

PRINCIPAL INSTITUTIONAL BOND FUND 8
QUARTERLY REPORT
FOR THE QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2025

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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 Quarterly Fund Report of the Principal Institutional Bond Fund 8 for the financial period ended 31 March 2025. You may also download this report from our website at www.principal.com.my.

We are thankful to share that investors like you have helped make our recent recognition at the LSEG Lipper Fund Awards 2025 possible, where Principal Malaysia received nine awards. These acknowledgements reflect the collaborative effort of our entire team to deliver investment solutions that meet your needs. We have recently been awarded 'Asset Management Company of the Year (Malaysia)' by The Asset Triple A Sustainable Investing Awards for Institutional Investors, ETFs, and Asset Servicing Providers 2025.

Building on our recent success, we have garnered numerous accolades throughout 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, ten at the FSMOne Recommended Funds 2023/2024, and two at the Edge ESG Awards 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 (@PrincipalMalaysia), follow us on our Instagram account (@principalmalaysia), and LinkedIn page (Principal Malaysia) for the latest updates, market insights and investment articles.

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

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

Munirah Khairuddin

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

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

The Fund aims to provide regular income by investing in fixed income securities.

Has the Fund achieved its objective?

The Fund has achieved its objective in investing in a diversified pool of fixed income securities which provided regular income over the medium to long-term.

What are the Fund investment policy and principal investment strategy?

The Fund will be managed with the aim of achieving regular income through a diversified portfolio of MYR-denominated fixed income securities. The Fund will invest up to 100% of its NAV in government or government-guaranteed bonds and up to 80% of its NAV in corporate bonds (including commercial papers) which carry a minimum credit rating of "A3" or "P1" by RAM or equivalent rating by MARC or equivalent by any reputable credit rating agency. The Fund may also invest up to 10% in Securitised Securities.

The asset allocation strategy for the Fund is as follows:

- Up to 100% in fixed income securities, out of which:
- Up to 100% of the Fund's NAV in government and/or government-guaranteed bonds;
- Up to 80% of the Fund's NAV in corporate bonds;
- Up to 50% of the Fund's NAV in liquid assets such as cash and cash equivalents; and/or
- Up to 10% of the Fund's NAV may be invested in Securitised Securities.

Fund category/type

Wholesale Fund (Bond)/Income

When was the Fund launched?

| Name of Class | Launch Date |
|---------------|----------------|
| Class MYR | 28 August 2024 |

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

RM370.70 million (366.03 million units)

What is the Fund's benchmark?

10% FTSE Bond Pricing Agency Malaysia ("BPAM") Government 1Y-3Y All Bond Index + 30% FTSE BPAM Government 3Y-7Y All Bond Index + 40% FTSE BPAM Corporates 1Y-3Y All Bond Index + 20% FTSE BPAM Corporates 3Y-7Y All Bond Index

Note: The Fund's benchmark is for performance comparison purpose only. The benchmark is customised as such to align it closer to the structure of the investment portfolio. Information on the benchmark can be obtained from www.bpam.com.my.

What is the Fund distribution policy?

Depending on the level of income (if any) that this Fund generates, this Fund aims to distribute part or all of its distributable income on a quarterly basis.

What was the net income distribution for the financial period from 1 January 2025 to 31 March 2025?

The Fund distributed a total net income of RM3.18 million to unit holders for the financial period from 1 January 2025 to 31 March 2025.

FUND OBJECTIVE AND POLICY (CONTINUED)

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

| Date | NAV per unit (before distribution) RM | NAV per unit (after distribution) RM |
|-------------------------------|---|--|
| Distribution on 25 March 2025 | 1.0213 | 1.0125 |

Breakdown of distribution were as follows:

| | 31.03.2025 | |
|---|------------|--------|
| Source of distribution | RM | % |
| Distribution out of current period's income | 3,176,725 | 100.00 |
| Distribution out of prior period's income/capital | - | - |
| Total | 3,176,725 | 100.00 |

PERFORMANCE DATA

Details of portfolio composition of the Fund for the unaudited financial period were as follows:

| | 31.03.2025 |
|---|------------|
| | % |
| Unquoted fixed income securities | 94.04 |
| Deposits with licensed financial institutions | 5.93 |
| Cash and other assets | 0.05 |
| Liabilities | (0.02) |
| | 100.00 |

Performance details of the Fund for the unaudited financial period were as follows:

| | 31.03.2025 |
|--|-----------------------------|
| NAV (RM Million) | |
| - Class MYR | 370.70 |
| Units in circulation (Million) | |
| - Class MYR | 366.03 |
| NAV per unit (RM) | |
| - Class MYR | 1.0128 |
| | 01.01.2025 to 31.03.2025 |
| Highest NAV per unit (RM) | |
| - Class MYR | 1.0213 |
| Lowest NAV per unit (RM) | |
| - Class MYR | 1.0096 |
| Total return (%) | |
| - Class MYR | 1.17 |
| Capital growth (%) | |
| - Class MYR | 0.31 |
| Income distribution (%) | |
| - Class MYR | 0.86 |
| Total Expense Ratio ("TER") (%) | 0.05 |
| Portfolio Turnover Ratio ("PTR") (times) | 0.11 |

PERFORMANCE DATA (CONTINUED)

| | Since inception to 31.03.2025 % |
|-------------------------------|--|
| Annual total return | |
| - Class MYR | 2.35 |
| (Launch date: 28 August 2024) | |

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 JANUARY 2025 TO 31 MARCH 2025)

Moody's affirmed Malaysia's sovereign credit rating at A3/Stable on 25 January stating that medium-term growth prospects remain buoyant. It cited structural credit strengths complemented by deep domestic financial markets and recognizes the government's efforts for structural and institutional reforms.

Malaysia's economy grew by 5.0% year-on-year ("YoY") in 4Q2024, higher than the official advance estimates of 4.8% released earlier. The fourth quarter of 2024 ("4Q2024") growth was supported by the strong expansion in investment activities, sustained household spending amid improved labor market conditions and policy support as well as continued growth in exports of goods and services. Full year Gross Domestic Product ("GDP") growth accelerated to 5.1%, sharply higher than 3.6% in 2023, due to continued expansion in domestic demand of +6.5% YoY (2023: +4.6% YoY) and a rebound in net exports to +2.2% YoY (2023: -16.2% YoY).

Bank Negara Malaysia ("BNM") maintained the Overnight Policy Rate ("OPR") at 3.00% during its Monetary Policy Committee ("MPC") meeting in March 2024, whilst remaining constructive on global and domestic growth outlook. The statement also highlighted external and global policy uncertainties, particularly the US trade and tariff policies under the Trump 2.0 administration.

BNM also released its 2024 Annual Report on 24th March 2024 and affirmed its growth forecast for 2025 at 4.5% to 5.5% despite acknowledging considerable external uncertainties. While the central bank trimmed its growth outlook for net external demand, they revised the growth outlook for public consumption and investment activities upwards. Meanwhile, they maintained the headline inflation and core inflation forecasts at +2.0% to 3.5%, and +1.5% to 2.5%, for 2025 respectively.

Despite the 13.3% increase in minimum wages w.e.f 1st February 2025, Malaysia's headline inflation rate eased to +1.5% YoY in February 2025 (January 2025: +1.7%), while core inflation edged up to +1.9% YoY (January 2025: +1.8%).

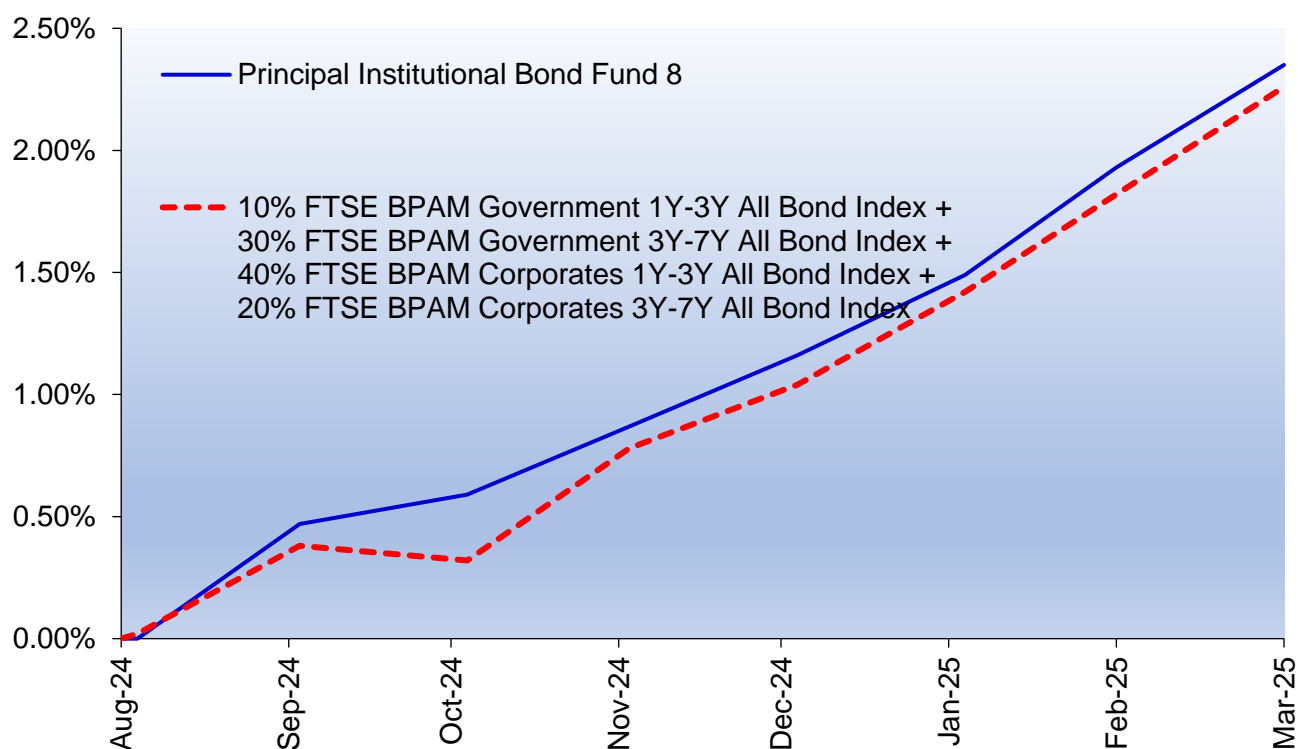
In February, Malaysia's exports growth picked up with +6.2% YoY (January 2025: +0.3%), while imports grew +5.5% YoY (January 2025: +6.2%), leading to a higher trade surplus of RM5.9 billion (January 2025: RM3.7 billion). Exports to the US and namely Electrical and Electronics were particularly strong, possibly due to the front-loading activities ahead of "Liberation Day".

Malaysia's manufacturing sector conditions remained contraction for the 10th consecutive month in March with the seasonally adjusted manufacturing Purchasing Manager's Index ("PMI") registering 48.9 (February 2025: 49.7), as new orders eased the most in a year and production fell. Meanwhile, Malaysia's unemployment rate remained at 3.1% in January 2025 (December 2024: 3.1%).

FUND PERFORMANCE

| | 3 months to 31.03.2025 | 6 months to 31.03.2025 | Since inception to 31.03.2025 |
|----------------------|-----------------------------------|-----------------------------------|--|
| | % | % | % |
| Income Distribution | 0.86 | 1.09 | 1.09 |
| Capital Growth | 0.31 | 0.78 | 1.25 |
| Total Return | 1.17 | 1.87 | 2.35 |
| Benchmark | 1.21 | 1.88 | 2.26 |
| Average Total Return | 4.85 | 3.79 | 4.03 |

The Fund returned 1.17% over the last three months, while the Benchmark returned 1.21%. Meanwhile, the Fund returned 1.87% over the last six months, while the Benchmark returned 1.88%. Since inception, the Fund has returned 2.35% vis-à-vis the Benchmark which returned 2.26%.

Since inception
- Class MYR

Changes in NAV

| CLASS MYR | 31.03.2025 | 31.12.2024 Audited | Changes % |
|------------------|-------------------|-------------------------------|----------------------|
| NAV (RM Million) | 370.70 | 361.79 | 2.46 |
| NAV/Unit (RM) | 1.0128 | 1.0093 | 0.35 |

The Fund's NAV as at 31 March 2025 stood at RM370.70 million, growing by 2.46% since end-December 2024. Meanwhile, the NAV per unit grew by 0.35% to RM1.0128 as at end-March 2025.

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

FUND PERFORMANCE (CONTINUED)**Asset allocation**

| (% of NAV) | 31.03.2025 | 31.12.2024 Audited |
|---|---------------|-----------------------|
| Unquoted fixed income securities | 94.04 | 92.96 |
| Deposits with licensed financial institutions | 5.93 | 5.54 |
| Cash and other assets | 0.05 | 1.51 |
| Liabilities | (0.02) | (0.01) |
| Total | 100.00 | 100.00 |

As at 31 March 2025, the Fund is 94.04% invested in fixed income securities, 5.93% invested in deposits with licensed financial institutions and 0.05% in cash and other assets holding as liquidity for redemption purposes.

MARKET OUTLOOK*

We are mindful of the external headwinds due to US trade policy and tariff actions and potential geopolitical tensions, thereby leading to a risk off sentiment. We could see market volatility to persist in the coming months. At the time of writing, government bonds have rallied aggressively following Trump's announcement on Liberation Day, and credit spreads have widened. Meanwhile the markets appears to be pricing in 1 cut within 6 months, and 2 cuts within 12 months in the OPR.

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

INVESTMENT STRATEGY

We are inclined to take some profit on the government bonds, and to redeploy into credit (both primary and secondary) given widening credit spreads. We will have to be selective in the credit picks, as the overall credit environment appears to be weakening. We prefer issuers with strong financial metrics and fewer exposures to external trade shocks. Overall, we continue to prefer credit segment for better yield pickup. We maintain our slight overweight duration bias relative to the benchmark.

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. The Manager may retain goods and services (soft commission) provided by any broker or dealer if the following conditions are met:

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

During the financial 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.

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2025 TO 31 MARCH 2025**

**01.01.2025
to 31.03.2025
RM**

INCOME

| | |
|---|------------------|
| Interest income from unquoted fixed income securities at fair value through profit and loss | 3,126,060 |
| Interest income from deposits with licensed financial institutions at amortised cost | 250,049 |
| Net gain on financial assets at fair value through profit or loss | 1,199,502 |
| | <u>4,575,611</u> |

EXPENSES

| | |
|-----------------|----------------|
| Management fee | 136,118 |
| Trustee fee | 27,224 |
| Audit fee | 2,589 |
| Tax agent's fee | 1,267 |
| Other expenses | 875 |
| | <u>168,073</u> |

PROFIT BEFORE DISTRIBUTION AND TAXATION 4,407,538

| | |
|----------------|------------------|
| Distributions: | |
| - Class MYR | <u>3,176,725</u> |

PROFIT BEFORE TAXATION 1,230,813

| | |
|----------|----------|
| Taxation | <u>-</u> |
|----------|----------|

**PROFIT AFTER TAXATION, REPRESENTING TOTAL
COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD** 1,230,813

Profit after taxation is made up as follows:

| | |
|-------------------|------------------|
| Realised amount | 207,166 |
| Unrealised amount | 1,023,647 |
| | <u>1,230,813</u> |

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025**

| | 31.03.2025 | 31.12.2024 |
|---|--------------------|--------------------|
| | RM | Audited RM |
| ASSETS | | |
| Cash and cash equivalents | 2,147,944 | 5,499,202 |
| Financial assets at fair value through profit or loss | 368,615,895 | 356,342,660 |
| TOTAL ASSETS | <u>370,763,839</u> | <u>361,841,862</u> |
| LIABILITIES | | |
| Accrued management fee | 47,149 | 42,914 |
| Amount due to Trustee | 9,430 | 8,583 |
| Other payables and accruals | 5,316 | 1,458 |
| TOTAL LIABILITIES | <u>61,895</u> | <u>52,955</u> |
| NET ASSET VALUE OF THE FUND | <u>370,701,944</u> | <u>361,788,907</u> |
| NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS | <u>370,701,944</u> | <u>361,788,907</u> |
| REPRESENTED BY: | | |
| FAIR VALUE OF OUTSTANDING UNITS (RM) | | |
| - Class MYR | <u>370,701,944</u> | <u>361,788,907</u> |
| NUMBER OF UNITS IN CIRCULATION (UNITS) | | |
| - Class MYR | <u>366,025,903</u> | <u>358,428,389</u> |
| NET ASSET VALUE PER UNIT (RM) | | |
| - Class MYR | <u>1.0128</u> | <u>1.0093</u> |

**UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2025 TO 31 MARCH 2025**

**01.01.2025
to 31.03.2025
RM**

**NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE DATE OF
PERIOD**

361,788,907

Movements due to units created and cancelled during the financial period:

Creation of units from applications

- Class MYR

4,505,499

Creation of units from distributions

- Class MYR

3,176,725

Cancellation of units

- Class MYR

-

Total comprehensive income for the financial period

1,230,813

**NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE
FINANCIAL PERIOD**

370,701,944

**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2025 TO 31 MARCH 2025**

**01.01.2025
to 31.03.2025
RM**

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|--------------------|
| Proceeds of unquoted fixed income securities | 37,347,875 |
| Purchase from disposal of unquoted fixed income securities | (47,149,304) |
| Interest income received from deposits with licensed financial institutions and current account | 40,323 |
| Interest income received from unquoted fixed income securities | 2,063,482 |
| Management fee paid | (131,883) |
| Trustee fee paid | (26,377) |
| Payment of other fees and expenses | (873) |
| Net cash used in operating activities | (7,856,757) |

CASH FLOWS FROM FINANCING ACTIVITIES

| | |
|---|------------------|
| Cash proceeds from units created | 4,505,499 |
| Payments for cancellation of units | - |
| Distributions paid | - |
| Net cash generated from financing activities | 4,505,499 |

| | |
|--|------------------|
| Net decrease in cash and cash equivalents | (3,351,258) |
| Cash and cash equivalents at the beginning of the financial period | 5,499,202 |
| Cash and cash equivalents at the end of the financial period | <u>2,147,944</u> |

Cash and cash equivalents comprised of:

| | |
|--|------------------|
| Bank balances | 2,147,944 |
| Deposit with licensed financial institutions | - |
| Cash and cash equivalents at the end of the financial period | <u>2,147,944</u> |

DIRECTORY

Head Office of the Manager

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Trustee for the Principal Institutional Bond Fund 8

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