

Principal Islamic Money Market Fund - Class AI

31 January 2024



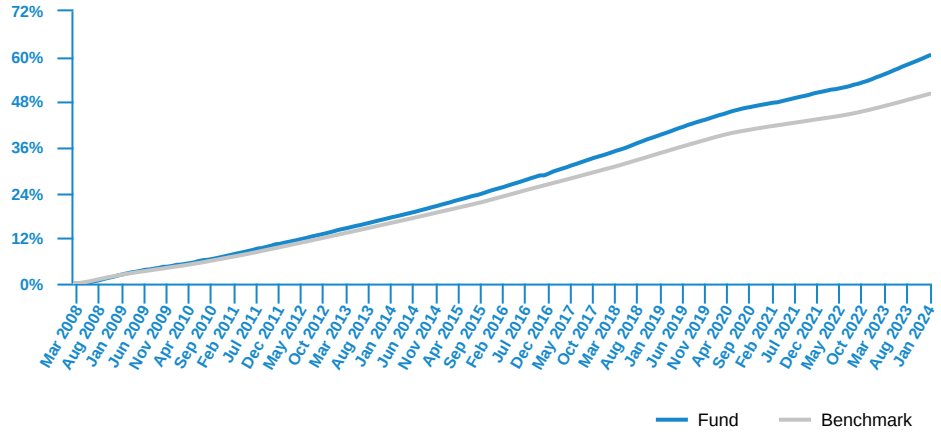
Fund Objective

The Fund aims to provide investors with liquidity and regular income, whilst maintaining capital stability by investing primarily in money market instruments that conform with Shariah principles. The Fund will place at least 90% of its NAV in Islamic money market instruments such as Islamic Accepted Bills, Islamic Negotiable Instruments of Deposits and Islamic Repurchase Agreements (Repo) as well as in any other Islamic fixed income instruments and placements of Islamic Deposits, all of which are highly liquid and have a remaining maturity period of less than 397 days or less.

Fund Information

ISIN Code	MYU1000CX005
Lipper ID	65088750
Bloomberg Ticker	CIMISMM MK
Domicile	Malaysia
Currency	MYR
Base Currency	MYR
Fund Inception	17 Mar 2008
Benchmark	CIMB Islamic 1-Month Fixed Return Income Account-i (FRIA-i)
Application Fee	Nil
Management Fee	Up to 0.40% per annum
Trustee Fee	Up to 0.02% per annum
Fund Size (MYR)	MYR 1059.12 million
Fund Unit	977.12 million units
NAV per unit (As at 31 Jan 2024)	MYR 1.0839

Fund Performance



Past performance does not guarantee future results. Asset allocation and diversification do not ensure a profit or protect against a loss.

Cumulative Performance (%)

	YTD	1M	3M	6M	1Y	3Y	5Y	Since Inception
Fund	0.33	0.33	0.97	1.87	3.79	8.67	15.08	60.42
Benchmark	0.22	0.22	0.65	1.31	2.59	6.14	11.61	50.22

Calendar Year Returns (%)

	2023	2022	2021	2020	2019	2018
Fund	3.80	2.32	2.13	2.52	3.46	3.78
Benchmark	2.58	1.83	1.52	2.14	3.09	3.19

Most Recent Fund Distributions

	2024 Jan	2023 Dec	2023 Nov	2023 Oct	2023 Sep	2023 Aug
Gross (sen/unit)	0.22	0.16	0.19	0.17	0.16	0.22
Annualised Yield (%)	2.39	1.73	2.11	1.89	1.78	2.45

Note: March 2008 to January 2024.

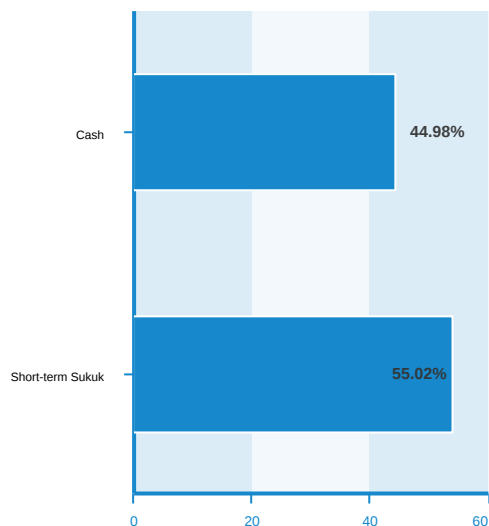
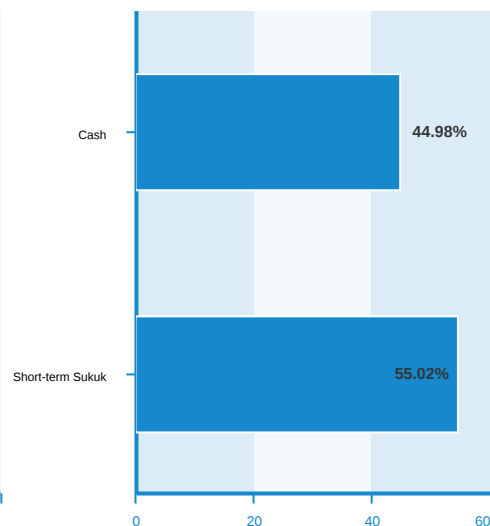
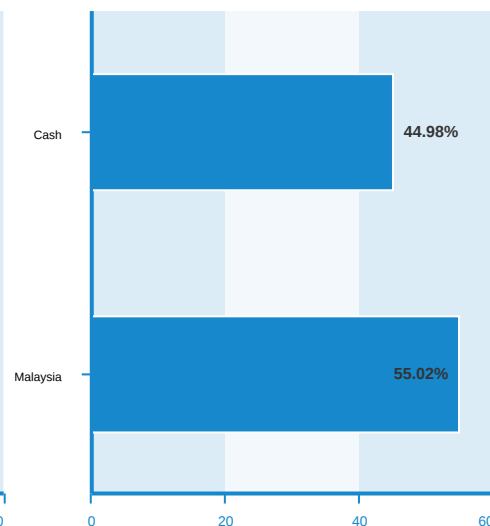
Performance data represents the combined income & capital return as a result of holding units in the fund for the specified length of time, based on bid to bid prices. Earnings are assumed to be reinvested.

Annualised yield is calculated as the most recent monthly dividend distribution multiplied by the Fund's dividend frequency and divided by the latest NAV.

Source : Lipper

Top Holdings	Country	% of Net Assets	Fund Risk Statistics	
Uem Sunrise Bhd	Malaysia	4.24	Beta	0.15
Pengurusan Air SPV Bhd	Malaysia	3.91	Information Ratio	1.54
Small Medium Enterprise Bank	Malaysia	3.89	Sharpe Ratio	0.08
WCT Holdings Bhd	Malaysia	3.25	(3 years monthly data)	
Amanat Lebuhraya Rakyat	Malaysia	2.94		
Press Metal Aluminium	Malaysia	2.63		
Cagamas Bhd	Malaysia	1.95		
Projek Lebuhraya Usahasama	Malaysia	1.71		
Azrb Capital Sdn Bhd	Malaysia	1.69		
Pengurusan Air SPV Bhd	Malaysia	1.63		

The holdings listed do not constitute a recommendation to purchase or sell a particular security. Any repeated issuer shown means same issuer with different coupon rate and/or maturity date. Cash and/or derivative positions that are not part of the core investment strategy will not be reflected in the top holdings list.

Asset Allocation (%)**Sector Allocation (%)****Regional Allocation (%)**

Fund holdings and allocations shown are unaudited and may not be representative of current or future investments. Percentages may not add up to 100% due to rounding and/or inclusion or exclusion of cash will not be reflected in the top holdings list.

Fund Manager's Report

The Fund's performance for the month of January 2024 came in at 0.33%, outperforming the benchmark by 11 bps. For the 12-months period ending 31 January 2024, the Fund delivered 3.79%, outperforming the benchmark by 120 bps.

The 3-, 5-, 7-, 10-, 15-, 20- and 30-year benchmarks closed at 3.45% (-8bps), 3.61% (-3bps), 3.73% (-1bps), 3.81% (+8bps), 3.98% (-1bps), 4.08% (-3bps) and 4.22% (-3bps), respectively in January. The movement in local MGS moved closely to the US Treasuries as a correction was seen in the month of January after the strong rally seen at the end of 2023. The MGS 10y yield surged in early January due to new supply from the 10y segment and a very flat 7y10y seen in the month prior.

Bank Negara Malaysia's Monetary Policy Committee maintained the Overnight Policy Rate at 3.00% at its first meeting of the year in January as widely expected. Overall, the monetary policy statement shows their stance remains neutral and guided by the assessment of policy reforms and demand conditions. The narrative of the statement did not change very much from November 2023, with BNM highlighting that the tightening cycle has peaked for most central banks, but the monetary policy stance will likely remain tight in the near term.

Headline inflation in December printed 1.5% YoY (Nov'23 : 1.5% YoY), which was in line with Bloomberg consensus. The December 2023 consumer price index (CPI) brought the annual headline inflation in 2023 to 2.5%, as compared to 3.3% in 2022. Core inflation increased at a slower rate of 1.9% in December 2023 as compared to 2% in November 2023 although this remained higher than the overall national inflation rate.

Malaysia's unemployment rate eased to 3.3% in November 2023 (Oct'23: 3.4%), which was the level right before the Covid outbreak, as employment growth continued to top labour force growth. Job increases were seen across all sectors with informal jobs hitting a fresh high. The statistics department reported that the job growth in November 2023 continued to expand in the services sector.

Malaysian economy grew by 3.4% in Q42023 vs. 3.3% in Q32023. This was below the consensus estimates for a 4.1% increase. Full year 2023 growth is estimated to have moderated to 3.8% YoY (2022: +8.7%) as the boost from Covid reopening faded. By sector, Agriculture and Mining & Quarrying growth improved to 1.2% (3Q23: 0.8%) and 3.7% (3Q23: -0.1%) respectively, but was offset by sharp deceleration in construction to 2.5% (3Q23: 7.2%) and slower services growth at 4.7% (3Q23: 5%). Meanwhile, manufacturing was flattish at 0.1% (3Q23: -0.1%).

BNM stated that the current monetary policy stance remains supportive of the economy and is consistent with the current assessment of the inflation and growth prospects. The MPC remains vigilant to ongoing developments to inform the assessment on the outlook of domestic inflation and growth. The MPC will ensure that the monetary policy stance remains supportive of the economy and is consistent with the current assessment of the inflation and growth prospects.

[^]Based on the fund's portfolio returns as at 15 January 2024, the Volatility Factor (VF) for this fund is 0.26 and is classified as "Very Low" (source: FIMM). The VF means there is a possibility for the fund in generating an upside return or downside return around this VF. The Volatility Class (VC) is assigned by FIMM based on quintile ranks of VF for qualified funds. VF is subject to monthly revision and VC will be revised every six months. The fund's portfolio may have changed since this date and there is no guarantee that the fund will continue to have the same VF or VC in the future. Presently, only funds launched in the market for at least 36 months will display the VF and its VC. We recommend that you read and understand the contents of the Master Prospectus (Islamic Funds) dated 31 December 2019, which has been duly registered with the Securities Commission Malaysia, before investing and that you keep the said Master Prospectus (Shariah-Compliant Funds) for your records. Any issue of units to which the Master Prospectus (Shariah-Compliant Funds) relates will only be made upon receipt of the completed application form referred to in and accompanying the Master Prospectus (Shariah-Compliant Funds), subject to the terms and conditions therein. Investments in the Fund are exposed to country risk, credit and default risk, currency risk, interest rate risk*. You can obtain a copy of the Master Prospectus (Shariah-Compliant Funds) from the head office of Principal Asset Management Berhad or from any of our approved distributors. Product Highlight Sheet ("PHS") is available and that investors have the right to request for a PHS; and the PHS and any other product disclosure document should be read and understood before making any investment decision. There are fees and charges involved in investing in the funds. We suggest that you consider these fees and charges carefully prior to making an investment. Unit prices and income distributions, if any, may fall or rise. Past performance is not reflective of future performance and income distributions are not guaranteed. You are also advised to read and understand the contents of the Financing for Investment in Unit Trust Risk Disclosure Statement before deciding to obtain financing to purchase units. Where a unit split/distribution is declared, you are advised that following the issue of additional units/distribution, the NAV per unit will be reduced from pre-unit split NAV/cum-distribution NAV to post-unit split NAV/ex-distribution NAV; and where a unit split is declared, the value of your investment in Malaysian Ringgit will remain unchanged after the distribution of the additional units. *Note: 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 investments of the Fund.

Carefully consider a fund's objective, risks, charges and expenses.

Visit www.principal.com.my for a prospectus containing this and other information. Please read it carefully before investing.