

# Principal Islamic Malaysia Opportunities Fund

Annual Report

For The Financial Year Ended 28 February 2023

**PRINCIPAL ISLAMIC MALAYSIA OPPORTUNITIES FUND**  
**ANNUAL REPORT**  
**FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023**

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**INVESTORS' LETTER**

Dear Valued Investor,

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

We are pleased to bring you a copy of the Annual Fund Report of the Principal Islamic Malaysia Opportunities Fund for the financial period ended 28 February 2023. You may also download this report from our website at [www.principal.com.my](http://www.principal.com.my).

We are pleased to share that we continue to win accolades – the most recent recognition coming from the Refinitiv Lipper Fund Awards 2023 with five awards where Principal Asia Titans Fund won Best Equity Asia Pacific ex-Japan (Provident) in the 10-year category, while Principal Islamic Asia Pacific Dynamic Equity won the same award in the Islamic universe in the three-, five- and 10-year categories. Principal Global Titans MYR won the Best Equity Global (Malaysia) award in the five-year category.

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

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

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

**Munirah Khairuddin**  
Chief Executive Officer

## MANAGER'S REPORT

### FUND OBJECTIVE AND POLICY

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

The Fund aims to achieve consistent capital growth over the medium to long-term.

#### Has the Fund achieved its objective?

The Fund has been affected by negative investment sentiment in the near term. Nevertheless, over a longer horizon, the fund has gained 30.12% since inception.

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

The Fund seeks to achieve its objective by investing a minimum of 70% and up to 98% of its Net Asset Value ("NAV") in Shariah-compliant Malaysian equities. The Fund may also invest up to 30% of the Fund's NAV in other Shariah-compliant investments, such as Sukuk, and Islamic liquid assets, with at least 2% of the Fund's NAV maintained in the form of Islamic liquid assets such as Islamic money market instruments and/or Islamic deposits for liquidity purpose. For this Fund, the investment in Sukuk must satisfy a minimum credit rating of "A3" or "P2" by RAM Rating Services Berhad ("RAM") or equivalent rating by Malaysian Rating Corporation Berhad ("MARC"); or "BBB-" by S&P Global Ratings ("S&P") or equivalent rating by any other international rating agencies. The Fund may also opt to seek investment exposure via Islamic collective investment scheme that is in line with the Fund's objective, subject to the requirements of the Guidelines of Unit Trust Funds issued by the Securities Commissions Malaysia ("GUTF"). In line with its objective, the investment strategy and policy of the Fund is to rebalance the portfolio to suit market conditions in order to reduce short-term volatility and provide consistency in capital growth.

The asset allocation strategy for this Fund is as follows:

- Between 70% to 98% (both inclusive) of the Fund's NAV will be invested in Shariah-compliant Malaysian equities; and
- up to 30% of the Fund's NAV in other Shariah-compliant investments and Islamic liquid assets, with at least 2% of the Fund's NAV to be maintained in Islamic liquid assets.

#### Fund category/ type

Equity (Shariah-compliant)/Growth

#### When was the Fund launched?

1 August 2012

#### What was the size of the Fund as at 28 February 2023?

RM94.37 million (388.15 million units)

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

FTSE Bursa Malaysia ("FBM") EMAS Shariah ("FBMS") 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?

Given its investment objective, the Fund is not expected to pay any distribution. However, distribution, if any, will be incidental and will vary from period to period depending on the interest rates\*, market conditions and the performance of the Fund.

\***Note:** The Fund does not invest in interest bearing instruments; the interest rate referred herein is to the general interest rate of the country as a benchmark which may affect the value of the investments of the Fund.

**FUND OBJECTIVE AND POLICY (CONTINUED)**

**What was the net income distribution for the financial year ended 28 February 2023?**

The Fund distributed a total net income of RM3.35 million to unit holders, as a result the NAV per unit dropped from RM0.2818 to RM0.2734 on 13 April 2022 for the financial year ended 28 February 2023.

Breakdown of distribution were as follows:

	<b>RM</b>	<b>%</b>
Income	3,349,352	100.00
Capital	-	-
<b>Total</b>	<b>3,349,352</b>	<b>100.00</b>

**PERFORMANCE DATA**

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

	<b>28.02.2023</b>	<b>28.02.2022</b>	<b>28.02.2021</b>
Shariah-compliant quoted securities			
- Construction	5.63	2.63	4.64
- Consumer Products & Services	11.12	3.35	2.88
- Energy	2.92	3.01	10.45
- Financial Services	1.84	2.29	4.26
- Health Care	6.08	10.27	14.79
- Industrial Products & Services	14.39	24.72	19.41
- Plantation	7.06	11.21	2.82
- Property	1.16	2.11	0.65
- Real Estate Investment Trusts ("REITs")	3.70	3.02	3.13
- Technology	21.38	16.61	14.44
- Telecommunications & Media	6.96	9.04	9.85
- Transportation & Logistics	7.46	1.90	5.10
- Utilities	3.78	1.83	3.67
Cash and other assets	7.52	8.56	6.61
Liabilities	(1.00)	(0.55)	(2.70)
	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

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

	<b>28.02.2023</b>	<b>28.02.2022</b>	<b>28.02.2021</b>
NAV (RM Million)	94.37	112.47	133.46
Units in circulation (Million)	388.15	400.53	455.36
NAV per unit (RM)	0.2431	0.2808	0.2930
Highest NAV per unit (RM)	0.2841	0.3049	0.2975
Lowest NAV per unit (RM)	0.2208	0.2599	0.1947
Total return (%)	(10.80)	(1.21)	22.19
- Capital growth (%)	(13.46)	(4.16)	19.48
- Income distribution (%)	3.07	3.08	2.25
Total Expense Ratio ("TER") (%) ^	1.58	1.58	1.58
Portfolio Turnover Ratio ("PTR") (times) #	0.55	0.52	1.25

# The Fund's PTR increased from 0.52 times to 0.55 times due to a fall in NAV.

**PERFORMANCE DATA (CONTINUED)**

	<b>28.02.2023</b>	<b>28.02.2022</b>	<b>28.02.2021</b>		
<b>Gross/ Net distribution per unit (sen)</b>					
Distribution on 13 April 2022	0.84	-	-		
Distribution on 13 April 2021	-	0.88	-		
Distribution on 7 April 2020	-	-	0.49		
	<b>28.02.2023</b>	<b>28.02.2022</b>	<b>28.02.2021</b>	<b>29.02.2020</b>	<b>28.02.2019</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Annual total return	(10.80)	(1.21)	22.19	1.28	(16.44)

(Launch date: 1 August 2012)

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 MARCH 2022 TO 28 FEBRUARY 2023)**

For the financial year under review, the FBMS Index decreased by 10.89% from 12,117.59 points (“pts”) to 10,797.67 pts.

Market was in a profit-taking mode in the month of March 2022 followed by a rebound in April 2022 led by commodities related, partly fuelled by the prolonged Russian-Ukraine conflict. Tourism plays also saw interest with the 1 April 2022 border reopening.

However, the index closed lower again in May 2022 despite month end rally driven by Morgan Stanley Capital International (“MSCI”) May 2022 Semi Annual Index rebalancing. For the month, plantations, gloves and telecommunication stocks led the selling. Bank Negara Malaysia (“BNM”) surprised the market by raising Overnight Policy Rate (“OPR”) by 25 bps to 2.00%.

FBMS Index lost another 1,005.66 pts or 8.74% in June 2022 alone, triggered by the release of the US May 2022 inflation data with the Consumer Price Index (“CPI”) at 8.6% which was a fresh 40-year high and renewed fears that the US Federal Reserve (the “Fed”) could over-tighten and landing the world’s largest economy into a recession. Commodities-related stocks were the most battered – Energy (-17%), Plantations (-13%) – while Gloves also languished.

FBMS Index rebounded 230.8 pts or 2.2% to 10,734.77 pts in July 2022, mainly on the back of easing inflation concerns and rising hopes that a hard landing of the US economy may be avoided. The compression in bond yields also raised the appeal of equities, especially growth stocks. Gainers were relatively broad-based but Tech (+6%), Telcos (+4%) and Consumer (+3%) led gains, while Glove stocks continued to languish despite the World Health Organization (“WHO”) declaring the rapidly spreading Monkeypox a global health emergency and the resurgence of Coronavirus Disease-2019 (“COVID-19”) cases.

FBMS Index extended gains, up 78.7 pts or 0.7% to 10,81346 pts in August 2022. Sentiment was earlier lifted by a cooler US inflation print of 8.5% in July 2022 vs 9.1% in the previous month, but subsequently dented by comments from Jerome Powell at Jackson Hole that the fight against inflation was not over and the Fed will continue to hike interest rates to cool the economy further. Commodities (Energy +9%, Plantations +3%), Utilities (+4%) and Telcos (+3%) gained at the expense of Tech (-4%) and Healthcare (-10% mainly Gloves).

**MARKET REVIEW (1 MARCH 2022 TO 28 FEBRUARY 2023) (CONTINUED)**

FBMS Index slumped 805.4pts or 7.5% to 10,008 pts in September 2022. Markets reeled from renewed fears of a global recession stoked by the ever-so-hawkish the Fed which remained adamant about sustaining hikes to cool the economy further. The strong US dollar, which is at the strongest it has ever been since 1997 also trigger flows out of emerging markets and commodities. Commodities (Energy -8%, Plantations -10% and metals) and Telcos (-7%) were among the key losers, with modest gains seen in Construction (+2%), Transport (+3%) and REITs (+3%).

FBMS Index jumped 403.08 pts or 4.0% to 10,411 pts in October 2022 in tandem with the rebound in global and regional markets. Investors shrugged off recent hot inflation print and strong employment data in the US, and instead focused on pockets of softness in the economy and expect the Fed to ease off its aggressive rate hikes soon. Recent corporate earnings in the US were also quite robust, albeit glaring weakness in some of the Tech giants. Consequently, the US dollar strength waned and treasury yields compressed, helping Emerging Market (“EM”) flows and currencies. Healthcare (+15%; mainly Gloves), Transport (+12%) and Commodities (Energy +4%, Plantations +6% and metals) and Telcos (+4%) were among the key winners for the month. The optimism lasted into November 2022 with FBMS Index extending another 371.98 pts or 3.6% gains to 10,783 pts.

FBMS Index rose 155.46 pts to 10,938.55 pts, aided by year-end window-dressing and optimism over China’s reopening come 8th January 2023. However, these were negated by renewed fears of a US recession with concerns of inflation staying higher for longer and as the pace of the Fed rate hikes starts taking a toll on the economy. Recent Institute for Supply Management (“ISM”) data showed an unexpected rise in services industry in November 2022 while employment and wage growth remain robust, albeit US home prices fell for the fourth month running. Commodities (mainly Plantation +5%), Transport (+5%; mainly MISC), Healthcare (+7%) and Utilities (+2%) were among the key gainers for the month, while Tech and Telcos languished.

FBMS Index rose 137.7 pts or 1.3%, ending January 2023 at 11,183 pts. The index underperformed the region, with North Asia especially China dominating EM fund flows. Globally, growth stocks outperformed, with technology stocks leading the pack as US inflation cooled further as well as optimism from China’s reopening. Technology (+7%) and Building Materials (+6%) were among the biggest winners for the month, while Gloves (-7%), Plantations (-5%) and Healthcare (-4%) languished.

FBMS Index fell 278 pts or 2.5%, ending the month of February 2023 at 10,798 pts. Investors remained cautious leading up to Budget 2023 while renewed concerns over the Fed staying hawkish given persistent inflation coupled with encouraging consumption and employment data in the US recently further weighed on sentiment. The rebound in the US dollar also took flows out of emerging markets. Only Construction and Property sub-sectors posted modest gains during the month while Industrial (-7%; mainly PCHEM), Technology (-6%) and Energy (-5%; DLG) were heavily beaten down.

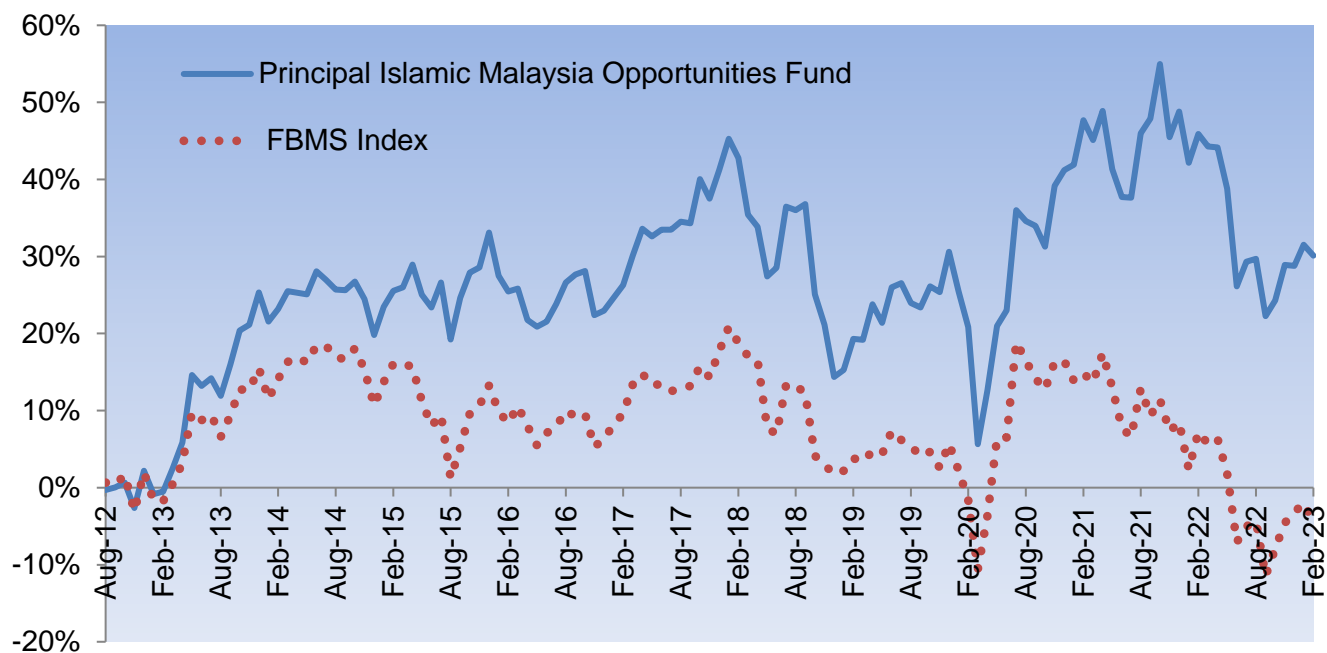
**FUND PERFORMANCE**

	<b>1 year to 28.02.2023</b>	<b>3 years to 28.02.2023</b>	<b>5 years to 28.02.2023</b>	<b>Since inception to 28.02.2023</b>
	%	%	%	%
Income Distribution	3.07	8.64	17.66	33.87
Capital Growth	(13.46)	(0.90)	(22.54)	(2.80)
Total Return	(10.80)	7.67	(8.86)	30.12
Benchmark	(10.89)	(2.91)	(19.59)	(4.47)
Average Total Return	(10.80)	2.49	(1.84)	2.52

For the financial year under review, the Fund lost 10.80%, while the benchmark lost 10.89%. As such, the Fund outperformed its benchmark slightly by 9 bps.



**FUND PERFORMANCE**



**Changes in NAV**

	28.02.2023	28.02.2022	Changes %
NAV (RM Million)	94.37	112.47	(16.09)
NAV/Unit (RM)	0.2431	0.2808	(13.43)

The NAV per unit has decreased by 13.43% due to negative investment performance, while the NAV decreased more by 16.09% due to redemptions.

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

**PORTFOLIO STRUCTURE**

**Asset allocation**

(% of NAV)	28.02.2023	28.02.2022
Shariah-compliant quoted securities	93.48	91.99
Cash and other assets	7.52	8.56
Liabilities	(1.00)	(0.55)
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>

Asset allocation into shariah-compliant quoted securities increased from 91.99% as at 28 February 2022 to 93.48% as at 28 February 2023, which reflects our sanguine view on the market.

## **MARKET OUTLOOK\***

Malaysia's Purchasing Manager Index ("PMI") rose to 48.4 pts in February 2023 from 46.5 pts the previous month, alongside improvements seen in many economies in Asia. According to Standard & Poor's ("S&P") Global, there were signs of positive momentum building in the Malaysian manufacturing sector, with data on output and new orders signaled much improved situation compared to January 2023. Operations are being helped by improving supply-chain environment with delivery times quickened further, and inflationary pressures easing. With signs that the recent soft patch may be coming to an end, firms surveyed intend to maintain purchasing activity and workforce numbers, coupled with the desire to deplete backlogs.

BNM now projects Malaysia's Gross Domestic Product ("GDP") growth to moderate from 8.7% in 2022 to 4.5% in 2023, due to the slowdown in global growth on the back of persistent pressures from inflation and tightening of global financial conditions, in addition to a high base effect. Last The Monetary Policy Committee ("MPC") meeting, the central bank held OPR at 2.75%, while economists are still expecting up to 50 bps hike before the end of first half of 2023 ("1H23"). Malaysia's CPI increased at lower rate of 3.7% in January 2023 vs 3.8% in December 2022. Restaurant and Hotels, and Food and Non-alcoholic beverages remain key contributors to the inflation index. The reading seems on track to achieve BNM's latest target of 2.8-3.8% for 2023.

The re-tabled Budget 2023 offered much needed clarity on the new Government's policy posture. Overall, we are encouraged by the non-extension of Prosperity Tax (no derailment of re-acceleration of MY corporate earnings in 2023), delayed implementation of Goods and Services Tax ("GST") and capital gains tax, and fiscal target discipline. There were also numerous tax incentives to spur Ministry of Micro, Small & Medium Enterprises ("MSMEs") and investments into various high impact sectors. We remain hopeful that elevated risk premiums on Malaysia should abate over time.

\*This market outlook does not constitute an offer, invitation, commitment, advice, or recommendation to make a purchase of any investment. The information given in this article represents the views of Principal Asset Management Berhad ("Principal Malaysia") or based on data obtained from sources believed to be reliable by Principal Malaysia. Whilst every care has been taken in preparing this, Principal Malaysia makes no guarantee, representation or warranty and is under no circumstances liable for any loss or damage caused by reliance on, any opinion, advice or statement made in this market outlook.

## **INVESTMENT STRATEGY**

We remain cautiously positive on Malaysia as the economy is projected to grow at 4.5% in 2023. We also believe that China's economic recovery should be positive for Malaysia. In view of stronger rebound in tourist arrivals post reopening, we like Airports, Consumer and tourism related stocks. On the expectation of improved industrial demands which partly induced by China's recovery, we prefer select commodities such as Metals and Energy. Besides that, we see opportunity in select Technology for structural growth as well as Gloves for emerging values. Key risks are derailment of Malaysia's macro recovery and corporate earnings growth due to a larger-than-expected impact of rising inflation, slower global economic growth as well as heightened geopolitical risks.

## **SOFT COMMISSIONS AND REBATES**

Principal Asset Management Berhad (the "Manager") and the Trustee will not retain any form of rebate or soft commission from, or otherwise share in any commission with, any broker in consideration for directing dealings in the investments of the Principal Malaysia Funds ("Funds") unless the soft commission received is retained in the form of goods and services such as research and advisory services that assists in the decision making process relating to the Fund's investments. All dealings with brokers are executed on best available terms.

During the financial 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 TRANSACTIONS**

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

**STATE OF AFFAIR OF THE FUND**

Latest changes to the Statement by Manager's signatory as follows:

Mr. Juan Ignacio Eyzaguirre Baraona (retired on 30 June 2022)

Mr. Uday Jayaram (appointed on 30 June 2022)

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

**CIRCUMSTANCES THAT MATERIALLY AFFECT ANY INTEREST OF UNIT HOLDERS**

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

**CROSS TRADE**

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

**UNIT SPLIT**

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

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

We, being the Directors of Principal Asset Management Berhad (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying audited financial statements set out on pages 8 to 35 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 28 February 2023 and of its financial performance, changes in net assets attributable to unit holders and cash flows for the financial year then ended in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

For and on behalf of the Manager

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

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

**UDAY JAYARAM**  
Director

Kuala Lumpur  
17 April 2023

**TRUSTEE'S REPORT**

To the Unit Holders of **PRINCIPAL ISLAMIC MALAYSIA OPPORTUNITIES FUND ("Fund")**,

We have acted as Trustee of the Fund for the financial year ended 28 February 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, **PRINCIPAL ASSET MANAGEMENT BERHAD** has operated and managed the Fund during the year covered by these financial statements in accordance with the following:

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

We are of the opinion that the distribution of income by the Fund is appropriate and reflects the investment objective of the Fund.

For **AMANAHRAYA TRUSTEES BERHAD**

**ZAINUDIN BIN SUHAIMI**  
Chief Executive Officer  
17 April 2023

**SHARIAH ADVISER'S REPORT**

**To the Unit Holders of Principal Islamic Malaysia Opportunities Fund ("Fund")**

**For the Financial Year Ended 28 February 2023**

We hereby confirm the following:

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

**For Amanie Advisors Sdn Bhd**

**Tan Sri Dr Mohd Daud Bakar**  
Executive Chairman

Kuala Lumpur  
17 April 2023

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

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

*Opinion*

We have audited the financial statements of Principal Islamic Malaysia Opportunities Fund (the "Fund"), which comprise the statement of financial position of the Fund as at 28 February 2023, and statement of comprehensive income, statement of changes in net assets attributable to unit holders and statement of cash flows of the Fund for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 8 to 35.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 28 February 2023, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

*Basis for opinion*

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

*Independence and other ethical responsibilities*

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF  
PRINCIPAL ISLAMIC MALAYSIA 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 for the financial statements*

The Manager is responsible for the preparation of financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

The Trustee is responsible for overseeing the Fund's financial reporting process. The Trustee is also responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.



**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF  
PRINCIPAL ISLAMIC MALAYSIA 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 are also:

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF  
PRINCIPAL ISLAMIC MALAYSIA OPPORTUNITIES FUND (cont'd.)**

**Other matters**

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

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

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

Kuala Lumpur, Malaysia  
17 April 2023

**PRINCIPAL ISLAMIC MALAYSIA OPPORTUNITIES FUND**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023**

	Note	2023 RM	2022 RM
<b>(LOSS)/INCOME</b>			
Dividend income		2,812,691	3,665,606
Profit income from Shariah-compliant deposits with licensed Islamic financial institutions		218,507	93,423
Hibah		57	72
Net loss on financial assets at fair value through profit or loss	<b>8</b>	<u>(13,306,720)</u>	<u>(2,863,080)</u>
		<u>(10,275,465)</u>	<u>896,021</u>
<b>EXPENSES</b>			
Management fee	<b>4</b>	1,477,086	1,807,213
Trustee fee	<b>5</b>	49,235	60,240
Transaction costs		394,000	365,044
Audit fee		9,450	9,400
Tax agent's fee		5,000	5,420
Other expenses		<u>29,845</u>	<u>39,900</u>
		<u>1,964,616</u>	<u>2,287,217</u>
<b>LOSS BEFORE TAXATION</b>		(12,240,081)	(1,391,196)
Taxation	<b>7</b>	<u>-</u>	<u>-</u>
<b>LOSS AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR</b>		<u>(12,240,081)</u>	<u>(1,391,196)</u>
Loss after taxation is made up as follows:			
Realised amount		(9,586,011)	2,848,971
Unrealised amount		<u>(2,654,070)</u>	<u>(4,240,167)</u>
		<u>(12,240,081)</u>	<u>(1,391,196)</u>

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

**PRINCIPAL ISLAMIC MALAYSIA OPPORTUNITIES FUND**

**STATEMENT OF FINANCIAL POSITION  
AS AT 28 FEBRUARY 2023**

	Note	2023 RM	2022 RM
<b>ASSETS</b>			
Cash and cash equivalents	9	6,883,809	9,229,782
Financial assets at fair value through profit or loss	8	88,216,927	103,464,208
Amount due from stockbrokers		6,325	-
Amount due from Manager		9,119	185,610
Dividends receivable		194,604	215,982
<b>TOTAL ASSETS</b>		<u>95,310,784</u>	<u>113,095,582</u>
<b>LIABILITIES</b>			
Amount due to stockbrokers		740,822	-
Amount due to Manager		70,097	467,177
Accrued management fee		109,450	131,247
Amount due to Trustee		3,648	4,375
Other payables and accruals		18,800	19,400
<b>TOTAL LIABILITIES</b>		<u>942,817</u>	<u>622,199</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>94,367,967</u>	<u>112,473,383</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>	10	<u>94,367,967</u>	<u>112,473,383</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>	11	<u>388,147,097</u>	<u>400,531,005</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.2431</u>	<u>0.2808</u>

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

**PRINCIPAL ISLAMIC MALAYSIA OPPORTUNITIES FUND**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS  
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023**

	Note	2023 RM	2022 RM
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<u>112,473,383</u>	<u>133,455,966</u>
Movement due to units created and cancelled during the financial year:			
- Creation of units from applications		13,773,704	19,608,378
- Creation of units from distribution		82,685	167,782
- Cancellation of units		<u>(16,372,372)</u>	<u>(35,537,360)</u>
		<u>(2,515,983)</u>	<u>(15,761,200)</u>
Total comprehensive loss for the financial year		(12,240,081)	(1,391,196)
Distribution	<b>6</b>	<u>(3,349,352)</u>	<u>(3,830,187)</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR</b>	<b>10</b>	<u>94,367,967</u>	<u>112,473,383</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 28 FEBRUARY 2023**

	Note	2023 RM	2022 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from disposal of Shariah-compliant quoted securities		55,369,157	75,553,119
Purchase of Shariah-compliant quoted securities		(53,088,100)	(53,616,959)
Dividend income received		2,820,222	3,592,255
Profit income received from Shariah-compliant deposits with licensed Islamic financial institutions and Hibah earned		218,564	93,495
Management fee paid		(1,498,882)	(1,832,837)
Trustee fee paid		(49,962)	(61,094)
Payment of other fees and expenses		(31,048)	(40,254)
<b>Net cash generated from operating activities</b>		<u>3,739,951</u>	<u>23,687,725</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash proceeds from units created		13,950,195	19,784,418
Payments for cancellation of units		(16,769,452)	(36,456,854)
Distribution paid		(3,266,667)	(3,662,405)
<b>Net cash used in financing activities</b>		<u>(6,085,924)</u>	<u>(20,334,841)</u>
Net (decrease)/increase in cash and cash equivalents		(2,345,973)	3,352,884
Cash and cash equivalents at the beginning of financial year		<u>9,229,782</u>	<u>5,876,898</u>
Cash and cash equivalents at the end of financial year	<b>9</b>	<u>6,883,809</u>	<u>9,229,782</u>
<u>Cash and cash equivalents comprised:</u>			
Bank balance		20,287	22,328
Shariah-compliant deposits with licensed Islamic financial institutions		<u>6,863,522</u>	<u>9,207,454</u>
Cash and cash equivalents at the end of the financial year	<b>9</b>	<u>6,883,809</u>	<u>9,229,782</u>

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

**STATEMENT OF FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023**

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

Principal Islamic Malaysia Opportunities Fund (the “Fund”) is governed by a Principal Master Deed dated 15 May 2008, a Thirteenth Supplemental Master Deed dated 23 February 2012, a Seventeenth Supplemental Master Deed dated 25 March 2015 and a Nineteenth Supplemental Master Deed dated 18 June 2019 (collectively referred to as the “Deeds”), made between Principal Asset Management Berhad (the “Manager”) and AmanahRaya Trustees Berhad (the “Trustee”).

The Fund seeks to achieve its objective by investing a minimum of 70% and up to 98% of its NAV in Shariah-compliant Malaysian equities. The Fund may also invest up to 30% of the Fund’s NAV in other Shariah-compliant investments, such as Sukuk, and Islamic liquid assets, with at least 2% of the Fund’s NAV maintained in the form of Islamic liquid assets such as Islamic money market instruments and/or Islamic deposits for liquidity purpose. For this Fund, the investment in Sukuk must satisfy a minimum credit rating of “A3” or “P2” by RAM or equivalent rating by MARC; or “BBB-” by S&P or equivalent rating by any other international rating agencies. The Fund may also opt to seek investment exposure via Islamic collective investment scheme that is in line with the Fund’s objective, subject to the requirements of the GUTF. In line with its objective, the investment strategy and policy of the Fund is to rebalance the portfolio to suit market conditions in order to reduce short-term volatility and provide consistency in capital growth.

The asset allocation strategy for this Fund is as follows:

- Between 70% to 98% (both inclusive) of the Fund’s NAV will be invested in Shariah-compliant Malaysian equities; and
- up to 30% of the Fund’s NAV in other Shariah-compliant investments and Islamic liquid assets, with at least 2% of the Fund’s NAV to be maintained in Islamic liquid assets.

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Basis of preparation**

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

The financial statements have been prepared under the historical cost convention, as modified by financial assets at fair value through profit or loss.

**2. SUMMARY OF SIGNIFICANT 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 year.

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

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

There are no other standards, amendments to standards or interpretations effective for financial year beginning on 1 March 2022 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 March 2023 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 stockbrokers, amount due from Manager and dividends receivable as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

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

Recognition and measurement

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Recognition and measurement (continued)

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

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

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

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

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

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

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

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

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

Impairment for assets carried at amortised costs

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

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

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

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

**(d) Functional and presentation currency**

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in Malaysian Ringgit ("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 balance and Shariah-compliant deposits held in highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

**(f) Unit holders' contributions**

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

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

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

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

**(g) Taxation**

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

Withholding taxes on investment income from investment is 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.

**(h) Transaction costs**

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

**(i) Distribution**

A distribution to the Fund's unit holders is accounted for as a deduction from realised reserve. A proposed distribution is recognised as a liability in the financial year in which it is approved by the Trustee.

**(j) Amount due from/to stockbrokers**

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

**(k) 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.

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

**(I) Critical accounting estimates and judgements in applying accounting policies**

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

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

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

However, the Manager is of the opinion that in applying these accounting policies, no significant judgement was required.

**3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES**

Financial instruments of the Fund are as follows:

	<b>Financial assets at fair value through profit or loss RM</b>	<b>Financial assets at amortised cost RM</b>	<b>Total RM</b>
<b>2023</b>			
Cash and cash equivalents (Note 9)	-	6,883,809	6,883,809
Shariah-compliant quoted securities (Note 8)	88,216,927	-	88,216,927
Amount due to stockbrokers	-	6,325	6,325
Amount due from Manager	-	9,119	9,119
Dividends receivable	-	194,604	194,604
	<u>88,216,927</u>	<u>7,093,857</u>	<u>95,310,784</u>
<b>2022</b>			
Cash and cash equivalents (Note 9)	-	9,229,782	9,229,782
Shariah-compliant quoted securities (Note 8)	103,464,208	-	103,464,208
Amount due from Manager	-	185,610	185,610
Dividends receivable	-	215,982	215,982
	<u>103,464,208</u>	<u>9,631,374</u>	<u>113,095,582</u>

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

The Fund aims to achieve consistent capital growth over the medium to long-term.

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.

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

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

**(a) Market risk**

**(i) Price risk**

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

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

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

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Financial assets at fair value through profit or loss:		
- Shariah-compliant quoted securities	88,216,927	103,464,208

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

<b>% Change in price of Shariah-compliant quoted securities</b>	<b>Market value</b>	<b>Impact on profit or loss/NAV</b>
	<b>RM</b>	<b>RM</b>
<b>2023</b>		
-5%	83,806,081	(4,410,846)
0%	88,216,927	-
+5%	92,627,773	4,410,846
<b>2022</b>		
-5%	98,290,998	(5,173,210)
0%	103,464,208	-
+5%	108,637,418	5,173,210

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

**(a) Market risk (continued)**

**(ii) Interest rate risk**

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

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

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

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

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

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

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

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

	<b>2023</b>	<b>2022</b>
	%	%
Shariah-compliant deposits with licensed Islamic financial institutions	2.77	1.80

**(b) Credit risk**

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

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

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

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

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

(b) Credit risk (continued)

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

	Cash and cash equivalents RM	Amount due from stockbrokers RM	Amount due from Manager RM	Dividends receivable RM	Total RM
<b>2023</b>					
- AAA	6,883,809	-	-	-	6,883,809
- Not Rated	-	6,325	9,119	194,604	210,048
	<u>6,883,809</u>	<u>6,325</u>	<u>9,119</u>	<u>194,604</u>	<u>7,093,857</u>
<b>2022</b>					
- AAA	9,229,782	-	-	-	9,229,782
- Not Rated	-	-	185,610	215,982	401,592
	<u>9,229,782</u>	<u>-</u>	<u>185,610</u>	<u>215,982</u>	<u>9,631,374</u>

Shariah-compliant deposits with licensed Islamic financial institutions of the Fund have an average remaining maturity of 1 day (2022: 1 day).

(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 balance, Shariah-compliant deposits with licensed Islamic financial institutions and other instruments, 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 RM	Between 1 month to 1 year RM	Total RM
<b>2023</b>			
Amount due to stockbrokers	740,822	-	740,822
Amount due to Manager	70,097	-	70,097
Accrued management fee	109,450	-	109,450
Amount due to Trustee	3,648	-	3,648
Other payables and accruals	-	18,800	18,800
<b>Contractual undiscounted cash flows</b>	<u>924,017</u>	<u>18,800</u>	<u>942,817</u>

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

**(c) Liquidity risk (continued)**

**2022**

Amount due to Manager	467,177	-	467,177
Accrued management fee	131,247	-	131,247
Amount due to Trustee	4,375	-	4,375
Other payables and accruals	-	19,400	19,400
<b>Contractual undiscounted cash flows</b>	<u>602,799</u>	<u>19,400</u>	<u>622,199</u>

**(d) Capital risk management**

The capital of the Fund is represented by equity consisting of unit holders' contributions of RM94,367,967 (2022: RM112,473,383). 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.

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).

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>2023</b>				
Financial assets at fair value through profit or loss:				
- Shariah-compliant quoted securities	<u>88,216,927</u>	<u>-</u>	<u>-</u>	<u>88,216,927</u>
<b>2022</b>				
Financial assets at fair value through profit or loss:				
- Shariah-compliant quoted securities	<u>103,464,208</u>	<u>-</u>	<u>-</u>	<u>103,464,208</u>

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

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

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

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

**4. MANAGEMENT FEE**

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

For the financial year ended 28 February 2023, the management fee is recognised at a rate of 1.50% per annum (2022: 1.50% per annum).

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

**5. TRUSTEE FEE**

In accordance with the Deeds, the Trustee is entitled to a maximum fee of 0.05% per annum, calculated daily based on the NAV of the Fund. The Trustee fee includes local custodian fees and charges.

For the financial year ended 28 February 2023, the Trustee fee is recognised at a rate of 0.05% per annum (2022: 0.05% per annum).

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

**6. DISTRIBUTION**

Distribution to unit holders were derived from the following sources (assessed up to distribution declaration date):

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Dividend income	4,308,181	814,277
Profit income	110,335	71,807
Net realised gain on disposal of investment	1,618,342	3,859,413
	6,036,858	4,745,497
Less:		
Expenses	2,687,506	915,310
Net distribution amount	3,349,352	3,830,187
<b>Gross/ Net distribution per unit (sen)</b>		
Distribution on 13 April 2022	0.84	-
Distribution on 13 April 2021	-	0.88

Gross distribution was derived using total income less total expenses. Net distribution above was sourced from current financial year's realised income.

**6. DISTRIBUTION (CONTINUED)**

Gross distribution per unit was derived from gross realised income less expenses, divided by the number of units in circulation. Net distribution per unit was derived from gross realised income less expenses and taxation, divided by the number of units in circulation.

There were unrealised losses of RM 2,654,070 during the financial year ended 28 February 2023.

**7. TAXATION**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Tax charged for the financial year:		
- Current taxation	<u>-</u>	<u>-</u>

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

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Loss before taxation	<u>(12,240,081)</u>	<u>(1,391,196)</u>
Taxation at Malaysian statutory rate of 24% (2022: 24%)	(2,937,619)	(333,887)
Tax effects of:		
- Income not subject to tax	2,466,112	(215,045)
- Expenses not deductible for tax purposes	113,300	109,252
- Restriction on tax deductible expenses for Unit Trust Funds	<u>358,207</u>	<u>439,680</u>
Taxation	<u>-</u>	<u>-</u>

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

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
At fair value through profit or loss:		
- Shariah-compliant quoted securities	<u>88,216,927</u>	<u>103,464,208</u>
Net loss on financial assets at fair value through profit or loss:		
- Realised (loss)/gain on disposals	(10,652,649)	1,377,091
- Unrealised fair value loss	<u>(2,654,071)</u>	<u>(4,240,171)</u>
	<u>(13,306,720)</u>	<u>(2,863,080)</u>

**PRINCIPAL ISLAMIC MALAYSIA OPPORTUNITIES FUND**

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

	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2023</b>				
<b>SHARIAH-COMPLIANT QUOTED SECURITIES</b>				
<b>Construction</b>				
Gamuda Bhd	550,028	2,127,485	2,310,118	2.45
IJM Corp Bhd	551,900	881,785	888,559	0.94
Southern Score Builders Bhd	9,000,000	1,800,000	2,115,000	2.24
	<u>10,101,928</u>	<u>4,809,271</u>	<u>5,313,677</u>	<u>5.63</u>
<b>Consumer Products &amp; Services</b>				
Farm Fresh Bhd	901,500	1,405,489	1,415,355	1.51
Karex Berhad	908,400	689,832	690,384	0.73
Mr D.I.Y. Group (M) Bhd	357,750	920,959	608,175	0.64
PPB Group Bhd	12,500	216,250	218,750	0.23
QL Resources Bhd	840,000	4,460,036	4,880,400	5.17
Sime Darby Bhd	1,181,400	2,849,852	2,681,778	2.84
	<u>4,201,550</u>	<u>10,542,417</u>	<u>10,494,842</u>	<u>11.12</u>
<b>Energy</b>				
Dayang Enterprise Holdings Bhd	164,100	236,221	231,381	0.24
Dialog Group Bhd	532,800	1,804,804	1,198,800	1.27
Hibiscus Petroleum Bhd	1,239,000	1,239,321	1,325,730	1.41
	<u>1,935,900</u>	<u>3,280,346</u>	<u>2,755,911</u>	<u>2.92</u>
<b>Financial Services</b>				
Bank Islam Malaysia Bhd	762,800	2,389,313	1,731,556	1.84
<b>Health Care</b>				
Hartalega Holdings Bhd	1,830,100	2,861,202	2,690,247	2.85
KPJ Healthcare Bhd	1,661,400	1,757,567	1,744,470	1.85
Top Glove Corporation Bhd	1,726,900	1,436,651	1,303,810	1.38
	<u>5,218,400</u>	<u>6,055,420</u>	<u>5,738,527</u>	<u>6.08</u>
<b>Industrial Products &amp; Services</b>				
Ann Joo Resources Bhd	73,300	95,151	84,295	0.09
Kelington Group Bhd	929,800	739,825	1,403,998	1.48
Nationgate Holdings Bhd	2,782,500	2,864,839	4,090,275	4.34

**PRINCIPAL ISLAMIC MALAYSIA OPPORTUNITIES FUND**

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

	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2023 (CONTINUED)</b>				
<b>SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)</b>				
<b>Industrial Products &amp; Services (continued)</b>				
Petronas Chemicals Group Bhd	207,800	1,597,027	1,487,848	1.58
Press Metal Aluminium Holdings Bhd	839,300	4,167,741	4,330,788	4.59
Sunway Bhd	476,500	808,664	776,695	0.82
V.S. Industry Bhd	1,599,268	1,936,550	1,407,356	1.49
	<u>6,908,468</u>	<u>12,209,797</u>	<u>13,581,255</u>	<u>14.39</u>
<b>Plantation</b>				
IOI Corporation Bhd	773,900	3,396,969	2,964,037	3.13
Kuala Lumpur Kepong Bhd	89,182	2,113,462	1,854,986	1.97
Sime Darby Plantation Bhd	436,415	1,685,710	1,846,035	1.96
	<u>1,299,497</u>	<u>7,196,141</u>	<u>6,665,058</u>	<u>7.06</u>
<b>Property</b>				
Sime Darby Property Bhd	1,616,200	1,198,736	775,776	0.82
SP Setia Bhd	511,900	537,193	317,378	0.34
	<u>2,128,100</u>	<u>1,735,929</u>	<u>1,093,154</u>	<u>1.16</u>
<b>REITs</b>				
Axis REIT	1,203,764	2,270,422	2,311,227	2.45
KLCCP Stapled Group	174,900	1,401,730	1,175,328	1.25
	<u>1,378,664</u>	<u>3,672,152</u>	<u>3,486,555</u>	<u>3.70</u>
<b>Technology</b>				
Agmo Holdings Bhd	42,426	0	30,335	0.03
CTOS Digital Bhd	534,100	297,655	769,104	0.81
Genetec Technology Bhd	2,556,200	4,323,339	7,055,112	7.48
Inari Amertron Bhd	178,800	529,631	438,060	0.46
Infomina Bhd	1,034,900	1,448,162	1,293,625	1.37
ITMAX System Bhd	2,610,400	3,675,596	3,785,080	4.01
LGMS Bhd	3,016,900	3,855,950	3,529,773	3.74
My E.G. Services Bhd	4,562,000	4,275,596	3,284,640	3.48
	<u>14,535,726</u>	<u>18,405,928</u>	<u>20,185,729</u>	<u>21.38</u>

**PRINCIPAL ISLAMIC MALAYSIA OPPORTUNITIES FUND**

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

	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2023 (CONTINUED)</b>				
<b>SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)</b>				
<b>Telecommunications &amp; Media</b>				
Axiata Group Bhd	1,477,247	5,823,314	4,682,873	4.96
Maxis Bhd	482,400	1,956,436	1,886,184	2.00
	<u>1,959,647</u>	<u>7,779,751</u>	<u>6,569,057</u>	<u>6.96</u>
<b>Transportation &amp; Logistics</b>				
Malaysia Airports Holdings Bhd	390,700	2,622,501	2,652,853	2.81
MISC Bhd	580,200	4,459,855	4,386,312	4.65
	<u>970,900</u>	<u>7,082,356</u>	<u>7,039,165</u>	<u>7.46</u>
<b>Utilities</b>				
Taliworks Corporation Bhd	2,111,900	1,801,699	1,879,591	1.99
Tenaga Nasional Bhd	179,600	1,607,110	1,682,852	1.79
	<u>2,291,500</u>	<u>3,408,809</u>	<u>3,562,443</u>	<u>3.78</u>
<b>TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES</b>	<b><u>53,693,080</u></b>	<b><u>88,567,630</u></b>	<b><u>88,216,927</u></b>	<b><u>93.48</u></b>
<b>ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>(350,703)</u></b>		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>88,216,927</u></b>		

**PRINCIPAL ISLAMIC MALAYSIA OPPORTUNITIES FUND**

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

	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2022</b>				
<b>SHARIAH-COMPLIANT QUOTED SECURITIES</b>				
<b>Construction</b>				
GDB Holdings Bhd	1,952,200	1,250,233	790,641	0.70
IJM Corporation Bhd	1,410,700	2,253,913	2,172,478	1.93
	<u>3,362,900</u>	<u>3,504,146</u>	<u>2,963,119</u>	<u>2.63</u>
<b>Consumer Products &amp; Services</b>				
Mr D.I.Y. Group (M) Bhd	1,038,800	3,518,437	3,770,844	3.35
<b>Energy</b>				
Dayang Enterprise Holdings Bhd	823,600	1,241,966	708,296	0.63
Dialog Group Bhd	442,400	1,606,530	1,247,568	1.11
Hibiscus Petroleum Bhd	1,188,800	877,896	1,426,560	1.27
	<u>2,454,800</u>	<u>3,726,392</u>	<u>3,382,424</u>	<u>3.01</u>
<b>Financial Services</b>				
Bank Islam Malaysia Bhd	861,900	2,699,723	2,577,081	2.29
<b>Health Care</b>				
Hartalega Holdings Bhd	215,000	2,617,787	993,300	0.88
IHH Healthcare Bhd	1,203,500	7,325,145	7,906,995	7.03
KPJ Healthcare Bhd	1,678,800	1,775,974	1,745,952	1.55
Top Glove Corporation Bhd	443,000	1,088,879	908,150	0.81
	<u>3,540,300</u>	<u>12,807,785</u>	<u>11,554,397</u>	<u>10.27</u>
<b>Industrial Products &amp; Services</b>				
Ann Joo Resources Bhd	1,199,900	2,573,420	2,279,810	2.03
Kelington Group Bhd	1,395,400	1,110,295	1,925,652	1.71
Lion Industries Corporation Bhd	4,854,900	3,975,510	2,888,666	2.57
Petronas Chemicals Group Bhd	918,500	7,059,044	8,771,675	7.80
Press Metal Aluminium Holdings Bhd	953,500	3,684,247	6,512,405	5.79
Sunway Bhd	968,400	1,643,463	1,646,280	1.46
V.S. Industry Bhd	3,044,068	4,006,963	3,500,678	3.11
V.S. Industry Bhd	895,553	197,424	277,621	0.25
	<u>14,230,221</u>	<u>24,250,366</u>	<u>27,802,787</u>	<u>24.72</u>

**PRINCIPAL ISLAMIC MALAYSIA OPPORTUNITIES FUND**

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

	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2022 (CONTINUED)</b>				
<b>SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)</b>				
<b>Plantation</b>				
IOI Corporation Bhd	535,300	2,323,874	2,462,380	2.19
Kuala Lumpur Kepong Bhd	200,482	4,751,082	5,212,532	4.63
Sime Darby Plantation Bhd	1,006,615	3,888,182	4,942,480	4.39
	<u>1,742,397</u>	<u>10,963,138</u>	<u>12,617,392</u>	<u>11.21</u>
<b>Property</b>				
Sime Darby Property Bhd	1,748,800	1,297,085	1,075,512	0.96
SP Setia Bhd	1,013,900	1,063,997	1,297,792	1.15
	<u>2,762,700</u>	<u>2,361,082</u>	<u>2,373,304</u>	<u>2.11</u>
<b>REITs</b>				
Axis REIT	1,203,764	2,270,422	2,251,039	2.00
KLCCP Stapled Group	174,900	1,401,730	1,145,595	1.02
	<u>1,378,664</u>	<u>3,672,152</u>	<u>3,396,634</u>	<u>3.02</u>
<b>Technology</b>				
CTOS Digital Bhd	880,400	1,382,369	1,399,836	1.24
Frontken Corporation Bhd	1,220,800	4,413,860	3,515,904	3.13
Genetec Technology Bhd	2,445,300	3,500,321	5,697,549	5.07
Inari Amertron Bhd	351,500	1,020,295	1,131,830	1.01
MI Technovation Bhd	632,100	2,539,787	1,251,558	1.11
My E.G. Services Bhd	3,665,600	3,894,379	3,518,976	3.13
Revenue Group Bhd	1,363,500	2,619,823	2,154,330	1.92
	<u>10,559,200</u>	<u>19,370,834</u>	<u>18,669,983</u>	<u>16.61</u>
<b>Telecommunications &amp; Media</b>				
Axiata Group Bhd	1,573,647	6,203,323	6,184,433	5.50
Telekom Malaysia Bhd	786,800	4,023,863	3,981,208	3.54
	<u>2,360,447</u>	<u>10,227,186</u>	<u>10,165,641</u>	<u>9.04</u>
<b>Transportation &amp; Logistics</b>				
MISC Bhd	290,000	2,257,900	2,131,500	1.90



**PRINCIPAL ISLAMIC MALAYSIA OPPORTUNITIES FUND**

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

	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2022 (CONTINUED)</b>				
<b>SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)</b>				
<b>Utilities</b>				
Taliworks Corporation Bhd	<u>2,111,900</u>	<u>1,801,699</u>	<u>2,059,102</u>	<u>1.83</u>
<b>TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES</b>	<b><u>46,694,229</u></b>	<b><u>101,160,840</u></b>	<b><u>103,464,208</u></b>	<b><u>91.99</u></b>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
		<u>2,303,368</u>		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
		<u>103,464,208</u>		

**9. CASH AND CASH EQUIVALENTS**

	<b>2023 RM</b>	<b>2022 RM</b>
Shariah-compliant deposits with licensed Islamic financial institutions	6,863,522	9,207,454
Bank balance	<u>20,287</u>	<u>22,328</u>
	<u>6,883,809</u>	<u>9,229,782</u>

**10. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS**

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

	<b>2023 RM</b>	<b>2022 RM</b>
Unit holders' contributions	97,109,877	99,625,860
(Accumulated losses)/Retained earnings	<u>(2,741,910)</u>	<u>12,847,523</u>
	<u>94,367,967</u>	<u>112,473,383</u>

10. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS (CONTINUED)

The movement in the components of net assets attributable to unit holders for the financial year are as follows (continued):

	Unit holders' capital RM	Retained earnings/ (Accumulated losses) RM	Total RM
<b>Balance as at 1 March 2022</b>	99,625,860	12,847,523	112,473,383
Movement in unit holders' contributions:			
- Creation of units from applications	13,773,704	-	13,773,704
- Creation of units from distribution	82,685	-	82,685
- Cancellation of units	(16,372,372)	-	(16,372,372)
Total comprehensive income for the financial year	-	(12,240,081)	(12,240,081)
Distribution (Note 6)	-	(3,349,352)	(3,349,352)
<b>Balance as at 28 February 2023</b>	<u>97,109,877</u>	<u>(2,741,910)</u>	<u>94,367,967</u>
<b>Balance as at 1 March 2021</b>	115,387,060	18,068,906	133,455,966
Movement in unit holders' contributions:			
- Creation of units from applications	19,608,378	-	19,608,378
- Creation of units from distribution	167,782	-	167,782
- Cancellation of units	(35,537,360)	-	(35,537,360)
Total comprehensive income for the financial year	-	(1,391,196)	(1,391,196)
Distribution (Note 6)	-	(3,830,187)	(3,830,187)
<b>Balance as at 28 February 2022</b>	<u>99,625,860</u>	<u>12,847,523</u>	<u>112,473,383</u>

11. NUMBER OF UNITS IN CIRCULATION (UNITS)

	<u>2023</u>	<u>2022</u>
	No. of units	No. of units
At the beginning of the financial year	400,531,005	455,364,745
Add: Creation of units from applications	53,890,856	57,054,445
Add: Creation of units from distribution	482,066	13,403,889
Less: Cancellation of units	(66,756,830)	(125,292,074)
At the end of the financial year	<u>388,147,097</u>	<u>400,531,005</u>

12. TOTAL EXPENSE RATIO ("TER")

	<u>2023</u>	<u>2022</u>
	%	%
TER	<u>1.58</u>	<u>1.58</u>

**12. TOTAL EXPENSE RATIO (“TER”) (CONTINUED)**

TER is derived from the following calculation:

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

- A = Management fee
- B = Trustee fee
- C = Audit fee
- D = Tax agent’s fee
- E = Other expenses excluding 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 RM98,591,137 (2022: RM120,515,848).

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

	<b>2023</b>	<b>2022</b>
PTR (times)	0.55	0.52

PTR is derived based on 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 = RM53,634,939 (2022: RM51,440,404)
- total disposal for the financial year = RM55,575,500 (2022: RM73,349,020)

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

The related parties and their relationship with the Fund are as follows:

<u>Related parties</u>	<u>Relationship</u>
Principal Asset Management Berhad	The Manager
Principal Financial Group, Inc.	Ultimate holding company of shareholder of the Manager
Principal International (Asia) Ltd	Shareholder of the Manager
Subsidiaries and associates of Principal Financial Group Inc., other than above, as disclosed in its financial statements	Fellow subsidiary and associated companies of the ultimate holding company of shareholder of the Manager
CIMB Group Holdings Bhd	Ultimate holding company of shareholder of the Manager
CIMB Group Sdn Bhd	Shareholder of the Manager

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

The related parties and their relationship with the Fund are as follows (continued):

<u>Related parties</u>	<u>Relationship</u>
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
CIMB Islamic Bank Bhd	Fellow related party to the Manager
CGS-CIMB Securities Sdn Bhd	Fellow related party to the Manager

Units held by the Manager and parties related to the Manager

	<u>2023</u>		<u>2022</u>	
	<u>No. of units</u>	<u>RM</u>	<u>No. of units</u>	<u>RM</u>
<b>Manager</b>				
Principal Asset Management Berhad	24,334	5,916	138,668	38,938

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

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

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

	<u>2023</u>	<u>2022</u>
	<u>RM</u>	<u>RM</u>
<u>Significant related party transactions</u>		
Profit income received from Shariah-compliant deposits with licensed Islamic financial institution:		
- CIMB Islamic Bank Bhd	22,673	7,330
Bank balance:		
- CIMB Islamic Bank Bhd	20,287	22,328

15. TRANSACTIONS WITH BROKERS/ DEALERS

Details of transactions with the top 10 brokers/ dealers for the financial year ended 28 February 2023 are as follows:

Brokers/Dealers	Values of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
JP Morgan Securities Malaysia Sdn Bhd	19,949,857	18.27	39,189	16.43
Macquarie Capital Securities (M) Sdn Bhd	15,939,622	14.60	35,301	14.80
Maybank Investment Bank Bhd	14,518,705	13.29	31,963	13.40
RHB Investment Bank Bhd	13,201,090	12.09	29,093	12.20
CLSA Securities (M) Sdn Bhd	11,205,118	10.26	25,167	10.55
Credit Suisse Securities (M) Sdn Bhd	10,675,758	9.78	24,040	10.08
CGS-CIMB Securities Sdn Bhd #	10,581,521	9.69	29,383	12.32
KAF Equities Sdn Bhd	6,336,747	5.80	14,283	5.99
Affin Hwang Investment Bank Bhd	3,400,335	3.11	7,679	3.22
Kenanga Investment Bank Bhd	1,842,503	1.69	96	0.04
Others	1,559,183	1.42	2,316	0.97
	<u>109,210,439</u>	<u>100.00</u>	<u>238,510</u>	<u>100.00</u>

**15. TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)**

Details of transactions with the top 10 brokers/dealers for the financial year ended 28 February 2022 are as follows:

<b>Brokers/Dealers</b>	<b>Value of trades RM</b>	<b>Percentage of total trades %</b>	<b>Brokerage Fees RM</b>	<b>Percentage of brokerage fee %</b>
Maybank Investment Bank Bhd	16,285,706	13.05	37,146	15.12
RHB Investment Bank Bhd	15,312,850	12.27	36,574	14.88
CGS-CIMB Securities Sdn Bhd #	14,174,319	11.36	30,202	12.29
CLSA Securities (M) Sdn Bhd	12,510,145	10.03	24,851	10.11
UBS Securities M Sdn Bhd	11,772,373	9.44	19,076	7.76
KAF Equities Sdn Bhd	11,587,707	9.29	26,072	10.61
JP Morgan Securities Malaysia Sdn Bhd	10,755,455	8.62	15,112	6.15
Credit Suisse Securities (M) Sdn Bhd	8,936,213	7.16	19,607	7.98
Hong Leong Investment Bank Bhd	6,336,832	5.08	14,307	5.82
Macquarie Capital Securities (M) Sdn Bhd	5,958,478	4.78	13,264	5.40
Others	<u>11,137,087</u>	<u>8.92</u>	<u>9,536</u>	<u>3.88</u>
	<u>124,767,165</u>	<u>100.00</u>	<u>245,747</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 RM10,581,521 (2022: RM14,174,319). 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.

**16. SIGNIFICANT EVENT DURING THE YEAR**

The COVID-19 pandemic and related lockdowns and movement restrictions have had, and will continue to have, a significant impact on global economic conditions and the environment in which the Fund operates.

The Manager continues to closely monitor the macro-economic outlook as a result of COVID-19 pandemic and its impact to the Fund's performance and will be managing the risks to achieve the Fund's objective.

**17. APPROVAL OF FINANCIAL STATEMENTS**

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

**DIRECTORY**

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