

# Principal Islamic Global Technology Fund

Annual Report

For The Financial Period From 14 July 2022 (Date of Launch)

To 31 May 2023

**PRINCIPAL ISLAMIC GLOBAL TECHNOLOGY FUND**

**ANNUAL REPORT**

**FOR THE FINANCIAL PERIOD FROM 14 JULY 2022 (DATE OF LAUNCH) TO 31 MAY 2023**

<b>CONTENTS</b>	<b>PAGE(S)</b>
INVESTORS' LETTER	i
MANAGER'S REPORT	ii - viii
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 - 29
DIRECTORY	30

**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 Technology Fund for the financial period ended 31 May 2023. You may also download this report from our website at [www.principal.com.my](http://www.principal.com.my).

We are happy to share that Principal Malaysia won three accolades at Alpha Southeast Asia's 14th Annual Fund Management Awards 2023. The awards were for Best Online & Mobile Platform (Asset Manager), Best Absolute Return Strategy and Best Fund Manager for Pension Mandates. Principal Malaysia was also honoured with multiple awards at the FSMOne Recommended Unit Trusts Awards 2023/2024 including Investors' Choice Fund House of the year 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](http://www.principal.com.my)), like our Facebook page (@PrincipalAssetMY), follow us on our Instagram account (@principalassetmanagement\_my), and LinkedIn page (Principal Asset Management Berhad) for the latest updates, market insights and investment articles.

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

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

**Munirah Khairuddin**  
Chief Executive Officer

## MANAGER'S REPORT

### FUND OBJECTIVE AND POLICY

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

The Fund aims to provide capital appreciation through investments in one Islamic collective investment scheme, which invests primarily in a diversified portfolio of technology related companies.

#### Has the Fund achieved its objective?

The Fund is in line to achieve its long-term objective of providing capital appreciation as stated under the Fund Objective section.

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

The Fund is a feeder fund that invests into a single Islamic CIS, i.e. Franklin Templeton Shariah Funds - Franklin Shariah Technology Fund ("Target Fund"). The Fund may also invest in Islamic liquid assets for liquidity purposes.

In order to achieve its objective, the Fund will invest at least 85% of its NAV in the Target Fund; a fund established on 24 February 2022 under Franklin Templeton Shariah Funds. The Fund may also invest up to 15% of its NAV in Islamic liquid assets for liquidity purposes and Islamic derivative for the sole purpose of hedging arrangement.

#### Information on the Target Fund:

Company	:	Franklin Templeton Shariah Funds
Management Company	:	Franklin Templeton International Services S.à r.l.
Investment Manager	:	Franklin Advisers, Inc.
Regulatory authority	:	Commission de Surveillance du Secteur Financier

#### Base Currency

US Dollar ("USD")

#### Fund category/type

Feeder fund (Islamic)/Growth

#### When was the Fund launched?

Name of Class	Launch Date
Class MYR	14 July 2022
Class MYR-Hedged ("MYR-H")	14 July 2022
Class USD	14 July 2022

#### What was the size of the Fund as at 31 May 2023?

USD12.26 million (50.22 million units)

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

The Fund adheres to the benchmark of the Target Fund for performance comparison. The benchmark of the Target Fund is the Standard and Poor's ("S&P") Global 1200 Shariah Information Technology Index, which may be found on Key Investor Information Document of the Target Fund and available on [www.franklintempleton.lu](http://www.franklintempleton.lu).

#### What is the Fund distribution policy?

Fund is not expected to pay any distribution. Distributions, if any, are at our discretion and will vary from period to period depending on the availability of realised income for distribution and performance of the Fund.

#### What was the net income distribution for the financial period from 14 July 2022 (date of launch) to 31 May 2023?

There was no income distribution for the financial period from 14 July 2022 (date of launch) to 31 May 2023.

**PERFORMANCE DATA**

Details of portfolio composition of the Fund for the financial period are as follows:

	<b>31.05.2023</b>
	%
Shariah-compliant collective investment scheme	74.94
Cash and other assets	31.23
Liabilities	(6.17)
	<u>100.00</u>

Performance details of the Fund for the financial period are as follows:

	<b>14.07.2022</b>
	<b>(date of launch)</b>
	<b>to 31.05.2023</b>
NAV (USD Million)	
- Class MYR	9.14
- Class MYR-H	3.12
- Class USD	0.00*
Units in circulation (Million)	
- Class MYR	36.93
- Class MYR-H	13.29
- Class USD	0.00*
NAV per unit (USD)	
- Class MYR	0.2474
- Class MYR-H	0.2347
- Class USD	1.1030
Highest NAV per unit (USD)	
- Class MYR	0.2492
- Class MYR-H	0.2374
- Class USD	1.1111
Lowest NAV per unit (USD)	
- Class MYR	0.1726
- Class MYR-H	0.1638
- Class USD	0.7693
Total return (%)	
- Class MYR	14.06
- Class MYR-H	8.16
- Class USD	10.30
Capital growth (%)	
- Class MYR	14.06
- Class MYR-H	8.16
- Class USD	10.30
Income distribution (%)	
- Class MYR	-
- Class MYR-H	-
- Class USD	-

Note 0.00\* denotes allocation less than 0.01

**PERFORMANCE DATA (CONTINUED)**

Performance details of the Fund for the financial period are as follows (continued):

	<b>14.07.2022 (date of launch) to 31.05.2023</b>
Total Expense Ratio ("TER") (%) ^	1.13
Portfolio Turnover Ratio ("PTR") (times) #	1.47
	<b>Since inception to 31.05.2023 %</b>
Annual total return	
- Class MYR	14.06
- Class MYR-H	8.16
- Class USD	10.30

(Launch date: 14 July 2022)

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 (14 JULY 2022 (DATE OF LAUNCH) TO 31 MAY 2023)**

In the second half of 2022, global equities were volatile on the back of concerns of a global economic slowdown, the escalating Russia-Ukraine war, persistently high inflation in multiple regions and broadly tighter monetary policy. Towards the end of the year, concerns amplified, driven by the aggressive rate-hiking actions of many central banks that led global equities to retreat.

Peering into January 2023, global equities rallied as better-than-feared corporate earnings reports, stronger-than-expected economic data in certain regions and China's economic reopening bolstered investor sentiment. Additionally, moderating inflation in the United States, the eurozone and the United Kingdom led many investors to expect a continued deceleration in interest-rate hikes.

Towards the end of the review period, global equities rose as the global economy continued to grow, corporate earnings generally exceeded lowered consensus expectations, headline inflation in many regions decelerated as energy prices remained relatively low, and many investors anticipated a potential end to the worldwide monetary tightening cycle. However, recession fears, disappointing earnings and/or guidance from some companies, and further stress in the banking industry pressured investor sentiment at times.

**FUND PERFORMANCE**

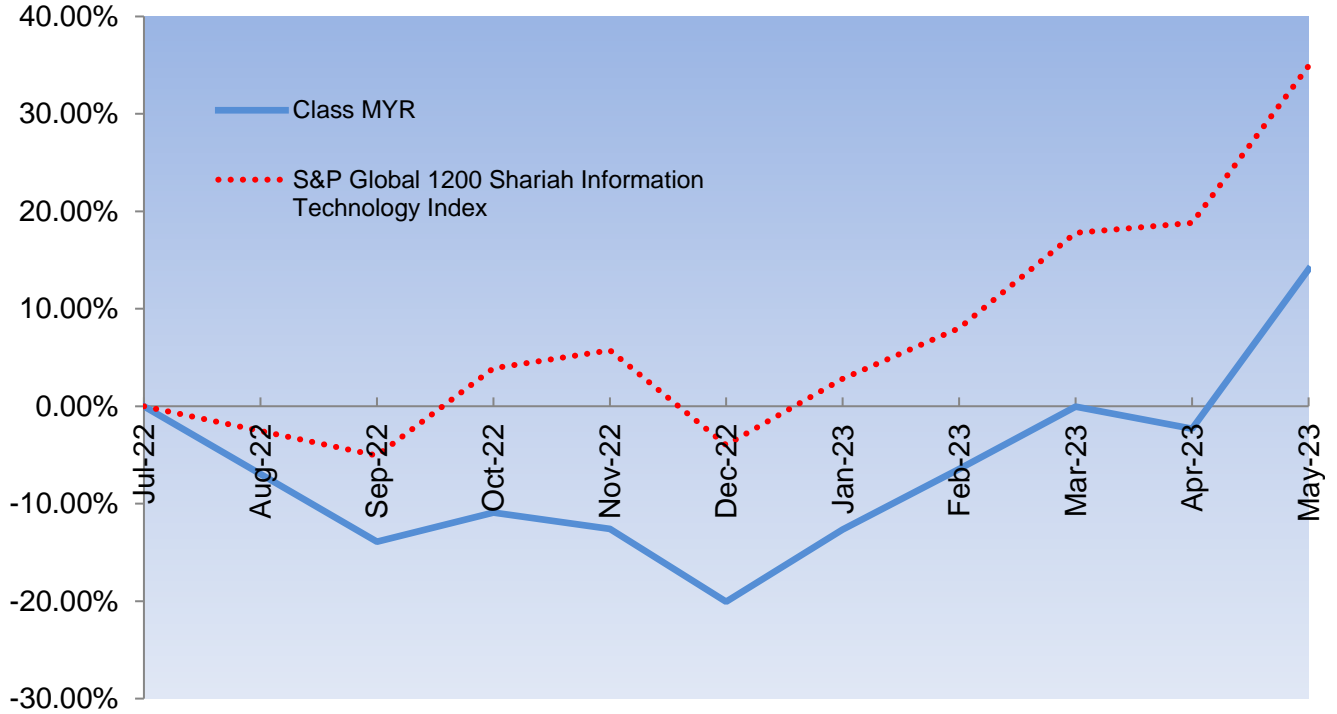
	<b>Since inception to 31.05.2023</b>		
	<b>Class MYR</b>	<b>Class MYR-H</b>	<b>Class USD</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Income Distribution	-	-	-
Capital Growth	14.06	8.16	10.30
Total Return	14.06	8.16	10.30
Benchmark	34.92	29.91	29.91
Average Total Return	16.14	9.33	11.79

**FUND PERFORMANCE (CONTINUED)**

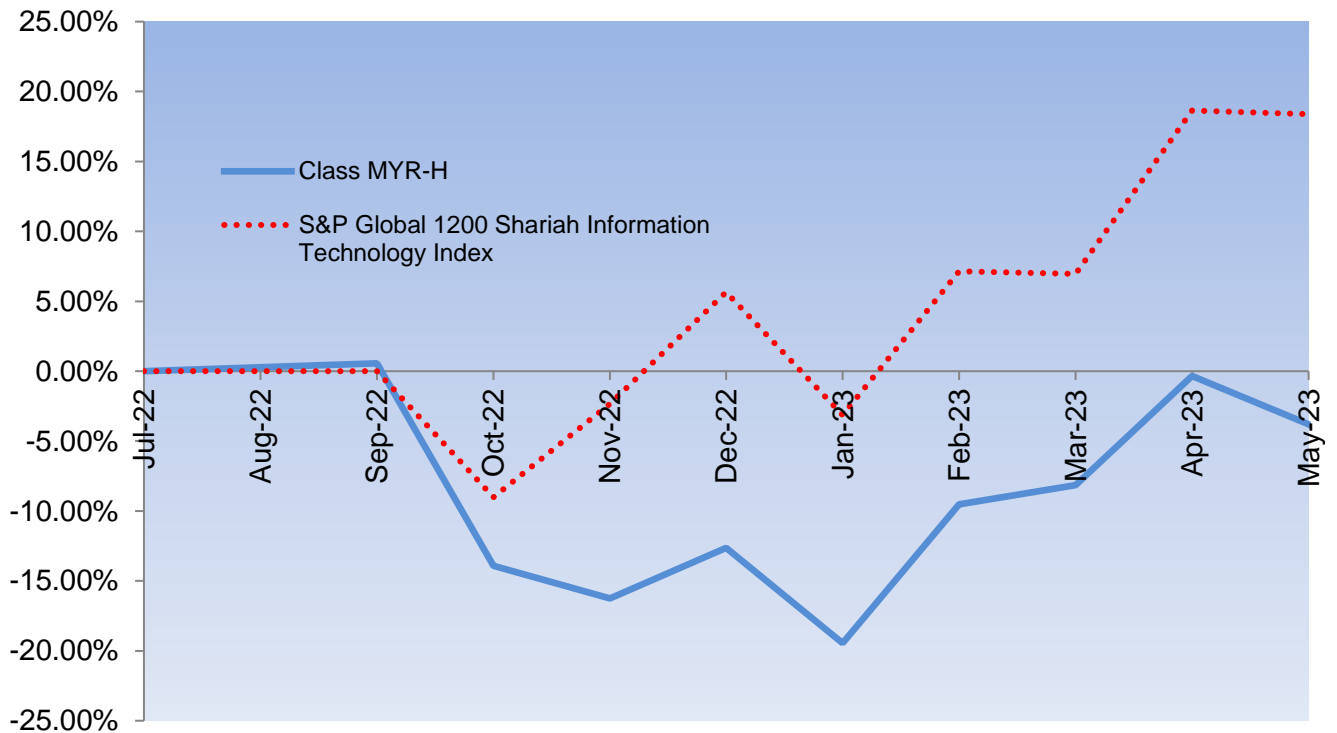
During the period under review, Class MYR, Class MYR-H, and Class USD increased by 14.06%, 8.16%, and 10.30% respectively. All classes underperformed their respective benchmark that increased by 34.92%, 29.91%, and 29.91% respectively during the same period under review.

**Since Inception**

**Class MYR**



**Class MYR-H**

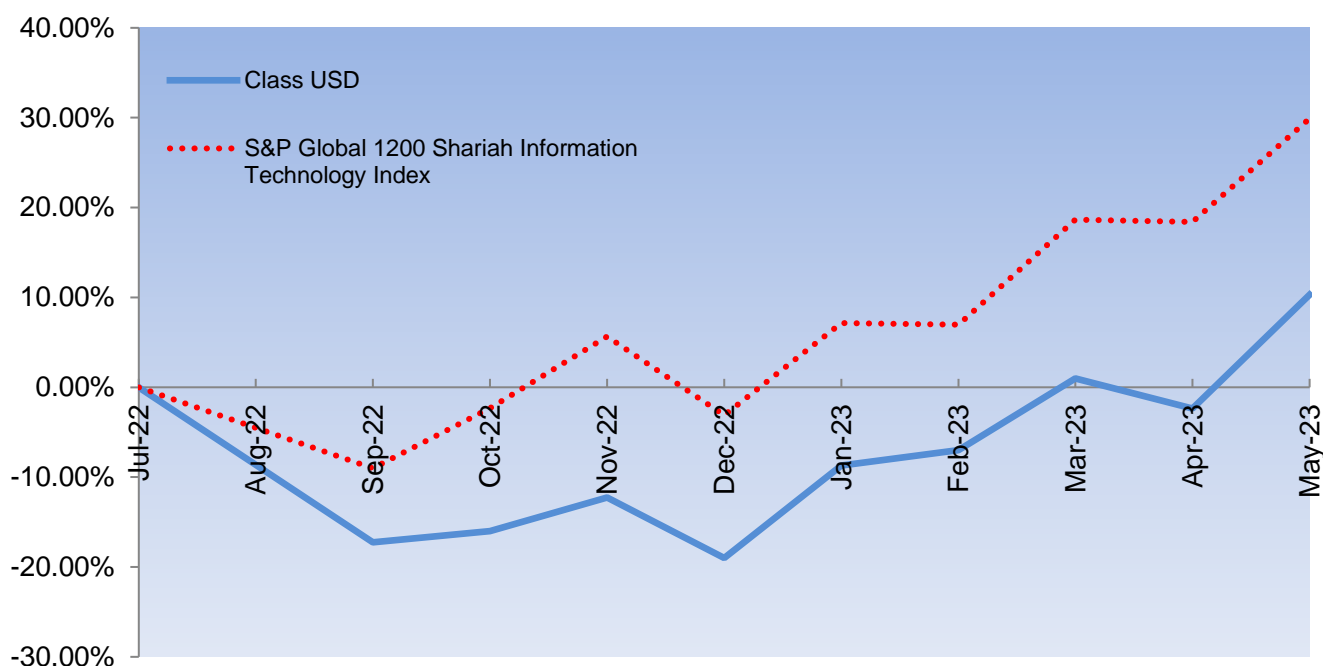




**FUND PERFORMANCE (CONTINUED)**

**Since Inception**

**Class USD**



**Changes in NAV**

**31.05.2023**

**CLASS MYR**

NAV (USD Million)	9.14
NAV/Unit (USD)	0.2474

**CLASS MYR-H**

NAV (USD Million)	3.12
NAV/Unit (USD)	0.2347

**CLASS USD**

NAV (USD Million)	0.00*
NAV/Unit (USD)	1.1030

Note: 0.00\* denotes value less than 0.01.

As of 31 May 2023, the Fund's NAV for Class MYR and Class MYR-H, and Class USD stood at USD9.14 million, USD3.12 million, and USD0.00\* million respectively.

In addition, as of 31 May 2023, the NAV per unit for Class MYR and Class MYR-H, and Class USD stood at USD0.2474, USD0.2347, and USD1.1030 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 period have been extracted from Lipper.

## PORTFOLIO STRUCTURE

### Asset allocation

(% of NAV)	31.05.2023
Shariah-compliant collective investment scheme	74.94
Cash and other assets	31.23
Liabilities	(6.17)
<b>TOTAL</b>	<b>100.00</b>

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

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

	% of NAV
<b>Top 10 holdings*</b>	<b>31.05.2023</b>
NVIDIA Corp	9.31
Microsoft Corp	8.23
Apple Inc	7.44
ASML Holding NV	4.11
ServiceNow Inc	3.83
Synopsys Inc	3.73
Salesforce Inc	3.70
Analog Devices Inc	2.79
Advanced Micro Devices Inc	2.78
Alphabet Inc	2.65

\* As per disclosed in Fund Fact Sheet.

### MARKET OUTLOOK\*

We would summarise our outlook for the IT sector as incrementally cautious in the near term, but as bullish as ever over the long term. The former is certainly up for debate, and we're prepared to change our more cautious stance if data doesn't support it.

Long-term, we are bullish on Artificial intelligence ("AI") (one of our 10 Digital Transformation ("DT"), sub-themes). Generative AI should be a meaningful global productivity driver, and we believe the companies that enable it through compute capacity, model building and data wrangling should stand to profit.

We continue to believe DT is a multi-trillion-dollar opportunity as it enables a widening array of companies to leverage software and data to better understand their customers and business processes, as well as various technologies to radically transform how they operate.

\* 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 Malaysia Funds (“Funds”) unless the soft commission received is retained in the form of goods and services such as research and advisory services that assists in the decision making process relating to the Fund's investments. All dealings with brokers are executed on best available terms.

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

**SECURITIES FINANCING TRANSACTIONS**

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

**STATE OF AFFAIR OF THE FUND**

There were no other significant changes in the state of affairs of the Fund during the financial 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 ISLAMIC GLOBAL TECHNOLOGY 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 29 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 May 2023 and of its financial performance, changes in net assets attributable to unit holders and cash flows for the financial period from 14 July 2022 (date of launch) to 31 May 2023 then ended in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

For and on behalf of the Manager

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

**MUNIRAH KHAIRUDDIN**  
Chief Executive Officer/Executive Director

**UDAY JAYARAM**  
Director

Kuala Lumpur  
17 July 2023

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

We have acted as Trustee of the Fund for the financial period from 14 July 2022 (date of launch) to 31 May 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Principal Asset Management Berhad has operated and managed the Fund during the period covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the Management Company under the Deed, securities laws and the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework;
2. Valuation and pricing is carried out in accordance with the Deed; and
3. Any creation and cancellation of units are carried out in accordance with the Deed and any regulatory requirement.

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat  
Manager, Investment Compliance Monitoring

Kuala Lumpur  
17 July 2023

**Shariah Adviser's Report**

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

**For The Financial Period From 14 July 2022 (Date of Launch) To 31 May 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 July 2023

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

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

*Opinion*

We have audited the financial statements of Principal Islamic Global Technology Fund (the "Fund"), which comprise the statement of financial position of the Fund as at 31 May 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 period from 14 July 2022 (date of launch) to 31 May 2023, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 8 to 29.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 May 2023, and of its financial performance and cash flows for the financial period from 14 July 2022 (date of launch) to 31 May 2023 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 TECHNOLOGY 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 TECHNOLOGY 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 TECHNOLOGY 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 Unlisted Capital Market Products under the Lodge and Launch Framework, the Capital Markets and Services Act 2007 issued by the Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

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

Kuala Lumpur, Malaysia  
17 July 2023

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD FROM 14 JULY 2022 (DATE OF LAUNCH) TO 31 MAY 2023**

		14.07.2022 (date of launch) to 31.05.2023
	Note	USD
<b>INCOME/(LOSS)</b>		
Net gain on financial assets at fair value through profit or loss	7	1,421,525
Net loss on derivatives at fair value through profit or loss	8	(183,513)
Net foreign exchange loss		(98,679)
		<u>1,139,333</u>
<b>EXPENSES</b>		
Management fee	4	73,156
Trustee fee	5	1,219
Audit fee		2,109
Tax agent's fee		2,154
Other expenses		182
		<u>78,820</u>
<b>PROFIT BEFORE TAXATION</b>		1,060,513
Taxation	6	-
<b>PROFIT AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD</b>		<u>1,060,513</u>
Profit after taxation is made up as follows:		
Realised amount		(131,876)
Unrealised amount		1,192,389
		<u>1,060,513</u>

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

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

	Note	31.05.2023 USD
<b>ASSETS</b>		
Cash and cash equivalents	9	327,645
Financial assets at fair value through profit or loss	7	9,184,932
Amount due from dealer		122,859
Amount due from Manager		3,368,203
Amount due from Manager of Shariah-compliant collective investment scheme		
- management fee rebate		8,085
<b>TOTAL ASSETS</b>		<u>13,011,724</u>
<b>LIABILITIES</b>		
Derivative liabilities at fair value through profit or loss	8	40,896
Amount due to Manager of Shariah-compliant collective investment scheme		
- Purchase of Shariah-compliant collective investment scheme		260,000
Amount due to dealer		122,633
Amount due to Manager		316,109
Accrued management fee		12,501
Amount due to Trustee		208
Other payables and accruals		3,590
<b>TOTAL LIABILITIES</b>		<u>755,937</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>12,255,787</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>12,255,787</u>
<b>REPRESENTED BY:</b>		
<b>FAIR VALUE OF OUTSTANDING UNITS (USD)</b>		
- Class MYR		9,135,293
- Class MYR-H		3,119,391
- Class USD		1,103
		<u>12,255,787</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>		
- Class MYR		36,929,299
- Class MYR-H		13,291,012
- Class USD		1,000
	10	<u>50,221,311</u>

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

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

	Note	31.05.2023 USD
<b>REPRESENTED BY:</b>		
<b>NET ASSET VALUE PER UNIT (USD)</b>		
- Class MYR		0.2474
- Class MYR-H		0.2347
- Class USD		<u>1.1030</u>
<b>NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES</b>		
- Class MYR		RM1.1406
- Class MYR-H		RM1.0821
- Class USD		<u>USD1.1030</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 PERIOD FROM 14 JULY 2022 (DATE OF LAUNCH) TO 31 MAY 2023**

**14.07.2022  
(date of launch)  
to 31.05.2023  
USD**

<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	<b>-</b>
Movement due to units created and cancelled during the financial period	
Creation of units from applications	
- Class MYR	13,041,642
- Class MYR-H	6,304,207
- Class USD	2,318
	<u>19,348,167</u>
Cancellation of units	
- Class MYR	(4,617,506)
- Class MYR-H	(3,533,824)
- Class USD	(1,563)
	<u>(8,152,893)</u>
Total comprehensive income for the financial period	<u>1,060,513</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL PERIOD</b>	<b><u>12,255,787</u></b>

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

**STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD FROM 14 JULY 2022 (DATE OF LAUNCH) TO 31 MAY 2023**

	Note	14.07.2022 (date of launch) to 31.05.2023 USD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from disposal of Shariah-compliant collective investment scheme		(10,420,000)
Purchase of Shariah-compliant collective investment scheme		2,890,000
Management fee paid		(60,655)
Management fee rebate received		18,508
Trustee fee paid		(1,011)
Payment of other fees and expenses		(855)
Net realised loss on forward foreign currency contracts		(142,843)
Net realised foreign exchange loss		(8,975)
<b>Net cash used in operating activities</b>		<u>(7,725,831)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash proceeds from units created		15,979,964
Payments for cancellation of units		(7,836,784)
<b>Net cash generated from financing activities</b>		<u>8,143,180</u>
Net increase in cash and cash equivalents		417,349
Effect of foreign exchange differences		(89,704)
Cash and cash equivalents at the beginning of financial period		-
Cash and cash equivalents at the end of financial period	<b>9</b>	<u>327,645</u>
<u>Cash and cash equivalents comprised of:</u>		
Bank balances		327,645
Cash and cash equivalents at the end of the financial period	<b>9</b>	<u>327,645</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 14 JULY 2022 (DATE OF LAUNCH) TO 31 MAY 2023**

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

Principal Islamic Global Technology Fund (the “Fund”) was constituted pursuant to the execution of a Deed dated 20 June 2022 between Principal Asset Management Berhad (the “Manager”) and HSBC (Malaysia) Trustee Berhad (the “Trustee”).

The Fund is a feeder fund that invests into a single Islamic CIS, i.e. Franklin Templeton Shariah Funds - Franklin Shariah Technology Fund (“Target Fund”). The Fund may also invest in Islamic liquid assets for liquidity purposes.

In order to achieve its objective, the Fund will invest at least 85% of its NAV in the Target Fund; a fund established on 24 February 2022 under Franklin Templeton Shariah Funds. The Fund may also invest up to 15% of its NAV in Islamic liquid assets for liquidity purposes and Islamic derivative for the sole purpose of hedging arrangement.

Information on the Target Fund:

Company	: Franklin Templeton Shariah Funds
Management Company	: Franklin Templeton International Services S.à r.l.
Investment Manager	: Franklin Advisers, Inc.
Regulatory authority	: Commission de Surveillance du Secteur Financier

All investments are subjected to the Securities Commission Malaysia (“SC”) Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, 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 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.



## 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 estimates and assumptions are significant to the financial statements are disclosed in Note 2(l).

There are no new applicable standards, amendments to standards or interpretations that are effective for financial period beginning on/after 1 June 2023 that are applicable to the financial statements of 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 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").

Investment in Shariah-compliant collective investment scheme are debt instruments with contractual cash flows that do not represent solely payment of principal and interest<sup>1</sup> ("SPPI"), and therefore are classified as fair value through profit or loss.

Derivatives are financial assets/liabilities at fair value through profit or loss unless they are designated hedges (Note 2(k)).

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

All the Fund's financial liabilities (excluding the derivatives and Net Assets Attributable to Unit Holders) 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. 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.

<sup>1</sup> 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 liabilities are derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

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

Collective investment scheme is valued based on the most recent published NAV per unit or share of such 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 interest method.

Impairment for assets carried at amortised costs

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the financial period.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(c) Income recognition**

Realised gain or loss on disposal of collective investment scheme is accounted for as the difference between the net disposal proceeds and the carrying amount of investments, 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 period-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 MYR-H 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.

**(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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**(i) 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.

**(j) 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<sup>1</sup>.

**(k) Derivative financial instruments**

A derivative financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

The Fund's derivative financial instruments comprise forward foreign exchange contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the date of statements of financial position, with the resulting value discounted back to present value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held-for-trading and accounted for in accordance with the accounting policy set out in Note 2(b).

<sup>1</sup> The presentation of the analysis of realised and unrealised portions of increase/ decrease in net assets attributable to unit holders as presented on the statement of comprehensive income is provided as per the SC Guidelines on Unit Trust Funds. However, the Fund is not guided by the SC Guidelines on Unit Trust Funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(I) 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.

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 SC Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

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
<b>31.05.2023</b>			
Cash and cash equivalents (Note 9)	-	327,645	327,645
Shariah-compliant collective investment scheme (Note 7)	9,184,932	-	9,184,932
Amount due from dealer	-	122,859	122,859
Amount due from Manager	-	3,368,203	3,368,203
Amount due from Manager of the Shariah-compliant collective investment scheme			
- Management fee rebate	-	8,085	8,085
	9,184,932	3,826,792	13,011,724

All liabilities except derivative liabilities at fair value through profit or loss are financial liabilities which are carried at amortised cost.

The objective of the Fund is to provide capital appreciation through investments in one Islamic collective investment scheme, which invests primarily in a diversified portfolio of technology related companies.

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 SC Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

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:

	<b>31.05.2023</b>
	<b>USD</b>
Financial assets at fair value through profit or loss:	
- Shariah-compliant collective investment scheme	9,184,932

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 period. 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
<b>31.05.2023</b>		
-5%	8,725,685	(459,247)
0%	9,184,932	-
5%	9,644,179	459,247

(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.

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

(a) Market risk (continued)

(ii) Currency risk (continued)

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 dealer USD	Amount due from Manager USD	Total USD
<b>31.05.2023</b>				
MYR	13,866	47,907	3,368,203	3,429,976

Financial liabilities	Amount due to dealer USD	Amount due to Manager USD	Net assets attributable to unit holders USD	Total USD
<b>31.05.2023</b>				
MYR	74,893	316,109	12,254,684	12,645,686

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 period. 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.

	Change in foreign exchange rate	Impact on profit or loss/NAV
		<b>31.05.2023</b>
	%	<b>USD</b>
MYR	+/-5	+/- 460,786

(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.

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

(b) Credit risk (continued)

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

	Cash and cash equivalents USD	Amount due from dealer USD	Amount due from Manager USD	Amount due from Manager of Shariah-compliant collective investment scheme - management fee rebate USD	Total USD
<b>31.05.2023</b>					
- AAA	327,645	-	-	-	327,645
- Not Rated	-	122,859	3,368,203	8,085	3,499,147
	<u>327,645</u>	<u>122,859</u>	<u>3,368,203</u>	<u>8,085</u>	<u>3,826,792</u>

(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 period USD	Total USD
<b>31.05.2023</b>			
Derivative liabilities at fair value through profit or loss	40,896	-	40,896
Amount due to dealer	122,633	-	122,633
Amount due to Manager	316,109	-	316,109
Amount due to Manager of collective investment scheme - Purchase of Shariah-compliant collective investment scheme	260,000	-	260,000
Accrued management fee	12,501	-	12,501
Amount due to Trustee	208	-	208
Other payables and accruals	-	3,590	3,590
Net assets attributable to unit holders*	<u>12,255,787</u>	<u>-</u>	<u>12,255,787</u>
<b>Contractual undiscounted cash flows</b>	<u>13,008,134</u>	<u>3,590</u>	<u>13,011,724</u>



**3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****(c) Liquidity risk (continued)**

\* 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.

**(d) Capital risk management**

The capital of the Fund is represented by net assets attributable to unit holders of USD12,255,787. 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 period 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.

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

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 USD	Level 2 USD	Level 3 USD	Total USD
<b>31.05.2023</b>				
Financial assets at fair value through profit or loss:				
- Shariah-compliant collective investment scheme	<u>9,184,932</u>	<u>-</u>	<u>-</u>	<u>9,184,932</u>
Derivative liabilities at fair value through profit or loss:				
- Forward foreign currency contracts	<u>-</u>	<u>(40,896)</u>	<u>-</u>	<u>(40,896)</u>

Investments whose values are based on quoted market prices in active markets and are therefore classified within Level 1, include collective investment scheme which invest in 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 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 forward foreign currency contracts.

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.

- (ii) The carrying values of cash and cash equivalents, amount due from dealer, amount due from Manager and amount due from Manager of collective investment scheme – management fee rebate and all other 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 period 14 July 2022 (date of launch) to 31 May 2023, the management fee for the respective classes is recognised at the following rates:

<b>Class MYR</b>	<b>Class MYR-H</b>	<b>Class USD</b>
1.80%	1.80%	1.80%

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 0.03% 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 period 14 July 2022 (date of launch) to 31 May 2023, the trustee fee is recognised at a rate of 0.03% per annum.

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

**6. TAXATION**

**14.07.2022**  
**(date of launch)**  
**to 31.05.2023**  
**USD**

Tax charged for the financial period

- Current taxation

-

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:

**14.07.2022**  
**(date of launch)**  
**to 31.05.2023**  
**USD**

Profit before taxation

1,060,513

Taxation at Malaysian statutory rate of 24%

254,523

Tax effects of:

- Investment income not subject to tax

(273,440)

- Expenses not deductible for tax purposes

853

- Restriction on tax deductible expenses for  
Wholesale Funds

18,064

-

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>31.05.2023</b>
	<b>USD</b>
At fair value through profit or loss:	
- Shariah-compliant collective investment scheme	<u>9,184,932</u>
	<b>14.07.2022</b>
	<b>(date of launch)</b>
	<b>to 31.05.2023</b>
Net gain on financial assets at fair value through profit or loss:	
- Realised gain on disposals	71,944
- Unrealised fair value gain	1,322,988
- Management fee rebate #	<u>26,593</u>
	<u>1,421,525</u>

# 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 period 14 July 2022 (date of launch) to 31 May 2023, management fee rebate is recognised at a rate of 0.70% 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 %
<b>31.05.2023</b>				
<b>SHARIAH-COMPLIANT COLLECTIVE INVESTMENT SCHEME</b>				
Franklin Templeton International Services Sarl- Franklin Shariah Technology Fund – I USD Acc	<u>904,919</u>	<u>7,861,944</u>	<u>9,184,932</u>	<u>74.94</u>
<b>TOTAL SHARIAH-COMPLIANT COLLECTIVE INVESTMENT SCHEME</b>	<u><b>904,919</b></u>	<u><b>7,861,944</b></u>	<u><b>9,184,932</b></u>	<u><b>74.94</b></u>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u><b>1,322,988</b></u>		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u><b>9,184,932</b></u>		

**8. DERIVATIVE LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>31.05.2023</b> <b>USD</b>
Forward foreign currency contracts:	
Derivative liabilities	40,896
	40,896
	<b>14.07.2022</b>
	<b>(date of launch)</b>
	<b>to 31.05.2023</b>
Net loss on derivative liabilities at fair value through profit or loss:	
- Realised loss on forward foreign currency contracts	(142,617)
- Unrealised fair value loss on forward foreign currency contracts	(40,896)
	(183,513)
	(183,513)

As at 31 May 2023, there were 5 outstanding, USD/Malaysian Ringgit (“MYR”) forward foreign currency contracts. The notional principal amount of the outstanding forward foreign currency contracts amounted to USD3,410,767.

The USD/MYR forward foreign currency contracts were entered into during the financial period to minimise the risk of foreign currency exposure between the USD and the foreign currencies of the Fund.

As the Fund has not adopted hedge accounting during the financial period, any changes in the fair value of the forward foreign currency contracts are recognised immediately in the statement of comprehensive income during the period in which it was incurred.

**9. CASH AND CASH EQUIVALENTS**

	<b>31.05.2023</b> <b>USD</b>
Bank balances	327,645
	327,645

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

	<b>14.07.2022</b> <b>(date of launch)</b> <b>to 31.05.2023</b>
	<b>No. of units</b>
Class MYR (i)	36,929,299
Class MYR-H (ii)	13,291,012
Class USD (iii)	1,000
	50,221,311
	50,221,311

10. NUMBER OF UNITS IN CIRCULATION (UNITS) (CONTINUED)

	14.07.2022 (date of launch) to 31.05.2023
	<u>No. of units</u>
(i) Class MYR	
At the beginning of the financial period	-
Add: Creation of units from applications	58,951,516
Less: Cancellation of units	<u>(22,022,217)</u>
At the end of the financial period	<u>36,929,299</u>
(ii) Class MYR-H	
At the beginning of the financial period	-
Add: Creation of units from applications	29,750,178
Less: Cancellation of units	<u>(16,459,166)</u>
At the end of the financial period	<u>13,291,012</u>
(iii) Class USD	
At the beginning of the financial period	-
Add: Creation of units from applications	2,548
Less: Cancellation of units	<u>(1,548)</u>
At the end of the financial period	<u>1,000</u>

11. TOTAL EXPENSE RATIO (“TER”)

	14.07.2022 (date of launch) to 31.05.2023
	%
TER	<u>1.13</u>

TER is derived from the following calculation:

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

- A = Management fee (excluded rebate)
- 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 period calculated on a daily basis is USD4,616,542.

12. PORTFOLIO TURNOVER RATIO (“PTR”)

14.07.2022  
(date of launch)  
to 31.05.2023

PTR (times) 1.47

PTR is derived based on 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 = USD10,680,000

total disposal for the financial period = USD2,890,000

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

	<u>31.05.2023</u>	
	<b>No. of units</b>	<b>USD</b>
<b>Manager</b>		
Principal Asset Management Berhad		
- Class MYR	32	8
- Class MYR-H	1,177	276
- Class USD	<u>1,000</u>	<u>1,103</u>

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

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

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

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

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

**14. TRANSACTIONS WITH BROKER**

Details of transactions with the broker for the financial period from 14 July 2022 (date of launch) to 31 May 2023 are as follows:

<b>Broker</b>	<b>Value of trades USD</b>	<b>Percentage of total trades %</b>	<b>Brokerage fees USD</b>	<b>Percentage of total brokerage fees %</b>
Franklin Templeton International Services Sarl	<u>13,570,000</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

**15. COMPARATIVES**

This fund was launched on 14 July 2022 thus there are no comparatives as this is the Fund's first set of financial statements.

**16. APPROVAL OF FINANCIAL STATEMENTS**

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



**DIRECTORY**

**Head Office of the Manager**

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**Principal Asset Management Berhad**  
**199401018399 (304078-K)**

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