

Principal DALI Equity Growth Fund

Annual Report

For The Financial Year Ended 31 May 2024

PRINCIPAL DALI EQUITY GROWTH 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 Growth 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
Country Head and Chief Executive Officer, Malaysia
Non-Independent Executive Director

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

The Fund aims to achieve 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. Since inception, the Fund has delivered a 7.16% annualised total return. The Fund's returns are stated and described under the Fund Performance section of this report.

What are the Fund investment policy and principal investment strategy?

The Fund 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 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 on Unit Trust Funds ("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. With effect from 28 April 2023, the Fund may invest up to 25% of its NAV in any eligible market globally with some operations or businesses in Malaysia to capture growth opportunities.

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 will be invested in Islamic liquid assets.

Fund category/ type

Equity (Shariah-compliant)/ Growth

When was the Fund launched?

7 May 1998

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

RM 1,671.11 million (1,464.36 million units)

What is the Fund's benchmark?

FTSE Bursa Malaysia EMAS Shariah ("FBMS") Index.

Note: The Fund's benchmark is for performance comparison purpose only. You are cautioned that the risk profile of the Fund is higher than the benchmark. Information on the benchmark can be obtained from www.bursamalaysia.com.

What is the Fund distribution policy?

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

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.

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 quoted securities			
- Construction	8.56	5.29	8.08
- Consumer Products & Services	5.96	6.92	8.69
- Energy	7.39	4.44	4.21
- Financial Services	-	-	3.16
- Health Care	17.70	17.12	11.59
- Industrials Product & Services	8.75	12.03	20.09
- Plantation	8.09	8.03	11.53
- Property	4.75	-	2.27
- Real Estate Investment Trust ("REITs")	-	0.12	-
- Technology	14.95	14.29	8.04
- Telecommunications & Media	5.54	6.94	6.51
- Transportation & Logistics	4.92	5.61	2.98
- Utilities	10.35	11.66	7.91
Unquoted Sukuk	-	-	0.02
Cash and other assets	3.42	8.13	5.19
Liabilities	(0.38)	(0.58)	(0.27)
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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)	1,671.11	1,508.00	1,813.48
Units in circulation (Million)	1,464.36	1,698.19	1,876.16
NAV per unit (RM)	1.1411	0.8880	0.9665
Highest NAV per unit (RM)	1.1750	0.9572	1.0436
Lowest NAV per unit (RM)	0.8600	0.8259	0.9444
- Total return (%)	28.50	(7.68)	(5.84)
- Capital growth (%)	28.50	(8.13)	(5.84)
- Income distribution (%)	-	0.49	-
Total Expense Ratio ("TER") (%)	1.55	1.55	1.55
Portfolio Turnover Ratio ("PTR") (times) #	0.37	0.42	0.47

The Fund's PTR reduced from 0.42 times to 0.37 times which was mainly due to the decrease in trading activities during the financial year under review.

Gross/Net distribution per unit (sen)

Distribution on 10 Nov 2022	-	0.42	-
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	31.05.2024	31.05.2023	31.05.2022	31.05.2021	31.05.2020
	%	%	%	%	%
Annual total return	28.50	(7.68)	(5.84)	1.80	(3.89)

(Launch date: 7 May 1998)

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

MARKET REVIEW (1 JUNE 2023 TO 31 MAY 2024)

For the financial year under review, the FBMS Index increased by 1,785.85 points (“pts”) or 16.84% Year to Year (“y-o-y”) from 10,606.51 pts to 12,392.36 pts.

FBMS Index dropped 1.21% month-on-month (“m-o-m”) in May 2023. The sell-off was relatively broad-based, with select stocks within defensive sectors showing green. We believe it was largely triggered by the recent weakness of the Malaysian Ringgit (“MYR/RM”) on the back of poor Chinese data and consequently the depreciation of the Chinese Yuan Renminbi (“CNY”). Further aggravating the situation was the stronger Dollar due to concerns surrounding the US debt ceiling, and recent US data – encouraging payroll and wage, sticky inflation, and more recently a rebound in job openings - stoking bets on further rates hikes in the next The Federal Open Market Committee (“FOMC”) meeting.

The market continued to be in jittery with the Index losing 1.81% month on month (“m-o-m”) in June 2023. Investors remain wary of the sustained weakness of the MYR/RM, a rather uninspiring first quarter of 2023 corporate results although they were broadly in line, and domestic political uncertainties caused by the upcoming State elections. Expectations of a US recession have now been pushed back to 2024 given the still buoyant data points coming out of the US.

Reversing the loss sustained in previous months, the Index strongly rebounded by 5.16% m-o-m in July 2023. Sentiment was sharply lifted by the slump in the US Dollar (“USD”), benefiting the MYR/RM, and waning expectations of a US recession following recent favourable economic data points – cooling inflation and still resilient jobs market.

The market took a pause following a dizzying rally the previous month, fell by 0.29% m-o-m in August. Sentiment was dampened by rebound in the USD and rising US treasury yields on expectations of further interest rate hikes in the US as economic data points remain strong.

The Index dropped further by 0.42% m-o-m in September 2023. 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 Markets (“EM”), in addition to the Federal Reserve (the “Fed’s”) hawkish messaging on interest rates.

In October 2023, the Index fell for the third consecutive month by 0.30% m-o-m. 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.

FBMS Index rebounded 0.81% m-o-m in November 2023. Overall sentiment was lifted by expectations that the US 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.

In December 2023, the Index continued to move higher; rising 0.54% m-o-m and ended the year of 2023 at 10,988.71 points. Investors rejoiced at Fed’s decision to hold rates and signaling 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.

FBMS Index rallied 2.63% m-o-m in January 2024. 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. The Index continued its rally in February 2024 gaining 2.22% m-o-m, making Malaysia market 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.

In March 2024, the Index edged higher by 1.0% m-o-m despite profit-taking set in. 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.

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

During the month, there were also distortions caused by FTSE rebalancing (as well as MSCI rebalancing in February) and many index stocks going ex-dividends.

FBMS Index surged 3.80% m-o-m 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.

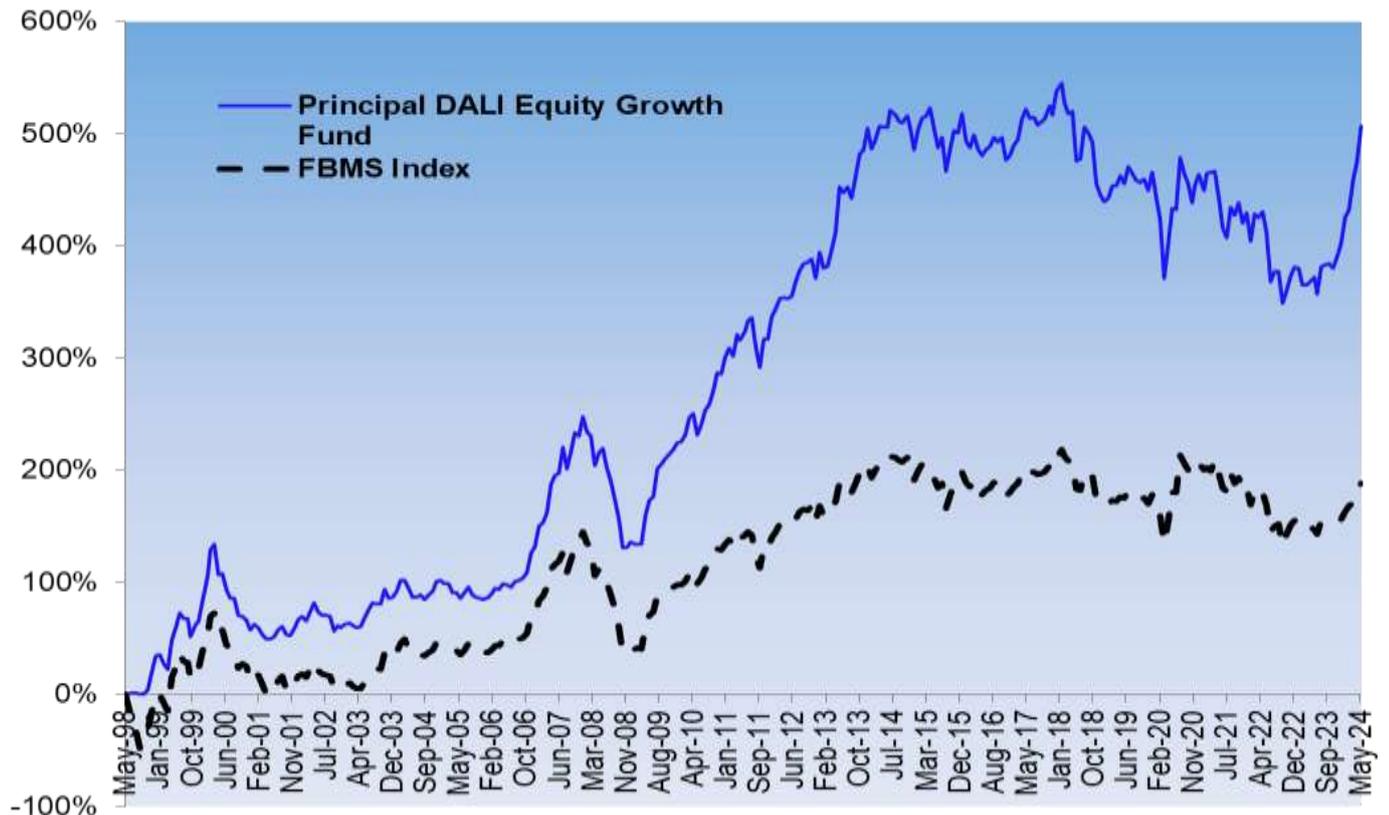
FBMS Index's rally extended into May, up 2.54% m-o-m to close the month at 12,392.36 pts. Investors stayed upbeat despite bets on rate cuts by the Fed pushed back given the persistent strong economic data out of the US and sticky inflation. Utilities, Consumer and Industrial led gains while Telcos and Commodities lagged. Within the broader market, Construction, Property and Tech did well.

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	-	0.49	3.23	124.97
Capital Growth	28.50	11.15	5.87	169.79
Total Return	28.50	11.70	9.29	506.95
Benchmark	16.84	(2.98)	5.06	188.74
Average Total Return	28.50	3.75	1.79	7.16

For the financial year under review, the Fund rose by 28.50%, while the benchmark increased by 16.84%. As such, the Fund outperformed the benchmark by 11.66% points.

Since Inception



FUND PERFORMANCE (CONTINUED)

Changes in NAV

	31.05.2024	31.05.2023	Changes %
NAV (RM Million)	1,671.11	1,508.00	10.82
NAV/Unit (RM)	1.1411	0.8880	28.50

The NAV and NAV per unit increased by 10.82% and 28.50% respectively, which mainly attributable to the positive investment performance under 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 quoted securities	96.96	92.45
Cash and other assets	3.42	8.13
Liabilities	(0.38)	(0.58)
TOTAL	100.00	100.00

Asset allocation for shariah-compliant quoted securities increased from 92.45% as of 31 May 2023 to 96.96% as of 31 May 2024 reflecting our positive view on the Malaysia equity market.

MARKET OUTLOOK*

Malaysia's manufacturing sector expanded for the first time since June 2022, with the Purchasing Managers' Index ("PMI") reading at 50.2pts in May 2024 versus 49.0pts in the previous month. Standard & Poor's ("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 PMI data supports an acceleration in Gross Domestic Product ("GDP") growth into second quarter. 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.

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 2.0-3.5% Consumer Price Index ("CPI") forecast for 2024 with the impending subsidy rationalization plans.

Malaysia's equity market valuation remains compressed despite the run-up, with forward Price Earning ("PE") 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% 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.

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

INVESTMENT STRATEGY

Overall, we are still positive on the market. We remain invested on themes such as NETR and prefer to stay overweight in Utilities, Construction, Property and selective Oil and Gas (“O&G”). Additionally, we remain optimistic on selective Financials as we expect positive momentum to persist in 2024. 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 risk.

SOFT COMMISSIONS AND REBATES

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

SECURITIES FINANCING TRANSACTIONS

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

STATE OF AFFAIR OF THE FUND

There is neither any significant change to the state affairs of the Fund nor any circumstances that materially affect any interest of the unit holders during the financial year under review.

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 financial year under review.

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 GROWTH 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 38 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 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 GROWTH FUND ("Fund")**

We have acted as Trustee of the Fund for the financial period from 1 June 2023 to 4 October 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Principal Asset Management Berhad has operated and managed the Fund during the period covered by these financial 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 **MTrustee Berhad**

NURIZAN JALIL
Chief Executive Officer

Selangor
17 July 2024

TRUSTEE'S REPORT

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

We have acted as Trustee of the Fund for the financial period from 5 October 2023 to 31 May 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Principal Asset Management Berhad has operated and managed the Fund during the period covered by these financial 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 Growth 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 GROWTH FUND**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Principal DALI Equity Growth 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 9 to 38.

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 financial 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 GROWTH 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 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 GROWTH 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 GROWTH FUND (CONT'D.)**

Report on the audit of the financial statements (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		35,707,779	51,751,993
Profit income from Shariah-compliant deposits with licensed Islamic financial institutions		1,664,934	3,174,514
Profit income from unquoted Sukuk		-	27,640
Net gain/(loss) on financial assets at fair value through profit or loss	8	377,571,048	(167,084,300)
Net foreign exchange loss		(287,900)	-
		<u>414,655,861</u>	<u>(112,130,153)</u>
EXPENSES			
Management fee	4	22,781,085	23,687,531
Trustee fee	5	657,835	631,667
Transaction costs		2,724,048	3,774,100
Audit fee		9,400	9,400
Tax agent's fee		3,900	4,812
Other expenses		49,403	86,314
		<u>26,225,671</u>	<u>28,193,824</u>
PROFIT/(LOSS) BEFORE TAXATION		388,430,190	(140,323,977)
TAXATION	7	-	-
PROFIT/(LOSS) AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>388,431,190</u>	<u>(140,323,977)</u>
Profit/(Loss) after taxation is made up as follows:			
Realised amount		44,421,373	(201,082,844)
Unrealised amount		344,009,817	60,758,867
		<u>388,431,190</u>	<u>(140,323,977)</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 (Shariah-compliant)	9	56,346,665	115,902,831
Financial assets at fair value through profit or loss (Shariah-compliant)	8	1,620,385,597	1,394,108,212
Amount due from stockbrokers		-	5,264,375
Amount due from Manager		480,842	474,479
Amount due from Manager of collective investment scheme			
- Management fee rebate		17,337	-
Dividends receivable		302,140	1,030,752
TOTAL ASSETS		<u>1,677,532,581</u>	<u>1,516,780,649</u>
LIABILITIES			
Amount due to stockbrokers		-	4,077,319
Amount due to Manager		4,203,562	2,699,024
Accrued management fee		2,131,167	1,930,882
Amount due to Trustee		63,935	51,490
Other payables and accruals		23,476	23,869
TOTAL LIABILITIES		<u>6,421,140</u>	<u>8,782,584</u>
NET ASSET VALUE OF THE FUND		<u>1,671,110,441</u>	<u>1,507,998,065</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	10	<u>1,671,110,441</u>	<u>1,507,998,065</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	11	<u>1,464,363,018</u>	<u>1,698,190,309</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.1411</u>	<u>0.8880</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>1,507,998,065</u>	<u>1,813,483,775</u>
Movement in unit holders' contributions:			
- Creation of units from applications		40,313,940	49,937,613
- Creation of units from distributions		-	7,496,308
- Cancellation of units		<u>(265,631,754)</u>	<u>(215,077,036)</u>
		<u>(225,317,814)</u>	<u>(157,643,115)</u>
Total comprehensive income/(loss) for the financial year		388,430,190	(140,323,977)
Distributions	6	-	(7,518,618)
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR	10	<u><u>1,671,110,441</u></u>	<u><u>1,507,998,065</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			
Proceeds from disposal of Shariah-compliant quoted securities		642,600,602	731,139,887
Proceeds from redemption of unquoted Sukuk		-	435,169
Purchase of Shariah-compliant quoted securities		(492,876,870)	(573,548,449)
Profit income received from Shariah-compliant deposits with licensed Islamic financial institutions		1,664,934	3,174,514
Profit income received from unquoted Sukuk		-	42,464
Dividend income received		36,435,153	51,174,906
Management fee paid		(22,580,800)	(24,075,752)
Management fee rebates income received		15,602	-
Trustee fee paid		(645,390)	(642,020)
Payments for other fees and expenses		(61,858)	(98,499)
Payment of other foreign exchange loss		(133,860)	-
Net cash generated from operating activities		<u>164,417,513</u>	<u>187,602,220</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		40,307,577	49,894,645
Payments for cancellation of units		(264,127,216)	(214,832,179)
Distribution paid		-	(18,127)
Net cash used in financing activities		<u>(223,819,639)</u>	<u>(164,955,661)</u>
Net (decrease)/increase in cash and cash equivalents		(59,402,126)	22,646,559
Effects of foreign exchange differences		(154,040)	-
Cash and cash equivalents at the beginning of the financial year		<u>115,902,831</u>	<u>93,256,272</u>
Cash and cash equivalents at the end of the financial year	9	<u>56,346,665</u>	<u>115,902,831</u>
<u>Cash and cash equivalents comprised of :</u>			
Shariah-compliant deposits with licensed Islamic financial institutions		54,727,498	115,792,357
Bank balances		<u>1,619,167</u>	<u>110,474</u>
Cash and cash equivalents at the end of the financial year	9	<u>56,346,665</u>	<u>115,902,831</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 Growth 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 Fifteenth Supplemental Master Deed dated 21 September 2012, a Seventeenth Supplemental Master Deed dated 25 March 2015 and a Nineteenth Supplemental Master Deed dated 18 June 2019, a Twentythird Supplemental Master Deed dated 27 June 2022, a Twentyfourth Supplemental Master Deed dated 20 September 2022 (collectively referred to as the “Deeds”), made between Principal Asset Management Berhad (the “Manager”) and MTrustee Berhad (the “Previous Trustee”) and a Twenty Fifth Supplemental Master Deed dated 26 May 2023 (collectively referred to as the “Deeds”) between the Manager and HSBC (Malaysia) Trustee Berhad (the “Trustee”).

The Fund 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 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. With effect from 28 April 2023, the Fund may invest up to 25% of its NAV in any eligible market globally with some operations or businesses in Malaysia to capture growth opportunities

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 will be invested 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 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”).

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

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 assumptions are based on the Manager's best knowledge of current events and actions, actual results may differ.

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

There are no other standards, amendments to standards or interpretations that are effective for financial 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.

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 investments in unquoted Sukuk 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, the investments in unquoted Sukuk are measured at fair value through profit or loss.

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

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

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

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

Recognition and measurement

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

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.

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

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

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

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.

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

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor’s sources of income or assets to generate sufficient future cash flows to repay the amount. The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the financial 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 and unquoted Sukuk are 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 is accounted for as the difference between the net disposal proceeds and the carrying amount of Shariah-compliant quoted securities, determined on a weighted average cost basis.

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**(d) Functional and presentation currency**

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

(e) Cash and cash equivalents

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

(f) Taxation

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

Withholding taxes on investment income from Shariah-compliant 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.

(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.

(h) Transactions costs

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

(i) Unit holders’ contributions

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

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

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

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Amount due from/to stockbrokers

Amounts due from/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.

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

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

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

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

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

Estimate of fair value of unquoted Sukuk

In undertaking any of the Fund's Shariah-compliant 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.

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

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund were as follows:

2024	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
Cash and cash equivalents (Shariah-compliant) (Note 9)	-	56,346,665	56,346,665
Shariah-compliant quoted securities (Note 8)	1,620,385,597	-	1,620,385,597
Amount due from Manager	-	480,842	480,842
Amount due from Manager of collective investment scheme			
- Management fee rebate	-	17,337	17,337
Dividends receivable	-	302,140	302,140
	<u>1,620,385,597</u>	<u>57,146,984</u>	<u>1,677,532,581</u>

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

Financial instruments of the Fund were as follows: (continued)

2023	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
Cash and cash equivalents (Shariah-compliant) (Note 9)	-	115,902,831	115,902,831
Shariah-compliant quoted securities (Note 8)	1,394,108,212	-	1,394,108,212
Amount due from stockbrokers	-	5,264,375	5,264,375
Amount due from Manager	-	474,479	474,479
Dividends receivable	-	1,030,752	1,030,752
	<u>1,394,108,212</u>	<u>122,672,437</u>	<u>1,516,780,649</u>

All liabilities are financial liabilities which are carried at amortised cost.

The investment objective of the Fund is to achieve 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 and interest rate risk), credit risk and liquidity risk.

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

(a) Market risk

(i) Price risk

Price risk is the risk that the fair value of Shariah-compliant investments in quoted securities and unquoted Sukuk will fluctuate because of changes in market prices (other than those arising from interest rate risk). The value of Shariah-compliant quoted securities and unquoted Sukuk 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 quoted securities, unquoted Sukuk 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 quoted securities	<u>1,620,385,597</u>	<u>1,394,108,212</u>
	<u>1,620,385,597</u>	<u>1,394,108,212</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 quoted securities at the end of each reporting year. The analysis is based on the assumptions that the price of the Shariah-compliant quoted securities fluctuates by 5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the Shariah-compliant quoted securities, having regard to the historical volatility of the prices.

Change in prices of Shariah-compliant quoted securities	Market value RM	Impact on profit or loss/NAV RM
2024		
-5%	1,539,366,317	(81,019,280)
0%	1,620,385,597	-
5%	<u>1,701,404,877</u>	<u>81,019,280</u>
2023		
-5%	1,324,402,801	(69,705,411)
0%	1,394,108,212	-
5%	<u>1,463,813,623</u>	<u>69,705,411</u>

(ii) Interest rate risk

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

Investors should note that the movement in prices of unquoted Sukuk and Shariah-compliant money market instruments are benchmarked against profit rates. As such, the investments are exposed to the movement of the profit rates. However, it does not in any way suggest that this Fund will invest in conventional financial instruments. All investments carried out for the Fund including placement and deposits are in accordance with Shariah.

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

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

(a) Market risk (continued)

(ii) Interest rate risk (continued)

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

As at the current and previous financial year end, the Fund did not have any investments in unquoted Sukuk that are exposed to movements of the profit rates.

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

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

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

(b) Credit risk

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

Investment in unquoted Sukuk may involve a certain degree of credit/default risk with regards to the issuers. Generally, credit risk or default risk is the risk of loss due to the issuer's non-payment or untimely payment of the investment amount as well as the returns on investment. This will cause a decline in value of the defaulted unquoted Sukuk and subsequently depress the NAV of the Fund. Usually credit risk is more apparent for an investment with a longer tenure, i.e. the longer the duration, the higher the credit risk.

Credit risk can be managed by performing continuous fundamental credit research and analysis to ascertain the creditworthiness of its issuer. In addition, the Manager imposes a minimum rating requirement as rated by either local and/or foreign rating agencies and manages the duration of the investment in accordance with the objective of the Fund. For this Fund, the unquoted Sukuk investment must satisfy a minimum credit requirement of at least "A3" or "P2" by RAM or equivalent rating by MARC or by local rating agency(ies) of the country of issuance; "BBB-" by S&P or equivalent rating by Moody's or Fitch.

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

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

(b) Credit risk (continued)

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

The following table sets out the credit risk concentration of the Fund at the end of each reporting year:

	Cash and cash equivalents RM	Amount due from stockbrokers RM	Amount due from Manager RM	Amount due from Manager of collective investment scheme – fee rebate RM	Dividends receivable RM	Total RM
2024						
AAA	56,346,665	-	-	-	-	56,346,665
Not rated	-	-	480,842	17,337	302,140	800,319
	<u>56,346,665</u>	<u>-</u>	<u>480,842</u>	<u>17,337</u>	<u>302,140</u>	<u>57,146,984</u>
2023						
AAA	115,902,831	-	-	-	-	115,902,831
Not rated	-	5,264,375	474,479	-	1,030,752	6,769,606
	<u>115,902,831</u>	<u>5,264,375</u>	<u>474,479</u>	<u>-</u>	<u>1,030,752</u>	<u>122,672,437</u>

All deposits with licensed financial institutions of the Fund have an average remaining maturity of 1 day (2023: 1 day).

(c) Liquidity risk

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

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise bank balances and Shariah-compliant deposits with licensed Islamic financial institutions which are capable of being converted into cash within 7 business days. Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector and other factors.

For the purpose of the Fund, the Manager will attempt to balance the entire portfolio by investing in a mix of assets with satisfactory trading volume and those that occasionally could encounter poor liquidity. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

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

(c) Liquidity risk (continued)

The table below summaries the Fund's financial liabilities into relevant maturity groupings based on the remaining year 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 Manager	4,203,562	-	4,203,562
Accrued management fee	2,131,167	-	2,131,167
Amount due to Trustee	63,935	-	63,935
Other payables and accruals	-	23,476	23,476
Contractual undiscounted cash flows	6,398,664	23,476	6,422,140
2023			
Amount due to stockbrokers	4,077,319	-	4,077,319
Amount due to Manager	2,699,024	-	2,699,024
Accrued management fee	1,930,882	-	1,930,882
Amount due to Trustee	51,490	-	51,490
Other payables and accruals	-	23,869	23,869
Contractual undiscounted cash flows	8,758,715	23,869	8,782,584

(d) Capital risk management

The capital of the Fund is net assets attributable to unit holders of RM1,671,110,441 (2023: RM1,507,998,065). The amount of capital can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

(e) Fair value estimation

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

The fair 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 quoted securities	1,620,385,597	-	-	1,620,385,597
	<u>1,620,385,597</u>	<u>-</u>	<u>-</u>	<u>1,620,385,597</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 quoted securities	1,394,108,212	-	-	1,394,108,212
	<u>1,394,108,212</u>	<u>-</u>	<u>-</u>	<u>1,394,108,212</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 equities. The Fund does not adjust the quoted prices for these instruments. The Fund's policies on valuation of these financial assets are stated in Note 2(b).

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. This includes unquoted Sukuk.

As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Fund's policies on valuation of these financial assets are stated in Note 2(b).

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

4. MANAGEMENT FEE

In accordance with the Deeds, the Manager is entitled to a maximum management fee of 2.25% 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 1.50% per annum (2023: 1.50% per annum).

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

5. TRUSTEE FEE

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

For the financial period from 1 June 2023 until 4 October 2023, the Trustee fee is recognised at a rate of 0.06%. Effective 5 October 2023, the Trustee Fee is recognised at a rate of 0.045% per annum (2023: 0.06% per annum)

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

6. DISTRIBUTION

Breakdown of distribution were as follows:

	RM	2024 %	RM	2023 %
Source of distribution				
Distribution out of current year's income	-	-	7,518,618	100.00
Distribution out of prior year's income/capital*	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>7,518,618</u>	<u>100.00</u>

	2024 RM	2023 RM
Gross/Net distribution per unit (sen)		
Distribution on 10 Nov 2022	<u>-</u>	<u>0.42</u>

* Distribution income has been accrued as at the end of the prior financial year but is not declared and paid as distribution.

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

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

During the financial year ended 31 May 2024, the Fund incurred unrealised losses of Nil (2023: Nil)

7. TAXATION

	2024 RM	2023 RM
Tax charged for the financial year:		
- Current taxation	<u>-</u>	<u>-</u>

7. TAXATION (CONTINUED)

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

	2024	2023
	RM	RM
Profit/(loss) before taxation	<u>388,431,190</u>	<u>(140,323,977)</u>
Taxation at Malaysian statutory rate of 24% (2023: 24%)	93,223,486	(33,677,754)
Tax effects of:		
- (Investment income not subject to tax)/loss not deductible to tax purposes	(99,517,407)	26,911,237
- Expenses not deductible for tax purposes	817,403	1,076,739
- Restriction on tax deductible expenses for Unit Trust Funds	<u>5,476,518</u>	<u>5,689,778</u>
Taxation	<u>-</u>	<u>-</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (SHARIAH-COMPLIANT)

	2024	2023
	RM	RM
At fair value through profit or loss:		
- Shariah-compliant quoted securities	<u>1,620,385,597</u>	<u>1,394,108,212</u>
	<u>1,620,385,597</u>	<u>1,394,108,212</u>
Net gain/(loss) on financial assets at fair value through profit or loss:		
- Realised gain/(loss) on disposals	33,528,293	(227,843,168)
- Unrealised fair value gain	344,009,816	60,758,868
- Management fee rebate #	<u>32,939</u>	<u>-</u>
	<u>377,571,048</u>	<u>(167,084,300)</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 period ended 31 May 2024, the rebate is recognised at a rate of 1.80% for Principal Islamic ASEAN Equity Fund calculated and accrued daily based on the NAV of the Shariah-compliant collective investment scheme.

Name of counter	Quantity	Aggregate	Market	Percentage
	Units	cost	value	of NAV
		RM	RM	%
2024				
SHARIAH-COMPLIANT				
QUOTED SECURITIES -				
LOCAL				
Construction				
Gamuda Bhd	10,594,063	40,593,600	64,305,962	3.85
IJM Corporation Bhd	24,581,300	59,424,491	67,598,575	4.05
MGB Bhd	12,589,900	14,708,782	11,079,112	0.66
	<u>47,765,263</u>	<u>114,726,873</u>	<u>142,983,649</u>	<u>8.56</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2024 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES - LOCAL (CONTINUED)				
Consumer Products & Services				
Mr D.I.Y Group (M) Bhd	21,474,150	37,582,381	38,868,212	2.33
Sime Darby Bhd	18,126,336	41,427,093	50,391,214	3.02
Karex Bhd	12,186,500	9,297,441	10,114,795	0.61
	<u>51,786,986</u>	<u>88,306,915</u>	<u>99,374,221</u>	<u>5.96</u>
Energy				
Dayang Enterprise Holdings Bhd	6,502,800	11,744,401	17,167,392	1.03
Dialog Group Bhd	38,231,152	75,709,100	91,372,453	5.47
Hibiscus Petroleum Bhd	5,946,255	14,170,292	14,865,638	0.89
	<u>50,680,207</u>	<u>101,623,793</u>	<u>123,405,483</u>	<u>7.39</u>
Health Care				
Hartalega Holdings Bhd	39,903,885	140,254,854	125,298,199	7.50
IHH Healthcare Bhd	9,681,100	58,060,433	59,926,009	3.59
Kossan Rubber Industries Bhd	8,845,900	12,998,647	19,637,898	1.18
Top Glove Corporation Bhd	47,694,061	91,584,326	50,078,764	3.00
KPJ Healthcare Bhd	21,354,900	30,352,028	40,574,310	2.43
	<u>127,479,846</u>	<u>333,250,288</u>	<u>295,515,180</u>	<u>17.70</u>
Industrial Products & Services				
Sunway Bhd	26,870,100	49,632,125	94,045,350	5.63
UEM Edgenta Bhd	8,310,900	24,172,636	7,313,592	0.43
V.S Industry	42,620,300	55,539,977	45,177,518	2.69
	<u>77,801,300</u>	<u>129,344,738</u>	<u>146,536,460</u>	<u>8.75</u>
Plantation				
IOI Corporation Bhd	11,061,917	49,798,868	42,256,523	2.53
Kuala Lumpur Kepong Bhd	2,060,136	47,112,856	42,974,437	2.57
Genting Plantations Bhd	1,325,400	8,338,456	7,952,400	0.48
SD Guthrie Bhd	9,856,303	52,000,780	41,889,288	2.51
	<u>24,303,756</u>	<u>157,250,960</u>	<u>135,072,648</u>	<u>8.09</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2024 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES - LOCAL (CONTINUED)				
Property				
Eastern and Oriental Bhd	15,790,100	9,916,332	16,105,902	0.96
Iskandar Waterfront City Bhd	15,164,300	11,552,765	11,373,225	0.68
Sime Darby Property Bhd	9,691,000	11,982,214	12,016,840	0.72
Skyworld Development Bhd	6,476,100	4,980,829	4,209,465	0.25
SP Setia Bhd	4,420,600	4,094,927	6,409,870	0.38
UEM Sunrise Bhd	25,552,800	14,106,674	29,641,248	1.76
	<u>77,094,900</u>	<u>56,633,741</u>	<u>79,756,550</u>	<u>4.75</u>
Technology				
CTOS Digital Bhd	13,656,000	23,516,443	19,118,400	1.14
Frontken Corporation Bhd	4,681,850	14,153,244	19,897,863	1.19
My Eg Services Bhd	79,126,551	75,972,289	87,039,206	5.21
Pentamaster Corporation Bhd	4,167,500	22,027,913	20,212,375	1.21
ITMAX System Bhd	7,306,900	11,732,628	16,659,732	1.00
GENETEC Technology Bhd	17,968,100	49,453,220	39,170,458	2.34
	<u>126,906,901</u>	<u>196,855,737</u>	<u>202,098,034</u>	<u>12.09</u>
Telecommunications & Media				
Telekom Malaysia Bhd	13,261,026	76,203,114	82,350,971	4.93
Time Dotcom Bhd	1,935,140	6,924,278	10,217,539	0.61
	<u>15,196,166</u>	<u>83,127,392</u>	<u>92,568,510</u>	<u>5.54</u>
Transportation & Logistics				
MISC Bhd	9,859,900	75,076,443	82,231,566	4.92
Utilities				
Tenaga Nasional Bhd	13,269,700	155,855,351	173,036,888	10.35
TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES - LOCAL	<u>622,144,925</u>	<u>1,492,052,231</u>	<u>1,572,579,189</u>	<u>94.10</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2024 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES - FOREIGN				
UNITED STATES				
Technology				
Nvidia Corporation	2,696	11,425,721	13,906,595	0.83
Taiwan Semiconductor Manufacturing ADR	47,703	34,492,148	33,899,813	2.03
	<u>50,399</u>	<u>45,917,869</u>	<u>47,806,408</u>	<u>2.86</u>
TOTAL UNITED STATES	<u>50,399</u>	<u>45,917,869</u>	<u>47,806,408</u>	<u>2.86</u>
SHARIAH-COMPLIANT QUOTED SECURITIES - FOREIGN	<u>50,399</u>	<u>45,917,869</u>	<u>47,806,408</u>	<u>2.86</u>
TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES	<u>622,195,324</u>	<u>1,537,970,100</u>	<u>1,620,385,597</u>	<u>96.96</u>
ACCUMULATED UNREALISED GAIN ON SHARIAH-COMPLIANT QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>82,415,497</u>		
TOTAL SHARIAH-COMPLIANT QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>1,620,385,597</u>		
2023				
SHARIAH-COMPLIANT QUOTED SECURITIES				
Construction				
Gamuda Bhd	9,957,089	33,334,965	44,209,475	2.93
IJM Corporation Bhd	16,262,600	46,199,282	26,670,664	1.77
MGB Bhd	12,589,900	14,708,782	8,938,829	0.59
	<u>38,809,589</u>	<u>94,243,029</u>	<u>79,818,968</u>	<u>5.29</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2023 (Continued)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
Consumer Products & Services				
Bermaz Auto Bhd	6,086,600	11,748,213	13,207,922	0.88
Farm Fresh Bhd	1,745,000	2,611,716	2,338,300	0.16
Mr DIY Group (M) Bhd	11,945,550	22,115,642	18,754,513	1.24
QL Resources Bhd	3,723,700	21,985,097	20,666,535	1.37
Sime Darby Bhd	16,838,636	38,079,675	34,855,977	2.31
UMW Holdings Bhd	2,139,600	8,010,133	8,237,460	0.55
Karex Bhd	10,394,200	8,085,828	6,236,520	0.41
	<u>52,873,286</u>	<u>112,636,304</u>	<u>104,297,227</u>	<u>6.92</u>
Energy				
Dayang Enterprise Holdings Bhd	6,447,600	26,446,050	7,543,692	0.50
Dialog Group Bhd	16,622,652	11,515,507	35,904,928	2.38
Hibiscus Petroleum Bhd	25,894,639	24,533,614	23,564,122	1.56
	<u>48,964,891</u>	<u>62,495,171</u>	<u>67,012,742</u>	<u>4.44</u>
Health Care				
Hartalega Holdings Bhd	46,012,085	161,724,059	105,827,796	7.02
IHH Healthcare Bhd	9,990,400	59,900,434	57,644,608	3.82
Kossan Rubber Industries Bhd	13,235,300	18,245,482	19,588,244	1.30
Top Glove Corporation Bhd	47,694,061	91,584,326	54,371,230	3.61
KPJ Healthcare Bhd	17,460,600	19,589,344	20,603,507	1.37
	<u>134,392,446</u>	<u>351,043,645</u>	<u>258,035,385</u>	<u>17.12</u>
Industrial Products & Services				
Ann Joo Resources Bhd	6,351,700	8,715,024	6,351,700	0.42
Kelington Group Bhd	2,112,800	2,723,432	2,957,920	0.20
Nationgate Holdings Bhd	18,742,500	23,748,026	23,240,700	1.54
Press Metal Aluminium Holdings Bhd	20,041,300	95,511,678	92,390,393	6.13
Sunway Bhd	12,051,800	20,205,932	18,921,326	1.25
UEM Edgenta Bhd	7,887,200	23,770,617	7,768,892	0.52
V.S Industry	36,721,400	51,467,066	29,377,120	1.95
V.S Industry – WB 14/6/2024	14,601,500	6,725,490	365,038	0.02
	<u>118,510,200</u>	<u>232,867,265</u>	<u>181,373,089</u>	<u>12.03</u>
Plantation				
IOI Corporation Bhd	11,561,917	52,049,783	42,663,474	2.83
Kuala Lumpur Kepong Bhd	1,326,736	31,239,815	27,702,248	1.84

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2023 (Continued)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
Plantation (continued)				
Sime Darby Plantation Bhd	12,001,803	63,320,204	50,647,609	3.36
	<u>24,890,456</u>	<u>146,609,803</u>	<u>121,013,330</u>	<u>8.03</u>
Real Estate				
AME REIT	258,700	292,331	315,614	0.02
Axis REIT	830,000	1,546,086	1,535,500	0.10
	<u>1,088,700</u>	<u>1,838,417</u>	<u>1,851,114</u>	<u>0.12</u>
Technology				
CTOS Digital Bhd	15,029,400	26,027,272	20,139,396	1.34
Frontken Corporation Bhd	8,747,350	25,968,981	27,204,259	1.80
Inari Amerton Bhd	16,648,500	46,076,606	41,954,220	2.78
My Eg Services Bhd	77,852,600	75,061,414	65,396,184	4.34
Pentamaster Corporation Bhd	3,317,800	17,417,598	16,589,000	1.10
ITMAX System Bhd	2,050,700	3,236,859	2,850,473	0.19
GENETEC Technology Bhd	17,217,800	47,540,407	41,322,720	2.74
	<u>140,864,150</u>	<u>241,329,137</u>	<u>215,456,252</u>	<u>14.29</u>
Telecommunications & Media				
Celcomdigi Bhd	3,739,700	22,192,059	16,716,459	1.11
Maxis Bhd	4,648,100	18,425,899	19,103,691	1.27
Telekom Malaysia Bhd	11,306,726	65,588,617	57,664,303	3.82
Time Dotcom Bhd	2,071,740	7,413,057	11,125,243	0.74
	<u>21,766,266</u>	<u>113,619,632</u>	<u>104,609,696</u>	<u>6.94</u>
Transportation & Logistics				
MISC Bhd	6,657,300	49,564,346	48,598,290	3.22
Malaysia Airports Holdings Bhd	5,215,300	34,696,707	36,037,723	2.39
	<u>11,872,600</u>	<u>84,261,053</u>	<u>84,636,013</u>	<u>5.61</u>
Utilities				
Petronas Gas Bhd	1,557,900	29,595,913	26,079,246	1.73
Tenaga Nasional Bhd	15,765,000	185,163,162	149,925,150	9.94
	<u>17,322,900</u>	<u>214,759,075</u>	<u>176,004,396</u>	<u>11.67</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (SHARIAH-COMPLIANT) (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>611,355,484</u>	1,655,702,532	<u>1,394,108,212</u>	<u>92.45</u>

ACCUMULATED
UNREALISED LOSS ON
SHARIAH-COMPLIANT
QUOTED SECURITIES AT
FAIR VALUE THROUGH
PROFIT OR LOSS

(261,594,320)

TOTAL SHARIAH-COMPLIANT
QUOTED SECURITIES AT
FAIR VALUE THROUGH
PROFIT OR LOSS

1,394,108,212

9. CASH AND CASH EQUIVALENTS (SHARIAH-COMPLIANT)

	2024 RM	2023 RM
Shariah-compliant deposits with licensed Islamic financial institutions	54,727,498	115,792,357
Bank balances	<u>1,619,167</u>	<u>110,474</u>
	<u>56,346,665</u>	<u>115,902,831</u>

10. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

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

	2024 RM	2023 RM
Unit holders' contributions	1,846,581,553	2,071,899,367
Accumulated losses	<u>(175,471,112)</u>	<u>(563,901,302)</u>
	<u>1,671,110,441</u>	<u>1,507,998,065</u>

10. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS (CONTINUED)

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

	Unit holders' contribution RM	Accumulated losses RM	Total RM
Balance as at 1 June 2023	2,071,899,367	(563,901,302)	1,507,998,065
Movement in unit holders' contributions:			
- Creation of units from Applications	40,313,940	-	40,313,940
- Cancellation of units	(265,631,754)	-	(265,631,754)
Total comprehensive income for the financial year	-	388,430,190	388,430,190
Balance as at 31 May 2024	<u>1,846,581,553</u>	<u>(175,471,112)</u>	<u>1,671,110,441</u>
Balance as at 1 June 2022	2,229,542,482	(416,058,707)	1,813,483,775
Movement in unit holders' contributions:			
- Creation of units from Applications	49,937,613	-	49,937,613
- Creation of units from distribution	7,496,308	-	7,496,308
- Cancellation of units	(215,077,036)	-	(215,077,036)
Total comprehensive income for the financial year	-	(140,323,977)	(140,323,977)
Distribution	-	(7,518,618)	(7,518,618)
Balance as at 31 May 2023	<u>2,071,899,367</u>	<u>(563,901,302)</u>	<u>1,507,998,065</u>

11. NUMBER OF UNITS IN CIRCULATION (UNITS)

	<u>2024</u> No. of units	<u>2023</u> No. of units
At the beginning of the financial year	1,698,190,309	1,876,163,181
Add: Creation of units from applications	42,525,808	56,436,154
Add: Creation of units from distribution	-	8,754,303
Less: Cancellation of units	<u>(276,353,099)</u>	<u>(243,163,329)</u>
At the end of the financial year	<u>1,464,363,018</u>	<u>1,698,190,309</u>

12. TOTAL EXPENSE RATIO ("TER")

	<u>2024</u> %	<u>2023</u> %
TER	1.55	1.55

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 (exclude management fee rebate)
- B = Trustee fee
- C = Audit fee
- D = Tax agent’s fee
- E = Other expenses excluding 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 RM1,514,940,933 (2023: RM1,579,972,460).

13. PORTFOLIO TURNOVER RATIO (“PTR”)

	2024	2023
PTR (times)	<u>0.37</u>	<u>0.42</u>

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 = RM487,642,162 (2023: RM576,101,353)
- total disposal for the financial year = RM639,020,634 (2023: RM738,653,947)

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

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

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

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>
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 shareholder of the Manager

Units held by the Manager and parties related to the Manager

Manager	2024		2023	
	No. of units	RM	No. of units	RM
Principal Asset Management Berhad	29,524	33,690	55,313	49,118

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.

	2024	2023
	RM	RM
<u>Significant related party transactions</u>		
Profit income from Shariah-compliant deposits with licensed Islamic financial institutions:		
- CIMB Islamic Bank Bhd	-	47,217

15. TRANSACTIONS WITH BROKERS/DEALERS

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

Brokers/Dealers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
Nomura Securities Malaysia Sdn Bhd	211,987,676	18.84	429,420	20.02
Macquarie Capital Sec (M) Sdn Bhd	177,392,839	15.77	366,747	17.10
RHB Investment Bank Bhd	172,209,631	15.31	356,393	16.62
Affin Hwang Investment Bank Bhd	112,638,860	10.01	229,945	10.72
Maybank Investment Bank Bhd	74,847,545	6.65	157,817	7.36

15. TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)

Details of transactions with the top 10 brokers/dealers for the financial year ended 31 May 2024 were as follows: (continued)

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
J.P. Morgan Sec (M) Sdn Bhd	70,471,956	6.26	92,948	4.33
CLSA Securities M Sdn Bhd	59,705,788	5.31	118,647	5.53
Citigroup Global Markets Ltd	45,917,868	4.08	13,775	0.64
UOB Kay Hian Sec (M) Sdn Bhd	45,114,315	4.01	91,219	4.25
CGS-CIMB Securities Sdn Bhd #	43,612,281	3.88	90,877	4.24
Others	111,077,131	9.88	196,672	9.19
	<u>1,124,975,890</u>	<u>100.00</u>	<u>2,144,460</u>	<u>100.00</u>

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

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
JP Morgan Securities (M) Sdn Bhd	193,924,200	14.78	322,058	12.27
CGS-CIMB Securities Sdn Bhd #	164,505,795	12.54	345,416	13.16
Macquarie Capital Securities (M) Sdn Bhd	162,563,095	12.39	336,616	12.82
CLSA Securities (M) Sdn Bhd	143,170,025	10.91	303,988	11.58
Maybank Investment Bank Bhd	133,670,747	10.19	275,902	10.51
RHB Investment Bank Bhd	114,011,409	8.69	237,223	9.03
UBS Securities Malaysia Sdn Bhd	107,023,012	8.16	179,754	6.85
KAF Equities Sdn Bhd	92,754,331	7.07	196,425	7.48
Hong Leong Investment Bank Bhd	49,987,577	3.81	108,705	4.14
Credit Suisse Securites (M) Sdn Bhd	49,377,408	3.76	110,571	4.21
Others	100,796,944	7.70	208,969	7.95
	<u>1,311,784,543</u>	<u>100.00</u>	<u>2,625,627</u>	<u>100.00</u>

Included in the transactions are trades conducted with CGS-CIMB Securities Sdn Bhd, related party to the Manager amounting to RM43,612,281 (2023: RM164,505,795). The Manager is of the opinion that all transactions with the related party have been entered into in the normal course of business at agreed terms between the related party.

16. APPROVAL OF FINANCIAL STATEMENTS

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

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