, on the monetary policy front, although inflation was showing signs of moderation in 2Q2023, it was too elevated for central banks to pause. Job growth and unemployment rate continued to surprise on the upside in the US. US core Personal Consumption Expenditure (“PCE”) remains sticky, printing 4.1% year-on-year (“y-o-y”) in June 2023, while European inflation was 5.5% y-o-y in June 2023. The Fed and central banks in Europe will probably keep policy restrictive to bring down core inflation.

MARKET REVIEW (1 FEBRUARY 2023 TO 31 JULY 2023) (CONTINUED)

Foreign Equity (continued)

The Fed raised rates by 25 bps in July 2023 meeting taking the benchmark rate to 5.25% to 5.50%, the highest level since 2001.

In July 2023, market performance was better, buoyed by the optimism after the July 2023 Politburo Economic meeting in China which marks a pro-growth shift in policy tone related especially to property. The government promises to revive domestic demand after acknowledging the challenges faced by the economy. For instance, the policy response in property signalled more urgency with the removal of “Housing is for living, not for speculation”, first time since appearing 4 years ago. The market generally expects more concrete policies to be announced in the weeks ahead to stop further downside to growth and sentiment.

FUND PERFORMANCE

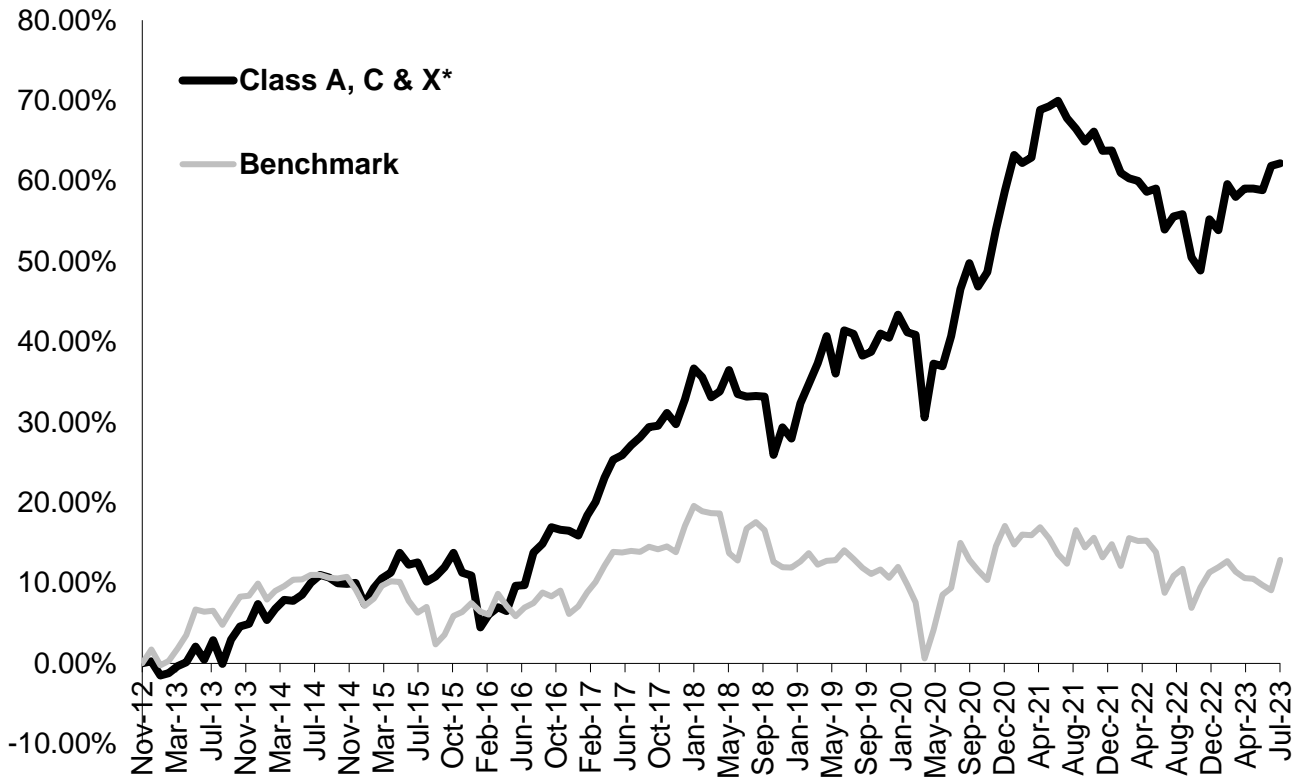
| | 6 months to 31.07.2023 | 1 year to 31.07.2023 | 3 years to 31.07.2023 | 5 years to 31.07.2023 | Since inception to 30.06.2023 |
|----------------------|-----------------------------------|---------------------------------|----------------------------------|----------------------------------|--|
| | % | % | % | % | % |
| Income Distribution | | | | | |
| - Class A | - | 2.67 | 12.26 | 12.26 | 12.26 |
| - Class C | - | 2.66 | 12.24 | 12.24 | 12.24 |
| - Class X | - | 2.45 | 12.02 | 12.02 | 12.02 |
| Capital Growth | | | | | |
| - Class A | 1.63 | 1.35 | (1.39) | 8.52 | 44.50 |
| - Class C | 1.60 | 1.28 | (1.65) | 8.05 | 43.90 |
| - Class X | 1.63 | 1.57 | (1.19) | 8.74 | 44.80 |
| Total Return | | | | | |
| - Class A | 1.63 | 4.05 | 10.69 | 21.82 | 62.21 |
| - Class C | 1.60 | 3.98 | 10.39 | 21.28 | 61.52 |
| - Class X | 1.63 | 4.06 | 10.69 | 21.81 | 62.20 |
| Benchmark | | | | | |
| - Class A | 0.13 | 1.77 | (1.86) | (3.36) | 12.86 |
| - Class C | 0.13 | 1.77 | (1.86) | (3.36) | 12.86 |
| - Class X | 0.13 | 1.77 | (1.86) | (3.36) | 12.86 |
| Average Total Return | | | | | |
| - Class A | 3.32 | 4.05 | 3.44 | 4.02 | 4.62 |
| - Class C | 3.24 | 3.98 | 3.35 | 3.93 | 4.57 |
| - Class X | 3.31 | 4.06 | 3.44 | 4.02 | 4.61 |

For the financial period under review, total return of Class A, Class C and Class X rose by 1.63%, 1.6% and 1.63% respectively. Meanwhile, the benchmark rose by 0.13% over the same reporting period. The outperformance of the Fund relative to its benchmark was driven mainly by the allocation into equity funds.

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

| | 31.07.2023 | 31.01.2023 Audited | Changes % |
|------------------|------------|-----------------------|--------------|
| CLASS A | | | |
| NAV (RM Million) | 16.51 | 16.46 | 0.30 |
| NAV/Unit (RM) | 0.7225 | 0.7109 | 1.63 |
| CLASS C | | | |
| NAV (RM Million) | 4.60 | 4.32 | 6.48 |
| NAV/Unit (RM) | 0.7194 | 0.7082 | 1.58 |
| CLASS X | | | |
| NAV (RM Million) | 12.57 | 9.76 | 28.97 |
| NAV/Unit (RM) | 0.7239 | 0.7124 | 1.61 |

For the period under review, the Fund's NAV rose by 0.30%, 6.48% and 28.97% for Classes A, C and X, respectively. As for NAV per unit for Class A, Class C and Class X saw an increase of 1.63%, 1.58% and 1.61%, respectively. The Fund recorded positive net inflow from unit creations over the financial period under review for Class X.

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

PORTFOLIO STRUCTURE

Asset allocation

| (% of NAV) | 31.07.2023 | 31.01.2023 Audited |
|----------------------------------|---------------|-----------------------|
| Quoted securities | 53.83 | 56.39 |
| Unquoted fixed income securities | 42.59 | 40.17 |
| Cash and other assets | 3.81 | 4.81 |
| Liabilities | (0.23) | (1.37) |
| Total | 100.00 | 100.00 |

As at 31 July 2023, the Fund held 53.8% in quoted securities, 42.6% in upquoted fixed income securities with the rest held in cash and other assets. The Fund was fully invested during the financial period under review. Some level of liquid assets was maintained primarily for redemption purposes.

MARKET OUTLOOK*

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. 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 Standard & Poor's ("S&P") reaffirming the country's ratings recently as well.

Meanwhile, at the end of March 2023, Bank Negara Malaysia ("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 Malaysian Ringgit ("MYR/RM") 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 2023 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.

Foreign Equity

We have a positive view on Asian equities given attractive investment themes and corporates have the potential to post better earnings growth than developed markets. Our constructive view is also dependent on China being able to revive growth and confidence via thoughtful and significant policies.

MARKET OUTLOOK* (CONTINUED)

Foreign Equity (continued)

We remain selectively invested in China such as companies that will benefit from an expected pivot towards measures aimed at revitalizing domestic consumption and private sector like the Internet companies which are also benefitting from easing regulatory pressures. Outside of China, there are growth drivers such as India's strong economic growth, increasing Foreign Direct Investment ("FDI") flows into Southeast Asia and a bottoming out of semiconductor industry that would lead to better earnings growth in Asia in the next 12 months. Risks would be (1) Inflation may prove more sticky than expected, (2) continued weak business and consumer sentiment in China, (3) geopolitics such as Russia-Ukraine, and US-China relations.

* 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 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.

Foreign Equity

The portfolio is positioned to benefit from long-term structural growth drivers. The portfolio is also focused on quality companies which are long term winners or market share gainers as well as companies with visible growth, pricing power and reasonable valuations. As this is a core Fund for the PRS, the Fund will continue to remain fully invested with minimal cash kept for redemption purposes.

SOFT COMMISSIONS AND REBATES

Principal Asset Management Berhad (the "PRS Provider"), the Sub-Manager and the Trustee will not retain any form of rebate from, or otherwise share in any commission with, any broker or dealer in consideration for directing dealings in the investments of the Fund. Accordingly, any rebate or shared commission will be directed to the account of the Principal Malaysia Funds ("Funds"). The PRS Provider 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 we or the Sub-Manager 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 PRS Provider, the Sub-Manager 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 such as financial wire services and stock quotations system incidental to investment management of the Funds. The PRS Provider confirms that the goods and services received were for the benefit of the Fund, the trades were made on a best execution basis 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 period 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 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 THE PRS PROVIDER TO THE MEMBERS OF
PRINCIPAL PRS PLUS MODERATE**

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 unaudited financial statements set out on pages 3 to 33 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 July 2023 and of its financial performance, changes in net assets attributable to members 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 PRS Provider

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

MUNIRAH KHAIRUDDIN

Country Head and Chief Executive Officer, Malaysia
Non-Independent Executive Director

UDAY JAYARAM

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

Kuala Lumpur
25 September 2023

TRUSTEE'S REPORT

TO THE MEMBERS OF PRINCIPAL PRS PLUS MODERATE ("Fund")

We have acted as Scheme Trustee for the Fund for the financial period ended 31 July 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Principal Asset Management Berhad has operated and managed the Fund during the period covered by these financial statement 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.

For Deutsche Trustees Malaysia Berhad

Ng Hon Leong
Head, Fund Operations

Sylvia Beh
Chief Executive Officer

Kuala Lumpur
20 September 2023

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 JULY 2023**

| | Note | 01.02.2023 to 31.07.2023 RM | 01.02.2022 to 31.07.2022 RM |
|--|------|-----------------------------------|-----------------------------------|
| INCOME/(LOSS) | | | |
| Dividend income | | 325,906 | 587,777 |
| Interest income from deposits with licensed financial institutions at amortised cost | | 11,038 | 17,391 |
| Interest income from unquoted fixed income securities at fair value through profit or loss | | 261,939 | 466,679 |
| Net loss on financial assets at fair value through profit or loss | 7 | (157,686) | (2,575,128) |
| Net foreign exchange gain | | 381,989 | 56,352 |
| | | <u>823,186</u> | <u>(1,446,929)</u> |
| EXPENSES | | | |
| Management fee | 4 | 225,899 | 443,825 |
| Private Pension Administrator administration fee | 4 | 6,392 | 12,623 |
| Trustee fee | 5 | 6,392 | 12,623 |
| Audit fee | | 3,972 | 4,050 |
| Tax agent's fee | | 2,500 | 14,019 |
| Transaction costs | | 9,704 | 36,190 |
| Other expenses | | 41,898 | 54,002 |
| | | <u>296,757</u> | <u>577,332</u> |
| PROFIT/(LOSS) BEFORE TAXATION | | 526,429 | (2,024,261) |
| Taxation | 6 | - | - |
| PROFIT/(LOSS) AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD | | <u>526,429</u> | <u>(2,024,261)</u> |
| Profit/(Loss) after taxation is made up as follows: | | | |
| Realised amount | | 581,423 | 1,173,188 |
| Unrealised amount | | (54,994) | (3,197,449) |
| | | <u>526,429</u> | <u>(2,024,261)</u> |

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

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2023

| | | 31.07.2023 | 31.01.2022 |
|---|------|-------------------|-------------------|
| | Note | RM | Audited RM |
| ASSETS | | | |
| Cash and cash equivalents | 8 | 1,203,119 | 1,409,068 |
| Financial assets at fair value through profit or loss | 7 | 32,477,594 | 29,493,863 |
| Amount due from the PRS Provider | | | |
| - creation of units | | 60,823 | 59,767 |
| Dividends receivable | | 19,627 | - |
| TOTAL ASSETS | | <u>33,761,163</u> | <u>30,962,698</u> |
| LIABILITIES | | | |
| Amount due to the PRS Provider | | | |
| - cancellation of units | | 12,103 | 3,611 |
| - management fee | | 40,257 | 36,297 |
| Amount due to dealer | | - | 359,577 |
| Amount due to Private Pension Administrator | | 1,139 | 1,027 |
| Amount due to Trustee | | 1,139 | 1,027 |
| Other payables and accruals | | 23,925 | 17,500 |
| TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO MEMBERS) | | <u>78,563</u> | <u>419,039</u> |
| NET ASSET VALUE OF THE FUND | | <u>33,682,600</u> | <u>30,543,659</u> |
| NET ASSETS ATTRIBUTABLE TO MEMBERS | | <u>33,682,600</u> | <u>30,543,659</u> |
| REPRESENTED BY: | | | |
| FAIR VALUE OF OUTSTANDING UNITS | | | |
| - Class A | | 16,514,610 | 16,462,138 |
| - Class C | | 4,599,037 | 4,325,135 |
| - Class X | | 12,568,953 | 9,756,386 |
| | | <u>33,682,600</u> | <u>30,543,659</u> |
| NUMBER OF UNITS IN CIRCULATION (UNITS) | | | |
| - Class A | | 22,857,170 | 23,156,113 |
| - Class C | | 6,392,177 | 6,107,055 |
| - Class X | | 17,360,962 | 13,694,983 |
| | 9 | <u>46,610,309</u> | <u>42,958,151</u> |
| NET ASSET VALUE PER UNIT (RM) | | | |
| - Class A | | 0.7225 | 0.7109 |
| - Class C | | 0.7194 | 0.7082 |
| - Class X | | <u>0.7239</u> | <u>0.7124</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 MEMBERS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 JULY 2023**

| | 01.02.2023 to 31.07.2023 RM | 01.02.2022 to 31.07.2022 RM |
|--|--|--|
| NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE BEGINNING OF THE FINANCIAL PERIOD | <u>30,543,659</u> | <u>61,995,565</u> |
| Movement due to units created and cancelled during the financial period: | | |
| Creation of units from applications | | |
| - Class A | 285,359 | 1,269,993 |
| - Class C | 254,467 | 126,826 |
| - Class X | <u>2,738,660</u> | <u>6,276,436</u> |
| | <u>3,278,486</u> | <u>7,673,255</u> |
| Cancellation of units | | |
| - Class A | (500,151) | (1,002,936) |
| - Class C | (51,564) | (113,341) |
| - Class X | <u>(114,259)</u> | <u>(822,194)</u> |
| | <u>(665,974)</u> | <u>(1,938,471)</u> |
| Total comprehensive income/(loss) for the financial period | <u>526,429</u> | <u>(2,024,261)</u> |
| NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE END OF THE FINANCIAL PERIOD | <u><u>33,682,600</u></u> | <u><u>65,706,088</u></u> |

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

**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 JULY 2022**

| | 01.02.2023 to 31.07.2023 | 01.02.2022 to 31.07.2022 |
|---|-------------------------------------|-------------------------------------|
| | RM | RM |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Proceeds from disposal of quoted securities | 1,978,577 | 5,104,755 |
| Purchase of quoted securities | (2,769,264) | (9,348,099) |
| Proceeds from redemption of unquoted fixed income securities | 1,800,000 | 821,334 |
| Proceeds from disposal of unquoted fixed income securities | - | 5,680,000 |
| Purchase of unquoted fixed income securities | (4,255,876) | (9,391,279) |
| Interest income received from deposits with licensed financial institutions | 11,038 | 17,391 |
| Interest income received from unquoted fixed income securities | 352,208 | 621,829 |
| Dividend income received | 268,893 | 529,978 |
| Management fee paid | (221,939) | (441,743) |
| Private Pension Administrator administration fee paid | (6,280) | (12,563) |
| Trustee fee paid | (6,280) | (12,563) |
| Payments for other fees and expenses | (6,851) | (22,531) |
| Payment of other foreign exchange loss | (15,758) | (51,056) |
| Net cash used in operating activities | (2,871,532) | (6,504,547) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Cash proceeds from units created | 3,277,429 | 7,634,348 |
| Payments for cancellation of units | (657,482) | (1,936,438) |
| Net cash generated from financing activities | 2,619,947 | 5,697,910 |
| Net decrease in cash and cash equivalents | (251,585) | (806,637) |
| Effects of foreign exchange differences | 45,636 | 52,937 |
| Cash and cash equivalents at the beginning of the financial period | 1,409,068 | 2,536,619 |
| Cash and cash equivalents at the end of the financial period | 1,203,119 | 1,782,919 |
| <u>Cash and cash equivalents comprised of:</u> | | |
| Deposit with licensed financial institutions | 692,058 | 1,121,797 |
| Bank balances | 511,061 | 661,122 |
| Cash and cash equivalents at the end of financial period | 1,203,119 | 1,782,919 |

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 JULY 2023**

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

Principal PRS Plus Moderate (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 2021, a Fourth Supplemental Deed dated 17 December 2021, a Fifth Supplemental Deed dated 12 July 2022 and a Sixth Supplemental Deed dated 14 June 2023 (collectively referred to as the “Deed”) 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 will invest in a mix of equities and fixed income instruments to provide a moderate level of capital growth to the Fund. 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 and equities either directly or via CIS.

The investments by the Fund in equities which include foreign exposure shall not exceed 60% of the Fund’s NAV and investments in local and/or foreign fixed income instruments shall not be less than 40% of its NAV with a minimum credit rating of “BBB3” or “P2” by RAM or equivalent rating by MARC or “BBB” or “A-2” by S&P or equivalent rating by any other international rating agencies. Notwithstanding, the Fund may also invest up to 5% of its NAV in unrated fixed income instruments.

The asset allocation strategy for this Fund is as follows:

- At least 40% of the Fund’s NAV will be invested in fixed income instruments, of which up to 5% of the Fund’s NAV may be invested in unrated fixed income instruments;
- Up to 60% 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.

Principal Asset Management (S) Pte Ltd (“Principal Singapore”) was appointed as the Sub-Adviser of the Fund. Principal Singapore will provide investment research and stock recommendation to Principal Malaysia in accordance with the investment objective and within the investment restrictions of the Fund.

All investments are subjected to the Securities Commission Malaysia’s (“SC”) Guidelines on Private Retirement Schemes (“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 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.

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 PRS Provider to exercise their judgement in the process of applying the Fund’s accounting policies. Although these estimates and judgement 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(k).

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

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 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 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 traded market price quoted on Bursa Malaysia Securities Bhd ("Bursa Securities") at the date of the statement of financial position.

Foreign quoted securities are valued at the last traded market price quoted on the respective foreign stock exchanges at the close of the business day of the respective foreign stock exchanges.

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/RM are revalued on a daily basis based on fair value prices quoted by a Bond Pricing Agency ("BPA") registered with the SC as per the SC Guidelines on PRS. Refer to Note 2(j) 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 consider both historical analysis and forward looking information in determining any ECL. The PRS Provider 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 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 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 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) Foreign currency

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/RM, which is the Fund’s functional and presentation currency.

Due to mixed factors in determining the functional currency of the Fund, the PRS Provider has used its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have determined the functional currency to be in MYR/RM primarily due to the following factors:

- i) The Fund’s units are denominated in MYR/RM; and
- ii) Significant portion of the Fund’s expenses are denominated in MYR/RM.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income.

(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 put back to the Fund at any time for cash equal to a proportionate share of the Fund’s NAV of respective classes. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the member exercises the right to put back the unit to the Fund.

Units are created and cancelled at the 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.

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

(g) Cash and cash equivalents

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

(h) 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.

Tax on dividend income from foreign quoted securities is based on the tax regime of the respective countries that the Fund invests in.

(i) Amount due from/to dealer/stockbroker

Amounts due from/to dealer/stockbroker represent receivables for investments sold and payables for investments purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. The amount due from dealer/stockbroker balance is held for collection.

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

The analysis of realised and 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

MYR/RM-denominated unquoted fixed income securities are valued using fair value prices quoted by a BPA. Where the 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. RISK MANAGEMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to provide Members with a moderate level of capital growth over the long-term by investing in a diversified portfolio of equity and fixed income instruments.

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

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 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. 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 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.

(iii) Currency risk

Currency risk is associated with investments that are quoted and/or priced in foreign currency denomination. Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The PRS Provider will evaluate the likely directions of a foreign currency versus MYR/RM based on considerations of economic fundamentals such as interest rate differentials, balance of payments position, debt levels, and technical chart considerations.

(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 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 credit rating of "BBB3" or "P2" by RAM or equivalent rating by MARC or "BBB" or "A-2" by S&P or equivalent rating by any other international rating agencies.

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

The credit risk arising from bank balances 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.

(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 balances 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.

(d) Capital risk management

The capital of the Fund is represented by net assets attributable to members. 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 period-end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the 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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

(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.

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 |
|--|-------------------|-------------------|---------------|-------------------|
| 31.07.2023 | | | | |
| Financial assets at fair value through profit or loss: | | | | |
| - Quoted securities | 18,131,707 | - | - | 18,131,707 |
| - Unquoted fixed income securities | - | 14,345,887 | - | 14,345,887 |
| | <u>18,131,707</u> | <u>14,345,887</u> | <u>-</u> | <u>32,477,594</u> |

31.01.2023

Audited

| | | | | |
|--|-------------------|-------------------|----------|-------------------|
| Financial assets at fair value through profit or loss: | | | | |
| - Quoted securities | 17,224,002 | - | - | 17,224,002 |
| - Unquoted fixed income securities | - | 12,269,861 | - | 12,269,861 |
| | <u>17,224,002</u> | <u>12,269,861</u> | <u>-</u> | <u>29,493,863</u> |

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

Investments which 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 six months financial period ended 31 July 2023 and 31 July 2022, the management fee for the respective classes was recognised at the following rates:

| Class A | Class C | Class X |
|----------------|----------------|----------------|
| 1.40% | 1.50% | 1.40% |

The Private Pension Administrator administration fee was recognised at a rate of 0.04% per annum (31.07.2022: 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.

For the six months financial period ended 31 July 2023, the Trustee fee was recognised at a rate of 0.04% per annum (31.07.2022: 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. TAXATION

| | 01.02.2023 to 31.07.2023 RM | 01.02.2022 to 31.07.2022 RM |
|---------------------------------------|-----------------------------------|-----------------------------------|
| Tax charged for the financial period: | | |
| - 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 profit/(loss) before taxation multiplied by the Malaysian statutory income tax rate and tax expense of the Fund was as follows:

| | 01.02.2023 to 31.07.2023 RM | 01.02.2022 to 31.07.2022 RM |
|---|-----------------------------------|-----------------------------------|
| Profit/(loss) before taxation | 526,429 | (2,024,261) |
| Taxation at Malaysian statutory rate of 24% (31.07.2022: 24%) | 126,343 | (485,823) |
| Tax effects of: | | |
| - (Income not subject to tax)/Loss not deductible for tax purposes | (197,565) | 347,264 |
| - Expenses not deductible for tax purposes | 15,520 | 29,136 |
| - Restriction on tax deductible expenses for PRS Funds | 55,702 | 109,423 |
| Taxation | - | - |

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 31.07.2023 RM | 31.01.2023 Audited RM |
|---------------------------------------|------------------|-----------------------------|
| At fair value through profit or loss: | | |
| - Quoted securities | 18,131,707 | 17,224,002 |
| - Unquoted fixed income securities | 14,345,887 | 12,269,861 |
| | 32,477,594 | 29,493,863 |

| | 01.02.2023 to 31.07.2023 RM | 01.02.2022 to 31.07.2022 RM |
|---|-----------------------------------|-----------------------------------|
| Net loss on financial assets at fair value through profit or loss: | | |
| - Realised (loss)/gain on disposals | (56,434) | 677,929 |
| - Unrealised fair value loss | (101,252) | (3,253,057) |
| | (157,686) | (2,575,128) |

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

| Name of counter | Quantity Units | Aggregate cost RM | Market value RM | Percentage of NAV % |
|--------------------------------|-------------------|-------------------------|-----------------------|---------------------------|
| 31.07.2023 | | | | |
| QUOTED SECURITIES | | | | |
| AUSTRALIA | | | | |
| Consumer Discretionary | | | | |
| Aristocrat Leisure Ltd | 4,532 | 365,493 | 538,010 | 1.60 |
| Financials | | | | |
| Macquarie Group Ltd | 1,101 | 445,311 | 581,603 | 1.73 |
| Health Care | | | | |
| CSL Ltd | 670 | 458,443 | 543,035 | 1.61 |
| Ramsay Health Care Ltd | 1,375 | 282,906 | 244,494 | 0.73 |
| | 2,045 | 741,349 | 787,529 | 2.34 |
| Industrials | | | | |
| Seven Group Holdings Ltd | 4,340 | 265,202 | 343,478 | 1.02 |
| Materials | | | | |
| BHP Group Ltd | 4,674 | 413,756 | 649,109 | 1.93 |
| Real Estate | | | | |
| Goodman Group | 9,890 | 585,442 | 613,160 | 1.82 |
| TOTAL AUSTRALIA | 26,582 | 2,816,553 | 3,512,889 | 10.44 |
| CAYMAN ISLANDS | | | | |
| Consumer Discretionary | | | | |
| Alibaba Group Holding Ltd | 12,700 | 1,026,431 | 715,213 | 2.12 |
| TOTAL CAYMAN ISLANDS | 12,700 | 1,026,431 | 715,213 | 2.12 |
| CHINA | | | | |
| Consumer Staples | | | | |
| Kweichow Moutai Co Ltd | 600 | 676,405 | 711,390 | 2.11 |
| Financials | | | | |
| Ping An Insurance Group Co. -H | 7,500 | 246,925 | 243,675 | 0.72 |

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

| Name of counter | Quantity Units | Aggregate cost RM | Market value RM | Percentage of NAV % |
|--|-----------------------|-------------------------|-------------------------|---------------------------|
| 31.07.2023 (CONTINUED) | | | | |
| QUOTED SECURITIES (CONTINUED) | | | | |
| CHINA (CONTINUED) | | | | |
| Industrials | | | | |
| NARI Tech Dev Co Ltd A ¹ | 30,336 | 447,699 | 465,143 | 1.38 |
| Shanghai Intl Airport A ¹ | 7,900 | 287,875 | 236,086 | 0.70 |
| | <u>38,236</u> | <u>735,574</u> | <u>701,229</u> | <u>2.08</u> |
| TOTAL CHINA | <u>46,336</u> | <u>1,658,904</u> | <u>1,656,294</u> | <u>4.91</u> |
| HONG KONG, CHINA | | | | |
| Communication Services | | | | |
| Tencent Holding Ltd | 4,400 | 815,448 | 900,686 | 2.67 |
| Financials | | | | |
| AIA Group Ltd | 19,800 | 724,339 | 885,184 | 2.63 |
| Hong Kong Exchanges & Clearing | 2,700 | 491,910 | 508,092 | 1.51 |
| | <u>22,500</u> | <u>1,216,249</u> | <u>1,393,276</u> | <u>4.14</u> |
| Industrials | | | | |
| Techtronic Industries Co | 8,000 | 318,426 | 406,861 | 1.21 |
| Real Estate | | | | |
| Link REIT | 18,000 | 583,283 | 453,820 | 1.35 |
| TOTAL HONG KONG, CHINA | <u>52,900</u> | <u>2,933,406</u> | <u>3,154,643</u> | <u>9.37</u> |
| INDONESIA | | | | |
| Communication Services | | | | |
| Telekomunikasi TBK PT | 315,800 | 338,336 | 350,788 | 1.04 |
| Financials | | | | |
| Bank Central Asia | 222,600 | 409,213 | 606,524 | 1.80 |
| TOTAL INDONESIA | <u>538,400</u> | <u>747,549</u> | <u>957,312</u> | <u>2.84</u> |
| SINGAPORE | | | | |
| Communication Services | | | | |
| NetLink NBN Trust Singapore | 180,000 | 528,790 | 524,416 | 1.56 |
| Telecommunications | 57,700 | 451,496 | 519,951 | 1.54 |
| | <u>237,700</u> | <u>980,286</u> | <u>1,044,367</u> | <u>3.10</u> |

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

| Name of counter | Quantity Units | Aggregate cost RM | Market value RM | Percentage of NAV % |
|---|-----------------------|-------------------------|-------------------------|---------------------------|
| 31.07.2023 (CONTINUED) | | | | |
| QUOTED SECURITIES (CONTINUED) | | | | |
| SINGAPORE (CONTINUED) | | | | |
| Financials | | | | |
| DBS Group Holding Ltd | <u>5,600</u> | <u>459,715</u> | <u>649,951</u> | <u>1.93</u> |
| Industrials | | | | |
| Singapore Technologies Engineer Ltd | <u>23,600</u> | <u>277,432</u> | <u>298,212</u> | <u>0.89</u> |
| Real Estate | | | | |
| CapitaLand Integrated Comm Trust Management Ltd | <u>96,600</u> | <u>650,357</u> | <u>667,594</u> | <u>1.98</u> |
| Capitaland Investment Ltd | <u>44,300</u> | <u>503,220</u> | <u>510,255</u> | <u>1.51</u> |
| CapLand Ascendas REIT | <u>59,714</u> | <u>508,334</u> | <u>568,444</u> | <u>1.69</u> |
| | <u>200,614</u> | <u>1,661,911</u> | <u>1,746,293</u> | <u>5.18</u> |
| TOTAL SINGAPORE | <u>467,514</u> | <u>3,379,344</u> | <u>3,738,823</u> | <u>11.10</u> |
| SOUTH KOREA | | | | |
| Information Technology | | | | |
| Samsung Electronics Co. Ltd | <u>4,538</u> | <u>915,042</u> | <u>1,119,625</u> | <u>3.32</u> |
| Materials | | | | |
| LG Chem Ltd | <u>218</u> | <u>398,742</u> | <u>499,326</u> | <u>1.48</u> |
| TOTAL SOUTH KOREA | <u>4,756</u> | <u>1,313,784</u> | <u>1,618,951</u> | <u>4.80</u> |
| TAIWAN | | | | |
| Consumer Staples | | | | |
| President Chain Store Corp | <u>9,000</u> | <u>363,652</u> | <u>359,575</u> | <u>1.07</u> |
| Information Technology | | | | |
| E Ink Holding Inc | <u>14,000</u> | <u>389,495</u> | <u>451,080</u> | <u>1.34</u> |
| Taiwan Semiconductor Manufacturing Co Ltd | <u>13,000</u> | <u>686,024</u> | <u>1,051,804</u> | <u>3.12</u> |
| | <u>27,000</u> | <u>1,075,519</u> | <u>1,502,884</u> | <u>4.46</u> |
| TOTAL TAIWAN | <u>36,000</u> | <u>1,439,171</u> | <u>1,862,459</u> | <u>5.53</u> |

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

| Name of counter | Quantity Units | Aggregate cost RM | Market value RM | Percentage of NAV % |
|---|------------------------|-------------------------|-----------------------|---------------------------|
| 31.07.2023 (CONTINUED) | | | | |
| QUOTED SECURITIES (CONTINUED) | | | | |
| THAILAND | | | | |
| Communication Services | | | | |
| Advanced Info Service PCL | 9,200 | 261,244 | 273,060 | 0.81 |
| Financials | | | | |
| Bangkok Bank PCL | 13,600 | 346,171 | 306,777 | 0.91 |
| TOTAL THAILAND | 22,800 | 607,415 | 579,837 | 1.72 |
| UNITED STATES | | | | |
| HDFC Bank Ltd | 1,090 | 345,922 | 335,286 | 1.00 |
| TOTAL UNITED STATES | 1,090 | 345,922 | 335,286 | 1.00 |
| TOTAL QUOTED SECURITIES | 1,209,078 | 16,268,479 | 18,131,707 | 53.83 |
| ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | 1,863,228 | | |
| TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | 18,131,707 | | |
| Name of issuer | Nominal value RM | Aggregate cost RM | Market value RM | Percentage of NAV % |
| 31.07.2023 (CONTINUED) | | | | |
| UNQUOTED FIXED INCOME SECURITIES | | | | |
| Aeon Credit Service M Bhd 3.80% 10/02/2027 (AA3) | 600,000 | 601,269 | 604,144 | 1.80 |
| AZRB Capital Sdn Bhd 4.85% 26/12/2024 (AA3) | 200,000 | 203,471 | 200,977 | 0.60 |

7. 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 % |
|--|---------------------|----------------------|--------------------|------------------------|
| 31.07.2023 (CONTINUED) | | | | |
| UNQUOTED FIXED INCOME SECURITIES (CONTINUED) | | | | |
| Bermaz Auto Bhd 3.26% 18/12/2023 (AA3) | 250,000 | 250,882 | 250,295 | 0.74 |
| Fortune Premiere Sdn Bhd 3.98% 11/09/2026 (AA) | 669,999 | 688,071 | 675,209 | 2.00 |
| IJM Corp Bhd 4.76% 10/04/2029 | 500,000 | 513,540 | 521,353 | 1.55 |
| IJM Land Bhd 4.73% 17/03/2119 (A2) | 150,000 | 152,669 | 150,171 | 0.45 |
| Intiaz Sukuk II Bhd 4.38% 12/05/2027 (AA2) | 150,000 | 152,865 | 153,031 | 0.45 |
| Malayan Banking Bhd 3.10% 08/10/2032 (AA1) | 300,000 | 301,595 | 290,546 | 0.86 |
| MMC Corporation Bhd 5.64% 27/4/2027 (AA3) | 1,100,000 | 1,146,214 | 1,162,573 | 3.45 |
| MMC Corporation Bhd 5.80% 12/11/2025 (AA3) | 500,000 | 520,822 | 523,441 | 1.55 |
| Pengurusan Air SPV Bhd 4.30% 03/06/2026 (AAA) | 700,000 | 711,624 | 712,941 | 2.12 |
| Perbadanan Kemajuan Negeri Selangor 5.01% 31/10/2023 (AA3) | 1,725,000 | 1,750,564 | 1,749,843 | 5.20 |
| Perbadanan Kemajuan Negeri Selangor 5.15% 10/08/2023AA3 | 1,025,000 | 1,050,170 | 1,050,317 | 3.12 |
| Press Metal Aluminium Holding Bhd 4.10% 17/10/2024 (AA2) | 350,000 | 355,402 | 354,633 | 1.05 |
| Quantum Solar Park 5.24% 6/10/23 (AA3) | 400,000 | 408,059 | 407,611 | 1.21 |
| Sarawak Energy Bhd 4.70% 24/11/2028 (AAA) | 1,500,000 | 1,622,866 | 1,562,726 | 4.64 |
| Sarawak Petchem Sdn Bhd 5.19% 27/07/2033 (AAA) | 650,000 | 695,202 | 698,282 | 2.07 |
| TG Excellence Bhd 3.95% 27/02/2120 (AA) | 1,000,000 | 1,003,666 | 998,304 | 2.96 |
| UEM Edgenta Bhd 4.25% 24/04/2026 (AA) | 200,000 | 202,158 | 202,897 | 0.60 |
| UEM Sunrise Bhd 4.75% 22/03/2024 (AA3) | 1,700,000 | 1,741,212 | 1,730,630 | 5.14 |

7. 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 % |
|---|--------------------------|--------------------------|--------------------------|------------------------|
| 31.07.2023 (CONTINUED) | | | | |
| UNQUOTED FIXED INCOME SECURITIES (CONTINUED) | | | | |
| UMW Holding Bhd 3.03% 05/11/2025 (AA3) | <u>350,000</u> | <u>350,070</u> | <u>345,963</u> | <u>1.03</u> |
| TOTAL UNQUOTED FIXED INCOME SECURITIES | <u>14,019,999</u> | <u>14,422,391</u> | <u>14,345,887</u> | <u>42.59</u> |
| ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | <u>(76,504)</u> | | |
| TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | <u>14,345,887</u> | | |
| Name of counter | Quantity Units | Aggregate cost RM | Market value RM | Percentage of NAV % |
| 31.01.2023 | | | | |
| Audited | | | | |
| QUOTED SECURITIES | | | | |
| AUSTRALIA | | | | |
| Consumer Discretionary | | | | |
| Aristocrat Leisure Ltd | <u>4,532</u> | <u>366,075</u> | <u>460,289</u> | <u>1.51</u> |
| Energy | | | | |
| Santos Ltd | <u>12,940</u> | <u>278,527</u> | <u>275,155</u> | <u>0.90</u> |
| Financials | | | | |
| Macquarie Group Ltd | <u>1,101</u> | <u>445,849</u> | <u>616,866</u> | <u>2.02</u> |
| Health Care | | | | |
| CSL Ltd | <u>670</u> | <u>458,979</u> | <u>597,283</u> | <u>1.96</u> |
| Ramsay Health Care Ltd | <u>1,375</u> | <u>282,902</u> | <u>273,956</u> | <u>0.90</u> |
| | <u>2,045</u> | <u>741,881</u> | <u>871,239</u> | <u>2.86</u> |
| Industrials | | | | |
| Seven Group Holdings Ltd | <u>4,340</u> | <u>265,202</u> | <u>294,248</u> | <u>0.96</u> |

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

| Name of counter | Quantity Units | Aggregate cost RM | Market value RM | Percentage of NAV % |
|---------------------------------------|-------------------|-------------------------|-----------------------|---------------------------|
| 31.01.2023 | | | | |
| Audited (CONTINUED) | | | | |
| QUOTED SECURITIES | | | | |
| (CONTINUED) | | | | |
| AUSTRALIA | | | | |
| (CONTINUED) | | | | |
| Materials | | | | |
| BHP Group Ltd | 4,674 | 435,216 | 690,260 | 2.26 |
| TOTAL AUSTRALIA | 29,632 | 2,532,750 | 3,208,057 | 10.51 |
| CAYMAN ISLANDS | | | | |
| Consumer Discretionary | | | | |
| Alibaba Group Holding Ltd | 12,700 | 1,024,560 | 743,797 | 2.44 |
| TOTAL CAYMAN ISLANDS | 12,700 | 1,024,560 | 743,797 | 2.44 |
| CHINA | | | | |
| Consumer Discretionary | | | | |
| BYD Company Ltd | 1,500 | 241,501 | 200,030 | 0.65 |
| Consumer Staples | | | | |
| Kweichow Moutai Company Ltd | 600 | 676,405 | 699,170 | 2.29 |
| Financials | | | | |
| Ping An Insurance Group Co. -H | 5,500 | 182,604 | 181,715 | 0.59 |
| Industrials | | | | |
| NARI Tech Dev Co Ltd A ¹ | 25,280 | 447,700 | 421,185 | 1.38 |
| Shanghai Intl Airport A ¹ | 7,900 | 287,876 | 301,744 | 0.99 |
| | 33,180 | 735,576 | 722,929 | 2.37 |
| Utilities | | | | |
| China Yangtze Power Co A ¹ | 21,900 | 335,143 | 287,445 | 0.94 |
| TOTAL CHINA | 62,680 | 2,171,229 | 2,091,289 | 6.84 |
| HONG KONG, CHINA | | | | |
| Communication Services | | | | |
| Tencent Holding Ltd | 4,400 | 824,029 | 915,338 | 2.99 |

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

| Name of counter | Quantity Units | Aggregate cost RM | Market value RM | Percentage of NAV % |
|--|-------------------|-------------------------|-----------------------|---------------------------|
| 31.01.2023 | | | | |
| Audited (CONTINUED) | | | | |
| QUOTED SECURITIES | | | | |
| (CONTINUED) | | | | |
| HONG KONG, CHINA | | | | |
| (CONTINUED) | | | | |
| Consumer Discretionary | | | | |
| Meituan | 440 | 43,119 | 41,815 | 0.14 |
| Financials | | | | |
| AIA Group Ltd | 19,800 | 724,328 | 954,316 | 3.12 |
| Hong Kong Exchanges & Clearing | 2,700 | 492,150 | 517,891 | 1.70 |
| | <u>22,500</u> | <u>1,216,478</u> | <u>1,472,207</u> | <u>4.82</u> |
| Industrials | | | | |
| Techtronic Industries Co | 8,000 | 318,440 | 438,053 | 1.43 |
| Real Estate | | | | |
| Link REIT | 15,000 | 506,985 | 511,914 | 1.68 |
| TOTAL HONG KONG, CHINA | 50,340 | 2,909,051 | 3,379,327 | 11.06 |
| INDONESIA | | | | |
| Communication Services | | | | |
| Telekomunikasi TBK PT | 315,800 | 338,336 | 345,782 | 1.13 |
| Financials | | | | |
| Bank Central Asia | 222,600 | 409,369 | 536,531 | 1.76 |
| TOTAL INDONESIA | 538,400 | 747,705 | 882,313 | 2.89 |
| SINGAPORE | | | | |
| Communication Services | | | | |
| NetLink NBN Trust Singapore | 180,000 | 528,791 | 510,158 | 1.67 |
| Telecommunications | 65,300 | 509,526 | 530,898 | 1.74 |
| | <u>245,300</u> | <u>1,038,317</u> | <u>1,041,056</u> | <u>3.41</u> |
| Financials | | | | |
| DBS Group Holding Ltd | 5,600 | 459,726 | 649,193 | 2.13 |
| Industrials | | | | |
| Singapore Technologies Engineer Ltd | 23,600 | 277,432 | 281,309 | 0.92 |

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

| Name of counter | Quantity Units | Aggregate cost RM | Market value RM | Percentage of NAV % |
|--|-----------------------|-------------------------|-------------------------|---------------------------|
| 31.01.2023 | | | | |
| Audited (CONTINUED) | | | | |
| QUOTED SECURITIES | | | | |
| (CONTINUED) | | | | |
| SINGAPORE | | | | |
| (CONTINUED) | | | | |
| Real Estate | | | | |
| CapitaLand Integrated Comm Trust Management Co | 77,400 | 123,173 | 536,512 | 1.76 |
| Capitaland Investment Ltd | 44,300 | 476,373 | 568,229 | 1.86 |
| CapLand Ascendas REIT | 33,014 | 266,383 | 307,975 | 1.01 |
| | <u>154,714</u> | <u>865,929</u> | <u>1,412,716</u> | <u>4.63</u> |
| TOTAL SINGAPORE | <u>429,214</u> | <u>2,641,404</u> | <u>3,384,274</u> | <u>11.09</u> |
| SOUTH KOREA | | | | |
| Information Technology | | | | |
| Samsung Electronics Co. Ltd | 3,803 | 752,897 | 802,777 | 2.63 |
| Materials | | | | |
| LG Chem Ltd | 218 | 399,054 | 520,528 | 1.70 |
| TOTAL SOUTH KOREA | <u>4,021</u> | <u>1,151,951</u> | <u>1,323,305</u> | <u>4.33</u> |
| TAIWAN | | | | |
| Consumer Staples | | | | |
| President Chain Store Corp | 9,000 | 363,652 | 344,817 | 1.13 |
| Information Technology | | | | |
| E Ink Holding Inc | 14,000 | 389,496 | 342,689 | 1.12 |
| Taiwan Semiconductor Manufacturing Co Ltd | 13,000 | 686,297 | 962,933 | 3.15 |
| | <u>27,000</u> | <u>1,075,793</u> | <u>1,305,622</u> | <u>4.27</u> |
| TOTAL TAIWAN | <u>36,000</u> | <u>1,439,445</u> | <u>1,650,439</u> | <u>5.40</u> |
| THAILAND | | | | |
| Financials | | | | |
| Bangkok Bank PCL - Foreign | 13,600 | 345,845 | 279,361 | 0.91 |

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

| Name of counter | Quantity Units | Aggregate cost RM | Market value RM | Percentage of NAV % |
|---|------------------------|-------------------------|-----------------------|---------------------------|
| 31.01.2023 | | | | |
| Audited (CONTINUED) | | | | |
| QUOTED SECURITIES | | | | |
| (CONTINUED) | | | | |
| THAILAND (CONTINUED) | | | | |
| Health Care | | | | |
| Bangkok Dusit Medical Service -NVDR | 73,100 | 225,585 | 281,840 | 0.92 |
| TOTAL THAILAND | 86,700 | 571,430 | 561,201 | 1.83 |
| TOTAL QUOTED SECURITIES | 1,249,687 | 15,189,525 | 17,224,002 | 56.39 |
| ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | 2,034,477 | | |
| TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | 17,224,002 | | |
| Name of issuer | Nominal value RM | Aggregate cost RM | Market value RM | Percentage of NAV % |
| 31.01.2023 | | | | |
| Audited (CONTINUED) | | | | |
| UNQUOTED FIXED INCOME SECURITIES | | | | |
| AZRB Capital Sdn Bhd 4.85% 26/12/2024 (AA3) | 200,000 | 204,328 | 200,393 | 0.66 |
| Bermaz Auto Bhd 3.26% 18/12/2023 (AA3) | 250,000 | 250,727 | 248,959 | 0.82 |
| Fortune Premiere Sdn Bhd 3.98% 11/09/2026 (AA) | 670,000 | 689,310 | 666,203 | 2.18 |
| Fortune Premiere Sdn Bhd 4.80% 13/3/2023 (AA) | 1,500,000 | 1,530,243 | 1,529,766 | 5.01 |
| IJM Land Bhd 4.73% 17/03/2119 (A2) | 150,000 | 152,687 | 148,755 | 0.49 |
| Konsortium KAJV Sdn Bhd 5.05% 12/05/2023 (AA3) | 300,000 | 303,704 | 303,590 | 0.99 |

7. 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 % |
|---|--------------------------|--------------------------|--------------------------|------------------------|
| 31.01.2023 | | | | |
| Audited (CONTINUED) | | | | |
| UNQUOTED FIXED INCOME SECURITIES (CONTINUED) | | | | |
| Malayan Banking Bhd 3.10% 08/10/2032 (AA1) | 300,000 | 301,456 | 286,766 | 0.94 |
| MMC Corporation Bhd 5.64% 27/4/2027 (AA3) | 1,100,000 | 1,150,023 | 1,156,131 | 3.79 |
| MMC Corporation Bhd 5.80% 12/11/2025 (AA3) | 500,000 | 523,610 | 523,812 | 1.71 |
| Perbadanan Kemajuan Negeri Selangor 5.01% 31/10/2023 (AA3) | 1,725,000 | 1,758,392 | 1,757,272 | 5.75 |
| Perbadanan Kemajuan Negeri Selangor 5.15% 10/08/2023 (AA3) | 1,025,000 | 1,052,548 | 1,055,235 | 3.45 |
| Press Metal Aluminium Holding Bhd 4.10% 17/10/2024 (AA2) | 350,000 | 355,936 | 354,868 | 1.16 |
| Quantum Solar Park 5.24% 6/10/23 (AA3) | 400,000 | 411,807 | 409,964 | 1.34 |
| Sarawak Energy Bhd 4.70% 24/11/2028 (AAA) | 1,500,000 | 1,631,634 | 1,556,657 | 5.10 |
| UEM Sunrise Bhd 4.75% 22/03/2024 (AA3) | 1,700,000 | 1,750,375 | 1,727,265 | 5.65 |
| UMW Holding Bhd 3.03% 05/11/2025 (AA3) | 350,000 | 349,582 | 344,225 | 1.13 |
| TOTAL UNQUOTED FIXED INCOME SECURITIES | <u>12,020,000</u> | <u>12,416,362</u> | <u>12,269,861</u> | <u>40.17</u> |
| ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | <u>(146,501)</u> | | |
| TOTAL UNQUOTED FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | <u>12,269,861</u> | | |

8. CASH AND CASH EQUIVALENTS

| | 31.07.2023 RM | 31.01.2023 Audited RM |
|--|------------------|-----------------------------|
| Deposits with licensed financial institution | 692,058 | 916,141 |
| Bank balances | 511,061 | 492,927 |
| | <u>1,203,119</u> | <u>1,409,068</u> |

9. NUMBER OF UNITS IN CIRCULATION (UNITS)

| | 01.02.2023 to 31.07.2023 | 01.02.2022 to 31.01.2023 Audited |
|---|-----------------------------|---|
| | No of units | No of units |
| Class A (i) | 22,857,170 | 23,156,113 |
| Class C (ii) | 6,392,177 | 6,107,055 |
| Class X (iii) | 17,360,962 | 13,694,983 |
| | <u>46,610,309</u> | <u>42,958,151</u> |
| (i) Class A | | |
| At the beginning of the financial period/year | 23,156,113 | 35,295,288 |
| Add : Creation of units from applications | 400,881 | 3,936,600 |
| Add : Creation of units from distribution | - | 952,099 |
| Less : Cancellation of units | (699,824) | (17,027,874) |
| At the end of the financial period/year | <u>22,857,170</u> | <u>23,156,113</u> |
| (ii) Class C | | |
| At the beginning of the financial period/year | 6,107,055 | 5,624,597 |
| Add : Creation of units from applications | 357,082 | 762,961 |
| Add : Creation of units from distribution | - | 150,557 |
| Less : Cancellation of units | (71,960) | (431,060) |
| At the end of the financial period/year | <u>6,392,177</u> | <u>6,107,055</u> |
| (iii) Class X | | |
| At the beginning of the financial period/year | 13,694,983 | 43,290,050 |
| Add : Creation of units from applications | 3,826,443 | 13,776,377 |
| Add : Creation of units from distribution | - | 1,249,657 |
| Less : Cancellation of units | (160,464) | (44,621,101) |
| At the end of the financial period/year | <u>17,360,962</u> | <u>13,694,983</u> |

10. TOTAL EXPENSE RATIO (“TER”)

| | 01.02.2023 to 31.07.2023 | 01.02.2022 to 31.07.2022 |
|-----|-----------------------------|-----------------------------|
| | % | % |
| TER | <u>0.77</u> | <u>0.76</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 and custodian fees |
| 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 period calculated on a daily basis was RM32,237,125 (31.07.2022: RM63,698,732).

11. PORTFOLIO TURNOVER RATIO (“PTR”)

| | 01.02.2023 to 31.07.2023 | 01.02.2022 to 31.07.2022 |
|-------------|-----------------------------|-----------------------------|
| PTR (times) | 0.13 | 0.19 |

PTR is derived based on the following calculation:

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

where:

total acquisition for the financial period = RM6,591,111 (31.07.2022: RM18,654,855)

total disposal for the financial period = RM1,980,897 (31.07.2022: RM5,932,191)

12. 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 |
| CIMB Bank Bhd | Fellow related party to the PRS Provider |
| CGS-CIMB Securities (Singapore) Pte Ltd | Fellow related party to 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 |

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

| | 31.07.2023 | | 31.01.2023 Audited | |
|--------------------------------------|--------------|---------|-----------------------|----|
| | No. of units | RM | No. of units | RM |
| Directors of the PRS Provider | | | | |
| - Class X | 323,691 | 234,320 | - | - |

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

12. 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.

There were no related party balances as at the end of the financial period/year, apart from those mentioned elsewhere in the financial statements.

13. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the top 10 brokers/dealers for the six months financial period ended 31 July 2023 were as follows:

| Brokers/Dealers | Values of trades RM | Percentage of total trades % | Brokerage fees RM | Percentage of total brokerage fees % |
|---|--------------------------------|---|------------------------------|---|
| CGS-CIMB Securities (Singapore) Pte Ltd # | 2,595,596 | 30.28 | 5,631 | 70.73 |
| RHB Bank Bhd | 2,215,570 | 25.85 | - | - |
| RHB Investment Bank Bhd | 1,405,035 | 16.39 | - | - |
| J.P. Morgan Securities (Asia Pacific) Ltd | 408,127 | 4.76 | 1,633 | 20.51 |
| Citigroup Global Markets Ltd | 345,922 | 4.04 | 104 | 1.30 |
| Jefferies International Ltd | 255,201 | 2.98 | 510 | 6.41 |
| Hong Leong Islamic Bank Bhd | 213,800 | 2.49 | - | - |
| Instinet Pacific Limited | 33,263 | 0.39 | 83 | 1.05 |
| Others | 1,099,494 | 12.82 | - | - |
| | <u>8,572,008</u> | <u>100.00</u> | <u>7,961</u> | <u>100.00</u> |

Details of transactions with the top 10 brokers/dealers for the six months financial period ended 31 July 2022 were as follows:

| Brokers/Dealers | Values of trades RM | Percentage of total trades % | Brokerage fees RM | Percentage of total brokerage fees % |
|---|--------------------------------|---|------------------------------|---|
| RHB Bank Bhd | 4,904,823 | 19.95 | - | - |
| Hong Leong Investment Bank Bhd | 3,027,830 | 12.31 | - | - |
| J.P. Morgan Securities (Asia Pacific) Ltd | 2,992,152 | 12.17 | 6,497 | 23.45 |
| Macquarie Securities (Australia) Ltd | 1,998,587 | 8.13 | 5,651 | 20.40 |
| Instinet Pacific Limited | 1,989,896 | 8.09 | 4,621 | 16.68 |
| CGS-CIMB Securities (Singapore) Pte Ltd # | 1,395,329 | 5.68 | 3,105 | 11.21 |
| RHB Investment Bank Bhd | 1,381,685 | 5.62 | - | - |
| Credit Suisse (HK) Ltd | 1,232,995 | 5.01 | 3,161 | 11.41 |
| CLSA Ltd | 941,681 | 3.83 | 2,543 | 9.18 |
| Citigroup Global Markets Ltd | 600,374 | 2.44 | 1,201 | 4.33 |
| Others | 4,121,694 | 16.77 | 926 | 3.34 |
| | <u>24,587,046</u> | <u>100.00</u> | <u>27,705</u> | <u>100.00</u> |

13. TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)

- # Included in the transactions are trades conducted with CGS-CIMB Securities (Singapore) Ptd Ltd, fellow related party to the PRS provider amounting to RM2,595,596 (31.07.2022: RM1,395,329). 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.

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