

Principal Islamic Global Sukuk Fund

Annual Report

For The Financial Year Ended 31 January 2023

PRINCIPAL ISLAMIC GLOBAL SUKUK FUND
ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023

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
SHARIAH ADVISER'S REPORT	3
INDEPENDENT AUDITORS' REPORT	4 - 7
STATEMENT OF COMPREHENSIVE INCOME	8
STATEMENT OF FINANCIAL POSITION	9 - 10
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	11
STATEMENT OF CASH FLOWS	12
NOTES TO THE FINANCIAL STATEMENTS	13 - 30
DIRECTORY	31

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 Islamic Global Sukuk Fund for the financial year ended 31 January 2023. You may also download this report from our website at www.principal.com.my.

We are pleased to share that Principal Malaysia was accorded with the 2023 Best of the Best Performance Award for Asia Pacific Equity ex-Japan (10 Years) at the Asia Asset Management Best of the Best Awards 2023.

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

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

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

Munirah Khairuddin
Chief Executive Officer

MANAGER'S REPORT**FUND OBJECTIVE AND POLICY****What is the investment objective of the Fund?**

The Fund seeks to maximise total return over the medium to long term through a combination of capital growth and income.

Has the Fund achieved its objective?

For the financial year under review, the Fund has achieved its objective of maximising total return over the medium to long term through a combination of capital growth and income.

What are the Fund investment policy and principal investment strategy?

The Fund is a feeder fund, and it invests in a single Islamic collective investment scheme, i.e. Global Sukuk Fund managed by Principal Islamic Asset Management (Ireland) Plc. The Fund may also invest in Islamic liquid asset for liquidity purpose.

In order to achieve its investment objective, the Fund will invest at least 95% of its Net Asset Value ("NAV") in the Target Fund; a portfolio established on 7 September 2016 under Principal Islamic Asset Management (Ireland) Plc. The Fund will also maintain up to 5% of its NAV in Islamic liquid assets for liquidity purposes.

Information on the Target Fund:

Company	: Principal Islamic Asset Management (Ireland) Plc
Investment Manager	: Principal Islamic Asset Management Sdn Bhd
Regulatory authority	: Central Bank of Ireland

Base Currency

United States Dollar ("USD")

Fund category/ type

Feeder fund (Shariah-compliant)/Income & Growth

When was the Fund launched?

Name of Class	Launch Date
Class MYR	15 May 2019
Class SGD	15 May 2019
Class USD	15 May 2019

What was the size of the Fund as at 31 January 2023?

USD6.96 million (123.15 million units)

What is the Fund's benchmark?

The Fund adheres to the performance comparator of the Target Fund for performance comparison. Currently, the performance comparator of the Target Fund is Dow Jones Sukuk Price Return Index.

What is the Fund distribution policy?

The Manager have the discretion to make income distribution on an ad-hoc basis, taking into consideration the level of its realised income and/or realised gains, as well as the performance of the Fund. The Manager also have the right to make provisions for reserves in respect of distribution of the Class.

What was the net income distribution for the financial year ended 31 January 2023?

There was no distribution made for the financial year ended 31 January 2023.

PERFORMANCE DATA

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

	31.01.2023	31.01.2022	31.01.2021
	%	%	%
Shariah-compliant collective investment scheme	98.63	98.17	41.27
Cash and other assets	3.17	2.43	60.40
Liabilities	(1.80)	(0.60)	(1.67)
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	31.01.2023	31.01.2022	31.01.2021
NAV (USD Million)			
- Class MYR	6.91	2.99	6.45
- Class SGD	0.05	0.04	0.06
- Class USD	0.00*	0.00*	0.24
Units in circulation (Million)			
- Class MYR	122.89	50.23	105.82
- Class SGD	0.26	0.25	0.31
- Class USD	0.00*	0.00*	0.93
NAV per unit (USD)			
- Class MYR	0.0563	0.0595	0.0610
- Class SGD	0.1743	0.1841	0.1890
- Class USD	0.2349	0.2494	0.2563
Highest NAV per unit (USD)			
- Class MYR	0.0595	0.0610	0.0634
- Class SGD	0.1841	0.1890	0.1920
- Class USD	0.2494	0.2562	0.2645
Lowest NAV per unit (USD)			
- Class MYR	0.0538	0.0592	0.0556
- Class SGD	0.1666	0.1834	0.1683
- Class USD	0.2249	0.2486	0.2319
Total return (%)			
- Class MYR	(3.54)	1.52	(2.68)
- Class SGD	(7.98)	(0.32)	(3.68)
- Class USD	(5.81)	(2.19)	(1.20)
Capital growth (%)			
- Class MYR	(3.54)	1.01	(4.84)
- Class SGD	(7.98)	(0.80)	(3.68)
- Class USD	(5.81)	(2.69)	(2.70)
Income distribution (%)			
- Class MYR	-	0.50	2.26
- Class SGD	-	0.48	-
- Class USD	-	0.51	1.54

Note 0.00* denotes allocation less than 0.01

PERFORMANCE DATA (CONTINUED)

Performance details of the Fund for the last three financial year are as follows (continued):

	31.01.2023	31.01.2022	31.01.2021
Total Expense Ratio ("TER") (%) ^	0.72	0.62	0.58
Portfolio Turnover Ratio ("PTR") (times) #	1.34	2.18	4.07

^ The Fund's TER increased from 0.62% to 0.72% mainly due to the increase in expenses during the financial year under review.

During the financial year under review, the Fund's PTR fell to 1.34 times from 2.18 times due to increase in average NAV.

	31.01.2023	31.01.2022	31.01.2021
Gross/Net distribution per unit (cent)			
Distribution on 27 May 2021			
- Class MYR	-	0.03	-
- Class SGD	-	0.09	-
- Class USD	-	0.13	-
Distribution on 15 May 2020			
- Class MYR	-	-	0.10
- Class USD	-	-	0.31
Distribution on 3 September 2020			
- Class MYR	-	-	0.03
- Class USD	-	-	0.06

	31.01.2023	31.01.2022	31.01.2021	Since inception to 31.01.2020
	%	%	%	%
Annual total return				
- Class MYR	(3.54)	1.52	(2.68)	3.56
- Class SGD	(7.98)	(0.32)	(3.68)	4.40
- Class USD	(5.81)	(2.19)	(1.20)	5.36

(Launch date: 15 May 2019)

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 FEBRUARY 2022 TO 31 JANUARY 2023)

The US Treasury ("UST") market weaken in the first quarter of the year, with yields pressured higher across the curve, as the US Federal Reserve (the "Fed") ratcheted up its fight against inflation amid elevated commodity prices and persistent supply-chain disruptions.

UST prices continue to weaken in August 2022, after a strong rally in mid-June 2022 and July 2022, with yields pressured higher across the board, as Fed officials maintained their hawkish stance despite a decline in US inflation. Sentiment continued to be soft ahead of the highly anticipated Jackson Hole economic symposium at end-August 2022, where global central banks (including the Fed) are widely expected to remain resolute in their fight against inflation, despite slowing economic growth.

MARKET REVIEW (1 FEBRUARY 2022 TO 31 JANUARY 2023) (CONTINUED)

In November 2022, the UST market initially started the month on a weaker note, after US Fed Chairman Jerome Powell warned that the peak Fed Funds Rate may be higher than previously indicated in September 2022 due to the strong job market and elevated inflation. However, UST subsequently changed course, with yields plummeting across the board after US Consumer Price Index ("CPI") for October 2022 came in lower than expected, fueling expectations that the US Fed may slow the pace of rate hikes going forward.

The US Fed raised interest rates by 50 basis points ("bps") to 4.25% to 4.50% on 14th December 2022, the highest level since 2007, as widely expected. US Fed Chairman Powell during his speech, reiterated the central bank's determination to quell inflation, and signaled that the peak Fed Funds Rate may be higher than projected in September. 10-year US Treasury yields were stable following the Federal Open Meeting Committee meeting, but subsequently climbed to close the year at 3.87% (month-on-month 26bps higher) following the Bank of Japan's surprise hawkish policy move. Sentiment was also dented after US third quarter of 2022 Gross Domestic Product ("GDP") was revised higher, and amid concerns over the impact of China's reopening on global inflation.

FUND PERFORMANCE

	1 year to 31.01.2023			3 years to 31.01.2023		
	Class	Class	Class	Class	Class	Class
	MYR	SGD	USD	MYR	SGD	USD
	%	%	%	%	%	%
Income Distribution	-	-	-	2.77	0.48	2.06
Capital Growth	(3.54)	(7.98)	(5.81)	(7.26)	(12.07)	(10.82)
Total Return	(3.54)	(7.98)	(5.81)	(4.69)	(11.65)	(8.98)
Benchmark	(6.17)	(10.51)	(7.94)	(4.93)	(12.05)	(8.66)
Average Total Return	(3.54)	(7.98)	(5.81)	(1.59)	(4.04)	(3.09)

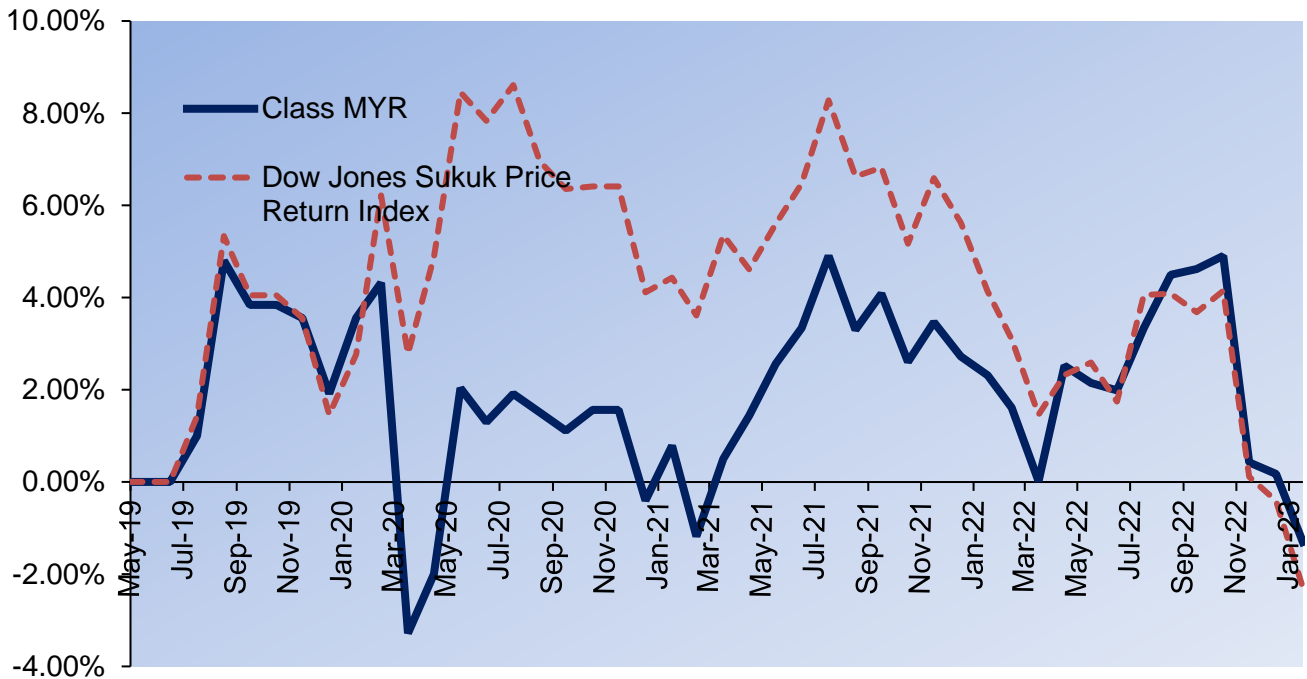
	Since inception to 31.01.2023		
	Class	Class	Class
	MYR	SGD	USD
	%	%	%
Income Distribution	2.77	0.48	2.06
Capital Growth	(3.96)	(8.20)	(6.04)
Total Return	(1.30)	(7.76)	(4.11)
Benchmark	(2.30)	(8.20)	(4.39)
Average Total Return	(0.35)	(2.15)	(1.12)

During the financial year under review, Class MYR, Class SGD, and Class USD declined by 3.54%, 7.98%, and 5.81% respectively against their benchmark that declined a further 6.17%, 10.51%, and 7.94% respectively.

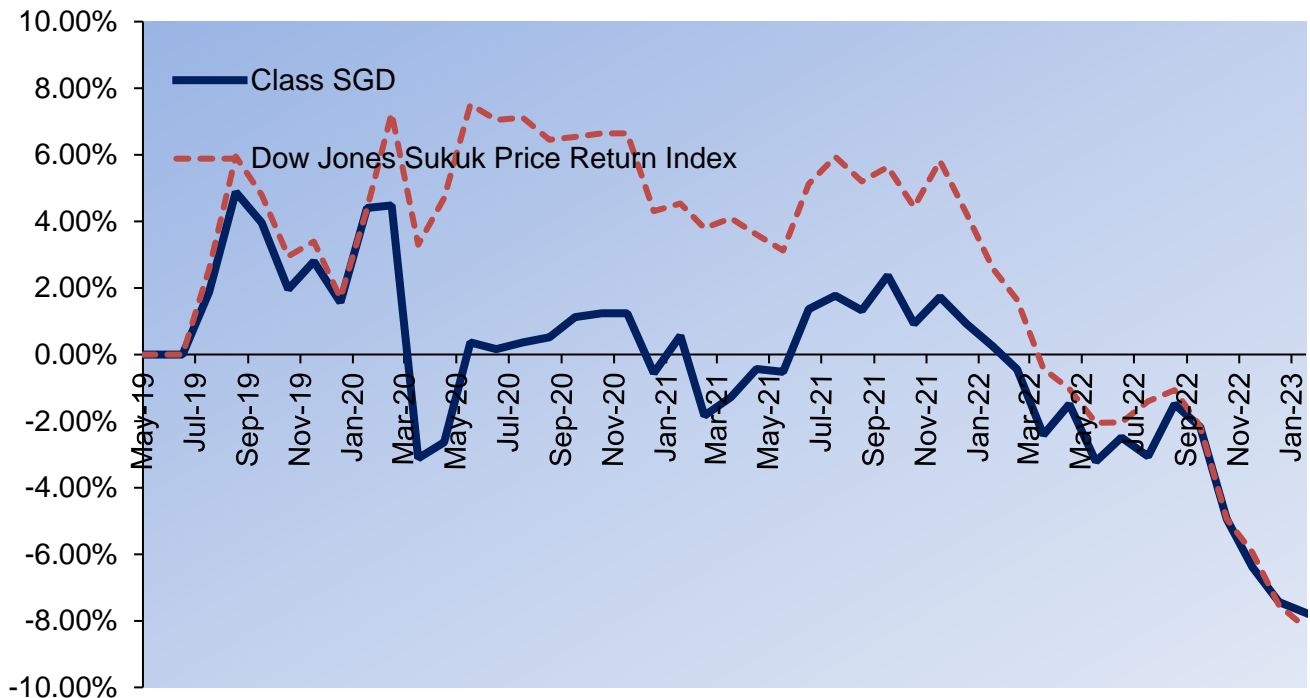
FUND PERFORMANCE (CONTINUED)

Since Inception

Class MYR



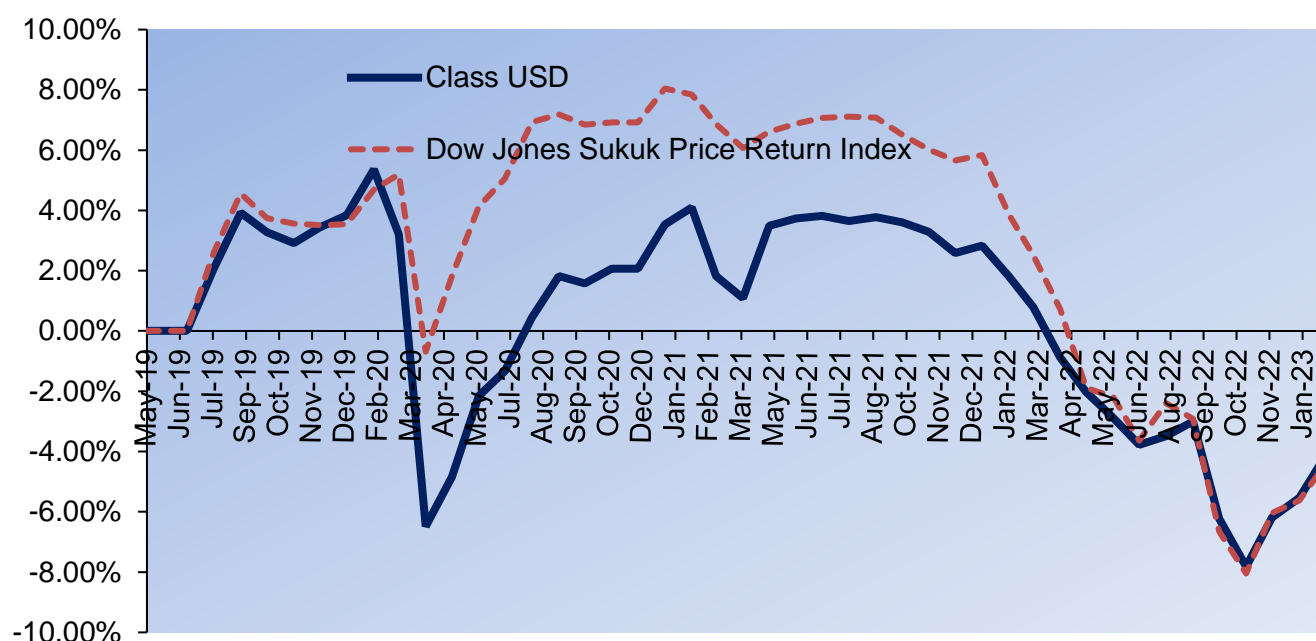
Class SGD



FUND PERFORMANCE (CONTINUED)

Since Inception

Class USD



Changes in NAV

	31.01.2023	31.01.2022	Changes %
CLASS MYR			
NAV (USD Million)	6.91	2.99	>100.00
NAV/Unit (USD)	0.0563	0.0595	(5.38)
CLASS SGD			
NAV (USD Million)	0.05	0.05	-
NAV/Unit (USD)	0.1743	0.1841	(5.32)
CLASS USD			
NAV (USD Million)	0.00*	0.00*	-
NAV/Unit (USD)	0.2349	0.2494	(5.81)

Note: 0.00* denotes value less than 0.01.

During the financial year under review, the NAV in USD million for Class MYR increased by more than 100% whilst Class SGD and Class USD remain unchanged.

Meanwhile the NAV per unit for Class MYR, Class SGD and Class USD declined by 5.38%, 5.32%, and 5.81% respectively.

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

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	31.01.2023	31.01.2022
Shariah-compliant collective investment scheme	98.63	98.17
Cash and other assets	3.17	2.43
Liabilities	(1.80)	(0.60)
TOTAL	100.00	100.00

The Fund was fully invested during the financial year under review. A minimal level of liquid assets was maintained primarily for redemption purposes.

Top 10 holdings of the Target Fund for the financial year ended:

	% of NAV
Top 10 holdings*	31.01.2023
Saudi Electricity Global	7.20
Saudi Telecom Co	5.90
Saudi Aramco Sukuk Co	5.00
MAF Sukuk Ltd	4.70
FAB Sukuk Co Ltd	3.80
EMG Sukuk Ltd	3.70
Almarai Sukuk Ltd	3.70
DAE Sukuk DIFC Ltd	3.70
DIB Sukuk Ltd	3.60
Aldar Sukuk Ltd	3.40

* As per disclosed in Fund Fact Sheet.

MARKET OUTLOOK*

Demand for Global Sukuk may continue to be supported by investors' hunt for higher yields and quality credits. Gulf Cooperation Council ("GCC") sukuk issuers remain the prime beneficiaries of elevated oil prices and continued to receive credit rating and credit outlook upgrades from international rating agencies on the back of the region's significantly improved economic prospects.

* 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

The Fund will continue to remain fully invested in the Target Fund with minimal cash kept for liquidity purposes.

SOFT COMMISSIONS AND REBATES

Principal Asset Management Berhad (the "Manager") and the Trustee will not retain any form of rebate or soft commission from, or otherwise share in any commission with, any broker in consideration for directing dealings in the investments of the Principal Funds ("Funds") unless the soft commission received is retained in the form of goods and services such research and advisory services that assist in the decision making process relating to the Fund's investments. All dealings with brokers are executed on most favourable terms available for the Fund. Any rebates will be directed to the account of the Fund.

SOFT COMMISSIONS AND REBATES (CONTINUED)

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

SECURITIES FINANCING TRANSACTIONS

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

STATE OF AFFAIR OF THE FUND

Latest changes to the Statement by Manager's signatory as follows:

Mr. Juan Ignacio Eyzaguirre Baraona (retired on 30 June 2022)

Mr. Uday Jayaram (appointed on 30 June 2022)

There were no other significant changes in the state of affairs of the Fund during the 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 have been carried out during the financial year under review.

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
PRINCIPAL ISLAMIC GLOBAL SUKUK 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 8 to 30 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 January 2023 and of its financial performance, statement of changes in net asset attributable to unit holders for the financial year then ended in accordance with the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

For and on behalf of the Manager

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

MUNIRAH KHAIRUDDIN

Chief Executive Officer/Executive Director

UDAY JAYARAM

Director

Kuala Lumpur

17 March 2023

**TRUSTEE'S REPORT TO THE UNIT HOLDERS OF
PRINCIPAL ISLAMIC GLOBAL SUKUK FUND ("Fund")**

We have acted as Trustee of the Fund for the financial year ended 31 January 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquires, Principal Asset Management Berhad has operated and managed the Fund during the 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 Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the Deeds; and
3. Any creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirement.

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat
Manager, Investment Compliance Monitoring

Kuala Lumpur
17 March 2023

Shariah Adviser's Report

To The Unit Holders of Principal Islamic Global Sukuk Fund ("Fund")

For the Financial Year Ended 31 January 2023

We hereby confirm the following:

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

For Amanie Advisors Sdn Bhd

Tan Sri Dr Mohd Daud Bakar
Executive Chairman

Kuala Lumpur
17 March 2023

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL ISLAMIC GLOBAL SUKUK FUND**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Principal Islamic Global Sukuk Fund (the "Fund"), which comprise the statement of financial position of the Fund as at 31 January 2023, and statement of comprehensive income, statement of changes in net assets attributable to unit holders and statement of cash flows of the Fund for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 8 to 30.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 January 2023, and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

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

Independence and other ethical responsibilities

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL ISLAMIC GLOBAL SUKUK FUND (cont'd.)**

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

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager and the Trustee for the financial statements

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL ISLAMIC GLOBAL SUKUK FUND (cont'd.)**

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL ISLAMIC GLOBAL SUKUK FUND (cont'd.)**

Other matters

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

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

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

Kuala Lumpur, Malaysia
17 March 2023

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023**

	Note	2023 USD	2022 USD
LOSS			
Dividend income		73,009	32,935
Net loss on financial assets at fair value through profit or loss	8	(68,664)	(10,297)
Net foreign exchange loss		(69,503)	(73,339)
		<u>(65,158)</u>	<u>(50,701)</u>
EXPENSES			
Management fee	4	48,266	23,870
Trustee fee	5	1,931	955
Audit fee		2,247	2,300
Tax agent's fee		1,577	1,200
Other expenses		13,004	2,580
		<u>67,025</u>	<u>30,905</u>
LOSS BEFORE DISTRIBUTION AND TAXATION		(132,183)	(81,606)
Distribution			
- Class MYR		-	8,932
- Class SGD		-	314
- Class USD		-	692
	6	<u>-</u>	<u>9,938</u>
LOSS BEFORE TAXATION		(132,183)	(91,544)
Taxation	7	<u>(19,211)</u>	<u>-</u>
LOSS AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		<u>(151,394)</u>	<u>(91,544)</u>
Loss after taxation is made up as follows:			
Realised amount		(140,448)	48,875
Unrealised amount		(10,946)	(140,419)
		<u>(151,394)</u>	<u>(91,544)</u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2023**

	Note	2023 USD	2022 USD
ASSETS			
Cash and cash equivalents	9	171,022	31,745
Financial assets at fair value through profit or loss	8	6,863,564	2,978,209
Amount due from Manager		14,747	9,418
Amount due from Manager of Shariah-compliant collective investment scheme			
- management fee rebate		34,968	32,424
Dividends receivables		3	-
TOTAL ASSETS		7,084,304	3,051,796
LIABILITIES			
Amount due to Manager of Shariah-compliant collective investment scheme			
- Purchase of Shariah-compliant collective investment scheme		60,000	-
Amount due to Manager		45,176	11,808
Accrued management fee		5,876	2,613
Amount due to Trustee		235	104
Tax payable		9,806	-
Other payables and accruals		4,116	3,497
TOTAL LIABILITIES		125,209	18,022
NET ASSET VALUE OF THE FUND		6,959,095	3,033,774
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		6,959,095	3,033,774
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS (USD)			
- Class MYR		6,914,417	2,986,578
- Class SGD		44,438	46,941
- Class USD		240	255
		6,959,095	3,033,774
NUMBER OF UNITS IN CIRCULATION (UNITS)			
- Class MYR		122,892,970	50,226,763
- Class SGD		254,941	254,941
- Class USD		1,021	1,021
	10	123,148,932	50,482,725

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2023 (CONTINUED)**

	Note	2023 USD	2022 USD
REPRESENTED BY:			
NET ASSET VALUE PER UNIT (USD)			
- Class MYR		0.0563	0.0595
- Class SGD		0.1743	0.1841
- Class USD		<u>0.2349</u>	<u>0.2494</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES			
- Class MYR		RM0.2401	RM0.2488
- Class SGD		SGD0.2295	SGD0.2494
- Class USD		<u>USD0.2349</u>	<u>USD0.2494</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 JANUARY 2023**

	2023 USD	2022 USD
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR	<u>3,033,774</u>	<u>6,749,753</u>
Movement due to units created and cancelled during the financial year		
Creation of units from applications		
- Class MYR	9,336,074	2,336,370
- Class SGD	4,781	108,776
- Class USD	11,609	1,247
	<u>9,352,464</u>	<u>2,446,393</u>
Creation of units from distributions		
- Class MYR	-	8,932
- Class SGD	-	314
- Class USD	-	692
	<u>-</u>	<u>9,938</u>
Cancellation of units		
- Class MYR	(5,259,419)	(5,726,198)
- Class SGD	(4,784)	(119,374)
- Class USD	(11,546)	(235,194)
	<u>(5,275,749)</u>	<u>(6,080,766)</u>
Total comprehensive loss for the financial year	<u>(151,394)</u>	<u>(91,544)</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR	<u><u>6,959,095</u></u>	<u><u>3,033,774</u></u>

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023**

	Note	2023 USD	2022 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from disposal of Shariah-compliant collective investment scheme		4,490,167	5,202,000
Purchase of Shariah-compliant collective investment scheme		(8,416,291)	(5,331,000)
Dividend income received		73,006	32,935
Management fee paid		(45,003)	(23,999)
Management fee rebate received		29,562	16,036
Trustee fee paid		(1,800)	(961)
Tax paid		(9,405)	-
Payment of other fees and expenses		(16,209)	(6,630)
Net realised foreign exchange loss		(36,573)	(29,823)
Net cash used in operating activities		(3,932,546)	(141,442)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		9,347,135	6,370,073
Payments for cancellation of units		(5,242,381)	(6,174,818)
Net cash generated from financing activities		4,104,754	195,255
Net increase in cash and cash equivalents		172,208	53,813
Effect of foreign exchange differences		(32,931)	(43,515)
Cash and cash equivalents at the beginning of financial year		31,745	21,447
Cash and cash equivalents at the end of financial year	9	171,022	31,745
<u>Cash and cash equivalents comprised of:</u>			
Bank balances		171,022	31,745
Cash and cash equivalents at the end of the financial year	9	171,022	31,745

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES

Principal Islamic Global Sukuk Fund (the “Fund”) was constituted pursuant to the execution of a Deed dated 14 December 2018 and a First Supplemental Deed dated 28 August 2019 (collectively referred to as the “Deeds”) between Principal Asset Management Berhad (the “Manager”) and HSBC (Malaysia) Trustee Berhad (the “Trustee”).

The Fund is a feeder fund and it invests in a single Islamic collective investment scheme, i.e. Global Sukuk Fund managed by Principal Islamic Asset Management (Ireland) Plc. The Fund may also invest in Islamic liquid asset for liquidity purpose.

In order to achieve its investment objective, the Fund will invest at least 95% of its NAV in the Target Fund; a portfolio established on 7 September 2016 under Principal Islamic Asset Management (Ireland) Plc. The Fund will also maintain up to 5% of its NAV in Islamic liquid assets for liquidity purposes.

Information on the Target Fund:

Company	: Principal Islamic Asset Management (Ireland) Plc
Investment Manager	: Principal Islamic Asset Management Sdn Bhd
Regulatory authority	: Central Bank of Ireland

All investments are subjected to the Guidelines on Unit Trust Funds (“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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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 effective for financial year beginning on 1 February 2022 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 February 2023 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.

Investment in Shariah-compliant collective investment schemes have contractual cash flows that do not represent solely payment of principal and interest¹, and therefore are classified as fair value through profit or loss.

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

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

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Fund commits to purchase or sell the asset. Shariah-compliant investments are initially recognised at fair value.

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

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Recognition and measurement (continued)

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

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

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

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

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

Impairment for assets carried at amortised costs

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Income recognition

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

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

(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 United States Dollar (“USD”), 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 USD primarily due to the following factors:

- i) The Fund’s investments are denominated in USD; and
- ii) Significant portion of the Fund’s expenses are denominated in USD.

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) Unit holders’ contributions

The unit holders’ contributions to the Fund meet the definition of puttable instruments classified as financial liability under MFRS 132 “Financial Instruments: Presentation”.

The Fund issues cancellable units, in three classes of units, known respectively as the Class MYR, Class SGD and Class USD which are cancelled at the unit holder’s option. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund’s NAV of respective classes. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the unit holder exercises the right to put back the unit to the Fund.

Units are created and cancelled at the unit holders’ option at prices based on the Fund’s NAV per unit of respective classes at the close of business on the relevant dealing day. The Fund’s NAV per unit of respective classes is calculated by dividing the net assets attributable to members of respective classes with the total number of outstanding units of respective classes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(f) Management fee rebate**

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

(g) 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.

(h) Distribution

A distribution to the Fund's unit holders is accounted for as finance cost in the statement of comprehensive income as the unit holders' contributions are classified as financial liability as per Note 2(e). A proposed distribution is recognised as a liability in the financial year in which it is approved by the Trustee.

(i) Taxation

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

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

(j) Amount due from/to Manager of Shariah-compliant collective investment scheme (sales/purchase of investment)

Amounts due from/to Manager of Shariah-compliant collective investment scheme represent receivables for Shariah-compliant collective investment scheme sold and payables for Shariah-compliant collective investment scheme purchased that have been contracted for but not yet settled or delivered on the statement of financial position date.

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

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

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

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

Estimates and 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund are as follows:

	Financial assets at fair value through profit or loss USD	Financial assets at amortised cost USD	Total USD
2023			
Cash and cash equivalents (Note 9)	-	171,022	171,022
Shariah-compliant collective investment scheme (Note 8)	6,863,564	-	6,863,564
Amount due from Manager	-	14,747	14,747
Amount due from Manager of the Shariah-compliant collective investment scheme			
- Management fee rebate	-	34,968	34,968
Dividends receivables	-	3	3
	<u>6,863,564</u>	<u>220,740</u>	<u>7,084,304</u>
2022			
Cash and cash equivalents (Note 9)	-	31,745	31,745
Shariah-compliant collective investment scheme (Note 8)	2,978,209	-	2,978,209
Amount due from Manager	-	9,418	9,418
Amount due from Manager of the Shariah-compliant collective investment scheme			
- Management fee rebate	-	32,424	32,424
	<u>2,978,209</u>	<u>73,587</u>	<u>3,051,796</u>

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

The objective of the Fund is to maximise total return over the medium to long term through a combination of capital growth and income.

The Fund is exposed to a variety of risks which include market risk (price 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

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

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

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

	31.01.2023 USD	31.01.2022 USD
Financial assets at fair value through profit or loss:		
- Shariah-compliant collective investment scheme	6,863,564	2,978,209

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

% Change in price of Shariah-compliant collective investment scheme	Market value USD	Impact on profit or loss/NAV USD
2023		
-5%	6,520,386	(343,178)
0%	6,863,564	-
5%	7,206,742	343,178
2022		
-5%	2,829,299	(148,910)
0%	2,978,209	-
5%	3,127,119	(148,910)

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

(a) Market risk (continued)

(ii) Currency risk

Currency risk 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 USD 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 of the Fund:

Financial assets	Cash and cash equivalents USD	Amount due from Manager USD	Total USD
2023			
MYR	106,211	14,656	120,867
SGD	2,734	91	2,825
	<u>108,945</u>	<u>14,747</u>	<u>123,692</u>
2022			
MYR	7,731	8,487	16,218
SGD	2,765	89	2,854
	<u>10,496</u>	<u>8,576</u>	<u>19,072</u>
Financial liabilities	Amount due to Manager USD	Net assets attributable to unit holders USD	Total USD
2023			
MYR	45,176	6,914,417	6,959,593
SGD	-	44,438	44,438
	<u>45,176</u>	<u>6,958,855</u>	<u>7,004,031</u>
2022			
MYR	11,808	2,986,578	2,998,386
SGD	-	46,941	46,941
	<u>11,808</u>	<u>3,033,519</u>	<u>3,045,327</u>

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)

(ii) Currency risk (continued)

Change in foreign exchange rate		Impact on profit or loss/NAV	
	%	2023 USD	2022 USD
MYR	+5	(341,936)	(149,108)
SGD	+5	(2,081)	(2,204)
		<u>(344,017)</u>	<u>(151,312)</u>

Change in foreign exchange rate		Impact on profit or loss/NAV	
	%	2023 USD	2022 USD
MYR	-5	341,936	149,108
SGD	-5	2,081	2,204
		<u>344,017</u>	<u>151,312</u>

(b) Credit risk

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

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

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

	Cash and cash equivalents USD	Amount due from Manager USD	Amount due from Manager of Shariah-compliant collective investment scheme USD	Dividends Receivables USD	Total USD
2023					
- AAA	171,022	-	-	-	171,022
- Not Rated	-	14,747	34,968	3	49,718
	<u>171,022</u>	<u>14,747</u>	<u>34,968</u>	<u>3</u>	<u>220,740</u>
2022					
- AAA	31,745	-	-	-	31,745
- Not Rated	-	9,418	32,424	-	41,842
	<u>31,745</u>	<u>9,418</u>	<u>32,424</u>	<u>-</u>	<u>73,587</u>

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

(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, which are capable of being converted into cash within 7 business days. The Fund's investments in Shariah-compliant collective investment scheme are realisable which are capable of being converted into cash within 10 business days. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

The table below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining period on 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 USD	Between 1 month to 1 year USD	Total USD
2023			
Amount due to Manager of collective investment scheme			
- Purchase of Shariah- compliant collective investment scheme	60,000		60,000
Amount due to Manager	45,176	-	45,176
Accrued management fee	5,876	-	5,876
Amount due to Trustee	235	-	235
Other payables and accruals	-	4,116	4,116
Tax payable	9,806	-	9,806
Net assets attributable to unit holders*	6,959,095	-	6,959,095
Contractual undiscounted cash flows	7,080,188	4,116	7,084,304
2022			
Amount due to Manager	11,808	-	11,808
Accrued management fee	2,613	-	2,613
Amount due to Trustee	104	-	104
Other payables and accruals		3,497	3,497
Net assets attributable to unit holders*	3,033,774	-	3,033,774
Contractual undiscounted cash flows	3,048,299	3,497	3,051,796

* Outstanding units are redeemed on demand at the holder's option. However, the Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

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

(d) Capital risk management

The capital of the Fund is represented by net assets attributable to unit holders of USD6,959,095 (2022: USD3,033,774). The amount of capital can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

(e) Fair value estimation

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

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

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

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 USD	Level 2 USD	Level 3 USD	Total USD
2023				
Financial assets at fair value through profit or loss:				
- Shariah-compliant collective investment scheme	6,863,564			6,863,564
2022				
Financial assets at fair value through profit or loss:				
- Shariah-compliant collective investment scheme	2,978,209			2,978,209

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

- (ii) The carrying values of cash and cash equivalents, amount due from Manager, amount due from Manager of Shariah-compliant collective investment scheme – management fee rebate, dividend receivables 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 fee of up to 3.00% per annum, calculated daily based on the NAV of the Fund.

For the financial year ended 31 January 2023 and 31 January 2022, the management fee for the respective classes is recognised at the following rates:

Class MYR	Class USD	Class SGD
1.00%	1.00%	1.00%

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 up to 0.04% per annum, calculated daily based on the NAV of the Fund. The Trustee fee includes local custodian fees and charges but excludes foreign sub-custodian fees and charges (if any).

For the financial year ended 31 January 2023, the trustee fee is recognised at a rate of 0.04% per annum (2022: 0.04% per annum).

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

6. DISTRIBUTION

Distribution to members was derived from the following sources (assessed up to distribution declaration date):

	2023 USD	2022 USD
Dividend income	-	9,938
		9,938
Less:		
Expenses	-	-
Net distribution amount	-	9,938
Gross/Net distribution per unit (cent)		
Distribution on 27 May 2021		
- Class MYR	-	0.03
- Class SGD	-	0.09
- Class USD	-	0.13
	-	0.25

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

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

There are unrealised losses of USD10,946 during the financial year ended 31 January 2023 (2022: USD140,419).

7. TAXATION

	2023 USD	2022 USD
Tax charged for the financial year		
- Tax on foreign source income	19,211	-

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

7. TAXATION (CONTINUED)

	2023 USD	2022 USD
Loss before taxation	(132,183)	(91,544)
Taxation at Malaysian statutory rate of 24% (2022: 24%)	(31,724)	(21,971)
Tax effects of:		
- Loss not deductible for tax purpose	15,638	12,168
- Expenses not deductible for tax purposes	3,930	2,970
- Restriction on tax deductible expenses for Unit Trust Funds	12,156	6,833
Tax on foreign source income	(19,211)	-
	(19,211)	-

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 USD	2022 USD
At fair value through profit or loss:		
- Shariah-compliant collective investment scheme	6,863,564	2,978,209
Net loss on financial assets at fair value through profit or loss:		
- Realised (loss)/gain on disposals	(122,756)	70,529
- Unrealised fair value gain/(loss)	21,986	(96,903)
- Management fee rebate #	32,106	16,077
	(68,664)	(10,297)

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

For the financial year ended 31 January 2023, management fee rebate is recognised at a rate of 0.07% per annum (2022: 0.07% per annum) calculated daily based on the NAV of the Shariah-compliant collective investment scheme.

Name of counter	Quantity Units	Aggregate cost USD	Market value USD	Percentage of NAV %
2023				
SHARIAH-COMPLIANT COLLECTIVE INVESTMENT SCHEME				
Global Sukuk Fund – Class I USD Income	690,499	6,862,634	6,863,564	98.63

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

Name of counter	Quantity Units	Aggregate cost USD	Market value USD	Percentage of NAV %
2023				
TOTAL SHARIAH-COMPLIANT COLLECTIVE INVESTMENT SCHEME	<u>690,499</u>	6,862,634	<u>6,863,564</u>	<u>98.63</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>930</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>6,863,564</u>		
2022				
SHARIAH-COMPLIANT COLLECTIVE INVESTMENT SCHEME				
Global Sukuk Fund – Class I USD Income	<u>282,563</u>	<u>2,999,265</u>	<u>2,978,209</u>	<u>98.17</u>
TOTAL SHARIAH-COMPLIANT COLLECTIVE INVESTMENT SCHEME	<u>282,563</u>	2,999,265	<u>2,978,209</u>	<u>98.17</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(21,056)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>2,978,209</u>		

9. CASH AND CASH EQUIVALENTS

	2023 USD	2022 USD
Bank balances	<u>171,022</u>	<u>31,745</u>

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2023	2022
	No. of units	No. of units
Class MYR (i)	122,892,970	50,226,763
Class SGD (ii)	254,941	254,941
Class USD (iii)	1,021	1,021
	<u>123,148,932</u>	<u>50,482,725</u>
 (i) Class MYR		
At the beginning of the financial year	50,226,763	105,824,916
Add: Creation of units from applications	167,414,636	38,847,316
Add: Creation of units from distributions	-	147,646
Less: Cancellation of units	<u>(94,748,429)</u>	<u>(94,593,115)</u>
At the end of the financial year	<u>122,892,970</u>	<u>50,226,763</u>
 (ii) Class SGD		
At the beginning of the financial year	254,941	311,166
Add: Creation of units from applications	27,289	579,373
Add: Creation of units from distributions	-	1,675
Less: Cancellation of units	<u>(27,289)</u>	<u>(637,273)</u>
At the end of the financial year	<u>254,941</u>	<u>254,941</u>
 (iii) Class USD		
At the beginning of the financial year	1,021	926,534
Add: Creation of units from applications	50,114	4,893
Add: Creation of units from distributions	-	2,725
Less: Cancellation of units	<u>(50,114)</u>	<u>(933,131)</u>
At the end of the financial year	<u>1,021</u>	<u>1,021</u>

11. TOTAL EXPENSE RATIO ("TER")

	2023	2022
	%	%
TER	<u>0.72</u>	<u>0.62</u>

TER is derived from 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
F	=	Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on a daily basis is USD4,855,110 (2022: USD2,399,770).

12. PORTFOLIO TURNOVER RATIO ("PTR")

	2023	2022
PTR (times)	1.34	2.18

PTR is derived based on the following calculation:

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

where:

total acquisition for the financial year = USD8,476,291 (2022: USD5,331,000)

total disposal for the financial year = USD4,490,167 (2022: USD5,112,000)

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

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

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

Units held by the Manager and parties related to the Manager

	2023		2022	
	No. of units	USD	No. of units	USD
Manager				
Principal Asset Management Berhad				
- Class MYR	21,463	1,208	43,795	2,604
- Class SGD	1,005	175	1,005	185
- Class USD	1,021	240	1,021	255

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.

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

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions. 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.

	2023	2022
<u>Significant related party transactions</u>	USD	USD
Dividend income:		
- Principal Islamic Asset Management (Ireland) Plc	<u>73,009</u>	<u>32,935</u>

There were no related party balances as at end of financial year, apart from those mentioned elsewhere in the financial statements.

14. TRANSACTIONS WITH BROKER

Details of transactions with the broker for the financial year ended 31 January 2023 are as follows:

Broker	Value of trades USD	Percentage of total trades %	Brokerage fees USD	Percentage of total brokerage fees %
Principal Islamic Asset Management (Ireland) Plc	<u>12,966,458</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

Details of transactions with the brokers for the financial year ended 31 January 2022 are as follows:

Principal Islamic Asset Management (Ireland) Plc	<u>10,443,000</u>	<u>100.00</u>	<u>-</u>	<u>-</u>
--	-------------------	---------------	----------	----------

15. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The COVID-19 pandemic, with its related lockdowns and movement restrictions, together with geopolitical tensions and heightened inflationary environment globally have had, and will continue to have, a significant impact on global economic conditions and the environment which the Fund operates.

The Manager continues to closely monitor the macro-economic outlook as a result of COVID-19 pandemic and its impact to the Fund's performance and will be managing the risks to achieve the Fund's objective.

16. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 17 March 2023.

DIRECTORY

Head Office of the Manager

Principal Asset Management Berhad (Company No.: 199401018399 (304078-K))
10th Floor, Bangunan CIMB,
Jalan Semantan,
Damansara Heights,
50490 Kuala Lumpur,
MALAYSIA.
Tel: (03) 2084 8888

Website

www.principal.com.my

E-mail address

service@principal.com.my

Customer Care Centre

(03) 7723 7260

Chat with us via WhatsApp:

+60 16-299 9792

Trustee for the Principal Islamic Global Sukuk 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

Shariah Adviser of the Principal Islamic Global Sukuk Fund

Amanie Advisors Sdn. Bhd. (Company No.: 200501007003 (0684050-H))
Level 13A-2, Menara Tokio Marine Life,
No 189, Jalan Tun Razak,
50400 Kuala Lumpur, MALAYSIA.
Tel: (03) 2161 0260
Fax: (03) 2161 0262

Auditors of the Fund

Ernst & Young PLT 202006000003 (LLP0022760-LCA) & AF 0039
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel: +603 7495 8000
Fax: +603 2095 5332

Principal Asset Management Berhad
199401018399 (304078-K)

Enquiries:

Customer Care Centre
(603)7723 7260

Chat with us via WhatsApp
+60 16-299 9792

Email
service@principal.com.my

Website
www.principal.com.my