

Principal Dynamic Enhanced Malaysia Income Fund

Unaudited Semi-Annual Report

For The Six Months Financial Period Ended 30 June 2024

PRINCIPAL DYNAMIC ENHANCED MALAYSIA INCOME FUND
UNAUDITED SEMI-ANNUAL REPORT
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2024

CONTENTS	PAGE(S)
INVESTORS' LETTER	i
MANAGER'S REPORT	ii - ix
Fund Objective and Policy	
Performance Data	
Market Review	
Fund Performance	
Portfolio Structure	
Market Outlook	
Investment Strategy	
Soft Commissions and Rebates	
Securities Financing Transactions	
State Of Affair of The Fund	
Circumstances that materially affect any interest of unit holders	
Cross Trade	
Unit Split	
STATEMENT BY MANAGER	1
TRUSTEE'S REPORT	2
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME	3
UNAUDITED STATEMENT OF FINANCIAL POSITION	4
UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	5
UNAUDITED STATEMENT OF CASH FLOWS	6
NOTES TO THE FINANCIAL STATEMENTS	7 – 31
DIRECTORY	32

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 unaudited Semi-Annual Fund Report of the Principal Dynamic Enhanced Malaysia Income Fund for the financial period ended 30 June 2024. You may also download this report from our website at www.principal.com.my.

We are proud to announce that Principal Malaysia has received numerous accolades in 2024. At the Asia Asset Management 2024 Best of the Best Awards, we won the Best of the Best Performance Award: China A-Share Equity (3 years) and 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 we were recognized as Asset Management Company of the Year Malaysia. We also 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). At the Triple A Sustainable Investing Awards 2024, we secured the Asset Management Company of the Year (Malaysia) award. The World Business Outlook magazine awarded us 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, and ten at the FSMOne Recommended Funds 2023/2024.

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

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

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

Munirah Khairuddin

Chief Executive Officer
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 debt securities 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 30 June 2024?

RM46.20 million (135.10 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.

FUND OBJECTIVE AND POLICY (CONTINUED)

What was the net income distribution for the six months financial period ended 30 June 2024?

The Fund distributed a total net income of RM0.40 million to the unit holders. As a result, the NAV per unit dropped from RM0.3002 to RM0.2973 on 17 January 2024 for the financial year ended 30 June 2024.

The Fund's NAV per unit before and after distribution were as follows:

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

Breakdown of distribution were as follows:

Source of distribution	30.06.2024		30.06.2023	
	RM	%	RM	%
Distribution out of current period's income	404,136	100.00	(64,240)	(15.14)
Distribution out of prior period's income/capital	-	-	488,538	115.14
Total	404,136	100.00	424,298	100.00

PERFORMANCE DATA

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

	30.06.2024	30.06.2023	30.06.2022
Quoted securities			
- Communication Services	7.18	0.17	0.85
- Consumer Discretionary	4.02	3.49	2.13
- Consumer Staples	2.77	0.51	6.76
- Energy	6.30	1.54	3.57
- Financials	2.59	-	9.73
- Health Care	5.02	3.63	1.40
- Industrials	4.35	8.77	5.95
- Information Technology	13.80	16.63	5.95
- Materials	1.61	0.60	0.63
- Real Estate	1.49	2.54	0.73
- Utilities	8.21	1.46	-
Unquoted fixed income securities	40.65	58.38	49.30
Cash and other net assets	4.21	2.87	13.99
Liabilities	(2.20)	(0.59)	(0.99)
	100.00	100.00	100.00

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

	30.06.2024	30.06.2023	30.06.2022
NAV (RM Million)	46.20	42.78	43.36
Units in circulation (Million)	135.10	146.41	155.32
NAV per unit (RM)	0.3419	0.2921	0.2791

PERFORMANCE DATA (CONTINUED)

	01.01.2024 to 30.06.2024	01.01.2023 to 30.06.2023	01.01.2022 to 30.06.2022
Highest NAV per unit (RM)	0.3499	0.2960	0.3019
Lowest NAV per unit (RM)	0.2947	0.2836	0.2783
Total return (%)	16.50	4.06	(7.15)
- Capital growth (%)	15.37	3.07	(7.61)
- Income distribution (%)	0.98	0.97	0.50
Total Expense Ratio ("TER") (%) ^	1.00	1.02	1.01
Portfolio Turnover Ratio ("PTR") (times) #	0.43	0.44	0.54

^ The Fund's TER decreased from 1.02% to 1.00% due to increased in average NAV during the financial period under review.

The Fund's PTR The Fund's PTR decreased slightly to 0.43 times from 0.44 times for the period under review due to lower trading activities.

	01.01.2024 to 30.06.2024	01.01.2023 to 30.06.2023	01.01.2022 to 30.06.2022
Gross/Net distribution per unit (sen)			
Distribution on 17 January 2024	0.29	-	-
Distribution on 25 January 2023	-	0.29	-
Distribution on 6 January 2022	-	-	0.15

	30.06.2024	30.06.2023	30.06.2022	30.06.2021	30.06.2020
	%	%	%	%	%
Annual total return	19.97	7.31	(3.58)	11.63	(1.51)

(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 period have been extracted from Lipper.

MARKET REVIEW (1 JANUARY 2024 TO 30 JUNE 2024)

Equity

The FBM100 Index rose 4.0% in January 2024. This marked the 4th consecutive month of gains, with Malaysia outperforming most The Association of Southeast Asian Nations ("ASEAN") markets. Sentiment was lifted by the US Federal Reserves (the "Fed's") communication on interest rates given the recent cooling inflation and economic data out of the US. The weaker 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 2.3% in February 2024. This marked the 5th 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 0.5% in March 2024. This marked the 6th 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 Feb 2024) and many index stocks going ex-dividends.

MARKET REVIEW (1 JANUARY 2024 TO 30 JUNE 2024) (CONTINUED)

Equity (continued)

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 2.5% in April 2024. This marked the 7th 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.

The FBM100 Index rose 2.3% in May 2024. This marked the 8th consecutive month of gains. This came amidst a slight distortion from MSCI May 2024 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 as investors took the opportunity to lock in gains during half-time, but still 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 Tech posted strong gains, while other sectors were mixed.

Fixed Income

For the financial period under review, the Central Bank maintained the Overnight Policy Rate (“OPR”) at 3.00% throughout all the Monetary Policy Committee (“MPC”) meetings held. At its May 2024 meeting, policymakers emphasized that the current monetary policy stance continues to support the economy and aligns with the present evaluation of inflation and growth prospects.

Malaysia’s inflation climbed up 1.8% in the month of February 2024 after reporting 1.5% in the month of January 2024. For the next two months of March 2024 and April 2024, it continued to stay at 1.8%. The spike in February 2024 was partly due to the lunar new year as well as the increase in transportation, housing and utilities. Inflation then climbed up to 2.0% in May 2024 driven by price increases in the main groups of housing, water, electricity, gas and other fuels (“HWEG”) and a hike in restaurant & accommodation services. The HWEG increase was attributable to higher housing and water tariff hikes. Core inflation increased by 1.9% in May 2024, similar to April 2024. Inflation remained at 2.0% in the month of June 2024, with the country's core inflation increased 1.9% in June 2024, equal to the rate in May 2024.

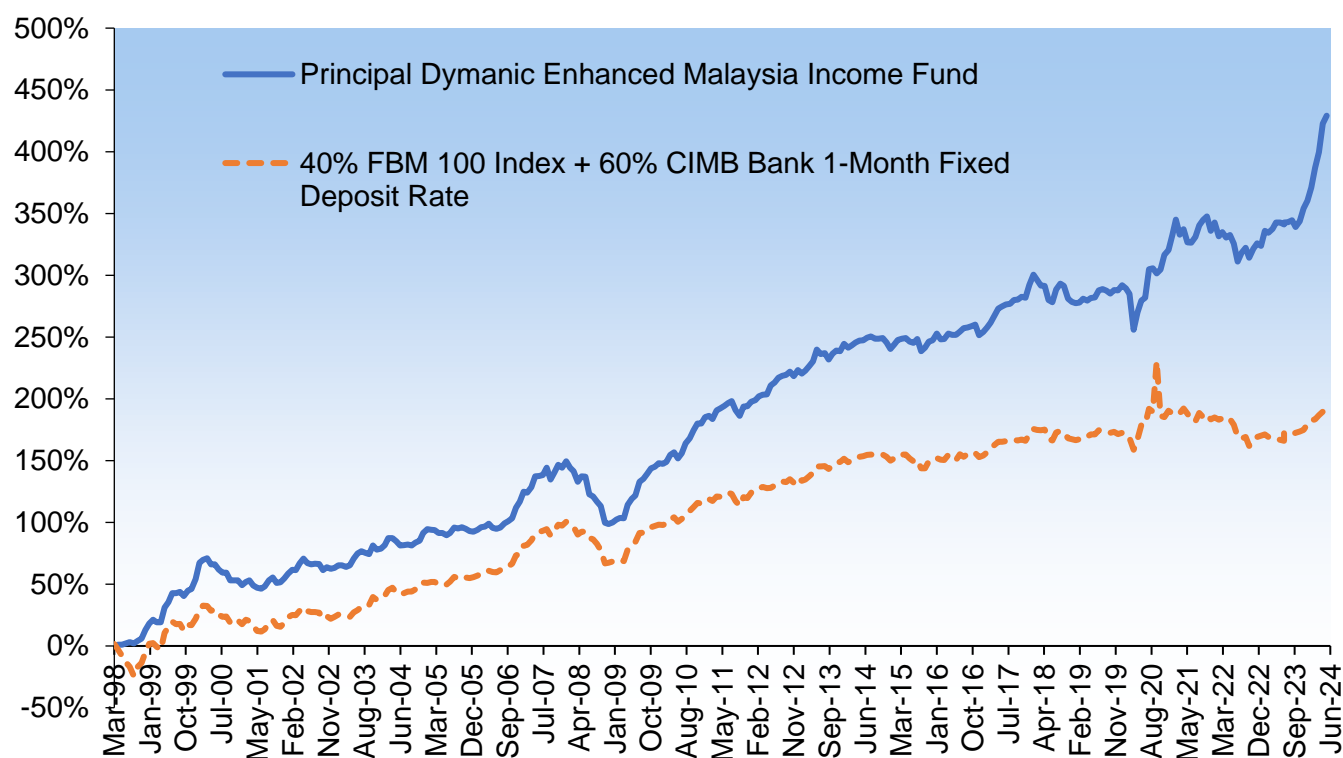
In June 2024, foreign investors turned net seller with net outflows of RM0.6 billion in MYR bonds after 3 consecutive months of inflows. (May 2024: RM5.5 billion, April 2024: RM0.6 billion; March 2024: RM1.7 billion). The outflows in June occurred due to a sizeable MGS maturity of RM21.5 billion on 14 June 2024 which caused a big reduction on the day. The foreign share of MGS increased to 33.3% (May 2024: 32.8%) as the total outstanding base contracted after the sizeable maturity. The foreign share of Government Investment Issues (“GII”) rose slightly to 9.2% (May 2024: 9.1%), while the combined foreign share of Malaysian Government Securities (“MGS”)+GII remained stable at 21.7%.

For the first half of 2024, the BPAM Corporates All Bond (7y over) Index held its position as the best performer returning 3.23%, whilst the Quantshop GII Long Index underperformed the rest with a return of 1.57%. Total corporate bond issuances amounted to RM46.5 billion for the first 6 months of 2024, representing an increase of 6.7% YoY compared to the same period in 2023. (6M2023: RM43.6 billion). Overall, credit spreads have tightened between 2 to 23 basis points across the board since the start of 2024. The 3-years, 5-years, 7-years, 10-years, 15-years, 20-years and 30-years benchmarks closed at 3.53%, 3.65%, 3.80%, 3.88%, 4.01%, 4.12% and 4.22%, respectively in June 2024.

FUND PERFORMANCE

	6 months to 30.06.2024 %	1 year to 30.06.2024 %	3 years to 30.06.2024 %	5 years to 30.06.2024 %	Since inception to 30.06.2024 %
Income Distribution	0.98	2.44	7.69	17.89	286.54
Capital Growth	15.37	17.11	15.26	15.76	36.88
Total Return	16.50	19.97	24.12	36.48	429.10
Benchmark	5.62	9.17	7.39	7.48	190.31
Average Total Return	35.84	19.97	7.46	6.41	6.53

For the financial period under review, the fund gained 16.50%, while the benchmark gained 5.62%. As such, the fund outperformed the benchmark by 10.88%.



Changes in NAV

	30.06.2024	31.12.2023 Audited	Changes %
NAV (RM Million)	46.20	41.32	11.81
NAV/Unit (RM)	0.3419	0.2966	15.27

The NAV per unit increased by 15.27, while the NAV increased by 11.81% due to positive fund performance.

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

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	30.06.2024	31.12.2023 Audited
Quoted securities	57.34	56.23
Unquoted fixed income securities	40.65	41.01
Cash and other net assets	4.21	4.08
Liabilities	(2.20)	(1.32)
TOTAL	100.00	100.00

Asset allocation into equities increased from 56.23% as at 31 December 2023 to 57.34% as at 30 June 2024. Allocation to fixed income decreased slightly from 41.01% to 40.65% during the same period, which reflects our more positive view on equity markets.

MARKET OUTLOOK*

Equity

Malaysia's manufacturing sector reflected stable conditions in June, with the PMI reading at 49.9 points versus 50.2 points in May 2024. S&P Global saw further expansion in total new orders and exports, while staffing levels were unchanged. There was also stability in input cost inflation and firms raised prices at an accelerated pace. Firms remained cautious and scaled back purchases as well as inventories, and business confidence waned further. That said, the latest PMI data supports an acceleration in Gross Domestic Products ("GDP") growth into second quarter of 2024. To recap, BNM projects GDP to grow 4-5% in 2024, from an estimate of 3.8% in 2023, and 4.2% in first quarter of 2024.

We expect BNM to maintain overnight policy rate ("OPR") at 3.00% for the rest of the year given muted inflation and modest economic growth. Inflation was at 2% in May 2024, an uptick from April 2024. There appears to be sufficient headroom to Central Bank's latest 2.0% to 3.5% Consumer Price Index ("CPI") forecast for 2024 with the impending subsidy rationalization plans.

Fixed Income

The inflation impact of broadening of services tax base and its rate from 6% to 6%-8% range effective 1 Mar 2024 was mild, as can be seen in services inflation number. There was also muted impact from diesel price adjustment in Peninsular Malaysia so far, which was set higher at RM3.35 per liter from RM2.15 per liter from 10 June 2024 as the Government embarked on targeted diesel subsidy rationalization. As for petrol RON95 subsidy rationalization, Prime Minister Anwar announced that the Government is waiting for the diesel subsidy rationalization to stabilise before any implementation. The Government now intends also to evaluate returns of rationalizing subsidies on electricity, chicken and diesel.

Slightly lower gross MGS/GII supply for 2024 should provide positive catalyst for the local bond market. Additionally, the market is past the heavy net supply in the first four months and will turn favorable for the remaining part of the year. However, the impact from the new Account 3 introduction from The Employees Provident Fund ("EPF") warrants close monitoring, as it could potentially dampen the demand from the institution depending on the response and take-up on the one-off transfer. Additionally, the announcement of an increase in civil servants salary which is expected to be implemented in December 2024 is another event to watch out for as it is expected to cost the Government more than RM10 billion annually.

Overall, we remain positive for the domestic bond market as we believe BNM will keep its OPR unchanged for now unless growth and inflationary outlook continue to surprise the market. We believe the local bond market will remain well supported for now with volatility mainly coming from global yield movements.

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

Following a strong first half of 2024, we continue to take profit to lock in our gains and performances. We have also redeployed the cash into laggards and focus on companies with firm fundamentals with good cash flows generation. Overall, we are still positive on the market. We believe key themes such as NETR will continue to drive the market. We stay overweight in Utilities, Construction, Property and selective O&G. Additionally, we remain optimistic on selective Financials as we expect positive momentum to persist. Key risks are the derailment of Malaysia's macroeconomic recovery and corporate earnings growth due to the larger-than-expected impact of rising inflation, slower global economic growth, and heightened geopolitical risk.

Fixed Income

We continue to prefer corporate bonds for the fund driven by the compelling potential for a more favorable total return on the back of sound economic outlook for 2024. We aim to take profit on bonds with compressed yields and to reinvest in primary issuances with higher spreads when possible for yield enhancement.

SOFT COMMISSIONS AND REBATES

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

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

During the financial period under review, the Manager and the Trustee did not receive any rebates from the brokers or dealers, but the Manager has retained soft commission in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Funds. The Manager confirms that the goods and services received were for the benefit of the Fund, the trades were made on a best execution basis and there was no churning of trades.

SECURITIES FINANCING TRANSACTIONS

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

STATE OF AFFAIR OF THE FUND

There were no significant changes in the state of affairs of the Fund during the period and up to the date of 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 period under review.

CROSS TRADE

No cross-trade transactions have been carried out during the financial period under review.

UNIT SPLIT

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

**STATEMENT BY 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 unaudited financial statements set out on pages 3 to 31 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 30 June 2024 and of its financial performance, changes in net assets attributable to unit holders and cash flows for the financial period then ended in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”) 134 - Interim Financial Reporting and International Accounting Standards (“IAS”) 34 - Interim Financial Reporting.

For and on behalf of the 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
16 August 2024

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 period 30 June 2024, and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Principal Asset Management Berhad has operated and managed the Fund during the period covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the Management Company under the Deeds, securities laws and the Guidelines on 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 distribution of income by the Fund is appropriate and reflects the investment objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat
Manager, Investment Compliance Monitoring

16 August 2024

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2024**

		01.01.2024 to 30.06.2024	01.01.2023 to 30.06.2023
	Note	RM	RM
INCOME/(LOSS)			
Dividend income		315,970	138,302
Interest income from deposits with licensed financial institutions and current account at amortised cost		17,892	24,501
Interest income from unquoted fixed income securities		367,192	510,030
Net gain on financial assets at fair value through profit or loss	8	6,449,400	1,584,336
Net foreign exchange (loss)/gain		<u>(35,111)</u>	<u>14,829</u>
		<u>7,115,343</u>	<u>2,271,998</u>
EXPENSES			
Management fee	4	399,530	399,643
Trustee's and custodian fees	5	12,082	17,282
Transaction costs		107,217	93,459
Audit fee		5,135	5,207
Tax agent fee		3,228	6,105
Other expenses		<u>13,121</u>	<u>14,237</u>
		<u>540,313</u>	<u>535,933</u>
PROFIT BEFORE TAXATION		6,575,030	1,736,065
Taxation	7	<u>(200)</u>	<u>-</u>
PROFIT AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		<u>6,574,830</u>	<u>1,736,065</u>
Profit after taxation is made up as follows:			
Realised amount		1,528,157	580,058
Unrealised amount		<u>5,046,673</u>	<u>1,156,007</u>
		<u>6,574,830</u>	<u>1,736,065</u>

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

		30.06.2024	31.12.2023
	Note	RM	Audited RM
ASSETS			
Cash and cash equivalents	9	1,575,300	1,273,520
Financial assets at fair value through profit or loss	8	45,269,684	40,175,831
Amount due from stockbrokers		-	406,706
Amount due from Manager		295,489	791
Dividends receivable		73,711	6,405
TOTAL ASSETS		<u>47,214,184</u>	<u>41,863,253</u>
LIABILITIES			
Amount due to stockbrokers		335,179	248,259
Amount due to Manager		426,363	46,764
Accrued management fee		70,264	64,095
Amount due to Trustee		1,955	1,805
Tax payable		2,575	2,875
Distribution payable		162,286	162,286
Other payables and accruals		17,759	19,896
TOTAL LIABILITIES		<u>1,016,381</u>	<u>545,980</u>
NET ASSET VALUE OF THE FUND		<u>46,197,803</u>	<u>41,317,273</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	10	<u>46,197,803</u>	<u>41,317,273</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	11	<u>135,102,210</u>	<u>139,289,672</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.3419</u>	<u>0.2966</u>

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

**UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2024**

	Note	01.01.2024 to 30.06.2024 RM	01.01.2023 to 30.06.2023 RM
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD		41,317,273	43,068,048
Movement in unit holders' contributions:			
- Creation of units from applications		1,880,820	205,081
- Creation of units from distribution		365,493	382,822
- Cancellation of units		(3,536,477)	(2,186,078)
		(1,290,164)	(1,598,175)
Total comprehensive income for the financial period		6,574,830	1,736,065
Distribution	6	(404,136)	(424,298)
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL PERIOD		46,197,803	42,781,640

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

**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2024**

	01.01.2024 to 30.06.2024	01.01.2023 to 30.06.2023
Note	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of quoted securities	16,485,403	13,306,405
Purchase of quoted securities	(13,032,645)	(12,182,812)
Proceeds from disposal of unquoted fixed income securities	3,071,928	6,625,903
Purchase of unquoted fixed income securities	(4,833,817)	(7,335,072)
Dividend income received	248,663	119,995
Interest income received from deposits with licensed financial institutions and current account	17,892	24,501
Interest income received from unquoted fixed income securities	418,280	524,842
Management fee paid	(393,361)	(402,308)
Trustee fee paid	(11,932)	(17,398)
Payment of other fees and expenses	(23,621)	(33,170)
Tax payment	(500)	(875)
Payment of other foreign exchange loss	(10)	(20,325)
Net cash generated from operating activities	1,946,280	609,686
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	1,586,122	203,090
Payments for cancellation of units	(3,156,878)	(2,241,793)
Distribution paid	(38,643)	(41,476)
Net cash used in financing activities	(1,609,399)	(2,080,179)
Net increase/(decrease) in cash and cash equivalents	336,881	(1,470,493)
Effect of foreign exchange differences	(35,101)	31,497
Cash and cash equivalents at the beginning of financial period	1,273,520	2,644,590
Cash and cash equivalents at the end of financial period	9 1,575,300	1,205,594
<u>Cash and cash equivalents comprised of:</u>		
Bank balances	227,934	960,574
Deposits with licensed financial institutions	1,347,365	245,020
Cash and cash equivalents at the end of the financial period	9 1,575,300	1,205,594

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 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 debt securities 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 POLICIES

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

(a) Basis of preparation

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

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**(a) Basis of preparation (continued)**

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

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

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

There are no other standards, amendments to standards or interpretations that are effective for financial period 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 period beginning on/after 1 July 2024 are applicable to the Fund.

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

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

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

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

The contractual cash flows of the Fund's 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 POLICIES (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 period 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 are revalued on a daily basis based on fair value prices quoted by a BPAM 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 period from the date of placement to the date of maturity of the respective deposits.

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

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

The Fund measures credit risk and expected credit 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 period.

(c) Income recognition

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

Interest income from deposits with licensed financial 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 POLICIES (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, 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 primarily due to the following factors:

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period 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 period.

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 period in which it is approved by the Trustee.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Transaction costs

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

(i) Amount due from/to stockbrokers

Amounts due from and amount due to stockbrokers represent receivables for quoted securities sold and payables for quoted 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 period 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 POLICIES (CONTINUED)

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

Ringgit-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

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.

(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.

(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.

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

(a) Market risk (continued)

(ii) Interest rate risk (continued)

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

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

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

(iii) Currency risk

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

(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.

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

(b) Credit risk (continued)

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.

(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.

(d) Capital risk management

The capital of the Fund is represented by equity consisting of net assets attributable to unit holders. 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).

The fair values of financial assets traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the financial period end date. The Fund utilises the last traded market price for financial assets where the last traded 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.

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy

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

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

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

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

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

The determination of what constitutes 'observable' requires significant judgement by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
30.06.2024				
Financial assets at fair value through profit or loss:				
- Quoted securities	26,488,751	-	-	26,488,751
- Unquoted fixed income securities	-	18,780,933	-	18,780,933
	<u>26,488,751</u>	<u>18,780,933</u>	<u>-</u>	<u>45,269,684</u>

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31.12.2023				
Audited				
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).

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

4. MANAGEMENT FEE

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

For the six months financial period ended 30 June 2024, the management fee is recognised at a rate of 1.85% per annum (30.06.2023: 1.85% per annum).

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).

The foreign sub-custodian fee is dependent on the country invested and is charged monthly in arrears.

5. TRUSTEE FEE (CONTINUED)

Effective 24 November 2023, the Trustee fee is recognised at a rate of 0.045% per annum (30.06.2024: 0.08% per annum) while the foreign custodian fee is recognised at Nil.

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

6. DISTRIBUTION

	30.06.2024		30.06.2023	
	RM	%	RM	%
Source of distribution				
Distribution out of current period's income	404,136	100.00	(64,240)	(15.14)
Distribution out of prior period's income/capital*	-	-	488,538	115.14
Total	404,136	100.00	424,298	100.00

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

Gross/Net distribution per unit (sen)

Distribution on 17 January 2024	0.29	-
Distribution on 25 January 2023	-	0.29

Gross distribution is derived using total income less total expenses. Net distribution above is mainly sourced from current and prior financial periods' 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 six months financial period ended 30 June 2023. (30.06.2023: nil)

7. TAXATION

	01.01.2024 to 30.06.2024 RM	01.01.2023 to 30.06.2023 RM
Tax charged for the financial period:		
-Tax on foreign source income	-	-

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:

	01.01.2024 to 30.06.2024 RM	01.01.2023 to 30.06.2023 RM
Profit before taxation	6,575,030	1,736,065
Taxation at Malaysian statutory rate of 24%	1,577,959	416,656
Tax effects of:		
- Income not subject to tax	(1,707,682)	(545,280)
- Expenses not deductible for tax purposes	30,513	28,668
- Restriction on tax deductible expenses for Unit Trust Funds	99,210	99,956
Taxation	-	-

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.06.2024	31.12.2023
	RM	Audited RM
At fair value through profit or loss:		
- Quoted securities	26,488,751	23,230,551
- Unquoted fixed income securities	18,780,933	16,945,280
	<u>45,269,684</u>	<u>40,175,831</u>
	01.01.2024	01.01.2023
	to 30.06.2024	to 30.06.2023
	RM	RM
Net gain on financial assets at fair value through profit or loss:		
- Realised gain on disposals	1,483,859	436,517
- Unrealised fair value gain	4,965,541	1,147,819
	<u>6,449,400</u>	<u>1,584,336</u>

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2024				
QUOTED SECURITIES				
Construction				
Gamuda Bhd	261,330	1,219,528	1,719,551	3.72
IJM Corporation Bhd	301,500	512,397	919,575	1.99
Southern Score Builders Bhd	1,085,500	217,100	678,438	1.47
	<u>1,648,330</u>	<u>1,949,025</u>	<u>3,317,564</u>	<u>7.18</u>
Consumer Products & Services				
Farm Fresh Bhd	366,400	561,653	556,928	1.21
RGB International Bhd	2,582,300	941,940	1,213,681	2.63
Well Chip Group Bhd	75,400	86,745	86,710	0.19
	<u>3,024,100</u>	<u>1,590,338</u>	<u>1,857,319</u>	<u>4.02</u>
Energy				
Dialog Group Bhd	534,800	1,055,307	1,278,172	2.77
Financial Services				
AMMB Holding Bhd	238,900	997,643	1,024,881	2.22
CIMB Group Holdings Bhd	277,400	1,553,979	1,886,320	4.08
	<u>516,300</u>	<u>2,551,622</u>	<u>2,911,201</u>	<u>6.30</u>
Health Care				
Hartalega Holding Bhd	365,400	591,072	1,198,512	2.59

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 %
30.06.2024 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
Industrial Products & Services				
KJTS Group Bhd	649,300	305,143	415,552	0.90
Nationgate Holdings Bhd	675,500	745,313	1,236,165	2.68
P.I.E. Industrial Bhd	106,300	523,889	665,438	1.44
	<u>1,431,100</u>	<u>1,574,345</u>	<u>2,317,155</u>	<u>5.02</u>
Property				
Eastern and Oriental Bhd	434,800	268,453	428,278	0.93
SP Setia Bhd	629,300	651,872	868,434	1.88
UEM Sunrise Bhd	660,300	716,546	713,124	1.54
	<u>1,724,400</u>	<u>1,636,871</u>	<u>2,009,836</u>	<u>4.35</u>
Technology				
Cape EMS Bhd	967,000	1,243,330	904,145	1.96
Frontken Corp Bhd	215,900	712,892	962,914	2.08
Genetec Technology Bhd	388,700	936,193	870,688	1.88
Greatech Technology Bhd	73,800	389,251	387,450	0.84
IFCA MSC Bhd	421,400	316,069	326,585	0.71
LGMS Bhd	861,300	691,801	1,179,981	2.55
Pentamaster Corporation Bhd	63,700	329,986	319,774	0.69
SMRT Holdings Bhd	1,507,500	992,333	1,424,588	3.08
	<u>4,499,300</u>	<u>5,611,855</u>	<u>6,376,125</u>	<u>13.80</u>
Telecommunications/ Media				
Telekom Malaysia Bhd	109,700	715,343	741,572	1.61
Transportation/ Logistics				
MISC Bhd - Local	80,900	659,944	689,268	1.49
Utilities				
Tenaga Nasional Bhd	159,000	1,572,446	2,191,020	4.74
YTL Corp Bhd	280,900	413,170	969,105	2.10
YTL Power International Bhd	131,100	167,323	631,902	1.37
	<u>571,000</u>	<u>2,152,939</u>	<u>3,792,027</u>	<u>8.21</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2024 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
TOTAL QUOTED SECURITIES	<u>14,505,330</u>	20,088,661	<u>26,488,751</u>	<u>57.34</u>
ACCUMULATED UNREALISED GAIN ON QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>6,400,090</u>		
TOTAL QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>26,488,751</u>		
Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2024 (CONTINUED) UNQUOTED FIXED INCOME SECURITIES				
Aeon Credit Service (M) Bhd 3.80% 10/02/2027 (AA3)	200,000	198,870	202,518	0.44
APM Automotive Holdings Bhd 4.69% 30/04/2029 (AA2)	50,000	50,220	50,810	0.11
APM Automotive Holdings Bhd 4.82% 30/04/2031 (AA2)	50,000	50,295	51,033	0.11
Ara Bintang Bhd 5.50% 17/03/2026 (NR)	2,000,000	2,000,000	2,004,778	4.34
Danga Capital Bhd 5.02% 21/9/2033 (AAA)	250,000	293,650	273,435	0.59
DIGI Telecomm Sdn Bhd 4.05% 30/05/2030 (AAA)	2,170,000	2,189,800	2,196,389	4.75
DRB-Hicom Bhd 4.85% 04/08/2028 (A1)	330,000	330,957	341,009	0.74

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 %
30.06.2024 (CONTINUED) UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
Edotco Malaysia Sdn Bhd 4.44% 07/09/2029 (AA1)	500,000	511,800	519,297	1.12
Exsim Capital Resources Bhd 4.50% 09/07/2025 (AA2)	470,000	471,509	480,050	1.04
GENM Capital Bhd 5.35% 03/05/2030 (AA1)	1,070,000	1,070,000	1,116,297	2.42
IJM Land Bhd 4.73% 17/03/2119 (A2)	1,000,000	997,075	1,010,070	2.19
IJM Land Bhd 5.65% 17/03/2119 (A2)	500,000	500,000	516,814	1.12
Imtiaz Sukuk II Bhd 4.15% 02/10/2028 (AA2)	100,000	99,740	101,782	0.22
Malaysian Resources Corporation Bhd 5.19% 27/02/2026 (AA3)	300,000	304,170	309,427	0.67
MMC Corporation Bhd 5.40% 30/11/2029 (AA3)	100,000	104,170	107,045	0.23
MMC Corporation Bhd 5.64% 27/4/2027 (AA3)	100,000	104,480	105,490	0.23
OSK Rated Bond Sdn Bhd 4.49% 13/09/2030 (AA)	180,000	180,000	187,032	0.40
Pengurusan Air SPV Bhd 4.63% 03/02/2033 (AAA)	250,000	260,575	266,232	0.58
Sarawak Energy Bhd 5.040% 25/04/2031 (AAA)	4,000,000	4,676,000	4,303,246	9.31
Starbright Capital Bhd 4.35% 24/12/2026 (AAA)	2,500,000	2,557,750	2,488,444	5.39
Sunway Healthcare Treasury Sdn Bhd 4.00% 27/04/2029 (AA)	290,000	290,000	293,557	0.64
WCT Holdings Bhd 5.65% 20/4/2026 (A1)	500,000	512,650	508,833	1.10

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 %
30.06.2024 (CONTINUED) UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
YTL Corporation Bhd 4.60% 23/06/2034 (AA1)	1,300,000	1,344,836	1,347,346	2.92
TOTAL UNQUOTED FIXED INCOME SECURITIES	18,210,000	19,098,547	18,780,933	40.65
ACCUMULATED UNREALISED LOSS ON UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		(317,614)		
TOTAL UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		18,780,933		
Name of counter	Quantity Units	cost RM	value RM	of NAV %
31.12.2023 (Audited) QUOTED SECURITIES				
Construction				
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>
Consumer Products and services				
Karex Berhad	386,400	292,239	282,072	0.68
Energy				
Bumi Armada Bhd	809,600	454,929	400,752	0.97

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 %
31.12.2023 (Audited)				
QUOTED SECURITIES				
Financials				
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>
Health Care				
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>
Industrials				
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
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>
Information Technology				
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>
Utilities				
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>

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 %
31.12.2023 (Audited) (CONTINUED) QUOTED SECURITIES (CONTINUED)				
Property				
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>
Transportation				
Malaysia Airports Holding Bhd	9,400	62,612	69,184	0.17
	<u>9,400</u>	<u>62,612</u>	<u>69,184</u>	<u>0.17</u>
TOTAL QUOTED SECURITIES	<u>16,951,524</u>	<u>21,851,412</u>	<u>23,230,551</u>	<u>56.23</u>
ACCUMULATED UNREALISED GAIN ON QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>1,379,139</u>		
TOTAL QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u><u>23,230,551</u></u>		
Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2023 (Audited) (CONTINUED) UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
Ara Bintang Bhd 5.50% 17/03/2026 (NR)	2,000,000	2,004,219	2,005,099	4.85
Danga Capital Bhd 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

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 %
31.12.2023 (Audited) (CONTINUED) UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
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
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

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 %
31.12.2023 (Audited) (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
TOTAL UNQUOTED FIXED INCOME SECURITIES	<u>16,420,000</u>	<u>17,207,484</u>	<u>16,945,280</u>	<u>41.01</u>
ACCUMULATED UNREALISED LOSS ON UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>(262,204)</u>		
TOTAL UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>16,945,280</u>		

9. CASH AND CASH EQUIVALENTS

	30.06.2024	31.12.2023
	RM	Audited RM
Deposits with licensed financial institutions	1,347,366	1,064,280
Bank balances	<u>227,934</u>	<u>209,240</u>
	<u>1,556,606</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:

	30.06.2024	31.12.2023
	RM	Audited RM
Unit holders' contributions	36,475,689	37,765,853
Retained earnings	<u>9,722,114</u>	<u>3,551,420</u>
	<u>46,197,803</u>	<u>41,317,273</u>

10. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS (CONTINUED)

	Unit holders' contributions RM	Retained earnings RM	Total RM
Balance as at 1 January 2024	37,765,853	3,551,420	37,765,853
Movement in unit holders' contributions:			
- Creation of units from applications	1,880,820	-	1,880,820
- Creation of units from distribution	365,492	-	365,492
- Cancellation of units	(3,536,476)	-	(3,536,476)
Total comprehensive income for the financial period		6,574,830	6,574,830
Distribution		(404,136)	(404,136)
Balance as at 30 June 2024	<u>36,475,689</u>	<u>9,722,114</u>	<u>46,197,803</u>
Balance as at 1 January 2023	41,443,534	1,624,512	43,068,046
Movement in unit holders' contributions:			
- Creation of units from applications	205,081	-	205,081
- Creation of units from distribution	382,822	-	382,822
- Cancellation of units	(2,186,078)	-	(2,186,078)
Total comprehensive income for the financial period	-	1,736,067	1,736,067
Distribution	-	(424,298)	(424,298)
Balance as at 30 June 2023	<u>39,845,359</u>	<u>2,936,281</u>	<u>42,781,640</u>

11. NUMBER OF UNITS IN CIRCULATION (UNITS)

	01.01.2024 to 30.06.2024	01.01.2023 to 31.12.2023 Audited
	No. of units	No. of units
At the beginning of the financial period	139,289,672	151,889,062
Add: Creation of units from applications	5,852,737	4,123,100
Add: Creation of units from distribution	1,229,369	3,226,737
Less: Cancellation of units	(11,269,568)	(19,949,227)
At the end of the financial period	<u>135,102,210</u>	<u>139,289,672</u>

12. TOTAL EXPENSE RATIO ("TER")

	30.06.2024 %	30.06.2023 %
TER	<u>1.00</u>	<u>1.02</u>

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

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

- 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 six months financial period calculated on daily a basis is RM43,394,841 (30.06.2023: RM43,558,362).

13. PORTFOLIO TURNOVER RATIO (“PTR”)

	30.06.2024	30.06.2023
	%	%
PTR (times)	0.43	0.44

PTR is derived from the following calculation:

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

where:

- Total acquisition for the financial period = RM17,862,746 (30.06.2023: RM19,301,622)
 Total disposal for the financial period = RM19,189,622 (30.06.2023: RM19,307,987)

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
CIMB Group Holdings Bhd	Ultimate holding company of shareholder of the Manager
CIMB Group Sdn Bhd	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

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

Units held by the Manager and parties related to the Manager

	30.06.2024		31.12.2023 Audited	
	No. of units	RM	No. of units	RM
Manager				
Principal Asset Management Berhad	1,509	516	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.

	30.06.2024 RM	31.12.2023 Audited RM
<u>Significant related party balance</u>		
Quoted security:		
- CIMB Group Holdings Bhd	1,886,320	2,077,335
Dividend income:		
- CIMB Group Holdings Bhd	70,737	66,220

15. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the top 10 brokers/dealers for the six months financial period ended 30 June 2024 are as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
RHB Investment BankK Bhd	5,201,359	14.04	6,024	8.65
CLSA Securities (M) Sdn Bhd	4,827,576	13.03	10,951	15.72
Affin Hwang Investment BK Bhd	4,724,586	12.75	10,771	15.46
Macquarie Capital Sec (M) Sdn Bhd	3,848,337	10.39	8,659	12.43
Nomura Securities Malaysia Sdn Bhd	3,357,382	9.06	7,554	10.84
RHB Bank Bhd	2,481,705	6.70	-	-
Maybank Investment BK Bhd	2,205,188	5.95	5,046	7.24
CGS Inter Securities Msia Sdn Bhd	1,846,235	4.98	4,403	6.32
UBS Securities M Sdn Bhd	1,701,898	4.59	3,884	5.58
CGS-CIMB Securities Sdn Bhd #	1,503,594	4.06	3,398	4.88
Others	5,354,507	14.45	8,965	12.87
	<u>37,052,368</u>	<u>100.00</u>	<u>69,657</u>	<u>100.00</u>

15. TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)

Details of transactions with the top 10 brokers/ dealers for the six months financial period ended 30 June 2023 were as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Hong Leong Investment Bank Bhd	3,981,024	10.31	1,467	2.80
RHB Investment Bank Bhd	3,935,035	10.19	4,735	9.04
RHB Bank Bhd	3,848,370	9.97	-	-
J.P. Morgan Sec (M) Sdn Bhd	3,526,520	9.13	6,975	13.32
CGS-CIMB Securities Sdn Bhd #	2,998,567	7.77	4,568	8.73
Macquarie Capital Securities (M) Sdn Bhd	2,923,942	7.57	6,605	12.62
Maybank Investment Bank Bhd	2,887,991	7.48	6,514	12.44
UBS Securities M Sdn Bhd	2,836,490	7.35	6,291	12.02
Hong Leong Bank Bhd	2,505,200	6.49	-	-
KAF Equities Sdn Bhd	1,859,753	4.82	4,255	8.13
Others	7,306,718	18.92	10,940	20.90
	<u>38,609,610</u>	<u>100.00</u>	<u>52,350</u>	<u>100.00</u>

Included in the transactions are trades conducted with CGS-CIMB Securities Sdn Bhd and fellow related parties to the Manager amounting to RM1,503,594 (30.06.2023: RM2,998,567) and 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.

DIRECTORY

Head Office of the Manager

Principal Asset Management Berhad (Company No.: 199401018399 (304078-K))
Level 32, Exchange 106,
Lingkaran TRX,
55188 Tun Razak Exchange, Kuala Lumpur
MALAYSIA.
Tel: (03) 8680 8000

Website

www.principal.com.my

E-mail address

myservice@principal.com

Customer Care Centre

(03) 7723 7260

Chat with us via WhatsApp:

(6016) 299 9792

Trustee for the Principal Dynamic Enhanced Malaysia Income Fund

HSBC (Malaysia) Trustee Berhad (Company No.: 193701000084 (1281-T))
19th Floor, Menara IQ, Lingkaran TRX,
55188 Tun Razak Exchange, Kuala Lumpur, MALAYSIA.
Tel: (03) 2075 7800
Fax: (03) 8894 2611

Principal Asset Management Berhad
199401018399 (304078-K)

Enquiries:

Customer Care Centre
(603)7723 7260

Chat with us via WhatsApp
(6016)299 9792

Email
myservice@principal.com

Website
www.principal.com.my