



AIA PRIVATE RETIREMENT SCHEME

SEMI-ANNUAL REPORT

AIA PAM – ISLAMIC MODERATE FUND

For the six months financial period ended
31 October 2023



CONTENTS

PRS PROVIDER'S REPORT	2
Message from PRS Provider	2
Local Bond Market Commentary	3
Local Stock Market Commentary	5
Foreign Stock Market Commentary	7
Fund Information	9
Fund Performance	10
Fund Report	12
STATEMENT BY PRS PROVIDER	15
TRUSTEE'S REPORT	16
SHARIAH ADVISER'S REPORT	17
FINANCIAL STATEMENTS (UNAUDITED)	18
Statement of Comprehensive Income	18
Statement of Financial Position	19
Statement of Changes in Equity	20
Statement of Cash Flows	21
Notes to the Financial Statements (Unaudited)	22



PRS PROVIDER'S REPORT

Message from PRS Provider

Dear Valued Clients,

We are pleased to present you the PRS Provider's Report and the Unaudited Financial Statements of AIA-PAM Islamic Moderate Fund for the six months financial period ended 31 October 2023.

During the period under review, we witnessed a gradual recovery in the global economy as the pandemic subsided. However, sticky inflation, rising interest rates, China's structural slowdown and geopolitical concerns continued to weigh on market sentiment, contributing to significant market volatility. Against this backdrop, all our Private Retirement Scheme ("PRS") funds returned positive for the 6 months financial period ended 31 October 2023.

Overall, diversification is the key to navigating a volatile market environment and staying invested over the long term increases your chances of achieving your financial goals. We encourage you to engage with our PRS Consultants and visit aia-prs.com.my for further insight about investing in PRS.

Thank you for your support and trust in us. We remain committed in delivering positive long-term results to our clients.

Local Bond Market Commentary

Market Review

Bank Negara Malaysia (“BNM”) unexpectedly raised its Overnight Policy Rate (“OPR”) to 3.00% (+25bps) in its latest Monetary Policy Committee (“MPC”) meeting on 3 May 2023. The hike came after two consecutive pauses in Jan and March, and it was justified on resilient demand. BNM warned that the balance of risk to the inflation outlook is tilted to the upside and remains highly subject to changes to domestic policy including subsidies and price controls. BNM also stated that it is timely to further normalize the degree of monetary accommodation with the domestic growth prospects remain resilient, and household spending would be supported by the further labor market improvements. Malaysia’s headline inflation moderated further to +3.3% in April (from +3.4% in March), its slowest pace since June 2022. The moderation was primarily driven by slower increase in prices for food and non-alcoholic beverages.

Malaysian Government Securities (“MGS”) traded mixed June 2023. Short-end yields came under pressure at the start of the month on expectations of tighter market liquidity and as market participants de-risked ahead of BNM’s MPC decision. Subsequently, local government bonds rallied and reversed some of their losses after the release of weaker-than-expected US CPI data for June, with the rally led by a good mix of buying flows from both onshore and offshore participants across the curve. Towards month-end, trading interests turned relatively subdued ahead of the key rate decision by the US Federal Open Market Committee (“FOMC”) meeting, which eventually saw the US Federal Reserve (“Fed”) hiked the federal funds rate by 25 bps following a pause in the May FOMC meeting. Foreign net inflows continued for the 6th successive month in June 2023, accelerating to MYR5.2 billion (May 2023: +MYR3.0 billion). Foreign holdings in MGS and Government Investment Issue (“GI”) remained unchanged at 23.2% in May 2023 (Apr 2023: 23.2%).

BNM kept the OPR at 3.00% in its latest MPC in July 2023, with the view that global economic growth outlook being weighed down by persistent core inflation and higher interest rate. BNM also stated the current monetary policy stance is slightly accommodative thus remains supportive of the economy. Malaysia’s headline inflation moderated further to +2.8% in May (from +3.3% in April), its slowest pace since June 2022. The moderation was primarily driven by slower increase in prices for food and non-alcoholic beverages.

MGS traded mixed in August 2023. Short-end yields moved lower amidst optimism that BNM will keep the OPR on hold for the rest of 2023. On the long end of the curve, yields moved higher, weighed by weakness in US Treasuries (“UST”) and pressured by increased primary supply of long-dated bonds during the month. The earlier part of the month saw some decent demand by local investors, especially after the conclusion of the state elections, as yields moved 2 to 3 bps lower across the curve. However, sentiment deteriorated in the final 2 weeks of the month, as UST yields soared to 15-year highs. The UST market was burdened by large primary supply and investors also began to price in the potential for more hikes by the Federal Reserve after data releases indicated that the services sector and labour market remains robust. There was also caution among global investors leading up to the annual Jackson Hole symposium at the end of August 2023 where Federal Reserve Chairman, Jerome Powell and other global central bank leaders were scheduled to speak.

BNM maintained the OPR at 3.00% at the September MPC meeting. The extended rate hold suggests the focus is more on growth concerns rather than inflation control. In its statement, BNM stated that the monetary policy stance is accommodative and remains supportive of the economy while continues to see limited risks of future financial imbalances. BNM also acknowledged the persistently strong US dollar driven by a higher for-longer interest rate environment in the US and escalating geopolitical tensions.



In October 2023, the MGS yield curve shifted lower during the month in tandem with the strong rally in UST after the US FOMC kept the fed funds rate unchanged. While this was largely expected, market participants had a neutral to slightly dovish assessment of US Federal Reserve (“Fed”) chairman Jerome Powell’s speech. Other factors which contributed to the rally in UST included the weaker-than-expected ISM manufacturing data, lower-than expected coupon supply from the UST quarterly refunding announcement, as well as slower nonfarm payroll gains and inflation prints. Domestic bonds tracked the rally as market participants who were previously light on positioning decisively added on positions.

Market Outlook

Although recent inflation readings and economic data from the US have shown signs of moderation, the US Fed continues to reiterate the need to maintain tighter monetary policy amidst robust labour market data. Despite this, it is apparent that we are at the tail-end of the rate normalisation cycle. Domestically, BNM has kept the OPR unchanged at its recent MPC meetings. Moving forward, we expect rate volatility to remain due to uncertainties surrounding economic data and central banks’ future monetary policy moves as market conditions evolve. We are cautiously optimistic on the equity and fixed income market in the near term.

Key Market Drivers

Opportunities

- Favourable macro backdrop arising from China re-opening and elevated commodity prices.
- Revival of domestic infrastructure projects to support economic growth.
- Potential fund flows from foreign investors into the domestic bond market on the back of reduced political uncertainty. Fed policy pivot and expectations of peak USD strength.
- Ongoing trade tension result in trade and investment diversion into Malaysia resulting higher Foreign Direct Investment (“FDI”) and exports.

Concerns

- Prolonged Russia-Ukraine geopolitical tension and worsening U.S-China trade relations.
- Contagion effect from the banking sector in US and Europe.
- Slower recovery in China’s GDP growth.
- Persistently high and stubborn U.S inflation.
- UST yields potentially trending higher, prompting further momentum to USD strength and risk of non-resident outflows.
- Hard landing in the U.S with a severe economic recession.

Local Stock Market Commentary

Market Review

The FBMKLCI (“Index”) fell by 2.03% Month-on-Month (“MoM”) to close at 1,387.12 pts on 31 May 2023. The Index underperformed the MSCI Asia Ex Japan Index, which rose 1.25% MoM in Malaysia Ringgit (“MYR”) terms over the same period. Foreign investors stayed net sellers of Malaysian equities amounting to MYR0.73 billion in May 2023 while local institutions remained net buyers with MYR0.71 billion. Bursa Malaysia’s average daily transaction value (“ADTV”) rose 14% MoM to MYR1.9bn in May 2023. Sector wise, Technology (+9.6%), Utilities (+4.9%) and Healthcare (+2.4%) were the key performers while Industrial Products & Services (-8.8%), Energy (-5.7%) and Consumer Products & Services (-4.1%) were the key detractors.

The Index fell by 0.8% MoM to close at 1,376.68 pts on 30 June 2023. The Index underperformed the MSCI Asia Ex Japan Index, which rose 3.3% MoM in MYR terms over the same period. Foreign investors stayed net sellers of Malaysian equities amounting to MYR1.3 billion in June 2023 while local institutions remained net buyers with MYR0.63 billion. Bursa Malaysia’s ADTV fell 5.5% MoM to MYR1.8bn in June 2023. Sector wise, Technology (+1.5%), Plantations (+1.5%) and Finance (+0.8%) were the key performers while Healthcare (-10.8%), Energy (-4.4%) and Telecom (-3.3%) were the key detractors.

The Index posted a remarkable 6.0% MoM gain and closed at 1,459.43 pts on 31 July 2023. This market rally is driven by foreign buying, improved market sentiments following the launch of the Madani Economic Framework and National Energy Transition Roadmap, and the strengthening of the Ringgit. The Index outperformed the MSCI Asia Ex Japan Index, which rose 5.7% MoM in MYR terms over the same period. In July, foreign investors returned as net buyers of MYR1.4 billion, while local institutions emerged as the largest net sellers with a net sell value of MYR748 million. Bursa Malaysia’s ADTV rose by 9% MoM to MYR2.1 billion in July 2023. Sector wise, Property (+12%), Industrial Production (+7.5%) and Energy (+7.2%) were the key performers while REIT (+0%), Transport (+1.3%) and Telecommunication (+1.6%) were the key detractors.

The Index corrected 0.51% MoM to close at 1,451.94 pts on 30 August 2023. The Index outperformed the MSCI Asia Ex Japan Index, which fell 3.88% MoM in MYR terms over the same period. Foreign investors stayed net buyers of Malaysian equities amounting to MYR0.14 billion in August 2023 while local institutions turned net buyers with net buy value of MYR0.43 billion. Bursa Malaysia’s ADTV rose by 11.6% MoM to MYR2.2 billion in August 2023. Sector wise, Property (+12.3%), Utilities (+10.8%) and Construction (+7.1%) were the key performers while Telecom (-1.4%), Plantation (-3.5%) and Healthcare (-6.2%) were the key detractors.

The Index corrected 0.29% MoM to close at 1,424.17 pts on 29 September 2023. The Index outperformed the MSCI Asia Ex Japan Index, which fell 1.69% MoM in MYR terms over the same period. Foreign investors stayed net buyers of Malaysian equities amounting to MYR0.67 billion in September 2023 while local institutions turned net sellers with net sale value of MYR0.58 billion. Bursa Malaysia’s ADTV rose by 1.6% MoM to MYR2.0 billion in September 2023.

The Index rallied 1.26% MoM to close at 1,442.12 pts on 31 October 2023. The Index outperformed the MSCI Asia Ex Japan Index, which fell 2.47% MoM in MYR terms over the same period. Foreign investors turned net sellers of Malaysian equities amounting to MYR2.2 billion in October 2023 while local institutions turned net buyers with net buy value of MYR2.3 billion. Bursa Malaysia’s ADTV fell by 12.3% MoM to MYR2.0 billion in October 2023. Sector wise, Finance (+2.1%), Construction (+0.9%) and Industrial Production (+0.5%) were the key performers while Property (-3.2%), Energy (-2.8%) and Technology (-2.7%) were the key detractors.

Market Outlook

We are cautiously optimistic on the equity market in the near term. We are of the view that we have already seen the peak of Fed's hawkishness and equities valuation has been partially adjusted downwards accordingly. Investors are now watching the macro data closely to gauge the extend of the recession in the US from the aggressive rate hikes. On the other hand, China has reopened its economy which would potentially mitigate the impact of the US recession. Domestically, corporate earnings should improve in 2023 with by the expiry of the one-off prosperity tax. Downside risks to the market could stem from a prolonged deep US recession, worsening geopolitical tension, domestic politics, and policy direction.

Key Market Drivers

Opportunities

- The Malaysian economy is on track to recover as domestic consumption, especially services, leads the charge ahead after stalling during the pandemic. External demand remains supported by ongoing strong global demand for electronics and commodities.
- A favourable macro backdrop from global economic recovery supports commodity price recovery, thus positive for MYR.
- Favourable macro backdrop arising from China re-opening and elevated commodity prices.
- Revival of domestic infrastructure projects to support economic growth.
- Potential fund flows from foreign investors into the domestic bond market on the back of reduced political uncertainty. Fed policy pivot and expectations of peak USD strength.
- Ongoing trade tension result in trade and investment diversion into Malaysia resulting higher Foreign Direct Investment ("FDI") and exports.

Concerns

- The ongoing Russia-Ukraine conflict keeps prolonged the supply-chain bottleneck worldwide.
- The risk of elevated inflation driven by both cost-push (supply chain disruptions and exogenous oil shocks) and demand-pull reasons (consumption growth) may be significant.
- Hard landing in the U.S with a severe economic recession.

Foreign Stock Market Commentary

Market Review

During the second quarter of 2023, equity markets continued their upward trend, driven by better-than-expected economic data, easing inflation and associated expectations that the Federal Reserve (“Fed”) would end its tightening cycle. In June, technology stocks experienced a surge (+7%) due to increased interest in artificial intelligence (“AI”), which contributed most of the broader equity market’s overall return of +9% for the quarter. The concerns about a possible recession diminished significantly as solid economic data and a thriving equity market boosted confidence.

After strong gains for shares in the first half of 2023, global equities decline in the third quarter. Market sentiment was negatively impacted by concerns on increasing US treasury bond yields, rising energy prices, strong US dollar, China’s economic health and the latest conflict in the Middle East, in addition to the backdrop of expectations for higher for longer policy rates. Comments from Fed officials following the September FOMC meeting indicated that they believe interest rates have reached their peak. However, the Fed remains watchful and will closely monitor the factors affecting inflation. Futures for Federal Reserve funds now predict that peak interest rates will occur in November or December, however rate cuts are expected until the latter half of 2024. Our viewpoint is that the peak Fed funds rate should range from 5.25% to 5.50% and our year-end projection for the 30-year Treasury yield is now in the range of 4.50% to 4.60%, with a leaning towards higher rates due to associated risks. The rally year-to-date in U.S. stocks has been relatively narrow, primarily driven by the valuation growth of a small number of technology companies, particularly those involved in artificial intelligence. Out of the S&P 500’s year-to-date return, a significant portion is attributed to just eight large-cap technology stocks. However, only a selected few of these companies have seen substantial improvements in their earnings forecasts for 2023 and 2024. This valuation-driven rally is now being challenged by rising bond yields. Treasury yields are once again on the rise, with the yield on the 10-year bond surpassing 5%, approaching its highest level since late 2007. This poses a problem for the stock market, as higher interest rates on relatively safe bonds reduce the additional return that investors can expect from riskier assets like stocks. This makes stocks less attractive, especially considering the gains made in 2023, which have left the valuation of the S&P 500 relatively high amid significant market volatility. Our model suggests current valuation is still a few multiples higher than what historical real interest rates would suggest, pointing to some more risk of downward adjustment to equity valuation. At the same time, oil prices, which had fallen since the peak reached during the 2022 Russia-Ukraine conflict, have resumed an upward surge, exceeding US\$89 per barrel. Higher energy prices often lead to reduced expectations for economic growth and higher expectations for inflation in the short term. This, in turn, can lower expectations for corporate earnings, negatively impacting stock prices. Additionally, rising input costs associated with higher energy prices can lead to reduced profit margins. Adding to these challenges is the strengthening of the U.S. dollar during the latter part of 2023, relative to many other currencies, including the British pound, Japanese yen, and Euro. This strong U.S. dollar affects the overseas earnings of U.S. companies - for U.S. companies doing business internationally, including many listed in the S&P 500 Index, a stronger dollar diminishes the value of their overseas profits when converted back into dollars. This can also make U.S. products more expensive in foreign currency terms, affecting the global competitiveness of American companies.

Furthermore, U.S. financial assets may become less appealing to foreign investors due to a stronger dollar. This, combined with the prospect of gains from repatriating investments to take advantage of currency-related opportunities in their home countries, may exert additional pressure on the demand for U.S. financial assets. Lastly, the state of China’s domestic demand showed signs of stability in September and October, despite soft data related to property sales. There was some improvement in personal consumption, and households started to reduce precautionary savings. However, demand still lags supply, resulting in low inflation figures. Property prices have slowed since the beginning of the second quarter, and credit growth has been unusually erratic. Policymakers have responded cautiously, implementing targeted measures, including a 25-basis points reduction in reserve requirements. Nevertheless, given the challenging conditions in the domestic property market, more measures may be necessary to restore investors’ confidence.

Market Outlook

Central banks in the world's largest economies have made it clear that they are willing to maintain high interest rates to control inflation, even as two years of extraordinary global policy tightening reaches its peak. This "higher for longer" approach has become the official stance of major central banks, including the U.S. Federal Reserve, European Central Bank, and the Bank of England, and is echoed by other monetary policymakers. For example, the U.S. Federal Reserve decided to keep interest rates steady in September despite a decrease in inflation, and it outlined a more restrictive monetary policy path for the next two years. This decision was influenced by a robust labour market and an improved outlook in the U.S. economy. Subsequently, Q3 gross domestic product growth is reported at 4.9% quarter-on-quarter annualised, beating consensus, lending more support to Fed's hawkish stance. In the UK, Mortgage holders received some relief as the Bank of England maintained interest rates at the same level for the first time in almost two years, suggesting that they may have reached the highest point in the battle against inflation. In Japan, there were indications of a potential shift away from an extremely loose monetary policy as the Bank of Japan (BoJ) allowed government bond yields to fluctuate more freely. However, given significant uncertainties in both domestic and international economies and financial markets, the BoJ ultimately kept rates stable and maintained the yield curve control (YCC) programme. The BoJ meeting scheduled by end of October, one day ahead of the Fed's, has gained much attention by the market, scrutinising for any signals to the outlook of BoJ's monetary policy. In contrast, in China, the People's Bank of China (PBoC), where the economy showed signs of stabilizing after recent government policy adjustments, opted to keep interest rates unchanged. The macro headwind was evident in various macroeconomic indicators, including those related to manufacturing, services, retail sales, credit growth, and inflation, but the widening policy rates differential vs the rest of global central banks is limiting the room for further easing by PBoC.

Key Market Drivers

Opportunities

- Favourable macro backdrop arising from China re-opening and elevated commodity prices.
- Revival of domestic infrastructure projects to support economic growth.
- Potential fund flows from foreign investors into the domestic bond market on the back of reduced political uncertainty. Fed policy pivot and expectations of peak USD strength.
- Ongoing trade tension result in trade and investment diversion into Malaysia resulting higher Foreign Direct Investment ("FDI") and exports.

Concerns

- Prolonged Russia-Ukraine geopolitical tension and worsening U.S-China trade relations.
- Contagion effect from the banking sector in US and Europe.
- Slower recovery in China's GDP growth.
- Persistently high and stubborn U.S inflation.
- US Treasury ("UST") yields potentially trending higher, prompting further momentum to USD strength and risk of non-resident outflows.
- Hard lending in the U.S with a severe economic recession.



Fund Information

Name:	AIA PAM – Islamic Moderate Fund (“Fund”)
Type & Category:	Non-Core (Balanced)
Investment Objective:	The Fund seeks to provide returns through a combination of income* and capital growth from a portfolio that is consistent with Shariah principles. *Income will be reinvested in additional Units in the Fund.
Investment Strategy:	The Fund will invest in a portfolio comprising Shariah-compliant equities with potential for growth and Shariah-compliant equities that are trading below their fair value. The Fund will also invest at least 40% of its NAV in sukuk and Islamic money market instruments with a minimum credit rating of “BBB3” or “P2” by RAM or an equivalent rating by MARC. The Fund will only invest locally.
Benchmark:	50% FBM EMAS Shariah Index + 50% Quant Shop GII All Index
Distribution policy:	Subject to the availability of income, distribution (if any) will be distributed annually.

Breakdown of unit holdings by size:

Size of Holdings (units)	No. of unit holders	No. of units held	% of units held
5,000 and below	2,586	41,970,527.77	41%
5,001 to 10,000	7,850	18,188,842.23	18%
10,001 to 50,000	4,262	31,087,741.03	30%
50,001 to 500,000	130	10,561,962.13	10%
500,001 and above	1	965,835.01	1%
TOTAL	14,829	102,774,908.17	100%



Fund Performance

Details of the portfolio composition of the Fund are as follows:

	Period ended 31.10.2023	Period ended 31.10.2022	Period ended 31.10.2021
	%	%	%
Quoted Shariah-compliant Securities			
- Construction	2.54	2.75	3.99
- Consumer Products & Services	6.86	6.06	3.92
- Energy	4.19	1.17	1.12
- Financial Services	-	2.29	3.57
- Health Care	5.00	2.39	4.96
- Industrial Products & Services	5.03	4.23	10.02
- Plantation	5.31	3.89	3.32
- Property	0.53	0.51	0.69
- Islamic Real Estate Investment Trust	1.46	2.42	1.58
- Technology	9.36	4.60	12.25
- Telecommunications & Media	4.37	6.18	5.84
- Transportation & Logistics	2.40	2.28	1.77
- Utilities	1.76	2.94	2.07
Unquoted sukuk	45.78	44.13	38.65
Cash and other net assets	5.41	14.16	6.25
	100.00	100.00	100.00

Performance details of the Fund are as follows:

	Period ended 31.10.2023	Period ended 31.10.2022	Period ended 31.10.2021
Net asset value (NAV) (RM million)	123.9956	124.5232	138.7398
Units in circulation (million)	102.7749	106.8096	106.1542
NAV per unit (RM)	1.2065	1.1658	1.3070
Highest NAV per unit (RM)	1.2219	1.2256	1.3181
Lowest NAV per unit (RM)	1.1857	1.1397	1.2477
Total return (%)	0.40	-5.42	1.16
- Capital Growth (%)	0.40	-5.42	1.16
- Income Distribution (%)	-	-	-
Average monthly return (%)	0.07	-0.91	0.21
Annualised total return (%)	0.80	-10.55	1.16
Gross distribution per unit (sen)	-	-	-
Net distribution per unit (sen)	-	-	-
NAV per unit before distribution (RM)	-	-	-
NAV per unit after distribution (RM)	-	-	-
Date of distribution	-	-	-
Management expense ratio (%)	0.82	0.82	1.77
Portfolio turnover ratio (times)	0.22	0.22	0.27
Seed capital (units in million)	-	-	-
% of total units in circulation	-	-	-



Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.

Note: Basis of calculation and assumption made in computation of the returns

$$\text{Performance return} = \frac{\text{NAV}(t) - \text{NAV}(t-1)}{\text{NAV}(t)}$$

$$\text{Annualised performance return} = \frac{(\text{Performance return}) \times (\text{no. of days per year})}{\text{total no. of days for period under review}}$$

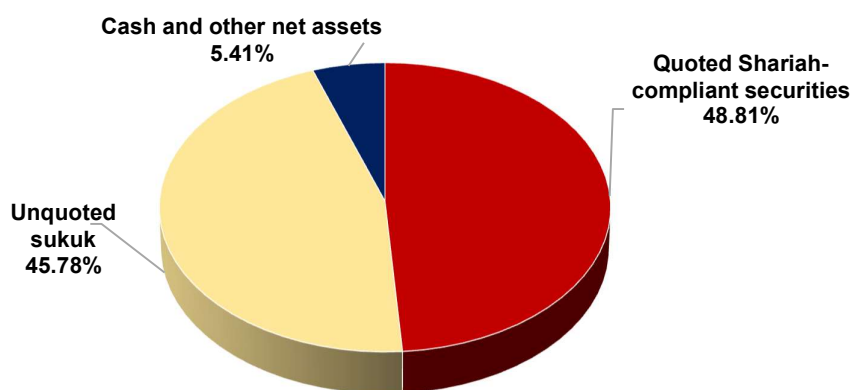
There was no significant change in the Total Expense Ratio (“TER”) in relation to previous financial period as the reduction in expenses was proportionately compensated by reduction in average NAV during the financial period.

There was no significant change in the Portfolio Turnover Ratio (“PTR”) in relation to the previous financial period as the reduction in trading activities was proportionately compensated by the reduction in average NAV during the financial period.

Asset allocation of the Fund is as follows:

	Period ended 31.10.2023	Period ended 31.10.2022	Period ended 31.10.2021
	% of NAV	% of NAV	% of NAV
Quoted Shariah-compliant securities	48.81	41.71	55.10
Unquoted sukuk	45.78	44.13	38.65
Cash and other net assets	5.41	14.16	6.25
Total	100.00	100.00	100.00

Asset allocation of the Fund as at 31 October 2023



Securities Financing Transactions

The Fund has not undertaken any securities lending or repurchase transactions (collectively referred to as “securities financing transactions”) during the financial period.

Cross Trading

There was no cross trade transaction carried out during the financial period.

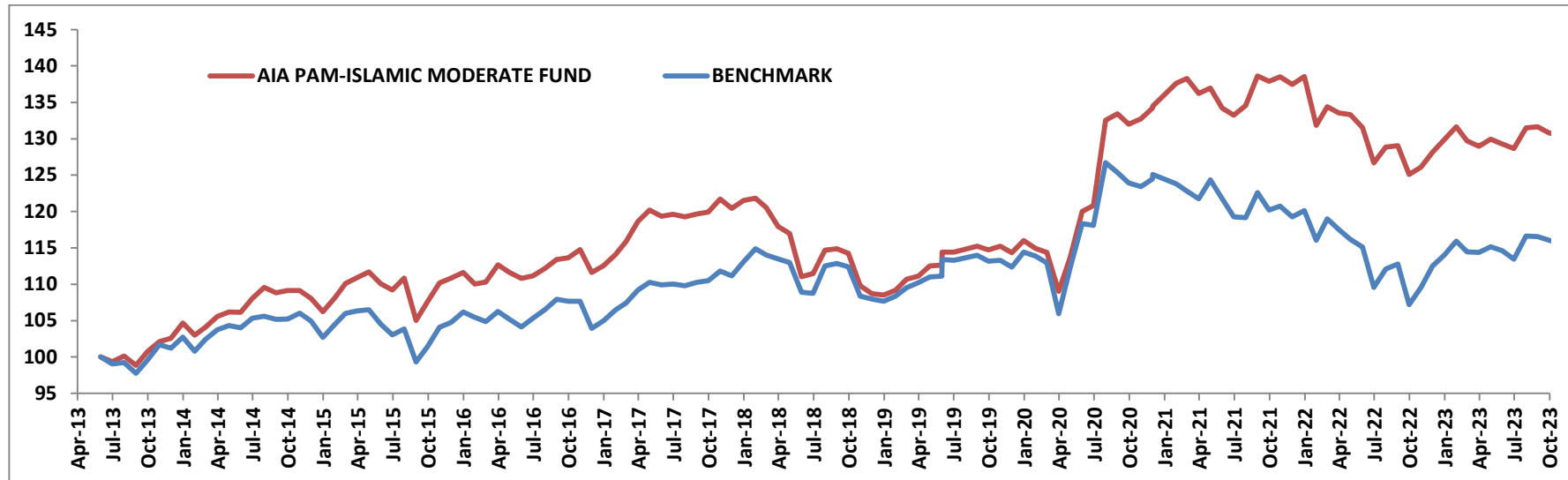
Soft Commission and Rebates

No soft commission or rebates were received from any broker during the financial period.



Fund Report

AIA PAM – ISLAMIC MODERATE FUND



Source: Bloomberg, Bursa Malaysia, Quant Shop as at 31 October 2023



Private Retirement Scheme Semi-Annual Report for AIA PAM – Islamic Moderate Fund

Fund Performance as at 31 October 2023

Average Total Return	6-month	1 year	3 Year	5 Year	10 Year	Since Inception
	May'23 – Oct'23	Nov'22 – Oct'23	Nov'20 – Oct'23	Nov'18 – Oct'23	Nov'13 – Oct'23	Jun'13 – Oct'23
AIA PAM – Islamic Moderate Fund	0.40%	3.49%	-0.56%	3.51%	2.48%	2.59%
Average Total Benchmark	0.41%	5.52%	-2.16%	1.30%	1.29%	1.40%

Fund Performance as at 31 October 2023

Annual Total Return	6 months	31.10.2023	31.10.2022	31.10.2021	31.10.2020	31.10.2019	31.10.2018	31.10.2017	31.10.2016
AIA PAM - Islamic Moderate Fund	0.40%	3.49%	-8.99%	4.38%	15.21%	4.92%	-9.78%	6.02%	4.17%
Average Total Benchmark	0.41%	5.52%	-9.25%	-2.19%	8.97%	4.52%	-3.09%	3.85%	3.43%

Source: Bloomberg as at 31 October 2023

* 50% FTSE Bursa Malaysia EMAS Shariah Index (Source: Bursa Malaysia) + 50% Quant Shop GII All Index (Source: Quant Shop)



How did the Fund perform during the period?

For the financial period ending 31 October 2023, the Fund returned 3.49%, against the benchmark's return of 5.52%. The underperformance was mainly due to the run-up in small-cap companies to which the Fund does not have exposure. For local Shariah-compliant equities, the Fund is underweighted in health care (mainly in gloves names) sector which has not helped to mitigate the underperformance of the Fund. However, the Fund's holdings in corporate sukuk that carried high-profit income also contributed to the performance.

The Fund aligns with its investment objective of providing returns through capital growth.

During the period under review, there were no significant changes in the state of affairs of the Fund and no circumstances which materially affected any interests of the members.

What is the Fund's strategy going forward?

We anticipate a slowdown in the U.S. economy (not a recession). An equity correction has been sparked by surging bond yields, which are currently dominating equity market moves. Even among the previously strong "Magnificent 7" technology stocks, there are indications of a decline in share prices against earnings disappointment, for example Tesla.

Equities are still being traded at high valuations, especially when compared to safer investments like bonds. The stock market is not prepared for any potential disappointment in economic growth and the recent increase in U.S. stock prices this year is primarily due to higher price-to-earnings ratios. The earnings per share forecasts seem overly optimistic as well. As such, we maintain modest underweight to Shariah-compliant equities with risks skewed to downside.

Within Shariah-compliant equities, we prefer Asia ex Japan (AxJ) over Developed Markets (DM) for 3 key reasons - the undemanding equity valuations in the region, likelihood of earnings upgrades and increased pivoting by the Chinese Government away from zero-Covid and other regulatory measures. That said, the regional exports are expected to slow down further with the increasing risk of a recession in the US – a drag to the region's economic growth for this year. Indeed, if the S&P 500 is going into a bear market because of the recession, historically it is unlikely for the EM and Asian local markets to outperform individually. As a result, even though we prefer AxJ over DM, we advocate a neutral position relative to the broader asset class space.

In the sukuk space, given a view that interest rates are nearing a peak with hikes of 75 bps more to go over two to three meetings in 2023, we have assigned an overweight to sukuk. Furthermore, sukuk yields should decline into a recession as investors seek shelter in the safety of high-quality sukuk.



STATEMENT BY PRS PROVIDER

STATEMENT BY PRS PROVIDER TO THE MEMBERS OF AIA PAM – ISLAMIC MODERATE FUND

I, Heng Zee Wang, being the Director of AIA Pension and Asset Management Sdn. Bhd. (the “PRS Provider”), do hereby state that, in the opinion of the PRS Provider, the accompanying financial statements set out on pages 18 to 52 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 October 2023 and of its financial performance, changes in equity and cash flows for the financial period ended 31 October 2023 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the PRS Provider,

AIA PENSION AND ASSET MANAGEMENT SDN. BHD.

(Registration No: 201201027147 (1011637-P))



Heng Zee Wang

Director

Kuala Lumpur

26 December 2023



Deutsche Trustees Malaysia Berhad
Registration No: 200701005591 (763590-H)

Level 20, Menara IMC
8 Jalan Sultan Ismail
50250 Kuala Lumpur

Tel +603 2053 7522
Fax +603 2053 7526

TRUSTEE'S REPORT

TO THE MEMBERS OF AIA PAM – ISLAMIC MODERATE FUND ("Fund")

We have acted as the Scheme Trustee of the Fund for the financial period ended 31 October 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, AIA Pension and Asset Management Sdn. Bhd has operated and managed the Fund during the period covered by these financial statements in accordance with the following:-

1. Limitations imposed on the investment powers of the PRS Provider under the deed, securities laws and the Guidelines on Private Retirement Schemes,
2. Valuation and pricing is carried out in accordance with the deed; and
3. Any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement.

For Deutsche Trustees Malaysia Berhad


Ng Hon Leong
Head, Fund Operations


Sylvia Beh
Chief Executive Officer

Kuala Lumpur
26 December 2023

SHARIAH ADVISER'S REPORT

TO THE MEMBERS OF AIA PAM - ISLAMIC MODERATE FUND ("FUND")

We hereby confirm the following:

1. To the best of our knowledge, after having made all reasonable enquiries, AIA Pension and Asset Management Sdn. Bhd. has operated and managed the Fund for the period covered by these financial statements namely, the semi-annual period ended 31 October 2023, in accordance with Shariah principles and requirements, and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters; and
2. The assets of the Fund comprise instruments that have been classified as Shariah compliant.

For and on behalf of the Shariah Adviser,
BIMB SECURITIES SDN BHD

A handwritten signature in black ink, appearing to read 'Nurul Aqila'.

NURUL AQILA SUFIYAH LOKMAN
Designated Shariah Officer

Kuala Lumpur
26 December 2023



FINANCIAL STATEMENTS (UNAUDITED)

Statement of Comprehensive Income

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2023

	Note	31.10.2023 RM	31.10.2022 RM
NET INVESTMENT INCOME/(LOSS)			
Dividend income		986,290	935,476
Profit income from financial assets at fair value through profit or loss		1,302,586	1,157,328
Profit income from financial assets at amortised cost		73,176	175,144
Net loss on Shariah-compliant financial assets at fair value through profit or loss	9	(771,241)	(8,351,290)
		<u>1,590,811</u>	<u>(6,083,342)</u>
EXPENSES			
Management fee	4	946,436	961,611
Trustee's fee	5	25,238	25,643
Private Pension Administrator ("PPA") administration fee	6	25,238	25,643
Transaction costs		58,681	97,581
Audit fee		8,414	5,447
Tax agent's fee		1,860	403
Shariah advisory fee		6,133	6,150
Custody fee		3,140	2,378
Other expenses		10,716	14,318
		<u>1,085,856</u>	<u>1,139,174</u>
PROFIT/(LOSS) BEFORE TAXATION		504,955	(7,222,516)
Taxation	7	-	-
PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD		<u>504,955</u>	<u>(7,222,516)</u>
Profit/(loss) after taxation is made up as follows:			
Realised amount		1,468,111	(2,198,149)
Unrealised amount		(963,156)	(5,024,367)
		<u>504,955</u>	<u>(7,222,516)</u>

The accompanying notes to the financial statements (Unaudited) form an integral part of the financial statements.



Statement of Financial Position

AS AT 31 OCTOBER 2023

	Note	31.10.2023	31.10.2022
		RM	RM
ASSETS			
Cash and cash equivalents	10	6,495,324	17,644,989
Shariah-compliant financial assets at fair value through profit or loss	9	117,307,629	106,887,465
Amount due from stockbrokers		1,124,289	32,274
Amount due from PRS Provider – creation of units		37,944	218,364
Dividends receivable		8,750	14,400
TOTAL ASSETS		124,973,936	124,797,492
LIABILITIES			
Amount due to PRS Provider – cancellation of units		151,775	100,263
Accrued management fee		162,789	156,999
Amount due to stockbrokers		641,782	-
Amount due to Trustee		4,342	4,187
Amount due to Private Pension Administrator (“PPA”)		4,342	4,187
Other payables and accruals		13,266	8,614
TOTAL LIABILITIES		978,296	274,250
NET ASSETS VALUE OF THE FUND		123,995,640	124,523,242
EQUITY			
Members’ capital		113,258,471	118,121,946
Retained earnings		10,737,169	6,401,296
NET ASSET ATTRIBUTABLE TO MEMBERS		123,995,640	124,523,242
NUMBER OF UNITS IN CIRCULATION (UNITS)	12	102,774,908	106,809,636
NET ASSET VALUE PER UNIT (RM)		1.2065	1.1658

The accompanying notes to the financial statements (Unaudited) form an integral part of the financial statements.



Statement of Changes in Equity

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2023

	Note	Members' capital RM	Retained earnings RM	Total RM
Balance as at 1 May 2023		116,239,777	10,232,214	126,471,991
Movement in members' contributions:				
Creation of units arising from applications		1,548,715	-	1,548,715
Cancellation of units		(4,530,021)	-	(4,530,021)
Total comprehensive income for the financial period		-	504,955	504,955
Balance as at 31 October 2023		113,258,471	10,737,169	123,995,640

	Note	Members' capital RM	Retained earnings RM	Total RM
Balance as at 1 May 2022		120,096,483	13,623,812	133,720,295
Movement in members' contributions:				
Creation of units arising from applications		2,000,993	-	2,000,993
Cancellation of units		(3,975,530)	-	(3,975,530)
Total comprehensive loss for the financial period		-	(7,222,516)	(7,222,516)
Balance as at 31 October 2022		118,121,946	6,401,296	124,523,242

The accompanying notes to the financial statements (Unaudited) form an integral part of the financial statements.



Statement of Cash Flows

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2023

	Note	31.10.2023 RM	31.10.2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from disposal of Shariah-compliant investments		30,442,506	30,977,485
Purchase of Shariah-compliant investments		(23,684,964)	(25,241,805)
Dividend received		1,046,932	1,006,494
Profit income received from Shariah-compliant investments		1,369,337	1,213,878
Profit income received from Islamic deposits with licensed financial institutions		73,176	175,143
Management fee paid		(939,818)	(968,312)
Trustee's fee paid		(25,061)	(25,821)
PPA administrative fee paid		(25,061)	-
Shariah Adviser's fee paid		-	(5,666)
Tax paid		-	(4,317)
Payments for other fees and expenses		(81,302)	(142,141)
Net cash generated from operating activities		8,175,745	6,984,938
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		1,709,141	1,879,767
Payments for cancellation of units		(4,446,927)	(3,970,782)
Net cash used in financing activities		(2,737,786)	(2,091,015)
Net increase in cash and cash equivalents		5,437,959	4,893,923
Cash and cash equivalents at 1 May 2023		1,057,365	12,751,066
Cash and cash equivalents at 31 October 2023	10	6,495,324	17,644,989

The accompanying notes to the financial statements (Unaudited) form an integral part of the financial statements.



Notes to the Financial Statements (Unaudited)

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2023

1. THE FUND, THE PRS PROVIDER AND ITS PRINCIPAL ACTIVITY

AIA PAM - Islamic Moderate (the "Fund") is governed by a Deed dated 16 January 2013, a Supplemental Deed dated 16 August 2013, a Second Supplemental Deed dated 14 December 2015, a Replacement Disclosure Document dated 9 December 2016, a Third Supplemental Deed dated 8 September 2020, a Second Replacement Disclosure Document dated 23 February 2021, Fourth Supplemental Deed dated 9 June 2023, and a Third Replacement Disclosure Document dated 31 August 2023 (collectively referred to as the "Deeds") between AIA Pension and Asset Management Sdn. Bhd. (the "PRS Provider") and Deutsche Trustees Malaysia Berhad (the "Trustee").

The principal activity of the Fund is to invest in "Permitted Investments", as defined in Clause 11.1 of the Deed, which includes sukuk and other Islamic money market instruments.

The Fund seeks to provide returns through a combination of income and capital growth from a portfolio that is consistent with Shariah principles. The Fund will be investing at least 40% and a maximum of 60% of the Fund's net asset value ("NAV") in local Shariah-compliant equities with a balance of both Shariah-compliant equities with potential for growth and Shariah-compliant equities that are traded below their fair value.

The Fund will invest at least 40% of its NAV in sukuk and Islamic money market instruments with a minimum credit rating of "BBB3" or "P2" by RAM or equivalent rating by MARC.

The Fund commenced operations on 16 May 2013 and will continue its operations until terminated by the Trustee or the PRS Provider, as the case may be as provided under Clause 16.2 of the Deed.

All investments will be subject to the Securities Commission's ("SC") Guidelines on Private Retirement Schemes, 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 PRS Provider, AIA Pension and Assets Management Sdn. Bhd. is incorporated in Malaysia. The principal activities of the Company are asset management and management of Private Retirement Scheme ("PRS") funds. It is a wholly-owned entity of AIA Bhd., whose ultimate holding company is AIA Group Limited, a company incorporated in Hong Kong and listed on the Stock Exchange of Hong Kong Limited.

The financial statements were authorised for issue by the PRS Provider on 26 December 2023.

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 under the historical cost convention, except as disclosed in the summary of significant accounting policies and comply with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

The preparation of financial statements in conformity with MFRS 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 revenue and expenses during the reported financial year. It also requires the PRS Provider to exercise their judgment in the process of applying the Fund's accounting policies.



Although these estimates and judgment are based on the PRS Provider's best knowledge of current events and actions, actual results may differ.

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

(i) Standards and amendments to existing standards effective 1 May 2022

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

(ii) New standards, amendments and interpretations effective after 1 May 2022 and have not been early adopted.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2022, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on 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 Shariah-compliant 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 securities¹ as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities² are solely payment of principal and interest³ ("SPPI"), 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.

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

The Fund classifies amount due to stockbrokers, amount due to PRS Provider, amount due to Trustee, amount due to PPA, auditors' remuneration, tax agent's fee, distribution payable and other payables and accruals as financial liabilities measured at amortised cost.

1 For the purposes of the investments made by the Fund, equity refers to Shariah-compliant equity instruments.

2 For the purposes of the investments made by the Fund, debt securities refer to unquoted sukuk.

3 For the purposes of this Fund, interest refers to profit earned from Shariah-compliant investments.



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 Shariah-compliant assets. Shariah-compliant investments are initially recognised at fair value. Transaction costs are expensed in the statement of comprehensive income.

Financial liabilities, within the scope of MFRS 9, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instruments.

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.

Gains or losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category including the effects of foreign currency transactions are presented in the statement of comprehensive income within “net gain/(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 Shariah-compliant investments in Malaysia are valued at the last done 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 Shariah-compliant 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 securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the Shariah-compliant securities are valued as determined in good faith by the PRS Provider, based on the methods or bases approved by the Trustee after appropriate technical consultation.

Unquoted sukuk denominated in Ringgit Malaysia are revalued on a daily basis based on fair value prices quoted by a bond pricing agency (“BPA”) registered with the SC as per the SC Guidelines on Private Retirement Schemes.

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

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

Impairment

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. PRS Provider considers both historical analysis and forward looking information in determining any expected credit loss. PRS Provider 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 expected credit losses 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 PRS Provider as any contractual payment which is more than 30 days past due.

Definition of default and credit-impaired financial assets

The Fund defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

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

Qualitative criteria:

The obligor meets unlikelihood to pay criteria, which indicates the obligor is in significant financial difficulty. The Fund considers the following instances:

- the obligor is in breach of financial covenants
- concessions have been made by the lender relating to the obligor's financial difficulty
- it is becoming probable that the obligor will enter bankruptcy or other financial reorganisation
- the obligor is insolvent

Financial instruments that are credit-impaired are assessed on individual basis.

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 obligor's sources of income or assets to generate sufficient future cash flows to pay 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

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

Profit income

Profit income from Islamic deposits with licensed financial institutions and unquoted sukuk are recognised on a time proportionate basis using the effective profit rate method on an accrual basis.

Profit income is calculated by applying the effective profit rate to the gross carrying amount of the financial assets 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 assets (after deduction of the loss allowance).

Realised gain or loss on disposal of investments

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

Realised gain or loss on disposal of unquoted sukuk is calculated based on the difference between the net disposal proceeds and the carrying amount of Shariah-compliant investments, determined on cost adjusted for accretion of discount or amortisation of premium.

(d) Functional and presentation currency

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

(e) Cash and cash equivalents

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

(f) Taxation

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

(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 members is accounted for as a deduction from realised reserve. A proposed distribution is recognised as a liability in the year in which it is approved by the Trustee of the Fund.

(i) Amount due from/to stockbrokers

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

These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective profit method, less provision for impairment for amount due from stockbrokers. A provision for impairment of amount due from stockbrokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant stockbroker.

Significant financial difficulties of the stockbroker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from stockbrokers is impaired. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, profit income is recognised using the rate of profit used to discount the future cash flows for the purpose of measuring the impairment loss.



(j) **Members' capital**

The Members' contributions to the Fund meet the criteria to be classified as equity instruments under MFRS 132 "Financial Instruments: Presentation". Those criteria include:

- the units entitle the member to a proportionate share of the Fund's NAV;
- the units are the most subordinated class and class features are identical;
- there is no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- the total expected cash flows from the units over its life are based substantially on the profit or loss of the Fund.

The outstanding units are carried at the redemption amount that is payable at each financial year if a member exercises the right to put the unit back to the Fund.

Units are created and cancelled at prices based on the Fund's NAV per unit at the time of creation or cancellation. The Fund's NAV per unit is calculated by dividing the net assets attributable to members with the total number of outstanding units.

(k) **Fair value of financial instruments**

Shariah-compliant financial instruments comprise financial assets and financial liabilities. Fair value is the amount at which a financial asset could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the estimates of fair values as at the date of the statement of financial position.

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
31.10.2023			
Cash and cash equivalents (Note 10)	-	6,495,324	6,495,324
Shariah-compliant financial assets at fair value through profit or loss (Note 9)	117,307,629	-	117,307,629
Amount due from stockbrokers	-	1,124,289	1,124,289
Amount due from PRS Provider – creation of units	-	37,944	37,944
Dividends receivable	-	8,750	8,750
	117,307,629	7,666,307	124,973,936



	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
31.10.2022			
Cash and cash equivalents (Note 10)	-	17,644,989	17,644,989
Shariah-compliant financial assets at fair value through profit or loss (Note 9)	106,887,465	-	106,887,465
Amount due from stockbrokers	-	32,274	32,274
Amount due from PRS Provider – creation of units	-	218,364	218,364
Dividends receivable	-	14,400	14,400
	<u>106,887,465</u>	<u>17,910,027</u>	<u>124,797,492</u>

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

(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 judgments are continually evaluated by the PRS Provider 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 PRS Provider 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 Private Retirement Schemes.

However, the PRS Provider is of the opinion that there are no accounting policies which require significant judgement to be exercised.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to provide returns through a combination of income and capital growth from a portfolio that is consistent with Shariah principles.

The Fund is exposed to a variety of risks which include market risk (inclusive of price risk and interest rate risk), credit risk, liquidity risk, Shariah status reclassification risk, non-compliance risk and capital risk.

Financial risk management is carried out through internal control process adopted by the PRS Provider and adherence to the investment restrictions as stipulated in the Disclosure Document and SC Guidelines on Private Retirement Schemes.



(a) Market risk

(i) Price risk

This is the risk that the fair value of a Shariah-compliant investment in quoted Shariah-compliant securities and unquoted sukuk will fluctuate because of changes in market prices (other than those arising from interest rate risk). The price of Shariah-compliant investments 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 Shariah-compliant securities and unquoted sukuk within specified limits according to the Deeds.

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

	31.10.2023 RM	31.10.2022 RM
Shariah-compliant financial assets at fair value through profit or loss:		
- Quoted Shariah-compliant securities	60,548,575	51,934,584
Unquoted sukuk*	56,759,054	54,952,881
Total	117,307,629	106,887,465

* Includes profit receivable of RM601,221 (31.10.2022: RM596,868).

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

31.10.2023

% Change in price of financial assets at fair value through profit and loss	Market value RM	Impact on loss after tax/NAV RM
+5%	122,541,728	5,835,320
-5%	110,871,088	(5,835,320)

31.10.2022

% Change in price of financial assets at fair value through profit and loss	Market value RM	Impact on loss after tax/NAV RM
+5%	111,605,127	6,471,139
-5%	100,976,067	(6,471,139)

(ii) **Interest rate risk**

In general, when interest rates rise, prices for unquoted sukuk will tend to fall and vice versa. Therefore, the NAV of the Fund may also tend to fall when interest rates rise or are expected to rise. However, investors should be aware that should the Fund holds an unquoted sukuk till maturity, such fluctuations would dissipate as it approaches maturity, and thus the growth of the NAV shall not be affected at maturity.

In order to mitigate interest rates exposure of the Fund, the PRS Provider will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the PRS Provider, which is based on its continuous fundamental research and analysis.

This risk is crucial since unquoted sukuk portfolio management depends on forecasting interest rate movements. Prices of unquoted sukuk move inversely to interest rate movements, therefore as interest rates rise, the prices for unquoted sukuk decrease and vice versa. Furthermore, unquoted sukuk with longer maturity and lower profit rates are more susceptible to interest rate movements.

Investors should note that the movement in prices of unquoted sukuk and Islamic money market instruments are benchmark against interest rates. Such Shariah-compliant investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to meet obligation under the instrument, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

The table below summarises the sensitivity of the Fund's loss after tax and NAV to movements in prices of unquoted sukuk held by the Fund as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate changed by 5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the interest rate, having regard to the historical volatility of the interest rate.

% Change in interest rate	Impact on loss after taxation/NAV 31.10.2023 RM	Impact on loss after taxation/NAV 31.10.2022 RM
+5%	(1,013,450)	(892,463)
-5%	1,049,115	928,884

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.

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 arising from its investment in Islamic money market instruments is expected to be minimal as the Fund's Shariah-compliant investments comprise mainly short-term Islamic deposits with approved licensed 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 above interest rate is a general economic indicator that will have an impact on the management of the Fund regardless whether it is an Islamic fund or otherwise. It does not in any way suggest that this Fund will invest in conventional financial instruments. All the investments carried out for the Fund are in accordance with Shariah requirements.



(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.

Investment in unquoted sukuk may involve a certain degree of credit/default risk with regards to the issuers. Generally, credit risk or default risk is the risk of loss due to the issuer's non-payment or untimely payment of the investment amount as well as the returns on investment. This will cause a decline in value of the defaulted unquoted sukuk and subsequently depress the NAV of the Fund. Usually credit risk is more apparent for a Shariah-compliant investment with a longer tenure, i.e. the longer the duration, the higher the credit risk. Credit risk can be managed by performing continuous fundamental credit research and analysis to ascertain the creditworthiness of its issuer. In addition, the PRS Provider imposes a minimum rating requirement as rated by either local and/or foreign rating agencies and manages the duration of the Shariah-compliant investment in accordance with the objective of the Fund. For this Fund, the unquoted sukuk investment must satisfy a minimum rating requirement of at least "BBB3" or "P2" by RAM or equivalent rating by MARC.

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

The settlement terms of the proceeds from the creation of units receivable from the PRS Provider are governed by the SC Guidelines on Private Retirement Schemes.

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



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

	Unquoted sukuk at fair value through profit or loss RM	Cash and cash equivalents RM	Amount due from PRS Provider RM	Dividends receivable RM	Total RM
31.10.2023					
Commercial Bank					
- AAA	-	6,420,510	-	-	6,420,510
- AA1	-	74,814	-	-	74,814
Communication Services					
- AAA	1,020,298	-	-	-	1,020,298
- AA IS	1,989,948	-	-	-	1,989,948
Consumer Discretionary					
- A+ IS	1,999,522	-	-	-	1,999,522
Energy and Utilities					
- AAA (S)	4,412,746	-	-	-	4,412,746
- AAA IS	2,088,229	-	-	-	2,088,229
Financial Services					
- AAA (S)	3,664,676	-	-	-	3,664,676
- AAA	994,170	-	-	-	994,170
- A1	1,201,814	-	-	-	1,201,814
Public Administration					
- AAA	5,405,385	-	-	-	5,405,385
- AAA (S)	498,227	-	-	-	498,227
- Not Rated	18,130,883	-	-	-	18,130,883
Real Estate					
- AA2	1,483,860	-	-	-	1,483,860
Technology					
- Not Rated	-	-	-	8,750	8,750
Transportation and Storage					
- AAA	4,119,823	-	-	-	4,119,823
- AAA (BG)	5,183,984	-	-	-	5,183,984
- AA- IS	3,553,953	-	-	-	3,553,953
- Not Rated	1,011,536	-	-	-	1,011,536
Others					
- Not Rated	-	-	37,944	-	37,944
	56,759,054	6,495,324	37,944	8,750	63,301,072



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

	Unquoted sukuk at fair value through profit or loss RM	Cash and cash equivalents RM	Amount due from PRS Provider RM	Amount due from stock brokers RM	Dividends receivable RM	Sundry receivable RM	Total RM
31.10.2022							
Commercial Bank							
- AAA	-	17,519,511	-	-	-	-	17,519,511
- AA1	-	125,478	-	-	-	-	125,478
Construction And Engineering							
- AA2	1,486,495	-	-	-	-	-	1,486,495
Consumer Products & Services							
- Not Rated	-	-	-	-	11,400	-	11,400
Diversified Holdings							
- A+ IS	1,973,883	-	-	-	-	-	1,973,883
- AAA (S)	3,521,645	-	-	-	-	-	3,521,645
Financial Services							
- AAA (S)	2,457,068	-	-	-	-	-	2,457,068
- Not Rated	5,698,955	-	-	-	-	-	5,698,955
Industrial Products							
- AA- IS	3,955,944	-	-	-	-	-	3,955,944
- AAA (S)	4,137,146	-	-	-	-	-	4,137,146
Infrastructures And Utilities							
- AA IS	1,962,093	-	-	-	-	-	1,962,093
- AA- IS	3,465,883	-	-	-	-	-	3,465,883
- AA3	4,362,840	-	-	-	-	-	4,362,840
- AAA	6,595,688	-	-	-	-	-	6,595,688
- AAA (BG)	5,165,022	-	-	-	-	-	5,165,022
- AAA IS	1,012,640	-	-	-	-	-	1,012,640
Mining & Petroleum							
- A1	1,962,863	-	-	-	-	-	1,962,863
Public Finance							
- AAA (S)	1,934,911	-	-	-	-	-	1,934,911
- Not Rated	5,259,805	-	-	-	-	-	5,259,805
Technology							
- Not Rated	-	-	-	-	3,000	-	3,000
Others							
- Not Rated	-	-	218,364	32,274	-	-	250,638
	54,952,881	17,644,989	218,364	32,274	14,400	-	72,862,908



(c) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. If a Shariah-compliant security encounters a liquidity crunch, the Shariah-compliant security may need to be sold at a discount to the market fair value of the Shariah-compliant security. This in turn would depress the NAV and/or growth of the Fund. Generally, all Shariah-compliant investments are subject to a certain degree of liquidity risk depending on the nature of the Shariah-compliant investment instruments, market, sector and other factors. For the purpose of the Fund, the PRS Provider will attempt to balance the entire portfolio by investing in a mix of Shariah-compliant 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 PRS Provider manages this risk by maintaining sufficient level of Islamic liquid assets to meet anticipated payments and cancellations of the units by members. Islamic liquid assets comprise bank balances, Islamic deposits with licensed financial institutions and other Shariah-compliant instruments, which are capable of being converted into cash within 7 business days.

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	Between 1 month to 1 year	Total
	RM	RM	RM
31.10.2023			
Amount due to PRS Providers	151,775	-	151,775
Accrued management fee	162,789	-	162,789
Amount due to stockbrokers	641,782	-	641,782
Amount due to Trustee	4,342	-	4,342
Amount due to PPA	4,342	-	4,342
Other payables and accruals	-	13,266	13,266
Total	965,030	13,266	978,296

	Less than 1 month	Between 1 month to 1 year	Total
	RM	RM	RM
31.10.2022			
Amount due to PRS Providers	100,263	-	100,263
Accrued management fee	156,999	-	156,999
Amount due to Trustee	4,187	-	4,187
Amount due to PPA	4,187	-	4,187
Other payables and accruals	-	8,614	8,614
Total	265,636	8,614	274,250

(d) **Shariah Status Reclassification risk**

- Shariah-compliant equity securities

The risk refers to the risk that the currently held Shariah-compliant equity securities in the portfolio of the Fund may be reclassified as Shariah non-compliant in the periodic review of the securities by the Shariah Advisory Council (“SAC”) of the SC, the Shariah Adviser or the Shariah Supervisory Boards of relevant Islamic indices. If this occurs, the PRS Provider will take the necessary steps to dispose of such securities.

Opportunity loss could occur due to the restriction on the Fund to retain the excess capital gains derived from the disposal of the reclassified Shariah non-compliant securities. In such an event, the Fund is required:

- (i) to dispose of such securities with immediate effect or within one (1) calendar month if the value of the securities exceeds or is equal to the investment cost on the effective date of reclassification of the list of Shariah-compliant securities (“Reclassification”) by the SAC of the SC or the date of review (“Review”) by the Shariah Adviser or the Shariah Supervisory Boards of relevant Islamic indices. The Fund is allowed to keep dividends received and capital gains from the disposal of the securities up to the effective date of Reclassification or Review. However, any dividends received and excess capital gains from the disposal of the Shariah non-compliant securities after the effective date of Reclassification or Review should be channelled to *baitulmal* and/or charitable bodies as advised by the Shariah Adviser;
 - (ii) to hold such securities if the value of the said securities is below the investment cost on the effective date of Reclassification or Review until the total subsequent dividends received (if any) and the market price of the securities is equal to the cost of investment at which time disposal has to take place within one (1) calendar month, excess capital gains (if any) from the disposal of the securities should be channelled to *baitulmal* and/or charitable bodies as advised by the Shariah Adviser; or
 - (iii) to dispose of such securities at a price lower than the investment cost which will result in a decrease in the Fund’s value.
- Unquoted Sukuk or Islamic money market instruments or Islamic deposits or Islamic collective investment schemes

This risk refers to the risk of a possibility that the currently held unquoted sukuk or Islamic money market instruments or Islamic deposits or Islamic collective investment schemes invested by the Fund may be declared as Shariah non-compliant by the relevant authority or the Shariah Adviser. If this occurs, the PRS Provider will take the necessary steps to dispose of or withdraw such unquoted bonds or money market instruments or deposits or collective investment schemes.

(e) **Non-compliance risk**

Non-compliance risk arises when the PRS Provider and others associated with the Fund do not follow the rules set out in the Fund’s constitution, or the law that govern the Fund, or act fraudulently or dishonestly. It also includes the risk of the PRS Provider not complying with internal control procedures.

The non-compliance may expose the Fund to higher risks which may result in a fall in the value of the Fund which in turn may affect its investment goals. However, the risk can be mitigated by the internal controls and compliance monitoring undertaken by the PRS Provider.

(f) **Capital risk management**

The capital of the Fund is represented by equity consisting of members’ capital and retained earnings. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of members. 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 for members and benefits for other stakeholders and to maintain a strong capital base to support the development of the Shariah-compliant investment activities of the Fund.

(g) 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 Shariah-compliant financial assets and financial liabilities traded in active market (such as publicly traded Islamic derivatives and trading Shariah-compliant 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 Shariah-compliant financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the PRS Provider will determine the point within the bid-ask spread that is most representative of the fair value.

A Shariah-compliant financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of Shariah-compliant financial assets and financial liabilities that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each year end date. Valuation techniques used for non-standardised Shariah-compliant financial instruments such as Islamic options, Islamic currency swaps and other over-the-counter Islamic derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

For Shariah-compliant instruments for which there is no active market, the Fund may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted Shariah-compliant equity and sukuk for which market were or have been inactive during the financial year. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

The fair value is based on the following methodology and assumptions:

- (i) Bank balance and Islamic deposits and placements with financial institutions with maturities less than 1 year, the carrying value is a reasonable estimate of fair value.
- (ii) The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values. The carrying value of the financial assets and financial liabilities approximate their fair value due to their short-term nature.



Fair value hierarchy

The table below analyses Shariah-compliant financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes ‘observable’ requires significant judgment 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	Level 2	Level 3	Total
	RM	RM	RM	RM
31.10.2023				
Shariah-compliant financial assets at fair value through profit or loss:				
- Quoted Shariah-compliant securities	60,548,575	-	-	60,548,575
- Unquoted sukuk	-	56,759,054	-	56,759,054
	<u>60,548,575</u>	<u>56,759,054</u>	<u>-</u>	<u>117,307,629</u>

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
31.10.2022				
Shariah-compliant financial assets at fair value through profit or loss:				
- Quoted Shariah-compliant securities	51,934,584	-	-	51,934,584
- Unquoted sukuk	-	54,952,881	-	54,952,881
	<u>51,934,584</u>	<u>54,952,881</u>	<u>-</u>	<u>106,887,465</u>



Shariah-compliant investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed Shariah-compliant equities. The Fund does not adjust the quoted prices for these Shariah-compliant instruments.

Shariah-compliant financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include unquoted sukuk. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Fund's policies on valuation of these financial assets are stated in Note 2(b).

4. MANAGEMENT FEE

In accordance with Third Replacement Disclosure Document dated 31 August 2023, the PRS Provider is entitled to a maximum management fee of 1.50% per annum, calculated daily based on the NAV of the Fund.

For the current financial year, the management fee is recognised at a rate of 1.50% per annum (31.10.2022: 1.50% per annum).

There will be no further liability to the PRS Provider in respect of management fee other than the amount recognised above.

5. TRUSTEE'S FEE

In accordance with Clause 17.2.2 of the Master Deed dated 16 January 2013, the Trustee is entitled to a maximum Trustee fee of 0.04% per annum, calculated daily based on the NAV of the Fund.

For the current financial year, the Trustee's fee is recognised at a rate of 0.04% per annum (31.10.2022: 0.04% per annum).

There will be no further liability to the Trustee in respect of Trustee's fee other than the amount recognised above.

6. PRIVATE PENSION ADMINISTRATOR ("PPA") ADMINISTRATION FEE

For the current financial year, the PPA administration fee is recognised at a rate of 0.04% per annum, calculated daily based on the NAV of the Fund (31.10.2022: 0.04% per annum).

There will be no further liability to the PPA in respect of PPA administration fee other than the amount recognised above.



7. TAXATION

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

	31.10.2023 RM	31.10.2022 RM
Profit/(loss) before taxation	504,954	(7,222,516)
Taxation at Malaysian statutory rate of 24% (31.10.2022: 24%)	121,189	(1,733,404)
Tax effects of:		
Shariah-compliant investment income not subject to tax	(372,516)	1,470,363
Expenses not deductible for tax purposes	31,442	41,308
Restriction on tax deductible expenses for PRS Funds	229,165	232,094
Investment income subject to different tax rate	(9,280)	(10,361)
Taxation	-	-

8. DISTRIBUTION

There is no income distribution proposed during the financial period (31.10.22: nil)

9. SHARIAH-COMPLIANT FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.10.2023 RM	31.10.2022 RM
Financial assets at fair value through profit or loss:		
- Quoted Shariah-compliant securities	60,548,575	51,934,584
- Unquoted sukuk	56,759,054	54,952,881
	117,307,629	106,887,465
	31.10.2023 RM	31.10.2022 RM
Net loss on financial assets at fair value through profit or loss:		
- realised gain/(loss) on disposals	191,915	(3,326,923)
- unrealised loss on changes in fair value	(963,156)	(5,024,367)
	(771,241)	(8,351,290)

9. SHARIAH-COMPLIANT FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Name of counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.10.2023				
QUOTED SHARIAH-COMPLIANT SECURITIES				
ACE MARKET				
Health Care				
Cengild Medical Berhad	1,403,100	713,604	470,038	0.38
Industrial Products & Services				
Coraza Integrated Technology Berhad	1,300,000	1,348,931	721,500	0.58
MAIN MARKET				
Construction				
AME Elite Consortium Berhad – Warrant	24,066	-	2,768	-
Gamuda Berhad	500,000	1,969,384	2,320,000	1.87
Sunway Construction Group Berhad	435,800	794,764	832,378	0.67
	959,866	2,764,148	3,155,146	2.54
Consumer Products & Services				
Farm Fresh Berhad	603,000	909,710	711,540	0.57
Mr D.I.Y. Group (M) Berhad	900,000	2,020,377	1,332,000	1.07
PPB Group Berhad	69,300	1,218,539	1,051,974	0.85
QL Resources Berhad	438,900	2,570,857	2,427,117	1.96
Sime Darby Berhad	1,303,579	2,890,804	2,985,196	2.41
	3,314,779	9,610,287	8,507,827	6.86
Energy				
Dialog Group Berhad	1,700,000	4,149,463	3,655,000	2.95
Velesto Energy Berhad	6,010,500	1,442,520	1,532,677	1.24
	7,710,500	5,591,983	5,187,677	4.19
Health Care				
IHH Healthcare Berhad	421,800	2,402,933	2,530,800	2.04
KPJ Healthcare Berhad	2,500,000	2,556,222	3,200,000	2.58
	2,921,800	4,959,155	5,730,800	4.62
Industrial Products & Services				
Press Metal Aluminium Holdings Berhad	650,800	2,957,997	3,201,936	2.58
V.S. Industry Berhad	2,600,000	3,217,150	2,314,000	1.87
	3,250,800	6,175,147	5,515,936	4.45



9. **SHARIAH-COMPLIANT FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS
(CONTINUED)**

Name of counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.10.2023 (CONTINUED)				
MAIN MARKET (CONTINUED)				
Plantation				
IOI Corporation Berhad	470,000	1,990,900	1,847,100	1.49
Kuala Lumpur Kepong Berhad	97,000	2,238,255	2,132,060	1.72
Sime Darby Plantation Berhad	600,000	2,640,776	2,604,000	2.1
	1,167,000	6,869,931	6,583,160	5.31
Property				
UEM Sunrise Berhad	820,100	659,491	651,980	0.53
Islamic Real Estate Investment Trusts				
Axis Real Estate Investment Trust	1,000,000	1,766,527	1,810,000	1.46
Technology				
CTOS Digital Berhad	347,100	491,872	503,295	0.41
D & O Green Technologies Berhad	643,900	3,107,526	2,111,992	1.70
Frontken Corporation Berhad	480,500	1,263,421	1,527,990	1.23
Greotech Technology Berhad	219,100	923,496	1,012,242	0.82
ITMax System Berhad	100,000	185,000	179,000	0.14
Malaysian Pacific Industries Berhad	33,400	963,971	859,716	0.69
My E.G. Services Berhad	3,500,000	2,759,362	2,730,000	2.20
Pentamaster Corporation Berhad	353,100	1,635,173	1,765,500	1.42
Unisem (M) Berhad	314,000	996,877	929,440	0.75
	5,991,100	12,326,698	11,619,175	9.36
Telecommunications & Media				
CelcomDigi Berhad	200,000	852,147	846,000	0.68
Telekom Malaysia Berhad	600,000	3,543,149	3,042,000	2.45
TIME dotCom Berhad	289,400	1,101,884	1,539,608	1.24
	1,089,400	5,497,180	5,427,608	4.37
Transportation & Logistics				
MISC Berhad	411,300	2,918,984	2,981,925	2.40



9. **SHARIAH-COMPLIANT FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS
(CONTINUED)**

Name of counter	Quantity	Aggregate cost	Market value	Percentage of NAV
	units	RM	RM	%
31.10.2023 (CONTINUED)				
MAIN MARKET (CONTINUED)				
Telecommunications & Media				
CelcomDigi Berhad	200,000	852,147	846,000	0.68
Telekom Malaysia Berhad	600,000	3,543,149	3,042,000	2.45
TIME dotCom Berhad	289,400	1,101,884	1,539,608	1.24
	1,089,400	5,497,180	5,427,608	4.37
Transportation & Logistics				
MISC Berhad	411,300	2,918,984	2,981,925	2.40
Utilities				
Gas Malaysia Berhad	178,700	586,494	587,923	0.47
PETRONAS Gas Berhad	92,900	1,579,902	1,597,880	1.29
	271,600	2,166,396	2,185,803	1.76
TOTAL QUOTED SHARIAH-COMPLIANT SECURITIES	31,611,345	63,368,462	60,548,575	48.81
ACCUMULATED UNREALISED LOSS ON QUOTED SHARIAH-COMPLIANT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
		(2,819,887)		
TOTAL QUOTED SHARIAH-COMPLIANT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		60,548,575		



9. SHARIAH-COMPLIANT FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Name of issuer	Nominal value RM	Adjusted cost RM	Market value RM	Percentage of NAV %
31.10.2023 (CONTINUED)				
UNQUOTED SUKUK				
Amanat Lebuhraya Rakyat Berhad 13.10.2037	2,000,000	2,005,820	2,100,280	1.69
Cagamas Berhad 27.10.2033	1,000,000	1,000,590	994,170	0.80
Cellco Capital Berhad 28.03.2025	2,000,000	2,007,088	1,989,948	1.61
CIMB Group Holdings Berhad 8.3.2028	1,200,000	1,201,405	1,201,814	0.97
DanaInfra Nasional Berhad 16.08.2052	6,000,000	6,059,794	6,238,115	5.03
Danum Capital Berhad 29.06.2029	1,000,000	1,015,899	1,035,959	0.84
Danum Capital Berhad 14.02.2034	2,550,000	2,725,460	2,628,717	2.12
DRB-Hicom Berhad 12.12.2029	2,000,000	2,039,682	1,999,522	1.61
EKVE Sdn. Bhd. 29.01.2026	5,000,000	5,082,163	5,183,984	4.18
Infracap Resources Sdn. Bhd. 13.04.2029	500,000	511,582	498,227	0.40
Johor Corporation 11.6.2027	3,300,000	3,390,101	3,364,790	2.71
Johor Corporation 6.7.2033	1,000,000	1,014,677	1,016,637	0.82
Johor Corporation 6.7.2038	1,000,000	1,015,518	1,023,958	0.83
Konsortium Prohawk Sdn. Bhd. 20.12.2024	1,440,000	1,472,450	1,483,860	1.20
Malaysia Airports Holdings Berhad 29.12.2028	1,000,000	1,014,065	1,012,775	0.82
Malaysia Airports Holdings Berhad 30.12.2031	1,000,000	1,014,438	1,006,768	0.81
MMC Port Holdings Sdn. Bhd. 08.04.2032	1,000,000	1,003,044	1,014,474	0.82
Penang Port Sdn. Bhd. 24.12.2026	2,500,000	2,583,049	2,539,479	2.05
Prasarana Malaysia Berhad 30.01.2048	1,000,000	1,011,746	1,011,536	0.82
Sarawak Petchem Sdn. Bhd. 27.07.2037	4,000,000	4,058,466	4,412,746	3.56
Telekom Malaysia Berhad 31.10.2028	1,000,000	1,032,524	1,020,298	0.82
TNB Power Generation Sdn. Bhd. 02.06.2037	1,000,000	1,021,030	1,070,510	0.86
TNB Power Generation Sdn. Bhd. 29.03.2038	500,000	502,111	506,641	0.41
TNB Power Generation Sdn. Bhd. 27.03.2043	500,000	502,188	511,078	0.41
	43,490,000	44,284,890	44,866,286	36.19



9. **SHARIAH-COMPLIANT FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS
(CONTINUED)**

Name of issuer	Nominal value RM	Adjusted cost RM	Market value RM	Percentage of NAV %
31.10.2023 (CONTINUED)				
UNQUOTED SUKUK (CONTINUED)				
GOVERNMENT INVESTMENT ISSUES				
Government Of Malaysia 30.09.2030	1,600,000	1,650,299	1,623,538	1.31
Government Of Malaysia 31.03.2038	6,000,000	6,255,829	6,302,976	5.08
Government Of Malaysia 14.8.2043	1,700,000	1,731,479	1,686,760	1.36
Government Of Malaysia 15.05.2052	2,000,000	2,380,263	2,279,494	1.84
	<u>11,300,000</u>	<u>12,017,870</u>	<u>11,892,768</u>	<u>9.59</u>
TOTAL UNQUOTED SUKUK	<u>54,790,000</u>	<u>56,302,760</u>	<u>56,759,054</u>	<u>45.78</u>
ACCUMULATED UNREALISED GAIN ON UNQUOTED SUKUK AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>456,294</u>		
TOTAL UNQUOTED SUKUK AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>56,759,054</u>		



Name of counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.10.2022				
QUOTED SHARIAH-COMPLIANT SECURITIES				
Construction				
AME Elite Consortium Berhad	380,266	388,672	501,207	0.40
IJM Corporation Berhad	1,337,000	2,637,304	2,179,310	1.75
Sunway Construction Group Berhad	492,200	897,620	748,144	0.60
	2,209,466	3,923,596	3,428,661	2.75
Consumer Products & Services				
Bermaz Auto Berhad	380,000	713,942	752,400	0.60
Farm Fresh Berhad	603,000	909,710	994,950	0.80
MBM Resources Berhad	31,600	100,886	104,912	0.08
Mr D.I.Y. Group (M) Berhad	700,000	1,695,817	1,414,000	1.14
PPB Group Berhad	84,100	1,478,776	1,404,470	1.13
Sime Darby Berhad	1,277,279	2,833,207	2,873,878	2.31
	3,075,979	7,732,338	7,544,610	6.06
Energy				
Dialog Group Berhad	707,400	1,722,286	1,457,244	1.17
	707,400	1,722,286	1,457,244	1.17
Financial Services				
Bank Islam Malaysia Berhad	872,000	2,642,465	2,206,160	1.77
Bursa Malaysia Berhad	100,000	616,588	645,000	0.52
	972,000	3,259,053	2,851,160	2.29
Health Care				
Cengild Medical Berhad	1,501,000	763,395	742,995	0.60
IHH Healthcare Berhad	375,100	2,128,851	2,231,845	1.79
	1,876,100	2,892,246	2,974,840	2.39

Name of counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of NAV %
Industrial Products & Services				
Press Metal Aluminium Holdings Berhad	352,400	1,477,210	1,532,940	1.23
Sunway Berhad	1,023,300	1,736,615	1,637,280	1.32
Uchi Technologies Berhad	100,000	319,665	338,000	0.27
V.S. Industry Berhad	2,074,800	2,708,844	1,753,206	1.41
	3,550,500	6,242,334	5,261,426	4.23
Plantation				
IOI Corporation Berhad	455,400	1,955,549	1,858,032	1.49
Kuala Lumpur Kepong Berhad	85,937	2,002,304	1,863,114	1.50
Sime Darby Plantation Berhad	254,579	1,154,511	1,120,147	0.90
	795,916	5,112,364	4,841,293	3.89
Property				
Matrix Concepts Holdings Berhad	442,509	588,304	628,363	0.51
	442,509	588,304	628,363	0.51
Islamic Real Estate Investment Trusts				
AME Real Estate Investment Trust	738,900	854,457	864,513	0.70
Axis Real Estate Investment Trust	1,151,217	2,033,656	2,152,776	1.73
	1,890,117	2,888,113	3,017,289	2.43
Technology				
CTOS Digital Berhad	330,000	465,196	465,300	0.37
D & O Green Technologies Berhad	151,700	861,808	588,596	0.47
Frontken Corporation Berhad	322,300	652,971	789,635	0.63
Greotech Technology Berhad	100,000	274,527	325,000	0.26
Malaysian Pacific Industries Bhd	32,700	944,647	784,800	0.63
My E.G. Services Berhad	1,200,000	1,059,660	1,062,000	0.85
Pentamaster Corporation Berhad	161,200	695,599	625,456	0.50
Unisem (M) Berhad	300,000	956,319	795,000	0.64
ViTrox Corporation Berhad	41,500	188,641	293,820	0.24
	2,639,400	6,099,368	5,729,607	4.59
Telecommunications & Media				
Axiata Group Berhad	705,079	3,334,949	2,009,475	1.61
Digi.Com Berhad	233,900	954,707	886,481	0.71
Telekom Malaysia Berhad	700,000	4,133,674	3,892,000	3.13
TIME dotcom Berhad	200,000	640,338	910,000	0.73
	1,838,979	9,063,668	7,697,956	6.18
Transportation & Logistics				
MISC Berhad	300,000	2,116,174	2,169,000	1.74
Westports Holdings Berhad	200,000	662,139	672,000	0.54
	500,000	2,778,313	2,841,000	2.28
Utilities				
Gas Malaysia Berhad	178,700	586,494	602,219	0.48
PETRONAS Gas Berhad	70,000	1,195,183	1,197,000	0.96
Taliworks Corporation Berhad	2,057,366	1,707,816	1,861,916	1.50
	2,306,066	3,489,493	3,661,135	2.94



Name of counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of NAV %
TOTAL QUOTED SHARIAH- COMPLIANT SECURITIES	22,804,432	55,791,476	51,934,584	41.71
ACCUMULATED UNREALISED LOSS ON QUOTED SHARIAH- COMPLIANT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		(3,856,892)		
TOTAL QUOTED SHARIAH- COMPLIANT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		51,934,584		

Name of issuer	Nominal Value RM	Adjusted cost RM	Market value RM	Percentage of NAV %
31.10.2022				
UNQUOTED SUKUK				
Amanat Lebuhraya Rakyat Berhad 13.10.2037	2,000,000	2,005,820	2,004,760	1.61
Aquasar Capital Sdn. Bhd. 18.07.2023	2,400,000	2,439,970	2,457,068	1.97
BGSM Management Sdn. Bhd. 27.12.2023	4,200,000	4,300,410	4,362,840	3.50
Cellco Capital Berhad 28.03.2025	2,000,000	2,006,873	1,962,093	1.58
DanaInfra Nasional Berhad 16.08.2052	6,000,000	6,059,795	5,698,955	4.58
Danum Capital Berhad 14.02.2034	2,550,000	2,736,700	2,511,396	2.02
Danum Capital Berhad 29.06.2029	1,000,000	1,015,899	1,010,249	0.81
Dialog Group Berhad 16.11.2027	2,000,000	2,038,203	1,962,863	1.58
Digi Telecommunications Sdn. Bhd. 20.09.2029	250,000	251,036	234,198	0.19
DRB-HICOM Berhad 12.12.2029	2,000,000	2,039,403	1,973,883	1.59
EKVE Sdn. Bhd. 29.01.2026	5,000,000	5,090,010	5,165,022	4.15
Infracap Resources Sdn. Bhd. 13.04.2029	500,000	513,253	486,559	0.39
Infracap Resources Sdn. Bhd. 15.04.2031	1,500,000	1,536,208	1,448,352	1.16
Konsortium Prohawk Sdn. Bhd. 20.12.2024	1,440,000	1,477,264	1,486,495	1.19
Malaysia Airports Holdings Berhad 29.12.2028	1,000,000	1,014,065	983,485	0.79
Malaysia Airports Holdings Berhad 30.12.2031	1,000,000	1,014,438	960,638	0.77
MMC Port Holdings Sdn. Bhd. 08.04.2032	1,000,000	1,002,779	963,179	0.77



Name of issuer	Nominal Value RM	Adjusted cost RM	Market value RM	Percentage of NAV %
Penang Port Sdn. Bhd. 24.12.2026	2,500,000	2,596,504	2,502,704	2.01
Pengurusan Air SPV Berhad 28.04.2028	1,000,000	1,003,068	960,621	0.77
Sarawak Petchem Sdn. Bhd. 27.07.2037	4,000,000	4,058,466	4,137,146	3.32
Telekom Malaysia Berhad 31.10.2028	1,000,000	1,038,268	997,718	0.8
TG Excellence Berhad 27.02.2025	4,000,000	4,064,046	3,955,944	3.18
TNB Power Generation Sdn. Bhd. 02.06.2037	1,000,000	1,021,030	1,012,640	0.81
Westports Malaysia Sdn. Bhd. 03.04.2023	450,000	451,951	454,268	0.36
	49,790,000	50,775,459	49,693,076	39.90

**GOVERNMENT INVESTMENT
ISSUES**

Government of Malaysia 07.10.2032	2,500,000	2,515,507	2,455,950	1.98
Government of Malaysia 15.10.2030	3,000,000	3,042,346	2,803,855	2.25
	5,500,000	5,557,853	5,259,805	4.23

TOTAL UNQUOTED SUKUK	55,290,000	56,333,312	54,952,881	44.13
-----------------------------	-------------------	-------------------	-------------------	--------------

**ACCUMULATED UNREALISED
LOSS ON UNQUOTED SUKUK
AT FAIR VALUE THROUGH
PROFIT OR LOSS**

(1,380,431)

**TOTAL UNQUOTED SUKUK AT
FAIR VALUE THROUGH PROFIT
OR LOSS**

54,952,881



10. CASH AND CASH EQUIVALENTS

	31.10.2023 RM	31.10.2022 RM
Islamic deposits with licensed Islamic financial institutions	6,420,510	17,519,511
Bank balances	74,814	125,478
	<u>6,495,324</u>	<u>17,644,989</u>

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

	31.10.2023 %	31.10.2022 %
Islamic deposits with licensed Islamic financial institutions	<u>2.90</u>	<u>2.35</u>

Islamic deposits with licensed Islamic financial institutions of the Fund have an average maturity of 1 day (31.10.2022: 1 day).

Islamic deposits with licensed Islamic financial institutions include profit receivable of RM510 (31.10.2022: RM4,511).

11. SHARIAH INFORMATION OF THE FUND

The Shariah Adviser confirmed that the investment portfolio of the Fund is Shariah-compliant, which comprises:

- (a) Equity securities listed on Bursa Malaysia Securities Berhad which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission;
- (b) Collective investment schemes listed on Bursa Malaysia Securities Berhad which have been verified as Shariah-compliant by the Shariah Adviser;
- (c) Sukuk as per the list of sukuk available at Bond Info Hub, Fully Automated System for Issuing/Tendering of Bank Negara Malaysia and The Bond and Sukuk Information Exchange; and
- (d) Cash placements and liquid assets that are placed in Shariah-compliant investments and/or instruments.

12. NUMBER OF UNITS IN CIRCULATION

	31.10.2023 Units	31.10.2022 Units
At beginning of the financial period	105,244,668	108,486,607
Add: Creation arising from applications	1,289,307	1,697,066
Add: Creation arising from distribution	-	(3,374,037)
Less: Cancellation of units	(3,759,067)	-
At end of the financial period	<u>102,774,908</u>	<u>106,809,636</u>



13. TOTAL EXPENSE RATIO (“TER”)

	31.10.2023 %	31.10.2022 %
TER	<u>0.82</u>	<u>0.82</u>

TER is derived based on the following calculation:

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

A = Management fee

B = Trustee's fee

C = Audit fees

D = Tax agent's fee

E = PPA administration fee

F = Other expenses excluding Sales and Services Tax (“SST”) and withholding tax on transaction costs

G = Shariah advisory fee

H = Custody fee

I = Average NAV of the Fund calculation on a daily basis

The average NAV of the Fund for the financial period calculated on daily basis is RM125,495,312 (31.10.2022: RM127,202,716).

14. PORTFOLIO TURNOVER RATIO (“PTR”)

	31.10.2023	31.10.2022
PTR (times)	<u>0.22</u>	<u>0.22</u>

PTR is derived based on the following calculation:

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

where:

total acquisition for the financial period = RM24,490,115 (31.10.2022: RM25,282,581)

total disposal for the financial period = RM31,620,672 (31.10.2022: RM30,974,342)



15. UNITS HELD BY THE PRS PROVIDER AND RELATED PARTIES TRANSACTIONS AND BALANCES

The related parties and their relationship with the Fund are as follows:

Related parties	Relationship
AIA Pension and Asset Management Sdn. Bhd.	The PRS Provider
AIA Bhd.	Holding Company of the PRS Provider
AIA Group Limited	Ultimate holding company of the PRS Provider

There were no units held by the PRS Provider at the end of each financial period.

The significant related party transactions during the financial period are as follows:

	31.10.2023 RM	31.10.2022 RM
AIA Pension and Asset Management Sdn. Bhd. Management fee expense	946,436	961,611

The significant related party balances as at the end of the financial period are as follows:

	31.10.2023 RM	31.10.2022 RM
<u>AIA Pension and Asset Management Sdn. Bhd.</u>		
Amount due from PRS Provider – creation of units	37,944	218,364
Amount due to PRS Provider – cancellation of units	151,775	100,263
Accrued management fee	162,789	156,999



16. TRANSACTIONS WITH BROKERS/ DEALERS

Details of transactions with the top 10 brokers/dealers for the financial period ended 31 October 2023 are as follows:

Brokers/dealers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
		%		%
	RM	%	RM	%
Hong Leong Bank Berhad	14,055,456	26.17	-	-
RHB Investment Bank Berhad	10,429,874	19.42	13,362	35.29
Citibank (M) Bhd	10,245,488	19.08	-	-
CGS – CIMB Securities Sdn. Bhd	5,100,292	9.50	10,300	27.21
Maybank Investment Bank Berhad	4,889,179	9.09	9,893	26.13
CIMB Bank Berhad	3,866,688	7.20	-	-
AmBank (M) Berhad	2,000,000	3.72	-	-
J.P. Morgan Securities (Malaysia) Sdn Bhd	1,240,359	2.31	2,474	6.54
CIMB Islamic Bank Berhad	1,007,679	1.88	-	-
Affin Investment Berhad	377,748	0.70	778	2.05
Others	498,024	0.93	1,051	2.78
	53,710,787	100.00	37,858	100.00

Details of transactions with the top 10 brokers/dealers for the financial period ended 31 October 2022 are as follows:

Brokers/dealers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
		%		%
	RM	%	RM	%
RHB Investment Bank Berhad	11,450,343	20.80	12,779	20.16
Standard Chartered Bank Malaysia Berhad	-	-	-	-
CGS – CIMB Securities Sdn. Bhd	7,688,600	13.97	13,475	21.26
CIMB Bank Berhad	6,737,417	12.24	-	-
Credit Suisse Securities (Malaysia) Sdn. Bhd.	6,000,000	10.90	-	-
Maybank Investment Bank Berhad	5,206,677	9.46	10,436	16.47
Hong Leong Investment Bank Berhad	3,672,609	6.67	7,349	11.60
Malayan Banking Berhad	3,184,799	5.79	6,384	10.07
Affin Hwang Investment Bank Berhad	3,000,000	5.44	-	-
Citibank (M) Bhd	1,847,234	3.35	3,732	5.88
Others	1,695,050	3.08	-	-
	4,568,835	8.30	9,227	14.56
	55,051,564	100.00	63,382	100.00

17. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the PRS Provider on 26 December 2023