

**PRINCIPAL DYNAMIC ENHANCED MALAYSIA INCOME FUND**  
**ANNUAL REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 Dynamic Enhanced Malaysia Income Fund for the financial year ended 31 December 2024. You may also download this report from our website at [www.principal.com.my](http://www.principal.com.my).

We are proud to announce that Principal Malaysia has earned numerous accolades in 2024. At the Asia Asset Management 2024 Best of the Best Awards, we were honored with the Best of the Best Performance Award for China A-Share Equity (3 years) and recognized as the Best Institutional House – Malaysia. At the 2024 Global Banking & Finance Awards, our CEO, Munirah Khairuddin, was named Asset Management CEO of the Year Malaysia, and our company was recognized as Asset Management Company of the Year Malaysia. 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 won three awards: Best Absolute Return Strategy, Best Online & Mobile Platform (Asset Manager), and Best Asset Manager (Income-Oriented, Money Market & Alternative Investment Funds). The International Finance Awards honored us with 'Best Asset Management Company – Malaysia 2024' and 'Best Asset Management CEO – Munirah Khairuddin – Malaysia 2024'. At the Triple A Sustainable Investing Awards 2024, we secured the Asset Management Company of the Year (Malaysia) award. The World Business Outlook magazine recognized us with the titles of Best Investment Management and Solutions Provider Malaysia, Best Institutional House Malaysia, and Asset Management CEO (Munirah Khairuddin) of the Year Malaysia. Additionally, we received three awards at the iFast Awards 2024, seven at the LSEG Lipper Fund Awards 2024, ten at the FSMOne Recommended Funds 2023/2024, and two at the Edge 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, like our Facebook page (@PrincipalMalaysia), follow us on our Instagram account (@principalmalaysia), and LinkedIn page (Principal Malaysia) 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,  
Malaysia & Global Shariah & Managing Director,  
Strategic Distribution & Institutional Client Relations  
(Southeast Asia & Global Shariah)  
Non-Independent Executive Director

## MANAGER'S REPORT

### FUND OBJECTIVE AND POLICY

#### What is the investment objective of the Fund?

The Fund aims to provide capital growth over the medium to long-term as well as income distributions.

#### Has the Fund achieved its objective?

The Fund has achieved its objective of providing capital growth over the medium to long-term.

#### What are the Fund investment policy and principal investment strategy?

The Fund aims to invest in a diversified portfolio of primarily fixed income investments and some exposures in equities. The Fund may invest between 20% to 80% (both inclusive) of its Net Asset Value ("NAV") in debentures with a minimum credit rating of "BBB3" or "P2" by RAM Ratings Services Bhd ("RAM") or equivalent rating by Malaysian Rating Corporation Bhd ("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 invest between 20% to 80% (both inclusive) of its NAV in equities. Up to 40% of the Fund's NAV may be invested in Unrated Fixed Income Securities. In line with the objective of the Fund, the investment policy and strategy of the Fund is to invest primarily in fixed income securities in order to provide streams of income and some capital stability, whilst having some exposure to equities in order to provide growth and added return in a rising market. Under normal market conditions, the Fund will remain invested 40% to 60% of its NAV in fixed income securities and equities. However, the Fund has the flexibility to swing between 20% to 80% of its NAV in fixed income securities and equities depending on the market conditions. The Fund may also opt to seek investment exposure via Collective Investment Scheme that is in line with the Fund's objective, subject to the requirement of the Guideline on Unit Trust Funds issued by Securities Commission Malaysia ("GUTF").

The asset allocation strategy for this Fund is as follows:

- between 20% to 80% (both inclusive) of the Fund's NAV in fixed income securities and liquid assets;
- between 20% to 80% (both inclusive) of the Fund's NAV in equities; and
- up to 40% of the Fund's NAV in Unrated Fixed Income Securities.

#### Fund category/type

Balanced/Income

#### How long should you invest for?

Recommended three (3) years or more.

#### When was the Fund launched?

12 March 1998

#### What was the size of the Fund as at 31 December 2024?

RM48.73 million (140.38 million units)

#### What is the Fund's benchmark?

40% FTSE Bursa Malaysia ("FBM") 100 Index + 60% CIMB Bank 1-Month Fixed Deposit Rate

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

#### What is the Fund distribution policy?

Distribution (if any) is expected to be distributed half-yearly in January and July each year at the Manager's discretion.

#### What was the net income distribution for the financial year ended 31 December 2024?

The Fund distributed a total net income of RM1.22 million to unit holders, for the financial year ended 31 December 2024.

**FUND OBJECTIVE AND POLICY (CONTINUED)**

The Fund's NAV per unit are as follows:

Date	NAV per unit (before distribution) RM	NAV per unit (after distribution) RM
Distribution on 17 January 2024	0.3002	0.2973
Distribution on 17 July 2024	0.3616	0.3556

Breakdown of distribution were as follows:

Source of distribution	2024		2023	
	RM	%	RM	%
Distribution out of current year's income	1,220,995	100.00	1,032,094	100.00
Distribution out of prior year's income/capital	-	-	-	-
Total	1,220,995	100.00	1,032,094	100.00

**PERFORMANCE DATA**

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

	31.12.2024	31.12.2023	31.12.2022
Quoted securities			
- Communication Services	1.53	0.68	2.90
- Construction	-	4.16	-
- Consumer Discretionary	6.34	-	0.39
- Consumer Staples	3.09	-	3.86
- Energy	1.78	0.97	3.22
- Financials	13.24	7.69	6.38
- Health Care	2.08	4.34	1.35
- Industrials	10.30	8.51	6.70
- Information Technology	8.80	18.34	11.12
- Materials	0.72	-	0.71
- Property	-	3.87	-
- Real Estate	2.35	-	0.81
- Transportation	-	0.17	-
- Utilities	5.87	7.50	0.90
Unquoted fixed income securities	39.39	41.01	55.20
Cash and other net assets	5.38	4.08	7.55
Liabilities	(0.87)	(1.32)	(1.09)
	100.00	100.00	100.00

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

	31.12.2024	31.12.2023	31.12.2022
NAV (RM Million)	48.73	41.32	43.07
Units in circulation (Million)	140.38	139.29	151.89
NAV per unit (RM)	0.3470	0.2966	0.2835
Highest NAV per unit (RM)	0.3604	0.2968	0.3020
Lowest NAV per unit (RM)	0.2947	0.2836	0.2749
Total return (%)	20.13	7.17	(4.26)
- Capital growth (%)	16.99	4.62	(6.16)
- Income distribution (%)	2.68	2.43	2.02
Total Expense Ratio ("TER") (%) ^	1.98	2.06	2.03
Portfolio Turnover Ratio ("PTR") (times) #	0.78	0.83	0.90

**PERFORMANCE DATA (CONTINUED)**

^ The Fund's TER decreased from 2.06% to 1.98% was mainly due to increase in average NAV during the financial year under review.

# The Fund's PTR decreased to 0.78 times from 0.83 times for the financial year under review due to lower trading activities.

	<b>31.12.2024</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
<b>Gross/Net distribution per unit (sen)</b>			
Distribution on 17 January 2024	0.29		
Distribution on 17 July 2024	0.60		
Distribution on 25 Jan 2023	-	0.28	-
Distribution on 26 Jul 2023	-	0.42	-
Distribution on 26 July 2022	-	-	0.42
Distribution on 6 January 2022	-	-	0.15

	<b>31.12.2024</b>	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Annual total return	20.13	7.17	(4.26)	5.31	7.28

(Launch date: 12 March 1998)

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

**MARKET REVIEW (1 JANUARY 2024 TO 31 DECEMBER 2024)**

**Equity**

The FBM100 Index rose by 4.0% in January 2024. This marked the 4<sup>th</sup> consecutive month of gains, with Malaysia outperforming most ASEAN markets. Sentiment was lifted by US Federal Reserve (the "Fed's") communication on interest rates given the recent cooling inflation and economic data out of the US. The weaker United State Dollar ("USD") and lower treasury yield that ensued favored Emerging Market ("EM"). Utilities, Commodities, Telcos and Financials topped the gainers list. Within the broader market, Energy, Construction and Property did well, while Technology languished despite the sentiment on Fed rates.

The FBM100 Index rose by 2.3% in February 2024. This marked the 5<sup>th</sup> 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. Financials, Utilities, Commodities and Telcos topped the gainers list. Within the broader market, Energy did well, and Technology rebounded strongly.

The FBM100 Index rose by 0.5% in March 2024. This marked the 6<sup>th</sup> consecutive month of gains. 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. During the month, there were also distortions caused by FTSE rebalancing (as well as MSCI rebalancing in February 2024) and many index stocks going ex-dividends. Financials, Transport, Utilities and Commodities topped the gainers list while Telcos languished. Within the broader market, Property, Construction, Technology, Healthcare and Energy did well.

The FBM100 Index rose by 2.5% in April 2024. This marked the 7<sup>th</sup> consecutive month of gains. 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 Press Metal Aluminium Holdings Bhd ("PMAH")), Healthcare and Transport led gains while Energy eased. Within the broader market, Property and Consumer did well.

**MARKET REVIEW (1 JANUARY 2024 TO 31 DECEMBER 2024) (CONTINUED)**

**Equity (Continued)**

The FBM100 Index rose 2.3% in May 2024. This marked the 8th consecutive month of gains. This came amidst a slight distortion from Morgan Stanley Capital International (“MSCI”) May rebalancing, with investors staying 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, Financials, Consumer and Industrial led gains while Telcos and Commodities lagged. Within the broader market, Construction, Property and Technology did well.

The FBM100 Index rose 0.2% in June 2024. This marked the 9<sup>th</sup> consecutive month of gains. This came as investors took the opportunity to lock in gains during half-time but remained relatively upbeat considering recent weakness in US economic data and inflation moderating. Utilities and Healthcare rose while Consumer eased. Within the broader market, Construction and Technology posted strong gains, while other sectors were mixed.

The FBM100 Index rose 2.6% in July 2024. This marked the 10<sup>th</sup> consecutive month of gains. This was in line with gains in regional markets and rebounding off the previous month’s sell-off, spurred by Federal Open Market Committee (“FOMC”) fed cut bets considering the recent weakness in US economic data and inflation moderating. Gainers were led by Banks, Utilities, Telcos, and Consumer, while Materials languished. Within the broader market, Construction and Property posted strong gains, while Technology and Healthcare yielded

The FBM100 Index rose 0.6% in August 2024. This marked the 11<sup>th</sup> consecutive month of gains. This was also despite the sharp sell-off at the start of the month due to the massive unwinding of the Yen carry trade. Sentiment was helped by waning US recession fears given the more ‘upbeat’ economic data, and greater conviction on Fed cuts, coupled with the 5% appreciation in the Malaysian Ringgit (“MYR/RM”) during the month. MSCI rebalancing also helped. Unfortunately, gains were largely concentrated on Banks and Plantations – all other sectors languished.

The FBM100 Index fell 1.4% in September 2024, breaking an 11-month winning streak. The index succumbed to profit taking despite the stronger US market which recorded new highs following Fed’s 50bps cut during the month and greater confidence of a soft-landing scenario for the US economy. Most sectors were down except for Construction, Property and Healthcare, with Energy and Technology sold off the most.

The FBM100 Index fell 1.7% in October 2024. Investors remained risk-off ahead of the US elections, despite the Fed very likely to cut another 25 basis points (“bps”) in the November 2024 FOMC meeting given the recent inflation print and weak jobs data. Utilities and Telcos were sold off the most, while Construction, REITs and Healthcare posted modest gains.

The FBM100 Index rose 0.1% in November 2024. Markets remained flattish due to uncertainties surrounding potential new policies under the new US administration, as well as the trajectory of Fed rates given the recent economic data. Utilities, Commodities, Telcos, Transport and Consumer were sold off the most, while Banks, Healthcare, Property, Construction and Plantation posted modest gains.

The FBM100 Index rose 3.7% in December 2024, ending the year on a strong note. This was aided by year-end window dressing and cash redeployment by domestic funds amidst another month of heavy foreign selling due to policy uncertainties under the new US administration and the trajectory of Fed rates coupled with rising bond yields. Utilities, Commodities, Telcos, Transport and select Financials topped the leaderboard, while within the broader market, Technology, Property and Healthcare did well.

MARKET REVIEW (1 JANUARY 2024 TO 31 DECEMBER 2024) (CONTINUED)

**Fixed Income**

For the period under review, the central bank maintained the Overnight Policy Rate (“OPR”) at 3.00% throughout all the Monetary Policy Committee (“MPC”) meetings held. In the statement released for the last meeting of the year in November 2024, the central bank stated that the monetary policy stance remains supportive of the economy and is consistent with the current assessment of inflation and growth prospects.

The annual inflation rate in Malaysia registered at 1.7% in December 2024 after printing 1.8% in November 2024. This was the lowest registered reading since January 2024 as prices eased for furnishing, household maintenance, health, recreation whilst remaining unchanged for beverages, housing, transportation and education. In the beginning of the year, inflation was at 1.5% in January 2024 and ticked upwards for the months of February 2024, March 2024 and April 2024 as it registered 1.8% for the three consecutive months. It registered higher at 2.0% for the next three consecutive months of May 2024, June 2024 and July 2024 at 2%. It gradually moved lower at 1.9% in August 2024, then at 1.8% in September 2024 as it rose again slightly in October 2024 registering 1.9% then. The annual inflation rate stood at 1.8% for the year, marking a two-year consecutive decline in inflation since 2022.

The best performing index in the month of December 2024 was the Bond Pricing Agency Malaysia (“BPAM”) Corporates Bond (7-year over) Index with returns of 0.40%, while the worst performing index was the Quantshop Malaysia Government Securities (“MGS”) Long Index with returns of 0.23%. Year-to-date, the BPAM Corporates All Bond (7y over) Index kept its position as the best performer with returns of 5.50%, while the BPAM All Bond Index – MGS – 1-year to 3-year was the worst performer for the year with returns of 3.55%.

Foreign holdings saw an outflow for the last two months of 2024 as it declined by RM1.4 billion in December 2024 and RM1.1 billion in November 2024. Despite the paring down seen in the last two months of the year, full-year foreign inflow remained positive but was reduced to RM4.8 billion (2023: RM23.6 billion inflow). As at end December 2024, total foreign holdings stood at RM275.2 billion with foreign holdings of MGS at 32.3%.

In December 2024, credit spreads narrowed, with AAA-rated credits experiencing the most significant tightening, while shorter-dated GG-rated credits widened slightly. Year-to-date, spreads generally narrowed across all rating bands between 2 to 19bps except for the 3-5y GGs and AAA.

Corporate bond issuance swelled to RM124.2 billion in 2024, surpassing the previous year’s RM118.3 billion. The financial (RM51.7 billion) and real estate (RM19.9 billion) sectors continued to be the primary drivers of issuance, mirroring trends observed in 2023.

Total gross issuances for 2024 was estimated to be at RM178 billion comprising a total of 36 auctions. In December 2024, there was only one auction as BNM announced changes in this year’s auction calendar. BNM rescheduled the 10-year MGS auction to December 2024 from November 2024 and cancelled the 3-year GII auction initially planned for December 2024. With the revised auction schedule, the total government auction for the year was smaller than expected at RM175 billion gross issuance.

Year to date, the MGS yield curve saw flattening in the long-end of the curve as the 20-year 30-year moved lower by 4 to 6 bps. Meanwhile, the 5-year to 10-year moved higher by 1 to 11bps, with the 10-year MGS moving the most as it ended at 3.84% at the end of December 2024. (2023: 3.72%).

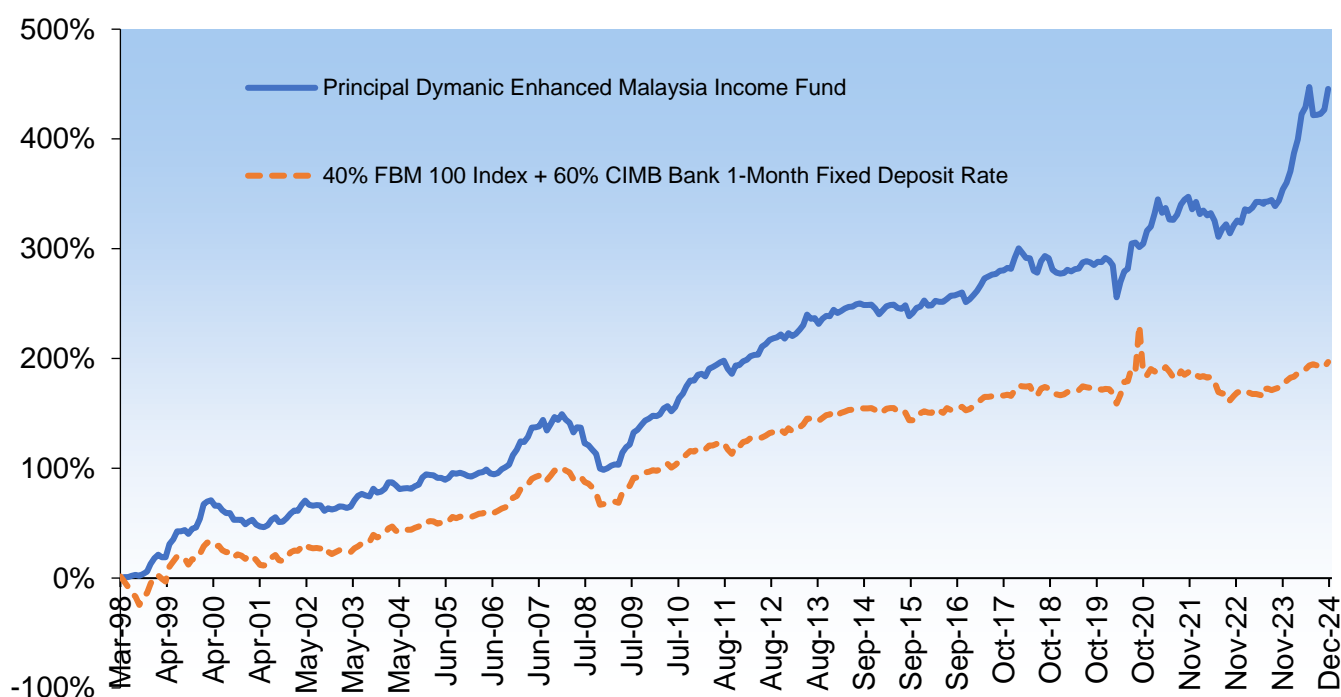


**FUND PERFORMANCE**

	<b>1 year to 31.12.2024</b>	<b>3 years to 31.12.2024</b>	<b>5 years to 31.12.2024</b>	<b>Since inception to 31.12.2024</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Income Distribution	2.68	7.31	15.98	307.27
Capital Growth	16.99	14.86	20.07	33.96
Total Return	20.13	23.26	39.26	445.58
Benchmark	8.04	8.79	11.03	196.97
Average Total Return	20.13	7.21	6.84	6.53

For the financial year under review, the Fund gained 20.13%, while the benchmark gained 8.04%. As such, the fund outperformed its benchmark by 1,209bps, or 12.09%.

**Since inception**



**Changes in NAV**

	<b>31.12.2024</b>	<b>31.12.2023</b>	<b>Changes %</b>
NAV (RM Million)	48.73	41.32	17.93
NAV/Unit (RM)	0.3470	0.2966	16.99

The NAV increased 17.93%, while the NAV per unit increased by 16.99% due to the strong performance of the Fund.

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**

<b>(% of NAV)</b>	<b>31.12.2024</b>	<b>31.12.2023</b>
Quoted securities	56.10	56.23
Unquoted fixed income securities	39.39	41.01
Cash and other net assets	5.38	4.08
Liabilities	(0.87)	(1.32)
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>

Asset allocation into equities decreased slightly from 56.23% as at 31 December 2023 to 56.10% as at 31 December 2024. Asset allocation to fixed income decreased from 41.01% to 39.39% during the same period. This reflects our more positive view on equity markets

**MARKET OUTLOOK\***

**Equity**

Malaysia’s manufacturing sector moderated further in December 2024, with a Purchasing Managers’ Index (“PMI”) reading of 48.6 points (“pts”) versus 49.2 pts the previous month, as demand conditions remain muted. S&P Global noted a slowdown in new orders, output, purchasing and stocks, while employment also fell marginally. Positively, inflationary pressures softened sharply. Optimism of a recovery in new orders over the coming 12 months remains solid, unchanged from November 2024. The latest PMI data suggests fourth quarter of 2024 (“4Q24”) GDP growth momentum could sustain at a similar pace as the preceding quarter, which was at 5.9%, albeit at a slower rate of increase. To recap, BNM now projects GDP to grow 4.8% to 5.3% in 2024, revised up from 4-5% previously, and the economy to expand by 4.5% to 5.5% in 2025.

We expect BNM to maintain OPR at 3.00% for 2025 given muted inflation and most economic growth. Inflation rose at a slower pace of 1.8% in November 2024 vs 1.9% in October 2024. There appears to be sufficient headroom to central bank’s latest 2.0% to 3.5% Consumer Prince Index (“CPI”) forecast for 2025 with the impending subsidy rationalization plans.

**Fixed Income**

Budget 2025 targets 4.5% to 5.5% growth while focusing on fiscal consolidation, subsidy rationalization, and efficient resource management to reduce the fiscal deficit from 4.3% in 2024 to 3.8% in 2025. The Government will continue to enhance fiscal management through broadening of revenue measures, optimal use of resources and continue to pursue subsidy rationalization, particularly RON95. It is expected that the Government will implement the petrol subsidy rationalization programme beginning in mid-2025 and will be similar to the diesel subsidy rationalization mechanism. The implementation of the 15% Global Minimum Tax (“GMT”) starting January 2025 is expected to strengthen Malaysia’s financial position, targeting multinational companies with global revenues exceeding EUR750 million. This move aims to attract investments while signaling Malaysia’s commitment to global tax compliance.

The central bank believes the outlook for inflation will depend on the implementation of further domestic policy measures on subsidies and price controls, as well as global commodity prices and financial market developments. Ministry of Finance (“MOF”) also projects inflation to range between 2.0% to 3.5% for 2025, and unemployment rate to improve further to 3.1%. Generally, we expect some inflationary pressures arising from the execution of subsidy rationalization, particularly on RON95 by mid-2025, which could have an impact on bond yields. In addition, a change in spending patterns due to the hike in civil servants’ minimum salary in February 2025 might give a boost to economic growth via a rise in domestic demand.

## **MARKET OUTLOOK\* (CONTINUED)**

\*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**

### **Equity**

We remain constructive on sectors that stand to gain from the National Energy Transition Roadmap ("NETR"), including Utilities, Construction, and Property. We are also optimistic about Financials and Consumer names given the strong investment momentum in Malaysia, as well as Oil & Gas ("O&G") services. We also like sectors that benefit from the stronger MYR/RM. Additionally, we remain highly selective on Technology favoring those with strong bargaining power. Key risks are the derailment of Malaysia's macroeconomic recovery and corporate earnings growth due to the larger-than-expected impact of rising inflation, slower global economic growth, and heightened geopolitical risks.

### **Fixed Income**

We continue to remain positive of the local bond market as we expect it to be strongly supported by strong liquidity and positive market sentiment. Overall, we prefer corporate bonds over government bonds due to the yield pickup and overall better total returns. We aim to reinvest in new corporate bond issuances, when possible, when able to switch out of credits with expensive valuations

## **SOFT COMMISSIONS AND REBATES**

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

- (a) the soft commission brings 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 Fund; and
- (c) the availability of soft commission is not the sole or primary purpose to perform or arrange transactions with such broker or dealer, and we and the fund the manager will not enter into unnecessary trades in order to achieve a sufficient volume of transactions to qualify for soft commission.

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 were no 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 financial year under review.

**UNIT SPLIT**

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

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF  
PRINCIPAL DYNAMIC ENHANCED MALAYSIA INCOME 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 7 to 41 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 December 2024 and of its financial performance, changes net assets attributable to unit holders and cash flows for the financial year then ended in accordance with the provisions of the MFRS Accounting Standards and IFRS Accounting Standards.

For and on behalf of the Manager

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

**MUNIRAH KHAIRUDDIN**

Chief Executive Officer,  
Malaysia & Global Shariah & Managing Director,  
Strategic Distribution & Institutional Client Relations  
(Southeast Asia & Global Shariah)  
Non-Independent Executive Director

**UDAY JAYARAM**

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

Kuala Lumpur  
14 February 2025

**TRUSTEE'S REPORT**

**TO THE UNIT HOLDERS OF  
PRINCIPAL DYNAMIC ENHANCED MALAYSIA INCOME FUND ("Fund")**

We have acted as Trustee of the Fund for the financial year ended 31 December 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 year 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 the 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.

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

For HSBC (Malaysia) Trustee Berhad

Lee Cincee  
Senior Manager, Trustee and Fiduciary Services

Kuala Lumpur  
14 February 2025

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF  
PRINCIPAL DYNAMIC ENHANCED MALAYSIA INCOME FUND**

**Report on the audit of the financial statements**

*Opinion*

In our opinion, the financial statements of Principal Dynamic Enhanced Malaysia Income Fund (the "Fund"), which comprise the statement of financial position of the Fund as at 31 December 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 year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 7 to 41.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2024, and of its financial performance and cash flows for the year then ended in accordance with MFRS Accounting Standards and IFRS Accounting 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.

*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.

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF  
PRINCIPAL DYNAMIC ENHANCED MALAYSIA INCOME FUND (CONT'D.)**

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

*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 MFRS Accounting Standards and IFRS Accounting 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.

*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.



**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF  
PRINCIPAL DYNAMIC ENHANCED MALAYSIA INCOME FUND (CONT'D.)**

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

*Auditors' responsibilities for the audit of the financial statements (cont'd.)*

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We are 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 DYNAMIC ENHANCED MALAYSIA INCOME 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 Fund ("GUTF") 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. 03013/10/2026 J  
Chartered Accountant

Kuala Lumpur, Malaysia  
14 February 2025

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

	Note	2024 RM	2023 RM
<b>INCOME</b>			
Dividend income		746,552	397,509
Interest income from deposits with licensed financial institutions and current account at amortised cost		45,237	42,754
Interest income from unquoted fixed income securities		763,961	935,916
Net gain on financial assets at fair value through profit or loss	8	7,615,939	2,623,685
Net foreign exchange (loss)/gain		(299)	7,811
		9,171,390	4,007,675
<b>EXPENSES</b>			
Management fee	4	842,653	789,488
Trustee fee	5	20,251	32,898
Transaction costs		187,220	169,841
Audit fee		9,500	10,500
Tax agent's fee		4,500	13,677
Other expenses		26,574	31,492
		1,090,698	1,047,896
<b>PROFIT BEFORE TAXATION</b>		8,080,692	2,959,779
Taxation	7	(200)	(778)
<b>PROFIT AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>		8,080,492	2,959,001
Profit after taxation is made up as follows:			
Realised amount		3,216,361	1,365,393
Unrealised amount		4,864,131	1,593,608
		8,080,492	2,959,001

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

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

	Note	2024 RM	2023 RM
<b>ASSETS</b>			
Cash and cash equivalents	9	2,563,858	1,273,520
Financial assets at fair value through profit or loss	8	46,521,577	40,175,831
Amount due from stockbrokers		-	406,706
Amount due from Manager		59,861	791
Dividends receivable		-	6,405
<b>TOTAL ASSETS</b>		<u>49,145,296</u>	<u>41,863,253</u>
<b>LIABILITIES</b>			
Amount due to stockbrokers		-	248,259
Amount due to Manager		152,071	46,764
Accrued management fee		75,570	64,095
Amount due to Trustee		1,838	1,805
Tax payable		2,575	2,875
Distribution payable		162,286	162,286
Other payables and accruals		24,896	19,896
<b>TOTAL LIABILITIES</b>		<u>419,236</u>	<u>545,980</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>48,726,060</u>	<u>41,317,273</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>	<b>10</b>	<u>48,726,060</u>	<u>41,317,273</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>	<b>11</b>	<u>140,381,749</u>	<u>139,289,672</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.3470</u>	<u>0.2966</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 DECEMBER 2024**

	Note	2024 RM	2023 RM
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		41,317,273	43,068,048
Movement in unit holders' contributions:			
- Creation of units from applications		6,124,760	1,197,624
- Creation of units from distribution		1,106,681	933,597
- Cancellation of units		<u>(6,682,151)</u>	<u>(5,808,903)</u>
		<u>549,290</u>	<u>(3,677,682)</u>
Total comprehensive income for the financial year		8,080,492	2,959,001
Distribution	<b>6</b>	<u>(1,220,995)</u>	<u>(1,032,094)</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR</b>		<u>48,726,060</u>	<u>41,317,273</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 DECEMBER 2024**

	Note	2024 RM	2023 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from disposal of quoted securities		27,772,710	20,947,524
Purchase of quoted securities		(24,440,253)	(25,715,606)
Proceeds from disposal of unquoted fixed income securities		7,421,682	16,003,152
Proceeds from maturity of unquoted fixed income securities		2,475,320	238,624
Purchase of unquoted fixed income securities		(12,059,206)	(8,628,219)
Dividend income received		752,957	390,673
Interest income received from deposits with licensed financial institutions and current account		45,237	42,754
Interest income received from unquoted fixed income securities		835,129	956,324
Management fee paid		(831,178)	(793,393)
Trustee fee paid		(20,218)	(34,034)
Payment of other fees and expenses		(35,574)	(55,838)
Tax payment		(500)	(2,003)
Payment of other foreign exchange loss		(119)	(31,455)
<b>Net cash generated from operating activities</b>		<u>1,915,987</u>	<u>3,318,503</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash proceeds from units created		6,065,689	1,197,633
Payments for cancellation of units		(6,576,844)	(5,824,318)
Distribution paid		(114,314)	(98,497)
<b>Net cash used in financing activities</b>		<u>(625,469)</u>	<u>(4,725,182)</u>
Net increase/(decrease) in cash and cash equivalents		1,290,518	(1,406,679)
Effect of foreign exchange differences		(180)	35,609
Cash and cash equivalents at the beginning of financial year		<u>1,273,520</u>	<u>2,644,590</u>
Cash and cash equivalents at the end of financial year	<b>9</b>	<u>2,563,858</u>	<u>1,273,520</u>
<u>Cash and cash equivalents comprised:</u>			
Bank balances		282,652	209,240
Deposits with licensed financial institutions		<u>2,281,206</u>	<u>1,064,280</u>
Cash and cash equivalents at the end of the financial year	<b>9</b>	<u>2,563,858</u>	<u>1,273,520</u>

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

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

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

Principal Dynamic Enhanced Malaysia Income Fund (the “Fund”) is governed by a Principal Master Deed dated 15 May 2008, an Eighth Supplemental Master Deed dated 14 June 2010, a Thirteenth Supplemental Master Deed dated 26 June 2012, an Eighteenth Supplemental Master Deed dated 25 March 2015, a Twentieth Supplemental Master Deed dated 21 October 2019 (a Twenty Third Supplemental Master Deed dated 27 June 2022, a Twenty Fourth Supplemental Master Deed dated 13 January 2023 between Principal Asset Management Berhad (the “Manager”) and Maybank Trustees 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 aims to invest in a diversified portfolio of primarily fixed income investments and some exposures in equities. The Fund may invest between 20% to 80% (both inclusive) of its NAV in debentures with a minimum credit rating of “BBB3” or “P2” by RAM or equivalent rating by MARC or by local rating agency(ies) of the country of issuance or “BBB-” by S&P or equivalent rating by any other international rating agencies. The Fund may also invest between 20% to 80% (both inclusive) of its NAV in equities. Up to 40% of the Fund’s NAV may be invested in Unrated Fixed Income Securities. In line with the objective of the Fund, the investment policy and strategy of the Fund is to invest primarily in fixed income securities in order to provide streams of income and some capital stability, whilst having some exposure to equities in order to provide growth and added return in a rising market. Under normal market conditions, the Fund will remain invested 40% to 60% of its NAV in fixed income securities and equities. However, the Fund has the flexibility to swing between 20% to 80% of its NAV in fixed income securities and equities depending on the market conditions. The Fund may also opt to seek investment exposure via CIS that is in line with the Fund’s objective, subject to the requirement of the GUTF.

The asset allocation strategy for this Fund is as follows:

- between 20% to 80% (both inclusive) of the Fund’s NAV in fixed income securities and liquid assets;
- between 20% to 80% (both inclusive) of the Fund’s NAV in equities; and
- up to 40% of the Fund’s NAV in Unrated Fixed Income Securities.

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 POLICY INFORMATION**

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 Accounting Standards as issued by the Malaysian Accounting Standards Board (“MASB”) and IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”).

**2. MATERIAL ACCOUNTING POLICY INFORMATION (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 Accounting Standards and IFRS Accounting Standards 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(I).

There are no other standards, amendments to standards or interpretations that are effective for financial year beginning on 1 January 2024 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 January 2025 are applicable to the Fund.

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

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

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

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

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

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

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



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

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

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

Financial assets are derecognised when the rights to receive cash flows from the 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 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 and loss is recognised in the statement of comprehensive income as part of gross dividend income when the Fund's right to receive payments is established.

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

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

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

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

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

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

**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

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

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.

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.

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

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

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

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

**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(d) Foreign currency**

Functional and presentation currency

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

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

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

Transactions and balances

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

**(e) Cash and cash equivalents**

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

**(f) Taxation**

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

Tax on investment income from foreign 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. Such withholding taxes are not “income tax” in nature and are recognised and measured based on the requirements of MFRS 137. 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.

**2. MATERIAL ACCOUNTING POLICY INFORMATION (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/dealers**

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

**(j) Unit holders' contributions**

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

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

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

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

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

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

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

Estimate of fair value of unquoted fixed income securities

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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

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

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

3. 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
<b>2024</b>			
Cash and cash equivalents (Note 9)	-	2,563,858	2,563,858
Quoted securities (Note 8)	27,327,255	-	27,327,255
Unquoted fixed income securities (Note 8)	19,194,322	-	19,194,322
Amount due from Manager	-	59,861	59,861
	46,521,577	2,623,719	49,145,296
<b>2023</b>			
Cash and cash equivalents (Note 9)	-	1,273,520	1,273,520
Quoted securities (Note 8)	23,230,551	-	23,230,551
Unquoted fixed income securities (Note 8)	16,945,280	-	16,945,280
Amount due from stockbrokers	-	406,706	406,706
Amount due from Manager	-	791	791
Dividends receivable	-	6,405	6,405
	40,175,831	1,687,422	41,863,253

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

The Fund aims to provide capital growth over the medium to long-term as well as income distributions.

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.

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

**(a) Market risk**

**(i) Price risk**

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

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

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

	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
Financial assets at fair value through profit or loss:		
- Quoted securities	27,327,255	23,230,551
- Unquoted fixed income securities*	<u>19,194,322</u>	<u>16,945,280</u>
	<u>46,521,577</u>	<u>40,175,831</u>

\* Includes interest receivables of RM142,874 (2023: RM119,786)

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

<b>% Change in price of quoted securities</b>	<b>Market value</b>	<b>Impact on profit or loss/NAV</b>
	<b>RM</b>	<b>RM</b>
<b>2024</b>		
-5%	25,960,892	(1,366,363)
0%	27,327,255	-
5%	<u>28,693,618</u>	<u>1,366,363</u>
<b>2023</b>		
-5%	22,069,024	(1,161,528)
0%	23,230,551	-
5%	<u>24,392,080</u>	<u>1,161,528</u>

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

(a) Market risk (continued)

(i) Price risk (continued)

The Fund is exposed to price risk arising from interest rate fluctuation in relation to its investments of RM19,194,322 (2023: RM16,945,280) in unquoted fixed income securities. The Fund's exposure to price risk arising from interest rate fluctuation and the related sensitivity analysis are disclosed in "interest rate risk" below.

(ii) Interest rate risk

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

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

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

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

The table below summarises the sensitivity of the Fund's profit or loss and NAV to movements in prices of unquoted fixed income securities held by the Fund as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate fluctuates by 1% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the interest rate, having regard to the historical volatility of the interest rate.

% Change in interest rate	Impact on profit or loss/NAV	
	2024 RM	2023 RM
+1%	(32,017)	(33,520)
-1%	<u>32,093</u>	<u>33,621</u>

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

**(a) Market risk (continued)**

**(ii) Interest rate risk (continued)**

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

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

	<b>2024</b>	<b>2023</b>
	%	%
Deposits with licensed financial institutions	3.30	3.20

**(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/RM based on considerations of economic fundamentals such as interest 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:

<b>Financial assets</b>	<b>Cash and cash equivalents</b>	<b>Total</b>
	RM	RM
<b>2024</b>		
USD	2,037	2,037
	2,037	2,037
<b>2023</b>		
USD	489	489
	489	489

The table below summarises the sensitivity of the Fund's profit or loss and NAV to changes in foreign exchange movements at the end of each reporting year. The analysis is based on the assumption that the foreign exchange rate fluctuates by 5%, with all other variables remain constants. 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.



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	2023
	%	RM	RM
USD	+/-5	+/-102	+/-24
		<u>+/-102</u>	<u>+/-24</u>

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

Credit risk can be managed by performing continuous fundamental credit research and analysis to ascertain the creditworthiness of its issuer. In addition, the Manager imposes a minimum rating requirement as rated by either local and/or foreign rating agencies and manages the duration of the investment in accordance with the objective of the Fund. For this Fund, the unquoted fixed income securities must satisfy a minimum credit rating of "BBB3" or "P2" by RAM or equivalent rating by MARC or by local rating agency(ies) of the country of issuance or "BBB-" by S&P or equivalent rating by any other international rating agencies.

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

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 securities are settled or paid upon delivery using approved stockbrokers.

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

(b) Credit risk (continued)

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

	Cash and cash equivalents RM	Financial assets at fair value through profit or loss RM	Amount due from manager RM	Dividends receivable RM	Total RM
<b>2024</b>					
AAA	2,563,858	9,014,188	-	-	11,578,046
AA1	-	1,513,520	-	-	1,513,520
AA2	-	204,081	-	-	204,081
AA3	-	417,838	-	-	417,838
AA	-	4,494,108	-	-	4,494,108
A1	-	1,008,923	-	-	1,008,923
A2	-	1,527,959	-	-	1,527,959
A	-	1,013,705	-	-	1,013,705
NR	-	-	59,861	-	59,861
	<u>2,563,858</u>	<u>19,194,322</u>	<u>59,861</u>	<u>-</u>	<u>21,818,041</u>

	Cash and cash equivalents RM	Financial assets at fair value through profit or loss RM	Amount due from manager RM	Dividends receivable RM	Total RM
<b>2023</b>					
AAA	1,273,520	7,591,879	-	-	8,865,399
AA1	-	3,460,385	-	-	3,460,385
AA2	-	765,575	-	-	765,575
AA3	-	1,266,324	-	-	1,266,324
A1	-	335,934	-	-	335,934
A2	-	1,520,084	-	-	1,520,084
NR	-	2,005,099	791	6,405	2,012,295
	<u>1,273,520</u>	<u>16,945,280</u>	<u>791</u>	<u>6,405</u>	<u>18,225,996</u>

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

(c) Liquidity risk

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

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise bank balances and deposits with licensed financial institutions, 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 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
<b>2024</b>			
Amount due to Manager	152,071	-	152,071
Accrued management fee	75,570	-	75,570
Amount due to Trustee	1,838	-	1,838
Distribution payable	162,286	-	162,286
Other payables and accruals	-	24,896	24,896
<b>Contractual undiscounted cash flows</b>	<u>391,765</u>	<u>24,896</u>	<u>416,661</u>

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
<b>2023</b>			
Amount due to stockbroker	248,259	-	248,259
Amount due to Manager	46,764	-	46,764
Accrued management fee	64,095	-	64,095
Amount due to Trustee	1,805	-	1,805
Distribution payable	162,286	-	162,286
Other payables and accruals	-	19,896	19,896
<b>Contractual undiscounted cash flows</b>	<u>523,209</u>	<u>19,896</u>	<u>543,105</u>

(d) Capital risk management

The capital of the Fund is represented by equity consisting of net assets attributable to unit holders RM48,726,060 (2023: RM41,317,273). 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 holder 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).

**3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****(e) Fair value estimation (continued)**

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

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

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

**(i) Fair value hierarchy**

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

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

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.

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
<b>2024</b>				
Financial assets at fair value through profit or loss:				
- Quoted securities	27,327,255	-	-	27,327,255
- Unquoted fixed income securities	-	19,194,322	-	19,194,322
	<u>27,327,255</u>	<u>19,194,322</u>	<u>-</u>	<u>46,521,577</u>
<b>2023</b>				
Financial assets at fair value through profit or loss:				
- Quoted securities	23,230,551	-	-	23,230,551
- Unquoted fixed income securities	-	16,945,280	-	16,945,280
	<u>23,230,551</u>	<u>16,945,280</u>	<u>-</u>	<u>40,175,831</u>

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

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

(ii) The carrying values of and all current liabilities are a reasonable approximation of their fair values due to their short-term nature.

4. MANAGEMENT FEE

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

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

**4. MANAGEMENT FEE (CONTINUED)**

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

**5. TRUSTEE FEE**

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

For the financial year ended 31 December 2024, the trustee fee is recognised at a rate of 0.045% per annum (2023: 0.045% per annum).

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

**6. DISTRIBUTION**

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

	<b>2024</b>		<b>2023</b>	
	RM	%	RM	%
<b>Source of distribution</b>				
Distribution out of current year's income	1,220,995	100.00	888,811	100.00
Distribution out of prior year's income/capital*	-	-	-	-
<b>Total</b>	1,220,995	100.00	888,811	100.00

	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
<b>Gross/Net distribution per unit (sen)</b>		
Distribution on 17 January 2024	0.29	-
Distribution on 17 July 2024	0.60	-
Distribution on 25 January 2023	-	0.28
Distribution on 26 July 2023	-	0.42

\* 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.

There were no unrealised losses during the financial year ended 31 December 2024. (2023: nil)

**7. TAXATION**

	<b>2024 RM</b>	<b>2023 RM</b>
Tax charged for the financial year:		
-Tax on foreign source income	<u>200</u>	<u>778</u>

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

	<b>2024 RM</b>	<b>2023 RM</b>
Profit before taxation	<u>8,080,692</u>	<u>2,959,779</u>
Taxation at Malaysian statutory rate of 24% (2023: 24%)	1,939,366	710,347
Tax effects of:		
- Income not subject to tax	(2,201,134)	(961,842)
- Expenses not deductible for tax purposes	53,928	55,664
- Restriction on tax deductible expenses for Unit Trust Funds	207,840	195,831
-Tax on foreign source income	<u>200</u>	<u>778</u>
Taxation	<u><u>200</u></u>	<u><u>778</u></u>

**8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>2024 RM</b>	<b>2023 RM</b>
At fair value through profit or loss:		
- Quoted securities	27,327,255	23,230,551
- Unquoted fixed income securities	<u>19,194,322</u>	<u>16,945,280</u>
	<u><u>46,521,577</u></u>	<u><u>40,175,831</u></u>

Net gain on financial assets at fair value through profit or loss:		
- Realised gain on disposals	2,753,242	1,066,406
- Unrealised fair value gain	<u>4,862,697</u>	<u>1,557,279</u>
	<u><u>7,615,939</u></u>	<u><u>2,623,685</u></u>

<b>Name of counter</b>	<b>Quantity Units</b>	<b>Aggregate cost RM</b>	<b>Market value RM</b>	<b>Percentage of NAV %</b>
<b>2024</b>				
<b>QUOTED SECURITIES</b>				
<b>MALAYSIA</b>				
<b>Communication Services</b>				
Celcomdigi Bhd	<u>205,300</u>	<u>781,217</u>	<u>743,186</u>	<u>1.53</u>
<b>Consumer Discretionary</b>				
Mr D.I.Y. Group (M) Bhd	496,500	920,879	918,525	1.89

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 %
<b>2024 (CONTINUED)</b>				
<b>QUOTED SECURITIES (CONTINUED)</b>				
<b>MALAYSIA (CONTINUED)</b>				
<b>Consumer Discretionary (continued)</b>				
RGB International Bhd	2,323,300	863,020	917,704	1.88
SMRT Holdings Bhd	970,300	638,714	1,251,687	2.57
	<u>3,790,100</u>	<u>2,422,613</u>	<u>3,087,916</u>	<u>6.34</u>
<b>Consumer Staples</b>				
SD Guthrie Bhd	191,000	918,914	945,450	1.94
Well Chip Group Bhd	490,800	783,116	559,512	1.15
	<u>681,800</u>	<u>1,702,030</u>	<u>1,504,962</u>	<u>3.09</u>
<b>Energy</b>				
Dialog Group Bhd	469,900	946,202	869,315	1.78
<b>Financials</b>				
AMMB Holding Bhd	221,900	984,751	1,216,012	2.50
CIMB Group Holdings Bhd	302,800	1,735,396	2,482,960	5.10
Hong Leong Bank Bhd	55,500	1,179,863	1,141,080	2.34
Malayan Banking Bhd	156,900	1,596,405	1,606,656	3.30
	<u>737,100</u>	<u>5,496,415</u>	<u>6,446,708</u>	<u>13.24</u>
<b>Health Care</b>				
Hartalega Holding Bhd	256,600	447,325	1,013,570	2.08
<b>Industrials</b>				
Farm Fresh Bhd	525,100	821,794	976,686	2.00
Frontken Corp Bhd	180,800	614,279	806,368	1.65
Gamuda Bhd	372,080	826,821	1,763,659	3.62
IJM Corp Bhd	222,200	377,627	675,488	1.39
KJTS Group Bhd	649,300	305,095	538,919	1.11
UWC Bhd	81,400	228,207	257,224	0.53
	<u>2,030,880</u>	<u>3,173,823</u>	<u>5,018,344</u>	<u>10.30</u>
<b>Information Technology</b>				
Genetec Technology Bhd	308,000	741,825	425,040	0.87
Ifca Msc Bhd	765,000	590,739	501,075	1.03
LGMS Bhd	861,300	691,801	1,076,625	2.21
Nationgate Holdings Bhd	591,600	748,923	1,496,748	3.07



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 %
<b>2024 (CONTINUED)</b>				
<b>QUOTED SECURITIES (CONTINUED)</b>				
<b>MALAYSIA (CONTINUED)</b>				
<b>Information Technology (Continued)</b>				
Southern Score Builders Bhd	1,313,400	329,673	788,040	1.62
	<u>3,839,300</u>	<u>3,102,961</u>	<u>4,287,528</u>	<u>8.80</u>
<b>Materials</b>				
Press Metal Aluminium Holding Bhd	71,500	337,383	350,350	0.72
	<u>71,500</u>	<u>337,383</u>	<u>350,350</u>	<u>0.72</u>
<b>Real Estate</b>				
SP Setia Bhd	266,000	275,541	388,360	0.80
UEM Sunrise Bhd	699,500	755,760	755,460	1.55
	<u>965,500</u>	<u>1,031,301</u>	<u>1,143,820</u>	<u>2.35</u>
<b>Utilities</b>				
Tenaga Nasional Bhd	141,300	1,397,400	2,111,022	4.33
YTL Corp Bhd	133,600	196,509	356,712	0.73
YTL Power International Bhd	89,100	113,718	393,822	0.81
	<u>364,000</u>	<u>1,707,627</u>	<u>2,861,556</u>	<u>5.87</u>
<b>TOTAL MALAYSIA</b>	<b><u>13,411,980</u></b>	<b><u>21,148,897</u></b>	<b><u>27,327,255</u></b>	<b><u>56.10</u></b>
<b>TOTAL QUOTED SECURITIES</b>	<b><u>13,411,980</u></b>	<b><u>21,148,897</u></b>	<b><u>27,327,255</u></b>	<b><u>56.10</u></b>
<b>ACCUMULATED UNREALISED GAIN ON QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>6,178,358</u></b>		
<b>TOTAL QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>27,327,255</u></b>		

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2024 (CONTINUED)</b>				
<b>UNQUOTED FIXED INCOME SECURITIES (CONTINUED)</b>				
Aeon Credit Service M Bhd 3.80 10/02/2027 (AA3)	200,000	202,085	202,663	0.42
APM Automotive Holdings Bhd 4.69% 30/04/2029 (AA2)	50,000	50,595	50,889	0.10
APM Automotive Holdings Bhd 4.82% 30/04/2031 (AA2)	50,000	50,683	51,183	0.11
Danga Capital Bhd 5.02% 21/9/2033 (AAA)	250,000	284,792	272,513	0.56
DIGI Telecomm Sdn Bhd 4.05% 30/05/2030 (AAA)	1,170,000	1,183,786	1,180,801	2.42
Edotco Malaysia Sdn Bhd 4.44% 07/09/2029 (AA)	500,000	517,602	517,239	1.06
Evyap Sabun Malaysia Sdn Bhd 4.30% 06/12/2029 (AA)	2,100,000	2,107,410	2,104,710	4.32
IJM Land Bhd 4.73% 17/03/2119 (A2)	1,000,000	1,010,925	1,012,480	2.08
IJM Land Bhd PERPETUAL SUKUK 5.65% 17/03/2119 (A2)	500,000	508,049	515,479	1.06
Imtiaz Sukuk II Bhd 4.15% 02/10/2028 (AA2)	100,000	100,828	102,009	0.21
Malayan Cement Bhd 4.12% 02/07/2027 (AA3)	210,000	214,562	215,175	0.44
Malaysian Resources Corp Bhd 5.19% 27/02/2026 (AA)	300,000	308,106	309,119	0.63
MMC Corporation Bhd 5.40% 30/11/2029 (AA)	100,000	103,969	106,230	0.22
MMC Corporation Bhd 5.64% 27/4/2027 (AA)	100,000	104,534	104,771	0.22
OSK Rated Bond Sdn Bhd 4.49% 13/09/2030 (AA)	180,000	182,436	186,115	0.38

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2024 (CONTINUED)</b>				
<b>UNQUOTED FIXED INCOME SECURITIES (CONTINUED)</b>				
Pengurusan Air SPV Bhd 4.63% 03/02/2033 (AAA)	250,000	264,661	265,733	0.55
Sarawak Energy Bhd 5.04% 25/04/2031 (AAA)	4,000,000	4,472,136	4,287,038	8.80
Sarawak Energy Bhd 4.70% 24/11/2028 (AAA)	500,000	519,958	517,383	1.06
Starbright Capital Bhd 4.35% 24/12/2026 (AAA)	2,500,000	2,519,021	2,490,721	5.11
STM Lottery Sdn Bhd 1459D 4.77% 15/09/2028 (AA)	860,000	874,745	872,808	1.79
SUNREIT Perpetual Bond Bhd 4.51% 14/04/2119 (A1)	1,000,000	1,008,773	1,008,923	2.07
Sunway Healthcare Treasury Sdn 4.00% 27/04/2029 (AA)	290,000	292,034	293,116	0.60
TG Excellence Bhd 3.95% 27/02/2120 (A)	500,000	506,183	506,182	1.04
UEM Olive Capital Bhd 4.00% 21/10/2031 (AA1)	160,000	161,262	161,434	0.33
WCT Holdings Bhd 5.65% 20/4/2026 (A)	500,000	509,716	507,523	1.04
YTL Corp Bhd 4.60% 23/06/2034 (AA1)	1,300,000	1,334,198	1,352,086	2.77
<b>TOTAL UNQUOTED FIXED INCOME SECURITIES</b>	<b>18,670,000</b>	<b>19,393,049</b>	<b>19,194,322</b>	<b>39.39</b>
<b>ACCUMULATED UNREALISED LOSS ON UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b>(198,725)</b>		

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2024 (CONTINUED)</b>				
<b>UNQUOTED FIXED INCOME SECURITIES (CONTINUED)</b>				
<b>TOTAL UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>19,194,323</u></b>		
<b>2023</b>				
<b>QUOTED SECURITIES</b>				
<b>MALAYSIA</b>				
<b>Construction</b>				
Gamuda Bhd	148,230	593,478	680,376	1.65
IJM Corp Bhd	426,800	725,343	802,384	1.94
Southern Score Builders Bhd	1,085,500	217,100	233,383	0.57
	<u>1,660,530</u>	<u>1,535,921</u>	<u>1,716,143</u>	<u>4.16</u>
<b>Consumer Products and services</b>				
Karex Berhad	<u>386,400</u>	<u>292,239</u>	<u>282,072</u>	<u>0.68</u>
<b>Energy</b>				
Bumi Armada Bhd	<u>809,600</u>	<u>454,929</u>	<u>400,752</u>	<u>0.97</u>
<b>Financials</b>				
CIMB Group Holdings Bhd	355,100	1,989,250	2,077,337	5.03
Public Bank Bhd	256,400	1,068,912	1,099,956	2.66
	<u>611,500</u>	<u>3,058,162</u>	<u>3,177,293</u>	<u>7.69</u>
<b>Health Care</b>				
Hartalega Holding Bhd	488,900	790,846	1,320,030	3.19
KPJ Healthcare Bhd	176,700	247,380	254,448	0.62
Top Glove Corporation Bhd	241,600	201,390	217,440	0.53
	<u>907,200</u>	<u>1,239,616</u>	<u>1,791,918</u>	<u>4.34</u>
<b>Industrials</b>				
Cape EMS Bhd	1,050,500	1,379,960	1,113,530	2.70
Nationgate Holdings Bhd	662,300	701,478	1,000,073	2.42
Scicom MSC Bhd	758,100	874,914	841,490	2.04

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 %
<b>2023 (CONTINUED)</b>				
<b>QUOTED SECURITIES (CONTINUED)</b>				
<b>MALAYSIA (CONTINUED)</b>				
<b>Industrials (continued)</b>				
V.S. Industry Bhd	686,800	610,536	559,742	1.35
	<u>3,157,700</u>	<u>3,566,888</u>	<u>3,514,835</u>	<u>8.51</u>
<b>Information Technology</b>				
ECA Integrated Solution Bhd	497,300	405,222	251,137	0.61
Frontken Corporation Bhd	238,000	776,795	771,120	1.87
Genetec Technology Bhd	442,700	1,066,254	1,044,772	2.53
Infomina Bhd	191,300	326,460	319,471	0.77
ITMAX System Bhd	307,500	411,145	550,425	1.33
LGMS Bhd	1,079,200	866,820	992,864	2.40
My EG Services Bhd	333,394	266,163	271,716	0.66
Oppstar Bhd	927,700	1,860,318	1,215,287	2.94
SMRT Holdings Bhd	2,020,200	1,329,825	2,161,612	5.23
	<u>6,037,294</u>	<u>7,309,002</u>	<u>7,578,404</u>	<u>18.34</u>
<b>Utilities</b>				
Tenaga Nasional Bhd	157,300	1,531,147	1,579,292	3.82
YTL Corp Bhd	534,500	786,184	1,010,205	2.44
YTL Power International Bhd	201,100	256,664	510,793	1.24
	<u>892,900</u>	<u>2,573,995</u>	<u>3,100,290</u>	<u>7.50</u>
<b>Property</b>				
Eastern and Oriental Bhd	1,024,300	632,420	588,972	1.43
Sime Darby Property Bhd	874,700	597,700	546,688	1.32
SP Setia Bhd	580,000	527,928	464,000	1.12
	<u>2,479,000</u>	<u>1,758,048</u>	<u>1,599,660</u>	<u>3.87</u>
<b>Transportation</b>				
Malaysia Airports Holding Bhd	9,400	62,612	69,184	0.17
<b>TOTAL MALAYSIA</b>	<b><u>16,951,524</u></b>	<b><u>21,851,412</u></b>	<b><u>23,230,551</u></b>	<b><u>56.23</u></b>

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 %
<b>2023 (CONTINUED)</b>				
<b>QUOTED SECURITIES (CONTINUED)</b>				
<b>MALAYSIA (CONTINUED)</b>				
<b>TOTAL QUOTED SECURITIES</b>	<b>16,951,524</b>	<b>21,851,412</b>	<b>23,230,551</b>	<b>56.23</b>
<b>ACCUMULATED UNREALISED GAIN ON QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b>1,379,139</b>		
<b>TOTAL QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b>23,230,551</b>		
<b>UNQUOTED FIXED INCOME SECURITIES</b>				
Ara Bintang Bhd 5.50% 17/03/2026 (NR)	2,000,000	2,004,219	2,005,099	4.85
Danga Capital Bhd IMTN 5.02% 21/9/2033 (AAA)	250,000	287,916	274,340	0.66
DIGI Telecomm Sdn Bhd 4.05% 30/05/2030 (AAA)	170,000	170,604	171,391	0.41
DRB-Hicom Bhd 4.85% 04/08/2028 (A+)	330,000	337,095	335,934	0.81
Exsim Capital Resources Bhd 4.50% 09/07/2025 (AA)	470,000	480,740	479,417	1.16
GENM CAPITAL BHD 5.35% 03/05/2030 (AA+)	1,070,000	1,078,783	1,096,684	2.65
Guan Chong Bhd 3.84% 03/12/2027 (AA-)	150,000	146,929	147,815	0.36
IJM Land Bhd 4.73% 17/03/2119 (A)	1,000,000	1,010,358	1,002,480	2.43

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2023 (CONTINUED)</b>				
<b>UNQUOTED FIXED INCOME SECURITIES (CONTINUED)</b>				
IJM Land Bhd PERPETUAL SUKUK 5.65% 17/03/2119 (A)	500,000	508,049	517,604	1.25
Imtiaz Sukuk II Bhd 4.15% 02/10/2028 (AA)	100,000	100,779	101,544	0.25
MMC Corporation Bhd 5.40% 30/11/2029 (AA-)	100,000	104,574	105,697	0.26
OSK Rated Bond Sdn Bhd 4.49% 13/09/2030 (AA)	180,000	182,391	184,614	0.45
Projek Lebuhraya Usahasama Bhd Sukuk Plus 5.75% 12/01/2037 (AAA)	300,000	347,383	356,131	0.86
Sarawak Energy Bhd 5.040% 25/04/2031 (AAA)	4,000,000	4,533,654	4,308,198	10.43
Starbright Capital Berhad 4.35% 24/12/2026 (AAA)	2,500,000	2,528,114	2,481,819	6.01
UEM Sunrise Bhd 4.40% 08/09/2026 (AA-)	500,000	507,524	505,867	1.22
WCT Hldgs Bhd IMTN 5.65% 20/4/2026 (AA-)	500,000	512,844	506,945	1.23
YTL Corp Bhd 4.60% 23/06/2034 (AA+)	2,300,000	2,365,528	2,363,701	5.72
<b>TOTAL UNQUOTED FIXED INCOME SECURITIES</b>	<b>16,420,000</b>	<b>17,207,484</b>	<b>16,945,280</b>	<b>41.01</b>
<b>ACCUMULATED UNREALISED LOSS ON UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b>(262,204)</b>		

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2023 (CONTINUED) UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
TOTAL UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>16,945,280</u>		

<sup>1</sup> NVDR, or non-voting depository receipt, is a trading instrument issued by Thai NVDR Company Limited, a subsidiary wholly owned by the Stock Exchange of Thailand (“SET”). It is a valid security as specified by the United States Securities and Exchange Commission (“SEC”) and is automatically regarded as a listed security by the SET. The underlying security is a listed security in the SET.

9. CASH AND CASH EQUIVALENTS

	2024 RM	2023 RM
Deposits with licensed financial institutions	2,281,206	1,064,280
Bank balances	<u>282,652</u>	<u>209,240</u>
	<u>2,563,858</u>	<u>1,273,520</u>

10. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

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

	2024 RM	2023 RM
Unit holders’ contributions	38,315,143	37,765,853
Retained earnings	<u>10,410,917</u>	<u>3,551,420</u>
	<u>48,726,060</u>	<u>41,317,273</u>



**10. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS (CONTINUED)**

	Unit holders' contributions	Retained earnings	Total
	RM	RM	RM
<b>Balance as at 1 January 2024</b>	37,765,853	3,551,420	41,317,273
Movement in unit holders' contributions:			
- Creation of units from applications	6,124,760	-	6,124,760
- Creation of units from distribution	1,106,681	-	1,106,681
- Cancellation of units	(6,682,151)	-	(6,682,151)
Total comprehensive loss for the financial year	-	8,080,492	8,080,492
Distribution	-	(1,220,995)	(1,220,995)
<b>Balance as at 31 December 2024</b>	<u>38,315,143</u>	<u>10,410,917</u>	<u>48,726,060</u>
<b>Balance as at 1 January 2023</b>	41,443,535	1,624,513	43,068,048
Movement in unit holders' contributions:			
- Creation of units from applications	1,197,624	-	1,197,624
- Creation of units from distribution	933,597	-	933,597
- Cancellation of units	(5,808,903)	-	(5,808,903)
Total comprehensive loss for the financial year	-	2,959,001	2,959,001
Distribution	-	(1,032,094)	(1,032,094)
<b>Balance as at 31 December 2023</b>	<u>37,765,853</u>	<u>3,551,420</u>	<u>41,317,273</u>

**11. NUMBER OF UNITS IN CIRCULATION (UNITS)**

	<u>2024</u>	<u>2023</u>
	No. of units	No. of units
At the beginning of the financial year	139,289,672	151,889,062
Add: Creation of units from applications	18,261,494	4,123,100
Add: Creation of units from distribution	3,313,705	3,226,737
Less: Cancellation of units	(20,483,122)	(19,949,227)
At the end of the financial year	<u>140,381,749</u>	<u>139,289,672</u>

**12. TOTAL EXPENSE RATIO ("TER")**

	<u>2024</u>	<u>2023</u>
	%	%
TER	<u>1.98</u>	<u>2.06</u>

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

TER is derived based on the following calculation:

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

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

The average NAV of the Fund for the financial year calculated on daily a basis is RM45,515,755 (2023: RM42,687,615).

**13. PORTFOLIO TURNOVER RATIO (“PTR”)**

	<b>2024</b>	<b>2023</b>
	%	%
PTR (times)	0.78	0.83

PTR is derived from 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 = RM36,081,181 (2023: RM34,318,660)
- Total disposal for the financial year = RM34,809,648 (2023: RM36,652,630)

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

<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 PARTIES TRANSACTIONS AND BALANCES (CONTINUED)

<u>Related parties</u>	<u>Relationship</u>
Subsidiaries and associates of CIMB Group Holdings Bhd, other than above, as disclosed in its financial statements	Fellow subsidiary and associated companies of the ultimate holding company of the shareholder of the Manager
CIMB Bank Bhd	Fellow related party to the Manager
CGS-CIMB Securities Sdn Bhd	Fellow related party to the Manager
CGS-CIMB Securities (Singapore) Pte Ltd	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

	<u>2024</u>		<u>2023</u>	
	<u>No. of units</u>	<u>RM</u>	<u>No. of units</u>	<u>RM</u>
<b>Manager</b>				
Principal Asset Management Berhad	2,824	980	2,272	674

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 the 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 balance</u>		
Quoted security:		
- CIMB Group Holdings Bhd	2,482,960	2,077,335
Dividend income:		
- CIMB Group Holdings Bhd	152,493	66,220

15. TRANSACTIONS WITH BROKERS/DEALERS

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

<b>Brokers/Dealers</b>	<b>Value of trades RM</b>	<b>Percentage of total trades %</b>	<b>Brokerage fees RM</b>	<b>Percentage of total brokerage fees %</b>
RHB Investment Bank Bhd	9,527,787	13.45	10,532	8.73
Affin Hwang Investment Bank Bhd	7,530,391	10.63	17,138	14.21
Macquarie Capital Securities (M) Sdn Bhd	6,575,048	9.28	14,832	12.30
RHB Bank Bhd	6,133,331	8.65	-	-
Nomura Securities Malaysia Sdn Bhd	6,067,516	8.56	13,692	11.35
CLSA Securities M Sdn Bhd	5,783,043	8.16	13,101	10.86
Hong Leong Investment Bank Bhd	5,577,614	7.87	2,661	2.21
Maybank Investment Bank Bhd	5,233,282	7.39	13,311	11.03
CGS International Securities Malaysia Sdn Bhd	4,514,690	6.37	10,407	8.63
J.P. Morgan Securities (M) Sdn Bhd	2,807,979	3.96	4,112	3.41
Others #	11,111,831	15.68	20,831	17.27
	<u>70,862,512</u>	<u>100.00</u>	<u>120,617</u>	<u>100.00</u>

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

<b>Brokers/Dealers</b>	<b>Value of trades RM</b>	<b>Percentage of total trades %</b>	<b>Brokerage fees RM</b>	<b>Percentage of total brokerage fees %</b>
RHB Investment Bank Bhd	8,962,278	12.63	2,847	2.60
CGS-CIMB Securities Sdn Bhd #	8,566,782	12.07	10,972	10.01
Maybank Investment Bank Bhd	7,585,639	10.69	7,948	7.25
J.P. Morgan Securities (M) Sdn Bhd	6,008,187	8.47	13,375	12.20
Hong Leong Investment Bank Bhd	5,729,452	8.08	12,918	11.79
KAF Equities Sdn Bhd	5,353,805	7.55	9,452	8.62
Macquarie Capital Securities (M) Sdn Bhd	4,194,316	5.91	10,030	9.15
CGS-CIMB Securities (Singapore) Pte Ltd #	4,132,679	5.82	7,119	6.50
RHB Bank Bhd	3,512,651	4.95	7,948	7.25

15. TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)

Details of transactions with the top 10 brokers/dealers for the financial year ended 31 December 2023 are as follows (continued):

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Credit Suisse Securities (M) Sdn Bhd	3,403,540	4.80	7,729	7.05
Others	13,500,709	19.03	19,266	17.58
	<u>70,950,038</u>	<u>100.00</u>	<u>109,604</u>	<u>100.00</u>

# Included in the transactions are trades conducted with CGS-CIMB Securities Sdn Bhd, CGS-CIMB Securities (Singapore) Pte Ltd, CIMB Bank Bhd and fellow related parties to the Manager amounting to RM1,503,594 (2023: RM8,566,782), Nil (2023: RM4,132,679) and RM1,073,390 (2023: RM1,212,407) respectively. 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.

17. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 14 February 2025.

**DIRECTORY**

**Head Office of the Manager**

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