

**PRINCIPAL ISLAMIC CONSERVATIVE WHOLESALE FUND-OF-FUNDS**

**QUARTERLY REPORT**

**FOR THE QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024**

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**PRINCIPAL ISLAMIC CONSERVATIVE WHOLESALE FUND-OF-FUNDS**

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**INVESTOR 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 Conservative Wholesale Fund-of-Funds for the financial period ended 30 September 2024. You may also download this report from our website at [www.principal.com.my](http://www.principal.com.my).

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

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

Digital innovation is central to our strategy, as we use data and technology to develop the right solutions for you. We will continue to advance our digital capabilities to provide easy access to your investment portfolio and enable you to carry out transactions seamlessly. Please continue to check out our website, like our Facebook page (@PrincipalAssetMY), follow us on our Instagram account (@principalassetmanagement\_my), and LinkedIn page (Principal Asset Management Berhad) for the latest updates, market insights and investment articles.

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

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

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

## MANAGER'S REPORT

### FUND OBJECTIVE AND POLICY

#### What is the investment objective of the Fund?

The Fund aims to achieve capital stability by investing in a portfolio of Shariah-compliant collective investment schemes that invest in Shariah-compliant equities and/or Sukuk.

#### Has the Fund achieved its objective?

The Fund was 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?

The Fund aims to invest in at least three (3) Islamic collective investment schemes investing predominantly in Sukuk and/or Shariah-compliant equities. The Fund will invest at least 70% of its Net Asset Value ("NAV") in Islamic collective investment schemes investing predominantly in Sukuk and up to 30% of its NAV in 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 investment strategy and policy of the Fund is biased towards Islamic collective investment schemes investing predominantly in Sukuk that aim to provide some capital stability to the Fund, while allowing some exposure in Islamic collective investment schemes investing predominantly in Shariah-compliant equities that aim to provide the added return in a rising market.

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 Organisation 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.

#### Asset Allocation

- At least 70% of the Fund's NAV will be invested in Islamic CIS investing predominantly in Sukuk;
- Up to 30% of the Fund's NAV will be invested in Islamic CIS investing predominantly in Shariah-compliant equities; and
- Up to 5% of the Fund's NAV may be invested in Islamic liquid assets such as Islamic money market instruments and/or Islamic Deposits.

#### 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 2024?

NIL

#### 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% Quantshop Government Investment Issue ("GII") Medium Index + 25% CIMB Islamic 1-month Fixed Return Income Account-I ("FRIA-I") + 25% FTSE Bursa Malaysia ("FBM") EMAS Shariah ("FBMS") Index.

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

**FUND OBJECTIVE AND POLICY (CONTINUED)**

**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 2024 to 30 September 2024?**

There was no distribution made for the financial period from 1 July 2024 to 30 September 2024.

**PERFORMANCE DATA**

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

	<b>30.09.2024</b>	<b>30.09.2023</b>	<b>30.09.2022</b>
	%	%	%
Shariah-compliant collective investment schemes	-	95.02	94.82
Cash and other assets	-	4.99	5.19
Liabilities	-	(0.01)	(0.01)
	<u>-</u>	<u>100.00</u>	<u>100.00</u>

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

	<b>30.09.2024</b>	<b>30.09.2023</b>	<b>30.09.2022</b>
NAV (RM Million)	-	0.75	0.41
Units in circulation (Million)	-	0.67	0.40
NAV per unit (RM)	-	1.1082	1.0396
	<b>01.07.2024 to 30.09.2024</b>	<b>01.07.2023 to 30.09.2023</b>	<b>01.07.2022 to 30.09.2022</b>
Highest NAV per unit (RM)	1.2190	1.1092	1.0640
Lowest NAV per unit (RM)	1.1597	1.0918	1.0375
Total return (%)	(2.29)	1.35	(0.45)
- Capital growth (%)	(2.29)	1.35	(0.45)
- Income distribution (%)	-	-	-
Total Expense Ratio ("TER") (%) ^	1.84	0.31	0.32
Portfolio Turnover Ratio ("PTR") #	0.01	0.07	0.11

^ The Fund's TER for the financial period under review increase from 0.31% to 1.84% due to increase in expenses.

# For the financial period under review, the PTR decreased from 0.07 times to 0.01 times as there were lessor trading activities through rebalancing.

**PERFORMANCE DATA (CONTINUED)**

	<b>30.09.2024</b>	<b>30.09.2023</b>	<b>30.09.2022</b>	<b>30.09.2021</b>	<b>30.09.2020</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Annual total return	5.00	6.54	(5.80)	1.34	5.20

(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 2024 TO 30 SEPTEMBER 2024)**

**Sukuk**

The sukuk market performed steadily in quarter three of 2024, driven by robust issuances from key markets such as Malaysia, Saudi Arabia, and other GCC (“Gulf Cooperation Council”) countries. Rising benchmark yields, influenced by global monetary tightening, increased borrowing costs but did not deter issuance. Sovereign sukuk remained stable with strong credit ratings, while corporate sukuk gained momentum as private-sector confidence improved, particularly in energy-exporting economies.

Sukuk indices reflected overall stability, with minor impacts from currency fluctuations and geopolitical developments. Growing interest in green and sustainability-linked sukuk added dynamism, with significant issuances from Indonesia and the UAE. Despite inflationary pressures and global uncertainties, the sukuk market remained an appealing asset class for diversification and ethical investing.

**Local Equity**

During the third quarter of 2024, the FTSE Bursa Malaysia Shariah Index (“FBMS”) experienced moderate volatility amid global economic uncertainties and rising interest rates. In July 2024, the index saw some gains driven by optimism around stabilizing commodity prices and economic recovery hopes, though cautious prevailed due to mixed global indicators.

August 2024 and September 2024 brought added pressure from interest rate concerns, affecting sectors sensitive to financing costs. Defensive sectors, such as healthcare and consumer goods, showed resilience. By the end of September 2024, the FBMS saw a slight decline, reflecting cautious sentiment amidst continued economic challenges.

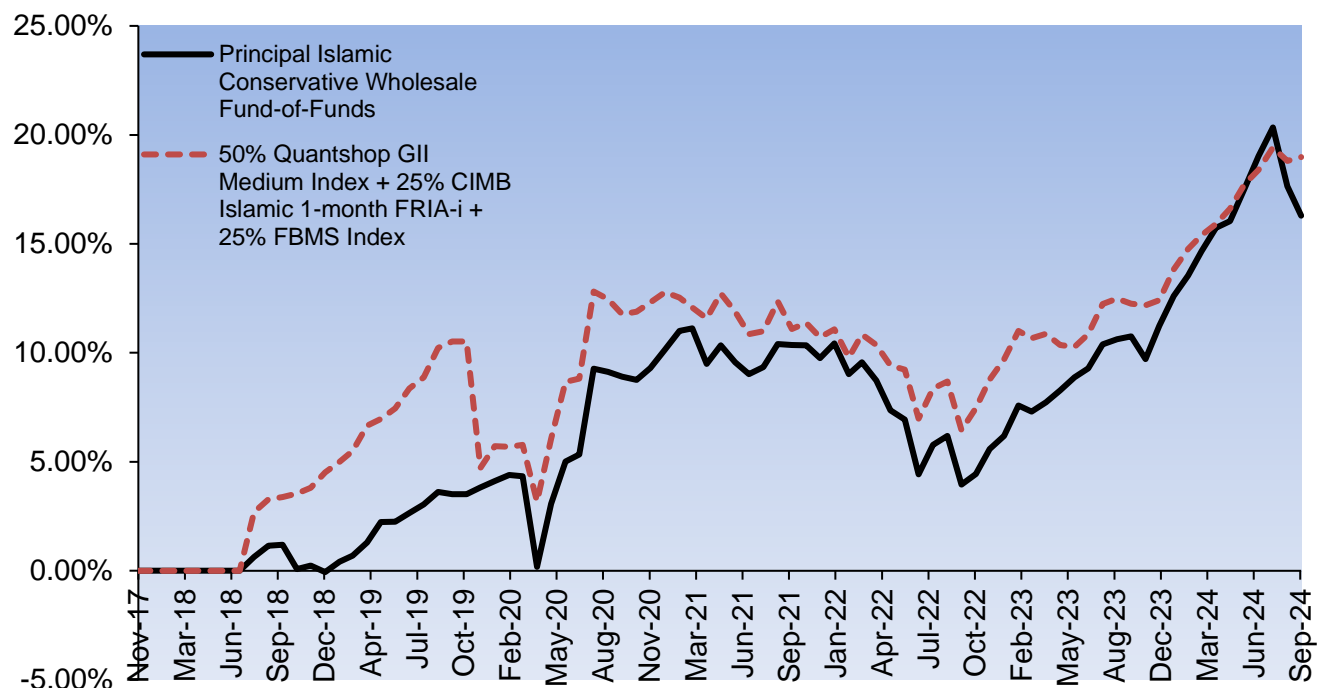
**FUND PERFORMANCE**

	<b>3 months</b>	<b>6 months</b>	<b>1 year</b>	<b>3 years</b>	<b>Since</b>
	<b>to 30.09.2024</b>	<b>to 30.09.2024</b>	<b>to 30.09.2024</b>	<b>to 30.09.2024</b>	<b>inception</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Income Distribution	-	-	-	-	-
Capital Growth	(2.29)	0.48	5.00	5.38	16.30
Total Return	(2.29)	0.48	5.00	5.38	16.30
Benchmark	0.49	2.65	5.99	7.09	18.98
Average Total Return	(8.79)	0.97	5.00	1.76	2.23

During the period under review, the fund decreased by 2.29% from a quarter ago, while the relative benchmark increased by 0.49%.

FUND PERFORMANCE (CONTINUED)

Since inception



Changes in NAV

	30.09.2024	31.12.2023 Audited	Changes %
NAV (RM Million)	-	1.02	-
NAV/Unit (RM)	-	1.1256	-

For the financial period under review, the Fund's NAV and NAV per unit reduced to 0 due to Fund closure.

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	30.09.2024	31.12.2023 Audited
Shariah-compliant collective investment schemes	-	93.10
Cash and other assets	-	16.20
Liabilities	-	(9.30)
<b>TOTAL</b>	-	<b>100.00</b>

The Fund was fully invested during the financial period under review where a minimal level of liquid assets was kept for redemption purposes.

## **MARKET OUTLOOK\***

### **Sukuk**

The sukuk market is projected to maintain steady momentum, driven by strong demand and continued issuances from key regions such as the GCC and Southeast Asia. Sovereign sukuk are expected to account for a significant portion of issuances, supported by infrastructure and sustainability financing, while corporate issuances are likely to grow as private-sector confidence improves. Green and sustainability-linked sukuk will remain a focal point, reflecting the increasing emphasis on ESG (Environmental, Social, Governance) investments. While challenges such as rising global yields, currency volatility, and geopolitical uncertainties may pose risks, strong local demand and the sukuk market's reputation as a stable and ethical asset class are expected to sustain investor interest and market resilience.

### **Local Equity**

Sustained market volatility is expected in the coming months, driven by global economic developments and external news flow. Investment focus will likely remain on strategic themes such as the National Energy Transition Roadmap ("NETR") and the Johor State Special Economic Zone ("JS-SEZ"), which are projected to hold long-term relevance. However, key risks include the possibility of slower-than-expected macroeconomic recovery and corporate earnings growth in Malaysia, due to inflationary pressure, subdued global economic growth, and elevated geopolitical tensions.

\* 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 was fully invested during its lifecycle into Shariah-compliant collective investment schemes with minimal cash kept for liquidity.

## **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 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 period under review.

**CROSS TRADE**

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

**UNIT SPLIT**

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

**SHARIAH ADVISER'S REPORT**

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

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

We hereby confirm the following:

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

For **Amanie Advisors Sdn Bhd**

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

Kuala Lumpur  
15 November 2024

**PRINCIPAL ISLAMIC CONSERVATIVE WHOLESALE FUND-OF-FUNDS**

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD FROM 1 JULY 2024 TO 30 SEPTEMBER 2024**

	<b>01.07.2024 to 30.09.2024</b>	<b>01.07.2023 to 30.09.2023</b>
	<b>RM</b>	<b>RM</b>
<b>INCOME/(LOSS)</b>		
Dividend income	4,994	4,846
Hibah	-	361
Net (loss)/gain on financial assets at fair value through profit or loss	(9,971)	4,463
Other income	-	1,882
	(4,977)	11,552
 <b>EXPENSES</b>		
Management fee	4,255	2,077
Trustee fee	106	61
Other expenses	25,015	-
	29,376	2,138
 <b>(LOSS)/PROFIT BEFORE TAXATION</b>	(34,353)	9,414
 Taxation	-	-
 <b>(LOSS)/PROFIT AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL PERIOD</b>	(34,353)	9,414
 (Loss)/Profit after taxation is made up as follows:		
Realised amount	(20,464)	4,951
Unrealised amount	(13,889)	4,463
	(34,353)	9,414

**PRINCIPAL ISLAMIC CONSERVATIVE WHOLESALE FUND-OF-FUNDS**

**UNAUDITED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2024**

	<b>30.09.2024</b>	<b>31.12.2023</b>
	<b>RM</b>	<b>Audited RM</b>
<b>ASSETS</b>		
Cash and cash equivalents	35,636	120,039
Financial assets at fair value through profit or loss	1,431,844	951,182
Amount due from Manager		
- creation of units	-	44,661
- management fee rebate	1,325	788
<b>TOTAL ASSETS</b>	<u>1,468,805</u>	<u>1,116,670</u>
<b>LIABILITIES</b>		
Amount due from Manager of Shariah-compliant collective investment schemes		
- purchase of collective investment scheme	-	94,000
- accrued management fee	1,434	923
Amount due to Manager		
- cancellation of units	1,444,104	-
Amount due to Trustee	36	23
Other payable and accruals	23,231	-
<b>TOTAL LIABILITIES</b>	<u>1,468,805</u>	<u>94,946</u>
<b>NET ASSET VALUE OF THE FUND</b>	<u>-</u>	<u>1,021,724</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>	<u>-</u>	<u>1,021,724</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>	<u>-</u>	<u>907,679</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>	<u>-</u>	<u>1.1256</u>

**PRINCIPAL ISLAMIC CONSERVATIVE WHOLESALE FUND-OF-FUNDS**

**UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS  
FOR THE FINANCIAL PERIOD FROM 1 JULY 2024 TO 30 SEPTEMBER 2024**

	<b>01.07.2024 to 30.09.2024 RM</b>	<b>01.07.2023 to 30.09.2023 RM</b>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	<u>1,357,915</u>	<u>650,129</u>
Movement due to units created and cancelled during the financial period:		
- Creation of units from applications	120,541	86,371
- Cancellation of units	<u>(1,444,103)</u>	<u>-</u>
	<u>(1,323,562)</u>	<u>86,371</u>
Total comprehensive (loss)/income for the financial period	<u>(34,353)</u>	<u>9,414</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL PERIOD</b>	<u>-</u>	<u>745,914</u>

**PRINCIPAL ISLAMIC CONSERVATIVE WHOLESALE FUND-OF-FUNDS**

**UNAUDITED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD FROM 1 JULY 2024 TO 30 SEPTEMBER 2024**

	<b>01.07.2024 to 30.09.2024</b>	<b>01.07.2023 to 30.09.2023</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Purchases of Shariah-compliant collective investment schemes	(212,994)	(92,846)
Dividend income received	4,994	4,846
Hibah earned	-	361
Management fee paid	(4,089)	(2,054)
Management fee rebates received	3,748	1,882
Trustee fee paid	(101)	(57)
Payments for other fees and expenses	(1,781)	-
<b>Net cash used in operating activities</b>	<b>(210,223)</b>	<b>(87,868)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash proceeds from units created	139,027	81,399
<b>Net cash generated from financing activities</b>	<b>139,027</b>	<b>81,399</b>
Net decrease in cash and cash equivalents	(71,196)	(6,469)
Cash and cash equivalents at the beginning of the financial period	106,832	34,177
Cash and cash equivalents at the end of the financial period	<b>35,636</b>	<b>27,708</b>
<u>Cash and cash equivalents comprised of:</u>		
Bank balance	35,636	27,708
Cash and cash equivalents at the end of the financial period	<b>35,636</b>	<b>27,708</b>

**DIRECTORY**

**Head Office of the Manager**

Principal Asset Management Berhad (Company No.: 199401018399 (304078-K))  
Level 32, Exchange 106,  
Lingkaran TRX,  
55188 Tun Razak Exchange, Kuala Lumpur  
MALAYSIA.  
Tel: (03) 8680 8000

**Website**

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

**E-mail address**

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

**Customer Care Centre**

(03) 7723 7260

**Chat with us via WhatsApp:**

(6016) 299 9792

**Trustee for the Principal Islamic Conservative Wholesale Fund-of-Funds**

HSBC (Malaysia) Trustee Berhad (Company No.: 193701000084 (1281-T))  
19th Floor, Menara IQ, Lingkaran TRX,  
55188 Tun Razak Exchange, Kuala Lumpur, MALAYSIA.  
Tel: (03) 2075 7800  
Fax: (03) 8894 2611

**Shariah Adviser of the Principal Islamic Conservative 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