

PRINCIPAL ISLAMIC SMALL CAP OPPORTUNITIES FUND
ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

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INVESTORS' LETTER

Dear Valued Investor,

Greetings from Principal Asset Management Berhad ("Principal Malaysia") and thank you for investing with us!

We are pleased to bring you a copy of the Annual Fund Report of the Principal Islamic Small Cap Opportunities Fund for the financial year ended 31 May 2024. You may also download this report from our website at www.principal.com.my.

We are happy to share that Principal Malaysia won two honours at the Asia Asset Management 2024 Best of the Best Awards. The awards were for Best of the Best Performance Awards: China A-Share Equity (3 years) for the Principal China Direct Opportunities Fund (Class MYR) and Best of the Best Country Awards: Best Institutional House – Malaysia. We also won another two awards at the 2024 Global Banking & Finance Awards® for Asset Management CEO of the Year Malaysia 2024 - Munirah Khairuddin and Asset Management Company of the Year Malaysia 2024. At the EPF External Fund Managers Awards 2023, we were awarded with the Best International Equity Fund Manager for MSCI EM Latin America 2023 category. The World Business Outlook magazine also awarded us with the Best Investment Management and Solutions Provider Malaysia 2024, Best Institutional House Malaysia 2024, and Asset Management CEO (Munirah Khairuddin) of the Year Malaysia 2024 awards at its 2024 Annual Awards. We also won three awards at iFast Awards 2024 and another 7 awards at the LSEG Lipper Fund Awards 2024.

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

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

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

Munirah Khairuddin
Country Head and Chief Executive Officer, Malaysia
Non-Independent Executive Director

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

The objective of the Fund is to seek medium to long-term growth in capital by investing principally in emerging companies listed on Bursa Securities and this must be in accordance with the Shariah principles.

Has the Fund achieved its objective?

Yes. The Fund has achieved its objective of providing medium to long-term capital growth. Since inception, the Fund has gained 275.62%.

What are the Fund investment policy and principal investment strategy?

The Fund may invest a minimum of 70% and up to a maximum of 98% of its Net Asset Value ("NAV") in Shariah-compliant stocks of emerging companies*. The investment policy and strategy of the Fund will therefore focus on investments in Shariah-compliant instruments of such emerging companies* with potential growth and hands-on management policies but may be lacking in track records. The Fund may also invest up to 28% of its NAV in other permissible Shariah-compliant investments such as Islamic fixed income securities for the purpose of cash management. The Fund may also opt to seek investment exposure via Islamic collective investment scheme that is in line with the Fund's objective, subject to the requirements of the Securities Commission's Guidelines on the Unit Trust Funds ("GUTF"). In addition, Islamic liquid assets may be strategically used if we feel that the market downside risk is high in the short-term. With effect from 28 April 2023, the Fund may invest up to 25% of its NAV in emerging companies* that are listed in any Eligible Markets globally with some operations or businesses in Malaysia to capture growth opportunities.

With effect from 28 April 2023,

**Emerging companies in this context referring to the following:*

- (a) companies with market capitalization of up to five (5) billion MYR at the point of purchase; or*
- (b) stocks of companies which form the bottom 15% of the cumulative market capitalisation of the market which the Shariah-compliant stock is listed on at the point of purchase.*

However, the Fund may invest up to 20% of its NAV in companies with market capitalization above five (5) billion MYR at the point of purchase.

The asset allocation strategy for this Fund is as follows:

- between 70% to 98% (both inclusive) of the Fund's NAV will be invested in Shariah-compliant equities;
- up to 28% of the Fund's NAV in other permissible Shariah-compliant investments; and
- at least 2% of the Fund's NAV in Islamic liquid assets.

Fund category/type

Equity (small cap) (Shariah-compliant)/Growth

When was the Fund launched?

30 April 2003

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

RM281.59 million (312.25 million units)

What is the Fund's benchmark?

FTSE Bursa Malaysia ("FBM") Small Cap Shariah ("FBMSCSM") Index

Note: The Fund's benchmark is for performance comparison purpose only. Investors are cautioned that the risk profile of the Fund is higher than the benchmark.

FUND OBJECTIVE AND POLICY (CONTINUED)

What is the Fund distribution policy?

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

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

There was no distribution made for the financial year ended 31 May 2024.

PERFORMANCE DATA

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

	31.05.2024	31.05.2023	31.05.2022
	%	%	%
Shariah-compliant quoted securities			
- Construction	17.39	6.17	6.24
- Consumer Products & Services	5.21	13.85	8.46
- Energy	7.85	2.17	5.87
- Financial Services	-	0.04	1.46
- Health Care	7.86	14.41	2.57
- Industrial Products & Services	17.41	13.08	19.11
- Plantation	-	1.45	10.79
- Property	9.01	1.86	2.50
- Real Estate Investment Trusts ("REIT")	2.70	5.63	4.99
- Technology	23.49	19.64	20.58
- Telecommunications & Media	-	-	-
- Utilities	-	2.22	2.32
Cash and other assets	11.03	19.92	15.94
Liabilities	(1.95)	(0.44)	(0.83)
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	31.05.2024	31.05.2023	31.05.2022
NAV (RM Million)	281.59	255.95	278.12
Units in circulation (Million)	312.25	396.40	444.58
NAV per unit (RM)	0.9018	0.6456	0.6255
Highest NAV per unit (RM)	0.9200	0.6712	0.7909
Lowest NAV per unit (RM)	0.6370	0.5568	0.5963
Total return (%)	39.68	3.21	(8.61)
- Capital growth (%)	39.68	3.21	(8.61)
- Income distribution (%)	-	-	-
Total Expense Ratio ("TER") (%)	1.92	1.92	1.92
Portfolio Turnover Ratio ("PTR") (times) #	0.67	0.84	0.64

The Fund's PTR decreased from 0.84 times to 0.67 times due to lower trading activities.

	31.05.2024	31.05.2023	31.05.2022	31.05.2021	31.05.2020
	%	%	%	%	%
Annual total return	39.68	3.21	(8.61)	34.44	(3.13)

(Launch date: 30 April 2003)

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

MARKET REVIEW (1 JUNE 2023 TO 31 MAY 2024)

FBMSCSM Index fell 56.1 points or 0.4% to 13,520.5 points in June 2023. Investors remain wary of the sustained weakness of the Malaysian Ringgit (“RM/MYR”), a rather uninspiring first quarter of 2023 points corporate results although they were broadly in line, and domestic political uncertainties caused by the upcoming State elections. Expectations of a US recession have now been pushed back to 2024 given the still buoyant data points coming out of the US and consequently stoking bets of further rate hikes by the US Federal Reserves (the “Fed”) in second half of 2023.

FBMSCSM Index rose 665.8 points or 4.9% to 14,186.3 points in July 2023. Sentiment was sharply lifted by the slump in the USD, benefiting the RM/MYR, and waning expectations of a US recession following recent favorable economic data points – cooling inflation and still resilient jobs market. Gainers were broad-based, with mainly large caps forging ahead.

FBMSCSM Index rose 534. points or 3.8% to 14,720.9 points in August 2023, driven by huge interest in Property, Construction and Transport. This was despite dampened sentiment in the broader market as a rebound in the USD and rising US Treasury (“UST”) yields fueled expectations of further interest rate hikes in the US as economic data points remain strong.

FBMSCSM Index rose 160.1 points or 1.1% to 14,881.0 points in September 2023. FBMSCSM continued to defy weakness in the broader market, as investors remain spooked by UST yields at a 16-year high and persistent USD strength affecting Emerging Market (“EM”), in addition to the Fed’s hawkish messaging on interest rates. Domestically, there also seems to be a lack of fresh leads and some political noises surrounding cabinet reshuffling.

FBMSCSM Index fell 300 points or 2.0% to 14,581 points in October 2023. Within the broader market, Construction performed while Technology, Energy and Property languished. Overall sentiment remains clouded by the surge in UST yields which topped 5% last month and persistent dollar strength affecting EM markets, coupled with tensions in the Middle East.

FBMSCSM Index rose 297.5 points or 2% to 14,878.5 points in November 2023. Investors bought into Utilities, Telcos, Commodities (mainly plantations). Within the broader market, Technology and Healthcare (mainly Gloves and KPJ) did well, while Energy languished on the back of lower oil prices. Overall sentiment was lifted by expectations that the Fed may be done with rate hikes given the cooling inflation and recent economic data out of the US. The pullback in UST yields and the weaker dollar lifted interest in EM.

FBMSCSM Index rose 225.7 points or 1.5% to 15,104.2 points in December 2023. Investors rejoiced at Fed’s decision to hold rates and signaling the end of hikes given the cooling inflation data and recent economic data out of the US. Utilities, Healthcare and select Telcos saw gains, while select commodities and Consumer-related names were sold off. Within the broader market, Tech and Gloves did well, the latter spurred by recent surge in Coronavirus Disease 2019 (“COVID-19”) cases.

FBMSCSM Index rose 277.6 points or 1.8% to 15,381.8 points in January 2024. This marked the 3rd consecutive month of gains, with Malaysia outperforming most The Association of Southeast Asian Nations (“ASEAN”) markets. Sentiment was lifted by Fed’s communication on interest rates given the recent cooling inflation and economic data out of the US. The weaker Dollar and lower treasury yield that ensued favored EM. Utilities, Commodities and Telcos topped the gainers list. Within the broader market, Energy, Construction and Property did well, while Tech languished despite the sentiment on Fed rates.

FBMSCSM Index rose 100.9 points or 0.7% to 15,482.7 points in February 2024. This marked the 4th consecutive month of gains, with Malaysia continuing to outperform most ASEAN markets. This was also despite the stronger USD following stronger-than-expected inflation and economic data out of the US, and bets on rate cuts by the Fed pushed back. Utilities, Commodities and Telcos topped the gainers list. Within the broader market, Energy did well, and Technology rebounded strongly.

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

FBMSCSM Index rose 542.2 points or 3.5% to 16,025.0 points in March 2024. This marked the 5th consecutive month of gains despite weakness in the broader markets. Bets on rate cuts by the Fed were pushed back given the persistent strong data out of the US, and there was an absence of fresh catalysts domestically. During the month, there were also distortions caused by FTSE rebalancing (as well as MSCI rebalancing in February 2024) and many index stocks going ex-dividends. Transport, Utilities and Commodities topped the gainers list while Telcos languished. Within the broader market, Property, Construction, Technology, Healthcare and Energy did well.

FBMSCSM Index rose 559.8 points or 3.5% to 16,584.8 points in April 2024. This marked the 6th consecutive month of gains. Local investors remain upbeat despite bets on rate cuts by the Fed pushed back given the persistent strong economic data out of the US and sticky inflation. The run-up was relatively broad-based but Utilities, Industrials, Healthcare and Transport led gains while Energy eased. Within the broader market, Property and Consumer did well.

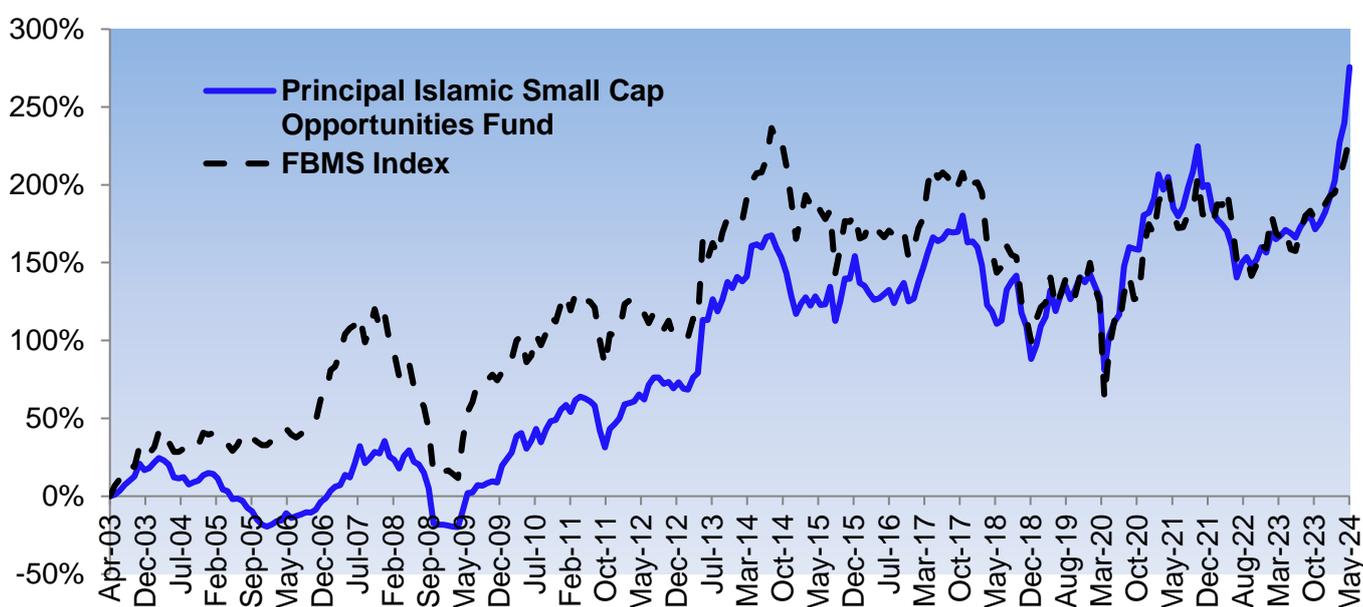
FBMSCSM Index rose 736.6 points or 4.4% to 17,321.4 points in May 2024. This marked the 7th consecutive month of gains. Investors remained upbeat despite bets on rate cuts by the Fed pushed back given the persistent strong economic data out of the US and sticky inflation. Utilities, Financials, Consumer and Industrial led gains while Telcos and Commodities lagged. Within the broader market, Construction, Property and Technology did well.

FUND PERFORMANCE

	1 year to 31.05.2024 %	3 years to 31.05.2024 %	5 years to 31.05.2024 %	Since inception to 31.05.2024 %
Income Distribution	-	-	-	-
Capital Growth	39.68	31.77	71.61	275.62
Total Return	39.68	31.77	71.61	275.62
Benchmark	27.58	16.85	48.94	229.77
Average Total Return	39.68	9.62	11.39	6.47

For the financial year under review, the fund gained 39.68% while the benchmark gained 27.58%. As such, the Fund outperformed the benchmark by 12.10 points.

Since Inception



FUND PERFORMANCE (CONTINUED)

Changes in NAV

	31.05.2024	31.05.2023	Changes %
NAV (RM Million)	281.59	255.95	10.02
NAV/Unit (RM)	0.9018	0.6456	39.68

The NAV per unit has increased by 39.68% due to the positive performance of the Fund, while the NAV has increased by 10.02% due to favorable market conditions.

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

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	31.05.2024	31.05.2023
Shariah-compliant quoted securities	90.92	80.52
Cash and other assets	11.03	19.92
Liabilities	(1.95)	(0.44)
TOTAL	100.00	100.00

Asset allocation increased to 90.92% during the financial year under review.

MARKET OUTLOOK*

Against the broader FBMS Index, valuations are close to historical mean at 18.6 times. More clarity on the new Government's policy posture, in our view, should reduce the current risk premiums applied to the market (yield gap of ~150 basis points ("bps"). We are also hopeful that the newly launched National Energy Transition Roadmap ("NETR") by the government would revitalize domestic investment and buoy consumption.

* This market outlook does not constitute an offer, invitation, commitment, advice or recommendation to make a purchase of any investment. The information given in this article represents the views of Principal 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

We continue to lock in gains on significant outperformers and deployed the cash into value beaten-down names. Overall, we are still positive on the market, but we would likely see some rotation from leaders to laggards. We remain invested on themes such as NETR and prefer to stay overweight in Utilities, Construction, Property and selective O&G. Key risks are the derailment of Malaysia's macroeconomic recovery and corporate earnings growth due to the larger-than-expected impact of rising inflation, slower global economic growth, and heightened geopolitical risk.

SOFT COMMISSIONS AND REBATES

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

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

During the financial year under review, the Manager, the sub-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 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

Effective 5 October 2023, the Fund has changed Trustee to HSBC (Malaysia) Trustee Berhad following the issuance of the First Supplemental Master Prospectus for Islamic Funds dated 5 September 2023.

There were no other significant changes in the state of affairs of the Fund during the financial year and up to the date of Manager’s report, not otherwise disclosed in the financial statements.

CIRCUMSTANCES THAT MATERIALLY AFFECT ANY INTEREST OF UNIT HOLDERS

There were no circumstances that had materially affected the interest of the unit holders during the financial year under review.

CROSS TRADE

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

UNIT SPLIT

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

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
PRINCIPAL ISLAMIC SMALL CAP OPPORTUNITIES FUND**

We, being the Directors of Principal Asset Management Berhad (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying audited financial statements set out on pages 9 to 35 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 2024 and of its financial performance, changes in net assets attributable to unit holders and cash flows for the financial year then ended in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

For and on behalf of the Manager

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

MUNIRAH KHAIRUDDIN

Country Head and Chief Executive Officer, Malaysia
Non-Independent Executive Director

UDAY JAYARAM

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

Kuala Lumpur
17 July 2024

**TRUSTEE'S REPORT
TO THE UNIT HOLDERS OF PRINCIPAL ISLAMIC SMALL CAP OPPORTUNITIES FUND**

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

- (a) Limitations imposed on the investment powers of the Management Company under the Deeds, securities laws and the Guidelines on Unit Trust Funds;
- (b) Valuation/pricing is carried out in accordance with the Deeds; and
- (c) Any creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirement.

For and on behalf of the Trustee
Universal Trustee (Malaysia) Berhad

ONG TEE VANN
Chief Executive Officer

Kuala Lumpur
17 July 2024

TRUSTEE'S REPORT

**TO THE UNIT HOLDERS OF
PRINCIPAL ISLAMIC SMALL CAP OPPORTUNITIES FUND ("Fund")**

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

1. Limitations imposed on the investment powers of the Management Company under the Deeds, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the Deeds; and
3. Any creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirement.

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat
Manager, Investment Compliance Monitoring

Kuala Lumpur
17 July 2024

SHARIAH ADVISER'S REPORT

To the Unit Holders of Principal Islamic Small Cap Opportunities Fund ("Fund")

For the Financial Year Ended 31 May 2024

We hereby confirm the following:

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

For **Amanie Advisors Sdn Bhd**

Tan Sri Dr Mohd Daud Bakar
Executive Chairman

Kuala Lumpur

17 July 2024

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL ISLAMIC SMALL CAP OPPORTUNITIES FUND**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Principal Islamic Small Cap Opportunities Fund (the "Fund"), which comprise the statement of financial position of the Fund as at 31 May 2024, and statement of comprehensive income, statement of changes in net assets attributable to unit holders and statement of cash flows of the Fund for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 9 to 35.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 May 2024, and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

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

Independence and other ethical responsibilities

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL ISLAMIC SMALL CAP OPPORTUNITIES 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 SMALL CAP OPPORTUNITIES FUND (CONT'D.)**

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL ISLAMIC SMALL CAP OPPORTUNITIES FUND (CONT'D.)**

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

Other matters

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

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

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

Kuala Lumpur, Malaysia
17 July 2024

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

	Note	2024 RM	2023 RM
INCOME			
Dividend income		4,604,475	6,624,741
Profit income from Shariah-compliant deposits with licensed Islamic financial institutions and Hibah earned		596,532	1,035,729
Net gain on financial assets at fair value through profit or loss	7	82,815,195	6,742,159
Net foreign exchange gain		7,898	-
		88,024,100	14,402,629
EXPENSES			
Management fee	4	4,485,627	4,845,640
Trustee fee	5	124,867	157,156
Transaction costs		979,663	1,347,697
Audit fee		9,400	9,400
Tax agent's fee		3,900	7,373
Other expenses		69,264	86,213
		5,672,721	6,453,479
PROFIT BEFORE TAXATION		82,351,379	7,949,150
Taxation	6	-	-
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		82,351,379	7,949,150
Profit after taxation is made up as follows:			
Realised amount		11,536,915	(21,853,536)
Unrealised amount		70,814,464	29,802,686
		82,351,379	7,949,150

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

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

	Note	2024 RM	2023 RM
ASSETS			
Cash and cash equivalents	8	22,496,013	50,656,311
Financial assets at fair value through profit or loss	7	256,014,569	206,097,857
Amount due from stockbrokers		2,074,045	268,248
Amount due from Manager		6,400,989	54,369
Amount due from Manager of Shariah-compliant collective investment scheme			
- management fee rebate		8,376	-
Dividends receivable		94,374	-
TOTAL ASSETS		<u>287,088,366</u>	<u>257,076,785</u>
LIABILITIES			
Amount due to stockbrokers		848,091	313,501
Amount due to Manager		4,194,869	375,682
Accrued management fee		419,834	409,777
Amount due to Trustee		10,212	13,290
Other payables and accruals		21,700	17,800
TOTAL LIABILITIES		<u>5,494,706</u>	<u>1,130,050</u>
NET ASSET VALUE OF THE FUND		<u>281,593,660</u>	<u>255,946,735</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	10	<u>281,593,660</u>	<u>255,946,735</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	9	<u>312,249,859</u>	<u>396,395,562</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.9018</u>	<u>0.6456</u>

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

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2024**

	Note	2024 RM	2023 RM
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>255,946,735</u>	<u>278,117,256</u>
Movement due to units created and cancelled during the financial year:			
- Creation of units from applications		38,132,650	19,380,094
- Cancellation of units		<u>(94,837,104)</u>	<u>(49,499,765)</u>
		<u>(56,704,454)</u>	<u>(30,119,671)</u>
Total comprehensive income for the financial year		<u>82,351,379</u>	<u>7,949,150</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR	10	<u><u>281,593,660</u></u>	<u><u>255,946,735</u></u>

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2024**

	Note	2024 RM	2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from disposal of Shariah-compliant quoted securities		176,066,935	237,936,434
Purchase of Shariah-compliant quoted securities		(145,427,698)	(202,585,003)
Profit income received from Shariah-compliant deposits with licensed Islamic financial institutions and Hibah earned		596,532	1,035,729
Dividend income received		4,467,917	6,786,008
Management fee paid		(4,475,570)	(4,877,946)
Trustee fee paid		(127,945)	(158,204)
Payments for other fees and expenses		(36,480)	(45,888)
Payment of other foreign exchange loss		(2,820)	-
Net cash generated from operating activities		<u>31,060,871</u>	<u>38,091,130</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		31,786,030	19,377,561
Payments for cancellation of units		(91,017,917)	(49,758,287)
Net cash used in from financing activities		<u>(59,231,887)</u>	<u>(30,380,726)</u>
Net (decrease)/increase in cash and cash equivalents		(28,171,016)	7,710,404
Effects of foreign exchange differences		10,718	-
Cash and cash equivalents at the beginning of the financial year		<u>50,656,311</u>	<u>42,945,907</u>
Cash and cash equivalents at the end of the financial year	8	<u><u>22,496,013</u></u>	<u><u>50,656,311</u></u>
<u>Cash and cash equivalents comprised:</u>			
Bank balances		3,309,436	176,266
Shariah-compliant deposits with licensed Islamic financial institutions		<u>19,186,577</u>	<u>50,480,045</u>
Cash and cash equivalents at the end of the financial year	8	<u><u>22,496,013</u></u>	<u><u>50,656,311</u></u>

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

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

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

Principal Islamic Small Cap Opportunities Fund (the “Fund”) is governed by a Principal Master Deed dated 15 May 2008, a Fourth Supplemental Master Deed dated 25 June 2008, a Sixth Supplemental Master Deed dated 14 July 2008, a Seventh Supplemental Master Deed dated 19 November 2008, a Fifteenth Supplemental Master Deed dated 21 September 2012, a Seventeenth Supplemental Master Deed dated 25 March 2015, a Nineteenth Supplemental Master Deed dated 18 June 2019, a Twentythird Supplemental Master Deed dated 27 June 2022, Twentyfourth Supplemental Master Deed dated 20 September 2022 made between Principal Asset Management Berhad (the “Manager”) and Universal Trustee (Malaysia) Berhad (the “Previous Trustee”) and Twentyfifth Supplemental Master Deed dated 26 May 2023 (collectively referred to as the “Deeds”), made between Principal Asset Management Berhad (the “Manager”) and HSBC (Malaysia) Trustee Berhad (the “Trustee”).

The Fund may invest a minimum of 70% and up to a maximum of 98% of its Net Asset Value (“NAV”) in Shariah-compliant stocks of emerging companies*. The investment policy and strategy of the Fund will therefore focus on investments in Shariah-compliant instruments of such emerging companies* with potential growth and hands-on management policies but may be lacking in track records. The Fund may also invest up to 28% of its NAV in other permissible Shariah-compliant investments such as Islamic fixed income securities for the purpose of cash management. The Fund may also opt to seek investment exposure via Islamic collective investment scheme that is in line with the Fund’s objective, subject to the requirements of the GUTF. In addition, Islamic liquid assets may be strategically used if we feel that the market downside risk is high in the short-term. With effect from 28 April 2023, the Fund may invest up to 25% of its NAV in emerging companies* that are listed in any Eligible Markets globally with some operations or businesses in Malaysia to capture growth opportunities.

With effect from 28 April 2023,

**Emerging companies in this context referring to the following:*

(a) companies with market capitalization of up to five (5) billion MYR at the point of purchase;

or

(b) stocks of companies which form the bottom 15% of the cumulative market capitalisation of the market which the Shariah-compliant stock is listed on at the point of purchase.

However, the Fund may invest up to 20% of its NAV in companies with market capitalization above five (5) billion MYR at the point of purchase.

The asset allocation strategy for this Fund is as follows:

- between 70% to 98% (both inclusive) of the Fund’s NAV will be invested in Shariah-compliant equities;
- up to 28% of the Fund’s NAV in other permissible Shariah-compliant investments; and
- at least 2% of the Fund’s NAV in Islamic liquid assets.

All investments are subjected to the GUTF, SC requirements, the Deeds, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund’s objective.

The Fund had issued the First Supplemental Master Prospectus for Islamic Funds dated 5 September 2023.

The Manager is a joint venture between Principal Financial Group®, a member of the FORTUNE 500® and a Nasdaq-listed global financial services and CIMB Group Holdings Berhad, one of Southeast Asia’s leading universal banking groups. The principal activities of the Manager are the establishment and management of unit trust funds and fund management activities.

2. MATERIAL ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS") as issued by the Malaysian Accounting Standards Board ("MASB") and International Financial Reporting Standards ("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.

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(I).

There are no other standards, amendments to standards or interpretations that are effective for financial year beginning on 1 June 2023 that have a material effect on the financial statements of the Fund.

None of the standards, amendments to standards or interpretations that are effective for the financial year beginning on/after 1 June 2024 are applicable to the Fund.

(b) Financial assets and financial liabilities

Classification

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

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

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Classification (continued)

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

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. Transaction costs are expensed in the statement of comprehensive income.

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. Transaction costs are expensed in the statement of comprehensive income.

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

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

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

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

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

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

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Recognition and measurement (continued)

Shariah-compliant deposits with licensed Islamic financial institutions are stated at cost plus accrued profit calculated on the effective profit method over the period from the date of placement to the date of maturity of the respective deposits.

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

Impairment for assets carried at amortised costs

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

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

(c) Income recognition

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

Profit income from Shariah-compliant deposits with licensed Islamic financial institutions is recognised on a time proportionate basis using the effective profit method on an accrual basis.

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Income recognition (continued)

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

(d) Functional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in Malaysia Ringgit ("MYR" or "RM"), which is the Fund's functional and presentation currency.

(e) Unit holders' contributions

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

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

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

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

(f) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balances and Shariah-compliant 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.

(g) 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.

(h) Transaction costs

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Amount due from/to stockbrokers

Amounts due from/to stockbrokers represent receivables for Shariah-compliant quoted securities sold and payables for Shariah-compliant quoted securities purchased that have been contracted for but not yet settled or delivered on the reporting date respectively.

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

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

(k) Management fee rebate

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

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

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

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

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

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 were as follows:

	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
2024			
Cash and cash equivalents (Note 8)	-	22,496,013	22,496,013
Shariah-compliant quoted securities (Note 7)	256,014,569	-	256,014,569
Amount due from stockbrokers	-	2,074,045	2,074,045
Amount due from Manager of shariah-compliant collective investment scheme			
- management fee rebate	-	8,376	8,376
Amount due from Manager	-	6,400,989	6,400,989
Dividends receivable	-	94,374	94,374
	<u>256,014,569</u>	<u>31,073,797</u>	<u>287,088,366</u>
2023			
Cash and cash equivalents (Note 8)	-	50,656,311	50,656,311
Shariah-compliant quoted securities (Note 7)	206,097,857	-	206,097,857
Amount due from stockbrokers	-	268,248	268,248
Amount due from Manager	-	54,369	54,369
	<u>206,097,857</u>	<u>50,978,928</u>	<u>257,076,785</u>

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

The Fund aims to seek medium to long-term growth in capital by investing principally in emerging companies listed on Bursa Securities and this must be in accordance with the Shariah principles.

The Fund is exposed to a variety of risks which include market risk (inclusive of price risk and interest rate risk), credit risk and liquidity risk.

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

(a) Market risk

(i) Price risk

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

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

(a) Market risk (continued)

(i) Price risk (continued)

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

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

	2024 RM	2023 RM
Financial assets at fair value through profit or loss:		
- Shariah-compliant quoted securities	<u>256,014,569</u>	<u>206,097,857</u>

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

% Change in price of Shariah-compliant quoted securities	Market value RM	Impact on profit or loss/NAV RM
2024		
-5%	243,213,841	(12,800,728)
0%	256,014,569	-
5%	<u>268,815,297</u>	<u>12,800,728</u>
2023		
-5%	195,792,964	(10,304,893)
0%	206,097,857	-
5%	<u>216,402,750</u>	<u>10,304,893</u>

(ii) Interest rate risk

Interest rate is a general economic indicator that will have an impact on the management of the Fund.

It does not in any way suggest that this Fund will invest in conventional financial instruments. All investment carried out for the Fund including placements and deposits are in accordance with Shariah.

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

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

(a) Market risk (continued)

(ii) Interest rate risk (continued)

The Fund's exposure to fair value interest rate risk arises from Shariah-compliant investment in money market instruments. The interest rate risk is expected to be minimal as the Fund's investments comprise mainly Shariah-compliant short-term deposits with approved licensed Islamic financial institutions.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund is not exposed to cash flow interest rate risk as the Fund does not hold any financial instruments at variable interest rate.

As at the end of each financial year, the Fund is not exposed to a material level of interest rate risk.

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

	2024	2023
	%	%
Shariah-compliant deposits with licensed Islamic financial institutions	3.00	2.93

Shariah-compliant deposits with licensed Islamic financial institutions of the Fund have an average remaining maturity of 4 days (2023: 1 day).

(b) Credit risk

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

The credit risk arising from placements of Shariah-compliant deposits in licensed Islamic financial institutions is managed by ensuring that the Fund will only place Shariah-compliant deposits in reputable licensed Islamic financial institutions.

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

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

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

(b) Credit risk (continued)

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

	Cash and cash equivalents RM	Amount due from stockbrokers RM	Amount due from Manager of Shariah-compliant collective investment scheme-management fee rebate RM	Amount due from Manager RM	Dividends receivable RM	Total RM
2024						
- AAA	22,496,013	-	-	-	-	22,496,013
- Not Rated	-	2,074,045	8,376	6,400,989	94,374	8,577,784
	<u>22,496,013</u>	<u>2,074,045</u>	<u>8,376</u>	<u>6,400,989</u>	<u>94,374</u>	<u>31,073,797</u>
2023						
- AAA	50,656,311	-	-	-	-	50,656,311
- Not Rated	-	268,248	-	54,369	-	322,617
	<u>50,656,311</u>	<u>268,248</u>	<u>-</u>	<u>54,369</u>	<u>-</u>	<u>50,978,928</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, Shariah-compliant deposits with licensed Islamic financial institutions and other instruments, which are capable of being converted into cash within 7 business days. Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector, and other factors. For the purpose of the Fund, the Manager will attempt to balance the entire portfolio by investing in a mix of assets with satisfactory trading volume and those that occasionally could encounter poor liquidity. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

The table below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining year as at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

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

(c) Liquidity risk (continued)

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
2024			
Amount due to stockbroker	848,091	-	848,091
Amount due to Manager	4,194,869	-	4,194,869
Accrued management fee	419,834	-	419,834
Amount due to Trustee	10,212	-	10,212
Other payables and accruals	-	21,700	21,700
Contractual undiscounted cash flows	<u>5,473,006</u>	<u>21,700</u>	<u>5,494,706</u>
2023			
Amount due to stockbroker	313,501	-	313,501
Amount due to Manager	375,682	-	375,682
Accrued management fee	409,777	-	409,777
Amount due to Trustee	13,290	-	13,290
Other payables and accruals	-	17,800	17,800
Contractual undiscounted cash flows	<u>1,112,250</u>	<u>17,800</u>	<u>1,130,050</u>

(d) Capital risk management

The capital of the Fund is represented by net assets attributable to unit holders RM281,593,660 (2023: RM255,946,735). The amount of capital can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

(e) Fair value estimation

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

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

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.

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

(e) Fair value estimation (continued)

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

(i) Fair value hierarchy

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

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

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

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

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2024				
Financial assets at fair value through profit or loss:				
- Shariah-compliant quoted securities	<u>256,014,569</u>	<u>-</u>	<u>-</u>	<u>256,014,569</u>
2023				
Financial assets at fair value through profit or loss:				
- Shariah-compliant quoted securities	<u>206,097,857</u>	<u>-</u>	<u>-</u>	<u>206,097,857</u>

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

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

- (ii) The carrying values of cash and cash equivalents, amount due from stockbrokers, amount due from Manager, amount due from Manager of Shariah-compliant collective investment scheme - management fee rebate, dividends receivable and all liabilities are a reasonable approximation of their fair values due to their short-term nature.

4. MANAGEMENT FEE

In accordance with the Deeds, the Manager is entitled to a maximum management fee of 3.00% per annum, calculated daily based on the NAV of the Fund.

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

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

5. TRUSTEE FEE

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

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

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

6. TAXATION

	2024	2023
	RM	RM
Tax charged for the financial year:		
- Current taxation	-	-

6. TAXATION (CONTINUED)

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

	2024 RM	2023 RM
Profit before taxation	<u>82,351,379</u>	<u>7,949,150</u>
Taxation at Malaysian statutory rate of 24% (2023:24%)	19,764,331	1,907,796
Tax effects of:		
- Income not subject to tax	(21,123,889)	(3,456,631)
- Expenses not deductible for tax purposes	277,545	381,114
- Restriction on tax deductible expenses for Unit Trust Funds	<u>1,082,013</u>	<u>1,167,721</u>
Taxation	<u>-</u>	<u>-</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RM	2023 RM
At fair value through profit or loss:		
- Shariah-compliant quoted securities	<u>256,014,569</u>	<u>206,097,857</u>
Net gain on financial assets at fair value through profit or loss		
- Realised gain/(loss) on disposal	11,992,356	(23,060,528)
- Unrealised fair value gain	70,814,463	29,802,687
- Management fee rebate	8,376	-
	<u>82,815,195</u>	<u>6,742,159</u>

Name of counter	Quantity Units	Aggregate Cost RM	Market Value RM	Percentage of NAV %
2024				
SHARIAH-COMPLIANT QUOTED SECURITIES				
Construction				
Econpile Holdings Bhd	4,683,000	1,668,974	2,154,180	0.76
Gamuda Bhd	2,657,493	12,810,149	16,130,983	5.73
IJM Corporation Bhd	2,876,400	5,165,722	7,910,100	2.81
Southern Score Builders Bhd	23,804,600	4,760,920	15,830,059	5.62
Sunway Construction Group Bhd	<u>2,205,500</u>	<u>5,168,136</u>	<u>6,947,325</u>	<u>2.47</u>
	<u>36,226,993</u>	<u>29,573,901</u>	<u>48,972,647</u>	<u>17.39</u>

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

Name of counter	Quantity Units	Aggregate Cost RM	Market Value RM	Percentage of NAV %
2024 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
Consumer Products & Services				
Bermaz Auto Bhd	2,289,200	3,824,103	5,562,756	1.98
Guan Chong Bhd	1,298,300	3,684,017	5,284,081	1.88
Karex Bhd	4,570,300	3,488,559	3,793,349	1.35
	<u>8,157,800</u>	<u>10,996,679</u>	<u>14,640,186</u>	<u>5.21</u>
Energy				
Dayang Enterprise Holdings Bhd	3,714,000	6,392,616	9,804,960	3.48
Perdana Petroleum Bhd	16,150,200	5,292,680	6,460,080	2.29
Uzma Bhd	824,400	919,270	898,596	0.32
Wasco Bhd	3,291,800	3,208,124	4,937,700	1.76
	<u>23,980,400</u>	<u>15,812,690</u>	<u>22,101,336</u>	<u>7.85</u>
Health Care				
Hartalega Holdings Bhd	3,540,900	5,877,102	11,118,426	3.95
KPJ Healthcare Bhd	5,791,700	6,327,967	11,004,230	3.91
	<u>9,332,600</u>	<u>12,205,069</u>	<u>22,122,656</u>	<u>7.86</u>
Industrial Products & Services				
Kelington Group Bhd	2,139,400	2,318,044	6,739,110	2.40
KJTS Group Bhd	8,060,200	3,801,897	5,642,140	2.00
Nationgate Holdings Bhd	6,958,900	7,773,818	12,873,965	4.57
P.I.E. Industrial Bhd	1,348,200	6,292,133	7,981,344	2.83
Solarvest Holdings Bhd	3,886,100	4,787,609	6,256,621	2.22
V.S. Industry Bhd	9,008,596	7,009,286	9,549,112	3.39
	<u>31,401,396</u>	<u>31,982,787</u>	<u>49,042,292</u>	<u>17.41</u>
Property				
Eastern & Oriental Bhd	4,716,800	2,967,335	4,811,136	1.71
Iskandar Waterfront City Bhd	7,453,600	5,571,341	5,590,200	1.99
Sime Darby Property Bhd	5,042,800	3,452,345	6,253,072	2.22
SP Setia Bhd	6,004,500	4,829,023	8,706,525	3.09
	<u>23,217,700</u>	<u>16,820,044</u>	<u>25,360,933</u>	<u>9.01</u>
REIT				
Axis REIT	4,134,628	7,803,423	7,607,715	2.70

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

Name of counter	Quantity Units	Aggregate Cost RM	Market Value RM	Percentage of NAV %
2024 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
Technology				
ECA Integrated Solution Bhd	2,619,300	2,357,370	1,047,720	0.37
Frontken Corporation Bhd	1,902,600	6,192,332	8,086,050	2.87
Genetec Technology Bhd	5,498,600	13,184,067	11,986,948	4.26
Greotech Technology Bhd	955,700	4,925,761	4,835,842	1.72
Infomina Bhd	2,963,200	4,683,167	4,207,744	1.49
ITMAX System Bhd	2,870,900	4,181,930	6,545,652	2.32
LGMS Bhd	10,972,800	9,431,699	15,471,648	5.49
Malaysian Pacific Industries	208,000	6,889,830	7,716,800	2.74
SMRT Holdings Bhd	6,268,400	4,870,804	6,268,400	2.23
	<u>34,259,500</u>	<u>56,716,960</u>	<u>66,166,804</u>	<u>23.49</u>
TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES	<u>170,711,017</u>	<u>181,911,553</u>	<u>256,014,569</u>	<u>90.92</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>74,103,016</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>256,014,569</u>		

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

Name of counter	Quantity Units	Aggregate Cost RM	Market Value RM	Percentage of NAV %
2023				
SHARIAH-COMPLIANT				
QUOTED SECURITIES				
Construction				
Econpile Holdings Bhd	2,271,400	447,099	442,923	0.17
Gamuda Bhd	493,800	1,967,065	2,192,472	0.86
IJM Corporation Bhd	438,700	801,856	719,468	0.28
MGB Bhd	4,768,400	3,644,711	3,385,564	1.32
Muhibbah Engineering (M) Bhd	1,888,900	1,336,222	1,227,785	0.48
Sunway Construction Group Bhd	955,700	1,853,231	1,605,576	0.63
Southern Score Builders Bhd	26,500,000	5,300,000	6,227,500	2.43
	<u>37,316,900</u>	<u>15,350,184</u>	<u>15,801,288</u>	<u>6.17</u>
Consumer Products & Services				
Bermaz Auto Bhd	3,739,900	5,803,779	8,115,583	3.17
Farm Fresh Bhd	3,987,700	6,489,884	5,343,518	2.09
Guan Chong Bhd	1,298,300	3,684,017	3,258,733	1.27
Karex Bhd	4,926,900	3,724,352	2,956,140	1.15
MBM Resources Bhd	901,400	3,027,459	3,145,886	1.23
Power Root Bhd	2,666,800	5,596,230	5,413,604	2.12
QL Resources Bhd	1,104,400	5,676,402	6,129,420	2.39
Sime Darby Bhd	525,200	1,287,265	1,087,164	0.43
	<u>19,150,600</u>	<u>35,289,388</u>	<u>35,450,048</u>	<u>13.85</u>
Energy				
Dayang Enterprise Holdings Bhd	4,296,000	7,411,679	5,026,320	1.96
Dialog Group Bhd	252,000	552,712	544,320	0.21
	<u>4,548,000</u>	<u>7,964,391</u>	<u>5,570,640</u>	<u>2.17</u>
Financial Services				
Bank Islam Malaysia Bhd	50,100	157,567	92,685	0.04
Health Care				
Hartalega Holdings Bhd	9,278,700	15,400,566	21,341,010	8.34
KPJ Healthcare Bhd	6,006,700	5,914,976	7,087,906	2.77
Top Glove Corporation Bhd	7,409,400	6,749,637	8,446,716	3.30
	<u>22,694,800</u>	<u>28,065,179</u>	<u>36,875,632</u>	<u>14.41</u>
Industrial Products & Services				
Ann Joo Resources Bhd	2,853,700	6,171,777	2,853,700	1.11
HSS Engineers Bhd	2,576,800	2,102,426	1,288,400	0.50
Kelington Group Bhd	1,724,600	1,261,590	2,414,440	0.94
Nationgate Holdings Bhd	11,209,300	12,521,959	13,899,532	5.43

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

Name of counter	Quantity Units	Aggregate Cost RM	Market Value RM	Percentage of NAV %
2023 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
Industrial Products & Services (continued)				
Solarvest Holdings Bhd	7,855,700	9,678,089	8,169,928	3.19
Uchi Technologies Bhd	380,800	1,040,449	1,271,872	0.50
V.S. Industry Bhd	4,511,496	3,028,273	3,609,197	1.41
	<u>31,112,396</u>	<u>35,804,563</u>	<u>33,507,069</u>	<u>13.08</u>
Plantations				
Genting Plantations Bhd	426,200	3,658,343	2,557,200	1.00
Sarawak Oil Palms Bhd	471,150	1,932,507	1,140,183	0.45
	<u>897,350</u>	<u>5,590,850</u>	<u>3,697,383</u>	<u>1.45</u>
Property				
LBS Bina Group Bhd	1,178,857	391,223	483,331	0.20
Malaysian Resources Corporation Bhd	2,864,900	1,247,091	859,470	0.34
SP Setia Bhd	4,883,600	2,188,432	2,588,308	1.01
UEM Sunrise Bhd	3,017,100	1,267,182	799,532	0.31
	<u>11,944,457</u>	<u>5,093,928</u>	<u>4,730,641</u>	<u>1.86</u>
Real Estate Investment Trusts				
AME REIT	1,303,900	1,508,439	1,590,758	0.62
AXIS REIT	6,935,428	13,089,467	12,830,542	5.01
	<u>8,239,328</u>	<u>14,597,906</u>	<u>14,421,300</u>	<u>5.63</u>
Technology				
Agmo Holdings Bhd	120,752	-	62,187	0.02
Genetec Technolog Bhd	4,752,500	11,278,947	11,406,000	4.45
GHL Systems Bhd	1,829,300	3,134,033	1,436,000	0.56
Infomina Bhd	943,200	1,319,809	1,424,232	0.56
ITMAX System Bhd	8,132,700	11,423,477	11,304,453	4.41
LGMS Bhd	14,737,700	12,667,829	14,590,323	5.71
My E.G Services Bhd	9,341,595	7,888,293	7,846,940	3.07
SMRT Holdings Bhd	2,833,200	1,720,302	2,195,730	0.86
	<u>42,690,947</u>	<u>49,432,690</u>	<u>50,265,865</u>	<u>19.64</u>
Utilities				
Taliworks Corporation Bhd	6,849,766	5,462,658	5,685,306	2.22
TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES	<u>185,494,644</u>	<u>202,809,304</u>	<u>206,097,857</u>	<u>80.52</u>

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

Name of counter	Quantity Units	Aggregate Cost RM	Market Value RM	Percentage of NAV %
2023 (CONTINUED) SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>3,288,553</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u><u>206,097,857</u></u>		

8. CASH AND CASH EQUIVALENTS

	2024 RM	2023 RM
Bank balances	3,309,436	176,266
Shariah-compliant deposits with licensed Islamic financial institutions	<u>19,186,577</u>	<u>50,480,045</u>
	<u><u>22,496,013</u></u>	<u><u>50,656,311</u></u>

9. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2024 No. of units	2023 No. of units
At the beginning of the financial year	396,395,562	444,575,266
Add: Creation of units from applications	47,765,769	31,647,668
Less: Cancellation of units	<u>(131,911,472)</u>	<u>(79,827,372)</u>
At the end of the financial year	<u><u>312,249,859</u></u>	<u><u>396,395,562</u></u>

10. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

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

	2024 RM	2023 RM
Unit holders' contributions	103,810,354	160,514,808
Retained earnings	<u>177,783,306</u>	<u>95,431,927</u>
	<u><u>281,593,660</u></u>	<u><u>255,946,735</u></u>

10. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS (CONTINUED)

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

	Unit holders' contributions RM	Retained earnings RM	Total RM
Balance as at 1 June 2023	160,514,808	95,431,927	255,946,735
Movements in unit holders' contributions:			
- Creation of units from applications	38,132,650	-	38,132,650
- Cancellation of units	(94,837,104)	-	(94,837,104)
Total comprehensive income for the financial year	-	82,351,379	82,351,379
Balance at 31 May 2024	<u>103,810,354</u>	<u>177,783,306</u>	<u>281,593,660</u>
Balance as at 1 June 2022	190,634,479	87,482,777	278,117,256
Movements in unit holders' contributions:			
- Creation of units from applications	19,380,094	-	19,380,094
- Cancellation of units	(49,499,765)	-	(49,499,765)
Total comprehensive income for the financial year	-	7,949,150	7,949,150
Balance at 31 May 2023	<u>160,514,808</u>	<u>95,431,927</u>	<u>255,946,735</u>

11. TOTAL EXPENSE RATIO ("TER")

	2024 %	2023 %
TER	<u>1.92</u>	<u>1.92</u>

TER is derived from the following calculation:

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

- A = Management fee (exclude management fee rebate)
- B = Trustee's fee
- C = Audit fee
- D = Tax agent's fee
- E = Other expenses excluding Central Depository System ("CDS") transfer fee and withholding tax
- F = Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on a daily basis was RM 242,162,793 (2023: RM262,123,086).

12. PORTFOLIO TURNOVER RATIO (“PTR”)

	2024	2023
PTR (times)	0.67	0.84

PTR is derived from the following calculation:

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

where:

total acquisition for the financial year	= RM145,555,601 (2023: RM201,126,380)
total disposal for the financial year	= RM178,463,533 (2023: RM237,858,740)

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
CIMB Investment Bank Bhd	Fellow related party to the Manager
CIMB Islamic Bank Bhd	Fellow related party to the Manager
CGS-CIMB Securities Sdn Bhd	Fellow related party to the Manager
Subsidiaries and associates of CIMB Group Holdings Bhd, other than above, as disclosed in its financial statements	Fellow subsidiary and associated companies of the ultimate holding company of the Manager

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

Units held by the Manager and parties related to the Manager

	2024		2023	
	No. of units	RM	No. of units	RM
Manager				
Principal Asset Management Berhad	3,392	3,059	772	498

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

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

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The Manager is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties.

	2024 RM	2023 RM
<u>Significant related party transactions</u>		
Profit income from Shariah-compliant deposits with licensed Islamic financial institution:		
- CIMB Islamic Bank Bhd	9,612	233,384

14. TRANSACTIONS WITH BROKERS

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

Brokers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Affin Hwang Investment Bank Bhd	41,592,650	12.84	90,111	13.74
Maybank Investment Bank Bhd	39,011,373	12.05	83,508	12.73
RHB Investment Bank Bhd	37,782,334	11.67	81,162	12.37
CLSA Securities M Sdn Bhd	35,810,250	11.06	79,335	12.09
Macquarie Capital Securities (M) Sdn Bhd	35,108,159	10.84	75,787	11.55
Nomura Securities Malaysia Sdn Bhd	30,602,611	9.45	67,709	10.32
J.P. Morgan Securities (M) Sdn Bhd	27,115,019	8.37	35,605	5.43
UBS Securities (M) Sdn Bhd	26,810,376	8.28	55,271	8.43
CGS-CIMB Securities Sdn Bhd #	17,423,784	5.38	37,459	5.71

14. TRANSACTIONS WITH BROKERS (CONTINUED)

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

Brokers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
CGS Inter Securities Msia Sdn Bhd	9,908,541	3.06	21,644	3.30
Others	22,693,952	7.00	28,375	4.33
	<u>323,859,049</u>	<u>100.00</u>	<u>655,966</u>	<u>100.00</u>

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

Brokers/ Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
J.P. Morgan Securities (M) Sdn Bhd	67,686,670	15.41	107,192	12.01
Maybank Investment Bank Bhd	62,595,051	14.26	133,874	15.00
KAF Equities Sdn Bhd	55,265,055	12.59	120,003	13.44
Macquarie Capital Securities (M) Sdn Bhd	52,529,219	11.97	111,269	12.47
CGS-CIMB Securities Sdn Bhd #	45,686,372	10.41	104,860	11.75
RHB Investment Bank Bhd	45,130,219	10.28	95,574	10.71
CLSA Securities (M) Sdn Bhd	33,303,164	7.59	70,430	7.89
UBS Securities (M) Sdn Bhd	30,049,814	6.85	54,559	6.11
Credit Suisse Sec (M) Sdn Bhd	14,874,037	3.39	33,511	3.75
Affin Hwang Investment Bank Bhd	13,320,487	3.03	28,541	3.20
Others	18,545,032	4.22	32,793	3.67
	<u>438,985,120</u>	<u>100.00</u>	<u>892,606</u>	<u>100.00</u>

Included in the transactions are trades conducted with CGS-CIMB Securities Sdn Bhd, fellow related party to the Manager amounting to RM17,423,784 (2023: RM45,686,372). The Manager is of the opinion that all transactions with the related party have been entered in the normal course of business at agreed terms between the related party.

15. APPROVAL OF FINANCIAL STATEMENTS

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

DIRECTORY

Head Office of the Manager

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