

Principal DALI Equity Fund

(formerly known as CIMB Islamic DALI Equity Fund)

Annual Report

For The Financial Year Ended 31 May 2020

PRINCIPAL DALI EQUITY FUND
(formerly known as CIMB Islamic DALI Equity Fund)

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

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INVESTORS' LETTER

Dear Valued Investor,

In Malaysia, things are looking much closer to the “old norm” now, yet with proper social distancing protocols still in place. We’re taking each day and each decision with a mix of enthusiasm and caution. This is how we can continue to flatten the curve of Coronavirus Disease 2019 (“COVID-19”) and remain a viable and dynamic economy. And, this is how our team handle your investments with us. We do our best to make the right decisions to maximise fund returns to help you meet your long-term investment needs.

Markets globally continue to look positive and show signs that the economies worldwide are on the path to recovery. We are increasing exposure to equities vis-à-vis fixed income, as policymakers are assessing the impact of the policies implemented earlier this year to help revive economies. We are positive on Asian equities on a 12-month basis and have added ASEAN names in anticipation of a broader market recovery going forward. For our:

- **Conservative investors, we recommend:** Malaysia focus bond and balanced funds that are income focussed.
- **More aggressive investors, we recommend:** Growth-oriented funds that offer exposure to growth areas in China, Asia-Pacific, Global Technology, ASEAN and Malaysian aggressive funds.

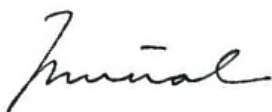
Continue to log on to our website (www.principal.com.my) to receive updates on our latest insights and investing articles.

We are pleased to share that we have won awards for Best Asset Manager (Money Market & Balanced funds) and Best Absolute Return Strategy at the Alpha Southeast Asia Fund Management Awards 2020.

Please be informed that effective 31 December 2019, the Fund has been renamed as Principal DALI Equity Fund following the issuance of the Replacement Master Prospectus Islamic issue No. 11.

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

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



Munirah Khairuddin
Chief Executive Officer

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

The Fund aims to achieve a consistent capital growth over the medium to long-term.

Has the Fund achieved its objective?

For the financial year under review, the Fund has achieved its objectives as stated under the Fund investment policy.

What are the Fund investment policy and principal investment strategy?

The Fund is a Shariah-compliant equity growth fund and it may invest a minimum of 70% and up to a maximum of 98% of its Net Asset Value ("NAV") principally in Shariah-compliant equities aimed to provide growth and up to 28% of its NAV in other permissible Shariah-compliant investments, such as Sukuk with a minimum credit rating of "A3" or "P2" by RAM Ratings ("RAM") or equivalent rating by Malaysian Rating Corporation Berhad ("MARC") or by local rating agency(ies) of the country of issuance; or "BBB-" by Standard & Poor's ("S&P") or equivalent rating by any other international rating agencies. The Fund may opt to invest in foreign Shariah-compliant equities up to a maximum of 30% of its NAV. Such foreign Shariah-compliant equities must be equity securities of companies domiciled in, listed in and/or have significant operations in countries in the Asia Pacific ex Japan. 'Significant operations' means major businesses of the company. For example, the Fund can invest in a company with significant business and/or operations in Thailand but listed on the New York Stock Exchange ("NYSE"). The threshold for 'significant operations' would be if more than 25% of total group revenue derives from countries in Asia Pacific ex Japan. The calculation would be based on the most recent financial reports released by the companies (e.g. interim and annual reports). The Fund may also opt to seek investment exposure via Islamic collective investment scheme that is in line with the Fund's objective, subject to the requirements of the Securities Commission Malaysia ("SC") Guidelines. In line with its objective, the investment strategy and policy of the Fund is to rebalance the portfolio to suit market conditions in order to reduce short-term volatility and provide consistency in capital growth.

The asset allocation strategy for this Fund is as follows:

- between 70% to 98% (both inclusive) of the Fund's NAV will be invested in Shariah-compliant equities;
- up to 28% of the Fund's NAV in other permissible Shariah-compliant investments; and
- at least 2% of the Fund's NAV in Islamic liquid assets.

Fund category/type

Equity (Shariah-compliant)/Growth

How long should you invest for?

Recommended three (3) years or more

When was the Fund launched?

30 April 2003

What was the size of the Fund as at 31 May 2020?

RM1,049.83 million (979.74 million units)

What is the Fund's benchmark?

70% Financial Times Stock Exchange ("FTSE") Bursa Malaysia ("FBM") EMAS Shariah ("FBMS") Index + 30% MSCI All Country ("AC") Asia ex Japan Islamic Index

Note: The Fund's benchmark is for performance comparison purpose only. The benchmark is customised as such to align it closer to the structure of the portfolio and to reflect the composition of the portfolio in line with the markets they operate in and its objectives. Investors are cautioned that the risk profile of the Fund is higher than the benchmark.

FUND OBJECTIVE AND POLICY (CONTINUED)

What is the Fund distribution policy?

The Manager has the discretion to distribute a part or all of the Fund's distributable income. The distribution (if any) may vary from period to period depending on the investment objective and the performance of the Fund.

What was the net income distribution for the financial year ended 31 May 2020?

There was no distribution made for the financial year ended 31 May 2020.

PERFORMANCE DATA

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

	31.05.2020	31.05.2019	31.05.2018
	%	%	%
Shariah-compliant collective investment scheme	0.66	0.83	0.83
Shariah-compliant quoted securities			
- Communication Services	11.65	11.08	7.58
- Consumer Discretionary	7.13	3.61	8.09
- Consumer Staples	8.56	9.12	10.29
- Energy	9.37	10.19	8.30
- Financials	1.44	1.65	1.51
- Health Care	8.35	4.22	5.12
- Industrials	11.58	14.84	11.26
- Information Technology	10.33	8.51	11.17
- Materials	3.61	6.06	8.58
- Real Estate	4.70	7.09	2.95
- Utilities	9.99	12.46	7.82
Cash and other net assets	12.63	10.34	16.50
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	31.05.2020	31.05.2019	31.05.2018
NAV (RM Million)	1,049.83	1,101.90	1,073.96
Units in circulation (Million)	979.74	1,056.44	960.39
NAV per unit (RM)	1.0715	1.0430	1.1182
Highest NAV per unit (RM)	1.1344	1.1508	1.2860
Lowest NAV per unit (RM)	0.8707	0.9844	1.1077
Total return (%)	2.81	(4.11)	0.09
- Capital growth (%)	2.81	(6.76)	(5.60)
- Income distribution (%)	-	2.84	6.03

PERFORMANCE DATA (CONTINUED)

	31.05.2020	31.05.2019	31.05.2018
Management Expense Ratio ("MER") (%)	1.94	1.94	2.06
Portfolio Turnover Ratio ("PTR") (times) #	0.51	0.65	0.96

The Fund's PTR has reduced slightly to 0.51 from 0.65 times as there were less trading activities during the financial year under review.

Date of distribution	-	04.07.2018	23.11.2017
Gross/Net distribution per unit (sen)	-	3.03	7.20

	31.05.2020	31.05.2019	31.05.2018	31.05.2017	31.05.2016
	%	%	%	%	%
Annual total return	2.81	(4.11)	0.09	10.52	(3.51)

(Launch date: 30 April 2003)

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

MARKET REVIEW (1 JUNE 2019 TO 31 MAY 2020)

Foreign Equity

Asian equity markets as measured by the MSCI AC Asia ex Japan Islamic Index rose 5% in Malaysia Ringgit ("MYR") terms during the financial year under review. Topical issues were the volatility between US and China trade negotiations, the global economic recovery towards end 2019 and subsequent COVID-19 outbreak in early 2020 which threw the economic recovery into disarray.

Investors sentiment improved momentarily in June 2019 fuelled by further dovish comments by the US Federal Reserve (the "Fed") and expectations of trade negotiation resumption between US and China after souring in the previous month. However, the trade talks did not go smoothly and in August 2019, concerns mounted as both countries announced additional tariffs on each others' exports starting September 2019. Investors were also concerned over an inverted yield curve in the US which historically tend to be associated with recessions.

US and China toned down their trade rhetoric in September 2019, providing equity markets a respite. Some countries in Asia such as India had begun to use fiscal policy as a tool to arrest the economic slowdown alongside monetary accommodation, with the announcement of huge corporate tax cuts. Asian equity markets rose in October 2019 with US and China verbally agreeing to a Phase 1 deal or a cease fire.

Asian equity markets rose in December 2019 with more signs of global economy recovery taking place. US and China formally signed an agreement to pause the trade war in January 2020 but sentiment deteriorated subsequently as the COVID-19 outbreak occurred in Hubei, China. Markets deteriorated in February 2020 as the outbreak extended beyond China to the rest of the world. This resulted all Asian equity markets except China to decline for the month as the situation had started to improve in China due to the draconian measures taken to contain the outbreak.

Equity markets went into capitulation in March 2020 upon realisation that most countries outside China were not prepared to contain the COVID-19 outbreak. More countries put in place unprecedented protective orders and Governments around the globe unveiled very large fiscal stimulus. Central Banks have cut interest rates and also unveiled a list of measures to alleviate financial stress.

MARKET REVIEW (1 JUNE 2019 TO 31 MAY 2020) (CONTINUED)

Foreign Equity (continued)

In April 2020, Asian equity markets rebounded from the lows in March 2020 as investors sought comfort in the decisive and aggressive measures taken by Governments and Central Banks around the globe to cushion the impact from the COVID-19. Encouraged by the economic re-openings around the globe, a risk-on rally could be traced back to end of May.

Local Equity

Malaysian equities benefitted from relief rally in June 2019 stemming from expectation of the Fed rate cuts and de-escalation of US-China trade war. The FBMS Index gained 2.86% in June 2019 with Tenaga Nasional Bhd (“TNB”) (+9.0%), Axiata Group Bhd (+6.2%) and Yinson Holdings Bhd (+30.1%) are some of the notable gainers among the FBMS Index component stocks. On macro indicators, Malaysia’s Nikkei Manufacturing Purchasing Managers’ Index (“PMI”) fell again in June 2019 to 47.8 from 48.8 in May 2019, largely dragged by weak external demand. While Malaysia is expected to be a medium-term beneficiary of trade diversion arising from trade war between US and China, adverse impact from supply chain disruption and weaker end demand will hurt Malaysia’s near-term export.

In July 2019, the FBMS Index saw a decline of -1.07%. This was mainly due to the sell down in Public Bank Bhd (-4.8%), Petronas Chemical Bhd (-10.8%), CIMB Bank Bhd (-5.6%), Maybank Bhd (-2.6%) and SimeDarby Plantation Bhd (-6.3%) which was moderated by gains in Genting Malaysia Bhd (+19.4%) and Dialog Group Bhd (+5.8%). Weak petrochemical and crude palm oil (“CPO”) prices, and slow loans growth have been a drag on Kuala Lumpur Composite Index (“KLCI”) performance.

The FBMS Index declined by 0.75% in August 2019 in tandem with the selloff in global equity markets. The second quarter of 2019 earnings season was a major disappointment as reflected by further negative earnings revision leading to a much higher earnings contraction of 7.2% in 2019 (versus 4.5% a month ago). Banks (net interest margin (“NIM”) compression following overnight policy rate (“OPR”) cut and rising non-performing loans (“NPL”)), plantation (low CPO price), chemical (lower commodity price) and basic material (lower commodity price) sectors were the main contributors to the earnings cut.

The FBMS Index declined 1.20% in September 2019, in line with regional equity markets. Domestically, the breakdown in Axiata-Telenor merger talks was a dampener on the benchmark index. By sectors, export-oriented sectors such as tech and glove have generally posted gains on the back of weaker MYR and seasonal uptick in volume loading for selected tech stocks. Besides these, oil & gas sector has also gained on the back of higher crude oil prices.

The FBMS Index gained 0.52% in October 2019 (year-to-date (“YTD”): +2.82%) to 11,829 in-line with regional markets’ performance as risk appetite returned on the back of easing US-China trade war concern, and the Fed’s further monetary easing.

FBMS Index ended year 2019 gaining 3.85% on a full year basis, recording a much better performance as compared to the KLCI. In the month of December 2019 alone, FBMS Index gained 3.06% as the continued surge in CPO prices led to a 9.4% surge in the plantation index. Besides this, market sentiment was also buoyed by the phase 1 trade deal between US and China. Externally, the rebound in PMI to 50 in December 2019 after hitting a low of 46.8 in December 2018 bodes well for exports outlook particularly in the electronics and electrical (“E&E”) segment.

The FBMS Index started the year 2020 positively before succumbing to sell-down as fears of COVID-19 outbreak dampens investors sentiment. The FBMS Index declined 3.3% in January 2020 with notable gainers were gloves and healthcare stocks which are beneficiaries of the novel COVID-19 outbreak.

MARKET REVIEW (1 JUNE 2019 TO 31 MAY 2020) (CONTINUED)

Local Equity (continued)

Given the widespread travel curtailment imposed by various Governments since the COVID-19 outbreak in Wuhan, global tourism has taken a hit. This dampens the prospect of Malaysia achieving its 30 million tourist arrival targets during Visit Malaysia Year 2020 as China accounts for 2.94 million or 12% of arrivals in 2018 versus 0.7 million or 6% in 2002 prior to Severe acute respiratory syndrome (“SARS”). On another note, Bank Negara Malaysia (“BNM”) has surprised the market in January 2020 by cutting the OPR by 25 basis point (“bps”) to 2.75% as the Central Bank took pre-emptive measure to support the economic growth trajectory amid benign inflationary pressure and still uncertain geopolitical tensions and policy uncertainties in a number of countries.

The FBMS Index declined 3.7% in February 2020 amid concerns over uncertainty in domestic politics, COVID-19 outbreak and the poor set of lacklustre corporate results. Political uncertainty engulfed Malaysia again following the shocked resignation of Tun Dr Mahathir as Prime Minister after losing a majority support in the Parliament. However, the uncertainty of not having a functioning Federal Government was short-lived as the King has appointed Tan Sri Muhyiddin Yasin as the 8th Prime Minister after determining that the latter is likely to get a majority support in the parliament. In his last act as interim Prime Minister, Tun Dr Mahathir unveiled a RM20 billion stimulus package to mitigate the adverse economic impact from the COVID-19 outbreak. He furthered lower Malaysia Gross Domestic Product (“GDP”) growth forecast in 2020 from 4.8% to 3.2% to 4.2% while raising the fiscal deficit target from 3.2% to 3.4%. Against the backdrop of a disappointing fourth quarter of 2019 GDP growth of 3.6% (versus 4.1% street expectation) and a weaker PMI reading of 48.5 in February 2020, BNM has followed through with its second interest rate cut this year as it lowers the OPR by 25 bps to 2.50% in its March 2020 Monetary Policy Committee (“MPC”) meeting.

The FBMS Index declined further by 8.29% in March 2020, as concerns over the COVID-19 outbreak intensified which was further exacerbated by the sharp 47% fall in Brent crude oil price following the breakdown in talks between Saudi Arabia and Russia to extend the Organization of the Petroleum Exporting Countries plus (“OPEC+”) production cut agreement. The Malaysian Government has enforced an initial 2-week movement control order (“MCO”) since 18 March 2020 which was extended until 14 April 2020 as the number of new COVID-19 infections spiked.

A liquidity driven relief rally lifted the FBMS Index by 7.80% in April 2020, trimming YTD loss to 8.80%. Small and mid-cap stocks, led mainly by technology stocks, staged a much stronger rebound as the FBM Small Cap Index surged 20.2% in April 2020. The sharp turnaround in investors’ sentiment was driven by coordinated fiscal and monetary responses globally following the COVID-19 outbreak which led to a sharp recession as economic activities came to a halt.

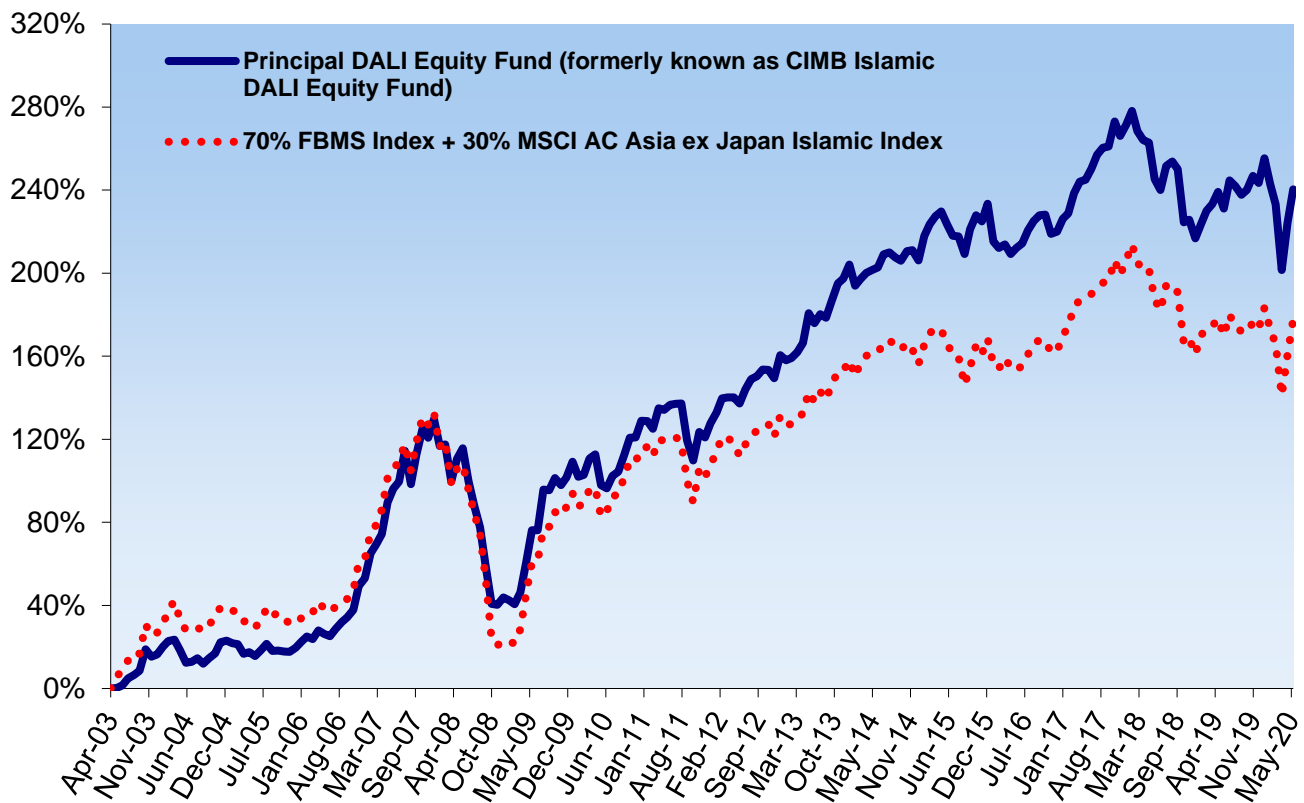
The FBMS Index gained 10.4% in May 2020, outperforming the KLCI and markets in the region (versus MSCI Association of Southeast Asian Nations (“ASEAN”) +1.3%). The positive performance was driven entirely by glove stocks as Hartalega and Top Glove gained 65% and 83% respectively during the month on the back of rising average selling price (“ASP”) amid tight global supply of medical gloves. Excluding the glove stocks, the benchmark index would have been flat in May 2020.

PRINCIPAL DALI EQUITY FUND
(formerly known as CIMB Islamic DALI Equity Fund)

FUND PERFORMANCE

	1 year to 31.05.2020	3 years to 31.05.2020	5 years to 31.05.2020	Since inception to 31.05.2020
	%	%	%	%
Income distribution	-	9.04	22.76	111.55
Capital growth	2.81	(9.52)	(14.28)	59.87
Total Return	2.81	(1.33)	5.22	240.45
Benchmark	2.92	(3.55)	4.27	177.83
Average Total Return	2.81	(0.45)	1.02	7.43

The Fund achieved a total return of 2.81% in the last 1 year, broadly in line with the benchmark. In the last 3 years and 5 years, the Fund outperformed the benchmark by 222 bps and 95 bps respectively.



Changes in NAV

	31.05.2019	31.05.2020	Changes
			%
NAV (RM Million)	1,049.83	1,101.90	(4.73)
NAV/Unit (RM)	1.0715	1.0430	2.73

During the period under review, The Fund's NAV saw outflows from redemptions causing a decrease in NAV by 4.73%. Meanwhile, the NAV per unit increased by 2.73% mainly due to the positive investment performance recorded during the period.

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

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	31.05.2020	31.05.2019
Shariah-compliant collective investment scheme	0.66	0.83
Shariah-compliant quoted securities	86.71	88.83
Cash and other net assets	12.63	10.34
TOTAL	100.00	100.00

The Asset allocation in Shariah-compliant quoted securities decreased from 88.83% as at 31 May 2019 to 86.71% as at 31 May 2020 as we turned more cautious on the market.

MARKET OUTLOOK*

Foreign equity

As countries globally gear up towards reopening their economies, we expect business activity as measured by PMI to pick up towards end second to third quarters of 2020. From the narrow outperformance of a few sectors and countries in the beginning of the year to April 2020, the rally is now broadening out to more sectors and regions. Furthermore, the situation in developed markets may not be as bad as initially feared as evidenced with the recent non-farm payrolls in the US being better than anticipated. This would provide a breather for global manufacturers from Asia such as those in Korea and Taiwan involved in the tech hardware supply chain.

While there is reason to be hopeful from the normalisation of business activities from a depressed level, we are mindful of the following risks: 1) US-China trade tensions could ratchet up depending on whether it works in favour of President Trump in an election year; 2) Governments in Asia have announced various fiscal stimuli which would lead to deterioration of fiscal and debt metrics. Ramifications include their abilities to stimulate further in the following years, impact on currencies and potential sovereign ratings downgrades. Over the last month, we had seen Moody's downgrading India's sovereign ratings to one notch above junk with negative outlook; and 3) Support from the banking system such as loan moratoriums could lead to an NPL cycle. The banking system would need to be sufficiently capitalised in order to avoid a malfunction of credit disbursements if/ when that happens.

Local equity

Despite elevated equity valuation and earnings risk, we are cognizant that equity risk premium are not excessive following the sharp decline in risk-free rates and that the capital market is flushed with liquidity now following coordinated interest rate cuts by central banks while governments try to revive their economies with massive fiscal stimulus. As such, we are taking a more neutral stance on the Malaysia equity market, given the prevalent expectation of swift earnings rebound in 2021.

* 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

Foreign equities

We had broadened our investments beyond growth stocks to selected value-oriented names, e.g. Healthcare (hospital) in India, upstream crude oil producer, airport in China and transport operator in Singapore. We had also top-sliced selected names mainly in China that have performed well to fund these purchases. As incremental data suggest that developed world demand may not be as bad as initially anticipated, we are looking to cover our Underweights in selected global tech hardware names in the near future.

The Fund is positioned structurally in the following areas: 1) Technology stocks in both Internet and Hardware with monopolistic power and have the willingness to innovate. Our exposure in these areas are in China, Korea and Taiwan; 2) Consumer discretionary stocks in China and India which are positioned in growing sub-sectors (e.g. duty-free and online shopping). These are countries which have deep domestic economies with population and demographic advantages; and 3) Innovators and market share consolidators in their respective fields e.g. education in China, modern retail, telecommunications and digital content providers in India.

Local Equity

Riding on the optimism, we are taking a tactical approach of utilising additional cash by buying into the Plantation and Healthcare sector and selective value stocks as proxy for post-pandemic recovery.

UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 31 May 2020 are as follows:

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	20,072	52.81	5.39
5,001-10,000	12,346	90.18	9.20
10,001-50,000	20,019	436.61	44.56
50,001-500,000	3,813	361.16	36.86
500,001 and above	24	38.98	3.99
Total	56,274	979.74	100.00

SOFT COMMISSIONS AND REBATES

Principal Asset Management Berhad (the “Manager”) and the Trustee will not retain any form of rebate or soft commission from, or otherwise share in any commission with, any broker in consideration for directing dealings in the investments of the Funds unless the soft commission received is retained in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Funds. All dealings with brokers are executed on best available terms.

During the financial year under review, the Manager and Trustee did not receive any rebates from the brokers or dealers but the Manager has retained soft commission in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Funds.

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
PRINCIPAL DALI EQUITY FUND**
(formerly known as CIMB Islamic DALI Equity Fund)

We, being the Directors of Principal Asset Management Berhad (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying audited financial statements set out on pages 17 to 60 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 May 2020 and of its financial performance, changes in equity and cash flows for the financial year then ended in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

For and on behalf of the Manager

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

MUNIRAH KHAIRUDDIN
Chief Executive Officer/Executive Director

JUAN IGNACIO EYZAGUIRRE BARAONA
Director

Kuala Lumpur
16 July 2020

**TRUSTEE'S REPORT TO THE UNIT HOLDERS OF
PRINCIPAL DALI EQUITY FUND**
(formerly known as CIMB Islamic DALI Equity Fund)

We, Universal Trustee (Malaysia) Berhad, being the Trustee of Principal DALI Equity Fund (*formerly known as CIMB Islamic DALI Equity Fund*) (the "Fund"), are of the opinion that Principal Asset Management Berhad (the "Manager"), acting in the capacity of the Manager of the Fund, have fulfilled their duties in the following manner for the financial year ended 31 May 2020:

- (a) the Fund is being managed in accordance with the limitations imposed on the investment powers of the Manager and the Trustee under the Deeds, the Securities Commission's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) valuation/pricing is carried out in accordance with the Deeds and relevant regulatory requirements; and
- (c) creation and cancellation of units are carried out in accordance with the Deeds and relevant regulatory requirements.

For and on behalf of the Trustee,
UNIVERSAL TRUSTEE (MALAYSIA) BERHAD

ONG TEE VANN
Chief Executive Officer

Kuala Lumpur
16 July 2020

**SHARIAH ADVISER'S REPORT TO THE UNIT HOLDERS OF
PRINCIPAL DALI EQUITY FUND**
(formerly known as CIMB Islamic DALI Equity Fund)

For The Financial Year from 1 June 2019 to 31 May 2020

We have acted as the Shariah Adviser of Principal DALI Equity Fund (*formerly known as CIMB Islamic DALI Equity Fund*) ("the Fund"). Our responsibility is to ensure that the procedures and processes employed by Principal Asset Management Berhad (the "Manager") are in accordance with Shariah principles.

In our opinion, the Manager has managed and administered the Fund in accordance with Shariah principles and complied with applicable guidelines, rulings or decisions issued by the Securities Commission (SC) pertaining to Shariah matters.

In addition, we confirm that the investment portfolio of the Fund comprises securities and/or instruments which have been classified as Shariah compliant by the Shariah Advisory Council (SAC) of the SC and/or Shariah Advisory Council (SAC) of Bank Negara Malaysia (BNM), where applicable. For securities and/or instruments which are not classified as Shariah-compliant by the SAC of the SC and/or SAC of BNM, we have determined that such securities and/or instruments are in accordance with Shariah principles and have complied with the applicable Shariah Guidelines.

This report is made solely to the unit holders of the Fund, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report and we shall not be liable for any errors or non-disclosure on the part of the Manager.

For **Amanie Advisors Sdn Bhd**,

DATUK DR MOHD DAUD BAKAR
Executive Chairman

16 July 2020

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL DALI EQUITY FUND**
(formerly known as CIMB Islamic DALI Equity Fund)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Principal DALI Equity Fund *(formerly known as CIMB Islamic DALI Equity Fund)* (the "Fund") give a true and fair view of the financial position of the Fund as at 31 May 2020, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 May 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 17 to 60.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL DALI EQUITY FUND (CONTINUED)**
(formerly known as CIMB Islamic DALI Equity Fund)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Manager of the Fund is responsible for the other information. The other information comprises Manager's report but does not include the financial statements of the Fund and our auditor's report thereon.

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

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

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

Responsibilities of the Manager for the financial statements

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL DALI EQUITY FUND (CONTINUED)**
(formerly known as CIMB Islamic DALI Equity Fund)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL DALI EQUITY FUND (CONTINUED)**
(formerly known as CIMB Islamic DALI Equity Fund)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

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

OTHER MATTERS

This report is made solely to the unit holders of the Fund and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
16 July 2020

PRINCIPAL DALI EQUITY FUND
(formerly known as CIMB Islamic DALI Equity Fund)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MAY 2020**

	Note	2020 RM	2019 RM
INCOME/(LOSS)			
Dividend income		29,520,222	25,516,032
Profit income from Shariah-compliant deposits with licensed Islamic financial institutions at amortised cost		1,800,366	4,445,853
Hibah		9,472	6,444
Net gain/(loss) on financial assets at fair value through profit or loss	9	18,269,037	(50,676,180)
Net foreign exchange gain		1,991,297	11,666
		<u>51,590,394</u>	<u>(20,696,185)</u>
EXPENSES			
Management fee	4	20,311,033	20,110,634
Trustee's and custodian fees	5	920,458	937,239
Audit fee		13,600	13,600
Tax agent's fee		36,252	30,858
Transaction costs		2,178,387	3,250,185
Other expenses		970,226	37,901
		<u>24,429,956</u>	<u>24,380,417</u>
PROFIT/(LOSS) BEFORE TAXATION		27,160,438	(45,076,602)
Taxation	7	<u>(701,676)</u>	<u>(922,778)</u>
PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR		<u>26,458,762</u>	<u>(45,999,380)</u>
Profit/(Loss) after taxation is made up as follows:			
Realised amount		36,701,348	(25,904,377)
Unrealised amount		<u>(10,242,586)</u>	<u>(20,095,003)</u>
		<u>26,458,762</u>	<u>(45,999,380)</u>

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

PRINCIPAL DALI EQUITY FUND
(formerly known as CIMB Islamic DALI Equity Fund)

STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2020

	Note	2020 RM	2019 RM
CURRENT ASSETS			
Cash and cash equivalents	10	141,806,802	113,381,350
Financial assets at fair value through profit or loss (Shariah-compliant)	9	917,274,496	987,950,797
Amount due from stockbrokers		641,123	-
Amount due from Manager		985,061	6,098,244
Amount due from Manager of collective investment scheme			
- Management fee rebate		209,308	79,845
Dividends receivable		1,522,971	1,567,400
TOTAL CURRENT ASSETS		<u>1,062,439,761</u>	<u>1,109,077,636</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities	8	<u>645,924</u>	<u>-</u>
CURRENT LIABILITIES			
Amount due to stockbrokers		9,189,320	-
Amount due to Manager		1,125,002	5,384,381
Accrued management fee		1,586,136	1,707,521
Amount due to Trustee		51,701	55,746
Other payables and accruals		15,052	25,440
Tax payable		-	1,760
		<u>11,967,211</u>	<u>7,174,848</u>
TOTAL LIABILITIES		<u>12,613,135</u>	<u>7,174,848</u>
NET ASSET VALUE OF THE FUND		<u>1,049,826,626</u>	<u>1,101,902,788</u>
EQUITY			
Unit holders' capital		1,078,938,115	1,157,473,039
Accumulated losses		<u>(29,111,489)</u>	<u>(55,570,251)</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>1,049,826,626</u>	<u>1,101,902,788</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	11	<u>979,735,952</u>	<u>1,056,443,894</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.0715</u>	<u>1.0430</u>

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

PRINCIPAL DALI EQUITY FUND
(formerly known as CIMB Islamic DALI Equity Fund)

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MAY 2020**

	Note	Unit holders' capital RM	Accumulated losses RM	Total RM
Balance as at 1 June 2019		1,157,473,039	(55,570,251)	1,101,902,788
Movement in unit holders' contributions:				
- Creation of units from applications		153,976,283	-	153,976,283
- Cancellation of units		(232,511,207)	-	(232,511,207)
Total comprehensive income for the financial year		-	26,458,762	26,458,762
Balance as at 31 May 2020		<u>1,078,938,115</u>	<u>(29,111,489)</u>	<u>1,049,826,626</u>
Balance as at 1 June 2018		1,054,077,942	19,884,470	1,073,962,412
Movement in unit holders' contributions:				
- Creation of units from applications		250,241,657	-	250,241,657
- Creation of units from distribution		29,384,310	-	29,384,310
- Cancellation of units		(176,230,870)	-	(176,230,870)
Total comprehensive loss for the financial year		-	(45,999,380)	(45,999,380)
Distribution	6	-	(29,455,341)	(29,455,341)
Balance as at 31 May 2019		<u>1,157,473,039</u>	<u>(55,570,251)</u>	<u>1,101,902,788</u>

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

	Note	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from disposal of Shariah-compliant quoted securities		597,332,541	647,742,562
Purchase of Shariah-compliant quoted securities		(502,709,861)	(783,360,311)
Dividend income received		28,617,795	24,516,373
Profit income received from Shariah-compliant deposits with licensed Islamic financial institutions and Hibah earned		1,809,838	4,452,297
Management fee paid		(20,432,418)	(20,113,485)
Management fee rebate received		129,462	244,533
Trustee's and custodian fees paid		(924,503)	(937,688)
Donation to charitable bodies		-	(24,424)
Payments for other fees and expenses		(131,933)	(186,528)
Net realised foreign exchange loss		(486,865)	(647,436)
Tax paid		(57,512)	(204,357)
Net cash generated from/(used in) operating activities		103,146,544	(128,518,464)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		159,089,466	252,888,636
Payments for cancellation of units		(236,770,586)	(176,172,359)
Distributions paid		-	(71,031)
Net cash (used in)/generated from financing activities		(77,681,120)	76,645,246
Net increase/(decrease) in cash and cash equivalents		25,465,424	(51,873,218)
Effects of foreign exchange differences		2,960,028	955,057
Cash and cash equivalents at the beginning of the financial year		113,381,350	164,299,511
Cash and cash equivalents at the end of the financial year	9	141,806,802	113,381,350
<u>Cash and cash equivalents comprised of:</u>			
Shariah-compliant deposits with licensed Islamic financial institutions		69,676,334	80,741,242
Bank balances		72,130,468	32,640,108
Cash and cash equivalents at the end of the financial year	9	141,806,802	113,381,350

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2020**

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES

Principal DALI Equity Fund (*formerly known as CIMB Islamic DALI Equity Fund*) (the “Fund”) is governed by a Principal Master Deed dated 15 May 2008, a Fourth Supplemental Master Deed dated 25 June 2008, a Sixth Supplemental Master Deed dated 14 July 2008, a Seventh Supplemental Master Deed dated 19 November 2008, a Fourteenth Supplemental Master Deed dated 26 June 2012, a Seventeenth Supplemental Master Deed dated 25 March 2015 and a Nineteenth Supplemental Master Deed dated 18 June 2019 (collectively referred to as the “Deeds”), made between Principal Asset Management Berhad (the “Manager”) and Universal Trustee (Malaysia) Berhad (the “Trustee”).

The Fund is a Shariah-compliant equity growth fund and it may invest a minimum of 70% and up to a maximum of 98% of its NAV principally in Shariah-compliant equities aimed to provide growth and up to 28% of its NAV in other permissible Shariah-compliant investments, such as Sukuk with a minimum credit rating of “A3” or “P2” by RAM or equivalent rating by MARC or by local rating agency(ies) of the country of issuance; or “BBB-” by S&P or equivalent rating by any other international rating agencies. The Fund may opt to invest in foreign Shariah-compliant equities up to a maximum of 30% of its NAV. Such foreign Shariah-compliant equities must be equity securities of companies domiciled in, listed in and/or have significant operations in countries in the Asia Pacific ex Japan. ‘Significant operations’ means major businesses of the company. For example, the Fund can invest in a company with significant business and/or operations in Thailand but listed on the NYSE. The threshold for ‘significant operations’ would be if more than 25% of total group revenue derives from countries in Asia Pacific ex Japan. The calculation would be based on the most recent financial reports released by the companies (e.g. interim and annual reports). The Fund may also opt to seek investment exposure via Islamic collective investment scheme that is in line with the Fund’s objective, subject to the requirements of the Securities SC Guidelines. In line with its objective, the investment strategy and policy of the Fund is to rebalance the portfolio to suit market conditions in order to reduce short-term volatility and provide consistency in capital growth.

The asset allocation strategy for this Fund is as follows:

- between 70% to 98% (both inclusive) of the Fund’s NAV will be invested in Shariah-compliant equities;
- up to 28% of the Fund’s NAV in other permissible Shariah-compliant investments; and
- at least 2% of the Fund’s NAV in Islamic liquid assets.

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

The Fund has changed its name from CIMB Islamic DALI Equity Fund to Principal DALI Equity Fund following the issuance of the Replacement Master Prospectus (Islamic Funds) Issue No.11 dated 31 December 2019.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements have been prepared in accordance with the provisions of the MFRS and IFRS.

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

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

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

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

Standards, amendments to published standards or interpretation that are effective and relevant:

The Fund has applied the following amendments to published standards for the first time for the financial year beginning 1 June 2019:

- Amendments to MFRS 112 'Income Taxes' (effective from 1 January 2019) clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, other comprehensive income ("OCI") or equity) depends on where the past transactions that generated distributable profits were recognised.

Accordingly, the tax consequences are recognised in profit or loss when an entity determines payments on such instruments are distribution of profits (that is, dividends). Tax on dividend should not be recognised in equity merely on the basis that it is related to a distribution to owners.

There are no other standards, amendments to standards or interpretations that are effective for financial year beginning on 1 June 2019 that have a material effect on the financial statements of the Fund.

There are no applicable standards, amendments to standards or interpretations that are effective for financial year beginning on/after 1 June 2020 to the financial statements of the Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 at fair value through other comprehensive income.

Investments in Shariah-compliant collective investment schemes are debt instrument with contractual cash flows that do not represent SPPI and therefore are classified as fair value through profit or loss.

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

The Fund classifies amount due to stockbrokers, amount due to Manager, accrued management fee, amount due to Trustee, donation to charitable bodies, and other payables and accruals as financial liabilities 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. Shariah-compliant investments are initially recognised at fair value. Transaction costs are expensed in the statement of comprehensive income.

Financial liabilities 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 Shariah-compliant investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Recognition and measurement (continued)

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.

Shariah-compliant collective investment scheme is valued based on the most recent published NAV per unit or share of such Shariah-compliant collective investment scheme or, if unavailable, the last published price of such unit or share (excluding any sales charge included in such selling price).

Shariah-compliant 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 Shariah-compliant 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 Shariah-compliant 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 Shariah-compliant quoted securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the Shariah-compliant quoted securities are valued as determined in good faith by the Manager, based on the methods or bases approved by the Trustee after appropriate technical consultation.

Shariah-compliant deposits with licensed Islamic financial institutions are stated at cost plus accrued profit calculated on the effective profit method over the year 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 profit 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 Manager consider both historical analysis and forward looking information in determining any ECL. The Manager consider the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month ECL as any such impairment would be wholly insignificant to the Fund.

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Write-off

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the financial year.

(c) Income recognition

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

Profit income from Shariah-compliant deposits with licensed Islamic financial institutions is recognised on a time proportionate basis using the effective profit rate method on an accrual basis.

Profit income is calculated by applying the effective profit 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 profit rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

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

(d) Functional and presentation currencies

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 Ringgit Malaysia ("RM"), which is the Fund's functional and presentation currency.

Due to mixed factors in determining the functional currency of the Fund, the Manager 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 RM primarily due to the following factors:

- i) The Fund's units are denominated in RM.
- ii) Significant portion of the Fund's expenses are denominated in RM.
- iii) Significant portion of the Fund's investments are denominated in RM.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Functional and presentation currencies (continued)

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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income.

(e) Cash and cash equivalents

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

(f) Taxation

(i) Current taxation

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

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

Tax on income from foreign collective investment scheme is based on the tax regime of the respective countries that the Fund invests in.

(ii) Deferred taxation

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amount attributable to assets and liabilities for tax purposes and their carrying amount in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences or unused tax losses can be utilised.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

(g) Distribution

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Transaction costs

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

(i) Amount due from/to stockbrokers

Amount due from and amount due to stockbrokers represent receivables for Shariah-compliant quoted securities sold and payables for Shariah-compliant quoted securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. The amount due from stockbrokers balance is held for collection.

These amounts are measured at amortised cost. At each reporting date, the Fund measure the loss allowance on amounts due from broker at an amount equal to the lifetime ECL if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month ECL. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by the Manager as any contractual payment which is more than 30 days past due.

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

(j) Unit holders' contributions

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The analysis of realised and unrealised profit or loss after tax as presented on the statement of comprehensive income is prepared in accordance with SC Guidelines on Unit Trust Funds.

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

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

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

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

However, the Manager is of the opinion that in applying these accounting policies, no significant judgement was required.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund are as follows:

2020	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
Cash and cash equivalents (Note 10)	-	141,806,802	141,806,802
Shariah-compliant collective investment scheme (Note 9)	6,976,676	-	6,976,676
Shariah-compliant quoted securities (Note 9)	910,297,820	-	910,297,820
Amount due from stockbrokers	-	641,123	641,123
Amount due from Manager	-	985,061	985,061
Amount due from Manager of collective investment scheme	-	209,308	209,308
Dividends receivable	-	1,522,971	1,522,971
	917,274,496	145,165,265	1,062,439,761

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

2019	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
Cash and cash equivalents (Note 10)	-	113,381,350	113,381,350
Shariah-compliant collective investment scheme (Note 9)	9,155,374	-	9,155,374
Shariah-compliant quoted securities (Note 9)	978,795,423	-	978,795,423
Amount due from Manager	-	6,098,244	6,098,244
Amount due from Manager of collective investment scheme	-	79,845	79,845
Dividends receivable	-	1,567,400	1,567,400
	<u>987,950,797</u>	<u>121,126,839</u>	<u>1,109,077,636</u>

All liabilities except tax payable are financial liabilities which are carried at amortised cost.

The investment objective of the Fund is to achieve a consistent capital growth over the medium to long-term.

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 Manager and adherence to the investment restrictions as stipulated in the Deeds and SC Guidelines on Unit Trust Funds.

(a) Market risk

(i) Price risk

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

The price risk is managed through diversification and selection of Shariah-compliant collective investment scheme, Shariah-compliant quoted securities and other financial instruments within specified limits according to the Deeds.

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

(a) Market risk (continued)

(i) Price risk (continued)

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

	2020	2019
	RM	RM
Financial assets at fair value through profit or loss:		
- Shariah-compliant collective investment scheme	6,976,676	9,155,374
- Shariah-compliant quoted securities	<u>910,297,820</u>	<u>978,795,423</u>
	<u>917,274,496</u>	<u>987,950,797</u>

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

% Change in prices of Shariah-compliant collective investment scheme and Shariah-compliant quoted securities	Market value	Impact on profit or loss/NAV
	RM	RM
2020		
-5%	871,410,771	(45,863,725)
0%	917,274,496	-
+5%	<u>963,138,220</u>	<u>45,863,725</u>
2019		
-5%	938,553,257	(49,397,540)
0%	987,950,797	-
+5%	<u>1,037,348,337</u>	<u>49,397,540</u>

(ii) Interest rate risk

Interest rate is a general economic indicator that will have an impact on the management of the Fund.

It does not in any way suggest that this Fund will invest in conventional financial instruments. All investment carried out for the Fund including placements and deposits are in accordance with Shariah requirements.

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market profit rates.

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

(a) Market risk (continued)

(ii) Interest rate risk (continued)

The Fund's exposure to fair value interest rate risk arises from Shariah-compliant investment in money market instruments. The interest rate risk is expected to be minimal as the Fund's investments comprise mainly Shariah-compliant short term deposits with approved licensed Islamic financial institutions.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market profit rates.

The Fund is not exposed to cash flow interest rate risk as the Fund does not hold any financial instruments at variable profit rate.

As at the end of each financial year, the Fund is not exposed to a material level of interest rate risk.

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

	2020	2019
	%	%
Shariah-compliant deposits with licensed Islamic financial institutions	1.98	3.03

(iii) Currency risk

Currency risk is associated with Shariah-compliant 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 Manager will evaluate the likely directions of a foreign currency versus RM based on considerations of economic fundamentals such as interest rate differentials, balance of payments position, debt levels, and technical chart considerations.

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

(a) Market risk (continued)

(iii) Currency risk (continued)

The following table sets out the foreign currency risk concentrations arising from the denomination of the Fund's financial instruments in foreign currencies:

Financial assets	Cash and cash equivalents RM	Financial assets at fair value through profit or loss RM	Amount due from Manager of collective investment scheme RM	Dividends receivable RM	Total RM
2020					
AUD	2,382	9,437,976	-	-	9,440,358
CNY	792	21,236,941	-	-	21,237,733
HKD	35,380	76,618,404	-	774,166	77,427,950
IDR	-	11,778,864	209,308	-	11,988,172
INR	80,717	32,778,460	-	-	32,859,177
KRW	-	37,018,394	-	-	37,018,394
PHP	7	-	-	-	7
SGD	96,902	17,837,460	-	224,302	18,158,664
TWD	1,613,160	35,495,489	-	-	37,108,649
USD	70,213,350	40,343,959	-	-	110,557,309
	<u>72,042,690</u>	<u>282,545,947</u>	<u>209,308</u>	<u>998,468</u>	<u>355,796,413</u>
2019					
AUD	2,390	22,420,628	-	-	22,423,018
CNY	-	18,066,065	-	-	18,066,065
HKD	124,370	78,771,883	-	1,038,394	79,934,647
IDR	-	21,736,328	79,845	-	21,816,173
INR	84,366	22,665,319	-	-	22,749,685
KRW	-	48,868,759	-	-	48,868,759
PHP	6	-	-	-	6
SGD	95,930	37,636,607	-	189,428	37,921,965
THB	-	3,607,422	-	-	3,607,422
TWD	828,547	14,814,030	-	-	15,642,577
USD	31,215,375	25,061,901	-	-	56,277,276
	<u>32,350,984</u>	<u>293,648,942</u>	<u>79,845</u>	<u>1,227,822</u>	<u>327,307,593</u>

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

(a) Market risk (continued)

(iii) Currency risk (continued)

Financial liabilities	Amount due to stockbrokers RM	Total RM
2020		
HKD	1,202,600	-
INR	2,615,217	-
	3,817,817	-

The table below summarises the sensitivity of the Fund's profit or loss and NAV to changes foreign exchange movements at the end of each reporting year. The analysis is based on the assumption that the foreign exchange rate fluctuates by 5% with all other variables remain constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change in foreign exchange rate	Impact on profit or loss/NAV	
		2020 RM	2019 RM
	%		
AUD	+/-5	+/- 472,018	+/- 1,121,151
CNY	+/-5	+/- 1,362,908	+/- 903,303
HKD	+/-5	+/- 3,510,246	+/- 3,996,732
IDR	+/-5	+/- 599,409	+/- 1,090,809
INR	+/-5	+/- 1,512,198	+/- 1,137,484
KRW	+/-5	+/- 1,850,920	+/- 2,443,438
SGD	+/-5	+/- 907,933	+/- 1,896,098
THB	+/-5	-	+/- 180,371
TWD	+/-5	+/- 1,855,432	+/- 782,129
USD	+/-5	+/- 5,527,866	+/- 2,813,864
		17,598,930	16,365,379

(b) Credit risk

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

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

For amount due from Manager, the settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC Guidelines on Unit Trust Funds.

For amount due from Manager of collective investment scheme, the Fund will invest with an investment management company of the collective investment scheme which is authorised or approved by the relevant regulatory authority in its home jurisdiction.

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

(b) Credit risk (continued)

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

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

	Cash and cash equivalents	Amount due from stockbrokers	Amount due from Manager	Amount due from Manager of collective investment scheme	Dividends receivable	Total
	RM	RM	RM	RM	RM	RM
2020						
- AAA	141,806,802	-	-	-	-	141,806,003
- Not Rated	-	641,123	985,061	209,308	1,522,971	3,358,463
	<u>141,806,802</u>	<u>641,123</u>	<u>985,061</u>	<u>209,308</u>	<u>1,522,971</u>	<u>145,165,265</u>
2019						
- AAA	113,381,350	-	-	-	-	113,381,350
- Not Rated	-	-	6,098,244	79,845	1,567,400	7,745,489
	<u>113,381,350</u>	<u>-</u>	<u>6,098,244</u>	<u>79,845</u>	<u>1,567,400</u>	<u>121,126,839</u>

All financial assets of the Fund as at the end of each financial year are neither past due nor impaired.

(c) Liquidity risk

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

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

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

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

(c) Liquidity risk (continued)

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
2020			
Amount due to stockbrokers	9,189,320	-	9,189,320
Amount due to Manager	1,125,002	-	1,125,002
Accrued management fee	1,586,136	-	1,586,136
Amount due to Trustee	51,701	-	51,701
Other payables and accruals #	-	15,052	15,052
Contractual undiscounted cash flows	<u>11,952,159</u>	<u>15,052</u>	<u>11,967,211</u>
2019			
Amount due to Manager	5,384,381	-	5,384,381
Accrued management fee	1,707,521	-	1,707,521
Amount due to Trustee	55,746	-	55,746
Other payables and accruals #	-	25,440	25,440
Contractual undiscounted cash flows	<u>7,147,648</u>	<u>25,440</u>	<u>7,173,088</u>

Shariah-compliant deposits with licensed Islamic financial institutions of the Fund have an average maturity of 7 days (2019: 10 days).

(d) Capital risk management

The capital of the Fund is represented by equity consisting of unit holders' capital of RM1,078,938,115 (2019: RM1,157,473,039) and accumulated losses of RM29,111,489 (2019: RM55,570,251). The amount of capital can change significantly on a daily basis as the Fund is subjected to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

(e) Fair value estimation

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

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

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

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

(e) Fair value estimation (continued)

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

(i) Fair value hierarchy

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

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

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

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

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

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
2020				
Financial assets at fair value through profit or loss:				
- Shariah-compliant collective investment scheme	6,976,676	-	-	6,976,676
- Shariah-compliant quoted securities	<u>910,297,820</u>	<u>-</u>	<u>-</u>	<u>910,297,820</u>
	<u>917,274,496</u>	<u>-</u>	<u>-</u>	<u>917,274,496</u>

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2019				
Financial assets at fair value through profit or loss:				
- Shariah-compliant collective investment scheme	9,155,374	-	-	9,155,374
- Shariah-compliant quoted securities	<u>978,795,423</u>	<u>-</u>	<u>-</u>	<u>978,795,423</u>
	<u>987,950,797</u>	<u>-</u>	<u>-</u>	<u>987,950,797</u>

Shariah-compliant investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed Shariah-compliant equities and Shariah-compliant collective investment scheme. 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).

(ii) The carrying values of cash and cash equivalents, amount due from stockbrokers, amount due from Manager, amount due from Manager of collective investment scheme, dividends receivable and all financial liabilities are a reasonable approximation of their fair values due to their short term nature.

4. MANAGEMENT FEE

In accordance with the Deeds, the Manager is entitled to a maximum management fee of 3.00% per annum, calculated daily based on the NAV of the Fund.

For the financial year ended 31 May 2020, the management fee is recognised at a rate of 1.85% per annum (2019: 1.85% per annum).

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

5. TRUSTEE'S AND CUSTODIAN FEES

In accordance with the Deeds, the Trustee is entitled to a fee of 0.06% per annum, calculated daily based on the NAV of the Fund.

For the financial year ended 31 May 2020, the Trustee's fee is recognised at a rate of 0.06% per annum (2019: 0.06% per annum) while the foreign custodian fee is recognised at RM261,722 (2019: RM259,562).

There is no further liability to the Trustee and custodian in respect of Trustee's and custodian fees other than amounts recognised above.

6. DISTRIBUTION

Distribution to unit holders is derived from the following sources:

	2020	2019
	RM	RM
Dividend income	-	25,516,032
Profit income	-	4,445,853
Net realised gain on disposal of Shariah-compliant investments	-	1,548,065
Other income	-	58,116
Prior financial years' realised income	-	-
	-	31,568,066
Less:		
Expenses	-	(2,112,725)
Net distribution amount	-	29,455,341
Distribution on 04 July 2018		
Gross/Net distribution per unit (sen)	-	3.03

Gross distribution is derived using total income less total expenses. The net distribution is sourced from current and prior financial years' realised income.

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

There are unrealised losses of RM10,242,586 arising during the financial year ended (31.05.2019: RM20,095,003).

7. TAXATION

	2020	2019
	RM	RM
Tax charged for the financial year:		
- Withholding tax	-	718,421
- Capital gains tax	55,752	204,357
Deferred tax (Note 8)	645,924	-
	701,676	922,778

7. TAXATION (CONTINUED)

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

	2020	2019
	RM	RM
Profit/(Loss) before taxation	27,160,438	(45,076,602)
Taxation at Malaysian statutory rate of 24%	6,518,505	(10,818,384)
Tax effects of:		
(Income not subject to tax)/ Loss not deductible for tax purposes	(12,381,694)	4,967,084
Expenses not deductible for tax purposes	973,768	1,018,522
Restriction on tax deductible expenses for Unit Trust Funds	4,889,421	4,832,778
Income subject to withholding tax	-	718,421
Capital gains tax	701,676	204,357
Taxation	701,676	922,778

8. DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position

	2020	2019
	RM	RM
Deferred tax liabilities		
Deferred tax liabilities to be settled within 12 months after the reporting period	(645,924)	-
	(645,924)	-

The amount during the financial year relating to deferred taxation is as follows:

	Unrealised capital gain – Shariah-compliant quoted securities in India	
	2020	2019
	RM	RM
At the beginning of the financial year	-	-
Charged to profit or loss (Note 7)	(645,924)	-
At the end of the financial year	(645,924)	-

PRINCIPAL DALI EQUITY FUND
(formerly known as CIMB Islamic DALI Equity Fund)

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020	2019
	RM	RM
Financial assets at fair value through profit or loss:		
- Shariah-compliant collective investment scheme	6,976,676	9,155,374
- Shariah-compliant quoted securities	910,297,820	978,795,423
	917,274,496	987,950,797
Net gain/(loss) on financial assets at fair value through profit or loss:		
- Realised gain/(loss) on disposals	31,207,348	(29,889,693)
- Unrealised fair value loss	(13,197,236)	(21,052,284)
- Management fee rebate #	258,925	265,797
	18,269,037	(50,676,180)

Management fee rebate is derived from the Manager of the Shariah-compliant collective investment scheme on an accrual basis to ensure no double charging of management fee. It is accrued daily based on the fair value of Shariah-compliant collective investment scheme held.

For the financial year ended 31 May 2020, the rebate is recognised at a rate of 3.00% per annum (2019: 3.00% per annum) for PT Principal Islamic Equity Growth Syariah, calculated and accrued daily based on the NAV of the Shariah-compliant collective investment scheme.

Name of counter	Quantity	Aggregate	Market	Percentage
	Units	cost	value	of NAV
		RM	RM	%
2020				
SHARIAH-COMPLIANT COLLECTIVE INVESTMENT SCHEME				
INDONESIA				
PT Principal Islamic Equity Growth Syariah	22,020,795	9,727,611	6,976,676	0.66
TOTAL SHARIAH-COMPLIANT COLLECTIVE INVESTMENT SCHEME	22,020,795	9,727,611	6,976,676	0.66
ACCUMULATED UNREALISED LOSS ON SHARIAH-COMPLIANT COLLECTIVE INVESTMENT SCHEME		(2,750,935)		
TOTAL SHARIAH-COMPLIANT COLLECTIVE INVESTMENT SCHEME AT FAIR VALUE THROUGH PROFIT OR LOSS		6,976,676		

PRINCIPAL DALI EQUITY FUND
(formerly known as CIMB Islamic DALI Equity Fund)

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2020 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
AUSTRALIA				
Industrials				
ALS Ltd	148,493	3,413,852	3,066,049	0.29
Materials				
BHP Group Ltd	63,698	7,001,148	6,371,927	0.61
TOTAL AUSTRALIA	212,191	10,415,000	9,437,976	0.90
CAYMAN ISLANDS				
Consumer Discretionary				
Alibaba Group Holding Ltd	37,522	25,567,933	33,811,433	3.22
TOTAL CAYMAN ISLANDS	37,522	25,567,933	33,811,433	3.22
CHINA				
Consumer Discretionary				
China Tourism Group Duty Free - A	124,083	5,963,782	7,647,969	0.73
Midea Group Co Ltd - A	181,793	5,448,915	6,532,824	0.62
	305,876	11,412,697	14,180,793	1.35
Industrials				
Shenzhen Airport Co. Ltd	1,452,246	6,880,076	7,056,148	0.67
Materials				
Anhui Conch Cement Co. Ltd	185,000	5,222,762	6,020,424	0.57
TOTAL CHINA	1,943,122	23,515,535	27,257,365	2.59
HONG KONG, CHINA				
Communication Services				
China Mobile Ltd	378,500	15,712,980	11,479,322	1.09
Tencent Holdings Ltd	44,200	9,064,394	10,169,105	0.97
	422,700	24,777,374	21,648,427	2.06

PRINCIPAL DALI EQUITY FUND
(formerly known as CIMB Islamic DALI Equity Fund)

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2020 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
HONG KONG, CHINA (CONTINUED)				
Consumer Discretionary				
Brilliance China				
Automotive Holdings Ltd	1,622,000	6,379,521	6,165,008	0.59
Li Ning Co. Ltd	364,000	4,824,310	5,305,518	0.51
Meituan Dianping	73,500	3,905,271	6,044,641	0.58
	<u>2,059,500</u>	<u>15,109,102</u>	<u>17,515,167</u>	<u>1.68</u>
Consumer Staples				
Sun Art Retail Group Ltd	636,500	2,830,796	4,231,908	0.40
Energy				
CNOOC Ltd	1,708,000	9,721,373	8,263,266	0.79
Information Technology				
Kingboard Laminates Hldg Ltd	715,500	2,950,995	2,707,488	0.26
Real Estate				
China Resources Land Ltd	386,000	5,650,777	6,610,763	0.63
Link REIT	162,000	6,337,283	5,262,857	0.50
	<u>548,000</u>	<u>11,988,060</u>	<u>11,873,620</u>	<u>1.13</u>
Utilities				
China Resources Gas Grp Ltd	184,000	3,612,833	4,358,104	0.41
TOTAL HONG KONG, CHINA	<u>6,274,200</u>	<u>70,990,533</u>	<u>70,597,980</u>	<u>6.73</u>
INDIA				
Consumer Staples				
Dabur India Ltd	317,636	7,588,827	8,519,275	0.81
Energy				
Reliance Industries Ltd	210,240	14,450,751	17,702,839	1.69
Reliance Industries Ltd - Partly Paid	13,145	237,109	237,522	0.02
	<u>223,385</u>	<u>14,687,860</u>	<u>17,940,361</u>	<u>1.71</u>

PRINCIPAL DALI EQUITY FUND
(formerly known as CIMB Islamic DALI Equity Fund)

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2020 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
INDIA (CONTINUED)				
Health Care				
Apollo Hospitals Enterprise Ltd	80,985	6,205,121	6,318,824	0.60
TOTAL INDIA	622,006	28,481,808	32,778,460	3.12
INDONESIA				
Communication Services				
Telekomunikasi Tbk PT	4,939,800	5,407,295	4,616,762	0.44
Financials				
PT Bank Tabungan Pensiunan Nasional Tbk	217,000	204,925	185,426	0.02
TOTAL INDONESIA	5,156,800	5,612,220	4,802,188	0.46
MALAYSIA				
Communication Services				
Axiata Group Bhd	8,812,529	43,961,946	33,487,610	3.19
Digi.com Bhd	5,150,500	23,605,119	23,434,775	2.23
Telekom Malaysia Bhd	3,495,000	11,430,709	14,783,850	1.41
Time Dotcom Bhd	1,518,630	12,625,235	16,249,341	1.55
	<u>18,976,659</u>	<u>91,623,009</u>	<u>87,955,576</u>	<u>8.38</u>
Consumer Discretionary				
DRB-Hicom Bhd	1,653,700	3,972,228	2,728,605	0.26
Consumer Staples				
FGV Holdings Bhd	10,572,700	13,466,069	10,784,154	1.03
IOI Corp Bhd	4,590,300	20,862,942	20,885,865	1.99
Kuala Lumpur Kepong Bhd	970,757	23,301,878	21,395,484	2.04
Sime Darby Plantation Bhd	4,845,354	25,328,433	24,032,956	2.29
	<u>20,979,111</u>	<u>82,959,322</u>	<u>77,098,459</u>	<u>7.35</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2020 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
MALAYSIA (CONTINUED)				
Energy				
Dayang Enterprise Holdings Bhd	1,829,420	2,358,241	2,341,658	0.22
Dialog Group Bhd	6,088,224	16,984,964	24,292,014	2.31
Petronas Dagangan Bhd	754,300	20,069,782	17,710,964	1.69
Serba Dinamik Holdings Bhd	13,725,800	28,791,202	22,098,538	2.10
Yinson Holdings Bhd	1,022,700	3,849,171	5,727,120	0.55
	<u>23,420,444</u>	<u>72,053,360</u>	<u>72,170,294</u>	<u>6.87</u>
Financials				
BIMB Holdings Bhd	4,167,820	17,552,615	14,920,796	1.42
Health Care				
Hartalega Holdings Bhd	2,036,758	14,187,963	25,540,945	2.43
IHH Healthcare Bhd	3,508,300	19,204,376	19,050,069	1.81
Kossan Rubber Industries Bhd	938,900	4,785,396	8,168,430	0.78
Top Glove Corporation Bhd	2,151,824	11,454,106	28,619,259	2.73
	<u>8,635,782</u>	<u>49,631,841</u>	<u>81,378,703</u>	<u>7.75</u>
Industrials				
Cypark Resources Bhd	3,104,700	5,356,055	2,825,277	0.27
Econpile Holdings Bhd	7,213,100	5,518,164	4,544,253	0.43
Frontken Corporation Bhd	1,451,100	907,712	3,526,173	0.34
Gamuda Bhd	2,046,056	7,825,267	7,979,618	0.76
IJM Corp Bhd	4,359,900	8,988,397	8,371,008	0.80
Lingkar Trans Kota Hldg Bhd	2,335,600	12,301,316	9,272,332	0.88
Malaysian Resources Corporation Bhd	9,909,000	8,909,113	5,549,040	0.53
MISC Bhd	3,069,100	23,448,585	25,473,530	2.43
Sime Darby Bhd	12,236,100	34,554,885	25,573,449	2.44
Sunway Construction Group Bhd	2,322,600	4,950,981	4,366,488	0.42
UEM Edgenta Bhd	3,413,600	10,281,798	6,793,064	0.65
Westports Holdings Bhd	1,037,000	3,637,495	4,137,630	0.39
	<u>52,497,856</u>	<u>126,679,768</u>	<u>108,411,862</u>	<u>10.34</u>

PRINCIPAL DALI EQUITY FUND
(formerly known as CIMB Islamic DALI Equity Fund)

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2020 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
MALAYSIA (CONTINUED)				
Information Technology				
D&O Green Technologies Bhd	4,367,100	3,234,963	2,860,451	0.27
Globetronics Technology Bhd	6,802,200	17,870,695	13,332,312	1.27
JHM Consolidation Bhd	7,036,200	8,103,139	6,051,132	0.58
Malaysian Pacific Industries Bhd	906,700	10,375,576	9,973,700	0.95
V.S. Industry Bhd	3,305,375	6,142,647	2,925,257	0.28
Vitrox Corporation Bhd	591,500	4,785,364	5,086,900	0.48
	<u>23,009,075</u>	<u>50,512,384</u>	<u>40,229,752</u>	<u>3.83</u>
Materials				
ATA IMS Bhd	2,121,500	3,334,807	2,121,500	0.20
Petronas Chemicals Group Bhd	2,615,700	20,388,151	16,478,910	1.57
	<u>4,737,200</u>	<u>23,722,958</u>	<u>18,600,410</u>	<u>1.77</u>
Real Estate				
Axis REIT	4,177,737	7,491,213	8,647,916	0.82
KLCCP Stapled Group	1,391,200	10,842,573	10,726,152	1.02
Sime Darby Property Bhd	3,490,600	3,581,292	2,373,608	0.23
Sunway Bhd	6,401,579	10,861,411	8,578,116	0.82
Sunway Bhd - Warrant	1,333,320	-	346,663	0.03
	<u>16,794,436</u>	<u>32,776,489</u>	<u>30,672,455</u>	<u>2.92</u>
Utilities				
Petronas Gas Bhd	1,070,600	19,940,240	20,341,400	1.94
Ranhill Utilities Bhd	7,252,600	8,668,434	7,035,022	0.67
Tenaga Nasional Bhd	6,499,575	88,162,942	73,185,215	6.97
	<u>14,822,775</u>	<u>116,771,616</u>	<u>100,561,637</u>	<u>9.58</u>
TOTAL MALAYSIA	<u>189,694,858</u>	<u>668,255,590</u>	<u>634,728,549</u>	<u>60.47</u>
SINGAPORE				
Communication Services				
NetLink NBN Trust	2,552,500	6,488,606	8,087,561	0.77

PRINCIPAL DALI EQUITY FUND
(formerly known as CIMB Islamic DALI Equity Fund)

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2020 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
SINGAPORE (CONTINUED)				
Industrials				
ComfortDelGro Corporation Ltd	664,700	3,151,484	2,944,440	0.28
Real Estate				
CapitaLand Mall Trust	1,089,800	7,253,772	6,805,459	0.65
TOTAL SINGAPORE	4,307,000	16,893,862	17,837,460	1.70
SOUTH KOREA				
Information Technology				
Samsung Electronics Co. Ltd	137,065	24,048,756	24,387,507	2.32
Samsung Electronics Co. Ltd – Preference Share	69,696	9,690,890	10,480,730	1.00
	206,761	33,739,646	34,868,237	3.32
Materials				
Posco	3,385	4,305,844	2,150,157	0.20
TOTAL SOUTH KOREA	210,146	38,045,490	37,018,394	3.52
TAIWAN				
Information Technology				
Largan Precision Co. Ltd	5,000	3,075,756	2,774,623	0.26
Taiwan Semiconductor Manufacturing Co. Ltd	661,000	25,959,969	27,928,836	2.66
	666,000	29,035,725	30,703,459	2.92
Materials				
Formosa Plastics Corporation	399,000	5,407,990	4,792,030	0.46
TOTAL TAIWAN	1,065,000	34,443,715	35,495,489	3.38
UNITED STATES				
Consumer Discretionary				
New Oriental Education & Technology Group	12,533	6,892,644	6,532,526	0.62
TOTAL UNITED STATES	12,533	6,892,644	6,532,526	0.62

PRINCIPAL DALI EQUITY FUND
(formerly known as CIMB Islamic DALI Equity Fund)

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2020 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES	<u>209,535,378</u>	929,114,330	<u>910,297,820</u>	<u>86.71</u>
ACCUMULATED UNREALISED LOSS ON SHARIAH-COMPLIANT QUOTED SECURITIES		<u>(8,816,510)</u>		
TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>910,297,820</u>		

PRINCIPAL DALI EQUITY FUND
(formerly known as CIMB Islamic DALI Equity Fund)

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2019				
SHARIAH-COMPLIANT COLLECTIVE INVESTMENT SCHEME				
INDONESIA				
PT. CIMB Principal Asset Management Islamic Equity Growth	<u>22,020,795</u>	<u>9,727,611</u>	<u>9,155,374</u>	<u>0.83</u>
TOTAL SHARIAH- COMPLIANT COLLECTIVE INVESTMENT SCHEME	<u>22,020,795</u>	<u>9,727,611</u>	<u>9,155,374</u>	<u>0.83</u>
ACCUMULATED UNREALISED LOSS ON SHARIAH-COMPLIANT COLLECTIVE INVESTMENT SCHEME		<u>(572,237)</u>		
TOTAL SHARIAH- COMPLIANT COLLECTIVE INVESTMENT SCHEME AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>9,155,374</u>		
SHARIAH-COMPLIANT QUOTED SECURITIES				
AUSTRALIA				
Cimic Group Ltd	44,567	6,827,139	5,833,654	0.53
Cleanaway Waste Management Ltd	<u>1,527,317</u>	<u>8,498,635</u>	<u>9,872,050</u>	<u>0.90</u>
	<u>1,571,884</u>	<u>15,325,774</u>	<u>15,705,704</u>	<u>1.43</u>
Basic Materials				
BHP Group Ltd	<u>61,353</u>	<u>5,919,609</u>	<u>6,714,924</u>	<u>0.61</u>
TOTAL AUSTRALIA	<u>1,633,237</u>	<u>21,245,383</u>	<u>22,420,628</u>	<u>2.04</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
CAYMAN ISLANDS				
Consumer Discretionary				
Alibaba Group Holding Ltd	40,083	26,537,965	25,061,901	2.27
TOTAL CAYMAN ISLANDS	40,083	26,537,965	25,061,901	2.27
CHINA				
Consumer Discretionary				
Consumer Discretionary Midea Group Co Ltd - A ¹	113,900	3,299,549	3,427,741	0.31
Energy				
China Petroleum & Chemical Corporation	1,910,000	5,562,102	5,327,078	0.48
Real Estate				
China Vanke Co Ltd - H ²	628,000	9,951,086	9,311,246	0.85
TOTAL CHINA	2,651,900	18,812,737	18,066,065	1.64
HONG KONG				
Communication Services				
China Mobile Ltd	341,500	14,386,614	12,489,623	1.13
Tencent Holdings Ltd	44,200	9,064,394	7,698,836	0.70
	385,700	23,451,008	20,188,459	1.83
Consumer Discretionary				
Shenzhou International Group	63,000	3,182,416	3,111,950	0.28
Energy				
CNOOC Ltd	918,000	5,731,067	6,268,429	0.57
Real Estate				
China Resources Land Ltd	398,000	4,625,883	6,783,580	0.61
Henderson Land Development Co Ltd	466,400	10,779,069	10,092,500	0.92
Link REIT	351,000	13,725,818	17,591,186	1.60
	1,215,400	29,130,770	34,466,266	3.13

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
HONG KONG (CONTINUED)				
Utilities				
China Resources Gas Group Ltd	570,000	11,191,927	11,435,890	1.04
CK Infrastructure Holdings Ltd	102,000	3,176,552	3,299,890	0.30
	<u>672,000</u>	<u>14,368,479</u>	<u>14,735,780</u>	<u>1.34</u>
TOTAL HONG KONG	<u>3,254,100</u>	<u>75,863,740</u>	<u>78,771,884</u>	<u>7.15</u>
INDIA				
Consumer Staples				
Dabur India Ltd	267,212	6,317,679	6,358,736	0.58
Energy				
Reliance Industries Ltd	160,855	12,175,699	12,859,073	1.17
Information Technology				
Tata Consultancy Services Ltd	26,115	3,226,266	3,447,510	0.31
TOTAL INDIA	<u>454,182</u>	<u>21,719,644</u>	<u>22,665,319</u>	<u>2.06</u>
INDONESIA				
Consumer Staples				
Indofood Sukses Makmur Tbk PT	1,727,100	5,313,839	4,967,658	0.45
Communication Services				
Telekomunikasi Tbk PT	6,651,200	7,280,660	7,613,296	0.69
TOTAL INDONESIA	<u>8,378,300</u>	<u>12,594,499</u>	<u>12,580,954</u>	<u>1.14</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
MALAYSIA				
Communication Services				
Axiata Group Bhd	8,977,229	44,783,564	42,103,204	3.82
Digi.com Bhd	3,668,800	16,460,465	18,233,936	1.65
Telekom Malaysia Bhd	3,986,200	12,083,331	14,390,182	1.31
Time Dotcom Bhd	1,483,830	12,015,309	13,176,410	1.20
	<u>18,116,059</u>	<u>85,342,669</u>	<u>87,903,732</u>	<u>7.98</u>
Consumer Staples				
FGV Holdings Bhd	8,836,900	10,891,885	10,074,066	0.91
Genting Plantations Bhd	858,600	9,211,777	8,895,096	0.81
IOI Corporation Bhd	5,451,000	24,680,706	23,493,810	2.13
Kuala Lumpur Kepong Bhd	812,400	19,685,973	20,147,520	1.83
Sime Darby Plantation Bhd	4,898,500	26,499,009	22,827,010	2.07
	<u>20,857,400</u>	<u>90,969,350</u>	<u>85,437,502</u>	<u>7.75</u>
Consumer Discretionary				
UMW Holdings Bhd	1,071,600	4,943,051	5,454,444	0.50
MBM Resources Bhd	952,700	2,369,967	2,781,884	0.25
	<u>2,024,300</u>	<u>7,313,018</u>	<u>8,236,328</u>	<u>0.75</u>
Energy				
Dialog Group Bhd	7,991,824	17,728,016	26,532,856	2.41
Hibiscus Petroleum Bhd	5,344,600	5,680,896	5,558,384	0.50
Petronas Dagangan Bhd	825,800	21,972,194	21,272,608	1.93
Sapura Energy Bhd	24,125,200	8,223,194	7,116,934	0.65
Serba Dinamik Holdings Bhd	2,148,300	7,886,070	8,808,030	0.80
Yinson Holdings Bhd	3,745,600	13,284,454	18,465,808	1.68
	<u>44,181,324</u>	<u>74,774,824</u>	<u>87,754,620</u>	<u>7.97</u>
Financials				
BIMB Holdings Bhd	3,967,820	16,744,942	18,291,650	1.66
Health Care				
Hartalega Holdings Bhd	2,579,900	13,566,585	13,415,480	1.22
IHH Healthcare Bhd	5,340,800	29,085,964	29,374,400	2.66
	<u>7,920,700</u>	<u>42,652,549</u>	<u>42,789,880</u>	<u>3.88</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
MALAYSIA (CONTINUED)				
Industrials				
Cypark Resources Bhd	2,757,200	4,852,180	4,301,232	0.39
Frontken Corporation Bhd	10,080,400	6,305,633	12,701,304	1.15
IJM Corporation Bhd	3,105,200	6,091,796	6,893,544	0.63
Lingkar Trans Kota Holdings Bhd	1,155,000	6,486,343	4,874,100	0.44
Malaysian Resources Corporation Bhd	15,989,600	14,376,139	14,870,328	1.35
MISC Bhd	3,308,800	23,675,770	22,996,160	2.09
Muhibbah Engineering (M) Bhd	3,708,400	10,600,257	10,198,100	0.92
Pentamaster Corporation Bhd	4,178,700	12,930,953	17,341,605	1.57
Pos Malaysia Bhd	978,900	3,251,664	1,311,726	0.12
Sime Darby Bhd	11,194,500	27,124,724	25,971,240	2.36
Westports Holdings Bhd	3,471,200	12,175,963	13,468,256	1.22
	<u>59,927,900</u>	<u>127,871,422</u>	<u>134,927,595</u>	<u>12.24</u>
Information Technology				
Globetronics Technology Bhd	7,205,500	19,356,228	11,384,690	1.03
Inari Amertron Bhd	4,406,200	8,169,022	6,785,548	0.62
JHM Consolidation Bhd	7,923,600	9,089,132	8,953,668	0.81
Malaysian Pacific Industries Bhd	753,100	8,632,125	6,732,714	0.61
MI Technovation Bhd	1,433,500	3,200,521	2,393,945	0.22
V.S. Industry	5,363,775	9,967,938	5,310,137	0.48
	<u>27,085,675</u>	<u>58,414,966</u>	<u>41,560,702</u>	<u>3.77</u>
Materials				
ATA IMS Bhd	3,041,800	4,781,436	5,079,806	0.46
Petronas Chemicals Group Bhd	5,577,300	43,520,813	46,403,136	4.21
	<u>8,619,100</u>	<u>48,302,249</u>	<u>51,482,942</u>	<u>4.67</u>

PRINCIPAL DALI EQUITY FUND
(formerly known as CIMB Islamic DALI Equity Fund)

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
MALAYSIA (CONTINUED)				
Real Estate				
KLCCP Stapled Group	748,800	5,746,306	5,773,248	0.52
Sunway Bhd	2,990,812	4,847,775	5,054,472	0.46
Sunway Bhd - Warrant	1,333,320	-	493,329	0.04
Sime Darby Property Bhd	1,931,000	1,903,966	2,046,860	0.19
	<u>7,003,932</u>	<u>12,498,047</u>	<u>13,367,909</u>	<u>1.21</u>
Utilities				
Malakoff Corporation Bhd	6,478,700	5,575,183	5,377,321	0.49
Petronas Gas Bhd	1,498,500	27,910,004	26,463,510	2.40
Tenaga Nasional Bhd	7,142,375	99,507,280	90,708,163	8.23
	<u>15,119,575</u>	<u>132,992,467</u>	<u>122,548,994</u>	<u>11.12</u>
TOTAL MALAYSIA	<u>214,823,785</u>	<u>697,876,503</u>	<u>694,301,854</u>	<u>63.00</u>
SINGAPORE				
Communication Services				
NetLink NBN Trust	<u>2,552,500</u>	<u>6,488,606</u>	<u>6,443,646</u>	<u>0.58</u>
Industrials				
ComfortDelGro Corporation Ltd	725,000	5,525,905	5,424,515	0.49
Keppel Corporation Ltd	265,200	5,805,021	4,863,833	0.44
	<u>990,200</u>	<u>11,330,926</u>	<u>10,288,348</u>	<u>0.93</u>
Real Estate				
CapitaLand Commercial Trust	1,469,500	7,679,561	8,626,105	0.78
CapitaLand Mall Trust	1,675,100	11,038,909	12,278,508	1.12
	<u>3,144,600</u>	<u>18,718,470</u>	<u>20,904,613</u>	<u>1.90</u>
TOTAL SINGAPORE	<u>6,687,300</u>	<u>36,538,002</u>	<u>37,636,607</u>	<u>3.41</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
SOUTH KOREA				
Consumer Staples				
LG HouseHold & Health Care Ltd	841	3,080,461	3,779,850	0.34
Information Technology				
Samsung Electronics Co. Ltd	160,060	28,083,346	23,923,208	2.17
Samsung Electronics Co. Ltd - Preference Share	89,500	12,908,557	10,953,425	1.00
SK Hynix Inc	32,158	8,285,187	7,384,989	0.67
	<u>281,718</u>	<u>49,277,090</u>	<u>42,261,622</u>	<u>3.84</u>
Materials				
Posco	3,385	4,305,844	2,827,287	0.26
TOTAL SOUTH KOREA	<u>285,944</u>	<u>56,663,395</u>	<u>48,868,759</u>	<u>4.44</u>
TAIWAN				
Industrials				
AirTac International Group	58,000	3,381,081	2,505,310	0.23
Information Technology				
Taiwan Semiconductor Manufacturing Co Ltd	211,000	6,638,395	6,583,991	0.60
Materials				
Formosa Plastics Corporation	391,000	5,491,261	5,724,729	0.52
TOTAL TAIWAN	<u>660,000</u>	<u>15,510,737</u>	<u>14,814,030</u>	<u>1.35</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
THAILAND				
Health Care				
Bangkok Dusit Medical Services	1,066,400	3,230,790	3,607,422	0.33
TOTAL THAILAND	1,066,400	3,230,790	3,607,422	0.33
TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES	239,935,231	986,593,395	978,795,423	88.83
ACCUMULATED UNREALISED LOSS ON SHARIAH-COMPLIANT QUOTED SECURITIES		(7,797,972)		
TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		978,795,423		

¹ A-shares trade on the two Chinese stock exchanges, the Shanghai Stock Exchange and the Shenzhen Stock Exchange. A-shares are shares of mainland China-based companies, and are available for purchase to select foreign institutions through the Qualified Foreign Institutional Investor (“QFII”) system.

² H shares refer to the shares of companies incorporated in the Chinese mainland that are listed on the Hong Kong Stock Exchange or other foreign exchange. H shares are still regulated by Chinese law, but they are denominated in Hong Kong dollars and trade the same as other equities on the Hong Kong exchange.

10. CASH AND CASH EQUIVALENTS

	2020	2019
	RM	RM
Shariah-compliant deposits with licensed Islamic financial institutions	69,676,334	80,741,242
Bank balances	72,130,468	32,640,108
	141,806,802	113,381,350

11. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2020	2019
	No. of units	No. of units
At the beginning of the financial year	1,056,443,894	960,391,656
Add: Creation of units from applications	144,276,353	235,103,006
Add: Creation of units from distribution	-	27,497,950
Less: Cancellation of units	(220,984,295)	(166,548,718)
At the end of the financial year	979,735,952	1,056,443,894

12. MANAGEMENT EXPENSE RATIO (“MER”)

	2020	2019
	%	%
MER	1.94	1.94

MER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial year calculated on a daily basis is RM1,096,969,411 (2019: RM1,087,162,605).

13. PORTFOLIO TURNOVER RATIO (“PTR”)

	2020	2019
PTR (times)	0.51	0.65

PTR is derived based on the following calculation:

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

where:

- total acquisition for the financial year = RM510,455,562 (2019: RM775,925,285)
- total disposal for the financial year = RM599,141,975 (2019: RM634,024,282)

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

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

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

Units held by the Manager and parties related to the Manager

Manager	No. of units	2020 RM	No. of units	2019 RM
Principal Asset Management Berhad	111,856	119,854	319,880	333,635

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

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

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

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

	2020	2019
	RM	RM
<u>Significant related party transaction</u>		
Profit income from Shariah-compliant deposits with licensed Islamic financial institution:		
- CIMB Islamic Bank Bhd	365,335	806,090
Shariah-compliant deposits with licensed Islamic financial institution:		
- CIMB Islamic Bank Bhd	740,189,000	727,901,000
Management fee rebate:		
- PT Principal Asset Management	258,925	265,797
<u>Significant related party balance</u>		
Amount due to related broker:		
- CGS-CIMB Securities Sdn Bhd	4,276,639	-
Shariah-compliant deposits with licensed Islamic financial institution:		
- CIMB Islamic Bank Bhd	29,449,935	-
Shariah-compliant collective investment scheme:		
- PT. CIMB Principal Asset Management Islamic Equity Growth	6,976,676	9,155,374

15. TRANSACTIONS WITH BROKERS

Details of transactions with the top 10 brokers for the financial year ended 31 May 2020 are as follows:

Brokers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Macquarie (Malaysia) Sdn Bhd	126,479,242	11.41	211,429	14.00
CLSA Securities (M) Sdn Bhd	115,822,863	10.45	95,990	6.36
J.P. Morgan Securities LLC	101,825,481	9.18	35,893	2.38
Citigroup Global Markets Ltd	97,060,390	8.75	70,792	4.69
Maybank Investment Bank Bhd	96,971,406	8.75	187,601	12.42
UBS Securities Malaysia Sdn Bhd	85,688,485	7.73	83,481	5.53
KAF Equities Sdn Bhd	82,344,516	7.43	174,739	11.57
CGS-CIMB Securities Sdn Bhd #	54,007,600	4.87	61,471	4.07
JP Morgan Securities (Malaysia) Sdn Bhd	49,830,758	4.49	42,890	2.84
RHB Investment Bank Bhd	44,457,068	4.01	93,644	6.20
Others	254,309,659	22.93	452,382	29.94
	<u>1,108,797,468</u>	<u>100.00</u>	<u>1,510,312</u>	<u>100.00</u>

15. TRANSACTIONS WITH BROKERS (CONTINUED)

Details of transactions with the top 10 brokers for the financial year ended 31 May 2019 are as follows:

Brokers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Kaf Seagroatt & Campbell Securities Sdn Bhd	141,295,966	10.09	301,613	12.38
Macquarie (Malaysia) Sdn Bhd	131,540,017	9.39	276,670	11.36
CLSA Securities (M) Sdn Bhd	130,413,358	9.31	145,443	5.97
JP Morgan Securities Singapore Pte Ltd	101,673,226	7.26	30,502	1.25
JP Morgan Securities (Malaysia) Sdn Bhd	99,661,175	7.12	137,647	5.65
RHB Investment Bank Bhd	82,971,335	5.92	171,504	7.04
CIMB Investment Bank Bhd #	67,921,358	4.85	112,366	4.61
Citigroup Global Markets Ltd	64,475,521	4.60	90,890	3.73
Affin Hwang Investment Bank Bhd	57,911,432	4.13	122,035	5.01
Macquarie Bank Ltd	54,901,889	3.92	68,580	2.82
Others #	467,926,120	33.41	978,675	40.18
	<u>1,400,691,397</u>	<u>100.00</u>	<u>2,435,925</u>	<u>100.00</u>

Included in the transactions are trades conducted with CGS-CIMB Securities Sdn Bhd, CIMB Investment Bank Bhd and CGS-CIMB Securities (S) Pte Ltd, related parties to the Manager amounting to RM54,007,600 (2019: Nil), Nil (2019: RM67,921,358) and Nil (2019: RM5,187,550) respectively. The Manager is of the opinion that all transactions with the related parties have been entered into in the normal course of business at agreed terms between the related parties.

16. SIGNIFICANT EVENT DURING THE YEAR

The worsening of the macro-economic outlook as a result of COVID-19, both domestically and globally, has impacted the Fund's performance during the financial year. The Manager continues monitoring the situation closely and will be managing the portfolio to achieve the Fund's objective

17. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 16 July 2020.

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