

Principal Small Cap Opportunities Fund

Unaudited Semi-Annual Report

For The Six Months Financial Period Ended 30 June 2024

PRINCIPAL SMALL CAP OPPORTUNITIES FUND

UNAUDITED SEMI-ANNUAL REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 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 unaudited Semi-Annual Fund Report of the Principal Small Cap Opportunities Fund for the financial period ended 30 June 2024. You may also download this report from our website at www.principal.com.my.

We are proud to announce that Principal Malaysia has received numerous accolades in 2024. At the Asia Asset Management 2024 Best of the Best Awards, we won the Best of the Best Performance Award: China A-Share Equity (3 years) and 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 we were recognized as Asset Management Company of the Year Malaysia. We also 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). At the Triple A Sustainable Investing Awards 2024, we secured the Asset Management Company of the Year (Malaysia) award. The World Business Outlook magazine awarded us 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, and ten at the FSMOne Recommended Funds 2023/2024.

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

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

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

MUNIRAH KHAIRUDDIN

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 Fund aim 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 period under review, the Fund registered a gain of 24.32% while the benchmark registered a gain of 17.96%. 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 on Unit Trust Funds ("GUTF") issued by the Securities Commission Malaysia ("SC"). 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 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 smaller companies* that are listed in any Eligible Markets globally with some operations or businesses in Malaysia to capture growth opportunities.

**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 30 June 2024?

RM140.11 (190.19 million units)

What is the Fund's benchmark?

FTSE Bursa Malaysia Small Cap ("FBMSCAP") 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.

What was the net income distribution for the six months financial period ended 30 June 2024?

There was no distribution made for the six months financial period ended 30 June 2024.

PERFORMANCE DATA

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

	30.06.2024	30.06.2023	30.06.2022
	%	%	%
Quoted securities			
- Construction	18.71	11.57	6.73
- Consumer	0.56		
- Consumer Products & Services	3.18	8.16	11.44
- Energy	13.27	9.37	8.42
- Health Care	4.60	1.30	3.85
- Industrial Products & Services	17.71	20.65	20.95
- Plantation	1.78	-	3.22
- Property	8.43	1.11	3.65
- Real Estate Investment Trusts ("REITs")	-	5.10	2.28
- Technology	18.25	20.72	26.48
- Telecommunications & Media	1.16	5.78	-
- Transportation & Logistics	2.18	3.63	0.50
- Utilities	3.63	3.27	0.02
Cash and other assets	7.35	9.63	12.63
Liabilities	(0.82)	(0.29)	(0.17)
	<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:

	30.06.2024	30.06.2023	30.06.2022
NAV (RM Million)	140.11	108.96	98.67
Units in circulation (Million)	190.19	198.31	192.95
NAV per unit (RM)	0.7367	0.5494	0.5113
	01.01.2024 to 30.06.2024	01.01.2023 to 30.06.2023	01.01.2022 to 30.06.2022
Highest NAV per unit (RM)	0.7706	0.5904	0.6347
Lowest NAV per unit (RM)	0.5937	0.5457	0.5069
Total return (%)	24.32	1.10	(18.37)
- Capital growth (%)	24.32	1.10	(18.37)
- Income distribution (%)	-	-	-
Total Expense Ratio ("TER") (%) ^	0.78	0.79	0.79
Portfolio Turnover Ratio ("PTR") (times) #	0.58	0.66	0.31

^ The Fund's TER decreased from 0.78% to 0.79% due to decrease in average NAV during the financial period under review.

The Fund's PTR decreased from 0.66 times to 0.58 times for the financial period under review due to increased trading activities.

PERFORMANCE DATA (CONTINUED)

	30.06.2024	30.06.2023	30.06.2022	30.06.2021	30.06.2020
	%	%	%	%	%
Annual total return	34.07	7.45	(13.94)	39.89	(7.47)

(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 period have been extracted from Lipper.

MARKET REVIEW (1 JANUARY 2024 TO 30 JUNE 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 Federal Reserve (the "Fed's") communication on interest rates given the recent cooling inflation and economic data out of the United States ("US"). The weaker United States Dollar ("USD") and lower treasury yield that ensued favored Emerging Market ("EM"). Energy, Construction and Property did well, while Tech languished despite the sentiment on Fed rates.

In February 2024, the Index climbed 0.4% m-o-m. This was despite the stronger dollar following stronger-than-expected inflation and economic data out of the United States ("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 Feb 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 Technology 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.

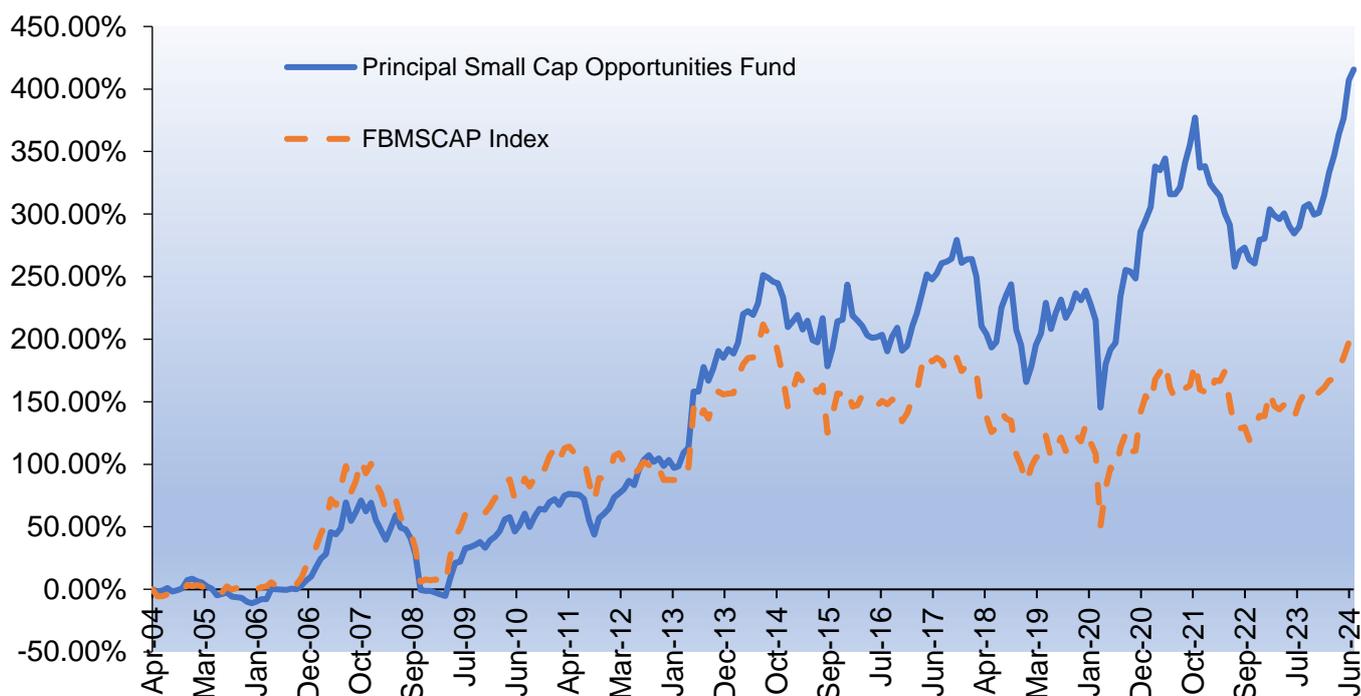
FUND PERFORMANCE

	6 months	1 year	3 years	5 years	Since
	to 30.06.2024	to 30.06.2024	to 30.06.2024	to 30.06.2024	inception to
	%	%	%	%	30.06.2024
	%	%	%	%	%
Income					
Distribution	-	-	-	-	-
Capital Growth	24.32	34.07	23.99	60.49	415.62
Total Return	24.32	34.07	23.99	60.49	415.62
Benchmark	17.96	29.89	25.07	48.43	208.23
Average Total					
Return	54.74	34.07	7.42	9.91	8.45

For the financial period under review, the Fund's return rose by 24.32%, while the benchmark rose by 17.96%. As such, the Fund outperformed its benchmark by 6.36 percentage points.

FUND PERFORMANCE (CONTINUED)

Since Inception



Changes in NAV

	30.06.2024	31.12.2023 Audited	Changes %
NAV (RM Million)	140.11	111.47	25.69
NAV/Unit (RM)	0.7367	0.5924	24.36

The Fund's NAV increased by 25.69% due to injection and positive investment performance. The NAV per unit increased by 24.36% due to positive 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)	30.06.2024	31.12.2023 Audited
Collective investment scheme	-	1.40
Quoted securities	93.47	87.67
Cash and other assets	7.35	11.12
Liabilities	(0.82)	(0.19)
TOTAL	100.00	100.00

Asset allocation into equities increased from 87.67% as at 31 December 2023 to 93.47% as at 30 June 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 reflected stable conditions in June, with the Purchasing Manager's Index ("PMI") reading at 49.9 points ("pts") vs 50.2pts in May 2024. S&P Global saw further expansion in total new orders and exports, while staffing levels were unchanged. There was also stability in input cost inflation and firms raised prices at an accelerated pace. Firms remained cautious and scaled back purchases as well as inventories, and business confidence waned further. That said, the latest PMI data supports an acceleration in Gross Domestic Product ("GDP") growth into second quarter of 2024 ("2Q24"). To recap, Bank Negara Malaysia ("BNM") projects GDP to grow 4-5% in 2024, from an estimate of 3.8% in 2023, and 4.2% in first quarter of 2024 ("1Q24").

We expect BNM to maintain Overnight Policy Rate ("OPR") at 3.00% for the rest of the year given muted inflation and modest economic growth. Inflation was at 2% in May 2024, an uptick from April 2024. There appears to be sufficient headroom to central bank's latest 2.0-3.5% Consumer Price Index ("CPI") forecast for 2024 with the impending subsidy rationalization plans.

Malaysia's equity market valuation remains extremely compressed, trading at a forward Price to Earnings ("PE") of 13.9 times which is around 1SD below the historical mean. This is based on consensus earnings growth of 10% for both 2024 and 2025 (post inclusion of Sunway into FBM30; +9% growth for 2025 in May). Sustained strength in domestic investments (both Direct investment ("DDI") and Foreign Direct Investment ("FDI")), fiscal consolidation gathering pace (in particular subsidy rationalisation initiatives) and the stabilisation of the Ringgit/Malaysia ("RM/MYR") are factors we see supportive of narrowing risk premiums (current yield gap at ~330 basis points ("bps")) and higher valuation multiples.

* 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

Following a strong first half of 2024 ("1H24"), we continue to take profit to lock in our gains and performances. We have also redeployed the cash into laggards and focus on companies with firm fundamentals with good cash flows generation. Overall, we are still positive on the market. We believe key themes such as National Energy Transition Roadmap ("NETR") will continue to drive the market. We stay overweight in Utilities, Construction, Property and selective Oil & Gas. Additionally, we remain optimistic on selective Financials as we expect positive momentum to persist. Key risks are the derailment of Malaysia's macroeconomic recovery and corporate earnings growth due to the larger-than-expected impact of rising inflation, slower global economic growth, and heightened geopolitical risk.

SOFT COMMISSIONS AND REBATES

Principal Malaysia (the "Manager") and the Trustees 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.

SOFT COMMISSIONS AND REBATES (CONTINUED)

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

SECURITIES FINANCING TRANSACTIONS

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

STATE OF AFFAIR OF THE FUND

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

CIRCUMSTANCES THAT MATERIALLY AFFECT ANY INTEREST OF UNIT HOLDERS

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

CROSS TRADE

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

UNIT SPLIT

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

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
PRINCIPAL 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 unaudited financial statements set out on pages 7 to 26 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 2024 and of its financial performance, changes in net assets attributable to unit holders and cash flows for the financial period then ended in accordance with the 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,
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
16 August 2024

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 period ended 30 June 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquires, Principal Asset Management Berhad has operated and managed the Fund during the period covered by these financial statements in accordance with the following:

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

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat
Manager, Investment Compliance Monitoring

Kuala Lumpur
16 August 2024

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2024**

	Note	01.01.2024 to 30.06.2024 RM	01.01.2023 to 30.06.2023 RM
INCOME/(LOSS)			
Dividend income		968,612	1,370,459
Interest income from deposits with licensed financial institutions and current account at amortised cost		202,375	220,398
Net gain on financial assets at fair value through profit or loss	7	27,029,978	661,708
Net foreign exchange loss		(19,817)	-
		<u>28,181,148</u>	<u>2,252,565</u>
EXPENSES			
Management fee	4	931,983	849,793
Trustee fee	5	27,959	39,657
Transaction costs		505,831	530,244
Audit fee		4,597	4,661
Tax agent's fee		1,956	2,000
Other expenses		25,388	24,278
		<u>1,497,714</u>	<u>1,450,633</u>
PROFIT BEFORE TAXATION		26,683,434	801,932
Taxation	6	-	-
PROFIT AFTER TAXATION REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		<u>26,683,434</u>	<u>801,932</u>
Profit after taxation is made up as follows:			
Realised amount		6,534,684	(858,896)
Unrealised amount		20,148,750	1,660,828
		<u>26,683,434</u>	<u>801,932</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 2024

		30.06.2024	31.12.2023
	Note	RM	Audited RM
ASSETS			
Cash and cash equivalents	8	8,633,143	12,228,865
Financial assets at fair value through profit or loss	7	130,969,111	99,285,419
Amount due from Manager		1,441,754	76,010
Amount due from Manager of collective investment scheme - management fee rebate		3,786	1,430
Dividend receivables		218,574	83,674
TOTAL ASSETS		<u>141,266,368</u>	<u>111,675,398</u>
LIABILITIES			
Amount due to stockbrokers		787,856	-
Amount due to Manager		173,990	42,465
Accrued management fee		170,284	139,733
Amount due to Trustee		5,109	4,192
Other payables and accruals		15,953	18,800
TOTAL LIABILITIES		<u>1,153,192</u>	<u>205,190</u>
NET ASSET VALUE OF THE FUND		<u>140,113,176</u>	<u>111,470,208</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	10	<u>140,113,176</u>	<u>111,470,208</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	9	<u>190,187,037</u>	<u>188,143,303</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.7367</u>	<u>0.5924</u>

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

UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2024

	Note	01.01.2024 to 30.06.2024 RM	01.01.2023 to 30.06.2023 RM
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD		<u>111,470,208</u>	<u>106,367,505</u>
Movement due to units created and cancelled during the financial period:			
- Creation of units from applications		20,924,466	19,146,811
- Cancellation of units		<u>(18,964,932)</u>	<u>(17,351,969)</u>
		<u>1,959,534</u>	<u>1,794,842</u>
Total comprehensive income for the financial period		<u>26,683,434</u>	<u>801,932</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL PERIOD	10	<u><u>140,113,176</u></u>	<u><u>108,964,279</u></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 2024**

	01.01.2024 to 30.06.2024	01.01.2023 to 30.06.2023
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of quoted securities	68,750,959	64,514,487
Purchase of Collective investment schemes	1,536,005	-
Purchase of quoted securities	(74,688,137)	(81,017,176)
Dividend income received	825,939	1,352,947
Interest income received from deposits with licensed financial institutions and current account	202,375	220,398
Management fee paid	(901,432)	(847,242)
Management fee rebate	3,296	
Trustee fee paid	(27,042)	(39,538)
Payment of other fees and expenses	(27,015)	(21,690)
Net cash used in operating activities	<u>(4,325,052)</u>	<u>(15,837,814)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	19,558,722	19,219,089
Payments for cancellation of units	(18,833,406)	(17,324,591)
Net cash generated from financing activities	<u>725,316</u>	<u>1,894,498</u>
Net decrease in cash and cash equivalents	(3,599,736)	(13,943,316)
Effects of foreign exchange differences	4,014	-
Cash and cash equivalents at the beginning of financial period	<u>12,228,865</u>	<u>20,078,721</u>
Cash and cash equivalents at the end of financial period	<u><u>8,633,143</u></u>	<u><u>6,135,405</u></u>
<u>Cash and cash equivalents comprised of:</u>		
Bank balances	1,612,234	83,899
Deposits with licensed financial institutions	<u>7,020,909</u>	<u>6,051,506</u>
Cash and cash equivalents at the end of the financial period	<u><u>8,633,143</u></u>	<u><u>6,135,405</u></u>

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 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 the Guidelines on Unit Trust Funds (“GUTF”) issued by the Securities Commission Malaysia (“SC”). 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 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 smaller companies* that are listed in any Eligible Markets globally with some operations or businesses in Malaysia to capture growth opportunities.

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 POLICIES

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

(a) Basis of preparation

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**(a) Basis of preparation (continued)**

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 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 periods 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 period beginning on/after 1 July 2024 are applicable to the Fund.

(b) Financial assets and financial liabilitiesClassification

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 Manager of collective investment scheme - management fee rebate and dividend receivables as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

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

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Fund commits to purchase or sell the asset. 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.

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

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 basis 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 subsequently carried at amortised cost using the effective interest method.

Impairment for assets carried at amortised costs

The Fund measures credit risk and expected credit losses ("ECL") using probability of default, exposure at default and loss given default. The Manager considers both historical analysis and forward looking information in determining any ECL. The Manager 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.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**(b) Financial assets and financial liabilities (continued)**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) 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 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 MYR, which is the Fund's functional and presentation currency.

(e) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balances and deposits with licensed financial institutions 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.

(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 period.

(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.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Amount due from/to stockbrokers

Amounts due from/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.

(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.

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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

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 and interest rate risk), credit risk and liquidity risk.

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

(a) Market risk

(i) Price risk

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

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

(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 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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(b) Credit risk (continued)**

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.

(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 and other instruments which are capable of being converted into cash within 7 business days. Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector and other factors. For the purpose of the Fund, the Manager will attempt to balance the entire portfolio by investing in a mix of assets with satisfactory trading volume and those that occasionally could encounter poor liquidity. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

(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) is based on quoted market prices at the close of trading on the financial period end date. The Fund utilises the last traded market price for financial assets where the last traded market 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. 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
30.06.2024				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>130,969,111</u>	<u>-</u>	<u>-</u>	<u>130,969,111</u>
31.12.2023				
Audited				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	1,556,330	-	-	1,556,330
- Quoted securities	<u>97,729,089</u>	<u>-</u>	<u>-</u>	<u>97,729,089</u>
	<u>99,285,419</u>	<u>-</u>	<u>-</u>	<u>99,285,419</u>

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

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 stockbrokers, 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 the Deeds, the Manager is entitled to a maximum management fee of 1.50% per annum, calculated daily based on the NAV of the Fund.

For the six months financial period ended 30 June 2024, the management fee was recognised at a rate of 1.50% per annum (30.06.2023: 1.50% per annum).

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

5. TRUSTEE FEE

In accordance with 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 fee includes the local custodian fee but excludes the foreign sub-custodian fee (if any).

For the six months financial period ended 30 June 2024, the Trustee fee was recognised at a rate of 0.045% per annum (30.06.2023: 0.07% per annum).

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

6. TAXATION

	01.01.2024 to 30.06.2024 RM	01.01.2023 to 30.06.2023 RM
Tax charged for the financial period:		
- Current taxation	-	-

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

	01.01.2024 to 30.06.2024 RM	01.01.2023 to 30.06.2023 RM
Profit before taxation	26,683,434	801,932
Taxation at Malaysian statutory rate of 24% (2023: 24%)	6,404,024	192,464
Tax effects of:		
- Investment income not subject to tax	(6,763,475)	(540,617)

6. TAXATION (CONTINUED)

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

	01.01.2024 to 30.06.2024	01.01.2023 to 30.06.2023
	RM	RM
- Expenses not deductible for tax purposes	133,753	142,262
- Restriction on tax deductible expenses for Unit Trust Funds	225,698	205,891
Taxation	<u>-</u>	<u>-</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.06.2024	31.12.2023 Audited
	RM	RM
At fair value through profit or loss:		
- Collective investment schemes	-	1,556,330
- Quoted securities	130,969,111	97,729,089
	<u>130,969,111</u>	<u>99,285,419</u>

	01.01.2024 to 30.06.2024	01.01.2023 to 30.06.2023
	RM	RM
Net gain on financial assets at fair value through profit or loss:		
- Realised gain/(loss) on disposals	6,839,613	(999,123)
- Unrealised fair value gain	20,184,703	1,660,831
- Management fee rebate	5,652	-
	<u>27,029,978</u>	<u>661,708</u>

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2024				
QUOTED SECURITIES				
Construction				
Econpile Holdings Bhd	5,140,900	1,149,053	2,339,110	1.67
Gamuda Bhd	1,260,098	6,416,086	8,291,445	5.92
IJM Corp Bhd	1,667,700	3,171,007	5,086,485	3.63
MGB Bhd	2,340,300	1,783,450	1,837,136	1.31
Southern Score Builders Bhd	8,064,400	1,612,880	5,040,250	3.60
Sunway Construction Group Bhd	956,400	2,150,227	3,624,756	2.59
	<u>19,429,798</u>	<u>16,282,703</u>	<u>26,219,182</u>	<u>18.71</u>
Consumer				
Johor Plantations Group	632,900	531,636	531,636	0.38

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 %
30.06.20234 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
Consumer (continued)				
Well Chip Group Bhd	222,800	256,220	256,220	0.18
	<u>855,700</u>	<u>787,856</u>	<u>787,856</u>	<u>0.56</u>
Consumer Products & Services				
RGB International Bhd	9,469,400	3,713,459	4,450,618	3.18
Energy				
Dayang Enterprise Holding Bhd	1,523,200	2,536,798	4,006,016	2.86
Dialog Group Bhd	1,602,000	3,420,004	3,828,780	2.73
Keyfield International Bhd	1,730,200	3,050,924	4,152,480	2.96
Perdana Petroleum Bhd	9,707,410	3,399,523	3,834,427	2.74
Uzma Bhd	1,247,600	1,527,596	1,422,264	1.02
Yinson Holdings Bhd - Warrant	3,516,400	1,691,968	1,353,814	0.97
	<u>19,326,810</u>	<u>15,626,813</u>	<u>18,597,781</u>	<u>13.27</u>
Health Care				
Hartalega Holding Bhd	732,900	1,575,515	2,403,912	1.72
Kossan Rubber Industries	536,100	1,124,223	1,259,835	0.90
Optimax Holdings Bhd	2,010,000	1,452,337	1,366,800	0.98
Top Glove Corp Bhd	1,288,200	1,371,675	1,417,020	1.01
	<u>4,567,200</u>	<u>5,523,750</u>	<u>6,447,567</u>	<u>4.60</u>
Industrial Products & Services				
Ancom Nylex Bhd	3,195,106	2,940,126	3,482,666	2.49
HSS Engineers Bhd	1,919,500	1,813,062	1,833,122	1.31
Kelington Group Bhd	1,280,500	988,480	4,379,310	3.13
Nationgate Holdings Bhd	2,344,700	2,912,996	4,290,801	3.06
P.I.E. Industrial Bhd	404,500	2,610,840	2,532,170	1.81
Samaiden Group Bhd	642,500	859,745	828,825	0.59
SKP Resources Bhd	864,500	1,020,110	994,175	0.71
Solarvest Bhd	1,516,100	2,320,459	2,395,438	1.71
Sunway Bhd	942,200	2,943,695	3,401,342	2.43
V.S. Industry	529,100	613,756	671,957	0.48
	<u>13,638,706</u>	<u>19,023,269</u>	<u>24,809,806</u>	<u>17.71</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 %
30.06.2024 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
Plantation				
Genting Plantations Bhd	416,500	2,530,764	2,499,000	1.78
Property				
Eastern and Oriental Bhd	2,443,800	1,702,567	2,407,143	1.72
IOI Properties Group Bhd	436,400	1,091,000	964,444	0.69
Iskandar Waterfront City Bhd	2,233,900	1,686,843	1,664,256	1.19
Malaysian Resources Corp Bhd	2,396,000	1,401,184	1,449,580	1.03
SP Setia Bhd	2,127,100	3,008,894	2,935,398	2.10
UEM Sunrise Bhd	2,219,800	1,525,370	2,397,384	1.71
	11,857,000	10,415,858	11,818,205	8.43
Technology				
Cape EMS Bhd	4,689,600	5,408,991	4,384,776	3.13
Frontken Corp Bhd	174,300	593,431	777,378	0.55
Genetec Technology Bhd	1,923,800	4,089,362	4,309,312	3.08
Gretec Technology Bhd	379,200	1,877,695	1,990,800	1.42
Inari Amertron Bhd	747,900	2,763,211	2,767,230	1.97
ITMAX System Bhd	1,533,700	3,174,205	3,926,272	2.80
LGMS Bhd	1,848,000	2,235,682	2,531,760	1.81
Oppstar Bhd	1,865,700	3,320,916	2,462,724	1.76
SMRT Holdings Bhd	2,560,500	2,376,558	2,419,673	1.73
	15,722,700	25,840,051	25,569,925	18.25
Telecommunications/ Media				
Astro Malaysia Holding Bhd	482,000	759,226	365,409	0.26
Axiata Group Bhd	1,107,300	1,255,533	1,258,020	0.90
	1,589,300	2,014,759	1,623,429	1.16
Transportation/Logistics				
Malaysia Airports Holding Bhd	308,700	2,157,813	3,056,130	2.18
Utilities				
YTL Corp Bhd	834,400	1,355,712	2,878,680	2.05
YTL Power International Bhd	458,700	652,695	2,210,934	1.58
	1,293,100	2,008,407	5,089,614	3.63

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 %
30.06.2024				
(CONTINUED)				
QUOTED SECURITIES				
(CONTINUED)				
TOTAL QUOTED SECURITIES	<u>98,474,914</u>	105,925,502	<u>130,969,113</u>	<u>93.47</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>25,043,611</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>130,969,113</u>		
31.12.2023				
Audited				
COLLECTIVE INVESTMENT SCHEMES				
IRELAND				
Islamic ASEAN Equity Fund	<u>33,177</u>	<u>1,559,837</u>	<u>1,556,330</u>	<u>1.40</u>
TOTAL IRELAND	<u>33,177</u>	<u>1,559,837</u>	<u>1,556,330</u>	<u>1.40</u>
TOTAL COLLECTIVE INVESTMENT SCHEMES	<u>33,177</u>	1,559,837	<u>1,556,330</u>	<u>1.40</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>(3,507)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>1,556,330</u>		
QUOTED SECURITIES				
Construction				
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

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 %
31.12.2023				
Audited (CONTINUED)				
QUOTED SECURITIES				
(CONTINUED)				
Construction (continued)				
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	891,600	1,475,234	1,729,704	1.55
	<u>20,648,929</u>	<u>12,381,693</u>	<u>14,159,533</u>	<u>12.71</u>
Consumer Products & Services				
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>
Energy				
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>
Health Care				
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>
Industrial Products & Services				
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>
Property				
Eastern and Oriental Bhd	1,786,100	1,102,281	1,027,008	0.92

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 %
31.12.2023				
Audited (CONTINUED)				
QUOTED SECURITIES				
(CONTINUED)				
Property				
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>
REITs				
Pavilion REIT	<u>2,245,000</u>	<u>2,742,904</u>	<u>2,716,450</u>	<u>2.44</u>
Technology				
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>
Telecommunications & Media				
Astro Malaysia Holdings Bhd	<u>5,974,800</u>	<u>4,096,655</u>	<u>2,360,046</u>	<u>2.12</u>
Transportation & Logistics				
Malaysia Airports Holdings Bhd	<u>308,700</u>	<u>2,157,813</u>	<u>2,272,032</u>	<u>2.04</u>
Utilities				
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>

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 %
31.12.2023				
Audited (CONTINUED)				
QUOTED SECURITIES				
(CONTINUED)				
TOTAL QUOTED SECURITIES	<u>97,226,585</u>	92,866,684	<u>97,729,089</u>	<u>87.67</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>4,862,405</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>97,729,089</u>		

8. CASH AND CASH EQUIVALENTS

	30.06.2024	31.12.2023
	RM	Audited RM
Bank balance	1,612,234	106,677
Deposits with licensed financial institutions	7,020,909	12,122,188
	<u>8,633,143</u>	<u>12,228,865</u>

9. NUMBER OF UNITS IN CIRCULATION (UNITS)

	01.01.2024 to 30.06.2024	01.01.2023 to 31.12.2023
	No. of units	Audited No. of units
At the beginning of the financial period/ year	188,143,303	195,751,505
Add: Creation of units from applications	29,894,903	52,370,917
Less: Cancellation of units	(27,851,169)	(59,979,119)
At the end of the financial period/year	<u>190,187,037</u>	<u>188,143,303</u>

10. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

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

	30.06.2024	31.12.2023
	RM	Audited RM
Unit holders' contributions	(7,536,480)	(9,496,014)
Retained earnings	147,649,656	120,966,222
	<u>140,113,176</u>	<u>111,470,208</u>

10. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS (CONTINUED)

** 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.

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

	Unit holders' contributions RM	Retained earnings RM	Total RM
Balance as at 1 January 2024	(9,496,014)	120,966,222	111,470,208
Movement in unit holders' contributions:			
- Creation of units from Applications	20,924,466	-	20,924,466
- Cancellation of units	(18,964,932)	-	(18,964,932)
Total comprehensive income for the financial period	-	26,683,434	26,683,434
Balance as at 30 June 2024	<u>(7,536,480)</u>	<u>147,649,656</u>	<u>140,113,176</u>
Balance as at 1 January 2023	(5,619,269)	111,986,774	106,367,505
Movement in unit holders' contributions:			
- Creation of units from Applications	19,146,811	-	19,146,811
- Cancellation of units	(17,351,969)	-	(17,351,969)
Total comprehensive loss for the financial period	-	801,932	801,932
Balance as at 30 June 2023	<u>(3,824,427)</u>	<u>112,788,706</u>	<u>108,964,279</u>

11. TOTAL EXPENSE RATIO ("TER")

	01.01.2024 to 30.06.2024 %	01.01.2023 to 30.06.2023 %
TER	<u>0.78</u>	<u>0.79</u>

TER is derived from the following calculation:

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

A = Management fee

B = Trustee fee

C = Audit fee

D = Tax agent's fee

E = Other expenses excluding Central Depository System ("CDS") transfer fee and withholding tax

F = Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the six months financial period calculated on a daily basis was RM124,840,351 (30.06.2023: RM114,278,651).

12. PORTFOLIO TURNOVER RATIO (“PTR”)

	01.01.2024 to 30.06.2024	01.01.2023 to 30.06.2023
PTR (times)	<u>0,58</u>	<u>0.66</u>

PTR was derived from 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 = RM75,202,154 (30.06.2023: RM80,836,940)

total disposal for the financial period = RM70,522,767 (30.06.2023: RM68,942,358)

13. 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
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 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

Units held by the Manager and parties related to the Manager

	30.06.2024		31.12.2023 Audited	
	No. of units	RM	No. of units	RM
Manager				
Principal Asset Management Berhad	<u>2,351</u>	<u>1,732</u>	<u>1,473</u>	<u>873</u>

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

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.

	01.01.2024 to 30.06.2024	01.01.2023 to 30.06.2023
	RM	RM
<u>Significant related party transactions</u>		
Interest income from deposits with licensed financial institution:		
- CIMB Bank Bhd	<u>12,981</u>	<u>-</u>

14. TRANSACTIONS WITH BROKERS

Details of transactions with the top 10 brokers for the six months financial period ended 30 June 2024 were as follows:

Brokers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Maybank Investment Bank Bhd	20,630,097	14.16	40,672	12.00
Affin Hwang Investment Bank Bhd	19,605,835	13.46	43,446	12.82
RHB Investment Bank Bhd	19,146,319	13.15	43,121	12.72
Nomura Securities Malaysia Sdn Bhd	18,334,413	12.59	40,699	12.01
Macquarie Capital Securities (M) Sdn Bhd	17,751,889	12.19	39,470	11.64
CLSA Securities (M) Sdn Bhd	15,431,293	10.60	38,942	11.49
CGS-CIMB Securities Sdn Bhd #	6,437,763	4.42	14,485	4.27
CGS International Securities Malaysia Sdn Bhd	6,331,243	4.35	14,978	4.42
J.P. Morgan Securities (M) Sdn Bhd	6,096,253	4.19	9,912	2.92
UBS Securities (M) Sdn Bhd	4,310,153	2.96	9,710	2.86
Others	11,568,757	7.93	43,570	12.85
	<u>145,644,015</u>	<u>100.00</u>	<u>339,005</u>	<u>100.00</u>

14. TRANSACTIONS WITH BROKERS

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

Brokers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
J.P. Morgan Securities (M) Sdn Bhd	31,886,228	21.29	68,328	20.88
CLSA Securities Malaysia Sdn Bhd	22,009,909	14.70	47,438	14.50
UBS Securities Malaysia Sdn Bhd	20,983,750	14.01	45,438	13.89
Maybank Investment Bank Bhd	18,949,485	12.65	41,630	12.72
CGS-CIMB Securities Sdn Bhd #	18,174,359	12.14	37,174	11.36
RHB Investment Bank Bhd	9,583,446	6.40	22,721	6.94
KAF Equities Sdn Bhd	9,005,230	6.01	20,262	6.19
Macquarie Capital Securities (M) Sdn Bhd	8,665,194	5.79	18,224	5.57
Hong Leong Investment Bank Bhd	3,416,338	2.28	8,178	2.50
Affin Hwang Investment Bank Bhd	2,635,439	1.76	7,776	2.38
Others	4,448,392	2.97	10,051	3.07
	<u>149,757,770</u>	<u>100.00</u>	<u>327,220</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 (30.06.2023: RM18,174,359). 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.

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