

Principal Malaysia Titans Fund

Annual Report

For The Financial Year Ended 30 June 2023

PRINCIPAL MALAYSIA TITANS FUND
ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

CONTENTS	PAGE(S)
INVESTORS' LETTER	i
MANAGER'S REPORT	ii - vii
Fund Objective and Policy	
Performance Data	
Market Review	
Fund Performance	
Portfolio Structure	
Market Outlook	
Investment Strategy	
Soft Commissions and Rebates	
Securities Financing Transactions	
State of Affair of The Fund	
Circumstances That Materially Affect Any Interest of Unit Holders	
Cross Trade	
Unit Split	
STATEMENT BY MANAGER	1
TRUSTEE'S REPORT	2
INDEPENDENT AUDITORS' REPORT	3 - 6
STATEMENT OF COMPREHENSIVE INCOME	7
STATEMENT OF FINANCIAL POSITION	8
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	9
STATEMENT OF CASH FLOWS	10
NOTES TO THE FINANCIAL STATEMENTS	11– 33
DIRECTORY	34

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 Malaysia Titans Fund for the financial year ended 30 June 2023. You may also download this report from our website at www.principal.com.my.

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

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

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

Thank you.

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 maximise capital growth over the medium to long-term through the stock market.

Has the Fund achieved its objective?

For the financial year under review, the Fund's total return decreased by 1.85%, while the benchmark dropped by 2.03%. As such, the Fund outperformed its benchmark by 18 basis points ("bps"). Despite the impact from the challenging macro environment, 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 its net asset value ("NAV") in equities and other equity related securities. The Fund may also invest up to 28% of its NAV in other permissible investments. In line with its objective, the investment policy and strategy of the Fund will focus on investment in shares of companies with growth potential and listed on the main market. The Fund may opt to seek investment exposure via Collective Investment Schemes that is in line with the Fund's objective, subject to the requirement of the Security Commission Malaysia ("SC") Guidelines on Unit Trust Funds ("GUTF").

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 other equity related securities;
- up to 28% of the Fund's NAV in permissible investments; and
- at least 2% of the Fund's NAV in liquid assets.

Fund category/type

Equity/Growth

When was the Fund launched?

1 August 1995

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

RM227.29 million (191.82 million units)

What is the Fund's benchmark?

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

What is the Fund distribution policy?

The Manager has the discretion to distribute part or all of the Fund's distributable income. The distribution (if any) may vary from period to period depending on the investment objective and the performance of the Fund.

What was the net income distribution for the financial year ended 30 June 2023?

The Fund distributed a total net income of RM8.88 million to unit holders. As a result, the NAV per unit has dropped from RM1.2577 to RM1.2123 on 25 October 2022 during the financial year ended 30 June 2023.

Breakdown of distribution were as follows:

	RM	%
Income	8,877,368	100.00
Capital	-	-
Total	8,877,368	100.00

PERFORMANCE DATA

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

	30.06.2023	30.06.2022	30.06.2021
	%	%	%
Quoted securities			
- Construction	2.10	3.39	3.27
- Consumer Products & Services	8.75	12.99	13.35
- Energy	6.03	3.56	7.27
- Financial Services	16.92	26.97	31.23
- Healthcare	8.82	3.31	2.99
- Industrial Products & Services	11.89	12.95	11.45
- Plantation	0.53	8.85	1.84
- Properties	-	0.17	0.65
- Real Estate Investment Trusts ("REITs")	2.03	-	-
- Technology	16.64	8.20	9.12
- Telecommunications & Media	6.33	2.15	5.52
- Transportation & Logistics	6.84	3.96	4.09
- Utilities	8.16	-	4.60
Cash and other assets	5.44	13.76	4.98
Liabilities	(0.48)	(0.26)	(0.36)
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	30.06.2023	30.06.2022	30.06.2021
Net asset value (RM Million)	227.29	261.75	260.93
Units in circulation (Million)	191.82	208.98	195.26
Net asset value per unit (RM)	1.1849	1.2525	1.3363
Highest NAV per unit (RM)	1.3051	1.4704	1.4324
Lowest NAV per unit (RM)	1.1843	1.2433	1.1874
- Total return (%)	(1.85)	(2.07)	12.93
- Capital return (%)	(5.40)	(6.27)	7.21
- Income return (%)	3.74	4.48	5.33
Total Expense Ratio ("TER") (%) ^	1.54	1.53	1.53
Portfolio Turnover Ratio ("PTR") (times) #	0.81	0.58	0.77

^ The Fund's TER increased from 1.53% to 1.54% due to decrease in the average NAV during the financial year under review.

The Fund's PTR increased from 0.58 times as at 30 June 2022 to 0.81 times as at 30 June 2023 due to higher trading activities as more cash was deployed into stock market during the financial year under review.

Gross/Net distribution per unit (sen)

Distribution on 25 October 2022	4.54	-	-
Distribution on 26 October 2021	-	6.22	-
Distribution on 09 July 2020	-	-	0.76

PERFORMANCE DATA (CONTINUED)

	30.06.2023	30.06.2022	30.06.2021	30.06.2020	30.06.2019
	%	%	%	%	%
Annual total return	(1.85)	(2.07)	12.93	(6.24)	0.12

(Launch date: 1 August 1995)

Performance data 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 JULY 2022 TO 30 JUNE 2023)

For the financial year under review, FBM100 Index (the “Index”) dropped by 203.49 or 2.03% from 10,047.49 points to 9,844.00 points.

The Index jumped 3.04% month-on-month (“m-o-m”) 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 Index extended gains in August 2022 with a rise of 0.93% m-o-m.

However, the Index suffered a big drop of 6.9% m-o-m in September 2022, as the market reeled from renewed fears of a global recession stoked by the ever-so-hawkish US Federal reserve (the “Fed”) which remained adamant about sustaining hikes to cool the economy further. A stronger US Dollar (“USD”) also triggered flows out of emerging markets and commodities.

Fortunately, the market recovered with the Index rising 3.71% m-o-m in October 2022 in tandem with the rebound in global and regional markets. The Index escalated further by 2.60% m-o-m in November 2022. Investors cheered as the political deadlock from 15 General Election (“GE15”) (which resulted in a hung parliament) was broken with the appointment of Datuk Seri Anwar Ibrahim as Malaysia’s 10th Prime Minister who will lead a ‘unity government’. Global sentiment also improved on raised bets that the Fed may start slowing the pace of rate hikes in the upcoming The Federal Open Market Committee, (“FOMC”) meeting in December 2022 following the softer October 2022 inflation print.

The Index ended December 2022 with a rise of 0.65% m-o-m to 10,419.80 points, aided by the year-end window-dressing and optimism over China’s reopening come 8 January 2023. Nonetheless, the market has also continued to stay vigilant on renewed fears of a US recession with concerns of inflation staying higher for longer and as the pace of the Fed’s rate hikes starts taking a toll on the economy. Recent Institute for Supply Management (“ISM”) data showed an unexpected rise in the services industry in November 2022 while employment and wage growth remain robust, albeit US home prices fell for the fourth month running.

Into 2023, the Index up 0.63% m-o-m in January 2023. Generally, 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 pullback in February 2023 with the Index fell 2.0% m-o-m in February 2023. 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.

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

MARKET REVIEW (1 JULY 2022 TO 30 JUNE 2023) (CONTINUED)

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

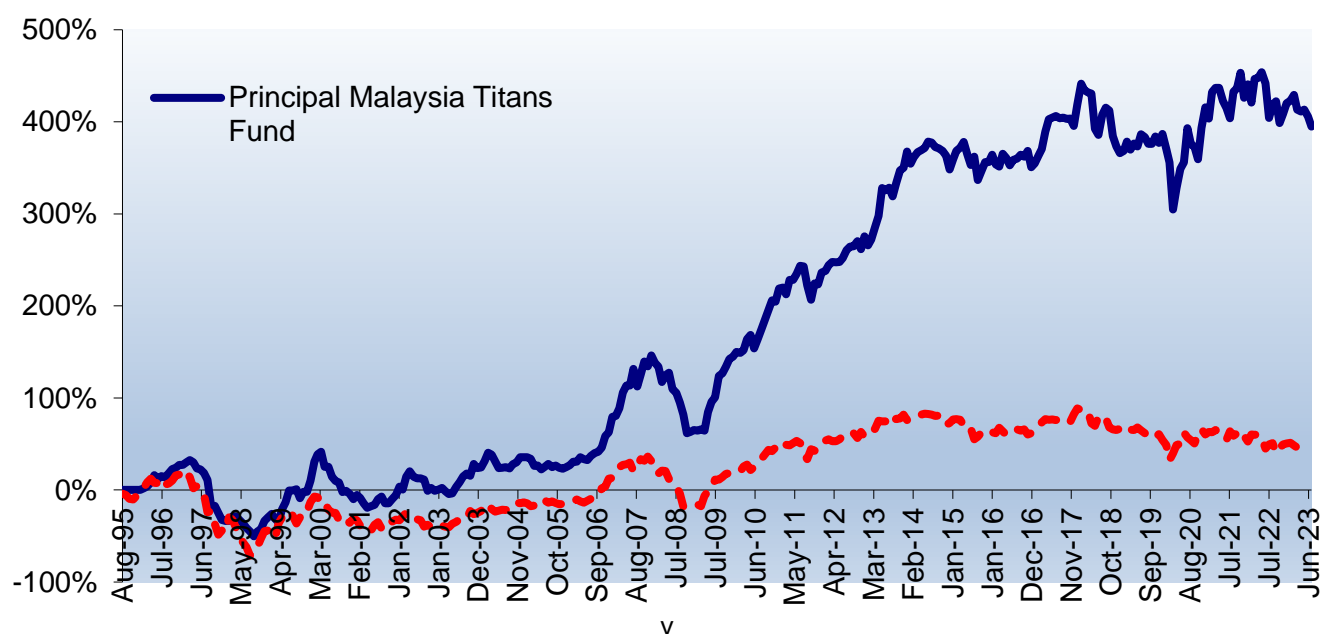
The Index further dropped by 1.3% m-o-m in May 2023. The sell-off was relatively broad-based, with select stocks within defensive sectors showing green, and we believe it was largely triggered by the recent weakness of the Malaysian Ringgit ("MYR/RM") on the back of poor Chinese data and consequently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

The market continued to be in jittery with the Index lost 1.1% m-o-m in June 2023. Investors remain wary of the sustained weakness of the MYR/RM a rather uninspiring in the first quarter of 2023 corporate results although they were broadly in line, and domestic political uncertainties caused by the upcoming State elections. Expectations of a US recession have now been pushed back to 2024 given the still buoyant data points coming out of the US.

FUND PERFORMANCE

	1 year to 30.06.2023	3 years to 30.06.2023	5 years to 30.06.2023	Since inception to 30.06.2023
	%	%	%	%
Income Distribution	3.74	14.17	29.25	297.80
Capital Growth	(5.40)	(4.93)	(21.17)	24.41
Total Return	(1.85)	8.54	1.89	394.92
Benchmark	(2.03)	(5.46)	(16.28)	42.14
Average Total Return	(1.85)	2.77	0.37	5.89

For the financial year under review, the Fund's total return decreased by 1.85%, while the benchmark dropped by 2.03%. As such, the Fund outperformed its benchmark by 18 bps amid the inflation worries and the consequence of tightening monetary policies.

Since Inceptions

FUND PERFORMANCE (CONTINUED)**Changes in NAV**

	30.06.2023	30.06.2022	Changes %
NAV (RM Million)	227.29	261.75	(13.17)
NAV/Unit (RM)	1.1849	1.2525	(5.40)

The Fund's NAV decreased by 13.17%, while NAV per unit decreased by 5.40% which was due to redemptions and the impact of the Fund's negative return for the financial year under review.

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

PORTFOLIO STRUCTURE**Asset allocation**

(% of NAV)	30.06.2023	30.06.2022
Quoted securities	95.04	86.50
Cash and other assets	5.44	13.76
Liabilities	(0.48)	(0.26)
TOTAL	100.00	100.00

Asset allocation increased from 86.50% as at 30 June 2022 to 95.04% as at 30 June 2023 as more cash was deployed back into stock market during the financial year under review.

MARKET OUTLOOK*

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

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

Malaysia's equity market valuations remain compressed with forward Period Ended of under 13 times still at over negative 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 barbell strategy, balancing between value and growth, though we are saw opportunity on 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 Trustee will not retain any form of rebate from, or otherwise share in any commission with, any broker or dealer in consideration for directing dealings in the investments of the Principal Malaysia Funds ("Funds"). Accordingly, any rebate or shared commission will be directed to the account of the Fund. We may retain goods and services (soft commission) provided by any broker or dealer if the following conditions are met:

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

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

SECURITIES FINANCING TRANSACTIONS

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

STATE OF AFFAIR OF THE FUND

There were no 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 MALAYSIA TITANS FUND**

We, being the Directors of Principal Asset Management Berhad (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying audited financial statements set out on pages 7 to 33 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 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 August 2023

TRUSTEE'S REPORT

**TO THE UNIT HOLDERS OF
PRINCIPAL MALAYSIA TITANS FUND ("Fund")**

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

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

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

For and on behalf of the Trustee,
UNIVERSAL TRUSTEE (MALAYSIA) BERHAD

ONG TEE VANN
Chief Executive Officer

Kuala Lumpur
17 August 2023

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Principal Malaysia Titans Fund (the "Fund"), which comprise the statement of financial position of the Fund as at 30 June 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 7 to 33.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 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 MALAYSIA TITANS FUND (cont'd.)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd.)

Information other than the financial statements and auditors' report thereon

The Manager of the Fund (the "Manager") is responsible for the other information. The other information comprises the information included in the annual report of the Fund but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager and the Trustee for the financial statements

The Manager is responsible for the preparation of financial statements of the Fund that give a true and fair view in accordance with 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 MALAYSIA TITANS FUND (cont'd.)****REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd.)***Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

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

Other matters

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

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

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

Kuala Lumpur, Malaysia
17 August 2023

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

	Note	2023 RM	2022 RM
INCOME/(LOSS)			
Dividend income		8,385,194	7,719,357
Interest income from deposits with licensed financial institutions at amortised cost		439,619	223,615
Net loss on financial assets at fair value through profit or loss	8	(6,441,318)	(8,284,412)
Other Income		8,860	-
		<u>2,392,355</u>	<u>(341,440)</u>
EXPENSES			
Management fee	4	3,668,868	3,883,399
Trustee fee	5	54,459	55,889
Audit fee		9,400	9,400
Tax agent's fee		6,800	6,159
Transaction costs		1,425,265	967,532
Other expenses		71,722	58,293
		<u>5,236,514</u>	<u>4,980,672</u>
LOSS BEFORE TAXATION		(2,844,159)	(5,322,112)
Taxation	7	<u>-</u>	<u>-</u>
LOSS AFTER TAXATION REPRESENTING TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		<u>(2,844,159)</u>	<u>(5,322,112)</u>
Loss after taxation is made up as follows:			
Realised amount		(1,652,884)	(1,825,625)
Unrealised amount		<u>(1,191,275)</u>	<u>(3,496,487)</u>
		<u>(2,844,159)</u>	<u>(5,322,112)</u>

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

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

	Note	2023 RM	2022 RM
ASSETS			
Cash and cash equivalents	9	9,497,689	21,465,052
Financial assets at fair value through profit or loss	8	216,024,930	226,419,097
Amount due from stockbrokers		2,583,243	82,874
Amount due from Manager		43,486	14,237,688
Dividends receivable		237,956	231,934
TOTAL ASSETS		<u>228,387,304</u>	<u>262,436,645</u>
LIABILITIES			
Amount due to stockbrokers		609,350	-
Amount due to Manager		176,935	334,251
Accrued management fee		284,512	314,033
Amount due to Trustee		4,363	4,559
Distribution payable		1,006	10,220
Other payables and accruals		18,801	19,401
TOTAL LIABILITIES		<u>1,094,967</u>	<u>682,464</u>
NET ASSET VALUE OF THE FUND		<u>227,292,337</u>	<u>261,754,181</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	11	<u>227,292,337</u>	<u>261,754,181</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	10	<u>191,819,139</u>	<u>208,975,756</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.1849</u>	<u>1.2525</u>

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

**STATEMENT OF CHANGES IN NET ASSET ATTRIBUTABLE TO UNIT HOLDERS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

	Note	2023 RM	2022 RM
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>261,754,181</u>	<u>260,932,419</u>
Movement in unit holders' contributions:			
- Creation of units from applications		34,301,073	45,672,274
- Creation of units from distribution		8,727,870	11,545,028
- Cancellation of units		<u>(65,769,260)</u>	<u>(39,323,324)</u>
		(22,740,317)	17,893,978
Total comprehensive loss for the financial year		(2,844,159)	(5,322,112)
Distribution	6	(8,877,368)	(11,750,104)
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR	11	<u>227,292,337</u>	<u>261,754,181</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 30 JUNE 2023**

	Note	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from disposal of quoted securities		198,318,268	157,116,185
Purchase of quoted securities		(197,681,702)	(144,335,857)
Dividend income received		8,377,233	7,779,108
Interest income received from deposits with licensed financial institutions		439,619	223,615
Management fee paid		(3,698,389)	(3,899,288)
Trustee fee paid		(54,655)	(55,995)
Payments for other fees and expenses		(86,584)	(68,853)
Other income received		8,860	-
Net cash generated from operating activities		5,622,650	16,758,915
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		48,495,275	31,474,711
Payments for cancellation of units		(65,926,576)	(39,237,270)
Distribution paid		(158,712)	(203,961)
Net cash used in financing activities		(17,590,013)	(7,966,520)
Net (decrease)/increase in cash and cash equivalents		(11,967,363)	8,792,395
Cash and cash equivalents at the beginning of the financial year		21,465,052	12,672,657
Cash and cash equivalents at the end of the financial year	9	9,497,689	21,465,052
<u>Cash and cash equivalents comprise of</u>			
Deposits with licensed financial institutions		9,305,778	21,362,288
Bank balances		191,911	102,764
Cash and cash equivalents at the end of the financial year	9	9,497,689	21,465,052

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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

Principal Malaysia Titans Fund (the “Fund”) is governed by a Principal Master Deed dated 15 May 2008, a First Supplemental Master Deed dated 25 June 2008, a Third Supplemental Master Deed dated 14 July 2008, a Fourth Supplemental Master Deed dated 18 March 2009, a Fifth Supplemental Master Deed dated 16 July 2009, 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”), made between Principal Asset Management (the “Manager”), and Universal Trustee (Malaysia) Berhad (the “Trustee”).

The Fund may invest between 70% to 98% (both inclusive) of its NAV in equities and other equity related securities. The Fund may also invest up to 28% of its NAV in other permissible investments. In line with its objective, the investment policy and strategy of the Fund will focus on investment in shares of companies with growth potential and listed on the main market. The Fund may opt to seek investment exposure via Collective Investment Schemes that is in line with the Fund’s objective, subject to the requirement of the GUTF.

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 other equity related securities;
- up to 28% of the Fund’s NAV in permissible investments; 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 IFRS as issued by the International Accounting Standards Board (“IASB”).

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

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

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

There are no other standards, amendments to standards or interpretations that are effective for financial year beginning on 1 July 2022 that have a material effect on the financial statements of the Fund.

There are no applicable standards, amendments to standards or interpretations that are effective for financial year beginning on/after 1 July 2023 to the financial statements of 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 at 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. Investments are initially recognised at fair value. Transaction costs are expensed in the statement of comprehensive income.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Recognition and measurement (continued)

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.

Quoted securities in Malaysia are valued at the last traded market price quoted on Bursa Malaysia Securities Bhd ("Bursa Securities") at the date of the statement of financial position.

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

Deposits with licensed financial institutions are stated at cost plus accrued interest calculated on the effective interest method over the financial year 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 rate 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 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.

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.

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 year.

(c) Income recognition

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

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

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

Realised gain or loss on disposal of quoted securities are accounted for as the difference between the 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 Malaysian Ringgit ("MYR" or "RM"), which is the Fund's functional and presentation currency.

(e) 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 investments are based on tax regime of the respective countries that the Fund invests in. Such withholding taxes are not "income tax" in nature and are recognised and measured based on the requirements of MFRS 137. They are presented within other expenses line in the statement of comprehensive income.

(f) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balances and deposits held in highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

(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) Amount due from/to stockbrokers

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

(j) Unit holders' capital

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 are 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.

(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.

(l) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(I) Critical accounting estimates and judgements in applying accounting policies (continued)**

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

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

3. FINANCIAL INSTRUMENT AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund are as follows:

	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
2023			
Cash and cash equivalents (Note 9)	-	9,497,689	9,497,689
Quoted securities (Note 8)	216,024,930	-	216,024,930
Amount due from stockbrokers	-	2,583,243	2,583,243
Amount due from Manager	-	43,486	43,486
Dividends receivable	-	237,956	237,956
	<u>216,024,930</u>	<u>12,362,374</u>	<u>228,387,304</u>
2022			
Cash and cash equivalents (Note 9)	-	21,465,052	21,465,052
Quoted securities (Note 8)	226,419,097	-	226,419,097
Amount due from stockbrokers	-	82,874	82,874
Amount due from Manager	-	14,237,688	14,237,688
Dividends receivable	-	231,934	231,934
	<u>226,419,097</u>	<u>36,017,548</u>	<u>262,436,645</u>

The Fund aims to maximise capital growth over the medium to long-term through the stock market.

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 restriction 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.

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

(a) Market risk (continued)

(i) Price risk (continued)

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

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

	2023	2022
	RM	RM
Financial assets at fair value through profit or loss:		
- Quoted securities	<u>216,024,930</u>	<u>226,419,097</u>

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

% Change in price of quoted securities	Market value RM	Impact on profit or loss/NAV RM
2023		
-5%	205,223,683	(10,801,247)
0%	216,024,930	-
+5%	<u>226,826,177</u>	<u>10,801,247</u>
2022		
-5%	215,098,142	(11,320,955)
0%	226,419,097	-
+5%	<u>237,740,052</u>	<u>11,320,955</u>

(ii) Interest rate risk

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

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

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

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

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

(a) Market risk (continued)

(ii) Interest rate risk (continued)

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 interest rate per annum is as follows:

	2023 %	2022 %
Deposits with licensed financial institutions	3.05	2.20

(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 deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

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

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.

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
2023					
- AAA	9,497,689	-	-	-	9,497,689
- Not Rated	-	2,583,243	43,486	237,956	2,864,685
	9,497,689	2,583,243	43,486	237,956	12,362,374
2022					
- AAA	21,465,052	-	-	-	21,465,052
- Not Rated	-	82,874	14,237,688	231,934	14,552,496
	21,465,052	82,874	14,237,688	231,934	36,017,548

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

(c) **Liquidity risk**

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

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

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
2023			
Amount due to stockbrokers	609,350	-	609,350
Amount due to Manager	176,935	-	176,935
Accrued management fee	284,512	-	284,512
Amount due to Trustee	4,363	-	4,363
Distribution payable	1,006	-	1,006
Other payables and accruals	-	18,801	18,801
Contractual undiscounted cash flows	1,076,166	18,801	1,094,967
2022			
Amount due to Manager	334,251	-	334,251
Accrued management fee	314,033	-	314,033
Distribution payable	4,559	-	4,559
Amount due to Trustee	10,220	-	10,220
Other payables and accruals	-	19,401	19,401
Contractual undiscounted cash flows	663,063	19,401	682,464

Deposits with licensed financial institutions of the Fund have an average maturity of 1 day (2022: 1 day).

(d) **Capital risk management**

The capital of the fund is represented by net assets attributable to unit holders of USD227,292,337 (2022: USD261,754,181). 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.

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

(e) Fair value estimation

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

The fair value of financial assets traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the financial year end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

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

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

(i) Fair value hierarchy

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

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

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 judgment, 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.

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equities and collective investment scheme. 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)

(i) Fair value hierarchy (continued)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2023				
Financial asset at fair value through profit or loss:				
- Quoted securities	<u>216,024,930</u>	<u>-</u>	<u>-</u>	<u>216,024,930</u>
2022				
Financial asset at fair value through profit or loss:				
- Quoted securities	<u>226,419,097</u>	<u>-</u>	<u>-</u>	<u>226,419,097</u>

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

- (ii) The carrying values of cash and cash equivalents, amount due from 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 financial year ended 30 June 2023, the management fee is recognised at a rate of 1.50% per annum (2022: 1.50% per annum).

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

5. TRUSTEE AND CUSTODIAN FEES

In accordance with the Deeds, the Trustee is entitled to a fee at the following rates for both the current and the previous financial year:

Size of the Fund	Rate per annum on the NAV
First RM20 million	0.06%
Next RM20 million	0.05%
Next RM20 million	0.04%
Next RM20 million	0.03%
Next RM20 million	0.02%
Any amount in excess of RM100 million	0.01%

5. TRUSTEE AND CUSTODIAN FEES (CONTINUED)

Trustees fee is calculated daily based on the NAV of the Fund. The Trustees fee includes local custodian fee, which is subject to a maximum fee of RM25,000 per annum.

For the financial year ended 30 June 2023, the Trustee fee is recognised at the above-mentioned rates and the custodian fees is recognised at an annual fee of RM25,000 per annum (2022: RM25,000 per annum).

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

6. DISTRIBUTION

Distribution to unit holders is derived from the following sources:

	2023 RM	2022 RM
Dividend income	26,562	20,320
Interest income from deposits with licensed financial institutions	6,911	2,794
Net realised loss from disposal of financial assets at fair value through profit or loss	(64,943)	(218,975)
Prior financial year realised income	8,973,620	12,023,876
	<u>8,942,150</u>	<u>11,828,015</u>
Less:		
Expenses	64,782	77,911
Net distribution amount	<u>8,877,368</u>	<u>11,750,104</u>
Gross/Net distribution per unit (sen)		
Distribution on 25 October 2022	4.54	-
Distribution on 26 October 2021	<u>-</u>	<u>6.22</u>

Gross distribution is derived using total income less total expenses. Net distribution above is sourced from current and prior financial year realised income.

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

There are unrealised loss of RM1,191,275 for the financial year 30 June 2023 (2022:RM3,496,487)

7. TAXATION

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

7. TAXATION (CONTINUED)

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:

	2023 RM	2022 RM
Loss before taxation	(2,844,159)	(5,322,112)
Taxation at Malaysian statutory rate of 24% (2022: 24%)	(682,598)	(1,277,307)
Tax effects of:		
(Income not subject to tax)/ Loss not deductible for tax purposes	(572,040)	81,945
Expenses not deductible for tax purposes	355,502	247,124
Restriction on tax deductible expenses for Unit Trust Funds	899,136	948,238
Taxation	-	-

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 RM	2022 RM
At fair value through profit or loss:		
- Quoted securities	216,024,930	226,419,097
Net loss on financial assets at fair value through profit or loss:		
- Realised loss on disposals	(5,250,044)	(4,787,925)
- Unrealised fair value loss	(1,191,274)	(3,496,487)
	(6,441,318)	(8,284,412)

	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
Name of counter				
2023				
QUOTED SECURITIES				
Construction				
Gamuda Bhd	1,082,457	3,535,494	4,762,811	2.10
Consumer Products & Services				
Genting Bhd	1,650,500	7,819,683	6,701,030	2.95
Genting Malaysia Bhd	4,240,900	12,999,450	10,432,614	4.59
Sime Darby Bhd	1,342,900	3,118,787	2,752,945	1.21
	7,234,300	23,937,920	19,886,589	8.75

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2023 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
Energy				
Bumi Armada Bhd	5,527,900	3,069,769	2,598,113	1.14
Dayang Enterprise Holdings Bhd	2,939,100	3,868,781	3,762,048	1.66
Hibiscus Petroleum Bhd	2,424,700	2,197,912	2,097,365	0.92
Yinson Holdings Bhd - Warrant	827,314	320,990	525,344	0.23
Yinson Holdings Bhd	1,844,200	4,378,811	4,721,152	2.08
	<u>13,563,214</u>	<u>13,836,263</u>	<u>13,704,022</u>	<u>6.03</u>
Financial Services				
AMMB Holdings Bhd	511,600	1,921,939	1,851,992	0.81
CIMB Group Holdings Bhd	3,193,326	16,183,619	16,158,230	7.11
Hong Leong Bank Bhd	205,000	3,365,765	3,886,800	1.71
Malayan Banking Bhd	535,009	4,726,716	4,617,128	2.03
Public Bank Bhd	2,647,590	10,778,586	10,193,222	4.48
RHB Bank Bhd	328,191	1,846,945	1,782,077	0.78
	<u>7,420,716</u>	<u>38,823,570</u>	<u>38,489,449</u>	<u>16.92</u>
Health Care				
Hartalega Holding Bhd	4,981,000	8,486,808	9,414,090	4.14
IHH Healthcare Bhd	781,000	5,117,560	4,600,090	2.02
Kossan Rubber Industries	488,500	579,524	630,165	0.28
KPJ Healthcare Bhd	2,148,700	2,452,803	2,406,544	1.06
Top Glove Corp Bhd	3,704,000	3,505,747	3,000,240	1.32
	<u>12,103,200</u>	<u>20,142,442</u>	<u>20,051,129</u>	<u>8.82</u>
Industrial Products & Services				
Cape EMS Bhd	4,652,300	6,418,988	6,047,990	2.66
Kelington Group Bhd	745,400	1,087,374	1,110,646	0.49
MST Golf Group Bhd	131,800	106,758	106,758	0.05
Nationgate Holdings Bhd	5,920,800	7,343,444	8,289,120	3.65
Press Metal Aluminium Holding Bhd	1,691,400	6,897,395	7,949,580	3.50
Scicom MSC Bhd	263,800	299,413	306,008	0.13
Solarvest Holdings	2,043,000	2,124,662	2,390,310	1.05
V.S. Industry	893,200	793,835	812,812	0.36
	<u>16,341,700</u>	<u>25,071,869</u>	<u>27,013,224</u>	<u>11.89</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2023 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
Plantation				
Kuala Lumpur Kepong Bhd	55,000	1,188,880	1,207,800	0.53
Real Estate Investment				
Pavilion REIT	3,723,600	4,542,792	4,617,264	2.03
Technology				
Frontken Corporation Bhd	1,243,800	4,242,643	3,917,970	1.73
Genetec Technology Berhad	4,539,100	11,424,824	10,530,712	4.63
Inari Amertron Bhd	1,032,000	3,107,537	2,827,680	1.24
Infomina Bhd	771,900	1,054,472	1,428,015	0.63
ITMAX System Bhd	996,900	1,558,646	1,395,660	0.61
LGMS Bhd	1,051,300	1,213,905	1,230,021	0.54
My Eg Services Bhd	11,056,100	10,254,490	8,292,075	3.65
Oppstar Bhd	3,133,400	5,670,649	5,922,126	2.61
Vitrox Corp Bhd	284,700	2,340,323	2,271,906	1.00
	24,109,200	40,867,489	37,816,165	16.64
Telecommunications & Media				
Astro Malaysia Holding Bhd	8,261,400	5,731,887	4,956,840	2.18
Maxis Bhd	500,400	2,023,686	2,051,640	0.91
Telekom Malaysia Bhd	1,500,912	7,935,277	7,369,478	3.24
	10,262,712	15,690,850	14,377,958	6.33
Transportation & Logistics				
Malaysia Airports Holdings Bhd	1,928,128	13,254,249	13,265,521	5.84
MISC Bhd	318,800	2,441,977	2,282,608	1.00
	2,246,928	15,696,226	15,548,129	6.84
Utilities				
Tenaga Nasional Bhd	1,483,800	13,276,560	13,428,390	5.91
YTL Power International Bhd	3,940,000	4,941,224	5,122,000	2.25
	5,423,800	18,217,784	18,550,390	8.16

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2023 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
TOTAL QUOTED SECURITIES	103,566,827	221,551,579	216,024,930	95.04
ACCUMULATED UNREALISED LOSS ON FINACIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		(5,526,649)		
TOTAL FINACIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		216,024,930		
2022				
QUOTED SECURITIES				
Construction				
Econpile Holdings Bhd	1,280,000	398,520	256,000	0.10
Gamuda Bhd	1,712,096	5,335,538	6,129,304	2.34
IJM Corporation Bhd	1,440,900	2,387,938	2,492,757	0.95
	<u>4,432,996</u>	<u>8,121,996</u>	<u>8,878,061</u>	<u>3.39</u>
Consumer Products & Services				
Genting Bhd	2,316,000	10,981,325	10,514,640	4.02
Genting Malaysia Bhd	4,443,900	13,747,421	12,620,676	4.82
Mr D.I.Y. Group (M) Bhd	2,292,900	5,373,603	4,746,303	1.81
QL Resources Bhd	204,200	1,026,264	1,061,840	0.41
Sime Darby Bhd	2,372,900	5,522,239	5,054,277	1.93
	<u>11,629,900</u>	<u>36,650,852</u>	<u>33,997,736</u>	<u>12.99</u>
Energy				
Dialog Group Bhd	671,700	2,328,582	1,430,721	0.55
Hibiscus Petroleum Bhd	3,512,700	3,010,193	3,512,700	1.34
Yinson Holdings Bhd	2,148,000	5,223,045	4,296,000	1.64
Yinson Holdings Bhd - Warrant	247,714	-	84,223	0.03
	<u>6,580,114</u>	<u>10,561,820</u>	<u>9,323,644</u>	<u>3.56</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2022 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
Financial Services				
AMMB Holdings Bhd	1,688,300	5,371,935	6,297,359	2.41
CIMB Group Holdings Bhd	3,142,814	14,975,451	15,588,357	5.95
Hong Leong Bank Bhd	489,200	8,031,863	10,009,032	3.82
Hong Leong Financial Group Bhd	26,400	458,610	488,400	0.19
Malayan Banking Bhd	2,774,562	24,523,337	23,833,488	9.10
Public Bank Bhd	2,381,590	8,790,457	10,407,548	3.98
RHB Bank Bhd	688,766	3,748,190	3,946,629	1.51
	<u>11,191,632</u>	<u>65,899,843</u>	<u>70,570,813</u>	<u>26.96</u>
Health Care				
IHH Healthcare Bhd	<u>1,344,000</u>	<u>8,806,660</u>	<u>8,668,800</u>	<u>3.31</u>
Industrial Products & Services				
Ann Joo Resources Bhd	949,800	2,029,159	1,054,278	0.40
Kelington Group Bhd	879,400	1,281,636	1,046,486	0.40
Petronas Chemicals Group Bhd	1,565,100	12,329,066	14,085,900	5.38
Press Metal Aluminium Holdings Bhd	2,970,300	10,942,659	14,138,628	5.40
V.S. Industry Bhd	3,602,800	3,823,226	3,584,786	1.37
	<u>9,967,400</u>	<u>30,405,746</u>	<u>33,910,078</u>	<u>12.95</u>
Plantation				
IOI Corporation Bhd	1,550,900	6,886,012	5,955,456	2.28
Kuala Lumpur Kepong Bhd	369,000	9,365,704	8,095,860	3.09
Sime Darby Plantation Bhd	2,106,384	9,715,492	9,120,643	3.48
	<u>4,026,284</u>	<u>25,967,208</u>	<u>23,171,959</u>	<u>8.85</u>
Properties				
S P Setia Bhd	<u>661,000</u>	<u>786,113</u>	<u>449,480</u>	<u>0.17</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2022 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
Technology				
CTOS Digital Bhd	1,924,000	2,873,404	2,443,480	0.93
D&O Green Technologies Bhd	325,000	1,300,382	1,251,250	0.48
Frontken Corporation Bhd	1,627,600	5,637,894	3,727,204	1.42
Genetec Technology Bhd	1,614,000	4,273,725	3,147,300	1.20
GHL Systems Bhd	142,900	250,075	172,909	0.07
Inari Amertron Bhd	1,522,000	4,759,613	4,018,080	1.54
My E.G. Services Bhd	7,630,600	8,152,197	6,714,928	2.56
	<u>14,786,100</u>	<u>27,247,290</u>	<u>21,475,151</u>	<u>8.20</u>
Telecommunications & Media				
Telekom Malaysia Bhd	<u>1,071,500</u>	<u>5,693,871</u>	<u>5,625,375</u>	<u>2.15</u>
Transportation & Logistics				
Malaysia Airports Holdings Bhd	795,700	5,067,539	5,251,620	2.01
MISC Bhd	<u>717,800</u>	<u>5,545,534</u>	<u>5,096,380</u>	<u>1.96</u>
	<u>1,513,500</u>	<u>10,613,073</u>	<u>10,348,000</u>	<u>3.97</u>
TOTAL QUOTED SECURITIES	<u>67,204,426</u>	<u>230,754,472</u>	<u>226,419,097</u>	<u>86.50</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>(4,335,375)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>226,419,097</u>		

9. CASH AND CASH EQUIVALENTS

	2023 RM	2022 RM
Deposits with licensed financial institutions	9,305,778	21,362,288
Bank balances	<u>191,911</u>	<u>102,764</u>
	<u>9,497,689</u>	<u>21,465,052</u>

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2023	2022
	No. of units	No. of units
At the beginning of the financial year	208,975,756	195,257,571
Add: Creation of units from applications	27,795,970	34,762,433
Add: Creation of units from distribution	7,199,431	8,318,942
Less: Cancellation of units	<u>(52,152,018)</u>	<u>(29,363,190)</u>
At the end of the financial year	<u>191,819,139</u>	<u>208,975,756</u>

11. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

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

	2023	2022
	RM	RM
Unit holders' contributions	123,129,982	145,870,299
Retained earnings	<u>104,162,355</u>	<u>115,883,882</u>
	<u>227,292,337</u>	<u>261,754,181</u>

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

	Unit holders' contributions	Retained earnings	Total
	RM	RM	RM
Balance as at 1 July 2022	145,870,299	115,883,882	261,754,181
Movements in unit holders' contributions:			
- Creation of units from applications	34,301,073	-	34,301,073
- Creation of units from distribution	8,727,870	-	8,727,870
- Cancellation of units	(65,769,260)	-	(65,769,260)
Total comprehensive loss for the financial year	-	(2,844,159)	(2,844,159)
Distribution	<u>-</u>	<u>(8,877,368)</u>	<u>(8,877,368)</u>
Balance at 30 June 2023	<u>123,129,982</u>	<u>104,162,355</u>	<u>227,292,337</u>
Balance as at 1 July 2021	127,976,321	132,956,098	260,932,419
Movements in unit holders' contributions:			
- Creation of units from applications	45,672,274	-	45,672,274
- Creation of units from distribution	11,545,028	-	11,545,028
- Cancellation of units	(39,323,324)	-	(39,323,324)
Total comprehensive loss for the financial year	-	(5,322,112)	(5,322,112)
Distribution	<u>-</u>	<u>(11,750,104)</u>	<u>(11,750,104)</u>
Balance at 30 June 2022	<u>145,870,299</u>	<u>115,883,882</u>	<u>261,754,181</u>

12. TOTAL EXPENSE RATIO (“TER”)

	2023	2022
	%	%
TER	<u>1.54</u>	<u>1.53</u>

TER is derived from the following calculation:

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

A	=	Management fee
B	=	Trustee and custodian fee
C	=	Audit fee
D	=	Tax agent's fee
E	=	Other expenses excluding Central Depository System (“CDS”) fee and withholding tax
F	=	Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on daily basis is RM 247,483,830 (2022: RM261,665,764).

13. PORTFOLIO TURNOVER RATIO (“PTR”)

	2023	2022
PTR	<u>0.81</u>	<u>0.58</u>

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 = RM197,610,856 (2022: RM143,541,629)

total disposal for the financial year = RM201,563,706 (2022: RM157,722,755)

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

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>
CIMB Group Sdn Bhd	Shareholder of 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 Manager
CIMB Investment Bank Bhd	Fellow related party to the Manager
CIMB Securities Sdn Bhd	Fellow related party to the Manager
CIMB 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

	2023		2022	
	No. of units	RM	No. of units	RM
Manager				
Principal Asset Management Berhad	15,225	18,040	185,178	231,935

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.

	2023 RM	2022 RM
<u>Significant related party balance</u>		
Quoted security:		
- CIMB Group Holdings Bhd	16,158,230	15,588,357
<u>Significant related party transactions</u>		
Dividend income received:		
- CIMB Group Holdings Bhd	929,440	817,564

15. TRANSACTIONS WITH BROKERS

Details of transactions with the top 10 brokers for the financial year ended 30 June 2023 are as follows:

Brokers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
CGS-CIMB Securities Sdn Bhd #	51,946,959	13.01	87,342	10.25
J.P. Morgan Securities (M) Sdn Bhd	51,926,286	13.01	107,380	12.60
RHB Investment Bank Bhd	41,636,449	10.43	91,516	10.74
KAF Equities Sdn Bhd	40,679,421	10.19	89,823	10.54
CLSA Securities (M) Sdn Bhd	40,529,282	10.15	91,035	10.68
Maybank Investment Bank Bhd	38,726,456	9.70	86,439	10.14
Hong Leong Investment Bank Bhd	29,807,086	7.47	65,817	7.72
Affin Hwang Investment Bank Bhd	29,140,231	7.30	68,739	8.07
UBS Securities (M) Sdn Bhd	26,973,733	6.76	59,185	6.95
Credit Suisse Sec (M) Sdn Bhd	22,130,626	5.54	49,794	5.84
Others	25,678,033	6.44	55,104	6.47
	<u>399,174,562</u>	<u>100.00</u>	<u>852,174</u>	<u>100.00</u>

Details of transactions with the top 10 brokers for the financial year ended 30 June 2022 are as follows:

Brokers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
CGS-CIMB Securities Sdn Bhd #	55,623,161	18.46	99,811	15.68
Hong Leong Investment Bank Bhd	38,658,783	12.83	86,982	13.66
J.P. Morgan Securities (M) Sdn Bhd	32,626,254	10.83	59,820	9.40
CLSA Securities (M) Sdn Bhd	30,181,100	10.02	66,960	10.52
RHB Investment Bank Bhd	29,193,563	9.69	68,105	10.70
Maybank Investment Bank Bhd	22,987,239	7.63	56,155	8.82
KAF Equities Sdn Bhd	20,834,697	6.92	45,194	7.10
Affin Hwang Investment Bank Bhd	20,608,643	6.84	46,369	7.28
Macquarie Capital Sec (M) SB	18,519,092	6.15	41,668	6.54
UBS Securities (M) Sdn Bhd	17,293,107	5.74	37,020	5.81
Others	14,738,745	4.89	28,620	4.49
	<u>301,264,384</u>	<u>100.00</u>	<u>636,704</u>	<u>100.00</u>

15. TRANSACTIONS WITH BROKERS (CONTINUED)

- # Included in the transactions are trades conducted with CGS-CIMB Securities Sdn Bhd, fellow related parties to the Manager amounting to RM51,946,959 (2022: RM55,623,161). 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. APPROVAL OF FINANCIAL STATEMENTS

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

DIRECTORY

Head Office of the Manager

Principal Asset Management Berhad (Company No.: 199401018399 (304078-K))
10th Floor, Bangunan CIMB,
Jalan Semantan,
Damansara Heights,
50490 Kuala Lumpur, MALAYSIA.
Tel: (03) 2084 8888

Website

www.principal.com.my

E-mail address

service@principal.com.my

Customer Care Centre

(03) 7723 7260

Chat with us via WhatsApp:

(6016) 299 9792

Trustee for the Principal Malaysia Titans Fund

Universal Trustee (Malaysia) Berhad (Company No.: 197401000629 (17540-D))
No. 1 Jalan Ampang (3rd Floor),
50450 Kuala Lumpur, MALAYSIA.
Tel: (03) 2070 8050
Fax: (03) 2031 8715, (03) 2032 3194, (03) 2070 1296

Auditors of the Fund

Ernst & Young PLT 202006000003 (LLP0022760-LCA) & AF 0039
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel: +603 7495 8000
Fax: +603 2095 5332

Principal Asset Management Berhad
199401018399 (304078-K)

Enquiries:

Customer Care Centre
(603)7723 7260

Chat with us via WhatsApp
(6016)299 9792

Email
service@principal.com.my

Website
www.principal.com.my