

Principal DALI Equity Fund

Annual Report

For The Financial Year Ended 31 May 2024

PRINCIPAL DALI EQUITY FUND

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

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INVESTORS' LETTER

Dear Valued Investor,

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

We are pleased to bring you a copy of the Annual Fund Report of the Principal DALI Equity Fund for the financial year ended 31 May 2024. You may also download this report from our website at www.principal.com.my.

We are proud to announce that Principal Malaysia has received numerous accolades across various prestigious platforms in 2024. At the Asia Asset Management 2024 Best of the Best Awards, we were honoured with the Best of the Best Performance Award: China A-Share Equity (3 years) for the Principal China Direct Opportunities Fund (Class MYR) and the Best Institutional House – Malaysia award. At the 2024 Global Banking & Finance Awards®, our CEO, Munirah Khairuddin, was named Asset Management CEO of the Year Malaysia 2024, and we were recognised as Asset Management Company of the Year Malaysia 2024. Additionally, we received the Best International Equity Fund Manager for MSCI EM Latin America 2023 at the EPF External Fund Managers Awards 2023.

At the Alpha Southeast Asia Fund Management Awards 2024, we triumphed with three distinguished awards for Best Absolute Return Strategy, Best Online & Mobile Platform (Asset Manager), and Best Asset Manager (Income Oriented, Money Market & Alternative Investment Funds). At the Triple A Sustainable Investing Awards 2024, we secured the prestigious Asset Management Company of the Year (Malaysia) award. The World Business Outlook magazine awarded us Best Investment Management and Solutions Provider Malaysia 2024, Best Institutional House Malaysia 2024, and Asset Management CEO (Munirah Khairuddin) of the Year Malaysia 2024. Furthermore, we secured three awards at the iFast Awards 2024 and seven awards at the LSEG Lipper Fund Awards 2024.

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

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

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

Munirah Khairuddin
Chief Executive Officer

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

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

Has the Fund achieved its objective?

The Fund has achieved its objective during the financial year under review.

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 Rating Services Berhad ("RAM") or equivalent rating by Malaysian Rating Corporation Berhad ("MARC") or by local rating agency(ies) of the country of issuance; or "BBB-" by Standard & Poor's ("S&P") or equivalent rating by any other international rating agencies. 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 may be 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). Notwithstanding, up to 20% of the Fund's investment in foreign Shariah-compliant equities may be from companies that are listed globally with some operations or businesses within the Asia Pacific ex Japan region to capture growth opportunities with effect from 16 August 2021. 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 Guidelines of Unit Trust Funds issued by Securities Commission Malaysia ("GUTF"). 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

When was the Fund launched?

30 April 2003

What was the size of the Fund as at 31 May 2024?

RM567.04 million (483.21 million units)

What is the Fund's benchmark?

70% FTSE Bursa Malaysia ("FBM") EMAS Shariah ("FBMS") Index + 30% Morgan Stanley Capital International ("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 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 2024?

There was no distribution made for the financial year ended 31 May 2024

Breakdown of distribution were as follows:

	31.05.2024		31.05.2023	
	RM	%	RM	%
Source of distribution				
Distribution out of current year's income	-	-	18,614,670	100
Distribution out of prior year's income/capital	-	-	-	-
Total	-	-	18,614,670	100

PERFORMANCE DATA

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

	31.05.2024	31.05.2023	31.05.2022
	%	%	%
Shariah-compliant collective investment schemes	5.10	4.97	3.96
Shariah-compliant quoted securities			
- Communication Services	5.29	6.85	10.58
- Consumer Discretionary	3.72	7.66	5.28
- Consumer Staples	4.64	8.27	12.72
- Energy	7.98	6.10	4.16
- Financials	-	1.27	1.76
- Health Care	5.13	6.44	10.05
- Industrials	18.97	13.18	8.85
- Information Technology	23.96	24.53	18.26
- Materials	5.47	7.17	16.61
- Real Estate	8.66	2.66	2.47
- Utilities	10.08	5.40	-
Cash and other assets	3.98	7.84	5.67
Liabilities	(2.99)	(2.34)	(0.37)
	100.00	100.00	100.00

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

	31.05.2024	31.05.2023	31.05.2022
NAV (RM Million)	567.04	629.85	750.90
Units in circulation (Million)	483.21	653.80	690.98
NAV per unit (RM)	1.1734	0.9633	1.0867
Highest NAV per unit (RM)	1.2076	1.0808	1.2371
Lowest NAV per unit (RM)	0.9625	0.8970	1.0428
Total return (%)	21.51	(8.79)	(8.98)

PERFORMANCE DATA (CONTINUED)

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

	31.05.2024	31.05.2023	31.05.2022
- Capital growth (%)	21.51	(11.36)	(11.81)
- Income distribution (%)	-	2.90	3.20
Total Expense Ratio (“TER”) (%)	1.86	1.86	1.91
Portfolio Turnover Ratio (“PTR”) (times) #	0.66	0.45	0.59

The Fund’s PTR increased from 0.45 times to 0.66 times which was mainly due to increase in trading activities during the financial year under review.

	31.05.2024	31.05.2023	31.05.2022
Gross/Net distribution per unit (sen)			
Distribution on 19 July 2022	-	2.72	-
Distribution on 15 July 2021	-	-	3.70

	31.05.2024	31.05.2023	31.05.2022	31.05.2021	31.05.2020
	%	%	%	%	%
Annual total return	21.51	(8.79)	(8.98)	16.03	2.81

(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 2023 TO 31 MAY 2024)

Local Equity

For the financial year under review, the FBMS Index increased by 16.8% from 10,606.51 points (“pts”) to 12,392.36 pts.

In June 2023, the FBMS Index commenced the financial year with a loss of 1.8% as investors remain wary of the sustained weakness of the Ringgit Malaysia (“RM/MYR”); a rather uninspiring first quarter of 2023 (“1Q23”) corporate results although they were broadly in line; and domestic political uncertainties caused by the upcoming State elections. Expectations of a United States (“US”) recession have now been pushed back to 2024 given the still buoyant data points coming out of the US and consequently stoking bets of further rate hikes by the Federal Reserve (the “Fed”) in second half of 2023 (“2H23”).

In July 2023, the FBMS Index rebounded 537.85 pts or 5.2% to 10,952.72 pts. Sentiment was sharply lifted by the slump in the United States Dollar (“USD”), benefiting the MYR, and waning expectations of a US recession following recent favourable economic data points – cooling inflation and still resilient jobs market. Gainers were abroad-based, with mainly large-caps forging ahead.

In August 2023, the FBMS Index lost 0.3%. That said, we saw decent gains in Utilities and Materials. Within the broader market, we saw huge interest in Property, Construction and Transport. Sentiment was dampened by rebound in the US dollar and rising US treasury yields on expectations of further interest rate hikes in the US as economic data points remain strong.

MARKET REVIEW (1 JUNE 2023 TO 31 MAY 2024) (CONTINUED)

Local Equity (continued)

The FBMS Index trended 0.4% lower in September 2023. The dip which was largely concentrated towards the last week of the month, was rather broadbased, led by Commodities. While there could be volatility caused by quarter-end rebalancing, investors were spooked by US treasury yields at a 16-year high and persistent dollar strength affecting Emerging Market (“EM”) markets, in addition to the Fed’s hawkish messaging on interest rates. Domestically, there also seems to be a lack of fresh leads and some political noises surrounding cabinet reshuffling.

In October 2023, the FBMS Index fell another 0.3% as Telcos (mainly mobile operators) lagged. Within the broader market, Construction performed while Tech, Energy and Property languished. Overall sentiment remains clouded by the surge in US treasury yields which topped 5% last month and persistent dollar strength affecting EM markets, coupled with tensions in the Middle East.

The FBMS Index rebounded 0.8% in November 2023. Overall sentiment was lifted by expectations that the Fed may be done with rate hikes given the cooling inflation and recent economic data out of the US. The pullback in US treasury yields and the weaker dollar lifted interest in EM markets. Investors bought into Utilities, Telcos and Commodities (mainly plantations); took profit on Healthcare (mainly IHH) as well as hard commodities (PMAH and PCHEM). We also saw interest in Consumer names (MrDIY and QL). Within the broader market, Technology and Healthcare (mainly Gloves and KPJ) did well, while Energy languished on the back of lower oil prices.

In December 2023, the FBMS Index was up 0.5% and ended the year at 10,988.71 pts. Investors rejoiced at Fed’s decision to hold rates and signalling the end of hikes given the cooling inflation data and recent economic data out of the US, coupled with the weaker USD and falling treasury yields. Yet, they were quick to lock in gains ahead of the year-end holidays. Utilities, Healthcare and select Telcos saw gains, while select commodities and Consumer-related names were sold off. Within the broader market, Technology and Gloves did well, the latter spurred by recent surge in Covid-19 cases.

The FBMS Index rallied 2.6% in January 2024, ending the month at 11,278.09 pts. Sentiment was lifted by Fed’s communication on interest rates given the recent cooling inflation and economic data out of the US. The weaker Dollar and lower treasury yield that ensued favored EM. Utilities, Commodities and Telcos topped the gainers list. Within the broader market, Energy, Construction and Property did well, while Technology languished despite the sentiment on the Fed rates.

The FBMS Index continued its rally in February 2024 gaining 2.2%. This marked the 4th consecutive month of gains, with Malaysia outperforming most ASEAN markets. This was also despite the stronger dollar following stronger-than-expected inflation and economic data out of the US, and bets on rate cuts by the Fed pushed back. Utilities, Commodities and Telcos topped the gainers list. Within the broader market, Energy did well, and Technology rebounded strongly.

In March 2024, the FBMS Index gained 1.0%. Bets on rate cuts by the Fed were pushed back given the persistent strong data out of the US, and there was an absence of fresh catalysts domestically. Transport, Utilities and Commodities topped the gainers list while Telcos languished. Within the broader market, Property, Construction, Tech, Healthcare and Energy did well.

The FBMS Index rallied 3.8% in April 2024. Local investors remain upbeat despite bets on rate cuts by the Fed pushed back given the persistent strong economic data out of the US and sticky inflation. The run-up was relatively broad-based but Utilities, Industrial (mainly PMAH), Healthcare and Transport led gains while Energy eased. Within the broader market, Property and Consumer did well.

In May 2024, the FBMS Index saw its 7th month of consecutive gains with a 2.5% increase. Utilities, Consumer and Industrial (mainly PMAH) led gains while Telcos and Commodities (Planters and PCHEM) lagged. Within the broader market, Construction, Property and Tech did well.

MARKET REVIEW (1 JUNE 2023 TO 31 MAY 2024) (CONTINUED)

Foreign Equity

At the beginning of the period under review, we saw an uneven recovery in China’s economy. A sustained recovery was needed, supported by an improvement in labor conditions as well as the housing market. Amidst increasing expectations, the government has announced several measures to support the economy, but we are still waiting for a clear signal on a firm turnaround in consumer/business confidence.

In the third quarter, the Fed has revised upwards its estimates for 2024/ 2025 median fed funds rate by 50 basis points (“bps”) to 5.1% and 3.9% respectively from 4.6% and 3.4% while keeping the 2023 median rate unchanged - implying one more rate hike to a median of 5.6% in 2023. In addition, the US 10-year treasury bond yield is undergoing a price discovery. With increased treasury issuance in the 2H23, we expected US monetary policy to remain relatively hawkish for the next few months. Global stocks reacted negatively to the rising bond yields.

However, by October 2023 – November 2023 with inflation now showing consecutive months of sustained decline, the Fed went from raising rates and tackling inflation in 2023 to calibrating how many rate cuts to implement from 2024 onwards to avoid being overly restrictive on the economy. This was supportive for equities in terms of multiple expansion, provided earnings do not get marked down significantly. The magnitude of rate cuts would highly depend on the inflation and economic growth trajectory, whereby a soft landing is currently expected.

Although we were seeing incrementally more stimulative measures being taken in China, e.g. expectations of CNY 1tr (~0.8% of GDP) sovereign debt issuance to fund water conservancy and flood prevention projects, it remains to be seen whether private sector and consumer confidence can improve meaningfully.

Towards the end of the period, we are starting to see more forceful measures in China as witnessed by several moves including a 25bps cut in the five-year loan prime rate which affects mortgages, sovereign entities buying more exchange traded funds (ETFs) and some green shoots in the economy with better tourism spending during the Spring Festival. While we have turned incrementally more positive on China, we are mindful that its policies are a work-in-progress and efficacies remain to be seen. Meanwhile, in South Korea, the government’s efforts to promote shareholder returns known as ‘Corporate Value-up Program’ akin to what happened in Japan could result in a re-rating in the stock market in the longer run. In Asia, we are positive on the recovery of the technology hardware cycle and broad-based growth in India.

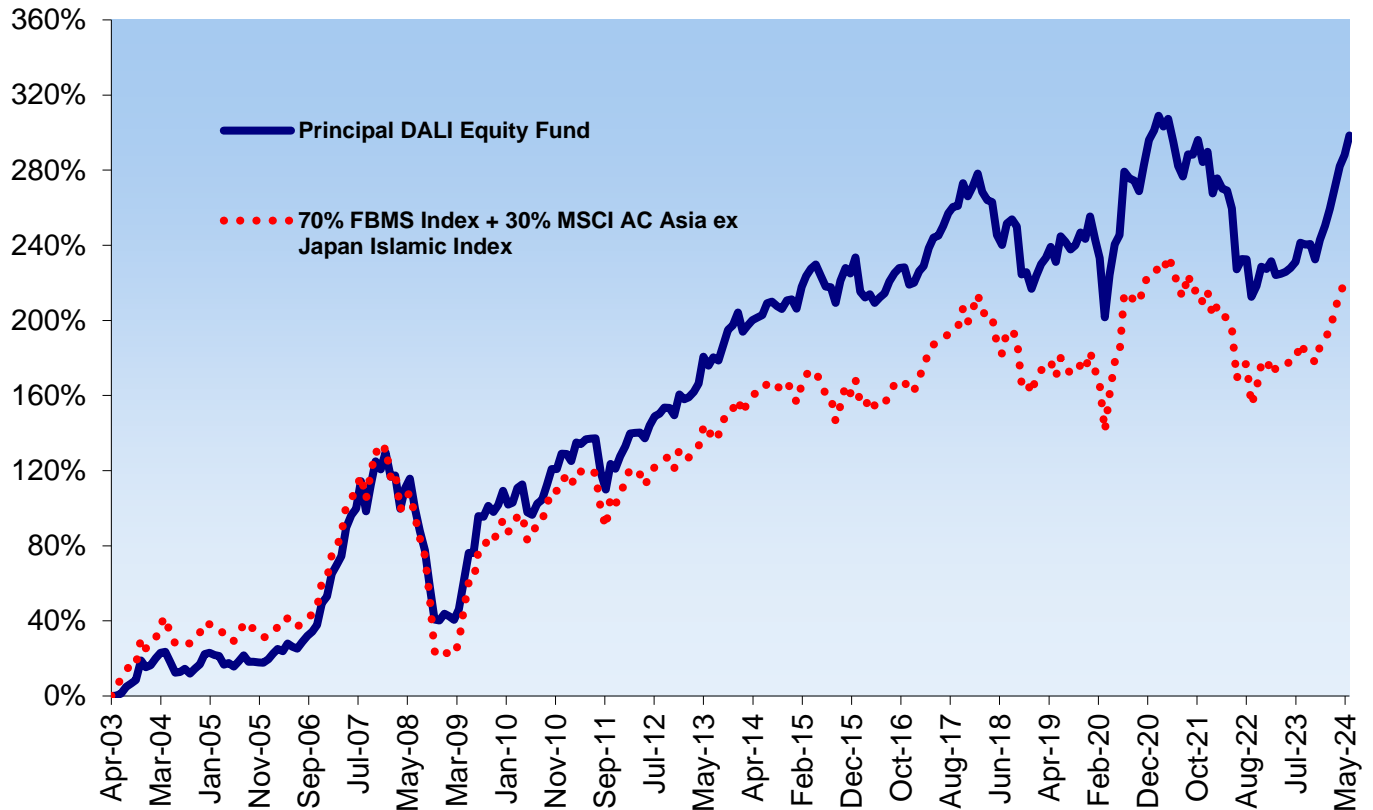
FUND PERFORMANCE

	1 year to 31.05.2024	3 years to 31.05.2024	5 years to 31.05.2024	Since inception to 31.05.2024
	%	%	%	%
Income Distribution	-	6.19	7.22	128.32
Capital Growth	21.51	(5.02)	12.22	74.52
Total Return	21.51	0.87	20.33	298.46
Benchmark	15.96	(1.39)	19.59	222.82
Average Total Return	21.51	0.29	3.77	6.77

For the financial year under review, the Fund registered a return of 21.51%, while the benchmark gained 15.96%. As such, the Fund outperformed its benchmark by 5.55%.

FUND PERFORMANCE (CONTINUED)

Since Inception



Changes in NAV

	31.05.2024	31.05.2023	Changes %
NAV (RM Million)	567.04	629.85	(9.97)
NAV/Unit (RM)	1.1734	0.9633	21.81

The NAV per unit increased by 21.81% due to positive fund performance while NAV decreased by 9.97% due to fund redemption despite positive fund performance during the financial year under review.

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)	31.05.2024	31.05.2023
Shariah-compliant collective investment schemes	5.10	4.97
Shariah-compliant quoted securities	93.90	89.53
Cash and other assets	3.98	7.84
Liabilities	(2.99)	(2.34)
TOTAL	100.00	100.00

PORTFOLIO STRUCTURE (CONTINUED)**Asset allocation (continued)**

Asset allocation was increased from 89.53% as at 31 May 2023 to 93.96% as at 31 May 2024 as we turned more constructive on the market during the financial year under review.

MARKET OUTLOOK***Local equity**

Malaysia's manufacturing sector expanded for the first time since June 2022, with the PMI reading at 50.2pts in May vs 49.0pts in the previous month. S&P Global saw renewed growth of new business and production, as well as job creation. That said, firms remained cautious in acquiring inputs and business confidence waned. Higher raw material prices and currency weakness added to firms' input costs and output charges. The latest Purchasing Manager's Index ("PMI") data supports an acceleration in Gross Domestic Product ("GDP") growth into second quarter of 2024 ("2Q24"). To recap, Bank Negara Malaysia ("BNM") projects GDP to grow 4% to 5% in 2024, from an estimate of 3.8% in 2023, and 4.2% in first quarter of 2024 ("1Q24").

We expect BNM to maintain Overnight Policy Rate ("OPR") at 3.00% for the rest of the year given muted inflation and modest economic growth. Inflation was at 1.8% in April 2024, same as March 2024. There appears to be sufficient headroom to central bank's latest 2.0% to 3.5% Consumer Price Index ("CPI") forecast for 2024 with the impending subsidy rationalization plans.

Malaysia's equity market valuation still remains extremely compressed despite the run-up, with forward Price earning ("PE") ratio of 13.8 times which is around 1 Standard Deviation ("SD") below the historical mean. This is based on consensus earnings growth of 10% for 2024 and 9% (vs 6% previously) for 2025. More clarity on the new Government's policy posture, in our view, should reduce the current elevated risk premiums applied to the market (yield gap of ~320bps). We are also hopeful that the newly launched National Energy Transition Roadmap ("NETR") by the government would revitalize domestic investment and buoy consumption.

Foreign equity

While the US economy is resilient, there are increasingly more commentaries from key corporates regarding a softer consumer spend especially in the lower income. This could lead to the resumption of the disinflationary trend, leading to a more muted bond yield environment and providing support to risk assets such as equities. The market currently expects 1-2 rate cuts by yearend which we think is fair versus the more aggressive 6 rate cuts assumption in the early part of the year.

In China, the government made a step towards addressing the unsold housing inventory from developers in May 2024, albeit the estimated scale of the relending program was short of expectations. We see private sector confidence gradually improving from a low base with a better policymaking environment. In Asia, we are positive on the recovery of the technology hardware cycle in South Korea and Taiwan and broad-based growth in India. Risks: a) Global economic and interest rate trajectory b) Geopolitics: US-China tensions which can range from various sanctions, financial markets and military conflicts.

* 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

Local equity

We remain constructive on sectors that stand to gain from the NETR, including Utilities, Construction, and Property. Additionally, we are optimistic on selective Technology due to the ongoing structural growth trends in the sector. We are also selectively optimistic about Consumer and Oil & Gas services names. Key risks are the derailment of Malaysia's macroeconomic recovery and corporate earnings growth due to the larger-than-expected impact of rising inflation, slower global economic growth, and heightened geopolitical risks.

Foreign equity

We remain fully invested and well positioned in the areas of a) bottoming of the tech hardware cycle b) broad-based growth across India in consumption, industrial and real estate c) selected global names with resilient demand in consumption and technology. During the month, we added a globally competitive industrial name with exposure to energy transmission spending, semiconductor equipment and fabless semiconductor.

SOFT COMMISSIONS AND REBATES

Principal Asset Management Berhad (the "Manager"), the Sub-Manager and the Trustee will not retain any form of rebate or otherwise share in any commission with, any broker or dealer in consideration for directing dealings in the investments of the Fund. Accordingly, any rebates or shared commission will be directed to the account of the Fund. We and the Sub-Manager may retain goods and services (soft commission) provided by any broker or dealer if the following conditions are met:

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

During the financial year under review, the Manager and the 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. The Manager confirms that the goods and services received were for the benefit of the Fund, the trades were made on a best execution basis and there was no churning of trades.

SECURITIES FINANCING TRANSACTIONS

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

STATE OF AFFAIR OF THE FUND

Effective 2 November 2023, the Fund has changed Trustee to HSBC (Malaysia) Trustee Berhad following the issuance of the First Supplemental Master Prospectus.

In relation to this Fund, the fund had issued the First Supplemental Master Prospectus (Islamic Funds) dated 5 September 2023. We are of view that the changes above do not affect the existing unit holder to stay invested in the Fund and it is not a significant change.

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

CIRCUMSTANCES THAT MATERIALLY AFFECT ANY INTEREST OF UNIT HOLDERS

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

CROSS TRADE

No cross-trade transactions have been carried out during the reported year.

UNIT SPLIT

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

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
PRINCIPAL 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 9 to 50 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 2024 and of its financial performance, changes in net assets attributable to unit holders 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

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

UDAY JAYARAM

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

Kuala Lumpur
17 July 2024

**TRUSTEE'S REPORT TO THE UNIT HOLDERS OF
PRINCIPAL DALI EQUITY FUND**

We, Universal Trustee (Malaysia) Berhad, being the Trustee of Principal 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 period from 1 June 2023 to 1 November 2023:

- (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
17 July 2024

TRUSTEE'S REPORT

**TO THE UNIT HOLDERS OF
PRINCIPAL DALI EQUITY FUND ("Fund")**

We have acted as Trustee of the Fund for the financial period from 2 November 2023 to 31 May 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquires, Principal Asset Management Berhad has operated and managed the Fund during the period covered by these financial statements in accordance with the following:-

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

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat
Manager, Investment Compliance Monitoring

Kuala Lumpur
17 July 2024

SHARIAH ADVISER'S REPORT

To the Unit Holders of Principal DALI Equity Fund ("Fund")

For the Financial Year Ended 31 May 2024

We hereby confirm the following:

1. To the best of our knowledge, after having made all reasonable enquiries, Principal Asset Management Berhad has operated and managed the Fund during the period covered by these financial statements in accordance with the Shariah principles and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia ("SC") pertaining to Shariah matters; and
2. The asset of the Fund comprises of instruments that have been classified as Shariah compliant.

For Amanie Advisors Sdn Bhd

Tan Sri Dr Mohd Daud Bakar
Executive Chairman

Kuala Lumpur
17 July 2024

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL DALI EQUITY FUND**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Principal DALI Equity Fund (the "Fund"), which comprise the statement of financial position of the Fund as at 31 May 2024, and statement of comprehensive income, statement of changes in net assets attributable to unit holders and statement of cash flows of the Fund for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 8 to 50.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 May 2024 and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

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

Independence and other ethical responsibilities

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL DALI EQUITY FUND (cont'd.)**

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

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager and the Trustee for the financial statements

The Manager is responsible for the preparation of financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The 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 have no realistic alternative but to do so.

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL DALI EQUITY FUND (cont'd.)**

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- 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.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the 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.

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL DALI EQUITY FUND (cont'd.)**

Other matters

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

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

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

Kuala Lumpur, Malaysia
17 July 2024

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MAY 2024**

	Note	2024 RM	2023 RM
INCOME/(LOSS)			
Dividend income		11,560,609	17,886,843
Profit income from Shariah-compliant deposits with licensed Islamic financial institutions at amortised cost and Hibah		272,179	544,320
Net gain/(loss) on financial assets at fair value through profit or (loss)/gain	8	117,525,813	(68,337,766)
Net foreign exchange (loss)/gain		(60,595)	476,700
		<u>129,298,006</u>	<u>(49,429,903)</u>
EXPENSES			
Management fee	4	10,919,520	12,239,178
Trustee and custodian fees	5	327,196	511,384
Transaction costs		2,075,960	1,528,695
Audit fee		9,400	9,400
Tax agent's fee		45,609	48,630
Other expenses		551,399	522,894
		<u>13,929,084</u>	<u>14,860,181</u>
PROFIT/(LOSS) BEFORE TAXATION		115,368,922	(64,290,084)
Taxation	7	(123,073)	(1,331,009)
PROFIT/(LOSS) AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		<u>115,245,849</u>	<u>(65,621,093)</u>
Profit/(loss) after taxation is made up as follows:			
Realised amount		(13,795,343)	(54,333,312)
Unrealised amount		129,041,192	(11,287,781)
		<u>115,245,849</u>	<u>(65,621,093)</u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2024**

	Note	2024 RM	2023 RM
ASSETS			
Cash and cash equivalents	9	16,815,270	47,578,258
Financial assets at fair value through profit or loss	8	561,426,471	595,212,229
Amount due from stockbrokers		3,861,808	1,015,682
Amount due from Manager		245,842	192,105
Amount due from Manager of Shariah-compliant collective investment schemes			
- management fee rebate		351,713	250,875
Dividends receivable		81,416	356,585
Tax recoverable		1,504,291	-
TOTAL ASSETS		<u>584,286,811</u>	<u>644,605,734</u>
LIABILITIES			
Amount due to stockbrokers		3,724,027	11,425,536
Amount due to Manager		12,565,289	2,273,010
Accrued management fee		917,164	977,146
Amount due to Trustee		22,309	32,257
Distribution payable		244	244
Tax payable		-	25,500
Other payables and accruals		21,700	19,897
TOTAL LIABILITIES		<u>17,250,733</u>	<u>14,753,590</u>
NET ASSET VALUE OF THE FUND		<u>567,036,078</u>	<u>629,852,144</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	10	<u>567,036,078</u>	<u>629,852,144</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	11	<u>483,212,039</u>	<u>653,796,048</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.1734</u>	<u>0.9633</u>

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

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2024**

	Note	2024 RM	2023 RM
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>629,852,144</u>	<u>750,902,637</u>
Movement due to units created and cancelled during the financial year:			
- Creation of units from applications		8,727,357	39,133,155
- Creation of units from distributions		-	18,573,882
- Cancellation of units		<u>(186,789,272)</u>	<u>(94,521,767)</u>
		<u>(178,061,915)</u>	<u>(36,814,730)</u>
Total comprehensive gain/(loss) for the financial year		115,245,849	(65,621,093)
Distribution	6	<u>-</u>	<u>(18,614,670)</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR	10	<u><u>567,036,078</u></u>	<u><u>629,852,144</u></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 2024**

	Note	2024 RM	2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Purchase of Shariah-compliant collective investment schemes		-	(2,599,835)
Purchase of Shariah-compliant quoted securities		(322,473,952)	(258,820,768)
Proceeds from disposal of Shariah-compliant quoted securities		457,176,000	330,481,454
Proceeds from sale of collective investment scheme		3,926,607	-
Dividend income received		11,395,789	17,361,942
Profit income received from Shariah-compliant deposits with licensed Islamic financial institutions and Hibah earned		272,179	544,320
Management fee paid		(10,979,502)	(12,415,374)
Management fee rebate received		307,675	271,947
Trustee fee paid		(337,144)	(517,138)
Payment of other fees and expenses		(191,469)	(81,167)
Payment on foreign exchange loss		(506,181)	(251,993)
Tax paid		(1,652,864)	(1,305,509)
Net cash generated from operating activities		<u>136,937,138</u>	<u>72,667,879</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		8,673,620	39,435,526
Payments for cancellation of units		(176,496,993)	(93,860,283)
Distribution paid		-	(40,544)
Net cash used in financing activities		<u>(167,823,373)</u>	<u>(54,465,301)</u>
Net (decrease)/increase in cash and cash equivalents		(30,886,235)	18,202,578
Effect of foreign exchange differences		123,247	954,336
Cash and cash equivalents at the beginning of financial year		<u>47,578,258</u>	<u>28,421,344</u>
Cash and cash equivalents at the end of financial year	9	<u><u>16,815,270</u></u>	<u><u>47,578,258</u></u>
<u>Cash and cash equivalents comprised:</u>			
Bank balances		13,488,998	26,346,543
Shariah-compliant deposits with licensed Islamic financial institutions		<u>3,326,272</u>	<u>21,231,715</u>
Cash and cash equivalents at the end of the financial year	9	<u><u>16,815,270</u></u>	<u><u>47,578,258</u></u>

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 2024****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES**

Principal 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, a Nineteenth Supplemental Master Deed dated 18 June 2019, a Twentythird Supplemental Master Deed dated 27 June 2022 and a Twentyfourth Supplemental Master Deed dated 20 September 2022 (collectively referred to as the “Deeds”), made between Principal Asset Management Berhad (the “Manager”) and Universal Trustee (Malaysia) Berhad (the “Previous Trustee”) and Twentyfifth Supplemental Master Deed dated 26 May 2023 (collectively referred to as the “Deeds”) made between Principal Asset Management Berhad (the “Manager”) and HSBC (Malaysia) Trustee Berhad (the “Trustee”) and the registered unit holders of the Fund.

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. Notwithstanding, up to 20% of the Fund’s investment in foreign Shariah-compliant equities may be from companies that are listed globally with some operations or businesses within the Asia Pacific ex Japan region to capture growth opportunities with effect from 16 August 2021. 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 GUTF. 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 GUTF, SC requirements, the Deeds, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund’s objective.

The Fund had issued Replacement Master Prospectus dated 28 April 2023 and First Supplemental Master Prospectus (Islamic Funds) dated 5 September 2023.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES (CONTINUED)**

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. MATERIAL ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements have been prepared in accordance with the provisions of the MFRS as issued by the Malaysian Accounting Standards Board ("MASB") and IFRS as issued by the International Accounting Standards Board ("IASB").

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

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

It also requires the 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 estimates and assumptions are significant to the financial statements are disclosed in Note 2(m).

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

None of the standards, amendments to standards or interpretations that are effective for the financial year beginning on/after 1 June 2024 are applicable to the Fund.

(b) Financial assets and financial liabilities**Classification**

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

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**(b) Financial assets and financial liabilities (continued)**Classification (continued)

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

The contractual cash flows of the Fund's debt securities are solely principal and interest¹. However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale.

The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

Investments in Shariah-compliant collective investment schemes are debt instrument with contractual cash flows that do not represent solely payment of principal and interest ("SPPI") and therefore are classified as fair value through profit or loss.

The Fund classifies cash and cash equivalents, amount due from stockbrokers, amount due from Manager, amount due from Manager of Shariah-compliant collective investment schemes - management fee rebate and dividends receivable as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

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

¹ For the purposes of this Fund, interest refers to profits earned from Shariah-compliant investments.

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

Financial assets are derecognised when the rights to receive cash flows from the 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.

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

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

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

Shariah-compliant collective investment schemes are valued based on the most recent published NAV per unit or share of such Shariah-compliant collective investment schemes 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 done 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 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 basis 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 period from the date of placement to the date of maturity of the respective deposits.

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

Impairment for assets carried at amortised costs

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**(b) Financial assets and financial liabilities (continued)**Definition of default and credit-impaired financial assets

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

Write-off

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery.

The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the financial year.

(c) Income recognition

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

Profit income from Shariah-compliant deposits with licensed Islamic financial institutions is recognised on a time proportionate basis using the effective profit 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 quoted securities and Shariah-compliant collective investment schemes is accounted for as the difference between the net disposal proceeds and the carrying amount of Shariah-compliant quoted securities and Shariah-compliant collective investment schemes, determined on a weighted average cost basis.

(d) 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.

(e) Foreign currencyFunctional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM" or "MYR") which is the Fund's functional and presentation currency.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**(e) Foreign currency (continued)**Functional and presentation currency (continued)

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 MYR primarily due to the following factors:

- i) The Fund's units are denominated in MYR; and
- ii) Significant portion of the Fund's expenses are denominated in MYR; and
- iii) Significant portion of the Fund's NAV is invested in investment denominated in MYR.

Transactions and balances

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

(f) Taxation

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

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

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

Pursuant to Finance Act 2021, income derived by a resident person from sources outside Malaysia and received in Malaysia from 1 January 2022 until 31 December 2023 will no longer be exempt from tax. Foreign-sourced income ("FSI") received in Malaysia during the transitional period from 1 January 2022 to 30 June 2022 will be taxed at 3% of gross. From July 2022 onwards, FSI received in Malaysia will be taxed at prevailing tax rate(s) of the taxpayer and based on applicable tax rules. Bilateral or unilateral tax credits may be allowed if the same income has suffered foreign tax, and where relevant conditions are met.

(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. MATERIAL 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.

(j) Management fee rebate

Management fee rebate is derived from the Manager and the Manager of the Shariah-compliant collective investment schemes held by the Fund 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 schemes held.

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

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

(l) 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.

(m) 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.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

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 GUTF.

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:

	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
2024			
Cash and cash equivalents (Note 9)	-	16,815,270	16,815,270
Shariah-compliant collective investment schemes (Note 8)	28,923,566	-	28,923,566
Shariah-compliant quoted securities (Note 8)	532,502,905	-	532,502,905
Amount due from stockbrokers	-	3,861,808	3,861,808
Amount due from Manager	-	245,842	245,842
Amount due from Manager of Shariah-compliant collective investment schemes			
- management fee rebate	-	351,713	351,713
Dividends receivable	-	81,416	81,416
	<u>561,426,471</u>	<u>21,356,049</u>	<u>582,782,520</u>
2023			
Cash and cash equivalents (Note 9)	-	47,578,258	47,578,258
Shariah-compliant collective investment schemes (Note 8)	31,331,381	-	31,331,381
Shariah-compliant quoted securities (Note 8)	563,880,848	-	563,880,848
Amount due from stockbrokers	-	1,015,682	1,015,682
Amount due from Manager	-	192,105	192,105
Amount due from Manager of Shariah-compliant collective investment schemes			
- management fee rebate	-	250,875	250,875

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

Financial instruments of the Fund are as follows:

	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
2023 (CONTINUED)			
Dividends receivable	-	356,585	356,585
	<u>595,212,229</u>	<u>49,393,505</u>	<u>644,605,734</u>

All liabilities 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 GUTF.

(a) Market risk

(i) Price risk

This is the risk that the fair value of an investment in Shariah-compliant collective investment schemes 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 schemes 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 schemes, Shariah-compliant quoted securities, and other financial instruments within specified limits according to the Deeds.

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

	2024 RM	2023 RM
Financial assets at fair value through profit or loss:		
- Shariah-compliant collective investment schemes	28,923,566	31,331,381
- Shariah-compliant quoted securities	<u>532,502,905</u>	<u>563,880,848</u>
	<u>561,426,471</u>	<u>595,212,229</u>

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

(a) Market risk (continued)

(i) Price risk (continued)

The table below summarises the sensitivity of the Fund’s profit or loss and NAV to movements in prices of Shariah-compliant collective investment schemes 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 schemes 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 schemes and Shariah-compliant quoted securities, having regard to the historical volatility of the prices.

(ii) Interest rate risk

% Change in price of Shariah-compliant quoted securities and Shariah-compliant collective investment schemes	Market value RM	Impact on profit or loss/NAV RM
2024		
-5%	533,355,147	(28,071,324)
0%	561,426,471	-
+5%	<u>589,497,795</u>	<u>28,071,324</u>
2023		
-5%	565,451,618	(29,760,611)
0%	595,212,229	-
+5%	<u>624,972,840</u>	<u>29,760,611</u>

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.

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

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

(a) Market risk (continued)

(ii) Interest rate risk (continued)

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 interest rate per annum is as follows:

	2024	2023
	%	%
Shariah-compliant deposits with licensed Islamic financial institutions	3.00	2.95

(iii) Currency risk

Currency risk of the Fund is associated with investments that are quoted and/or priced in foreign currency denomination. Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Manager will evaluate the likely directions of a foreign currency versus MYR based on considerations of economic fundamentals such as profit rate differentials, balance of payments position, debt levels, and technical chart considerations. 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	Financial assets at fair value through profit or loss RM	Cash and cash equivalents RM	Amount due from Manager of Shariah-compliant collective investment schemes - management fee rebate RM	Dividends receivable RM	Amount due from stockbrokers RM	Total RM
2024						
AUD	1,748,780	-	-	-	-	1,748,780
CNY	5,049,061	-	-	-	-	5,049,061
EUR	3,800,748	889	-	-	-	3,801,637
HKD	7,210,097	-	-	-	-	7,210,097
IDR	3,268,529	3,874,395	7,141	-	-	7,150,065
INR	30,874,624	3,721,987	-	9,594	-	34,606,205
JPY	5,405,624	-	-	-	-	5,405,624
KRW	25,891,459	-	-	-	-	25,891,459
TWD	41,777,841	-	-	-	-	41,777,841
USD	42,642,121	5,869,093	-	13,182	-	48,524,396
	167,668,884	13,466,364	7,141	22,776	-	181,165,165

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

(a) Market risk (continued)

(iii) Currency risk (continued)

Financial assets	Financial assets at fair value through profit or loss RM	Cash and cash equivalents RM	Amount due from Manager of Shariah-compliant collective investment schemes - management fee rebate RM	Dividends receivable RM	Amount due from stockbrokers RM	Total RM
2023						
AUD	2,193,889	2,465	-	-	-	2,196,354
CNY	5,162,635	-	-	-	-	5,162,635
HKD	4,772,193	-	-	44,139	-	4,816,332
IDR	28,731,319	5,933	-	49,564	-	28,786,816
INR	7,981,530	143,476	23,785	-	-	8,148,791
JPY	35,136,848	68,080	-	16,611	-	35,221,539
KRW	52,853,464	-	-	20,493	-	52,873,957
PHP	-	6	-	-	-	6
SGD	-	107,181	-	-	-	107,181
THB	6,785,394	-	-	-	72,824	6,858,218
TWD	16,119,978	3,415,038	-	-	-	19,535,016
USD	29,445,464	22,582,446	-	5,404	-	52,033,314
	189,182,714	26,324,625	23,785	136,211	72,824	215,740,159

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 financial 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	
		2024 RM	2023 RM
AUD	+/- 5	+/- 87,439	+/-109,818
CNY	+/- 5	+/- 252,453	+/-258,132
EUR	+/- 5	+/- 190,082	-
GBP	+/- 5	-	+/-240,817
HKD	+/- 5	+/- 360,505	+/-1,439,341
IDR	+/- 5	+/- 357,503	+/-407,440
INR	+/- 5	+/- 1,730,310	+/-1,761,077
JPY	+/- 5	+/- 270,281	-

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

(a) Market risk (continued)

(iii) Currency risk (continued)

	Change in foreign exchange rate %	Impact on profit or loss/NAV	
		2024 RM	2023 RM
KRW	+/- 5	+/- 1,294,573	+/-2,643,698
PHP	+/- 5	-	+/- 0.00*
SGD	+/- 5	-	+/-5,359
THB	+/- 5	-	+/-342,911
TWD	+/- 5	+/- 2,088,892	+/-976,751
USD	+/- 5	+/- 2,426,220	+/-2,601,666
		<u>+/- 9,058,258</u>	<u>+/- 10,787,010</u>

0.00* denotes value less than RM1.

(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 GUTF.

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

	Cash and cash equivalents RM	Amount due from stockbrokers RM	Amount due from Manager RM	Amount due from Manager of Shariah- compliant collective investment schemes - management fee rebate RM	Dividends receivable RM	Total RM
2024						
- AAA	16,815,270	-	-	-	-	16,815,270
- Not Rated	-	3,861,808	245,842	336,836	81,416	4,525,902
	<u>16,815,270</u>	<u>3,861,808</u>	<u>245,842</u>	<u>336,836</u>	<u>81,416</u>	<u>21,341,172</u>

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

(b) Credit risk (continued)

	Cash and cash equivalents RM	Amount due from stockbrokers RM	Amount due from Manager RM	Amount due from Manager of Shariah-compliant collective investment schemes - management fee rebate RM	Dividends receivable RM	Total RM
2023						
- AAA	47,578,258	-	-	-	-	47,578,258
- Not Rated	-	1,015,682	192,105	250,875	356,585	1,815,247
	47,578,258	1,015,682	192,105	250,875	356,585	49,393,505

(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, Shariah-compliant deposits with licensed Islamic financial institutions and other instruments, which are capable of being converted into cash within 7 business days.

The Fund's investments in Shariah-compliant collective investment schemes are realisable which are capable of being converted into cash within 10 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.

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
2024			
Amount due to stockbrokers	3,724,0279	-	3,724,027
Amount due to Manager	12,565,289	-	12,565,289
Accrued management fee	917,164	-	917,164
Amount due to Trustee	22,309	-	22,309

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
2024			
Distribution payable	244	-	244
Other payables and accruals	-	21,700	21,700
Contractual undiscounted cash flows	17,229,033	21,700	17,250,733
2023			
Amount due to stockbrokers	11,425,536		11,425,536
Amount due to Manager	2,273,010	-	2,273,010
Accrued management fee	977,146	-	977,146
Amount due to Trustee	32,257	-	32,257
Distribution payable	244		244
Tax payable	25,500	-	25,500
Other payables and accruals	-	19,897	19,897
Contractual undiscounted cash flows	14,733,693	19,897	14,753,590

Shariah-compliant deposits with licensed Islamic financial institutions of the Fund have an average maturity of 1 day (2023: 1 days).

(d) Capital risk management

The capital of the Fund is represented by equity consisting of net assets attributable to unit holders of RM567,036,078 (2023: RM629,852,144). 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.

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

(e) Fair value estimation (continued)

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of financial assets that are not traded in an active market is determined by using valuation techniques.

(i) Fair value hierarchy

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

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

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

If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

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
2024				
Financial assets at fair value through profit or loss:				
- Shariah-compliant collective investment schemes	28,923,566	-	-	28,923,566
- Shariah-compliant quoted securities	<u>532,502,905</u>	<u>-</u>	<u>-</u>	<u>532,502,905</u>
	<u>561,426,471</u>	<u>-</u>	<u>-</u>	<u>561,426,471</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
2023				
Financial assets at fair value through profit or loss:				
- Shariah-compliant collective investment schemes	31,331,381	-	-	31,331,381
- Shariah-compliant quoted securities	<u>563,880,848</u>	<u>-</u>	<u>-</u>	<u>563,880,848</u>
	<u>595,212,229</u>			<u>595,212,229</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 Shariah-compliant collective investment schemes - management fee rebate, dividends receivable and all current liabilities are a reasonable approximation of their fair values due to their short-term nature.

4. MANAGEMENT FEE

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

For the financial year ended 31 May 2024, the management fee was recognised at a rate of 1.85% per annum (2023: 1.85% per annum).

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

5. TRUSTEE 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 period from 1 June 2023 until 1 November 2023, the Trustee fee is recognized at a rate of 0.06%. Effective 2 November 2023, the Trustee Fee is recognized at the rate of 0.045% per annum (2023: 0.06% per annum) while the foreign custodian fee was recognised at RM23,125 (2023: RM114,438).

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

6. DISTRIBUTION

Breakdown of distribution were as follows:

	2024		2023	
	RM	%	RM	%
Source of distribution				
Distribution out of current period's income	-	-	18,614,670	100
Distribution out of prior period's income/capital	-	-	-	-
Total	-	-	18,614,670	100

	2024 RM	2023 RM
Gross/Net distribution per unit (sen)		
Distribution on 19 July 2022	-	2.72

Gross distribution is derived using total income less total expenses. Net distribution above is sourced from current financial year's realised income.

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

During the financial year ended 31 May 2024, the Fund recorded unrealised loss of Nil (2023: RM11,287,781).

7. TAXATION

	2024 RM	2023 RM
Tax charged for the financial year:		
- Capital gains tax	762,364	481,473
- Tax on foreign source income	434,988	849,536
- Overprovision in prior year	(1,074,279)	-
	<u>123,073</u>	<u>1,331,009</u>

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

	2024 RM	2023 RM
Loss before taxation	<u>115,368,922</u>	<u>(64,290,084)</u>
Taxation at Malaysian statutory rate of 24% (2023: 24%)	27,688,541	(15,429,620)
Tax effects of:		
- (Income not subject to tax)/Loss not deductible for tax purposes	(31,031,521)	11,863,177
- Expenses not deductible for tax purposes	690,713	622,698

7. TAXATION (CONTINUED)

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

	2024	2023
	RM	RM
- Restriction on tax deductible expenses for Unit Trust Funds	2,652,267	2,943,745
Capital gains tax	762,364	481,473
Tax on foreign source income	434,988	849,536
Overprovision in prior year	<u>(1,074,279)</u>	<u>-</u>
Taxation	<u>123,073</u>	<u>1,331,009</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
	RM	RM
At fair value through profit or loss:		
- Shariah-compliant collective investment schemes	28,923,566	31,331,381
- Shariah-compliant quoted securities	<u>532,502,905</u>	<u>563,880,848</u>
	<u>561,426,471</u>	<u>595,212,229</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
	RM	RM
Net gain/(loss) on financial assets at fair value through profit or loss:		
- Realised loss on disposals	(11,799,011)	(56,577,138)
- Unrealised fair value gain/(loss)	128,916,311	(12,240,146)
- Management fee rebate #	<u>408,513</u>	<u>479,518</u>
	<u>117,525,813</u>	<u>(68,337,766)</u>

Management fee rebate is derived from the Shariah-compliant collective investment schemes held by the Fund 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 schemes held.

For the financial year ended 31 May 2024 and 31 May 2023, the management fee rebates are recognised at a rate as per table below, calculated and accrued daily based on the NAV of the collective investment schemes.

	2024	2023
	%	%
Principal Islamic Equity Growth Syariah Fund	2.00	2.00
Principal Islamic Asia Pacific Dynamic Income and Growth Fund - USD I Accumulation	1.00	1.00
Principal Islamic Global Responsible Equity Fund - USD I Accumulation	0.80	0.80
Principal Islamic ASEAN Equity Syariah Fund	2.50	2.50

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2024				
SHARIAH-COMPLIANT COLLECTIVE INVESTMENT SCHEMES				
INDONESIA				
Principal Islamic Equity Growth Syariah Fund	10,120,212	4,470,569	3,268,529	0.58
Principal Islamic ASEAN Equity Syariah Fund	590,000	2,599,835	2,514,139	0.44
TOTAL INDONESIA	<u>10,710,212</u>	<u>7,070,404</u>	<u>5,782,668</u>	<u>1.02</u>
IRELAND				
Principal Islamic Asia Pacific Dynamic Income and Growth Fund - USD I Accumulation	346,900	14,363,395	15,783,031	2.78
Principal Islamic Global Responsible Equity Fund - USD I Accumulation	144,000	6,076,080	7,357,867	1.30
TOTAL IRELAND	<u>490,900</u>	<u>20,439,475</u>	<u>23,140,898</u>	<u>4.08</u>
TOTAL SHARIAH- COMPLIANT COLLECTIVE INVESTMENT SCHEMES	<u>11,201,112</u>	27,509,879	<u>28,923,566</u>	<u>5.10</u>
ACCUMULATED UNREALISED GAIN ON SHARIAH-COMPLIANT COLLECTIVE INVESTMENT SCHEMES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>1,413,687</u>		
TOTAL SHARIAH- COMPLIANT COLLECTIVE INVESTMENT SCHEMES AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>28,923,566</u>	

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2024 (CONTINUED) SHARIAH-COMPLIANT QUOTED SECURITIES				
AUSTRALIA				
Communication Services				
Carsales.com Ltd	16,029	1,759,565	1,748,781	0.31
TOTAL AUSTRALIA	16,029	1,759,565	1,748,781	0.31
CHINA				
Industrials				
Contemporary Amperex Technology	26,196	3,559,294	3,366,251	0.59
NARI Tech Dev Co Ltd A	115,050	1,664,434	1,682,810	0.30
	141,246	5,223,728	5,049,061	0.89
TOTAL CHINA	141,246	5,223,728	5,049,061	0.89
FRANCE				
Consumer Staples				
L'Oreal	782	1,520,866	1,804,373	0.32
TOTAL FRANCE	782	1,520,866	1,804,373	0.32
HONG KONG, CHINA				
Communication Services				
Tencent Holding Ltd	27,500	6,776,707	5,950,552	1.05
Consumer Discretionary				
Meituan	3,050	423,107	192,782	0.03
New Oriental Education & Technology	28,000	1,259,809	1,066,763	0.19
	31,050	1,682,916	1,259,545	0.22
TOTAL HONG KONG, CHINA	58,550	8,459,623	7,210,097	1.27
INDIA				
Consumer Discretionary				
Bajaj Auto Ltd	2,780	1,436,138	1,424,416	0.25
Maruti Suzuki India Ltd	6,452	3,569,699	4,512,016	0.80

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2024 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
INDIA (CONTINUED)				
Consumer Discretionary				
Titan Co Ltd	9,404	805,352	1,719,457	0.30
	<u>18,636</u>	<u>5,811,189</u>	<u>7,655,889</u>	<u>1.35</u>
Consumer Staples				
Dabur India Ltd	55,904	1,728,161	1,718,693	0.30
Varun Beverages Ltd	37,131	1,909,652	2,987,988	0.53
	<u>93,035</u>	<u>3,637,813</u>	<u>4,706,681</u>	<u>0.83</u>
Energy				
Reliance Industries Ltd	71,414	6,338,893	11,522,586	2.03
Industrials				
Container Corp of India Ltd	66,810	3,683,687	4,050,125	0.71
Materials				
Ultra Tech Cement Ltd	2,111	848,046	1,180,543	0.21
Real Estate				
Macrotech Developers Ltd	22,631	1,461,738	1,758,799	0.31
TOTAL INDIA	<u>274,637</u>	<u>21,781,366</u>	<u>30,874,623</u>	<u>5.44</u>
JAPAN				
Information Technology				
Hitachi Ltd	4,100	1,776,389	1,981,996	0.35
Tokyo Electron Ltd	3,400	3,723,277	3,423,628	0.60
	<u>7,500</u>	<u>5,499,666</u>	<u>5,405,624</u>	<u>0.95</u>
TOTAL JAPAN	<u>7,500</u>	<u>5,499,666</u>	<u>5,405,624</u>	<u>0.95</u>
MALAYSIA				
Communication Services				
Axiata Group Bhd	2,252,700	5,896,682	6,307,560	1.11
Telekom Malaysia Bhd	2,577,900	13,268,937	16,008,759	2.82
	<u>4,830,600</u>	<u>19,165,619</u>	<u>22,316,319</u>	<u>3.93</u>
Consumer Discretionary				
Mr D.I.Y. Group (M) Bhd	4,824,700	8,182,781	8,732,707	1.54

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2024 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
MALAYSIA (CONTINUED)				
Consumer Staples				
Genting Plantations Bhd	2,083,300	14,559,439	12,499,800	2.21
Kuala Lumpur Kepong Bhd	347,135	8,173,212	7,241,236	1.28
	<u>2,430,435</u>	<u>22,732,651</u>	<u>19,741,036</u>	<u>3.49</u>
Energy				
Dayang Enterprise Holding Bhd	6,640,800	10,596,960	17,531,712	3.09
Dialog Group Bhd	5,834,724	14,471,093	13,944,990	2.46
Perdana Petroleum Bhd	5,735,800	1,783,476	2,294,320	0.40
	<u>18,211,324</u>	<u>26,851,529</u>	<u>33,771,022</u>	<u>5.95</u>
Health Care				
Hartalega Holding Bhd	3,217,300	5,193,340	10,102,322	1.78
Kossan Rubber Industries	3,551,400	4,228,210	7,884,108	1.39
KPJ Healthcare Bhd	5,854,100	7,243,356	11,122,790	1.96
	<u>12,622,800</u>	<u>16,664,906</u>	<u>29,109,220</u>	<u>5.13</u>
Industrials				
Frontken Corp Bhd	1,719,100	6,279,380	7,306,175	1.29
Gamuda Bhd	3,714,353	17,307,382	22,546,123	3.98
Greotech Technology Bhd	560,300	2,955,919	2,835,118	0.50
HSS Engineers Bhd	849,900	887,204	820,153	0.14
IJM Corp Bhd	5,073,100	8,805,968	13,951,025	2.46
ITMAX System Bhd	4,065,200	6,658,603	9,268,656	1.64
Kelington Group Bhd	2,686,200	2,512,623	8,461,530	1.49
Malaysia Resources Corp Bhd	7,790,300	4,857,239	5,102,647	0.90
MISC Bhd	1,912,600	15,499,007	15,951,084	2.81
Sunway Construction Group Bhd	3,605,700	9,653,828	11,357,955	2.00
	<u>31,976,753</u>	<u>75,417,153</u>	<u>97,600,466</u>	<u>17.21</u>
Information Technology				
ECA Integrated Solution Bhd	4,630,600	4,132,292	1,852,240	0.33
Genetec Technology Bhd	4,501,000	11,393,565	9,812,180	1.73
Infomina Bhd	6,104,800	8,809,666	8,668,816	1.53
Malaysian Pacific Industries	3,300	107,258	122,430	0.02
MI Technovation Bhd	1,929,800	7,122,550	4,650,818	0.82

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2024 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
MALAYSIA (CONTINUED)				
Information Technology				
My Eg Services Bhd	9,175,453	8,903,856	10,092,998	1.78
Nationgate Holdings Bhd	7,977,000	11,271,508	14,757,450	2.60
	<u>34,321,953</u>	<u>51,740,695</u>	<u>49,956,932</u>	<u>8.81</u>
Materials				
Ancom Nylex Bhd	15,183,681	14,541,937	15,639,192	2.76
Press Metal Aluminium Holding Bhd	2,217,000	11,227,681	12,415,200	2.19
	<u>17,400,681</u>	<u>25,769,618</u>	<u>28,054,392</u>	<u>4.95</u>
Real Estate				
Eastern and Oriental Bhd	11,823,900	7,044,589	12,060,378	2.13
Sime Darby Property Bhd	3,000,000	3,714,600	3,720,000	0.66
SP Setia Bhd	5,946,500	8,417,585	8,622,425	1.52
Sunway Bhd	3,858,900	9,535,761	13,506,150	2.38
UEM Sunrise Bhd	8,124,100	7,963,801	9,423,956	1.66
	<u>32,753,400</u>	<u>36,676,336</u>	<u>47,332,909</u>	<u>8.35</u>
Utilities				
Tenaga Nasional Bhd	4,382,100	41,156,883	57,142,584	10.08
TOTAL MALAYSIA	<u>163,754,746</u>	<u>324,358,171</u>	<u>393,757,587</u>	<u>69.44</u>
NETHELANDS				
Information Technology				
ASM International N.V.	611	1,802,524	1,996,375	0.35
ASML Holding N.V.	601	2,843,125	2,715,587	0.48
	<u>1,212</u>	<u>4,645,649</u>	<u>4,711,962</u>	<u>0.83</u>
TOTAL NETHELANDS	<u>1,212</u>	<u>4,645,649</u>	<u>4,711,962</u>	<u>0.83</u>
SOUTH KOREA				
Consumer Discretionary				
KIA Corporation	8,691	2,574,850	3,473,668	0.61
Information Technology				
Samsung Electronics Co. Ltd	89,818	21,819,311	22,417,791	3.96

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2024 (CONTINUED) SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
SOUTH KOREA (CONTINUED)				
TOTAL SOUTH KOREA	98,509	24,394,161	25,891,459	4.57
TAIWAN				
Industrials				
AirTac International Group	6,000	993,872	886,176	0.16
Information Technology				
E Ink Holding Inc	56,000	670,873	1,779,882	0.31
Taiwan Semiconductor Manufacturing Co. Ltd	329,000	30,439,473	39,111,783	6.90
	385,000	31,110,346	40,891,665	7.21
TOTAL TAIWAN	391,000	32,104,218	41,777,841	7.37
UNITED STATES				
Information Technology				
Apple Inc.	2,134	1,930,476	1,930,280	0.34
Microsoft Corp	1,805	3,520,896	3,525,502	0.62
Synopsys Inc	2,674	7,130,882	7,055,520	1.24
	6,613	12,582,254	12,511,302	2.20
Materials				
Linde PLC	859	1,116,320	1,760,195	0.31
TOTAL UNITED STATES	7,472	13,698,574	14,271,497	2.51
TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES	164,751,683	443,445,587	532,502,905	93.90
ACCUMULATED UNREALISED GAIN ON SHARIAH- COMPLIANT QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		89,057,318		

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2024 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>532,502,905</u>		
2023				
SHARIAH-COMPLIANT COLLECTIVE INVESTMENT SCHEMES				
INDONESIA				
Principal Islamic Equity Growth Syariah Fund	22,020,795	9,727,611	7,981,530	1.27
Principal Islamic ASEAN Equity Syariah Fund	<u>590,000</u>	<u>2,599,835</u>	<u>2,564,352</u>	<u>0.41</u>
TOTAL INDONESIA	<u>22,610,795</u>	<u>12,327,446</u>	<u>10,545,882</u>	<u>1.68</u>
IRELAND				
Principal Islamic Asia Pacific Dynamic Income and Growth Fund - USD I Accumulation	346,900	14,363,395	14,458,418	2.30
Principal Islamic Global Responsible Equity Fund - USD I Accumulation	<u>144,000</u>	<u>6,076,080</u>	<u>6,327,081</u>	<u>0.99</u>
TOTAL IRELAND	<u>490,900</u>	<u>20,439,475</u>	<u>20,785,499</u>	<u>3.29</u>
TOTAL SHARIAH- COMPLIANT COLLECTIVE INVESTMENT SCHEMES	<u>23,101,695</u>	<u>32,766,921</u>	<u>31,331,381</u>	<u>4.97</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2023 (CONTINUED)				
SHARIAH-COMPLIANT COLLECTIVE INVESTMENT SCHEMES (CONTINUED)				
ACCUMULATED UNREALISED LOSS ON SHARIAH-COMPLIANT COLLECTIVE INVESTMENT SCHEMES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(1,435,540)</u>		
TOTAL SHARIAH- COMPLIANT COLLECTIVE INVESTMENT SCHEMES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>31,331,381</u>		
SHARIAH-COMPLIANT QUOTED SECURITIES				
AUSTRALIA				
Health Care				
CSL Ltd	<u>2,396</u>	<u>2,126,548</u>	<u>2,193,889</u>	<u>0.35</u>
TOTAL AUSTRALIA	<u>2,396</u>	<u>2,126,548</u>	<u>2,193,889</u>	<u>0.35</u>
CAYMAN ISLANDS				
Consumer Discretionary				
Alibaba Group Holding Ltd	<u>69,800</u>	<u>6,966,490</u>	<u>3,203,184</u>	<u>0.51</u>
TOTAL CAYMAN ISLANDS	<u>69,800</u>	<u>6,966,490</u>	<u>3,203,184</u>	<u>0.51</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2023 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
CHINA				
Consumer Discretionary				
BYD Company Ltd	16,000	2,283,789	2,228,212	0.35
Energy				
China Petroleum & Chemical Corporation	710,000	1,881,741	2,062,027	0.33
Industrials				
NARI Tech Dev Co Ltd A	120,125	2,196,541	2,132,661	0.34
Shanghai Intl Airport	100,496	3,686,220	3,029,974	0.48
	220,621	5,882,761	5,162,635	0.82
TOTAL CHINA	946,621	10,048,291	9,452,874	1.50
HONG KONG, CHINA				
Communication Services				
Tencent Holding Ltd	35,600	9,164,147	6,513,891	1.03
Consumer Discretionary				
Chow Tai Fook Jewellery Ltd	343,800	3,162,611	2,807,102	0.45
Meituan	3,050	423,107	198,002	0.03
Shenzhou International Group	30,800	1,826,570	1,150,347	0.18
	377,650	5,412,288	4,155,451	0.66
Consumer Staples				
China Mengniu Dairy Co. Ltd	108,000	2,428,011	1,934,133	0.31
Real Estate				
China Overseas Land & Inv	329,000	3,965,527	3,077,765	0.49
China Resources Land Ltd	102,000	1,979,781	1,760,584	0.28
Link REIT	72,600	2,032,611	1,945,974	0.31
Sun Hung Kai Properties Ltd	31,500	1,948,581	1,850,098	0.29
	535,100	9,926,500	8,634,421	1.37
TOTAL HONG KONG, CHINA	1,056,350	26,930,946	21,237,896	3.37

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2023 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
INDIA				
Consumer Discretionary				
Maruti Suzuki India Ltd	8,418	3,920,880	4,392,352	0.70
Titan Co Ltd	27,887	2,388,222	4,385,371	0.70
	<u>36,305</u>	<u>6,309,102</u>	<u>8,777,723</u>	<u>1.40</u>
Consumer Staples				
Hindustan Unilever Ltd	22,901	3,328,664	3,402,689	0.54
Energy				
Reliance Industries Ltd	87,364	7,754,657	12,018,965	1.91
Health Care				
Sun Pharma Industries Ltd	54,418	2,939,634	2,956,366	0.47
Materials				
Asian Paints Ltd	21,416	3,591,498	3,808,778	0.60
Ultra Tech Cement Ltd	9,518	3,823,640	4,172,327	0.66
	<u>30,934</u>	<u>7,415,138</u>	<u>7,981,105</u>	<u>1.26</u>
TOTAL INDIA	231,922	27,747,195	35,136,848	5.58
MALAYSIA				
Communication Services				
Axiata Group Bhd	4,084,229	19,488,232	11,354,157	1.80
Telekom Malaysia Bhd	4,583,500	23,142,184	23,375,850	3.72
	<u>8,667,729</u>	<u>42,630,416</u>	<u>34,730,007</u>	<u>5.52</u>
Consumer Discretionary				
Bermaz Auto Bhd	1,972,300	3,518,813	4,279,891	0.68
Mr D.I.Y. Group (M) Bhd	14,671,400	25,282,312	23,034,098	3.66
	<u>16,643,700</u>	<u>28,801,125</u>	<u>27,313,989</u>	<u>4.34</u>
Consumer Staples				
Genting Plantations Bhd	792,300	6,626,070	4,753,800	0.75
IOI Corporation Bhd	3,366,000	14,533,152	12,420,540	1.97
Karex Berhad	1,849,800	1,315,898	1,109,880	0.18
Kuala Lumpur Kepong Bhd	671,957	15,906,783	14,030,462	2.23
Sime Darby Plantation Bhd	3,422,154	14,234,056	14,441,490	2.29
	<u>10,102,211</u>	<u>52,615,959</u>	<u>46,756,172</u>	<u>7.42</u>
Energy				
Dayang Enterprise Holding Bhd	7,637,000	10,182,249	8,935,290	1.42

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2023 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
MALAYSIA (CONTINUED)				
Energy (continued)				
Dialog Group Bhd	2,042,524	6,275,808	4,411,852	0.70
Hibiscus Petroleum Bhd	5,138,700	5,980,287	4,676,217	0.74
	<u>14,818,224</u>	<u>22,438,344</u>	<u>18,023,359</u>	<u>2.86</u>
Financials				
Bank Islam Malaysia Bhd	<u>4,329,220</u>	<u>15,202,709</u>	<u>8,009,057</u>	<u>1.27</u>
Health Care				
Hartalega Holding Bhd	4,888,700	7,402,870	11,244,010	1.79
IHH Healthcare Bhd	1,378,600	8,420,186	7,954,522	1.26
Kossan Rubber Industries	4,201,000	4,578,645	6,217,480	0.99
KPJ Healthcare Bhd	<u>5,976,700</u>	<u>6,957,119</u>	<u>7,052,506</u>	<u>1.12</u>
	<u>16,445,000</u>	<u>27,358,820</u>	<u>32,468,518</u>	<u>5.16</u>
Industrials				
Frontken Corporation Bhd	3,612,500	13,197,719	11,234,875	1.78
Gamuda Bhd	1,558,966	5,795,769	6,921,809	1.10
ITMAX System Bhd	7,540,200	10,439,266	10,480,878	1.66
Industrials				
Kelington Group Bhd	3,961,800	3,705,796	5,546,520	0.88
MISC Bhd	2,778,700	20,884,292	20,284,510	3.22
Pentamaster Corp Bhd	1,481,300	7,489,900	7,406,500	1.18
Sime Darby Bhd	<u>5,692,700</u>	<u>13,745,079</u>	<u>11,783,889</u>	<u>1.87</u>
	<u>26,626,166</u>	<u>75,257,821</u>	<u>73,658,981</u>	<u>11.69</u>
Information Technology				
Genetec Technology Bhd	5,095,900	12,899,460	12,230,160	1.94
Inari Amertron Bhd	5,756,200	16,392,049	14,505,624	2.30
Infomina Bhd	5,471,900	7,721,243	8,262,569	1.31
MI Technovation Bhd	3,236,300	11,944,610	4,498,457	0.71
My Eg Services Bhd	42,386,200	41,308,695	35,604,408	5.65
Nationgate Holdings Bhd	12,157,000	17,148,677	15,074,680	2.39
V.S. Industry Bhd	<u>11,053,478</u>	<u>9,003,902</u>	<u>8,842,783</u>	<u>1.41</u>
	<u>85,156,978</u>	<u>116,418,636</u>	<u>99,018,681</u>	<u>15.71</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2023 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
Materials				
Ancom Nylex Bhd	9,023,600	8,068,996	8,752,892	1.39
Press Metal Aluminium Holding Bhd	3,302,500	15,710,879	15,224,525	2.42
	<u>12,326,100</u>	<u>23,779,875</u>	<u>23,977,417</u>	<u>3.81</u>
Real Estate				
KLCCP Stapled Group	683,000	5,323,086	4,746,850	0.75
Sime Darby Property Bhd	5,770,100	3,896,431	2,683,097	0.43
SP Setia Bhd	1,292,600	1,521,829	685,078	0.11
	<u>7,745,700</u>	<u>10,741,346</u>	<u>8,115,025</u>	<u>1.29</u>
Utilities				
Tenaga Nasional Bhd	3,570,800	33,455,923	33,958,309	5.40
TOTAL MALAYSIA	<u>206,431,828</u>	<u>448,700,974</u>	<u>406,029,515</u>	<u>64.47</u>
SOUTH KOREA				
Consumer Discretionary				
KIA Corporation	8,336	2,020,108	2,489,176	0.40
Industrials				
LG Energy Solution	1,075	1,985,978	2,238,412	0.36
Information Technology				
Samsung Electro Mechanics Ltd	8,464	3,981,989	4,339,827	0.69
Samsung Electronics Co. Ltd	110,057	26,735,931	27,316,222	4.34
SK Hynix Inc	20,481	8,000,785	7,731,891	1.23
	<u>139,002</u>	<u>38,718,705</u>	<u>39,387,940</u>	<u>6.26</u>
Materials				
LG Chem Ltd	2,022	3,887,065	4,871,011	0.77
POSCO Holdings Inc	3,090	3,019,638	3,866,925	0.61
	<u>5,112</u>	<u>6,906,703</u>	<u>8,737,936</u>	<u>1.38</u>
TOTAL SOUTH KOREA	<u>153,525</u>	<u>49,631,494</u>	<u>52,853,464</u>	<u>8.40</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2023 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
TAIWAN				
Information Technology				
E Ink Holding Inc	113,000	1,353,727	3,503,972	0.56
MediaTek Inc.	47,000	7,018,061	5,343,815	0.85
Taiwan Semiconductor Manufacturing Co. Ltd	87,000	4,319,969	7,272,191	1.15
	<u>247,000</u>	<u>12,691,757</u>	<u>16,119,978</u>	<u>2.56</u>
TOTAL TAIWAN	<u>247,000</u>	<u>12,691,757</u>	<u>16,119,978</u>	<u>2.56</u>
THAILAND				
Communication Services				
Advanced Info Service PCL NVDR	67,600	1,796,811	1,892,979	0.30
Health Care				
Bangkok Dusit Medical Service - NVDR	777,000	2,439,018	2,913,105	0.46
Industrials				
Airports Of Thailand - NVDR	210,800	1,792,107	1,979,310	0.31
TOTAL THAILAND	<u>1,055,400</u>	<u>6,027,936</u>	<u>6,785,394</u>	<u>1.07</u>
UNITED KINGDOM				
Energy				
Shell PLC	37,717	4,424,782	4,772,193	0.76
TOTAL UNITED KINGDOM	<u>37,717</u>	<u>4,424,782</u>	<u>4,772,193</u>	<u>0.76</u>
UNITED STATES				
Energy				
ConocoPhillips	3,367	1,964,538	1,541,489	0.24
Materials				
Linde PLC	2,793	3,629,663	4,554,124	0.72
TOTAL UNITED STATES	<u>6,160</u>	<u>5,594,201</u>	<u>6,095,613</u>	<u>0.96</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2023 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES	<u>210,238,719</u>	600,890,614	<u>563,880,848</u>	<u>89.53</u>
ACCUMULATED UNREALISED LOSS ON SHARIAH- COMPLIANT QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>(37,009,766)</u>		
TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>563,880,848</u>		

9. CASH AND CASH EQUIVALENTS

	2024 RM	2023 RM
Shariah-compliant deposits with licensed Islamic financial institutions	3,326,273	21,231,715
Bank balances	<u>13,488,997</u>	<u>26,346,543</u>
	<u>16,815,270</u>	<u>47,578,258</u>

10. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

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

	2024 RM	2023 RM
Unit holders' contributions	513,535,343	691,597,258
Retained earnings/(accumulated losses)	<u>53,500,735</u>	<u>(61,745,114)</u>
	<u>567,036,078</u>	<u>629,852,144</u>

10. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS (CONTINUED)

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

	Unit holders' contributions RM	Retained earnings/ (accumulated losses) RM	Total RM
Balance as at 1 June 2023	691,597,258	(61,745,114)	629,852,144
Movement in unit holders' contributions:			
- Creation of units from applications	8,727,357	-	8,727,357
- Cancellation of units	(186,789,272)	-	(186,789,272)
Total comprehensive loss for the financial year	-	115,245,849	115,245,849
Balance as at 31 May 2024	<u>513,535,343</u>	<u>53,500,735</u>	<u>567,036,078</u>
Balance as at 1 June 2022	728,411,988	22,490,649	750,902,637
Movement in unit holders' contributions:			
- Creation of units from applications	39,133,155	-	39,133,155
- Creation of units from distributions	18,573,882	-	18,573,882
- Cancellation of units	(94,521,767)	-	(94,521,767)
Total comprehensive loss for the financial year	-	(65,621,093)	(65,621,093)
Distribution	-	(18,614,670)	(18,614,670)
Balance as at 31 May 2023	<u>691,597,258</u>	<u>(61,745,114)</u>	<u>629,852,144</u>

11. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2024	2023
	No. of units	No. of units
At the beginning of the financial year	653,796,048	690,976,823
Add: Creation of units from applications	8,264,433	41,237,142
Add: Creation of units from distributions	-	19,799,598
Less: Cancellation of units	(178,848,442)	(98,217,515)
At the end of the financial year	<u>483,212,039</u>	<u>653,796,048</u>

12. TOTAL EXPENSE RATIO ("TER")

	2024	2023
	%	%
TER	<u>1.86</u>	<u>1.86</u>

12. TOTAL EXPENSE RATIO (“TER”) (CONTINUED)

TER is derived from the following calculation:

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

- A = Management fee (excludes management fee rebate)
- B = Trustee and custodian fees
- C = Audit fee
- D = Tax agent’s fee
- E = Other expenses excluding Central Depository System (“CDS”) transfer fee and withholding tax
- 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 was RM588,478,020 (2023: RM662,055,086).

13. PORTFOLIO TURNOVER RATIO (“PTR”)

	2024	2023
PTR (times)	0.66	0.45

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 = RM314,122,040 (2023: RM272,204,414)
- total disposal for the financial year = RM465,025,108 (2023: RM319,255,300)

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
Principal Asset Management (S) Pte Ltd	Investment Adviser of the Fund
Principal Islamic Asset Management (Ireland) PLC	Fellow related party to the Manager
PT Principal Asset management	Fellow related party to the Manager

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

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

<u>Related parties</u>	<u>Relationship</u>
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
CIMB Islamic Bank Bhd	Fellow related party to the Manager
CGS-CIMB Securities Sdn Bhd	Fellow related party to 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

Units held by the Manager and parties related to the Manager

	<u>2024</u>	<u>2023</u>
	<u>No. of units</u>	<u>No. of units</u>
Manager	RM	RM
Principal Asset Management Berhad	17,040	6,986
	19,995	6,730

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

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

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

	<u>2024</u>	<u>2023</u>
	<u>RM</u>	<u>RM</u>
<u>Significant related party balances</u>		
<u>Management fee rebate</u>		
- Principal Islamic Asset Management (Ireland) PLC	336,836	295,838
- Principal Asset Management Berhad	14,878	183,680
	<u>351,714</u>	<u>479,518</u>

Shariah-compliant collective investment schemes

- Principal Islamic Asia Pacific Dynamic Income and Growth Fund - USD I Accumulation	15,783,031	14,458,418
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14. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER, AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

	2024	2023
	RM	RM
<u>Significant related party balances (continued)</u>		
<u>Shariah-compliant collective investment schemes (continued)</u>		
- Principal Islamic Global Responds Equity - USD I Accumulation	7,357,867	6,327,081
- Principal Islamic Equity Growth Syariah Fund	3,268,529	7,981,530
- Principal Islamic ASEAN Equity Syariah Fund	2,514,139	2,564,352
	<u>28,923,566</u>	<u>31,331,381</u>
	2024	2023
	RM	RM
<u>Amount due to related broker:</u>		
- CGS-CIMB Securities Sdn Bhd	-	4,055,531

15. TRANSACTIONS WITH BROKERS

Details of transactions with the top 10 brokers for the financial year ended 31 May 2024 were as follows:

Brokers	Values of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
RHB Investment Bank Bhd	131,133,080	16.85	275,289	18.94
Nomura Securities Malaysia Sdn Bhd	86,758,379	11.15	179,075	12.32
Citigroup Global Markets Ltd	80,366,898	10.33	65,484	4.51
Macquarie Capital Securities (M) Sdn Bhd	79,817,889	10.26	171,184	11.78
Maybank Investment Bank Bhd	46,930,837	6.03	98,878	6.80
Affin Hwang Investment Bank Bhd	42,747,376	5.49	91,670	6.31
JP Morgan Securities (Asia Pacific)	31,256,286	4.02	74,622	5.13
UOB Kay Hian Securities (M) Sdn Bhd	29,917,924	3.85	60,038	4.13
CGS-CIMB Securities Sdn Bhd #	27,510,401	3.54	59,743	4.11
J.P. Morgan Securities LLC	25,835,851	3.32	7,751	0.53
Others #	195,742,496	25.16	369,572	25.44
	<u>778,017,417</u>	<u>100.00</u>	<u>1,453,306</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 2023 were as follows:

Brokers	Values of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Macquarie Capital Securities (M) Sdn Bhd	71,247,230	12.07	146,826	14.18
CLSA Securities M Sdn Bhd	51,207,520	8.67	66,486	6.42
Maybank Investment Bank Bhd	47,604,692	8.06	104,195	10.06
RHB Investment Bank Bhd	46,054,146	7.80	95,735	9.25
CGS-CIMB Securities Sdn Bhd #	41,595,553	7.05	106,768	10.31
Citigroup Global Markets Ltd	37,542,969	6.36	28,761	2.78
KAF Equities Sdn Bhd	33,480,373	5.67	70,874	6.84
J.P. Morgan Securities (M) Sdn Bhd	31,451,927	5.33	49,412	4.77
Jefferies International Ltd	23,706,780	4.02	27,446	2.65
Citigroup Global Markets M Sdn Bhd	22,135,589	3.75	44,446	4.29
Others #	184,348,867	31.22	294,470	28.45
	<u>590,375,646</u>	<u>100.00</u>	<u>1,035,419</u>	<u>100.00</u>

Included in the transactions are trades conducted with CGS-CIMB Securities Sdn Bhd, and CGS-CIMB Securities Pte Ltd, fellow related parties to the Manager amounting to RM27,510,401 (2023: RM41,595,553), and RM697,285 (2023: RM5,398,629) 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. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 17 July 2024.

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