

Principal Islamic Small Cap Opportunities Fund

Annual Report

For The Financial Year Ended 31 May 2022

PRINCIPAL ISLAMIC SMALL CAP OPPORTUNITIES FUND
ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

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INVESTORS' LETTER

Dear Valued Investor,

Greetings from Principal Asset Management and thank you for investing with us!

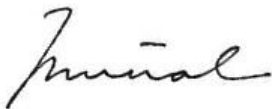
We are pleased to bring you a copy of the Annual Fund Report of the Principal Islamic Small Cap Opportunities Fund for the financial year ended 31 May 2022. You may also download this report from our website at www.principal.com.my.

We are happy to share that PrincipalAsset Management Berhad won three accolades at Alpha Southeast Asia's 13th Annual Fund Management Awards 2022. The awards were for Best Online & Mobile Platform (Asset Manager), Best Fund with the optimal Sharpe ratio and Best Absolute Return Strategy. Principal Asset Management Berhad was also honoured with multiple awards at the iFast Awards Night 2022 and FSMOne Recommended Unit Trusts Awards 2022/23 including Top Fund House 2021 and Investors' Choice Fund House of the year 2022.

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

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

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



Munirah Khairuddin
Chief Executive Officer

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

The objective of the Fund is to seek medium to long-term growth in capital by investing principally in emerging companies listed on Bursa Securities and this must be in accordance with the Shariah principles.

Has the Fund achieved its objective?

The Fund has achieved its objective of providing long-term capital growth. Since inception, the Fund has gained 160.53%.

What are the Fund investment policy and principal investment strategy?

The Fund may invest a minimum of 70% and up to a maximum of 98% of its Net Asset Value ("NAV") in Shariah-compliant stocks of emerging companies*. The investment policy and strategy of the Fund will therefore focus on investments in Shariah-compliant instruments of such emerging companies* with potential growth and hands-on management policies but may be lacking in track records. The Fund may also invest up to 28% of its NAV in other permissible Shariah-compliant investments such as Islamic fixed income securities for the purpose of cash management. The Fund may also opt to seek investment exposure via Islamic collective investment scheme that is in line with the Fund's objective, subject to the requirements of the Guidelines of Unit Trust Funds issued by Securities Commission Malaysia ("GUTF"). In addition, Islamic liquid assets may be strategically used if the Manager feel that the market downside risk is high in the short-term.

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

The asset allocation strategy for this Fund is as follows:

- between 70% to 98% (both inclusive) of the Fund's NAV will be invested in Shariah-compliant equities;
- up to 28% of the Fund's NAV in other permissible Shariah-compliant investments; and
- at least 2% of the Fund's NAV in Islamic liquid assets.

Fund category/type

Equity (small cap) (Shariah-compliant)/ Growth

When was the Fund launched?

30 April 2003

What was the size of the Fund as at 31 May 2022?

RM278.12 million (444.58 million units)

What is the Fund's benchmark?

FTSE Bursa Malaysia ("FBM Small") Cap Shariah Index ("FBMSCSM")

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?

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.

FUND OBJECTIVE AND POLICY (CONTINUED)

What was the net income distribution for the financial year ended 31 May 2022?

There was no distribution made for the financial year ended 31 May 2022.

PERFORMANCE DATA

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

	31.05.2022	31.05.2021	31.05.2020
	%	%	%
Shariah-compliant quoted securities			
- Construction	6.24	9.59	2.59
- Consumer Products & Services	8.46	4.36	7.93
- Energy	5.87	10.35	3.39
- Financial Services	1.46	0.48	0.62
- Health Care	2.57	4.14	8.30
- Industrial Products & Services	19.11	19.33	10.68
- Plantation	10.79	-	1.34
- Property	2.50	2.80	2.29
- Real Estate Investment Trusts ("REIT")	4.99	5.63	8.65
- Technology	20.58	21.73	16.88
- Telecommunications & Media	-	2.80	3.51
- Utilities	2.32	3.69	6.80
Cash and other assets	15.94	18.76	31.76
Liabilities	(0.83)	(3.66)	(4.74)
	<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:

	31.05.2022	31.05.2021	31.05.2020
NAV (RM Million)	278.12	233.88	173.84
Units in circulation (Million)	444.58	341.69	192.09
NAV per unit (RM)	0.6255	0.6844	0.9049
Highest NAV per unit (RM)	0.7909	1.3342	1.0523
Lowest NAV per unit (RM)	0.5963	0.6729	0.6996
Total return (%)	(8.61)	34.44	(3.13)
- Capital growth (%)	(8.61)	34.44	(3.13)
- Income distribution (%)	-	-	-
Total Expense Ratio ("TER") (%) ^	1.92	1.92	1.94
Portfolio Turnover Ratio ("PTR") (times) #	0.64	1.35	0.70

The Fund's PTR decreased from 1.35 times to 0.64 times due to lower trading activities amid cautious sentiment.

	31.05.2022	31.05.2021	31.05.2020	31.05.2019	31.05.2018
	%	%	%	%	%
Annual total return	(8.61)	34.44	(3.13)	3.87	(20.12)

(Launch date: 30 April 2003)

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 JUNE 2021 TO 31 MAY 2022)

For the financial year under review, the FBMSCSM decreased by 2.96% from 14,920.95 points to 14,479.36 points.

After a month of decline in the month of May 2021, the FBMSCSM continued to fall in the month of June 2021 as the overall market sentiment got affected by the Malaysian government resorting to a total lockdown from 1 June to battle surging Coronavirus Disease (“COVID-19”) cases and political issues domestically, while weakness in regional markets perhaps aggravated the sell-off.

After a flat month in July 2021, the market finally staged a rebound in month of August 2021 as domestic political stabilized followed by the gradual easing of movement controls announced by the government. The rebound lasted till the month of October 2021, as investors heaved a sigh of relief as policy risks abated, with earlier plans to impose windfall tax on companies that profited during pandemic scrapped. Further relaxation of movement controls spurred reopening plays further.

In November 2021, the rally came to a halt and went into consolidation mode post-Budget 2022 mainly due to the punitive tax measures and the hike in stamp duty. The discovery of a seemingly more virulent variant of the COVID-19 virus in South Africa named Omicron and the new wave of infections in several parts of the world dashed hopes of an uninterrupted reopening and triggered another round of broad-based sell-off. The consolidation mode lasted till the month of January 2022, during which FBMSCSM lost another 1.81% against the backdrop of inflation fears.

Subsequently, FBMSCSM rebounded 4.87% in February 2022. The index benefited from the rally in commodities, namely Plantations, Energy and Steel, further stoked by the Russian-Ukraine conflict exacerbating supply worries. Technology languished.

FBMSCSM was flattish in the month of March followed by a rally in April 2022 led by commodities related, partly fuelled by the prolonged Russian-Ukraine conflict which has now entered its third month. Tourism plays also saw interest with the 1 April 2022 border reopening.

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

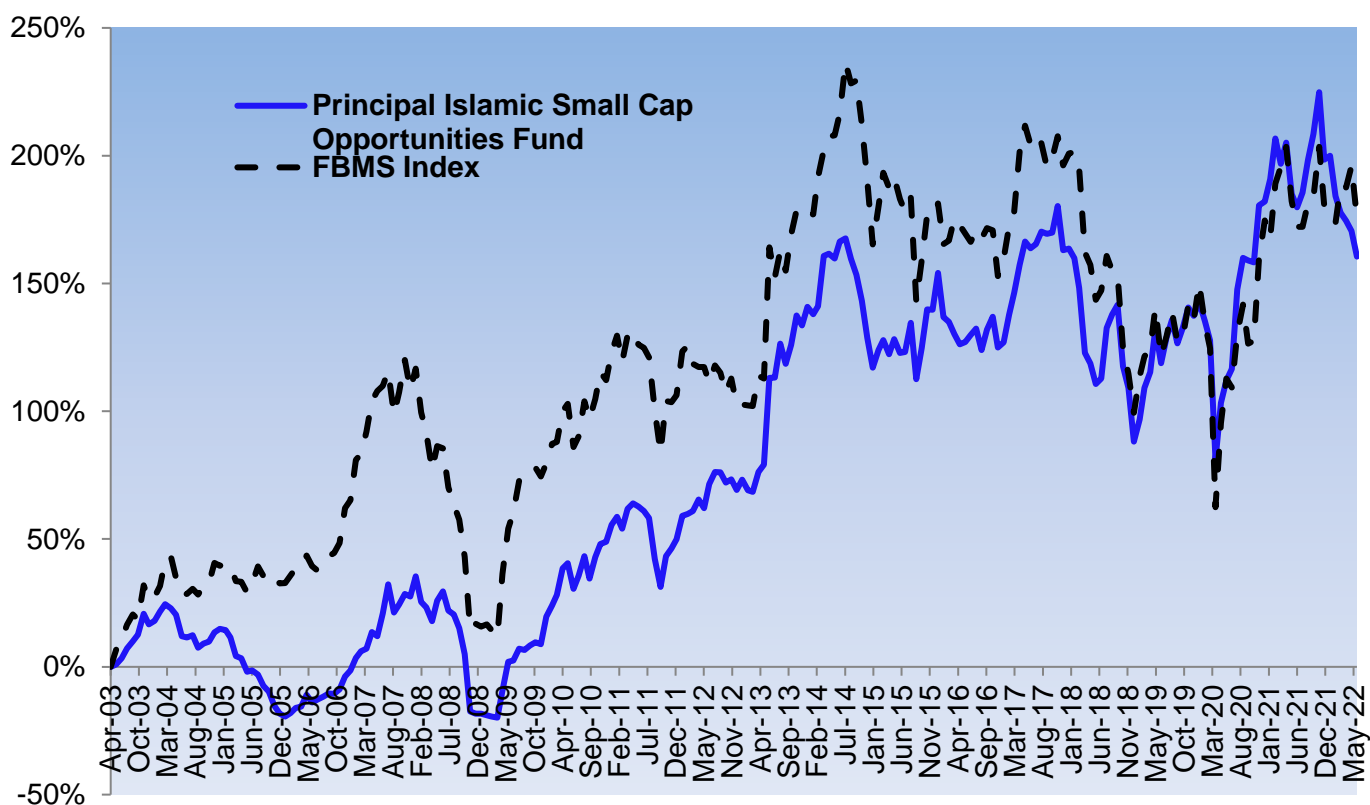
FUND PERFORMANCE

	1 year to 31.05.2022	3 years to 31.05.2022	5 years to 31.05.2022	Since inception to 31.05.2022
	%	%	%	%
Income Distribution	-	-	-	-
Capital Growth	(8.61)	19.03	(1.23)	160.53
Total Return	(8.61)	19.03	(1.23)	160.53
Benchmark	(7.69)	9.54	(18.39)	151.23
Average Total Return	(8.61)	5.98	(0.25)	5.14

For the financial year under review, the Fund lost 8.61%, while the benchmark lost 2.96%. As such, the Fund underperformed its benchmark by 5.65 ppts.

FUND PERFORMANCE (CONTINUED)

Since Inception



Changes in NAV

	31.05.2022	31.05.2021	Changes %
NAV (RM Million)	278.12	233.88	18.92
NAV/Unit (RM)	0.6255	0.6844	(8.61)

The NAV per unit has decreased by 8.61% due to negative investment performance, while the NAV has increased by 18.92% due to fund injection.

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)	31.05.2022	31.05.2021
Shariah-compliant quoted securities	84.89	84.90
Cash and other assets	15.94	18.76
Liabilities	(0.83)	(3.66)
TOTAL	100.00	100.00

Asset allocation maintained at 84.89% as at 31 May 2022.

MARKET OUTLOOK*

Despite May 2022's sell-off, valuation has not turned overly compelling considering its proximity to the historical 10-year mean Price Earning ("P/E") ratio of 16.5 times. We now project 5% earnings growth for the FBM Kuala Lumpur Composite Index ("KLCI") for 2022 but 17% growth excluding the Glove sector, and low-teens growth for 2023. We continue to see upside risks to these numbers, potentially from the commodity space and tourism plays, but geopolitical risks abound with the Russian-Ukraine conflict, even domestically as Malaysia gears up for General Elections, speculated to be held in the second half of 2022 ("2H22"). We also consider potential policy misstep by the Fed with the interest lift-off soon to commence. As such, risk-reward appears to be in the balance.

INVESTMENT STRATEGY

We continue to adopt a balanced approach between value and growth, whilst maintaining adequate diversification. We are still overweight cyclical themes such as Consumer Discretionary but turning vigilant on Commodities. We turn constructive on Technology sector, especially those with structural growth at reasonable valuation following the huge sell-off. We continue to expect the market to trade sideways and see rotation from leaders to laggards. Key risks are derailment of Malaysia's macro recovery and corporate earnings growth due to a larger-than-expected impact of rising inflation, slower global economic growth as well as heightened geopolitical risks.

UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 31 May 2022 were as follows:

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	3,543	10.27	2.31
5,001 to 10,000	3,047	22.10	4.97
10,001 to 50,000	6,623	149.32	33.58
50,001 to 500,000	2,103	233.34	52.49
500,001 and above	38	29.55	6.65
Total	15,354	444.58	100.00

SOFT COMMISSIONS AND REBATES

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

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 such as financial wire services and stock quotations system incidental to investment management of the Funds.

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

Please find the latest changes to the Manager's board of directors as follows:

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

Mr. Uday Jayaram (appointed on 30 June 2022) ^

^Also serves as Investment Committee member (non-independent).

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.

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

We, being the Directors of Principal Asset Management Berhad (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying audited financial statements set out on pages 14 to 40 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 May 2022 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
18 July 2022

**TRUSTEE REPORT TO THE UNIT HOLDERS OF
PRINCIPAL ISLAMIC SMALL CAP OPPORTUNITIES FUND**

We, Universal Trustee (Malaysia) Berhad, being the Trustee of Principal Islamic Small Cap Opportunities Fund (the "Fund"), are of the opinion that Principal Asset Management Berhad (the "Manager"), acting in the capacity of Manager of the Fund, have fulfilled their duties in the following manner for the financial year ended 31 May 2022:

- (a) the Fund is being managed in accordance with the limitations imposed on the investment powers of the Manager and the Trustee under the Deeds, the Securities Commission's Guidelines on the Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) valuation/pricing is carried out in accordance with the Deeds and relevant regulatory requirements; and
- (c) creation and cancellation of units are carried out in accordance with the Deeds and relevant regulatory requirements.

For and on behalf of the Trustee
Universal Trustee (Malaysia) Berhad

ONG TEE VANN
Chief Executive Officer

Kuala Lumpur
15 July 2022

SHARIAH ADVISER'S REPORT

To the Unit Holders of Principal Islamic Small Cap Opportunities Fund ("Fund")

For the Financial Year Ended 31 May 2022

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

For **Amanie Advisors Sdn Bhd**

Tan Sri Dr Mohd Daud Bakar
Executive Chairman

Kuala Lumpur

15 July 2022

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Principal Islamic Small Cap Opportunities Fund (the "Fund"), which comprise the statement of financial position of the Fund as at 31 May 2022, 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 14 to 40.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 May 2022, 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.

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.

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

Report on the audit of the financial statements (cont'd.)

Responsibilities of the Manager for the financial statements

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

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

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

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 scepticism throughout the audit. We are also:

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

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

Report on the audit of the financial statements (cont'd.)

- 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.

Other matters

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

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

Yeo Beng Yean
No. 03013/10/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia
18 July 2022

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022**

	Note	2022 RM	2021 RM
(LOSS)/ INCOME			
Dividend income		4,732,674	4,397,032
Profit income from Shariah-compliant deposits with licensed Islamic financial institutions and Hibah earned		598,222	447,878
Net (loss)/ gain on financial assets at fair value through profit or loss	7	<u>(27,082,441)</u>	<u>64,012,488</u>
		<u>(21,751,545)</u>	<u>68,857,398</u>
EXPENSES			
Management fee	4	5,146,090	4,184,114
Trustee fee	5	166,900	135,701
Transaction costs		1,048,515	1,404,938
Audit fee		9,400	5,900
Tax agent's fee		5,200	7,500
Other expenses		<u>90,601</u>	<u>96,372</u>
		<u>6,466,706</u>	<u>5,834,525</u>
(LOSS)/ PROFIT BEFORE TAXATION		(28,218,251)	63,022,873
Taxation	6	<u>-</u>	<u>-</u>
(LOSS)/ PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE FINANCIAL YEAR		<u>(28,218,251)</u>	<u>63,022,873</u>
(Loss)/ Profit after taxation is made up as follows:			
Realised amount		(3,056,079)	70,504,549
Unrealised amount		<u>(25,162,172)</u>	<u>(7,481,676)</u>
		<u>(28,218,251)</u>	<u>63,022,873</u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2022**

	Note	2022 RM	2021 RM
ASSETS			
Cash and cash equivalents	8	42,945,907	34,675,829
Financial assets at fair value through profit or loss	7	236,088,058	198,562,543
Amount due from stockbrokers		1,114,042	7,597,449
Amount due from Manager		51,835	1,468,782
Dividends receivable		216,367	133,044
TOTAL ASSETS		<u>280,416,209</u>	<u>242,437,647</u>
LIABILITIES			
Amount due to stockbrokers		1,192,527	7,689,553
Amount due to Manager		634,205	468,293
Accrued management fee		442,083	373,170
Amount due to Trustee		14,338	12,103
Other payables and accruals		15,800	17,493
TOTAL LIABILITIES		<u>2,298,953</u>	<u>8,560,612</u>
NET ASSET VALUE OF THE FUND		<u>278,117,256</u>	<u>233,877,035</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	10	<u>278,117,256</u>	<u>233,877,035</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	9	<u>444,575,266</u>	<u>341,686,547</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.6255</u>	<u>0.6844</u>

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

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022**

	Note	2022 RM	2021 RM
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>233,877,035</u>	<u>173,839,470</u>
Movement due to units created and cancelled during the financial year:			
- Creation of units from applications		139,386,905	163,645,661
- Cancellation of units		<u>(66,928,433)</u>	<u>(166,630,969)</u>
		<u>72,458,472</u>	<u>(2,985,308)</u>
Total comprehensive (loss)/ income for the financial year		<u>(28,218,251)</u>	<u>63,022,873</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR	10	<u><u>278,117,256</u></u>	<u><u>233,877,035</u></u>

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022**

	Note	2022 RM	2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from disposal of Shariah-compliant quoted securities		151,589,526	297,251,062
Purchase of Shariah-compliant quoted securities		(217,259,616)	(311,356,687)
Profit income received from Shariah-compliant deposits with licensed Islamic financial institutions and Hibah earned		598,222	447,878
Dividend income received		4,601,705	4,554,575
Management fee paid		(5,077,177)	(4,064,301)
Trustee fee paid		(164,665)	(131,815)
Payments for other fees and expenses		(59,248)	(58,434)
Net cash used in operating activities		<u>(65,771,253)</u>	<u>(13,357,722)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		140,803,852	163,829,122
Payments for cancellation of units		(66,762,521)	(166,526,439)
Net cash generated from/ (used in) from financing activities		<u>74,041,331</u>	<u>(2,697,317)</u>
Net increase/ (decrease) in cash and cash equivalents		8,270,078	(16,055,039)
Cash and cash equivalents at the beginning of the financial year		<u>34,675,829</u>	<u>50,730,868</u>
Cash and cash equivalents at the end of the financial year	8	<u><u>42,945,907</u></u>	<u><u>34,675,829</u></u>
<u>Cash and cash equivalents comprised of:</u>			
Bank balances		24,497	167,182
Shariah-compliant deposits with licensed Islamic financial institutions		<u>42,921,410</u>	<u>34,508,647</u>
Cash and cash equivalents at the end of the financial year	8	<u><u>42,945,907</u></u>	<u><u>34,675,829</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022**

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

Principal Islamic Small Cap Opportunities Fund (the “Fund”) is governed by a Principal Master Deed dated 15 May 2008, a Fourth Supplemental Master Deed dated 25 June 2008, a Sixth Supplemental Master Deed dated 14 July 2008, a Seventh Supplemental Master Deed dated 19 November 2008, a Fifteenth Supplemental Master Deed dated 21 September 2012, a Seventeenth Supplemental Master Deed dated 25 March 2015 and Nineteenth Supplemental Master Deed dated 18 June 2019 (collectively referred to as the “Deeds”), made between Principal Asset Management Berhad (the “Manager”) and Universal Trustee (Malaysia) Berhad (the “Trustee”).

The Fund may invest a minimum of 70% and up to a maximum of 98% of its NAV in Shariah-compliant stocks of emerging companies*. The investment policy and strategy of the Fund will therefore focus on investments in Shariah-compliant instruments of such emerging companies* with potential growth and hands-on management policies but may be lacking in track records. The Fund may also invest up to 28% of its NAV in other permissible Shariah-compliant investments such as Islamic fixed income securities for the purpose of cash management. The Fund may also opt to seek investment exposure via Islamic collective investment scheme that is in line with the Fund’s objective, subject to the requirements of the GUTF. In addition, Islamic liquid assets may be strategically used if we feel that the market downside risk is high in the short-term.

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

The asset allocation strategy for this Fund is as follows:

- between 70% to 98% (both inclusive) of the Fund’s NAV will be invested in Shariah-compliant equities;
- up to 28% of the Fund’s NAV in other permissible Shariah-compliant investments; and
- at least 2% of the Fund’s NAV in Islamic liquid assets.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards (“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 (CONTINUED)

(a) Basis of preparation (continued)

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

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

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

There are no other standards, amendments to standards or interpretations that are effective for financial year beginning on 1 June 2021 that have a material effect on the financial statements of the Fund.

None of the standards, amendments to standards or interpretations that are effective for the financial year beginning on/after 1 June 2022 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.

The Fund classifies cash and cash equivalents, amount due from stockbrokers, amount due from Manager and dividends receivable as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

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

Recognition and measurement

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

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

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

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

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

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

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

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

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

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

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

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

Impairment for assets carried at amortised costs

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Significant increase in credit risk

A significant increase in credit risk is defined by the Manager as any contractual payment which is more than 30 days past due.

Definition of default and credit-impaired financial assets

Any contractual payment which is more than 90 days past due is considered credit impaired.

Write-off

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the financial year.

(c) Income recognition

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

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

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

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

(d) Functional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in Malaysia Ringgit ("MYR"), which is the Fund's functional and presentation currency.

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

(f) Cash and cash equivalents

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

(g) Taxation

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

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

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund were as follows:

	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
2022			
Cash and cash equivalents (Note 8)	-	42,945,907	42,945,907
Shariah-compliant quoted securities (Note 7)	236,088,058	-	236,088,058
Amount due from stockbrokers	-	1,114,042	1,114,042
Amount due from Manager	-	51,835	51,835
Dividends receivable	-	216,367	216,367
	<u>236,088,058</u>	<u>44,328,151</u>	<u>280,416,209</u>

	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
2021			
Cash and cash equivalents (Note 8)	-	34,675,829	34,675,829
Shariah-compliant quoted securities (Note 7)	198,562,543	-	198,562,543
Amount due from stockbrokers	-	7,597,449	7,597,449
Amount due from Manager	-	1,468,782	1,468,782
Dividend receivable	-	133,044	133,044
	<u>198,562,543</u>	<u>43,875,104</u>	<u>242,437,647</u>

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

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

The Fund aims to seek medium to long-term growth in capital by investing principally in emerging companies listed on Bursa Securities and this must be in accordance with the Shariah principles.

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

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

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

	2022	2021
	RM	RM
Financial assets at fair value through profit or loss:		
- Shariah-compliant quoted securities	<u>236,088,058</u>	<u>198,562,543</u>

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

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

(a) Market risk (continued)

(ii) Price risk (continued)

% Change in price of Shariah-compliant quoted securities	Market value RM	Impact on profit or loss/NAV RM
2022		
-5%	224,238,655	(11,804,403)
0%	236,088,058	-
5%	<u>247,892,461</u>	<u>11,804,403</u>
2021		
-5%	188,634,416	(9,928,127)
0%	198,562,543	-
5%	<u>208,490,670</u>	<u>9,928,127</u>

(ii) Interest rate risk

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

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

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

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

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

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

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

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

	2022 %	2021 %
Shariah-compliant deposits with licensed Islamic financial institutions	<u>2.05</u>	<u>1.74</u>

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

(b) Credit risk

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

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

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

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

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
2022					
- AAA	42,945,907	-	-	-	42,945,907
- Not Rated	-	1,114,042	51,835	216,367	1,382,244
	<u>42,945,997</u>	<u>1,114,042</u>	<u>51,835</u>	<u>216,367</u>	<u>44,328,151</u>
2021					
- AAA	34,675,829	-	-	-	34,675,829
- Not Rated	-	7,597,449	1,468,782	133,044	9,199,275
	<u>34,675,829</u>	<u>7,597,449</u>	<u>1,468,782</u>	<u>133,044</u>	<u>43,875,104</u>

Shariah-compliant deposits with licensed Islamic financial institutions of the Fund have an average remaining maturity of 1 day (2021: 3 days).

(c) Liquidity risk

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

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise bank balances, Shariah-compliant deposits with licensed Islamic 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.

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

(c) Liquidity risk (continued)

The table below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining year as at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
2022			
Amount due to stockbroker	1,192,527	-	1,192,527
Amount due to Manager	634,205	-	634,205
Accrued management fee	442,083	-	442,083
Amount due to Trustee	14,338	-	14,338
Other payables and accruals	-	15,800	15,800
Contractual undiscounted cash flows	2,283,153	15,800	2,298,953
2021			
Amount due to stockbroker	7,689,553	-	7,689,553
Amount due to Manager	468,293	-	468,293
Accrued management fee	373,170	-	373,170
Amount due to Trustee	12,103	-	12,103
Other payables and accruals	-	17,493	17,493
Contractual undiscounted cash flows	8,543,119	17,493	8,560,612

(d) Capital risk management

The capital of the Fund is represented by net assets attributable to unit holders RM278,117,256 (2021: RM233,877,035). 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) 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.

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

(e) Fair value estimation (continued)

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 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
2022				
Financial assets at fair value through profit or loss:				
- Shariah-compliant quoted securities	236,088,058	-	-	236,088,058
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2021				
Financial assets at fair value through profit or loss:				
- Shariah-compliant quoted securities	198,562,543	-	-	198,562,543

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

(e) Fair value estimation

(i) Fair value hierarchy (continued)

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

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

4. MANAGEMENT FEE

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

For the financial year ended 31 May 2022, the management fee was recognised at a rate of 1.85% per annum (2021: 1.85% 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 the Deeds, the Trustee is entitled to a maximum fee of 0.06% per annum, calculated daily based on the NAV of the Fund.

For the financial year ended 31 May 2022, the Trustee fee was recognised at a rate of 0.06% per annum (2021: 0.06% per annum).

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

6. TAXATION

	2022	2021
	RM	RM
Tax charged for the financial year:		
- Current taxation	-	-
	-	-

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

6. TAXATION (CONTINUED)

	2022 RM	2021 RM
(Loss)/ Profit before taxation	<u>(28,218,251)</u>	<u>63,022,873</u>
Taxation at Malaysian statutory rate of 24% (2021:24%)	(6,772,380)	15,125,490
Tax effects of:		
- Loss not deductible for tax purposes/ (Income not subject to tax)	5,220,371	(16,525,776)
- Expenses not deductible for tax purposes	307,297	385,712
- Restriction on tax deductible expenses for Unit Trust Funds	<u>1,244,712</u>	<u>1,014,574</u>
Taxation	<u>-</u>	<u>-</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 RM	2021 RM
At fair value through profit or loss:		
- Shariah-compliant quoted securities	<u>236,088,058</u>	<u>198,562,543</u>
Net (loss)/ gain on financial assets at fair value through profit or loss		
- Realised (loss)/ gain on disposal	(1,920,270)	56,530,814
- Unrealised fair value (loss)/ gain	<u>(25,162,171)</u>	<u>7,481,674</u>
	<u>(28,218,251)</u>	<u>64,012,488</u>

Name of counter	Quantity Units	Aggregate Cost RM	Market Value RM	Percentage of NAV %
2022				
SHARIAH-COMPLIANT QUOTED SECURITIES				
Construction				
IJM Corp Bhd	803,500	1,468,637	1,446,300	0.52
Solarvest Holdings Bhd	5,700,600	7,627,660	4,075,929	1.47
Econpile Holdings Bhd	1,434,500	912,536	301,245	0.11
Gamuda Bhd	1,981,400	6,740,421	7,053,784	2.54
GDB Holdings Bhd	4,840,850	2,449,519	1,645,889	0.59
Kerjaya Prospek Group Bhd	420,391	522,522	483,450	0.17
MGB Bhd	4,768,400	3,644,711	3,004,092	1.08
Sunway Construction Group Bhd	1,068,100	2,071,190	1,805,089	0.65
WCT Hodlings Bhd	<u>3,194,998</u>	<u>1,883,446</u>	<u>1,613,474</u>	<u>0.58</u>
	<u>24,212,739</u>	<u>27,320,643</u>	<u>21,429,252</u>	<u>7.71</u>

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

Name of counter	Quantity Units	Aggregate Cost RM	Market Value RM	Percentage of NAV %
2022 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
Consumer Products & Services				
Bermaz Auto Bhd	5,150,300	7,932,891	9,167,534	3.30
Farm Fresh Bhd	856,800	1,395,800	1,439,424	0.52
Guan Chong Bhd	1,298,300	3,684,017	3,167,852	1.14
MBM Resources Bhd	901,400	3,027,459	2,902,508	1.04
Sime Darby Bhd	1,263,300	3,096,348	2,766,627	0.99
Power Root Bhd	2,666,800	5,596,230	4,080,204	1.47
	<u>12,136,900</u>	<u>24,732,746</u>	<u>23,524,149</u>	<u>8.46</u>
Energy				
Dayang Enterprise Holdings Bhd	2,798,000	5,729,574	2,742,040	0.99
Hibiscus Petroleum Bhd	8,464,200	9,624,520	11,849,880	4.26
Uzma Bhd	3,863,300	3,168,989	1,738,485	0.62
	<u>15,125,500</u>	<u>18,523,082</u>	<u>16,330,405</u>	<u>5.87</u>
Financial Services				
Bank Islam Malaysia Bhd	1,394,800	4,386,708	4,072,816	1.46
Health Care				
KPJ Healthcare Bhd	8,222,500	8,096,940	7,153,575	2.57
Industrial Products & Services				
Ancom Nylex Bhd	1,602,600	3,740,415	4,984,086	1.79
Aurelius Technology Bhd	4,217,500	8,497,898	6,832,350	2.46
Press Metal Aluminium Holding Bhd	975,200	7,363,822	5,402,608	1.94
Ann Joo Resources Bhd	2,634,200	5,928,371	3,529,828	1.27
HSS Engineers Bhd	2,576,800	2,102,426	1,236,864	0.44
Kelington Group Bhd	8,427,500	6,164,936	9,944,450	3.58
Lion Industries Corporation Bhd	10,114,700	7,377,382	5,006,777	1.80
Uchi Technologies Bhd	1,491,200	4,074,365	4,637,632	1.67
V.S. Industry Bhd-WB 14/06/2024	2,006,859	502,270	391,337	0.14
V.S. Industry Bhd	7,120,596	8,889,837	7,084,993	2.55
	<u>41,167,155</u>	<u>54,641,721</u>	<u>49,050,925</u>	<u>17.64</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 %
2022 (CONTINUED) SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
Plantations				
Genting Plantations Bhd	636,700	5,465,198	4,838,920	1.74
IOI Corp Bhd	400,600	1,768,168	1,722,580	0.62
Kuala Lumpur Kepong Bhd	351,400	8,938,527	8,981,784	3.23
Sarawak Oil Palms Bhd	1,108,300	6,818,841	6,117,816	2.20
Sime Darby Plantation Bhd	1,658,400	8,228,784	8,341,752	3.00
	<u>4,155,400</u>	<u>31,219,518</u>	<u>30,002,852</u>	<u>10.79</u>
Property				
Malaysian Resources Corporation Bhd	2,864,900	1,247,091	1,031,364	0.37
UEM Sunrise Bhd	3,017,100	1,267,182	995,643	0.36
LBS Bina Group Bhd	1,779,857	590,675	800,936	0.29
S P Setia Bhd	4,883,600	3,654,681	4,126,642	1.48
	<u>12,545,457</u>	<u>6,759,628</u>	<u>6,954,585</u>	<u>2.50</u>
Real Estate Investment Trusts				
Axis REIT	<u>6,935,428</u>	<u>13,089,467</u>	<u>13,870,856</u>	<u>4.99</u>
Technology				
Genetic Technology Bhd	8,542,300	17,215,461	19,903,559	7.15
LGMS Bhd	2,317,400	1,158,700	1,158,700	0.42
My Eg Services Bhd	7,411,700	7,487,941	6,781,705	2.44
Datasonic Group Bhd	14,669,800	8,185,562	8,215,088	2.95
GHL Systems Bhd	3,388,500	5,805,319	4,981,095	1.79
Globetronics Technology Bhd	3,834,066	7,497,529	4,984,286	1.79
Inari Amertron Bhd	926,300	5,194,355	2,602,903	0.93
MI Technovation Bhd	3,152,900	11,351,768	5,328,401	1.92
Pentamaster Corporation Bhd	890,600	4,472,448	3,304,126	1.19
	<u>45,133,566</u>	<u>68,369,080</u>	<u>57,259,863</u>	<u>20.58</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 %
2022 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
Utilities				
Taliworks Corporation Bhd	<u>6,849,766</u>	<u>5,462,657</u>	<u>6,438,780</u>	<u>2.32</u>
TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES	<u>177,879,211</u>	<u>262,602,191</u>	<u>236,088,058</u>	<u>84.89</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(26,514,133)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>236,088,058</u>		
2021				
SHARIAH-COMPLIANT QUOTED SECURITIES				
Construction				
Econpile Holdings Bhd	1,962,500	1,248,416	863,500	0.37
Gamuda Bhd	2,272,000	7,419,443	7,202,240	3.08
GDB Holdings Bhd	6,755,300	6,494,675	5,809,558	2.48
Kerjaya Prospek Group Bhd	420,391	522,522	525,489	0.22
MGB Bhd	4,809,600	3,682,940	4,448,880	1.90
Sunway Construction Group Bhd	1,068,100	2,071,190	1,730,322	0.74
WCT Holdings Bhd	<u>4,005,200</u>	<u>2,372,119</u>	<u>1,882,444</u>	<u>0.80</u>
	<u>21,293,091</u>	<u>23,811,305</u>	<u>22,462,433</u>	<u>9.59</u>
Consumer Products & Services				
Mr D.I.Y.Group (M) Bhd	1,187,000	2,795,568	4,748,000	2.03
Power Root Bhd	<u>3,487,700</u>	<u>7,919,663</u>	<u>5,440,812</u>	<u>2.33</u>
	<u>4,674,700</u>	<u>10,715,231</u>	<u>10,188,812</u>	<u>4.36</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 %
2021 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
Energy				
Dayang Enterprise Holdings Bhd	4,937,500	7,433,935	6,517,500	2.79
Dialog Group Bhd	697,200	2,656,278	2,014,908	0.86
Hibiscus Petroleum Bhd	12,641,500	8,524,778	7,837,730	3.35
Uzma Bhd	7,292,500	5,981,894	4,740,125	2.03
Yinson Holdings Bhd	634,700	3,699,710	3,078,295	1.32
	<u>26,203,400</u>	<u>28,296,595</u>	<u>24,188,558</u>	<u>10.35</u>
Financial Services				
Syarikat Takaful Malaysia Keluarga Bhd	252,600	1,327,216	1,121,544	0.48
Health Care				
Duopharma Biotech Bhd	1,949,144	7,568,561	6,432,175	2.75
KPJ Healthcare Bhd	3,240,400	2,782,904	3,240,400	1.39
	<u>5,189,544</u>	<u>10,351,465</u>	<u>9,672,575</u>	<u>4.14</u>
Industrial Products & Services				
Ann Joo Resources Bhd	4,497,700	9,635,183	10,884,434	4.65
Cahaya Mata Sarawak Bhd	1,791,100	3,918,465	2,829,938	1.21
HSS Engineers Bhd	2,576,800	2,102,426	1,494,544	0.64
JAG Bhd	8,610,700	3,432,100	3,444,280	1.47
Kelington Group Bhd	3,384,800	3,812,650	6,871,144	2.94
Lion Industries Corporation Bhd	9,104,400	6,616,987	5,644,728	2.41
Sunway Bhd	1,765,200	2,995,704	2,771,364	1.18
Uchi Technologies Bhd	1,491,200	4,074,365	4,592,896	1.96
V.S. Industry Bhd	5,452,296	6,863,141	6,706,324	2.87
	<u>38,674,196</u>	<u>43,451,021</u>	<u>45,239,652</u>	<u>19.33</u>
Property				
LBS Bina Group Bhd	2,026,957	903,559	942,535	0.40
S P Setia Bhd	5,393,300	5,010,044	5,609,032	2.40
	<u>7,420,257</u>	<u>5,913,603</u>	<u>6,551,567</u>	<u>2.80</u>
REIT				
Axis REIT	6,935,428	13,089,467	13,177,313	5.63

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2020 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
Technology (continued)				
Aimflex Bhd	2,194,287	466,589	416,915	0.18
Datasonic Group Bhd	8,303,700	4,855,002	4,151,850	1.78
GHL Systems Bhd	2,150,000	3,622,500	3,762,500	1.61
Globetronics Technology Bhd	1,257,066	3,189,047	2,677,551	1.15
Inari Amertron Bhd	2,871,100	7,779,423	9,187,520	3.93
JHM Consolidation Bhd	1,391,600	1,505,812	2,310,056	0.99
Malaysian Pacific Industries Bhd	51,400	517,868	2,009,740	0.86
MI Technovation Bhd	769,300	3,122,698	2,392,523	1.02
My E.G. Services Bhd	4,785,700	10,076,702	9,236,401	3.95
Pentamaster Corporation Bhd	890,600	4,472,448	4,185,820	1.79
Revenue Group Bhd	5,167,200	9,630,965	9,921,024	4.24
ViTrox Corporation Bhd	35,000	605,276	532,000	0.23
	<u>29,866,953</u>	<u>49,844,330</u>	<u>50,783,900</u>	<u>21.73</u>
Telecommunications & Media				
Time dotCom Bhd	<u>471,900</u>	<u>4,721,211</u>	<u>6,559,410</u>	<u>2.80</u>
Utilities				
Gas Malaysia Bhd	531,700	1,468,872	1,440,907	0.62
Malakoff Corporation Bhd	1,724,000	1,461,532	1,387,820	0.59
Taliworks Corporation Bhd	<u>6,849,766</u>	<u>5,462,657</u>	<u>5,788,052</u>	<u>2.48</u>
	<u>9,105,466</u>	<u>8,393,061</u>	<u>8,616,779</u>	<u>3.69</u>
TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES	<u>150,087,535</u>	<u>199,914,505</u>	<u>198,562,543</u>	<u>84.90</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(1,351,962)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>198,562,543</u>		

8. CASH AND CASH EQUIVALENTS

	2022 RM	2021 RM
Bank balances	24,497	167,182
Shariah-compliant deposits with licensed Islamic financial institutions	42,921,410	34,508,647
	<u>42,945,907</u>	<u>34,675,829</u>

9. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2022 No. of units	2021 No. of units
At the beginning of the financial year	341,686,547	192,089,589
Add: Creation of units from applications	199,000,094	165,679,411
Add: Creation of units from unit split (Note 15(b))	-	141,070,865
Less: Cancellation of units	(96,111,375)	(157,153,318)
At the end of the financial year	<u>444,575,266</u>	<u>341,686,547</u>

10. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

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

	2022 RM	2021 RM
Unit holders' contributions	190,634,479	118,176,007
Retained earnings	87,482,777	115,701,028
	<u>278,117,256</u>	<u>233,877,035</u>

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

	Unit holders' contributions RM	Retained earnings RM	Total RM
Balance as at 1 June 2021	118,176,007	115,701,028	233,877,035
Movements in unit holders' contributions:			
- Creation of units from applications	139,386,905	-	139,386,905
- Cancellation of units	(66,928,433)	-	(66,928,432)
Total comprehensive income for the financial year	-	(28,218,251)	(28,218,251)
Balance at 31 May 2022	<u>190,634,479</u>	<u>87,842,777</u>	<u>278,117,256</u>

10. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS (CONTINUED)

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

	Unit holders' contributions RM	Retained earnings RM	Total RM
Balance as at 1 June 2020	121,161,315	52,678,155	173,839,470
Movements in unit holders' contributions:			
- Creation of units from applications	163,645,661	-	163,645,661
- Cancellation of units	(166,630,969)	-	(166,630,969)
Total comprehensive income for the financial year	-	63,022,873	63,022,873
Balance as at 31 May 2021	<u>118,176,007</u>	<u>115,701,028</u>	<u>233,877,035</u>

11. TOTAL EXPENSE RATIO ("TER")

	2022 %	2021 %
TER	<u>1.92</u>	<u>1.92</u>

TER is derived from the following calculation:

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

A = Management fee

B = Trustee's 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 financial year calculated on a daily basis was RM278,634,179 (2021: RM226,575,661).

12. PORTFOLIO TURNOVER RATIO ("PTR")

	2022	2021
PTR (times)	<u>0.64</u>	<u>1.35</u>

PTR is derived from the following calculation:

$$\frac{(\text{Total acquisition for the financial year} + \text{total disposal for the financial year}) \div 2}{\text{Average NAV of the Fund for the financial year calculated on a daily basis}}$$

where:

total acquisition for the financial year = RM210,179,650 (2021: RM310,821,662)

total disposal for the financial year = RM145,571,694 (2021: RM303,143,438)

13. 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

<u>Related parties</u>	<u>Relationship</u>
CIMB Group Holdings Bhd	Ultimate holding company of shareholder of the Manager
CIMB Group Sdn Bhd	Shareholder of the Manager
CIMB Investment Bank Bhd	Fellow related party to the Manager
CIMB Islamic 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 Manager

Units held by the Manager and parties related to the Manager

	<u>2022</u>		<u>2021</u>	
	No. of units	RM	No. of units	RM
Manager				
Principal Asset Management Berhad	451,961	282,702	321,312	219,906

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.

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

	2022 RM	2021 RM
<u>Significant related party transactions</u>		
Profit income from Shariah-compliant deposits with licensed Islamic financial institution:		
- CIMB Islamic Bank Bhd	18,678	129,389
Shariah-compliant deposits with licensed Islamic financial institution:		
- CIMB Islamic Bank Bhd	228,642,000	996,868,000
<u>Significant related party balances</u>		
Shariah-compliant deposits with licensed Islamic financial institution:		
- CIMB Islamic Bank Bhd	-	4,000,186

14. TRANSACTIONS WITH BROKERS

Details of transactions with the top 10 brokers for the financial year ended 31 May 2022 were as follows:

Brokers/ Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
KAF Equities Sdn Bhd	55,578,581	15.61	118,284	15.74
J.P. Morgan Securities (M) Sdn Bhd	55,323,481	15.55	106,558	14.18
CGS-CIMB Securities Sdn Bhd #	37,657,650	10.59	85,285	11.35
RHB Investment Bank Bhd	37,056,306	10.42	87,114	11.60
CLSA Securities (M) Sdn Bhd	33,922,562	9.54	61,005	8.12
Maybank Investment Bank Bhd	32,731,327	9.20	83,551	11.12
UBS Securities (M) Sdn Bhd	30,362,181	8.54	43,445	5.78
Hong Leong Investment Bank Bhd	23,920,455	6.72	51,810	6.90
Macquarie Capital Securities (M) Sdn Bhd	16,490,036	4.64	35,735	4.76
Affin Hwang Investment Bank Bhd	15,855,394	4.46	35,685	4.75
Others	16,830,525	4.73	42,818	5.70
	<u>355,728,498</u>	<u>100.00</u>	<u>751,290</u>	<u>100.00</u>

14. TRANSACTIONS WITH BROKERS (CONTINUED)

Details of transactions with the top 10 brokers for the financial year ended 31 May 2021 were as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
CLSA Securities (M) Sdn Bhd	80,304,503	13.09	120,817	11.28
Maybank Investment Bank Bhd	76,431,384	12.46	127,081	11.86
KAF Equities Sdn Bhd	75,773,029	12.35	165,572	15.45
Macquarie Capital Securities (M) Sdn Bhd	72,522,070	11.82	133,195	12.43
RHB Investment Bank Bhd	57,046,254	9.30	125,979	11.76
J.P. Morgan Securities (M) Sdn Bhd	56,258,775	9.17	50,073	4.67
UBS Securities (M) Sdn Bhd	52,137,199	8.50	71,422	6.67
Hong Leong Investment Bank Bhd	37,457,245	6.10	81,830	7.64
Affin Hwang Investment Bank Bhd	35,850,202	5.84	79,243	7.40
CGS-CIMB Securities Sdn Bhd #	35,152,150	5.73	49,243	4.60
Others	34,651,510	5.64	66,909	6.24
	<u>613,584,321</u>	<u>100.00</u>	<u>1,071,364</u>	<u>100.00</u>

14. TRANSACTIONS WITH BROKERS (CONTINUED)

Included in the transactions are trades conducted with CGS-CIMB Securities Sdn Bhd, fellow related party to the Manager amounting to RM37,657,650 (2021: RM35,152,150). The Manager is of the opinion that all transactions with the related party have been entered in the normal course of business at agreed terms between the related party.

15. SIGNIFICANT EVENT DURING THE YEAR

The COVID-19 pandemic, related lockdowns and movement restrictions have had, and will continue to have, a significant impact on global economic conditions and the environment in which the Fund operates. The Manager continues to closely monitor the macro-economic outlook as a result of COVID-19 pandemic and its impact to the Fund's performance and will be managing the risks to achieve the Fund's objective.

16. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 18 July 2022.

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