

# Principal Islamic Lifetime Enhanced Sukuk Fund

Unaudited Semi-Annual Report

For The Six Months Financial Period Ended 30 September 2024

**PRINCIPAL ISLAMIC LIFETIME ENHANCED SUKUK FUND**  
**UNAUDITED SEMI-ANNUAL REPORT**  
**FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024**

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## INVESTORS' 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 Unaudited Semi-Annual Fund Report of the Principal Islamic Lifetime Enhanced Sukuk Fund for the six months financial period ended 30 September 2024. You may also download this report from our website at [www.principal.com.my](http://www.principal.com.my).

We are proud to announce that Principal Malaysia has earned numerous accolades in 2024. At the Asia Asset Management 2024 Best of the Best Awards, we were honored with the Best of the Best Performance Award for China A-Share Equity (3 years) and recognized as the Best Institutional House – Malaysia. At the 2024 Global Banking & Finance Awards, our CEO, Munirah Khairuddin, was named Asset Management CEO of the Year Malaysia, and our company was recognized as Asset Management Company of the Year Malaysia. Additionally, we received the Best International Equity Fund Manager for MSCI EM Latin America 2023 at the EPF External Fund Managers Awards 2023.

At the Alpha Southeast Asia Fund Management Awards 2024, we won three awards: Best Absolute Return Strategy, Best Online & Mobile Platform (Asset Manager), and Best Asset Manager (Income-Oriented, Money Market & Alternative Investment Funds). The International Finance Awards honored us with 'Best Asset Management Company – Malaysia 2024' and 'Best Asset Management CEO – Munirah Khairuddin – Malaysia 2024'. At the Triple A Sustainable Investing Awards 2024, we secured the Asset Management Company of the Year (Malaysia) award. The World Business Outlook magazine recognized us with the titles of Best Investment Management and Solutions Provider Malaysia, Best Institutional House Malaysia, and Asset Management CEO (Munirah Khairuddin) of the Year Malaysia. Additionally, we received three awards at the iFast Awards 2024, seven at the LSEG Lipper Fund Awards 2024, and ten at the FSMOne Recommended Funds 2023/2024.

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 (@PrincipalAssetMY), follow us on our Instagram account (@principalassetmanagement\_my), and LinkedIn page (Principal Asset Management Berhad) for the latest updates, market insights and investment articles.

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

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

### **MUNIRAH KHAIRUDDIN**

Chief Executive Officer,  
Malaysia & Global Shariah & 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 grow the value of Unit holders’ investments over the medium-term in Sukuk portfolio with most tenures ranging from 3-10 years as well as to provide regular income.

**Has the Fund achieved its objective?**

For the financial period under review, the Fund is in line with its stated objectives as stated under the fund performance review.

**What are the Fund investment policy and principal investment strategy?**

A minimum of 70% and up to a maximum of 98% of the Fund’s Net Asset Value (“NAV”) may be invested in Sukuk carrying at least a “BBB3” or “P2” rating by RAM Ratings Services Bhd (“RAM”) or equivalent rating by Malaysian Rating Corporation Bhd (“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. The Fund may invest up to 40% of its NAV in Unrated Sukuk. The Fund may also invest between 0% to 20% (both inclusive) of its NAV in Shariah-compliant equities, of which up to 10% of its NAV may be invested in Shariah-compliant warrants of Shariah-compliant companies. The investment strategy and policy of the Fund is biased towards Islamic fixed income investments that aim to provide consistency in income, while allowing some exposure in Shariah-compliant equities and Shariah-compliant warrants that aim to provide the added return in a rising market. The Fund may also opt to seek investment exposure via Islamic collective investment scheme that is in line with the Fund’s objective, subject to the requirements of the Guidelines on Unit Trust Funds issued by the Securities Commission Malaysia (“GUTF”).

The Fund may invest up to 30% of its NAV in foreign Eligible Markets. Where necessary, we will obtain the licenses/permits for investments in countries that require licenses/permits. If we are unable to obtain the necessary licenses/permits, or the licenses/permits are revoked or not renewed (as the case may be), we will seek to invest in other accessible markets. Notwithstanding the aforesaid, we may decide not to invest in foreign securities.

The asset allocation strategy for this Fund is as follows:

- between 70% to 98% (both inclusive) of the Fund’s NAV in Sukuk;
- up to 40% of the Fund’s NAV in Unrated Sukuk;
- between 0% to 20% (both inclusive) of the Fund’s NAV in Shariah-compliant equities, of which up to 10% may be invested in Shariah-compliant warrants; and
- at least 2% of the Fund’s NAV in Islamic liquid assets.

**Fund category/type**

Sukuk/ Income

**When was the Fund launched?**

| <b>Name of Class</b> | <b>Launch date</b> |
|----------------------|--------------------|
| Class D              | 28 April 2023      |
| Class MYR            | 23 February 2005   |

**What was the size of the Fund as at 30 September 2024?**

RM10.87 million (10.66 million units)

**What is the Fund’s benchmark?**

85% CIMB Islamic 1-Month Fixed Return Income Account - i (“FRIA-i”) + 15% FTSE Bursa Malaysia (“FBM”) EMAS Shariah (“FBMS”) Index

Note: The Fund’s benchmark is for performance comparison only. The benchmark is customised as such to align it closer to the structure of the portfolio and the objective of the Fund. Investors are cautioned that the risk profile of the Fund is higher than the risk profile of the benchmark.

**FUND OBJECTIVE AND POLICY (CONTINUED)**

**What is the Fund distribution policy?**

Distribution (if any) is expected to be distributed annually at the Manager's discretion\*.

\* Note: Pursuant to the Master Deed, the Manager has the right to make provisions for reserves in respect of distribution of the Fund. If the distribution available is too small or insignificant, any distribution may not be of benefit to the Unit holders as the total cost to be incurred in any such distribution may be higher than the amount for distribution. The Manager has the discretion to decide on the amount to be distributed to the Unit holders.

**What was the net income distribution for the six months financial period ended 30 September 2024?**

The Fund distributed a total net income of RM0.11 million to unit holders for the six months financial period ended 30 September 2024.

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

| Date  | NAV per unit<br>(Before distribution)<br>RM | NAV per unit<br>(After distribution)<br>RM |
|---|---|--|
| Distribution on 5 April 2024<br>- Class MYR | 0.9970                                      | 0.9870                                     |

Breakdown of distribution were as follows:

| Source of distribution                            | 30.09.2024     |               | 30.09.2023     |               |
|---|----------------|---------------|----------------|---------------|
|   | RM             | %             | RM             | %             |
| Distribution out of current period's income       | 110,166        | 100.00        | 85,155         | 15.10         |
| Distribution out of prior period's income/capital | -              | -             | 478,831        | 84.90         |
| <b>Total</b>                                      | <b>110,166</b> | <b>100.00</b> | <b>563,986</b> | <b>100.00</b> |

**PERFORMANCE DATA**

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

|                                     | 30.09.2024    | 30.09.2023    | 30.09.2022    |
|-------------------------------------|---------------|---------------|---------------|
|                                     | %             | %             | %             |
| Shariah-compliant quoted securities |               |               |               |
| - Construction                      | 7.54          | 0.03          | 1.32          |
| - Energy                            | 5.06          | -             | 0.65          |
| - Health Care                       | 12.86         | -             | -             |
| - Industrial Products & Services    | -             | 4.12          | 2.86          |
| - Property                          | 2.30          | -             | 0.91          |
| - Technology                        | 2.23          | 5.01          | 1.77          |
| - Transportation & Logistics        | -             | -             | 1.09          |
| - Utilities                         | -             | 2.17          | -             |
| Unquoted Sukuk                      | 77.24         | 87.17         | 86.68         |
| Cash and other assets               | 18.71         | 2.16          | 7.72          |
| Liabilities                         | (25.94)       | (0.66)        | (3.00)        |
|                                     | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> |

**PERFORMANCE DATA (CONTINUED)**

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

|                                | <b>30.09.2024</b>    | <b>30.09.2023</b>    | <b>30.09.2022</b>    |
|--------------------------------|----------------------|----------------------|----------------------|
| NAV (RM Million)               |                      |                      |                      |
| - Class D                      | 1.23                 | 0.87                 | -                    |
| - Class MYR                    | 9.64                 | 26.01                | 27.28                |
| Units in circulation (Million) |                      |                      |                      |
| - Class D                      | 1.15                 | 0.85                 | -                    |
| - Class MYR                    | 9.51                 | 26.22                | 28.27                |
| NAV per unit (RM)              |                      |                      |                      |
| - Class D                      | 1.0662               | 1.0199               | -                    |
| - Class MYR                    | 1.0137               | 0.9917               | 0.9651               |
|                                | <b>01.04.2024</b>    | <b>01.04.2023</b>    | <b>01.04.2022</b>    |
|                                | <b>to 30.09.2024</b> | <b>to 30.09.2023</b> | <b>to 30.09.2022</b> |
| Highest NAV per unit (RM)      |                      |                      |                      |
| - Class D                      | 1.1116               | 1.0200               | -                    |
| - Class MYR                    | 1.0568               | 0.9917               | 1.0882               |
| Lowest NAV per unit (RM)       |                      |                      |                      |
| - Class D                      | 1.0307               | 1.0000               | -                    |
| - Class MYR                    | 0.9799               | 0.9767               | 1.0339               |
| Total return (%)               |                      |                      |                      |
| - Class D                      | 2.27                 | 1.99*                | -                    |
| - Class MYR                    | 2.27                 | 2.57                 | 2.33                 |
| Capital growth (%)             |                      |                      |                      |
| - Class D                      | 2.27                 | 1.99*                | -                    |
| - Class MYR                    | 1.25                 | 0.59                 | (2.22)               |
| Income distribution (%)        |                      |                      |                      |
| - Class D                      | -*                   | -*                   | -                    |
| - Class MYR                    | 1.01                 | 1.97                 | 4.66                 |

\* Performance since inception (28 April 2023) until 30 September 2024.

|  |      |      |      |
|--|------|------|------|
| Total Expense Ratio ("TER") (%) ^          | 0.84 | 0.58 | 0.57 |
| Portfolio Turnover Ratio ("PTR") (times) # | 1.33 | 0.39 | 0.18 |

^ The Fund's TER increased from 0.58% to 0.84% was mainly due to the decreased in average NAV during the financial period under review.

# The Fund's PTR was increased from 0.39 times to 1.33 times as of 30 September 2024 which reflects the number of transactions during the financial period under review.

|  | <b>01.04.2024</b>    | <b>01.04.2023</b>    | <b>01.04.2022</b>    |
|--|----------------------|----------------------|----------------------|
| <b>Gross/Net distribution per unit (sen)</b> | <b>to 30.09.2024</b> | <b>to 30.09.2023</b> | <b>to 30.09.2022</b> |
| Distribution on 5 April 2024                 | 1.00                 | -                    | -                    |
| Distribution on 5 April 2023                 | -                    | 0.98                 | -                    |
| Distribution on 5 July 2023                  | -                    | 0.94                 | -                    |
| Distribution on 6 April 2022                 | -                    | -                    | 1.03                 |
| Distribution on 5 July 2022                  | -                    | -                    | 0.99                 |

**PERFORMANCE DATA (CONTINUED)**

|                                    | <b>30.09.2024</b> | <b>30.09.2023</b> | <b>30.09.2022</b> | <b>30.09.2021</b> | <b>30.09.2020</b> |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                    | %                 | %                 | %                 | %                 | %                 |
| Annual total return<br>- Class MYR | 4.72              | 6.11              | (4.67)            | 3.79              | 8.31              |

(Launch date: 23 February 2005)

|                                  | <b>30.09.2024</b> | <b>Since<br/>inception to<br/>30.09.2024</b> |
|----------------------------------|-------------------|--|
|                                  | %                 | %  |
| Annual total return<br>- Class D | 4.72              | 6.80   |

(Launch date: 28 April 2023)

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 period have been extracted from Lipper.

**MARKET REVIEW (1 APRIL 2024 TO 30 SEPTEMBER 2024)**

**Equity**

The FBMS Index rose by 4.83% in Malaysian Ringgit (“MYR”) terms during the financial period under review.

FBMS Index’s rally extended into April 2024, up 3.9% to close the month at 11,085.94 points (“pts”). This marked the 5th consecutive month of gains, with Malaysia outperforming most ASEAN markets. Bets on rate cuts by the Fed were pushed back given the persistent strong data out of the United States (“US”). The rally was broad-based but Utilities, Industrial (mainly Primary Macronodular Adrenal Hyperplasia (“PMAH”)), Healthcare and Transport led gains while Energy eased. Within the broader market, Property and Consumer did well.

FBMS Index’s rally extended into May 2024, up 2.54% to close the month at 12,392.36 pts. Investors stayed upbeat despite bets on rate cuts by the Federal Reserve (the “Fed”) pushed back given the persistent strong economic data out of the US and sticky inflation. Utilities, Consumer and Industrial led gains while Telcos and Commodities lagged. Within the broader market, Construction, Property and Technology did well.

FBMS Index was up 1.3% in June 2024 as investors remained relatively upbeat considering the recent weakness in US economic data and inflation moderating. Utilities and Healthcare rose while Consumer eased. Within the broader market, Construction and Technology posted strong gains, while other sectors were mixed.

FBMS Index was up 0.8% in July 2024 alongside regional markets and rebounding off the previous month’s sell-off, spurred by Federal Open Market Committee (“FOMC”) fed cut bets considering the recent weakness in US economic data and inflation moderating. Gainers were led by Utilities, Telcos, and Consumer, while Materials languished. Within the broader market, Construction and Property posted strong gains, while Technology and Healthcare yielded.

FBMS Index contracted 3.7% in August 2024. The sharp sell-off at the start of the month was due to the massive unwinding of the Yen carry trade. Sentiment was helped by waning US recession fears given the more ‘upbeat’ economic data, and greater conviction on Fed cuts, coupled with the 5% appreciation in the MYR during the month. Morgan Stanley Capital International (“MSCI”) rebalancing also helped. Gains were largely concentrated on Plantations.

MARKET REVIEW (1 APRIL 2024 TO 30 SEPTEMBER 2024) (CONTINUED)

**Equity (continued)**

FBMS Index was -0.34% in September 2024. This was in stark contrast to the stronger US market which recorded new highs following Fed's 50 basis points ("bps") cut during the month and greater confidence of a soft landing scenario for the US economy. Most sectors were down except for Construction, Property and Healthcare, with Energy and Technology sold off the most.

**Sukuk**

During the financial period under review, the sovereign yields moved lower across the curve by 1bps to 28bps. The 3-year, 5-year, 7-year, 10-year, 15-year, 20-year and 30-year Government Investment Issues closed at 3.38%, 3.53%, 3.69%, 3.75%, 3.92%, 4.07%, and 4.21% respectively in September 2024.

The period under review began with the sovereign yield curve bear flattened, with the short-end yields adjusting higher than the long-end yields, as sentiments towards fixed income assets were bearish in April 2024. Yields were up between +5 – 17bps across the curve, moving broadly in line with the US Treasuries. Movements in the sovereign yield curve were seen reversed in May 2024, June 2024 and July 2024 with the yield curve bull steepened, moving in tandem with the movements of US Treasuries as it shifted lower fueled by signs of inflation moderating, thereby prompting market expectations of aggressive Fed rate cuts. In August 2024, the sovereign yield curve twisted with the yields on the 3- to 5-year falling by 2 to 3bps while the mid to long end rose by 1 to 7bps. The period under review ended with the sovereign curve shifting lower, with the exception of the 30-year which widened by 1bps.

Bank Negara Malaysia ("BNM") kept the Overnight Policy Rate ("OPR") unchanged at 3.00% at its September meeting. The Monetary Policy Committee ("MPC") noted that the current rate is supportive of economic growth and aligns with their inflation and growth outlook. They emphasized a neutral monetary stance but remain watchful of domestic and inflationary trends heading into 2025. The MPC's assessment on growth outlook continues to see upside from global tech upcycle, robust tourist spending and faster investment project implementation, while the downside risk to growth comes mainly from external demand.

Local headline inflation rate moderated to 1.9% year-of-year ("Y-o-Y"), slightly down from 2.0% in July 2024. For the first eight months of 2024, inflation averaged 1.8%, compared to 2.5% for the whole of 2023. The broadening of the services tax base and its rate increased from 6% to a range of 6%-8% had a mild impact on services inflation, which remained at 2.2% Y-o-Y. Additionally, adjustments in diesel prices in Peninsular Malaysia had a muted effect on inflation so far.

On macro, Malaysia second quarter of 2024 ("2Q2024") Gross Domestic Product ("GDP") grew 5.9% Y-o-Y (first quarter of 2024 ("1Q2024"): +4.2% Y-o-Y) higher than the advance estimates of 5.8%. The growth was mainly due to stronger domestic demand and further expansion in exports. On the demand side, private consumption rose 6% while private investment grew 12%. Net external demand turned positive at 3.4% (1Q2024: -24.5%). On the supply side, growth was broad based with most sectors registering better growth momentum. The services sector, which account for more than half of Malaysia's economic output registered 5.9% from 4.8% Y-o-Y and manufacturing activity advanced by 4.7% from 1.9% Y-o-Y. The construction sector improved by 17.3% from 11.9% Y-o-Y. Meanwhile, inflation held steady at 2% in July 2024 for the third consecutive month. Prices continued to rise led by services related industries. This includes cost of healthcare, communication, recreation/culture, insurance & financial as well as restaurants & hotels. Core inflation was also unchanged at 1.9% Y-o-Y.

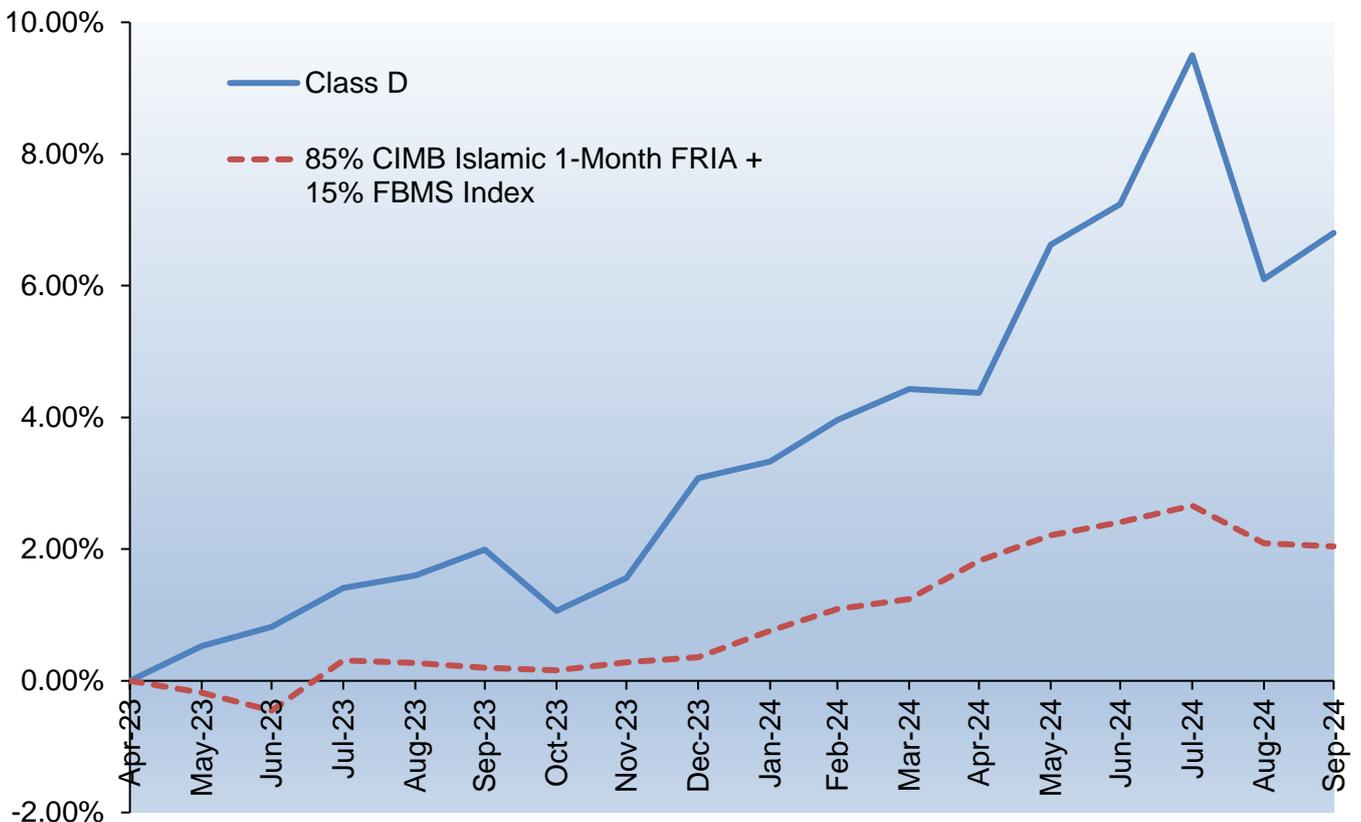
FUND PERFORMANCE

|                      | 6 months<br>to 30.09.2024 | 1 year<br>to 30.09.2024 | 3 years<br>to 30.09.2024 | 5 years<br>to 30.09.2024<br>% | Since<br>inception<br>to 30.09.2024<br>% |
|----------------------|---------------------------|-------------------------|--------------------------|-------------------------------|--|
| Income Distribution  |                           |                         |                          |                               |  |
| - Class D            | -                         | -                       | -                        | -                             | -  |
| - Class MYR          | 1.01                      | 2.27                    | 9.97                     | 18.15                         | 125.21                                   |
| Capital Growth       |                           |                         |                          |                               |  |
| - Class D            | 2.27                      | 4.72                    | -                        | -                             | 6.80                                     |
| - Class MYR          | 1.25                      | 2.39                    | 3.68                     | 0.77                          | 3.57                                     |
| Total Return         |                           |                         |                          |                               |  |
| - Class D            | 2.27                      | 4.72                    | -                        | -                             | 6.80                                     |
| - Class MYR          | 2.27                      | 4.72                    | 5.92                     | 19.07                         | 133.25                                   |
| Benchmark            |                           |                         |                          |                               |  |
| - Class D            | 0.78                      | 1.83                    | -                        | -                             | 2.04                                     |
| - Class MYR          | 0.78                      | 1.83                    | 0.10                     | 1.18                          | 19.26                                    |
| Average Total Return |                           |                         |                          |                               |  |
| - Class D            | 4.58                      | 4.72                    | -                        | -                             | 4.72                                     |
| - Class MYR          | 4.58                      | 4.72                    | 1.93                     | 3.55                          | 4.41                                     |

For the financial period under review, the total return for the Fund reported total return of 2.27% as compared to the benchmark’s return of 0.78%. Since inception, the Fund has achieved a total return of 133.25% as compared to the benchmark’s return of 19.26%.

Since Inception

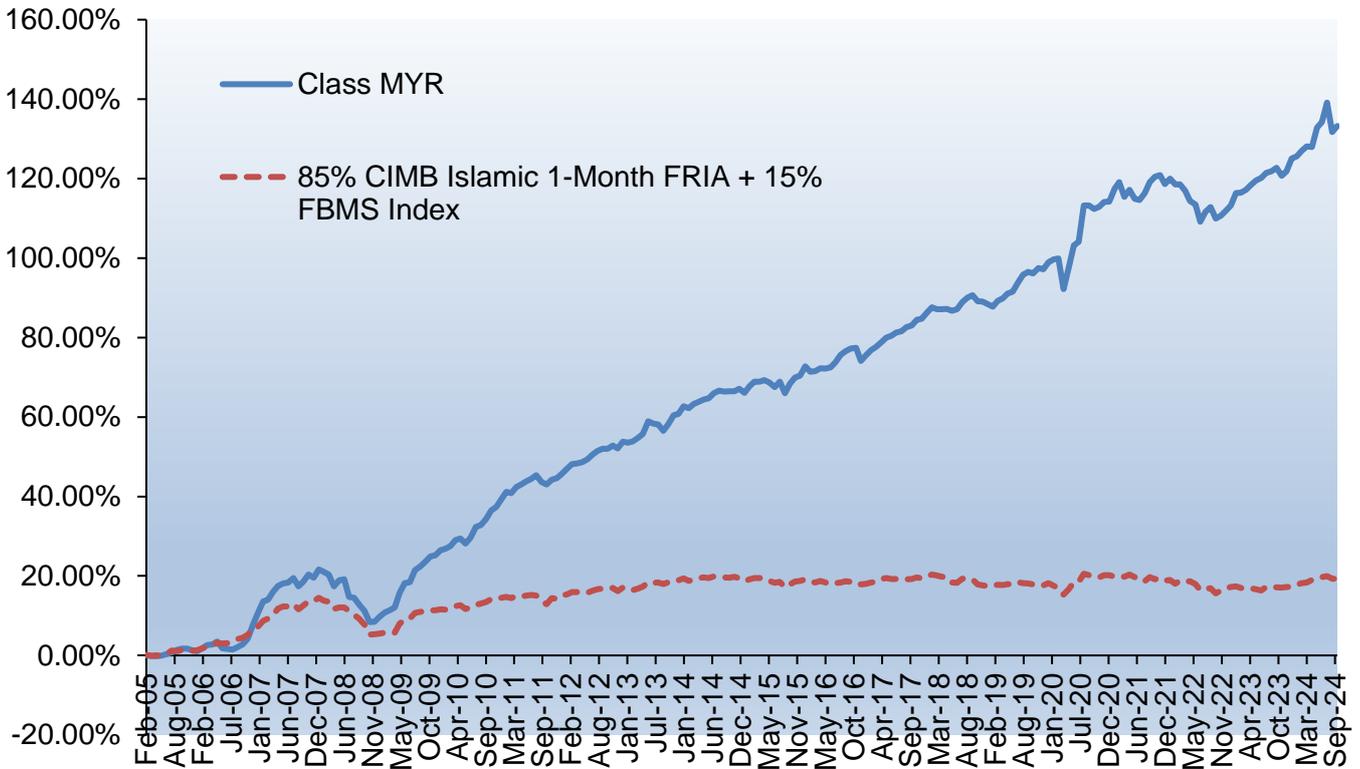
Class D



**FUND PERFORMANCE (CONTINUED)**

**Since Inception**

**Class MYR**



**Changes in NAV**

| <b>Class D</b>   | <b>30.09.2024</b> | <b>31.03.2024</b> | <b>Changes</b> |
|------------------|-------------------|-------------------|----------------|
|                  |                   | <b>Audited</b>    | <b>%</b>       |
| NAV (RM Million) | 1.23              | 0.86              | 43.02          |
| NAV/Unit (RM)    | 1.0662            | 1.0426            | 2.26           |
| <b>Class MYR</b> |                   |                   |                |
| NAV (RM Million) | 9.64              | 10.83             | (10.99)        |
| NAV/Unit (RM)    | 1.0137            | 1.0013            | 1.24           |

The Fund's NAV for Class MYR as at 30 September 2024 fell by 10.99% to RM9.64 million from RM10.83 in March 2024 due to large redemptions during the period under review. However, better performance of the underlying securities of the Fund has contributed to the increase in the NAV per unit for Class MYR which increased by 1.24% RM1.0137 per unit from RM1.0013 per unit.

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 period have been extracted from Lipper.

**PORTFOLIO STRUCTURE**

**Asset Allocation**

| <b>(% of NAV)</b>                   | <b>30.09.2024</b> | <b>31.03.2024<br/>Audited</b> |
|-------------------------------------|-------------------|-------------------------------|
| Shariah-compliant quoted securities | 29.99             | 14.82                         |
| Unquoted Sukuk                      | 77.24             | 69.69                         |
| Cash and other assets               | 18.71             | 30.90                         |
| Liabilities                         | (25.94)           | (15.41)                       |
| <b>TOTAL</b>                        | <b>100.00</b>     | <b>100.00</b>                 |

Asset allocation into Shariah-compliant quoted securities increased to 29.99% as at 30 September 2024 compared to 14.82% as at 31 March 2024 while cash levels decreased to 18.71% from 30.90%. This was due to a large redemption during the financial period and it also reflected our positive view on equities.

**MARKET OUTLOOK\***

**Equity**

Malaysia’s manufacturing sector moderated in September with a Purchasing Managers’ Index (“PMI”) reading of 49.5 pts vs 49.7 pts in the previous month. Standard & Poor’s (“S&P”) Global noted flat new order growth which contributed to lower production, while purchasing activity and inventories were scaled back further. Encouragingly, employment showed an uptick while inflationary pressures also eased, potentially due to the stronger Ringgit. Optimism of a recovery in new orders over the coming 12 months rose to a year to date (“YTD”) high. The latest PMI data suggests third quarter of 2024 (“3Q24”) GDP growth momentum could sustain at a similar pace as the preceding quarter, which was at 5.9%. To recap, BNM projects GDP to grow 4% to 5% in 2024.

We expect BNM to maintain OPR at 3.00% for the rest of the year given muted inflation and modest economic growth. Inflation eased slightly to 1.9% in August 2024 versus 2% in July 2024. There appears to be sufficient headroom to central bank’s latest 2.0% to 3.5% Consumer Price Index (“CPI”) forecast for 2024 with the impending subsidy rationalization plans.

**Sukuk**

The better-than-expected 2Q2024 GDP growth at 5.9% Y-o-Y which brings the first half of 2024 (“1H2024”) growth to +5.1% Y-o-Y (1H2023: +4.1% Y-o-Y) was broad based driven. Meanwhile, MYR has appreciated around 6% against USD as it closed at 4.3135 as of 30th August 2024. Strong fundamentals, stable policy rates and narrowing rate differentials as the Fed signaling possibility of a September 2024 rate cut allure foreign interest into MYR assets. Credit spreads remained significantly below their long-term averages. Demand for corporate bonds remained healthy as investors continued to seek yields. The slightly lower gross sovereign securities supply for 2024 should provide positive catalyst for the local bond market. Meanwhile, market is expected to stay sideline while waiting for the announcement of Budget 2025 in October 2024.

**INVESTMENT STRATEGY**

**Equity**

On current market volatility, we are actively deploying cash that were raised earlier selectively into preferred sectors like Utilities, Property and Construction. We believe improved political stability, stronger earnings growth prospects and higher domestic investments would keep the market afloat. Key risks are the derailment of Malaysia’s macroeconomic recovery and corporate earnings growth due to the larger-than-expected impact of rising inflation, slower global economic growth, and heightened geopolitcal risk.

## **INVESTMENT STRATEGY (CONTINUED)**

### **Sukuk**

With stable interest rate outlook and positive supply -demand dynamics, we remain cautiously optimistic on the domestic bond market. We continue to maintain our preference on the credit segment for better yield pickup with focus on primary issuances.

## **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 Principal Malaysia Funds (“Funds”). Accordingly, any rebate or shared commission will be directed to the account of the Fund. We may retain goods and services (soft commission) provided by any broker or dealer if the following conditions are met:

- (a) the soft commission brings direct benefit or advantage to the management of the Fund and may include research and advisory related services;
- (b) any dealings with the broker or dealer is executed on terms which are the most favourable for the Fund; and
- (c) the availability of soft commission is not the sole or primary purpose to perform or arrange transactions with such broker or dealer, and we 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 period 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 period under review.

## **STATE OF AFFAIR OF THE FUND**

There were no significant changes in the state of affairs of the Fund during the period 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 period under review.

## **CROSS TRADE**

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

## **UNIT SPLIT**

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

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF  
PRINCIPAL ISLAMIC LIFETIME ENHANCED SUKUK FUND**

We, being the Directors of Principal Asset Management Berhad (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements set out on pages 4 to 28 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 30 September 2024 and of its financial performance, statement of changes in net assets attributable to unit holders and cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134 - Interim Financial Reporting and International Accounting Standards (“IAS”) 34 - Interim Financial Reporting.

For and on behalf of the Manager

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

**MUNIRAH KHAIRUDDIN**

Chief Executive Officer,  
Malaysia & Global Shariah & Managing Director,  
Strategic Distribution & Institutional Client Relations  
(Southeast Asia & Global Shariah)  
Non-Independent Executive Director

**UDAY JAYARAM**

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

Kuala Lumpur  
15 November 2024

**TRUSTEE'S REPORT**

**TO THE UNIT HOLDERS OF  
PRINCIPAL ISLAMIC LIFETIME ENHANCED SUKUK FUND ("Fund")**

We have acted as Trustee of the Fund for the financial period ended 30 September 2024 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 period 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 distribution of income by the Fund is appropriate and reflects the investment objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat  
Manager, Investment Compliance Monitoring

Kuala Lumpur  
15 November 2024

**SHARIAH ADVISER'S REPORT TO THE UNITHOLDERS OF  
PRINCIPAL ISLAMIC LIFETIME ENHANCED SUKUK FUND**

**To the Unitholders of Principal Islamic Lifetime Enhanced Sukuk Fund**

**For the Financial Period Ended 30 September 2024**

We hereby confirm the following:

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

For **Amanie Advisors Sdn Bhd**,

**Tan Sri Dr Mohd Daud Bakar**  
Executive Chairman

15 November 2024

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024**

|  | Note | 01.04.2024<br>to 30.09.2024<br>RM | 01.04.2023<br>to 30.09.2023<br>RM |
|--|------|-----------------------------------|-----------------------------------|
| <b>INCOME/(LOSS)</b>   |      |                                   |                                   |
| Dividend income  |      | 12,875                            | 17,012                            |
| Profit income from Shariah-compliant deposits with licensed Islamic financial institutions at amortised cost |      | 20,589                            | 16,350                            |
| Profit income from unquoted Sukuk at fair value through profit or loss                                       |      | 234,731                           | 611,933                           |
| Net (loss)/gain on financial assets at fair value through profit or loss                                     | 8    | (203,545)                         | 254,907                           |
| Other income   |      | 922                               | -                                 |
|  |      | <u>65,572</u>                     | <u>900,202</u>                    |
| <b>EXPENSES</b>  |      |                                   |                                   |
| Management fee   | 4    | 80,503                            | 143,002                           |
| Trustee fee  | 5    | 2,415                             | 8,465                             |
| Audit fee  |      | 4,711                             | 4,713                             |
| Tax agent's fee  |      | 2,039                             | 2,055                             |
| Transaction costs  |      | 23,283                            | 10,614                            |
| Other expenses   |      | 9,053                             | 4,220                             |
|  |      | <u>122,004</u>                    | <u>173,069</u>                    |
| <b>(LOSS)/PROFIT BEFORE DISTRIBUTION AND TAXATION</b>  |      | (56,432)                          | 727,133                           |
| Distribution:  |      |                                   |                                   |
| - Class MYR  |      | 110,166                           | 563,986                           |
| <b>(LOSS)/PROFIT BEFORE TAXATION</b>   |      | (166,598)                         | 163,147                           |
| Taxation   | 7    | -                                 | -                                 |
| <b>(LOSS)/PROFIT AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL PERIOD</b> |      | <u>(166,598)</u>                  | <u>163,147</u>                    |
| (Loss)/Profit after taxation is made up as follows:  |      |                                   |                                   |
| Realised amount  |      | 33,359                            | (475,618)                         |
| Unrealised amount  |      | (199,957)                         | 638,765                           |
|  |      | <u>(166,598)</u>                  | <u>163,147</u>                    |

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

UNAUDITED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2024

|  |      | 30.09.2024        | 31.03.2024        |
|--|------|-------------------|-------------------|
|  | Note | RM                | Audited<br>RM     |
| <b>ASSETS</b>  |      |                   |                   |
| Cash and cash equivalents  | 9    | 715,370           | 3,503,293         |
| Financial assets at fair value through profit or loss                            | 8    | 11,653,785        | 9,879,460         |
| Amount due from stockbrokers   |      | 1,242,877         | -                 |
| Amount due from Manager  |      | 73,793            | 109,327           |
| Dividends receivable   |      | 875               | -                 |
| <b>TOTAL ASSETS</b>  |      | <u>13,686,700</u> | <u>13,492,080</u> |
| <b>LIABILITIES</b>   |      |                   |                   |
| Amount due to stockbrokers   |      | -                 | 1,719,010         |
| Amount due to Manager  |      | 2,793,303         | 46,710            |
| Accrued management fee   |      | 11,181            | 14,345            |
| Amount due to Trustee  |      | 335               | 430               |
| Other payables and accruals  |      | 14,350            | 21,100            |
| <b>TOTAL LIABILITIES (EXCLUDING NET ASSETS<br/>ATTRIBUTABLE TO UNIT HOLDERS)</b> |      | <u>2,819,169</u>  | <u>1,801,595</u>  |
| <b>NET ASSET VALUE OF THE FUND</b>   |      | <u>10,867,531</u> | <u>11,690,485</u> |
| <b>NET ASSETS ATTRIBUTABLE TO UNIT<br/>HOLDERS</b>                               |      | <u>10,867,531</u> | <u>11,690,485</u> |
| <b>REPRESENTED BY:</b>   |      |                   |                   |
| <b>FAIR VALUE OF OUTSTANDING UNITS (USD)</b>                                     |      |                   |                   |
| - Class D  |      | 1,231,460         | 864,641           |
| - Class MYR  |      | 9,636,071         | 10,825,844        |
|  |      | <u>10,867,531</u> | <u>11,690,485</u> |
| <b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>                                    |      |                   |                   |
| - Class D  |      | 1,154,900         | 829,250           |
| - Class MYR  |      | 9,504,996         | 10,811,505        |
|  | 10   | <u>10,659,896</u> | <u>11,640,755</u> |
| <b>NET ASSET VALUE PER UNIT (RM)</b>   |      |                   |                   |
| - Class D  |      | 1.0662            | 1.0426            |
| - Class MYR  |      | 1.0137            | 1.0013            |

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

**UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024**

|   | Note | 01.04.2024<br>to 30.09.2024<br>RM | 01.04.2023<br>to 30.09.2023<br>RM |
|---|------|-----------------------------------|-----------------------------------|
| <b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD</b> |      | 11,690,485                        | 30,375,184                        |
| Movement due to units created and cancelled during the financial period:                |      |                                   |                                   |
| Creation of units from applications   |      |                                   |                                   |
| - Class D   |      | 1,299,722                         | 1,242,968                         |
| - Class MYR   |      | 15,376,666                        | 2,612,688                         |
|   |      | 16,676,388                        | 3,855,656                         |
| Creation of units from distribution   |      |                                   |                                   |
| - Class MYR   |      | 107,335                           | 558,140                           |
| Cancellation of units   |      |                                   |                                   |
| - Class D   |      | (949,834)                         | (384,754)                         |
| - Class MYR   |      | (16,490,245)                      | (7,694,476)                       |
|   |      | (17,440,079)                      | (8,079,230)                       |
| Total comprehensive (loss)/income for the financial period                              |      | (166,598)                         | 163,147                           |
| <b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL PERIOD</b>       |      | 10,867,531                        | 26,872,897                        |

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

**UNAUDITED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024**

|   | <b>01.04.2024<br/>to 30.09.2024</b> | <b>01.04.2023<br/>to 30.09.2023</b> |
|---|-------------------------------------|-------------------------------------|
|   | <b>RM</b>                           | <b>RM</b>                           |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                                     |                                     |
| Proceeds from disposal of Shariah-compliant quoted securities                                       | 2,276,800                           | 8,842                               |
| Proceeds from maturity of fixed income securities   | 700,000                             | -                                   |
| Proceeds from disposal of unquoted Sukuk  | 10,799,443                          | 11,879,035                          |
| Purchase of Shariah-compliant quoted securities   | (5,838,568)                         | (3,018,998)                         |
| Purchase of unquoted Sukuk  | (12,856,655)                        | (7,399,513)                         |
| Profit income received from Shariah-compliant deposits with licensed Islamic financial institutions | 21,511                              | 16,350                              |
| Profit income received from unquoted Sukuk  | 190,671                             | 531,395                             |
| Dividends received  | 12,000                              | 96                                  |
| Management fee paid   | (83,667)                            | (146,443)                           |
| Trustee fee paid  | (2,510)                             | (9,318)                             |
| Payments for other fees and expenses  | (22,553)                            | (13,622)                            |
| <b>Net cash (generated from)/used in operating activities</b>                                       | <b>(4,803,528)</b>                  | <b>1,847,824</b>                    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                                     |                                     |
| Cash proceeds from units created  | 16,711,922                          | 3,872,110                           |
| Payments for cancellation of units  | (14,693,486)                        | (8,112,842)                         |
| Distribution paid   | (2,831)                             | (5,846)                             |
| <b>Net cash used in/(generated from) financing activities</b>                                       | <b>2,015,605</b>                    | <b>(4,246,578)</b>                  |
| Net decrease in cash and cash equivalents   | (2,787,923)                         | (2,398,754)                         |
| Cash and cash equivalents at the beginning of the financial period                                  | 3,503,293                           | 2,883,541                           |
| Cash and cash equivalents at the end of the financial period  | 715,370                             | 484,787                             |
| <u>Cash and cash equivalents comprised of:</u>  |                                     |                                     |
| Shariah-compliant deposits with licensed Islamic financial institutions                             | 674,056                             | 400,071                             |
| Bank balances   | 41,314                              | 84,716                              |
| Cash and cash equivalents at the end of the financial period  | 715,370                             | 484,787                             |

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024**

**1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES**

Principal Islamic Lifetime Enhanced Sukuk Fund (the “Fund”) is governed by a Principal Master Deed dated 15 May 2008, a Third Supplemental Master Deed dated 25 June 2008, a Sixth Supplemental Master Deed dated 14 July 2008, a Seventh Supplemental Master Deed dated 19 November 2008, a Twelfth Supplemental Master Deed dated 14 June 2010, a Fourteenth Supplemental Master Deed dated 26 June 2012, a Seventeenth Supplemental Master Deed dated 25 March 2015, a Nineteenth Supplemental Master Deed dated 18 June 2019, Twenty third Supplemental Master Deed dated 27 June 2022, a Twenty fourth Supplemental Master Deed dated 20 September 2022 and a Twenty fifth Supplemental Master Deed dated 26 May 2023 (collectively referred to as the “Deeds”), made between Principal Asset Management Berhad (the “Manager”) and HSBC (Malaysia) Trustee Berhad (the “Trustee”).

A minimum of 70% and up to a maximum of 98% of the Fund’s NAV may be invested in Sukuk carrying at least a “BBB3” or “P2” rating by RAM or equivalent rating by MARC or by local rating agency(ies) of the country of issuance; or “BBB-” by S&P or equivalent rating by any other international rating agencies. The Fund may invest up to 40% of its NAV in Unrated Sukuk. The Fund may also invest between 0% to 20% (both inclusive) of its NAV in Shariah-compliant equities, of which up to 10% of its NAV may be invested in Shariah-compliant warrants of Shariah-compliant companies. The investment strategy and policy of the Fund is biased towards Islamic fixed income investments that aim to provide consistency in income, while allowing some exposure in Shariah-compliant equities and Shariah-compliant warrants that aim to provide the added return in a rising market. The Fund may also opt to seek investment exposure via Islamic collective investment scheme that is in line with the Fund’s objective, subject to the requirements of the GUTF.

The Fund may invest up to 30% of its NAV in foreign Eligible Markets. Where necessary, we will obtain the licenses/permits for investments in countries that require licenses/permits. If we are unable to obtain the necessary licenses/permits, or the licenses/permits are revoked or not renewed (as the case may be), we will seek to invest in other accessible markets. Notwithstanding the aforesaid, we may decide not to invest in foreign securities.

The asset allocation strategy for this Fund is as follows:

- between 70% to 98% (both inclusive) of the Fund’s NAV in Sukuk;
- up to 40% of the Fund’s NAV in Unrated Sukuk;
- between 0% to 20% (both inclusive) of the Fund’s NAV in Shariah-compliant equities, of which up to 10% may be invested in Shariah-compliant warrants; and
- at least 2% of the Fund’s NAV in Islamic liquid assets.

All investments are subjected to the GUTF, SC requirements, the Deeds, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund’s objective.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING 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 as issued by the Malaysian Accounting Standards Board ("MASB") and IFRS as issued by the International Accounting Standards Board ("IASB").

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

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

It also requires the Manager to exercise their judgement in the process of applying the Fund's accounting policies. Although these estimates and judgement 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(k).

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

There are no applicable standards, amendments to standards or interpretations that are effective for financial period beginning on/after 1 October 2024 to the financial statements of the Fund.

### (b) Financial assets and financial liabilities

#### Classification

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY INFORMATION (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Classification (continued)

The contractual cash flows of the Fund's debt securities are solely payment of principal and interest<sup>1</sup> ("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.

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

The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

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

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

Recognition and measurement

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY INFORMATION (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Recognition and measurement (continued)

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

Unquoted Sukuk denominated in MYR are revalued on a daily basis based on fair value prices quoted by a Bond Pricing Agency (“BPA”) registered with the SC as per the GUTF. Refer to Note 2(k) for further explanation.

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

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

Impairment for assets carried at amortised costs

The Fund measures credit risk and expected credit loss (“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.

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 period.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(c) Income recognition**

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

Profit income is calculated by applying the effective profit rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective profit rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). Profit income from Shariah-compliant deposits with licensed Islamic financial institutions and unquoted Sukuk are recognised on a time proportionate basis using the effective profit method on an accrual basis.

When a financing and receivable is impaired, the Fund reduce the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective profit rate of the instrument and continue unwinding the discount as profit income. Profit income on impaired financing and receivables are recognised using the original effective profit rate.

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

Realised gain or loss on disposal of unquoted Sukuk is accounted for as the difference between the net disposal proceeds and the carrying amount of unquoted Sukuk, determined on cost adjusted for accretion of discount or amortisation of premium.

**(d) Functional and presentation currency**

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

**(e) Cash and cash equivalents**

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

**(f) Taxation**

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

Withholding taxes on investment income from investments are based on tax regime of the respective countries that the Fund invests in. Such withholding taxes are not "income tax" in nature and are recognised and measured based on the requirements of MFRS 137. They are presented within other expenses line in the statement of comprehensive income.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(g) Distribution**

A distribution to the Fund's unit holders is accounted for as a deduction from realised reserve. A proposed distribution is recognised as a liability in the financial period in which it is approved by the Trustee.

**(h) Transactions costs**

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

**(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) Unit holders' contribution**

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

The Fund issues cancellable units, in two classes of units, known respectively as the Class D and Class MYR, which are cancelled at the unit holder's option. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's NAV of respective classes. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the member exercises the right to put back the unit to the Fund.

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

**(k) 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.

The Fund makes estimates and assumptions concerning the future. The resulting 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.

Estimate of fair value of unquoted Sukuk

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY INFORMATION (CONTINUED)**

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

Estimate of fair value of unquoted Sukuk (continued)

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

**3. RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Fund aims to grow the value of Unit holders' investments over the medium-term in Sukuk portfolio with most tenures ranging from 3-10 years as well as to provide regular income.

The Fund is exposed to a variety of risks which include market risk (inclusive of price risk and 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) Price risk**

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

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

**(ii) Interest rate risk**

In general, when interest rates rise, unquoted Sukuk prices will tend to fall and vice versa. Therefore, the NAV of the Fund may also tend to fall when interest rates rise or are expected to rise. However, investors should be aware that should the Fund holds an unquoted Sukuk till maturity, such price fluctuations would dissipate as it approaches maturity, and thus the growth of the NAV shall not be affected at maturity. In order to mitigate interest rates exposure of the Fund, the Manager will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the Manager, which is based on its continuous fundamental research and analysis.

Although unquoted Sukuk is a non-interest-bearing instrument, investors should note that movement in prices of unquoted Sukuk and Shariah-compliant money market instruments are correlated to the movement in interest rates. As such, the investments are exposed to the movement of the interest rates.

**3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

**(a) Market risk (continued)**

**(ii) Interest rate risk (continued)**

Even though the Fund does not invest in interest bearing instruments, the interest rate referred herein is to the general interest rate of the country, which may affect the value of the investment of the Fund. However, it does not in any way suggest that this Fund will invest in conventional financial instruments. All investments carried out for the Fund including placements and deposits are in accordance with Shariah.

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

Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to meet obligation under the instrument, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

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

**(b) Credit risk**

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

Investment in unquoted Sukuk may involve a certain degree of credit/default risk with regards to the issuers. Generally, credit risk or default risk is the risk of loss due to the issuer's non-payment or untimely payment of the investment amount as well as the returns on investment. This will cause a decline in value of the defaulted unquoted Sukuk and subsequently depress the NAV of the Fund. Usually credit risk is more apparent for an investment with a longer tenure, i.e. the longer the duration, the higher the credit risk.

Credit risk can be managed by performing continuous fundamental credit research and analysis to ascertain the creditworthiness of its issuer.

In addition, the Manager imposes a minimum rating duration of the investment in accordance with the objective of the Fund. For this Fund, the unquoted Sukuk investments must satisfy a minimum rating requirement of at least "BBB3" or "P2" rating by RAM or equivalent rating by MARC or by local rating agency(ies) of the country; "BBB-" by S&P or equivalent rating by any other international rating agency(ies).

The credit risk arising from bank balance and placements of Shariah-compliant deposits in licensed Islamic 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.

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.

**3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

**(c) Liquidity risk**

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

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise bank balances and Shariah-compliant deposits with licensed Islamic financial institutions, which are capable of being converted into cash within 7 business days. Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector and other factors. For the purpose of the Fund, the Manager will attempt to balance the entire portfolio by investing in a mix of assets with satisfactory trading volume and those that occasionally could encounter poor liquidity. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

**(d) Capital risk management**

The capital of the Fund is represented by net assets attributable to unit holders. 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 period end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the 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)

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

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

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

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

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

|  | Level 1<br>RM    | Level 2<br>RM    | Level 3<br>RM | Total<br>RM       |
|--|------------------|------------------|---------------|-------------------|
| <b>30.09.2024</b>                                      |                  |                  |               |                   |
| Financial assets at fair value through profit or loss: |                  |                  |               |                   |
| - Shariah-compliant quoted securities                  | 3,258,812        | -                | -             | 3,258,812         |
| - Unquoted Sukuk                                       | -                | 8,394,973        | -             | 8,394,973         |
|  | <u>3,258,812</u> | <u>8,394,973</u> | <u>-</u>      | <u>11,653,785</u> |
| <b>31.03.2024</b>                                      |                  |                  |               |                   |
| <b>Audited</b>   |                  |                  |               |                   |
| Financial assets at fair value through profit or loss: |                  |                  |               |                   |
| - Shariah-compliant quoted securities                  | 1,732,077        | -                | -             | 1,732,077         |
| - Unquoted Sukuk                                       | -                | 8,147,383        | -             | 8,147,383         |
|  | <u>1,732,077</u> | <u>8,147,383</u> | <u>-</u>      | <u>9,879,460</u>  |

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

**3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

**(e) Fair value estimation (continued)**

**(i) Fair value hierarchy (continued)**

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

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

**4. MANAGEMENT FEE**

In accordance with the Deeds, the Manager is entitled to a maximum management fee of 1.50% per annum, calculated daily based on the NAV of the Fund. For the six months financial period ended 30 September 2024, the management fee was recognised at a rate of 1.00% per annum (30.09.2023: 1.00% per annum).

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

**5. TRUSTEE FEE**

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

For the six month financial period 30 September 2024, the Trustee fee is recognised at a rate of 0.03% per annum for each unit class (30.09.2023: 0.03% per annum).

There was 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                              | 30.09.2024     |               | 30.09.2023     |               |
|---|----------------|---------------|----------------|---------------|
|   | RM             | %             | RM             | %             |
| Distribution out of current period's income         | 110,166        | 100.00        | 85,155         | 15.10         |
| Distribution out of prior period's income/capital * | -              | -             | 478,831        | 84.90         |
| <b>Total</b>  | <b>110,166</b> | <b>100.00</b> | <b>563,986</b> | <b>100.00</b> |

**6. DISTRIBUTION (CONTINUED)**

|  | <b>01.04.2024<br/>to 30.09.2024<br/>RM</b> | <b>01.04.2023<br/>to 30.09.2023<br/>RM</b> |
|--|--|--|
| <b>Gross/Net distribution per unit (sen)</b> |  |  |
| Distribution on 05 April 2024                | 1.00                                       | -  |
| Distribution on 05 July 2023                 | -  | 0.94                                       |
| Distribution on 05 April 2023                | -  | 0.98                                       |
|  | 1.00                                       | 1.92                                       |

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

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

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

There were unrealised losses during the six months financial period ended 30 September 2024 RM199,957 (30.09.2023: Nil).

**7. TAXATION**

|                                       | <b>01.04.2024<br/>to 30.09.2024<br/>RM</b> | <b>01.04.2023<br/>to 30.09.2023<br/>RM</b> |
|---------------------------------------|--|--|
| Tax charged for the financial period: |  |  |
| - Current taxation                    | -  | -  |

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

|  | <b>01.04.2024<br/>to 30.09.2024<br/>RM</b> | <b>01.04.2023<br/>to 30.09.2023<br/>RM</b> |
|--|--|--|
| (Loss)/profit before taxation                                    | (166,598)                                  | 163,147                                    |
| Taxation at Malaysian statutory rate of 24%<br>(30.09.2023: 24%) | (39,983)                                   | 39,155                                     |
| Tax effects of:  |  |  |
| - Income not subject to tax                                      | (15,737)                                   | (216,049)                                  |
| - Expenses not deductible for tax purposes                       | 34,473                                     | 140,979                                    |
| - Restriction on tax deductible expenses for Unit Trust<br>Funds | 21,247                                     | 35,915                                     |
| Taxation   | -  | -  |

**8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

|                                       | <b>30.09.2024</b> | <b>31.03.2024</b>     |
|---------------------------------------|-------------------|-----------------------|
|                                       | <b>RM</b>         | <b>Audited<br/>RM</b> |
| At fair value through profit or loss: |                   |                       |
| - Shariah-compliant quoted securities | 3,258,812         | 1,732,077             |
| - Unquoted Sukuk                      | 8,394,973         | 8,147,383             |
|                                       | <u>11,653,785</u> | <u>9,879,460</u>      |

|   |                  |                |
|---|------------------|----------------|
| Net (loss)/gain on financial assets at fair value through profit or loss: |                  |                |
| - Realised gain/(loss) on disposals                                       | 112,718          | (169,132)      |
| - Unrealised fair value (loss)/gain                                       | (316,263)        | 424,039        |
|   | <u>(203,545)</u> | <u>254,907</u> |

|   | <b>Quantity<br/>Units</b> | <b>Aggregate<br/>cost<br/>RM</b> | <b>Market<br/>value<br/>RM</b> | <b>Percentage<br/>of NAV<br/>%</b> |
|---|---------------------------|----------------------------------|--------------------------------|------------------------------------|
| <b>30.09.2024</b>   |                           |                                  |                                |                                    |
| <b>SHARIAH-COMPLIANT<br/>QUOTED SECURITIES</b>  |                           |                                  |                                |                                    |
| <b>Construction</b>   |                           |                                  |                                |                                    |
| Gamuda Bhd  | <u>101,400</u>            | <u>542,221</u>                   | <u>819,312</u>                 | <u>7.54</u>                        |
| <b>Energy</b>   |                           |                                  |                                |                                    |
| Perdana Petroleum Bhd   | <u>2,000,000</u>          | <u>806,422</u>                   | <u>550,000</u>                 | <u>5.06</u>                        |
| <b>Health Care</b>  |                           |                                  |                                |                                    |
| Hartalega Holding Bhd   | 250,000                   | 794,575                          | 697,500                        | 6.42                               |
| Top Glove Corp Bhd  | <u>700,000</u>            | <u>819,230</u>                   | <u>700,000</u>                 | <u>6.44</u>                        |
|   | <u>750,000</u>            | <u>1,613,805</u>                 | <u>1,397,500</u>               | <u>12.86</u>                       |
| <b>Property</b>   |                           |                                  |                                |                                    |
| SP Setia Bhd  | <u>200,000</u>            | <u>304,830</u>                   | <u>250,000</u>                 | <u>2.30</u>                        |
| <b>Technology</b>   |                           |                                  |                                |                                    |
| Ifca Msc Bhd  | <u>400,000</u>            | <u>292,683</u>                   | <u>242,000</u>                 | <u>2.23</u>                        |
| <b>TOTAL SHARIAH-<br/>COMPLIANT QUOTED<br/>SECURITIES</b>   | <u><u>3,651,400</u></u>   | <u><u>3,559,961</u></u>          | <u><u>3,258,812</u></u>        | <u><u>29.99</u></u>                |
| <b>ACCUMULATED<br/>UNREALISED LOSS<br/>ON FINANCIAL<br/>ASSETS AT FAIR<br/>VALUE THROUGH<br/>PROFIT OR LOSS</b> |                           | <u><u>(301,149)</u></u>          |                                |                                    |

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

|  | Quantity<br>Units      | Aggregate<br>cost<br>RM | Market<br>value<br>RM | Percentage<br>of NAV<br>% |
|--|------------------------|-------------------------|-----------------------|---------------------------|
| <b>30.09.2024<br/>(continued)<br/>SHARIAH-COMPLIANT<br/>QUOTED SECURITIES<br/>(CONTINUED)</b>          |                        |                         |                       |                           |
| <b>TOTAL SHARIAH-<br/>COMPLIANT QUOTED<br/>SECURITIES AT FAIR<br/>VALUE THROUGH<br/>PROFIT OR LOSS</b> |                        | <u><b>3,258,812</b></u> |                       |                           |
|  | Nominal<br>value<br>RM | Aggregate<br>cost<br>RM | Market<br>value<br>RM | Percentage<br>of NAV<br>% |
| <b>30.09.2024<br/>(CONTINUED)<br/>UNQUOTED SUKUK</b>   |                        |                         |                       |                           |
| AmBank Islamic 4.53%<br>28/03/2033 (AA3)   | 860,000                | 860,107                 | 877,986               | 8.08                      |
| CIMB Group Holdings<br>Bhd 4.08%<br>26/09/2036 (AA2)   | 210,000                | 210,117                 | 210,115               | 1.93                      |
| CIMB Islamic Bank<br>Bhd 4.02%<br>30/11/2028 (AAA)   | 200,000                | 204,120                 | 204,133               | 1.88                      |
| Guan Chong Bhd<br>3.84% 03/12/2027<br>(AA)   | 310,000                | 314,916                 | 310,924               | 2.86                      |
| Toyota Capital (M) Sdn<br>Bhd 4.25%<br>28/07/2028 (AAA)  | 620,000                | 630,086                 | 639,173               | 5.88                      |
| Toyota Capital (M) Sdn<br>Bhd 4.43%<br>24/01/2029 (AAA)  | 1,000,000              | 1,036,753               | 1,039,918             | 9.57                      |
| DRB-Hicom Bhd 4.85%<br>04/08/2028 (AA)   | 920,000                | 934,321                 | 955,945               | 8.80                      |
| TG Excellence Bhd<br>3.95% 27/02/2120 (A)  | 650,000                | 652,462                 | 650,206               | 5.98                      |
| Edotco Malaysia Sdn<br>Bhd 4.44%<br>07/09/2029 (AA)  | 290,000                | 297,497                 | 299,009               | 2.75                      |
| Benih Restu Bhd<br>4.08% 28/07/2034<br>(AA2)   | 410,000                | 412,938                 | 416,086               | 3.83                      |
| MMC Port Holdings<br>Sdn Bhd 4.66%<br>06/04/2029 (AA)  | 400,000                | 418,985                 | 421,772               | 3.88                      |
| Edra Solar Sdn Bhd<br>4.40% 09/10/2026<br>(AA2)  | 150,000                | 153,110                 | 154,699               | 1.42                      |

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

|   | Nominal<br>value<br>RM | Aggregate<br>cost<br>RM | Market<br>value<br>RM | Percentage<br>of NAV<br>% |
|---|------------------------|-------------------------|-----------------------|---------------------------|
| <b>30.09.2024<br/>(CONTINUED)<br/>UNQUOTED SUKUK<br/>(CONTINUED)</b>  |                        |                         |                       |                           |
| Tenaga Nasional Bhd<br>4.98% 27/08/2038<br>(AAA)  | 1,000,000              | 1,004,502               | 1,111,703             | 10.23                     |
| Johor Corp 4.45%<br>05/07/2030 (AAA)  | 210,000                | 212,151                 | 218,516               | 2.01                      |
| Gamuda Land (T12)<br>Sdn Bhd 4.40%<br>11/10/2028 (AA3)  | 400,000                | 414,687                 | 415,870               | 3.83                      |
| Malaysian Resources<br>Corp Bhd 5.09%<br>18/10/2028 (AA)  | 100,000                | 105,301                 | 105,412               | 0.97                      |
| UEM Sunrise Bhd<br>4.60% 20/05/2026<br>(AA)   | 200,000                | 205,173                 | 205,902               | 1.89                      |
| OCK Group Bhd 5.38%<br>22/11/2030 (AA)  | 150,000                | 153,698                 | 157,604               | 1.45                      |
| <b>TOTAL UNQUOTED<br/>FIXED INCOME<br/>SECURITIES</b>   | <b>8,080,000</b>       | <b>8,220,924</b>        | <b>8,394,973</b>      | <b>77.24</b>              |
| <b>ACCUMULATED<br/>UNREALISED GAIN<br/>ON FINANCIAL<br/>ASSETS AT FAIR<br/>VALUE THROUGH<br/>PROFIT OR LOSS</b> |                        | <b>174,049</b>          |                       |                           |
| <b>TOTAL UNQUOTED<br/>FIXED INCOME<br/>SECURITIES AT<br/>FAIR VALUE<br/>THROUGH PROFIT<br/>OR LOSS</b>          |                        | <b>8,394,973</b>        |                       |                           |
| <b>31.03.2024 (Audited)<br/>SHARIAH-COMPLIANT<br/>QUOTED SECURITIES</b>   |                        |                         |                       |                           |
| <b>Energy</b>   |                        |                         |                       |                           |
| Perdana Petroleum Bhd   | 827,700                | 267,530                 | 273,141               | 2.34                      |
| <b>Industrial Products &amp;<br/>Services</b>   |                        |                         |                       |                           |
| HSS Engineers Bhd   | 339,600                | 393,278                 | 393,936               | 3.37                      |

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

|   | Nominal<br>value<br>RM  | Aggregate<br>cost<br>RM | Market<br>value<br>RM   | Percentage<br>of NAV<br>% |
|---|-------------------------|-------------------------|-------------------------|---------------------------|
| <b>31.03.2024 (Audited)</b>   |                         |                         |                         |                           |
| <b>SHARIAH-COMPLIANT<br/>QUOTED SECURITIES<br/>(CONTINUED)</b>  |                         |                         |                         |                           |
| <b>Industrial Products &amp;<br/>Services</b>   |                         |                         |                         |                           |
| Nationgate Holdings Bhd   | 400,000                 | 621,080                 | 624,000                 | 5.34                      |
|   | <u>739,600</u>          | <u>1,014,358</u>        | <u>1,017,936</u>        | <u>8.71</u>               |
| <b>Property</b>   |                         |                         |                         |                           |
| SP Setia Bhd  | 300,000                 | 431,490                 | 441,000                 | 3.77                      |
| <b>TOTAL SHARIAH-<br/>COMPLIANT QUOTED<br/>SECURITIES</b>   | <b><u>1,867,300</u></b> | <b><u>1,713,378</u></b> | <b><u>1,732,077</u></b> | <b><u>14.82</u></b>       |
| <b>ACCUMULATED<br/>UNREALISED GAIN<br/>ON SHARIAH-<br/>COMPLIANT QUOTED<br/>SECURITIES AT FAIR<br/>VALUE THROUGH<br/>PROFIT OR LOSS</b> |                         |                         |                         |                           |
|   |                         | <b><u>18,699</u></b>    |                         |                           |
| <b>TOTAL SHARIAH-<br/>COMPLIANT QUOTED<br/>SECURITIES AT FAIR<br/>VALUE THROUGH<br/>PROFIT OR LOSS</b>                                  |                         |                         |                         |                           |
|   |                         | <b><u>1,732,077</u></b> |                         |                           |
| <b>31.03.2024 (Audited)</b>   |                         |                         |                         |                           |
| <b>UNQUOTED SUKUK</b>   |                         |                         |                         |                           |
| AmBank Islamic Bhd<br>4.53% 28/03/2033<br>(AA3)   | 860,000                 | 860,320                 | 877,606                 | 7.51                      |
| Edra Solar Sdn Bhd<br>4.40% 09/10/2026<br>(AA2)   | 150,000                 | 153,128                 | 154,886                 | 1.32                      |
| GII Murabahah 5.357%<br>15/05/2052 (GG) #   | 200,000                 | 233,158                 | 239,064                 | 2.04                      |
| Guan Chong Bhd 3.84%<br>03/12/2027 (AA3)  | 310,000                 | 315,019                 | 309,282                 | 2.65                      |
| Johor Corporation<br>4.45% 05/07/2030<br>(AAA)  | 210,000                 | 212,151                 | 218,843                 | 1.87                      |
| OCK Group Bhd 5.38%<br>22/11/2030   | 150,000                 | 153,733                 | 156,064                 | 1.33                      |

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

|   | Nominal<br>value<br>RM  | Aggregate<br>cost<br>RM | Market<br>value<br>RM   | Percentage<br>of NAV<br>% |
|---|-------------------------|-------------------------|-------------------------|---------------------------|
| <b>31.03.2024 (Audited)</b>   |                         |                         |                         |                           |
| <b>UNQUOTED SUKUK</b>   |                         |                         |                         |                           |
| <b>(CONTINUED)</b>  |                         |                         |                         |                           |
| OSK Rated Bond Sdn<br>Bhd 4.39% 28/04/2028  | 2,000,000               | 2,037,044               | 2,074,844               | 17.75                     |
| Tenaga Nasional Bhd<br>4.98% 27/08/2038   | 1,000,000               | 1,004,366               | 1,108,426               | 9.48                      |
| TG Excellence Bhd<br>3.95% 27/02/2120   | 650,000                 | 652,392                 | 645,827                 | 5.52                      |
| Toyota Capital (M) Sdn<br>Bhd 4.25% 28/07/2028  | 620,000                 | 630,141                 | 637,216                 | 5.45                      |
| UEM Edgenta Bhd<br>4.25% 24/04/2026   | 1,000,000               | 1,025,174               | 1,025,028               | 8.77                      |
| WCT Holdings Bhd<br>5.15% 01/04/2024  | 700,000                 | 700,296                 | 700,297                 | 6.00                      |
| <b>TOTAL UNQUOTED<br/>FIXED INCOME<br/>SECURITIES</b>   | <b><u>7,850,000</u></b> | <b><u>7,976,922</u></b> | <b><u>8,147,383</u></b> | <b><u>69.69</u></b>       |
| <b>ACCUMULATED<br/>UNREALISED GAIN<br/>ON UNQUOTED FIXED<br/>INCOME SECURITIES<br/>AT FAIR VALUE<br/>THROUGH PROFIT<br/>OR LOSS</b> |                         |                         |                         |                           |
|   |                         | <b><u>170,461</u></b>   |                         |                           |
| <b>TOTAL UNQUOTED<br/>FIXED INCOME<br/>SECURITIES AT FAIR<br/>VALUE THROUGH<br/>PROFIT OR LOSS</b>                                  |                         |                         |                         |                           |
|   |                         | <b><u>8,147,383</u></b> |                         |                           |

9. CASH AND CASH EQUIVALENTS

|  | 30.09.2024<br>RM      | 31.03.2024<br>Audited<br>RM |
|--|-----------------------|-----------------------------|
| Shariah-compliant deposits with licensed Islamic<br>financial institutions | 674,056               | 3,449,858                   |
| Bank balances  | 41,314                | 53,435                      |
|  | <b><u>715,370</u></b> | <b><u>3,503,293</u></b>     |

**10. NUMBER OF UNITS IN CIRCULATION (UNITS)**

|   | <b>30.09.2024</b>   | <b>31.03.2024</b>               |
|---|---------------------|---------------------------------|
|   | <b>No. of units</b> | <b>Audited<br/>No. of units</b> |
| Class D (i)                                   | 1,154,900           | 829,250                         |
| Class MYR (ii)                                | 9,504,996           | 10,811,505                      |
|   | 10,659,896          | 11,640,755                      |
| (i) Class D                                   |                     |                                 |
| At the beginning of the financial period/year | 829,250             | -                               |
| Add: Creation of units from applications      | 1,209,340           | 1,970,401                       |
| Less: Cancellation of units                   | (883,690)           | (1,141,151)                     |
| At the end of the financial period/year       | 1,154,900           | 829,250                         |
| (ii) Class MYR                                |                     |                                 |
| At the beginning of the financial period/year | 10,811,505          | 30,808,425                      |
| Add: Creation of units from applications      | 14,857,245          | 4,441,928                       |
| Add: Creation of units from distribution      | 108,748             | 881,817                         |
| Less: Cancellation of units                   | (16,272,502)        | (25,320,665)                    |
| At the end of the financial period/year       | 9,504,996           | 10,811,505                      |

**11. TOTAL EXPENSE RATIO (“TER”)**

|     | <b>01.04.2024<br/>to 30.09.2024</b> | <b>01.04.2023<br/>to 30.09.2023</b> |
|-----|-------------------------------------|-------------------------------------|
|     | <b>%</b>                            | <b>%</b>                            |
| TER | 0.84                                | 0.58                                |

TER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial period calculated on daily basis is RM11,709,101 (30.09.2023: RM28,163,487).

**13. PORTFOLIO TURNOVER RATIO (“PTR”)**

|             | <b>01.04.2024<br/>to 30.09.2024</b> | <b>01.04.2023<br/>to 30.09.2023</b> |
|-------------|-------------------------------------|-------------------------------------|
| PTR (times) | 1.33                                | 0.39                                |

**13. PORTFOLIO TURNOVER RATIO (“PTR”) (CONTINUED)**

PTR is derived from the following calculation:

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

where:

Total acquisition for the financial period = RM16,881,045 (30.09.2023: RM10,393,016)

Total disposal for the financial period = RM14,188,374 (30.09.2023: RM11,767,281)

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

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

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

Units held by the Manager and parties related to the Manager

|                                   | 30.09.2024   |     | 31.03.2024<br>Audited |     |
|-----------------------------------|--------------|-----|-----------------------|-----|
|                                   | No. of units | RM  | No. of units          | RM  |
| <b>Manager</b>                    |              |     |                       |     |
| Principal Asset Management Berhad |              |     |                       |     |
| - Class MYR                       | 169          | 171 | 168                   | 168 |

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

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

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

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

|  | <b>01.04.2024<br/>to 30.09.2024</b> | <b>01.04.2023<br/>to 30.09.2023</b> |
|--|-------------------------------------|-------------------------------------|
|  | <b>RM</b>                           | <b>RM</b>                           |
| <u>Significant related party transactions</u>  |                                     |                                     |
| Profit income from Shariah-compliant deposits with licensed Islamic financial institution: |                                     |                                     |
| - CIMB Islamic Bank Bhd  | <u>1,505</u>                        | <u>986</u>                          |

**15. TRANSACTIONS WITH BROKERS/DEALERS**

Details of transactions with the top 10 brokers/dealers for the six months financial period ended 30 September 2024 were as follows:

| <b>Brokers/Dealers</b>            | <b>Value of trades<br/>RM</b> | <b>Percentage of total trades<br/>%</b> | <b>Brokerage fees<br/>RM</b> | <b>Percentage of total brokerage fees<br/>%</b> |
|-----------------------------------|-------------------------------|---|------------------------------|---|
| RHB Bank Bhd                      | 8,492,190                     | 27.34                                   | -                            | -   |
| Hong Leong Investment Bank Bhd    | 3,728,102                     | 12.00                                   | 887                          | 5.90  |
| Standard Chartered Bank (M) Bhd   | 3,080,400                     | 9.92                                    | -                            | -   |
| JP Morgan Chase Bank Bhd          | 3,075,900                     | 9.90                                    | -                            | -   |
| Citi Bank Bhd                     | 2,358,000                     | 7.59                                    | -                            | -   |
| Malayan Banking Bhd               | 2,043,800                     | 6.58                                    | -                            | -   |
| Affin Hwang Investment Bank Bhd   | 1,121,792                     | 3.61                                    | -                            | -   |
| Macquarie Capital Sec (M) Sdn Bhd | 1,026,336                     | 3.30                                    | 2,556                        | 16.99   |
| Maybank Investment Bank Bhd       | 1,003,730                     | 3.23                                    | 2,335                        | 15.52   |
| AmBank (M) Bhd                    | 1,000,000                     | 3.22                                    | 3,164                        | 21.03   |
| Others #                          | 4,129,174                     | 13.31                                   | 6,100                        | 40.56   |
|                                   | <u>31,059,424</u>             | <u>100.00</u>                           | <u>15,042</u>                | <u>100.00</u>                                   |

Details of transactions with the top 10 brokers/dealers for the six months financial period ended 30 September 2023 were as follows:

| <b>Brokers/Dealers</b>  | <b>Value of trades<br/>RM</b> | <b>Percentage of total trades<br/>%</b> | <b>Brokerage fees<br/>RM</b> | <b>Percentage of total brokerage fees<br/>%</b> |
|-------------------------|-------------------------------|---|------------------------------|---|
| RHB Bank Bhd            | 6,576,476                     | 29.68                                   | -                            | -   |
| RHB Investment Bank Bhd | 5,966,162                     | 26.92                                   | 1,221                        | 19.10   |

15. TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)

Details of transactions with the top 10 brokers/dealers for the six months financial period ended 30 September 2023 were as follows (continued):

| Brokers/Dealers                 | Value of trades<br>RM | Percentage of total trades<br>% | Brokerage fees<br>RM | Percentage of total brokerage fees<br>% |
|---------------------------------|-----------------------|---------------------------------|----------------------|---|
| Malayan Banking Bhd             | 2,866,746             | 12.94                           | -                    | -                                       |
| CIMB Bank Bhd #                 | 2,043,634             | 9.22                            | -                    | -                                       |
| KAF Equities Sdn Bhd            | 1,100,609             | 4.97                            | 2,476                | 38.72                                   |
| CIMB Islamic Bank Bhd #         | 1,027,000             | 4.63                            | -                    | -                                       |
| J.P. Morgan Sec (M) Sdn Bhd     | 810,989               | 3.66                            | 1,410                | 22.05                                   |
| Affin Hwang Investment Bank Bhd | 773,213               | 3.49                            | 608                  | 9.51                                    |
| Hong Leong Investment Bank Bhd  | 726,480               | 3.28                            | 639                  | 9.99                                    |
| HSBC Bank Malaysia Bhd          | 260,000               | 1.17                            | -                    | -                                       |
| CLSA Securities M Sdn Bhd       | 8,894                 | 0.04                            | 40                   | 0.63                                    |
|                                 | <u>22,160,203</u>     | <u>100.00</u>                   | <u>6,394</u>         | <u>100.00</u>                           |

# Included in the transactions are trades conducted with CIMB Bank Bhd and CIMB Islamic Bank Bhd fellow related parties to the Manager amounting to RM210,000 (30.09.2023: RM2,043,634) and Nil (30.09.2023: RM1,027,000) respectively. The Manager is of the opinion that all transactions with the related company have been entered into in the normal course of business at agreed terms between the related party.

## 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.my](http://www.principal.com.my)

### E-mail address

[myservice@principal.com](mailto:myservice@principal.com)

### Customer Care Centre

(03) 7723 7260

### Chat with us via WhatsApp:

(6016) 299 9792

### Trustee for the Principal Islamic Lifetime Enhanced Sukuk Fund

HSBC (Malaysia) Trustee Berhad (Company No.: 193701000084 (001281-T))  
19th Floor, Menara IQ, Lingkaran TRX,  
55188 Tun Razak Exchange, Kuala Lumpur  
MALAYSIA.  
Tel: (03) 2075 7800  
Fax: (03) 8894 2611

### Shariah Adviser of the Principal Islamic Lifetime Enhanced Sukuk Fund

Amanie Advisors Sdn. Bhd. (Company No.: 200501007003 (0684050-H))  
Level 13A-2, Menara Tokio Marine Life,  
No 189, Jalan Tun Razak,  
50400 Kuala Lumpur, MALAYSIA.  
Tel: (03) 2161 0260  
Fax: (03) 2161 0262

**Principal Asset Management Berhad**  
**199401018399 (304078-K)**

Enquiries:

Customer Care Centre  
(603)7723 7260

Chat with us via WhatsApp  
(6016)299 9792

Email  
[myservice@principal.com](mailto:myservice@principal.com)

Website  
[www.principal.com.my](http://www.principal.com.my)