

PRINCIPAL DEPOSIT FUND
ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

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INVESTOR LETTER

Dear Valued Investor,

Greetings from Principal Asset Management Berhad (“Principal Malaysia”) and thank you for investing with us!

We are pleased to bring you a copy of the Annual Fund Report of the Principal Deposit Fund for the financial year ended 31 August 2025. You may also download this report from our website at www.principal.com.my.

We are proud of our 2025 achievements, made possible by your trust. These include being recognised as Asset Management Company of the Year (Malaysia) by The Asset Triple A Sustainable Investing Awards, receiving EPF's Best International Equity Fund Manager award for our MSCI EM Latin America performance, and sweeping various categories at the LSEG Lipper Fund Awards 2025.

Adding to this impressive roster, we were honoured to receive three prestigious awards at Alpha Southeast Asia's 16th Fund Management Awards 2025 and clinched seven awards at the FSMOne Recommended Unit Trusts Awards Ceremony 2025/26, further cementing our commitment to delivering exceptional investment solutions.

Building on our recent achievements, Principal Malaysia was the recipient of over 30 prestigious awards throughout 2024, spanning categories from fund performance and asset management excellence to ESG leadership and digital innovation. For the complete list of awards, please visit: <https://www.principal.com.my/en/awards-recognition/my>

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, like our Facebook page (@PrincipalMalaysia), follow us on our Instagram account (@principalmalaysia), and LinkedIn page (Principal Malaysia) for the latest updates, market insights and investment articles.

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

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

Munirah Khairuddin

Chief Executive Officer & Head of Principal Asset Management Berhad (Group of Companies),
and Managing Director Strategic Distribution & Institutional Client Relations
(Southeast Asia & Global Shariah)
Non-Independent Executive Director

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

The Fund aims to generate regular income for investors through investments primarily in the money market.

Has the Fund achieved its objective?

For the Financial year under review, the Fund is in line with its stated objective.

What are the Fund investment policy and principal investment strategy?

The Fund will place at least 95% of its Net Asset Value ("NAV") in deposits. Up to 5% of the Fund's NAV may be invested in money market instruments, short-term bonds and/or notes with a minimum credit rating of "BBB3" or "P2" by RAM Ratings ("RAM") or equivalent rating by Malaysian Rating Corporation Berhad ("MARC") or by local rating agency(ies) of the country of issuance or "BBB-" by Standard & Poor's ("S&P") or equivalent rating by any other international rating agencies, all of which have a remaining maturity period of less than 397 days. The investment policy and strategy is to invest in liquid and low risk short-term investments for capital preservation*.

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

The asset allocation strategy for this Fund is as follows:

- at least 95% of the Fund's NAV in deposits; and
- up to 5% of the Fund's NAV in money market instruments and short-term bonds and/or notes.

Fund category/type

Money Market/Income

When was the Fund launched?

Name of Class #	Launch Date
Class AI #	8 July 2004
Class AR #	13 August 2021*

With effect from 13 August 2021, the Fund will be split into Class AI and AR where individual unitholders will be designated to Class AR and non-individual unit holders will be designated to Class AI.

*The effective launch date of Class AR will be the date of the Fund is split into Class AI and AR.

What was the size of the Fund as at 31 August 2025?

RM3,571.86 million (3,182.02 million units)

What is the Fund's benchmark?

CIMB Bank Overnight Rate

Note: Given that the Fund is an income fund, the Fund shall benchmark itself against the overnight rate for performance comparison purpose only. Therefore, investors are cautioned that the risk profile of the Fund is higher than the benchmark.

What is the Fund distribution policy?

Class AI: annually; Class AR: monthly, depending on the level of income (if any) the Fund generates.

FUND OBJECTIVE AND POLICY (CONTINUED)

What was the net income distribution for the financial year ended 31 August 2025?

The Fund distributed a total net income of RM1.31 million to unit holders for the financial year ended 31 August 2025.

The Fund's NAV per unit before and after distributions were as follows:

Date	NAV per unit (Before distribution)	NAV per unit (After distribution)
Distribution on 26 September 2024		
- Class AI	1.0870	1.0869
- Class AR	1.0870	1.0869
Distribution on 29 October 2024		
- Class AI	1.0904	1.0903
- Class AR	1.0904	1.0903
Distribution on 27 November 2024		
- Class AI	1.0935	1.0934
- Class AR	1.0934	1.0933
Distribution on 27 December 2024		
- Class AI	1.0966	1.0966
- Class AR	1.0967	1.0966
Distribution on 27 January 2025		
- Class AI	1.1000	1.1000
- Class AR	1.1000	1.0999
Distribution on 26 February 2025		
- Class AI	1.1032	1.1031
- Class AR	1.1031	1.1031
Distribution on 26 March 2025		
- Class AI	1.1062	1.1062
- Class AR	1.1062	1.1061
Distribution on 28 April 2025		
- Class AI	1.1097	1.1096
- Class AR	1.1096	1.1096
Distribution on 28 May 2025		
- Class AI	1.1128	1.1128
- Class AR	1.1128	1.1127
Distribution on 25 June 2025		
- Class AI	1.1158	1.1157
- Class AR	1.1158	1.1157
Distribution on 29 July 2025		
- Class AI	1.1193	1.1192
- Class AR	1.1193	1.1192
Distribution on 27 August 2025		
- Class AI	1.1222	1.1222
- Class AR	1.1223	1.1222

Breakdown of distribution were as follows:

Source of distribution	2025		2024	
	RM	%	RM	%
Distribution out of current year's income	1,312,618	100.00	418,202	100.00
Distribution out of prior year's income/capital	-	-	-	-
Total	1,312,618	100.00	418,202	100.00

PERFORMANCE DATA

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

	31.08.2025	31.08.2024	31.08.2023
	%	%	%
Deposits with licensed financial institutions	90.29	98.57	96.61
Cash and other assets	9.76	1.53	3.41
Liabilities	(0.05)	(0.10)	(0.02)
	<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:

	31.08.2025	31.08.2024	31.08.2023
NAV (RM Million) *			
- Class AI	3,233.05	1,908.79	1,737.14
- Class AR	338.81	201.83	28.30
Units in circulation (Million)			
- Class AI	2,880.19	1,760.31	1,659.54
- Class AR	301.83	186.13	27.03
NAV per unit (RM)*			
- Class AI	1.1225	1.0843	1.0467
- Class AR	1.1225	1.0843	1.0467
Highest NAV per unit (RM)			
- Class AI	1.1226	1.0843	1.0467
- Class AR	1.1226	1.0843	1.0467
Lowest NAV per unit (RM)*			
- Class AI	1.0845	1.0469	1.0128
- Class AR	1.0845	1.0469	1.0128
Total return (%)			
- Class AI	3.6070	3.62	3.35
- Class AR	3.6038	3.62	3.35
Capital growth (%)			
- Class AI	3.5322	3.59	3.35
- Class AR	3.5322	3.59	3.35
Income distribution (%)			
- Class AI	0.0722	0.03	-
- Class AR	0.0691	0.03	-

* Ex-distribution

Total Expense Ratio ("TER") (%) ^	0.32	0.30	0.32
Portfolio Turnover Ratio ("PTR") (times) #	4.21	12.12	23.11

^ The Fund's TER increased from 0.30% to 0.32% due to increase in average NAV during the financial year under review.

The Fund's PTR decreased from 12.12 to 4.21 times due to lower number of transactions and increase in average NAV during the Financial period under review.

PERFORMANCE DATA (CONTINUED)

	01.09.2024 to 31.08.2025	01.09.2023 to 31.08.2024	01.09.2022 to 31.08.2023
Gross/Net distribution per unit (sen)			
Distribution on 26 September 2024			
- Class AI	0.01	-	-
- Class AR	0.01	-	-
Distribution on 29 October 2024			
- Class AI	0.01	-	-
- Class AR	0.01	-	-
Distribution on 27 November 2024			
- Class AI	0.00*	-	-
- Class AR	0.01	-	-
Distribution on 27 December 2024			
- Class AI	0.01	-	-
- Class AR	0.01	-	-
Distribution on 27 January 2025			
- Class AI	0.01	-	-
- Class AR	0.01	-	-
Distribution on 26 February 2025			
- Class AI	0.01	-	-
- Class AR	0.01	-	-
Distribution on 26 March 2025			
- Class AI	0.01	-	-
- Class AR	0.01	-	-
Distribution on 28 April 2025			
- Class AI	0.01	-	-
- Class AR	0.01	-	-
Distribution on 28 May 2025			
- Class AI	0.01	-	-
- Class AR	0.01	-	-
Distribution on 25 June 2025			
- Class AI	0.01	-	-
- Class AR	0.01	-	-
Distribution on 29 July 2025			
- Class AI	0.01	-	-
- Class AR	0.01	-	-
Distribution on 27 August 2025			
- Class AI	0.01	-	-
- Class AR	0.01	-	-
Distribution on 26 September 2023			
- Class AI	-	0.00*	-
- Class AR	-	0.00*	-
Distribution on 27 October 2023			
- Class AI	-	0.00*	-
- Class AR	-	0.00*	-

* Amount less than 0.01

PERFORMANCE DATA (CONTINUED)

	01.09.2024 to 31.08.2025	01.09.2023 to 31.08.2024	01.09.2022 to 31.08.2023
Gross/Net distribution per unit (sen)			
Distribution on 28 November 2023			
- Class AI	-	0.00*	-
- Class AR	-	0.00*	-
Distribution on 27 December 2023			
- Class AI	-	0.00*	-
- Class AR	-	0.00*	-
Distribution on 29 January 2024			
- Class AI	-	0.00*	-
- Class AR	-	0.00*	-
Distribution on 27 February 2024			
- Class AI	-	0.00*	-
- Class AR	-	0.00*	-
Distribution on 27 March 2024			
- Class AI	-	0.00*	-
- Class AR	-	0.00*	-
Distribution on 26 April 2024			
- Class AI	-	0.00*	-
- Class AR	-	0.00*	-
Distribution on 29 May 2024			
- Class AI	-	0.00*	-
- Class AR	-	0.00*	-
Distribution on 26 June 2024			
- Class AI	-	0.00*	-
- Class AR	-	0.00*	-
Distribution on 29 July 2024			
- Class AI	-	0.00*	-
- Class AR	-	0.00*	-
Distribution on 28 August 2024			
- Class AI	-	0.00*	-
- Class AR	-	0.00*	-
Distribution on 30 September 2022			
- Class AI	-	-	0.00*
- Class AR	-	-	0.00*
Distribution on 31 October 2022			
- Class AI	-	-	0.00*
- Class AR	-	-	0.00*

* Amount less than 0.01

PERFORMANCE DATA (CONTINUED)

	01.09.2024 to 31.08.2025	01.09.2023 to 31.08.2024	01.09.2022 to 31.08.2023
Gross/Net distribution per unit (sen)			
Distribution on 30 November 2022			
- Class AI	-	-	0.00*
- Class AR	-	-	0.00*
Distribution on 30 December 2022			
- Class AI	-	-	0.00*
- Class AR	-	-	0.00*
Distribution on 27 January 2023			
- Class AI	-	-	0.00*
- Class AR	-	-	0.00*
Distribution on 24 February 2023			
- Class AI	-	-	0.00*
- Class AR	-	-	0.00*
Distribution on 29 March 2023			
- Class AI	-	-	0.00*
- Class AR	-	-	0.00*
Distribution on 26 April 2023			
- Class AI	-	-	0.00*
- Class AR	-	-	0.00*
Distribution on 29 May 2023			
- Class AI	-	-	0.00*
- Class AR	-	-	0.00*
Distribution on 27 June 2023			
- Class AI	-	-	0.00*
- Class AR	-	-	0.00*
Distribution on 27 July 2023			
- Class AI	-	-	0.00*
- Class AR	-	-	0.00*
Distribution on 28 August 2023			
- Class AI	-	-	0.00*
- Class AR	-	-	0.00*

* Amount less than 0.01

	31.08.2025 %	31.08.2024 %	31.08.2023 %	31.08.2022 %	31.08.2021 %
Annual total return					
- Class AI	3.61	3.62	3.35	1.87	1.70

(Launch date: 8 July 2004)

	31.08.2025 %	31.08.2024 %	31.08.2023 %	31.08.2022 %
Annual total return				
- Class AR	3.60	3.62	3.35	1.88

(Launch date: 13 August 2021)

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 2024 TO 31 AUGUST 2025)

Bank Negara Malaysia (“BNM”) reduced the Overnight Policy Rate (“OPR”) by 0.25% to 2.75% at its July 2025 Monetary Policy Committee (“MPC”) meeting, the first-rate reduction since July 2020. The central bank states that the cut is a pre-emptive measure to maintain a steady economic growth path amid moderate inflation prospects. While BNM cites that growth is expected to be supported by resilient domestic demand and expansion in investment activity, the central bank states that the balance of risks to growth outlook is tilted to the downside stemming from slower global trade, weaker sentiment as well as lower than expected commodity production.

Malaysia’s economy expanded +4.4% year-of-year (“Y-o-Y”) in second quarter of 2025 (“2Q25”) (first quarter of 2025 (“1Q25”): +4.4%), led by services (+5.1%), manufacturing (3.7%) and construction (12.1%) with domestic demand as the key driver supported by rising wages, government salary adjustments and a stronger labour market. At 4.4%, growth was slightly below the 4.5% estimate, but growth prospects remain anchored by strong domestic fundamentals, fiscal measures, and tourism, though risks remain from United States (“US”) tariffs, especially for Malaysia’s Electrical & Electronics (“E&E”) sector, softer global trade, and geopolitical tensions.

Consumer Price Index (“CPI”) edged up to +1.2% Y-o-Y in July 25 (June 2025: +1.1%), as food-at-home prices continued to contract while dining-out and selected non-food costs rose modestly. Meanwhile, the Producer Price Index (“PPI”) fell -3.8% Y-o-Y in July 2025 (June 2025: -4.2%), marking its fifth consecutive month of decline, driven by weakness in mining and manufacturing partly offset by gains in agriculture and utilities.

Malaysia’s labour market remained strong in June 25, with unemployment at a 10-year low of 3.0% (versus. 3.3% a year earlier) and labour force participation at a record 70.8% for the third straight month. However, export-oriented sectors face risks from tariffs and weaker global trade.

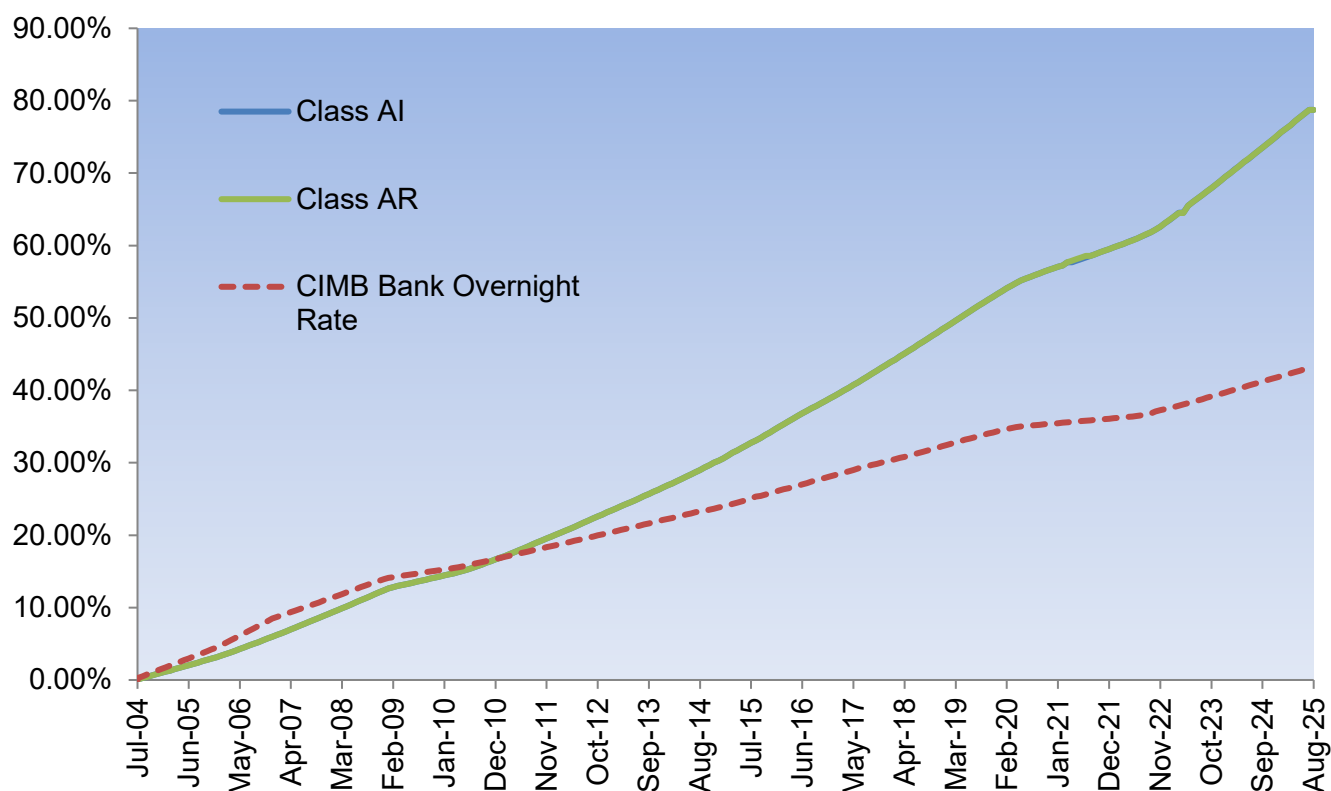
FUND PERFORMANCE

	1 year	3 years	5 years	Since
	to 31.08.2025	to 31.08.2025	to 31.08.2025	inception
	%	%	%	to 31.08.2025
				%
Income Distribution				
- Class AI	0.07	0.10	2.40	59.67
- Class AR	0.07	0.10	2.41	59.68
Capital Growth				
- Class AI	3.53	10.84	12.26	12.26
- Class AR	3.53	10.84	12.26	12.26
Total Return				
- Class AI	3.61	10.96	14.96	79.25
- Class AR	3.60	10.95	14.96	79.25
Benchmark				
- Class AI	1.60	4.68	5.84	43.09
- Class AR	1.60	4.68	5.84	43.09
Average Total Return				
- Class AI	3.61	3.52	2.83	2.80
- Class AR	3.60	3.52	2.83	2.80

As at 31 August 2025, the Fund’s Class AI and Class AR gave 1-year return of 3.61% and 3.60%, outperforming the benchmark by 201bps and 200bps respectively. Since inception, both Fund’s Class AI and Class AR delivered a return of 79.25% to unit holders which outperformed the benchmark by 36.16%.

FUND PERFORMANCE (CONTINUED)

Since Inception



Changes in NAV

	31.08.2025	31.08.2024	Changes %
Class AI			
NAV (RM Million) *	3,233.05	1,908.79	69.38
NAV/Unit (RM) *	1.1225	1.0843	3.52
Class AR			
NAV (RM Million) *	338.81	201.83	67.87
NAV/Unit (RM) *	1.1225	1.0843	3.52

* Ex- distribution

The Fund's NAV in Class AI increased by 69.38% from RM1,908.79 million on 31 August 2024 to RM3,233.05 million on 31 August 2025 and the Fund's NAV in Class AR increased by 67.87% from RM201.83 million on 31 August 2024 to RM338.81 million on 31 August 2025. Meanwhile, both classes' NAV/Unit increased by 3.52% from 31 August 2024 to 31 August 2025.

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

	31.08.2025	31.08.2024
Deposits with licensed financial institutions	90.29	98.57
Cash and other assets	9.76	1.53
Liabilities	(0.05)	(0.10)
TOTAL	100.00	100.00

The Fund was fully invested in deposit placements.

MARKET OUTLOOK*

Gross Domestic Product (“GDP”) growth is projected to moderate slightly to 4.0% to 4.8% in 2025, easing from earlier forecasts (4.5% to 5.5%) amid weaker trade, tariffs, and softer commodity production. Growth will remain supported by resilient domestic demand, jobs, wages, and continued investment, though BNM warns external risks and geopolitical tensions could weigh on the outlook.

BNM expects inflation to remain manageable in 2025, amid easing global cost conditions and the absence of excessive domestic demand pressures. Recognising that there are downside risks in the economic environment, the MPC remains vigilant to ongoing developments to inform the assessment on the domestic inflation and growth outlook. The MPC will ensure that the monetary policy stance remains conducive to sustainable economic growth amid price stability.

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

INVESTMENT STRATEGY

The Fund’s objective is to provide investors with liquidity and regular income hence it will continue to maintain its investment primarily in deposits with licensed financial institutions.

SOFT COMMISSIONS AND REBATES

Principal Malaysia (the “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. The Manager 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 and the fund the manager will not enter into unnecessary trades in order to achieve a sufficient volume of transactions to qualify for soft commission.

During the financial year under review, the Manager and Trustee did not receive any rebates from the brokers or dealers but the Manager has retained soft commission in the form of goods and services for the benefit of the fund such as financial wire services and stock quotations system incidental to investment management of the Funds 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 Second Supplemental Prospectus dated 29 August 2025.

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

CIRCUMSTANCES THAT MATERIALLY AFFECT ANY INTEREST OF UNIT HOLDERS

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

CROSS TRADE

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

UNIT SPLIT

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

**STATEMENT BY MANAGER TO THE UNITHOLDERS OF
PRINCIPAL DEPOSIT FUND**

I, being a Director of Principal Asset Management Berhad (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying audited financial statements set out on pages 7 to 27 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 August 2025 and of its financial performance, changes in net assets attributable to unit holders and cash flows for the financial year ended in accordance with the provisions of the MFRS Accounting Standards and IFRS Accounting Standards.

For and on behalf of the Manager

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

Munirah Khairuddin

Chief Executive Officer & Head of Principal Asset Management Berhad (Group of Companies),
and Managing Director Strategic Distribution & Institutional Client Relations
(Southeast Asia & Global Shariah)
Non-Independent Executive Director

Kuala Lumpur
16 October 2025

TRUSTEE'S REPORT

**TO THE UNIT HOLDERS OF
PRINCIPAL DEPOSIT FUND (“Fund”)**

We have acted as Trustee of the Fund for the financial year ended 31 August 2025 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 Management Company under the Deeds, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the Deeds; and
3. Any creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirement.

We are of the opinion that the distributions of income by the Fund are appropriate and reflects the investment objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Lee Cincee
Senior Manager, Trustee and Fiduciary Services

Kuala Lumpur
16 October 2025

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Principal Deposit Fund (the "Fund"), which comprise the statement of financial position as at 31 August 2025 of the Fund, statement of comprehensive income, statement of changes in net assets attributable to unit holders and statement of cash flows of the Fund for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 7 to 27.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 August 2025, and of its financial performance and cash flows for the year then ended in accordance with MFRS Accounting Standards and IFRS Accounting Standards.

Basis for opinion

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

Independence and other ethical responsibilities

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL DEPOSIT FUND (CONT'D)**

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL DEPOSIT FUND (CONT'D)**

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL DEPOSIT FUND (CONT'D)**

Other matters

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

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

Yeo Beng Yean
No. 03013/10/2026 J
Chartered Accountant

Kuala Lumpur, Malaysia
16 October 2025

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025**

	Note	2025 RM	2024 RM
INCOME			
Interest income from deposits with licensed financial institutions at amortised cost		91,452,014	63,775,328
Interest earned from current account		<u>2,033,933</u>	<u>645,082</u>
		<u>93,485,947</u>	<u>64,420,410</u>
EXPENSES			
Management fee	4	7,302,390	5,002,653
Trustee fee	5	365,120	250,133
Audit fee		7,560	7,200
Tax agent's fee		5,300	5,900
Other expenses		<u>400,782</u>	<u>107,563</u>
		<u>8,081,152</u>	<u>5,373,449</u>
PROFIT BEFORE DISTRIBUTION AND TAXATION		<u>85,404,795</u>	<u>59,046,961</u>
Distribution:			
- Class AI		1,058,184	363,362
- Class AR		<u>254,434</u>	<u>54,840</u>
	6	<u>1,312,618</u>	<u>418,202</u>
PROFIT BEFORE TAXATION		84,092,177	58,628,759
Taxation	7	<u>-</u>	<u>-</u>
PROFIT AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>84,092,177</u>	<u>58,628,759</u>
Profit after taxation is made up as follows:			
Realised amount		<u>84,092,177</u>	<u>58,628,759</u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2025**

	Note	2025 RM	2024 RM
ASSETS			
Cash and cash equivalents	9	162,238,625	30,653,010
Financial assets at fair value through profit or loss	8	3,224,960,756	2,080,434,924
Amount due from Manager		<u>186,363,511</u>	<u>1,703,730</u>
TOTAL ASSETS		<u>3,573,562,892</u>	<u>2,112,791,664</u>
LIABILITIES			
Amount due to Manager		803,873	1,633,300
Accrued management fee		825,560	492,541
Amount due to Trustee		41,278	24,627
Distribution payable		39	39
Other payables and accruals		<u>28,960</u>	<u>24,300</u>
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)		<u>1,699,710</u>	<u>2,174,807</u>
NET ASSET VALUE OF THE FUND		<u>3,571,863,182</u>	<u>2,110,616,857</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>3,571,863,182</u>	<u>2,110,616,857</u>
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS			
- Class AI		3,233,049,016	1,908,789,756
- Class AR		<u>338,814,166</u>	<u>201,827,101</u>
		<u>3,571,863,182</u>	<u>2,110,616,857</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)			
- Class AI		2,880,185,172	1,760,304,820
- Class AR		<u>301,830,398</u>	<u>186,131,982</u>
	10	<u>3,182,015,570</u>	<u>1,946,436,802</u>
NET ASSET VALUE PER UNIT (RM) (EX-DISTRIBUTION)			
- Class AI		1.1225	1.0843
- Class AR		<u>1.1225</u>	<u>1.0843</u>

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

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025**

	2025 RM	2024 RM
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR	<u>2,110,616,857</u>	<u>1,765,436,965</u>
Movement due to units created and cancelled during the financial year:		
Creation of units from applications		
- Class AI	5,421,618,811	3,384,183,839
- Class AR	<u>638,338,004</u>	<u>409,194,973</u>
	<u>6,059,956,815</u>	<u>3,793,378,812</u>
Creation of units from distributions		
- Class AI	1,126,059	363,367
- Class AR	<u>186,468</u>	<u>54,829</u>
	<u>1,312,527</u>	<u>418,196</u>
Cancellation of units		
- Class AI	(4,173,410,187)	(3,266,987,749)
- Class AR	<u>(510,705,007)</u>	<u>(240,258,126)</u>
	<u>(4,684,115,194)</u>	<u>(3,507,245,875)</u>
Total comprehensive income for the financial year	<u>84,092,177</u>	<u>58,628,759</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR	<u>3,571,863,182</u>	<u>2,110,616,857</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 2025**

	Note	2025 RM	2024 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from maturity of deposits with licensed financial institutions		9,085,581,000	21,135,716,000
Placement of deposits with licensed financial institutions		(10,800,660,000)	(21,560,538,000)
Redemption of deposits with licensed financial institutions		586,000,000	60,000,000
Interest income received from deposits with licensed financial institutions and interest earned		78,039,115	54,470,107
Management fee paid		(6,969,371)	(4,895,212)
Trustee fee paid		(348,469)	(244,761)
Payments for other fees and expenses		(408,982)	(114,764)
Net cash used in operating activities		<u>(1,058,766,707)</u>	<u>(315,606,630)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		5,875,297,034	3,851,859,993
Payments for cancellation of units		(4,684,944,621)	(3,505,612,575)
Distributions paid		(91)	34
Net cash generated from financing activities		<u>1,190,352,322</u>	<u>346,247,452</u>
Net increase in cash and cash equivalents		131,585,615	30,640,822
Cash and cash equivalents at the beginning of the financial year		<u>30,653,010</u>	<u>12,188</u>
Cash and cash equivalents at the end of the financial year	9	<u>162,238,625</u>	<u>30,653,010</u>
<u>Cash and cash equivalents comprised:</u>			
Bank balance		<u>162,238,625</u>	<u>30,653,010</u>
Cash and cash equivalents at the end of the financial year	9	<u>162,238,625</u>	<u>30,653,010</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 2025****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES**

Principal Deposit Fund (the “Fund”) is governed by a Principal Master Deed dated 15 May 2008, a First Supplemental Master Deed dated 25 June 2008, a Third Supplemental Master Deed dated 14 July 2008, a Fifth Supplemental Master Deed dated 16 July 2009, a Thirteenth Supplemental Master Deed dated 26 June 2012, a Fourteenth Supplemental Master Deed dated 21 September 2012, an Eighteenth Supplemental Master deed dated 25 March 2015, a Twentieth Supplemental Master Deed dated 21 October 2019, a Twenty Second Supplemental Master Deed dated 7 May 2021, a Twenty Third Supplemental Master Deed dated 27 June 2022, a Twenty Fourth Supplemental Master Deed dated 13 January 2023 and Twenty Sixth Supplemental Master Deed dated 25 March 2025 (collectively referred to as the “Deeds”), made between Principal Asset Management Berhad (the “Manager”) and HSBC (Malaysia) Trustee Berhad (the “Trustee”).

The Fund will place at least 95% of its NAV in deposits. Up to 5% of the Fund’s NAV may be invested in money market instruments, short-term bonds and/or notes with a minimum credit rating of “BBB3” 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, all of which have a remaining maturity period of less than 397 days. The investment policy and strategy is to invest in liquid and low risk short-term investments for capital preservation.

The asset allocation strategy for this Fund is as follows:

- at least 95% of the Fund’s NAV in deposits; and
- up to 5% of the Fund’s NAV in money market instruments and short-term bonds and/or notes.

The Fund had issued the Second Supplemental Prospectus dated 29 August 2025.

All investments are subjected to the Guidelines on Unit Trust Funds (“GUTF”), SC requirements, the Deeds, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund’s objective.

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

2. MATERIAL ACCOUNTING POLICY INFORMATION

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 Accounting Standards as issued by the Malaysian Accounting Standards Board (“MASB”) and IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”).

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**(a) Basis of preparation (continued)**

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

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

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

There are no other standards, amendments to standards or interpretations that are effective for financial year beginning on 1 September 2024 that have a material effect on the financial statements of the Fund.

Other than MFRS 18: Presentation and Disclosure in Financial Statements (which will first become applicable for annual periods beginning on or after 1 January 2027), none of the standards, amendments to standards or interpretations that are effective for the financial year beginning on or after 1 September 2025 are applicable to the financial statements of the Fund. The Fund is still currently in the process of assessing the impact, if any, of MFRS 18: Presentation and Disclosure in Financial Statements.

(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 contractual cash flows of the Fund's debt securities are solely principal and interest ("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 and amount due from Manager as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**(b) Financial assets and financial liabilities (continued)**Classification (continued)

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

Recognition and measurement

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

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

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

Deposits with licensed financial institutions are stated at fair value. Due to the short-term nature of the deposits, the cost plus accrued profit calculated based on the effective interest method over the period from the date of placement to the date of maturity of the respective deposits is a reasonable estimate of fair value.

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

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

Impairment for assets carried at amortised costs

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**(b) Financial assets and financial liabilities (continued)**Write-off

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

(c) Income recognition

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

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

(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 Malaysian Ringgit ("MYR or RM"), which is the Fund's functional and presentation currency.

(e) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balance which are subject to an insignificant risk of changes in value.

(f) Taxation

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

(g) Distribution

Distribution to unit holders are recognised in the statement of comprehensive income as the unit holders' contribution are classified as financial liability. Distribution is reinvested into the Fund 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.

(h) Unit holders' contributions

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

The Fund issues cancellable units, in two classes of units, known respectively as Class AI and Class AR which are cancelled at the unit holder's option. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's NAV of respective classes.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(h) Unit holders' contributions (continued)

The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the member exercises the right to put back the units to the Fund.

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

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

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

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

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

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

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

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

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
2025			
Cash and cash equivalents (Note 9)	-	162,238,625	162,238,625
Deposits with licensed financial institutions (Note 8)	3,224,960,756	-	3,224,960,756
Amount due from Manager	-	186,363,511	186,363,511
	<u>3,224,960,756</u>	<u>348,602,136</u>	<u>3,573,562,892</u>

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

Financial instruments of the Fund were as follows (continued):

	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
2024			
Cash and cash equivalents (Note 9)	-	30,653,010	30,653,010
Deposits with licensed financial institutions (Note 8)	2,080,434,924	-	2,080,434,924
Amount due from Manager	-	1,703,730	1,703,730
	<u>2,080,434,924</u>	<u>32,356,740</u>	<u>2,112,791,664</u>

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

The Fund aims to generate regular income for investors through investments primarily in the money market.

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

Financial risk management is carried out through internal control process adopted by the Manager and adherence to the investment restrictions as stipulated in the Deeds and GUTF.

(a) Market risk

(i) Interest rate risk

Interest rate is a general economic indicator that will have an impact on the management of the Fund. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

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

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

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

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

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

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

(a) Market risk (continued)

(i) Interest rate risk (continued)

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

	2025	2024
	%	%
Deposits with licensed financial institutions	3.74	3.85

(b) Credit risk

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

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

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

The following table sets out the credit risk concentration of the Fund at the end of each reporting year:

	Cash and cash equivalents RM	Financial assets at fair value through profit or loss RM	Amount due from Manager RM	Total RM
2025				
- AAA	162,238,625	2,329,989,426	-	2,492,228,051
- AA3	-	320,827,576	-	320,827,576
- AA2	-	483,784,336	-	483,784,336
- AA1	-	25,150,000	-	25,150,000
- A	-	65,209,418	-	65,209,418
- Not Rated	-	-	186,363,511	186,363,511
	162,238,625	3,224,960,756	186,363,511	3,573,562,892
2024				
- AAA	30,653,010	943,039,828	-	973,692,838
- AA3	-	959,974,021	-	959,974,021
- AA1	-	45,016,767	-	45,016,767
- A1	-	36,098,027	-	36,098,027
- A	-	96,306,281	-	96,306,281
- Not Rated	-	-	1,703,730	1,703,730
	30,653,010	2,080,434,924	1,703,730	2,112,791,664

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

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

(c) Liquidity risk

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

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

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

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
2025			
Amount due to Manager	803,873	-	803,873
Accrued management fee	825,560	-	825,560
Amount due to Trustee	41,278	-	41,278
Distribution payable	39	-	39
Other payables and accruals	-	28,960	28,960
Net assets attributable to unitholders*	<u>3,571,863,182</u>	<u>-</u>	<u>3,571,863,182</u>
Contractual undiscounted cash flows	<u>3,573,533,932</u>	<u>28,960</u>	<u>3,573,562,892</u>
	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
2024			
Amount due to Manager	1,633,300	-	1,633,300
Accrued management fee	492,541	-	492,541
Amount due to Trustee	24,627	-	24,627
Distribution payable	39	-	39
Other payables and accruals	-	24,300	24,300
Net assets attributable to unitholders*	<u>2,110,616,857</u>	<u>-</u>	<u>2,110,616,857</u>
Contractual undiscounted cash flows	<u>2,112,767,364</u>	<u>24,300</u>	<u>2,112,791,664</u>

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

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

(d) Capital risk management

The capital of the Fund is represented net assets attributable to unit holders of RM3,571,863,182 (2024: RM2,110,616,857). The amount of capital can change significantly on a daily basis as the Fund is subjected to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

(e) Fair value estimation

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

The fair value of financial assets traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the financial year end date. The Fund utilises the last traded market price for financial assets where the last traded market price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

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

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 judgment, considering factors specific to the asset or liability.

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2025				
Financial assets at fair value through profit or loss:				
- Deposits with licensed financial institutions	-	<u>3,224,960,756</u>	-	<u>3,224,960,756</u>
2024				
Financial assets at fair value through profit or loss:				
- Deposits with licensed financial institutions	-	<u>2,080,434,924</u>	-	<u>2,080,434,924</u>

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 deposits with licensed financial institutions.

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 Manager, and all current liabilities are a reasonable approximation of their fair values due to their short-term nature.

4. MANAGEMENT FEE

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

For the financial year ended 31 August 2025, the management fee is recognized at a rate of 0.30% per annum (2024: 0.30% per annum):

4. MANAGEMENT FEE (CONTINUED)

The new rate is effective on 25 June 2021 upon the issuance of new prospectus.

Class AI	Class AR
0.30%	0.30%

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

5. TRUSTEE FEE

In accordance with the Deeds, the Trustee is entitled to a maximum fee of 0.02% per annum, calculated daily based on the NAV of the Fund.

For the financial year ended 31 August 2025, the Trustee fee is recognised at a rate of 0.015% per annum (2024: 0.015% per annum).

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

6. DISTRIBUTION

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

Breakdown of distribution were as follows:

Source of distribution	2025		2024	
	RM	%	RM	%
Distribution out of current year's income	1,312,618	100.00	418,202	100.00
Distribution out of prior year's income/capital**	-	-	-	-
Total	<u>1,312,618</u>	<u>100.00</u>	<u>418,202</u>	<u>100.00</u>

Gross/Net distribution per unit (sen)	2025 RM	2024 RM
Distribution on 26 September 2024		
- Class AI	0.01	-
- Class AR	0.01	-
Distribution on 29 October 2024		
- Class AI	0.01	-
- Class AR	0.01	-
Distribution on 27 November 2024		
- Class AI	0.00*	-
- Class AR	0.01	-
Distribution on 27 December 2024		
- Class AI	0.01	-
- Class AR	0.01	-
Distribution on 27 January 2025		
- Class AI	0.01	-
- Class AR	0.01	-
Distribution on 26 February 2025		
- Class AI	0.01	-
- Class AR	0.01	-

6. DISTRIBUTION (CONTINUED)

	2025 RM	2024 RM
Gross/Net distribution per unit (sen)		
Distribution on 26 March 2025		
- Class AI	0.01	-
- Class AR	0.01	-
Distribution on 28 April 2025		
- Class AI	0.01	-
- Class AR	0.01	-
Distribution on 28 May 2025		
- Class AI	0.01	-
- Class AR	0.01	-
Distribution on 25 June 2025		
- Class AI	0.01	-
- Class AR	0.01	-
Distribution on 29 July 2025		
- Class AI	0.01	-
- Class AR	0.01	-
Distribution on 27 August 2025		
- Class AI	0.01	-
- Class AR	0.01	-
Distribution on 26 September 2023		
- Class AI	-	0.00*
- Class AR	-	0.00*
Distribution on 27 October 2023		
- Class AI	-	0.00*
- Class AR	-	0.00*
Distribution on 28 November 2023		
- Class AI	-	0.00*
- Class AR	-	0.00*
Distribution on 27 December 2023		
- Class AI	-	0.00*
- Class AR	-	0.00*
Distribution on 29 January 2024		
- Class AI	-	0.00*
- Class AR	-	0.00*
Distribution on 27 February 2024		
- Class AI	-	0.00*
- Class AR	-	0.00*
Distribution on 27 March 2024		
- Class AI	-	0.00*
- Class AR	-	0.00*
Distribution on 26 April 2024		
- Class AI	-	0.00*
- Class AR	-	0.00*
Distribution on 29 May 2024		
- Class AI	-	0.00*
- Class AR	-	0.00*
Distribution on 26 June 2024		
- Class AI	-	0.00*
- Class AR	-	0.00*
Distribution on 29 July 2024		
- Class AI	-	0.00*
- Class AR	-	0.00*
Distribution on 28 August 2024		
- Class AI	-	0.00*
- Class AR	-	0.00*

6. DISTRIBUTION (CONTINUED)

* Amount less than 0.01

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

Gross distribution is derived using total income less total expenses. Net distribution above is mainly sourced from current financial year's realised income.

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

Distribution equalisation represents the average amount of distributable income included in the creation and cancellation prices of units. It is computed as at each date of creation and cancellation of units.

For the purpose of determining amount available for distribution, distribution equalisation is included in the computation of realised gain or income available for distribution.

7. TAXATION

	2025	2024
	RM	RM
Tax charged for the financial year		
- Current taxation	-	-

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

	2025	2024
	RM	RM
Profit before taxation	<u>84,092,177</u>	<u>58,628,759</u>
Taxation at Malaysian statutory rate of 24% (2024: 24%)	<u>20,182,122</u>	<u>14,070,902</u>
Tax effects of:		
- Investment income not subject to tax	(22,436,627)	(15,460,898)
- Expenses not deductible for tax purposes	499,548	186,783
- Restriction on tax deductible expenses for Unit Trust Funds	<u>1,754,957</u>	<u>1,203,213</u>
Taxation	<u>-</u>	<u>-</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025	2024
	RM	RM
Financial assets at fair value through profit or loss:		
- Deposits with licensed financial institutions*	<u>3,224,960,756</u>	<u>2,080,434,924</u>

* Includes interest receivables of RM34,960,756 (2024: RM19,513,924).

9. CASH AND CASH EQUIVALENTS

	2025	2024
	RM	RM
Bank balance	162,238,625	30,653,010

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2025	2024
	No. of units	No. of units
Class AI (i)	2,880,185,172	1,760,304,820
Class AR (ii)	301,830,398	186,131,982
	3,182,015,570	1,946,436,802

(i) Class AI

At the beginning of the financial year	1,760,304,820	1,659,536,583
Add: Creation of units from applications	4,891,250,139	3,177,773,587
Add: Creation of units from distributions	1,018,292	337,274
Less: Cancellation of units	(3,772,388,079)	(3,077,342,624)
At the end of the financial year	2,880,185,172	1,760,304,820

(ii) Class AR

At the beginning of the financial year	186,131,982	27,031,805
Add: Creation of units from applications	577,764,758	383,553,186
Add: Creation of units from distributions	168,580	50,886
Less: Cancellation of units	(462,234,922)	(224,503,895)
At the end of the financial year	301,830,398	186,131,982

11. TOTAL EXPENSE RATIO (“TER”)

	2025	2024
	%	%
TER	0.32	0.30

TER was derived from the following calculation:

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

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

The average NAV of the Fund for the financial year calculated on a daily basis was RM2,439,576,108 (2024: RM1,765,436,395).

12. PORTFOLIO TURNOVER RATIO (“PTR”)

	2025	2024
PTR (times)	4.21	12.12

PTR was derived from the following calculation:

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

where:

total placement for the financial year = RM10,800,660,000 (2024: RM21,560,538,000)

total maturity for the financial year = RM9,747,586,182 (2024: RM21,249,541,025)

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

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

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

Units held by the Manager and parties related to the Manager:

Manager	No. of units	2025 RM	No. of units	2024 RM
Principal Asset Management Berhad				
- Class AI	774	869	9,318	10,104
- Class AR	554	622	184	200

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

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

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

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

	2025	2024
	RM	RM
<u>Significant related party transactions</u>		
Interest income from deposits with licensed financial institution:		
- CIMB Bank Bhd	10,324,985	6,940,414
- CIMB Islamic Bank Bhd	<u>8,067,784</u>	<u>4,591,989</u>
<u>Significant related party balances</u>		
Deposits with licensed financial institution:		
- CIMB Bank Bhd	657,607,096	272,185,137
- CIMB Islamic Bank Bhd	<u>246,242,055</u>	<u>30,505,479</u>

14. TRANSACTIONS WITH FINANCIAL INSTITUTIONS

Details of transactions with the top 10 financial institutions for the financial year ended 31 August 2025 were as follows:

Financial Institutions	Value of placements	Percentage of total placements
	RM	%
Malayan Banking Bhd	2,723,300,000	25.21
Hong Leong Bank Bhd	1,357,825,000	12.57
Public Bank Bhd	1,301,000,000	12.05
CIMB Bank Bhd #	1,129,968,000	10.46
CIMB Islamic Bank Bhd #	1,005,000,000	9.30
AmBank (M) Bhd	970,000,000	8.98
Public Islamic Bank Bhd	775,000,000	7.18
Affin Hwang Investment Bank Bhd	445,000,000	4.12
Hong Leong Investment Bank Bhd	333,567,000	3.09
Kenanga Investment Bank Bhd	305,000,000	2.82
Others	<u>455,000,000</u>	<u>4.22</u>
	<u>10,800,660,000</u>	<u>100.00</u>

Details of transactions with the top 10 financial institutions for the financial year ended 31 August 2024 were as follows:

Financial Institutions	Value of placements	Percentage of total placements
	RM	%
Malayan Banking Bhd	6,033,271,000	27.98
Hong Leong Investment Bank Bhd	5,202,452,000	24.13
Hong Leong Bank Bhd	3,524,531,000	16.35
Public Bank Bhd	1,964,466,000	9.11
CIMB Bank Bhd #	1,108,762,000	5.14

14. TRANSACTIONS WITH FINANCIAL INSTITUTIONS (CONTINUED)

Details of transactions with the top 10 financial institutions for the financial year ended 31 August 2024 were as follows (continued):

Financial Institutions	Value of placements RM	Percentage of total placements %
AmBank (M) Bhd	730,000,000	3.39
Public Islamic Bank Bhd	575,000,000	2.67
Affin Hwang Investment Bank Bhd	450,000,000	2.09
Bank Islam Malaysia Bhd	355,000,000	1.65
CIMB Islamic Bank Bhd #	353,000,000	1.64
Others	1,264,056,000	5.85
	<u>21,560,538,000</u>	<u>100.00</u>

Included in the transactions are trades conducted with CIMB Bank Bhd and CIMB Islamic Bank Bhd, related parties to the Manager amounting to RM1,129,968,000 (2024: RM1,108,762,000) and RM1,005,000,000 (2024: RM353,000,000) respectively. The Manager is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties.

15. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 16 October 2025.

DIRECTORY

Head Office of the Manager

Principal Asset Management Berhad (Company No.: 199401018399 (304078-K))
Level 32, Exchange 106,
Lingkaran TRX,
55188 Tun Razak Exchange, Kuala Lumpur
MALAYSIA.
Tel: (03) 8680 8000

Website

www.principal.com

E-mail address

myservice@principal.com

Customer Care Centre

(03) 7723 7260

Chat with us via WhatsApp:

(6016) 299 9792

Trustee for the Principal Deposit Fund

HSBC (Malaysia) Trustee Berhad (Company No. 193701000084 (1281-T))
19th Floor, Menara IQ, Lingkaran TRX,
55188 Tun Razak Exchange, Kuala Lumpur, MALAYSIA.
Tel: (03) 2075 7800
Fax: (03) 8894 2611

Auditors of the Fund and of the Manager

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

List of Amendment
Second Supplemental Prospectus for Principal Deposit Fund (“Fund”)

APPENDIX 1

Prospectus for Principal Deposit Fund dated 25 June 2021 and First Supplemental Prospectus dated 16 May 2023 (“Prospectus 1”)		Second Supplemental Prospectus for Principal Deposit Fund (“Prospectus 2”)
Section / Page	Description	Description
	All references to “service@principal.com.my” in the Prospectus shall be amended to “myservice@principal.com”.	
About this document / i	Nil.	INVESTORS SHOULD BE AWARE THAT THE CAPITAL OF THE FUND WILL BE ERODED WHEN THE FUND DECLARES DISTRIBUTION OUT OF CAPITAL AS THE DISTRIBUTION IS ACHIEVED BY FORGOING THE POTENTIAL FOR FUTURE CAPITAL GROWTH AND THIS CYCLE MAY CONTINUE UNTIL ALL CAPITAL IS DEPLETED.
Definitions/ii	Nil	Definitions Bloomberg - Bloomberg LP. IHS Markit - IHS Markit Ltd.
Corporate Directory / page iv	The Manager Principal Asset Management Berhad Business address 10th Floor Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur MALAYSIA Tel : (603) 2084 8888 Registered address 8th Floor Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur MALAYSIA Tel : (603) 2084 8888 Customer Care Centre Ground Floor Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur MALAYSIA Tel : (03) 7723 7260 Fax : (03) 7718 3003	The Manager Principal Asset Management Berhad Business/Registered address Level 32, Exchange 106, Lingkaran TRX 55188 Tun Razak Exchange Kuala Lumpur MALAYSIA Tel : (603) 8680 8000 Customer Care Centre Level 31, Exchange 106, Lingkaran TRX 55188 Tun Razak Exchange Kuala Lumpur MALAYSIA Tel : (603) 7723 7260 WhatsApp : (6016) 299 9792 Website www.principal.com.my E-mail myservice@principal.com

List of Amendment
Second Supplemental Prospectus for Principal Deposit Fund (“Fund”)

Prospectus for Principal Deposit Fund dated 25 June 2021 and First Supplemental Prospectus dated 16 May 2023 (“Prospectus 1”)		Second Supplemental Prospectus for Principal Deposit Fund (“Prospectus 2”)
Section / Page	Description	Description
	Website www.principal.com.my E-mail service@principal.com.my	
Corporate Directory / page iv	Nil	Trustee of the Fund E-mail : fs.client.services.myh@hsbc.com.my
Section 3.1/ 7	VALUATION OF INVESTMENTS PERMITTED BY THE FUND First bullet point <ul style="list-style-type: none"> ▪ Unlisted securities The value of any unlisted non MYR-denominated debt securities shall be calculated daily using prices quoted by ICE using its proprietary methodology. The bond prices by ICE are calculated using prices contributed by financial institutions and other market inputs listed in approximate order of priority. include: benchmark yields, reported trades, broker/dealer quotes, issuer spreads and reference data (e.g. corporate action announcements and ratings). Where the prices from ICE are not available on any business day, these bonds will be valued by reference to the average indicative yield quoted by three (3) independent and reputable financial institutions. 	VALUATION OF INVESTMENTS PERMITTED BY THE FUND First bullet point <ul style="list-style-type: none"> ▪ Unlisted debt securities The value of any unlisted MYR-denominated debt securities shall be calculated on a daily basis using prices quoted by a bond pricing agency (BPA) registered with the SC. Where we are of the view that the price quoted by the BPA for a specific unquoted debt securities differs from the market price by more than 20 basis points, we may propose a fair value price, provided that we obtain necessary internal approvals to use the non-BPA price and keep an audit trail of the basis for determining the fair value of the investment. The basis for determining the fair value of the investment should be approved by the Trustee (after appropriate technical consultation), and is documented. The value of any unlisted non MYR-denominated debt securities shall be calculated daily using prices quoted by ICE, Refinitiv, IHS Markit or Bloomberg, dependent on market using their proprietary methodology. The debt securities prices are calculated using prices contributed by financial institutions and other market inputs, including benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data (e.g. corporate action announcements and ratings).

List of Amendment
Second Supplemental Prospectus for Principal Deposit Fund (“Fund”)

Prospectus for Principal Deposit Fund dated 25 June 2021 and First Supplemental Prospectus dated 16 May 2023 (“Prospectus 1”)		Second Supplemental Prospectus for Principal Deposit Fund (“Prospectus 2”)
Section / Page	Description	Description
		Where the prices are not available on any Business Day, these debt securities will be valued by reference to the average indicative yield quoted by three (3) independent and reputable financial institutions. However, where quotations are still not available, such unlisted non-MYR-denominated debt securities will be valued daily at a fair price determined in good faith by us, based on the methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.
3.4.2 / 10	Second paragraph, first bullet point <ul style="list-style-type: none"> ▪ 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; 	Second paragraph, first bullet point <ul style="list-style-type: none"> ▪ by crossed cheque (made payable as advised by us or our Distributors as the case may be). You will have to bear the applicable bank fees and charges, if any;
3.12 / 13	DISTRIBUTION PAYMENT Nil.	DISTRIBUTION PAYMENT Fourth paragraph onwards The Fund may distribute from realised income, realised capital gains, capital or a combination of any of the above. Distributions are at our discretion and are not guaranteed, and the making of any distribution does not imply that further distributions will be made and we reserve the right to vary the frequency and/or amount of distributions. Distribution out of capital is to allow the Fund the ability to distribute income according with the Fund’s defined frequency or to pursue the investment objective of the Fund. The effects of making distribution out of capital has a risk of eroding the capital of the Fund. After taking into consideration the level of capital and performance of the Fund and subject to healthy accumulative gains (realized and unrealized) of the Fund, any distribution out of capital we make, we will ensure that proper decisions can be made in reducing cost and to ensure stability and sustainability of distribution of income for the Fund without generating any additional risk to the Fund. Distribution out of capital represent a return or withdrawal of part of the amount of your original investment and/or capital gains attributable to the original investment and will result in a reduction in the NAV per unit of the Classes and reduce the capital available for future investment and capital growth. Future capital growth may therefore be constrained and the value of future returns would be diminished.

List of Amendment
Second Supplemental Prospectus for Principal Deposit Fund (“Fund”)

Prospectus for Principal Deposit Fund dated 25 June 2021 and First Supplemental Prospectus dated 16 May 2023 (“Prospectus 1”)		Second Supplemental Prospectus for Principal Deposit Fund (“Prospectus 2”)
Section / Page	Description	Description
3.13/ 13	<p>Unclaimed Moneys</p> <p>First paragraph Any moneys payable to you which remain unclaimed after twelve (12) months as prescribed by the Unclaimed Moneys Act 1965 (“UMA”), will be surrendered to the Registrar of Unclaimed Moneys by us in accordance with the requirements of the UMA. Thereafter, all claims need to be made by you with the Registrar of Unclaimed Moneys.</p>	<p>Unclaimed Moneys</p> <p>First paragraph Any moneys payable to you which remain unclaimed after two (2) years as prescribed by the Unclaimed Moneys Act 1965 (“UMA”), will be surrendered to the Registrar of Unclaimed Moneys by us in accordance with the requirements of the UMA. Thereafter, all claims need to be made by you with the Registrar of Unclaimed Moneys.</p>
4.2/ 14	<p>4.2. Information on your investment</p> <p><u>Last paragraph</u></p> <p>If you wish to write-in, please address your letter to:</p> <p>Principal Asset Management Berhad Customer Care Centre Ground Floor Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur, MALAYSIA</p>	<p>4.2. Information on your investment</p> <p><u>Last paragraph</u></p> <p>If you wish to write-in, please address your letter to:</p> <p>Principal Asset Management Berhad Customer Care Centre Level 31, Exchange 106, Lingkaran TRX 55188 Tun Razak Exchange Kuala Lumpur MALAYSIA</p>
4.3 /14	<p>Deed</p> <p>The Fund is governed by a Master Deed dated 15th May 2008, a First Supplemental Master Deed dated 25th June 2008, a Fifth Supplemental Master Deed dated 16th July 2009, a Thirteenth Supplemental Master Deed dated 26th June 2012, a Fourteenth Supplemental Master Deed dated 21st September 2012, the Eighteenth Supplemental Master Deed dated 25th March 2015, a Twentieth Supplemental Master Deed dated 21st October 2019, a Twenty Second Supplemental Master Deed dated 7 May 2021 and a Twenty Third Supplemental Master Deed dated 27 June 2022.</p>	<p>Deed</p> <p>The Fund is governed by a Deed dated 15th May 2008, a First Supplemental Master Deed dated 25th June 2008, a Fifth Supplemental Master Deed dated 16th July 2009, a Thirteenth Supplemental Master Deed dated 26th June 2012, a Fourteenth Supplemental Master Deed dated 21st September 2012, the Eighteenth Supplemental Master Deed dated 25th March 2015, a Twentieth Supplemental Master Deed dated 21st October 2019, a Twenty Second Supplemental Master Deed dated 7 May 2021, Twenty Third Supplemental Master Deed dated 27 June 2022 and Twenty Sixth Supplemental Master Deed dated 25 March 2025.</p>

List of Amendment
Second Supplemental Prospectus for Principal Deposit Fund (“Fund”)

Prospectus for Principal Deposit Fund dated 25 June 2021 and First Supplemental Prospectus dated 16 May 2023 (“Prospectus 1”)		Second Supplemental Prospectus for Principal Deposit Fund (“Prospectus 2”)																
Section / Page	Description	Description																
5.1.3 / 17-18	<p>Designated Person Responsible for Fund Management Function</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;">Name:</td> <td>Patrick Chang Chian Ping</td> </tr> <tr> <td>Designation:</td> <td>Chief Investment Officer (CIO), Malaysia & Chief Investment Officer, Equities, ASEAN Region</td> </tr> <tr> <td>Experience:</td> <td>He was appointed as the Chief Investment Officer on 22 February 2016. He comes with an extensive 20 years of experience in asset management and is backed by numerous ASEAN awards from Malaysian pension funds in 2013 and 2015. He was previously the Head of ASEAN equities at BNP Paribas Investment Partners, Malaysia where he was overseeing ASEAN equities for both Malaysian and offshore clients from 2012. Prior to that, he served as Senior Vice President for CIMB-Principal Asset Management Berhad where he specialised in Malaysia, ASEAN and Asia specialist funds. He also worked as a portfolio manager at Riggs and Co International Private Banking in London specialising in managing global ETF portfolios</td> </tr> <tr> <td>Qualifications:</td> <td>MSc Finance from City University Business School and BSc Accounting and Financial Analysis from University of Warwick, UK.</td> </tr> </table>	Name:	Patrick Chang Chian Ping	Designation:	Chief Investment Officer (CIO), Malaysia & Chief Investment Officer, Equities, ASEAN Region	Experience:	He was appointed as the Chief Investment Officer on 22 February 2016. He comes with an extensive 20 years of experience in asset management and is backed by numerous ASEAN awards from Malaysian pension funds in 2013 and 2015. He was previously the Head of ASEAN equities at BNP Paribas Investment Partners, Malaysia where he was overseeing ASEAN equities for both Malaysian and offshore clients from 2012. Prior to that, he served as Senior Vice President for CIMB-Principal Asset Management Berhad where he specialised in Malaysia, ASEAN and Asia specialist funds. He also worked as a portfolio manager at Riggs and Co International Private Banking in London specialising in managing global ETF portfolios	Qualifications:	MSc Finance from City University Business School and BSc Accounting and Financial Analysis from University of Warwick, UK.	<p>Designated Person Responsible for Fund Management Function</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;">Name:</td> <td>Wong Loke Chin</td> </tr> <tr> <td>Designation:</td> <td>Chief Investment Officer, Fixed Income – Malaysia</td> </tr> <tr> <td>Experience:</td> <td>Wong Loke Chin is a seasoned portfolio manager with more than 29 years of relevant experience in managing domestic fixed income investments for retail, institutional, corporate and insurance clients. He has also gained more than 12 years of experience in managing global fixed income investment for institutional investor. Loke Chin joined Principal Malaysia in January 2005 from CIMB’s Debt Markets and Derivatives Department where he managed fixed income portfolios of institutional clients. Prior to joining CIMB in year 2001, he has with him more than 6 years’ experience in fixed income investment within the insurance industry. Loke Chin is a member of the Financial Markets Association Malaysia. He obtained his fund manager’s representative license in January 2005.</td> </tr> <tr> <td>Qualifications:</td> <td> <ul style="list-style-type: none"> • Bachelor of Commerce from University of New South Wales, Australia </td> </tr> </table> <p><i>Note: For more information and/or updated information, please refer to our website at www.principal.com.my.</i></p>	Name:	Wong Loke Chin	Designation:	Chief Investment Officer, Fixed Income – Malaysia	Experience:	Wong Loke Chin is a seasoned portfolio manager with more than 29 years of relevant experience in managing domestic fixed income investments for retail, institutional, corporate and insurance clients. He has also gained more than 12 years of experience in managing global fixed income investment for institutional investor. Loke Chin joined Principal Malaysia in January 2005 from CIMB’s Debt Markets and Derivatives Department where he managed fixed income portfolios of institutional clients. Prior to joining CIMB in year 2001, he has with him more than 6 years’ experience in fixed income investment within the insurance industry. Loke Chin is a member of the Financial Markets Association Malaysia. He obtained his fund manager’s representative license in January 2005.	Qualifications:	<ul style="list-style-type: none"> • Bachelor of Commerce from University of New South Wales, Australia
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Second Supplemental Prospectus for Principal Deposit Fund (“Fund”)

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8.0 / 24-28	<p>Taxation report</p> <p>Ernst & Young Tax Consultants Sdn Bhd</p> <p>Level 23A Menara Milenium Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur</p> <p>The Board of Directors Principal Asset Management Berhad 10th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur</p> <p>30 November 2022</p> <p>Dear Sirs</p> <p>Taxation of the unit trust fund and unit holders</p> <p>This letter has been prepared for inclusion in this First Supplemental Prospectus in connection with the offer of units in the unit trust fund known as Principal Deposit Fund (hereinafter referred to as “the Fund”).</p> <p>The purpose of this letter is to provide prospective unit holders with an overview of the impact of taxation on the Fund and the unit holders.</p>	<p>Taxation report</p> <p>Ernst & Young Tax Consultants Sdn Bhd</p> <p>Level 23A Menara Milenium Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur</p> <p>The Board of Directors Principal Asset Management Berhad Level 32, Exchange 106, Lingkaran TRX, 55188 Tun Razak Exchange Kuala Lumpur, Malaysia</p> <p>9 December 2024</p> <p>Dear Sirs</p> <p>Taxation of the unit trust fund and unit holders</p> <p>This letter has been prepared for inclusion in this Second Supplemental Prospectus in connection with the offer of units in the unit trust known as Principal Institutional Bond Fund 2 (hereinafter referred to as “the Fund”).</p> <p>The purpose of this letter is to provide prospective unit holders with an overview of the impact of taxation on the Fund and the unit holders.</p>

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	<p>Taxation of the Fund</p> <p>The taxation of the Fund is subject to the provisions of the Malaysian Income Tax Act 1967 (MITA), particularly Sections 61 and 63B.</p> <p>Subject to certain exemptions, the income of the Fund comprising profits and other investment income derived from or accruing in Malaysia after deducting tax allowable expenses, is subject to Malaysian income tax at the rate of 24% with effect from the year of assessment 2016.</p> <p>Tax allowable expenses would comprise expenses falling under Section 33(1) and Section 63B of the MITA. Section 33(1) permits a deduction for expenses that are wholly and exclusively incurred in the production of gross income. In addition, Section 63B allows unit trusts a deduction for a portion of other expenses (referred to as ‘permitted expenses’) not directly related to the production of income, as explained below.</p> <p>“Permitted expenses” refer to the following expenses incurred by the Fund which are not deductible under Section 33(1) of the MITA:</p> <ul style="list-style-type: none"> • the manager’s remuneration, • maintenance of the register of unit holders, • share registration expenses, • secretarial, audit and accounting fees, telephone charges, printing and stationery costs and postage. <p>These expenses are given a partial deduction under Section 63B of the MITA, based on the following formula:</p> $A \times \frac{B}{4C}$ <p>where A is the total of the permitted expenses incurred for that basis period;</p> <p> B is gross income consisting of dividend¹, interest and rent chargeable to tax for that basis period; and</p>	<p>Taxation of the Fund</p> <p>The taxation of the Fund is subject to the provisions of the Malaysian Income Tax Act 1967 (MITA), particularly Sections 61 and 63B.</p> <p>Subject to certain exemptions, the income of the Fund comprising profits and other investment income derived from or accruing in Malaysia after deducting tax allowable expenses, is subject to Malaysian income tax at the rate of 24% with effect from the year of assessment 2016.</p> <p>Tax allowable expenses would comprise expenses falling under Section 33(1) and Section 63B of the MITA. Section 33(1) permits a deduction for expenses that are wholly and exclusively incurred in the production of gross income. In addition, Section 63B allows unit trusts a deduction for a portion of other expenses (referred to as “permitted expenses”) not directly related to the production of income, as explained below.</p> <p>“Permitted expenses” refer to the following expenses incurred by the Fund which are not deductible under Section 33(1) of the MITA:</p> <ul style="list-style-type: none"> • the manager’s remuneration, • maintenance of the register of unit holders, • share registration expenses, • secretarial, audit and accounting fees, telephone charges, printing and stationery costs and postage. <p>These expenses are given a partial deduction under Section 63B of the MITA, based on the following formula:</p> $A \times \frac{B}{4C}$ <p>where A is the total of the permitted expenses incurred for that basis period;</p>

¹ Pursuant to Section 15 of the Finance Act 2011, with effect from the year of assessment 2011, dividend income is deemed to include income distributed by a unit trust which includes distributions from Real Estate Investment Trusts.

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	<p>C is the aggregate of the gross income consisting of dividend¹ and interest (whether such dividend or interest is exempt or not) and rent, and gains made from the 36 realisation of investments (whether chargeable to tax or not) for that basis period,</p> <p>provided that the amount of deduction to be made shall not be less than 10% of the total permitted expenses incurred for that basis period.</p> <p>Exempt income</p> <p>The following income of the Fund is exempt from income tax:</p> <ul style="list-style-type: none"> • Malaysian sourced dividends <p>All Malaysian-sourced dividends should be exempt from income tax.</p> <ul style="list-style-type: none"> • Malaysian sourced interest <ul style="list-style-type: none"> (i) interest from securities or bonds issued or guaranteed by the Government of Malaysia; (ii) interest from debentures or sukuk, other than convertible loan stock, approved or authorized by, or lodged with, the Securities Commission; (iii) interest from Bon Simpanan Malaysia issued by Bank Negara Malaysia; (iv) interest derived from Malaysia and paid or credited by banks licensed under the Financial Services Act 2013 or the Islamic Financial Services Act 2013²; 	<p>B is gross income consisting of dividend¹⁰, interest and rent chargeable to tax for that basis period; and</p> <p>C is the aggregate of the gross income consisting of dividend¹ and interest (whether such dividend or interest is exempt or not) and rent, and gains made from the realisation of investments (whether chargeable to tax or not) for that basis period,</p> <p>provided that the amount of deduction to be made shall not be less than 10% of the total permitted expenses incurred for that basis period.</p> <p>Exempt income</p> <p>The following income of the Fund is exempt from income tax:</p> <ul style="list-style-type: none"> • Malaysian sourced dividends <p>All Malaysian-sourced dividends should be exempt from income tax.</p> <ul style="list-style-type: none"> • Malaysian sourced interest <ul style="list-style-type: none"> (i) interest from securities or bonds issued or guaranteed by the Government of Malaysia; (ii) interest from debentures or <i>sukuk</i>, other than convertible loan stock, approved or authorized by, or lodged with, the Securities Commission; (iii) interest from Bon Simpanan Malaysia issued by Bank Negara Malaysia;

² Effective from 1 January 2019, the income tax exemption for a unit trust fund, pursuant to Paragraph 35A, Schedule 6 of the MITA shall not apply to a wholesale fund which is a money market fund.

¹⁰ Pursuant to Section 15 of the Finance Act 2011, with effect from the year of assessment 2011, dividend income is deemed to include income distributed by a unit trust which includes distributions from Real Estate Investment Trusts.

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	<p>(v) interest derived from Malaysia and paid or credited by any development financial institution prescribed under the Development Financial Institutions Act 2002²;</p> <p>(vi) interest from sukuk originating from Malaysia, other than convertible loan stock, issued in any currency other than Ringgit and approved or authorized by, or lodged with, the Securities Commission or approved by the Labuan Financial Services Authority (LFSA)³; and</p> <p>(vii) interest which is specifically exempted by way of statutory orders or any other specific exemption provided by the Minister.</p> <ul style="list-style-type: none"> • Discount <p>Tax exemption is given on discount paid or credited to any unit trust in respect of investments as specified in items (i), (ii) and (iii) above.</p> <p>Foreign sourced income</p> <p>Pursuant to the Finance Act 2021, income derived by a resident person from sources outside Malaysia and received in Malaysia from 1 January 2022 will no longer be exempt from tax.</p> <p>The Guidelines issued by the Malaysian Inland Revenue Board on 29 September 2022 define the term “received in Malaysia” to mean transferred or brought into Malaysia, either by way of cash⁴ or electronic funds transfer⁵.</p>	<p>(iv) interest derived from Malaysia and paid or credited by banks licensed under the Financial Services Act 2013 or the Islamic Financial Services Act 2013¹¹;</p> <p>(v) interest derived from Malaysia and paid or credited by any development financial institution prescribed under the Development Financial Institutions Act 2002¹¹;</p> <p>(vi) interest from <i>sukuk</i> originating from Malaysia, other than convertible loan stock, issued in any currency other than Ringgit and approved or authorized by, or lodged with, the Securities Commission or approved by the Labuan Financial Services Authority (LFSA)¹²; and</p> <p>(vii) interest which is specifically exempted by way of statutory orders or any other specific exemption provided by the Minister.</p> <ul style="list-style-type: none"> • Discount <p>Tax exemption is given on discount paid or credited to any unit trust in respect of investments as specified in items (i), (ii) and (iii) above.</p> <p>Foreign-sourced income (FSI)</p> <p>Pursuant to the Finance Act 2021, income derived by a resident person from sources outside Malaysia and received in Malaysia from 1 January 2022 will no longer be exempt from tax.</p>

³ Effective from the year of assessment 2017, the exemption shall not apply to interest paid or credited to a company in the same group or interest paid or credited to a bank licensed under the Financial Services Act 2013 or the Islamic Financial Services Act 2013; or a development financial institution prescribed under the Development Financial Institutions Act 2002.

⁴ “Cash” in this context is defined as banknotes, coins and cheques.

⁵ “Electronic funds transfer” means bank transfers (e.g., credit or debit transfers), payment cards (debit card, credit card and charge card), electronic money, privately-issued digital assets (e.g., crypto-assets, stablecoins) and central bank digital currency.

¹¹ Effective from 1 January 2019, the income tax exemption for a unit trust fund, pursuant to Paragraph 35A, Schedule 6 of the Income Tax Act, 1967 shall not apply to a wholesale fund which is a money market fund.

¹² Effective from the year of assessment 2017, the exemption shall not apply to interest paid or credited to a company in the same group or interest paid or credited to a bank licensed under the Financial Services Act 2013 or the Islamic Financial Services Act 2013; or a development financial institution prescribed under the Development Financial Institutions Act 2002.

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	<p>Foreign-sourced income (FSI) received in Malaysia during the transitional period from 1 January 2022 to 30 June 2022 will be taxed at 3% of gross.</p> <p>From 1 July 2022 onwards, FSI received in Malaysia will be taxed at the prevailing tax rate(s) of the taxpayer and based on applicable tax rules. Bilateral or unilateral tax credits may be allowed if the same income has suffered foreign tax, and where relevant conditions are met.</p> <p>Income Tax (Exemption) (No. 6) Order 2022 has been issued to exempt a “qualifying person”⁶ from the payment of income tax in respect of dividend income which is received in Malaysia from outside Malaysia, effective from 1 January 2022 to 31 December 2026. The exemption will however not apply to a person carrying on the business of banking, insurance or sea or air transport. As the definition of “qualifying person” does not include unit trust funds, it would mean that resident unit trust funds would technically not qualify for the exemption, unless there are further updates thereto.</p>	<p>Based on the Malaysian Inland Revenue Board’s “Guidelines on Tax Treatment in Relation to Income Received from Abroad (Amendment)” updated on 20 June 2024, the term “received in Malaysia” means transferred or brought into Malaysia, either by way of cash¹³ or electronic funds transfer¹⁴.</p> <p>FSI received in Malaysia during the transitional period from 1 January 2022 to 30 June 2022 will be taxed at 3% of gross. From 1 July 2022 onwards, FSI received in Malaysia will be taxed at the prevailing tax rate(s) of the taxpayer and based on applicable tax rules. Bilateral or unilateral tax credits may be allowed if the same income has suffered foreign tax¹⁵, and where relevant conditions are met.</p> <p>The Income Tax (Unit Trust in relation to Income Received In Malaysia from Outside Malaysia) (Exemption) Order 2024 [P.U.(A) 250] has been issued to exempt a “qualifying unit trust”¹⁶ from the payment of income tax in respect of gross income from all sources of income under Section 4 of the MITA (including capital gains classified under Section 4(aa)), which is received in Malaysia from outside Malaysia.</p> <p>This exemption applies to FSI received in Malaysia from 1 January 2024 to 31 December 2026, subject to the following conditions being complied with by the qualifying unit trust or the management company¹⁷ of the qualifying unit trust:</p>

⁶ “Qualifying person” in this context means a person resident in Malaysia who is:

- (a) An individual who has dividend income received in Malaysia from outside Malaysia in relation to a partnership business in Malaysia;
- (b) A limited liability partnership which is registered under the Limited Liability Partnerships Act 2012; or
- (c) A company which is incorporated or registered under the Companies Act 2016.

¹³ “Cash” in this context is defined as banknotes, coins and cheques.

¹⁴ “Electronic funds transfer” means bank transfers (e.g., credit or debit transfers), payment cards (debit card, credit card and charge card), electronic money, privately-issued digital assets (e.g., crypto-assets, stablecoins) and central bank digital currency.

¹⁵ “Foreign tax” includes withholding tax

¹⁶ “Qualifying unit trust” in this context means a unit trust resident in Malaysia that is:

- (a) managed by a management company;
- (b) has income received in Malaysia from outside of Malaysia; and
- (c) does not include a unit trust which is approved by the Securities Commission as Real Estate Investment Trust or Property Trust Fund listed on Bursa Malaysia.

¹⁷ “Management company” means a company licensed by the Securities Commission by which or on whose behalf a unit of a qualifying unit trust –

- a) has been or is proposed to be issued, or offered for subscription or purchase; or
 - b) in respect of which an invitation to subscribed or purchase has been made.
- and includes any person for the time being exercising the functions of the management company.

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	<p>Gains from the 39realisation of investments</p> <p>Pursuant to Section 61(1) (b) of the MITA, gains from the 39realisation of investments will not be treated as income of the Fund and hence, are not subject to income tax. Such gains may be subject to real property gains tax (RPGT) under the Real Property Gains Tax Act 1976 (RPGT Act), if the gains are derived from the disposal of chargeable assets, as defined in the RPGT Act.</p> <p>Implementation of Sales and Service Tax (“SST”)</p> <p>Sales and Service Tax (“SST”) was re-introduced effective 1 September 2018. Sales Tax of 10% (most common rate) or 5% is charged by Malaysian manufacturers of taxable goods or upon importation into Malaysia of such taxable goods, unless specifically exempted under the Sales Tax (Goods Exempted From Tax) Order 2018. Service Tax at the rate of 6% is charged on certain prescribed taxable services performed by taxable persons as stipulated under Service Tax Regulations 2018. The input tax recovery mechanism under the previous GST regime does not apply to SST. Therefore, any SST incurred is not recoverable and will form a cost element for businesses.</p> <p>Based on the Service Tax Regulations 2018, a unit trust fund is neither regarded as a taxable person nor as providing taxable services and is therefore not liable for SST registration. Where the Fund incurs expenses such as management fees, the management services provided by asset and fund managers who are licensed or registered with Securities Commission Malaysia for carrying out the regulated activity of fund management under the Capital Markets and Services Act 2007, are specifically excluded from the scope of Service Tax. As for other fees, such as trustee fees and other administrative charges, these may be subject to 6% service tax provided they fall within the scope of service tax (i.e. are provided by a “taxable person”, who exceeds the required annual threshold (in most cases RM 500,000 per annum) and the services qualify as “taxable services”).</p> <p>Taxation of unit holders</p> <p>For Malaysian income tax purposes, unit holders will be taxed on their share of the distributions received from the Fund.</p> <p>The income of unit holders from their investment in the Fund broadly falls under the following categories:</p>	<ul style="list-style-type: none"> • The income received in Malaysia has been subject to tax of a similar character to income tax under the laws of territory from which the income arose; and • The highest rate of tax of a similar character to income tax under the law of that territory at that time is not less than 15%. <p>OR</p> <p>The management company of the qualifying unit trust shall employ an adequate number of employees in Malaysia and incur an adequate amount of operating expenditure in Malaysia.</p> <p>The exemption will not apply to a unit trust carrying on the business of banking, insurance or sea or air transport.</p> <p>Gains from the realisation of investments</p> <p>Pursuant to the Finance (No. 2) Act 2023 (“Finance Act”), gains from the realisation of investments by a unit trust would no longer be exempt from tax. Pursuant to Section 61(1)(b) of the MITA, gains arising from the realisation of investments shall be treated as income of a unit trust under Section 4(aa) of MITA, provided that such gains are not related to real property as defined in the Real Property Gains Tax Act 1976. Section 4(aa) provides that gains or profits from the disposal of a capital asset are to be treated as a class of income. The tax imposed on such income under the MITA is commonly referred to as “capital gains tax” (CGT).</p> <p>Based on the MITA, the following will be subject to Malaysian CGT:</p> <p><u>Capital assets situated in Malaysia</u></p> <ol style="list-style-type: none"> a) Gains or profits from the disposal of shares of a company incorporated in Malaysia not listed on the stock exchange (including any rights or interests thereof) owned by a company, limited liability partnership, trust body or co-operative society b) Gains or profits, accruing to a company, limited liability partnership, trust body or co-operative society, on the disposal of shares in foreign incorporated controlled companies deriving value from real property in Malaysia, as determined based on the relevant provisions of the MITA.

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	<p>1. taxable distributions; and</p> <p>2. non-taxable and exempt distributions.</p> <p>In addition, unit holders may also realise a gain from the sale of units.</p> <p>The tax implications of each of the above categories are explained below:</p> <p>1. Taxable distributions</p> <p>Distributions received from the Fund will have to be grossed up to take into account the underlying tax paid by the Fund and the unit holder will be taxed on the grossed up amount.</p> <p>Such distributions carry a tax credit, which will be available for set-off against any Malaysian income tax payable by the unit holder. Should the tax deducted at source exceed the tax liability of the unit holder, the excess is refundable to the unit holder.</p> <p>Please refer to the paragraph below for the income tax rates applicable to the grossed up distributions.</p> <p>2. Non-taxable and exempt distributions</p> <p>Tax exempt distributions made out of gains from the 40 realisation of investments and exempt income earned by the Fund will not be subject to Malaysian income tax in the hands of the unit holders.</p>	<p><u>Capital assets situated outside Malaysia</u></p> <p>c) Gains or profits from the disposal of movable or immovable property situated outside Malaysia including any rights or interests thereof. Such gains will only be subject to tax when the gains are received in Malaysia.</p> <p><u>Note:</u> Pursuant to the Income Tax (Exemption) (No.3) Order 2024 [P.U.(A) 75], a trust body is exempted from payment of income tax in respect of gains or profits from the disposal of capital asset arising from outside Malaysia which is received in Malaysia. This exemption applies for such disposals from 1 January 2024 to 31 December 2026 subject to the following conditions being complied with by the trust body:</p> <ul style="list-style-type: none"> • employ an adequate number of employees in Malaysia with necessary qualifications to carry out the specified economic activities in Malaysia; and • incur an adequate amount of operating expenditure for carrying out the specified economic activities in Malaysia. <p>Note that this exemption order applies to companies, limited liability partnerships, co-operative societies and trust bodies, whilst the (Income Tax (Unit Trust in relation to Income Received in Malaysia from Outside Malaysia) (Exemption) Order 2024 [P.U.(A) 250] (as referred above) applies specifically to qualifying unit trusts.</p> <p>The Finance Act provides an effective date of 1 January 2024 for the above changes to the MITA. However, pursuant to the Income Tax (Exemption) (No. 7) Order 2023 [P.U.(A) 410] and the Income Tax (Exemption) (No. 2) Order 2024 [P.U.(A) 57], taxpayers, including a trust body, are exempted from the payment of income tax in respect of any gains or profits received from the disposal of capital assets situated in Malaysia (see Item (a) and (b) above) where such disposals occur between 1 January and 29 February 2024.</p>

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	<p>A retail money market fund is exempted from tax on its interest income derived from Malaysia, pursuant to Paragraph 35A of Schedule 6 of the ITA. Pursuant to the Finance Act 2021, with effect from 1 January 2022, distributions by a retail money market fund from such tax exempt interest income, to a unit holder other than an individual, will no longer be exempt from tax. The distribution to unit holders other than individuals will be subject to withholding tax at 24%. This would be a final tax for non-residents. Malaysian residents are required to include the distributions in their tax returns and claim a credit in respect of the withholding tax suffered. Individuals will continue to be exempt from tax on such distributions.</p> <p>Rates of tax</p> <p>The Malaysian income tax chargeable on the unit holders would depend on their tax residence status and whether they are individuals, corporations or trust bodies. The relevant income tax rates are as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Unit holders</th> <th style="text-align: center;">Malaysian income tax rates</th> </tr> </thead> <tbody> <tr> <td> <p>Malaysian tax resident:</p> <ul style="list-style-type: none"> • Individual and non-corporate unit holders (such as associations and societies) • Co-operatives⁷ • Trust bodies </td> <td> <ul style="list-style-type: none"> • Progressive tax rates ranging from 0% to 30% • Progressive tax rates ranging from 0% to 24% • 24% </td> </tr> </tbody> </table>	Unit holders	Malaysian income tax rates	<p>Malaysian tax resident:</p> <ul style="list-style-type: none"> • Individual and non-corporate unit holders (such as associations and societies) • Co-operatives⁷ • Trust bodies 	<ul style="list-style-type: none"> • Progressive tax rates ranging from 0% to 30% • Progressive tax rates ranging from 0% to 24% • 24% 	<p>In addition to the above, the Income Tax (Unit Trust) (Exemption) Order 2024 [P.U.(A) 249] exempts a qualifying unit trust¹⁸ resident in Malaysia from the payment of income tax in respect of any gains or profit received from the disposal of shares of a company incorporated in Malaysia which is not listed on the stock exchange and from the disposal of shares under section 15C of the MITA where such disposals occur between 1 January 2024 to 31 December 2028.</p> <p>The exemption will not apply to gains or profits from the disposals of capital asset that fall under Section 4(a) of the MITA, as business income.</p> <p><u>CGT rates</u></p> <p>As noted above, various tax exemptions are available to a qualifying unit trust. For completeness, if exemptions did not apply, the relevant tax rates of the gains of the disposal of capital assets are as below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Tax rates</th> </tr> </thead> <tbody> <tr> <td> <p>A. Disposal of capital assets situated in Malaysia which was acquired before 1 January 2024</p> <ul style="list-style-type: none"> • On chargeable income of the disposal • On gross disposal price </td> <td style="text-align: center; vertical-align: middle;"> <p>10%</p> <p>2%</p> </td> </tr> <tr> <td> <p>B. Disposal of capital assets situated in Malaysia which was acquired after 1 January 2024</p> <ul style="list-style-type: none"> • On chargeable income of the disposal </td> <td style="text-align: center; vertical-align: middle;"> <p>10%</p> </td> </tr> </tbody> </table>		Tax rates	<p>A. Disposal of capital assets situated in Malaysia which was acquired before 1 January 2024</p> <ul style="list-style-type: none"> • On chargeable income of the disposal • On gross disposal price 	<p>10%</p> <p>2%</p>	<p>B. Disposal of capital assets situated in Malaysia which was acquired after 1 January 2024</p> <ul style="list-style-type: none"> • On chargeable income of the disposal 	<p>10%</p>
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<p>A. Disposal of capital assets situated in Malaysia which was acquired before 1 January 2024</p> <ul style="list-style-type: none"> • On chargeable income of the disposal • On gross disposal price 	<p>10%</p> <p>2%</p>											
<p>B. Disposal of capital assets situated in Malaysia which was acquired after 1 January 2024</p> <ul style="list-style-type: none"> • On chargeable income of the disposal 	<p>10%</p>											

⁷ Pursuant to Paragraph 12(1), Schedule 6 of the MITA, the income of any co-operative society—

(a) in respect of a period of five years commencing from the date of registration of such co-operative society; and

(b) thereafter where the members’ funds [as defined in Paragraph 12(2)] of such co-operative society as at the first day of the basis period for the year of assessment is less than seven hundred and fifty thousand ringgit, is exempt from tax.

¹⁸ “Qualifying unit trust” in this context does not include a unit trust which is approved by the Securities Commission as a Real Estate Investment Trust or Property Trust Fund listed on Bursa Malaysia.

List of Amendment
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	<ul style="list-style-type: none"> • Corporate unit holders <ul style="list-style-type: none"> (i) A company with paid up capital in respect of ordinary shares of not more than RM2.5 million (at the beginning of the basis period for the year of assessment) and gross income from a source or sources consisting of a business not exceeding RM50 million for the basis period for the year of assessment^{8 9} (ii) Companies other than (i) above 	<ul style="list-style-type: none"> • First RM600,000 of chargeable income @ 17% • Chargeable income in excess of RM600,000 @ 24% 	<table border="1" style="width: 100%;"> <tr> <td style="width: 60%;"> C. Disposal of capital assets situated outside Malaysia <ul style="list-style-type: none"> • On chargeable income of the disposal </td> <td style="width: 40%; text-align: center;"> 24% (prevailing tax rate of a unit trust) </td> </tr> </table> <p>Implementation of Sales and Service Tax (“SST”)</p> <p>Sales and Service Tax (“SST”) was re-introduced effective 1 September 2018. Sales Tax of 10% (most common rate) or 5% is charged by Malaysian manufacturers of taxable goods or upon importation into Malaysia of such taxable goods, unless specifically exempted under the Sales Tax (Goods Exempted From Tax) Order 2018. Service Tax is charged on certain prescribed taxable services performed by taxable persons as stipulated under Service Tax Regulations 2018. The input tax recovery mechanism under the previous GST regime does not apply to SST. Therefore, any SST incurred is not recoverable and will form a cost element for businesses.</p>	C. Disposal of capital assets situated outside Malaysia <ul style="list-style-type: none"> • On chargeable income of the disposal 	24% (prevailing tax rate of a unit trust)
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	Non-Malaysian tax resident (Note 1): <ul style="list-style-type: none"> • Individual and non-corporate unit holders • Corporate unit holders and trust bodies 	<ul style="list-style-type: none"> • 30% • 24% 			

⁸ A company would not be eligible for the 17% tax rate on the first RM600,000 of chargeable income if:-

- (a) more than 50% of the paid up capital in respect of the ordinary shares of the company is directly or indirectly owned by a related company which has paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment;
- (b) the company owns directly or indirectly more than 50% of the paid up capital in respect of the ordinary shares of a related company which has paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment;
- (c) more than 50% of the paid up capital in respect of the ordinary shares of the company and a related company which has a paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment is directly or indirectly owned by another company.

⁹ The above excludes a business trust and a company which is established for the issuance of asset-backed securities in a securitization transaction approved by the Securities Commission.

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	<p><u>Note 1:</u> Non-resident unit holders may be subject to tax in their respective countries depending on the provisions of the tax legislation in the respective countries and any existing double taxation arrangements with Malaysia.</p> <p>Gains from sale of units</p> <p>Gains arising from the realisation of investments will generally not be subject to income tax in the hands of unit holders unless they are insurance companies, financial institutions or traders / dealers in securities.</p> <p>Unit splits and reinvestment of distributions</p> <p>Unit holders may also receive new units as a result of unit splits or may choose to reinvest their distributions. The income tax implications of these are as follows:</p> <ul style="list-style-type: none"> • Unit splits – new units issued by the Fund pursuant to a unit split will not be subject to income tax in the hands of the unit holders. • Reinvestment of distributions – unit holders may choose to reinvest their income distribution in new units by informing the Manager. In this event, the unit holder will be deemed to have received the distribution and reinvested it with the Fund. <p>.....</p> <p>We hereby confirm that, as at the date of this letter, the statements made in this letter correctly reflect our understanding of the tax position under current Malaysian tax legislation and the related interpretation and practice thereof, all of which are subject to change, possibly on a retrospective basis. We have not been retained (unless specifically instructed hereafter), nor are we obligated to monitor or update the statements for future conditions that may affect these statements.</p>	<p>Based on the Service Tax Regulations 2018, a unit trust fund is neither regarded as a taxable person nor as providing taxable services and is therefore not liable for SST registration. Where the Fund incurs expenses such as management fees, the management services provided by asset and fund managers who are licensed or registered with Securities Commission Malaysia for carrying out the regulated activity of fund management under the Capital Markets and Services Act 2007, are specifically excluded from the scope of Service Tax. As for other fees, such as trustee fees and other administrative charges, these may be subject to service tax¹⁹ provided they fall within the scope of service tax (i.e. are provided by a “taxable person”, who exceeds the required annual threshold (in most cases RM 500,000 per annum) and the services qualify as “taxable services”).</p> <p>Taxation of unit holders</p> <p>For Malaysian income tax purposes, unit holders will be taxed on their share of the distributions received from the Fund.</p> <p>The income of unit holders from their investment in the Fund broadly falls under the following categories:</p> <ol style="list-style-type: none"> 1. taxable distributions; and 2. non-taxable and exempt distributions. <p>In addition, unit holders may also realise a gain from the sale of units.</p> <p>The tax implications of each of the above categories are explained below:</p>

¹⁹ Pursuant to Service Tax (Rate of Tax) (Amendment) Order 2024 [P.U. (A) 64], the service tax rate is increased from 6% to 8% with effect from 1 March 2024 on generally all of the taxable services except for provision of food and beverage services, telecommunication services, parking space and logistics services.

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		<p>As stated above, with effect from 1 January 2024 (1 March 2024 for disposals of shares of a company incorporated in Malaysia not listed on the stock exchange), gains arising from the realisation of investments shall be treated as income of the Fund under Section 4(aa), pursuant to the proviso of Section 61(1)(b) of MITA.¹² However, pursuant to Section 61(1A) of MITA, unit holders will still not be charged to tax on the gains referred to in the proviso to Section 61(1)(b).</p> <p>Rates of tax</p> <p>The Malaysian income tax chargeable on the unit holders would depend on their tax residence status and whether they are individuals, corporations or trust bodies. The relevant income tax rates are as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Unit holders</th> <th style="text-align: center;">Malaysian income tax rates</th> </tr> </thead> <tbody> <tr> <td> Malaysian tax resident: <ul style="list-style-type: none"> • Individual and non-corporate unit holders (such as associations and societies) • Co-operatives²⁰ • Trust bodies </td> <td> <ul style="list-style-type: none"> • Progressive tax rates ranging from 0% to 30% • Progressive tax rates ranging from 0% to 24% • 24% </td> </tr> <tr> <td> <ul style="list-style-type: none"> • Corporate unit holders (i) A company with paid up capital in respect of ordinary shares of not more than </td> <td> <ul style="list-style-type: none"> • First RM150,000 of chargeable income @ 15%²³ • Next RM450,000 of chargeable income @17% </td> </tr> </tbody> </table>	Unit holders	Malaysian income tax rates	Malaysian tax resident: <ul style="list-style-type: none"> • Individual and non-corporate unit holders (such as associations and societies) • Co-operatives²⁰ • Trust bodies 	<ul style="list-style-type: none"> • Progressive tax rates ranging from 0% to 30% • Progressive tax rates ranging from 0% to 24% • 24% 	<ul style="list-style-type: none"> • Corporate unit holders (i) A company with paid up capital in respect of ordinary shares of not more than 	<ul style="list-style-type: none"> • First RM150,000 of chargeable income @ 15%²³ • Next RM450,000 of chargeable income @17%
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²⁰ Pursuant to Paragraph 12(1), Schedule 6 of the MITA, the income of any co-operative society—

(c) in respect of a period of five years commencing from the date of registration of such co-operative society; and

(d) thereafter where the members’ funds [as defined in Paragraph 12(2)] of such co-operative society as at the first day of the basis period for the year of assessment is less than seven hundred and fifty thousand ringgit, is exempt from tax.

²³ Pursuant to the Finance Act 2023, effective from the year of assessment 2023, the concessionary tax rate is reduced from 17% to 15% for the first RM150,000 of chargeable income.

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		RM2.5 million (at the beginning of the basis period for the year of assessment) and gross income from a source or sources consisting of a business not exceeding RM50 million for the basis period for the year of assessment ²¹ (ii) Companies other than (i) above	<ul style="list-style-type: none"> • Chargeable income in excess of RM600,000 @ 24% • 24%
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²¹ A company would not be eligible for the concessionary tax rate on the first RM600,000 of chargeable income if:-

- (d) more than 50% of the paid-up capital in respect of the ordinary shares of the company is directly or indirectly owned by a related company which has paid-up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment;
- (e) the company owns directly or indirectly more than 50% of the paid-up capital in respect of the ordinary shares of a related company which has paid-up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment;
- (f) more than 50% of the paid-up capital in respect of the ordinary shares of the company and a related company which has a paid-up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment is directly or indirectly owned by another company.
- (g) Pursuant to the Finance Act 2023, effective from the year of assessment 2024, in order for a company to qualify for the concessionary tax rates not more than 20% of the paid-up capital in respect of the ordinary shares of the company at the beginning of a basis period for a year of assessment can be directly or indirectly owned by one or more companies incorporated outside Malaysia or by individuals who are not citizens of Malaysia.

²² The above excludes a business trust and a company which is established for the issuance of asset-backed securities in a securitization transaction approved by the Securities Commission.

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