

PRINCIPAL ISLAMIC PRS PLUS CONSERVATIVE
ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

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MEMBERS' LETTER

Dear Valued Member,

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

We are pleased to bring you a copy of the Annual Fund Report of the Principal Islamic PRS Plus Conservative for the financial year ended 31 August 2023. You may also download this report from our website at www.principal.com.my.

We are happy to share that Principal won two awards at the International Finance's 2023 Financial Awards and Leadership Awards. The awards were for Best Asset Management Company (Malaysia) and Best Asset Management CEO (Malaysia) – Ms. Munirah Khairuddin.

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

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

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

Munirah Khairuddin
Country Head and Chief Executive Officer, Malaysia
Non-Independent Executive Director

PRS PROVIDER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

The Fund seeks to provide Members with capital preservation* through investment primarily in Sukuk.

*The Fund is neither a capital guaranteed fund nor a capital protected fund.

Has the Fund achieved its objective?

For the financial year under review, the Fund has performed in line with its objective as stated under the Fund Performance section.

What are the Fund investment policy and principal investment strategy?

The Fund aims to invest in a diversified portfolio of primarily Sukuk with some exposure in Shariah-compliant equities. The fixed income portion will provide capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The Fund may opt to invest in Sukuk, Islamic money market instruments and Shariah-compliant equities either directly or via Islamic collective investment scheme.

At least 80% of the Fund's Net Asset Value ("NAV") will be invested in local and/or foreign Sukuk and Islamic money market instruments, of which a minimum 20% of the Fund's NAV will be invested in Islamic money market instruments, all of which have a minimum credit rating of "BBB3" or "P2" by RAM Rating Services Berhad ("RAM") or equivalent rating by Malaysian Rating Corporation Berhad ("MARC:) or "BBB" or "A-2" by Standard & Poors ("S&P") or equivalent rating by any other international rating agencies. Notwithstanding, the Fund may also invest up to 5% of its NAV in unrated Sukuk. The investments in Shariah-compliant equities which include foreign exposure shall not exceed 20% of the Fund's NAV.

The asset allocation strategy for this Fund is as follows:

- At least 80% of the Fund's NAV will be invested in Sukuk and Islamic money market instruments, of which a minimum 20% of the Fund's NAV will be invested in Islamic money market instruments and up to 5% of the Fund's NAV may be invested in unrated Sukuk;
- Up to 20% of the Fund's NAV may be invested in Shariah-compliant equities; and
- Up to 5% of the Fund's NAV may be invested in Islamic liquid assets for liquidity purpose.

Fund category/type

Core (Sukuk)

When was the Fund launched?

12 November 2012

What was the size of the Fund as at 31 August 2023?

RM11.78 million (19.58 million units)

What is the Fund's benchmark?

60% Quant shop Government Investment Issues ("GII") Short Index + 20% CIMB Islamic 1-Year General Investment Account-i ("GIA") + 20% FTSE Bursa Malaysia ("FBM") EMAS Shariah ("FBMS") Index

Note: The benchmark is for performance comparison purpose only. The risk profile of the Fund is not the same as the risk profile of the benchmark.

What is the Fund distribution policy?

The Fund is not expected to pay any distribution. All income earned by members will automatically be reinvested into the Fund.

FUND OBJECTIVE AND POLICY (CONTINUED)

What was the net income distribution for the financial year ended 31 August 2023?

There was no distribution made for the financial year ended 31 August 2023.

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

| | 31.08.2023 | 31.08.2022 | 31.08.2021 |
|-------------------------------------|-------------------|-------------------|-------------------|
| | % | % | % |
| Shariah-compliant quoted securities | | | |
| - Construction | - | 0.56 | 0.46 |
| - Consumer Products & Services | - | 0.60 | 0.71 |
| - Energy | - | 0.88 | 0.81 |
| - Financial Services | - | 1.18 | 2.75 |
| - Health Care | - | 0.32 | - |
| - Industrial Products & Services | - | 2.46 | 5.52 |
| - Plantation | - | 1.74 | 0.31 |
| - Property | - | 0.20 | - |
| - Technology | - | 5.01 | 5.87 |
| - Telecommunications & Media | - | 0.49 | 0.25 |
| - Transportation & Logistics | - | 0.37 | - |
| - Utilities | - | - | 0.28 |
| Unquoted Sukuk | 97.38 | 57.74 | 80.23 |
| Cash and other assets | 2.90 | 28.97 | 3.45 |
| Liabilities | (0.28) | (0.52) | (0.64) |
| | <u>100.00</u> | <u>100.00</u> | <u>100.00</u> |

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

| | 31.08.2023 | 31.08.2022 | 31.08.2021 |
|--------------------------------|-------------------|-------------------|-------------------|
| NAV (RM Million) | | | |
| - Class A | 7.73 | 19.16 | 19.02 |
| - Class C | 1.26 | 2.08 | 1.88 |
| - Class X | 2.80 | 21.50 | 18.02 |
| Units in circulation (Million) | | | |
| - Class A | 12.85 | 32.89 | 29.68 |
| - Class C | 2.10 | 3.58 | 2.95 |
| - Class X | 4.63 | 36.72 | 28.13 |
| NAV per unit (RM) | | | |
| - Class A | 0.6013 | 0.5826 | 0.6405 |
| - Class C | 0.5990 | 0.5810 | 0.6383 |
| - Class X | 0.6044 | 0.5853 | 0.6405 |
| Highest NAV per unit (RM) | | | |
| - Class A | 0.6013 | 0.6472 | 0.6778 |
| - Class C | 0.5991 | 0.6449 | 0.6760 |
| - Class X | 0.6045 | 0.6472 | 0.6778 |
| Lowest NAV per unit (RM) | | | |
| - Class A | 0.5805 | 0.5800 | 0.6279 |
| - Class C | 0.5788 | 0.5784 | 0.6261 |
| - Class X | 0.5832 | 0.5827 | 0.6279 |
| Total return (%) | | | |
| - Class A | 3.19 | (1.64) | 1.11 |
| - Class C | 3.09 | (1.75) | 1.02 |
| - Class X | 3.24 | (1.66) | 1.12 |
| Capital growth (%) | | | |
| - Class A | 3.19 | (9.04) | (4.99) |
| - Class C | 3.09 | (8.99) | (5.08) |
| - Class X | 3.24 | (8.63) | (5.00) |

PRINCIPAL ISLAMIC PRS PLUS CONSERVATIVE

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

| | 31.08.2023 | 31.08.2022 | 31.08.2021 |
|--|------------|------------|------------|
| Income distribution (%) | | | |
| - Class A | - | 8.13 | 6.41 |
| - Class C | - | 7.96 | 6.42 |
| - Class X | - | 7.63 | 6.41 |
| Total Expense Ratio ("TER") (%) ^ | 1.68 | 1.56 | 1.57 |
| Portfolio Turnover Ratio ("PTR") (times) # | 0.98 | 0.55 | 0.67 |

^ The Fund's TER increased from 1.56% to 1.68% mainly due to the decrease in average NAV during the financial year under review.

For the financial year under review, the Fund's PTR increased to 0.98 times from 0.55 times as there were more trading activities.

| | 31.08.2023 | 31.08.2022 | 31.08.2021 | 31.08.2020 | 31.08.2019 |
|---------------------|------------|------------|------------|------------|------------|
| | % | % | % | % | % |
| Annual total return | | | | | |
| - Class A | 3.19 | (1.64) | 1.11 | 7.61 | 3.45 |
| - Class C | 3.09 | (1.75) | 1.02 | 7.53 | 3.37 |
| - Class X | 3.24 | (1.66) | 1.12 | 7.60 | 3.45 |

(Launch date: 12 November 2012)

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

MARKET REVIEW (1 SEPTEMBER 2022 TO 31 AUGUST 2023)

Equity

The FBMS Index rose 107.18 points or 0.99% during the financial year under review to close at 10,920.64 points.

The FBMS Index declined 805.43 points or 7.45% to 10,008.03 points in September 2022 as the market reeled from renewed fears of a global recession stoked by the ever-so-hawkish Fed which remained adamant about sustaining hikes to cool the economy further. A stronger US Dollar ("USD") also triggered flows out of emerging markets ("EM") and commodities.

In October 2022, The FBMS Index gained 403.08 points or 4.03% to 10,411.11 points from the previous month sell-off in tandem with the rebound in global and regional markets.

In November 2022, The FBMS Index escalated further 371.98 points or 3.57% to end at 10,783.09 points. Investors cheered as the political deadlock from 15th General Election (which resulted in a hung parliament) was broken with the appointment of Datuk Seri Anwar Ibrahim as Malaysia's 10th Prime Minister who will lead a 'unity government'. Global sentiment also improved on raised bets that the US Federal Reserve (the "Fed") may start slowing the pace of rate hikes in the upcoming Federal Open Market Committee ("FOMC") meeting in December 2022 following the softer October 2022 inflation print.

The FBMS Index rose 155.46 points or 1.44% in December 2022 and ended 2022 at 10,938.55 points which represented a decline of 10.80% for the year overall. Investors were more vigilant on renewed fears of a US recession with concerns of inflation staying higher for longer and as the pace of the Fed rate hikes starts taking a toll on the economy. Recent Institute for Supply Management ("ISM") data showed an unexpected rise in the services industry in November 2022 while employment and wage growth remain robust, albeit US home prices fell for the fourth month running.

MARKET REVIEW (1 SEPTEMBER 2022 TO 31 AUGUST 2023) (CONTINUED)

Equity (continued)

The FBMS Index rallied on during the month of January 2023 gaining 137.65 points or 1.26% to end the month at 11,076.20 points despite Malaysia's Purchasing Managers Index ("PMI") declined further from to 46.5pts from 47.8 pts in December 2022, representing the sixth consecutive month of contraction which contrasted the rest of ASEAN. Bank Negara Malaysia ("BNM") also surprised with a rate hike pause, holding Opening Price Rate ("OPR") at 2.75%.

In February 2023, The FBMS Index eased 278.53 points or 2.51%. Investors remained cautious leading up to Budget 2023 while renewed concerns over the Fed staying hawkish given persistent inflation coupled with encouraging consumption and employment data in the US recently further weighed on sentiment. The rebound in the USD also took flows out of emerging markets.

The FBMS Index continued to slip in March 2023, falling 81.24 points or 0.75%. Weakness was in line with the sell-off in regional markets as investors aggressively risked off following the collapse of several high-profile banks in the US and Europe, potentially triggering a global liquidity squeeze, and mounting worries that US Fed's aggressive tightening may have finally taken a toll on the US economy. The market, however, rebounded towards the later part of the month following the Fed's decision to go ahead with a 25 basis points ("bps") hike, downplaying fears of a banking contagion and shifting attention back to inflation which has started to ease, albeit very gradually.

The FBMS Index recovered 20.36 points or 0.19% in April 2023. Commodities, Telcos and Consumer Discretionary did well during the month. Economic data out of the US were mixed with a lower first quarter of 2023 ("1Q23") US Gross Domestic Products ("GDP") print of a mere 1%, down from 2.6% in fourth quarter of 2022 ("4Q22"). On the other hand, US consumer spending remains strong, up 3.7% over the same period (vs 1% in 4Q22) on the back of low unemployment and solid wage gains. US Consume Price Index ("CPI") cooled to 5% in March 2023, a lower end of forecast, but core Personal Consumption Expenditures ("PCE") picked up from 3.5% in February 2023 to 3.6% in March 2023 no thanks to higher rents.

The FBMS Index dropped by 130.28 points or 1.21% in May 2023. The sell-off was relatively broad-based, with select stocks within defensive sectors showing green, and we believe it was largely triggered by the recent weakness of the Malaysia Ringgit ("MYR or RM") on the back of poor Chinese data and consequently the depreciation of the Chinese Yuan Renminbi ("CNY"). Further aggravating the situation was the stronger USD. Encouraging payroll and wage, sticky inflation and recent rebound in job openings stoke bets on further rates hikes in the next FOMC meeting.

The market continued to be in jittery and the FBMS Index fell 191.64 points or 1.81% in June 2023. Investors remain wary of the sustained weakness of the MYR/RM, a rather uninspiring 1Q23 corporate results (although they were broadly in line), and domestic political uncertainties caused by the upcoming State elections. Expectations of a US recession have now been pushed back to 2024 given the still buoyant data points coming out of the US.

The FBMS Index rebounded 537.85 points or 5.16% in July 2023, fully reversing the loss sustained in 1H23. Sentiment was sharply lifted by the slump in the USD, benefiting the MYR/RM, and waning expectations of a US recession following recent favorable economic data points – cooling inflation and still resilient jobs market. Gainers were broad-based led by Property, Industrial, and Oil and Gas, with large-caps forging ahead.

The FBMS Index dipped slightly by 32.08 points or 0.29% in August 2023 dragged by the Healthcare (Gloves) and Plantation sectors. Overall sentiment was dampened by rebound in the USD and rising US treasury yields on expectations of further interest rate hikes in the US as economic data points remain strong.

MARKET REVIEW (1 SEPTEMBER 2022 TO 31 AUGUST 2023) (CONTINUED)

Unquoted Sukuk

During the months of September 2022 to December 2022, the Monetary Policy Committee (“MPC”) increased the OPR by a total of 50bps as it increased 25bps each at the two meetings held in September 2022 and November 2022. At the end of 2022, the OPR ended at 2.75%. In the first three months of 2023, the MPC maintained the OPR at 2.75% throughout the two meetings held in January 2023 and March 2023. This was after a total of 100bps was increased in 2022. The committee then unexpectedly raised its OPR to 3.00% in its May 2023 meeting. The move was to pre-emptively ward off inflationary pressures amid strong domestic demand and potential subsidy cuts. Meanwhile, up to the end of the financial period under review, the MPC maintained OPR at 3.00% at its meeting held in early September 2023.

In September 2022, the CPI inched slightly lower as it recorded 4.5% year-on-year (“YoY”) increase and continued to decelerate in October 2022 and November 2022 as it recorded 4.0% YoY increase for both months. In December 2022, it eased to 3.8% YoY with a slower increase in the Food & Non-Alcoholic Beverages group. Inflation for overall year 2022 increased 3.3% as compared to 2.5% recorded in 2021. The CPI continued to decelerate to 3.7% in January 2023 after being in a deceleration pace from the last few months of 2022. It continued to remain at 3.7% in the month of February 2023. In the month of March 2023, it eased further to 3.4% and 3.3% in the month of April 2023. Continuing its easing pace, inflation in the month of May 2023 was at 2.8% whilst June 2023 recorded a slower pace of 2.4%. In July 2023, it slowed down further to 2% YoY, amid a slower increase in the costs of restaurants, hotels and food & non-alcoholic beverages.

The Malaysia Government Securities (“MGS”) market was volatile over the course of the financial period under review. In third quarter of 2022 (“3Q2022”), almost all indices recorded positive returns with corporates outperforming local govvnies as Bond Price Agency (“BPAM”) Corporates 3-7y index recorded best returns for the quarter whilst MGS Long Index returned -0.50% for the same period. In October 2022, market started recording positive returns reversing their dismal performance in the months prior. The MGS yield curve bull flattened in November 2022 with the yields seen falling across the curve by 6 to 70bps. Sentiment turned positive due to the mix of the FOMC minutes which hinted smaller rate hikes as well as better political clarity with the formation of unity government led by Pakatan Harapan (“PH”) and the announcement of Anwar Ibrahim as the Prime Minister. The bond rally continued until the end of December 2022, albeit at a milder pace and with some volatility during the month.

Meanwhile, the 1Q2023 bode well for the fixed income market despite continued volatility seen. For 1Q2023, the Quantshop GII Long Index was the best performer year to date (“YTD”) with a return of +3.35% and the BPAM Corporates All Bond (1-3y) Index recorded the lowest return of +1.41% during the period. In second of 2023 (“2Q2023”), the best performing index was the BPAM Corporates (7y over) Index which was also the best performing index on a YTD basis returning 6.16%. Meanwhile the worst performing index at the end of June 2023 was the Quantshop MGS Short Index with returns of 2.04% for the year. At the end of August 2023, BPAM Corporates (7-y over) Index continued to be the best performer for the year registering a return of 7.64% whilst the Quantshop MGS Short Index continued to be the worst performing index with returns of only 2.63%.

The MGS yield curve steepened in August 2023 with the longer-end tenors adjusting higher tracking the movements in US Treasuries. The 3-y, 5-y, 7-y, 10-y, 15-y, 20-y and 30-year benchmarks closed at 3.48%, 3.63%, 3.77%, 3.85%, 4.06%, 4.17% and 4.29% respectively in August 2023.

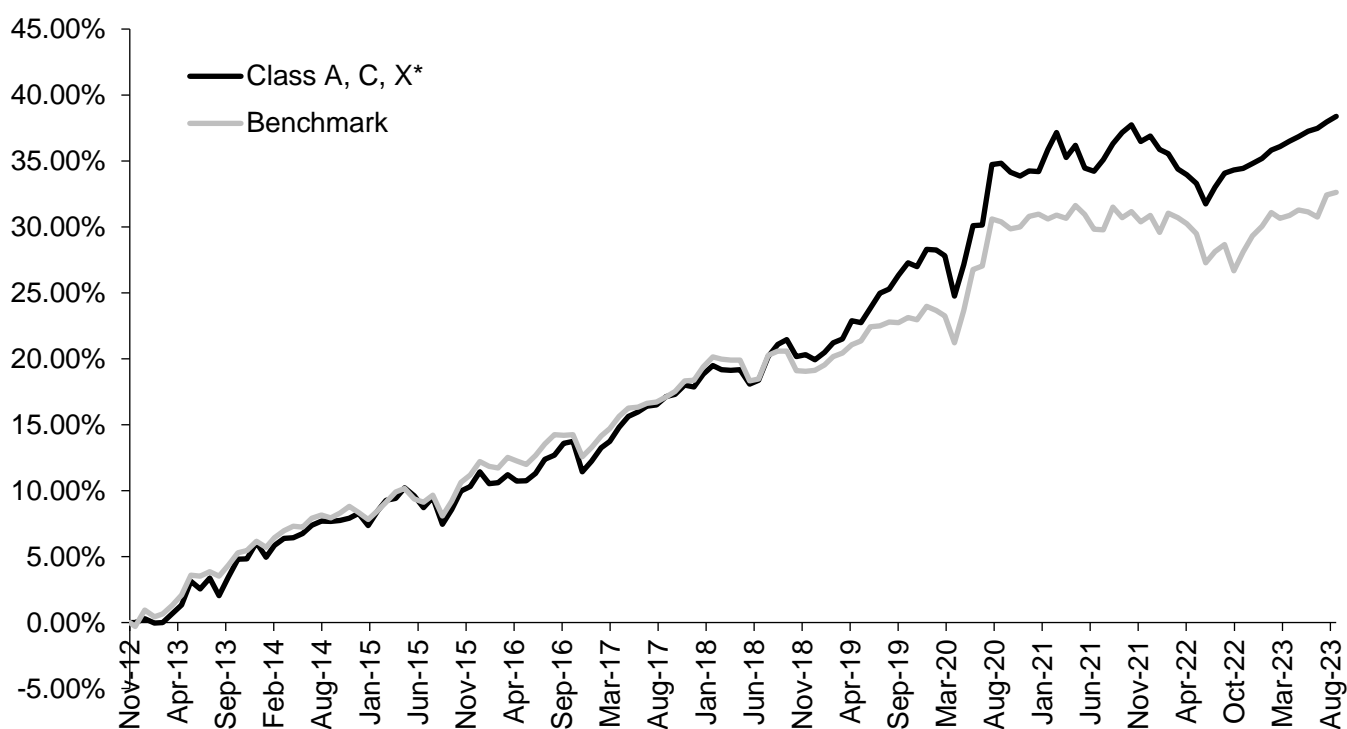
FUND PERFORMANCE

| | 1 year to 31.08.2023 % | 3 years to 31.08.2023 % | 5 years to 31.08.2023 | Since Inception to 31.08.2023 % |
|-----------------------------|---------------------------------------|--|----------------------------------|--|
| Income Distribution | | | | |
| - Class A | - | 15.07 | 15.07 | 15.07 |
| - Class C | - | 14.89 | 14.89 | 14.89 |
| - Class X | - | 14.53 | 14.53 | 14.53 |
| Capital Growth | | | | |
| - Class A | 3.19 | (10.80) | (0.69) | 20.26 |
| - Class C | 3.09 | (10.93) | (0.99) | 19.80 |
| - Class X | 3.24 | (10.34) | (0.20) | 20.88 |
| Total Return | | | | |
| - Class A | 3.19 | 2.64 | 14.27 | 38.38 |
| - Class C | 3.09 | 2.33 | 13.75 | 37.63 |
| - Class X | 3.24 | 2.69 | 14.31 | 38.45 |
| Benchmark | | | | |
| - Class A | 3.08 | 1.72 | 9.98 | 32.62 |
| - Class C | 3.08 | 1.72 | 9.98 | 32.62 |
| - Class X | 3.08 | 1.72 | 9.98 | 32.62 |
| Average Total Return | | | | |
| - Class A | 3.19 | 0.87 | 2.70 | 3.05 |
| - Class C | 3.09 | 0.77 | 2.61 | 3.00 |
| - Class X | 3.24 | 0.89 | 2.71 | 3.06 |

For the 1-year period ended 31 August 2023, Class A, Class C and Class X gained 3.19%, 3.09% and 3.24% respectively outperforming the benchmark which gained 3.08% over the same reporting period.

The slight variation in the performance between Class A, Class C and Class X, if any, was due to different timing of units created for each of the class.

Since inception



* Performance of Class A, Class C and Class X are almost the same. Slight variant was due to different timing of units created for each of the class.

Changes in NAV

| | 31.08.2023 | 31.08.2022 | Changes % |
|------------------|-------------------|-------------------|----------------------|
| CLASS A | | | |
| NAV (RM Million) | 7.73 | 19.16 | (59.71) |
| NAV/Unit (RM) | 0.6013 | 0.5827 | 3.19 |
| CLASS C | | | |
| NAV (RM Million) | 1.26 | 2.08 | (39.42) |
| NAV/Unit (RM) | 0.5990 | 0.5810 | 3.10 |
| CLASS C | | | |
| NAV (RM Million) | 2.80 | 21.50 | (86.98) |
| NAV/Unit (RM) | 0.6044 | 0.5854 | 3.25 |

NAV has declined 59.71%, 39.42% and 86.98% for Class A, C and X respectively due to unit redemptions. The NAV per unit of Class A, C and X rose by 3.19%, 3.10% and 3.25% respectively due to fund returns.

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

PORTFOLIO STRUCTURE

Asset allocation

| (% of NAV) | 31.08.2023 | 31.08.2022 |
|-------------------------------------|-------------------|-------------------|
| Shariah-compliant quoted securities | - | 13.81 |
| Unquoted Sukuk | 97.38 | 57.74 |
| Cash and other assets | 2.90 | 28.97 |
| Liabilities | (0.28) | (0.52) |
| Total | 100.00 | 100.00 |

Asset allocation in Shariah-compliant quoted securities reduced from 13.81% on 31 August 2022 to nil at the end of this financial year. Consequently, asset allocation in unquoted sukuk increased from 57.74% to 97.38% as of 31 August 2023. The change in asset allocation was mainly due to a change in the asset allocation strategy on the back of a change in classification by Lipper.

MARKET OUTLOOK*

Equity

Malaysia's economy expanded 2.9% yoy in 2Q23, below the 3.6% yoy expected by economists. In addition to the high second quarter of 2022 ("2Q22") base, there were temporary commodity-related factors that weighed on growth such as lower production of oil and related products, and lower Crude Palm oil ("CPO") output – these collectively shaved off 40bps of growth. BNM anticipates a subdued 3Q23 given the weak external demand but momentum should improve from fourth quarter of 2023 ("4Q23") and into 2024 on the back of a recovery in Electrical and electronics ("E&E") exports and tourism-led consumption.

BNM may keep OPR unchanged at 3.00% at the upcoming MPC meeting despite mounting pressures to intervene given the MYR/RM weakness. Inflation eased further with July's 2023 CPI reading at 2.0% vs 2.4% in June 2023, significantly undershooting BNM's target of 2.8-3.8% for 2023.

MARKET OUTLOOK* (CONTINUED)

Equity (continued)

Malaysia's equity market valuation remains extremely compressed with forward Price earning ("PE") of 13.5 times which is still over 1.5SD below the historical mean. This is based on consensus earnings growth of 6% for 2023 and 11% for 2024. The Budget 2024 projected the budget deficit to reach 3% of GDP in 2026 from 4.3% in 2024. The improved fiscal discipline would reduce the current extreme risk premiums applied to the market (yield gap of ~360bps). We believe the newly launched National Energy Transition Roadmap ("NETR") and Industrial Master Plan 2030 would revitalize domestic investment and buoy consumption.

Unquoted Sukuk

The Prime Minister and Finance Minister, YAB Dato' Seri Anwar bin Ibrahim recently tabled Malaysia's largest ever budget of RM394 billion for 2024 on 13 October 2023, which was 2% higher than the previous year's RM386 billion. Budget 2024 demonstrates policy continuity and much needed fiscal reforms. The government maintains its gradual fiscal consolidation path, with the fiscal deficit improving from a projected 5% in 2023 to 4.3% in 2024. It sets out a series of targets to be met within 3 to 5 years which include achieving a fiscal deficit of 3% of Gross Domestic Product ("GDP") by 2026 and capping federal debt and government guarantees at 60% and 25% of GDP respectively.

BNM projects Malaysia's GDP growth to range between 4% to 5% for 2024 versus 4% for 2023, driven by sustained domestic demand and a recovery in exports. The central bank projects inflation to range between 2.1% to 3.6% (against 2.5% to 3.0% for 2023), and for the unemployment rate to improve further to 3.4%.

After registering seven consecutive months of foreign inflows in 2023, foreign investors reduced holdings in August 2023, totaling -RM5.0 billion (July: +RM11.3 billion). The outflows were concentrated on MGS (-RM5.2 billion) and MGII (-RM0.7 billion) YTD August 2023 inflows remain sizeable with cumulative inflows for all Ringgit debts totaling +RM27.4 billion and total foreign holdings fell to RM274.2 billion at end August 2023 (end July 2023: 279.2 billion).

We believe the government bond yield curve will see some steepening following government plans to refinance some of the outstanding short-term bills with Malaysian Government Securities ("MGS") and Malaysian Government Investment Issues ("MGII"). The move will see total gross issuances of MGS and MGII for 2023 increasing to RM186 billion from a prior forecast gross issuance of RM175 billion. Nevertheless, we do expect the domestic fixed income market to be able to absorb the additional supply in view of the ample liquidity locally.

Overall, we remain positive for the domestic bond market as we believe BNM will keep its OPR unchanged for now unless growth and inflationary outlook continue to surprise market on the upside. We believe the local bond market will remain well supported for now with volatility mainly coming from global yield movements.

INVESTMENT STRATEGY

Equity

Market sentiment continued to improve on the back of the reversal of foreign outflows and buying from local institutions. We remain constructive on sectors that stand to gain from the NETR, including Utilities, Construction, and Property. Additionally, we are optimistic on selective Technology due to the ongoing structural growth trends in the sector. Key risks are the derailment of Malaysia's macroeconomic recovery and corporate earnings growth due to the larger-than-expected impact of rising inflation, slower global economic growth, and heightened geopolitical risks.

INVESTMENT STRATEGY (CONTINUED)

Unquoted Sukuk

We continue to prefer corporate bonds driven by the compelling potential for a more favorable total return. We maintain our defensive stance in our credit selections on the back of potential implications for economic growth and credit conditions.

SOFT COMMISSIONS AND REBATES

Principal Asset Management Berhad (the “PRS Provider”), the Sub-Manager and the Trustee will not retain any form of rebate from, or otherwise share in any commission with, any broker or dealer in consideration for directing dealings in the investments of the Fund. Accordingly, any rebate or shared commission will be directed to the account of the Principal Malaysia Funds (“Funds”). The PRS Provider may retain goods and services (soft commission) provided by any broker or dealer if the following conditions are met:

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

During the financial period under review, the PRS Provider, the Sub-Manager and Trustee did not receive any rebates from the brokers or dealers, but the PRS Provider has retained soft commission in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Funds. The PRS Provider confirms that the goods and services received were for the benefit of the Fund, the trades were made on a best execution basis and there was no churning of trades.

SECURITIES FINANCING TRANSACTIONS

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

STATE OF AFFAIR OF THE FUND

In relation to this Fund, the Fund had issued the First Supplemental Disclosure Document dated 30 August 2023. We are of view that the changes above do not affect the existing members to stay invested in the Fund and it is not a significant change. Members may refer to Appendix 1 for the detailed list of changes.

There were no significant changes in the state of affairs of the Fund during the financial year and up to the date of PRS Provider’s report, not otherwise disclosed in the financial statements.

CIRCUMSTANCES THAT MATERIALLY AFFECT ANY INTEREST OF MEMBERS

There were no circumstances that had materially affected the interest of the members during the financial year under review.

CROSS TRADE

No cross-trade transactions have been carried out during the financial year under review.

UNIT SPLIT

No unit split exercise has been carried out during the financial year under review.

**STATEMENT BY THE PRS PROVIDER TO THE MEMBERS OF
PRINCIPAL ISLAMIC PRS PLUS CONSERVATIVE**

We, being the Directors of Principal Asset Management Berhad (the “PRS Provider”), do hereby state that, in the opinion of the PRS Provider, the accompanying audited financial statements set out on pages 8 to 35 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the statement of financial position of the Fund as at 31 August 2023 and of its financial performance, changes in net assets attributable to members and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

For and on behalf of the PRS Provider

Principal Asset Management Berhad (Company No.: 199401018399 (304078-K))

MUNIRAH KHAIRUDDIN

Country Head Chief Executive Officer, Malaysia
Non-Independent Executive Director

UDAY JAYARAM

Executive Managing Director,
Head of Southeast Asia
Non-Independent Executive Director

Kuala Lumpur
27 October 2023

THE SCHEME TRUSTEE'S REPORT

TO THE MEMBERS OF PRINCIPAL ISLAMIC PRS PLUS CONSERVATIVE ("Fund")

We have acted as the Scheme Trustee for the Fund for the financial year ended 31 August 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Principal Asset Management Berhad has operated and managed the Fund during the year covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the 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
27 October 2023

SHARIAH ADVISER'S REPORT

To the Members of Principal Islamic PRS Plus Conservative ("Fund")

For the Financial Year Ended 31 August 2023

We hereby confirm the following:

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

For Amanie Advisors Sdn Bhd

Tan Sri Dr Mohd Daud Bakar
Executive Chairman

Kuala Lumpur
27 October 2023

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PRINCIPAL ISLAMIC PRS PLUS CONSERVATIVE**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Principal Islamic PRS Plus Conservative (the "Fund"), which comprise the statement of financial position of the Fund as at 31 August 2023, and statement of comprehensive income, statement of changes in net assets attributable to members and statement of cash flows of the Fund for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 8 to 35.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 August 2023, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

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

Independence and other ethical responsibilities

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PRINCIPAL ISLAMIC PRS PLUS CONSERVATIVE (cont'd.)**

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

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the PRS Provider for the financial statements

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PRINCIPAL ISLAMIC PRS PLUS CONSERVATIVE (cont'd.)**

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PRINCIPAL ISLAMIC PRS PLUS CONSERVATIVE (cont'd.)**

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

Other matters

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

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

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

Kuala Lumpur, Malaysia
27 October 2023

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023**

| | Note | 2023 RM | 2022 RM |
|--|------|------------|-------------|
| INCOME/(LOSS) | | | |
| Dividend income | | 2,921 | 126,698 |
| Profit income from Shariah-complaint deposits with licensed Islamic financial institutions at amortised cost | | 39,569 | 33,136 |
| Profit income from unquoted Sukuk at fair value through profit or loss | | 459,078 | 1,127,848 |
| Net gain/(loss) on financial assets at fair value through profit or loss | 8 | 162,002 | (1,276,828) |
| | | 663,570 | 10,854 |
| EXPENSES | | | |
| Management fee | 4 | 193,086 | 573,439 |
| Private Pension Administrator administration fee | 4 | 5,479 | 16,327 |
| Trustee fee | 5 | 5,479 | 16,327 |
| Audit fee | | 8,150 | 8,100 |
| Tax agent's fee | | 4,810 | 7,100 |
| Transaction costs | | 14,168 | 46,117 |
| Other expenses | | 11,516 | 13,970 |
| | | 242,688 | 681,380 |
| PROFIT/(LOSS) BEFORE DISTRIBUTION AND TAXATION | | 420,882 | (670,526) |
| Distribution: | | | |
| - Class A | | - | 1,467,904 |
| - Class C | | - | 147,047 |
| - Class X | | - | 1,406,172 |
| | 6 | - | 3,021,123 |
| PROFIT/(LOSS) BEFORE TAXATION | | 420,882 | (3,691,649) |
| Taxation | 7 | - | - |
| PROFIT/(LOSS) AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR | | 420,882 | (3,691,649) |
| Profit/(Loss) after taxation is made up as follows: | | | |
| Realised amount | | 313,954 | (2,635,961) |
| Unrealised amount | | 106,928 | (1,055,688) |
| | | 420,882 | (3,691,649) |

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2023**

| | Note | 2023 RM | 2022 RM |
|---|------|-------------------|-------------------|
| ASSETS | | | |
| Cash and cash equivalents | 9 | 52,636 | 9,701,879 |
| Financial assets at fair value through profit or loss | 8 | 11,473,089 | 30,578,354 |
| Amount due from dealers | | 200,777 | 2,567,097 |
| Amount due from the PRS Provider | | | |
| - Creation of units | | 88,262 | 107,459 |
| Dividends receivable | | - | 5,809 |
| Tax recoverable | | 18 | 18 |
| TOTAL ASSETS | | <u>11,814,782</u> | <u>42,960,616</u> |
| LIABILITIES | | | |
| Amount due to the PRS Provider | | | |
| - Cancellation of units | | - | 149,472 |
| Accrued management fee | | 14,266 | 50,767 |
| Amount due to Private Pension Administrator | | 404 | 1,445 |
| Amount due to Trustee | | 404 | 1,445 |
| Other payables and accruals | | 18,100 | 20,681 |
| TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO MEMBERS) | | <u>33,174</u> | <u>223,810</u> |
| NET ASSET VALUE OF THE FUND | | <u>11,781,608</u> | <u>42,736,806</u> |
| NET ASSETS ATTRIBUTABLE TO MEMBERS | | <u>11,781,608</u> | <u>42,736,806</u> |
| REPRESENTED BY: | | | |
| FAIR VALUE OF OUTSTANDING UNITS | | | |
| - Class A | | 7,725,251 | 19,161,548 |
| - Class C | | 1,259,973 | 2,081,329 |
| - Class X | | 2,796,384 | 21,493,929 |
| | | <u>11,781,608</u> | <u>42,736,806</u> |
| NUMBER OF UNITS IN CIRCULATION (UNITS) | | | |
| - Class A | | 12,846,570 | 32,885,656 |
| - Class C | | 2,103,156 | 3,582,174 |
| - Class X | | 4,626,021 | 36,718,010 |
| | 10 | <u>19,575,747</u> | <u>73,185,840</u> |
| NET ASSET VALUE PER UNIT (RM) | | | |
| - Class A | | 0.6013 | 0.5826 |
| - Class C | | 0.5990 | 0.5810 |
| - Class X | | <u>0.6044</u> | <u>0.5853</u> |

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

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO MEMBERS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023**

| | 2023 | 2022 |
|--|---------------------|--------------------|
| | RM | RM |
| NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE BEGINNING OF THE FINANCIAL YEAR | <u>42,736,806</u> | <u>38,916,909</u> |
| Movement due to units created and cancelled during the financial year: | | |
| Creation of units from applications | | |
| - Class A | 1,032,121 | 2,407,910 |
| - Class C | 768,158 | 505,538 |
| - Class X | 1,164,026 | 5,087,955 |
| | <u>2,964,305</u> | <u>8,001,403</u> |
| Creation of units from distribution | | |
| - Class A | - | 1,467,904 |
| - Class C | - | 147,047 |
| - Class X | - | 1,406,172 |
| | <u>-</u> | <u>3,021,123</u> |
| Cancellation of units | | |
| - Class A | (12,731,806) | (1,943,222) |
| - Class C | (1,629,662) | (275,131) |
| - Class X | (19,978,917) | (1,292,627) |
| | <u>(34,340,385)</u> | <u>(3,510,980)</u> |
| Total comprehensive income/(loss) for the financial year | <u>420,882</u> | <u>(3,691,649)</u> |
| NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE END OF THE FINANCIAL YEAR | <u>11,781,608</u> | <u>42,736,806</u> |

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023**

| | Note | 2023 RM | 2022 RM |
|---|----------|---------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Proceeds from disposal of Shariah-compliant quoted securities | | 5,965,649 | 7,118,808 |
| Purchase of Shariah-compliant quoted securities | | - | (7,325,287) |
| Proceeds from disposal of unquoted Sukuk | | 17,362,888 | 11,465,000 |
| Proceeds from redemption of unquoted Sukuk | | 4,125,000 | 9,870,246 |
| Purchase of unquoted Sukuk | | (5,966,090) | (18,269,414) |
| Profit income received from Shariah-compliant deposits with licensed Islamic financial institutions | | 39,569 | 33,136 |
| Profit income received from unquoted Sukuk | | 591,050 | 1,571,309 |
| Dividend income received | | 8,730 | 122,889 |
| Management fee paid | | (229,587) | (568,919) |
| Private Pension Administrator administration fee paid | | (6,520) | (16,199) |
| Trustee fee paid | | (6,520) | (16,199) |
| Payments for other fees and expenses | | (27,057) | (30,191) |
| Net cash generated from operating activities | | <u>21,857,112</u> | <u>3,955,179</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Cash proceeds from units created | | 2,983,502 | 7,996,165 |
| Payments for cancellation of units | | (34,489,857) | (3,485,573) |
| Net cash (used in)/generated from financing activities | | <u>(31,506,355)</u> | <u>4,510,592</u> |
| Net (decrease)/increase in cash and cash equivalents | | (9,649,243) | 8,465,771 |
| Cash and cash equivalents at the beginning of the financial year | | <u>9,701,879</u> | <u>1,236,108</u> |
| Cash and cash equivalents at the end of the financial year | 9 | <u>52,636</u> | <u>9,701,879</u> |
| <u>Cash and cash equivalents comprised of:</u> | | | |
| Shariah-compliant deposits with licensed Islamic financial institutions | | - | 9,681,210 |
| Bank balance | | <u>52,636</u> | <u>20,669</u> |
| Cash and cash equivalents at the end of financial year | 9 | <u>52,636</u> | <u>9,701,879</u> |

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023**

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

Principal Islamic PRS Plus Conservative (the “Fund”) is governed by a Deed dated 8 November 2012, a First Supplemental Deed dated 2 January 2014, a Second Supplemental Deed dated 25 November 2014, a Third Supplemental Deed dated 3 February 2020, a Fourth Supplemental Deed dated 17 December 2021, a Fifth Supplemental Deed dated 12 July 2022 and a Sixth Supplemental Deed 16 June 2023 (collectively referred to as the “Deeds”), made between Principal Asset Management Berhad (the “PRS Provider”) and Deutsche Trustees Malaysia Berhad (the “Trustee”).

The Fund offers three classes of units known respectively as Class A, Class C and Class X. In accordance with the Disclosure Document, subject to the PRS Provider’s absolute discretion, Class A and Class C are for individual who has attained the age 18 years as of the date of opening a private pension account while Class X is for Member who participates via his/her employer. Class A and C have different Sales Charge and Management Fee, while Class X has no Sales Charge.

The Fund aims to invest in a diversified portfolio of primarily Sukuk with some exposure in Shariah-compliant equities. The fixed income portion will provide capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The Fund may opt to invest in Sukuk, Islamic money market instruments and Shariah-compliant equities either directly or via Islamic collective investment scheme.

At least 80% of the Fund’s NAV will be invested in local and/or foreign Sukuk and Islamic money market instruments, of which a minimum 20% of the Fund’s NAV will be invested in Islamic money market instruments, all of which have a minimum credit rating of “BBB3” or “P2” by RAM or equivalent rating by MARC or “BBB” or “A-2” by S&P or equivalent rating by any other international rating agencies. Notwithstanding, the Fund may also invest up to 5% of its NAV in unrated Sukuk. The investments in Shariah-compliant equities which include foreign exposure shall not exceed 20% of the Fund’s NAV.

The asset allocation strategy for this Fund is as follows:

- At least 80% of the Fund’s NAV will be invested in Sukuk and Islamic money market instruments, of which a minimum 20% of the Fund’s NAV will be invested in Islamic money market instruments and up to 5% of the Fund’s NAV may be invested in unrated Sukuk;
- Up to 20% of the Fund’s NAV may be invested in Shariah-compliant equities; and
- Up to 5% of the Fund’s NAV may be invested in Islamic liquid assets for liquidity purpose.

All investments are subjected to the SC Guidelines on Private Retirement Schemes (“PRS”), 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 Fund had issued the First Supplemental Disclosure Document dated 30 August 2023.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

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

It also requires the PRS Provider to exercise their judgement in the process of applying the Fund’s accounting policies. Although these estimates and judgement 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 judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(l).

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

There are no applicable standards, amendments to standards or interpretations that are effective for financial year beginning on/after 1 September 2023 to the financial statements of the Fund.

(b) Financial assets and financial liabilities

Classification

The Fund classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortised cost.

The Fund classifies its investments based on both the Fund’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed, and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income (“OCI”).

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

The contractual cash flows of the Fund's debt securities are solely principal and interest¹ ("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. Consequently, all investments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents, amount due from dealer, amount due from the PRS Provider - creation of units as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

All of the Fund's financial liabilities (other than net assets attributable to members) are measured at amortised cost.

Recognition and measurement

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

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

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

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

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

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

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

Foreign Shariah-compliant quoted securities are valued at the last traded market price quoted on the respective foreign stock exchanges at the close of the business day of the respective foreign stock exchanges.

¹ For the purposes of this Fund, interest refers to profits earned from Shariah-compliant investments.

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

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

Unquoted Sukuk denominated in MYR/RM 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 PRS. Refer to Note 2(l) for further explanation. .

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

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

Impairment for assets carried at amortised costs

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(c) Income recognition**

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

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

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

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

Realised gain or loss on disposal of unquoted Sukuk is accounted for as the difference between the net disposal proceeds and the carrying amount of unquoted Sukuk, 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 MYR/RM, which is the Fund’s functional and presentation currency.

(e) Members’ contributions

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

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

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

(f) Distribution

Distributions to members are recognised in the statement of comprehensive income as finance costs, as the members’ contribution are classified as financial liability as per Note 2(e). Distribution is reinvested into the PRS on the ex-date. Reinvestment of units is based on the NAV per unit on the ex-date, which is also the time of creation. Proposed distributions are recognised as a liability in the financial year in which it is approved by the Trustee.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Cash and cash equivalents

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

(h) 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.

(i) 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, advisors, brokers, and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expenses.

(j) Realised and unrealised portions of profit or loss after taxation

The analysis of realised and unrealised portions of profit or loss after taxation as presented on the statement of comprehensive income is prepared in accordance with SC Guidelines on PRS.

(k) Amount due from/to stockbrokers/dealers

Amounts due from and amount due to stockbrokers/dealer represent receivables for investments sold and payables for investments purchased that have been contracted for but not yet settled or delivered on the reporting date respectively.

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

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

Estimates and judgement 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.

Estimate of fair value of unquoted Sukuk

In undertaking any of the Fund's Shariah-compliant investments, 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 PRS.

MYR-denominated unquoted Sukuk are valued using fair value prices quoted by a BPA. Where the PRS Provider is of the view that the price quoted by BPA for a specific unquoted Sukuk differs from the market price by more than 20 bps, the PRS Provider may use market price, provided that the PRS Provider records its basis for using a non-BPA price, obtains necessary internal approvals to use the non-BPA price, and keeps an audit trail of all decisions and basis for adopting the use of non-BPA price.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund were as follows:

| | Financial assets at fair value through profit or loss RM | Financial assets at amortised cost RM | Total RM |
|---|--|---|-------------------|
| 2023 | | | |
| Cash and cash equivalents (Note 9) | - | 52,636 | 52,636 |
| Shariah-compliant quoted securities (Note 8) | - | - | - |
| Unquoted Sukuk (Note 8) | 11,473,089 | - | 11,473,089 |
| Amount due from dealer | - | 200,777 | 200,777 |
| Amount due from the PRS Provider - creation of units | - | 88,262 | 88,262 |
| | <u>11,473,089</u> | <u>341,675</u> | <u>11,814,764</u> |
| 2022 | | | |
| Cash and cash equivalents (Note 9) | - | 9,701,879 | 9,701,879 |
| Shariah-compliant quoted securities (Note 8) | 5,902,389 | - | 5,902,389 |
| Unquoted Sukuk (Note 8) | 24,675,965 | - | 24,675,965 |
| Amount due from dealer | - | 2,567,097 | 2,567,097 |
| Amount due from the PRS Provider - creation of units | - | 107,459 | 107,459 |
| Dividends receivable | - | 5,809 | 5,809 |
| | <u>30,578,354</u> | <u>12,382,244</u> | <u>42,960,598</u> |

All liabilities are financial liabilities which are carried at amortised cost except for net assets attributable to members which are carried at fair value through profit or loss.

The investment objective of the Fund is to provide Members with capital preservation through investment primarily in Sukuk.

The Fund is exposed to a variety of risks which include market risk (inclusive of price risk, interest rate risk and currency risk), credit risk and liquidity risk.

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

(a) Market risk

(i) Price risk

This is the risk that the fair value of an investment in Shariah-compliant quoted securities and unquoted Sukuk will fluctuate because of changes in market prices. The value of investments in Shariah-compliant quoted securities and unquoted Sukuk may fluctuate according to the activities of individual companies, sector, and overall political and economic conditions. Such fluctuation may cause the Fund's NAV and prices of units to fall as well as rise, and income produced by the Fund may also fluctuate.

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

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

(a) Market risk (continued)

(ii) Price risk (continued)

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

| | 2023 RM | 2022 RM |
|--|-------------------|-------------------|
| Financial assets at fair value through profit or loss: | | |
| - Shariah-compliant quoted securities | - | 5,902,389 |
| - Unquoted Sukuk* | 11,473,089 | 24,675,965 |
| | <u>11,473,089</u> | <u>30,578,354</u> |

*Includes profit receivable of RM162,028 (2022: RM361,098).

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

| % Change in price of Shariah-compliant quoted securities | Market value RM | Impact on profit or loss/NAV RM |
|--|--------------------|---------------------------------------|
| 2023 | | |
| -5% | - | - |
| 0% | - | - |
| 5% | - | - |
| 2022 | | |
| -5% | 5,607,270 | (295,119) |
| 0% | 5,902,389 | - |
| 5% | 6,197,508 | 295,119 |

The Fund is exposed to price risk arising from profit rate fluctuation in relation to its investments of RM11,473,089 (2022: RM24,675,965) in unquoted Sukuk. The Fund's exposure to price risk arising from profit rate fluctuation and the related sensitivity analysis are disclosed in "interest rate risk" below.

(ii) Interest rate risk

In general, when interest rates rise, unquoted Sukuk prices 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 price 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.

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

(a) Market risk (continued)

(ii) Interest rate risk (continued)

Although unquoted Sukuk is a non-interest bearing instrument, investors should note that the movement in prices of unquoted Sukuk are correlated to the movement in interest rates. As such, the investments in unquoted Sukuk are exposed to the movement of the interest rates. Even though the Fund does not invest in interest bearing instruments, the interest rate referred herein is to the general interest rate of the country, which may affect the value of the investment of the Fund. However, it does not in any way suggest that this Fund will invest in conventional financial instruments. All investments carried out for the Fund including placement and deposits are in accordance with Shariah.

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 of unquoted Sukuk decrease and vice versa. Furthermore, unquoted Sukuk with longer maturity and lower yield interest rates are more susceptible to interest rate movements.

Such Shariah-compliant investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to meet the 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 interest or loss and NAV to movements in prices of unquoted Sukuk held by the Fund as a result of movement in interest rate at the end of each reporting year. The analysis is based on the assumptions that the interest rate changed by 1% 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 profit or loss/NAV | |
|---------------------------|------------------------------|------------|
| | 2023 RM | 2022 RM |
| +1% | (10,997) | (16,641) |
| -1% | 11,017 | 16,666 |

The Fund's exposure to interest rate risk associated with Shariah-compliant deposits with licensed Islamic financial institutions is not material as the Shariah-compliant deposits are held on short-term basis.

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

| | 2023 % | 2022 % |
|---|-----------|-----------|
| Shariah-compliant deposits with licensed Islamic financial institutions | - | 2.28 |

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

(b) Credit risk

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

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 investment and subsequently depress the NAV of the Fund. Usually, credit risk is more apparent for an 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 investment in accordance with the objective of the Fund. For this Fund, the unquoted Sukuk investment must satisfy a minimum credit rating of "BBB3" or "P2" by RAM or equivalent rating by MARC or "BBB" or "A-2" by S&P or equivalent rating by any other international rating agencies.

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

For amount due from the PRS Provider, the settlement terms of the proceeds from the creation of units receivable from the PRS Provider are governed by the SC Guidelines on PRS.

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

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

| | Financial asset at fair value through profit or loss RM | Cash and cash equivalents RM | Amount due from dealer RM | Amount due from the PRS Provider - Creation of units RM | Total RM |
|-------------|--|---------------------------------|------------------------------|--|-------------------|
| 2023 | | | | | |
| AAA | 2,698,568 | 52,636 | - | - | 2,751,204 |
| AA3 | 1,225,570 | - | - | - | 1,225,570 |
| AA2 | 2,084,618 | - | - | - | 2,084,618 |
| AA1 | 828,997 | - | - | - | 828,997 |
| AA | 4,434,443 | - | - | - | 4,434,443 |
| A2 | 200,893 | - | - | - | 200,893 |
| Not Rated | - | - | 200,777 | 88,262 | 289,039 |
| | 11,473,089 | 52,636 | 200,777 | 88,262 | 11,814,764 |

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

(b) Credit risk (continued)

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

| | Financial asset at fair value through profit or loss RM | Cash and cash equivalents RM | Amount due from dealer RM | Amount due from the PRS Provider - Creation of units RM | Dividends receivable RM | Total RM |
|-------------|--|---------------------------------|------------------------------|--|----------------------------|-------------------|
| 2022 | | | | | | |
| AAA | 4,898,658 | 9,681,210 | 2,056,508 | - | - | 16,636,376 |
| AA1 | 1,910,518 | 20,669 | - | - | - | 1,931,187 |
| AA3 | 14,715,836 | - | 510,589 | - | - | 15,226,425 |
| AA | 2,952,934 | - | - | - | - | 2,952,934 |
| A2 | 198,019 | - | - | - | - | 198,019 |
| Not Rated | - | - | - | 107,459 | 5,809 | 113,268 |
| | 24,675,965 | 9,701,879 | 2,567,097 | 107,459 | 5,809 | 37,058,209 |

All deposits with licensed financial institutions of the Fund have an average maturity of nil (2022: 2 days).

(c) Liquidity risk

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

The PRS Provider manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by members.

Liquid assets comprise bank balances and Shariah-compliant deposits with licensed Islamic financial institutions and other instruments, which are capable of being converted into cash within 7 business days.

Generally, all Shariah-compliant investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector and other factors. For the purpose of the Fund, the PRS Provider will attempt to balance the entire portfolio by investing in a mix of assets with satisfactory trading volume and those that occasionally could encounter poor liquidity. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

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

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

(b) Liquidity risk (continued)

| | Less than 1 month RM | Between 1 month to 1 year RM | Total RM |
|---|----------------------------|---------------------------------------|-------------------|
| 2023 | | | |
| Accrued management fees | 14,266 | - | 14,266 |
| Amount due to Private Pension Administrator | 404 | - | 404 |
| Amount due to Trustee | 404 | - | 404 |
| Other payables and accruals | - | 18,100 | 18,100 |
| Net assets attributable to members* | 11,781,608 | - | 11,781,608 |
| Contractual undiscounted cash flows | 11,796,682 | 18,100 | 11,814,782 |
| 2022 | | | |
| Amount due to the PRS Provider | | | |
| - cancellation of units | 149,472 | - | 149,472 |
| Accrued management fees | 50,767 | - | 50,767 |
| Amount due to Private Pension Administrator | 1,445 | - | 1,445 |
| Amount due to Trustee | 1,445 | - | 1,445 |
| Other payables and accruals | - | 20,681 | 20,681 |
| Net assets attributable to members* | 42,736,806 | - | 42,736,806 |
| Contractual undiscounted cash flows | 42,939,935 | 18,101 | 42,960,616 |

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

(d) Capital risk management

The capital of the Fund was represented by net assets attributable to members amounting to RM11,781,608 (2022 RM42,736,806). The amount of capital can change significantly on a daily basis as the Fund is subjected to daily subscriptions and redemptions at the discretion of 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 to members and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

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

(e) Fair value estimation

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

The fair values of financial assets traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the financial year end date. The Fund utilises the last traded market price for financial assets where the last traded 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.

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

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

(i) Fair value hierarchy

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

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

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

The determination of what constitutes 'observable' requires significant judgement by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

| | Level 1 RM | Level 2 RM | Level 3 RM | Total RM |
|---|------------------|-------------------|---------------|-------------------|
| 2023 | | | | |
| Financial asset at fair value through profit or loss: | | | | |
| - Shariah-compliant quoted securities | - | - | - | - |
| - Unquoted Sukuk | - | 11,473,089 | - | 11,473,089 |
| | <u>-</u> | <u>11,473,089</u> | <u>-</u> | <u>11,473,089</u> |
| 2022 | | | | |
| Financial asset at fair value through profit or loss: | | | | |
| - Shariah-compliant quoted securities | 5,902,389 | - | - | 5,902,389 |
| - Unquoted Sukuk | - | 24,675,965 | - | 24,675,965 |
| | <u>5,902,389</u> | <u>24,675,965</u> | <u>-</u> | <u>30,578,354</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. Net assets attributable to members are valued based on the NAV per unit as at the financial year end. The Fund does not adjust the quoted prices for these instruments. The Fund's policies on valuation of these financial assets are stated in Note 2(b).

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. This includes 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).

- (ii) The carrying values of cash and cash equivalents, amount due from dealers, amount due from the PRS Provider - creation of units, dividends receivable and all current liabilities are a reasonable approximation of their fair values due to their short-term nature.

4. MANAGEMENT FEE AND PRIVATE PENSION ADMINISTRATOR ADMINISTRATION FEE

In accordance with the Deeds, the PRS Provider is entitled to a maximum management fee of 3.00% per annum for each unit class, calculated daily based on the NAV of the Fund.

For the financial year ended 31 August 2023 and 31 August 2022, the management fee for the respective classes was recognised at the following rates:

| Class A | Class C | Class X |
|---------|---------|---------|
| 1.40% | 1.50% | 1.40% |

4. MANAGEMENT FEE AND PRIVATE PENSION ADMINISTRATOR ADMINISTRATION FEE (CONTINUED)

The Private Pension Administrator administrations fee was recognised at a rate of 0.04% per annum (2022: 0.04% per annum) for each unit class, calculated daily based on the NAV of the Fund.

There was no further liability in respect of management fee, and Private Pension Administrator administration fee other than the amount recognised above.

5. TRUSTEE FEE

In accordance with the Deeds, the Trustee is entitled to a maximum fee of 0.04% per annum for each unit class, calculated daily based on the NAV of the Fund. The Trustee fee includes local custodian fees and charges but excluding foreign custodian fees.

For the financial year ended 31 August 2023, the Trustee fee was recognised at a rate of 0.04% per annum (2022: 0.04% per annum) for each unit class.

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

6. DISTRIBUTION

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

Breakdown of distribution were as follows:

| Source of distribution | 2023 | | 2022 | |
|---|------|---|-----------|--------|
| | RM | % | RM | % |
| Distribution out of current year's income | - | - | 267,822 | 8.86 |
| Distribution out of prior year's income/capital | - | - | 2,753,301 | 91.14 |
| Total | - | - | 3,021,123 | 100.00 |

| | 2023 RM | 2022 RM |
|---|------------|------------|
| Dividend income | - | 123,728 |
| Profit income | - | 1,107,935 |
| Net realised loss from disposal of collective investment scheme | - | (135,615) |
| Prior financial year's realised income/capital* | - | 2,753,301 |
| | - | 3,849,349 |
| Less: | | |
| Expenses | - | (828,226) |
| Net distribution amount | - | 3,021,123 |

Gross/Net distribution per unit (sen)

| | | |
|---------------------------------|---|------|
| Distribution on 15 October 2021 | | |
| - Class A | - | 3.20 |
| - Class C | - | 3.19 |
| - Class X | - | 3.20 |
| Distribution on 15 August 2022 | | |
| - Class A | - | 1.62 |
| - Class C | - | 1.52 |
| - Class X | - | 1.35 |

6. DISTRIBUTION (CONTINUED)

* Distribution income has been accrued as at the end of the prior financial year but is not declared and paid as distribution.

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

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

There were unrealised losses of nil during the financial year ended 31 August 2023 (2022: RM1,055,688).

7. TAXATION

| | 2023 RM | 2022 RM |
|------------------------------------|--------------------|--------------------|
| Tax charged for the financial year | | |
| - Current taxation | - | - |

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

| | 2023 RM | 2022 RM |
|--|--------------------|--------------------|
| Profit/(loss) before taxation | 420,882 | (3,691,649) |
| Taxation at Malaysian statutory rate of 24% (2022: 24%) | 101,012 | (885,377) |
| Tax effects of: | | |
| - Income not subject to tax | (159,256) | (2,605) |
| - Expenses not deductible for tax purposes | 9,489 | 748,169 |
| - Restriction on tax deductible expenses for PRS Funds | 48,755 | 139,813 |
| Taxation | - | - |

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 2023 RM | 2022 RM |
|--|--------------------|--------------------|
| At fair value through profit or loss: | | |
| - Shariah-compliant quoted securities | - | 5,902,389 |
| - Unquoted Sukuk | 11,473,089 | 24,675,965 |
| | 11,473,089 | 30,578,354 |
| Net gain/(loss) on financial assets at fair value through profit or loss: | | |
| - Realised gain/(loss) on disposals | 55,074 | (221,143) |
| - Unrealised fair value gain/(loss) | 106,926 | (1,055,685) |
| | 162,002 | (1,276,828) |

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

| Name of issuer | Nominal value RM | Aggregate cost RM | Market value RM | Percentage of NAV % |
|---|---------------------|----------------------|--------------------|------------------------|
| 2023 | | | | |
| UNQUOTED SUKUK | | | | |
| Aeon Credit Service M Bhd 3.80% 10/02/2027 (AA3) | 200,000 | 196,910 | 198,452 | 1.68 |
| AZRB Capital Sdn Bhd 4.85% 26/12/2024 (AA) | 300,000 | 306,214 | 302,638 | 2.57 |
| Bermaz Auto Berhad 3.26% 18/12/2023 (AA3) | 500,000 | 503,206 | 502,304 | 4.26 |
| Bumitama Agri Ltd 4.20% 22/07/2026 (AA2) | 550,000 | 554,896 | 555,196 | 4.71 |
| IJM Corp Bhd IMTN 4.76% 10/04/2029 (AA3) | 500,000 | 515,489 | 524,815 | 4.45 |
| IJM Land Bhd 4.73% 17/03/2119 (A2) | 200,000 | 204,364 | 200,893 | 1.71 |
| Intiaz Sukuk II Berhad 3.54% 17/04/2026 (AA2) | 50,000 | 50,046 | 50,120 | 0.43 |
| Intiaz Sukuk II Berhad 4.38% 12/05/2027 (AA2) | 500,000 | 509,765 | 513,190 | 4.36 |
| Malayan Banking Bhd 3.10% 08/10/2032 (AA1) | 850,000 | 825,175 | 828,997 | 7.04 |
| MMC Corporation Bhd 5.64% 27/4/2027 (AA) | 550,000 | 579,233 | 583,816 | 4.96 |
| MMC Corporation Bhd 5.80% 12/11/2025 (AA) | 200,000 | 208,779 | 210,162 | 1.78 |
| Pengurusan Air SPV Bhd 4.30% 03/06/2026 (AAA) | 1,200,000 | 1,224,915 | 1,226,435 | 10.41 |
| Press Metal Aluminium Holding Bhd 4.10% 17/10/2024 (AA2) | 950,000 | 966,512 | 966,111 | 8.20 |
| Quantum Solar Park Green SRI Sukuk 5.24% 6/10/23 (AA) | 600,000 | 613,812 | 613,480 | 5.21 |
| Sarawak Energy Bhd IMTN 4.70% 24/11/2028 (AAA) | 1,250,000 | 1,291,466 | 1,310,424 | 11.12 |
| Sarawak Petchem Sdn Bhd 5.19% 27/07/2033 (AAA) | 150,000 | 160,948 | 161,709 | 1.37 |
| UEM Sunrise Bhd IMTN 4.75% 22/03/2024 (AA) | 2,180,000 | 2,240,053 | 2,228,183 | 18.91 |
| UMW Holding Bhd 3.03% 05/11/2025 (AA) | 500,000 | 491,780 | 496,164 | 4.21 |
| TOTAL UNQUOTED SUKUK | 11,230,000 | 11,443,563 | 11,473,089 | 97.38 |
| ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | 29,526 | | |
| TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | 11,473,089 | | |

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

| Name of counter | Quantity Units | Aggregate cost RM | Market value RM | Percentage of NAV % |
|--|-------------------|-------------------------|-----------------------|---------------------------|
| 2022 | | | | |
| SHARIAH-COMPLIANT QUOTED SECURITIES | | | | |
| Construction | | | | |
| Gamuda Bhd | 62,609 | 241,684 | 239,166 | 0.56 |
| Consumer Products & Services | | | | |
| Mr D.I.Y. Group (M) Bhd | 117,800 | 281,917 | 255,626 | 0.60 |
| Energy | | | | |
| Hibiscus Petroleum Bhd | 354,233 | 256,348 | 375,487 | 0.88 |
| Financial Services | | | | |
| Bank Islam Malaysia Bhd | 192,700 | 568,311 | 502,947 | 1.18 |
| Health Care | | | | |
| IHH Healthcare Bhd | 16,900 | 106,020 | 104,780 | 0.25 |
| Kossan Rubber Industries Bhd | 31,500 | 41,766 | 31,815 | 0.07 |
| | 48,400 | 147,786 | 136,595 | 0.32 |
| Industrial Products & Services | | | | |
| Kelington Group Bhd | 170,900 | 98,568 | 211,916 | 0.50 |
| Kelington Group Bhd - Warrant | 86,666 | -* | 35,533 | 0.08 |
| Press Metal Aluminium Holding Bhd | 91,900 | 504,882 | 439,282 | 1.03 |
| SKP Resources Bhd - Warrant | 4,000 | -* | 500 | - |
| V.S. Industry Bhd | 354,700 | 410,720 | 358,247 | 0.84 |
| V.S. Industry Bhd - Warrant | 44,000 | -* | 7,480 | 0.01 |
| | 752,166 | 1,014,170 | 1,052,958 | 2.46 |
| Plantation | | | | |
| Kuala Lumpur Kepong Bhd | 14,600 | 394,305 | 337,844 | 0.79 |
| Sime Darby Plantation Bhd | 90,900 | 446,856 | 405,414 | 0.95 |
| | 105,500 | 841,161 | 743,258 | 1.74 |
| Property | | | | |
| Malaysian Resources Corporation Bhd | 246,800 | 87,391 | 86,380 | 0.20 |
| Technology | | | | |
| CTOS Digital Bhd | 481,000 | 835,068 | 692,640 | 1.62 |
| Genetec Technology Bhd | 62,400 | 74,400 | 157,248 | 0.37 |
| Inari Amertron Bhd | 46,600 | 128,043 | 126,286 | 0.30 |
| LGMS Bhd | 738,800 | 448,479 | 820,068 | 1.92 |
| UWC Bhd | 87,800 | 531,452 | 346,810 | 0.80 |
| | 1,416,600 | 2,017,442 | 2,143,052 | 5.01 |

* Amount less than 1

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

| Name of counter | Quantity Units | Aggregate cost RM | Market value RM | Percentage of NAV % |
|---|-------------------------|-------------------------|-------------------------|---------------------------|
| 2022 (CONTINUED) SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED) | | | | |
| Telecommunications/Media | | | | |
| Maxis Bhd | 11,100 | 41,577 | 42,735 | 0.10 |
| Telekom Malaysia Bhd | 27,800 | 143,183 | 165,966 | 0.39 |
| | <u>38,900</u> | <u>184,760</u> | <u>208,701</u> | <u>0.49</u> |
| Transportation/Logistics | | | | |
| MISC Bhd | 4,100 | 27,192 | 29,110 | 0.07 |
| Westports Holdings Bhd | 37,100 | 131,399 | 129,109 | 0.30 |
| | <u>41,200</u> | <u>158,591</u> | <u>158,219</u> | <u>0.37</u> |
| TOTAL QUOTED SECURITIES | | | | |
| | <u>3,376,908</u> | <u>5,799,561</u> | <u>5,902,389</u> | <u>13.81</u> |
| ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | | | |
| | | <u>102,828</u> | | |
| TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | | | |
| | | <u>5,902,389</u> | | |

| Name of issuer | Nominal value RM | Aggregate cost RM | Market value RM | Percentage of NAV % |
|--|------------------------|-------------------------|-----------------------|---------------------------|
| 2022 (CONTINUED) UNQUOTED SUKUK | | | | |
| AZRB Capital Sdn Bhd 4.85% 26/12/2024 (AA3) | 1,450,000 | 1,492,297 | 1,460,700 | 3.42 |
| Bank Pembangunan Malaysia Bhd 4.50% 4/11/2026 (AAA) | 500,000 | 533,276 | 513,860 | 1.2 |
| Bermaz Auto Bhd 3.26% 18/12/2023 (AA3) | 500,000 | 502,451 | 499,018 | 1.17 |
| Danum Capital Bhd 3.96% 09/05/2023 (AAA) | 3,000,000 | 3,051,968 | 3,050,240 | 7.14 |
| Edra Energy Sdn Bhd 5.67% 05/01/2023 (AA3) | 300,000 | 304,340 | 305,091 | 0.71 |
| Fortune Premiere Sdn Bhd 3.98% 11/09/2026 (AA) | 280,000 | 289,411 | 277,644 | 0.65 |
| Fortune Premiere Sdn Bhd 4.80% 13/03/2023 (AA) | 2,600,000 | 2,679,698 | 2,675,290 | 6.26 |
| IJM Land Bhd 4.73% 17/03/2119 (A2) | 200,000 | 204,411 | 198,019 | 0.46 |

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

| Name of issuer | Nominal value RM | Aggregate cost RM | Market value RM | Percentage of NAV % |
|---|---------------------|----------------------|--------------------|------------------------|
| 2022 (CONTINUED) UNQUOTED SUKUK (CONTINUED) | | | | |
| Konsortium KAJV Sdn Bhd 5.05% 12/05/2023 (AA3) | 100,000 | 101,811 | 101,586 | 0.24 |
| Lafarge Cement Sdn Bhd 4.40% 11/12/2023 (AA3) | 300,000 | 306,391 | 303,128 | 0.71 |
| Malayan Banking Bhd 3.10% 08/10/2032 (AA1) | 100,000 | 100,702 | 95,782 | 0.22 |
| MMC Corporation Bhd 5.29% 26/04/2023 (AA3) | 2,150,000 | 2,221,396 | 2,214,546 | 5.18 |
| MMC Corporation Bhd 5.64% 27/4/2027 (AA3) | 900,000 | 947,476 | 960,363 | 2.25 |
| Northport 5.00% 02/12/2022 (AA3) | 1,350,000 | 1,373,233 | 1,372,800 | 3.21 |
| Pengurusan Air SPV Bhd 3.80% 30/10/2026 (AAA) | 300,000 | 309,577 | 299,749 | 0.7 |
| Perbadanan Kemajuan Negeri Selangor 5.15% 10/08/2023 (AA3) | 1,800,000 | 1,821,077 | 1,822,570 | 4.26 |
| Press Metal Aluminium Holding Bhd 4.10% 17/10/2024 (AA3) | 1,250,000 | 1,276,756 | 1,273,571 | 2.98 |
| Quantum Solar Park Green 5.24% 06/10/23 (AA3) | 1,100,000 | 1,145,674 | 1,139,553 | 2.67 |
| Sarawak Energy Bhd 4.70% 24/11/2028 (AAA) | 1,000,000 | 1,041,156 | 1,034,809 | 2.42 |
| UEM Sunrise Bhd 4.75% 22/03/2024 (AA3) | 3,180,000 | 3,302,967 | 3,262,910 | 7.63 |
| UMW Holding Bhd 3.03% 05/11/2025 (AA1) | 1,850,000 | 1,850,125 | 1,814,736 | 4.26 |
| TOTAL UNQUOTED SUKUK | 24,210,000 | 24,856,193 | 24,675,965 | 57.74 |
| ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | (180,228) | | |
| TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | 24,675,965 | | |

The unquoted Sukuk which are not rated as at the end of each financial year are issued, backed or guaranteed by government or government agencies.

9. CASH AND CASH EQUIVALENTS

| | 2023 | 2022 |
|---|-------------|-------------|
| | RM | RM |
| Shariah-compliant deposits with licensed Islamic financial institutions | - | 9,681,210 |
| Bank balances | 52,636 | 20,669 |
| | 52,636 | 9,701,879 |

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

| | 2023 | 2022 |
|---------------|---------------------|---------------------|
| | No. of units | No. of units |
| Class A (i) | 12,846,570 | 32,885,656 |
| Class C (ii) | 2,103,156 | 3,582,174 |
| Class X (iii) | 4,626,021 | 36,718,010 |
| | 19,575,747 | 73,185,840 |

| | | |
|-----|--|-------------------------------|
| (i) | Class A | |
| | At the beginning of the financial year | 32,885,656 29,687,456 |
| | Add: Creation of units from applications | 1,759,657 3,965,372 |
| | Add: Creation of units from distribution | - 2,434,886 |
| | Less: Cancellation of units | (21,798,743) (3,202,058) |
| | At the end of the financial year | 12,846,570 32,885,656 |

| | | |
|------|--|----------------------------|
| (ii) | Class C | |
| | At the beginning of the financial year | 3,582,174 2,951,045 |
| | Add: Creation of units from applications | 1,298,171 840,555 |
| | Add: Creation of units from distribution | - 244,822 |
| | Less: Cancellation of units | (2,777,189) (454,248) |
| | At the end of the financial year | 2,103,156 3,582,174 |

| | | |
|-------|--|-------------------------------|
| (iii) | Class C | |
| | At the beginning of the financial year | 36,718,010 28,125,664 |
| | Add: Creation of units from applications | 1,982,248 8,404,595 |
| | Add: Creation of units from distribution | - 2,327,428 |
| | Less: Cancellation of units | (34,074,237) (2,139,677) |
| | At the end of the financial year | 4,626,021 36,718,010 |

11. TOTAL EXPENSE RATIO (“TER”)

| | 2023 | 2022 |
|-----|-------------|-------------|
| | % | % |
| TER | 1.68 | 1.56 |

TER was derived from the following calculation:

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

11. MANAGEMENT EXPENSE RATIO (“MER”) (CONTINUED)

| | | |
|---|---|---|
| A | = | Management fee |
| B | = | Private Pension Administrator administration fee |
| C | = | Trustee fee |
| D | = | Audit fee |
| E | = | Tax agent’s fee |
| F | = | Other expenses excluding Central Depository System (“CDS”) transfer fee and withholding tax |
| G | = | Average NAV of the Fund calculated on a daily basis |

The average NAV of the Fund for the financial year calculated on a daily basis was RM13,609,709 (2022: RM40,838,441).

12. PORTFOLIO TURNOVER RATIO (“PTR”)

| | 2023 | 2022 |
|-------------|-------------|-------------|
| PTR (times) | <u>0.98</u> | <u>0.55</u> |

PTR was derived based on the following calculation:

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

where:

| | |
|--|-------------------------------------|
| total acquisition for the financial year | = RM5,900,558 (2022: RM25,362,797) |
| total disposal for the financial year | = RM20,763,000 (2022: RM19,468,520) |

13. UNITS HELD BY THE PRS PROVIDER AND PARTIES RELATED TO THE PRS PROVIDER, AND SIGNIFICANT RELATED PARTIES TRANSACTIONS AND BALANCES

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

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

13. **UNITS HELD BY THE PRS PROVIDER AND PARTIES RELATED TO THE PRS PROVIDER, AND SIGNIFICANT RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)**

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

| <u>Related parties</u> | <u>Relationship</u> |
|--|---|
| Subsidiaries and associates of CIMB Group Holdings Bhd, other than above, as disclosed in its financial statements | Fellow subsidiary and associated companies of the ultimate holding company of the shareholder of the PRS Provider |

Units held by the PRS Provider and parties related to the PRS Provider

There were no units held by the PRS Provider, the Directors or parties related to the PRS Provider as at the end of the financial year.

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

| | 2023 RM | 2022 RM |
|--|------------|------------|
| <u>Significant related party transactions</u> | | |
| Profit income from Shariah-compliant deposits with licensed Islamic financial institution: | | |
| - CIMB Islamic Bank Bhd | 11,326 | 1,027 |

There were no significant related party balances at the end of each financial year.

14. **TRANSACTIONS WITH BROKERS/DEALERS**

Details of transactions with the brokers/dealers for the financial year ended 31 August 2023 were as follows:

| Brokers/Dealers | Value of trades RM | Percentage of total trades % | Brokerage Fees RM | Percentage of total brokerage fees % |
|------------------------------------|-----------------------------------|---|----------------------------------|---|
| RHB Bank Bhd | 6,584,944 | 24.70 | - | - |
| RHB Investment Bank Bhd | 6,207,985 | 23.29 | - | - |
| J.P. Morgan Securities (M) Sdn Bhd | 5,591,573 | 20.97 | 2,961 | 77.22 |
| CIMB Bank Bhd # | 3,011,280 | 11.29 | - | - |
| Affin Hwang Investment Bank Bhd | 2,367,658 | 8.88 | - | - |
| Hong Leong Investment Bank Bhd | 2,178,862 | 8.17 | 776 | 20.24 |
| Standard Chartered Bank Bhd | 302,100 | 1.13 | - | - |
| Hong Leong Bank Bhd | 268,912 | 1.01 | - | - |
| Hong Leong Islamic Bank Bhd | 106,900 | 0.40 | - | - |
| UBS Securities (M) Sdn Bhd | 43,344 | 0.16 | 98 | 2.54 |
| | 26,663,558 | 100.00 | 3,835 | 100.00 |

14. TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)

Details of transactions with the brokers/dealers for the financial year ended 31 August 2022 were as follows:

| Brokers/Dealers | Value of trades RM | Percentage of total trades % | Brokerage Fees RM | Percentage of total brokerage fees % |
|--|-------------------------------|---|------------------------------|---|
| RHB Bank Bhd | 12,042,991 | 26.86 | - | - |
| RHB Investment Bank Bhd | 7,099,842 | 15.84 | 2,632 | 9.07 |
| Hong Leong Investment Bank Bhd | 6,254,699 | 13.95 | 840 | 2.90 |
| AmBank (M) Bhd | 3,040,500 | 6.78 | - | - |
| Affin Hwang Investment Bank Bhd | 2,545,110 | 5.68 | 1,327 | 4.57 |
| J.P. Morgan Securities (M) Sdn Bhd | 2,038,692 | 4.55 | 4,587 | 15.82 |
| Credit Suisse Securities (M) Sdn Bhd | 1,668,984 | 3.72 | 2,866 | 9.88 |
| CLSA Securities (M) Sdn Bhd | 1,653,466 | 3.69 | 3,750 | 12.93 |
| UBS Securities (M) Sdn Bhd | 1,627,762 | 3.63 | 3,690 | 12.72 |
| Macquarie Capital Securities (M) Sdn Bhd | 1,290,312 | 2.88 | 2,907 | 10.02 |
| Others # | 5,568,959 | 12.42 | 6,405 | 22.09 |
| | <u>44,831,317</u> | <u>100.00</u> | <u>29,004</u> | <u>100.00</u> |

* No brokerage fee is charged for unquoted fixed income securities transaction.

Included in transactions are trades conducted with CGS-CIMB Securities Sdn Bhd, CIMB Bank Berhad and CIMB Islamic Bank Bhd, fellow related parties to the PRS Provider amounting to Nil (2022: RM555,046), 3,011,280 (2022: Nil) and Nil (2022: RM560,769) respectively. The PRS Provider is of the opinion that all transactions have been entered into in the normal course of business at agreed terms between the related parties.

15. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the PRS Provider on 27 October 2023.

DIRECTORY

Head Office of the PRS Provider

Principal Asset Management Berhad (Company No.: 199401018399 (304078-K))
10th Floor, Bangunan CIMB,
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Website

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E-mail address

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Customer Care Centre

(03) 7723 7260

Chat with us via WhatsApp:

(6016) 299 9792

Trustee for the Principal Islamic PRS Plus Conservative

Deutsche Bank (Malaysia) Berhad (Company No. 200701005591 (763590-H))
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Tel: (03) 2053 7522

Shariah Adviser of the Principal Islamic PRS Plus Conservative

Amanie Advisors Sdn. Bhd. (Company No: 200501007003 (684050-H))
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50400 Kuala Lumpur, MALAYSIA.
Tel: (03) 2161 0260
Fax: (03) 2161 0262

Auditors of the Fund and the PRS Provider

Ernst & Young PLT 202006000003 (LLP0022760-LCA) & AF 0039
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50490 Kuala Lumpur
Tel: +603 7495 8000
Fax: +603 2095 5332

List of Amendment
First Supplemental Disclosure Document for Principal Islamic PRS Plus

Appendix 1

| Fourth Replacement Disclosure Document dated 23 September 2022 ("Prospectus 1") | | First Supplemental Disclosure Document dated 30 August 2023 ("Prospectus 2") | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|---|---|----------------------------------|----------------------------|-------------------------------|----------------------------------|-------|---|---|---|---|-------|-------|-------|------|--------|--------|--------|--------|---------|--|-------|-------------------------------|----------------------------------|----------------------------|--|-------------------------------|----------------------------------|-------|---|--|---|--|-------|-------|-------|------|--------|--------|--------|--------|---------|
| Section / Page | Description | Description | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Corporate Directory/ 7 | <p>Investment Committee Yoon Mun Thim* Alejandro Elias Echegorri Rodriguez May Tong Mohamad Safri Shahul Hamid Nor Azamin Salleh* Uday Jayaram</p> <p><i>*Independent member</i></p> | Removed. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.4.1/ 24 | <p>Minimum Contribution</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr> <th rowspan="2" style="text-align: center;">Funds</th> <th rowspan="2" style="text-align: center;">Min initial Contribution (RM)</th> <th rowspan="2" style="text-align: center;">Min subsequent contribution (RM)</th> <th colspan="2" style="text-align: center;">Regular Savings Plan (RSP)</th> </tr> <tr> <th style="text-align: center;">Min initial contribution (RM)</th> <th style="text-align: center;">Min subsequent contribution (RM)</th> </tr> </thead> <tbody> <tr><td>iRE60</td><td rowspan="10" style="text-align: center;">Class A : 100 Class C : 100 Class X : N/A</td><td rowspan="10" style="text-align: center;">Class A : 50 Class C : 50 Class X : N/A</td><td rowspan="10" style="text-align: center;">Class A : 100 Class C : 100 Class X : N/A</td><td rowspan="10" style="text-align: center;">Class A : 50 Class C : 50 Class X : N/A</td></tr> <tr><td>iRE50</td></tr> <tr><td>iRE40</td></tr> <tr><td>iRE30</td></tr> <tr><td>iREI</td></tr> <tr><td>iPRS-C</td></tr> <tr><td>iPRS-M</td></tr> <tr><td>iPRS-G</td></tr> <tr><td>iPRS-E</td></tr> <tr><td>iPRS-AP</td></tr> </tbody> </table> <p>Note: The amount stipulated in the minimum initial contribution and minimum subsequent contribution includes any applicable fees and charges, such as Sales Charge and PPA account opening fee, as the case may be. In other words, the amount is gross of fees and charges.</p> | Funds | Min initial Contribution (RM) | Min subsequent contribution (RM) | Regular Savings Plan (RSP) | | Min initial contribution (RM) | Min subsequent contribution (RM) | iRE60 | Class A : 100 Class C : 100 Class X : N/A | Class A : 50 Class C : 50 Class X : N/A | Class A : 100 Class C : 100 Class X : N/A | Class A : 50 Class C : 50 Class X : N/A | iRE50 | iRE40 | iRE30 | iREI | iPRS-C | iPRS-M | iPRS-G | iPRS-E | iPRS-AP | <p>Minimum Contribution</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr> <th rowspan="2" style="text-align: center;">Funds</th> <th rowspan="2" style="text-align: center;">Min initial contribution (RM)</th> <th rowspan="2" style="text-align: center;">Min subsequent contribution (RM)</th> <th colspan="2" style="text-align: center;">Regular Savings Plan (RSP)</th> </tr> <tr> <th style="text-align: center;">Min initial contribution (RM)</th> <th style="text-align: center;">Min subsequent contribution (RM)</th> </tr> </thead> <tbody> <tr><td>iRE60</td><td rowspan="10" style="text-align: center;">Class A : 100 Class C : 100 Class X : 100</td><td rowspan="10" style="text-align: center;">Class A : 50 Class C : 50 Class X : 50</td><td rowspan="10" style="text-align: center;">Class A : 100 Class C : 100 Class X : 100</td><td rowspan="10" style="text-align: center;">Class A : 50 Class C : 50 Class X : 50</td></tr> <tr><td>iRE50</td></tr> <tr><td>iRE40</td></tr> <tr><td>iRE30</td></tr> <tr><td>iREI</td></tr> <tr><td>iPRS-C</td></tr> <tr><td>iPRS-M</td></tr> <tr><td>iPRS-G</td></tr> <tr><td>iPRS-E</td></tr> <tr><td>iPRS-AP</td></tr> </tbody> </table> <p>Note:</p> <ul style="list-style-type: none"> ▪ The amount stipulated in the minimum initial contribution and minimum subsequent contribution includes any applicable fees and charges, such as Sales Charge and PPA account opening fee, as the case may be. In other words, the amount is gross of fees and charges. ▪ We reserve the right to change the above-stipulated amounts from time to time. ▪ All transfer from other PRS provider into Principal PRS Plus or Principal Islamic PRS Plus will be subject to the minimum initial contribution amount of the Funds' respective Classes or any amount as may be determined by us from time to time. | Funds | Min initial contribution (RM) | Min subsequent contribution (RM) | Regular Savings Plan (RSP) | | Min initial contribution (RM) | Min subsequent contribution (RM) | iRE60 | Class A : 100 Class C : 100 Class X : 100 | Class A : 50 Class C : 50 Class X : 50 | Class A : 100 Class C : 100 Class X : 100 | Class A : 50 Class C : 50 Class X : 50 | iRE50 | iRE40 | iRE30 | iREI | iPRS-C | iPRS-M | iPRS-G | iPRS-E | iPRS-AP |
| Funds | Min initial Contribution (RM) | | | | Min subsequent contribution (RM) | Regular Savings Plan (RSP) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Min initial contribution (RM) | Min subsequent contribution (RM) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iRE60 | Class A : 100 Class C : 100 Class X : N/A | Class A : 50 Class C : 50 Class X : N/A | Class A : 100 Class C : 100 Class X : N/A | Class A : 50 Class C : 50 Class X : N/A | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iRE50 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iRE40 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iRE30 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iREI | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iPRS-C | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iPRS-M | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iPRS-G | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iPRS-E | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iPRS-AP | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Funds | Min initial contribution (RM) | Min subsequent contribution (RM) | Regular Savings Plan (RSP) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | Min initial contribution (RM) | Min subsequent contribution (RM) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iRE60 | Class A : 100 Class C : 100 Class X : 100 | Class A : 50 Class C : 50 Class X : 50 | Class A : 100 Class C : 100 Class X : 100 | Class A : 50 Class C : 50 Class X : 50 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iRE50 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iRE40 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iRE30 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iREI | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iPRS-C | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iPRS-M | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iPRS-G | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iPRS-E | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iPRS-AP | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| Fourth Replacement Disclosure Document dated 23 September 2022 ("Prospectus 1") | | First Supplemental Disclosure Document dated 30 August 2023 ("Prospectus 2") |
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| Section / Page | Description | Description |
| 1.5.1/ 26 | <p>Deed</p> <p>The Scheme is governed by a Deed dated 8 November 2012, First Supplemental Deed dated 2 January 2014, Second Supplemental Deed dated 25 November 2014, Third Supplemental Deed dated 3 February 2020, Fourth Supplemental Deed dated 17 December 2021 and Fifth Supplemental Deed dated 12 July 2022.</p> | <p>Deed</p> <p>The Scheme is governed by a Deed dated 8 November 2012, First Supplemental Deed dated 2 January 2014, Second Supplemental Deed dated 25 November 2014, Third Supplemental Deed dated 3 February 2020, Fourth Supplemental Deed dated 17 December 2021, Fifth Supplemental Deed dated 12 July 2022 and Sixth Supplemental Deed dated 14 June 2023.</p> |
| 1.5.2/ 26 | <p>Avenues for advice available to prospective Members or lodge a complaint</p> <p>Federation of Investment Managers Malaysia's Complaints Bureau:</p> <ul style="list-style-type: none"> ▪ via phone to : 03-2092 3800 ▪ Via fax to : 03-2093 2700 ▪ via e-mail to : complaints@fimm.com.my ▪ via online complaint form available at www.fimm.com.my ▪ via letter to : Legal, Secretarial & Regulatory Affairs Federation of Investment Managers Malaysia 9-06-1, 6th Floor, Wisma Tune No. 19, Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur | <p>Avenues for advice available to prospective Members or lodge a complaint</p> <p>Federation of Investment Managers Malaysia's Complaints Bureau:</p> <ul style="list-style-type: none"> ▪ via phone to : 03-7890 4242 ▪ via e-mail to : complaints@fimm.com.my ▪ via online complaint form available at www.fimm.com.my ▪ via letter to : Legal, Secretarial & Regulatory Affairs Federation of Investment Managers Malaysia 9-06-1, 6th Floor, Wisma Tune No. 19, Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur |
| 4.1.1/ 38 | <p>Principal Islamic RetireEasy 2060</p> <p><u>Investment policy and strategy - 6th paragraph</u> Nil</p> | <p>Principal Islamic RetireEasy 2060</p> <p><u>Investment policy and strategy - 6th paragraph</u> The Fund adopts a liquidity risk management framework which sets out the governance standards, methodology and process for the oversight and management of liquidity risk. The framework outlines the responsibilities to assess and monitor liquidity risk of the Fund, and to ensure appropriate measures are taken to mitigate the risk. The liquidity risk management framework that we have put in place is as follows:</p> <ul style="list-style-type: none"> ▪ Regular review by the designated fund manager on the Fund's investment portfolio to maintain healthy liquidity level. ▪ Periodic assessments are carried out on the Fund's liquidity profile (under both normal and stress market conditions) and on the concentration of Members. These assessments allow the Fund to be proactively managed to mitigate liquidity concerns that may arise in the ordinary course of portfolio management as well as in relation to the Fund's ability to meet Members' withdrawal requests. |

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| 4.1.2./ 39 | <p>Principal Islamic RetireEasy 2050</p> <p><u>Investment policy and strategy - 6th paragraph</u> Nil</p> | <p>Principal Islamic RetireEasy 2050</p> <p><u>Investment policy and strategy - 6th paragraph</u> The Fund adopts a liquidity risk management framework which sets out the governance standards, methodology and process for the oversight and management of liquidity risk. The framework outlines the responsibilities to assess and monitor liquidity risk of the Fund, and to ensure appropriate measures are taken to mitigate the risk. The liquidity risk management framework that we have put in place is as follows:</p> <ul style="list-style-type: none"> ▪ Regular review by the designated fund manager on the Fund's investment portfolio to maintain healthy liquidity level. ▪ Periodic assessments are carried out on the Fund's liquidity profile (under both normal and stress market conditions) and on the concentration of Members. These assessments allow the Fund to be proactively managed to mitigate liquidity concerns that may arise in the ordinary course of portfolio management as well as in relation to the Fund's ability to meet Members' withdrawal requests. |

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| 4.1.3./ 42 | <p>Principal Islamic RetireEasy 2040</p> <p><u>Investment policy and strategy - 6th paragraph</u> Nil</p> | <p>Principal Islamic RetireEasy 2040</p> <p><u>Investment policy and strategy - 6th paragraph</u> The Fund adopts a liquidity risk management framework which sets out the governance standards, methodology and process for the oversight and management of liquidity risk. The framework outlines the responsibilities to assess and monitor liquidity risk of the Fund, and to ensure appropriate measures are taken to mitigate the risk. The liquidity risk management framework that we have put in place is as follows:</p> <ul style="list-style-type: none"> ▪ Regular review by the designated fund manager on the Fund's investment portfolio to maintain healthy liquidity level. ▪ Periodic assessments are carried out on the Fund's liquidity profile (under both normal and stress market conditions) and on the concentration of Members. These assessments allow the Fund to be proactively managed to mitigate liquidity concerns that may arise in the ordinary course of portfolio management as well as in relation to the Fund's ability to meet Members' withdrawal requests. |

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| 4.1.4/ 44 | <p>Principal Islamic RetireEasy 2030</p> <p><u>Investment policy and strategy - 6th paragraph</u> Nil.</p> | <p>Principal Islamic RetireEasy 2030</p> <p><u>Investment policy and strategy - 6th paragraph</u></p> <p>The Fund adopts a liquidity risk management framework which sets out the governance standards, methodology and process for the oversight and management of liquidity risk. The framework outlines the responsibilities to assess and monitor liquidity risk of the Fund, and to ensure appropriate measures are taken to mitigate the risk. The liquidity risk management framework that we have put in place is as follows:</p> <ul style="list-style-type: none"> ▪ Regular review by the designated fund manager on the Fund's investment portfolio to maintain healthy liquidity level. ▪ Periodic assessments are carried out on the Fund's liquidity profile (under both normal and stress market conditions) and on the concentration of Members. These assessments allow the Fund to be proactively managed to mitigate liquidity concerns that may arise in the ordinary course of portfolio management as well as in relation to the Fund's ability to meet Members' withdrawal requests. |

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| 4.1.5./ 45 | <p>Principal Islamic RetireEasy Income</p> <p><u>Investment policy and strategy - 5th paragraph</u> Nil</p> | <p>Principal Islamic RetireEasy Income</p> <p><u>Investment policy and strategy - 5th paragraph</u></p> <p>The Fund adopts a liquidity risk management framework which sets out the governance standards, methodology and process for the oversight and management of liquidity risk. The framework outlines the responsibilities to assess and monitor liquidity risk of the Fund, and to ensure appropriate measures are taken to mitigate the risk. The liquidity risk management framework that we have put in place is as follows:</p> <ul style="list-style-type: none"> ▪ Regular review by the designated fund manager on the Fund's investment portfolio to maintain healthy liquidity level. ▪ Periodic assessments are carried out on the Fund's liquidity profile (under both normal and stress market conditions) and on the concentration of Members. These assessments allow the Fund to be proactively managed to mitigate liquidity concerns that may arise in the ordinary course of portfolio management as well as in relation to the Fund's ability to meet Members' withdrawal requests. |

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| 4.1.6./ 46 | <p>Principal Islamic PRS Plus Conservative</p> <p><u>Investment policy and strategy - 7th paragraph</u> Nil</p> | <p>Principal Islamic PRS Plus Conservative</p> <p><u>Investment policy and strategy - 7th paragraph</u></p> <p>The Fund adopts a liquidity risk management framework which sets out the governance standards, methodology and process for the oversight and management of liquidity risk. The framework outlines the responsibilities to assess and monitor liquidity risk of the Fund, and to ensure appropriate measures are taken to mitigate the risk. The liquidity risk management framework that we have put in place is as follows:</p> <ul style="list-style-type: none"> ▪ Regular review by the designated fund manager on the Fund's investment portfolio to maintain healthy liquidity level. ▪ Periodic assessments are carried out on the Fund's liquidity profile (under both normal and stress market conditions) and on the concentration of Members. These assessments allow the Fund to be proactively managed to mitigate liquidity concerns that may arise in the ordinary course of portfolio management as well as in relation to the Fund's ability to meet Members' withdrawal requests. |

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| 4.1.7./ 47 | <p>Principal Islamic PRS Plus Moderate</p> <p><u>Investment policy and strategy - 7th paragraph</u></p> <p>Nil.</p> | <p>Principal Islamic PRS Plus Moderate</p> <p><u>Investment policy and strategy - 7th paragraph</u></p> <p>The Fund adopts a liquidity risk management framework which sets out the governance standards, methodology and process for the oversight and management of liquidity risk. The framework outlines the responsibilities to assess and monitor liquidity risk of the Fund, and to ensure appropriate measures are taken to mitigate the risk. The liquidity risk management framework that we have put in place is as follows:</p> <ul style="list-style-type: none"> ▪ Regular review by the designated fund manager on the Fund's investment portfolio to maintain healthy liquidity level. ▪ Periodic assessments are carried out on the Fund's liquidity profile (under both normal and stress market conditions) and on the concentration of Members. These assessments allow the Fund to be proactively managed to mitigate liquidity concerns that may arise in the ordinary course of portfolio management as well as in relation to the Fund's ability to meet Members' withdrawal requests. |

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| 4.1.8./ 48 | <p>Principal Islamic PRS Plus Growth</p> <p><u>Investment policy and strategy - 7th paragraph</u> Nil</p> | <p>Principal Islamic PRS Plus Growth</p> <p><u>Investment policy and strategy - 7th paragraph</u></p> <p>The Fund adopts a liquidity risk management framework which sets out the governance standards, methodology and process for the oversight and management of liquidity risk. The framework outlines the responsibilities to assess and monitor liquidity risk of the Fund, and to ensure appropriate measures are taken to mitigate the risk. The liquidity risk management framework that we have put in place is as follows:</p> <ul style="list-style-type: none"> ▪ Regular review by the designated fund manager on the Fund's investment portfolio to maintain healthy liquidity level. ▪ Periodic assessments are carried out on the Fund's liquidity profile (under both normal and stress market conditions) and on the concentration of Members. These assessments allow the Fund to be proactively managed to mitigate liquidity concerns that may arise in the ordinary course of portfolio management as well as in relation to the Fund's ability to meet Members' withdrawal requests. |

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| 4.1.9./ 49 | <p>Principal Islamic PRS Plus Equity</p> <p><u>Investment policy and strategy - 7th paragraph</u> Nil.</p> | <p>Principal Islamic PRS Plus Equity</p> <p><u>Investment policy and strategy - 7th paragraph</u></p> <p>The Fund adopts a liquidity risk management framework which sets out the governance standards, methodology and process for the oversight and management of liquidity risk. The framework outlines the responsibilities to assess and monitor liquidity risk of the Fund, and to ensure appropriate measures are taken to mitigate the risk. The liquidity risk management framework that we have put in place is as follows:</p> <ul style="list-style-type: none"> ▪ Regular review by the designated fund manager on the Fund's investment portfolio to maintain healthy liquidity level. ▪ Periodic assessments are carried out on the Fund's liquidity profile (under both normal and stress market conditions) and on the concentration of Members. These assessments allow the Fund to be proactively managed to mitigate liquidity concerns that may arise in the ordinary course of portfolio management as well as in relation to the Fund's ability to meet Members' withdrawal requests. |

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| 4.1.9/49-51 | <p>About the Principal DALI Equity Growth Fund</p> <p><u>1st paragraph</u> The Target Fund may invest a minimum of 70% and up to a maximum of 98% of its NAV principally in Shariah-compliant equities aimed to provide growth and up to 28% of its NAV in other permissible Shariah-compliant investments, such as Sukuk with a minimum credit rating of "A3" or "P2" by RAM or equivalent rating by MARC or by local rating agency(ies) of the country of issuance; or "BBB-" by S&P or equivalent rating by any other international rating agencies. The Target Fund may also opt to seek investment exposure via Islamic CIS that is in line with the Fund's objective, subject to the requirements of the SC Guidelines on Unit Trust Funds. In line with its objective, the investment strategy and policy of the Target Fund is to rebalance the portfolio to suit market conditions in order to reduce short-term volatility and provide consistency in capital growth.</p> | <p>About the Principal DALI Equity Growth Fund</p> <p><u>1st paragraph</u> The Target Fund may invest a minimum of 70% and up to a maximum of 98% of its NAV principally in Shariah-compliant equities aimed to provide growth and up to 28% of its NAV in other permissible Shariah-compliant investments, such as Sukuk with a minimum credit rating of "A3" or "P2" by RAM or equivalent rating by MARC or by local rating agency(ies) of the country of issuance; or "BBB-" by S&P or equivalent rating by any other international rating agencies. The Target Fund may also opt to seek investment exposure via Islamic CIS that is in line with the Fund's objective, subject to the requirements of the SC Guidelines on Unit Trust Funds. In line with its objective, the investment strategy and policy of the Target Fund is to rebalance the portfolio to suit market conditions in order to reduce short-term volatility and provide consistency in capital growth. With effect from 28 April 2023, the Target Fund may invest up to 25% of its NAV in Shariah-compliant securities of companies that are listed in any Eligible Market globally with some operations or businesses in Malaysia to capture growth opportunities.</p> |

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| | <p><u>Investment policy and principal investment strategy – 6th paragraph</u> Nil</p> <p><u>Permitted investments – 8th bullet point</u></p> <ul style="list-style-type: none"> ▪ Shariah-compliant instruments listed or traded on foreign markets where the regulatory authority is an ordinary or associate member of the IOSCO; and <p><u>Investment restrictions and limits</u> The Target Fund is subject to the following investment restrictions/limits:</p> <ul style="list-style-type: none"> ▪ the value of the Target Fund's investment in unlisted Shariah-compliant securities must not exceed 10% of the Target Fund's NAV; ▪ the value of the Target Fund's investment in Shariah-compliant ordinary shares issued by any single issuer must not exceed 10% of the Target Fund's NAV; ▪ the value of the Target Fund's investments in Shariah-compliant transferable securities and Islamic money market instruments issued by any single issuer must not exceed 15% of the Target Fund's NAV; ▪ the value of the Target Fund's placement in Islamic Deposits with any single licensed Islamic financial institution must not exceed 20% of the Target Fund's NAV; ▪ the Target Fund's exposure from Islamic derivatives positions should not exceed the Target Fund's NAV. Further, | <p><u>Investment policy and principal investment strategy – 6th paragraph</u> The Target Fund adopts a liquidity risk management framework which sets out the governance standards, methodology and process for the oversight and management of liquidity risk. The framework outlines the responsibilities to assess and monitor liquidity risk of the Fund, and to ensure appropriate measures are taken to mitigate the risk. The liquidity risk management framework that we have put in place is as follows:</p> <ul style="list-style-type: none"> ▪ Regular review by the designated fund manager on the Target Fund's investment portfolio to maintain its liquidity level. ▪ Periodic assessments are carried out on the Target Fund's liquidity profile (under both normal and stress market conditions) and on the concentration of unitholders. These assessments allow the Fund to be proactively managed to mitigate liquidity concerns that may arise in the ordinary course of portfolio management as well as in relation to the Target Fund's ability to meet unitholders' withdrawal requests. ▪ Suspension of withdrawal requests due to exceptional circumstances. During the suspension period, withdrawal requests will not be accepted and in the event we have earlier accepted the withdrawal requests prior to the suspension is declared, the withdrawal requests will be dealt on the next Business Day once the suspension is lifted. The action to suspend withdrawal requests from unit holders shall be exercised only as a last resort by the Target Fund's manager. <p><i>Note: Please refer to Section 3.10 of the Target Fund's prospectus for more information.</i></p> <p><u>Permitted investments – 8th bullet point</u> Removed</p> <p><u>Investment restrictions and limits</u></p> <p><u>Exposure limit</u> The Target Fund is subject to the following investment restrictions/limits:</p> <p>(1) the aggregate value of the Target Fund's investment in</p> <ol style="list-style-type: none"> a) Shariah-compliant transferable securities that are not traded or dealt in or under the rules of an Eligible Market; b) Islamic CIS that do not comply with 6(a), (b) and (c); and c) other Shariah-compliant securities, <p>must not exceed 15% of the Target Fund's NAV, subject to a maximum limit of 10% of the Target Fund's NAV in a single issuer or single Islamic CIS, as the case may be.</p> |

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| | <ul style="list-style-type: none"> - the exposure to the underlying assets must not exceed the investment spread limits stipulated in the SC Guidelines on Unit Trust Funds; and - the value of the Target Fund's OTC Islamic derivative transaction with any single counter-party must not exceed 10% of the Target Fund's NAV; ▪ the value of the Target Fund's investment in Islamic structured products issued by a single counter-party must not exceed 15% of the Target Fund's NAV; ▪ the aggregate value of the Target Fund's investments in Shariah-compliant transferable securities, Islamic money market instruments, Islamic Deposits, OTC Islamic derivatives and Islamic structured products issued by or placed with (as the case may be) any single issuer/ licensed Islamic financial institution must not exceed 25% of the Target Fund's NAV; ▪ the value of the Target Fund's investment in units/shares of any Islamic CIS must not exceed 20% of the Target Fund's NAV; ▪ the value of the Target Fund's investment in Shariah-compliant transferable securities and Islamic money market instruments issued by any group of companies must not exceed 20% of the Fund's NAV; ▪ the Target Fund's investments in Shariah-compliant transferable securities (other than Sukuk) must not exceed 10% of the securities issued by any single issuer; ▪ the Target Fund's investments in Islamic money market instruments must not exceed 10% of the instruments issued by any single issuer. This limit does not apply to Islamic money market instruments that do not have a pre-determined issue size; and ▪ the Target Fund's investments in Islamic CIS must not exceed 25% of the Units/shares in any one (1) Islamic CIS. <p>For investments in Islamic derivatives (including for hedging purpose):</p> <ul style="list-style-type: none"> ▪ The Target Fund's exposure from Islamic derivatives positions should not exceed the Target Fund's NAV; ▪ the exposure to the underlying assets must not exceed the investment spread limits stipulated in the SC Guidelines on Unit Trust Funds; ▪ the value of the Target Fund's OTC Islamic derivative transaction with any single counter-party must not exceed 10% of the Target Fund's NAV; and ▪ the counter-party of an OTC Islamic derivative is a financial institution with a minimum long-term rating provided by any domestic or global rating agency that indicates strong capacity for timely payment of financial obligations; <p>Note: The above restrictions and limits do not apply to Shariah-Compliant instruments issued or guaranteed by the Malaysian government or Bank Negara Malaysia.</p> | <p><u>Investment spread limits</u></p> <ul style="list-style-type: none"> (2) the value of the Target Fund's investment in Shariah-compliant ordinary shares issued by any single issuer must not exceed 10% of the Target Fund's NAV; (3) the value of the Target Fund's investments in Shariah-compliant transferable securities and Islamic money market instruments issued by any single issuer must not exceed 15% of the Target Fund's NAV ("single issuer limit"). In determining the single issuer limit, the value of the Target Fund's investments in instruments in (1) issued by the same issuer must be included in the calculation; (4) the value of the Target Fund's placement in Islamic Deposits with any single financial institution must not exceed 20% of the Target Fund's NAV; (5) the aggregate value of the Target Fund's investments in Shariah-compliant transferable securities, Islamic money market instruments, Islamic Deposits, underlying assets of Islamic derivatives and counterparty exposure arising from the use of OTC Islamic derivatives must not exceed 25% of the Target Fund's NAV ("single issuer aggregate limit"). In determining the single issuer aggregate limit, the value of the Target Fund's investments in (1) issued by the same issuer must be included in the calculation; (6) the value of the Target Fund's investment in units/shares of any Islamic CIS must not exceed 20% of the Target Fund's NAV, provided that the Islamic CIS complies with the following conditions: <ul style="list-style-type: none"> (a) An Islamic CIS authorised or recognised by the SC; or (b) An Islamic CIS that meets the following criteria: <ul style="list-style-type: none"> (i) The Islamic CIS is constituted and regulated in a jurisdiction where the laws and practices provide the level of investor protection that is at least equivalent to that offered in Malaysia; (ii) The rules on investments, borrowing and lending are substantially similar to the requirements in these Guidelines. This would exclude hedge funds; (iii) The assets of the Islamic CIS are managed by an entity which is approved, authorised or licensed by a securities regulator to conduct fund management activities; and (iv) The business of the Islamic CIS is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period; or (c) An Islamic CIS that meets the following criteria: <ul style="list-style-type: none"> (i) The Islamic CIS invests in: <ul style="list-style-type: none"> ▪ permitted investments that comply with the GPRS, ▪ physically-backed metal ETF that comply with the following: |

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| | <p>In respect of the above investment restrictions and limits, the SC Guidelines on Unit Trust Funds provides for an allowance of 5% from the restrictions and limits due to appreciation or depreciation of the NAV of the Target Fund (whether as a result of an appreciation or depreciation in value of the Fund's investments, or as a result of repurchase of units or payment made out of the Fund). If the Target Fund is not within the investment restrictions and limits, the Target Fund Manager should not make any further acquisitions in relation to the relevant restrictions and limits and must rectify as soon as practicable (maximum three (3) months from the date of occurrence).</p> | <p>a. The assets of the physically-backed metal ETF, i.e. the physical metal, is held in trust and is segregated from the assets of the manager, sponsor, trustee or custodian; and</p> <p>b. The physically-backed metal ETF adopts a passive management strategy with the objective of tracking the price of the metal; or</p> <p>c. Real estate.</p> <p>(ii) The Islamic CIS meets the criteria imposed on transferable securities as following:</p> <ul style="list-style-type: none"> ▪ The maximum potential loss which the Target Fund may incur as a result of the investment is limited to the amount paid for it; ▪ The investment is liquid, and will not impair the Target Fund's ability to satisfy its redemption and other payment commitments; ▪ The investment is subject to reliable and verifiable valuation on a daily basis; and ▪ There is appropriate information available to the market on the investment; <p>(iii) The units or shares in the Islamic CIS are listed for quotation and traded on a stock exchange that is an Eligible Market; and</p> <p>(iv) The Islamic CIS is not an inverse or leveraged product; or</p> <p>(d) An Islamic CIS that does not comply with the above, but subject to the exposure limit stipulated in this section;</p> <p>(7) The value of the Target Fund's investments in units or shares of an Islamic CIS that invests in real estate pursuant to 6(c) must not exceed 15% of the Target Fund's NAV.</p> <p>(8) The value of the Target Fund's investment in Shariah-compliant transferable securities and Islamic money market instruments issued by any group of companies must not exceed 20% of the Target Fund's NAV (group limit"). In determining the group limit, the value of the Target Fund's investments in instruments in the exposure limit issued by the issuers within the same group of companies must be included in the calculation.</p> <p>(9) For investments in Islamic derivatives (for hedging purpose):</p> <ul style="list-style-type: none"> ▪ the Target Fund's global exposure from Islamic derivatives positions should not exceed the Target Fund's NAV. ▪ the exposure to the underlying assets must not exceed the investment spread limits stipulated in the SC Guidelines on Unit Trust Funds; ▪ the maximum exposure of the Target Fund's OTC Islamic derivative transaction with the counter-party calculated based on the method below must not exceed 10% of the Target Fund's NAV; ▪ the counter-party of an OTC Islamic derivative is a financial institution with a minimum long-term of investment grade (including gradation and subcategories); and |

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| | | <ul style="list-style-type: none"> ▪ Where the underlying instrument of an Islamic derivative is a commodity, such Islamic derivative must be settled in cash at all times. <p><u>Calculation of exposure to counterparty of OTC Islamic derivatives</u></p> <ul style="list-style-type: none"> ▪ The exposure to a counterparty of an OTC Islamic derivative must be measured based on the maximum potential loss that may be incurred by the Target Fund if the counterparty defaults and not on the basis of the notional value of the OTC Islamic derivative. ▪ The total exposure to a single counterparty is calculated by summing the exposure arising from all OTC Islamic derivative transactions entered into with the same counterparty. <p><u>Exceptions to investment spread limits</u></p> <p>Government and other public Shariah-compliant securities or Islamic money market instruments</p> <p>(10) The single issuer limit in (3) may be raised to 35% of the Target Fund's NAV if the issuing entity is, or the issue is guaranteed by, either a foreign government, foreign government agency, foreign central bank or supranational, that has a minimum long-term credit rating of investment grade (including gradation and subcategories) by an international rating agency.</p> <p>(11) Where the single issuer limit is increased to 35% of the Target Fund's NAV, the single issuer aggregate limit in (5) may be raised, subject to the group limit in (8) not exceeding 35% of the Target Fund's NAV.</p> <p><u>Islamic Deposits</u></p> <p>(12) The single financial institution limit in (4) does not apply to placements of Islamic Deposits arising from:</p> <ul style="list-style-type: none"> (a) subscription monies received prior to the commencement of investment by the Target Fund; (b) liquidation of investments prior to the termination or maturity of the Target Fund, where the placement of Islamic Deposits with various financial institutions would not be in the best interests of unit holders; or (c) monies held for the settlement of redemption or other payment obligations, where the placement of Islamic Deposits with various financial institutions would not be in the best interests of unit holders. <p><u>Investment concentration limits</u></p> <p>(13) the Target Fund's investments in Shariah-compliant shares or Shariah-compliant securities equivalent to shares must not exceed 10% of the Shariah-compliant shares or Shariah-compliant securities equivalent to shares issued by any single issuer;</p> |

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| | | <p>(14) the Target Fund's investments in Sukuk must not exceed 20% of the Sukuk issued by any single issuer. This limit may be disregarded at the time of acquisition if at that time of acquisition the gross amount of Sukuk in issue cannot be determined;</p> <p>(15) the Target Fund's investments in Islamic money market instruments must not exceed 10% of the instruments issued by any single issuer. This limit does not apply to Islamic money market instruments that do not have a pre-determined issue size;</p> <p>(16) the Target Fund's investments in Islamic CIS must not exceed 25% of the units/shares in the Islamic CIS.</p> <p>The global exposure of the Target Fund is calculated based on the following:</p> <p><u>Commitment approach</u></p> <p>The global exposure of the Target Fund to Islamic derivatives is calculated as the sum of the:</p> <ul style="list-style-type: none"> ▪ absolute value of the exposure of each individual Islamic derivative not involved in netting or hedging arrangements; ▪ absolute value of the net exposure of each individual Islamic derivative after netting or hedging arrangement; and ▪ the values of cash collateral received pursuant to: <ul style="list-style-type: none"> (i) the reduction of exposure to counterparties of OTC Islamic derivatives; and (ii) efficient portfolio management techniques relating to securities lending and repurchase transactions (if applicable). <p><u>Netting arrangements</u></p> <p>Netting arrangements may be taken into account to reduce the Target Fund's exposure to Islamic derivatives.</p> <p>The Target Fund may net positions between:</p> <ul style="list-style-type: none"> (a) Islamic derivatives on the same underlying constituents, even if the maturity dates are different; or (b) Islamic derivatives and the same corresponding underlying constituents, if those underlying constituents are Shariah-compliant transferable securities, Islamic money market instruments, or units or shares in Islamic collective investment schemes. <p><u>Hedging arrangements</u></p> <p>Hedging arrangements may be taken into account to reduce the Target Fund's exposure to Islamic derivatives.</p> <p>The marked-to-market value of Shariah-compliant transferable securities, Islamic money market instruments, or units or shares in Islamic collective investment schemes involved</p> |

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| | | <p>in hedging arrangements may be taken into account to reduce the exposure of the Target Fund to Islamic derivatives.</p> <p>The hedging arrangement must:</p> <ul style="list-style-type: none"> (a) not be aimed at generating a return; (b) result in an overall verifiable reduction of the risk of the Target Fund; (c) offset the general and specific risks linked to the underlying constituent being hedged; (d) relate to the same asset class being hedged; and (e) be able to meet its hedging objective in all market conditions. <p>Note: <i>The above restrictions and limits do not apply to Shariah-compliant instruments issued or guaranteed by the Malaysian government or BNM.</i></p> <p>In respect of the above investment restrictions and limits, the SC Guidelines on Unit Trust Funds provides that any breach of the restrictions and limits due to appreciation or depreciation in value of the Target Fund's investments, repurchase of units or payment made out of the Target Fund, or change in capital of a corporation in which the Target Fund has invested in, or downgrade in or cessation of a credit rating need not be reported to the SC but we must rectify as soon as practicable within three (3) months from the date of breach unless stated otherwise in the SC Guidelines on Unit Trust Funds. However, the three-month period may be extended if it is in the best interest of unit holders and Trustee's consent is obtained. Such extension must be subject to at least a monthly review by the trustee.</p> |
| 4.1.10./ 52 | <p>Principal Islamic PRS Plus Asia Pacific Ex Japan Equity</p> <p><u>Investment policy and strategy - 7th paragraph</u></p> <p>Nil.</p> | <p>Principal Islamic PRS Plus Asia Pacific Ex Japan Equity</p> <p><u>Investment policy and strategy - 7th paragraph</u></p> <p>The Fund adopts a liquidity risk management framework which sets out the governance standards, methodology and process for the oversight and management of liquidity risk. The framework outlines the responsibilities to assess and monitor liquidity risk of the Fund, and to ensure appropriate measures are taken to mitigate the risk. The liquidity risk management framework that we have put in place is as follows:</p> <ul style="list-style-type: none"> ▪ Regular review by the designated fund manager on the Fund's investment portfolio to maintain healthy liquidity level. ▪ Periodic assessments are carried out on the Fund's liquidity profile (under both normal and stress market conditions) and on the concentration of Memembers. These |

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| | | <p>assessments allow the Fund to be proactively managed to mitigate liquidity concerns that may arise in the ordinary course of portfolio management as well as in relation to the Fund's ability to meet Members' withdrawal requests.</p> <ul style="list-style-type: none"> ▪ The PRS Provider may request the Trustee to suspend withdrawal requests due to exceptional circumstances (for example the suspension of redemption request by the Target Fund) where the market value or fair value of a material portion of the Target Funds' assets cannot be determined (i.e. due to the closure of a securities exchange or trading restrictions on a securities exchange; an emergency or other state of affairs; the declaration of a moratorium in a country where that Target Fund has assets; for the purpose of conversion of any currency, a closure or restrictions on trading in the relevant foreign exchange market; or the realisation of the assets not being able to be effected at prices which would be realised if assets were realised in an orderly fashion over a reasonable period in a stable market). During the suspension period, withdrawal requests will not be accepted and in the event we have earlier accepted the withdrawal requests prior to the suspension is declared, the withdrawal requests will be dealt on the next Business Day once the suspension is lifted. In such case, a Member will not be able to redeem the units and will be compelled to remain invested in the Fund for a longer period of time than original timeline. Members' investments will continue to be subjected to the risks inherent to the Fund (Please refer to the "Risk Factors" section in the Disclosure Document). The action to suspend withdrawal requests from Members may be exercised by the Trustee on its own accord in accordance with the GPRS where there are good and sufficient reason to do so, after having considered the interest of Members. |
| 4.1.10./ 50-53 | <p>About the Principal Islamic Asia Pacific Dynamic Equity Fund</p> <p><u>Investment policy and principal investment strategy – 1st paragraph</u></p> <p>The Target Fund is predominantly an equity fund which invests through Shariah-compliant securities of companies domiciled in, listed in, and/or have significant operations in the emerging and developed markets of Asia Pacific ex Japan. 'Significant operations' means major businesses of the company. For example, the Target Fund can invest in a company with significant business and/or operations in Thailand but listed on the New York Stock Exchange. The threshold for 'significant operations' would be if more than 25% of total group revenue derives from countries in the emerging and developed markets of Asia Pacific ex Japan. The calculation would be based on the most recent financial reports released by the companies (e.g. interim and annual reports). Between 70% to 98% (both inclusive) of the Target Fund's NAV can be invested in Shariah-compliant equities, Shariah-compliant warrants, Islamic options, participation in Islamic CIS which are permitted under the SC Guidelines on</p> | <p>About the Principal Islamic Asia Pacific Dynamic Equity Fund</p> <p><u>Investment policy and principal investment strategy – 1st paragraph</u></p> <p>The Target Fund is predominantly an equity fund which invests through Shariah-compliant securities of companies domiciled in, listed in, and/or have significant operations in the emerging and developed markets of Asia Pacific ex Japan. 'Significant operations' means major businesses of the company. For example, the Target Fund can invest in a company with significant business and/or operations in Thailand but listed on the New York Stock Exchange. The threshold for 'significant operations' would be if more than 25% of total group revenue derives from countries in the emerging and developed markets of Asia Pacific ex Japan. The calculation would be based on the most recent financial reports released by the companies (e.g. interim and annual reports). With effect from 16 August 2021, The Target Fund may also invest up to 20% of its NAV in Shariah-compliant securities of companies that are listed globally with some operations and/or businesses within the Asia Pacific ex Japan region to capture growth opportunities.</p> |

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| | <p>Unit Trust Funds. Up to 30% of the Target Fund may also invest into Sukuk and Islamic Deposits. For this Target Fund, the investments in Sukuk must satisfy a minimum rating requirement of at least a "BBB3" or "P2" rating by RAM or equivalent rating by MARC or by local rating agency(ies) of the country of issuance; or "BB" by S&P or equivalent rating by any other international rating agencies.</p> <p><u>Investment policy and principal investment strategy – 8th paragraph</u></p> <p>Nil</p> <p><u>Permitted Investments – 9th bullet point</u></p> <ul style="list-style-type: none"> ▪ Shariah-compliant instruments listed or traded on foreign markets where the regulatory authority is an ordinary or associate member of the IOSCO; and | <p>Between 70% to 98% (both inclusive) of the Target Fund's NAV can be invested in Shariah-compliant equities, Shariah-compliant warrants, Islamic options, participation in Islamic CIS which are permitted under the SC Guidelines on Unit Trust Funds. Up to 30% of the Target Fund may also invest into Sukuk and Islamic Deposits. For this Target Fund, the investments in Sukuk must satisfy a minimum rating requirement of at least a "BBB3" or "P2" rating by RAM or equivalent rating by MARC or by local rating agency(ies) of the country of issuance; or "BB" by S&P or equivalent rating by any other international rating agencies.</p> <p><u>Investment policy and principal investment strategy – 8th paragraph</u></p> <p>The Target Fund adopts a liquidity risk management framework which sets out the governance standards, methodology and process for the oversight and management of liquidity risk. The framework outlines the responsibilities to assess and monitor liquidity risk of the Target Fund, and to ensure appropriate measures are taken to mitigate the risk. The liquidity risk management framework that we have put in place is as follows:</p> <ul style="list-style-type: none"> ▪ Regular review by the designated fund manager on the Target Fund's investment portfolio to maintain its liquidity level. ▪ Periodic assessments are carried out on the Target Fund's liquidity profile (under both normal and stress market conditions) and on the concentration of unitholders. These assessments allow the Target Fund to be proactively managed to mitigate liquidity concerns that may arise in the ordinary course of portfolio management as well as in relation to the Target Fund's ability to meet unitholders' withdrawal requests. ▪ Suspension of withdrawal requests due to exceptional circumstances. During the suspension period, withdrawal requests will not be accepted and in the event we have earlier accepted the withdrawal requests prior to the suspension is declared, the withdrawal requests will be dealt on the next Business Day once the suspension is lifted. The action to suspend withdrawal requests from unit holders shall be exercised only as a last resort by the Target Fund's manager. <p><i>Note: Please refer to Section 3.10 of the Target Fund's Prospectus for more information.</i></p> <p><u>Permitted Investments – 9th bullet point</u></p> <p>Removed</p> |

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| | <p><u>Investment restrictions and limits</u></p> <p>The Target Fund is subject to the following investment restrictions/limits:</p> <ul style="list-style-type: none"> ▪ the value of the Target Fund's investment in unlisted Shariah-compliant securities must not exceed 10% of the Target Fund's NAV; ▪ the value of the Target Fund's investment in Shariah-compliant ordinary shares issued by any single issuer must not exceed 10% of the Target Fund's NAV; ▪ the value of the Target Fund's investments in Shariah-compliant transferable securities and Islamic money market instruments issued by any single issuer must not exceed 15% of the Target Fund's NAV; ▪ the value of the Target Fund's placement in Islamic Deposits with any single licensed Islamic financial institution must not exceed 20% of the Target Fund's NAV; ▪ the Target Fund's exposure from Islamic derivatives positions should not exceed the Target Fund's NAV. Further, <ul style="list-style-type: none"> – the exposure to the underlying assets must not exceed the investment spread limits stipulated in the SC Guidelines on Unit Trust Funds; and – the value of the Target Fund's OTC Islamic derivative transaction with any single counter-party must not exceed 10% of the Target Fund's NAV; ▪ the value of the Target Fund's investment in Islamic structured products issued by a single counter-party must not exceed 15% of the Target Fund's NAV; ▪ the aggregate value of the Target Fund's investments in Shariah-compliant transferable securities, Islamic money market instruments, Islamic Deposits, OTC Shariah-compliant derivatives and Islamic structured products issued by or placed with (as the case may be) any single issuer/ licensed Islamic financial institution must not exceed 25% of the Target Fund's NAV; ▪ the value of the Target Fund's investment in units/shares of any Islamic CIS must not exceed 20% of the Target Fund's NAV; ▪ the value of the Target Fund's investment in Shariah-compliant transferable securities and Islamic money market instruments issued by any group of companies must not exceed 20% of the Fund's NAV; ▪ the Target Fund's investments in transferable Shariah-compliant securities (other than Sukuk) must not exceed 10% of the securities issued by any single issuer; ▪ the Target Fund's investments in Islamic money market instruments must not exceed 10% of the instruments issued by any single issuer. This limit does not apply to Islamic money market instruments that do not have a pre-determined issue size; and ▪ the Target Fund's investments in Islamic CIS must not exceed 25% of the units/shares in any one (1) Islamic CIS. | <p><u>Investment restrictions and limits</u></p> <p>The Target Fund is subject to the following investment restrictions and limits:</p> <p><u>Exposure limit</u></p> <p>The Target Fund is subject to the following investment restrictions/limits:</p> <ol style="list-style-type: none"> (1) the aggregate value of the Target Fund's investment in <ol style="list-style-type: none"> a) Shariah-compliant transferable securities that are not traded or dealt in or under the rules of an Eligible Market; b) Islamic CIS that do not comply with 6(a), (b) and (c); and c) other Shariah-compliant securities, must not exceed 15% of the Target Fund's NAV, subject to a maximum limit of 10% of the Target Fund's NAV in a single issuer or single Islamic CIS, as the case may be. <p><u>Investment spread limits</u></p> <ol style="list-style-type: none"> (2) the value of the Target Fund's investment in Shariah-compliant ordinary shares issued by any single issuer must not exceed 10% of the Target Fund's NAV; (3) the value of the Target Fund's investments in Shariah-compliant transferable securities and Islamic money market instruments issued by any single issuer must not exceed 15% of the Target Fund's NAV ("single issuer limit"). In determining the single issuer limit, the value of the Target Fund's investments in instruments in (1) issued by the same issuer must be included in the calculation; (4) the value of the Target Fund's placement in Islamic Deposits with any single financial institution must not exceed 20% of the Target Fund's NAV; (5) the aggregate value of the Target Fund's investments in Shariah-compliant transferable securities, Islamic money market instruments, Islamic Deposits, underlying assets of Islamic derivatives and counterparty exposure arising from the use of OTC Islamic derivatives must not exceed 25% of the Target Fund's NAV ("single issuer aggregate limit"). In determining the single issuer aggregate limit, the value of the Target Fund's investments in (1) issued by the same issuer must be included in the calculation.; (6) the value of the Target Fund's investment in units/shares of any Islamic CIS must not exceed 20% of the Target Fund's NAV, provided that the Islamic CIS complies with the following conditions: <ol style="list-style-type: none"> (a) An Islamic CIS authorised or recognised by the SC; or (b) An Islamic CIS that meets the following criteria: <ol style="list-style-type: none"> (i) The Islamic CIS is constituted and regulated in a jurisdiction where the laws and practices provide the level of investor protection that is at least equivalent to that offered in Malaysia; |

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| | <p>For investments in Islamic derivatives (including for hedging purpose):</p> <ul style="list-style-type: none"> ▪ The Target Fund's exposure from Islamic derivatives positions should not exceed the Target Fund's NAV; ▪ the exposure to the underlying assets must not exceed the investment spread limits stipulated in the SC Guidelines on Unit Trust Funds; ▪ the value of the Target Fund's OTC Islamic derivative transaction with any single counter-party must not exceed 10% of the Target Fund's NAV; and <p>the counter-party of an OTC Islamic derivative is a financial institution with a minimum long-term rating provided by any domestic or global rating agency that indicates strong capacity for timely payment of financial obligations;</p> <p>Note: <i>The above restrictions and limits do not apply to Shariah-Compliant instruments issued or guaranteed by the Malaysian government or Bank Negara Malaysia.</i></p> <p>In respect of the above investment restrictions and limits, the SC Guidelines on Unit Trust Funds provides for an allowance of 5% from the restrictions and limits due to appreciation or depreciation of the NAV of the Target Fund (whether as a result of an appreciation or depreciation in value of the Fund's investments, or as a result of repurchase of units or payment made out of the Fund). If the Target Fund is not within the investment restrictions and limits, the Target Fund Manager should not make any further acquisitions in relation to the relevant restrictions and limits and must rectify as soon as practicable (maximum three (3) months from the date of occurrence).</p> | <ul style="list-style-type: none"> (ii) The rules on investments, borrowing and lending are substantially similar to the requirements in these Guidelines. This would exclude hedge funds; (iii) The assets of the Islamic CIS are managed by an entity which is approved, authorised or licensed by a securities regulator to conduct fund management activities; and (iv) The business of the Islamic CIS is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period; or <p>(c) An Islamic CIS that meets the following criteria:</p> <ul style="list-style-type: none"> (i) The Islamic CIS invests in: <ul style="list-style-type: none"> ▪ permitted investments that comply with the SC Guidelines on Unit Trust Funds, ▪ physically-backed metal ETF that comply with the following: <ul style="list-style-type: none"> a. The assets of the physically-backed metal ETF, i.e. the physical metal, is held in trust and is segregated from the assets of the manager, sponsor, trustee or custodian; and b. The physically-backed metal ETF adopts a passive management strategy with the objective of tracking the price of the metal; or ▪ real estate; (ii) The Islamic CIS meets the criteria imposed on transferable securities as following: <ul style="list-style-type: none"> ▪ The maximum potential loss which the Target Fund may incur as a result of the investment is limited to the amount paid for it; ▪ The investment is liquid, and will not impair the Target Fund's ability to satisfy its redemption and other payment commitments; ▪ The investment is subject to reliable and verifiable valuation on a daily basis; and ▪ There is appropriate information available to the market on the investment; (iii) The units or shares in the Islamic CIS are listed for quotation and traded on a stock exchange that is an Eligible Market; and (iv) The Islamic CIS is not an inverse or leveraged product; or <p>(d) An Islamic CIS that does not comply with the above, but subject to the exposure limit stipulated in this section;</p> <p>(7) The value of the Target Fund's investments in units or shares of an Islamic CIS that invests in real estate pursuant to 6(c) must not exceed 15% of the Target Fund's NAV.</p> <p>(8) The value of the Target Fund's investment in Shariah-compliant transferable securities and Islamic money market instruments issued by any group of companies must not exceed 20% of the Target Fund's NAV (group limit"). In determining the group limit, the value of the Target Fund's investments in instruments in the exposure</p> |

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| | | <p>limit issued by the issuers within the same group of companies must be included in the calculation.</p> <p>(9) For investments in Islamic derivatives (for hedging purpose):</p> <ul style="list-style-type: none"> ▪ the Target Fund's global exposure from Islamic derivatives positions should not exceed the Target Fund's NAV. ▪ the exposure to the underlying assets must not exceed the investment spread limits stipulated in the SC Guidelines on Unit Trust Funds; ▪ the maximum exposure of the Target Fund's OTC Islamic derivative transaction with the counterparty calculated based on the method below must not exceed 10% of the Target Fund's NAV; ▪ the counterparty of an OTC Islamic derivative is a financial institution with a minimum long-term of investment grade (including gradation and subcategories); and ▪ Where the underlying instrument of an Islamic derivative is a commodity, such Islamic derivative must be settled in cash at all times. <p><u>Calculation of exposure to counterparty of OTC Islamic derivatives</u></p> <ul style="list-style-type: none"> ▪ The exposure to a counterparty of an OTC Islamic derivative must be measured based on the maximum potential loss that may be incurred by the Target Fund if the counterparty defaults and not on the basis of the notional value of the OTC Islamic derivative. ▪ The total exposure to a single counterparty is calculated by summing the exposure arising from all OTC Islamic derivative transactions entered into with the same counterparty <p><u>Exceptions to investment spread limits</u></p> <p>Government and other public Shariah-compliant securities or Islamic money market instruments</p> <p>(10) The single issuer limit in (3) may be raised to 35% of the Target Fund's NAV if the issuing entity is, or the issue is guaranteed by, either a foreign government, foreign government agency, foreign central bank or supranational, that has a minimum long-term credit rating of investment grade (including gradation and subcategories) by an international rating agency.</p> <p>(11) Where the single issuer limit is increased to 35% of the Target Fund's NAV, the single issuer aggregate limit in (5) may be raised, subject to the group limit in (8) not exceeding 35% of the Target Fund's NAV.</p> <p><u>Islamic Deposits</u></p> <p>(12) The single financial institution limit in (4) does not apply to placements of Islamic Deposits arising from:</p> |

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| | <p>Note: Subject to the investment limit (9) and (10), the Target Fund may invest into non-qualifying CIS, provided:</p> <ul style="list-style-type: none"> ○ the level of protection for unit holders of the non-qualifying CIS is at least equivalent to that provided for unit holders in a Qualifying CIS. The non-qualifying CIS should originate from countries that either: <ul style="list-style-type: none"> (i) have been assessed by World Bank/ International Monetary Fund at least "broadly implemented" on the principles relevant to CIS; or (ii) does not comply with (a)(i) but the Home Regulator of the Qualifying CIS is satisfied with the relevant reason/ explanation on the weak points and how equivalence of protection can still be achieved; ○ semi-annual and annual reports are published by the non-qualifying CIS; and ○ the investment policy of the non-qualifying CIS is such that the: <ul style="list-style-type: none"> ▪ invested assets are similar to the types and categories that a Qualifying CIS may invest in and the non-qualifying CIS is subject to investment limits that are in line with those applicable to a Qualifying CIS; or ▪ invested assets are real estate and/or real estate-related, provided that the units of the non-qualifying CIS are listed for quotation and traded on an organised exchange in a Signatory country. <p>In respect of the above investment restrictions and limits, the SC Guidelines on Unit Trust Funds provides for an allowance of 5% from the restrictions and limits due to appreciation or depreciation of the NAV of the Target Fund (whether as a result of an appreciation or depreciation in value of the Target Fund's investments, or as a result of repurchase of units or payment made out of the Target Fund). If the Target Fund is not within the investment restrictions and limits, the Target Fund Manager should not make any further acquisitions in relation to the relevant restrictions and limits and must rectify as soon as practicable (maximum three (3) months from the date of occurrence). In addition, the Target Fund Manager should inform the SC and the trustee within three (3) Business Days after the Target Fund Manager become aware of such occurrence, except where such occurrence are due to appreciation or depreciation of the NAV of the Target Fund.</p> | <ul style="list-style-type: none"> (d) subscription monies received prior to the commencement of investment by the Target Fund; (e) liquidation of investments prior to the termination or maturity of the Target Fund, where the placement of Islamic Deposits with various financial institutions would not be in the best interests of unit holders; or (f) monies held for the settlement of redemption or other payment obligations, where the placement of Islamic Deposits with various financial institutions would not be in the best interests of unit holders. <p><u>Investment concentration limits</u></p> <ul style="list-style-type: none"> (13) the Target Fund's investments in Shariah-compliant shares or Shariah-compliant securities equivalent to shares must not exceed 10% of the Shariah-compliant shares or Shariah-compliant securities equivalent to shares issued by any single issuer; (14) the Target Fund's investments in Sukuk must not exceed 20% of the Sukuk issued by any single issuer. This limit may be disregarded at the time of acquisition if at that time of acquisition the gross amount of Sukuk in issue cannot be determined; (15) the Target Fund's investments in Islamic money market instruments must not exceed 10% of the instruments issued by any single issuer. This limit does not apply to Islamic money market instruments that do not have a pre-determined issue size; (16) the Target Fund's investments in Islamic CIS must not exceed 25% of the units/shares in the Islamic CIS. <p>The global exposure of the Target Fund is calculated based on the following:</p> <p><u>Commitment approach</u></p> <p>The global exposure of the Target Fund to Islamic derivatives is calculated as the sum of the:</p> <ul style="list-style-type: none"> (a) absolute value of the exposure of each individual Islamic derivative not involved in netting or hedging arrangements; (b) absolute value of the net exposure of each individual Islamic derivative after netting or hedging arrangement; and (c) the values of cash collateral received pursuant to: <ul style="list-style-type: none"> (i) the reduction of exposure to counterparties of OTC Islamic derivatives; and (ii) efficient portfolio management techniques relating to securities lending and repurchase transactions (if applicable). |

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| | | <p><u>Netting arrangements</u> Netting arrangements may be taken into account to reduce the Target Fund's exposure to Islamic derivatives. The Target Fund may net positions between:</p> <ul style="list-style-type: none"> (a) Islamic derivatives on the same underlying constituents, even if the maturity dates are different; or (b) Islamic derivatives and the same corresponding underlying constituents, if those underlying constituents are Shariah-compliant transferable securities, Islamic money market instruments, or units or shares in Islamic collective investment schemes. <p><u>Hedging arrangements</u> Hedging arrangements may be taken into account to reduce the Target Fund's exposure to Islamic derivatives. The marked-to-market value of Shariah-compliant transferable securities, Islamic money market instruments, or units or shares in Islamic collective investment schemes involved in hedging arrangements may be taken into account to reduce the exposure of the Target Fund to Islamic derivatives.</p> <p>The hedging arrangement must:</p> <ul style="list-style-type: none"> (a) not be aimed at generating a return; (b) result in an overall verifiable reduction of the risk of the Target Fund; (c) offset the general and specific risks linked to the underlying constituent being hedged; (d) relate to the same asset class being hedged; and (e) be able to meet its hedging objective in all market conditions. <p>Note: <i>The above restrictions and limits do not apply to Shariah-compliant instruments issued or guaranteed by the Malaysian government or BNM.</i></p> <p>In respect of the above investment restrictions and limits, the SC Guidelines on Unit Trust Funds provides that any breach of the restrictions and limits due to appreciation or depreciation in value of the Target Fund's investments, repurchase of units or payment made out of the Target Fund, or change in capital of a corporation in which the Target Fund has invested in, or downgrade in or cessation of a credit rating need not be reported to the SC but we must rectify as soon as practicable within three (3) months from the date of breach unless stated otherwise in the SC Guidelines on Unit Trust Funds. However, the</p> |

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| | | three-month period may be extended if it is in the best interest of unit holders and Trustee's consent is obtained. Such extension must be subject to at least a monthly review by the trustee. |
| 4.2/ 56 | <p>Permitted Investments</p> <p><u>CORE FUNDS</u></p> <p><u>8th bullet point</u></p> <ul style="list-style-type: none"> ▪ Shariah-compliant instruments listed or traded on foreign markets where the regulatory authority is a member of the IOSCO; <p><u>NON-CORE FUNDS</u></p> <p><u>8th bullet point</u></p> <ul style="list-style-type: none"> ▪ Shariah-compliant instruments listed or traded on foreign markets where the regulatory authority is a member of the IOSCO. | <p>Permitted Investments</p> <p><u>CORE FUNDS</u></p> <p><u>8th bullet point</u></p> <ul style="list-style-type: none"> ▪ Shariah-compliant securities listed or traded on foreign markets, where the regulatory authority must be under an Eligible Market; <p><u>NON-CORE FUNDS</u></p> <p><u>8th bullet point</u></p> <ul style="list-style-type: none"> ▪ Shariah-compliant securities listed or traded on foreign markets, where the regulatory authority must be under an Eligible Market. |
| 4.3/ 56-57 | <p>Investment Restrictions and Limits</p> <p><u>CORE FUNDS & NON-CORE FUNDS*</u></p> <ul style="list-style-type: none"> ▪ The value of the Fund's investment in unlisted securities must not exceed 10% of the Fund's NAV. ▪ The value of the Fund's investment in Shariah-compliant ordinary shares issued by any single issuer must not exceed 10% of the Fund's NAV; ▪ the value of the Fund's investments in Shariah-compliant transferable securities and Islamic money market instruments issued by any single issuer must not exceed 15% of the Fund's NAV ^{Note 1}; ▪ The value of the Fund's placement in Islamic Deposits with any single licensed Islamic financial institution must not exceed 20% of the Fund's NAV; ▪ The Fund's exposure from Islamic derivatives positions should not exceed the Fund's NAV. Further, <ul style="list-style-type: none"> a) the exposure to the underlying assets must not exceed the investment spread limits stipulated in the GPRS; and b) the value of the Fund's OTC Islamic derivative transaction with any single counter-party must not exceed 10% of the Fund's NAV; ▪ The value of the Fund's investment in Islamic structured products issued by a single counter-party must not exceed 15% of the Fund's NAV; | <p>Investment Restrictions and Limits</p> <p><u>CORE FUNDS & NON-CORE FUNDS*</u></p> <p><u>Exposure limit</u></p> <p>The Fund is subject to the following investment restrictions/limits:</p> <p>(1) the aggregate value of the Fund's investment in</p> <ul style="list-style-type: none"> a) Shariah-compliant transferable securities that are not traded or dealt in or under the rules of an Eligible Market; b) Islamic CIS that do not comply with 6(a), (b) and (c); and c) other Shariah-compliant securities, <p>must not exceed 15% of the Fund's NAV, subject to a maximum limit of 10% of the Fund's NAV in a single issuer or single Islamic CIS, as the case may be.</p> <p><u>Investment spread limits</u></p> <p>(2) the value of the Fund's investment in Shariah-compliant ordinary shares issued by any single issuer must not exceed 10% of the Fund's NAV;</p> <p>(3) the value of the Fund's investments in Shariah-compliant transferable securities and Islamic money market instruments issued by any single issuer must not exceed 15% of the Fund's NAV ("single issuer limit") ^{Note 1}. In determining the single issuer limit, the value of the Fund's investments in instruments in (1) issued by the same issuer must be included in the calculation;</p> |

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| | <ul style="list-style-type: none"> ▪ The aggregate value of the Fund's investments in Shariah-compliant transferable securities, Islamic money market instruments, Islamic Deposits, OTC Islamic derivatives and Islamic structured products issued by or placed with (as the case may be) any single issuer/ licensed Islamic financial institution must not exceed 25% of the Fund's NAV^{Note 1}; ▪ Except for investments by Core Funds, the value of the Fund's investments in units/shares of any Islamic CIS must not exceed 20% of the Fund's NAV^{Note 2}; ▪ The value of the Fund's investment in Shariah-compliant transferable securities and Islamic money market instruments issued by any group of companies must not exceed 20% of the Fund's NAV^{Note 1}; ▪ The Fund's investments in Shariah-compliant transferable securities (other than Sukuk) must not exceed 10% of the securities issued by any single issuer; ▪ The Fund's investments in Sukuk must not exceed 20% of the Sukuk issued by any single issuer; ▪ The Fund's investments in Islamic money market instruments must not exceed 10% of the instruments issued by any single issuer. This limit does not apply to Islamic money market instruments that do not have a pre-determined issue size. ▪ Except for investments by Core Funds, the Fund's investments in Islamic CIS must not exceed 25% of the units/shares in any one (1) Islamic CIS. <p>Note 1: <i>Not applicable for iPRS-C. Instead, the following apply:</i></p> <ul style="list-style-type: none"> (i) The value of iPRS-C's investments in Sukuk issued by any single issuer must not exceed 20% of the iPRS-C's NAV. This single issuer limit may be increased to 30% if the Sukuk are rated by any domestic rating agency to be of the best quality and offer highest safety for timely payment of interest and principal; (ii) Where the single issuer limit of investments in Sukuk is increased to 30% of the iPRS-C's NAV, the aggregate value of the iPRS-C's investment must not exceed 30% of the iPRS-C's NAV; (iii) The value the iPRS-C's investments in Sukuk issued by any one group of companies must not exceed 30% of the iPRS-C's NAV. (iv) Investment in Sukuk must be rated at least BBB3/P2 by RAM (or equivalent rating by MARC). However, Sukuk which are rated below BBB3/P2 and/or are unrated, may comprise up to 5% of iPRS-C's NAV ("the 5% Limit"). In the event the 5% Limit is exceeded, whether as a result of: <ul style="list-style-type: none"> (i) a downgrade of any Sukuk to below BBB3/P2; (ii) an increase in the aggregate value of Sukuk which are rated below BBB3/P2 and/or are unrated; or (iii) a decrease in the NAV of iPRS-C's, the PRS Provider must reduce such investments to comply with the 5% Limit unless in the opinion of the Scheme Trustee, the disposal of such investments is not in the best interest of the Members; | <ul style="list-style-type: none"> (4) the value of the Fund's placement in Islamic Deposits with any single financial institution must not exceed 20% of the Fund's NAV; (5) the aggregate value of the Fund's investments in Shariah-compliant transferable securities, Islamic money market instruments, Islamic Deposits, underlying assets of Islamic derivatives and counterparty exposure arising from the use of OTC Islamic derivatives must not exceed 25% of the Fund's NAV ("single issuer aggregate limit"). In determining the single issuer aggregate limit, the value of the Fund's investments in (1) issued by the same issuer must be included in the calculation; (6) the value of the Fund's investment in units/shares of any Islamic CIS must not exceed 20% of the Fund's NAV, provided that the Islamic CIS complies with the following conditions: <ul style="list-style-type: none"> (a) An Islamic CIS authorised or recognised by the SC; or (b) An Islamic CIS that meets the following criteria: <ul style="list-style-type: none"> (i) The Islamic CIS is constituted and regulated in a jurisdiction where the laws and practices provide the level of investor protection that is at least equivalent to that offered in Malaysia; (ii) The rules on investments, borrowing and lending are substantially similar to the requirements in these Guidelines. This would exclude hedge funds; (iii) The assets of the Islamic CIS are managed by an entity which is approved, authorised or licensed by a securities regulator to conduct fund management activities; and (iv) The business of the Islamic CIS is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period; or (c) An Islamic CIS that meets the following criteria: <ul style="list-style-type: none"> (i) The Islamic CIS invests in: <ul style="list-style-type: none"> ▪ permitted investments that comply with the GPRS, ▪ physically-backed metal ETF that comply with the following: <ul style="list-style-type: none"> a. The assets of the physically-backed metal ETF, i.e. the physical metal, is held in trust and is segregated from the assets of the manager, sponsor, trustee or custodian; and b. The physically-backed metal ETF adopts a passive management strategy with the objective of tracking the price of the metal. (ii) The Islamic CIS meets the criteria imposed on transferable securities as following: <ul style="list-style-type: none"> ▪ The maximum potential loss which the Fund may incur as a result of the investment is limited to the amount paid for it; ▪ The investment is liquid, and will not impair the Fund's ability to satisfy its redemption and other payment commitments; |

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| | <ul style="list-style-type: none"> ▪ Use of Islamic derivatives is for hedging purposes only; ▪ No investments in Shariah-compliant warrants except as a result of iPRS-C's holdings in Shariah-compliant equities; and ▪ No investment in products with embedded Islamic derivatives. <p>Note 2: <i>Not applicable for iREI. Instead, the following apply:</i> Investment into one or more CIS is permitted in the following circumstances:</p> <ul style="list-style-type: none"> ▪ upon reaching RM200 million NAV, the value of iREI's investment in any of the CIS must not exceed 40% of the iREI's NAV; and ▪ that the investment objective of the CIS are similar to iREI. <p><i>*Except iPRS-E & iPRS-AP.</i></p> <div style="background-color: #0070C0; color: white; padding: 5px; text-align: center; margin: 10px 0;"> iPRS-E & iPRS-AP </div> <ul style="list-style-type: none"> ▪ The Fund must be invested in one (1) CIS. <hr/> <p>In respect of the above investment restrictions and limits, the GPRS provides for an allowance of 5% from the restrictions and limits due to appreciation or depreciation of the NAV of the Funds (whether as a result of an appreciation or depreciation in value of the Funds' investments, or as a result of repurchase of Units or payment made out of the Funds). If the Funds are not within the investment restrictions and limits, we should not make any further acquisitions in relation to the relevant restrictions and limits and we must rectify as soon as practicable (maximum three (3) months from the date of occurrence).</p> | <ul style="list-style-type: none"> ▪ The investment is subject to reliable and verifiable valuation on a daily basis; and ▪ There is appropriate information available to the market on the investment; <p>(iii) The units or shares in the Islamic CIS are listed for quotation and traded on a stock exchange that is an Eligible Market; and</p> <p>(iv) The Islamic CIS is not an inverse or leveraged product; or</p> <p>(d) An Islamic CIS that does not comply with the above, but subject to the exposure limit stipulated in this section;</p> <p>(7) The value of the Fund's investments in units or shares of an Islamic CIS that invests in real estate pursuant to 6(c) must not exceed 15% of the Fund's NAV.</p> <p>(8) the value of the Fund's investment in Shariah-compliant transferable securities and Islamic money market instruments issued by any group of companies must not exceed 20% of the Fund's NAV (group limit"). In determining the group limit, the value of the Fund's investments in instruments in the paragraph (1) exposure limit issued by the issuers within the same group of companies must be included in the calculation.</p> <p>(9) For investments in Islamic derivatives (for hedging purpose):</p> <ul style="list-style-type: none"> ▪ the Fund's global exposure from Islamic derivatives positions should not exceed the Fund's NAV. ▪ the exposure to the underlying assets must not exceed the investment spread limits stipulated in the GPRS; ▪ the maximum exposure of the Fund's OTC Islamic derivative transaction with the counterparty calculated based on the method below must not exceed 10% of the Fund's NAV; ▪ the counterparty of an OTC Islamic derivative is a financial institution with a minimum long-term of investment grade (including gradation and subcategories); and ▪ Where the underlying instrument of an Islamic derivative is a commodity, such Islamic derivative must be settled in cash at all times. <p><u>Calculation of exposure to counterparty of OTC Islamic derivatives</u></p> <ul style="list-style-type: none"> ▪ The exposure to a counterparty of an OTC Islamic derivative must be measured based on the maximum potential loss that may be incurred by the Fund if the counterparty defaults and not on the basis of the notional value of the OTC Islamic derivative. ▪ The total exposure to a single counterparty is calculated by summing the exposure arising from all OTC Islamic derivative transactions entered into with the same counterparty. |

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| | | <p><u>Exceptions to investment spread limits</u> Government and other public Shariah-compliant securities or Islamic money market instruments (10) The single issuer limit in (3) may be raised to 35% of the Fund's NAV if the issuing entity is, or the issue is guaranteed by, either a foreign government, foreign government agency, foreign central bank or supranational, that has a minimum long-term credit rating of investment grade (including gradation and subcategories) by an international rating agency. (11) Where the single issuer limit is increased to 35% of the Fund's NAV, the single issuer aggregate limit in (5) may be raised, subject to the group limit in (8) not exceeding 35% of the Fund's NAV.</p> <p><u>Islamic Deposits</u> (12) The single financial institution limit in (4) does not apply to placements of Islamic Deposits arising from: (a) subscription monies received prior to the commencement of investment by the Fund; (b) liquidation of investments prior to the termination or maturity of the Fund, where the placement of Islamic Deposits with various financial institutions would not be in the best interests of Members; or (c) monies held for the settlement of redemption or other payment obligations, where the placement of Islamic Deposits with various financial institutions would not be in the best interests of Members.</p> <p><u>Islamic CIS</u> (13) Notwithstanding paragraph (6) and (7), investment in units or shares of one or more Islamic CIS is permitted in the following circumstances: <ul style="list-style-type: none"> • from the launch of the Fund, the value of the Fund's investment in any of the Islamic CIS must not exceed 95% of the Fund's NAV; • upon reaching an NAV of RM200 million, the value of the Fund's investment in any of the Islamic CIS must not exceed 40% of the Fund's NAV; and • that the investment objective of the Islamic CIS is similar to the Fund. </p> <p><u>Investment concentration limits</u> (14) the Fund's investments in Shariah-compliant shares or Shariah-compliant securities equivalent to shares must not exceed 10% of the Shariah-compliant shares or Shariah-compliant securities equivalent to shares issued by any single issuer;</p> |

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| | | <p>(15) the Fund's investments in Sukuk must not exceed 20% of the Sukuk issued by any single issuer. This limit may be disregarded at the time of acquisition if at that time of acquisition the gross amount of Sukuk in issue cannot be determined;</p> <p>(16) the Fund's investments in Islamic money market instruments must not exceed 10% of the instruments issued by any single issuer. This limit does not apply to Islamic money market instruments that do not have a pre-determined issue size;</p> <p>(17) Except for investments by core funds, the Fund's investments in Islamic CIS must not exceed 25% of the units/shares in any one the Islamic CIS.</p> <p>The global exposure of the Funds is calculated based on the following:</p> <p><u>Commitment approach</u></p> <p>The global exposure of the Funds to Islamic derivatives is calculated as the sum of the:</p> <ul style="list-style-type: none"> ▪ absolute value of the exposure of each individual Islamic derivative not involved in netting or hedging arrangements; ▪ absolute value of the net exposure of each individual Islamic derivative after netting or hedging arrangement; and ▪ the values of cash collateral received pursuant to: <ul style="list-style-type: none"> (i) the reduction of exposure to counterparties of OTC Islamic derivatives; and (ii) efficient portfolio management techniques relating to securities lending and repurchase transactions (if applicable). <p><u>Netting arrangements</u></p> <p>Netting arrangements may be taken into account to reduce the Fund's exposure to Islamic derivatives.</p> <p>The Fund may net positions between:</p> <ul style="list-style-type: none"> (a) Islamic derivatives on the same underlying constituents, even if the maturity dates are different; or (b) Islamic derivatives and the same corresponding underlying constituents, if those underlying constituents are Shariah-compliant transferable securities, Islamic money market instruments, or units or shares in Islamic collective investment schemes. <p><u>Hedging arrangements</u></p> <p>Hedging arrangements may be taken into account to reduce the Fund's exposure to Islamic derivatives.</p> <p>The marked-to-market value of Shariah-compliant transferable securities, Islamic money market instruments, or units or shares in Islamic collective investment schemes involved in hedging arrangements may be taken into account to reduce the exposure of the Fund to Islamic derivatives.</p> |

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| | | <p>The hedging arrangement must:</p> <ul style="list-style-type: none"> (a) not be aimed at generating a return; (b) result in an overall verifiable reduction of the risk of the Funds; (c) offset the general and specific risks linked to the underlying constituent being hedged; (d) relate to the same asset class being hedged; and (e) be able to meet its hedging objective in all market conditions. <p>Note 1: <i>Not applicable for iPRS-C. Instead, the following apply:</i></p> <ul style="list-style-type: none"> (i) The value of the iPRS-C's investments in Shariah-compliant transferable securities and Islamic money market instruments issued by any single issuer must not exceed 20% of the iPRS-C's NAV ("single issuer limit"). In determining the single issuer limit, the value of the PRS-C's investments in instruments in paragraph (1) issued by the same issuer must be included in the calculation; (ii) For avoidance of doubt, the single issuer aggregate limit requirement in paragraph (5) applies to Sukuk. (iii) This single issuer limit in (ii) may be increased to 30% if the Sukuk is rated by any domestic or global rating agency to have the highest long-term credit rating; (iv) Where the single issuer limit of investments in Sukuk is increased to 30% pursuant to (iii), the single issuer aggregate limit of 25% in paragraph (5) may be raised to 30% of the iPRS-C's NAV; (v) The value of the PRS-C's investments in Shariah-compliant transferable securities and Islamic money market instruments issued by any group of companies must not exceed 30% of the iPRS-C's NAV ("group limit"). In determining the group limit, the value of the PRS-C's investments in instruments in paragraph (1) issued by the issuers within the same group of companies must be included in the calculation; (vi) Where the Sukuk or Islamic money market instruments are issued, or the issue is guaranteed by, either a foreign government, foreign government agency, foreign central bank or supranational, that has a minimum long-term credit rating of investment grade (including gradation and subcategories) by an international rating agency, the fund manager may apply the limit in paragraphs (10) and (11). (vii) Investment in Sukuk or Islamic money market instruments must be- <ul style="list-style-type: none"> (a) at least long-term credit rating of investment grade (including gradation and subcategories); or (b) at least top two short-term rating, by any Malaysian or global rating agency. However, Sukuk or Islamic money market instruments which are rated below the rating in i) or ii), or are unrated, may comprise up to 5% of the iPRS-C's NAV ("the 5% limit"). In the case where the 5% limit is exceeded, whether as a result of <ul style="list-style-type: none"> ▪ a downgrade of rating listed in (a) or (b); |

List of Amendment
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| Fourth Replacement Disclosure Document dated 23 September 2022 ("Prospectus 1") | | First Supplemental Disclosure Document dated 30 August 2023 ("Prospectus 2") |
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| Section / Page | Description | Description |
| | | <ul style="list-style-type: none"> ▪ an increase in the aggregate value of Sukuk or Islamic money market instruments which are rated below the rating in (a) or (b), or are unrated; or ▪ a decrease in the NAV of iPRS-C, <p>the PRS Provider must reduce such investments to comply with the 5% limit unless in the opinion of the Scheme Trustee, the disposal of such investments is not in the best interest of the Members.</p> <p>(viii) Investment in Islamic derivatives, including embedded Islamic derivatives, are not permitted except for the following:</p> <ul style="list-style-type: none"> ▪ the Islamic derivatives are used for hedging purposes; and ▪ the holding of Shariah-compliant warrants as a result of the iPRS-C's holdings in Shariah-compliant equities. <p><i>*Except iPRS-E & iPRS-AP.</i></p> <div style="background-color: #0070C0; color: white; padding: 2px; text-align: center; font-weight: bold;">iPRS-E & iPRS-AP</div> <ul style="list-style-type: none"> ▪ The Fund must be invested in one (1) CIS. <hr/> <p>In respect of the above investment restrictions and limits, the GPRS provides that any breach of the restrictions and limits due to appreciation or depreciation in value of the Fund's investments, repurchase of units or payment made out of the Fund, or change in capital of a corporation in which the Fund has invested in, or downgrade in or cessation of a credit rating need not be reported to the SC but we must rectify as soon as practicable within three (3) months from the date of breach unless stated otherwise in the GPRS. However, the three-month period may be extended if it is in the best interest of Members and Trustee's consent is obtained. Such extension must be subject to at least a monthly review by the trustee.</p> |
| 5.2.3./65 | <p>Other expenses</p> <p>Nil</p> | <p>Other expenses</p> <p><u>Last bullet point</u></p> <ul style="list-style-type: none"> ▪ costs, fees and expenses incurred for the fund valuation and accounting of the Fund performed by a fund valuation agent. |
| 5.3/65 | <p>Rebates and Soft Commissions</p> <p>We, the Sub-Manager and the Trustee will not retain any form of rebate or soft commission from, or otherwise share in any commission with, any broker in consideration for directing dealings in the investments of the Funds unless the soft commission received is retained in the form of goods and services such as research</p> | <p>Rebates and Soft Commissions</p> <p>We, the Sub-Manager and the Trustee will not retain any form of rebate from, or otherwise share in any commission with, any broker or dealer in consideration for directing dealings in the investments of the Fund. Accordingly, any rebate or shared commission will be directed to the account of the Fund.</p> |

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| Section / Page | Description | Section / Page | Description | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | and advisory services that assist in the decision making process relating to the Fund's investments. All dealings with brokers are executed on most favourable terms available for the Fund. Any rebates will be directed to the account of the Fund. | | We may retain goods and services (soft commission) provided by any broker or dealer if the following conditions are met: (a) the soft commission brings direct benefit or advantage to the management of the Fund and may include research and advisory related services; (b) any dealings with the broker or dealer is executed on terms which are the most favourable for the Fund; and (c) the availability of soft commission is not the sole or primary purpose to perform or arrange transactions with such broker or dealer, and we will not enter into unnecessary trades in order to achieve a sufficient volume of transactions to qualify for soft commission. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6.4.2./ 69 | How to invest? <u>1st bullet point</u> ▪ by crossed cheque, banker's draft, money order or cashier's order (made payable as advised by us or our Distributors as the case may be). You will have to bear the commission charges for outstation cheques, if any; | | How to invest? <u>1st bullet point</u> ▪ by crossed cheque (made payable as advised by us or our Distributors as the case may be); You will have to bear the commission charges for outstation cheques, if any; | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6.5.1./ 70 | Minimum Contribution <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr style="background-color: #0070C0; color: white;"> <th rowspan="2">Funds</th> <th rowspan="2">Min initial contribution (RM)</th> <th rowspan="2">Min subsequent contribution (RM)</th> <th colspan="2">Regular Savings Plan (RSP)</th> </tr> <tr style="background-color: #0070C0; color: white;"> <th>Min initial contribution (RM)</th> <th>Min subsequent contribution (RM)</th> </tr> </thead> <tbody> <tr><td>iRE60</td><td></td><td></td><td></td><td></td></tr> <tr><td>iRE50</td><td></td><td></td><td></td><td></td></tr> <tr><td>iRE40</td><td></td><td></td><td></td><td></td></tr> <tr><td>iRE30</td><td></td><td></td><td></td><td></td></tr> <tr><td>iREI</td><td>Class A : 100</td><td>Class A : 50</td><td>Class A : 100</td><td>Class A : 50</td></tr> <tr><td>iPRS-C</td><td>Class C : 100</td><td>Class C : 50</td><td>Class C : 100</td><td>Class C : 50</td></tr> <tr><td>iPRS-M</td><td>Class X : N/A</td><td>Class X : N/A</td><td>Class X : N/A</td><td>Class X : N/A</td></tr> <tr><td>iPRS-G</td><td></td><td></td><td></td><td></td></tr> <tr><td>iPRS-E</td><td></td><td></td><td></td><td></td></tr> <tr><td>iPRS-AP</td><td></td><td></td><td></td><td></td></tr> </tbody> </table> | Funds | Min initial contribution (RM) | Min subsequent contribution (RM) | Regular Savings Plan (RSP) | | Min initial contribution (RM) | Min subsequent contribution (RM) | iRE60 | | | | | iRE50 | | | | | iRE40 | | | | | iRE30 | | | | | iREI | Class A : 100 | Class A : 50 | Class A : 100 | Class A : 50 | iPRS-C | Class C : 100 | Class C : 50 | Class C : 100 | Class C : 50 | iPRS-M | Class X : N/A | Class X : N/A | Class X : N/A | Class X : N/A | iPRS-G | | | | | iPRS-E | | | | | iPRS-AP | | | | | Minimum Contribution <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr style="background-color: #0070C0; color: white;"> <th rowspan="2">Funds</th> <th rowspan="2">Min initial contribution (RM)</th> <th rowspan="2">Min subsequent contribution (RM)</th> <th colspan="2">Regular Savings Plan (RSP)</th> </tr> <tr style="background-color: #0070C0; color: white;"> <th>Min initial contribution (RM)</th> <th>Min subsequent contribution (RM)</th> </tr> </thead> <tbody> <tr><td>iRE60</td><td></td><td></td><td></td><td></td></tr> <tr><td>iRE50</td><td></td><td></td><td></td><td></td></tr> <tr><td>iRE40</td><td></td><td></td><td></td><td></td></tr> <tr><td>iRE30</td><td></td><td></td><td></td><td></td></tr> <tr><td>iREI</td><td>Class A : 100</td><td>Class A : 50</td><td>Class A : 100</td><td>Class A : 50</td></tr> <tr><td>iPRS-C</td><td>Class C : 100</td><td>Class C : 50</td><td>Class C : 100</td><td>Class C : 50</td></tr> <tr><td>iPRS-M</td><td>Class X : 100</td><td>Class X : 50</td><td>Class X : 100</td><td>Class X : 50</td></tr> <tr><td>iPRS-G</td><td></td><td></td><td></td><td></td></tr> <tr><td>iPRS-E</td><td></td><td></td><td></td><td></td></tr> <tr><td>iPRS-AP</td><td></td><td></td><td></td><td></td></tr> </tbody> </table> | Funds | Min initial contribution (RM) | Min subsequent contribution (RM) | Regular Savings Plan (RSP) | | Min initial contribution (RM) | Min subsequent contribution (RM) | iRE60 | | | | | iRE50 | | | | | iRE40 | | | | | iRE30 | | | | | iREI | Class A : 100 | Class A : 50 | Class A : 100 | Class A : 50 | iPRS-C | Class C : 100 | Class C : 50 | Class C : 100 | Class C : 50 | iPRS-M | Class X : 100 | Class X : 50 | Class X : 100 | Class X : 50 | iPRS-G | | | | | iPRS-E | | | | | iPRS-AP | | | | |
| Funds | Min initial contribution (RM) | | | | Min subsequent contribution (RM) | Regular Savings Plan (RSP) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Min initial contribution (RM) | Min subsequent contribution (RM) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iRE60 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iRE50 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iRE40 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iRE30 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iREI | Class A : 100 | Class A : 50 | Class A : 100 | Class A : 50 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iPRS-C | Class C : 100 | Class C : 50 | Class C : 100 | Class C : 50 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iPRS-M | Class X : N/A | Class X : N/A | Class X : N/A | Class X : N/A | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iPRS-G | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iPRS-E | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iPRS-AP | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Funds | Min initial contribution (RM) | Min subsequent contribution (RM) | Regular Savings Plan (RSP) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | Min initial contribution (RM) | Min subsequent contribution (RM) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iRE60 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iRE50 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iRE40 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iRE30 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iREI | Class A : 100 | Class A : 50 | Class A : 100 | Class A : 50 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iPRS-C | Class C : 100 | Class C : 50 | Class C : 100 | Class C : 50 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iPRS-M | Class X : 100 | Class X : 50 | Class X : 100 | Class X : 50 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iPRS-G | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iPRS-E | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iPRS-AP | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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|--|--|---|
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| 6.5.2./ 70 | <p>Processing an application</p> <p><u>1st & 2nd paragraph</u> If we receive a complete application form together with the contribution payment by 12.00p.m. on a Business Day, we will process it within ten (10) calendar days from that Business Day (T). It will be processed using the NAV per Unit for that Business Day (T).</p> <p>If we receive a complete application form together with the contribution payment after 12.00p.m. on a Business Day, we will process it within ten (10) calendar days from the next Business Day (T+1). It will be processed using the NAV per Unit for the next Business Day (T+1).</p> | <p>Processing an application</p> <p><u>1st & 2nd paragraph</u> If we receive and accepted a complete application form together with the contribution payment by 12.00p.m. on a Business Day, we will process it within seven (7) Business Days from that Business Day (T). It will be processed using the NAV per Unit for that Business Day (T).</p> <p>If we receive and accepted a complete application form together with the contribution payment after 12.00p.m. on a Business Day, we will process it within seven (7) Business Days from the next Business Day (T+1). It will be processed using the NAV per Unit for the next Business Day (T+1).</p> |
| 6.6/ 71 | <p>Withdrawals</p> <p><u>2nd paragraph</u> Upon receiving your request to withdraw some or all of the Accrued Benefits in any of the Fund, you may be required by us and/or the PPA to provide evidence of the facts necessary to establish your right to withdraw moneys from any of the Fund. We will pay the withdrawal proceeds within ten (10) calendar days after we receive a complete withdrawal request from you and, where required, the authorization of the PPA.</p> | <p>Withdrawals</p> <p><u>2nd paragraph</u> Upon receiving your request to withdraw some or all of the Accrued Benefits in any of the Fund, you may be required by us and/or the PPA to provide evidence of the facts necessary to establish your right to withdraw moneys from any of the Fund. We will pay the withdrawal proceeds within seven (7) Business Days after we receive a complete withdrawal request from you and, where required, the authorization of the PPA.</p> |
| 6.6.2./ 71 | <p>Processing a withdrawal</p> <p>If we receive a complete withdrawal request and, where required, the authorization of the PPA by 12.00p.m. on a Business Day, we will process it within ten (10) calendar days from that Business Day (T). It will be processed using the NAV per Unit for that Business Day (T).</p> <p>If we receive a complete withdrawal request and, where required, the authorization of the PPA after 12.00p.m. on a Business Day, we will process it within ten (10) calendar days from the next Business Day (T+1). It will be processed using the NAV per Unit for the next Business Day (T+1).</p> <p>If you request for a specific amount in RM, the number of Units will be calculated by dividing the requested amount in RM by the NAV per Unit, and the number of Units will be rounded to two (2) decimal places. The amount that you will receive is calculated by the withdrawal value less the Redemption Charge (if any) and less tax penalty (if any). That amount will be paid in RM within ten (10) calendar days from that Business Day (T) or the next Business Day (T+1) (whichever applicable).</p> | <p>Processing a withdrawal</p> <p>If we receive a complete withdrawal request and, where required, the authorization of the PPA by 12.00p.m. on a Business Day, we will process it within seven (7) Business Days from that Business Day (T). It will be processed using the NAV per Unit for that Business Day (T).</p> <p>If we receive a complete withdrawal request and, where required, the authorization of the PPA after 12.00p.m. on a Business Day, we will process it within seven (7) Business Days from the next Business Day (T+1). It will be processed using the NAV per Unit for the next Business Day (T+1).</p> <p>If you request for a specific amount in RM, the number of Units will be calculated by dividing the requested amount in RM by the NAV per Unit, and the number of Units will be rounded to two (2) decimal places. The amount that you will receive is calculated by the withdrawal value less the Redemption Charge (if any) and less tax penalty (if any). That amount will be paid in RM within seven (7) Business Days from that Business Day (T) or the next Business Day (T+1) (whichever applicable).</p> |

**List of Amendment
First Supplemental Disclosure Document for Principal Islamic PRS Plus**

| Fourth Replacement Disclosure Document dated 23 September 2022 ("Prospectus 1") | | First Supplemental Disclosure Document dated 30 August 2023 ("Prospectus 2") |
|--|---|--|
| Section / Page | Description | Description |
| | Any applicable bank charges and other bank fees incurred as a result of a withdrawal by way of telegraphic transfer, bank cheque or other special payment method will be charged to you. | Any applicable bank charges and other bank fees incurred as a result of a withdrawal by way of telegraphic transfer, bank cheque or other special payment method will be charged to you. For the feeder fund (e.g. iPRS-E & iPRS-AP), the withdrawal payment period may be extended to within 5 Business Days from the receipt of withdrawal proceeds from the target fund. |
| 6.7/ 72 | <p>Permitted Withdrawals and Pre-Retirement Withdrawals</p> <p><u>4th paragraph</u> In relation to item (c), we must obtain prior authorization from the PPA before issuing instructions to the Trustee to cancel Units.</p> | <p>Permitted Withdrawals and Pre-Retirement Withdrawals</p> <p><u>4th paragraph</u> In relation to item (c), (e), (f) and (g), we must obtain prior authorization from the PPA before issuing instructions to the Trustee to cancel Units.</p> |