

PRINCIPAL ISLAMIC MONEY MARKET FUND
ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023

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INVESTORS' LETTER

Dear Valued Investor,

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

Firstly, allow us to wish you a fantastic New Year 2024! As we kick off another year, it's time to set new investment goals and embrace fresh opportunities. Despite the challenges of 2023, here's to a brighter and promising year ahead!

We are pleased to bring you a copy of the Annual Fund Report of the Principal Islamic Money Market Fund for the financial year ended 30 November 2023. You may also download this report from our website at www.principal.com.my.

We are happy to share that Principal Malaysia won two awards at the International Finance's 2023 Financial Awards and Leadership Awards. The awards were for Best Asset Management Company (Malaysia) and Best Asset Management CEO (Malaysia) – Ms. Munirah Khairuddin. We also won the Best Impact – Climate Action, Gold award for Principal Asia Pacific Renewables Fund at The Edge ESG Awards 2023.

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 money market instruments that conform with Shariah principles.

Has the Fund achieved its objective?

For the financial year under review, the Fund is in line with its stated objective.

What are the Fund investment policy and principal investment strategy?

The Fund will place at least 90% of its Net Asset Value (“NAV”) in Islamic money market instruments such as Islamic Accepted Bills, Islamic Negotiable Instruments of Deposits, and Islamic Repurchase Agreements (“Repo-i”) as well as in any other Sukuk and placements of Islamic deposits, all of which are highly liquid and have a remaining maturity period of 397 days or less. Up to 10% of the Fund’s NAV may be invested in Sukuk, which have a remaining maturity period of more than 397 days but less than 732 days. The Fund will be actively managed with frequency that will depend on the market conditions and market outlook. The strategy is to invest in liquid and low risk short-term investments for capital preservation*. The investment strategy adheres to the Guidelines of Unit Trust Funds (“GUTF”) pertaining to investments for a money market fund.

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

The asset allocation strategy for this Fund is as follows:

- at least 90% of the Fund’s NAV will be invested in Islamic money market instruments and/or Islamic deposits; and
- up to 10% of the Fund’s NAV may be invested in Sukuk, which have a remaining maturity period of more than 397 days but less than 732 days.

The ratings of the Islamic money market instruments and Sukuk will be at least a “BBB3” or “P2” rating by RAM Holdings Bhd (“RAM”) or equivalent rating by Malaysian Rating Corporation Bhd (“MARC”) or by local rating agency(ies) of the country of issuance; or “BBB-” by Standard & Poor’s (“S&P”) or equivalent rating by any other international rating agencies. The Fund may invest up to 30% of its NAV in foreign Eligible Markets.

Fund category/type

Money Market (Islamic)/Income

When was the Fund launched?

Name of Class	Launch date
Class AI	17 March 2008
Class AR	13 August 2021
Class D	7 June 2022

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

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

RM1,593.57 million (1,481.08 million units)

What is the Fund’s benchmark?

CIMB Islamic 1-Month Fixed Return Income Account-i (“FRIA-i”)

Note: The Fund’s benchmark is for comparison purpose only.

FUND OBJECTIVE AND POLICY (CONTINUED)

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 30 November 2023?

The Fund distributed a total net income of RM32.68 million to unit holders for the financial year ended 30 November 2023.

The Fund's NAV per unit were as follows:

Date	NAV per unit (before distribution) RM	NAV per unit (after distribution) RM
Distribution on 30 December 2022		
- Class AI	1.0686	1.0665
- Class AR	1.0686	1.0665
- Class D	1.0094	1.0080
Distribution on 27 January 2023		
- Class AI	1.0697	1.0676
- Class AR	1.0697	1.0676
- Class D	1.0111	1.0097
Distribution on 24 February 2023		
- Class AI	1.0704	1.0683
- Class AR	1.0704	1.0683
- Class D	1.0125	1.0111
Distribution on 29 March 2023		
- Class AI	1.0718	1.0696
- Class AR	1.0718	1.0696
- Class D	1.0144	1.0129
Distribution on 26 April 2023		
- Class AI	1.0729	1.0709
- Class AR	1.0729	1.0709
- Class D	1.0160	1.0145
Distribution on 29 May 2023		
- Class AI	1.0745	1.0722
- Class AR	1.0745	1.0722
- Class D	1.0182	1.0167
Distribution on 27 June 2023		
- Class AI	1.0755	1.0732
- Class AR	1.0755	1.0731
- Class D	1.0199	1.0184
Distribution on 27 July 2023		
- Class AI	1.0767	1.0745
- Class AR	1.0767	1.0751
- Class D	1.0219	1.0204
Distribution on 28 August 2023		
- Class AI	1.0779	1.0757
- Class AR	1.0786	1.0770
- Class D	1.0238	1.0224
Distribution on 26 September 2023		
- Class AI	1.0788	1.0772
- Class AR	1.0801	1.0785
- Class D	1.0254	1.0239
Distribution on 27 October 2023		
- Class AI	1.0803	1.0786
- Class AR	1.0816	1.0799
- Class D	1.0269	1.0253

FUND OBJECTIVE AND POLICY (CONTINUED)

The Fund's NAV per unit were as follows (continued):

Date	NAV per unit	NAV per unit
	(before distribution) RM	(after distribution) RM
Distribution on 28 November 2023		
- Class AI	1.0823	1.0804
- Class AR	1.0835	1.0815
- Class D	1.0288	1.0271

	30.11.2023		30.11.2022	
	RM	%	RM	%
Source of distribution				
Distribution out of current year's income	17,841,294	54.59	5,252,740	15.43
Distribution out of prior year's income/capital	14,841,657	45.41	28,787,308	84.57
Total	<u>32,682,951</u>	<u>100.00</u>	<u>34,040,048</u>	<u>100.00</u>

PERFORMANCE DATA

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

	30.11.2023	30.11.2022	30.11.2021
	%	%	%
Unquoted Sukuk and Islamic commercial papers	50.99	67.37	96.51
Cash and other assets	49.11	33.55	4.54
Liabilities	(0.10)	(0.92)	(1.05)
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	30.11.2023	30.11.2022	30.11.2021
NAV (RM Million)*			
- Class AI	1,357.59	1,224.94	1,204.88
- Class AR	99.74	63.46	124.86
- Class D	136.24	52.09	-
Units in circulation (Million)			
- Class AI	1,256.27	1,149.62	1,128.30
- Class AR	92.20	59.56	116.92
- Class D	132.61	51.76	-
NAV per unit (RM)*			
- Class AI	1.0806	1.0655	1.0679
- Class AR	1.0818	1.0655	1.0679
- Class D	1.0274	1.0064	-
Highest NAV per unit (RM)			
- Class AI	1.0823	1.0698	1.0789
- Class AR	1.0835	1.0698	1.0711
- Class D	1.0288	1.0100	-
Lowest NAV per unit (RM)*			
- Class AI	1.0663	1.0642	1.0677
- Class AR	1.0656	1.0643	1.0678
- Class D	1.0064	0.0000	-

PERFORMANCE DATA (CONTINUED)

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

	30.11.2023	30.11.2022	30.11.2021
Total return (%)			
- Class AI	3.77	2.21	2.10
- Class AR	3.78	2.21	2.10
- Class D	3.86	-	-
- Capital growth (%)			
- Class AI	1.42	(0.22)	(0.88)
- Class AR	1.53	(0.22)	(0.88)
- Class D	2.09	-	-
- Income distribution (%)			
- Class AI	2.32	2.44	3.01
- Class AR	2.21	2.44	3.01
- Class D	1.73	-	-
*Ex-distribution			
Total Expense Ratio ("TER") (%)	0.42	0.42	0.53
Portfolio Turnover Ratio ("PTR") (times) #	0.77	0.68	0.77

The Fund's PTR for the financial year under review increased from 0.68 times to 0.77 times compared to the previous year's corresponding year due to the increase in number of transactions.

Gross/Net distribution per unit (sen)

Distribution on 30 December 2022

- Class AI	0.21	-	-
- Class AR	0.21	-	-
- Class D	0.14	-	-

Distribution on 27 January 2023

- Class AI	0.21	-	-
- Class AR	0.21	-	-
- Class D	0.14	-	-

Distribution on 24 February 2023

- Class AI	0.21	-	-
- Class AR	0.21	-	-
- Class D	0.14	-	-

Distribution on 29 March 2023

- Class AI	0.21	-	-
- Class AR	0.21	-	-
- Class D	0.15	-	-

Distribution on 26 April 2023

- Class AI	0.20	-	-
- Class AR	0.20	-	-
- Class D	0.14	-	-

Distribution on 29 May 2023

- Class AI	0.23	-	-
- Class AR	0.23	-	-
- Class D	0.14	-	-

Distribution on 27 June 2023

- Class AI	0.23	-	-
- Class AR	0.23	-	-
- Class D	0.14	-	-

Distribution on 27 July 2023

- Class AI	0.22	-	-
- Class AR	0.16	-	-
- Class D	0.14	-	-

PERFORMANCE DATA (CONTINUED)

Date of distribution	30.11.2023	30.11.2022	30.11.2021
Gross/Net distribution per unit (sen)			
Distribution on 28 August 2023			
- Class AI	0.22	-	-
- Class AR	0.16	-	-
- Class D	0.14	-	-
Distribution on 26 September 2023			
- Class AI	0.16	-	-
- Class AR	0.16	-	-
- Class D	0.15	-	-
Distribution on 27 October 2023			
- Class AI	0.17	-	-
- Class AR	0.17	-	-
- Class D	0.16	-	-
Distribution on 28 November 2023			
- Class AI	0.19	-	-
- Class AR	0.20	-	-
- Class D	0.17	-	-
Distribution on 31 December 2021			
- Class AI	-	0.24	-
- Class AR	-	0.24	-
Distribution on 31 January 2022			
- Class AI	-	0.24	-
- Class AR	-	0.24	-
Distribution on 28 February 2022			
- Class AI	-	0.22	-
- Class AR	-	0.22	-
Distribution on 31 March 2022			
- Class AI	-	0.20	-
- Class AR	-	0.20	-
Distribution on 29 April 2022			
- Class AI	-	0.20	-
- Class AR	-	0.20	-
Distribution on 31 May 2022			
- Class AI	-	0.21	-
- Class AR	-	0.21	-
Distribution on 30 June 2022			
- Class AI	-	0.21	-
- Class AR	-	0.21	-
Distribution on 30 July 2022			
- Class AI	-	0.21	-
- Class AR	-	0.21	-
- Class D	-	0.06	-
Distribution on 30 August 2022			
- Class AI	-	0.21	-
- Class AR	-	0.21	-
- Class D	-	0.17	-
Distribution on 30 September 2022			
- Class AI	-	0.21	-
- Class AR	-	0.21	-
- Class D	-	0.18	-
Distribution on 29 October 2022			
- Class AI	-	0.21	-
- Class AR	-	0.21	-
- Class D	-	0.17	-

PERFORMANCE DATA (CONTINUED)

Date of distribution	30.11.2023	30.11.2022	30.11.2021
Gross/Net distribution per unit (sen)			
Distribution on 30 November 2022			
- Class AI	-	0.21	-
- Class AR	-	0.21	-
- Class D	-	0.17	-
Distribution on 31 December 2020	-	-	0.39
Distribution on 29 January 2021	-	-	0.26
Distribution on 26 February 2021	-	-	0.27
Distribution on 31 March 2021	-	-	0.24
Distribution on 30 April 2021	-	-	0.26
Distribution on 31 May 2021	-	-	0.28
Distribution on 30 June 2021	-	-	0.27
Distribution on 30 July 2021	-	-	0.25
Distribution on 30 August 2021			
- Class AI	-	-	0.24
- Class AR	-	-	0.24
Distribution on 30 September 2021			
- Class AI	-	-	0.25
- Class AR	-	-	0.25
Distribution on 29 October 2021			
- Class AI	-	-	0.24
- Class AR	-	-	0.24
Distribution on 30 November 2021			
- Class AI	-	-	0.24
- Class AR	-	-	0.24

	30.11.2023	30.11.2022	30.11.2021	30.11.2020	30.11.2019
	%	%	%	%	%
Annual total return					
- Class AI	3.77	2.21	2.10	2.65	3.48
- Class AR*	3.78	2.21	2.10	2.65	3.48

(Launch date: 17 March 2008)

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

	30.11.2023	Since inception to 30.11.2022
	%	%
Annual total return		
- Class D	3.86	1.37

(Launch date: 7 June 2022)

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

MARKET REVIEW (1 DECEMBER 2022 TO 30 NOVEMBER 2023)

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.

MARKET REVIEW (1 DECEMBER 2022 TO 30 NOVEMBER 2023) (CONTINUED)

Malaysia's economic growth accelerated in the third quarter as consumer spending along with services and construction sectors helped counter the impact of faltering exports. Gross Domestic Product ("GDP") expanded 3.3% in third quarter of year, in line with the preliminary reading last month and from a 2.9% gain in second quarter of the year.

Headline inflation, measured by the consumer price index ("CPI"), continued to slow to 1.8% in October 2023. Meanwhile, core inflation was lower at 2.4% (September 2023: 2.5%) during the month. The moderation was due to lower inflation for selected services including food away from home and repair and maintenance of personal transport.

FUND PERFORMANCE

	1 year to 30.11.2023 %	3 years to 30.11.2023 %	5 years to 30.11.2023 %	Since inception to 30.11.2023 %
Income Distribution				
- Class AI	2.32	7.97	14.77	47.50
- Class AR	2.21	7.86	14.65	47.34
- Class D	1.73	-	-	2.47
Capital Growth				
- Class AI	1.42	0.30	0.22	8.06
- Class AR	1.53	0.41	0.33	8.18
- Class D	2.09	-	-	2.74
Total Return				
- Class AI	3.77	8.29	15.02	59.39
- Class AR	3.78	8.30	15.03	59.40
- Class D	3.86	-	-	5.28
Benchmark				
- Class AI	2.56	5.97	11.73	49.56
- Class AR	2.56	5.97	11.73	49.56
- Class D	2.56	-	-	2.38
Average Total Return				
- Class AI	3.77	2.69	2.84	3.01
- Class AR	3.78	2.69	2.84	3.01
- Class D	3.86	-	-	3.53

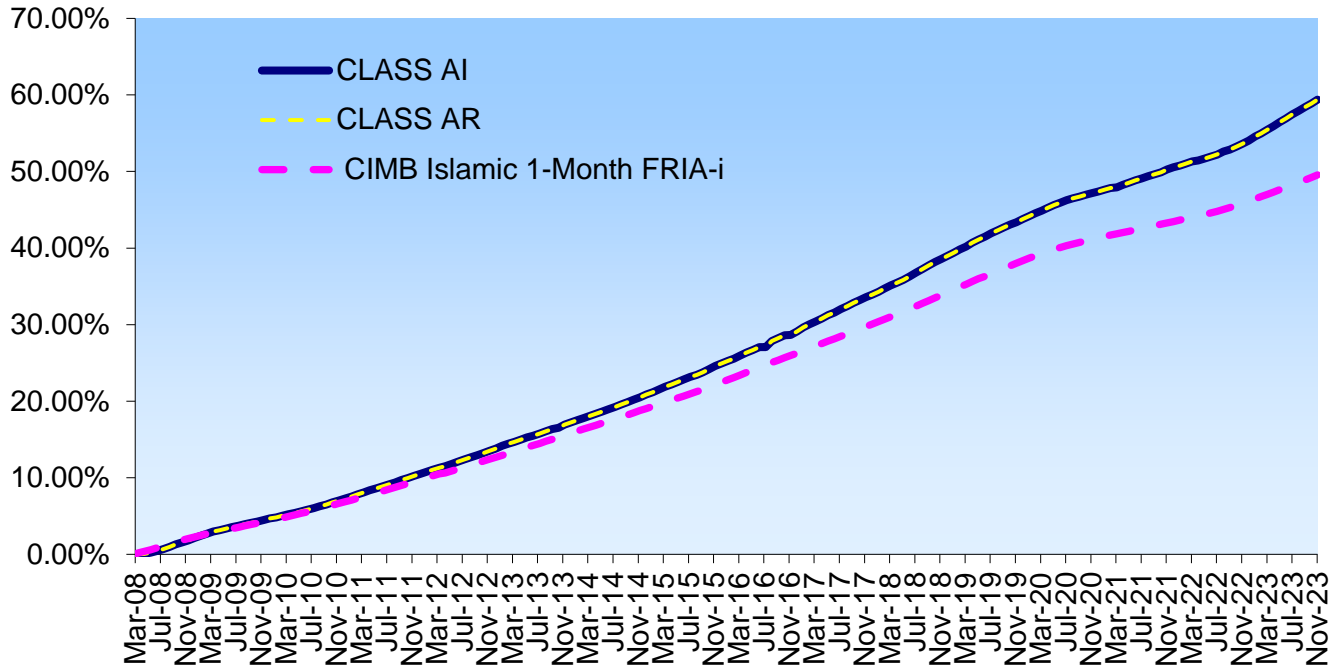
As at 30 November 2023, the total return for Class AI on a 1 year, 3 years, and 5 years basis stood at 3.77%, 8.29% and 15.02% respectively meanwhile the total return for Class AR on a 1 year, 3 years, and 5 years basis stood at 3.78%, 8.30% and 15.03% respectively. The total return for Class D stood at 3.86%.

Both classes outperformed the benchmark in the respective year. Since inception, the Class AI and AR achieved a total return of 59.39 and 59.40% respectively, also outperforming the benchmark returns. Since inception, the total return for Class D stood at 5.28%.

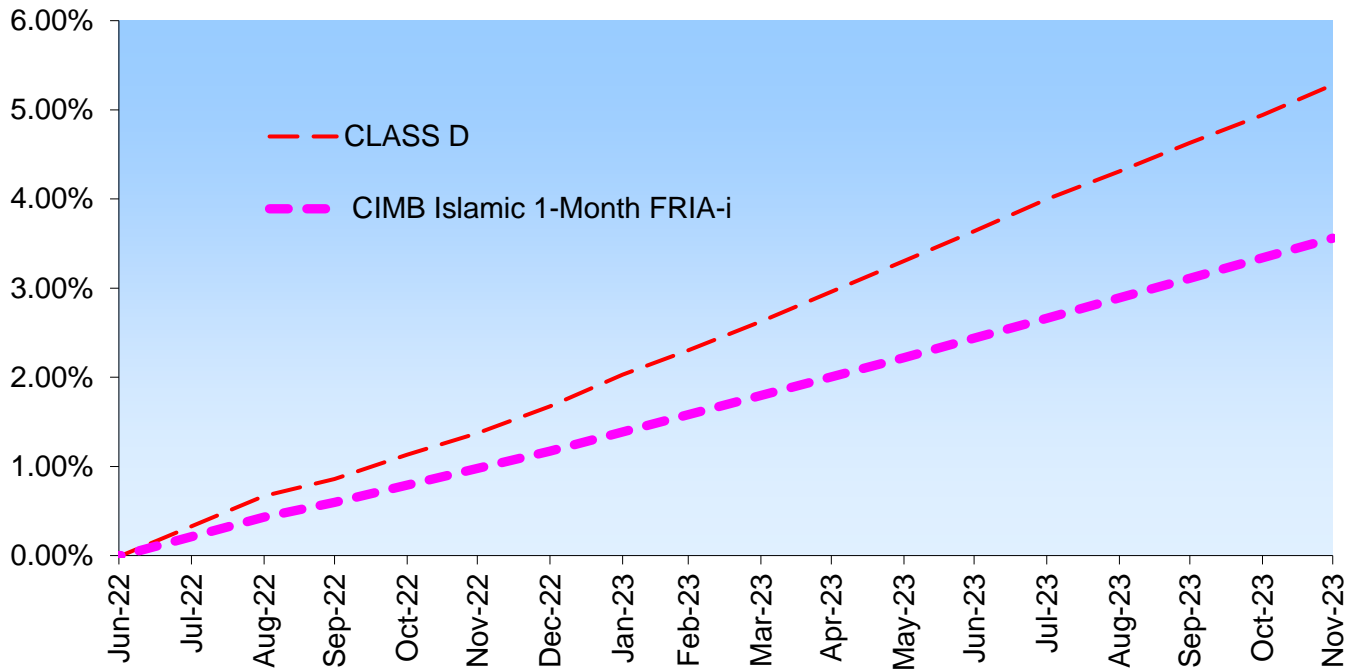
FUND PERFORMANCE

Since inception

Class AI & AR



Class D



FUND PERFORMANCE (CONTINUED)

Changes in NAV

	30.11.2023	30.11.2022	Changes %
CLASS AI			
NAV (RM Million)*	1,357.59	1,224.94	10.83
NAV/Unit (RM)*	1.0806	1.0655	1.42
CLASS AR			
NAV (RM Million)*	99.74	63.46	57.17
NAV/Unit (RM)*	1.0818	1.0655	1.53
CLASS D			
NAV (RM Million)*	136.24	52.09	>100.00
NAV/Unit (RM)*	1.0274	1.0064	2.09

The Fund's NAV for class AI as at 30 November 2023 increased by 10.83% to RM1,357.59 million from RM1,224.94 million on 30 November 2022. Meanwhile, the NAV per unit increased by 1.42% from RM1.0655 per unit to RM1.0806 per unit.

The Fund's NAV for class AR as at 30 November 2023 increased by 57.17% to RM99.74 million from RM63.46 million on 30 November 2022. Meanwhile, the NAV per unit increased by 1.53% from RM1.0655 per unit to RM1.0818 per unit.

The Fund's NAV for class D as at 30 November 2023 stood at RM136.24 million. The NAV per unit increased by 2.09% from RM1.0064 per unit to RM1.0274 per unit.

*Ex-distribution

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

	30.11.2023	30.11.2022
Unquoted Sukuk and Islamic commercial papers	50.99	67.37
Cash and other assets	49.11	33.55
Liabilities	(0.10)	(0.92)
TOTAL	100.00	100.00

As at 30 November 2023, the Fund was 50.99% invested in unquoted Sukuk and Islamic commercial papers, with the remaining 49.11% in cash and other assets. The increase in cash and other assets was due to injection.

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, advice, or recommendation to make a purchase of any investment. The information given in this article represents the views of Principal Asset Management Berhad (“Principal Malaysia”) or based on data obtained from sources believed to be reliable by Principal Malaysia. Whilst every care has been taken in preparing this, Principal Malaysia makes no guarantee, representation or warranty and is under no circumstances liable for any loss or damage caused by reliance on, any opinion, advice or statement made in this market outlook.

INVESTMENT STRATEGY

We continue to diversify the investments in decent yield deposits and quality short term sukuk papers as well as Islamic commercial papers issued by corporates with strong fundamentals.

SOFT COMMISSIONS AND REBATES

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

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

During the financial 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

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

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
PRINCIPAL ISLAMIC MONEY MARKET 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 37 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 30 November 2023 and of its financial performance, 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
17 January 2024

TRUSTEE'S REPORT

**TO THE UNIT HOLDERS OF
PRINCIPAL ISLAMIC MONEY MARKET FUND ("Fund")**

We have acted as Trustee of the Fund for the financial year ended 30 November 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Principal Asset Management Berhad has operated and managed the Fund during the year covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the Management Company under the Deeds, securities laws and the Guidelines on the Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the Deeds; and
3. Any creation and cancellation of units are carried out in accordance with the Deeds 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
17 January 2024

SHARIAH ADVISER'S REPORT

To the Unit Holders of Principal Islamic Money Market Fund ("Fund")

For the Financial Year ended 30 November 2023

We hereby confirm the following:

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

For Amanie Advisors Sdn Bhd

Tan Sri Dr Mohd Daud Bakar
Executive Chairman

Kuala Lumpur
17 January 2024

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL ISLAMIC MONEY MARKET FUND**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Principal Islamic Money Market Fund (the "Fund"), which comprise the statement of financial position of the Fund as at 30 November 2023, 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 a summary of significant accounting policies, as set out on pages 8 to 37.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 November 2023, 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 MONEY MARKET 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 MONEY MARKET 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 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 MONEY MARKET FUND (cont'd.)**

Report on the audit of the financial statements (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
17 January 2024

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023**

	Note	2023 RM	2022 RM
INCOME/(LOSS)			
Profit income from unquoted Sukuk at fair value through profit or loss		35,286,835	34,894,774
Profit income from Shariah-compliant deposits with licensed Islamic financial institutions at amortised cost and Hibah earned		23,294,706	4,426,352
Net gain/(loss) on financial assets at fair value through profit or loss	8	<u>2,734,280</u>	<u>(2,633,712)</u>
		<u>61,315,821</u>	<u>36,687,414</u>
EXPENSES			
Management fee	4	5,929,886	5,646,181
Trustee fee	5	272,187	282,309
Audit fee		11,110	9,090
Tax agent's fee		7,000	4,000
Other expenses		<u>25,962</u>	<u>19,646</u>
		<u>6,246,145</u>	<u>5,961,226</u>
PROFIT BEFORE DISTRIBUTION AND TAXATION		<u>55,069,676</u>	<u>30,726,188</u>
Distributions:			
- Class AI		29,169,911	31,620,632
- Class AR		1,653,965	2,127,936
- Class D		<u>1,859,075</u>	<u>291,480</u>
	6	<u>32,682,951</u>	<u>34,040,048</u>
PROFIT/(LOSS) BEFORE TAXATION		22,386,725	(3,313,860)
Taxation	7	<u>-</u>	<u>-</u>
PROFIT/(LOSS) AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR		<u>22,386,725</u>	<u>(3,313,860)</u>
Profit/(Loss) after taxation is made up as follows:			
Realised amount		20,034,786	(729,500)
Unrealised amount		<u>2,351,939</u>	<u>(2,584,360)</u>
		<u>22,386,725</u>	<u>(3,313,860)</u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2023**

	Note	2023 RM	2022 RM
ASSETS			
Cash and cash equivalents	9	781,071,077	441,771,337
Financial assets at fair value through profit or loss (Shariah-compliant)	8	812,603,386	903,062,537
Amount due from Manager		<u>1,601,213</u>	<u>7,928,987</u>
TOTAL ASSETS		<u>1,595,275,676</u>	<u>1,352,762,861</u>
LIABILITIES			
Amount due to Manager		1,188,360	11,791,545
Accrued management fee		482,629	443,801
Amount due to Trustee		18,099	22,190
Distribution payable		931	1,032
Other payables and accruals		<u>16,325</u>	<u>14,216</u>
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)		<u>1,706,344</u>	<u>12,272,784</u>
NET ASSET VALUE OF THE FUND		<u>1,593,569,332</u>	<u>1,340,490,077</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>1,593,569,332</u>	<u>1,340,490,077</u>
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS			
- Class AI		1,357,588,628	1,224,942,333
- Class AR		99,738,289	63,457,260
- Class D		<u>136,242,415</u>	<u>52,090,484</u>
		<u>1,593,569,332</u>	<u>1,340,490,077</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)			
- Class AI		1,256,275,890	1,149,619,482
- Class AR		92,195,518	59,554,207
- Class D		<u>132,609,263</u>	<u>51,761,608</u>
	10	<u>1,481,080,671</u>	<u>1,260,935,297</u>
NET ASSET VALUE PER UNIT (RM) (EX-DISTRIBUTION)			
- Class AI		1.0806	1.0655
- Class AR		1.0818	1.0655
- Class D		<u>1.0274</u>	<u>1.0064</u>

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

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023**

	Note	2023 RM	2022 RM
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>1,340,490,077</u>	<u>1,329,738,439</u>
Movement due to units created and cancelled during the financial year:			
Creation of units from applications			
- Class AI		1,826,604,139	1,100,526,623
- Class AR		188,616,495	71,914,427
- Class D		<u>245,925,321</u>	<u>80,530,499</u>
		<u>2,261,145,955</u>	<u>1,252,971,549</u>
Creation of units from distributions			
- Class AI		29,169,911	31,620,632
- Class AR		1,645,689	2,120,559
- Class D		<u>1,859,075</u>	<u>291,480</u>
		<u>32,674,675</u>	<u>34,032,671</u>
Cancellation of units			
- Class AI		(1,742,134,226)	(1,108,897,283)
- Class AR		(155,239,955)	(135,220,932)
- Class D		<u>(165,753,919)</u>	<u>(28,820,507)</u>
		<u>(2,063,128,100)</u>	<u>(1,272,938,722)</u>
Total comprehensive income/(loss) for the financial year		22,386,725	(3,313,860)
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR		<u>1,593,569,332</u>	<u>1,340,490,077</u>

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023**

	Note	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from disposal of unquoted Sukuk and Islamic commercial papers		468,701,325	230,484,378
Purchase of unquoted Sukuk and Islamic commercial papers		(1,808,083,721)	(1,694,871,349)
Proceeds from maturity of unquoted Sukuk and Islamic commercial papers		1,445,520,000	1,831,600,000
Proceeds from redemption of unquoted Sukuk and Islamic commercial papers		5,005,112	20,424,944
Profit income received from Shariah-compliant deposits with licensed Islamic financial institutions and Hibah received		21,652,990	14,686,616
Profit income received from unquoted Sukuk and Islamic commercial papers		18,979,266	25,216,332
Management fee paid		(5,891,058)	(5,660,696)
Trustee fee paid		(276,278)	(283,035)
Payments for other fees and expenses		(41,963)	(34,446)
Net cash generated from operating activities		<u>145,565,673</u>	<u>421,562,744</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		2,267,473,729	1,266,009,530
Payments for cancellation of units		(2,073,731,285)	(1,274,547,358)
Distributions paid		(8,377)	(6,690)
Net cash generated from/(used in) financing activities		<u>193,734,067</u>	<u>(8,544,518)</u>
Net increase in cash and cash equivalents		339,299,740	413,018,226
Cash and cash equivalents at the beginning of the financial year		<u>441,771,337</u>	<u>28,753,111</u>
Cash and cash equivalents at the end of the financial year	9	<u><u>781,071,077</u></u>	<u><u>441,771,337</u></u>
<u>Cash and cash equivalents comprised:</u>			
Bank balance		352,491	457,193
Shariah-compliant deposits with licensed Islamic financial institutions		<u>780,718,586</u>	<u>441,314,144</u>
Cash and cash equivalents at the end of the financial year	9	<u><u>781,071,077</u></u>	<u><u>441,771,337</u></u>

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 30 NOVEMBER 2023

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES

Principal Islamic Money Market Fund (the “Fund”) is governed by a Master Deed dated 15 May 2008, a Third Supplemental Master Deed dated 25 June 2008, a Sixth Supplemental Master Deed dated 14 July 2008, a Seventh Supplemental Master Deed dated 19 November 2008, 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 Twentieth Supplemental Master Deed dated 9 April 2021, a Twenty First Supplemental Master Deed dated 15 April 2021, a Twenty Second Supplemental Master Deed dated 7 December 2021 and a Twenty Fourth Supplemental Master Deed dated 20 September 2022 (collectively referred to as the “Deeds”) made between Principal Asset Management Berhad (the “Manager”) and HSBC (Malaysia) Trustee Berhad (the “Trustee”).

The Fund will place at least 90% of its NAV in Islamic money market instruments such as Islamic Accepted Bills, Islamic Negotiable Instruments of Deposits and Islamic Repurchase Agreements (“Repo-I”) as well as in any other Sukuk and placements of Islamic Deposits, all of which are highly liquid and have a remaining maturity period of 397 days or less. Up to 10% of the Fund’s NAV may be invested in Sukuk, which have a remaining maturity period of more than 397 days but less than 732 days. The Fund will be actively managed with frequency that will depend on the market conditions and market outlook. The strategy is to invest in liquid and low risk short-term investments for capital preservation*. The investment strategy adheres to the GUTF pertaining to investments for a money market fund.

The asset allocation strategy for this Fund is as follows:

- at least 90% of the Fund’s NAV will be invested in Islamic money market instruments and/or Islamic Deposits; and
- up to 10% of the Fund’s NAV may be invested in Sukuk, which have a remaining maturity period of more than 397 days but less than 732 days.

The ratings of the Islamic money market instruments and Sukuk will be at least a “BBB3” or “P2” rating by RAM or equivalent rating by MARC or by local rating agency(ies) of the country of issuance; or “BBB-” by S&P or equivalent rating by any other international rating agencies. The Fund may invest up to 30% of its NAV in foreign Eligible Markets

All investments are subjected to the 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 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements have been prepared in accordance with the provisions of the MFRS as issued by the Malaysian Accounting Standards Board (“MASB”) and IFRS as issued by the International Accounting Standards Board (“IASB”). The financial statements have been prepared under the historical cost convention, as modified by financial assets at fair value through profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

It also requires the 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 effective for financial year beginning on 1 December 2022 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 financial year beginning on/after 1 December 2023 that are applicable 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 contractual cash flows of the Fund's debt securities are solely payment of principal and interest¹ ("SPPI"). However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

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.

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

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

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

Financial liabilities are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

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

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

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

Unquoted Sukuk denominated in Malaysian Ringgit ("MYR" or "RM") are revalued on a daily basis based on fair value prices quoted by a Bond Pricing Agency ("BPA") registered with the SC as per the GUTF. Refer to Note 2(j) for further explanation.

Shariah-compliant deposits with licensed Islamic financial institutions are stated at cost plus accrued profit calculated on the effective profit method over the period from the date of placement to the date of maturity of the respective Shariah-compliant deposits.

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

Impairment on assets carried at amortised costs

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

Significant increase in credit risk

A significant increase in credit risk is defined by the 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.

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

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the financial year.

(c) Income recognition

Profit income from Shariah-compliant deposits with licensed Islamic financial institutions and unquoted Sukuk are recognised on a time proportionate basis using the 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).

Realised gain or loss on disposal of unquoted Sukuk and Islamic commercial papers are accounted for as the difference between the net disposal proceeds and the carrying amount of unquoted Sukuk and Islamic commercial papers, determined on cost adjusted for accretion of discount or amortisation of premium.

(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 MYR/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 and Shariah-compliant deposits with licensed Islamic financial institutions held in highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and 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

A distribution to the Fund's unit holders is accounted for as distribution in the statement of comprehensive income as the unit holders' contributions are classified as financial liability as per Note 2(i). A proposed distribution is recognised as a liability in the financial year in which it is approved by the Trustee.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) 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.

(i) 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 three classes of units, known respectively as the Class AI, Class AR and Class D which are cancelled at the unit holder's option and do not have identical features subject to restrictions as stipulated in the Prospectus and GUTF. 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 members of respective classes with the total number of outstanding units of respective classes.

(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 judgements 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.

Estimate of fair value of unquoted Sukuk

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.

Ringgit-denominated unquoted Sukuk are valued using fair value prices quoted by a BPA. Where the Manager is of the view that the price quoted by BPA for a specific unquoted Sukuk differs from the market price by more than 20 bps, the Manager may use market price, provided that the Manager records its basis for using a non-BPA price, obtains necessary internal approvals to use the non-BPA price, and keeps an audit trail of all decisions and basis for adopting the use of non-BPA price.

Islamic commercial papers are revalued at least weekly by reference to bid and offer prices quoted by three (3) independent and reputable financial institutions of similar standing at the close of trading.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund were as follows:

	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
2023			
Cash and cash equivalents (Note 9)	-	781,071,077	781,071,077
Unquoted Sukuk and Islamic commercial papers (Note 8)	812,603,386	-	812,603,386
Amount due from Manager	-	1,601,213	1,601,213
	<u>812,603,386</u>	<u>782,672,290</u>	<u>1,595,275,676</u>
2022			
Cash and cash equivalents (Note 9)	-	441,771,337	441,771,337
Unquoted Sukuk and Islamic commercial papers (Note 8)	903,062,537	-	903,062,537
Amount due from Manager	-	7,928,987	7,928,987
	<u>903,062,537</u>	<u>449,700,324</u>	<u>1,352,762,861</u>

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 money market instruments that conform with Shariah principles.

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

(a) Market risk

(i) Price risk

This is the risk that the fair value of a Shariah-compliant investment in unquoted Sukuk and Islamic commercial papers will fluctuate because of changes in market prices (other than those arising from interest rate risk). The value of unquoted Sukuk and Islamic commercial papers may fluctuate according to the activities of individual companies, sector and overall political and economic conditions. Such fluctuation may cause the Fund's NAV and prices of units to fall as well as rise, and income produced by the Fund may also fluctuate.

This is the risk that the fair value of a Shariah-compliant investment in unquoted Sukuk and Islamic commercial papers will fluctuate because of changes in market prices (other than those arising from interest rate risk). The value of unquoted Sukuk and Islamic commercial papers may fluctuate according to the activities of individual companies, sector and overall political and economic conditions. Such fluctuation may cause the Fund's NAV and prices of units to fall as well as rise, and income produced by the Fund may also fluctuate.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(a) Market risk (continued)****(i) Price risk (continued)**

The price risk is managed through diversification and selection of unquoted Sukuk and Islamic commercial papers within specified limits according to the Deeds.

The Fund is exposed to price risk arising from profit rate fluctuation in relation to its investments of RM812,603,386 (2022: RM903,062,537) in unquoted Sukuk and Islamic commercial papers. The Fund's exposure to price risk arising from profit rate fluctuation and the related sensitivity analysis are disclosed in "interest rate risk" below.

(ii) Interest rate risk

In general, when interest rates rise, unquoted Sukuk and Islamic commercial papers prices will tend to fall and vice versa. Therefore, the NAV of the Fund may also tend to fall when interest rates rise or are expected to rise. However, investors should be aware that should the Fund holds an unquoted Sukuk or Islamic commercial papers till maturity, such price fluctuations would dissipate as it approaches maturity, and thus the growth of the NAV shall not be affected at maturity. In order to mitigate interest rates exposure of the Fund, the Manager will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the Manager, which is based on its continuous fundamental research and analysis.

Investors should note that the movement in prices of unquoted Sukuk, Islamic commercial papers and Shariah-compliant money market instruments are benchmarked against interest rates. As such, the investments are exposed to the movement of the interest rates. It does not in any way suggest that this Fund will invest in conventional financial instruments. All investments carried out for the Fund including placement and deposits are in accordance with Shariah.

This risk is crucial since unquoted Sukuk and Islamic commercial papers portfolio management depends on forecasting interest rate movements. Prices of unquoted Sukuk and Islamic commercial papers move inversely to interest rate movements, therefore as interest rates rise, the prices of unquoted Sukuk and Islamic commercial papers decrease and vice versa. Furthermore, unquoted Sukuk and Islamic commercial papers with longer maturity and lower yield coupon rates are more susceptible to interest rate movements.

Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to meet obligation under the instrument, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

The table below summarises the sensitivity of the Fund's interest or loss and NAV to movements in prices of unquoted Sukuk and Islamic commercial papers held by the Fund as a result of movement in interest rate at the end of each reporting year. The analysis is based on the assumptions that the interest rate changed by 1% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the interest rate, having regard to the historical volatility of the interest rate.

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

(a) Market risk (continued)

(ii) Interest rate risk (continued)

% Change in interest rate	Impact on profit or loss/NAV	
	2023 RM	2022 RM
+1%	(173,793)	(134,009)
-1%	<u>173,885</u>	<u>134,163</u>

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.

The Fund's exposure to interest rate risk associated with Shariah-compliant deposits with licensed Islamic financial institutions is expected to be minimal as the Shariah-compliant deposits are held on short-term basis. The weighted average effective interest rate per annum is as follows:

	2023 %	2022 %
Shariah-compliant deposits with licensed Islamic financial institutions	<u>3.74</u>	<u>3.48</u>

(b) Credit risk

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

Investment in unquoted Sukuk and Islamic commercial papers may involve a certain degree of credit/default risk with regards to the issuers. Generally, credit risk or default risk is the risk of loss due to the issuer's non-payment or untimely payment of the investment amount as well as the returns on investment. This will cause a decline in value of the defaulted unquoted Sukuk and Islamic commercial papers and subsequently depress the NAV of the Fund. Usually, credit risk is more apparent for an investment with a longer tenure, i.e. the longer the duration, the higher the credit risk.

Credit risk can be managed by performing continuous fundamental credit research and analysis to ascertain the creditworthiness of its issuer. In addition, the Manager imposes a minimum rating requirement as rated by either local and/or foreign rating agencies and manages the duration of the investment in accordance with the objective of the Fund. For this Fund, the unquoted Sukuk and Islamic commercial papers investments must satisfy a minimum rating requirement of at least a "BBB3" or "P2" rating by RAM or equivalent rating by MARC or by local rating agency(ies) of the country of issuance; or "BBB-" by S&P or equivalent rating by any other international rating agencies.

The credit risk arising from placements of Shariah-compliant deposits in 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.

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

(b) Credit risk (continued)

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

	Cash and cash equivalents RM	Financial assets at fair value through profit or loss RM	Amount due from Manager RM	Total RM
2023				
AAA	479,977,111	217,400,998	-	697,378,109
AA1	71,211,534	5,168,501	-	76,380,035
AA2	-	86,431,032	-	86,431,032
AA3	131,362,082	428,889,273	-	560,251,355
A1	83,262,453	-	-	83,262,453
A3	15,257,897	-	-	15,257,897
P1	-	69,626,800	-	69,626,800
Not rated	-	5,086,782	1,601,213	6,687,995
	<u>781,071,077</u>	<u>812,603,386</u>	<u>1,601,213</u>	<u>1,595,275,676</u>
2022				
AAA	256,892,302	121,408,591	-	378,300,893
AA	-	65,630,355	-	65,630,355
AA1	84,832,391	35,444,675	-	120,277,066
AA2	-	60,684,600	-	60,684,600
AA3	100,046,644	344,632,008	-	444,678,652
A3	-	18,759,397	-	18,759,397
AA4	-	31,371,203	-	31,371,203
GB	-	32,891,783	-	32,891,783
P1	-	76,520,356	-	76,520,356
Not rated	-	115,719,569	7,928,987	123,648,556
	<u>441,771,337</u>	<u>903,062,537</u>	<u>7,928,987</u>	<u>1,352,762,861</u>

For the financial year ended 30 November 2023, the Shariah-compliant deposits with licensed Islamic financial institutions of the Fund have an average maturity of 52 days (2022: 67 days).

(c) 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. Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector and other factors. For the purpose of the Fund, the Manager will attempt to balance the entire portfolio by investing in a mix of assets with satisfactory trading volume and those that occasionally could encounter poor liquidity. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

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

(c) Liquidity risk (continued)

The table below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining year as at the end of the reporting year 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
2023			
Amount due to Manager	1,188,360	-	1,188,360
Accrued management fee	482,629	-	482,629
Amount due to Trustee	18,099	-	18,099
Distribution payable	931	-	931
Other payables and accruals	-	16,325	16,325
Net assets attributable to unitholders*	<u>1,593,569,332</u>	<u>-</u>	<u>1,593,569,332</u>
Contractual undiscounted cash flows	<u><u>1,595,259,351</u></u>	<u><u>16,325</u></u>	<u><u>1,595,275,676</u></u>
2022			
Amount due to Manager	11,791,545	-	11,791,545
Accrued management fee	443,801	-	443,801
Amount due to Trustee	22,190	-	22,190
Distribution payable	1,032	-	1,032
Other payables and accruals	-	14,216	14,216
Net assets attributable to unitholders*	<u>1,340,490,077</u>	<u>-</u>	<u>1,340,490,077</u>
Contractual undiscounted cash flows	<u><u>1,352,748,645</u></u>	<u><u>14,216</u></u>	<u><u>1,352,762,861</u></u>

* Outstanding units are redeemed on demand at the unit 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.

(d) Capital risk management

The capital of the Fund is represented net assets attributable to unit holders of RM1,593,569,332 (2022: RM1,340,490,077). The amount of capital can change significantly on a daily basis as the Fund is subjected 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.

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

(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 value 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 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)

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.

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2023				
Financial assets at fair value through profit or loss:				
- Unquoted Sukuk and Islamic commercial papers	-	812,603,386	-	812,603,386
2022				
Financial assets at fair value through profit or loss:				
- Unquoted Sukuk and Islamic commercial papers	-	903,062,537	-	903,062,537

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. These include unquoted Sukuk and Islamic commercial papers.

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 current 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 3.00% per annum, calculated daily based on the NAV of the Fund.

For the financial year ended 30 November 2023, the management fee for the respective classes is recognised at the following rates (2022: 0.50% per annum).

Class AI	Class AR	Class D
0.40%	0.40%	0.40%

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 Trustee fee of 0.02% per annum calculated daily based on the NAV of the Fund. The Trustee fee includes the local custodian fee but excludes the foreign sub-custodian fees and charges (if any).

For the financial year 1 December 2022 to 31 July 2023, the Trustee fee is recognized at a rate of 0.02% per annum for each class. Effective 1 August 2023, the Trustee fee is recognised at a rate of 0.015% per annum for each class (2022: 0.02% per annum).

Class AI	Class AR	Class D
0.015%	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

Distributions to unit holders were derived from the following sources (assessed up to distributions declaration date):

Breakdown of distributions were as follows:

Source of distributions	2023		2022	
	RM	%	RM	%
Distributions out of current year's income	17,841,294	54.59	5,252,740	15.43
Distributions out of prior year's income/capital*	14,841,657	45.41	28,787,308	84.57
Total	32,682,951	100.00	34,040,048	100.00

	2023	2022
	RM	RM
Profit income	19,252,907	8,498,766
Net realised gain/(loss) on disposal of unquoted Sukuk and Islamic commercial papers	834,412	(2,190,669)
Prior financial year's realised income/capital*	14,841,657	28,787,308
	34,928,976	35,095,405
Less:		
Expenses	2,246,025	1,055,357
Net distributions amount	32,682,951	34,040,048

Gross/Net distribution per unit (sen)	RM	RM
Distribution on 30 December 2022		
- Class AI	0.21	-
- Class AR	0.21	-
- Class D	0.14	-
Distribution on 27 January 2023		
- Class AI	0.21	-
- Class AR	0.21	-
- Class D	0.14	-

6. DISTRIBUTIONS (CONTINUED)

	2023	2022
Gross/Net distribution per unit (sen)	RM	RM
Distribution on 24 February 2023		
- Class AI	0.21	-
- Class AR	0.21	-
- Class D	0.14	-
Distribution on 29 March 2023		
- Class AI	0.21	-
- Class AR	0.21	-
- Class D	0.15	-
Distribution on 26 April 2023		
- Class AI	0.20	-
- Class AR	0.20	-
- Class D	0.14	-
Distribution on 29 May 2023		
- Class AI	0.23	-
- Class AR	0.23	-
- Class D	0.14	-
Distribution on 27 June 2023		
- Class AI	0.23	-
- Class AR	0.23	-
- Class D	0.14	-
Distribution on 27 July 2023		
- Class AI	0.22	-
- Class AR	0.16	-
- Class D	0.14	-
Distribution on 28 August 2023		
- Class AI	0.22	-
- Class AR	0.16	-
- Class D	0.14	-
Distribution on 26 September 2023		
- Class AI	0.16	-
- Class AR	0.16	-
- Class D	0.15	-
Distribution on 27 October 2023		
- Class AI	0.17	-
- Class AR	0.17	-
- Class D	0.16	-
Distribution on 28 November 2023		
- Class AI	0.19	-
- Class AR	0.20	-
- Class D	0.17	-
Distribution on 31 December 2021		
- Class AI	-	0.24
- Class AR	-	0.24
Distribution on 31 January 2022		
- Class AI	-	0.24
- Class AR	-	0.24

6. DISTRIBUTIONS (CONTINUED)

	2023 RM	2022 RM
Gross/Net distribution per unit (sen)		
Distribution on 28 February 2022		
- Class AI	-	0.22
- Class AR	-	0.22
Distribution on 31 March 2022		
- Class AI	-	0.20
- Class AR	-	0.20
Distribution on 29 April 2022		
- Class AI	-	0.20
- Class AR	-	0.20
Distribution on 31 May 2022		
- Class AI	-	0.21
- Class AR	-	0.21
Distribution on 30 June 2022		
- Class AI	-	0.21
- Class AR	-	0.21
Distribution on 30 July 2022		
- Class AI	-	0.21
- Class AR	-	0.21
- Class D	-	0.06
Distribution on 30 August 2022		
- Class AI	-	0.21
- Class AR	-	0.21
- Class D	-	0.17
Distribution on 30 September 2022		
- Class AI	-	0.21
- Class AR	-	0.21
- Class D	-	0.18
Distribution on 29 October 2022		
- Class AI	-	0.21
- Class AR	-	0.21
- Class D	-	0.17
Distribution on 30 November 2022		
- Class AI	-	0.21
- Class AR	-	0.21
- Class D	-	0.17

* Distribution income has been accrued as at the end of the prior financial year but is not declared and paid as distribution.

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

Gross distribution per unit is derived from gross realised income less expense, 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.

There were no unrealised losses during the financial year ended 30 November 2023 (2022: RM2,584,360).

7. TAXATION

	2023 RM	2022 RM
Tax charged for the financial year:		
- Current taxation	-	-

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

	2023 RM	2022 RM
Profit/(Loss) before taxation	22,386,725	(3,313,860)
Taxation at Malaysian statutory rate of 24% (2022: 24%)	5,372,814	(795,326)
Tax effects of:		
- Income not subject to tax	(14,715,797)	(8,804,979)
- Expenses not deductible for tax purposes	7,917,144	8,243,040
- Restriction on tax deductible expenses for Unit Trust Funds	1,425,839	1,357,265
Taxation	-	-

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 RM	2022 RM
At fair value through profit or loss:		
- Unquoted Sukuk	742,976,586	826,542,181
- Islamic commercial papers	69,626,800	76,520,356
	<u>812,603,386</u>	<u>903,062,537</u>
Net gain/(loss) on financial assets at fair value through profit or loss:		
- Realised gain/(loss) on disposals	213,050	(8,691,962)
- Unrealised fair value gain	2,521,230	6,058,250
	<u>2,734,280</u>	<u>(2,633,712)</u>

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2023				
UNQUOTED SUKUK				
Aman Sukuk Bhd 4.780% 30/05/2024 (AAA)	10,000,000	10,057,164	10,059,310	0.63
Amanat Lebuhraya Rakyat Bhd 4.28% 11/10/2024 (AAA)	45,000,000	45,344,665	45,438,109	2.85
AZRB Capital Sdn Bhd 4.85% 26/12/2024 (AA3)	26,000,000	26,537,724	26,560,158	1.67
Bank Pembangunan Malaysia Bhd 4.380% 12/09/2024 (NR(LT))	5,000,000	5,080,092	5,086,782	0.32

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2023 (CONTINUED) UNQUOTED SUKUK (CONTINUED)				
Bermaz Auto Berhad 3.26% 18/12/2023 (AA3)	19,900,000	20,185,719	20,187,495	1.27
BGSM Management Sdn Bhd 5.450% 28/06/2024 (AA3)	10,000,000	10,320,037	10,328,232	0.65
Binariang GSM Sdn Bhd - 5.6% 27/12/2023 (AA3)	600,000	615,068	615,141	0.04
Cagamas Bhd 3.74% 24/07/2024 (AAA)	40,000,000	40,532,822	40,568,022	2.55
Celcom Networks Sdn Bhd 5.05% 29/08/2024 (AAA)	5,000,000	5,107,307	5,116,427	0.32
Cerah Sama Sdn Bhd 4.87% 31/01/2024 (AA3)	5,000,000	5,087,585	5,089,556	0.32
Edra Energy Sdn Bhd 5.73% 05/01/2024 (AA3)	10,000,000	10,250,352	10,251,310	0.64
Edra Energy Sdn Bhd 5.76% 05/07/2024 (AA3)	10,000,000	10,335,538	10,347,134	0.65
Edra Energy Sdn Bhd 5.79% 03/01/2025 (AA3)	10,000,000	10,404,162	10,433,959	0.65
Edra Energy Sdn Bhd 5.82% 04/07/2025 (AA3)	5,000,000	5,245,400	5,257,192	0.33
Edra Solar Sdn Bhd 4.25% 11/10/2024 (AA2)	5,000,000	5,040,049	5,040,842	0.32
Fortune Premiere Sdn Bhd 5.05% 05/09/2025 (AA2)	5,000,000	5,138,133	5,136,451	0.32
IJM Corp Bhd 4.600% 17/10/2024 (AA3)	2,500,000	2,525,903	2,530,228	0.16
Infracap Resources Sdn Bhd 3.11% 15/04/2024 (AAA)	5,000,000	5,006,845	5,010,897	0.31
Jimah East Power Sdn Bhd 5.27% 04/12/2023 (AA3)	20,000,000	20,515,881	20,515,805	1.29
Jimah East Power Sdn Bhd 5.40% 04/12/2024 (AA3)	5,000,000	5,190,628	5,194,371	0.33
Jimah East Power Sdn Bhd 5.42% 4/6/2025 (AA3)	5,000,000	5,219,168	5,220,159	0.33
Kapar Energy Ventures 4.87% 04/07/2025 (AA1)	5,000,000	5,170,592	5,168,501	0.32
Konsortium KAJV Sdn Bhd 5.10% 13/05/2024 (AA3)	18,000,000	18,060,140	18,063,456	1.13
Lafarge Cement Sdn Bhd 4.40% 11/12/2023 (AA3)	32,800,000	33,483,007	33,482,379	2.10
Malakoff Power Bhd 5.45% 15/12/2023 (AA3)	15,000,000	15,377,470	15,377,655	0.96
Malakoff Power Bhd 5.55% 17/12/2024 (AA3)	22,500,000	23,338,875	23,369,828	1.47
Northport (Malaysia) Bhd 5.78% 19/12/2024 (AA2)	15,000,000	15,665,501	15,676,911	0.98

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2023 (CONTINUED) UNQUOTED SUKUK (CONTINUED)				
Pelabuhan Tanjung Pelepas Sdn Bhd 3.15% 28/08/2025 (AA2)	4,750,000	4,718,675	4,722,633	0.30
Pelabuhan Tanjung Pelepas Sdn Bhd 3.74% 18/06/2025 (AA2)	5,000,000	5,060,597	5,067,584	0.32
Pengurusan Air SPV Bhd 4.00% 04/06/2024 (AAA)	30,000,000	30,615,598	30,614,605	1.92
Pengurusan Air SPV Bhd 4.30% 07/02/2024 (AAA)	20,000,000	20,292,247	20,290,915	1.27
Perbadanan Kemaj Pertanian Negeri Pahang 3.96% 30/10/2024 (AA3)	20,000,000	19,904,043	19,918,836	1.25
Press Metal Aluminium Holdings Bhd 4.10% 17/10/2024 (AA2)	40,300,000	40,544,639	40,562,143	2.55
Projek Lebuhraya Usahasama Bhd Sukuk Plus 4.64% 10/01/2025 (AAA)	26,000,000	26,699,180	26,695,019	1.68
Quantum Solar Park Green SRI Sukuk 5.32% 4/10/24 (AA3)	5,000,000	5,089,446	5,095,761	0.32
Sarawak Energy Bhd 5.000% 04/07/2024 (AAA)	1,200,000	1,233,989	1,234,054	0.08
Sarawak Hidro Sdn Bhd 4.38% 11/08/2025 (AAA)	3,500,000	3,582,527	3,584,210	0.22
Southern Power Generation Bhd 4.82% 30/04/2024 (AA3)	5,000,000	5,038,411	5,041,518	0.32
Southern Power Generation Bhd 4.85% 31/10/2024 (AA3)	10,000,000	10,120,330	10,129,592	0.64
Tanjung Bin Power Sdn Bhd 5.01% 16/08/2024 (AA2)	10,000,000	10,218,330	10,224,468	0.64
TNB Western Energy Berhad 5.06% 30/07/2024 (AAA)	8,500,000	8,700,951	8,709,623	0.55
Toyota Capital (M) Sdn Bhd 3.80% 24/12/2024 (AAA)	2,500,000	2,522,942	2,524,382	0.16
UEM Sunrise Bhd 4.00% 16/02/2024 (AA3)	18,600,000	18,788,511	18,803,983	1.18
UEM Sunrise Bhd 5.05% 15/04/2024 (AA3)	65,000,000	65,437,635	65,600,885	4.12
UEM Sunrise Bhd 5.32% 11/12/2024 (AA3)	10,000,000	10,336,597	10,346,396	0.65
UEM Sunrise Bhd 4.75% 22/03/2024 (AA3)	20,500,000	20,708,467	20,717,292	1.30

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2023 (CONTINUED) UNQUOTED SUKUK (CONTINUED)				
UniTapah Sdn Bhd 5.49% 12/12/2023 (AAA)	5,000,000	5,131,644	5,132,053	0.32
UniTapah Sdn Bhd 5.54% 12/06/2024 (AAA)	5,000,000	5,176,417	5,179,832	0.33
UniTapah Sdn Bhd 5.59% 12/12/2024 (AAA)	5,000,000	5,203,566	5,222,260	0.32
WCT Holdings Bhd 5.15% 01/04/2024 (AA3)	50,000,000	50,449,432	50,410,952	3.15
Westports Malaysia Sdn Bhd 5.25% 03/05/2024 (AAA)	2,000,000	2,017,897	2,021,280	0.12
TOTAL UNQUOTED SUKUK	730,150,000	742,427,898	742,976,586	46.62
ISLAMIC COMMERCIAL PAPERS				
Aeon Credit Service M Bhd 14/12/2023 (P1)	50,000,000	49,930,713	49,939,000	3.13
UEM Sunrise Bhd 18/04/2024 (P1)	20,000,000	19,630,942	19,687,800	1.24
TOTAL ISLAMIC COMMERCIAL PAPERS	70,000,000	69,561,655	69,626,800	4.37
TOTAL UNQUOTED SUKUK AND ISLAMIC COMMERCIAL PAPERS	800,150,000	811,989,553	812,603,386	50.99
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		613,833		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		812,603,386		

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2022				
UNQUOTED SUKUK				
Aeon Co. M Bhd 3.65% 14/07/2023 (AA2)	60,000,000	60,855,676	60,684,600	4.53
AL Dzahab Assets Bhd 5.00% 16/03/2023 (AAA)	20,000,000	20,272,213	20,248,000	1.51
Aman Sukuk Bhd 4.75% 28/02/2023 (AAA)	5,000,000	5,087,343	5,075,914	0.38
AZRB Capital Sdn Bhd 4.70% 23/12/2022 (AA3)	19,000,000	19,395,218	19,389,052	1.45
Bermaz Auto Bhd 3.26% 18/12/2023 (AA3)	3,830,000	3,882,297	3,844,354	0.29
Cagamas Bhd 2.47% 02/02/2023 (AAA)	30,000,000	30,253,767	30,203,667	2.25
DRB-Hicom Bhd 4.15% 12/12/2022 (A3)	18,400,000	18,759,185	18,759,397	1.40
Edra Energy Sdn Bhd 5.67% 05/01/2023 (AA3)	25,000,000	25,647,702	25,622,651	1.91
Edra Energy Sdn Bhd 5.70% 05/07/2023 (AA3)	10,000,000	10,394,485	10,330,785	0.77
Fortune Premiere Sdn Bhd 4.65% 21/12/2022 (AA)	1,000,000	1,021,609	1,021,246	0.08
Fortune Premiere Sdn Bhd 4.80% 13/3/2023 (AA)	38,500,000	39,080,536	39,003,601	2.91
Gamuda Bhd 4.785% 16/3/2023 (AA3)	5,000,000	5,076,908	5,062,000	0.38
Government Investment Issues 4.44% 22/05/2024 (GB)	32,500,000	33,010,081	32,891,783	2.45
Jimah East Power Sdn Bhd 5.17% 02/12/2022 (AA3)	5,000,000	5,125,597	5,125,455	0.38
Johor Port Bhd 29/12/2022 (NR(LT))	25,000,000	24,934,652	24,937,500	1.86
Kedah Cement Sdn Bhd 4.55% 07/07/2023 (AA3)	9,500,000	9,740,026	9,666,073	0.72
Lafarge Cement Sdn Bhd 4.40% 11/12/2023 (AA3)	30,000,000	30,893,031	30,531,111	2.28
Lafarge Cement Sdn Bhd 4.60% 13/01/2023 (AA3)	55,000,000	56,070,171	55,996,042	4.18
Malakoff Power Bhd 5.35% 16/12/2022 (AA4)	20,000,000	20,509,759	20,504,162	1.53
Malaysia Airports Capital Bhd 4.68% 16/12/2022 (AAA)	35,000,000	35,777,104	35,767,641	2.67
Malaysian Resources Corporation Bhd 3.75% 14/04/2023 (AA3)	30,000,000	30,049,249	30,040,327	2.24
MMC Corporation Bhd 5.29% 26/04/2023 (AA4)	10,750,000	10,902,722	10,867,041	0.81
Northport (Malaysia) Bhd 5.00% 02/12/2022 (AA)	25,000,000	25,606,078	25,605,508	1.91
Pengurusan Air SPV Bhd 4.22% 07/02/2023 (AAA)	7,500,000	7,621,700	7,609,769	0.57

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2022 (CONTINUED)				
UNQUOTED SUKUK				
(CONTINUED)				
Perbadanan Kemajuan Negeri Selangor 5.013% 31/10/2023 (AA3)	2,000,000	2,033,909	2,021,275	0.15
Projek Lebuh raya Usahasama Bhd 4.48% 12/01/2023 (AAA)	5,000,000	5,097,893	5,092,445	0.38
Putrajaya Holding Sdn Bhd 4.55% 19/09/2023 (AAA)	5,000,000	5,078,595	5,074,927	0.38
Quantum Solar Park Green Sri Sukuk 5.20% 6/4/2023 (AA3)	4,100,000	4,161,022	4,151,078	0.31
Ranhill Powertron II Sdn Bhd 5.15% 16/06/2023 (AAA)	10,000,000	10,343,482	10,293,686	0.77
Sabah Credit Corporation 4.835% 23/06/2023 (AA1)	10,000,000	10,313,676	10,261,145	0.76
Sepangar Bay Power Corporation 4.80% 03/07/2023 (AA1)	5,000,000	5,154,176	5,128,080	0.38
SME Bank Bhd 19/01/2023 (NR)	41,670,000	41,484,367	41,489,569	3.09
Southern Power Generation 4.76% 28/04/2023 (AA3)	5,000,000	5,056,394	5,040,114	0.38
UEM Sunrise Bhd 3.90% 21/09/2023 (AA3)	12,650,000	12,763,480	12,683,223	0.95
UEM Sunrise Bhd 12/04/2023 (NR(LT))	50,000,000	49,373,113	49,292,500	3.68
UEM Sunrise Bhd 4.00% 09/06/2023 (AA3)	12,000,000	12,246,916	12,203,502	0.91
UEM Sunrise Bhd 5.00% 19/05/2023 (AA3)	13,500,000	13,596,119	13,559,263	1.01
UEM Sunrise Bhd 5.06% 09/12/2022 (AA3)	43,500,000	44,546,580	44,539,900	3.32
WCT Holdings Bhd 4.05% 31/03/2023 (AA3)	9,500,000	9,566,544	9,540,465	0.71
WCT Holdings Bhd 5.17% 23/10/2023 (AA3)	45,000,000	45,513,898	45,285,338	3.38
Westports M'sia Sdn Bhd 5.25% 03/05/2024 (AAA)	2,000,000	2,042,147	2,042,542	0.15
Widad Concession Sdn Bhd 3.31% 30/03/2023 (AA1)	20,000,000	20,116,489	20,055,450	1.49
TOTAL UNQUOTED SUKUK	816,900,000	828,455,909	826,542,181	61.66

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2022 (CONTINUED) UNQUOTED SUKUK (CONTINUED)				
ISLAMIC COMMERCIAL PAPERS				
Bermaz Auto Bhd 16/12/2022 (P1)	15,000,000	14,982,287	14,980,500	1.12
Sabah Credit Corporation 24/03/2023 (P1)	25,000,000	24,721,947	24,723,250	1.84
Tenaga Nasional Bhd 28/12/2022 (P1)	<u>36,900,000</u>	<u>36,809,791</u>	<u>36,816,606</u>	<u>2.75</u>
TOTAL ISLAMIC COMMERCIAL PAPERS	<u>76,900,000</u>	<u>76,514,025</u>	<u>76,520,356</u>	<u>5.71</u>
TOTAL UNQUOTED SUKUK AND ISLAMIC COMMERCIAL PAPERS	<u>893,800,000</u>	904,969,934	<u>903,062,537</u>	<u>67.37</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(1,907,397)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>903,062,537</u>		

9. CASH AND CASH EQUIVALENTS

	2023 RM	2022 RM
Short term Shariah-compliant deposits with licensed Islamic financial institutions	780,718,586	441,314,144
Bank balance	<u>352,491</u>	<u>457,193</u>
	<u>781,071,077</u>	<u>441,771,337</u>

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2023 No. of units	2022 No. of units
(i) Class AI	1,256,275,890	1,149,619,482
(ii) Class AR	92,195,518	59,554,207
(iii) Class D	<u>132,609,263</u>	<u>51,761,608</u>
	<u>1,481,080,671</u>	<u>1,260,935,297</u>

10. NUMBER OF UNITS IN CIRCULATION (UNITS) (CONTINUED)

	<u>2023</u>	<u>2022</u>
	<u>No. of units</u>	<u>No. of units</u>
(i) Class AI		
At the beginning of the financial year	1,149,619,482	1,128,299,230
Add: Creation of units from applications	1,699,503,779	27,158,273
Add: Creation of units from distributions	27,194,665	1,033,971,630
Less: Cancellation of units	<u>(1,620,042,036)</u>	<u>(1,039,809,651)</u>
At the end of the financial year	<u>1,256,275,890</u>	<u>1,149,619,482</u>
(ii) Class AR		
At the beginning of the financial year	59,554,207	116,920,308
Add: Creation of units from applications	175,352,132	1,879,670
Add: Creation of units from distributions	1,531,547	67,356,253
Less: Cancellation of units	<u>(144,242,368)</u>	<u>(126,602,024)</u>
At the end of the financial year	<u>92,195,518</u>	<u>59,554,207</u>
(iii) Class D		
At the beginning of the financial year	51,761,608	-
Add: Creation of units from applications	241,933,627	289,963
Add: Creation of units from distributions	1,824,691	80,127,260
Less: Cancellation of units	<u>(162,910,663)</u>	<u>(28,655,615)</u>
At the end of the financial year	<u>132,609,263</u>	<u>51,761,608</u>

11. TOTAL EXPENSE RATIO ("TER")

	<u>2023</u>	<u>2022</u>
	<u>%</u>	<u>%</u>
TER	<u>0.42</u>	<u>0.42</u>

TER is derived based on the following calculation:

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

A = Management fee

B = Trustee fee

C = Audit fee

D = Tax agent's fee

E = Other expenses

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 RM1,481,266,787 (2022: RM1,410,232,132).

12. PORTFOLIO TURNOVER RATIO (“PTR”)

	2023	2022
PTR (times)	0.77	0.68

PTR is derived from the following calculation:

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

where:

total acquisition for the financial year = RM1,820,985,972 (2022: RM1,711,186,354)

total disposal for the financial year = RM465,781,972 (2022: RM215,587,576)

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:

<u>Related parties</u>	<u>Relationship</u>
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
CIMB Group Sdn Bhd	Shareholder of the Manager
CIMB Bank Bhd	Fellow related party to 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

	2023		2022	
	No. of units	RM	No. of units	RM
Manager				
Principal Asset Management Berhad				
- Class AI	3,659	3,954	79,209	84,397
- Class AR	2,401	2,597	68,474	72,959

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

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 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 into in the normal course of business at agreed terms between the related parties.

	2023	2022
	RM	RM
<u>Significant related party balance</u>		
Bank balance:		
- CIMB Islamic Bank Bhd	-	60,553
Shariah-compliant deposits with licensed Islamic financial institution:		
- CIMB Islamic Bank Bhd	172,500,208	26,009,000

14. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the top 10 brokers/dealers for the financial year ended 30 November 2023 are as follows:

Brokers/Dealers	Value of trades	Percentage of total trades
	RM	%
RHB Investment Bank Bhd	387,267,025	16.94
RHB Bank Bhd	347,838,877	15.21
Hwang-DBS Investment Bank Bhd	265,398,924	11.61
Ambank (M) Bhd	238,664,982	10.44
Malayan Banking Bhd (Maybank)	230,892,758	10.10
CIMB Islamic Bank Bhd #	140,694,250	6.15
HLG Securities Sendirian Bhd	125,933,213	5.51
Hong Leong Bank Bhd	102,778,000	4.49
CIMB Bank Bhd #	93,349,220	4.08
United Overseas Bank Bhd	64,982,500	2.84
Others	288,968,195	12.63
	<u>2,286,767,944</u>	<u>100.00</u>

14. TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)

Details of transactions with the top 10 brokers/dealers for the financial year ended 30 November 2022 are as follows:

Brokers/Dealers	Value of trades	Percentage of
	RM	total trades
		%
RHB Investment Bank Bhd	619,114,313	32.13
Malayan Banking Bhd (Maybank)	366,206,138	19.01
CIMB Bank Bhd #	173,828,175	9.02
RHB Bank Berhad	168,533,288	8.75
Hwang-DBS Investment Bank Bhd	106,483,748	5.53
Ambank (M) Bhd	101,518,172	5.27
OSK Investment Bank Bhd	92,244,515	4.79
HLG Securities Sendirian Bhd	87,230,949	4.53
Hong Leong Bank Bhd	58,578,617	3.04
CIMB Islamic Bank Bhd #	43,656,342	2.27
Others	109,379,673	5.66
	<u>1,926,773,930</u>	<u>100.00</u>

Included in the transactions are trades conducted with CIMB Bank Bhd and CIMB Islamic Bank Bhd, fellow related parties to the Manager amounting to RM93,349,200 (2022: RM173,828,175) and RM140,694,250 (2022: RM43,656,342). The Manager is of the opinion that all transactions with the related company have been entered into in the normal course of business at agreed terms between the related parties.

15. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 17 January 2024.

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