Principal®

Principal Islamic Deposit Fund

Annual Report

For The Financial Year Ended 31 January 2024

In alliance with CIMB

PRINCIPAL ISLAMIC DEPOSIT FUND

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024

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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 Annual Fund Report of the Principal Islamic Deposit Fund for the financial year ended 31 January 2024. You may also download this report from our website at www.principal.com.my.

We are happy to share that Principal Malaysia won two honours at the Asia Asset Management 2024 Best of the Best Awards. The awards were for Best of the Best Performance Awards: China A-Share Equity (3 years) for the Principal China Direct Opportunities Fund (Class MYR) and Best of the Best Country Awards: Best Institutional House – Malaysia. We also won another two awards at the 2024 Global Banking & Finance Awards® for Asset Management CEO of the Year Malaysia 2024 - Munirah Khairuddin and Asset Management Company of the Year Malaysia 2024. The World Business Oulook magazine also awarded us with the Best Investment Management and Solutions Provider Malaysia 2024, Best Institutional House Malaysia 2024, and Asset Management CEO (Munirah Khairuddin) of the Year Malaysia 2024 awards at its 2024 Annual Awards. We also won three awards at iFast Awards 2024 and another 7 awards at the LSEG Lipper Fund 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 (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 provide investors with liquidity and regular income, whilst maintaining capital stability by investing primarily in deposits that comply with the Shariah principles.

Has the Fund achieved its objective?
For the financial year under review, the Fund was in line with its stated objective.

What are the Fund investment policy and principal investment strategy?
The Fund seeks to achieve its objective by investing at least 95% of the Fund's Net Asset Value ("NAV") in Islamic deposits, which have a remaining maturity period of less than 397 days. Up to 5% of the Fund's NAV may be maintained in cash. The investment policy is to invest in liquid and low risk short-term investments for capital preservation*.

** The Fund is neither a capital guaranteed fund nor a capital protected fund.*

The Fund will be actively managed by undertaking duration strategies (i.e. placing in short-term versus long-term deposits) according to our assessment of the interest rate outlook and market conditions at that point in time. In addition, we also analyze the Fund injection and redemption patterns to actively manage the liquidity of the Fund.

The asset allocation strategy for this Fund is as follows:
- at least 95% of the Fund's NAV will be invested in Islamic Deposits; and
- up to 5% of the Fund's NAV in cash.

Fund category/ type
Money Market (Islamic)/ Income

When was the Fund launched?

Class		Launch date
Class AI#	:	9 September 2009
Class AR#	:	Effective date*

With effect from 13 August 2021, the Fund will be split into Class AI and AR where individual unitholders will be designated to Class AR and non-individual unit holders will be designated to Class AI.

*The effective launch date of Class AR will be the date of the Fund is split into Class AI and AR.

What was the size of the Fund as at 31 January 2024?
RM4,177.37 million (3,930.37 million units)

What is the Fund's benchmark?
Islamic Interbank Overnight Rate

Note: The Fund's benchmark is for performance comparison purpose only. The benchmark is reflective of the objective of the Fund. Thus, investors are cautioned that the risk profile of the Fund is higher than the benchmark. Information on the benchmark can be obtained from www.bnm.gov.my.

What is the Fund distribution policy?
Monthly, depending on the level of income (if any) the Fund generates.

What was the net income distribution for the financial year ended 31 January 2024?
The Fund distributed a total net income of RM0.05 million to unit holders for the financial year ended 31 January 2024.

FUND OBJECTIVE AND POLICY (CONTINUED)

The Fund's NAV per unit are as follows:

Date	NAV per unit (before distribution) RM	NAV per unit (after distribution) RM
Distribution on 28 February 2023		
- Class AI	1.0284	1.0284
- Class AR	1.0285	1.0285
Distribution on 31 March 2023		
- Class AI	1.0316	1.0316
- Class AR	1.0317	1.0317
Distribution on 28 April 2023		
- Class AI	1.0348	1.0348
- Class AR	1.0349	1.0349
Distribution on 31 May 2023		
- Class AI	1.0380	1.0380
- Class AR	1.0380	1.0380
Distribution on 30 June 2023		
- Class AI	1.0410	1.0410
- Class AR	1.0410	1.0410
Distribution on 31 July 2023		
- Class AI	1.0441	1.0441
- Class AR	1.0441	1.0441
Distribution on 31 August 2023		
- Class AI	1.0472	1.0472
- Class AR	1.0472	1.0472
Distribution on 29 September 2023		
- Class AI	1.0501	1.0501
- Class AR	1.0502	1.0502
Distribution on 31 October 2023		
- Class AI	1.0533	1.0533
- Class AR	1.0533	1.0533
Distribution on 30 November 2023		
- Class AI	1.0563	1.0563
- Class AR	1.0563	1.0563
Distribution on 29 December 2023		
- Class AI	1.0596	1.0596
- Class AR	1.0596	1.0596
Distribution on 31 January 2024		
- Class AI	1.0628	1.0628
- Class AR	1.0628	1.0628

Breakdown of distribution were as follows:

	2024		2023	
	RM	%	RM	%
Source of distribution				
Distribution out of current year's income	46,176	100.00	24,866	100.00
Distribution out of prior year's income/capital	-	-	-	-
Total	46,176	100.00	24,866	100.00

PERFORMANCE DATA

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

	31.01.2024 %	31.01.2023 %	31.01.2022 %
Shariah-compliant deposits with licensed Islamic financial institutions	97.36	99.85	98.51
Cash and other assets	2.75	0.24	1.70
Liabilities	(0.11)	(0.09)	(0.21)
	100.00	100.00	100.00

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

	31.01.2024	31.01.2023	31.01.2022
NAV (RM Million)*			
- Class AI	4,130.51	2,430.83	2,779.07
- Class AR	46.86	0.78	1.19
Units in circulation (Million)			
- Class AI	3,886.28	2,370.45	2,774.98
- Class AR	44.09	0.76	1.18
NAV per unit (RM)*			
- Class AI	1.0628	1.0255	1.0014
- Class AR	1.0628	1.0256	1.0014
Highest NAV per unit (RM)			
- Class AI	1.0628	1.0255	1.0015
- Class AR	1.0629	1.0256	1.0015
Lowest NAV per unit (RM)*			
- Class AI	1.0257	1.0016	1.0000
- Class AR	1.0258	1.0016	1.0000
Total return (%)			
- Class AI	3.65	2.40	1.67
- Class AR	3.64	2.41	1.66
Capital growth (%)			
- Class AI	3.65	2.40	0.14
- Class AR	3.64	2.41	0.14
Income distribution (%)			
- Class AI	-	-	1.53
- Class AR	-	-	1.52
*Ex-distribution			
Total Expense Ratio ("TER") (%)	0.32	0.32	0.40
Portfolio Turnover Ratio ("PTR") (times) #	10.80	16.91	12.99

The Fund's PTR for the financial year under review was 10.80 times, a decrease from 16.91 times a year ago due to lower number of transactions.

PERFORMANCE DATA (CONTINUED)

Performance details of the Fund for the last three financial years were as follows: (continued)

	31.01.2024	31.01.2023	31.01.2022
Gross/Net distribution per unit (sen)			
Distribution on 28 February 2023			
- Class AI	0.00*	-	-
- Class AR	0.00*	-	-
Distribution on 31 March 2023			
- Class AI	0.00*	-	-
- Class AR	0.00*	-	-
Distribution on 28 April 2023			
- Class AI	0.00*	-	-
- Class AR	0.00*	-	-
Distribution on 31 May 2023			
- Class AI	0.00*	-	-
- Class AR	0.00*	-	-
Distribution on 30 June 2023			
- Class AI	0.00*	-	-
- Class AR	0.00*	-	-
Distribution on 31 July 2023			
- Class AI	0.00*	-	-
- Class AR	0.00*	-	-
Distribution on 30 August 2023			
- Class AI	0.00*	-	-
- Class AR	0.00*	-	-
Distribution on 29 September 2023			
- Class AI	0.00*	-	-
- Class AR	0.00*	-	-
Distribution on 31 October 2023			
- Class AI	0.00*	-	-
- Class AR	0.00*	-	-
Distribution on 30 November 2023			
- Class AI	0.00*	-	-
- Class AR	0.00*	-	-
Distribution on 29 December 2023			
- Class AI	0.00*	-	-
- Class AR	0.00*	-	-
Distribution on 31 January 2024			
- Class AI	0.00*	-	-
- Class AR	0.00*	-	-
Distribution on 28 February 2022			
- Class AI	-	0.00*	-
- Class AR	-	0.00*	-
Distribution on 31 March 2022			
- Class AI	-	0.00*	-
- Class AR	-	0.00*	-
Distribution on 29 April 2022			
- Class AI	-	0.00*	-
- Class AR	-	0.00*	-
Distribution on 31 May 2022			
- Class AI	-	0.00*	-
- Class AR	-	0.00*	-
Distribution on 30 June 2022			
- Class AI	-	0.00*	-
- Class AR	-	0.00*	-

***** Note: 0.00 denotes value less than 0.01 sen

PERFORMANCE DATA (CONTINUED)

Performance details of the Fund for the last three financial years were as follows: (continued)

	31.01.2024	31.01.2023	31.01.2022
Gross/Net distribution per unit (sen)			
Distribution on 29 July 2022			
- Class AI	-	0.00*	-
- Class AR	-	0.00*	-
Distribution on 30 August 2022			
- Class AI	-	0.00*	-
- Class AR	-	0.00*	-
Distribution on 30 September 2022			
- Class AI	-	0.00*	-
- Class AR	-	0.00*	-
Distribution on 31 October 2022			
- Class AI	-	0.00*	-
- Class AR	-	0.00*	-
Distribution on 30 November 2022			
- Class AI	-	0.00*	-
- Class AR	-	0.00*	-
Distribution on 30 December 2022			
- Class AI	-	0.00*	-
- Class AR	-	0.00*	-
Distribution on 31 January 2023			
- Class AI	-	0.00*	-
- Class AR	-	0.00*	-
Distribution on 26 February 2021	-	-	0.13
Distribution on 31 March 2021	-	-	0.14
Distribution on 30 April 2021	-	-	0.13
Distribution on 31 May 2021	-	-	0.13
Distribution on 30 June 2021	-	-	0.13
Distribution on 30 July 2021	-	-	0.13
Distribution on 30 August 2021			
- Class AI	-	-	0.14
- Class AR	-	-	0.14
Distribution on 30 September 2021			
- Class AI	-	-	0.13
- Class AR	-	-	0.13
Distribution on 29 October 2021			
- Class AI	-	-	0.14
- Class AR	-	-	0.14
Distribution on 30 November 2021			
- Class AI	-	-	0.13
- Class AR	-	-	0.13
Distribution on 31 December 2021			
- Class AI	-	-	0.14
- Class AR	-	-	0.14
Distribution on 31 January 2022			
- Class AI	-	-	0.00*
- Class AR	-	-	0.00*

***** Note: 0.00 denotes value less than 0.01 sen

PERFORMANCE DATA (CONTINUED)

	31.01.2024 %	31.01.2023 %	31.01.2022 %	31.01.2021 %	31.01.2020 %
Annual total return					
- Class AI	3.65	2.40	1.67	2.13	3.22
- Class AR	3.64	2.41	1.66	2.13	3.22

(Launch date: 9 September 2009)

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 have been extracted from Lipper.

MARKET REVIEW (1 FEBRUARY 2023 TO 31 JANUARY 2024)

Bank Negara Malaysia ("BNM") unexpectedly raised its Overnight Policy Rate ("OPR") to 3.00% (+25 basis points ("bps")) in its latest Monetary Policy Committee ("MPC") meeting on 3 May 2023. The hike came after two consecutive pauses in January 2023 and March 2023, and it was justified on resilient demand. BNM maintained the OPR for rest of the year which was largely within market consensus. BNM said it will ensure the monetary policy stance remains conducive to sustain economic growth amid price stability.

The Malaysian economy expanded by 3% in the fourth quarter of 2023 ("4Q2023") (third quarter of 2023 ("3Q2023"): 3.3%). Growth in investment activity was underpinned by the progressive realisation of multi-year projects and capacity expansion by firms. Exports, however, remained subdued due to prolonged weakness in external demand amid stronger imports. Overall, the 2023 growth for the Malaysian economy normalised to 3.7%, following a strong growth registered in the previous year (2022: 8.7%). Growth moderated amid a challenging external environment. This was due mainly to slower global trade, the global technology downcycle, geopolitical tensions and tighter monetary policies.

Headline inflation in December 2023 printed 1.5% Year-on-Year ("Y-o-Y") (November 2023: 1.5% Y-o-Y), which was in line with Bloomberg consensus. The December 2023 Consumer Price Index ("CPI") brought the annual headline inflation in 2023 to 2.5%, as compared to 3.3% in 2022. Core inflation increased at a slower rate of 1.9% in December 2023 as compared to 2% in November 2023 although this remained higher than the overall national inflation rate.

Malaysia's unemployment rate eased to 3.3% in November 2023 (October 2023: 3.4%), which was the level right before the Coronavirus Disease 2019 ("COVID-19") outbreak, as employment growth continued to top labour force growth. Job increases were seen across all sectors with informal jobs hitting a fresh high. The statistics department reported that the job growth in November 2023 continued to expand in the services sector.

FUND PERFORMANCE

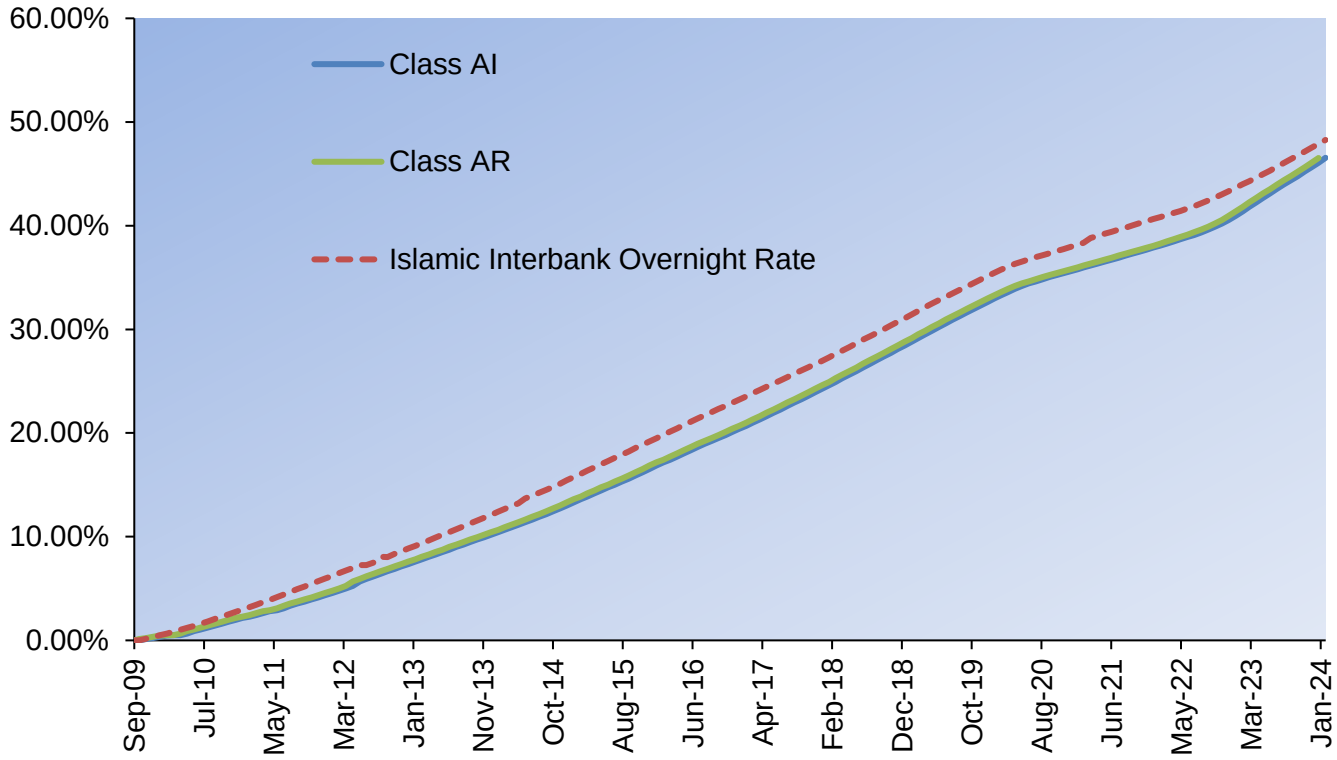
	1 year to 31.01.2024 %	3 years to 31.01.2024 %	5 years to 31.01.2024 %	Since inception 31.01.2024 %
Income Distribution				
- Class AI	-	1.53	7.04	37.89
- Class AR	-	1.52	7.03	37.87
Capital Growth				
- Class AI	3.65	6.28	6.28	6.28
- Class AR	3.64	6.28	6.28	6.28
Total Return				
- Class AI	3.65	7.91	13.76	46.55
- Class AR	3.64	7.90	13.75	46.53
Benchmark				
- Class AI	2.97	7.11	12.60	48.27
- Class AR	2.97	7.11	12.60	48.27

FUND PERFORMANCE (CONTINUED)

	1 year to 31.01.2024 %	3 years to 31.01.2024 %	5 years to 31.01.2024 %	Since inception 31.01.2024 %
Average Total Return				
- Class AI	3.65	2.57	2.61	2.69
- Class AR	3.64	2.57	2.61	2.69

As at 31 January 2024, the Fund's AI Class and AR Class gave a 1-year return of 3.65% and 3.64%, outperforming the benchmark by 68 bps and 67 bps respectively. Since inception, both Fund's AI Class and AR Class have delivered return of 46.55% and 46.53% respectively to unit holders underperforming the benchmark by 1.72% and 1.74% respectively.

Since Inception



Changes in NAV

	31.01.2024	31.01.2023	Changes %
Class AI			
NAV (RM Million)*	4,130.51	2,430.83	69.92
NAV/Unit (RM)*	1.0628	1.0255	3.64
Class AR			
NAV (RM Million)*	46.86	0.78	>100.00
NAV/Unit (RM)*	1.0628	1.0256	3.63

*Ex-distribution

FUND PERFORMANCE (CONTINUED)

The Fund's Class AI and Class AR NAV increased by 69.92% and >100% from RM2.430 billion and RM0.78 million on 31 January 2023 to RM4.130 billion and RM46.86 million on 31 January 2024 respectively.

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 have been extracted from Lipper.

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	31.01.2024	31.01.2023
Shariah-compliant deposits with licensed Islamic financial institutions	97.36	99.85
Cash and other assets	2.75	0.24
Liabilities	(0.11)	(0.09)
TOTAL	**100.00**	**100.00**

The Fund was fully invested in deposit placements with Shariah-compliant financial institutions.

MARKET OUTLOOK*

We remain positive on the local bond markets as we believe the tightening trend on monetary policies has reached its peak with the last rate hike by MPC in May 2023. BNM highlighted that the monetary policy stance is slightly accommodative and remains supportive of the economy. The MPC will continue to ensure that the monetary policy stance remains consistent with the current assessment of the inflation and growth prospects.

We believe BNM will keep its OPR unchanged for now with core inflation being modest and weak external demand.

* 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's objective is to provide investors with liquidity and regular income hence it will continue to maintain its investment primarily in deposits with licensed financial institutions.

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

SOFT COMMISSIONS AND REBATES (CONTINUED)

(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 year 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 year under review.

STATE OF AFFAIR OF THE FUND

In relation to this Fund, the Fund had issued the First Supplemental Disclosure Document dated 16 May 2023. We are of view that the changes above do not affect the existing members to stay invested in the Fund and it is not a significant change. Members may refer to Appendix 1 for the detailed list of changes.

There were no significant changes in the state of affairs of the Fund during the financial year 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 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 have been carried out during the financial year under review.

STATEMENT BY MANAGER TO THE UNIT HOLDERS OF PRINCIPAL ISLAMIC DEPOSIT FUND

We, being the Directors of Principal Asset Management Berhad (the "Manager"), do hereby state that, in the opinion of the Manager, the accompanying audited financial statements set out on pages 8 to 27 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 January 2024 and of its financial performance, statement of changes in net assets attributable to unit holders 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 Manager
Principal Asset Management Berhad (Company No.: 199401018399 (304078-K))

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

UDAY JAYARAM
Executive Managing Director,
Head of Southeast Asia
Non-Independent Executive Director

Kuala Lumpur
15 March 2024

TRUSTEE'S REPORT TO THE UNITHOLDERS OF PRINCIPAL ISLAMIC DEPOSIT FUND

We have acted as Trustee of the Fund for the financial year ended 31 January 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquires, 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 Management Company under the Deed, securities laws and the Guidelines on Unit Trust Funds;

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.

We are of the opinion that the distributions of income by the Fund are appropriate and reflects the investment objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat
Manager, Investment Compliance Monitoring

Kuala Lumpur
15 March 2024

Shariah Adviser's Report

To the Unit Holders of Principal Islamic Deposit Fund ("Fund")

For the Financial Year ended 31 January 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 March 2024

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF PRINCIPAL ISLAMIC DEPOSIT FUND

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Principal Islamic Deposit Fund (the "Fund"), which comprise the statement of financial position of the Fund as at 31 January 2024, and statement of comprehensive income, statement of changes in net assets attributable to unit holders 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 27.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 January 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 UNIT HOLDERS OF PRINCIPAL ISLAMIC DEPOSIT FUND (cont'd.)

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

Information other than the financial statements and auditors' report thereon

The Manager of the Fund (the "Manager") 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 Manager and the Trustee for the financial statements

The Manager 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 Manager is also responsible for such internal control as the Manager 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 Manager 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 Manager 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 Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF PRINCIPAL ISLAMIC DEPOSIT FUND (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 are 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 Manager.

- Conclude on the appropriateness of the Manager'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 Manager 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 UNIT HOLDERS OF PRINCIPAL ISLAMIC DEPOSIT FUND (cont'd.)

Other matters

This report is made solely to the unit holders of the Fund, as a body, in accordance with the Guidelines on Unit Trust Funds 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. 03013/10/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
15 March 2024

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024

	Note	2024 RM	2023 RM
INCOME			
Profit income from Shariah-compliant deposits with licensed Islamic financial institutions at fair value through profit or loss		135,855,140	77,602,059
Hibah		-	5,227
		135,855,140	77,607,286
EXPENSES			
Management fee	**4**	10,486,242	8,651,498
Trustee fee	**5**	600,904	576,767
Audit fee		7,883	7,200
Tax agent's fee		4,500	10,634
Other expenses		26,208	17,340
		11,125,737	9,263,439
PROFIT BEFORE DISTRIBUTION AND TAXATION		124,729,403	68,343,847
Distributions:			
- Class AI		45,834	24,858
- Class AR		342	8
	6	46,176	24,866
PROFIT BEFORE TAXATION		124,683,227	68,318,981
Taxation	**7**	-	-
PROFIT AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		124,683,227	68,318,981
Profit after taxation is made up as follows:			
Realised amount		124,683,227	68,318,981

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2024

	Note	2024 RM	2023 RM
ASSETS			
Cash and cash equivalents	**9**	20,818	50,341
Financial assets at fair value through profit or loss	**8**	4,067,013,687	2,428,002,554
Amount due from Manager		114,928,000	5,769,000
TOTAL ASSETS		4,181,962,505	2,433,821,895
LIABILITIES			
Amount due to Manager		3,500,000	1,500,000
Accrued management fee		1,019,734	651,775
Amount due to Trustee		50,987	43,452
Distribution payable		199	92
Other payables and accruals		20,100	15,600
TOTAL LIABILITIES		4,591,020	2,210,919
NET ASSET VALUE OF THE FUND		4,177,371,485	2,431,610,976
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		4,177,371,485	2,431,610,976
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS (RM)			
- Class AI		4,130,512,453	2,430,827,003
- Class AR		46,859,032	783,973
		4,177,371,485	2,431,610,976
NUMBER OF UNITS IN CIRCULATION (UNITS)			
- Class AI		3,886,280,930	2,370,450,809
- Class AR		44,088,041	764,408
	10	3,930,368,971	2,371,215,217
NET ASSET VALUE PER UNIT (RM)			
- Class AI		1.0628	1.0255
- Class AR		1.0628	1.0256

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

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024

	2024 RM	2023 RM
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR	2,431,610,976	2,780,256,967
Movement in unit holders' contributions:		
- Creation of units from applications		
- Class AI	5,392,891,131	3,551,658,160
- Class AR	98,716,240	2,256,191
	5,491,607,371	3,553,914,351
- Creation of units from distributions		
- Class AI	44,860	24,501
- Class AR	342	8
	45,202	24,509
- Cancellation of units		
- Class AI	(3,817,251,222)	(3,968,231,818)
- Class AR	(53,324,069)	(2,672,014)
	(3,870,575,291)	(3,970,903,832)
Total comprehensive income for the financial year	124,683,227	68,318,981
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR	4,177,371,485	2,431,610,976

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 JANUARY 2024

	Note	2024 RM	2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from maturity of Shariah-compliant deposits with licensed Islamic financial institutions		36,920,873,978	48,873,780,000
Placement of Shariah-compliant deposits with licensed Islamic financial institutions		(38,541,251,978)	(48,559,379,000)
Profit income received from Shariah-compliant deposits with licensed Islamic financial institutions and Hibah earned		117,222,007	74,024,051
Management fee paid		(10,118,283)	(8,778,055)
Trustee fee paid		(593,369)	(585,204)
Payments for other fees and expenses		(34,091)	(35,174)
Net cash (used in)/generated from operating activities		(1,513,901,736)	379,026,618
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		5,382,448,371	3,595,405,760
Payments for cancellation of units		(3,868,575,291)	(3,974,403,832)
Distributions paid		(867)	(382)
Net cash generated from/(used in) financing activities		1,513,872,213	(378,998,454)
Net (decrease)/increase in cash and cash equivalents		(29,523)	28,164
Cash and cash equivalents at the beginning of the financial year		50,341	22,177
Cash and cash equivalents at the end of the financial year	**9**	20,818	50,341
Cash and cash equivalents comprised of:			
Bank balance	**9**	20,818	50,341
Cash and cash equivalents at the end of the financial year		20,818	50,341

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 JANUARY 2024

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES

Principal Islamic Deposit Fund (the "Fund") is governed by Master Deed dated 15 May 2008, a Third Supplemental Master Deed dated 25 June 2008, a Seventh Supplemental Master Deed dated 19 November 2008, a Tenth Supplemental Master Deed dated 23 July 2009, a Fourteenth Supplemental Master Deed dated 26 June 2012, a Fifteen Supplemental Master Deed dated 21 September 2012, a Seventeenth Supplemental Master Deed dated 25 March 2015, a Nineteenth Supplemental Master Deed dated 18 June 2019, , a Twenty first Supplemental Master Deed dated 15 April 2021 and a Twenty Third Supplemental Master Deed dated 27 June 2022 (collectively referred to as the "Deeds"), made between Principal Asset Management Berhad (the "Manager") and HSBC (Malaysia) Trustee Berhad (the "Trustee").

The Fund seeks to achieve its objective by investing at least 95% of the Fund's NAV in Islamic deposits, which have a remaining maturity period of less than 397 days. Up to 5% of the Fund's NAV may be maintained in cash. The investment policy is to invest in liquid and low risk short-term investments for capital preservation*.

* The Fund is neither a capital guaranteed fund, nor a capital protected fund.

The Fund will be actively managed by undertaking duration strategies (i.e. placing in short-term versus long-term deposits) according to our assessment of the interest rate outlook and market conditions at that point in time. In addition, we also analyze the Fund injection and redemption patterns to actively manage the liquidity of the Fund.

All investments are subjected to the Securities Commission Malaysia's ("SC") Guidelines on Unit Trust Funds ("GUTF"), 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 Fund had issued the First Supplemental Disclosure Document dated 16 May 2023

The Manager 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 Manager 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.

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.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

It also requires the Manager to exercise their judgement in the process of applying the Fund's accounting policies. Although these estimates and judgement are based on the Manager'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(j).

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

None of the standards, amendments to standards or interpretations that are effective for the financial year beginning on/after 1 February 2024 are applicable to 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 and amount due from Manager 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.

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.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Recognition and measurement (continued)

Financial assets are derecognised when the rights to receive cash flows from the Shariah-compliant investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Shariah-compliant deposits with licensed Islamic financial institutions are stated at fair value. Due to the short-term nature of the deposits, the cost plus accrued interest[1] calculated based on the effective profit method over the period from the date of placement to the date of maturity of the respective deposits is a reasonable estimate of fair value.

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

Financial assets at amortised cost and other financial liabilities are subsequently carried at amortised cost using the effective profit 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 Manager consider both historical analysis and forward looking information in determining any ECL. The Manager consider 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 Manager 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.

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.

[1] For the purposes of this Fund, interest refers to profits earned from Shariah-compliant investments.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Income recognition

Profit income from Shariah-compliant deposits with licensed Islamic financial institutions is recognised on a time proportionate basis using effective profit rate method on an accrual basis.

Profit income is calculated by applying the effective profit rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit-impaired financial assets the effective profit rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(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) 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.

(f) 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.

(g) Distribution

Distribution to unit holders are recognised in the statement of comprehensive income as the unit holders' contribution are classified as financial liability. Distribution is reinvested into the Fund on the ex-date. Reinvestment of units is based on the NAV per unit on the ex-date, which is also the time of creation. Proposed distributions are recognised as a liability in the financial year in which it is approved by the Trustee.

(h) Unit holders' contributions

The unit holders' 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 two classes of units, known respectively as the Class AI and Class AR which are cancelled at the unit holder's option. The units are classified as financial liabilities. Cancellable units can be put back 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 date of the statement of financial position if the member exercises the right to put back the unit to the Fund. Units are created and cancelled at the unit holders' 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 unit holders of respective classes with the total number of outstanding units of respective classes.

(i) Realised and unrealised portions of profit or loss after tax

The analysis of realised and unrealised profit or loss after tax as presented on the statement of comprehensive income is prepared in accordance with GUTF.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) 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 Manager 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 Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the GUTF.

However, the Manager 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 at amortised cost RM	Total RM
2024			
Cash and cash equivalents (Note 9)	-	20,818	20,818
Shariah-compliant deposits with licensed Islamic financial institutions (Note 8)	4,067,013,687	-	4,067,013,687
Amount due from Manager	-	114,928,000	114,928,000
	4,067,013,687	114,928,000	4,181,962,505
2023			
Cash and cash equivalents (Note 9)	-	50,341	50,341
Shariah-compliant deposits with licensed Islamic financial institutions (Note 8)	2,428,002,554	-	2,428,002,554
Amount due from Manager	-	5,769,000	5,769,000
	2,428,002,554	5,819,341	2,433,821,895

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

The Fund aims to provide investors with liquidity and regular income, whilst maintaining capital stability by investing primarily in deposits that comply with the Shariah principles.

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

Financial risk management is carried out through internal control process adopted by the Manager and adherence to the investment restrictions as stipulated in the Deeds and GUTF.

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

(a) Market risk

(i) Interest rate risk

Interest rate is a general economic indicator that will have an impact on the management of the Fund. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

It does not in any way suggest that this Fund will invest in conventional financial instruments. All investment carried out for the Fund including placements and deposits are in accordance with Shariah. The Fund's exposure to fair value interest rate risk arises from Shariah-compliant investment in money market instruments. The interest rate risk is expected to be minimal as the Fund's investments comprise mainly Shariah-compliant short-term deposits with approved licensed Islamic financial institutions.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund is not exposed to cash flow interest rate risk as the Fund does not hold any financial instruments at variable interest rate.

As at the end of each financial year, the Fund is not exposed to a material level of interest rate risk.

(b) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations.

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise bank balances, Shariah-compliant deposits with licensed Islamic financial institutions and other instruments, which are capable of being converted into cash within 7 business days. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

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

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
2024			
Amount due to Manager	3,500,000	-	3,500,000
Accrued management fee	1,019,734	-	1,019,734
Amount due to Trustee	50,987	-	50,987
Distribution payable	199	-	199
Other payables and accruals	-	20,100	20,100
Net assets attributable to unitholders*	4,177,371,485	-	4,177,371,485
Contractual undiscounted cash flows	4,181,942,405	20,100	4,181,962,505

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

(b) Liquidity risk (continued)

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
2023			
Amount due to Manager	1,500,000	-	1,500,000
Accrued management fee	651,775	-	651,775
Amount due to Trustee	43,452	-	43,452
Distribution payable	92	-	92
Other payables and accruals	-	15,600	15,600
Net assets attributable to unitholders*	2,431,610,976	-	2,431,610,976
Contractual undiscounted cash flows	2,433,806,295	15,600	2,433,821,895

* Outstanding units are redeemed on demand at the holder's option. However, the Manager 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.

(c) 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 placements of Shariah-compliant deposits with licensed Islamic financial institutions is managed by ensuring that the Fund will only place Shariah-compliant deposits in reputable licensed Islamic financial institutions. For amount due from Manager, the settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the GUTF.

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

	Cash and cash equivalents RM	Financial assets at fair value through profit or loss RM	Amount due from Manager RM	Total RM
2024				
- AAA	20,818	1,915,296,671	-	1,915,317,489
- AA1	-	653,146,670	-	653,146,670
- AA2	-	531,115,188	-	531,115,188
- AA3	-	519,000,885	-	519,000,885
- A2	-	288,162,492	-	288,162,492
- A1	-	160,291,781	-	160,291,781
- Not Rated	-	-	114,928,000	114,928,000
	20,818	4,067,013,687	114,928,000	4,181,962,505

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

(c) Credit risk (continued)

	Cash and cash equivalents RM	Financial assets at fair value through profit or loss RM	Amount due from Manager RM	Total RM
2023				
- AAA	50,341	1,063,383,344	-	1,063,433,685
- AA2	-	661,701,759	-	661,701,759
- AA3	-	201,039,177	-	201,039,177
- A2	-	401,812,521	-	401,812,521
- A1	-	100,065,753	-	100,065,753
- Not Rated	-	-	5,769,000	5,769,000
	50,341	2,428,002,554	5,769,000	2,433,821,895

(d) Capital risk management

The capital of the Fund is represented by net assets attributable to unit holders of RM4,177,371,485 (2023: RM2,431,610,976). The amount of capital can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. 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 unit holders 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).

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 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 market price is not within the bid-ask spread, the Manager 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)

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

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
2024				
Financial assets at fair value through profit or loss:				
- Shariah-compliant deposits with licensed Islamic financial institutions	-	4,067,013,687	-	4,067,013,687
2023				
Financial assets at fair value through profit or loss:				
- Shariah-compliant deposits with licensed Islamic financial institutions	-	2,428,002,554	-	2,428,002,554

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. This includes Shariah-compliant deposits with licensed Islamic financial institutions.

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. 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 Manager and all liabilities are a reasonable approximation of their fair values due to their short-term nature.

4. MANAGEMENT FEE

In accordance with the Deeds, the Manager is entitled to a maximum management fee of up to 3.00% per annum calculated daily based on the NAV of the Fund.

For the financial year ended 31 January 2024, the management fee for Class AI and Class AR are recognised at a rate as per below table. (2023: 0.30% per annum)

CLASS AI	CLASS AR
0.30%	0.30%

There was no further liability to the Manager in respect of management 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 calculated daily based on the NAV of the Fund.

For the financial year ended 1 February 2023 to 31 July 2023, the Trustee fee for Class AI and Class AR are recognised at a rate of 0.02% per annum. Effective 1 August 2023, the Trustee fee for Class AI and Class AR are recognised at a rate as per below table. (2023: 0.02% per annum).

CLASS AI	CLASS AR
0.015%	0.015%

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

6. DISTRIBUTIONS

Breakdown of distribution were as follows:

	2024		2023	
	RM	%	RM	%
Source of distribution				
Distribution out of current year's income	46,176	100.00	24,866	100.00
Distribution out of prior year's income/capital #	-	-	-	-
Total	46,176	100.00	24,866	100.00

6. DISTRIBUTIONS (CONTINUED)

Gross/Net distribution per unit (sen)	2024 RM	2023 RM
Distribution on 28 February 2023		
- Class AI	0.00*	-
- Class AR	0.00*	-
Distribution on 31 March 2023		
- Class AI	0.00*	-
- Class AR	0.00*	-
Distribution on 28 April 2023		
- Class AI	0.00*	-
- Class AR	0.00*	-
Distribution on 31 May 2023		
- Class AI	0.00*	-
- Class AR	0.00*	-
Distribution on 30 June 2023		
- Class AI	0.00*	-
- Class AR	0.00*	-
Distribution on 31 July 2023		
- Class AI	0.00*	-
- Class AR	0.00*	-
Distribution on 30 August 2023		
- Class AI	0.00*	-
- Class AR	0.00*	-
Distribution on 29 September 2023		
- Class AI	0.00*	-
- Class AR	0.00*	-
Distribution on 31 October 2023		
- Class AI	0.00*	-
- Class AR	0.00*	-
Distribution on 30 November 2023		-
- Class AI	0.00*	-
- Class AR	0.00*	-
Distribution on 29 December 2023		
- Class AI	0.00*	-
- Class AR	0.00*	-
Distribution on 31 January 2024		
- Class AI	0.00*	-
- Class AR	0.00*	-
Distribution on 28 February 2022		
- Class AI	-	0.00*
- Class AR	-	0.00*
Distribution on 31 March 2022		
- Class AI	-	0.00*
- Class AR	-	0.00*
Distribution on 29 April 2022		
- Class AI	-	0.00*
- Class AR	-	0.00*
Distribution on 31 May 2022		
- Class AI	-	0.00*
- Class AR	-	0.00*
Distribution on 30 June 2022		
- Class AI	-	0.00*
- Class AR	-	0.00*
Distribution on 29 July 2022		
- Class AI	-	0.00*
- Class AR	-	0.00*

***** Note: 0.00 denotes value less than 0.01 sen

6. DISTRIBUTIONS (CONTINUED)

Gross/Net distribution per unit (sen)	2024 RM	2023 RM
Distribution on 30 August 2022		
- Class AI	-	0.00*
- Class AR	-	0.00*
Distribution on 30 September 2022		
- Class AI	-	0.00*
- Class AR	-	0.00*
Distribution on 31 October 2022		
- Class AI	-	0.00*
- Class AR	-	0.00*
Distribution on 30 November 2022	-	
- Class AI	-	0.00*
- Class AR	-	0.00*
Distribution on 30 December 2022		
- Class AI	-	0.00*
- Class AR	-	0.00*
Distribution on 31 January 2023		
- Class AI	-	0.00*
- Class AR	-	0.00*

***** Note: 0.00 denotes value less than 0.01 sen

Gross distribution is derived using total income less total expenses. Net distributions above is sourced from current and prior financial years' realised gain.

Gross distribution is derived using total income less total expenses. Net distributions above is sourced from current and prior financial years' realised gain.

Gross distribution per unit is derived from gross realised income less expenses, divided by the number of units in circulation. Net distribution per unit is derived from gross realised income less expenses and taxation, divided by the number of units in circulation.

7. TAXATION

	2024 RM	2023 RM
Tax charged for the financial year:		
- Current taxation	-	-

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:

	2024 RM	2023 RM
Profit before taxation	124,683,227	68,318,981
Taxation at Malaysian statutory rate of 24% (2023: 24%)	29,923,974	16,396,555
Tax effects of:		
- Income not subject to tax	(32,605,233)	(18,625,749)
- Expenses not deductible for tax purposes	162,073	150,665
- Restriction on tax deductible expenses for Unit Trust Funds	2,519,186	2,078,529
Taxation	-	-

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RM	2023 RM
Fair value through profit or loss:		
- Shariah-compliant deposits with licensed Islamic financial institutions*	4,067,013,687	2,428,002,554

* Includes profit receivable of RM30,379,687 (2023: RM11,746,554).

The weighted average effective profit rate per annum is as follows:

	2024 %	2023 %
Shariah-compliant deposits with licensed Islamic financial institutions	3.92	4.14

Shariah-compliant deposits with licensed Islamic financial institutions of the Fund have an average remaining maturity of 86 days (2023: 48 days).

9. CASH AND CASH EQUIVALENTS

	2024 RM	2023 RM
Bank balance	20,818	50,341

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2024 No. of units	2023 No. of units
Class AI (i)	3,886,280,930	2,370,450,809
Class AR (ii)	44,088,041	764,408
	3,930,368,971	2,371,215,217

(i) Class AI

At the beginning of the financial year	2,370,450,809	2,774,982,144
Add: Creation of units from applications	5,163,661,596	3,514,334,197
Add: Creation of units from distributions	42,857	24,150
Less: Cancellation of units	(3,647,874,332)	(3,918,889,682)
At the end of the financial year	3,886,280,930	2,370,450,809

(ii) Class AR

At the beginning of the financial year	764,408	1,181,826
Add: Creation of units from applications	94,211,624	2,232,663
Add: Creation of units from distributions	325	8
Less: Cancellation of units	(50,888,316)	(2,650,089)
At the end of the financial year	44,088,041	764,408

11. TOTAL EXPENSE RATIO (TER")

	2024 %	2023 %
TER	0.32	0.32

TER is derived from the following calculation:

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

A = Management fee
B = Trustee fee
C = Audit fee
D = Tax agent's fee
E = Other expenses (excluding withholding tax)
F = Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on a daily basis is RM3,500,388,785 (2023: RM2,882,430,739).

12. PORTFOLIO TURNOVER RATIO ("PTR")

	2024	2023
PTR (times)	10.80	16.91

PTR is derived from the following calculation:

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

where:
total placement for the financial year = RM38,541,264,000 (2023: RM48,559,379,000)
total maturity for the financial year = RM37,037,830,218 (2023: RM48,947,798,824)

13. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER, AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

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

Related parties	Relationship
Principal Asset Management Berhad	The Manager
Principal Financial Group, Inc.	Ultimate holding company of shareholder of the Manager
Principal International (Asia) Ltd	Shareholder of the Manager
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 Manager
CIMB Group Holdings Bhd	Ultimate holding company of shareholder of the Manager

13. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER, AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

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

Related parties	Relationship
CIMB Group Sdn Bhd	Shareholder of the Manager
CIMB Islamic Bank Bhd	Fellow related party to the Manager
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 Manager

Units held by the Manager and parties related to the Manager

	2024			2023	
Manager	**No. of units**	**RM**	**RM**	**No. of units**	**RM**
Principal Asset Management Berhad					
- Class AI	8,445	8,975		20,814	21,345
- Class AR	4	4		2	2

Note: 0.00* denotes unit count less than 0.01

In the opinion of the Manager, the above units were transacted at the prevailing market price.

The units are held beneficially by the Manager for booking purposes. Other than the above, there were no units held by the Directors or parties related to the Manager.

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

	2024 RM	2023 RM
Significant related party transactions		
Profit income received from Shariah-compliant deposits with licensed Islamic financial institution:		
- CIMB Islamic Bank Bhd	21,161,809	9,273,696
Significant related party balances		
Shariah-compliant deposits with licensed Islamic financial institution:		
- CIMB Islamic Bank Bhd	799,428,363	347,492,210

14. TRANSACTIONS WITH FINANCIAL INSTITUTIONS

Details of transactions with the financial institutions for the financial year ended 31 January 2024 are as follows:

Financial Institutions	Value of placements RM	Percentage of total placements %
Hong Leong Islamic Bank Bhd	12,524,380,000	32.50
Public Islamic Bank Bhd	9,778,019,000	25.37
CIMB Islamic Bank #	7,400,591,000	19.20
Al Rajhi Banking and Investment	1,794,583,000	4.66
AmBank Islamic Bhd	1,477,000,000	3.83
Bank Islam Malaysia Bhd	1,323,503,000	3.43
Alliance Islamic Bank Berhad	1,262,405,000	3.28
Maybank Islamic Bhd	965,611,000	2.51
Bank Muamalat Malaysia Bhd	815,000,000	2.11
RHB Islamic Bank Bhd	650,172,000	1.69
Others	550,000,000	1.42
	38,541,264,000	100.00

Details of transactions with the financial institutions for the financial year ended 31 January 2023 are as follows:

Financial Institutions	Value of placements RM	Percentage of total placements %
Public Islamic Bank Bhd	26,008,456,000	53.56
CIMB Islamic Bank #	6,722,528,000	13.84
Hong Leong Islamic Bank Bhd	4,439,681,000	9.14
RHB Islamic Bank Bhd	2,240,000,000	4.61
Aillance Islamic Bank Berhad	2,157,529,000	4.44
AmBank Islamic Bhd	1,343,989,000	2.77
Maybank Islamic Bhd	1,320,302,000	2.72
Bank Muamalat Malaysia Bhd	1,180,000,000	2.43
RHB Islamic Bank Bhd	1,178,311,000	2.43
Bank Islam Malaysia Bhd	1,055,000,000	2.17
Others	913,583,000	1.89
	48,559,379,000	100.00

Included in the transactions are trades conducted with CIMB Islamic Bank Bhd, a fellow related party of the Manager amounting to RM7,400,591,000 (2023: RM6,722,528,000). The Manager 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.

15. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 15 March 2024.

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

E-mail address
myservice@principal.com

Customer Care Centre
(03) 7723 7260

Chat with us via WhatsApp:
(6016) 299 9792

Trustee for the Principal Islamic Islamic Deposit Fund
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) 2179 6511

Shariah Adviser of the Principal Islamic Deposit Fund
Amanie Advisors Sdn. Bhd. (Company No.: 200501007003 (0684050-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
Ernst & Young PLT 202006000003 (LLP0022760-LCA) & AF 0039
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel: +603 7495 8000
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List of Amendment
First Supplemental Prospectus of Principal Islamic Deposit Fund

Appendix 1

Principal Islamic Deposit Fund dated 1 July 2021 ("Prospectus 1")		First Supplemental Prospectus of Principal Islamic Deposit Fund ("Prospectus 2")
Section / Page	Description	Description
"About this document" / page i	If you have any questions about the information in this Prospectus or would like to know more about investing in the Principal Malaysia family of unit trust funds, please call our Customer Care Centre at (03) 7718 3000 during our business hour between 8:45 a.m. and 5:45 p.m. (Malaysian time) on Mondays to Thursdays and between 8:45 a.m. and 4:45 p.m. (Malaysian time) on Fridays.	If you have any questions about the information in this Prospectus or would like to know more about investing in the Principal Malaysia family of unit trust funds, please contact our Customer Care Centre under the "Corporate Directory" section during business hour between 8:45 a.m. and 5:45 p.m. (Malaysian time) from Mondays to Fridays.
"Corporate Directory"/ Page iv	The Manager Principal Asset Management Berhad **Customer Care Centre** 50, 52 & 54 Jalan SS 21/39 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan MALAYSIA Tel : (603) 7718 3000 Fax : (603) 7718 3003 The Trustee HSBC (Malaysia) Trustee Berhad Business / Registered address 13th Floor, Bangunan HSBC, South Tower No. 2, Leboh Ampang 50100 Kuala Lumpur MALAYSIA Tel : (03) 2075 7800 Fax : (03) 8894 2611	The Manager Principal Asset Management Berhad Customer Care Centre Ground Floor Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur MALAYSIA Tel : (603) 7723 7260 Fax : (603) 7718 3003 The Trustee HSBC (Malaysia) Trustee Berhad Business / Registered address Level 19, Menara IQ, Lingkaran TRX, 55188 Tun Razak Exchange, Kuala Lumpur, Malaysia Tel : (603) 2075 7800 Fax : (603) 8894 2611
Section 1.1/ Page 1	Investment Policy and Strategy The Fund seeks to achieve its objective by investing at least 95% of the Fund's NAV in Islamic Deposits, which have a remaining maturity period of less than 365 days. Up to 5% of the Fund's NAV may be maintained in cash. The investment policy is to invest in liquid and low risk short-term investments for capital preservation. The Fund will be actively managed with frequency that will depend on the market conditions and market outlook to provide liquidity and to accommodate the short-term cash flow requirements of its Unit holders. Asset Allocation The asset allocation strategy for this Fund is as follows: • at least 95% of the Fund's NAV will be invested in Islamic Deposits; and • up to 5% of the Fund's NAV in cash.	Investment Policy and Strategy The Fund seeks to achieve its objective by investing at least 95% of the Fund's NAV in Islamic Deposits, which have a remaining maturity period of less than 397 days. Up to 5% of the Fund's NAV may be maintained in cash. The investment policy is to invest in liquid and low risk short-term investments for capital preservation*. **The Fund is neither a capital guaranteed fund nor a capital protected fund.* The Fund will be actively managed by undertaking duration strategies (i.e. placing in short-term versus long-term deposits) according to our assessment of the interest rate outlook and market conditions at that point in time. In addition, we also analyze the Fund injection and redemption patterns to actively manage the liquidity of the Fund.

List of Amendment
First Supplemental Prospectus of Principal Islamic Deposit Fund

Principal Islamic Deposit Fund dated 1 July 2021 ("Prospectus 1")		First Supplemental Prospectus of Principal Islamic Deposit Fund ("Prospectus 2")
Section / Page	Description	Description
	We formulate an interest rate outlook by considering factors such as the Malaysian inflation rate, monetary policies and economic growth. With an interest rate outlook and yield curve analysis, we identify the weighting of the investment tenure and credit for the Fund. Risk management is at the core of our investment process. Every proposed decision made by the investment team is considered in the context of the overall portfolio risk-return trade-off. Our investment committee reviews the counterparties on a regular basis to ensure that the Fund invests in accordance with the Fund's objective. Hence, the Fund is constructed to be managed within the internal guidelines such as risk-return trade-off, which will be monitored regularly by the investment team. If the Fund is eligible to be invested via the EPF-MIS, investments made by the Fund will be subject to EPF's requirements. Please note there may be changes to the status of the eligibility of the Fund under the EPF-MIS from time to time. You may refer to our website at www.principal.com.my or www.kwsp.gov.my for updated information.	Asset Allocation The asset allocation strategy for this Fund is as follows: • at least 95% of the Fund's NAV will be invested in Islamic Deposits; and • up to 5% of the Fund's NAV in cash. We formulate an interest rate outlook by considering factors such as the Malaysian inflation rate, monetary policies and economic growth. With an interest rate outlook and yield curve analysis, we identify the weighting of the investment tenure and credit for the Fund. Risk management is at the core of our investment process. Every proposed decision made by the investment team is considered in the context of the overall portfolio risk-return trade-off. Our investment committee reviews the counterparties on a regular basis to ensure that the Fund invests in accordance with the Fund's objective. Hence, the Fund is constructed to be managed within the internal guidelines such as risk-return trade-off, which will be monitored regularly by the investment team. The Fund adopts a liquidity risk management framework which sets out the governance standards, methodology and process for the oversight and management of liquidity risk. The framework outlines the responsibilities to assess and monitor liquidity risk of the Fund, and to ensure appropriate measures are taken to mitigate the risk. The liquidity risk management framework that we have put in place is as follows: ▪ Regular review by the designated fund manager on the Fund's investment portfolio including its liquidity level. ▪ Periodic assessments are carried out on the Fund's liquidity profile (under both normal and stress market conditions) and on the concentration of unitholders. These assessments allow the Fund to be proactively managed to mitigate liquidity concerns that may arise in the ordinary course of portfolio management as well as in relation to the Fund's ability to meet unitholders' withdrawal requests. ▪ Suspension of withdrawal requests due to exceptional circumstances where a material portion of the Fund's asset value cannot be determined (for example financial distress of banks resulting in the suspension of bank withdrawal). During the suspension period, withdrawal requests will not be accepted and in the event we have earlier accepted the withdrawal requests prior to the suspension is declared, the withdrawal requests will be dealt on the next Business Day once the suspension is lifted. The action to suspend withdrawal requests from Unit holders shall be exercised only as a last resort by the Manager. *Note: Please refer to "Temporary Suspension" for more information.* If the Fund is an EPF-MIS approved fund, the investments made by the Fund will be subject to EPF's requirements. Please note there may be changes to the status of the Fund, you may refer to our website at www.principal.com.my or www.kwsp.gov.my for updated information.

List of Amendment
First Supplemental Prospectus of Principal Islamic Deposit Fund

Principal Islamic Deposit Fund dated 1 July 2021 ("Prospectus 1")		First Supplemental Prospectus of Principal Islamic Deposit Fund ("Prospectus 2")
Section / Page	Description	Description
Section 1.3 / page 2	1.3. INVESTMENT RESTRICTIONS AND LIMITS The Fund is subject to the following investment restrictions/limits: Exposure limits ▪ The value of the Fund's investments in Shariah-compliant permitted investments which have a remaining maturity period of not more than 365 days must not be less than 90% of the Fund's NAV; ▪ The value of the Fund's investments in Shariah-compliant permitted investments which have a remaining maturity period of more than 365 days but fewer than 732 days must not exceed 10% of the Fund's NAV.	1.3. INVESTMENT RESTRICTIONS AND LIMITS The Fund is subject to the following investment restrictions/limits: Exposure limits ▪ The value of the Fund's investments in Shariah-compliant permitted investments which have a remaining maturity period of not more than 397 days must not be less than 90% of the Fund's NAV; ▪ The value of the Fund's investments in Shariah-compliant permitted investments which have a remaining maturity period of more than 397 days but fewer than 732 days must not exceed 10% of the Fund's NAV.
Section 2.3/ Page 6	Rebates and Soft Commissions We and the Trustee will not retain any form of rebate or soft commission from, or otherwise share in any commission with, any broker in consideration for directing dealings in the investments of the Fund unless the soft commission received is retained in the form of goods and services such as research and advisory services that assist in the decision making process relating to the Fund's investments. All dealings with brokers are executed on most favourable terms available for the Fund. Any rebates will be directed to the account of the Fund.	Rebates and Soft Commissions We 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 rebate or shared commission will be directed to the account of the Fund. We 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 dealing with the broker or dealer is executed on terms which are the most favourable for the Fund; 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 will not enter into unnecessary trades in order to achieve a sufficient volume of transactions to qualify for soft commissions.
Section 3.8/ Page 13	Cooling-Off Period For first time investor investing with us, you have six (6) Business Days from the date the complete application is received and accepted by us to reconsider its appropriateness and suitability for your investment needs. Within this period, you may withdraw your investment at the same NAV per unit when the units were purchased. We will refund the investment amount including Application Fee (if any) to you within ten (10) calendar days from the day we receive the complete documentation. However, Principal Malaysia's staff and person(s) registered with a body approved by the SC to deal in unit trust are not entitled to the cooling-off right. If the Fund is an EPF-MIS approved fund and you have invested via EPF-MIS, your cooling-off right is subject to EPF's terms and conditions.	Cooling-Off Period Individual investors have six (6) Business Days after your initial investment (i.e. the date the complete application is received and accepted by us or our Distributors) to reconsider its appropriateness and suitability for your investment needs. Within this period, you may withdraw your investment at the same NAV per unit when the units were purchased or prevailing NAV per unit at the point of cooling-off (whichever is lower) ("Refund amount"). We will pay the Refund amount including the Application Fee (if any) to you in the currency of the respective Class within seven (7) Business Days, from the date we receive the complete documentations. Please note that the cooling-off right is only given to first time investor investing with us or our Distributors. However, Principal Malaysia's staff or a person(s) registered with a body approved by the SC to deal in unit trust funds are not entitled to the cooling-off right.

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First Supplemental Prospectus of Principal Islamic Deposit Fund

Principal Islamic Deposit Fund dated 1 July 2021 ("Prospectus 1")		First Supplemental Prospectus of Principal Islamic Deposit Fund ("Prospectus 2")
Section / Page	Description	Description
		In addition, if you have invested via the EPF-MIS (where available), your cooling-off right is subject to the EPF's terms and conditions.
Section 3.11/ Page 13	We and the Trustee may temporarily suspend the dealing in units of the Class or Fund, subject to the GUTF and/or the Deed. Please note that during the suspension period, there will be no NAV per unit available and hence, we will not accept any transactions for the applications, withdrawals, switches and/or transfers of units. If we have earlier accepted your request for withdrawals and switches of units, please note that there may be delay in processing those transactions and you will be notified accordingly. You will also be notified once the suspension is lifted.	We and/or the Trustee may temporarily suspend the dealing in units of the Class or Fund, subject to the GUTF and/or the Deed. Please note that during the suspension period, there will be no NAV per unit available and hence, we will not accept any transactions for the applications, withdrawals, switches and/or transfers of units. If we have earlier accepted your request for withdrawals and switches of units, please note that there may be delay in processing those transactions and you will be notified accordingly. You will also be notified once the suspension is lifted. In such case, you will not be able to redeem your units and will be compelled to remain invested in the Fund for a longer period of time than original timeline and until the suspension is lifted. Hence, your investments will continue to be subjected to the risk inherent to the Fund (please refer to the "Risk Factors" section in the Prospectus)
Section 4.2/ Page 15	If you have any questions about the information in this Prospectus or would like to know more about investing in this Fund, please contact our Customer Care Centre at (03) 7718 3000 during our business hour between 8:45 a.m. to 5:45 p.m. (Malaysian time) on Mondays to Thursdays and between 8:45 a.m. and 4:45 p.m. (Malaysian time) on Fridays or you may email us at service@principal.com.my. If you wish to write-in, please address your letter to: Principal Asset Management Berhad Customer Care Centre 50, 52 & 54 Jalan SS21/39 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan MALAYSIA	If you have any questions about the information in the Principal Malaysia family of unit trust funds, please contact our Customer Care Centre under the "Corporate Directory" section during business hour between 8:45 am to 5:45 pm (Malaysian time) from Mondays to Fridays. If you wish to write-in, please address your letter to: Principal Asset Management Berhad Customer Care Centre Ground Floor Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur MALAYSIA
Section 4.3/ Page 15	The Fund is governed by a Deed dated 15 May 2008, a Third Supplemental Master Deed dated 25 June 2008, a Seventh Supplemental Master Deed dated 19 November 2008, a Tenth Supplemental Master Deed dated 23 July 2009, a Fourteenth Supplemental Master Deed dated 26 June 2012, a Fifteenth Supplemental Master Deed dated 21 September 2012, a Seventeenth Supplemental Master Deed dated 25 March 2015, a Nineteenth Supplemental Master Deed dated 18 June 2019 and a Twenty first Supplemental Master Deed dated 15 April 2021.	The Fund is governed by a Master Deed dated 15 May 2008, a Third Supplemental Master Deed dated 25 June 2008, a Seventh Supplemental Master Deed dated 19 November 2008, a Tenth Supplemental Master Deed dated 23 July 2009, a Fourteenth Supplemental Master Deed dated 26 June 2012, a Fifteenth Supplemental Master Deed dated 21 September 2012, a Seventeenth Supplemental Master Deed dated 25 March 2015, a Nineteenth Supplemental Master Deed dated 18 June 2019, a Twenty first Supplemental Master Deed dated 15 April 2021 and a Twenty Third Supplemental Master Deed dated 27 June 2022.
Section 4.6/ Page 16	As at LPD, none of our directors and substantial shareholders have either direct or indirect interest in other corporations that carry on a similar business with Principal Malaysia, except for the following:	Deleted

List of Amendment
First Supplemental Prospectus of Principal Islamic Deposit Fund

<table>
<tr><th colspan="2">Principal Islamic Deposit Fund dated 1 July 2021 (“Prospectus 1”)</th><th>First Supplemental Prospectus of Principal Islamic Deposit Fund (“Prospectus 2”)</th></tr>
<tr><th>Section / Page</th><th>Description</th><th>Description</th></tr>
<tr><td></td><td>
<table>
<tr><th>Director / Shareholder</th><th>Position</th><th>Shareholding (Direct / Indirect)</th><th>Name of corporation</th></tr>
<tr><td rowspan="2">CIMB Group Sdn Bhd</td><td rowspan="2">Shareholder</td><td>Direct</td><td>Principal Islamic Asset Management Sdn Bhd</td></tr>
<tr><td>Indirect</td><td>CIMB-Mapletree Management Sdn Bhd*</td></tr>
</table>
*Note: As at LPD, CIMB-Mapletree Management Sdn. Bhd. has passed a special resolution on 9 May 2019 of which CIMB-Mapletree Management Sdn. Bhd. be wound up as a members’ voluntary liquidation and a liquidator be appointed.</td><td></td></tr>
<tr><td>Section 5.1.1/ Page 18</td><td>5.1.1. The Board of Directors

As at LPD, the Board of Directors consists of nine (9) members including four (4) Independent Directors and one (1) alternate directors. The Board of Directors oversees the management and operations of the Principal Malaysia and meets at least four (4) times a year.

<table>
<tr><td>Effendy bin Shahul Hamid</td><td>- Non-independent director</td><td>Dato’ Jaganath Derek Steven Sabapathy</td><td>-Independent director</td></tr>
<tr><td>Munirah binti Khairuddin</td><td>- Non-independent director</td><td>Wong Joon Hian</td><td>- Independent director</td></tr>
<tr><td>Thomas Cheong Wee Yee</td><td>- Non-independent director</td><td>Liew Swee Lin</td><td>- Independent director</td></tr>
<tr><td>Chong Chooi Wan[1]</td><td>- Non-independent director</td><td>Hisham bin Zainal Mokhtar</td><td>- Independent director</td></tr>
<tr><td>Juan Ignacio Eyzaguirre Baraona</td><td>- Non-independent director</td><td></td><td></td></tr>
</table>
[1] Alternate director to Effendy bin Shahul Hamid.

5.1.2. The Investment Committee

As at LPD, the Investment Committee consists of six (6) members including three (3) independent members. Generally, the Investment Committee meets once a month and is responsible for ensuring that the investment management of the Fund is consistent with the objectives of the Fund, the Deed, the GUTF and relevant securities laws, our internal investment restrictions and policies, as well as acceptable and efficacious investment management practices within the unit trust industry. In this role, the powers and duties of the Investment Committee include formulating and monitoring our implementation of appropriate investment management strategies for the Fund and the measurement and evaluation of our performance.</td><td>5.1.1. The Board of Directors

The name and designation of each of the directors can be found in our website at www.principal.com.my/en/about-us/leadership.

Deleted</td></tr>
<tr><td>Section 7.1/ Page 22</td><td>7.1. ABOUT HSBC (MALAYSIA) TRUSTEE BERHAD

HSBC (Malaysia) Trustee Berhad is a company incorporated in Malaysia since 1937 and registered as a trust company under the Trust Companies Act 1949, with its registered address at 13th Floor, Bangunan HSBC, South Tower, No 2, Leboh Ampang, 50100 Kuala Lumpur.</td><td>7.1. ABOUT HSBC (MALAYSIA) TRUSTEE BERHAD

HSBC (Malaysia) Trustee Berhad is a company incorporated in Malaysia since 1937 and registered as a trust company under the Trust Companies Act 1949, with its registered address at Level 19, Menara IQ, Lingkaran TRX, 55188 Tun Razak Exchange, Kuala Lumpur.</td></tr>
</table>

List of Amendment
First Supplemental Prospectus of Principal Islamic Deposit Fund

Principal Islamic Deposit Fund dated 1 July 2021 ("Prospectus 1")		First Supplemental Prospectus of Principal Islamic Deposit Fund ("Prospectus 2")
Section / Page	Description	Description
Section 8.2.1/ Page 24	8.2.1. Expenses permitted by the Deed ▪ remuneration and out of pocket expenses of the independent members of the investment committee and/or the members of the Shariah committee or advisers (if any) of the Fund, unless we decide to bear the same;	8.2.1. Expenses permitted by the Deed ▪ Remuneration and out of pocket expenses of the person(s) undertaking the oversight functions of the Fund, unless we decide to bear the same;
Section 8.5/ Page 25		8.5. TERMINATION OF THE FUND AND/OR CLASSES "Notwithstanding the above, the Fund and/or any of the Class may be terminated or wound-up, without the need to seek Unit Holders' prior approval, as proposed by the Manager with the consent of the Trustee (which consent shall not be unreasonably withheld) upon the occurrence of any of the following events, by giving a notice in writing to the Unit Holders of such period not less than that specified in the GUTF as hereinafter provided (i) if any law shall be passed which renders it illegal or (ii) if in the reasonable opinion of that Manager it is impracticable or inadvisable to continue the Fund and/or the Class, and in any case the termination of the Fund and/or Class is in the best interest of the Unit Holders."
Section 8.6/ Page 25 to 26	8.6. MEETINGS OF UNIT HOLDERS A Unit holders' meeting may be called by us, the Trustee and/or Unit holders. Where we or the Trustee convenes a meeting, the notice of the time and place of the meeting and terms of resolution to be proposed shall be given to the Unit holders in the following manner: a) by sending by post a notice of the proposed meeting at least fourteen (14) days before the date of the proposed meeting, to each Unit holder at the Unit holder's of the Fund or that Class, as the case may be, last known address or, in the case of Joint holders, to the joint holder of the Fund or that Class, as the case may be, whose name stands first in our records at the joint holder's last known address; and b) by publishing, at least fourteen (14) days before the date of the proposed meeting, an advertisement giving notice of the meeting in a national language newspaper published daily and circulating generally throughout Malaysia, and in one other newspaper as may be approved by the SC. We shall within twenty-one (21) days after an application is delivered to us at our registered office, being an application by not less than fifty (50), or one-tenth (1/10) in number, whichever is less, of the Unit holders of the Fund or that Class, as the case may be, to which the Deed relate, summon a meeting of the Unit holders: (i) by sending a notice by post of the proposed meeting at least seven (7) days before the date of the proposed meeting to each of those Unit holders of the Fund or that Class, as the case may be, at his/her last known address or in the case of joint Unit holder, to the joint Unit holder of the Fund or that Class, as the case may be, whose name stands first in our records at the joint Unit holder's last known address;	8.6. MEETINGS OF UNIT HOLDERS A Unit holders' meeting may be called by us, the Trustee and/or Unit holders. Where we or the Trustee convene a meeting, the notice of the time and place of the meeting and terms of resolution to be proposed shall be given to the Unit holders by sending by post a notice of the proposed meeting at least fourteen (14) days before the date of the proposed meeting, to each Unit holder of the Fund or that Class, as the case may be, last known address or, in the case of joint Unit holders, to the joint Unit holder of the Fund or that Class, as the case may be, whose name stands first in our records at the joint Unit holder's last known address. We shall within twenty-one (21) days after an application is delivered to us at our registered office, being an application by not less than fifty (50), or one-tenth (1/10) in number, whichever is less, of the Unit holders of the Fund or that Class, as the case may be, to which the Deed relate, summon a meeting of the Unit holders: (i) by sending a notice by post of the proposed meeting at least seven (7) days before the date of the proposed meeting to each of those Unit holders of the Fund or that Class, as the case may be, at his/her last known address or in the case of joint Unit holder, to the joint Unit holder of the Fund or that Class, as the case may be, whose name stands first in our records at the joint Unit holder's last known address; (ii) by publishing at least fourteen (14) days before the date of the proposed meeting, an advertisement giving notice of the meeting in a national language national daily newspaper and in one other newspaper as may be approved by the SC, and

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First Supplemental Prospectus of Principal Islamic Deposit Fund

Principal Islamic Deposit Fund dated 1 July 2021 ("Prospectus 1")		First Supplemental Prospectus of Principal Islamic Deposit Fund ("Prospectus 2")
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	(ii) by publishing at least fourteen (14) days before the date of the proposed meeting, an advertisement giving notice of the meeting in a national language national daily newspaper and in one other newspaper as may be approved by the SC, and (iii) specify in the notice, the place, time and terms of the resolutions to be proposed, for the purpose of considering the most recent financial statements of the Fund or relevant Class, or for the purpose of requiring the retirement or removal of the Manager OR the Trustee, or for the purpose of giving to the Trustee such directions as the meeting thinks proper, or for the purpose of considering any other matter in relation to the Deed. The quorum for a meeting of Unit holders of the Fund or Class, as the case may be, is five (5) Unit holders of the Fund (irrespective of the Class) or Class, as the case may be, present in person or by proxy, provided that for a meeting which requires a Special Resolution the quorum for that meeting shall be five (5) Unit holders of the Fund (irrespective of the Class) or Class, as the case may be, whether present in person or by proxy, holding in aggregate at least twenty five per centum (25%) of the units in issue of the Fund (irrespective of the Class) or Class, as the case may be, at the time of the meeting. If the Fund or Class, as the case may be, has five (5) or less Unit holders, the quorum required shall be two (2) Unit holders of the Fund (irrespective of the Class) or Class, as the case may be, whether present or by proxy and if the meeting requires a Special Resolution the quorum for that meeting shall be two (2) Unit holders of the Fund (irrespective of the Class) or Class, as the case may be, whether present in person or by proxy, holding in aggregate at least twenty five per centum (25%) of the units in issue for the Fund (irrespective of the Class) or Class, as the case may be, at the time of the meeting.	(iii) specify in the notice, the place, time and terms of the resolutions to be proposed, for the purpose of considering the most recent financial statements of the Fund or relevant Class, or for the purpose of requiring the retirement or removal of the Manager OR the Trustee, or for the purpose of giving to the Trustee such directions as the meeting thinks proper, or for the purpose of considering any other matter in relation to the Deed. The quorum for a meeting of Unit holders of the Fund or Class, as the case may be, is five (5) Unit holders of the Fund (irrespective of the Class) or Class, as the case may be present in person or by proxy, provided that for a meeting which requires a Special Resolution the quorum for that meeting shall be five (5) Unit holders of the Fund (irrespective of the Class) or Class, as the case may be, whether present in person or by proxy, holding in aggregate at least twenty five per centum (25%) of the Units in issue of the Fund (irrespective of the Class) or Class, as the case may be, at the time of the meeting. If the Fund or Class, as the case may be, has five (5) or less Unit holders, the quorum required shall be two (2) Unit holders of the Fund (irrespective of the Class) or Class, as the case may be, whether present or by proxy and if the meeting requires a Special Resolution the quorum for that meeting shall be two (2) Unit holders of the Fund (irrespective of the Class) or Class, as the case may be, whether present in person or by proxy, holding in aggregate at least twenty five per centum (25%) of the units in issue for the Fund (irrespective of the Class) or Class, as the case may be, at the time of the meeting. For the avoidance of doubt, the same quorum requirements shall apply to a meeting of Unit Holders of a particular Class. Where a Fund or Class has only one (1) remaining Unit Holder, such Unit Holder, whether present in person or by proxy, at the meeting shall constitute a quorum. For the avoidance of doubt, the same quorum requirements shall apply to a meeting of Unit Holders of a particular Class.
Section 9/ Page 27		Tax adviser letter has been updated.
Section 10.1/ Page 31	Sri Petaling Branch 169-2, Jalan Radin Bagus Bandar Baru Sri Petaling 57000 Kuala Lumpur MALAYSIA Tel: (603) 9059 2333 Ampang Branch 13B 2nd Floor Jalan Mamanda 7/1 Off Jalan Ampang 68000 Ampang Selangor MALAYSIA Tel: (603) 4270 2970	Deleted.

List of Amendment
First Supplemental Prospectus of Principal Islamic Deposit Fund

<table>
<tr><td colspan="2">Principal Islamic Deposit Fund dated 1 July 2021 (“Prospectus 1”)</td><td colspan="2">First Supplemental Prospectus of Principal Islamic Deposit Fund (“Prospectus 2”)</td></tr>
<tr><td>Section / Page</td><td colspan="2">Description</td><td colspan="2">Description</td></tr>
<tr><td rowspan="2">Annexure-Class AI / Page 36</td><td rowspan="2">Distribution policy</td><td rowspan="2">Monthly, depending on the level of income (if any) the Fund generates.</td><td></td><td>Class AI</td></tr>
<tr><td>Distribution policy</td><td>Annually, depending on the level of income (if any) the Fund generates.</td></tr>
</table>

Principal Asset Management Berhad
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