

Principal Malaysia Opportunities Fund

Unaudited Semi-Annual Report

For The Six Months Financial Period Ended 30 June 2024

PRINCIPAL MALAYSIA OPPORTUNITIES FUND

UNAUDITED SEMI-ANNUAL REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2023

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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 Unaudited Semi-Annual Fund Report of the Principal Malaysia Opportunities Fund for the financial period ended 30 June 2023. You may also download this report from our website at 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), 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 grow the value of investments over the long-term through investment in Malaysian shares.

Has the Fund achieved its objective?

For the financial period under review, the Fund registered a loss of 4.43%, while the benchmark registered a loss of 5.53%. Despite the outperformance, the Fund has not achieved its objective of capital growth during the financial period under review due to unfavorable macro environment. Nevertheless, the Fund's objective of providing capital over the medium to long-term is still in place.

What are the Fund investment policy and principal investment strategy?

The Fund may invest between 70% to 98% (both inclusive) of the Fund's Net Asset Value ("NAV") in equities. The investment policy and strategy of the Fund will be to invest in stocks which are selected based on their future growth prospects. The Fund may opt to seek investment exposure via collective investment scheme that is in line with the Fund's objective, subject to the requirement of the Guidelines on Unit Trust Funds issued by Securities Commission Malaysia ("GUTF"). In addition, liquid assets may also be strategically used if the Manager feels that the market downside risk is high in the short term. With effect from 10 July 2023, the Fund may invest up to 25% of its NAV in companies that are listed in any Eligible Market globally with some operations or businesses in Malaysia to capture growth opportunities.

The Fund will be managed with high tracking error. The investment strategy of the Fund will be predominantly based on bottom-up stock selection instead of investing mainly in the stocks represented in the benchmark. Consequently, the Fund's individual stock and sector weightage will deviate significantly from the benchmark, thus leads to high tracking error. The strategy of the Fund includes utilizing liquid assets dynamically in the changing market conditions. For example, high level of cash holdings in the bearish market will result in higher tracking error as the cash positions helps minimize the degree of the decline in Fund's NAV as compared to the benchmark which have 100% exposure to the market downside.

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 equities; and
- at least 2% of the Fund's NAV in liquid assets.

Fund category/type

Equity/Growth

When was the Fund launched?

12 March 1998

What was the size of the Fund as at 30 June 2023?

RM47.49 million (44.08 million units)

What is the Fund's benchmark?

FTSE Bursa Malaysia ("FBM") Top 100 ("FBM100") 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.

What is the Fund distribution policy?

No distribution is expected to be paid, however, distribution, if any, will be incidental and will vary from period to period depending on interest rates, market conditions and the performance of the Fund.

FUND OBJECTIVE AND POLICY (CONTINUED)

What was the net income distribution for the six months financial period ended 30 June 2023?

There was no distribution made for the six months financial period ended 30 June 2023.

PERFORMANCE DATA

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

	30.06.2023	30.06.2022	30.06.2021
	%	%	%
Quoted securities			
- Construction	3.19	-	2.52
- Consumer Products & Services	10.49	19.38	17.22
- Energy	15.84	2.97	6.82
- Financial Services	9.82	20.72	31.08
- Health Care	2.70	4.10	4.25
- Industrial Products & Services	9.03	15.28	14.79
- Plantation	5.09	10.00	-
- Properties	-	0.71	-
- Real Estate Investment Trust ("REIT")	3.21	-	-
- Technology	13.36	9.95	8.47
- Telecommunications & Media	3.95	2.24	4.37
- Transportation & Logistics	11.09	6.29	4.46
- Utilities	6.99	-	2.05
Cash and other assets	5.56	8.58	4.39
Liabilities	(0.32)	(0.22)	(0.42)
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	30.06.2023	30.06.2022	30.06.2021
NAV (RM Million)	47.49	50.56	54.34
Units in circulation (Million)	44.08	44.76	45.40
NAV per unit (RM)	1.0774	1.1296	1.1968
	01.01.2023	01.01.2022	01.01.2021
	to 30.06.2023	to 30.06.2022	to 30.06.2021
Highest NAV per unit (RM)	1.1677	1.2650	1.2928
Lowest NAV per unit (RM)	1.0770	1.1216	1.1432
Total return (%)	(4.43)	(7.02)	(0.08)
- Capital growth (%)	(4.43)	(7.02)	(0.08)
- Income distribution (%)	-	-	-
Total Expense Ratio ("TER") (%) ^	0.98	0.97	0.98
Portfolio Turnover Ratio ("PTR") (times) #	0.62	0.33	0.62

^ The Fund's TER increased slightly from 0.97% to 0.98% due to decrease in average NAV during the financial period under review.

The Fund's PTR was increased from 0.33 times to 0.62 times for the financial period under review due to higher trading activities.

PERFORMANCE DATA (CONTINUED)

	30.06.2023	30.06.2022	30.06.2021	30.06.2020	30.06.2019
	%	%	%	%	%
Annual total return	(1.20)	(2.78)	18.77	(7.64)	0.01

(Launch date: 12 March 1998)

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

MARKET REVIEW (1 JANUARY 2023 TO 30 JUNE 2023)

For the financial period under review, FBM100 Index fell by 5.5% from 10,419.80 points to 9844 points.

The Index rose 0.6% month-on-month (“m-o-m”) in January 2023 as growth stocks outperformed, with technology stocks leading the pack as US inflation cooled further as well as optimism from China’s reopening.

However, the market pulled back in February with the Index falling 2.0% m-o-m. Investors remained cautious leading up to Budget 2023 while renewed concerns over the US Federal Reserve (the “Fed”) staying hawkish given persistent inflation coupled with encouraging consumption and employment data in the US recently further weighed on sentiment. The rebound in the US Dollar (“USD”) also took flows out of emerging markets.

The Index continued to slip in March 2023, falling 1.5% m-o-m. Weakness was in line with the sell-off in regional markets as investors aggressively risked off following the collapse of several high-profile banks in the US and Europe, potentially triggering a global liquidity squeeze, and mounting worries that the Fed’s aggressive tightening may have finally taken a toll on the US economy. The market, however, rebounded towards the later part of the month following the Fed’s decision to go ahead with a 25 basis points (“bps”) hike, downplaying fears of a banking contagion and shifting attention back to inflation which has started to ease, albeit very gradually.

The market dropped for the 3rd consecutive month as the FBM100 Index was down 0.3% m-o-m in April 2023. Commodities, Telcos and Consumer Discretionary did well during the month, while Financials weakened further on lingering fear of potential banking contagion. Economic data out of the US were mixed with a lower first quarter of 2023 US Gross Domestic Product (“GDP”) print of a mere 1%, down from 2.6% in fourth quarter of 2022. On the other hand, US consumer spending remains strong, up 3.7% over the same period (vs 1% in fourth quarter of 2022) on the back of low unemployment and solid wage gains. US Consumer Price Index (“CPI”) cooled to 5% in March 2023, a lower end of forecast, but core Personal Consumption Expenditure (“PCE”) picked up from 3.5% in February 2023 to 3.6% in March 2023 no thanks to higher rents.

The Index dropped by 1.3% m-o-m in May 2023. The sell-off was relatively broad-based, with select stocks within defensive sectors showing green, and we believe it was largely triggered by the recent weakness of the Ringgit on the back of poor Chinese data and consequently the depreciation of the Yuan. Further aggravating the situation was the stronger Dollar. Encouraging payroll and wage, sticky inflation and recent rebound in job openings stoke bets on further rates hikes in the next Federal Open Meeting Committee (“FOMC”) meeting.

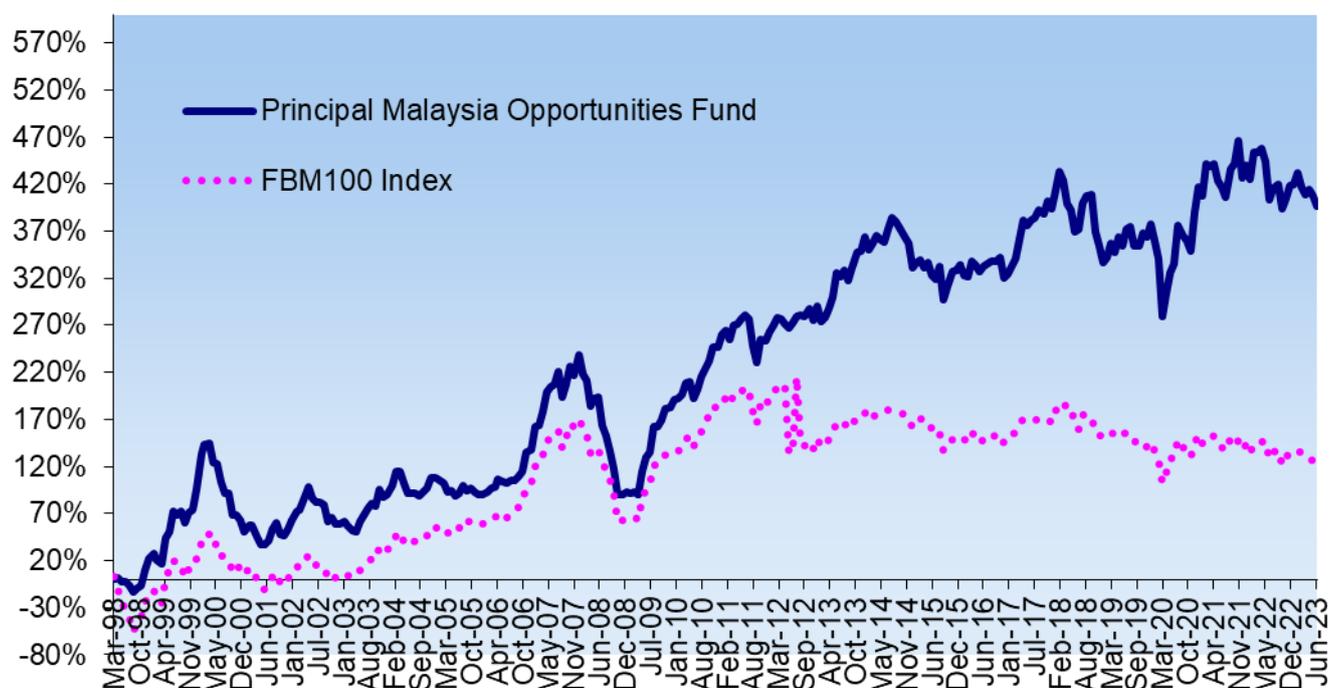
The market continued to be in jittery and the Index lost 1.1% m-o-m in June 2023. Investors remain wary of the sustained weakness of the Ringgit, a rather uninspiring first quarter of 2023 corporate results (although they were broadly in line), and domestic political uncertainties caused by the upcoming 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.

FUND PERFORMANCE

	6 months to 30.06.2023	1 year to 30.06.2023	3 years to 30.06.2023	5 years to 30.06.2023	Since inception to 30.06.2023
	%	%	%	%	%
Income Distribution	-	3.58	10.26	15.24	15.24
Capital Growth	(4.43)	(4.61)	3.48	(8.55)	331.00
Total Return	(4.43)	(1.20)	14.09	5.38	396.70
Benchmark	(5.53)	(2.03)	(5.46)	(16.28)	123.68
Average Total Return	(8.67)	(1.20)	5.99	1.05	6.53

For the financial period under review, the Fund's decreased by 4.43%, while the benchmark declined by 5.53%. As such, the Fund outperformed its benchmark by 1.10%

Since inception



Changes in NAV

	30.06.2023	31.12.2021 Audited	Changes %
NAV (RM Million)	47.49	51.42	(7.64)
NAV/Unit (RM)	1.0774	1.1274	(4.43)

The Fund's NAV declined by 7.64% due to redemptions and negative investment performance, while NAV per unit decreased 4.43% was attributable to negative investment performance during the financial period under review.

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

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	30.06.2023	31.12.2022 Audited
Quoted securities	94.76	96.88
Cash and other assets	5.56	3.35
Liabilities	(0.32)	(0.23)
TOTAL	100.00	100.00

Asset allocation into quoted securities decreased from 96.88% as at 31 December 2022 to 94.76% as at 30 June 2023 to weather the volatility in the market.

MARKET OUTLOOK*

Malaysia's economy expanded 5.6% year-on-year ("y-o-y") in first quarter of 2023. The strong growth was contributed by further expansion of household spending, continued investment activity, improving labour market and higher tourism activities. Standard & Poor ("S&P 500") Global opines that the second quarter of 2023 Purchasing Manager Index ("PMI") data so far suggests the GDP will hold steady around the 5.5% y-o-y mark in proximity with the first quarter of 2023 print. Bank Negara Malaysia ("BNM") made no change to Malaysia's GDP growth of 4% to 5% in 2023.

BNM may keep Overnight Policy Rate ("OPR") unchanged at 3.00% in the upcoming meeting, but there are mounting pressures to intervene given the Malaysian Ringgit ("MYR/RM") weakness. The central bank could resort to administrative measures instead. Inflation cooled further with May's 2023 CPI reading at 2.8% vs April 2023 3.3% and remained in line with BNM's target of 2.8% to 3.8% for 2023.

Malaysia's equity market valuations remain compressed with forward price earning ratio of under 13 times still at over -2 standard deviation below the historical mean. This is based on consensus earnings growth of 9% for 2023 (after proper calibration of the 2022 base) and 8% for 2024. The re-tabled Budget 2023 offered much needed clarity on the new Government's policy posture. We remain hopeful that elevated risk premiums on Malaysia would abate over time.

* 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

We continue to adopt a balanced approach between value and growth, though we are see opportunities in selective sectors post the recent market pullback. We are constructive on domestic-driven sectors, such as Utilities and REITs, while we continue to like structural growth themes in selective Technology. Furthermore, in view of a stronger rebound in tourist arrivals post-reopening in China, we also like airport and tourism-related stocks. Key risks are the derailment of Malaysia's macroeconomic recovery and corporate earnings growth due to the larger-than-expected impact of rising inflation, slower global economic growth, and heightened geopolitical risks.

SOFT COMMISSIONS AND REBATES

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

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

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

SECURITIES FINANCING TRANSACTIONS

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

STATE OF AFFAIR OF THE FUND

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

CIRCUMSTANCES THAT MATERIALLY AFFECT ANY INTEREST OF UNIT HOLDERS

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

CROSS TRADE

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

UNIT SPLIT

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

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
PRINCIPAL MALAYSIA 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 unaudited financial statements set out on pages 3 to 25 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 30 June 2023 of its financial performance, changes in net assets attributable to unit holders and cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134 - Interim Financial Reporting and International Accounting Standards (“IAS”) 34 - Interim Financial Reporting.

For and on behalf of the Manager

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

MUNIRAH KHAIRUDDIN

Chief Executive Officer/Executive Director

UDAY JAYARAM

Director

Kuala Lumpur
17 August 2023

TRUSTEE'S REPORT

To the unit holders of PRINCIPAL MALAYSIA OPPORTUNITIES FUND (“Fund”)

We have acted as Trustee of the Fund for the financial period ended 30 June 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Principal Asset Management Berhad (“the Manager”) has operated and managed the Fund during the period covered by these unaudited financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the management company under the deeds, securities laws and Guidelines on Unit Trust Funds;
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 **Maybank Trustees Berhad**
[Co. No.: 196301000109 (5004-P)]

JUANITA BINTI SUHAIMI
Unit Head, Unit Trust Operations

Kuala Lumpur, Malaysia
17 August 2023

PRINCIPAL MALAYSIA OPPORTUNITIES FUND

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2023**

		01.01.2023 to 30.06.2023	01.01.2022 to 30.06.2022
	Note	RM	RM
INCOME/(LOSS)			
Dividend income		724,299	932,639
Interest income from deposits with licensed financial institutions		44,104	30,745
Net loss on financial assets at fair value through profit or loss	7	<u>(2,248,338)</u>	<u>(4,109,505)</u>
		<u>(1,479,935)</u>	<u>(3,146,121)</u>
EXPENSES			
Management fee	4	460,651	499,725
Trustee fee	5	19,920	21,610
Audit fee		4,661	4,700
Tax agent's fee		3,238	1,000
Transaction costs		227,100	136,852
Other expenses		<u>4,977</u>	<u>3,674</u>
		<u>720,547</u>	<u>667,561</u>
LOSS BEFORE TAXATION		(2,200,482)	(3,813,682)
Taxation	6	<u>-</u>	<u>-</u>
LOSS AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD		<u>(2,200,482)</u>	<u>(3,813,682)</u>
Loss after taxation is made up as follows:			
Realised amount		(178,569)	2,131,419
Unrealised amount		<u>(2,021,913)</u>	<u>(5,945,101)</u>
		<u>(2,200,482)</u>	<u>(3,813,682)</u>

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

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

		30.06.2023	31.12.2022
	Note	RM	Audited RM
ASSETS			
Cash and cash equivalents	8	2,600,487	1,701,159
Financial assets at fair value through profit or loss	7	45,001,094	49,812,496
Amount due from Manager		7,762	3,259
Dividends receivable		30,996	19,060
TOTAL ASSETS		<u>47,640,339</u>	<u>51,535,974</u>
LIABILITIES			
Amount due to stockbrokers		46,086	-
Amount due to Manager		14,678	14,425
Accrued management fee		73,045	80,652
Amount due to Trustee		3,159	3,488
Other payables and accruals		11,541	19,397
TOTAL LIABILITIES		<u>148,509</u>	<u>117,962</u>
NET ASSET VALUE OF THE FUND		<u>47,491,830</u>	<u>51,418,012</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	9	<u>47,491,830</u>	<u>51,418,012</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	10	<u>44,079,418</u>	<u>45,607,072</u>
NET ASSET VALUE PER UNIT		<u>1.0774</u>	<u>1.1274</u>

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

PRINCIPAL MALAYSIA OPPORTUNITIES FUND

**UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2023**

	Note	30.06.2023	30.06.2022
		RM	RM
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD		<u>51,418,012</u>	<u>55,203,743</u>
Movement due to units created and cancelled during the financial period:			
- Creation of units from applications		465,295	1,065,285
- Cancellation of units		<u>(2,190,995)</u>	<u>(1,892,877)</u>
		<u>(1,725,700)</u>	<u>(827,592)</u>
Total comprehensive loss for the financial period		<u>(2,200,482)</u>	<u>(3,813,682)</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL PERIOD	9	<u>47,491,830</u>	<u>50,562,469</u>

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

**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2023**

	01.01.2023 to 30.06.2023	01.01.2022 to 30.06.2022
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of quoted securities	32,243,035	18,863,931
Purchase of quoted securities	(29,860,984)	(18,239,602)
Dividend income received	712,363	863,364
Interest income received from deposits with licensed financial institutions	44,104	30,745
Management fee paid	(468,258)	(504,697)
Trustee fee paid	(20,249)	(21,825)
Payments for other fees and expenses	(20,733)	(3,674)
Net cash generated from operating activities	2,629,278	988,242
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	460,792	1,066,275
Payments for cancellation of units	(2,190,742)	(1,890,384)
Net cash used in financing activities	(1,729,950)	(824,109)
Net increase in cash and cash equivalents	899,328	164,133
Cash and cash equivalents at the beginning of the financial period	1,701,159	4,080,865
Cash and cash equivalents at the end of the financial period	2,600,487	4,244,998
<u>Cash and cash equivalents comprised:</u>		
Deposits with licensed financial institutions	2,541,212	4,082,246
Bank balance	59,275	162,752
Cash and cash equivalents at the end of the financial period	2,600,487	4,244,998

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2023**

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

Principal Malaysia Opportunities Fund (the "Fund") is governed by a Principal Master Deed dated 15 May 2008, a Fourth Supplemental Master Deed dated 18 March 2009, a Thirteenth Supplemental Master Deed dated 26 June 2012, an Eighteenth Supplemental Master Deed dated 25 March 2015, a Twentieth Supplemental Master Deed dated 21 October 2019, a Twenty Third Supplemental Master Deed dated 27 June 2022 and a Twenty Fourth Supplemental Master Deed dated 13 January 2023 (collectively referred to as the "Deeds") entered into between Principal Asset Management Berhad (the "Manager") and Maybank Trustees Berhad (the "Trustee").

The Fund may invest between 70% to 98% (both inclusive) of the Fund's NAV in equities. The investment policy and strategy of the Fund will be to invest in stocks which are selected based on their future growth prospects. The Fund may opt to seek investment exposure via collective investment scheme that is in line with the Fund's objective, subject to the requirement of the Guidelines on Unit Trust Funds ("GUTF"). In addition, liquid assets may also be strategically used if the Manager feels that the market downside risk is high in the short term. With effect from 10 July 2023, the Fund may invest up to 25% of its NAV in companies that are listed in any Eligible Market globally with some operations or businesses in Malaysia to capture growth opportunities.

The Fund will be managed with high tracking error. The investment strategy of the Fund will be predominantly based on bottom-up stock selection instead of investing mainly in the stocks represented in the benchmark. Consequently, the Fund's individual stock and sector weightage will deviate significantly from the benchmark, thus leads to high tracking error. The strategy of the Fund includes utilizing liquid assets dynamically in the changing market conditions. For example, high level of cash holdings in the bearish market will result in higher tracking error as the cash positions helps minimize the degree of the decline in Fund's NAV as compared to the benchmark which have 100% exposure to the market downside.

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 equities; and
- at least 2% of the Fund's NAV in 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 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 (CONTINUED)

(a) Basis of preparation

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

The financial statements have been prepared in accordance with the provisions of the 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 period.

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

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

There are no other standards, amendments to standards or interpretations that are effective for financial periods beginning on 1 January 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 period beginning on/after 1 July 2023 are applicable to the Fund.

Classification

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities

Recognition and measurement

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

Financial 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.

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.

Quoted securities in Malaysia are valued at the last traded market price quoted on Bursa Malaysia Securities Bhd ("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 quoted securities, for example during abnormal market conditions or when no market price is available, including in the event of a suspension in the quotation of the quoted securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the quoted securities are valued as determined in good faith by the Manager, based on the methods or bases approved by the Trustee after appropriate technical consultation.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Impairment for assets carried at amortised costs

The Fund measures credit risk and expected credit loss (“ECL”) using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any ECL. Management considers 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 management as any contractual payment which is more than 30 days past due.

Definition of default and credit-impaired financial assets

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

Write-off

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

(c) Functional and presentation currency

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

(d) Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalent comprise bank balances 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Income recognition

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

Interest income from deposits with licensed financial institutions is recognised on a time proportionate basis using effective interest rate method on an accrual basis.

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

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

(f) Taxation

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

(g) Transactions costs

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

(h) Amount due from/to stockbrokers

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

(i) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Unit holders' contributions (continued)

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

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

(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) Critical accounting estimates and judgements in applying accounting policies

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

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

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

However, the Manager is of the opinion that in applying these accounting policies, significant judgement was required.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to grow the value of investments over the long-term through investment in Malaysian shares.

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

Price risk is the risk that the fair value of an investment in quoted securities will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk). The value of quoted securities 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. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(i) Price risk (continued)

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

(ii) Interest rate risk

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

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

The Fund's exposure to fair value interest rate risk arises from investment in money market instruments. The interest rate risk is expected to be minimal as the Fund's investments comprise mainly short-term deposits with approved licensed 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 period, the Fund is not exposed to a material level of interest rate risk.

(b) Credit risk

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

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

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

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

(c) Liquidity risk

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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise bank balances and deposits with licensed financial institutions, which are capable of being converted into cash within 7 business days. Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector, and other factors. For the purpose of the Fund, the Manager will attempt to balance the entire portfolio by investing in a mix of assets with satisfactory trading volume and those that occasionally could encounter poor liquidity. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

(d) Capital risk management

The capital of the Fund is represented by net assets attributable to unit holders. The amount of capital can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to unit 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 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)

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
30.06.2023				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>45,001,094</u>	<u>-</u>	<u>-</u>	<u>45,001,094</u>
31.12.2022				
Audited				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>49,812,496</u>	<u>-</u>	<u>-</u>	<u>49,812,496</u>

Investments whose 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 Manager, dividends receivable and all current liabilities are a reasonable approximation of their fair values due to their short-term nature.

4. MANAGEMENT FEE

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

For the six months financial period ended 30 June 2023, the management fee was recognised at a rate of 1.85% per annum (30.06.2022: 1.85% per annum).

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

5. TRUSTEE FEE

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

For the six months financial period ended 30 June 2023, the Trustee fee was recognised at the rate of 0.08% per annum (30.06.2022: 0.08% per annum).

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

6. TAXATION

	01.01.2023 to 30.06.2023	01.01.2022 to 30.06.2022
	RM	RM
Tax charged for the financial period:		
- Current taxation	<u>-</u>	<u>-</u>

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

	01.01.2023 to 30.06.2023	01.01.2022 to 30.06.2022
	RM	RM
Loss before taxation	<u>(2,200,482)</u>	<u>(3,813,682)</u>
Taxation at Malaysian statutory rate of 24% (30.06.2022: 24%)	(528,116)	(915,284)
Tax effects of:		
- Loss not deductible for tax purpose	355,184	755,069
- Expenses not deductible for tax purposes	60,612	38,599
- Restriction on tax deductible expenses for Unit Trust Fund	<u>112,320</u>	<u>121,616</u>
Taxation	<u>-</u>	<u>-</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.06.2023	31.12.2022
	RM	Audited RM
At fair value through profit or loss:		
- Quoted securities	45,001,094	49,812,496
	01.01.2023 to 30.06.2023	01.01.2022 to 30.06.2022
	RM	RM
Net loss on financial assets at fair value through profit or loss:		
- Realised (loss)/gain on disposals	(226,424)	1,835,596
- Unrealised fair value loss	(2,021,914)	(5,945,101)
	<u>(2,248,338)</u>	<u>(4,109,505)</u>

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2023				
QUOTED SECURITIES				
Construction				
Gamuda Bhd	343,988	1,401,846	1,513,547	3.19
Consumer Products & Services				
Genting Bhd	369,100	1,659,614	1,498,546	3.16
Genting Malaysia Bhd	1,100,000	3,905,110	2,706,000	5.70
Karex Berhad	1,272,700	1,054,274	725,439	1.53
MST Golf Group Bhd -IPO	56,300	45,603	45,603	0.10
	<u>2,798,100</u>	<u>6,664,601</u>	<u>4,975,588</u>	<u>10.49</u>
Energy				
Bumi Armada Bhd	3,077,400	1,706,683	1,446,378	3.05
Dayang Enterprise Holdings Bhd	1,386,900	2,061,384	1,775,232	3.74
Hibiscus Petroleum Bhd	2,371,100	2,622,127	2,051,002	4.32
Yinson Holdings Bhd	618,720	1,473,068	1,583,923	3.33
Yinson Holdings Bhd - Warrant	1,052,022	470,617	668,034	1.40
	<u>8,506,142</u>	<u>8,333,879</u>	<u>7,524,569</u>	<u>15.84</u>
Financial Services				
Alliance Bank Malaysia Bhd	173,500	608,475	577,755	1.22
CIMB Group Holdings Bhd	609,772	2,993,936	3,085,446	6.50
Public Bank Bhd	129,300	517,821	497,805	1.05
RHB Bank Bhd	92,063	494,130	499,902	1.05
	<u>1,004,635</u>	<u>4,615,362</u>	<u>4,660,908</u>	<u>9.82</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 %
30.06.2023 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
Health Care				
Hartalega Holdings Bhd	423,000	781,144	799,470	1.68
Top Glove Corporation Bhd	604,700	627,416	489,807	1.02
	<u>1,027,700</u>	<u>1,408,560</u>	<u>1,289,277</u>	<u>2.70</u>
Industrial Products & Services				
Press Metal Aluminium Holding Bhd	372,700	1,843,001	1,751,690	3.69
Scicom MSC Bhd	483,300	549,422	560,628	1.18
SKP Resources Bhd	336,100	365,643	366,349	0.77
Solarvest Holdings	1,376,500	1,373,535	1,610,505	3.39
	<u>2,568,600</u>	<u>4,131,601</u>	<u>4,289,172</u>	<u>9.03</u>
Plantation				
IOI Corp Bhd	208,400	793,379	777,332	1.64
Kuala Lumpur Kepong Bhd	46,000	983,544	1,010,160	2.13
Sime Darby Plantation Bhd	150,500	657,986	624,575	1.32
	<u>404,900</u>	<u>2,434,909</u>	<u>2,412,067</u>	<u>5.09</u>
REITs				
Pavilion REIT	1,229,500	1,499,990	1,524,580	3.21
Technology				
Frontken Corp Bhd	200,300	741,715	630,945	1.33
Genetec Technology Bhd	1,146,300	2,825,089	2,659,416	5.60
LGMS Bhd	672,200	691,761	786,474	1.66
My Eg Services Bhd	2,031,700	2,013,158	1,523,775	3.21
Oppstar Bhd	185,300	359,137	350,217	0.74
SMRT Hldgs Bhd	515,100	298,759	391,476	0.82
	<u>4,750,900</u>	<u>6,929,619</u>	<u>6,342,303</u>	<u>13.36</u>
Telecommunications & Media				
Astro Malaysia Holdings Bhd	654,000	431,444	392,400	0.83
Telekom Malaysia Bhd	301,400	1,711,504	1,479,874	3.12
	<u>955,400</u>	<u>2,142,948</u>	<u>1,872,274</u>	<u>3.95</u>
Transportation & Logistics				
Malaysia Airports Holding Bhd	607,700	4,192,793	4,180,976	8.80
MISC Bhd	151,800	1,146,187	1,086,888	2.29
	<u>759,500</u>	<u>5,338,980</u>	<u>5,267,864</u>	<u>11.09</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 %
30.06.2023 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
Utilities				
Tenaga Nasional Bhd	155,300	1,484,455	1,405,465	2.95
YTL Power International Bhd	1,479,600	1,879,894	1,923,480	4.04
	<u>1,634,900</u>	<u>3,364,349</u>	<u>3,328,945</u>	<u>6.99</u>
TOTAL QUOTED SECURITIES	<u>25,984,265</u>	<u>48,266,644</u>	<u>45,001,094</u>	<u>94.76</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(3,265,550)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>45,001,094</u>		
31.12.2022				
Audited				
QUOTED SECURITIES				
Construction				
Gamuda Bhd	<u>258,100</u>	<u>971,512</u>	<u>967,875</u>	<u>1.88</u>
Consumer Products & Services				
Genting Bhd	435,300	1,957,275	1,950,144	3.79
Genting Malaysia Bhd	1,134,900	4,029,009	3,052,881	5.94
Mr D.I.Y Group (M) Bhd	183,400	418,970	366,800	0.71
Sime Darby Bhd	<u>582,700</u>	<u>1,407,314</u>	<u>1,340,210</u>	<u>2.61</u>
	<u>2,336,300</u>	<u>7,812,567</u>	<u>6,710,035</u>	<u>13.05</u>
Energy				
Hibiscus Petroleum Bhd	971,000	1,058,566	1,038,970	2.02
Yinson Holdings Bhd	476,220	1,105,489	1,157,215	2.25
Yinson Holdings Bhd – Warrant	<u>1,072,222</u>	<u>479,654</u>	<u>493,222</u>	<u>0.96</u>
	<u>2,519,442</u>	<u>2,643,709</u>	<u>2,689,407</u>	<u>5.23</u>
Financial Services				
Alliance Bank Malaysia Bhd	347,600	1,219,055	1,275,692	2.48
AMMB Holdings Bhd	120,600	506,894	499,284	0.97
CIMB Group Holdings Bhd	878,372	4,305,272	5,094,557	9.91
Hong Leong Bank Bhd	74,100	1,364,469	1,523,496	2.96

PRINCIPAL MALAYSIA OPPORTUNITIES FUND

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 %
31.12.2022				
Audited (continued)				
QUOTED SECURITIES (CONTINUED)				
Financial Services (continued)				
Malayan Banking Bhd	560,988	4,787,283	4,880,596	9.49
Public Bank Bhd	701,300	3,111,755	3,029,616	5.89
RHB Bank Bhd	232,663	1,251,301	1,347,119	2.62
	<u>2,915,623</u>	<u>16,546,029</u>	<u>17,650,360</u>	<u>34.32</u>
Industrial Products & Services				
Kelington Group Bhd	118,400	68,707	162,208	0.32
Petronas Chemicals Group Bhd	298,000	2,324,397	2,562,800	4.98
Press Metal Aluminium Holding Bhd	489,500	2,420,577	2,388,760	4.65
V.S. Industry Bhd	426,100	568,846	374,968	0.73
	<u>1,332,000</u>	<u>5,382,527</u>	<u>5,488,736</u>	<u>10.68</u>
Plantation				
IOI Corp Bhd	340,600	1,498,863	1,379,430	2.68
Kuala Lumpur Kepong Bhd	80,800	1,915,840	1,806,688	3.51
Sime Darby Plantation Bhd	351,400	1,304,891	1,634,010	3.18
	<u>772,800</u>	<u>4,719,594</u>	<u>4,820,128</u>	<u>9.37</u>
Property				
Sime Darby Property Bhd	464,300	344,371	208,935	0.42
Technology				
Frontken Corporation Bhd	200,300	741,715	616,924	1.20
Genetec Technology Bhd	1,146,300	2,825,089	2,739,657	5.33
Inari Amertron Bhd	403,600	1,172,877	1,053,396	2.05
MI Technovation Bhd	214,300	870,152	278,590	0.54
My Eg Services Bhd	2,031,700	2,013,158	1,767,579	3.44
	<u>3,996,200</u>	<u>7,622,991</u>	<u>6,456,146</u>	<u>12.56</u>
Telecommunications & Media				
Telekom Malaysia Bhd	225,200	1,333,613	1,216,080	2.36
Transportation & Logistics				
Malaysia Airports Holdings Bhd	294,900	1,997,692	1,934,544	3.76
MISC Bhd	222,700	1,681,527	1,670,250	3.25
	<u>517,600</u>	<u>3,679,219</u>	<u>3,604,794</u>	<u>7.01</u>

PRINCIPAL MALAYSIA OPPORTUNITIES FUND

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 %
31.12.2022				
Audited (continued)				
QUOTED SECURITIES				
(CONTINUED)				
TOTAL QUOTED SECURITIES	<u>15,337,565</u>	51,056,132	<u>49,812,496</u>	<u>96.88</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(1,243,636)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>49,812,496</u>		

8. CASH AND CASH EQUIVALENTS

	30.06.2023	31.12.2022 Audited
	RM	RM
Deposits with licensed financial institutions	2,541,212	1,680,275
Bank balances	59,275	20,884
	<u>2,600,487</u>	<u>1,701,159</u>

9. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

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

	30.06.2023	31.12.2022 Audited	
	RM	RM	
Unit holders' contributions*	(2,041,475)	(315,775)	
Retained earnings	49,533,305	51,733,787	
	<u>47,491,830</u>	<u>51,418,012</u>	
	Unit holders' contributions*	Retained earnings	Total
	RM	RM	RM
Balance as at 1 January 2023	(315,775)	51,733,787	51,418,012
Movement in unit holders' contributions:			
- Creation of units from applications	465,295	-	465,295
- Cancellation of units	(2,190,995)	-	(2,190,995)
Total comprehensive loss for the financial period	-	(2,200,482)	(2,200,482)
Balance as at 30 June 2023	<u>(2,041,475)</u>	<u>49,533,305</u>	<u>47,491,830</u>

9. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS (CONTINUED)

	Unit holders' Contributions*	Retained earnings	Total
	RM	RM	RM
Balance as at 1 January 2022	(429,017)	55,632,760	55,203,743
Movement in unit holders' contributions:			
- Creation of units from applications	1,065,285	-	1,065,285
- Cancellation of units	(1,892,877)	-	(1,892,877)
Total comprehensive loss for the financial period	-	(3,813,682)	(3,813,682)
Balance as at 30 June 2022	<u>(1,256,609)</u>	<u>51,819,078</u>	<u>50,562,469</u>

* The negative Unitholders' contributions balance as at reporting date is due to the cancellation of units at a higher NAV price than when the units were created.

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

	01.01.2023 to 30.06.2023	01.01.2022 to 31.12.2022 Audited
	No. of units	No. of units
At the beginning of the financial period/year	45,607,072	45,437,608
Add : Creation of units from applications	418,912	1,411,662
Add : Creation of units from distribution	-	1,342,024
Less: Cancellation of units	(1,946,566)	(2,584,222)
At the end of the financial period/year	<u>44,079,418</u>	<u>45,607,072</u>

11. TOTAL EXPENSE RATIO ("TER")

	01.01.2023 to 30.06.2023	01.01.2022 to 30.06.2022
	%	%
TER	<u>0.98</u>	<u>0.97</u>

TER is derived from the following calculation:

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

A	=	Management fee
B	=	Trustee's fee
C	=	Audit fee
D	=	Tax agent's fee
E	=	Other expenses excluding withholding tax on dividend
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 was RM50,231,670 (30.06.2022: RM54,549,057).

12. PORTFOLIO TURNOVER RATIO (“PTR”)

	01.01.2023 to 30.06.2023	01.01.2022 to 30.06.2022
PTR (times)	<u>0.62</u>	<u>0.33</u>

PTR was 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 = RM29,798,656 (30.06.2022: RM17,001,457)

total disposal for the financial period = RM32,361,720 (30.06.2022: RM18,671,095)

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
Related parties	Relationship
CIMB 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 shareholder 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

Manager	30.06.2023		31.12.2022 Audited	
	No. of units	RM	No. of units	RM
Principal Asset Management Berhad	40	43	8,806	9,928

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

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

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

	01.01.2023 to 30.06.2023 RM	01.01.2022 to 30.06.2022 RM
<u>Significant related party transactions</u>		
Dividend income		
- CIMB Group Holdings Bhd	114,188	67,603
	30.06.2023 RM	31.12.2022 Audited RM
<u>Quoted Securities</u>		
- CIMB Group Holdings Bhd	3,085,446	5,094,557

14. TRANSACTIONS WITH BROKERS/ DEALERS

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

Brokers/ Dealers	Value of trades RM	Percentage of total trades %	Brokerage Fees RM	Percentage of total brokerage fees %
CLSA Securities (M) Sdn Bhd	17,908,891	28.82	40,295	29.46
JP Morgan Sec (M) Sdn Bhd	8,817,426	14.19	17,619	12.88
UBS Securities Malaysia Sdn Bhd	7,863,358	12.65	17,195	12.57
Macquarie Capital Securities (M) Sdn Bhd	7,039,369	11.33	15,264	11.16
Maybank Investment Bank Bhd	6,666,194	10.73	15,011	10.98
Credit Suisse Sec (M) Sdn Bhd	3,710,293	5.97	8,348	6.10

14. TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)

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

Brokers/ Dealers	Value of trades RM	Percentage of total trades %	Brokerage Fees RM	Percentage of total brokerage fees %
CGS-CIMB Securities Sdn Bhd #	3,216,050	5.18	7,111	5.20
RHB Investment Bank Bhd	2,439,674	3.93	5,843	4.27
KAF Equities Sdn Bhd	1,754,735	2.82	3,948	2.89
Citigroup Global Markets M Sdn Bhd	1,509,289	2.43	3,396	2.48
Others	1,219,615	1.95	2,744	2.01
	<u>62,144,894</u>	<u>100.00</u>	<u>136,774</u>	<u>100.00</u>

Details of transactions with the top 10 brokers/dealers for the six months financial period ended 30 June 2022 were as follows:

Brokers/ Dealers	Value of trades RM	Percentage of total trades %	Brokerage Fees RM	Percentage of total brokerage fees %
Credit Suisse Sec (M) Sdn Bhd	4,607,020	12.91	10,405	13.34
Maybank Investment Bank Bhd	4,003,544	11.22	9,008	11.55
JP Morgan Sec (M) Sdn Bhd	3,454,071	9.68	7,731	9.91
CGS-CIMB Securities Sdn Bhd #	3,440,231	9.64	8,343	10.70
KAF Equities Sdn Bhd	3,338,620	9.36	7,512	9.63
CLSA Securities (M) Sdn Bhd	3,168,465	8.88	6,952	8.91
Affin Hwang Investment Bank Bhd	3,085,967	8.65	6,943	8.90
Macquarie Capital Securities (M) Sdn Bhd	3,025,514	8.48	6,807	8.73
RHB Investment Bank Bhd	2,985,734	8.37	6,718	8.61
UBS Securities Malaysia Sdn Bhd	2,269,776	6.36	2,619	3.36
Others	2,293,610	6.45	4,950	6.36
	<u>35,672,552</u>	<u>100.00</u>	<u>77,988</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 RM3,216,050 (30.06.2022: RM3,440,231). 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.

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