

Principal Malaysia Titans Plus Fund

Annual Report

For The Financial Year Ended 31 October 2021

PRINCIPAL MALAYSIA TITANS PLUS FUND

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2021

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INVESTORS' LETTER

Dear Valued Investor,

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

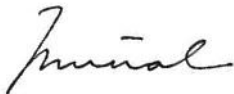
We are pleased to bring you a copy of the Annual Fund Report of the Principal Malaysia Titans Plus Fund for the financial year ended 31 October 2021. You may also download this report from our website at www.principal.com.my.

We are happy to share that we won the Most Innovative New Money Market Fund – Principal e-Cash Fund at the Global Business Outlook Awards 2021 and the Best Online & Mobile Platform (Asset Manager) Malaysia 2021 at the World Business Outlook Annual Awards 2021. Meanwhile, Principal Islamic won the Best 3-Year ROI Global Sukuk Fund Manager 2020 award at the EPF 2021 External Fund Manager Awards and was named Best Islamic Asset Manager of the Year (Asia Pacific) at The Asset Triple A Islamic Finance Awards 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 investment objective of the Fund is to achieve maximum capital appreciation over the long-term through all types of investments.

Has the Fund achieved its objective?

For the financial year under review, the Fund has achieved its objective of capital growth with a return of 19.79% for the Class MYR and 18.42% for the Class SGD.

What are the Fund investment policy and principal investment strategy?

The Fund may invest at least 70% of its Net Asset Value ("NAV") in equities and up to 28% of the Fund's NAV in other permissible investments. In line with its objective, the investment policy and strategy of the Fund will focus on investment in shares of companies with growth potential. Generally, the Fund will invest primarily in large capitalization companies listed on the main market of Bursa Malaysia. The Fund may also invest in 'Access, Certainty, Efficiency' ("ACE") market to provide better return.

The asset allocation strategy for this Fund is as follows:

- at least 70% of the Fund's NAV will be invested in equities;
- up to 28% of the Fund's NAV may be invested in other permissible investments; and
- at least 2% of the Fund's NAV in liquid assets.

Fund category/type

Equity/Aggressive Growth

When was the Fund launched?

Name of Class	Launch Date
Class MYR	28 September 1995
Class SGD	18 February 2016

What was the size of the Fund as at 31 October 2021?

RM192.61 million (204.85 million units)

What is the Fund's benchmark?

Financial Times Stock Exchange ("FTSE") Bursa Malaysia ("FBM") Top 100 ("FBM100") Index.

Note: Investors should note that the risk profile of the Fund is not the same as the risk profile of the benchmark.

What is the Fund distribution policy?

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

What was the net income distribution for the financial year ended 31 October 2021?

The Fund distributed a total net income of RM8.36 million to unit holders for the financial year ended 31 October 2021.

Date	NAV per unit (Before distribution) RM	NAV per unit (After distribution) RM
27.10.2021		
Class MYR	0.9908	0.9483
Class SGD	3.1254	2.9912

PERFORMANCE DATA

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

	31.10.2021	31.10.2020	31.10.2019
	%	%	%
Quoted securities			
- Construction	4.22	1.62	1.21
- Consumer Products & Services	12.99	8.32	11.37
- Energy	6.16	6.22	7.75
- Financial Services	30.72	21.17	25.23
- Health Care	2.70	18.12	3.72
- Industrial Products & Services	14.52	7.94	3.35
- Plantation	3.85	9.35	9.27
- Property	0.99	-	0.98
- Real Estate Investment Trusts ("REITs")	-	2.79	5.59
- Technology	16.89	4.26	5.29
- Telecommunications & Media	2.37	4.87	7.62
- Transportation & Logistics	1.94	5.17	4.67
- Utilities	-	6.62	7.19
Cash and other net assets	3.23	3.87	9.22
Liabilities	(0.58)	(0.32)	(2.46)
	<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:

	31.10.2021	31.10.2020	31.10.2019
NAV (RM Million)			
- Class MYR	192.15	181.97	212.34
- Class SGD	0.45	0.48	5.23
Units in circulation (Million)			
- Class MYR	204.69	222.24	233.71
- Class SGD	0.15	0.19	1.82
NAV per unit (RM)			
- Class MYR	0.9387	0.8187	0.9085
- Class SGD	2.9613	2.5828	2.8648
Highest NAV per unit (RM)			
- Class MYR	1.0046	0.9317	1.0048
- Class SGD	3.1690	2.9393	3.1685
Lowest NAV per unit (RM)			
- Class MYR	0.8203	0.6968	0.9009
- Class SGD	2.5875	2.1974	2.8409
Total return (%)			
- Class MYR	19.79	(5.04)	(0.27)
- Class SGD	18.42	(4.21)	(0.20)
- Capital growth (%)			
- Class MYR	14.66	(5.03)	(7.67)
- Class SGD	13.35	(4.11)	(7.77)
- Income distribution (%)			
- Class MYR	4.48	5.37	8.03
- Class SGD	4.48	5.38	8.03

PERFORMANCE DATA (CONTINUED)

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

	31.10.2021	31.10.2020	31.10.2019
Management Expense Ratio ("MER") (%)	1.58	1.58	1.56
Portfolio Turnover Ratio ("PTR") (times) #	0.81	0.89	0.83

The Fund's PTR decreased from 0.89 times to 0.81 times which was mainly due to lesser trades conducted during the financial year under review.

	31.10.2021	31.10.2020	31.10.2019
Gross/Net distribution per unit (sen)			
Distribution on 27 October 2021			
- Class MYR	4.25	-	-
- Class SGD	13.40	-	-
Distribution on 21 October 2020			
- Class MYR	-	4.48	-
- Class SGD	-	14.14	-
Distribution on 23 October 2019			
- Class MYR	-	-	7.25
- Class SGD	-	-	22.86

	31.10.2021	31.10.2020	31.10.2019	31.10.2018	31.10.2017
	%	%	%	%	%
Annual total return					
- Class MYR	19.79	(5.04)	(0.27)	(4.07)	7.41

(Launch date: 28 September 1995)

	31.10.2021	31.10.2020	31.10.2019	31.10.2018	Since inception to 31.10.2017
		%	%	%	%
Annual total return					
- Class SGD	18.42	(4.21)	(0.20)	(4.10)	9.28

(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 NOVEMBER 2020 TO 31 OCTOBER 2021)

For the financial year under review, the FBM100 Index increased by 7.25% from 10,432.63 points to 11,189.09 points.

From November 2020 to December 2020, FBM100 along with global markets staged a strong rally as investors switched into the Coronavirus Disease 2019 (“COVID-19”) recovery play in the market on the back of COVID-19 vaccine breakthrough in November 2020 and the conclusion of US Presidential Election.

However, the Index eased during the month of January 2021. The softer sentiment in the market was dampened by the jump in the number of COVID-19 cases that reached new peak over 5,000 cases per day, which led to the Government imposing second Movement Control Order (“MCO”) 2.0 beginning mid-January 2021. This was quickly followed by the Yang Di Pertuan Agong declaring State of Emergency (“SoE”) for Malaysia until the end of July 2021.

The broad market had generally traded sideways in first quarter of 2021 before staging a brief rally in April 2021 led by gloves makers following the resurgence of COVID-19 cases around the region, in particular India. However, the rally did not last as investors were spooked by the surge in US CPI reading at 4.2% in April 2021, the sharpest increase since the GFC. On the local front, Malaysia instituted much stricter movement controls due to the surge in COVID-19 cases. Malaysia Government resorted to a total lockdown in June to battle surging COVID-19 cases. The Kuala Lumpur Composite Index (“KLCI”) continued to retrace in July 2021 as sentiment was further dampened by political issues domestically, while weakness in regional markets aggravated the sell-off.

Nonetheless, the KLCI staged a strong rebound in August 2021 since COVID-19 hit the shore as the government started to ease movement controls. Market optimism continued into September and October 2021 as more companies turned positive that the worst of the pandemic had passed in view of the country was getting closer to herd immunity on advanced vaccination progress.

Malaysia’s manufacturing Purchasing Managers Index (“PMI”) rose to 52.2 points (“pts”) in October 2021 from 48.1 pts in the previous month, the strongest expansion since April 2021. Production and new order volumes also recorded its first increase in six months, aided by lifting of movement restrictions. IHS Markit, indicated that, “Manufacturers expressed optimism regarding the year-ahead outlook, citing hopes of a domestic and external recovery in demand should the pandemic continue to dissipate”.

Further supporting the market, Bank Negara Malaysia (“BNM”) has kept the Overnight Policy Rate (“OPR”) at 1.75%. Inflation is expected to moderate from the projected 2.4% in 2021 to 2.1% in 2022. The Gross Domestic Product (“GDP”) growth is expected to be in the range of 3.0% to 4.0% for 2021.

FUND PERFORMANCE

Class MYR

	1 year to 31.10.2021	3 years to 31.10.2021	5 years to 31.10.2021	Since inception to 31.10.2021
	%	%	%	%
Income Distribution	4.48	18.94	44.14	247.22
Capital Growth	14.66	(4.61)	(18.90)	43.81
Total Return	19.79	13.45	16.90	399.35
Benchmark	7.25	(3.74)	(2.62)	72.44
Average Total Return	19.79	4.30	3.17	6.90

For the financial year under review, the Fund’s Class MYR rose by 19.79%, while the benchmark increased by 7.25%. As such, the Fund outperformed its benchmark by 12.54%.

FUND PERFORMANCE (CONTINUED)

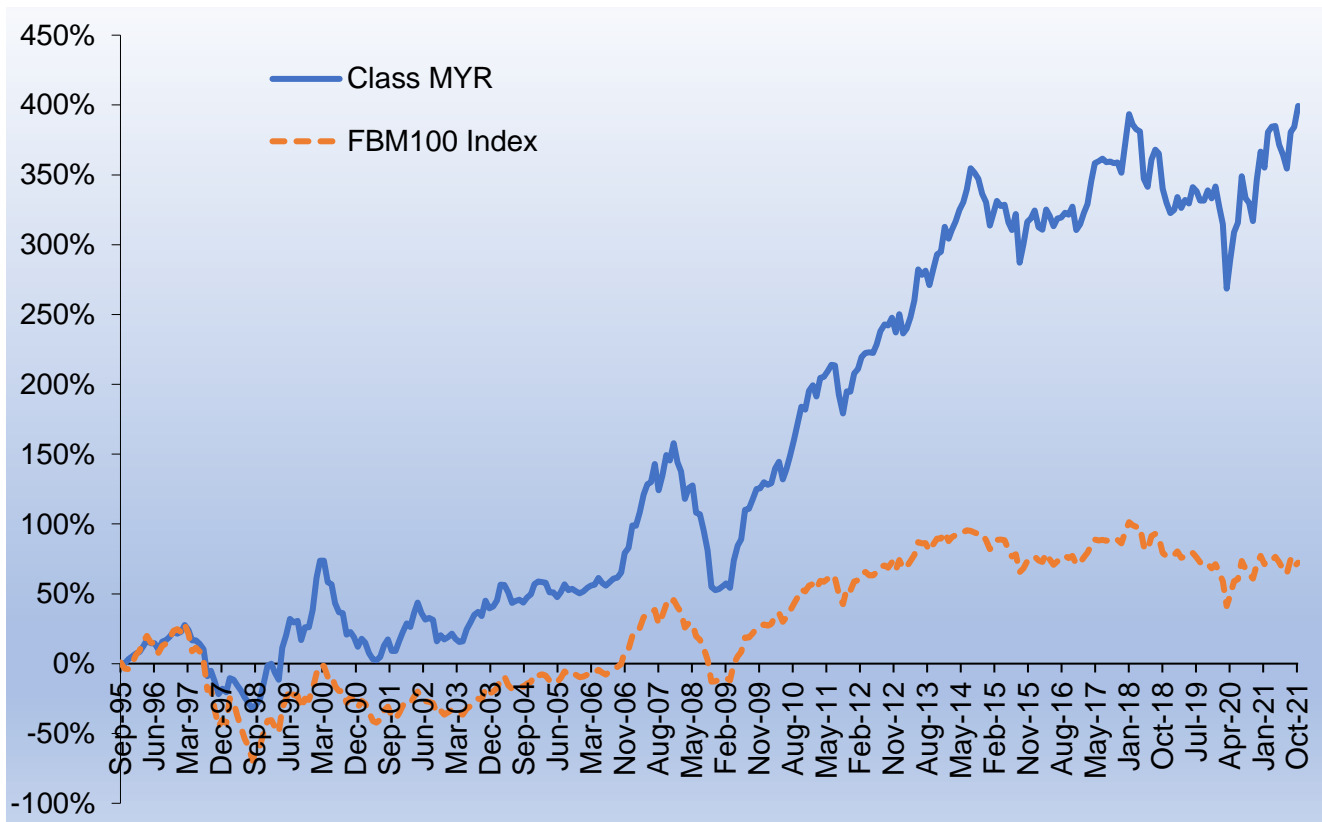
Class SGD

	1 year to 31.10.2021 %	3 years to 31.10.2021 %	5 years to 31.10.2021 %	Since inception to 31.10.2021 %
Income Distribution	4.48	18.94	19.33	19.33
Capital Growth	13.35	(6.33)	(3.77)	(3.77)
Total Return	18.42	11.41	14.83	14.83
Total Return (Inclusive of application fee) *	12.50	5.84	9.09	9.09
Benchmark	6.27	(5.28)	(4.43)	(4.65)
Average Total Return	18.42	3.67	2.80	2.45

For the financial year under review, the Fund's Class SGD rose by 18.42% (or 12.50% which was inclusive of application fee), while the benchmark increased by 6.27%. As such, the Fund outperformed its benchmark by 12.15% (or 6.23% inclusive of application fee).

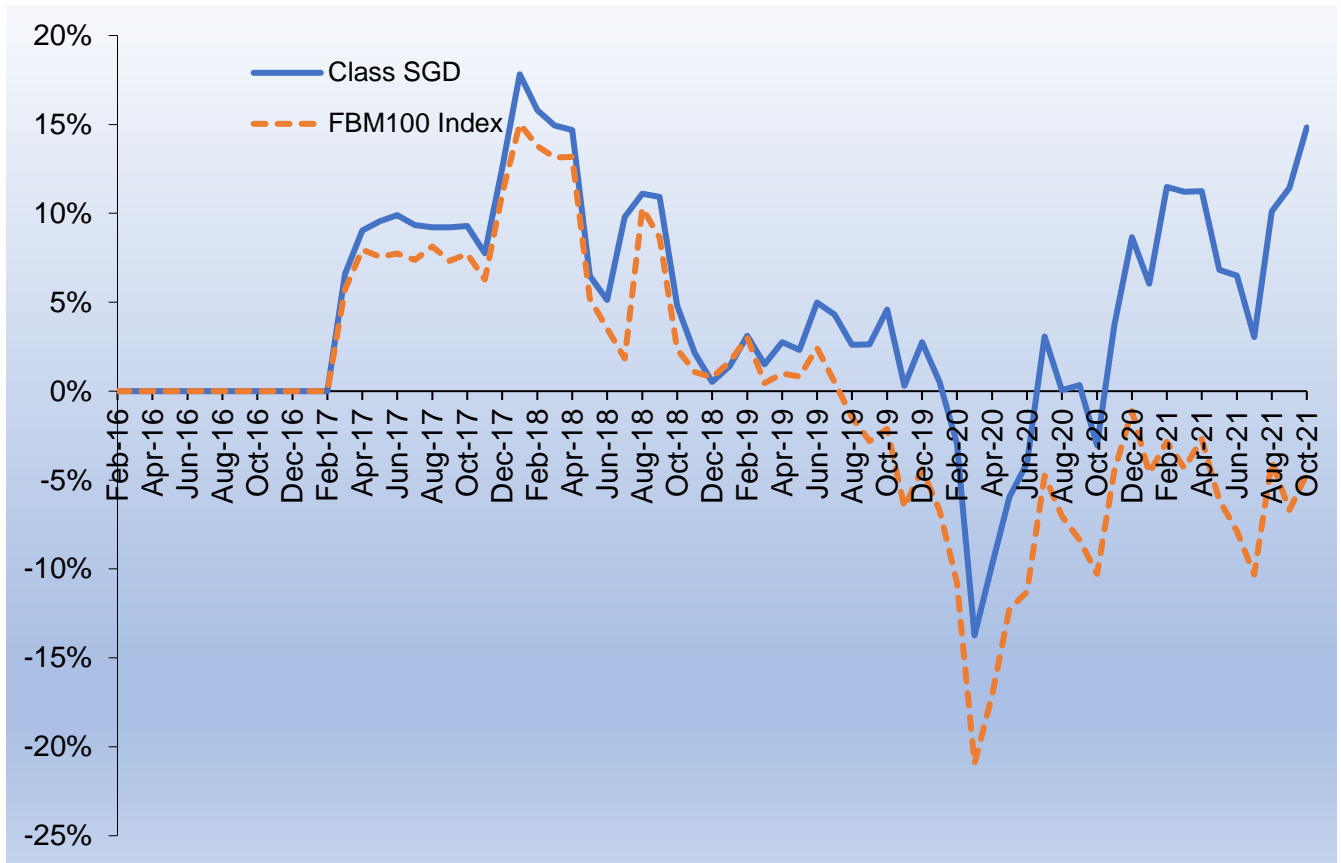
* The performance of the Class SGD is computed on a single pricing basis (NAV-NAV) (taking into account the maximum Application Fee of up to 5% and Withdrawal Fee/Redemption Fee (if any)) and with dividends and distributions (if any) reinvested. Note that a lower Application Fee may be charged when subscribing for Units.

CLASS MYR



FUND PERFORMANCE (CONTINUED)

CLASS SGD



Changes in NAV

Class MYR

	31.10.2021	31.10.2020	Changes %
NAV (RM Million)	192.15	181.97	5.59
NAV/Unit (RM)	0.9387	0.8187	14.66

Class SGD

	31.10.2021	31.10.2020	Changes %
NAV (RM Million)	0.45	0.48	(6.25)
NAV/Unit (RM)	2.9613	2.5828	14.66

NAV for Class MYR increased by 5.59%, while the NAV for Class SGD decreased by 6.25%. NAV per unit for both Classes rose by 14.66%. Changes in NAVs were largely due to the investment performance and redemptions during the financial year under review.

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

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	31.10.2021	31.10.2020
Quoted securities	97.35	96.45
Cash and other assets	3.23	3.87
Liabilities	(0.58)	(0.32)
TOTAL	100.00	100.00

Asset allocation increased from 96.45% as at 31 October 2020 to 97.35% as at 31 October 2021 reflecting our constructive view on the equity market as ease in movement controls would pave the way for a reopening of the country's economy.

MARKET OUTLOOK*

Corporate earnings remain poised for a strong recovery. We project 52% earnings growth for 2021 for our coverage universe followed by a further 5% growth for 2022 (46% and 4% growth respectively for FBMKLCI), excluding the one-off impact from the Prosperity Tax. Excluding the Glove sector, which could see its earnings falling over 70% in 2022, growth for 2021 and 2022 would be 49% and 20% respectively (44% and 16% respectively for FBMKLCI), which we consider very commendable.

The market currently trades at 15.5 times forward 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%.

We remain positive on Malaysia as movement controls ease, paving way for a full reopening of the economy. Supportive fiscal measures and financial assistance will continue to be in place to cushion the economic impact of the pandemic. The government has projected a better GDP growth of 5.5% to 6.5% in 2022, based on the anticipated reopening of all economic and social sectors in fourth quarter of 2021 due to the advanced vaccination progress.

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

INVESTMENT STRATEGY

The one-off broad-based Prosperity Tax hurts corporate earnings in 2022 and dents investor sentiment in the near-term but it does not derail the recovery. In our opinion, the recent sell-off presents an opportunity to reposition into reopening plays, laggards, as well as sectors with structural or secular growth stories. Thus, we continue to remain constructive on Financial, cyclical themes such as Consumer Discretionary. We continue to overweight selective Technology companies and to underweight Glove given their earnings prospects. We are turning neutral on Plantation as valuations may have partially reflected Environmental, Social and Governance ("ESG") concerns.

UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 31 October 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	1,931	5.39	2.64
5,001 - 10,000	1,414	10.28	5.02
10,001 - 50,000	3,149	72.14	35.24
50,001 - 500,000	984	105.83	51.70
500,001 and above	14	11.05	5.40
Total	7,492	204.69	100.00

CLASS SGD

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	2	0.00*	0.00
5,001 - 10,000	-	-	-
10,001 - 50,000	1	0.03	20.00
50,001 - 500,000	1	0.12	80.00
500,001 and above	-	-	-
Total	4	0.15	100.00

Note: 0.00* denotes value less than 0.01 million.

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 MALAYSIA TITANS PLUS 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 16 to 45 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 October 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
20 December 2021

**TRUSTEE'S REPORT TO THE UNIT HOLDERS OF
PRINCIPAL MALAYSIA TITANS PLUS FUND**

We have acted as Trustee of Principal Malaysia Titans Plus Fund ("the Fund") for the financial year ended 31 October 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 4.25 sen per unit (gross) for Class MYR and 13.40 sen per unit (gross) for Class SGD have been distributed to the unit holders of the Fund respectively. We are of the view that the distributions are not inconsistent with the objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat
Manager, Investment Compliance Monitoring

Kuala Lumpur
17 December 2021

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Principal Malaysia Titans Plus Fund (the "Fund"), which comprise the statement of financial position as at 31 October 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 16 to 45.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 October 2021, and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

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

Independence and other ethical responsibilities

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

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

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

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL DALI EQUITY GROWTH FUND (cont'd.)**

Other matters

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

The financial statements of the Fund for the year ended 31 October 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 16 December 2020.

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

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

Kuala Lumpur, Malaysia
20 December 2021

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2021**

	Note	2021 RM	2020 RM
INCOME/(LOSS)			
Dividend income		6,616,448	5,650,648
Interest income from deposits with licensed financial institutions at amortised cost		123,762	268,408
Net gain/(loss) on financial assets at fair value through profit or loss	8	31,915,449	(12,786,513)
Net foreign exchange gain/(loss)		2,640	(30,525)
		<u>38,658,299</u>	<u>(6,897,982)</u>
EXPENSES			
Management fee	4	2,875,996	2,969,082
Trustee fee	5	95,867	98,969
Audit fee		10,900	16,200
Tax agent's fee		4,600	10,100
Transaction costs		869,179	883,411
Other expenses		45,794	73,341
		<u>3,902,336</u>	<u>4,051,103</u>
PROFIT/(LOSS) BEFORE FINANCE COST AND TAXATION		34,755,963	(10,949,085)
Finance costs			
- Class MYR		8,338,568	9,469,710
- Class SGD		20,407	25,057
	6	<u>8,358,975</u>	<u>9,494,767</u>
PROFIT/(LOSS) BEFORE TAXATION		26,396,988	(20,443,852)
Taxation	7	-	-
PROFIT/(LOSS) AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR		<u>26,396,988</u>	<u>(20,443,852)</u>
Profit/(Loss) after taxation is made up as follows:			
Realised amount		(1,262,727)	(11,749,054)
Unrealised amount		27,659,715	(8,694,798)
		<u>26,396,988</u>	<u>(20,443,852)</u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2021**

	Note	2021 RM	2020 RM
ASSETS			
Cash and cash equivalents	9	5,397,667	6,902,503
Financial assets at fair value through profit or loss	8	187,498,673	175,969,177
Amount due from stockbrokers		261,300	-
Amount due from Manager		213,223	29,210
Dividends receivable		344,342	137,902
TOTAL ASSETS		<u>193,715,205</u>	<u>183,038,792</u>
LIABILITIES			
Amount due to stockbrokers		364,609	-
Amount due to Manager		279,364	107,564
Accrued management fee		246,122	238,965
Amount due to Trustee		8,204	7,966
Distribution payable		190,307	211,778
Other payables and accruals		20,099	20,897
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)		<u>1,108,705</u>	<u>587,170</u>
NET ASSET VALUE OF THE FUND		<u>192,606,500</u>	<u>182,451,622</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>192,606,500</u>	<u>182,451,622</u>
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS (RM)			
- Class MYR		192,152,034	181,968,846
- Class SGD		454,466	482,776
		<u>192,606,500</u>	<u>182,451,622</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)			
- Class MYR		204,691,632	222,239,515
- Class SGD		153,466	186,915
	10	<u>204,845,098</u>	<u>222,426,430</u>
NET ASSET VALUE PER UNIT (RM)			
- Class MYR		0.9387	0.8187
- Class SGD		2.9613	2.5828
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES			
- Class MYR		MYR0.9387	MYR0.8187
- Class SGD		<u>SGD0.9623</u>	<u>SGD0.8490</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 OCTOBER 2021**

	2021 RM	2020 RM
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR	<u>182,451,622</u>	<u>217,569,134</u>
Movement due to units created and cancelled during the financial year:		
Creation of units from applications		
- Class MYR	2,695,031	5,938,476
- Class SGD	448,041	1,447,261
	<u>3,143,072</u>	<u>7,385,737</u>
Creation of units from distributions		
- Class MYR	8,164,850	9,275,563
- Class SGD	3,818	7,427
	<u>8,168,668</u>	<u>9,282,990</u>
Cancellation of units		
- Class MYR	(27,015,476)	(25,842,803)
- Class SGD	(538,374)	(5,499,584)
	<u>(27,553,850)</u>	<u>(31,342,387)</u>
Total comprehensive income/(loss) for the financial year	<u>26,396,988</u>	<u>(20,443,852)</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR	<u>192,606,500</u>	<u>182,451,622</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 OCTOBER 2021**

	Note	2021 RM	2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from disposal of quoted securities		164,464,149	186,045,521
Purchase of quoted securities		(144,844,066)	(174,345,292)
Dividend income received		6,403,766	5,515,061
Interest income received from deposits with licensed financial institutions		123,762	268,408
Management fee paid		(2,868,840)	(3,003,855)
Trustee fee paid		(95,628)	(100,128)
Payments for other fees and expenses		(55,851)	(52,424)
Net cash generated from from operating activities		<u>23,127,292</u>	<u>14,327,291</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		2,958,784	8,208,016
Payments for cancellation of units		(27,382,131)	(31,683,295)
Distribution paid		(211,732)	(706,740)
Net cash used in financing activities		<u>(24,635,079)</u>	<u>(24,182,019)</u>
Net decrease in cash and cash equivalents		(1,507,787)	(9,854,728)
Effects of foreign exchange differences		2,951	(30,524)
Cash and cash equivalents at the beginning of the financial year		<u>6,902,503</u>	<u>16,787,755</u>
Cash and cash equivalents at the end of the financial year	9	<u>5,397,667</u>	<u>6,902,503</u>
<u>Cash and cash equivalent comprised of:</u>			
Deposits with licensed financial institutions		5,207,749	626,901
Bank balance		189,918	6,275,602
Cash and cash equivalents at the end of the financial year	9	<u>5,397,667</u>	<u>6,902,503</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 OCTOBER 2021**

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES

Principal Malaysia Titans Plus Fund (the "Fund") was constituted pursuant to a Deed dated 11 July 2005 and is now governed by a Principal Master Deed dated 15 May 2008, a First Supplemental Master Deed dated 25 June 2008, a Third Supplemental Master Deed dated 14 July 2008, and an Eighteenth Supplemental Master Deed dated 25 March 2015 all executed between the Manager and the Universal Trustee (Malaysia) Berhad (hereinafter known as the "Previous Trustee"), a Seventeenth Supplemental Master Deed dated 19 March 2015 entered into between the Manager, the previous Trustee and the Trustee, in respect of a change in trustee to the Fund (hereinafter collectively the "Initial Deed"), a Principal Master Deed dated 10 April 2015 and a First Supplemental Deed dated 28 August 2019 (collectively referred to as the "Deeds"), between Principal Asset Management Berhad (the "Manager") and HSBC (Malaysia) Trustee Berhad (the "Trustee").

The Fund may invest at least 70% of its NAV in equities and up to 28% of the Fund's NAV in other permissible investments. In line with its objective, the investment policy and strategy of the Fund will focus on investment in shares of companies with growth potential. Generally, the Fund will invest primarily in large capitalization companies listed on the main market of Bursa Malaysia. The Fund may also invest in 'Access, Certainty, Efficiency' ("ACE") market to provide better return.

The asset allocation strategy for this Fund is as follows:

- at least 70% of the Fund's NAV will be invested in equities;
- up to 28% of the Fund's NAV may be invested in other permissible investments; and
- at least 2% of the Fund's NAV in liquid assets.

All investments are subject to the Securities Commission Malaysia ("SC") Guidelines on Unit Trust Funds, SC requirements, the Deeds, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund's objective.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(a) Basis of preparation (continued)**

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

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

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

There are no other standards, amendments to standards or interpretations that are effective for financial year beginning on 1 November 2020 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 November 2021 are applicable to the Fund.

Certain information as presented in notes 7, 10 and 11 are prepared in accordance with the SC Guidelines on Unit Trust Funds and the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore ("MAS").

(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.

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.

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

The Fund classifies amount due to stockbrokers, amount due to Manager, accrued management fee, amount due to Trustee, and other payables and accruals as other financial liabilities measured at amortised cost.

Recognition and measurement

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

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

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

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

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

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

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

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

Deposits with licensed financial institutions are stated at cost plus accrued interest calculated on the effective interest method over the period from the date of placement to the date of maturity of the respective deposits.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(b) Financial assets and financial liabilities (continued)**Impairment for assets carried at amortised cost

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.

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

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

Realised gain or loss on disposal of quoted securities is accounted for as the difference between the net disposal proceeds and the carrying amount of 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 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 Fund’s units are denominated in MYR ;
- ii) Significant portion of the Fund’s expenses are denominated in MYR ; and
- iii) The Fund’s investments are denominated in MYR .

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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income.

(e) Cash and cash equivalents

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

(f) Taxation

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

Withholding taxes on investment income from quoted securities are based on tax regime of the respective countries that the Fund invests in. They are presented within other expenses line in the statement of comprehensive income.

(g) Distribution

A distribution to the Fund’s unit holders is accounted for as finance cost in the statement of comprehensive income. A proposed distribution is recognised as a liability in the financial period in which it is approved by the Trustee.

(h) Transactions costs

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(i) Amount due from/to stockbrokers**

Amounts due from and amount due to stockbrokers represent receivables for investments sold and payables for investments purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. The amount due from stockbrokers balance is held for collection.

These amounts are measured at amortised cost. At each reporting date, the Fund measure the loss allowance on amounts due from broker 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, interest 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.

(j) 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. 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.

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.

(k) Realised and unrealised portions of profit or loss after tax

The analysis of realised and unrealised portions of profit or loss after tax presented on the statement of comprehensive income is guided by SC Guidelines on Unit Trust Funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the 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 are 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 9)	-	5,397,667	5,397,667
Quoted securities (Note 8)	187,498,673	-	187,498,673
Amount due from stockbrokers	-	261,300	261,300
Amount due from Manager	-	213,223	213,223
Dividends receivable	-	344,342	344,342
	187,498,673	6,216,532	193,715,205

	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
2020			
Cash and cash equivalents (Note 9)	-	6,902,503	6,902,503
Quoted securities (Note 8)	175,969,177	-	175,969,177
Amount due from Manager	-	29,210	29,210
Dividends receivable	-	137,902	137,902
	175,969,177	7,069,615	183,038,792

All of the Fund's financial liabilities (excluding the Net Assets Attributable to Unit Holders) are measured at amortised cost.

The investment objective of the Fund is to achieve maximum capital appreciation over the long-term through all types of investments.

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

The Fund is exposed to a variety of risks which include market risk (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 Guidelines on Unit Trust Funds.

(a) Market risk

(i) Price risk

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

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

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

	2021	2020
	RM	RM
Financial assets at fair value through profit or loss:		
- Quoted securities	<u>187,498,673</u>	<u>175,969,177</u>

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

% Change in price of quoted securities	Market value	Impact on profit or loss/NAV
	RM	RM
2021		
-5%	178,123,739	(9,374,934)
0%	187,498,673	-
5%	<u>196,873,607</u>	<u>9,374,934</u>
2020		
-5%	167,170,718	(8,798,459)
0%	175,969,177	-
5%	<u>184,767,636</u>	<u>8,798,459</u>

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

(a) Market risk (continued)

(ii) Interest rate risk

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

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

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

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

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

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

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

	2021	2020
	%	%
Deposits with licensed financial institutions	1.75	1.75

(iii) Currency risk

Currency risk is associated with investments that are quoted and/or priced in foreign currency denomination. Foreign currency risk is the risk that the value of 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.

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

Financial assets

	Cash and cash equivalents RM	Total RM
2021		
SGD	145,324	145,324
2020		
SGD	425,567	425,567

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

(a) Market risk (continued)

(iii) Currency risk (continued)

The table below summarises the sensitivity of the Fund's profit or loss and NAV to changes in foreign exchange rate movements at the end of the reporting period. The analysis is based on the assumption that the foreign exchange rate fluctuated by 5%, with all other variables remain 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. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change in foreign exchange rate	Impact on profit or loss/NAV	
		2021	2020
	%	MYR	MYR
SGD	+/- 5	+/- 7,266	+/- 21,278

(b) Credit risk

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

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

For amount due from Manager, the settlement terms of the proceeds from the creation of units' receivable from the Manager are governed by the 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 exchanges. The credit risk is minimal as all transactions in quoted securities are settled/paid upon delivery using approved stockbrokers.

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

	Cash and cash equivalents RM	Amount due from stockbrokers RM	Amount due from Manager RM	Dividends receivable RM	Total RM
2021					
- AAA	5,397,667				5,397,667
- Not Rated		261,300	213,223	344,342	818,865
	<u>5,397,667</u>	<u>261,300</u>	<u>213,223</u>	<u>344,342</u>	<u>6,216,532</u>
2020					
- AAA	6,902,503	-	-	-	6,902,503
- Not Rated		-	29,210	137,902	167,112
	<u>6,902,503</u>	<u>-</u>	<u>29,210</u>	<u>137,902</u>	<u>7,069,615</u>

Deposits with licensed financial institutions of the Fund have an average maturity of 3 days (2020: 2 days).

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

(c) Liquidity risk

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

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise bank balances, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 business days. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

The table below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining period 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
2021			
Amount due to stockbrokers	364,609	-	364,609
Amount due to Manager	279,364	-	279,364
Accrued management fees	246,122	-	246,122
Amount due to Trustee and custodian	8,204	-	8,204
Distribution payable	190,307	-	190,307
Other payables and accruals	-	20,099	20,099
Net assets attributable to unit holders*	192,606,500	-	192,606,500
Contractual undiscounted cash flows	193,695,106	20,099	193,715,205
2020			
Amount due to Manager	107,564	-	107,564
Accrued management fees	238,965	-	238,965
Amount due to Trustee and custodian	7,966	-	7,966
Distribution payable	211,778	-	211,778
Other payables and accruals	-	20,897	20,897
Net assets attributable to unit holders*	182,451,622	-	182,451,622
Contractual undiscounted cash flows	183,017,895	20,897	183,038,792

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

(c) Liquidity risk (continued)

* Outstanding units are redeemed on demand at the unit 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 asset attributable to unit holders of RM192,606,500 (2020:182,451,622). The amount of capital can change significantly on a daily basis as the Fund is subjected 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 market price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

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

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

(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.

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

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 asset at fair value through profit or loss:				
- Quoted securities	<u>187,498,673</u>	<u>-</u>	<u>-</u>	<u>187,498,673</u>
2020				
Financial asset at fair value through profit or loss:				
- Quoted securities	<u>175,969,177</u>	<u>-</u>	<u>-</u>	<u>175,969,177</u>

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

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

4. MANAGEMENT FEE

In accordance with the Deeds, the Manager is entitled to a maximum management fee of 1.50% per annum calculated and accrued daily based on the NAV of the Fund.

For the financial year ended 31 October 2021 and 31 October 2020, the management fee for the respective classes is recognised at the following rates:

Class MYR	Class SGD
1.50%	1.50%

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

5. TRUSTEE FEE

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

For the financial year ended 31 October 2021 and 31 October 2020, the Trustee fee for the respective classes is recognised at the following rates (including local custodian fee but excluding foreign sub-custodian fee):

Class MYR	Class SGD
0.05%	0.05%

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

6. FINANCE COST

Distribution to unit holders is derived from the following sources:

	2021	2020
	RM	RM
Dividend income	309,798	5,650,648
Interest income	6,808	268,408
Net realised gain from disposal of financial assets at fair value through profit or loss	519,599	-
Prior financial years' realised income	<u>7,731,875</u>	<u>3,860,965</u>
	<u>8,568,080</u>	<u>9,780,021</u>
Less:		
Expenses	<u>(209,105)</u>	<u>(285,254)</u>
Net distribution amount	<u>8,358,975</u>	<u>9,494,767</u>
Distribution on 27 October 2021		
Gross/Net distribution per unit (sen)		
- Class MYR	4.25	-
- Class SGD	<u>13.40</u>	<u>-</u>
Distribution on 21 October 2020		
Gross/Net distribution per unit (sen)		
- Class MYR	-	4.48
- Class SGD	<u>-</u>	<u>14.14</u>

6. FINANCE COST (CONTINUED)

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.

There were unrealised losses of RM8,666,804 during the 31 October 2020 financial year.

7. TAXATION

	2021	2020
	RM	RM
Tax charged for the financial year:		
- Current taxation	<u>-</u>	<u>-</u>

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

	2021	2020
	RM	RM
Profit/(Loss) before taxation	<u>26,396,988</u>	<u>(20,443,852)</u>
Taxation at Malaysian statutory rate of 24%	6,335,277	(4,906,524)
Tax effects of:		
- (Investment income not subject to tax)/Loss not deductible for tax purpose	(9,277,992)	1,655,516
- Expenses not deductible for tax purposes	2,243,307	2,525,902
- Restriction on tax deductible expenses for Unit Trust Funds	<u>699,408</u>	<u>725,106</u>
Taxation	<u>-</u>	<u>-</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021	2020
	RM	RM
At fair value through profit or loss:		
- Quoted securities	<u>187,498,673</u>	<u>175,969,177</u>
Net gain/(loss) on financial assets at fair value through profit or loss:		
- Realised gain/(loss) on disposals	4,258,163	(4,119,709)
- Unrealised fair value gain/(loss)	<u>27,657,286</u>	<u>(8,666,804)</u>
	<u>31,915,449</u>	<u>(12,786,513)</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				
QUOTED SECURITIES				
Construction				
Gamuda Bhd ²	1,263,000	3,988,984	4,092,120	2.12
IJM Corporation Bhd ²	1,142,000	1,983,132	2,112,700	1.10
Solarvest Holdings ²	1,411,000	1,846,994	1,918,960	1.00
	<u>3,816,000</u>	<u>7,819,110</u>	<u>8,123,780</u>	<u>4.22</u>
Consumer Products & Services				
Genting Bhd ^{2,3}	1,533,200	7,190,452	7,941,976	4.12
Genting Malaysia Bhd ^{2,3}	3,027,400	9,486,811	9,596,858	4.98
Mr D.I.Y. Group (M) Bhd ²	1,332,400	4,656,576	5,023,148	2.61
Sime Darby Bhd ²	1,089,700	2,441,009	2,473,619	1.28
	<u>6,982,700</u>	<u>23,774,848</u>	<u>25,035,601</u>	<u>12.99</u>
Energy				
Bumi Armada Bhd ²	3,754,000	1,938,103	1,914,540	0.99
Dayang Enterprise Holdings Bhd ²	375,800	546,804	370,163	0.19
Dialog Group Bhd ²	1,071,400	3,551,745	3,032,062	1.57
Hibiscus Petroleum Bhd ²	3,526,066	2,149,541	3,173,459	1.65
Yinson Holdings Bhd ²	580,200	3,380,792	3,394,170	1.76
	<u>9,307,466</u>	<u>11,566,985</u>	<u>11,884,394</u>	<u>6.16</u>
Financial Services				
AMMB Holdings Bhd (AA3)	1,667,000	5,119,409	5,601,120	2.91
CIMB Group Holdings Bhd (AAA) ³	3,418,153	15,526,048	17,842,759	9.26
Hong Leong Bank Bhd (AAA) ³	393,900	6,298,349	7,413,198	3.85
Hong Leong Financial Group (AAA)	64,300	1,113,808	1,179,262	0.61
Malayan Banking Bhd (AAA) ³	1,298,107	11,413,378	10,449,761	5.42
Public Bank Bhd (AAA) ³	2,070,465	7,593,660	8,633,839	4.48
RHB Bank Bhd (AA2) ³	1,445,868	7,875,135	8,067,943	4.19
	<u>10,357,793</u>	<u>54,939,787</u>	<u>59,187,882</u>	<u>30.72</u>
Health Care				
IHH Healthcare Bhd ²	795,600	5,039,073	5,203,224	2.70
Industrial Products				
Tat Sang Holdings Bhd - Delisted ¹	31,000	1	-	-

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)				
QUOTED SECURITIES				
(CONTINUED)				
Industrial Products & Services				
Ann Joo Resources Bhd ²	1,177,800	2,767,425	2,862,054	1.49
Kelington Group Bhd ²	636,000	892,431	1,081,200	0.56
Petronas Chemicals Group Bhd ^{2,3}	905,500	6,600,437	7,868,795	4.09
Press Metal Aluminium Holding Bhd ^{2,3}	1,821,000	5,787,525	10,124,760	5.26
SKP Resources Bhd ²	197,100	351,967	358,722	0.19
V.S. Industry Bhd ²	4,416,600	3,677,795	5,632,573	2.93
	<u>9,154,060</u>	<u>20,077,580</u>	<u>27,928,104</u>	<u>14.52</u>
Plantation				
Kuala Lumpur Kepong Bhd ²	86,000	1,963,230	1,859,320	0.97
Sime Darby Plantation Bhd ²	1,383,051	6,956,941	5,546,035	2.88
	<u>1,469,051</u>	<u>8,920,171</u>	<u>7,405,355</u>	<u>3.85</u>
Property				
Sime Darby Property Bhd ²	1,335,100	952,847	967,948	0.50
SP Setia Bhd ²	604,600	672,577	943,176	0.49
	<u>1,939,700</u>	<u>1,625,424</u>	<u>1,911,124</u>	<u>0.99</u>
Technology				
CTOS Digital Bhd ²	887,000	1,272,964	1,711,910	0.89
Frontken Corp Bhd ²	1,106,100	3,928,272	4,214,241	2.19
Genetec Technology Bhd ²	55,000	2,145,832	2,557,500	1.33
GHL Systems Bhd ²	485,100	848,925	965,349	0.50
Inari Amertron Bhd ^{2,3}	2,105,000	6,633,772	8,146,350	4.23
Malaysian Pacific Industries Bhd ²	39,200	1,246,063	1,869,056	0.97
MI Technovation Bhd ²	332,200	1,295,580	1,275,648	0.66
My Eg Services Bhd ²	5,631,000	6,016,592	5,856,240	3.04
Pentamaster Corp Bhd ²	363,800	2,073,737	1,946,330	1.01
Revenue Group Bhd ²	643,200	1,362,385	1,170,624	0.61
UWC Bhd ²	457,000	2,682,119	2,805,980	1.46
	<u>12,104,600</u>	<u>29,506,241</u>	<u>32,519,228</u>	<u>16.89</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2021 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
Telecommunications & Media				
Telekom Malaysia Bhd ²	654,500	3,496,166	3,789,555	1.97
Time Dotcom Bhd ²	170,700	567,406	771,564	0.40
	<u>825,200</u>	<u>4,063,572</u>	<u>4,561,119</u>	<u>2.37</u>
Transportation & Logistics				
Malaysia Airports Holding Bhd ²	270,400	1,480,780	1,752,192	0.91
MISC Bhd ²	281,000	2,217,972	1,986,670	1.03
	<u>551,400</u>	<u>3,698,752</u>	<u>3,738,862</u>	<u>1.94</u>
TOTAL QUOTED SECURITIES	<u>57,334,570</u>	<u>171,031,543</u>	<u>187,498,673</u>	<u>97.35</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>16,467,130</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>187,498,673</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 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
Construction				
IJM Corporation Bhd ²	1,872,000	3,170,435	2,508,480	1.37
Sunway Construction Group Bhd ²	253,800	549,325	459,378	0.25
	<u>2,125,800</u>	<u>3,719,760</u>	<u>2,967,858</u>	<u>1.62</u>
Consumer Products & Services				
DRB-Hicom Bhd ²	1,746,800	3,702,566	3,318,920	1.82
Genting Malaysia Bhd ^{2,3}	3,085,400	9,706,097	6,170,800	3.38
Petronas Dagangan Bhd ²	52,800	1,156,500	910,272	0.50
Sime Darby Bhd ^{2,3}	1,985,700	4,446,354	4,785,537	2.62
	<u>6,870,700</u>	<u>19,011,517</u>	<u>15,185,529</u>	<u>8.32</u>
Energy				
Dialog Group Bhd ^{2,3}	1,574,400	5,219,215	5,825,280	3.19
Hibiscus Petroleum Bhd ²	2,458,900	1,963,139	1,131,094	0.62
Yinson Holdings Bhd ²	961,700	5,603,770	4,404,586	2.41
	<u>4,995,000</u>	<u>12,786,124</u>	<u>11,360,960</u>	<u>6.22</u>
Financial Services				
CIMB Group Holdings Bhd (AAA)	471,474	2,483,652	1,390,848	0.76
Hong Leong Bank Bhd (AAA) ³	444,200	7,040,388	6,574,160	3.60
Hong Leong Financial Group (AAA)	108,100	1,872,513	1,524,210	0.84
Malayan Banking Bhd (AAA) ³	1,441,190	12,897,117	10,088,330	5.53
Public Bank Bhd (AAA) ³	1,058,993	19,260,386	15,969,614	8.75
RHB Bank Bhd (AAA)	730,977	3,999,190	3,092,033	1.69
	<u>4,254,934</u>	<u>47,553,246</u>	<u>38,639,195</u>	<u>21.17</u>
Health Care				
Hartalega Holding Bhd ^{2,3}	759,900	8,511,851	13,678,200	7.50
IHH Healthcare Bhd ²	522,800	2,774,201	2,598,316	1.42
Kossan Rubber Industries Top Glove Corporation Bhd ^{2,3}	506,000	3,379,994	3,795,000	2.08
	1,516,000	6,222,063	12,992,120	7.12
	<u>3,304,700</u>	<u>20,888,109</u>	<u>33,063,636</u>	<u>18.12</u>
Industrial Products				
Tat Sang Holdings Bhd - delisted ¹	31,000	1	-	-

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 (CONTINUED)				
QUOTED SECURITIES				
(CONTINUED)				
Industrial Products & Services				
ATA IMS Bhd	411,000	955,708	858,990	0.47
Mr Diy Group (M) Bhd - IPO	28,300	45,280	49,525	0.03
Petronas Chemicals Group Bhd	728,500	4,828,974	4,261,725	2.34
Press Metal Aluminium Holding Bhd	663,800	3,513,618	3,644,262	2.00
SKP Resources Bhd	303,000	557,702	533,280	0.29
Solarvest Holdings	1,516,100	1,817,981	1,788,998	0.98
V.S. Industry Bhd	1,425,100	1,969,655	3,334,734	1.83
	<u>5,075,800</u>	<u>13,688,918</u>	<u>14,471,514</u>	<u>7.94</u>
Plantation				
FGV Holdings Bhd ²	2,497,600	3,038,347	2,647,456	1.45
Genting Plantations Bhd ²	259,300	2,795,801	2,546,326	1.40
IOI Corporation Bhd ²	924,000	4,179,612	3,973,200	2.18
Kuala Lumpur Kepong Bhd ²	154,169	3,536,901	3,271,466	1.79
Sime Darby Plantation Bhd ²	952,051	5,571,032	4,607,927	2.53
	<u>4,787,120</u>	<u>19,121,693</u>	<u>17,046,375</u>	<u>9.35</u>
Real Estate Investment Trusts ("REITs")				
Axis REIT ²	920,278	1,706,699	1,932,584	1.06
IGB REIT ²	1,393,000	2,626,571	2,326,310	1.28
Sunway REIT ²	570,000	1,075,758	815,100	0.45
	<u>2,883,278</u>	<u>5,409,028</u>	<u>5,073,994</u>	<u>2.79</u>
Technology				
D&O Green Technologies Bhd ²	2,998,100	2,314,666	3,327,891	1.82
Globetronics Technology Bhd ²	313,800	777,438	894,330	0.49
Greatech Technology Bhd	112,400	431,465	860,984	0.47
Inari Amertron Bhd ²	340,400	619,976	864,616	0.47
JHM Consolidation ²	680,600	1,310,567	1,184,244	0.65
Malaysian Pacific Industries Bhd ²	12,000	136,204	264,000	0.14
MI Technovation Bhd ²	100,000	424,161	400,000	0.22
	<u>4,557,300</u>	<u>6,014,477</u>	<u>7,796,065</u>	<u>4.26</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 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
Telecommunications & Media				
Axiata Group Bhd ²	931,603	4,575,666	2,729,597	1.50
Digi.com Bhd ²	965,800	4,319,072	3,641,066	2.00
Maxis Bhd ²	181,200	994,208	869,760	0.48
Telekom Malaysia Bhd ²	165,000	694,584	691,350	0.38
Time Dotcom Bhd ²	71,700	590,436	923,495	0.51
	<u>2,315,303</u>	<u>11,173,966</u>	<u>8,855,268</u>	<u>4.87</u>
Transportation & Logistics				
Malaysia Airports Holding Bhd ²	777,500	4,157,327	3,249,950	1.78
MISC Bhd ^{2,3}	767,000	6,054,037	5,054,530	2.77
Westports Holdings Bhd ²	290,600	1,046,993	1,133,340	0.62
	<u>1,835,100</u>	<u>11,258,357</u>	<u>9,437,820</u>	<u>5.17</u>
Utilities				
Tenaga Nasional Bhd ^{2,3}	1,265,300	16,534,137	12,070,963	6.62
	<u>1,265,300</u>	<u>16,534,137</u>	<u>12,070,963</u>	<u>6.62</u>
TOTAL QUOTED SECURITIES	<u>44,301,335</u>	<u>187,159,333</u>	<u>175,969,177</u>	<u>96.45</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(11,190,156)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>175,969,177</u>		

¹ The counter has been de-listed on 27 October 2003 as the counter does not have an adequate level of financial condition to warrant continued listing. The counter will continue to remain deposited with the Malaysian Central Depository Sdn Bhd as it is not mandatory for the securities to be withdrawn.

² The quoted securities is not rated.

³ The quoted securities is one of the top 10 holdings of the Fund.

9. CASH AND CASH EQUIVALENTS

	2021 RM	2020 RM
Deposits with licensed financial institutions	5,207,749	6,275,602
Bank balances	189,918	626,901
	<u>5,397,667</u>	<u>6,902,503</u>

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2021 No. of units	2020 No. of units
Class MYR (i)	204,691,632	222,239,515
Class SGD (ii)	153,466	186,915
	<u>204,845,098</u>	<u>222,426,430</u>

(i) Class MYR

	2021 No. of units	2020 No. of units
At the beginning of the financial year	222,239,515	233,709,835
Add : Creation of units from applications	2,887,250	6,792,143
Add : Creation of units from distribution	8,609,986	11,125,780
Less: Cancellation of units	(29,045,119)	(29,388,243)
At the end of the financial year	<u>204,691,632</u>	<u>222,239,515</u>

(ii) Class SGD

	2021 No. of units	2020 No. of units
At the beginning of the financial year	186,915	1,824,023
Add : Creation of units from applications	150,192	514,760
Add : Creation of units from distribution	1,276	2,824
Less: Cancellation of units	(184,917)	(2,154,692)
At the end of the financial year	<u>153,466</u>	<u>186,915</u>

11. MANAGEMENT EXPENSE RATIO ("MER")

	2021 %	2020 %
MER	<u>1.58</u>	<u>1.58</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 CDS fee and withholding tax
- F = Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on a daily basis is RM191,840,065 (2020: RM197,929,992).

12. PORTFOLIO TURNOVER RATIO (“PTR”)

Under SC Guidelines

	2021	2020
PTR (times)	<u>0.81</u>	<u>0.89</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 = RM144,835,547 (2020: RM170,070,909)
 total disposal for the financial year = RM165,221,499 (2020: RM184,184,590)

Under Monetary Authority of Singapore (“MAS”) Guidelines

	2021	2020
PTR (times)	<u>0.75</u>	<u>1.57</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 = RM144,835,547 (2020: RM170,070,909)
 total disposal for the financial year = RM165,221,499 (2020: RM184,184,590)

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
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 are as follows: (continued)

Subsidiaries and associates of CIMB Group Holdings Bhd, other than above, as disclosed in its financial statements	Fellow subsidiary and associated companies of the ultimate holding company of the shareholder of the Manager
CIMB Bank Bhd	Fellow related party to the Manager
CGS-CIMB Securities Sdn Bhd	Fellow related party to the Manager

Units held by the Manager and parties related to the Manager

	2021		2020	
	No. of units	RM	No. of units	RM
Manager				
Principal Asset Management Berhad				
- Class MYR	100,293	94,145	49,194	40,275
- Class SGD	7	21	6	15

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.

	2021	2020
	RM	RM
<u>Significant related party transactions</u>		
Interest income from deposits with licensed financial institution:		
- CIMB Bank Bhd	1,861	-
Dividend income:		
- CIMB Group Holdings Bhd	409,776	317,469

There was no significant related party balance as at the end of both financial years.

14. TRANSACTIONS WITH BROKERS

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

Brokers	Value of trades RM	Percentage of total trades %	Brokerage Fees RM	Percentage of total brokerage fees %
CGS-CIMB Securities Sdn Bhd #	51,782,158	16.74	68,597	11.03
KAF Equities Sdn Bhd	36,619,074	11.84	82,393	13.25
RHB Investment Bank Bhd	35,636,707	11.52	82,083	13.20
Maybank Investment Bank Bhd	34,780,106	11.24	80,162	12.89
Hong Leong Investment Bank Bhd	32,035,309	10.36	72,090	11.59
Macquarie Capital Securities (Malaysia) Sdn Bhd	30,667,806	9.91	61,970	9.96
Affin Hwang Investment Bank Bhd	22,622,840	7.31	51,066	8.21
CLSA Securities M Sdn Bhd	22,470,087	7.26	43,756	7.04
J.P. Morgan Securities (M) Sdn Bhd	16,025,133	5.18	24,978	4.02
UBS Securities (M) Sdn Bhd	11,289,867	3.65	21,479	3.45
Others	15,401,693	4.99	33,381	5.36
	<u>309,330,780</u>	<u>100.00</u>	<u>621,955</u>	<u>100.00</u>

Details of transactions with the top 10 brokers for financial year ended 31 October 2020 are as follows:

Brokers	Value of trades RM	Percentage of total trades %	Brokerage Fees RM	Percentage of total brokerage fees %
Macquarie Capital Securities (Malaysia) Sdn Bhd	53,534,478	15.12	97,504	15.55
KAF Equities Sdn Bhd	52,808,794	14.91	116,157	18.53
Maybank Investment Bank Bhd	43,081,348	12.17	71,294	11.37
UBS Securities (M) Sdn Bhd	37,720,612	10.65	61,386	9.79
CLSA Securities M Sdn Bhd	34,028,721	9.61	48,418	7.72
Hong Leong Investment Bank Bhd	26,263,728	7.42	57,921	9.24
J.P. Morgan Securities (M) Sdn Bhd	26,013,279	7.35	21,412	3.41
RHB Investment Bank Bhd	24,326,850	6.87	53,584	8.55
CGS-CIMB Securities Sdn Bhd #	19,752,943	5.58	26,752	4.27
Affin Hwang Investment Bank Bhd	18,666,818	5.27	42,042	6.70
Others	17,930,612	5.05	30,559	4.87
	<u>354,128,183</u>	<u>100.00</u>	<u>627,029</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 parties to the Manager amounting to RM51,782,158 (2020: RM19,752,943). 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.

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 20 December 2021.

DIRECTORY

Head Office of the Manager

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

Website

www.principal.com.my

E-mail address

service@principal.com.my

Customer Care Centre

(03) 7723 7260

Trustee for the Principal Malaysia Titans Plus Fund

HSBC (Malaysia) Trustee Berhad (Company No.: 193701000084 (1281-T))
13th Floor, Bangunan HSBC,
South Tower,
No 2, Lebu Ampang,
50100, Kuala Lumpur.
Tel: (03) 2075 7800
Fax: (03) 2179 6511

Auditors of the Fund (for financial year ended 31 October 2021) and of the Manager (for the financial year ended 31 December 2020)

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

Auditors of the Fund (for financial year ended 31 October 2020) and of the Manager (for the financial year ended 31 December 2019)

PricewaterhouseCoopers PLT (Company No.: LLP0014401-LCA & AF 1146)
Level 10, 1 Sentral,
Jalan Rakyat, Kuala Lumpur Sentral,
PO Box 10192, 50706 Kuala Lumpur, MALAYSIA.
Tel: (03) 2173 1188
Fax: (03) 2173 1288

Principal Asset Management Berhad
199401018399 (304078-K)

Enquiries:

Customer Care Centre
(603)7723 7260

Email
service@principal.com.my

Website
www.principal.com.my