

# Principal Small Cap Opportunities Fund

Unaudited Semi-Annual Report

For The Six Months Financial Period Ended 30 June 2023

**PRINCIPAL SMALL CAP OPPORTUNITIES FUND**  
**UNAUDITED SEMI-ANNUAL REPORT**  
**FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2023**

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## INVESTORS' LETTER

Dear Valued Investor,

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

We are pleased to bring you a copy of the unaudited Semi-Annual Fund Report of the Principal Small Cap Opportunities Fund for the financial period ended 30 June 2023. You may also download this report from our website at [www.principal.com.my](http://www.principal.com.my).

We are happy to share that Principal Malaysia won three accolades at Alpha Southeast Asia's 14th Annual Fund Management Awards 2023. The awards were for Best Online & Mobile Platform (Asset Manager), Best Absolute Return Strategy and Best Fund Manager for Pension Mandates. Principal Malaysia was also honoured with multiple awards at the FSMOne Recommended Unit Trusts Awards 2023/2024 including Investors' Choice Fund House of the year 2023.

Digital innovation is central to our strategy, as we use data and technology to develop the right solutions for you. We will continue to advance our digital capabilities to provide easy access to your investment portfolio and enable you to carry out transactions seamlessly. Please continue to check out our website ([www.principal.com.my](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 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?**

The Fund outperformed the benchmark and has achieved its objective over the medium to long-term.

**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 with market capitalisation of up to three (3) billion Malaysian Ringgit ("MYR") at the point of purchase 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. However, should there be lack of liquidity or when we deem necessary to reduce volatility of the Fund, the Fund may invest up to 20% of its NAV in companies with market capitalisation above three (3) billion MYR at the point of purchase\*. The Fund may opt to seek investment exposure via collective investment scheme that is in line with the Fund's objective, subject to the requirement of the Guideline 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.

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 2023?**

RM108.96 (198.31 million units)

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

FTSE Bursa Malaysia ("FBM") 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 2023?**

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

## PERFORMANCE DATA

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

	30.06.2023	30.06.2022	30.06.2021
	%	%	%
Quoted securities			
- Construction	11.57	6.73	8.69
- Consumer Products & Services	8.16	11.44	12.10
- Energy	9.37	8.42	9.55
- Financial Services	-	-	0.74
- Health Care	1.30	3.85	5.32
- Industrial Products & Services	20.65	20.95	15.54
- Plantation	-	3.22	3.43
- Property	1.11	3.65	3.18
- Real Estate Investment Trusts ("REITs")	5.10	2.28	2.70
- Technology	20.72	26.48	20.77
- Telecommunications & Media	5.78	-	2.86
- Transportation & Logistics	3.63	0.50	1.69
- Utilities	3.27	0.02	2.96
Cash and other assets	9.63	12.63	10.69
Liabilities	(0.29)	(0.17)	(0.22)
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	30.06.2023	30.06.2022	30.06.2021
NAV (RM Million)	108.96	98.67	112.11
Units in circulation (Million)	198.31	192.95	188.70
NAV per unit (RM)	0.5494	0.5113	0.5941
	01.01.2023 to 30.06.2023	01.01.2022 to 30.06.2022	01.01.2021 to 30.06.2021
Highest NAV per unit (RM)	0.5904	0.6347	1.1114
Lowest NAV per unit (RM)	0.5457	0.5069	0.5797
Total return (%)	1.10	(18.37)	5.23
- Capital growth (%)	1.10	(18.37)	5.23
- Income distribution (%)	-	-	-
Total Expense Ratio ("TER") (%)	0.79	0.79	0.79
Portfolio Turnover Ratio ("PTR") (times) #	0.66	0.31	0.42

# The Fund's PTR increased from 0.31 times to 0.66 times for the financial period under review due to increased trading activities.

	30.06.2023	30.06.2022	30.06.2021	30.06.2020	30.06.2019
	%	%	%	%	%
Annual total return	7.45	(13.94)	39.89	(7.47)	7.90

(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 2023 TO 30 JUNE 2023)**

For the financial period under review, FBMSCAP Index (the “Index”) fell by 0.49% from 14,924.41 points (“pts”) to 14,850.79 pts.

The Index rallied 8.3% Month-on-Month (“m-o-m”) in January 2023 as growth stocks outperformed, with technology stocks leading the pack as US inflation cooled further as well as optimism from China’s reopening.

However, the market pulled back in February 2023 with the Index falling 4.5% m-o-m. Investors remained cautious leading up to Budget 2023 while renewed concerns over the US Federal Reserve (the “Fed”) staying hawkish given persistent inflation coupled with encouraging consumption and employment data in the US recently further weighed on sentiment. The rebound in the US dollar also took flows out of emerging markets.

The Index continued to slip in March 2023, falling 1.1% m-o-m. Weakness was in line with the sell-off in regional markets as investors aggressively risked off following the collapse of several high-profile banks in the US and Europe, potentially triggering a global liquidity squeeze, and mounting worries that the Fed’s aggressive tightening may have finally taken a toll on the US economy. The market, however, rebounded towards the later part of the month following the Fed’s decision to go ahead with a 25 bps hike, downplaying fears of a banking contagion and shifting attention back to inflation which has started to ease, albeit very gradually.

The Index rebounded 1.5% m-o-m in April 2023. Commodities, Telecommunications and Consumer Discretionary did well during the month, while Financials weakened further on lingering fear of potential banking contagion. Economic data out of the US were mixed with a lower first quarter of 2023 (“1Q23”) US Gross Domestic Product (“GDP”) print of a mere 1%, down from 2.6% in fourth quarter of 2022 (“4Q2022”). On the other hand, US consumer spending remains strong, up 3.7% over the same period (vs 1% in 4Q2022) on the back of low unemployment and solid wage gains. US Consumer Price Index (“CPI”) cooled to 5% in March 2023, a lower end of forecast, but core Personal Consumption Expenditure (“PCE”) picked up from 3.5% in February 2023 to 3.6% in March 2023 no thanks to higher rents.

The Index dropped by 4.2% m-o-m in May 2023. The sell-off was relatively broad-based, with select stocks within defensive sectors showing green, and we believe it was largely triggered by the recent weakness of the MYR on the back of poor Chinese data and consequently the depreciation of the Chinese Yuan Renminbi (“CNY”). Further aggravating the situation was the stronger Dollar. Encouraging payroll and wage, sticky inflation and recent rebound in job openings stoke bets on further rates hikes in the next Federal Open Market Committee (“FOMC”) meeting.

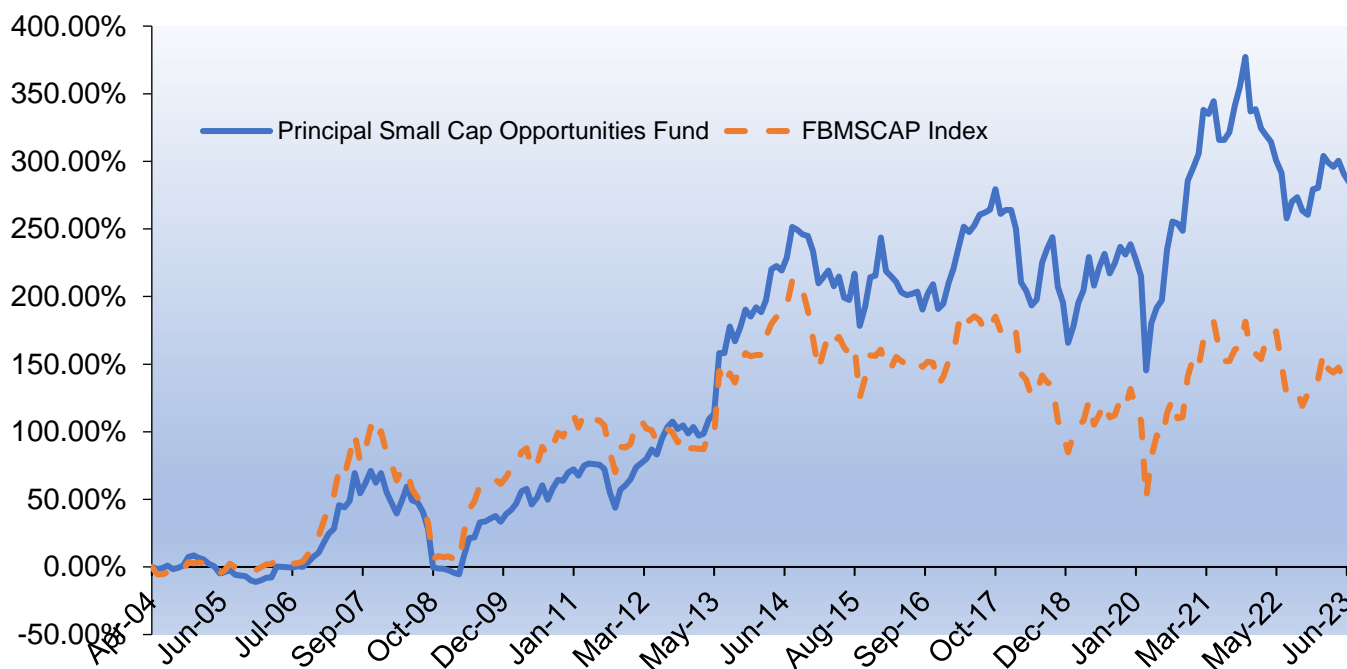
The market continued to be in jittery and the Index remained flattish up 0.1% m-o-m in June 2023. Investors remain wary of the sustained weakness of the Ringgit, a rather uninspiring 1Q23 corporate results (although they were broadly in line), and domestic political uncertainties caused by the upcoming State elections. Expectations of a US recession have now been pushed back to 2024 given the still buoyant data points coming out of the US.

**FUND PERFORMANCE**

	<b>6 months to 30.06.2023</b>	<b>1 year to 30.06.2023</b>	<b>3 years to 30.06.2023</b>	<b>5 years to 30.06.2023</b>	<b>Since inception to 30.06.2023</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Income					
Distribution	-	-	-	-	-
Capital Growth	1.10	7.45	29.37	29.16	284.58
Total Return	1.10	7.45	29.37	29.16	284.58
Benchmark	(0.49)	4.32	25.23	5.98	137.30
Average Total					
Return	2.22	7.45	8.96	5.25	7.26

**FUND PERFORMANCE (CONTINUED)**

For the financial period under review, the Fund's total return increased by 1.10%, while the benchmark dropped by 0.49%. As such, the Fund outperformed its benchmark by 1.59 percentage points (ppts) amid inflation worries and the consequence of tightening monetary policies.

**Since Inception**

**Changes in NAV**

	<b>30.06.2023</b>	<b>31.12.2022</b> <b>Audited</b>	<b>Changes</b> <b>%</b>
NAV (RM Million)	108.96	106.37	2.43
NAV/Unit (RM)	0.5494	0.5433	1.12

The Fund's NAV increased by 2.43%, while NAV per unit increased by 1.12% which was due to injections and the impact of the Fund's positive return for 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**

<b>(% of NAV)</b>	<b>30.06.2023</b>	<b>31.12.2022</b> <b>Audited</b>
Quoted securities	90.66	81.07
Cash and other assets	9.63	19.11
Liabilities	(0.29)	(0.18)
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>

Asset allocation increased from 81.07% as at 31 December 2022 to 90.66% as at 30 June 2023 as a result of realigning the fund to reflect our constructive view on select sectors in the Malaysian equity market.



## MARKET OUTLOOK\*

Malaysia's economy expanded 5.6% Year-on-Year("YoY") in 1Q23. The strong growth was contributed by further expansion of household spending, continued investment activity, improving labour market and higher tourism activities. Standard & Poor's ("S&P") Global opines that the 2Q23 Purchasing Manager Index ("PMI") data so far suggests the GDP will hold steady around the 5.5% YoY mark in proximity with the 1Q2023 print. BNM made no change to Malaysia's GDP growth of 4% to 5% in 2023.

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

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

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

## INVESTMENT STRATEGY

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

## SOFT COMMISSIONS AND REBATES

Principal 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 or the will not enter into unnecessary trades in order to achieve a sufficient

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 3 to 25 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 30 June 2023 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/Executive Director

**UDAY JAYARAM**

Director

Kuala Lumpur  
17 August 2023

**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 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Principal Asset Management Berhad has operated and managed the Fund during the period covered by these financial statements in accordance with the following:

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

For **Maybank Trustees Berhad**

[Company No. : 196301000109 (5004-P)]

**JUANITA BINTI SUHAIMI**

Unit Head, Unit Trust Operation

Kuala Lumpur

Date: 16 August 2023

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

		<b>01.01.2023 to 30.06.2023</b>	<b>01.01.2022 to 30.06.2022</b>
	<b>Note</b>	<b>RM</b>	<b>RM</b>
<b>INCOME/(LOSS)</b>			
Dividend income		1,370,459	1,111,171
Interest income from deposits with licensed financial institutions and current account at amortised cost		220,398	94,624
Net gain/(loss) on financial assets at fair value through profit or loss	<b>7</b>	<u>661,708</u>	<u>(22,364,034)</u>
		<u>2,252,565</u>	<u>(21,158,239)</u>
<b>EXPENSES</b>			
Management fee	<b>4</b>	849,793	836,948
Trustee fee	<b>5</b>	39,657	39,058
Transaction costs		530,244	266,236
Audit fee		4,661	4,700
Tax agent's fee		2,000	2,000
Other expenses		<u>24,278</u>	<u>7,784</u>
		<u>1,450,633</u>	<u>1,156,726</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		801,932	(22,314,965)
Taxation	<b>6</b>	<u>-</u>	<u>-</u>
<b>PROFIT/(LOSS) AFTER TAXATION REPRESENTING TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD</b>		<u>801,932</u>	<u>(22,314,965)</u>
Profit/(Loss) after taxation is made up as follows:			
Realised amount		(858,896)	(5,221,198)
Unrealised amount		<u>1,660,828</u>	<u>(17,093,767)</u>
		<u>801,932</u>	<u>(22,314,965)</u>

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2023**

		<b>30.06.2023</b>	<b>31.12.2022</b>
	<b>Note</b>	<b>RM</b>	<b>Audited RM</b>
<b>ASSETS</b>			
Cash and cash equivalents	<b>8</b>	6,135,405	20,078,721
Financial assets at fair value through profit or loss	<b>7</b>	98,786,519	86,230,229
Amount due from stockbrokers		4,181,660	-
Amount due from Manager		17,275	89,553
Dividends receivable		155,222	155,315
<b>TOTAL ASSETS</b>		<u>109,276,081</u>	<u>106,553,818</u>
<b>LIABILITIES</b>			
Amount due to stockbrokers		103,797	-
Amount due to Manager		52,615	25,237
Accrued management fee		139,821	137,270
Amount due to Trustee		6,525	6,406
Other payables and accruals		9,044	17,400
<b>TOTAL LIABILITIES</b>		<u>311,802</u>	<u>186,313</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>108,964,279</u>	<u>106,367,505</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>	<b>10</b>	<u>108,964,279</u>	<u>106,367,505</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>	<b>9</b>	<u>198,307,397</u>	<u>195,751,505</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.5494</u>	<u>0.5433</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 2023**

	Note	01.01.2023 to 30.06.2023 RM	01.01.2022 to 30.06.2022 RM
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>		<u>106,367,505</u>	<u>121,786,084</u>
Movement due to units created and cancelled during the financial period:			
- Creation of units from applications and unit split		19,146,811	9,364,710
- Cancellation of units		<u>(17,351,969)</u>	<u>(10,165,823)</u>
		<u>1,794,842</u>	<u>(801,113)</u>
Total comprehensive income/(loss) for the financial period		<u>801,932</u>	<u>(22,314,965)</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL PERIOD</b>	<b>10</b>	<u>108,964,279</u>	<u>98,670,006</u>

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

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

	<b>01.01.2023 to 30.06.2023</b>	<b>01.01.2022 to 30.06.2022</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from disposal of quoted securities	64,514,487	35,523,489
Purchase of quoted securities	(81,017,176)	(38,646,763)
Dividend income received	1,352,947	1,011,844
Interest income received from deposits with licensed financial institutions and current account	220,398	94,624
Management fee paid	(847,242)	(862,452)
Trustee fee paid	(39,538)	(40,248)
Payment of other fees and expenses	(21,690)	(7,780)
<b>Net cash used in operating activities</b>	<b>(15,837,814)</b>	<b>(2,927,286)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash proceeds from units created	19,219,089	9,526,404
Payments for cancellation of units	(17,324,591)	(10,566,354)
<b>Net cash generated from/(used in) financing activities</b>	<b>1,894,498</b>	<b>(1,039,950)</b>
Net decrease in cash and cash equivalents	(13,943,316)	(3,967,236)
Cash and cash equivalents at the beginning of financial period	20,078,721	16,046,243
Cash and cash equivalents at the end of financial period	<b>6,135,405</b>	<b>12,079,007</b>
<u>Cash and cash equivalents comprised of:</u>		
Bank balances	83,899	21,280
Deposits with licensed financial institutions	6,051,506	12,057,727
Cash and cash equivalents at the end of the financial period	<b>6,135,405</b>	<b>12,079,007</b>

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



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

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

Principal 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, an Eighteenth Supplemental Master Deed dated 25 March 2015, a Twentieth Supplemental Master Deed dated 21 October 2019, a Twenty Third Supplemental Master Deed dated 27 June 2022 and a Twenty Fourth Supplemental Master Deed dated 13 January 2023 (collectively referred to as the “Deeds”), between Principal Asset Management Berhad (the “Manager”) and Maybank Trustees Berhad (the “Trustee”).

The Fund may invest between 70% to 98% (both inclusive) of the Fund’s NAV in shares of smaller companies with market capitalisation of up to three (3) billion MYR at the point of purchase 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. However, should there be lack of liquidity or when we deem necessary to reduce volatility of the Fund, the Fund may invest up to 20% of its NAV in companies with market capitalisation above three (3) billion MYR at the point of purchase. The Fund may opt to seek investment exposure via collective investment scheme that is in line with the Fund’s objective, subject to the requirement of the GUTF. To a lesser extent, the Fund may also invest in other permissible investments such as liquid assets primarily for the purpose of cash management. In addition, liquid assets may be strategically used if the Manager feels that the market downside risk is high in the short-term.

The asset allocation strategy for this Fund is as follows:

- between 70% to 98% (both inclusive) of the Fund’s NAV will be invested in equities; and
- at least 2% of the Fund’s NAV in liquid assets.

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (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 2023 that have a material effect on the financial statements of the Fund.

None of the standards, amendments to standards or interpretations that are effective for the financial period beginning on/after 1 July 2023 are applicable to the Fund.

### (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 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. SUMMARY OF SIGNIFICANT 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. SUMMARY OF SIGNIFICANT 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. SUMMARY OF SIGNIFICANT 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
<b>30.06.2023</b>				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>98,786,519</u>	<u>-</u>	<u>-</u>	<u>98,786,519</u>
<b>31.12.2022</b>				
<b>Audited</b>				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>86,230,229</u>	<u>-</u>	<u>-</u>	<u>86,230,229</u>

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



### 3. 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 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 2023, the management fee was recognised at a rate of 1.50% per annum (30.06.2022: 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 2023, the Trustee fee was recognised at a rate of 0.07% per annum (30.06.2022: 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

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

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

	01.01.2023 to 30.06.2023 RM	01.01.2022 to 30.06.2022 RM
Profit/(Loss) before taxation	801,932	(22,314,965)
Taxation at Malaysian statutory rate of 24% (2022: 24%)	192,464	(5,355,591)
Tax effects of:		
- (Investment income not subject to tax)/Loss not deductible for tax purposes	(540,617)	5,077,976
- Expenses not deductible for tax purposes	142,262	74,989
- Restriction on tax deductible expenses for Unit Trust Funds	205,891	202,626
Taxation	-	-

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.06.2023	31.12.2022
	RM	Audited RM
At fair value through profit or loss:		
- Quoted securities	98,786,519	86,230,229
	<b>01.01.2023 to 30.06.2023</b>	<b>01.01.2022 to 30.06.2022</b>
	RM	RM
Net gain/(loss) on financial assets at fair value through profit or loss:		
- Realised loss on disposals	(999,123)	(5,270,267)
- Unrealised fair value gain/(loss)	1,660,831	(17,093,767)
	661,708	(22,364,034)

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>30.06.2023</b>				
<b>QUOTED SECURITIES</b>				
<b>Construction</b>				
Econpile Holdings Bhd	6,055,500	1,235,674	1,120,268	1.03
Total				
Gamuda Bhd Total	683,500	2,873,060	3,007,400	2.76
IJM Corp Bhd Total	529,400	850,625	788,806	0.72
Kerjaya Prospek Group				
Bhd Total	1,583,300	1,798,262	1,678,298	1.54
MGB Bhd Total	2,340,300	1,783,450	1,614,807	1.48
Sunway Construction				
Group Bhd Total	1,349,000	2,232,044	2,090,950	1.92
Southern Score Builders				
Bhd Total	8,510,400	1,702,080	1,702,080	1.56
WCT Holdings Bhd Total	1,498,200	875,707	614,262	0.56
	22,549,600	13,350,902	12,616,871	11.57
<b>Consumer Products &amp; Services</b>				
Farm Fresh Bhd	2,452,600	3,874,718	3,090,276	2.84
Genting Malaysia Bhd	1,116,400	3,300,465	2,746,344	2.52
Karex Bhd	2,745,600	1,970,626	1,564,992	1.44
Mynews Holdings Bhd	3,534,200	2,118,211	1,484,364	1.36
	9,848,800	11,264,020	8,885,976	8.16
<b>Energy</b>				
Bumi Armada Bhd	7,462,400	3,537,657	3,507,328	3.22
Dayang Enterprise Holdings Bhd	1,374,400	1,834,648	1,759,232	1.61
Yinson Holdings Bhd	1,110,720	2,550,653	2,843,443	2.61

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>30.06.2023 (CONTINUED) QUOTED SECURITIES (CONTINUED)</b>				
<b>Energy (Continued)</b>				
Yinson Holdings Bhd - Warant	3,317,600	1,594,556	2,106,676	1.93
	13,265,120	9,517,513	10,216,679	9.37
<b>Health Care</b>				
Optimax Holdings Bhd	1,956,600	1,415,224	1,418,535	1.30
<b>Industrial Products &amp; Services</b>				
Ancom Nylex Bhd	3,210,600	2,896,177	3,050,070	2.80
Cape EMS Bhd	2,425,200	3,357,565	3,152,760	2.89
HSS Engineers Bhd	5,321,400	3,375,265	2,820,342	2.59
KELINGTON Group Bhd	2,136,900	1,649,576	3,183,981	2.92
Nationgate Holdings Bhd	3,551,500	4,151,292	4,972,100	4.56
Sunway Bhd	342,300	585,061	540,834	0.50
SKP Resources Bhd	786,300	855,416	857,067	0.79
Scicom MSC Bhd	1,647,000	1,914,126	1,910,520	1.75
SOLARVEST Holdings	1,727,500	1,864,665	2,021,175	1.85
	21,148,700	20,649,143	22,508,849	20.65
<b>Property</b>				
Eco World Dev Group Berhad	271,800	215,008	220,158	0.20
LBS Bina Group Bhd	2,091,103	967,124	888,719	0.82
MST Golf Group Bhd	126,800	102,708	102,708	0.09
	2,489,703	1,284,840	1,211,585	1.11
<b>REITs</b>				
AME REIT	1,089,700	1,256,846	1,307,640	1.20
Pavillion REIT	3,423,200	4,182,410	4,244,768	3.90
	4,512,900	5,439,256	5,552,408	5.10
<b>Technology</b>				
CTOS Digital Bhd	2,016,000	2,898,828	2,802,240	2.58
ECA Integrated Solution Bhd	1,000,000	906,700	880,000	0.81
Genetec Technology Bhd	2,699,900	5,739,095	6,263,768	5.75
Infomina Bhd	467,400	678,332	864,690	0.79
ITMAX System Bhd	1,791,600	2,173,216	2,508,240	2.30
LGMS Bhd	1,783,400	2,101,303	2,086,578	1.91
My Eg Services Bhd	3,106,700	2,736,661	2,330,025	2.14
SMRT Holdings Bhd	952,900	552,681	724,204	0.66

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>30.06.2023 (CONTINUED) QUOTED SECURITIES (CONTINUED)</b>				
<b>Technology (continued)</b>				
Oppstar Bhd	<u>2,180,000</u>	<u>3,882,730</u>	<u>4,120,200</u>	<u>3.78</u>
	<u>15,997,900</u>	<u>21,669,545</u>	<u>22,579,945</u>	<u>20.72</u>
<b>Telecommunications &amp; Media</b>				
Astro Malaysia Hold Bhd	8,319,200	5,704,106	4,991,520	4.58
Celcomdigi Bhd	157,500	692,874	647,325	0.59
Time Dotcom Bhd	124,800	674,317	648,960	0.61
	<u>8,601,500</u>	<u>7,071,298</u>	<u>6,287,805</u>	<u>5.78</u>
<b>Transportation &amp; Logistics</b>				
Malaysia Airports Holdings Bhd	<u>575,700</u>	<u>4,024,143</u>	<u>3,960,816</u>	<u>3.63</u>
<b>Utilities</b>				
YTL Power International Bhd	<u>2,728,500</u>	<u>3,516,078</u>	<u>3,547,050</u>	<u>3.27</u>
<b>TOTAL QUOTED SECURITIES</b>	<u><b>103,675,023</b></u>	<u><b>99,201,961</b></u>	<u><b>98,786,519</b></u>	<u><b>90.66</b></u>
<b>ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u><b>(415,442)</b></u>		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u><b>98,786,519</b></u>		

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>31.12.2022</b>				
<b>Audited</b>				
<b>QUOTED SECURITIES</b>				
<b>Construction</b>				
IJM Corporation Bhd	1,057,200	1,708,443	1,691,520	1.59
MGB Bhd	2,340,300	1,783,450	1,216,956	1.14
Sunway Construction Group Bhd	1,349,000	2,232,044	2,104,440	1.98
WCT Holdings Bhd	1,927,230	1,126,478	770,892	0.72
	<u>6,673,730</u>	<u>6,850,415</u>	<u>5,783,808</u>	<u>5.43</u>
<b>Consumer Products &amp; Services</b>				
Genting Malaysia Bhd	1,457,900	4,310,057	3,921,751	3.69
IOI Corp Bhd	267,000	1,255,327	1,081,350	1.02
MBM Resources Bhd	327,100	1,076,767	1,072,888	1.01
Mynews Holdings Bhd	3,176,600	1,941,199	2,001,258	1.88
	<u>5,228,600</u>	<u>8,583,350</u>	<u>8,077,247</u>	<u>7.60</u>
<b>Energy</b>				
Bumi Armada Bhd	12,459,000	5,776,238	5,980,320	5.62
Yinson Holdings Bhd	987,820	2,227,181	2,400,403	2.26
Yinson Holdings Bhd - Warrant	3,317,600	1,594,556	1,526,096	1.43
	<u>16,764,420</u>	<u>9,597,975</u>	<u>9,906,819</u>	<u>9.31</u>
<b>Financial Services</b>				
Malayan Banking Bhd	164,100	1,416,215	1,427,670	1.34
Public Bank Bhd - Local	317,200	1,401,312	1,370,304	1.29
	<u>481,300</u>	<u>2,817,527</u>	<u>2,797,974</u>	<u>2.63</u>
<b>Industrial Products &amp; Services</b>				
Ancom Bhd	2,269,700	1,898,823	2,337,791	2.20
Aurelius Technologies Bhd	1,454,900	2,898,607	2,662,467	2.50
Farm Fresh Bhd	1,554,300	2,471,270	2,502,423	2.35
HSS Engineers Bhd	5,321,400	3,375,265	2,288,202	2.15
Karex Bhd	2,055,800	1,400,954	1,500,734	1.41
Kelington Group Bhd	2,199,300	1,697,745	3,013,041	2.83
Kerjaya Prospek Group Bhd	927,300	1,074,501	1,084,941	1.02
Kossan Rubber Industries	1,584,700	1,882,508	1,743,170	1.64
Malaysia Airports Holdings Bhd	254,700	1,631,133	1,670,832	1.57
MISC Bhd - Local	155,500	1,120,806	1,166,250	1.10
Sime Darby Plantation Bhd	417,100	2,125,263	1,939,515	1.82
Sunway Bhd	1,079,100	1,849,540	1,748,142	1.64
Uchi Technologies Bhd	666,100	1,864,032	2,178,147	2.05

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>31.12.2022</b>				
<b>Audited</b>				
<b>QUOTED SECURITIES</b>				
<b>(CONTINUED)</b>				
<b>Industrial Products &amp; Services (continued)</b>				
V.S. Industry	5,364,452	5,536,665	4,720,718	4.44
Westports Holdings Bhd	86,500	328,994	328,700	0.31
	<u>25,390,852</u>	<u>31,156,106</u>	<u>30,885,073</u>	<u>29.03</u>
<b>Property</b>				
LBS Bina Group Bhd	2,371,803	1,096,946	996,157	0.94
SP Setia Bhd	727,500	694,282	436,500	0.41
	<u>3,099,303</u>	<u>1,791,228</u>	<u>1,432,657</u>	<u>1.35</u>
<b>REITs</b>				
AME REIT	1,813,900	2,092,129	2,122,263	2.00
Axis REIT	769,624	1,378,295	1,377,627	1.30
Sunway REIT	519,600	782,913	758,616	0.71
	<u>3,103,124</u>	<u>4,253,337</u>	<u>4,258,506</u>	<u>4.01</u>
<b>Technology</b>				
CTOS Digital Bhd	511,100	772,212	725,762	0.68
Datasonic Group Bhd	3,841,600	2,111,032	1,767,136	1.66
Genetec Technology Bhd	2,378,900	4,590,962	5,685,571	5.35
Globetronics Technology Bhd	427,000	505,048	495,320	0.47
Inari Amertron Bhd	1,162,600	3,247,730	3,034,386	2.85
ITMAX System Bhd	1,290,900	1,381,263	1,833,078	1.72
LGMS Bhd	827,600	1,017,290	935,188	0.88
My E.G. Services Bhd	3,706,200	3,912,637	3,224,394	3.03
Pentamaster Corporation Bhd	598,000	2,825,852	2,649,140	2.49
Southern Score Builders Bhd	10,000,000	2,000,000	1,900,000	1.79
UWC Bhd	208,500	892,538	838,170	0.79
	<u>24,952,400</u>	<u>23,256,564</u>	<u>23,088,145</u>	<u>21.71</u>
<b>TOTAL QUOTED SECURITIES</b>	<u><b>85,693,729</b></u>	<u><b>88,306,502</b></u>	<u><b>86,230,229</b></u>	<u><b>81.07</b></u>
<b>ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
		<u><b>(2,076,273)</b></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 %
31.12.2022 Audited QUOTED SECURITIES (CONTINUED)				
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>86,230,229</u>		

8. CASH AND CASH EQUIVALENTS

	30.06.2023	31.12.2022 Audited
	RM	RM
Bank balance	83,899	74,515
Deposits with licensed financial institutions	6,051,506	20,004,206
	<u>6,135,405</u>	<u>20,078,721</u>

9. NUMBER OF UNITS IN CIRCULATION (UNITS)

	01.01.2023 to 30.06.2023	01.01.2022 to 31.12.2022 Audited
	No. of units	No. of units
At the beginning of the financial period/ year	195,751,505	194,398,646
Add: Creation of units from applications	33,379,965	25,728,285
Less: Cancellation of units	(30,824,073)	(24,375,426)
At the end of the financial period/year	<u>198,307,397</u>	<u>195,751,505</u>

10. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

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

	30.06.2023	31.12.2022 Audited
	RM	RM
Unit holders' contributions	(3,824,427)**	(5,619,269)**
Retained earnings	112,788,706	111,986,774
	<u>108,964,279</u>	<u>106,367,505</u>

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

# 10. 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:

	Unit holders' contributions RM	Retained earnings RM	Total RM
<b>Balance as at 1 January 2023</b>	(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 income for the financial period	-	801,932	801,932
<b>Balance as at 30 June 2023</b>	<b>(3,824,427)</b>	<b>112,788,706</b>	<b>108,964,279</b>
<b>Balance as at 1 January 2022</b>	(6,225,124)	128,011,208	121,786,084
Movement in unit holders' contributions:			
- Creation of units from Applications	9,364,710	-	9,364,710
- Cancellation of units	(10,165,823)	-	(10,165,823)
Total comprehensive loss for the financial period	-	(22,314,965)	(22,314,965)
<b>Balance as at 30 June 2022</b>	<b>(7,026,237)</b>	<b>105,696,243</b>	<b>98,670,006</b>

# 11. TOTAL EXPENSE RATIO ("TER")

	01.01.2023 to 30.06.2023 %	01.01.2022 to 30.06.2022 %
TER	0.79	0.79

TER is derived from the following calculation:

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

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 RM114,278,651 (01.01.2021 to 30.06.2022: RM112,740,040).

# 12. PORTFOLIO TURNOVER RATIO ("PTR")

	01.01.2023 to 30.06.2023	01.01.2022 to 30.06.2022
PTR (times)	0.66	0.31



**12. PORTFOLIO TURNOVER RATIO ("PTR") (CONTINUED)**

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 = RM80,836,940 (30.06.2022: RM35,765,972)

total disposal for the financial period = RM68,942,358 (30.06.2022: RM33,948,575)

**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

	<b>30.06.2023</b>		<b>31.12.2022</b>	
			<b>Audited</b>	
	<b>No. of units</b>	<b>RM</b>	<b>No. of units</b>	<b>RM</b>
<b>Manager</b>				
Principal Asset Management Berhad	214	118	5,336	2,890

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.

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

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

	01.01.2023 to 30.06.2023 RM	01.01.2022 to 30.06.2022 RM
<u>Significant related party transactions</u>		
Interest income from deposits with licensed financial institution:		
- CIMB Bank Bhd	-	-
	30.06.2023 RM	31.12.2022 Audited RM
<u>Significant related party balances</u>		
Bank balance:		
- CIMB Bank Bhd	83,899	74,515

**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:

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
	149,757,770	100.00	327,220	100.00

14. TRANSACTIONS WITH BROKERS (CONTINUED)

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

Brokers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
KAF Equities Sdn Bhd	10,217,484	14.66	22,481	14.44
J.P. Morgan Securities (M) Sdn Bhd	9,695,739	13.90	17,711	11.38
CLSA Securities Malaysia Sdn Bhd	8,411,146	12.07	18,925	12.16
Affin Hwang Investment Bank Bhd	6,830,379	9.80	15,450	9.93
UBS Securities Malaysia Sdn Bhd	6,511,308	9.34	14,656	9.42
Maybank Investment Bank Bhd	6,481,369	9.30	14,583	9.37
RHB Investment Bank Bhd	5,039,484	7.23	11,452	7.36
Macquarie Capital Securities (M) Sdn Bhd	4,976,238	7.14	11,197	7.19
CGS-CIMB Securities Sdn Bhd #	4,843,903	6.95	12,278	7.89
Hong Leong Investment Bank Bhd	3,529,675	5.05	7,942	5.10
Others	3,177,822	4.56	8,988	5.76
	<u>69,714,547</u>	<u>100.00</u>	<u>155,663</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 RM18,174,359 (30.06.2022: RM4,843,903). 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.

## DIRECTORY

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