

**PRINCIPAL ISLAMIC RETIREEASY 2040**  
**ANNUAL REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024**

<b>CONTENTS</b>	<b>PAGE(S)</b>
MEMBERS' LETTER	i
PRS PROVIDER'S REPORT	ii - vii
Fund Objective and Policy	
Performance Data	
Market Review	
Fund Performance	
Portfolio Structure	
Market Outlook	
Investment Strategy	
Soft Commissions and Rebates	
Securities Financing Transactions	
State of Affair of The Fund	
Circumstances That Materially Affect Any Interest of Members	
Cross Trade	
Unit Split	
STATEMENT BY THE PRS PROVIDER	1
THE SCHEME TRUSTEE'S REPORT	2
SHARIAH ADVISER'S REPORT	3
INDEPENDENT AUDITORS' REPORT	4 - 7
STATEMENT OF COMPREHENSIVE INCOME	8
STATEMENT OF FINANCIAL POSITION	9
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO MEMBERS	10
STATEMENT OF CASH FLOWS	11
NOTES TO THE FINANCIAL STATEMENTS	12 - 29
DIRECTORY	30

## MEMBERS' LETTER

Dear Valued Members,

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

We are pleased to bring you a copy of the Annual Fund Report of the Principal Islamic RetireEasy 2040 for the financial year ended 31 August 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

**PRS PROVIDER'S REPORT****FUND OBJECTIVE AND POLICY****What is the investment objective of the Fund?**

The Fund seeks to provide positive total return by investing according to an asset allocation strategy.

**Has the Fund achieved its objective?**

The Fund is in line to meet its objective to provide positive total return as stated in the Investment Objective section.

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

The Fund seeks to provide sustainable positive total return and to grow the total investment over the long term with retirement as the ultimate goal.

Up to 100% of the Fund's NAV may be invested in Islamic Collective investment scheme ("CIS") (including Islamic ETF and Islamic REITs), Shariah-compliant equities, Sukuk, Islamic money market instruments and/or Islamic Deposits. Notwithstanding,

- up to 40% of the Fund's NAV may be invested in Unrated Sukuk; and
- up to 10% of the Fund's NAV may be invested in unlisted Shariah-compliant securities.

**Fund category/type**

Core – Mixed asset (Islamic Target Date Fund ("TDF"))

**Target Date**

31 December 2040. The Fund will mature on the Target Date, and all Members in the Fund will be switched automatically into the Principal Islamic RetireEasy Income Fund ("iREI").

**When was the Fund launched?**

Name of Class	Launch Date
Class A	23 September 2022
Class C	23 September 2022
Class X	23 September 2022

**What was the size of the Fund as at 31 August 2024?**

RM67.02 million (222.82 million units)

**What is the Fund's benchmark?**

The benchmark is for performance comparison purpose only and the risk profile of the Fund is not the same as the risk profile of the benchmark. The benchmark was set based on current market environment and asset allocation mix.

Currently, the benchmark is:

Benchmark composition	
MSCI ACWI Islamic NR USD	23.1%
FTSE Bursa Malaysia EMAS Shariah TR MYR	23.1%
MSCI AC Asia Islamic Ex JPN TR USD	29.1%
Refinitiv BPAM Sukuk Index MYR	15.7%
DJ Sukuk TR USD	9.0%

**What is the Fund distribution policy?**

Given the Fund's objective, the Fund is not expected to pay any distribution. Distributions, if any, are at our discretion and will vary from period to period depending on the performance of the Fund.

**What was the net income distribution for the financial year ended 31 August 2024?**

There was no distribution made for the financial year ended 31 August 2024.

**PERFORMANCE DATA**

Details of portfolio composition of the Fund for the last two financial year/period are as follows:

	<b>31.08.2024</b>	<b>31.08.2023</b>
	%	%
Shariah-compliant collective investment scheme	98.85	98.15
Cash and other assets	2.83	2.13
Liabilities	(1.68)	(0.28)
	<u>100.00</u>	<u>100.00</u>

Performance details of the Fund for the last two financial year/period are as follows:

	<b>31.08.2024</b>	<b>31.08.2023</b>
NAV (RM Million)		
- Class A	16.62	13.11
- Class C	1.75	1.20
- Class X	48.65	40.93
Units in circulation (Million)		
- Class A	55.25	47.68
- Class C	5.82	4.38
- Class X	161.75	148.85
NAV per unit (RM)		
- Class A	0.3008	0.2750
- Class C	0.3002	0.2747
- Class X	0.3008	0.2750
	<b>01.09.2023</b>	<b>23.09.2022</b>
	<b>to 31.08.2024</b>	<b>(date of launch)</b>
		<b>to 31.08.2023</b>
Highest NAV per unit (RM)		
- Class A	0.3342	0.2801
- Class C	0.3336	0.2798
- Class X	0.3342	0.2801
Lowest NAV per unit (RM)		
- Class A	0.2681	0.2485
- Class C	0.2678	0.2485
- Class X	0.2681	0.2485
Total return (%)		
- Class A	8.88	9.96
- Class C	8.74	9.88
- Class X	8.88	9.96
Capital growth (%)		
- Class A	8.88	9.96
- Class C	8.74	9.88
- Class X	8.88	9.96
Income distribution (%)		
- Class A	-	-
- Class C	-	-
- Class X	-	-
Total Expense Ratio ("TER") (%) ^	1.52	1.46
Portfolio Turnover Ratio ("PTR") (times) #	0.15	0.58

^ During the financial year under review, the TER for the Fund increased from 1.46% to 1.52% due to increased in overall expenses.

**PERFORMANCE DATA (CONTINUED)**

# The Fund's PTR decreased from 0.58 times to 0.15 times as there were less trading activities during the financial year under review.

	<b>31.08.2024</b>	<b>Since inception to 31.08.2023</b>
	%	%
Annual total return		
- Class A	8.88	9.96
- Class C	8.74	9.88
- Class X	8.88	9.96

(Launch date: 23 September 2022)

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

**MARKET REVIEW (1 SEPTEMBER 2023 TO 31 AUGUST 2024)**

The year was marked by significant global market turbulence, largely driven by persistent inflation and aggressive monetary tightening. Central banks, particularly the US Federal Reserve (the "Fed") and the European Central Bank ("ECB"), continued to raise interest rates to combat inflation, which had remained elevated due to post-pandemic supply chain disruptions, rising energy costs, and strong consumer demand. These rate hikes contributed to economic slowdowns across major economies, with businesses and consumers facing higher borrowing costs. The effects were particularly evident in sectors like real estate and manufacturing, where capital-intensive projects became more expensive to finance. Amid the tightening monetary environment, the banking sector experienced notable stress. Early 2024 saw several regional banks, especially in the U.S. and Europe, struggle with liquidity issues due to their exposure to long-term assets that had depreciated in value as interest rates rose. This led to market-wide concerns about systemic risk in the financial sector. Central banks were forced to intervene, providing emergency liquidity and, in some cases, orchestrating bailouts to prevent wider contagion. The financial instability exacerbated market volatility, with equities and bonds experiencing sharp swings as investor sentiment fluctuated between fear of a banking crisis and optimism over central bank intervention. Geopolitical developments further complicated the market environment during this year. Despite these challenges, certain sectors, such as technology and green energy, showed resilience. The advancement of artificial intelligence ("AI") technologies and the global push toward renewable energy investments provided growth opportunities amid broader economic headwinds.

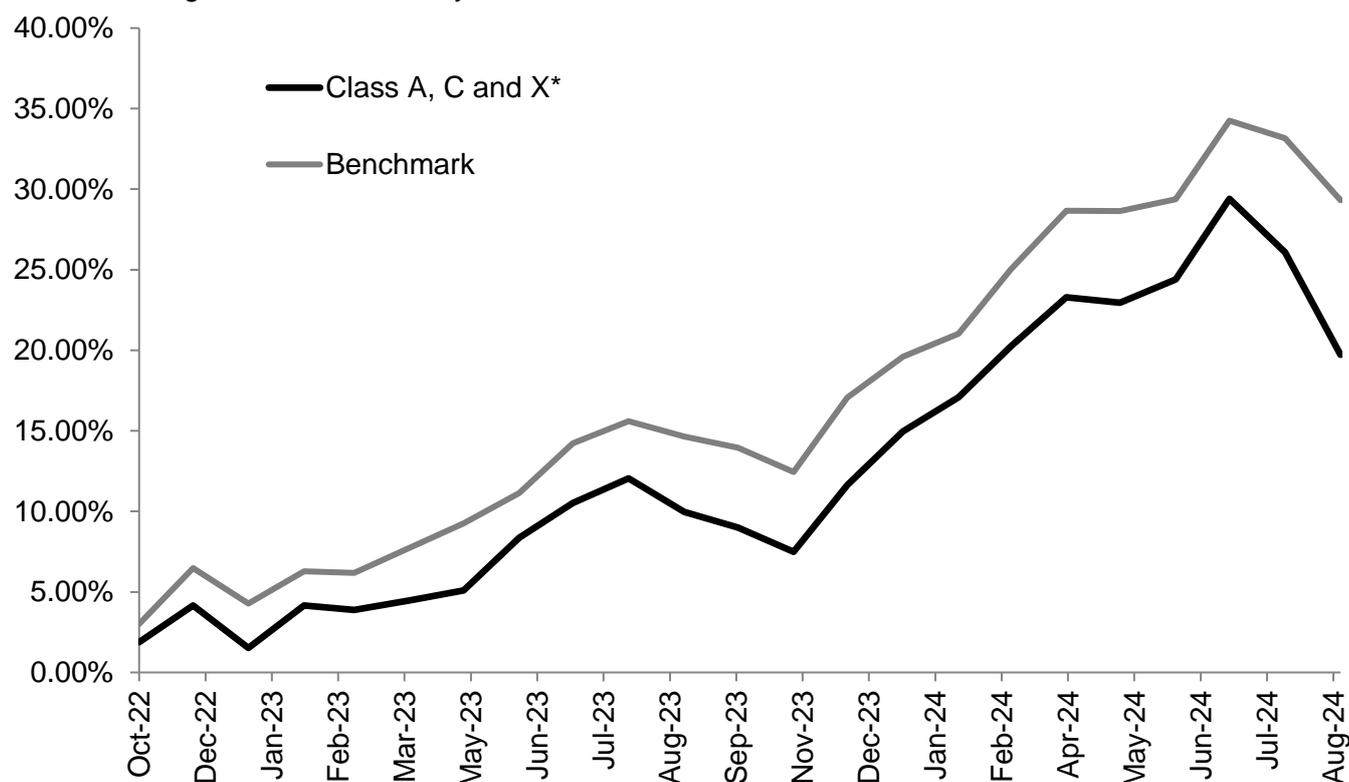
**FUND PERFORMANCE**

	<b>1 year to 31.08.2024</b>	<b>Since inception to 31.08.2024</b>
	%	%
Income Distribution		
- Class A	-	-
- Class C	-	-
- Class X	-	-
Capital Growth		
- Class A	8.88	19.72
- Class C	8.74	19.48
- Class X	8.88	19.72
Total Return		
- Class A	8.88	19.72
- Class C	8.74	19.48
- Class X	8.88	19.72

**FUND PERFORMANCE**

	<b>1 year to 31.08.2024 %</b>	<b>Since inception to 31.08.2024 %</b>
Benchmark		
- Class A	12.80	29.31
- Class C	12.80	29.31
- Class X	12.80	29.31
Average Total Return		
- Class A	8.88	9.72
- Class C	8.74	9.61
- Class X	8.88	9.72

The fund returned positively for all classes during the financial year under review. Class A, Class C, and Class X increased by 8.88%, 8.74%, and 8.88%, underperforming the benchmark which increased by 12.80% during the same financial year.



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

**Changes in NAV**

	<b>31.08.2024</b>	<b>31.08.2023</b>	<b>Changes %</b>
<b>CLASS A</b>			
NAV (RM Million)	16.62	13.11	26.77
NAV/Unit (RM)	0.3008	0.2750	9.38
<b>CLASS C</b>			
NAV (RM Million)	1.75	1.20	45.83
NAV/Unit (RM)	0.3002	0.2747	9.28
<b>CLASS X</b>			
NAV (RM Million)	48.65	40.93	18.86
NAV/Unit (RM)	0.3008	0.2750	9.38

## FUND PERFORMANCE (CONTINUED)

### Changes in NAV (continued)

For the financial year under review, the Fund's NAV for Class A, Class C and Class X increased by 26.77%, 45.83%, and 18.86% respectively. At the time of reporting, Class X has the highest total NAV, stood at RM 48.65 million.

In addition, the Fund's NAV per unit for Class A, Class C and Class X the Fund's NAV per unit for Class A, Class C and Class X increased by 9.38%, 9.28%, and 9.38% during the same year under review.

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

## PORTFOLIO STRUCTURE

### Asset allocation

(% of NAV)	31.08.2024	31.08.2023
Shariah-compliant collective investment scheme	98.85	98.15
Cash and other assets	2.83	2.13
Liabilities	(1.68)	(0.28)
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

The Fund was fully invested during the financial year under review. A minimal level of liquid assets was maintained primarily for redemption purposes.

### MARKET OUTLOOK\*

The global market outlook remains cautiously optimistic, with potential shifts in monetary policy being a key factor. The ease in monetary policy could provide much-needed relief to businesses and consumers, lowering borrowing costs and potentially stabilizing economic growth. However, the risk of a mild recession persists, especially if inflation proves more stubborn than expected. Equity markets could see renewed optimism if central banks signal a more dovish approach, with sectors like technology and renewable energy, which have remained resilient, expected to benefit the most. Beyond monetary policy, structural shifts in global markets will likely play a significant role in shaping the investment landscape. Sectors such as artificial intelligence ("AI") and green energy are expected to continue driving growth, bolstered by technological advancements and increased emphasis on sustainability. Supply chain challenges may persist, particularly in industries dependent on global trade, but companies that successfully adapt to these disruptions could see gains. While inflationary pressures and financial stability concerns remain, there are promising opportunities for growth in innovation-driven sectors, making them attractive for long-term investors.

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

### INVESTMENT STRATEGY

The Fund will continue to remain fully invested primarily in a diversified portfolio of income generating assets with minimal cash kept for liquidity purposes.

## **SOFT COMMISSIONS AND REBATES**

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

- (a) the soft commission bring 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 Funds; and
- (c) the availability of soft commissions is not the sole or primary purpose to perform or arrange transactions with such broker or dealer, and we or the Sub-Manager will not enter into unnecessary trades in order to achieve a sufficient volume of transactions to qualify for soft commissions.

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

## **SECURITIES FINANCING TRANSACTIONS**

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

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

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

## **CIRCUMSTANCES THAT MATERIALLY AFFECT ANY INTEREST OF MEMBERS**

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

## **CROSS TRADE**

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

## **UNIT SPLIT**

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

**STATEMENT BY THE PRS PROVIDER TO THE MEMBERS OF  
PRINCIPAL ISLAMIC RETIREEASY 2040**

We, being the Directors of Principal Asset Management Berhad (the “PRS Provider”), do hereby state that, in the opinion of the PRS Provider, the accompanying audited financial statements set out on pages 8 to 29 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the statement of financial position of the Fund as at 31 August 2024 and of its financial performance, changes in net assets attributable to members and cash flows for the financial year then ended in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

For and on behalf of the PRS Provider

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

**MUNIRAH KHAIRUDDIN**

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  
25 October 2024

**THE SCHEME TRUSTEE'S REPORT**

**TO THE MEMBERS OF PRINCIPAL ISLAMIC RETIREEASY 2040 ("Fund")**

We have acted as the Scheme Trustee of the Fund for the financial year ended 31 August 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 year covered by these financial statements in accordance with the following:

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

For Deutsche Trustees Malaysia Berhad

**Ng Hon Leong**  
Head, Fund Operations

**Sylvia Beh**  
Chief Executive Officer

Kuala Lumpur  
25 October 2024

**SHARIAH ADVISER'S REPORT**

**To the Members of Principal Islamic RetireEasy 2040 ("Fund")**

**For the Financial Year ended 31 August 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 year 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 assets of the Fund comprise instruments that have been classified as Shariah-compliant.

**For Amanie Advisors Sdn Bhd**

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

Kuala Lumpur  
25 October 2024

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
PRINCIPAL ISLAMIC RETIREEASY 2040**

**Report on the audit of the financial statements**

*Opinion*

We have audited the financial statements of Principal Islamic RetireEasy 2040 (the "Fund"), which comprise the statement of financial position of the Fund as at 31 August 2024, and statement of comprehensive income, statement of changes in net assets attributable to members and statement of cash flows of the Fund for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 8 to 29.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 August 2024, and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

*Basis for opinion*

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

*Independence and other ethical responsibilities*

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
PRINCIPAL ISLAMIC RETIREEASY 2040 (cont'd.)**

**Report on the audit of the financial statements (cont'd.)**

*Information other than the financial statements and auditors' report thereon*

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

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

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

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

*Responsibilities of the PRS Provider and the Trustee for the financial statements*

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
PRINCIPAL ISLAMIC RETIREEASY 2040 (cont'd.)**

**Report on the audit of the financial statements (cont'd.)**

*Auditors' responsibilities for the audit of the financial statements*

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

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
PRINCIPAL ISLAMIC RETIREEASY 2040 (cont'd.)**

**Report on the audit of the financial statements (cont'd.)**

**Other matters**

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

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

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

Kuala Lumpur, Malaysia  
25 October 2024

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024**

		<b>01.09.2023 to 31.08.2024</b>	<b>23.09.2022 (date of launch) to 31.08.2023</b>
	<b>Note</b>	<b>RM</b>	<b>RM</b>
<b>INCOME/(LOSS)</b>			
Dividend income		420,780	458,179
Net gain on financial assets at fair value through profit or loss	<b>7</b>	5,782,233	5,006,186
Net foreign exchange loss		<u>(6,761)</u>	<u>(11,343)</u>
		<u>6,196,252</u>	<u>5,453,022</u>
<b>EXPENSES</b>			
Management fee	<b>4</b>	881,392	654,687
Private Pension Administrator administration fee	<b>4</b>	18,556	17,167
Trustee fee	<b>5</b>	25,629	22,356
Audit fee		8,500	8,500
Tax agent fee		5,000	7,458
Other expenses		<u>18,707</u>	<u>18,393</u>
		<u>957,784</u>	<u>728,561</u>
<b>PROFIT BEFORE TAXATION</b>		5,238,468	4,724,461
Taxation	<b>6</b>	<u>-</u>	<u>-</u>
<b>PROFIT AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR/PERIOD</b>		<u>5,238,468</u>	<u>4,724,461</u>
Profit after taxation is made up as follows:			
Realised amount		2,038,095	452,603
Unrealised amount		<u>3,200,373</u>	<u>4,271,858</u>
		<u>5,238,468</u>	<u>4,724,461</u>

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

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 AUGUST 2024**

	Note	31.08.2024 RM	31.08.2023 RM
<b>ASSETS</b>			
Cash and cash equivalents	8	517,773	285,304
Financial assets at fair value through profit or loss	7	66,247,663	54,224,095
Amount due from the Dealers		68,532	404,329
Amount due from the PRS Provider			
- creation of units		368,129	416,250
- management fee rebates		260,395	71,468
- disposal of Shariah-compliant collective investment scheme		679,000	376
<b>TOTAL ASSETS</b>		<u>68,141,492</u>	<u>55,401,822</u>
<b>LIABILITIES</b>			
Amount due to Dealers		22,623	29,905
Amount due to the PRS Provider			
- management fee		79,679	65,176
- cancellation of units		8,984	5,212
- purchase of Shariah-compliant collective investment scheme		976,671	23,830
Amount due to Private Pension Administrator		2,252	8,442
Amount due to Trustee		2,272	2,038
Other payables and accruals		31,567	21,461
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO MEMBERS)</b>		<u>1,124,048</u>	<u>156,064</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>67,017,444</u>	<u>55,245,758</u>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<u>67,017,444</u>	<u>55,245,758</u>
<b>REPRESENTED BY:</b>			
<b>FAIR VALUE OF OUTSTANDING UNITS (RM)</b>			
- Class A		16,619,763	13,111,016
- Class C		1,745,646	1,203,718
- Class X		48,652,035	40,931,024
		<u>67,017,444</u>	<u>55,245,758</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>			
- Class A	9	55,253,965	47,679,842
- Class C		5,814,795	4,381,548
- Class X		161,748,935	148,850,830
		<u>222,817,695</u>	<u>200,912,220</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>			
- Class A		0.3008	0.2750
- Class C		0.3002	0.2747
- Class X		<u>0.3008</u>	<u>0.2750</u>

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

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO MEMBERS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024**

	<b>01.09.2023 to 31.08.2024 RM</b>	<b>23.09.2022 (date of launch) to 31.08.2023 RM</b>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE BEGINNING OF THE FINANCIAL YEAR/PERIOD</b>	<u>55,245,758</u>	<u>-</u>
Movement due to units created and cancelled during the financial year/period:		
Creation of units from applications		
- Class A	2,421,222	12,086,126
- Class C	431,272	1,127,972
- Class X	4,680,995	38,382,019
	<u>7,533,489</u>	<u>51,596,117</u>
Cancellation of units		
- Class A	(137,743)	(110,794)
- Class C	(9,240)	(27,233)
- Class X	(853,288)	(936,793)
	<u>(1,000,271)</u>	<u>(1,074,820)</u>
Total comprehensive income for the financial year/period	<u>5,238,468</u>	<u>4,724,461</u>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE END OF THE FINANCIAL YEAR/PERIOD</b>	<u><u>67,017,444</u></u>	<u><u>55,245,758</u></u>

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

**STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024**

	<b>Note</b>	<b>01.09.2023 to 31.08.2024 RM</b>	<b>23.09.2022 (date of launch) to 31.08.2023 RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from disposal of Shariah-compliant collective investment scheme		5,499,604	3,466,118
Purchase of Shariah-compliant collective investment scheme		(12,089,463)	(53,778,813)
Dividend income received		420,780	458,179
Management fee rebate received		762,329	661,004
Management fee paid		(866,888)	(589,511)
Private Pension Administrator administration fee paid		(24,747)	(8,725)
Trustee fee paid		(25,395)	(20,318)
Payment for other fees and expenses		(22,100)	(12,889)
Payment for other foreign exchange loss		(6,410)	-
<b>Net cash used in operating activities</b>		<b>(6,352,290)</b>	<b>(49,824,955)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash proceeds from units created		7,581,610	51,179,867
Payments for cancellation of units		(996,500)	(1,069,608)
<b>Net cash generated from financing activities</b>		<b>6,585,110</b>	<b>50,110,259</b>
Net increase in cash and cash equivalents		232,820	285,304
Effect of foreign exchange differences		(351)	-
Cash and cash equivalents at the beginning of the financial year/period		285,304	-
Cash and cash equivalents at the end of the financial year/period	<b>8</b>	<b>517,773</b>	<b>285,304</b>
<u>Cash and cash equivalents comprised:</u>			
Bank balance		517,773	285,304
Cash and cash equivalents at the end of the financial year/period	<b>8</b>	<b>517,773</b>	<b>285,304</b>

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

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

Principal Islamic RetireEasy 2040 (the “Fund”) is governed by a Deed dated 8 November 2012, a First Supplemental Deed dated 2 January 2014, a Second Supplemental Deed dated 25 November 2014, a Third Supplemental Deed dated 3 February 2020, a Fourth Supplemental Deed dated 17 December 2021, a Fifth Supplemental Deed dated 12 July 2022 and a Sixth Supplemental Deed 16 June 2023 (collectively referred to as the “Deeds”) made between Principal Asset Management Berhad (the “PRS Provider”) and Deutsche Trustees Malaysia Berhad (the “Trustee”).

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

The Fund seeks to provide sustainable positive total return and to grow the total investment over the long term with retirement as the ultimate goal.

Up to 100% of the Fund’s NAV may be invested in Islamic CIS (including Islamic ETF and Islamic REITs), Shariah-compliant equities, Sukuk, Islamic money market instruments and/or Islamic Deposits. Notwithstanding,

- up to 40% of the Fund’s NAV may be invested in Unrated Sukuk; and
- up to 10% of the Fund’s NAV may be invested in unlisted Shariah-compliant securities.

Principal Asset Management (S) Pte Ltd (“Principal Singapore”) was appointed as the Sub-Adviser of the Fund. Principal Singapore will provide investment research and stock recommendation to Principal Malaysia in accordance with the investment objective and within the investment restrictions of the Fund.

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

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

### 2. MATERIAL ACCOUNTING POLICIES

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

#### (a) Basis of preparation

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

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

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of preparation (continued)

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

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

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

There are no other standards, amendments to standards or interpretations effective for financial year beginning on 1 September 2023 that have a material effect on the financial statements of the Fund.

There are no new applicable standards, amendments to standards or interpretations that are effective for financial year beginning on/after 1 September 2024 that are applicable 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").

The Fund classifies cash and cash equivalents, amount due from the dealers, amount due from the PRS Provider – creation of units, amount due from the PRS Provider - management fee rebates and amount due from the PRS Provider - disposal of Shariah-compliant collective investment scheme 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.

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

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

Financial instruments are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

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

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

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

Shariah-compliant collective investment scheme is valued based on the most recent published NAV per unit or share of such Shariah-compliant collective investment scheme or, if unavailable, on the last published price of such unit or share (excluding any sales charge included in such selling price).

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

Impairment for assets carried at amortised costs

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

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

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the financial year/period.

**(c) Income recognition**

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

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

**(d) Functional and presentation currency**

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

**(e) Members' contributions**

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

The Fund issues cancellable units, in three classes of units, known respectively as the Class A, Class C and Class X, which are cancelled at the member's option and do not have identical features subject to restrictions as stipulated in the Disclosure Document and SC Guidelines on PRS. The units are classified as financial liabilities. Cancellable units can be reinvested 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 reporting date if the member exercises the right to reinvest the unit to the Fund.

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

**(f) Cash and cash equivalents**

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

**2. MATERIAL ACCOUNTING POLICIES (CONTINUED)****(g) Taxation**

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

**(h) Amount due from/to dealer**

Amounts due from and to dealer represent receivables for Shariah-compliant collective investment schemes sold and payables for Shariah-compliant collective investment schemes purchased that have been contracted for but not yet settled or delivered on the reporting date respectively.

**(i) Management fee rebate**

Management fee rebate is derived from the Manager of the Shariah-compliant collective investment scheme on an accrual basis to ensure no double charging of management fee. It is accrued daily based on the fair value of Shariah-compliant collective investment scheme held.

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

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

**(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.

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

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

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

**3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES**

Financial instruments of the Fund are as follows:

	Financial assets at fair value through profit or loss RM	Financial assets amortised at cost RM	Total RM
<b>31.08.2024</b>			
Cash and cash equivalents (Note 8)	-	517,773	517,773
Shariah-compliant collective investment scheme (Note 7)	66,247,663	-	66,247,663
Amount due from the Dealers	-	68,532	68,532
Amount due from the PRS Provider			
- creation of units	-	368,129	368,129
- management fee rebates	-	260,395	260,395
- disposal of Shariah-compliant collective investment scheme	-	679,000	679,000
	<u>66,247,663</u>	<u>1,893,829</u>	<u>68,141,492</u>
<b>31.08.2023</b>			
Cash and cash equivalents (Note 8)	-	285,304	285,304
Shariah-compliant collective investment scheme (Note 7)	54,224,095	-	54,224,095
Amount due from the Dealers	-	404,329	404,329
Amount due from the PRS Provider			
- creation of units	-	416,250	416,250
- management fee rebates	-	71,468	71,468
- disposal of Shariah-compliant collective investment scheme	-	376	376
	<u>54,224,095</u>	<u>1,177,727</u>	<u>55,401,822</u>

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

The investment objective of the Fund is to provide positive total return by investing according to an asset allocation strategy.

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

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

**(a) Market risk**

**(i) Price risk**

This is the risk that the fair value of the Fund's investment will fluctuate because of changes in market prices. The value of investment 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 collective investment scheme and other financial instruments within specified limits according to the Deeds.

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

(a) Market risk (continued)

(i) Price risk (continued)

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

	31.08.2024 RM	31.08.2023 RM
Financial assets at fair value through profit or loss:		
- Shariah-compliant collective investment scheme	<u>66,247,663</u>	<u>54,224,095</u>

The table below summarises the sensitivity of the Fund's profit or loss and NAV to movements in prices of Shariah-compliant collective investment scheme at the end of each reporting year.

The analysis is based on the assumptions that the price of the Shariah-compliant collective investment scheme fluctuates by 5% with all other variables held constant. This represents the PRS Provider's best estimate of a reasonable possible shift in the Shariah-compliant collective investment scheme, having regard to the historical volatility of the prices.

% Change in price of Shariah-compliant collective investment scheme	Market value RM	Impact on profit or loss/NAV RM
<b>31.08.2024</b>		
-5%	62,935,280	(3,312,383)
0%	66,247,663	-
+5%	<u>69,560,046</u>	<u>3,312,383</u>
<b>31.08.2023</b>		
-5%	51,512,890	(2,711,205)
0%	54,224,095	-
+5%	<u>56,935,300</u>	<u>2,711,205</u>

(b) Credit risk

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

The credit risk arising from cash and cash equivalents is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

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

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

(b) Credit risk (continued)

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

	Cash and cash equivalents RM	Amount due from the Dealers RM	Amount due from the PRS Provider - creation of units RM	Amount due from the PRS Provider – management fee rebates RM	Amount due from the PRS Provider - disposal of Shariah-compliant collective investment scheme RM	Total RM
<b>31.08.2024</b>						
- AAA	517,773	-	-	-	-	517,773
- Not Rated	-	68,532	368,129	260,395	679,000	1,376,056
	<u>517,773</u>	<u>68,532</u>	<u>368,129</u>	<u>260,395</u>	<u>679,000</u>	<u>1,893,829</u>
<b>31.08.2023</b>						
- AAA	285,304	-	-	-	-	285,304
- Not Rated	-	404,329	416,250	71,468	376	892,423
	<u>285,304</u>	<u>404,329</u>	<u>416,250</u>	<u>71,468</u>	<u>376</u>	<u>1,177,727</u>

(c) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. The PRS Provider manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by members. Liquid assets comprise bank balance and other instruments, which are capable of being converted into cash within 7 business days. The Fund's investments in Shariah-compliant collective investment scheme are realisable which are capable of being converted into cash within 10 business days. This is expected to reduce the risk for the entire portfolio without limiting to the Fund's growth potential.

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

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

(c) Liquidity risk (continued)

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
<b>31.08.2024</b>			
Amount due to the Dealers	22,623	-	22,623
Amount due to the PRS Provider			
- management fee	79,679	-	79,679
- cancellation of units	8,984	-	8,984
- purchase of Shariah-compliant collective investment scheme	976,671	-	976,671
Amount due to Private Pension Administrator	2,252	-	2,252
Amount due to Trustee	2,272	-	2,272
Other payables and accruals	-	31,567	31,567
Net assets attributable to members*	<u>67,017,444</u>	<u>-</u>	<u>67,017,444</u>
<b>Contractual undiscounted cash flows</b>	<b><u>68,109,925</u></b>	<b><u>31,567</u></b>	<b><u>68,141,492</u></b>
<b>31.08.2023</b>			
Amount due to the Dealers	29,905	-	29,905
Amount due to the PRS Provider			
- management fee	65,176	-	65,176
- cancellation of units	5,212	-	5,212
- purchase of Shariah-compliant collective investment scheme	23,830	-	23,830
Amount due to Private Pension Administrator	8,442	-	8,442
Amount due to Trustee	2,038	-	2,038
Other payables and accruals	-	21,461	21,461
Net assets attributable to members*	<u>55,245,758</u>	<u>-</u>	<u>55,245,758</u>
<b>Contractual undiscounted cash flows</b>	<b><u>55,380,361</u></b>	<b><u>21,461</u></b>	<b><u>55,401,822</u></b>

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

(d) Capital risk management

The capital of the Fund is represented by net assets attributable to members of RM67,017,444 (31.08.2023: RM55,245,758). The amount of net assets attributable to members can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of the members. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to the members 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).

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

(e) Fair value estimation (continued)

The fair values of financial assets traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the financial year/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 PRS Provider will determine the point within the bid-ask spread that is most representative of the fair value.

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

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

(i) Fair value hierarchy

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

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

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>31.08.2024</b>				
Financial assets at fair value through profit or loss:				
- Shariah-compliant collective investment scheme	66,247,663	-	-	66,247,663

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>31.08.2023</b>				
Financial assets at fair value through profit or loss:				
- Shariah-compliant collective investment scheme	54,224,095	-	-	54,224,095

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

- (ii) The carrying values of cash and cash equivalents, amount due from the dealers, amount due from the PRS Provider - creation of units, amount due from the PRS Provider - management fee rebates, amount due from the PRS Provider - disposal of Shariah-compliant collective investment scheme and all current liabilities are a reasonable approximation of their fair values due to their short-term nature.
- (iii) The Fund classifies cash and cash equivalents, amount due from the dealers, amount due from the PRS Provider – creation of units, amount due from the PRS Provider - management fee rebates and amount due from the PRS Provider - disposal of Shariah-compliant collective investment scheme as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

4. MANAGEMENT FEE AND PRIVATE PENSION ADMINISTRATOR ADMINISTRATION FEE

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

For the financial year 31 August 2024 and 31 August 2023, the management fee for the respective classes is recognised at the following rates:

Class A	Class C	Class X
1.40%	1.50%	1.40%

The Private Pension Administrator administration fee is recognised at a rate of 0.04% per annum for each unit class, calculated daily based on the NAV of the Fund.

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

**5. TRUSTEE FEE**

In accordance with the Deeds, the Trustee is entitled to a maximum fee of 0.04% per annum for each unit class, calculated daily based on the NAV of the Fund. The Trustee fee includes local custodian fees and charges but excludes foreign custodian fees and charges, subject to minimum fee of RM24,000 per annum.

For the financial year ended 31 August 2024, the Trustee fee is recognised at 0.04% per annum for each unit class (31.08.2023: at 0.04% per annum for each unit class)

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

**6. TAXATION**

	<b>01.09.2023 to 31.08.2024 RM</b>	<b>23.09.2022 (date of launch) to 31.08.2023 RM</b>
Tax charged for the financial year/period:		
- Current taxation	<u>-</u>	<u>-</u>

Income from PRS approved by the SC in accordance with the Capital Markets and Services Act 2007 is exempted from tax in accordance with Schedule 6, Paragraph 20 of the Income Tax Act, 1967 ("ITA").

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

	<b>01.09.2023 to 31.08.2024 RM</b>	<b>23.09.2022 (date of launch) to 31.08.2023 RM</b>
Profit before taxation	<u>5,238,468</u>	<u>4,724,461</u>
Taxation at Malaysian statutory rate of 24% (2023: 24%)	1,257,232	1,133,871
Tax effects of:		
- Income not subject to tax	(1,259,938)	(1,132,932)
- Expenses not deductible for tax purposes	17,434	13,307
- Restriction on tax deductible expenses for PRS Funds	<u>(14,728)</u>	<u>(14,246)</u>
Taxation	<u>-</u>	<u>-</u>

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

	<b>31.08.2024 RM</b>	<b>31.08.2023 RM</b>
- Shariah-compliant collective investment scheme	<u>66,247,663</u>	<u>54,224,095</u>

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

	01.09.2023 to 31.08.2024	23.09.2022 (date of launch) to 31.08.2023
	RM	RM
Net gain on financial assets at fair value through profit or loss:		
- Realised gain on disposals	1,314,705	1,858
- Unrealised fair value gain	3,516,272	4,271,856
- Management fee rebates #	951,256	732,472
	<u>5,782,233</u>	<u>5,006,186</u>

# Management fee rebate is derived from the Fund's investment in Shariah-compliant collective investment scheme on an accruals basis to ensure no double charging of management fee. It is accrued daily based on the fair value of the Shariah-compliant collective investment scheme held.

For the financial year ended 31 August 2024 and 31 August 2023, the rebate is recognised at a rate below per annum calculated and accrued daily based on the NAV of the Shariah-compliant collective investment scheme.

Name of Shariah-compliant collective investment scheme	Rate
	%
Franklin Global Sukuk I acc USD	1.00
Principal DALI Equity Fund	1.85
Principal DALI Global Equity Fund	1.80
Principal Islamic Asia Pacific Dynamic Equity Fund	1.80
Principal Islamic Enhanced Opportunities Fund	1.50
Principal Islamic Global Sukuk Fund MYR	1.00
Principal Islamic Lifetime Sukuk Fund	0.95
Principal Islamic Small Cap Opportunities Fund	1.85

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>31.08.2024</b>				
<b>SHARIAH-COMPLIANT COLLECTIVE INVESTMENT SCHEME</b>				
Franklin Global Sukuk I acc USD	99,587	6,107,444	5,998,721	8.95
Principal DALI Equity Fund	5,951,945	5,683,221	6,894,733	10.29
Principal DALI Global Equity Fund	42,079,898	12,751,727	15,249,755	22.75
Principal Islamic Asia Pacific Dynamic Equity Fund	31,308,863	17,701,708	19,220,511	28.68
Principal Islamic Enhanced Opportunities Fund	8,044,217	5,042,415	6,888,263	10.28
Principal Islamic Lifetime Sukuk Fund	7,939,110	10,051,854	10,477,243	15.63
Principal Islamic Small Cap Opportunities Fund	1,754,405	1,121,166	1,518,437	2.27
<b>TOTAL SHARIAH- COMPLIANT COLLECTIVE INVESTMENT SCHEME</b>	<u><b>97,178,025</b></u>	<u><b>58,459,535</b></u>	<u><b>66,247,663</b></u>	<u><b>98.85</b></u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>31.08.2024 (CONTINUED)</b>				
<b>SHARIAH-COMPLIANT COLLECTIVE INVESTMENT SCHEME (CONTINUED)</b>				
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b>7,788,128</b>		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b>66,247,663</b>		
<b>31.08.2023</b>				
<b>SHARIAH-COMPLIANT COLLECTIVE INVESTMENT SCHEME</b>				
Franklin Global Sukuk I acc USD	55,910	3,355,326	3,388,483	6.13
Principal DALI Equity Fund	5,766,658	5,355,834	5,751,088	10.41
Principal DALI Global Equity Fund	40,176,213	11,857,909	13,748,300	24.89
Principal Islamic Asia Pacific Dynamic Equity Fund	27,209,741	15,048,190	16,230,611	29.38
Principal Islamic Enhanced Opportunities Fund	8,914,035	5,419,023	5,844,041	10.58
Principal Islamic Global Sukuk Fund MYR	1,528,598	388,720	390,404	0.71
Principal Islamic Lifetime Sukuk Fund	5,897,144	7,351,026	7,570,163	13.70
Principal Islamic Small Cap Opportunities Fund	1,950,240	1,176,211	1,301,005	2.35
<b>TOTAL SHARIAH-COMPLIANT COLLECTIVE INVESTMENT SCHEME</b>	<b>91,498,539</b>	<b>49,952,239</b>	<b>54,224,095</b>	<b>98.15</b>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b>4,271,856</b>		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b>54,224,095</b>		

**8. CASH AND CASH EQUIVALENTS**

	<b>31.08.2024</b> RM	<b>31.08.2023</b> RM
Bank balance	<u>517,773</u>	<u>285,304</u>

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

	<b>31.08.2024</b> No. of units	<b>31.08.2023</b> No. of units
Class A (i)	55,253,965	47,679,842
Class C (ii)	5,814,795	4,381,548
Class X (iii)	<u>161,748,935</u>	<u>148,850,830</u>
	<u>222,817,695</u>	<u>200,912,220</u>
(i) Class A		
At the beginning of the financial year/period	47,679,842	-
Add : Creation of units from applications	8,047,771	48,111,032
Less: Cancellation of units	<u>(473,648)</u>	<u>(431,190)</u>
At the end of the financial year/period	<u>55,253,965</u>	<u>47,679,842</u>
(ii) Class C		
At the beginning of the financial year/period	4,381,548	-
Add : Creation of units from applications	1,465,159	4,487,569
Less: Cancellation of units	<u>(31,912)</u>	<u>(106,021)</u>
At the end of the financial year/period	<u>5,814,795</u>	<u>4,381,548</u>
(iii) Class X		
At the beginning of the financial year/period	148,850,830	-
Add : Creation of units from applications	15,814,469	152,454,515
Less: Cancellation of units	<u>(2,916,364)</u>	<u>(3,603,685)</u>
At the end of the financial year/period	<u>161,748,935</u>	<u>148,850,830</u>

**10. TOTAL EXPENSE RATIO (“TER”)**

	<b>31.08.2024</b> %	<b>31.08.2023</b> %
TER*	<u>1.52</u>	<u>1.46</u>

\* before deducting management fee rebates

TER is derived from the following calculation:

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

- A = Management fee
- B = Trustee Fee
- C = Private Pension Administrator administration fee
- D = Audit fee
- E = Tax agent's fee
- F = Other expenses
- G = Average NAV of the Fund calculated on a daily basis

**10. TOTAL EXPENSE RATIO (“TER”) (CONTINUED)**

The average NAV of the Fund for the financial year/period calculated on a daily basis is RM62,848,578 (31.08.2023: RM49,944,763).

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

	<b>31.08.2024</b>	<b>31.08.2023</b>
PTR (times)	<u>0.15</u>	<u>0.58</u>

PTR is derived based on the following calculation:

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

where:

total acquisition for the financial year/period = RM13,035,023 (31.08.2023: RM53,374,371)

total disposal for the financial year/period = RM5,842,431 (31.08.2023: RM3,882,169)

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

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

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

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

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

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

	<b>01.09.2023 to 31.08.2024</b>	<b>23.09.2022 (date of launch) to 31.08.2023</b>
	<b>RM</b>	<b>RM</b>
<u>Significant related party transactions</u>		
Dividend of Shariah-compliant collective investment scheme:		
- Principal DALI Global Equity Fund	210,799	49,997
- Principal Islamic Asia Pacific Dynamic Equity Fund	-	146,113
- Principal Islamic Enhanced Opportunities Fund	-	26,610
- Principal Islamic Lifetime Sukuk Fund	209,982	235,459
	<u>420,781</u>	<u>458,179</u>
<u>Significant related party balances</u>		
	<b>31.08.2024</b>	<b>31.08.2023</b>
	<b>RM</b>	<b>RM</b>
Shariah-compliant collective investment scheme managed by the PRS Provider:		
Principal DALI Equity Fund	6,894,733	5,751,088
Principal DALI Global Equity Fund	15,249,755	13,748,300
Principal Islamic Asia Pacific Dynamic Equity Fund	19,220,511	16,230,611
Principal Islamic Enhanced Opportunities Fund	6,888,263	5,844,041
Principal Islamic Global Sukuk Fund MYR	-	390,404
Principal Islamic Lifetime Sukuk Fund	10,477,243	7,570,163
Principal Islamic Small Cap Opportunities Fund	1,518,437	1,301,005
	<u>60,248,942</u>	<u>50,835,612</u>

**13. TRANSACTIONS WITH BROKERS/DEALERS**

Details of transactions with the brokers/dealers for the financial year ended 31 August 2024 are as follows:

<b>Brokers/Dealers</b>	<b>Value of trades</b>	<b>Percentage of total trades</b>	<b>Brokerage fees</b>	<b>Percentage of total brokerage fees</b>
	<b>RM</b>	<b>%</b>	<b>RM</b>	<b>%</b>
Principal Asset Management Bhd #	15,929,521	84.38	-*	-
Franklin Global Sukuk I acc USD	2,947,933	15.62	-*	-
	<u>18,877,454</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

**13. TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)**

Details of transactions with the brokers/dealers for the financial period ended from 23 September 2022 (date of launch) to 31 August 2023 are as follows:

<b>Brokers/Dealers</b>	<b>Value of trades RM</b>	<b>Percentage of total trades %</b>	<b>Brokerage fees RM</b>	<b>Percentage of total brokerage fees %</b>
Principal Asset Management Bhd #	53,899,292	94.14	-*	-
Franklin Global Sukuk I acc USD	3,357,248	5.86	-*	-
	<u>57,256,540</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

\* No brokerage fee is charged for collective investment scheme transaction.

# Included in the transactions are trades conducted with Principal Asset Management Bhd, PRS Provider, amounting to RM15,929,521 (31.08.2023: RM53,899,292) respectively. The PRS Provider 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 parties.

**14. COMPARATIVE FINANCIAL INFORMATION**

The financial statements for the current financial year were prepared as at 31 August 2024 and for the year from 1 September 2023 to 31 August 2024. The financial statements for the comparative financial period were prepared as at 31 August 2023 and for the period from 23 September 2022 (date of launch) to 31 August 2023, and are therefore not comparable to the current year's financial statements.

**15. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements have been approved for issue by the PRS Provider on 25 October 2024.

**DIRECTORY**

**Head Office of the PRS Provider**

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 RetireEasy 2040**

Deutsche Trustees Malaysia Berhad (Co. No.: 200701005591 (763590-H))  
Level 20 Menara IMC,  
8 Jalan Sultan Ismail,  
50250 Kuala Lumpur, MALAYSIA.  
Tel: (03) 2053 7522  
Fax: (03) 2053 7526

**Shariah Adviser of the Principal Islamic RetireEasy 2040**

Amanie Advisors Sdn. Bhd. (Company No.: 2005011007003 (684050-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

**Auditors of the Fund and of the PRS Provider**

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