

# Principal Small Cap Opportunities Fund

Annual Report

For The Financial Year Ended 31 December 2024

**PRINCIPAL SMALL CAP OPPORTUNITIES FUND**

**ANNUAL REPORT**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 Small Cap Opportunities Fund for the financial year ended 31 December 2024. You may also download this report from our website at [www.principal.com.my](http://www.principal.com.my).

We are proud to announce that Principal Malaysia has earned numerous accolades in 2024. At the Asia Asset Management 2024 Best of the Best Awards, we were honored with the Best of the Best Performance Award for China A-Share Equity (3 years) and recognized as the Best Institutional House – Malaysia. At the 2024 Global Banking & Finance Awards, our CEO, Munirah Khairuddin, was named Asset Management CEO of the Year Malaysia, and our company was recognized as Asset Management Company of the Year Malaysia. Additionally, we received the Best International Equity Fund Manager for MSCI EM Latin America 2023 at the EPF External Fund Managers Awards 2023.

At the Alpha Southeast Asia Fund Management Awards 2024, we won three awards: Best Absolute Return Strategy, Best Online & Mobile Platform (Asset Manager), and Best Asset Manager (Income-Oriented, Money Market & Alternative Investment Funds). The International Finance Awards honored us with 'Best Asset Management Company – Malaysia 2024' and 'Best Asset Management CEO – Munirah Khairuddin – Malaysia 2024'. At the Triple A Sustainable Investing Awards 2024, we secured the Asset Management Company of the Year (Malaysia) award. The World Business Outlook magazine recognized us with the titles of Best Investment Management and Solutions Provider Malaysia, Best Institutional House Malaysia, and Asset Management CEO (Munirah Khairuddin) of the Year Malaysia. Additionally, we received three awards at the iFast Awards 2024, seven at the LSEG Lipper Fund Awards 2024, ten at the FSMOne Recommended Funds 2023/2024, and two at the Edge 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, like our Facebook page (@PrincipalMalaysia), follow us on our Instagram account (@principalmalaysia), and LinkedIn page (Principal Malaysia) for the latest updates, market insights and investment articles.

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

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

**Munirah Khairuddin**  
Chief Executive Officer,  
Malaysia & Global Shariah & Managing Director,  
Strategic Distribution & Institutional Client Relations  
(Southeast Asia & Global Shariah)  
Non-Independent Executive Director

## MANAGER'S REPORT

### FUND OBJECTIVE AND POLICY

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

The objective of the Fund is to provide growth to the value of Unit holders' investments over the long-term in an equity fund by investing in undiscovered smaller companies listed on Bursa Malaysia.

#### Has the Fund achieved its objective?

For the financial year under review, the Fund registered a gain of 25.15% while the benchmark registered a gain of 9.85%. The Fund has achieved its objective of providing long-term capital growth.

#### 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 shares of smaller companies\* that are listed on Bursa Malaysia. The investment policy and strategy of the Fund will therefore focus on investments in securities of such smaller companies with potential growth and hands-on management policies but may be under-researched by major stock broking houses. The Fund may opt to seek investment exposure via Collective Investment Scheme ("CIS") that is in line with the Fund's objective, subject to the requirement of the Guidelines of Unit Trust Funds ("GUTF"). To a lesser extent, the Fund may also invest in other permissible investments such as liquid assets primarily for the purpose of cash management. In addition, liquid assets may be strategically used if we feel 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 smaller companies\* that are listed in any Eligible Markets globally with some operations or businesses in Malaysia to capture growth opportunities.

#### Before 10 July 2023,

\*Smaller companies in this context refers to companies that are listed on Bursa Malaysia with market capitalization of up to three (3) billion Malaysian Ringgit ("MYR/RM") at the point of purchase. However, should there be lack of liquidity or when we deem necessary to reduce volatility of the Fund, the Fund may invest up to 20% of its NAV in companies with market capitalization above three (3) billion MYR at the point of purchase.

#### With effect from 10 July 2023,

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

#### Fund category/type

Equity (Small-Cap)/Growth

#### When was the Fund launched?

20 April 2004

#### What was the size of the Fund as at 31 December 2024?

RM152.79 million (206.05 million units)

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

FTSE Bursa Malaysia ("FBM") Small Cap ("FBMSCAP") Index

**FUND OBJECTIVE AND POLICY (CONTINUED)**

**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.

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

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

**PERFORMANCE DATA**

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

	<b>31.12.2024</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
	%	%	%
Collective investment scheme	-	1.40	-
Quoted securities			
- Construction	18.54	12.71	8.24
- Consumer Products & Services	3.30	2.74	10.34
- Energy	8.31	9.22	9.31
- Financial Services	-	-	2.63
- Health Care	10.71	3.33	1.64
- Industrial Products & Services	19.00	17.80	17.81
- Plantation	6.24	-	2.84
- Property	9.48	5.60	1.35
- Real Estate Investment Trust ("REITs")	-	2.44	4.01
- Technology	15.08	25.27	19.92
- Telecommunications & Media	-	2.12	-
- Transportation & Logistics	-	2.04	2.98
- Utilities	1.72	4.40	-
Cash and other assets	13.77	11.12	19.11
Liabilities	(6.14)	(0.19)	(0.18)
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

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

	<b>31.12.2024</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
NAV (RM Million)	152.79	111.47	106.37
Units in circulation (Million)	206.05	188.14	195.75
NAV per unit (RM)	0.7415	0.5924	0.5433
Highest NAV per unit (RM)	0.8113	0.5933	0.6348
Lowest NAV per unit (RM)	0.5937	0.5434	0.4910
Total return (%)	25.15	9.04	(13.25)
- Capital growth (%)	25.15	9.04	(13.25)
- Income distribution (%)	-	-	-
Total Expense Ratio ("TER") (%) ^	1.57	1.59	1.59
Portfolio Turnover Ratio ("PTR") (times) #	0.99	1.02	0.68

^ The Fund's TER decreased from 1.59% to 1.57% due to increase in average NAV for the financial year.

# The Fund's PTR decreased from 1.02 times to 0.99 times for the financial period under review due to decreased trading activities.

**PERFORMANCE DATA (CONTINUED)**

	<b>31.12.2024</b>	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Annual total return	25.15	9.04	(13.25)	10.95	16.67

(Launch date: 20 April 2004)

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

**MARKET REVIEW (1 JANUARY 2024 TO 31 DECEMBER 2024)**

For the financial period under review, FBMSCAP Index (the “Index”) gained 17.96% from 16,353.38 points to 19,289.76 points, charting consecutive month on month (“m-o-m”) gains.

The Index rose 2.2% m-o-m in January 2024. Sentiment was lifted by the US Federal Reserve (the “Fed”) communication on interest rates given the recent cooling inflation and economic data out of the US. The weaker US Dollar (“USD”) and lower treasury yield that ensued favored Emerging Markets (“EM”). Energy, Construction and Property did well, while Tech languished despite the sentiment on the US Federal Reserve (the “Fed”) rates.

In February 2024, the Index climbed 0.4% m-o-m. This was 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. Energy did well, and Technology rebounded strongly.

In March 2024, the Index rallied 3.1% m-o-m. 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. Property, Construction, Tech, Healthcare and Energy did well.

The Index was up 3.4% m-o-m in April 2024. 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 and Property and Consumer did well.

The Index rose by 4.1% m-o-m in May 2024. Construction, Property and Tech did well.

The Index gained 3.6% m-o-m in June 2024. Investors remained relatively upbeat considering recent weakness in US economic data and inflation moderating. Construction and Tech posted strong gains, while other sectors were mixed.

In July 2024, the Index gained 0.6% m-o-m in line with gains in regional markets and rebounding off the previous month’s sell-off, spurred by Federal Open Market Committee (“FOMC”) fed cut bets considering the recent weakness in US economic data and inflation moderating.

The Index fell 10.1% m-o-m in August 2024 led by the sharp sell-off at the start of the month due to the massive unwinding of the Yen carry trade. Construction, Property, Tech and Energy sectors languished whilst Plantations saw gains.

The Index dipped 0.6% m-o-m in September 2024 which was in stark contrast to the stronger US market which recorded new highs following Fed’s 50bps cut during the month and greater confidence of a soft landing scenario for the US economy. Most sectors were down except for Construction, Property and Healthcare, with Energy and Tech sold off the most.

In October 2024, the Index fell 2.3% m-o-m as investors risk-off ahead of the US elections, despite the Fed very likely to cut another 25bps in the November 2024 FOMC meeting given the recent inflation print and weak jobs data. Utilities and Telcos were sold off the most, while Construction, Real Estate Investment Trust (“REITs”) and Healthcare posted modest gains.

**MARKET REVIEW (1 JANUARY 2024 TO 31 DECEMBER 2024) (CONTINUED)**

The Index gained 2.0% m-o-m in November 2024 as investors continue to risk off due to uncertainties surrounding potential new polices under the new US administration, as well as the trajectory of Fed rates given the recent economic data. Consumer was sold off the most, while Healthcare, Property, Construction and Plantation posted modest gains.

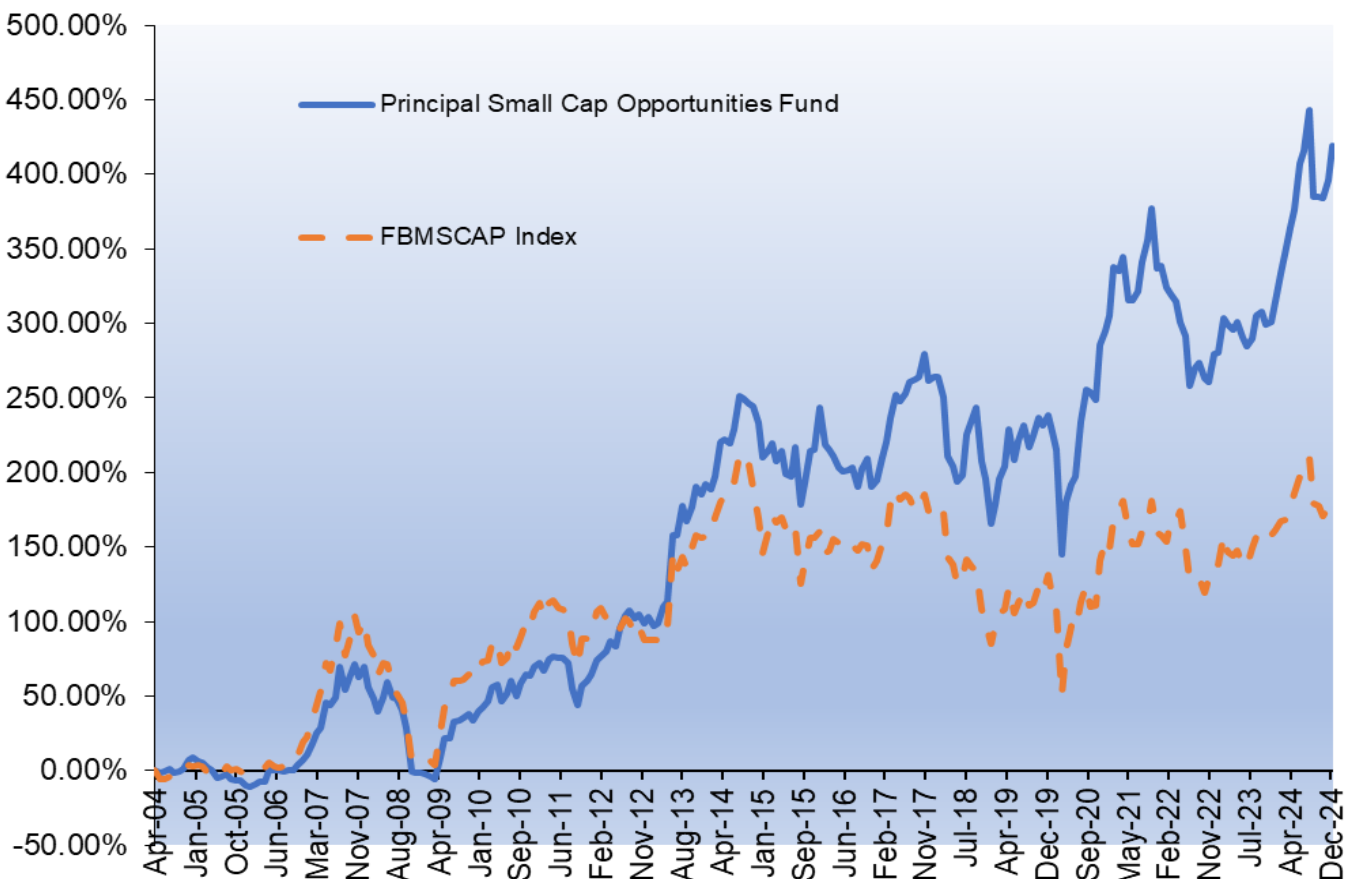
The Index ended 2024 higher with December 2024 rising by 3.9% m-o-m, aided by year-end window dressing and cash redeployment by domestic funds amidst another month of heavy foreign selling due to policy uncertainties under the new US administration and the trajectory of Fed rates coupled with rising bond yields. Within the broader market, Technology, Property and Healthcare did well.

**FUND PERFORMANCE**

	<b>1 year to 31.12.2024</b>	<b>3 years to 31.12.2024</b>	<b>5 years to 31.12.2024</b>	<b>Since inception to 31.12.2024</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Income Distribution	-	-	-	-
Capital Growth	25.15	18.37	53.24	419.05
Total Return	25.15	18.37	53.24	419.05
Benchmark	9.85	13.98	26.82	187.04
Average Total Return	25.15	5.78	8.90	8.28

For the financial year under review, the Fund's return rose by 25.15%, while the benchmark rose by 9.85%. As such, the Fund outperformed its benchmark by 15.3 percentage points.

**Since Inception**





**FUND PERFORMANCE (CONTINUED)**

**Changes in NAV**

	<b>31.12.2024</b>	<b>31.12.2023</b>	<b>Changes %</b>
NAV (RM Million)	152.79	111.47	37.07
NAV/Unit (RM)	0.7415	0.5924	25.17

The Fund's NAV increased by 37.07% due to injection and positive investment performance. The NAV per unit increased by 25.17% due to positive investment performance during the financial year 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 year have been extracted from Lipper.

**PORTFOLIO STRUCTURE**

**Asset allocation**

<b>(% of NAV)</b>	<b>31.12.2024</b>	<b>31.12.2023</b>
Collective investment scheme	-	1.40
Quoted securities	92.38	87.67
Cash and other assets	13.77	11.12
Liabilities	(6.14)	(0.19)
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>

Asset allocation into quoted securities increased from 87.67% as at 31 December 2023 to 92.38% as at 31 December 2024 as a result of realigning the Fund to reflect our constructive view on select sectors in the Malaysian equity market.

**MARKET OUTLOOK\***

Malaysia's manufacturing sector moderated further in December 2024, with a Purchasing Managers' Index ("PMI") reading of 48.6 points versus 49.2 points the previous month, as demand conditions remain muted. Standard and Poor's ("S&P") Global noted a slowdown in new orders, output, purchasing and stocks, while employment also fell marginally. Positively, inflationary pressures softened sharply. Optimism of a recovery in new orders over the coming 12 months remains solid, unchanged from November 2024. The latest PMI data suggests fourth quarter of 2024 Gross Domestic Products ("GDP") growth momentum could sustain at a similar pace as the preceding quarter, which was at 5.9%, albeit at a slower rate of increase. To recap, Bank Negara Malaysia ("BNM") now projects GDP to grow 4.8% to 5.3% in 2024, revised up from 4% to 5% previously, and the economy to expand by 4.5% to 5.5% in 2025.

We expect BNM to maintain Overnight interest rate ("OPR") at 3.00% for 2025 given muted inflation and modest economic growth. Inflation rose at a slower pace of 1.8% in November 2024 versus 1.9% in October 2024. There appears to be sufficient headroom to central bank's latest 2.0% to 3.5% Consumer Price Index ("CPI") forecast for 2025 with the impending subsidy rationalization plans.

## MARKET OUTLOOK\* (CONTINUED)

Malaysia's equity market is now trading at a forward price per earning ("PE") of 14.5 times, but still below pre-Coronavirus Disease 2019 ("COVID-19") mean of 16 times. Consensus projects earnings growth for FBM30 of 8% to 9% for 2024 and 2025. Sustained strength in domestic investments (both Foreign Direct Investment ("FDI") and Domestic Direct Investment ("DDI")), fiscal consolidation gathering pace (in particular, subsidy rationalisation initiatives) and the strengthening of the MYR/RM are factors we see supportive of the further narrowing of risk premiums (current yield gap at ~350 basis points ("bps"); pre-Covid average of 250 bps) and consequently higher valuation multiples. The recent change in the US administration and its policy posture have resulted in elevated risk premiums for Malaysia, but we still see the balance of risk tilting favourably.

\* 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 remain constructive on sectors that stand to gain from the National Energy Transition Roadmap ("NETR"), including Utilities, Construction, and Property. We are also optimistic about Financials and Consumer names given the strong investment momentum in Malaysia, as well as Oil and Gas ("O&G") services. We also like sectors that benefit from the stronger Ringgit. Additionally, we remain highly selective on Technology favouring those with strong bargaining power. 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 Malaysia (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 Principal Malaysia Funds ("Funds"). Accordingly, any rebate 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 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 the 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 and Trustee did not receive any rebates from the brokers or dealers but the Manager has retained soft commission in the form of goods and services for the benefit of the fund such as financial wire services and stock quotations system incidental to investment management of the Funds and there was no churning of trades.

## SECURITIES FINANCING TRANSACTION

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

## STATE OF AFFAIR OF THE FUND

There were no 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 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 7 to 34 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 December 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 MFRS Accounting Standards and IFRS Accounting Standards.

For and on behalf of the Manager

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

**MUNIRAH KHAIRUDDIN**

Chief Executive Officer,  
Malaysia & Global Shariah & Managing Director,  
Strategic Distribution & Institutional Client Relations  
(Southeast Asia & Global Shariah)  
Non-Independent Executive Director

**UDAY JAYARAM**

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

Kuala Lumpur  
14 February 2025

**TRUSTEE'S REPORT**

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

We have acted as Trustee of the Fund for the financial year ended 31 December 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 year covered by these financial statements in accordance with the following:

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

For HSBC (Malaysia) Trustee Berhad

Lee Cincee  
Senior Manager, Trustee and Fiduciary Services

Kuala Lumpur  
14 February 2025

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

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

*Opinion*

We have audited the financial statements of Principal Small Cap Opportunities Fund (the "Fund"), which comprise the statement of financial position of the Fund as at 31 December 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 7 to 34.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2024, and of its financial performance and cash flows for the financial year then ended in accordance with MFRS Accounting Standards and IFRS Accounting 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 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 MFRS Accounting Standards and IFRS Accounting 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 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 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. 03013/10/2026 J  
Chartered Accountant

Kuala Lumpur, Malaysia  
14 February 2025

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

	Note	2024 RM	2023 RM
<b>INCOME/(LOSS)</b>			
Dividend income		2,357,912	2,191,658
Interest income from deposits with licensed financial institutions		470,989	369,783
Net gain on financial assets at fair value through profit or loss	7	26,880,096	9,037,302
Net foreign exchange loss		<u>(103,241)</u>	<u>(2,077)</u>
		<u>29,605,756</u>	<u>11,596,666</u>
<b>EXPENSES</b>			
Management fee	4	2,054,263	1,676,899
Trustee fee and custodian fee	5	61,628	75,402
Transaction costs		946,606	787,350
Audit fee		10,000	9,400
Tax agent's fee		5,000	7,158
Other expenses		<u>37,989</u>	<u>61,009</u>
		<u>3,115,486</u>	<u>2,617,218</u>
<b>PROFIT BEFORE TAXATION</b>		26,490,270	8,979,448
Taxation	6	<u>-</u>	<u>-</u>
<b>PROFIT AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>		<u>26,490,270</u>	<u>8,979,448</u>
Profit after taxation is made up as follows:			
Realised amount		6,172,568	2,008,320
Unrealised amount		<u>20,317,702</u>	<u>6,971,128</u>
		<u>26,490,270</u>	<u>8,979,448</u>

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

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

	Note	2024 RM	2023 RM
<b>ASSETS</b>			
Cash and cash equivalents	8	18,831,685	12,228,865
Financial assets at fair value through profit or loss	7	141,145,527	99,285,419
Amount due from stockbroker		1,780,986	-
Amount due from Manager		417,119	76,010
Amount due from Manager of collective investment scheme - management fee rebate		3,786	1,430
Dividend receivables		-	83,674
<b>TOTAL ASSETS</b>		<u>162,179,103</u>	<u>111,675,398</u>
<b>LIABILITIES</b>			
Amount due to stockbroker		9,020,464	-
Amount due to Manager		146,340	42,465
Accrued management fee		191,194	139,733
Amount due to Trustee		5,736	4,192
Other payables and accruals		24,400	18,800
<b>TOTAL LIABILITIES</b>		<u>9,388,134</u>	<u>205,190</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>152,790,969</u>	<u>111,470,208</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>	9	<u>152,790,969</u>	<u>111,470,208</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>	10	<u>206,049,737</u>	<u>188,143,303</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.7415</u>	<u>0.5924</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 DECEMBER 2024

	Note	2024 RM	2023 RM
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<u>111,470,208</u>	<u>106,367,505</u>
Movement in unit holders' contributions:			
- Creation of units from applications		71,316,838	30,203,174
- Cancellation of units		<u>(56,486,347)</u>	<u>(34,079,919)</u>
		<u>14,830,491</u>	<u>(3,876,745)</u>
Total comprehensive income for the financial year		<u>26,490,270</u>	<u>8,979,448</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR</b>	<b>9</b>	<u><u>152,790,969</u></u>	<u><u>111,470,208</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 DECEMBER 2024**

	Note	2024 RM	2023 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from disposal of quoted securities		125,264,871	111,437,867
Purchase of collective investment scheme		-	(1,557,209)
Purchase of quoted securities		(133,981,495)	(114,685,231)
Dividend income received		2,433,812	2,241,874
Interest income received from deposits with licensed financial institutions		470,989	369,783
Management fee paid		(2,002,802)	(1,673,903)
Management fee rebate		3,295	-
Trustee fee paid		(60,084)	(77,616)
Payment of other foreign exchange loss		-	(9,322)
Payments for other fees and expenses		(39,614)	(54,742)
<b>Net cash used in operating activities</b>		<u>(7,911,028)</u>	<u>(4,008,499)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash proceeds from units created		70,975,730	30,216,717
Payments for cancellation of units		(56,382,471)	(34,062,691)
<b>Net cash generated from/(used in) financing activities</b>		<u>14,593,259</u>	<u>(3,845,974)</u>
Net increase/(decrease) in cash and cash equivalents		6,682,231	(7,854,473)
Effects of foreign exchange differences		(77,411)	4,617
Cash and cash equivalents at the beginning of the financial year		<u>12,228,865</u>	<u>20,078,721</u>
Cash and cash equivalents at the end of the financial year		<u>18,831,685</u>	<u>12,228,865</u>
<u>Cash and cash equivalents comprised:</u>			
Deposits with licensed financial institutions		17,172,552	12,122,188
Bank balance		<u>1,659,133</u>	<u>106,677</u>
Cash and cash equivalents at the end of the financial year	<b>8</b>	<u>18,831,685</u>	<u>12,228,865</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 DECEMBER 2024****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES**

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

The Fund may invest between 70% to 98% (both inclusive) of the Fund’s Net Asset Value (“NAV”) in shares of smaller companies\* that are listed on Bursa Malaysia. The investment policy and strategy of the Fund will therefore focus on investments in securities of such smaller companies with potential growth and hands-on management policies but may be under-researched by major stock broking houses. The Fund may opt to seek investment exposure via Collective Investment Scheme (“CIS”) that is in line with the Fund’s objective, subject to the requirement of GUTF. To a lesser extent, the Fund may also invest in other permissible investments such as liquid assets primarily for the purpose of cash management. In addition, liquid assets may be strategically used if we feel 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 smaller companies\* that are listed in any Eligible Markets globally with some operations or businesses in Malaysia to capture growth opportunities.

**Before 10 July 2023,**

\*Smaller companies in this context refers to companies that are listed on Bursa Malaysia with market capitalization of up to three (3) billion MYR/RM at the point of purchase. However, should there be lack of liquidity or when we deem necessary to reduce volatility of the Fund, the Fund may invest up to 20% of its NAV in companies with market capitalization above three (3) billion MYR at the point of purchase.

**With effect from 10 July 2023,**

\*Smaller 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 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 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. MATERIAL ACCOUNTING POLICY INFORMATION

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

### (a) Basis of preparation

The financial statements have been prepared in accordance with the provisions of the MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board (“MASB”) and IFRS Accounting Standards 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 Accounting Standards and IFRS Accounting Standards 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 assumptions and estimates 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 year beginning on 1 January 2024 that have a material effect on the financial statements of the Fund.

None of the standards, amendments to standards or interpretations that are effective for the financial year beginning on/after 1 January 2025 are applicable to the Fund.

### (b) Financial assets and financial liabilities

#### Classification

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

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

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

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

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

**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****(b) Financial assets and financial liabilities (continued)**Recognition and measurement

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

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

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

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

Unrealised gains or losses 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.

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

Quoted securities in Malaysia are valued at the last done 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 basis approved by the Trustee after appropriate technical consultation.

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

Impairment for assets carried at amortised costs

The Fund measures credit risk and expected credit 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.



**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****(b) Financial assets and financial liabilities (continued)**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.

Interest income from deposits with licensed financial institutions is recognised on a time proportionate basis using effective interest 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 and collective investment scheme is accounted for as the difference between net disposal proceeds and the carrying amount of investments, 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 Ringgit Malaysia ("MYR/RM"), which is the Fund's functional and presentation currency.

**(e) Cash and cash equivalents**

For the purpose statement of cash flows, cash and cash equivalents 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. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****(f) Taxation**

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

Withholding taxes on investment income from investment are based on tax regime of the respective countries that the Fund invests in. They are presented within other expenses line in the statement of comprehensive income.

**(g) Transaction costs**

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

**(h) Unit holders' contributions**

The unit holders' contributions to the Fund meet the criteria to be classified as equity instruments under MFRS Accounting Standards 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.

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

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

**(j) Management fee rebate**

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

**(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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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

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 there are no accounting policies which require significant judgement to be exercised.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund are as follows:

	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
<b>2024</b>			
Cash and cash equivalents (Note 8)	-	18,831,685	18,831,685
Quoted securities (Note 7)	141,145,527	-	141,145,527
Amount due from stockbroker	-	1,780,986	1,780,986
Amount due from Manager	-	417,119	417,119
Amount due from Manager of collective investment scheme – management fee rebate	-	3,786	3,786
	<u>141,145,527</u>	<u>21,033,576</u>	<u>162,179,103</u>
<b>2023</b>			
Cash and cash equivalents (Note 8)	-	12,228,865	12,228,865
Collective investment scheme (Note 7)	1,556,330	-	1,556,330
Quoted securities (Note 7)	97,729,089	-	97,729,089
Amount due from Manager	-	76,010	76,010
Dividend receivables	-	83,674	83,674
Amount due from Manager of collective investment scheme – management fee rebate	-	1,430	1,430
	<u>99,285,419</u>	<u>12,389,979</u>	<u>111,675,398</u>

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

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

The investment objective of the Fund is to provide growth to the value of unit holders' investments over the long-term in an equity fund by investing in undiscovered smaller companies listed on Bursa Malaysia.

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

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

**(a) Market risk**

**(i) Price risk**

This is the risk that the fair value of an investment in collective investment scheme and quoted securities will fluctuate because of changes in market prices (other than those arising from interest rate risk). The value of collective investment scheme and 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.

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

The Fund's overall exposures to price risk were as follows:

	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
Financial assets at fair value through profit or loss:		
- Collective investment scheme	-	1,556,330
- Quoted securities	141,145,527	97,729,089
	<u>141,145,527</u>	<u>99,285,419</u>

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

<b>% Change in price of collective investment scheme and quoted securities</b>	<b>Market value RM</b>	<b>Impact on profit or loss/NAV RM</b>
	<b>2024</b>	
-5 %	134,088,251	(7,057,276)
0 %	141,145,527	-
+5 %	<u>148,202,803</u>	<u>7,057,276</u>

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

(a) Market risk (continued)

(i) Price risk (continued)

% Change in price of collective investment scheme and quoted securities	Market value RM	Impact on profit or loss/NAV RM
<b>2023</b>		
-5 %	94,321,148	(4,964,271)
0 %	99,285,419	-
+5 %	<u>104,249,690</u>	<u>4,964,271</u>

(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.

The weighted average effective interest rate per annum is as follows:

	2024 %	2023 %
Deposits with licensed financial institutions	<u>3.30</u>	<u>3.20</u>

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

(iii) Currency risk

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

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

(a) Market risk (continued)

(iii) Currency risk (continued)

The following table sets out the foreign currency risk concentrations arising from the denomination of the Fund's financial instruments in foreign currencies:

Financial assets	Cash and cash equivalents RM	Financial assets at fair value through profit or loss RM	Total RM
<b>2024</b>			
USD	1,463,295	-	1,463,295
<b>2023</b>			
USD	9,009	1,556,330	1,565,339

The table below summarises the sensitivity of the Fund's profit or loss and NAV to changes in foreign exchange movements at the end of each reporting year. The analysis is based on the assumption that the foreign exchange rate fluctuates by 5%, with all other variables remain constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change in foreign exchange rate	Impact on profit or loss/NAV	
		2024 RM	2023 RM
USD	%		
	+/- 5	+/-73,280	+/-78,267

(b) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations 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 exchange. The credit risk is minimal as all transactions in quoted securities are settled or 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.

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	Financial assets at fair value through profit or loss	Amount due from Manager of collective investment scheme – management fee rebate	Amount due from stockbroker	Amount due from Manager	Dividend receivable	Total
	RM	RM	RM	RM	RM	RM	RM
<b>2024</b>							
- AAA	18,831,685	-	-	-	-	-	18,831,685
- Not Rated	-	141,145,527	3,786	1,780,986	417,119	-	143,347,418
	18,831,685	141,145,527	3,786	1,780,986	417,119	-	162,179,103
<b>2023</b>							
- AAA	12,228,865	-	-	-	-	-	12,228,865
- Not Rated	-	99,285,419	1,430	-	76,010	83,674	99,446,533
	12,228,865	99,285,419	1,430	-	76,010	83,674	111,675,398

Deposits with licensed financial institutions of the Fund have an average remaining maturity of 2 days (2023: 2 days).

(c) Liquidity risk

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

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise bank balances and deposits with licensed financial institutions which are capable of being converted into cash within 7 business days. 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.

	Less than 1 month	Between 1 month to 1 year	Total
	RM	RM	RM
<b>2024</b>			
Amount due to stockbroker	9,020,464	-	9,020,464
Amount due to Manager	146,340	-	146,340
Accrued management fee	191,194	-	191,194
Amount due to Trustee	5,736	-	5,736
Other payables and accruals	-	24,400	24,400

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

(c) Liquidity risk (continued)

	1 month RM	to 1 year RM	Total RM
<b>2024 (continued)</b>			
Net assets attributable to unit holders	152,790,969	-	152,790,969
<b>Contractual undiscounted cash flows</b>	<b>162,154,703</b>	<b>24,400</b>	<b>162,179,103</b>
	<b>Less than 1 month RM</b>	<b>Between 1 month to 1 year RM</b>	<b>Total RM</b>
<b>2023</b>			
Amount due to Manager	42,465	-	42,465
Accrued management fee	139,733	-	139,733
Amount due to Trustee	4,192	-	4,192
Other payables and accruals	-	18,800	18,800
Net assets attributable to unit holders	111,470,208	-	111,470,208
<b>Contractual undiscounted cash flows</b>	<b>111,656,598</b>	<b>18,800</b>	<b>111,675,398</b>

(d) Capital risk management

The capital of the Fund is net assets attributable to unit holders of RM152,790,969 (2023: RM111,470,208). 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) is based on quoted market prices at the close of trading on the financial year end date. The Fund utilises the last traded market price for financial assets where the last traded market price falls within the bid-ask spread.

In circumstances where the last traded market price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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



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

(e) Fair value estimation (continued)

(i) Fair value hierarchy

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

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

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>2024</b>				
Financial assets at fair value through profit or loss:				
- Quoted securities	141,145,527	-	-	141,145,527
	<u>141,145,527</u>	<u>-</u>	<u>-</u>	<u>141,145,527</u>
<b>2023</b>				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	1,556,330	-	-	1,556,330

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

**(e) Fair value estimation (continued)**

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>2023 (continued)</b>				
- Quoted securities	97,729,089	-	-	97,729,089
	99,285,419	-	-	99,285,419

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 stockbroker, amount due from Manager, dividend receivables, amount due from Manager of collective investment scheme – management fee rebate and all current liabilities are a reasonable approximation of their fair values due to their short-term nature.

**4. MANAGEMENT FEE**

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

For the financial year ended 31 December 2024, the management fee is recognised at a rate of 1.50% per annum (2023: 1.50% per annum).

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

**5. TRUSTEE FEE AND CUSTODIAN FEE**

In accordance with Deeds, the Trustee is entitled to a maximum fee of 0.07% per annum calculated daily based on the NAV of the Fund. The Trustee's fee includes the local custodian fee but excludes the foreign sub-custodian fee (if any).

For the financial year ended 31 December 2024, the Trustee fee is recognised at a rate of 0.045% per annum. (2023: For the financial period from 1 January 2023 to 23 November 2023, the Trustee fee was recognised at a rate of 0.07% per annum. Effective 24 November 2023, the Trustee fee was recognised at a rate of 0.045%. per annum)).

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

**6. TAXATION**

	2024 RM	2023 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 is as follows:

Profit before taxation	<u>26,490,272</u>	<u>8,979,448</u>
Taxation at Malaysian statutory rate of 24% (2023: 24%)	6,357,665	2,155,068
Tax effects of:		
- Investment income not subject to tax	(7,105,382)	(2,783,200)
- Expenses not deductible for tax purposes	250,413	222,406
- Restriction on tax deductible expenses for Unit Trust Funds	<u>497,304</u>	<u>405,726</u>
Taxation	<u><u>-</u></u>	<u><u>-</u></u>

**7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
At fair value through profit or loss:		
- Collective investment schemes	-	1,556,330
- Quoted securities	<u>141,145,527</u>	<u>97,729,089</u>
	<u><u>141,145,527</u></u>	<u><u>99,285,419</u></u>
Net gain on financial assets at fair value through profit or loss:		
- Realised gain on disposals	6,520,783	2,100,168
- Unrealised fair value gain	20,353,661	6,935,171
- Management fees rebate #	<u>5,652</u>	<u>1,963</u>
	<u><u>26,880,096</u></u>	<u><u>9,037,302</u></u>

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

For the financial year ended 31 December 2024 and 31 December 2023, the rebate is recognised at a rate of 0.5% for Islamic ASEAN Equity Fund, calculated and accrued daily based on the NAV of the collective investment scheme.

<b>Name of counter</b>	<b>Quantity Units</b>	<b>Aggregate cost RM</b>	<b>Market value RM</b>	<b>Percentage of NAV %</b>
<b>2024</b>				
<b>QUOTED SECURITIES</b>				
<b>Construction</b>				
Econpile Holdings Bhd	5,285,200	1,215,431	2,457,618	1.61
Gamuda Bhd	2,446,318	6,827,227	11,595,547	7.59
IJM Corp Bhd	1,512,200	2,908,353	4,597,088	3.01
Kerjaya Prospek Group Bhd	1,686,900	3,533,189	3,728,049	2.44
MGB Bhd	2,340,300	1,783,450	1,708,419	1.12
Southern Score Builders Bhd	<u>7,062,800</u>	<u>1,493,511</u>	<u>4,237,680</u>	<u>2.77</u>
	<u><u>20,333,718</u></u>	<u><u>17,761,161</u></u>	<u><u>28,324,401</u></u>	<u><u>18.54</u></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 %
<b>2024 (CONTINUED)</b>				
<b>QUOTED SECURITIES</b>				
<b>(CONTINUED)</b>				
<b>Consumer Products &amp; Service</b>				
99 Speed Mart Retail Holdings Bhd	726,500	1,412,867	1,794,455	1.17
Aeon Co. M Bhd	2,069,600	2,832,394	3,249,272	2.13
	<u>2,796,100</u>	<u>4,245,261</u>	<u>5,043,727</u>	<u>3.30</u>
<b>Energy</b>				
Dayang Enterprise Holding Bhd	896,600	1,493,232	1,873,894	1.23
Dialog Group Bhd	397,100	847,743	734,635	0.48
Keyfield International Bhd	1,199,800	2,115,651	2,615,564	1.71
Perdana Petroleum Bhd	8,004,110	2,803,030	2,001,028	1.31
Uzma Bhd	1,138,368	1,301,211	876,543	0.57
Wasco Bhd	2,626,200	3,238,630	2,678,724	1.75
Yinson Holdings Bhd - Warrant	4,395,000	2,032,758	1,911,825	1.25
	<u>18,657,178</u>	<u>13,832,255</u>	<u>12,692,213</u>	<u>8.31</u>
<b>Health Care</b>				
Hartalega Holding Bhd	1,531,200	4,758,635	6,048,240	3.96
Kossan Rubber Industries	2,175,600	5,363,869	6,156,948	4.03
Optimax Holdings Bhd	2,010,000	1,452,337	1,206,000	0.79
Top Glove Corporation Bhd	2,207,400	2,600,271	2,957,916	1.93
	<u>7,924,200</u>	<u>14,175,112</u>	<u>16,369,104</u>	<u>10.71</u>
<b>Industrial Products &amp; Service</b>				
Ancom Nylex Bhd	3,818,158	3,563,647	3,856,340	2.52
Binastra Corp Bhd	2,727,400	3,442,020	4,772,950	3.12
HSS Engineers Bhd	2,148,800	2,062,772	2,213,264	1.45
Kelington Group Bhd	1,433,800	1,943,123	5,118,666	3.35
Nationgate Holdings Bhd	1,805,600	2,588,954	4,568,168	2.99
P.I.E. Industrial Bhd	292,500	1,887,937	1,781,325	1.17
Samaiden Group Bhd	412,500	550,095	532,125	0.35
Solarvest Holdings Bhd	1,716,100	2,636,459	2,900,209	1.90
Sunway Bhd	470,400	1,621,274	2,253,216	1.48
TMK Chemical Bhd -IPO	550,000	962,500	1,028,500	0.67
	<u>15,375,258</u>	<u>21,258,781</u>	<u>29,024,763</u>	<u>19.00</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 %
<b>2024 (CONTINUED)</b>				
<b>QUOTED SECURITIES (CONTINUED)</b>				
<b>Plantation</b>				
Genting Plantations Bhd	113,300	688,441	668,470	0.44
Johor Plantations Group	2,940,400	2,738,173	3,969,540	2.60
Kuala Lumpur Kepong Bhd	4,500	96,187	98,100	0.06
Sarawak Oil Palms Bhd	554,000	1,755,592	1,761,720	1.15
SD Guthrie Bhd	612,800	2,953,187	3,033,360	1.99
	<u>4,225,000</u>	<u>8,231,580</u>	<u>9,531,190</u>	<u>6.24</u>
<b>Property</b>				
Eastern and Oriental Bhd	2,157,200	1,502,896	2,060,126	1.35
Iskandar Waterfront City Bhd	1,388,700	1,048,623	812,389	0.53
Malaysian Resources Corporation Bhd	5,801,900	3,390,313	3,045,998	1.99
SP Setia Bhd	3,619,000	5,102,064	5,283,740	3.46
UEM Sunrise Bhd	3,039,500	2,395,993	3,282,660	2.15
	<u>16,006,300</u>	<u>13,439,889</u>	<u>14,484,913</u>	<u>9.48</u>
<b>Technology</b>				
Cloudpoint Technology Bhd	3,649,700	3,399,315	3,430,718	2.25
Frontken Corp Bhd	672,000	2,834,388	2,997,120	1.96
Greatech Technology Bhd	330,100	825,073	762,531	0.50
IFCA MSC Bhd	5,027,600	3,907,389	3,293,078	2.16
Inari Amertron Bhd	988,200	3,249,056	3,023,892	1.98
ITMAX System Bhd	1,246,300	2,579,391	4,598,847	3.01
LGMS Bhd	1,630,400	1,972,432	2,038,000	1.32
SMRT Holdings Bhd	2,250,300	2,088,642	2,902,887	1.90
	<u>15,794,600</u>	<u>20,855,686</u>	<u>23,047,073</u>	<u>15.08</u>
<b>Utilities</b>				
YTL Corp Bhd	349,300	754,209	932,631	0.61
YTL Power International Bhd	383,600	1,379,034	1,695,512	1.11
	<u>732,900</u>	<u>2,133,243</u>	<u>2,628,143</u>	<u>1.72</u>
<b>TOTAL QUOTED SECURITIES</b>	<b><u>101,845,254</u></b>	<b><u>115,932,968</u></b>	<b><u>141,145,527</u></b>	<b><u>92.38</u></b>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>25,212,559</u></b>		

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 %
<b>2024 (CONTINUED)</b>				
<b>QUOTED SECURITIES (CONTINUED)</b>				
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>141,145,527</u></b>		
<b>2023</b>				
<b>COLLECTIVE INVESTMENT SCHEMES</b>				
<b>IRELAND</b>				
Islamic ASEAN Equity Fund	<u>33,177</u>	<u>1,559,837</u>	<u>1,556,330</u>	<u>1.40</u>
<b>TOTAL IRELAND</b>	<b><u>33,177</u></b>	<b><u>1,559,837</u></b>	<b><u>1,556,330</u></b>	<b><u>1.40</u></b>
<b>TOTAL COLLECTIVE INVESTMENT SCHEMES</b>	<b><u>33,177</u></b>	<b><u>1,559,837</u></b>	<b><u>1,556,330</u></b>	<b><u>1.40</u></b>
<b>ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>(3,507)</u></b>		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>1,556,330</u></b>		
<b>2023 (CONTINUED)</b>				
<b>QUOTED SECURITIES</b>				
<b>Construction</b>				
Econpile Holdings Bhd	6,055,500	1,235,674	1,846,928	1.66
Gamuda Bhd	592,229	2,512,985	2,718,331	2.44
IJM Corporation Bhd	1,121,600	1,963,208	2,108,608	1.89
Kerjaya Prospek Group Bhd	1,583,300	1,798,262	2,454,115	2.20
MGB Bhd	2,340,300	1,783,450	1,568,001	1.41
Southern Score Builders Bhd	8,064,400	1,612,880	1,733,846	1.56
Sunway Construction Group Bhd	<u>891,600</u>	<u>1,475,234</u>	<u>1,729,704</u>	<u>1.55</u>
	<u>20,648,929</u>	<u>12,381,693</u>	<u>14,159,533</u>	<u>12.71</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 %
<b>2023 (CONTINUED)</b>				
<b>QUOTED SECURITIES (CONTINUED)</b>				
<b>Consumer Products &amp; Services</b>				
Karex Bhd	2,907,000	2,015,745	2,122,110	1.90
Mr D.I.Y. Group (M) Bhd	648,800	981,664	940,760	0.84
	<u>3,555,800</u>	<u>2,997,409</u>	<u>3,062,870</u>	<u>2.74</u>
<b>Energy</b>				
Bumi Armada Bhd	5,313,100	2,518,750	2,629,984	2.36
Dayang Enterprise Holdings Bhd	1,481,700	2,207,008	2,370,720	2.13
Wasco Bhd	1,559,600	1,560,185	1,551,802	1.39
Yinson Holdings Bhd	869,720	1,997,222	2,174,300	1.95
Yinson Holdings Bhd - Warrants	3,516,400	1,691,968	1,547,216	1.39
	<u>12,740,520</u>	<u>9,975,133</u>	<u>10,274,022</u>	<u>9.22</u>
<b>Health Care</b>				
Hartalega Holdings Bhd	820,100	1,762,969	2,214,270	1.99
Optimax Holdings Bhd	2,010,000	1,452,337	1,256,250	1.13
Top Glove Corporation Bhd	263,700	197,670	237,330	0.21
	<u>3,093,800</u>	<u>3,412,976</u>	<u>3,707,850</u>	<u>3.33</u>
<b>Industrial Products &amp; Services</b>				
Ancom Nylex Bhd	3,210,600	2,896,177	3,627,978	3.25
Cape EMS Bhd	2,562,500	3,533,309	2,716,250	2.44
Hss Engineers Bhd	2,599,500	1,648,814	2,521,515	2.26
Kelington Group Bhd	1,280,500	988,480	2,778,685	2.49
Nationgate Holdings Bhd	2,344,700	2,912,996	3,540,497	3.18
Scicom (MSC) Bhd	1,858,800	2,154,350	2,063,268	1.85
Sunway Bhd – Warrants	3,818,900	2,167,366	2,596,852	2.33
	<u>17,675,500</u>	<u>16,301,492</u>	<u>19,845,045</u>	<u>17.80</u>
<b>Property</b>				
Eastern and Oriental Bhd	1,786,100	1,102,281	1,027,008	0.92
Iskandar Waterfront City Bhd	1,429,000	1,007,302	1,043,170	0.94
Sime Darby Property Bhd	1,676,900	1,105,748	1,048,063	0.94
Skyworld Development Bhd	797,700	590,138	438,735	0.39
SP Setia Bhd	1,060,300	953,846	848,240	0.76
UEM Sunrise Bhd	2,251,300	1,363,344	1,834,810	1.65
	<u>9,001,300</u>	<u>6,122,659</u>	<u>6,240,026</u>	<u>5.60</u>
<b>REITs</b>				
Pavilion REIT	2,245,000	2,742,904	2,716,450	2.44

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 %
<b>2023 (CONTINUED)</b>				
<b>QUOTED SECURITIES (CONTINUED)</b>				
<b>Technology</b>				
CTOS Digital Bhd	2,016,000	2,898,828	2,842,560	2.55
ECA Integrated Solution Bhd	2,491,000	2,258,239	1,257,955	1.13
Frontken Corporation Bhd	309,800	1,053,284	1,003,752	0.90
Genetec Technology Bhd	2,679,900	5,696,581	6,324,564	5.67
Inari Amertron Bhd	1,703,300	5,221,451	5,126,933	4.60
Infomina Bhd	467,400	678,332	780,558	0.70
ITMAX System Bhd	735,300	891,921	1,316,187	1.18
LGMS Bhd	1,721,800	2,028,722	1,584,056	1.42
My E.G Services Bhd	3,157,536	2,773,008	2,573,392	2.31
Oppstar Bhd	2,387,300	4,249,355	3,127,363	2.81
SMRT Holdings Bhd	2,085,700	1,935,518	2,231,699	2.00
	<u>19,755,036</u>	<u>29,685,239</u>	<u>28,169,019</u>	<u>25.27</u>
<b>Telecommunications &amp; Media</b>				
Astro Malaysia Holdings Bhd	5,974,800	4,096,655	2,360,046	2.12
<b>Transportation &amp; Logistics</b>				
Malaysia Airports Holdings Bhd	308,700	2,157,813	2,272,032	2.04
<b>Utilities</b>				
YTL Corporation Bhd	1,130,600	1,579,872	2,136,833	1.91
YTL Power International Bhd	1,096,600	1,412,839	2,785,363	2.49
	<u>2,227,200</u>	<u>2,992,711</u>	<u>4,922,196</u>	<u>4.40</u>
<b>TOTAL QUOTED SECURITIES</b>	<b><u>97,226,585</u></b>	<b><u>92,866,684</u></b>	<b><u>97,729,089</u></b>	<b><u>87.67</u></b>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>4,862,405</u></b>		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>97,729,089</u></b>		



8. CASH AND CASH EQUIVALENTS

	2024 RM	2023 RM
Deposits with licensed financial institutions	17,172,552	12,122,188
Bank balance	1,659,133	106,677
	<u>18,831,685</u>	<u>12,228,865</u>

9. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

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

	2024 RM	2023 RM
Unit holders' contributions **	5,334,477	(9,496,014)
Retained earnings	147,456,492	120,966,222
	<u>152,790,969</u>	<u>111,470,208</u>

	Unit holders' contributions ** RM	Retained earnings RM	Total RM
<b>Balance as at 1 January 2024</b>	(9,496,014)	120,966,222	111,470,208
Movements in unit holders' contributions:			
- Creation of units from applications	71,316,838	-	71,316,838
- Cancellation of units	(56,486,347)	-	(56,486,347)
Total comprehensive income for the financial year	-	26,490,270	26,490,270
<b>Balance at 31 December 2024</b>	<u>5,334,477</u>	<u>147,456,492</u>	<u>152,790,969</u>
<b>Balance as at 1 January 2023</b>	(5,619,269)	111,986,774	106,367,505
Movements in unit holders' contributions:			
- Creation of units from applications	30,203,174	-	30,203,174
- Cancellation of units	(34,079,919)	-	(34,079,919)
Total comprehensive income for the financial year	-	8,979,448	8,979,448
<b>Balance at 31 December 2023</b>	<u>(9,496,014)</u>	<u>120,966,222</u>	<u>111,470,208</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)**

	<b>2024</b> <b>No. of units</b>	<b>2023</b> <b>No. of units</b>
At the beginning of the financial year	188,143,303	195,751,505
Add : Creation of units from applications	96,615,036	52,370,917
Less: Cancellation of units	(78,708,602)	(59,979,119)
At the end of the financial year	206,049,737	188,143,303

**11. TOTAL EXPENSE RATIO (“TER”)**

	<b>2024</b> <b>%</b>	<b>2023</b> <b>%</b>
TER	1.57	1.59

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 fee and custodian fee
C	=	Audit fee
D	=	Tax agent’s fee
E	=	Other expenses excluding transaction costs 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 is RM136,986,652 (2023: RM111,785,966).

**12. PORTFOLIO TURNOVER RATIO (“PTR”)**

	<b>2024</b>	<b>2023</b>
PTR (times)	0.99	1.02

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	=	RM142,485,582 (2023: RM115,850,281)
total disposal for the financial year	=	RM127,487,025 (2023: RM111,830,430)

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

<u>Related parties</u>	<u>Relationship</u>
Principal Asset Management Berhad	The Manager
Principal Financial Group, Inc.	Ultimate holding company of shareholder of the Manager
Principal International (Asia) Ltd	Shareholder of the Manager

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

<u>Related parties</u>	<u>Relationship</u>
Principal Islamic Asset Management (Ireland) Plc	Fellow related party to 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 Bank Bhd	Fellow related party to Manager
CIMB Islamic Bank Bhd	Fellow related party to Manager
CGS-CIMB Securities Sdn Bhd	Fellow related party to Manager
Subsidiaries and associates of CIMB Group Holdings Berhad, other than above, as disclosed in its financial statements	Fellow subsidiary and associated companies of the ultimate holding company of shareholder of the Manager

Units held by the Manager and parties related to the Manager

<b>Manager</b>	<b>2024</b>		<b>2023</b>	
	<b>No. of units</b>	<b>RM</b>	<b>No. of units</b>	<b>RM</b>
Principal Asset Management Berhad	1,300	964	1,473	873

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.

	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
<u>Significant related party transactions</u>		
Interest income from deposits with licensed financial institutions:		
- CIMB Bank Bhd	<u>25,842</u>	<u>12,634</u>
Management fee rebate:		
- Principal Islamic Asset Management (Ireland) PLC	<u>2,825</u>	<u>1,963</u>

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

	2024 RM	2023 RM
<u>Significant related party balances</u>		
Amount due from Manager of collective investment scheme - management fee rebate:		
- Principal Islamic Asset Management (Ireland) PLC	<u>3,786</u>	<u>1,430</u>
Collective investment scheme managed by Principal Islamic Asset Management (Ireland) Plc:		
- Islamic ASEAN Equity Fund	<u>-</u>	<u>1,556,330</u>

14. TRANSACTIONS WITH BROKERS

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

Brokers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Maybank Investment Bank Bhd	48,489,498	17.96	116,552	18.46
RHB Investment Bank Bhd	36,653,177	13.58	76,903	12.18
Nomura Securities Malaysia Sdn Bhd	34,186,258	12.66	76,382	12.10
Affin Hwang Investment Bank Bhd	33,785,502	12.51	73,345	11.62
Macquarie Capital Sec (M) Sdn Bhd	28,377,349	10.51	63,412	10.04
CLSA Securities M Sdn Bhd	21,872,984	8.10	53,436	8.46
CGS International Securities Malaysia Sdn Bhd	16,901,261	6.26	38,508	6.10
J.P. Morgan Sec (M) Sdn Bhd	13,060,838	4.84	24,768	3.92
KAF Equities Sdn Bhd	8,647,421	3.20	28,394	4.50
UBS Securities M Sdn Bhd	6,466,135	2.40	14,561	2.31
Others #	<u>21,532,184</u>	<u>7.98</u>	<u>65,167</u>	<u>10.31</u>
	<u>269,972,607</u>	<u>100.00</u>	<u>631,428</u>	<u>100.00</u>

14. TRANSACTIONS WITH BROKERS (CONTINUED)

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

Brokers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
JP Morgan Securities (Malaysia) Sdn Bhd	36,819,949	16.18	74,593	15.18
CLSA Securities (M) Sdn Bhd	30,933,652	13.59	67,285	13.69
UBS Securities (M) Sdn Bhd	28,703,746	12.61	61,563	12.53
RHB Investment Bank Bhd	23,730,912	10.43	55,467	11.29
CGS-CIMB Securities Sdn Bhd #	23,112,820	10.16	48,347	9.84
Maybank Investment Bank Bhd	20,492,988	9.00	45,113	9.18
Macquarie Capital Securities (M) Sdn Bhd	19,067,289	8.38	41,058	8.36
Affin Hwang Investment Bank Bhd	11,377,692	5.00	27,464	5.59
KAF Equities Sdn Bhd	11,157,340	4.90	23,496	4.78
Hong Leong Investment Bank Bhd	9,149,528	4.02	21,078	4.29
Others #	13,035,914	5.73	25,864	5.27
	<u>227,581,830</u>	<u>100.00</u>	<u>491,328</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 RM6,437,763 (2023: RM23,112,820). The Manager is of the opinion that all transactions with the related company have been entered into in the normal course of business at agreed terms between the related parties.

15. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 14 February 2025.

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