

PRINCIPAL ISLAMIC AGGRESSIVE WHOLESALE FUND-OF-FUNDS
QUARTERLY REPORT
FOR THE QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

CONTENTS	PAGE(S)
INVESTORS' LETTER	i
MANAGER'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 Unit Holders	
Cross Trade	
Unit Split	
SHARIAH ADVISER'S REPORT	1
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME	2
UNAUDITED STATEMENT OF FINANCIAL POSITION	3
UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	4
UNAUDITED STATEMENT OF CASH FLOWS	5
DIRECTORY	6

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 Islamic Aggressive Wholesale Fund Of Fund for the financial period ended 31 October 2023. You may also download this report from our website at www.principal.com.my.

We are happy to share that Principal won two awards at the International Finance's 2023 Financial Awards and Leadership Awards. The awards were for Best Asset Management Company (Malaysia) and Best Asset Management CEO (Malaysia) – Ms. Munirah Khairuddin.

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 (www.principal.com.my), 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

Country Head and Chief Executive Officer, Malaysia
Non-Independent Executive Director

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

The Fund aims to achieve capital growth by investing in a portfolio of Shariah-compliant collective investment schemes that invest primarily in Shariah-compliant equities.

Has the Fund achieved its objective?

The Fund is in line to achieve its long-term objectives as stated in the Fund investment policy.

What are the Fund investment policy and principal investment strategy?

In order to achieve its objective, the Fund will invest up to 100% of its Net Asset Value ("NAV") in at least three (3) Islamic collective investment schemes investing predominantly in Shariah-compliant equities. The Fund may also invest up to 5% of its NAV in Islamic liquid assets such as Islamic money market instruments and/or Islamic deposits for liquidity purposes.

The allocation between the Islamic collective investment schemes is done through a combination of macroeconomic data, liquidity trends and the outlook to overweight or underweight a particular Islamic collective investment schemes. The Fund may invest in Islamic collective investment schemes that focus its investment in the Asia Pacific ex Japan region, i.e. companies that are domiciled in, listed in, and/or have operations or businesses that focus in the Asia Pacific ex Japan region, where the regulatory authority is an ordinary or associate member of the International Organization of Securities Commissions ("IOSCO") which include but not limited to Australia, the People's Republic of China, Hong Kong special administrative region ("SAR"), India, Indonesia, South Korea, Malaysia, New Zealand, the Philippines, Singapore, Taiwan, Thailand and Sri Lanka. As an aggressive fund, this enables the Fund to exploit the investment opportunities provided by foreign markets. When deemed necessary, the Manager may also focus in local investments to safeguard the investment portfolio of the Fund or when the Manager see opportunities in local markets.

Fund category/type

Wholesale Fund (Fund-of-funds - Shariah-compliant)/ Growth

When was the Fund launched?

24 November 2017

What was the size of the Fund as at 30 September 2023?

RM11.70 million (11.57 million units)

What is the Fund's benchmark?

As a fund-of-funds, the Fund is benchmark unconstrained, i.e. it will be managed without reference to any specific benchmark. However, for performance comparison purpose, the Fund can be compared to the 50% MSCI All Country ("AC") Asia ex Japan Islamic ("MIASJ") Index + 50% FTSE Bursa Malaysia ("FBM") EMAS Shariah ("FBMS") Index.

Note: Investors are cautioned that the risk profile of the Fund is different from the benchmark.

What is the Fund distribution policy?

The Fund is not expected to pay any distribution. However, the Manager has the discretion to make income distribution on an ad-hoc basis, depending on the availability of realised income and/or realised gains, as well as the performance of the Fund.

What was the net income distribution for the financial period from 1 July 2023 to 30 September 2023?

There was no distribution made for the financial period from 1 July 2023 to 30 September 2023.

PERFORMANCE DATA

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

	30.09.2023	30.09.2022	30.09.2021
	%	%	%
Shariah-compliant collective investment schemes	98.27	97.47	95.62
Cash and other assets	1.99	2.93	4.61
Liabilities	(0.26)	(0.40)	(0.23)
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	30.09.2023	30.09.2022	30.09.2021
NAV (RM Million)	11.70	8.57	7.96
Units in circulation (Million)	11.57	9.22	6.91
NAV per unit (RM)	1.0113	0.9296	1.1518

	01.07.2023 to 30.09.2023	01.07.2022 to 30.09.2022	01.07.2021 to 30.09.2021
Highest NAV per unit (RM)	1.0341	1.0100	1.1789
Lowest NAV per unit (RM)	1.0025	0.9296	1.1166
Total return (%)	0.46	(4.98)	1.03
- Capital growth (%)	0.46	(4.98)	1.03
- Income distribution (%)	-	-	-
Total Expense Ratio ("TER") (%) ^	0.07	0.50	0.53
Portfolio Turnover Ratio ("PTR") (times) #	0.03	0.05	0.07

^ The Fund's TER decreased from 0.50% to 0.07% due to increase in average NAV during the period.

For the financial period under review, the portfolio turnover ratio for the Fund decreased from 0.05 times to 0.03 times, as there were lesser trading activities during the period.

	30.09.2023	30.09.2022	30.09.2021	30.09.2020	30.09.2019
	%	%	%	%	%
Annual total return	8.78	(19.28)	11.22	13.97	(5.01)

(Launch date: 24 November 2017)

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 JULY 2023 TO 30 SEPTEMBER 2023)

Local Equity

In July 2023, the FBMS Index gained 537.9 points ("pts") to 10,952.72 or 5.16%, fully reversing the loss sustained for the entire year. Sentiment was sharply lifted by the slump in the US Dollar ("USD"), benefiting the Malaysian Ringgit ("MYR/RM"), and waning expectations of a US recession following recent favorable economic data points. Malaysia's Project Management Institute ("PMI") reading for July 2023 was 47.8 pts, a slight improvement versus June 2023. The Malaysian manufacturing sector continued to indicate sustained weakness in operating conditions in July 2023.

MARKET REVIEW (1 JULY 2023 TO 30 SEPTEMBER 2023) (CONTINUED)

Local Equity (continued)

The FBMS Index lost 2.15 pts to 10,920.54 or 0.29% in August 2023, dragged by Telcos despite huge interest in Property, Construction and Transport. Sentiment was dampened by rebound in the USD and rising US treasury yields on expectations of further interest rate hikes in the US as economic data points remain strong. Malaysia's economy expanded 5.6% year-on-year in first quarter of 2023 ("1Q23") but expected to moderate to 3.6% year-on-year in second quarter of 2023 ("2Q23") according to economists polled by Bloomberg.

The FBMS Index lost 46.1 pts or 0.4% in September 2023. The sell-off, which largely concentrated towards the last week of the month, was rather broad-based, led by Commodities. While there could be volatility caused by quarter-end rebalancing, investors were spooked by US treasury yields at a 16-year high and persistent dollar strength affecting Emerging markets ("EM"), in addition to the US Federal Reserve (the "Fed's") hawkish messaging on interest rates. Malaysia's PMI reading for September 2023 was 46.8 pts against 47.8 pts in August 2023. According to Standard & Poor's ("S&P") Global, Malaysian manufacturers continued to endure demand weakness which further caused a stronger moderation in output, new orders and exports.

Asian Equity

MIASJ Index rose 4.4% in July 2023 in a broad-based rally led by China, Singapore and Malaysia. The US 10-year bond yield rose by 12 basis points ("bps") to 3.96% while the USD Index declined 1.0% during the month.

In August 2023 MIASJ Islamic Index declined 6.1% in a broad-based decline led by China as certain economic data such as inflation and credit growth disappointed. The US 10-year bond yield rose by 14bps to 4.11% while the Dollar Index rose by 1.2% during the month.

In September 2023 MIASJ Index declined 2.1% in USD terms in a broad-based decline led by China, North Asia, Australia and Thailand as expectations for "higher-than-longer" interest rates sink in. The US 10-year bond yield rose 46bps to 4.57% while the Dollar Index rose 2.5% during the month. Brent oil rose 9.7% to USD95.30 per barrel, adding uncertainty to the inflation trajectory.

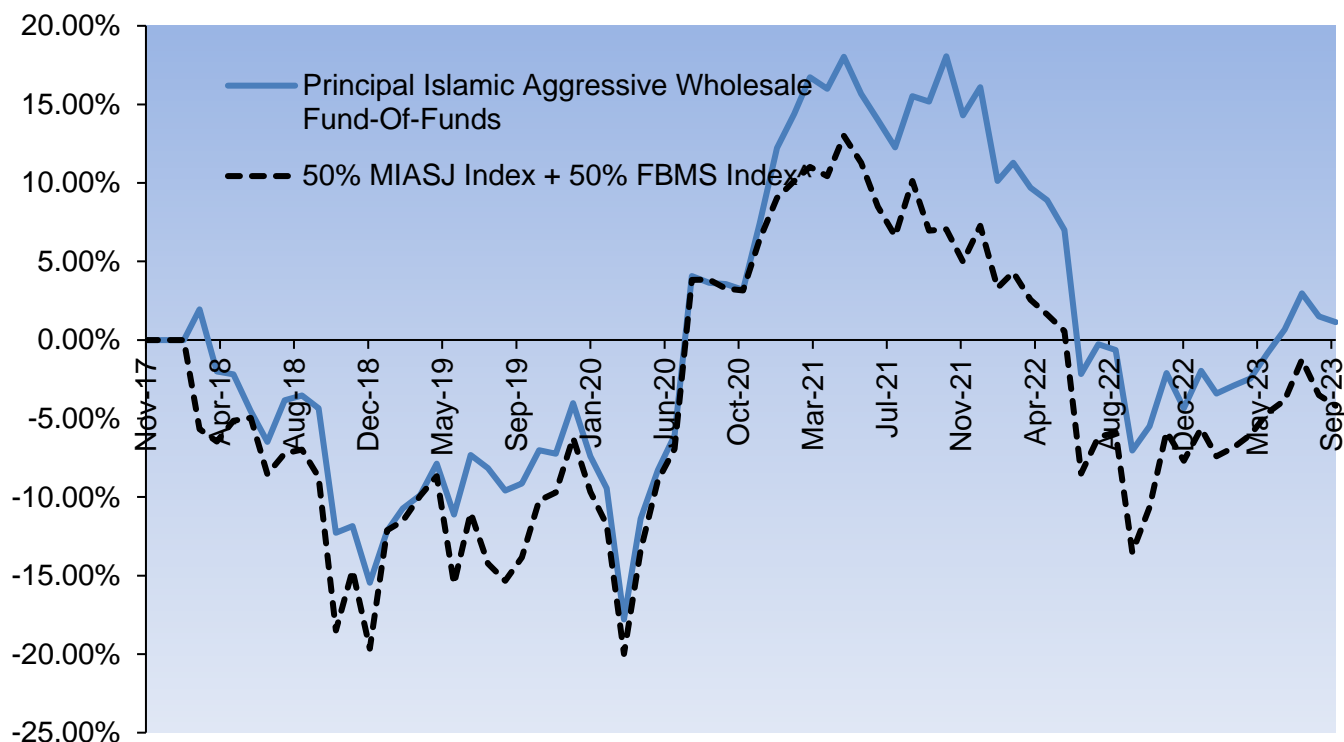
FUND PERFORMANCE

	3 months to 30.09.2023 %	6 months to 30.09.2023 %	1 year to 30.09.2023 %	3 years to 30.09.2023 %	5 years to 30.09.2023 %	Since inception to 30.09.2023 %
Income						
Distribution	-	-	-	-	-	-
Capital Growth	0.46	4.15	8.78	(2.35)	5.72	1.13
Total Return	0.46	4.15	8.78	(2.35)	5.72	1.13
Benchmark	(0.37)	2.85	10.87	(7.23)	0.84	(4.19)
Average Total Return	1.85	8.47	8.78	(0.79)	1.12	0.19

For the financial period under review, the Fund increased by 0.46%, outperforming the benchmark which decreased by 0.37%.

FUND PERFORMANCE (CONTINUED)

Since Inception



[^] As a Fund-of-Funds, the Fund is benchmark unconstrained. However, for performance comparison purpose, the Fund can be compared to the MIASJ Index +50% FBMS Index.

Changes in NAV

	30.09.2023	31.12.2022 Audited	Changes %
NAV (RM Million)	11.70	9.57	22.26
NAV/Unit (RM)	1.0113	0.9563	5.75

During the financial period under review, the total NAV for the Fund increased 22.26%. Meanwhile, the NAV per unit of the Fund increased by 5.75% during the same period 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 period have been extracted from Lipper.

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	30.09.2023	31.12.2022 Audited
Shariah-compliant collective investment schemes	98.27	96.45
Cash and other assets	1.86	3.79
Liabilities	(0.13)	(0.24)
TOTAL	100.00	100.00

PORTFOLIO STRUCTURE (CONTINUED)**Asset allocation (continued)**

During the financial period under review, the Fund was fully invested with minimal level of liquid assets maintained primarily for redemption purposes.

MARKET OUTLOOK***Local Equity**

We remain constructive on sectors that stand to gain from the National Energy Transition Roadmap ("NETR") which includes Utilities, Construction, and Property. In addition, we also favor selective Technology due to the ongoing structural growth trends in the sector. Key risks are the derailment of Malaysia's macroeconomic recovery and corporate earnings growth due to the larger-than-expected impact of rising inflation, slower global economic growth, and heightened geopolitical risks.

Asian Equity

The Fed has revised upwards its estimates for 2024/2025 median fed funds rate by 50bps to 5.1% and 3.9% respectively from 4.6% and 3.4% while keeping the 2023 median rate unchanged - implying one more rate hike to a median of 5.6% this year. In the near term, the US 10-year treasury bond yield is undergoing a price discovery. With increased treasury issuance in the second half of 2023 ("2H23"), we expect US monetary policy to remain relatively hawkish for the next few months. While we expect oil price to remain elevated at USD80-100 per barrel in 2024, we do not expect a breakout beyond USD100 per barrel to be sustainable.

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

INVESTMENT STRATEGY

The Fund will continue to remain fully invested in the Shariah-compliant Collective Investment Schemes with minimal cash kept for liquidity purposes.

SOFT COMMISSIONS AND REBATES

Principal Asset Management Berhad (the "Manager") and the Trustee will not retain any form of rebate 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 rebates 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 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 the Manager will not enter into unnecessary trades in order to achieve a sufficient volume of transactions to qualify for soft commissions.

SOFT COMMISSIONS AND REBATES (CONTINUED)

During the financial period under review, the Manager and the 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 such as financial wire services and stock quotations system incidental to investment management of the Funds. The Manager 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 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 have been carried out during the financial period under review.

Shariah Adviser's Report

To the Unit Holders of Principal Islamic Aggressive Wholesale Fund-of-Funds ("Fund")

For the Financial Period from 1 July 2023 to 30 September 2023

We hereby confirm the following:

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

For Amanie Advisors Sdn Bhd

Tan Sri Dr Mohd Daud Bakar
Executive Chairman

Kuala Lumpur
16 November 2023

PRINCIPAL ISLAMIC AGGRESSIVE WHOLESALE FUND-OF-FUNDS

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 JULY 2023 TO 30 SEPTEMBER 2023**

	01.07.2023 to 30.09.2023 RM	01.07.2022 to 30.09.2022 RM
INCOME/(LOSS)		
Dividend	-	65,703
Hibah	55	57
Net gain/(loss) on financial assets at fair value through profit or loss	107,693	(464,720)
	<u>107,748</u>	<u>(398,960)</u>
EXPENSES		
Management fee	53,162	39,398
Trustee	1,034	766
Audit fee	1,765	1,764
Tax agent's fee	1,260	1,260
Other expenses	62	1,262
	<u>57,283</u>	<u>44,450</u>
PROFIT/(LOSS) BEFORE TAXATION	50,465	(443,410)
Taxation	-	-
PROFIT/(LOSS) AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD	<u>50,465</u>	<u>(443,410)</u>
Profit/(Loss) after taxation is made up as follows:		
Realised amount	(8,147)	57,974
Unrealised amount	58,612	(501,384)
	<u>50,465</u>	<u>(443,410)</u>

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023**

	30.09.2022	31.12.2022
	RM	Audited RM
ASSETS		
Cash and cash equivalents	211,494	289,604
Financial assets at fair value through profit or loss	11,501,947	9,227,357
Amount due from Manager		
- creation of units	6,601	72,622
TOTAL ASSETS	<u>11,720,042</u>	<u>9,589,583</u>
LIABILITIES		
Amount due to Manager	-	1,214
Accrued management fee	1,614	1,026
Amount due to Trustee	340	282
Other payables and accruals	13,376	20,177
TOTAL LIABILITIES	<u>15,330</u>	<u>22,699</u>
NET ASSET VALUE OF THE FUND	<u>11,704,712</u>	<u>9,566,884</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	<u>11,704,712</u>	<u>9,566,884</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	<u>11,573,143</u>	<u>10,003,368</u>
NET ASSET VALUE PER UNIT (RM)	<u>1.0113</u>	<u>0.9563</u>

PRINCIPAL ISLAMIC AGGRESSIVE WHOLESALE FUND-OF-FUNDS

**UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2023 TO 30 SEPTEMBER 2023**

	01.07.2023 to 30.09.2023 RM	01.07.2022 to 30.09.2022 RM
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>11,431,844</u>	<u>8,140,716</u>
Movement due to units created and cancelled during the financial period:		
- Creation of units from applications	361,638	890,067
- Cancellation of units	<u>(139,235)</u>	<u>(20,452)</u>
	<u>222,403</u>	<u>869,615</u>
Total comprehensive income/(loss) for the financial period	<u>50,465</u>	<u>(443,410)</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL PERIOD	<u><u>11,704,712</u></u>	<u><u>8,566,921</u></u>

**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2023 TO 30 SEPTEMBER 2023**

	01.07.2023 to 30.09.2023 RM	01.07.2022 to 30.09.2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Purchase of Shariah-compliant collective investment schemes	(691,000)	(866,703)
Dividend income received	-	65,703
Hibah	55	57
Management fee paid	(52,019)	(38,841)
Management fee rebate received	48,320	36,175
Trustee fee paid	(1,012)	(755)
Payments for other fees and expenses	(64)	(1,660)
Net cash used in operating activities	<u>(695,720)</u>	<u>(806,024)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	402,254	857,881
Distribution paid	(139,235)	(9,614)
Net cash generated from financing activities	<u>263,019</u>	<u>848,267</u>
Net (decrease)/increase in cash and cash equivalents	(432,701)	42,243
Cash and cash equivalents at the beginning of the financial period	<u>644,195</u>	<u>152,634</u>
Cash and cash equivalents at the end of the financial period	<u><u>211,494</u></u>	<u><u>194,877</u></u>
<u>Cash and cash equivalents comprised of:</u>		
Bank balances	<u>211,494</u>	<u>194,877</u>
Cash and cash equivalents at the end of the financial period	<u><u>211,494</u></u>	<u><u>194,877</u></u>

DIRECTORY

Head Office of the Manager

Principal Asset Management Berhad (Company No.: 199401018399 (304078-K))
10th Floor, Bangunan CIMB,
Jalan Semantan,
Damansara Heights,
50490 Kuala Lumpur,
MALAYSIA.
Tel: (03) 2084 8888

Website

www.principal.com.my

E-mail address

service@principal.com.my

Customer Care Centre

(03) 7723 7260

Chat with us via WhatsApp:

(6016) 299 9792

Trustee for the Principal Islamic Aggressive Wholesale Fund-of-Funds

PB Trustee Services Berhad (Company No.: 196801000374 (7968-T))
17th Floor, Menara Public Bank,
146, Jalan Ampang,
50450 Kuala Lumpur, MALAYSIA.
Tel: (03) 2177 3127
Fax: (03) 2164 6197

Shariah Adviser of the Principal Islamic Aggressive Wholesale Fund-of-Funds

Amanie Advisors Sdn. Bhd. (Company No.: 200501007003 (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