

Principal DALI Opportunities Fund

Annual Report

For The Financial Year Ended 30 November 2021

PRINCIPAL DALI OPPORTUNITIES FUND

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021

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INVESTORS' LETTER

Dear Valued Investor,

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

Firstly, allow me to wish you a very Happy New Year! The new year marks a fresh start and an opportunity to establish new goals. While many of us had a challenging year in 2021, we look forward to 2022 and hope it will be a better year for everyone.

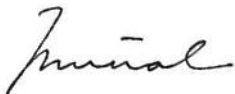
We are pleased to bring you a copy of the Annual Fund Report of the Principal DALI Opportunities Fund for the financial year ended 30 November 2021. You may also download this report from our website at www.principal.com.my.

We are happy to share that Principal was recognised with five awards at the 2021 Global Banking & Finance Awards®. The awards were Asset Management Company of the Year Malaysia 2021, Pension Fund Provider Malaysia 2021, Best Pension Fund Manager Malaysia 2021, Fund Distribution Network Provider of the Year Malaysia 2021, and for Asset Management CEO of the Year Malaysia 2021.

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) and follow us on our Instagram account (@principalassetmanagement_my) for the latest updates, market insights and investment articles.

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

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



Munirah Khairuddin
Chief Executive Officer

MANAGER’S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

The Fund aims to provide investors with medium to long-term capital appreciation through investments in securities of Malaysian companies that will benefit from prevailing investment themes and that conform with Shariah principles.

Has the Fund achieved its objective?

For the financial year under review, the Fund registered a loss of 3.83%, outperformed the benchmark, which registered a loss of 7.75% due to the negative market sentiments. Nonetheless, the Fund has achieved its objective of achieving consistent capital growth over the medium to long-term.

What are the Fund investment policy and principal investment strategy?

The strategy of the Fund is to invest in sectors that are related to the prevailing domestic and/or global investment themes. The Manager will consider prevailing and potential macroeconomic factors and trends, social and political developments as well as technological advances that may reveal specific thematic investment opportunities. The Manager may revise the outlook on the investment themes during its monthly reviews.

The Fund’s sector allocation will be actively managed by the Manager, where the Manager have the option to aggressively overweight preferred sectors to take advantage of our market outlook. Sector analysis is done through quantitative and qualitative approaches. In determining the sector allocation and stock selection, the Manager will focus on the following:

- identify the potential sector(s) in light of the prevailing domestic and/or global investment themes;
- study impact of the prevailing economic and political conditions;
- select particular sectors based on the growth prospects and valuation of that sector. The most promising sectors will be chosen according to their rating levels as per the sector analysis;
- invest in stocks of Malaysian companies in the chosen sectors based on the stocks’ potential for appreciation relative to the outlook for that sector. However, the Manager may, at its discretion, overweight or underweight at stock level if it is beneficial to the Fund; and
- review sector and stock picks monthly. Depending on prevailing market conditions, the Manager may revise the sector allocation and maintain, add or omit certain stocks during its monthly review.

The Manager will only select securities that conform with Shariah principles and may opt to invest in these Shariah-compliant securities either directly or via Islamic collective investment schemes.

The asset allocation strategy for this Fund is as follows:

- at least 70% of the Fund’s Net Asset Value (“NAV”) will be invested in equities that conform with Shariah principles;
- up to 28% of the Fund’s NAV may be invested in other permissible Shariah-compliant investments; and
- and at least 2% of the Fund’s NAV will be invested in Islamic liquid assets for liquidity purposes.

Fund category/type

Equity (Shariah-compliant)/Growth

When was the Fund launched?

Name of Class	Launch Date
Class MYR	28 February 2008
Class SGD*	18 February 2016

*only offered in Singapore

What was the size of the Fund as at 30 November 2021?

RM392.21 million (1,420.62 million units)

FUND OBJECTIVE AND POLICY (CONTINUED)

What is the Fund's benchmark?

Financial Times Stock Exchange ("FTSE") Bursa Malaysia ("FBM") EMAS Shariah ("FBMS") Index

Note: The Fund's benchmark is for performance comparison purpose only. You should note that the risk profile of the Fund is not the same as the risk profile of the benchmark. Information on the benchmark can be obtained from www.bursamalaysia.com.

What is the Fund distribution policy?

Given the Fund's investment objective, the Fund is not expected to pay any distribution. Distributions, if any, will be incidental and will vary from period to period depending on market conditions and performance of the Fund.

What was the net income distribution for the financial year ended 30 November 2021?

The Fund distributed a total net income of RM10.57 million to unit holders for the financial year ended 30 November 2021.

The Fund's NAV per unit were as follows:

Date	NAV per unit (before distribution) RM	NAV per unit (after distribution) RM
13.07.2021		
Class MYR	0.2759	0.2666
Class SGD	2.4436	2.3786

PERFORMANCE DATA

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

	30.11.2021 %	30.11.2020 %	30.11.2019 %
Shariah-compliant quoted securities			
- Construction	7.51	4.88	4.86
- Consumer Products & Services	9.32	6.86	14.82
- Energy	4.52	8.74	6.94
- Financial Services	2.31	2.31	1.40
- Health Care	8.92	13.19	6.07
- Industrial Products & Services	20.37	11.53	14.15
- Plantation	7.79	12.95	5.84
- Property	3.63	1.02	1.11
- Real Estate Investment Trusts ("REITs")	-	1.26	3.64
- Technology	18.84	7.92	4.47
- Telecommunications & Media	6.23	9.14	10.43
- Transportation & Logistics	2.02	2.35	5.12
- Utilities	4.03	11.49	13.66
Cash and other assets	4.76	6.95	7.88
Liabilities	(0.25)	(0.59)	(0.39)
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

PERFORMANCE DATA (CONTINUED)

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

	30.11.2021	30.11.2020	30.11.2019
NAV (RM Million)			
- Class MYR	391.93	507.63	617.66
- Class SGD	0.27	0.22	0.10
Units in circulation (Million)			
- Class MYR	1,420.51	1,722.34	2,193.61
- Class SGD	0.11	0.08	0.04
NAV per unit (RM)			
- Class MYR	0.2759	0.2947	0.2815
- Class SGD	2.4430	2.6101	2.4937
Highest NAV per unit (RM)			
- Class MYR	0.3123	0.3024	0.2972
- Class SGD	2.7659	2.6787	2.6324
Lowest NAV per unit (RM)			
- Class MYR	0.2677	0.2195	0.2619
- Class SGD	2.3700	1.9440	2.3201
Total return (%)			
- Class MYR	(3.83)	4.65	3.19
- Class SGD	(4.84)	4.52	3.33
Capital growth (%)			
- Class MYR	(6.38)	4.65	3.19
- Class SGD	(7.36)	4.52	3.33
Income distribution (%)			
- Class MYR	2.72	-	-
- Class SGD	2.73	-	-
Management Expense Ratio ("MER") (%) ^	1.57	1.56	1.56
Portfolio Turnover Ratio ("PTR") (times) #	0.91	0.55	0.38

^ The Fund's MER increased from 1.56% to 1.57% was mainly due to in the decrease in average NAV during the financial year under review.

For the financial year under review, the Fund's PTR was increased from 0.55 times to 0.91 times due to higher trading activities.

	30.11.2021 RM	30.11.2020 RM	30.11.2019 RM	30.11.2018 RM	30.11.2017 RM
Distribution on 13 July 2021					
Gross/Net distribution per unit (sen)					
- Class MYR	0.73	-	-	-	-
- Class SGD	6.49	-	-	-	-
	30.11.2021	30.11.2020	30.11.2019	30.11.2018	30.11.2017
	%	%	%	%	%
Annual total return					
- Class MYR	(3.83)	4.65	3.19	(10.61)	5.42

(Launch date: 28 February 2008)

PERFORMANCE DATA (CONTINUED)

	30.11.2021	30.11.2020	30.11.2019	30.11.2018	Since inception to 30.11.2017
	%	%	%	%	%
Annual total return					
- Class SGD	(4.84)	4.52	3.33	(11.40)	(4.22)

(Launch date: 18 February 2016)

Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up. All performance figures for the financial year have been extracted from Lipper.

MARKET REVIEW (1 DECEMBER 2020 TO 30 NOVEMBER 2021)

For the financial year under review, the FBMS Index declined by 7.75% from 13,147.37 points to 12,128.62 points.

Following the rally in November 2020, FBMS continued its underperformance against FBM Kuala Lumpur Composite Index ("KLCI") due to profit taking in healthcare sector as market participants continued to switch from gloves makers to recovery play such as banks, properties, commodities related sectors.

The FBMS eased further during the month of January 2021. The softer sentiment in the market was dampened by the jump in the number of Coronavirus disease 2019 ("COVID-19") cases that reached new peak over 5,000 cases per day, which led to the Government imposing Movement Control Order ("MCO") 2.0 which began mid-January 2021. This was quickly followed by the Yang Di Pertuan Agong declaring State of Emergency for Malaysia until the end of July 2021. In addition, the suspension of Regulated Short Selling ("RSS") from 24 March 2020, was lifted this year adding to the volatility of the market.

The broad market has been trading sideways since February 2021 before staging a rally in April 2021 led by gloves makers following the resurgence of COVID-19 new cases around the region, in particular India. However, the rally did not last as investors were spooked by the surge in US Consumer Price Index ("CPI") reading for the month of April 2021 which came in at 4.2%, the sharpest increase since the global financial crisis ("GFC"), while Malaysia instituted much stricter movement controls due the surge in COVID-19 cases domestically. FBMS declined 499.59 points or -3.76% to 12,772.91 points in May 2021.

After a month of decline in the month of May 2021, the FBMS continued to fall until the month of July 2021 as the overall market sentiment affected by the Malaysian Government resorting to a total lockdown from 1 June 2021 to battle surging COVID-19 cases and political issues domestically, while weakness in regional markets perhaps aggravated the sell-off.

The market staged a rebound in month of August 2021 as domestic political stabilized followed by the gradual easing of movement controls announced by the Government. However, the rebound was short-lived as for the Index declined 2.39% in the month of September 2021 driven by the weakness in the Gloves sector as the Glove players saw a sharp retraced in share price due to price war.

Entering the month of October 2021, 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. However, the rally did not last and the market 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. Glove stocks dominated the gainers leader board, while the broader market languished.

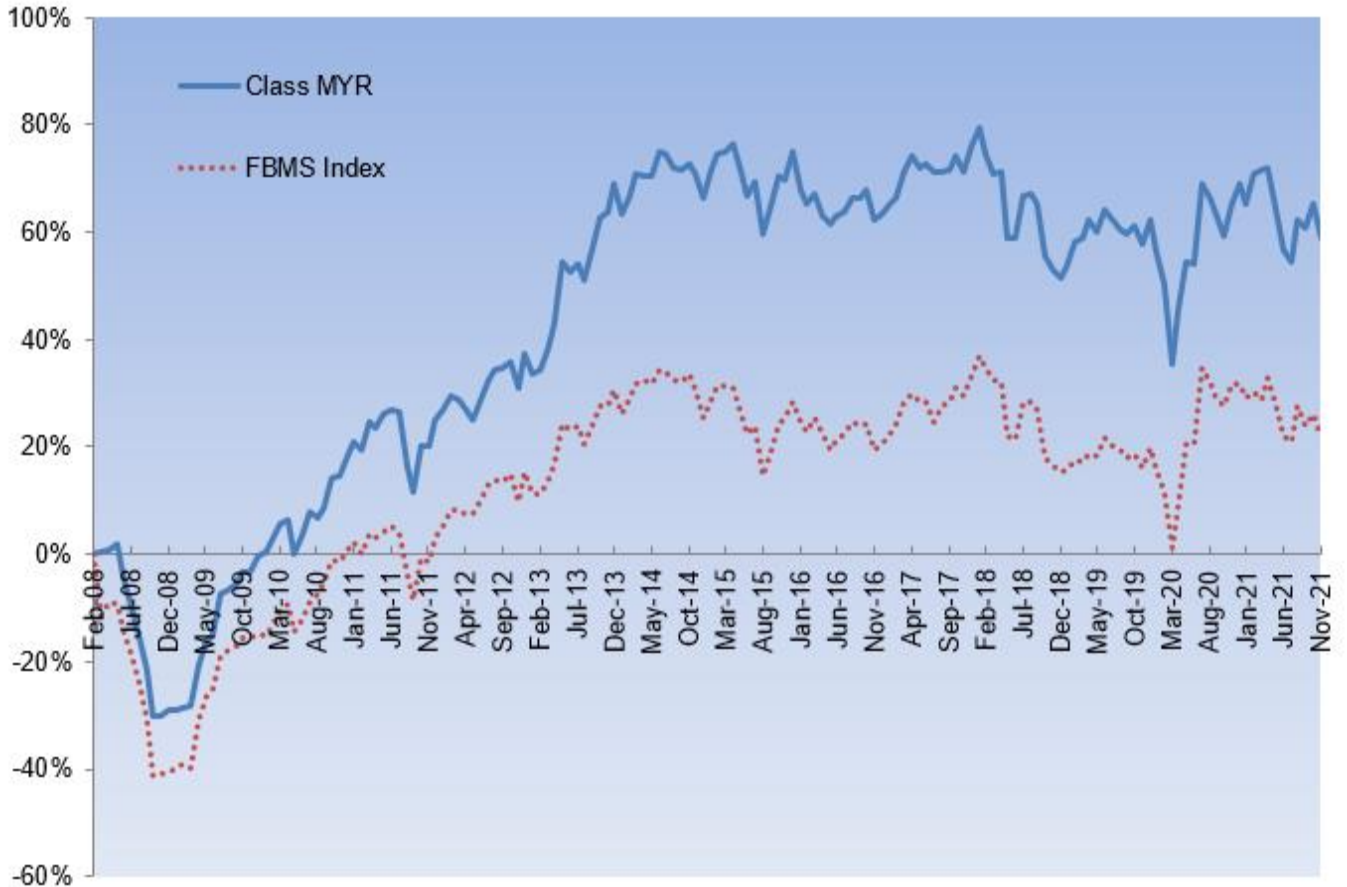
FUND PERFORMANCE

Class MYR	1 year to 30.11.2021	3 years to 30.11.2021	5 years to 30.11. 2021	Since inception to 30.11. 2021
	%	%	%	%
Income Distribution	2.72	2.72	13.18	44.04
Capital Growth	(6.38)	1.10	(13.54)	10.36
Total Return	(3.83)	3.85	(2.14)	58.96
Benchmark	(7.75)	4.26	1.91	21.53
Average Total Return	(3.83)	1.27	(0.43)	3.42

Class SGD	1 year to 30.11.2021	3 years to 30.11.2021	5 years to 30.11.2021	Since inception to 30.11.2021
	%	%	%	%
Income Distribution	2.73	2.73	10.18	10.18
Capital Growth	(7.36)	0.34	(9.62)	(20.61)
Total Return	(4.84)	3.08	(0.42)	(12.52)
Benchmark	(8.66)	3.52	3.45	(8.83)
Average Total Return	(4.84)	1.02	(0.08)	(2.29)

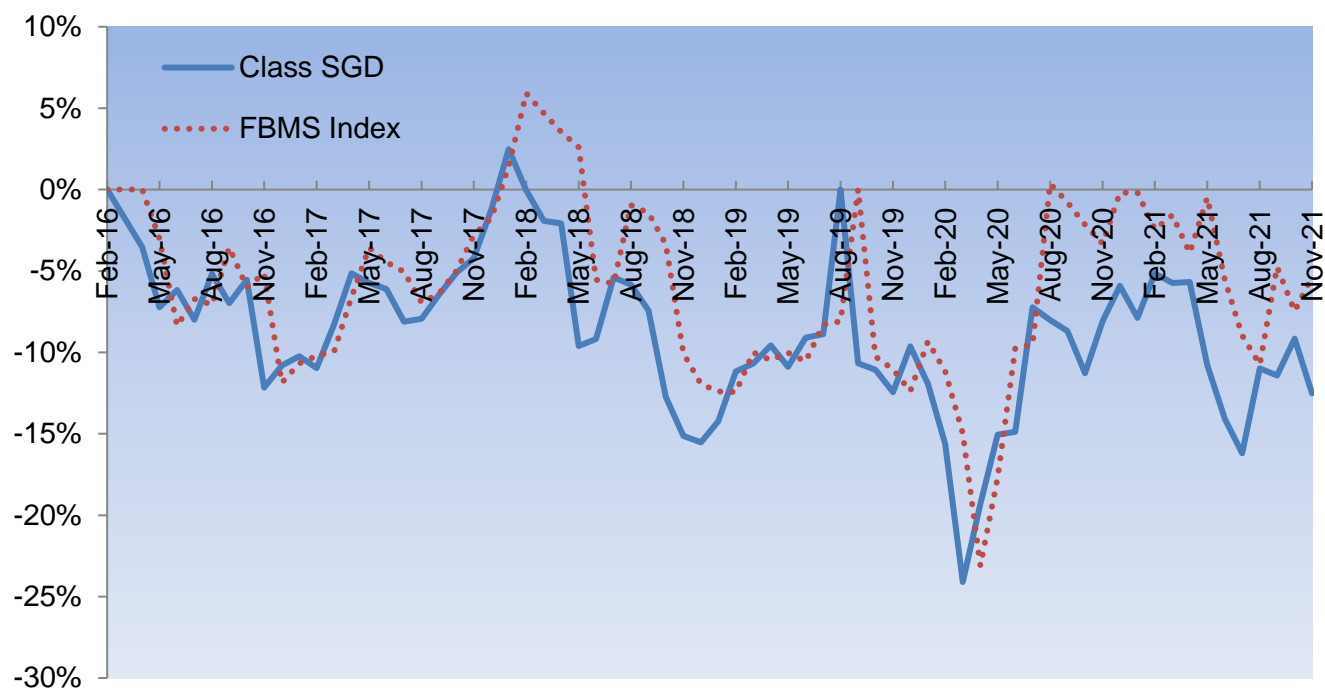
For the financial year under review, Class MYR recorded a loss of 3.83% while the benchmark declined 7.75%. Meanwhile, Class SGD recorded a loss of 4.84% while the benchmark declined 8.66%. As such, the Fund has outperformed the benchmark for the financial year under review. The variance in performance of the two classes was due to volatility in currencies.

CLASS MYR



FUND PERFORMANCE (CONTINUED)

CLASS SGD



Changes in NAV

	30.11.2021	30.11.2020	Changes %
Class MYR			
NAV (RM Million)	391.93	507.63	(22.79)
NAV/Unit (RM)	0.2759	0.2947	(6.38)
Class SGD			
NAV (RM Million)	0.27	0.22	22.73
NAV/Unit (RM)	2.4430	2.6101	(6.40)

During the financial year under review, Class MYR saw outflows from redemptions causing a decrease in NAV by 22.79%. Meanwhile, the NAV for Class SGD increased by 22.73%% due to inflow from creations. As for NAV per unit, the decline in Class MYR was due to negative fund performance and the decline in Class SGD was due to negative fund performance and units redemption.

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)	30.11.2021	30.11.2020
Shariah-compliant quoted securities	95.49	93.64
Cash and other assets	4.76	6.95
Liabilities	(0.25)	(0.59)
TOTAL	100.00	100.00

Asset allocation increased slightly from 93.64% as at 30 November 2020 to 95.49% as at 30 November 2021 as we continued to position the Fund for the expected market recovery in the coming months.

MARKET OUTLOOK*

The market currently trades at 15.6 times forward price per earnings (“PE”) which is below the 10-year historical mean of 16.5 times, which we deem attractive given the strong corporate earnings growth (excluding the one-off tax impact and Glove), with an attractive dividend yield of almost 4%. The market will likely be range-bound in 2022 but the index could rise comfortably above 1,600 points by end-2022 should valuations revert to the mean. Key risks to our view would be the derailment of Malaysia’s macro recovery and corporate earnings growth due to a more severe impact of new COVID-19 variants and heightened political risks domestically, and larger-than-expected impact of rising inflation and consequently a more aggressive tapering.

*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 Bhd (“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

Investor sentiment is dented by the one-off broad-based Prosperity Tax which hurts corporate earnings in 2022 and the Omicron COVID-19 variant. As such, we continue to adopt a balanced approach with adequate diversification, straddling reopening plays and sectors with structural or secular growth stories. We remain steadfast in our strategy to overweight Financial, cyclical themes such as Consumer Discretionary, and selective Tech albeit reducing the overweight. We may also look to reduce our underweight on Glove well as on Plantation.

UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 30 November 2021 were as follows:

CLASS MYR

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	3,688	12.61	0.89
5,001-10,000	7,120	52.46	3.69
10,001-50,000	19,656	465.93	32.80
50,001-500,000	7,006	743.78	52.36
500,001 and above	104	145.73	10.26
Total	37,574	1,420.51	100.00

UNIT HOLDINGS STATISTICS (CONTINUED)

CLASS SGD

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	1	0.00*	0.00
5,001-10,000	-	-	-
10,001-50,000	2	0.06	54.55
50,001-500,000	1	0.05	45.45
500,001 and above	-	-	-
Total	4	0.11	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 financial wire services and stock quotations system incidental to investment management of the Funds. All dealings with brokers are executed on best available terms.

During the financial year under review, the Manager and the 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.

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
PRINCIPAL DALI 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 17 to 45 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 November 2021 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

JUAN IGNACIO EYZAGUIRRE BARAONA
Director

Kuala Lumpur
21 January 2022

**TRUSTEE'S REPORT TO THE UNIT HOLDERS OF
PRINCIPAL DALI OPPORTUNITIES FUND**

We have acted as Trustee of Principal DALI Opportunities Fund ("the Fund") for the financial year ended 30 November 2021. To the best of our knowledge, Principal Asset Management Berhad ("the Manager"), has operated and managed the Fund in accordance with the following:

- a) limitations imposed on the investment powers of the Manager and the Trustee under the Deeds, the Securities Commission's Guidelines on 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 any regulatory requirements; and
- c) creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirements.

During this financial year, a total distribution of 0.73 sen per unit (gross) for MYR Class and 6.49 sen per unit (gross) for SGD Class have been distributed to the unit holders of the Fund respectively. We are of the view that the distributions are not inconsistent with the objectives of the Fund.

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat
Manager, Investment Compliance Monitoring

Kuala Lumpur
17 January 2022

SHARIAH ADVISER'S REPORT

To the Unit Holders of Principal DALI Opportunities Fund ("Fund")

For the Financial Year Ended 30 November 2021

We hereby confirm the following:

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

For **Amanie Advisors Sdn Bhd**

Tan Sri Dr Mohd Daud Bakar
Executive Chairman

Kuala Lumpur
13 January 2022

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Principal DALI Opportunities Fund (the "Fund"), which comprise the statement of financial position as at 30 November 2021, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 17 to 45.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 November 2021, 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 DALI OPPORTUNITIES FUND (CONTINUED)**

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

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL DALI OPPORTUNITIES FUND (CONTINUED)**

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 DALI OPPORTUNITIES FUND (CONTINUED)**

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.

The financial statements of the Fund for the year ended 30 November 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 14 January 2021.

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

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

Kuala Lumpur
21 January 2022

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021**

	Note	2021 RM	2020 RM
(LOSS)/INCOME			
Dividend income		12,735,862	14,600,242
Profit income from Shariah-compliant deposits with licensed Islamic financial institutions at amortised cost		321,314	933,823
Net (loss)/gain on financial assets at fair value through profit or loss	8	(18,512,716)	12,525,007
Net foreign exchange gain/(loss)		2,970	(357)
		<u>(5,452,570)</u>	<u>28,058,715</u>
EXPENSES			
Management fee	4	6,616,668	8,164,469
Trustee fee	5	220,556	272,149
Transaction costs		1,918,332	1,328,402
Audit fee		10,900	16,200
Tax agent's fee		5,200	4,000
Other expenses		67,575	76,637
		<u>8,839,231</u>	<u>9,861,857</u>
(LOSS)/PROFIT BEFORE FINANCE COST AND TAXATION		(14,291,801)	18,196,858
Finance cost			
- Class MYR		10,562,708	-
- Class SGD		6,954	-
	6	<u>10,569,662</u>	<u>-</u>
(LOSS)/PROFIT BEFORE TAXATION		(24,861,463)	18,196,858
Taxation	7	<u>-</u>	<u>-</u>
(LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>(24,861,463)</u>	<u>18,196,858</u>
(Loss)/Profit after taxation is made up as follows:			
Realised amount		(20,439,648)	(17,229,812)
Unrealised amount		(4,421,815)	35,426,670
		<u>(24,861,463)</u>	<u>18,196,858</u>

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2021

	Note	2021 RM	2020 RM
ASSETS			
Cash and cash equivalents	9	18,007,132	34,948,397
Financial assets at fair value through profit or loss	8	374,529,932	475,540,749
Amount due from stockbrokers		159,221	-
Amount due from Manager		29,203	38,576
Dividends receivable		459,475	322,863
TOTAL ASSETS		<u>393,184,963</u>	<u>510,850,585</u>
LIABILITIES			
Amount due to Manager		448,830	2,323,309
Accrued management fee		491,663	632,746
Amount due to Trustee		16,389	21,092
Other payables and accruals		20,299	19,700
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)		<u>977,181</u>	<u>2,996,847</u>
NET ASSET VALUE OF THE FUND		<u>392,207,782</u>	<u>507,853,738</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>392,207,782</u>	<u>507,853,738</u>
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS (RM)			
- Class MYR		391,933,988	507,633,697
- Class SGD		273,794	220,041
		<u>392,207,782</u>	<u>507,853,738</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)			
- Class MYR		1,420,511,747	1,722,340,737
- Class SGD		112,070	84,303
	10	<u>1,420,623,817</u>	<u>1,722,425,040</u>
NET ASSET VALUE PER UNIT (RM)			
- Class MYR		0.2759	0.2947
- Class SGD		2.4430	2.6101
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES			
- Class MYR		RM0.2759	RM0.2947
- Class SGD		SGD0.7939	SGD0.8570

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 30 NOVEMBER 2021**

	2021	2020
	RM	RM
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR	507,853,738	617,762,772
Movement due to units created and cancelled during the financial year:		
Creation of units from applications		
- Class MYR	4,035,347	1,692,503
- Class SGD	155,399	184,715
	<u>4,190,746</u>	<u>1,877,218</u>
Distribution of units		
- Class MYR	10,528,747	-
- Class SGD	4,133	-
	<u>10,532,880</u>	<u>-</u>
Cancellation of units		
- Class MYR	(105,422,299)	(129,919,429)
- Class SGD	(85,820)	(63,681)
	<u>(105,508,119)</u>	<u>(129,983,110)</u>
(Decrease)/Increase in net assets attributable to unit holders during the financial year	<u>(24,861,463)</u>	<u>18,196,858</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR	<u>392,207,782</u>	<u>507,853,738</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 NOVEMBER 2021**

	Note	2021 RM	2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from disposal of Shariah-compliant quoted securities		440,329,994	361,005,717
Purchases of Shariah-compliant quoted securities		(359,909,447)	(247,813,942)
Dividend income received		12,591,425	14,851,731
Profit income received from Shariah-compliant deposits with licensed Islamic financial institutions		321,314	933,823
Management fee paid		(6,757,750)	(8,316,279)
Trustee fee paid		(225,258)	(277,209)
Payments for other fees and expenses		(75,250)	(62,115)
Tax refund received		-	186,032
Net cash generated from operating activities		<u>86,275,028</u>	<u>120,507,758</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		4,200,119	1,901,348
Payments for cancellation of units		(107,382,680)	(129,259,082)
Distributions paid		(36,802)	-
Net cash used in financing activities		<u>(103,219,363)</u>	<u>(127,357,734)</u>
Net decrease in cash and cash equivalents		(16,944,335)	(6,849,976)
Effects of foreign exchange differences		3,070	(371)
Cash and cash equivalents at the beginning of the financial year		<u>34,948,397</u>	<u>41,798,744</u>
Cash and cash equivalents at the end of the financial year	9	<u><u>18,007,132</u></u>	<u><u>34,948,397</u></u>
<u>Cash and cash equivalents comprised of:</u>			
Bank balances		318,284	276,844
Shariah-compliant deposits with licensed Islamic financial institutions		<u>17,688,848</u>	<u>34,671,553</u>
Cash and cash equivalents at the end of the financial year	9	<u><u>18,007,132</u></u>	<u><u>34,948,397</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 30 NOVEMBER 2021**

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES

Principal DALI Opportunities Fund (the “Fund”) is governed by a Principal Master Deed dated 10 April 2015 and a First Supplemental Master Deed dated 31 May 2019 (collectively referred to as the “Deeds”) between Principal Asset Management Berhad (the “Manager”) and HSBC (Malaysia) Trustee Berhad (the “Trustee”).

The strategy of the Fund is to invest in sectors that are related to the prevailing domestic and/or global investment themes.

The Fund’s sector allocation will be actively managed by Manager, where Manager have the option to aggressively overweight preferred sectors to take advantage of our market outlook. Sector analysis is done through quantitative and qualitative approaches. In determining the sector allocation and stock selection, the Manager will focus on the following:

- identify the potential sector(s) in light of the prevailing domestic and/or global investment themes;
- study impact of the prevailing economic and political conditions;
- select particular sectors based on the growth prospects and valuation of that sector. The most promising sectors will be chosen according to their rating levels as per the sector analysis;
- invest in stocks of Malaysian companies in the chosen sectors based on the stocks’ potential for appreciation relative to the outlook for that sector. However, the Manager may, at its discretion, overweight or underweight at stock level if it is beneficial to the Fund; and
- review sector and stock picks monthly. Depending on prevailing market conditions, the Manager may revise the sector allocation and maintain, add or omit certain stocks during its monthly review.

The Manager will only select securities that conform with Shariah principles and may opt to invest in these Shariah-compliant securities either directly or via Islamic collective investment schemes.

The asset allocation strategy for this Fund is as follows:

- at least 70% of the Fund’s Net Asset Value (“NAV”) will be invested in equities that conform with Shariah principles;
- up to 28% of the Fund’s NAV may be invested in other permissible Shariah-compliant investments; and
- and at least 2% of the Fund’s NAV will be invested in Islamic liquid assets for liquidity purposes.

All investments will be subjected to the SC Guidelines on Unit Trust Funds (“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.

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 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 December 2020 that have a material effect on the financial statements of the Fund.

There are no new applicable standards, amendments to standards or interpretations that are effective for financial year beginning on/after 1 December 2021 that are applicable 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 as fair value through other comprehensive income (“OCI”).

The contractual cash flows of the Fund’s investments are solely principal and interest. However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund’s business model’s objective. Consequently, all investments are measured at fair value through profit or loss.

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

Investment in collective investment scheme has debt instrument with contractual cash flow that do not represent solely payment of principal and interest (“SPPI”) and therefore are classified as fair value through profit or loss.

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.

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 traded 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 rate method over the period from the date of placement to the date of maturity of the respective deposits.

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

Financial assets at amortised cost and other financial liabilities are subsequently carried at amortised cost using the effective profit 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 considers both historical analysis and forward-looking information in determining any ECL. The Manager considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month ECL as any such impairment would be wholly insignificant to the Fund.

Significant increase in credit risk

A significant increase in credit risk is defined by 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 are 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(d) Foreign currency**Functional and presentation currency

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

Due to mixed factors in determining the functional currency of the Fund, the Manager has used its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have determined the functional currency to be in MYR primarily due to the following factors:

- i) Significant portion of the units of the Fund are denominated in MYR;
- ii) Fund’s expenses are denominated in MYR;
- iii) Significant portion of the Fund’s Shariah-compliant investments are denominated in MYR; and
- iv) Significant portion of the NAV is invested in the form of cash denominated in MYR for the purpose of making settlement of the foreign trades.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(d) Cash and cash equivalents

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

(e) Unit holders’ contributions

The unit holders’ contributions to the Fund meet the definition of puttable instruments classified as financial liability under MFRS 132 “Financial Instruments: Presentation”.

The Fund issues cancellable units, in two classes of units, known respectively as the Class MYR and Class SGD which are cancelled at the unit holder’s option and do not have identical features subject to restrictions as stipulated in the Prospectus and SC Guidelines on Unit Trust Funds. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund’s NAV of respective classes. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the member exercises the right to put back the unit to the Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(e) Unit holders' contributions (continued)**

Units are created and cancelled at the unit holders' option at prices based on the Fund's NAV per unit of respective classes at the close of business on the relevant dealing day. The Fund's NAV per unit of respective classes is calculated by dividing the net assets attributable to members of respective classes with the total number of outstanding units of respective classes.

(f) Taxation

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

Withholding taxes on investment income from investment 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.

(g) Transaction costs

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

(h) Distribution

A distribution to the Fund's unit holders is accounted for as finance cost in the statement of comprehensive income as the unit holders' contributions are classified as financial liability as per Note 2(j). A proposed distribution is recognised as a liability in the financial year in which it is approved by the Trustee.

(i) Amount due from/to stockbrokers

Amounts due to stockbrokers represent 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.

These amounts are measured at amortised cost. At each reporting date, the Fund measures the loss allowance on amounts due from stockbrokers/dealers at an amount equal to the lifetime ECL if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month ECL. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

If the credit risk increases to the point that it is considered to be credit impaired, profit income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by the Manager as any contractual payment which is more than 30 days past due.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) **Realised and unrealised portions of increase/decrease in net assets attributable to unit holders**

The analysis of realised and unrealised portions of increase/decrease in net assets attributable to unit holders as presented on the statement of comprehensive income is prepared in accordance with SC GUTF.

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

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

Estimates and 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 SC Guidelines on Unit Trust Funds.

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
2021			
Cash and cash equivalents (Note 8)		18,007,132	18,007,132
Shariah-compliant quoted securities (Note 7)	374,529,932	-	374,529,932
Amount due from stockbroker		159,221	159,221
Amount due from Manager		29,203	29,203
Dividends receivable	-	459,475	459,475
	<u>374,529,932</u>	<u>18,655,031</u>	<u>393,184,963</u>
2020			
Cash and cash equivalents (Note 8)	-	34,948,397	34,948,397
Shariah-compliant quoted securities (Note 7)	475,540,749	-	475,540,749
Amount due from Manager	-	38,576	38,576
Dividends receivable	-	322,863	322,863
	<u>475,540,749</u>	<u>35,309,836</u>	<u>510,850,585</u>

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

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

The Fund aims to provide investors with medium to long-term capital appreciation through investments in securities of Malaysian companies that will benefit from prevailing investment themes and that conform to Shariah principles.

The Fund is exposed to a variety of risks which include market risk (inclusive of price risk, interest rate risk and currency 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 SC 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:

	2021	2020
	RM	RM
Financial assets at fair value through profit or loss:		
- Shariah-compliant quoted securities	<u>374,529,932</u>	<u>475,540,749</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)

% Change in price of Shariah-compliant quoted securities	Market Value RM	Impact on profit or loss/NAV RM
2021		
-5%	355,803,435	(18,726,497)
0%	374,529,932	-
+5%	<u>393,256,429</u>	<u>18,726,497</u>
2020		
-5%	451,763,712	(23,777,037)
0%	475,540,749	-
+5%	<u>499,317,786</u>	<u>23,777,037</u>

(ii) Interest rate risk

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

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.

The Fund's exposure to fair value interest rate risk arises from Shariah-compliant deposits with licensed financial institutions. 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.

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

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

	2021 %	2020 %
Shariah-compliant deposits with licensed Islamic financial institutions	<u>1.75</u>	<u>1.64</u>

(iii) Currency risk

Foreign currency risk is the risk that the value of Shariah-compliant financial instruments will fluctuate due to changes in foreign exchange rates. The Manager will evaluate the likely directions of a foreign currency versus RM based on considerations of economic fundamentals such as interest rate differentials, balance of payments position, debt levels, and technical chart considerations.

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

(a) Market risk (continued)

(iii) Currency risk (continued)

The following table sets out the foreign currency risk concentrations arising from the denomination of the Fund's financial instruments in foreign currencies:

	Cash and cash equivalents RM	Amount due from Manager RM	Total RM
<u>Financial assets</u>			
2021			
SGD	<u>292,590</u>	<u>3,077</u>	<u>295,667</u>
2020			
SGD	<u>230,663</u>	<u>-</u>	<u>230,663</u>

The table below summarises the sensitivity of the Fund's profit or loss and NAV to changes in foreign exchange movements at the end of each reporting year. The analysis is based on the assumption that the foreign exchange rate fluctuates by 5%, with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate.

	Change in foreign exchange rate %	Impact on profit or loss/NAV RM
2021		
SGD	+/-5	<u>+/-14,783</u>
2020		
SGD	+/-5	<u>+/-11,533</u>

(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 Manager, the settlement terms of the proceeds from the creation of units' receivable from the Manager are governed by the SC Guidelines on Unit Trust Funds.

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

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

(b) Credit risk (continued)

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

	Cash and cash equivalents RM	Amount due from stockbrokers RM	Amount due from Manager RM	Dividends receivable RM	Total RM
2021					
- AAA	18,007,132	-	-	-	18,007,132
- Not Rated	-	159,221	29,203	459,475	647,899
	<u>18,007,132</u>	<u>159,221</u>	<u>29,203</u>	<u>459,475</u>	<u>18,655,031</u>
2020					
- AAA	34,948,397	-	-	-	34,948,397
- Not Rated	-	-	38,576	322,863	361,439
	<u>34,948,397</u>	<u>-</u>	<u>38,576</u>	<u>322,863</u>	<u>35,309,836</u>

Shariah-compliant deposits with licensed Islamic financial institutions of the Fund have an average maturity of 1 day (2020: 1 day).

All financial assets of the Fund as at the end of each financial year are neither past due nor impairment.

(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, Shariah-compliant deposits with licensed Islamic financial institutions and other instruments, which are capable of being converted into cash within 7 business days. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

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.

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

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

(c) Liquidity risk

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
2021			
Amount due to Manager	448,830	-	448,830
Accrued management fee	491,663	-	491,663
Amount due to Trustee	16,389	-	16,389
Other payables and accruals	-	20,299	20,299
Net assets attributable to unit holders*	<u>392,207,782</u>	<u>-</u>	<u>392,207,782</u>
Contractual undiscounted cash flows	<u><u>393,164,664</u></u>	<u><u>20,299</u></u>	<u><u>393,184,963</u></u>
2020			
Amount due to Manager	2,323,309	-	2,323,309
Accrued management fee	632,746	-	632,746
Amount due to Trustee	21,092	-	21,092
Other payables and accruals	-	19,700	19,700
Net assets attributable to unit holders*	<u>507,853,738</u>	<u>-</u>	<u>507,853,738</u>
Contractual undiscounted cash flows	<u><u>510,830,885</u></u>	<u><u>19,700</u></u>	<u><u>510,850,585</u></u>

* Outstanding units are redeemed on demand at the holder's option. However, the Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

(d) Capital risk management

The capital of the Fund is represented by net assets attributable to unit holders of RM392,207,782 (2020: RM507,853,738). 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 values 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 market price falls within the bid-ask spread. In circumstances where the last traded market price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

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

(e) Fair value estimation (continued)

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 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
2021				
Financial assets at fair value through profit or loss:				
- Shariah-compliant quoted securities	374,529,932	-	-	374,529,932

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
2020				
Financial assets at fair value through profit or loss:				
- Shariah-compliant quoted securities	475,540,749	-	-	475,540,749

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).

- (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 up to 3.00% per annum, calculated daily based on the NAV of the Fund.

For the financial year ended 30 November 2021, the management fee is recognised at a rate of 1.50% per annum (2020: 1.50% per annum).

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

5. TRUSTEE FEE

In accordance with the Deeds, the Trustee is entitled to a maximum fee of up to 0.07% per annum calculated daily based on the NAV of the Fund. The Trustee fee includes local custodian fee but excludes foreign sub-custodian fees and charges.

For the financial year ended 30 November 2021, the Trustee fee is recognised at a rate of 0.05% per annum (2020: 0.05% per annum).

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

6. DISTRIBUTION

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

	2021 RM	2020 RM
Dividend income	10,750,879	-
Interest income	3,701,484	-
Realised gain on disposal of financial assets at fair value through profit or loss	84,349	-
	<u>14,536,712</u>	<u>-</u>
Less:		
Expenses	<u>(3,967,050)</u>	<u>-</u>
Net distribution amount	<u>10,569,662</u>	<u>-</u>

Distribution on 13 July 2021

Gross/Net distribution per unit (sen)

- Class MYR	0.73	-
- Class SGD	6.49	-

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

7. TAXATION

	2021 RM	2020 RM
Tax charged for the financial year:		
- Overprovision of tax in prior years	<u>-</u>	<u>-</u>

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

	2021 RM	2020 RM
(Loss)/Profit before finance cost and taxation	<u>(24,861,463)</u>	<u>18,196,858</u>
Taxation at Malaysian statutory rate of 24%	(5,966,751)	4,367,246
Tax effects of:		
- Investment income not subject to tax	1,308,617	(6,734,092)
- Expenses not deductible for tax purposes	3,061,992	401,891
- Restriction on tax deductible expenses for Unit Trust Funds	1,596,142	1,964,955
Taxation	<u>-</u>	<u>-</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 RM	2020 RM
At fair value through profit or loss:		
- Shariah-compliant quoted securities	<u>374,529,932</u>	<u>475,540,749</u>
Net (loss)/gain on financial assets at fair value through profit or loss:		
- Realised loss on disposals	(13,763,047)	(22,902,034)
- Unrealised fair value (loss)/gain	<u>(4,749,669)</u>	<u>35,427,041</u>
	<u>(18,512,716)</u>	<u>12,525,007</u>

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2021				
SHARIAH-COMPLIANT QUOTED SECURITIES				
Construction				
Econpile Holdings Bhd	8,084,900	6,902,270	2,708,442	0.69
Gamuda Bhd	4,318,461	14,490,725	12,653,091	3.23
IJM Corp Bhd	5,464,300	11,777,210	9,617,168	2.45
MGB Bhd	<u>5,717,300</u>	<u>6,989,960</u>	<u>4,488,081</u>	<u>1.14</u>
	<u>23,584,961</u>	<u>40,160,165</u>	<u>29,466,782</u>	<u>7.51</u>
Consumer Products & Services				
Aeon Co. M Bhd	2,754,400	3,530,955	3,801,072	0.97
Bermaz Auto Berhad	2,596,000	4,072,035	3,868,040	0.99
Mr D.I.Y. Group (M) Bhd	3,896,000	13,499,802	13,752,880	3.51
Padini Hldg Bhd	924,400	2,774,317	2,579,076	0.66
Petronas Dagangan Bhd	233,300	5,855,211	4,642,670	1.18
QL Resources Bhd	400,700	2,452,890	1,823,185	0.46
Sime Darby Bhd	<u>2,784,405</u>	<u>6,362,278</u>	<u>6,097,847</u>	<u>1.55</u>
	<u>13,589,205</u>	<u>38,547,488</u>	<u>36,564,770</u>	<u>9.32</u>
Energy				
Dialog Group Bhd	4,198,830	14,070,179	10,749,005	2.74
Hibiscus Petroleum Bhd	<u>9,312,466</u>	<u>5,405,936</u>	<u>6,984,350</u>	<u>1.78</u>
	<u>13,511,296</u>	<u>19,476,115</u>	<u>17,733,355</u>	<u>4.52</u>
Financial Services				
Bank Islam Malaysia Bhd	<u>3,098,100</u>	<u>9,479,592</u>	<u>9,077,433</u>	<u>2.31</u>
Health Care				
Hartalega Holdings Bhd	1,217,749	14,702,195	7,903,191	2.02
IHH Healthcare Bhd	3,574,900	21,823,825	23,522,842	6.00
Top Glove Corp Bhd	<u>1,212,386</u>	<u>5,989,564</u>	<u>3,552,290</u>	<u>0.91</u>
	<u>6,005,035</u>	<u>42,515,584</u>	<u>34,978,323</u>	<u>8.93</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 %
2021 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
Industrial Products & Services				
Ancom Bhd	841,700	2,003,752	2,281,007	0.58
Kelington Group Bhd	1,579,200	2,737,841	2,542,512	0.65
Petronas Chemicals Group Bhd	2,491,300	19,862,214	21,176,050	5.40
Press Metal Aluminium Holding Bhd	5,428,800	23,821,019	29,044,080	7.41
Sunway Bhd	4,642,800	7,841,547	7,846,331	2.00
UEM Edgenta Bhd	942,700	2,844,475	1,498,892	0.38
V.S. Industry Bhd	7,169,600	10,551,560	10,324,224	2.63
V.S. Industry Bhd -WB 14/06/2024	11,351,160	5,474,262	5,164,778	1.32
	34,447,260	75,136,670	79,877,874	20.37
Plantation				
Genting Plantations Bhd	347,910	3,185,981	2,344,913	0.60
IOI Corp Bhd	1,694,000	7,917,976	6,233,920	1.59
Kuala Lumpur Kepong Bhd	404,952	9,234,354	8,520,190	2.17
Sime Darby Plantation Bhd	3,656,551	17,596,302	13,456,108	3.43
	6,103,413	37,934,613	30,555,131	7.79
Property				
LBS Bina Group Bhd	12,599,753	9,926,162	6,488,873	1.65
Sime Darby Property Bhd	4,000,000	2,962,000	2,540,000	0.65
SP Setia Bhd	4,063,924	6,588,333	5,201,823	1.33
	20,663,677	19,476,495	14,230,696	3.63
Technology				
CTOS Digital Bhd	1,719,900	3,066,558	3,199,014	0.82
Frontken Corporation Bhd	2,683,800	9,066,234	10,091,088	2.57
Genetec Technology Bhd	30,000	1,337,541	1,182,000	0.30
GHL Systems Bhd	4,010,600	7,463,590	7,620,140	1.94
Greotech Technology Bhd	169,100	1,150,074	1,182,009	0.30
Inari Amertron Bhd	4,728,500	13,315,123	19,812,415	5.05
Malaysian Pacific Industries Bhd	35,500	993,819	1,792,750	0.46
My Eg Services Bhd	17,542,800	18,325,130	19,472,508	4.96
Pentamaster Corporation Bhd	1,190,900	6,519,826	6,788,130	1.73
Revenue Group Bhd	263,700	507,491	390,276	0.10
UWC Bhd	400,000	2,455,960	2,360,000	0.60
	32,774,800	64,201,346	73,890,330	18.83

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 %
2021 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
Telecommunications/ Media				
Axiata Group Bhd	3,116,054	14,869,241	12,152,611	3.10
Telekom Malaysia Bhd	1,857,700	8,950,333	10,328,812	2.63
Time Dotcom Bhd	433,360	1,598,283	1,963,121	0.50
	<u>5,407,114</u>	<u>25,417,857</u>	<u>24,444,544</u>	<u>6.23</u>
Transportation/ Logistics				
MISC Bhd - Local	1,189,900	8,861,395	7,912,835	2.02
Utilities				
Tenaga Nasional Bhd	1,709,725	23,353,068	15,797,859	4.03
TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES	<u>162,084,486</u>	<u>404,560,389</u>	<u>374,529,932</u>	<u>95.49</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(30,030,457)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>374,529,932</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 %
2020				
SHARIAH-COMPLIANT QUOTED SECURITIES				
Construction				
Econpile Holdings Bhd	7,659,700	6,715,182	3,600,059	0.71
Gabungan AQRS Bhd	3,611,470	5,626,438	2,491,914	0.49
Gamuda Bhd	2,627,161	9,480,477	9,378,965	1.85
IJM Corp Bhd	3,733,040	10,563,239	6,047,525	1.19
MGB Bhd	3,097,400	4,982,139	1,858,440	0.37
Sunway Construction Group Bhd	757,700	1,778,237	1,394,168	0.27
	<u>21,486,471</u>	<u>39,145,712</u>	<u>24,771,071</u>	<u>4.88</u>
Consumer Products & Services				
DRB-Hicom Bhd	1,302,700	2,966,501	2,592,373	0.51
Fraser & Neave Holding Bhd	48,800	1,595,639	1,584,048	0.31
Mr D.I.Y. Group (M) Bhd	550,700	881,120	1,448,341	0.29
Nestle Malaysia Bhd	94,400	13,626,399	12,649,600	2.49
Petronas Dagangan Bhd	286,000	7,177,842	5,937,360	1.16
QL Resources Bhd	239,400	1,587,991	1,522,584	0.30
Sime Darby Bhd	3,943,205	9,145,361	9,108,804	1.80
	<u>6,465,205</u>	<u>36,980,853</u>	<u>34,843,110</u>	<u>6.86</u>
Energy				
Dialog Group Bhd	6,309,030	21,396,754	22,712,508	4.47
Hibiscus Petroleum Bhd	5,000,000	5,000,000	5,950,000	1.17
Serba Dinamik Hldgs Bhd	7,896,560	15,447,671	12,871,393	2.54
Yinson Holdings Bhd	548,700	2,727,836	2,864,214	0.56
	<u>19,754,290</u>	<u>44,572,261</u>	<u>44,398,115</u>	<u>8.74</u>
Technology				
D&O Green Technologies Bhd	5,398,300	4,882,621	9,608,974	1.89
Frontken Corp Bhd	310,600	150,072	1,009,450	0.20
Globetronics Technology Bhd	2,552,000	5,627,239	7,604,960	1.50
Inari Amertron Bhd	4,603,900	9,368,563	12,338,452	2.43
JHM Consolidation	2,565,400	3,416,260	4,951,222	0.98
Malaysian Pacific Industries Bhd	110,500	2,408,889	2,769,130	0.55
Vitrox Corporation Bhd	124,800	947,850	1,896,960	0.37
	<u>15,665,500</u>	<u>26,801,494</u>	<u>40,179,148</u>	<u>7.92</u>

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

Name of counter	Quantity Units	cost RM	value RM	of NAV %
2020 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
Telecommunications & Media				
Axiata Group Bhd	3,394,654	17,575,582	12,051,022	2.37
Digi.com Bhd	3,260,000	15,452,902	13,040,000	2.57
Telekom Malaysia Bhd	2,185,900	8,016,119	11,016,936	2.17
Time Dotcom Bhd	751,920	7,189,192	10,301,304	2.03
	<u>9,592,474</u>	<u>48,233,795</u>	<u>46,409,262</u>	<u>9.14</u>
Transportation & Logistics				
MISC Bhd - Local	<u>1,758,400</u>	<u>13,192,918</u>	<u>11,939,536</u>	<u>2.35</u>
Utilities				
Malakoff Corp Bhd	7,394,700	6,915,641	6,618,257	1.30
Ranhill Utilities Bhd	9,177,748	6,098,991	7,479,865	1.48
Taliworks Corp Bhd	5,333,100	4,727,863	4,239,814	0.83
Tenaga Nasional Bhd	<u>3,969,925</u>	<u>54,225,053</u>	<u>40,016,844</u>	<u>7.88</u>
	<u>25,875,473</u>	<u>71,967,548</u>	<u>58,354,780</u>	<u>11.49</u>
TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES	<u>162,220,466</u>	<u>500,821,537</u>	<u>475,540,749</u>	<u>93.64</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(25,280,788)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>475,540,749</u>		

9. CASH AND CASH EQUIVALENTS

	2021 RM	2020 RM
Shariah-compliant deposits with licensed Islamic financial institutions	17,688,848	34,671,553
Bank balances	<u>318,284</u>	<u>276,844</u>
	<u>18,007,132</u>	<u>34,948,397</u>

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

	<u>2021</u>	<u>2020</u>
	No. of units	No. of units
Class MYR (i)	1,420,511,747	1,722,340,737
Class SGD (ii)	112,070	84,303
	<u>1,420,623,817</u>	<u>1,722,425,040</u>

(i) Class MYR	<u>2021</u>	<u>2020</u>
	No. of units	No. of units
At the beginning of the financial year	1,722,340,737	2,193,606,250
Add: Creation of units from applications	14,115,233	6,098,648
Add: Creation of units from distribution	39,198,612	-
Less: Cancellation of units	(355,142,835)	(477,364,161)
At the end of the financial year	<u>1,420,511,747</u>	<u>1,722,340,737</u>

(ii) Class SGD	<u>2021</u>	<u>2020</u>
	No. of units	No. of units
At the beginning of the financial year	84,303	42,080
Add: Creation of units from applications	60,085	72,914
Add: Creation of units from distribution	1,738	-
Less: Cancellation of units	(34,056)	(30,691)
At the end of the financial year	<u>112,070</u>	<u>84,303</u>

11. MANAGEMENT EXPENSE RATIO ("MER")

	<u>2021</u>	<u>2020</u>
	%	%
MER	<u>1.57</u>	<u>1.56</u>

MER is derived from the following calculation:

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

- A = Management fee
- B = Trustee fee
- C = Audit fee
- D = Tax agent's fee
- E = Other expenses excluding withholding tax
- F = Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on a daily basis was RM441,234,221 (2020: RM544,326,614).

12. PORTFOLIO TURNOVER RATIO (“PTR”)

Under SC Guidelines

	2021	2020
PTR (times)	<u>0.91</u>	<u>0.55</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	=	RM359,101,017 (2020: RM247,512,179)
total disposal for the financial year	=	RM441,599,117 (2020: RM355,983,568)

Under Monetary Authority of Singapore (“MAS”) Guidelines

	2021	2020
PTR (times)	<u>0.81</u>	<u>0.45</u>

PTR is derived from the following calculation:

$$\frac{\text{Lesser of total acquisition or total disposal for the financial year}}{\text{Average NAV of the Fund for the financial year calculated on a daily basis}}$$

where:

total acquisition for the financial year	=	RM359,101,017 (2020: RM247,512,179)
total disposal for the financial year	=	RM441,599,117 (2020: RM355,983,568)

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 were as follows:

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

13. 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 were as follows: (continued)

<u>Related parties</u>	<u>Relationship</u>
Subsidiaries and associates of CIMB Group Holdings Berhad, 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 Islamic Bank Bhd	Fellow related party to Manager
CGS-CIMB Securities Sdn Bhd	Fellow related party to Manager

Units held by the Manager and parties related to the Manager

	<u>2021</u>		<u>2020</u>	
	<u>No. of units</u>	<u>RM</u>	<u>No. of units</u>	<u>RM</u>
Manager				
Principal Asset Management Berhad				
- Class MYR	114,628	31,637	280,206	82,577
- Class SGD	527	419	513	1,339

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

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

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

	<u>2021</u>	<u>2020</u>
	<u>RM</u>	<u>RM</u>
<u>Significant related party transactions</u>		
Profit income from Shariah-compliant deposits with licensed Islamic financial institution:		
- CIMB Islamic Bank Bhd	<u>48,058</u>	<u>279,024</u>
<u>Significant related party balances</u>		
Shariah-compliant deposits with licensed Islamic financial institution:		
- CIMB Islamic Bank Bhd	<u>-</u>	<u>5,000,219</u>

14. TRANSACTIONS WITH BROKERS

Details of transactions with the top 10 brokers for the financial year ended 30 November 2021 were as follows:

Brokers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
CLSA Securities (Malaysia) Sdn Bhd	101,693,279	12.71	173,639	12.06
RHB Investment Bank Bhd	100,899,654	12.61	222,312	15.44
Maybank Investment Bank Bhd	87,951,259	10.99	156,102	10.84
KAF Equities Sdn Bhd	81,151,401	10.14	173,433	12.04
UBS Securities (M) Sdn Bhd	80,086,229	10.01	103,500	7.19
CGS-CIMB Securities Sdn Bhd #	79,991,478	10.00	159,858	11.10
Macquarie Capital Securities (Malaysia) Sdn Bhd	65,172,428	8.14	119,120	8.27
JP Morgan Securities (Malaysia) Sdn Bhd	61,061,008	7.63	75,666	5.25
Credit Suisse (Malaysia) Sdn Bhd	26,760,893	3.34	52,456	3.64
Hong Leong Investment Bank Bhd	24,693,406	3.09	54,424	3.78
Others	90,849,747	11.34	149,681	10.39
	<u>800,310,782</u>	<u>100.00</u>	<u>1,440,191</u>	<u>100.00</u>

Details of transactions with the top 10 brokers for the financial year ended 30 November 2020 were as follows:

Brokers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
UBS Securities (Malaysia) Sdn Bhd	102,044,493	16.93	118,375	12.06
Macquarie Capital Securities (Malaysia) Sdn Bhd	100,596,511	16.69	164,159	16.73
KAF Equities Sdn Bhd	92,639,798	15.37	200,348	20.42
Maybank Investment Bank Bhd	64,382,115	10.68	101,093	10.30
CLSA Securities (Malaysia) Sdn Bhd	54,023,621	8.96	73,899	7.53

14. TRANSACTIONS WITH BROKERS (CONTINUED)

Details of transactions with the top 10 brokers for the financial year ended 30 November 2020 were as follows: (continued)

Brokers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
CGS-CIMB Securities Sdn Bhd #	50,292,241	8.34	75,635	7.71
RHB Investment Bank Bhd	44,670,900	7.41	97,992	9.99
JP Morgan Securities (Malaysia) Sdn Bhd	28,754,623	4.77	27,934	2.85
Affin Hwang Investment Bank Bhd	22,041,481	3.66	49,593	5.05
Credit Suisse (Malaysia) Sdn Bhd	20,934,083	3.47	23,268	2.37
Others	22,330,667	3.72	49,077	4.99
	<u>602,710,533</u>	<u>100.00</u>	<u>981,373</u>	<u>100.00</u>

Included in transactions are trades conducted with CGS-CIMB Securities Sdn Bhd, fellow related party of the Manager amounting to RM79,991,478 (2020: RM50,292,241) respectively. The Manager is of the opinion that all transactions with related companies have been entered into in the normal course of business at agreed terms between the related parties.

15. SIGNIFICANT EVENT DURING THE YEAR

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

16. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 21 January 2022.

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