

PRINCIPAL SUSTAINABLE CONSERVATIVE BOND FUND

ANNUAL REPORT

FOR THE FINANCIAL PERIOD FROM 18 JUNE 2024 (DATE OF LAUNCH) TO 31 MARCH 2025

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INVESTORS' LETTER

Dear Valued Investor,

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

We are pleased to bring you a copy of the Annual Fund Report of the Principal Sustainable Conservative Bond Fund for the financial period from 18 June 2024 (date of launch) to 31 March 2025. You may also download this report from our website at www.principal.com.my.

We are thankful to share that investors like you have helped make our recent recognition at the LSEG Lipper Fund Awards 2025 possible, where Principal Malaysia received nine awards. These acknowledgements reflect the collaborative effort of our entire team to deliver investment solutions that meet your needs.

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

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

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

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

Munirah Khairuddin

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

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

The Fund aims to achieve regular income through sustainable investments in a diversified portfolio of Malaysian bonds.

Has the Fund achieved its objective?

The Fund has achieved its objective of providing income through sustainable investment in a diversified portfolio of Malaysian bonds.

What are the Fund investment policy and principal investment strategy?

The Fund will be managed with the aim of achieving regular income through sustainable investments in a diversified portfolio of Malaysian bonds. The Fund will invest at least 80% of its NAV in corporate bonds, and up to 20% of its NAV in government bonds and liquid assets including cash and short-term money market instruments.

The Fund's investment in bonds will be restricted to bonds rated at least a minimum credit rating of "AA3" by RAM or its equivalent rating by MARC. For diversification purpose, the Fund intends to invest in a variety of short-term (less than 1 year), short to medium term (1 - 3 years), medium to long term (3 - 5 years) and long term (more than 5 years) bonds, in which the Fund aims to maintain an overall portfolio duration of below 3 years.

The asset allocation strategy for this Fund is as follows:

- at least 80% of the Fund's NAV will be invested in the corporate bonds; and
- up to 20% of the Fund's NAV may be invested in government bond and liquid assets including cash and short-term money market instruments.

As the Fund is a qualified sustainable and responsible investment fund ("SRI"), at least two-thirds (2/3) of the Fund's NAV ("Threshold") will be investments that are subject to the environmental, social and governance ("ESG") integration* approach which involves the analysis of material factors in our investment decisions, including fundamental and ESG factors such as the selection, retention, and realisation of the Fund's investments.

Base Currency

Malaysian Ringgit ("MYR")

Fund category/type

Wholesale Fund (Bond) Income.

When was the Fund launched?

Class MYR	18 June 2024
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What was the size of the Fund as at 31 March 2025?

RM552.16 million (547.90 million units)

What is the Fund's benchmark?

50% RF BPAM Corporates AAA 1Y-3Y All Bond Index + 50% RF BPAM Corporates AA 1Y-3Y All Bond Index.

Note: The Fund's benchmark is for performance comparison purpose only. The information on the benchmark can be obtained from www.bpam.com.my.

What is the Fund distribution policy?

Distributions, if any, will be at the discretion of the Manager and will vary from period to period depending on market conditions and performance of the Fund.

FUND OBJECTIVE AND POLICY (CONTINUED)

What was the net income distribution for the financial period from 18 June 2024 (date of launch) to 31 March 2025?

There was RM11.46 million distribution made for the financial period from 18 June 2024 to 31 March 2025.

Date	NAV per unit (Before distribution)	NAV per unit (After distribution)
Distribution on 28 March 2025		
- Class MYR	1.0100	1.0072
Distribution on 28 Feb 2025		
- Class MYR	1.0101	1.0069
Distribution on 31 Jan 2025		
- Class MYR	1.0095	1.0064
Distribution on 31 Dec 2024		
- Class MYR	1.0090	1.0059
Distribution on 29 Nov 2024		
- Class MYR	1.0111	1.0060
Distribution on 30 Sept 2024		
- Class MYR	1.0110	1.0064

Breakdown of distribution were as follows:

	31.03.2025	
	RM	%
Source of distribution		
Distribution out of current year's income	11,463,564	100.00
Distribution out of prior year's income/capital	-	-
Total	11,463,564	100.00

PERFORMANCE DATA

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

	31.03.2025
	%
Unquoted fixed income securities	99.55
Cash and other assets	0.51
Liabilities	(0.06)
	100.00

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

	31.03.2025
NAV (RM Million)	
- Class MYR	552.16
Units in circulation (Million)	
- Class MYR	547.90
NAV per unit (RM)	
- Class MYR	1.0078
Highest NAV per unit (RM)	
- Class MYR	1.0110
Lowest NAV per unit (RM)	
- Class MYR	0.9999

PERFORMANCE DATA (CONTINUED)

Performance details of the Fund for the financial period were as follows (continued):

	31.03.2025
Total return (%)	
- Class MYR	2.91
Capital growth (%)	
- Class MYR	0.72
Income distribution (%)	
- Class MYR	2.17
Total Expense Ratio ("TER") (%)	0.19
Portfolio Turnover Ratio ("PTR") (times)	0.85
	Since Inception to 31.03.2025
	%
Annual total return	
- Class MYR	2.91
(Launch date: 18 June 2024)	

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

MARKET REVIEW (18 JUNE 2024 TO 31 MARCH 2025)

Budget 2025 targets 4.50% to 5.50% growth while focusing on fiscal consolidation, subsidy rationalization, and efficient resource management to reduce the fiscal deficit from 4.3% in 2024 to 3.80% in 2025. Enhancement of fiscal management will be via broadening of revenue measures, optimal use of resources and more subsidy rationalization, particularly RON95. It is expected to use the same principle of a 2-tier pricing mechanism and to start by mid-2025. In line with the government's effort to narrow its fiscal deficit, total government auction for 2025 is estimated to be RM163.5 billion, relatively lower than total issuance in 2024. Meanwhile, supply on corporate bond/sukuk issuance for 2024 increased marginally by 2% Year-on-Year ("Y-o-Y"), which is supportive of market dynamics.

Moody's affirmed Malaysia's sovereign credit rating at A3/Stable on 25 January 2025 stating that medium-term growth prospects remain buoyant. It cited structural credit strengths complemented by deep domestic financial markets and recognizes the government's efforts for structural and institutional reforms.

Malaysia's economy grew by 5.00% Y-o-Y in fourth quarter of 2024 ("4Q2024"), higher than the official advance estimates of 4.80% released earlier. The 4Q2024 growth was supported by the strong expansion in investment activities, sustained household spending amid improved labor market conditions and policy support as well as continued growth in exports of goods and services. Full year Gross Domestic Product ("GDP") growth accelerated to 5.10%, sharply higher than 3.60% in 2023, due to continued expansion in domestic demand of +6.5% Y-o-Y (2023: +4.6% Y-o-Y) and a rebound in net exports to +2.2% Y-o-Y (2023: -16.2% Y-o-Y).

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

MARKET REVIEW (18 JUNE 2024 TO 31 MARCH 2025) (CONTINUED)

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

Despite the 13.3% increase in minimum wages w.e.f 1st February 2025, Malaysia's headline inflation rate eased to +1.5% YoY in February 2025 (Jan-25: +1.7%), while core inflation edged up to +1.9% Y-o-Y (Jan-25: +1.8%).

In February 2025, Malaysia's exports growth picked up with +6.2% Y-o-Y (Jan-25: +0.3%), while imports grew +5.5% Y-o-Y (Jan-25: +6.2%), leading to a higher trade surplus of RM5.9 billion (Jan-25: RM3.7bn). Exports to the US and namely Electrical and Electronics were particularly strong, possibly due to the front-loading activities ahead of "Liberation Day".

Malaysia's manufacturing sector conditions remained contraction for the 10th consecutive month in March with the seasonally adjusted manufacturing Purchasing Managers' Index ("PMI") registering 48.9 (Feb-25: 49.7), as new orders eased the most in a year and production fell. Meanwhile, Malaysia's unemployment rate remained at 3.1% in January 2025 (Dec-24: 3.1%).

FUND PERFORMANCE

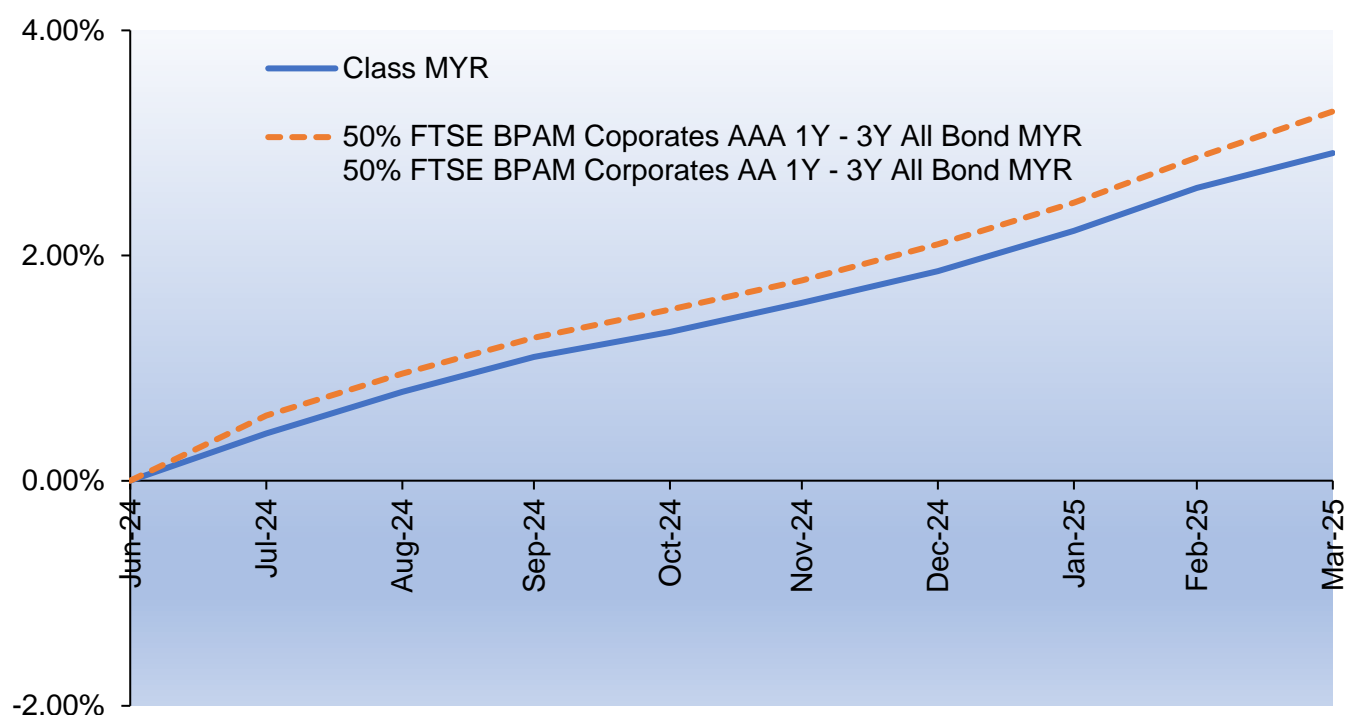
	Since inception to 31.03.2025 %
Income Distribution	
- Class MYR	2.17
Capital Growth	
- Class MYR	0.72
Total Return	
- Class MYR	2.91
Benchmark	
- Class MYR	3.28
Average Total Return	
- Class MYR	3.73

For the financial period 31 March 2025, the Fund returned 2.91% against the benchmark's return of 3.28% since inception.

FUND PERFORMANCE (CONTINUED)

Since inception

Class MYR



Changes in NAV

31.03.2025

Class MYR

NAV (RM Million)

552.16

NAV/Unit (RM)

1.0078

The fund's NAV as at 31 March 2025 stood at RM552.16 million while NAV per unit stood at RM1.0078.

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

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)		31.03.2025
Unquoted fixed income securities		99.55
Cash and other assets		0.51
Liabilities		(0.06)
TOTAL		100.00

As at 31 March 2025, the fund had 99.55% of its holdings in fixed income asset while 0.51% was held in cash and other assets.

MARKET OUTLOOK*

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

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

INVESTMENT STRATEGY

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

SOFT COMMISSIONS AND REBATES

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

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

During the financial period under review, the Manager and Trustee did not receive any rebates from the brokers or dealers but the Manager has retained soft commission in the form of goods and services for the benefit of the fund such as financial wire services and stock quotations system incidental to investment management of the Funds and there was no churning of trades.

SECURITIES FINANCING TRANSACTIONS

The Fund has not undertaken any securities lending or repurchase transactions during the financial period under review.

STATE OF AFFAIR OF THE FUND

There were no significant changes in the state of affairs of the Fund during the financial period and up to the date of Manager's report, not otherwise disclosed in the financial statements.

CIRCUMSTANCES THAT MATERIALLY AFFECT ANY INTEREST OF UNIT HOLDERS

There were no circumstances that had materially affected the interest of the unit holders during the financial period under review.

CROSS TRADE

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

UNIT SPLIT

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

SRI REPORT TO THE UNITHOLDERS OF PRINCIPAL SUSTAINABLE CONSERVATIVE BOND FUND

Principal Sustainable Conservative Bond Fund (“Fund”) is a qualified SRI Fund under the Securities Commission Malaysia’s Guidelines on SRI Funds (“Guidelines”).

In the opinion of the Manager, for the current financial period under review the Fund has complied with the Guidelines issued on 17 February 2023.

The sustainability considerations that have been adopted in the SRI strategies employed as outlined in the table below:

Strategy	Description
Negative or exclusionary screening	The Fund excluded companies undertaking business activities or practices in gaming, alcohol, tobacco and other businesses regarded as vice in its investments.
Sustainability themed investing	The Fund may invest in companies that are undertaking steps and measures to re-invent its value chain to make the value chain more sustainable and in-line with environmental and social developments.
Impact or community investing	The Fund is searching to invest in companies that participate in solving social issues.
Corporate engagement	The Fund may engage with companies to further enhance the sustainable, responsible and governance practices of the companies.

UNQUOTED FIXED INCOME SECURITIES	Sustainability Aspect						Action Taken	Outcome/ Performance Metrics
	ESG integration	Ethical and faith-based investing	Impact investing	Negative screening	Positive screening	Thematic investments		
7-Eleven Malaysia Holdings Bhd 4.28% 26/06/2026 (AA2)	✓							
Aeon Credit Service M Bhd 3.80% 10/02/2027 (AA)	✓							
Aeon Credit Service M Bhd 4.13% 14/11/2029 (AA2)	✓							
Amanat Lebuhraya Rakyat Bhd 4.66% 13/10/2026 (AA)	✓							
AmBank Bhd 4.18% 28/03/2031 (AAA)	✓							
AmBank Bhd 4.33% 06/11/2026 (AA)	✓							

SRI REPORT TO THE UNITHOLDERS OF PRINCIPAL SUSTAINABLE CONSERVATIVE BOND FUND (CONTINUED)

UNQUOTED FIXED INCOME SECURITIES (CONTINUED)	Sustainability Aspect						Action Taken	Outcome/ Performance Metrics
	ESG integration	Ethical and faith-based investing	Impact investing	Negative screening	Positive screening	Thematic investments		
Bank Pembangunan Malaysia 3.63% 02/11/2026 (NR)	✓							
Bank Pembangunan Malaysia 4.50% 04/11/2026 (AA)	✓							
Bank Pembangunan Malaysia 4.62% 02/03/2027 (AAA)	✓							
Bank Simpanan Nasional 3.80% 15/02/2027 (AA3)	✓							
Cagamas Berhad 3.90% 14/04/2026 (AA1)	✓							
Cagamas Berhad 3.90% 29/05/2026 (AA3)	✓							
Cagamas Berhad 3.92% 29/04/2025 (AA)	✓							
Cagamas Berhad 4.45% 03/11/2025 (AAA)	✓							
Celcom Networks Sdn Bhd 5.20% 27/08/2027 (AAA)	✓							
CIMB Bank Bhd 4.70% 18/05/2027 (AA1)	✓							
Bank Pembangunan Malaysia 3.63% 02/11/2026 (NR)	✓							
Bank Pembangunan Malaysia 4.50% 04/11/2026 (AA)	✓							
Bank Pembangunan Malaysia 4.62% 02/03/2027 (AAA)	✓							
Bank Simpanan Nasional 3.80% 15/02/2027 (AA3)	✓							
Cagamas Berhad 3.90% 14/04/2026 (AA1)	✓							
Cagamas Berhad 3.90% 29/05/2026 (AA3)	✓							
Cagamas Berhad 3.92% 29/04/2025 (AA)	✓							
Cagamas Berhad 4.45% 03/11/2025 (AAA)	✓							
Celcom Networks Sdn Bhd 5.20% 27/08/2027 (AAA)	✓							
CIMB Bank Bhd 4.70% 18/05/2027 (AA1)	✓							
Danga Capital Bhd 4.52% 06/09/2027 (AA3)	✓							
Danga Capital Bhd 4.88% 29/01/2030 (AA)	✓							

SRI REPORT TO THE UNITHOLDERS OF PRINCIPAL SUSTAINABLE CONSERVATIVE BOND FUND (CONTINUED)

UNQUOTED FIXED INCOME SECURITIES (CONTINUED)	Sustainability Aspect						Action Taken	Outcome/ Performance Metrics
	ESG integration	Ethical and faith-based investing	Impact investing	Negative screening	Positive screening	Thematic investments		
EDRA Energy Sdn Bhd 5.88% 03/07/2026 (AAA)	✓							
EDRA Energy Sdn Bhd 5.91% 05/01/2027 (AAA)	✓							
GENM Capital Bhd 5.30% 11/07/2028 (AAA)	✓							
Gulf Investment Corp GSC 5.30% 18/06/2027 (AA2)	✓							
Imtiaz Sukuk li Bhd 2.97% 07/10/2025 (AA)	✓							
Imtiaz Sukuk li Bhd 3.20% 07/10/2027 (AA1)	✓							
Imtiaz Sukuk li Bhd 3.54% 17/04/2026 (AA1)	✓							
Imtiaz Sukuk li Bhd 4.05% 02/10/2026 (AA)	✓							
Imtiaz Sukuk li Bhd 4.15% 02/10/2028 (AAA)	✓							
Konsortium KAJV Sdn Bhd 5.75% 13/05/2032 (AA1)	✓							
LBS Bina Group Bhd 4.81% 23/01/2032 (AA3)	✓							
LBS Bina Group Bhd 5.00% 23/01/2029 (AA)	✓							
Lembaga Pembiayaan Perumahan Sektor Awam 3.34% 01/09/2028 (AAA)	✓							
Malayan Banking Bhd 2.90% 09/10/2030 (AA)	✓							
Malayan Banking Bhd 3.41% 05/08/2031 (AA)	✓							
Malayan Banking Bhd 4.71% 31/01/2031 (AAA)	✓							
Malaysia Airports Hg Bhd 3.95% 22/11/2029 (NR)	✓							
Malaysia Government Services 3.58% 15/07/2032 (AAA)	✓							
Malaysia Government Services 3.83% 05/07/2034 (AAA)	✓							
Malaysia Investmnt Issue Services 4.12% 30/11/2034 (NR)	✓							
Malaysian Government - 3.50% 31/05/2027 (AA)	✓							

SRI REPORT TO THE UNITHOLDERS OF PRINCIPAL SUSTAINABLE CONSERVATIVE BOND FUND (CONTINUED)

UNQUOTED FIXED INCOME SECURITIES (CONTINUED)	Sustainability Aspect						Action Taken	Outcome/ Performance Metrics
	ESG integration	Ethical and faith-based investing	Impact investing	Negative screening	Positive screening	Thematic investments		
Merc Benz Svc Malaysia 3.62% 18/03/2026 (AAA)	✓							
Orkim Sdn Bhd 4.32% 28/02/2030 (AAA)	✓							
Orkim Sdn Bhd 4.48% 27/02/2032 (AAA)	✓							
OSK Rated Bond Bhd 4.05% 04/03/2032 (AAA)	✓							
OSK Rated Bond Bhd 4.39% 28/04/2028 (NR)	✓							
PEAAB 2.91% 28/09/2027 (NR)	✓							
Penang Port Sdn Bhd 4.30% 24/12/2026 (AAA)	✓							
Penang Port Sdn Bhd 4.48% 27/12/2029 (AA1)	✓							
Pengurusan Air SPV Bhd 3.73% 02/06/2028 (AA)	✓							
Pengurusan Air SPV Bhd 3.75% 28/04/2028 (AA)	✓							
Pengurusan Air SPV Bhd 3.83% 11/11/2027 (AAA)	✓							
Pengurusan Air SPV Bhd 3.90% 30/10/2029 (AA2)	✓							
Pengurusan Air SPV Bhd 4.30% 03/06/2026 (NR)	✓							
Perbadanan Tabung Pendidikan Tinggi Nasional 4.53% 27/08/2026 (AA1)	✓							
Petroleum Sarawak Exploration & Production Sdn. Bhd 3.90% 24/05/2027 (AA1)	✓							
Power Root Bhd 4.77% 07/11/2031 (AA)	✓							
PR1MA Corp Malaysia Services 3.05% 30/09/2026 (AAA)	✓							
Projek Lebuh raya Usahasama Bhd Sukuk Plus 4.72% 12/01/2026 (AA)	✓							
Projek Lebuh raya Usahasama Bhd Sukuk Plus 4.80% 12/01/2027 (AA2)	✓							

SRI REPORT TO THE UNITHOLDERS OF PRINCIPAL SUSTAINABLE CONSERVATIVE BOND FUND (CONTINUED)

UNQUOTED FIXED INCOME SECURITIES (CONTINUED)	Sustainability Aspect						Action Taken	Outcome/ Performance Metrics
	ESG integration	Ethical and faith-based investing	Impact investing	Negative screening	Positive screening	Thematic investments		
Projek Lebuhraya Usahasama Bhd Sukuk Plus 4.88% 12/01/2028 (AAA)	✓							
Putrajaya Holdings Bhd 4.58% 26/05/2026 (AAA)	✓							
RHB Bank Services 3.65% 28/04/2031 (AA)	✓							
RHB Bank Services 4.38% 17/11/2028 (AA2)	✓							
Sabah Credit Corp 3.91% 25/01/2027 (AAA)	✓							
Sime Darby Property Bhd 4.14% 21/08/2028 (NR)	✓							
SP Setia Bhd 3.85% 25/06/2026 (AAA)	✓							
STM Lottery Sdn Bhd 4.99% 30/06/2025 (AAA)	✓							
Toyota Capital (M) Sdn Bhd 4.08% 19/11/2029 (AAA)	✓							
Toyota Capital (M) Sdn Bhd 4.20% 26/06/2026 (AAA)	✓							
Toyota Capital (M) Sdn Bhd 4.25% 28/07/2028 (AAA)	✓							
Toyota Capital (M) Sdn Bhd 4.32% 26/09/2028 (AAA)	✓							
Toyota Capital (M) Sdn Bhd 4.35% 29/08/2028 (AA1)	✓							
UEM Edgenta Bhd (Br) 4.25% 24/04/2026 (AAA)	✓							
UEM Sunrise Bhd 4.30% 16/02/2026 (AA)	✓							
UEM Sunrise Bhd 5.39% 05/03/2026 (AAA)	✓							
UEM Sunrise Bhd 5.45% 30/01/2026 (AA2)	✓							
UMW Holdings Bhd 3.88% 24/11/2026 (AA)	✓							
Westports Malaysia Sdn Services 4.84% 22/10/2027 (AA3)	✓							
Westports Malaysia Sdn Services 5.38% 30/04/2026 (AAA)	✓							
YTL Corporation Bhd 4.63% 11/11/2026 (AAA)	✓							

SRI REPORT TO THE UNITHOLDERS OF PRINCIPAL SUSTAINABLE CONSERVATIVE BOND FUND (CONTINUED)

UNQUOTED FIXED INCOME SECURITIES (CONTINUED)	Sustainability Aspect						Action Taken	Outcome/ Performance Metrics
	ESG integration	Ethical and faith-based investing	Impact investing	Negative screening	Positive screening	Thematic investments		
YTL Power International Bhd 4.62% 14/06/2028 (AAA)	✓							
YTL Power International Bhd 4.99% 24/08/2028 (AAA)	✓							

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
PRINCIPAL SUSTAINABLE CONSERVATIVE BOND 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 7 to 30 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 March 2025 and of its financial performance, changes in net assets attributable to unit holders and cash flows for the financial period then ended in accordance with the provisions of the MFRS Accounting Standards and IFRS Accounting Standards.

For and on behalf of the Manager

Principal Asset Management Berhad (Company No.: 199401018399 (304078-K))

Munirah Khairuddin

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

Kuala Lumpur
16 May 2025

TRUSTEE'S REPORT

**TO THE UNIT HOLDERS OF
PRINCIPAL SUSTAINABLE CONSERVATIVE BOND FUND ("Fund")**

We have acted as Trustee of the Fund for the financial period ended 31 March 2025 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 period 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 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

Lee Cincee
Senior Manager, Trustee and Fiduciary Services

Kuala Lumpur
16 May 2025

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL SUSTAINABLE CONSERVATIVE BOND FUND**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Principal Sustainable Conservative Bond Fund (the "Fund"), which comprise the statement of financial position of the Fund as at 31 March 2025, and statement of comprehensive income, statement of changes in net assets attributable to unit holders and statement of cash flows of the Fund for the financial period then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 7 to 30.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 March 2025, and of its financial performance and cash flows for the financial period then ended in accordance with MFRS Accounting Standards and IFRS Accounting 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 SUSTAINABLE CONSERVATIVE BOND 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 MFRS Accounting Standards and IFRS Accounting 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 SUSTAINABLE CONSERVATIVE BOND 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 of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL SUSTAINABLE CONSERVATIVE BOND FUND (CONT'D.)**

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

Other matters

This report is made solely to 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. 03013/10/2026 J
Chartered Accountant

Kuala Lumpur, Malaysia
16 May 2025

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD FROM 18 JUNE 2024 (DATE OF LAUNCH) TO 31 MARCH 2025

**18.06.2024
(date of launch)
to 31.03.2025**

	Note	RM
INCOME		
Interest income from unquoted fixed income securities		12,074,818
Interest income from deposits with licensed financial institutions at amortised cost		512,891
Net gain on financial assets at fair value through profit or loss	8	898,379
		<u>13,486,088</u>
EXPENSES		
Management fee	4	682,649
Trustee fee	5	100,393
Audit fee		9,500
Tax agent's fee		4,700
Other expenses		1,852
		<u>799,094</u>
PROFIT BEFORE DISTRIBUTION AND TAXATION		12,686,994
Distribution:	6	
- Class MYR		<u>11,463,564</u>
PROFIT BEFORE TAXATION		1,223,430
Taxation	7	<u>-</u>
PROFIT AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		<u><u>1,223,430</u></u>
Profit after taxation is made up as follows:		
Realised amount		418,659
Unrealised amount		804,771
		<u><u>1,223,430</u></u>

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

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

	Note	31.03.2025 RM
ASSETS		
Cash and cash equivalents	9	2,769,740
Financial assets at fair value through profit or loss	8	549,583,036
Dividends receivable		2
Amount due from Manager		29,600
TOTAL ASSETS		<u>552,382,378</u>
LIABILITIES		
Accrued management fee		84,300
Amount due to Trustee		14,050
Distribution payable		110,634
Other payables and accruals		14,200
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)		<u>223,184</u>
NET ASSET VALUE OF THE FUND		<u>552,159,194</u>
FAIR VALUE OF OUTSTANDING UNITS		
- Class MYR		552,159,194
		<u>552,159,194</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)		
- Class MYR		547,902,377
		<u>547,902,377</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.0078</u>
- Class MYR		<u>1.0078</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 PERIOD FROM 18 JUNE 2024 (DATE OF LAUNCH) TO 31 MARCH 2025**

		18.06.2024 (date of launch) to 31.03.2025 RM
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD	Note	-
Movement due to units created and cancelled during the financial period:		
Creation of units from applications		
- Class MYR		549,472,239
Creation of units from distribution		
- Class MYR		11,463,564
Cancellation of units		
- Class MYR		(10,000,039)
Total comprehensive income for the financial period		1,223,430
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL PERIOD		552,159,194

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 18 JUNE 2024 (DATE OF LAUNCH) TO 31 MARCH 2025

18.06.2024
(date of launch)
to 31.03.2025
RM

Note

CASH FLOWS FROM OPERATING ACTIVITIES

Purchase of unquoted fixed income securities		(633,314,879)
Proceeds from disposal of unquoted fixed income securities		89,434,759
Interest income received from deposits with licensed financial institutions		512,891
Interest received from unquoted fixed income securities		6,180,221
Management fee paid		(598,349)
Trustee fee paid		(86,343)
Payments of other fees and expenses		(1,855)
Receipts of others foreign currency exchange gains		804,771
Net cash used in operating activities		(537,068,784)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from units created		549,442,640
Payments for cancellation of units		(10,000,039)
Distributions		(650,186)
Net cash generated from financing activities		538,792,415

Net increase in cash and cash equivalents		1,723,631
Effect of foreign exchange differences		1,046,109
Cash and cash equivalents at the beginning of the financial period		-
Cash and cash equivalents at the end of the financial period	9	2,769,740

Cash and cash equivalents comprised:

Bank balance		367,872
Deposits with licensed financial institutions		2,401,868
Cash and cash equivalents at the end of the financial period	9	2,769,740

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 18 JUNE 2024 (DATE OF LAUNCH) TO 31 MARCH 2025

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES

Principal Sustainable Conservative Bond Fund (the “Fund”) was constituted pursuant to the execution of a Deed dated 14 June 2022 and First Supplemental Deed dated 18 June 2024 (collectively referred to as the “Deeds”), made between Principal Asset Management Berhad (the “Manager”) and HSBC (Malaysia) Trustee Berhad (the “Trustee”).

The Fund will be managed with the aim of achieving regular income through sustainable investments in a diversified portfolio of Malaysian bonds. The Fund will invest at least 80% of its NAV in corporate bonds, and up to 20% of its NAV in government bonds and liquid assets including cash and short-term money market instruments.

The Fund’s investment in bonds will be restricted to bonds rated at least a minimum credit rating of “AA3” by RAM or its equivalent rating by MARC. For diversification purpose, the Fund intends to invest in a variety of short-term (less than 1 year), short to medium term (1 - 3 years), medium to long term (3 - 5 years) and long term (more than 5 years) bonds, in which the Fund aims to maintain an overall portfolio duration of below 3 years.

The asset allocation strategy for this Fund is as follows:

- at least 80% of the Fund’s NAV will be invested in the corporate bonds; and
- up to 20% of the Fund’s NAV may be invested in government bond and liquid assets including cash and short-term money market instruments.

For bond investments, we formulate an interest rate outlook by considering factors such as the inflation rate, monetary policies and economic growth. We will adopt an active trading strategy with frequency that will depend on the market conditions and the market outlook. With an interest rate outlook and yield curve analysis, we identify the weighting of the investment tenure and credit of the bonds for the Fund. In the unlikely event of a credit rating downgrade, we reserve the right to deal with the instrument in the best interest of the Unit holders. As an active fund manager, we have in place tolerance limits to cater to such situations. We can for example, continue to hold the downgraded instrument if the immediate disposal of the instrument would not be in the best interest of the Unit holders.

As part of our risk management strategy, the Fund is constructed and managed within our pre-determined guidelines. Essentially, we employ an active asset allocation strategy depending on the market expectations and at the same time monitor the debt instruments portfolio according to three (3) parameters: tenure, credit ratings and sector. The duration of the debt instruments portfolio (i.e. the sensitivity of the portfolio to interest rate changes) is also monitored and modified according to our interest rate outlook.

As the Fund is a qualified sustainable and responsible investment fund (“SRI”), at least two-thirds (2/3) of the Fund’s NAV (“Threshold”) will be investments that are subject to the environmental, social and governance (“ESG”) integration* approach which involves the analysis of material factors in our investment decisions, including fundamental and ESG factors such as the selection, retention, and realisation of the Fund’s investments.

All investments are subjected to the Securities Commission Malaysia (“SC”) Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, 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. MATERIAL ACCOUNTING POLICY INFORMATION

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 Accounting Standards as issued by the Malaysian Accounting Standards Board ("MASB") and IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

The preparation of financial statements in conformity with MFRS Accounting Standards and IFRS Accounting Standards 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 period.

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).

Other than MFRS 18: Presentation and Disclosure in Financial Statements (which will first become applicable for annual periods beginning on or after 1 January 2027), none of the standards, amendments to standards or interpretations that are effective for the financial year beginning on or after 1 March 2025, are applicable to the financial statements of the Fund. The Fund is still currently in the process of assessing the impact, if any, of MFRS 18: Presentation and Disclosure in Financial Statements.

(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 interest ("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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Classification (continued)

All of the Fund's financial liabilities are measured at amortised cost.

Recognition and measurement

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

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

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 period which they arise.

Unquoted fixed income securities denominated in ("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.

Deposits with licensed financial institutions are stated at cost plus accrued interest calculated on the effective interest method over the period from the date of placement to the date of maturity of the respective deposits.

Financial assets at amortised cost and other financial liabilities are subsequently carried at amortised cost using the effective interest 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 consider both historical analysis and forward-looking information in determining any ECL. The Manager consider the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 months 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. MATERIAL ACCOUNTING POLICY INFORMATION (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 period.

(c) Income recognition

Interest income from deposits with licensed financial institutions and unquoted fixed income securities are recognised on a time proportionate basis using the effective Interest rate method on an accrual basis.

Interest income is calculated by applying the effective interest 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 Interest 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 fixed income securities are accounted for as the difference between the net disposal proceeds and the carrying amount of unquoted fixed income securities, 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 deposits with licensed 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 period.

(g) Distribution

A distribution to the Fund's unit holders is accounted for as a deduction from realised reserve. A proposed distribution is recognised as a liability in the financial period in which it is approved by the Trustee.

2. MATERIAL ACCOUNTING POLICY INFORMATION (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 criteria to be classified as equity instruments under MFRS Accounting Standards 132 "Financial Instruments: Presentation". Those criteria include:

- the units entitle the holder to a proportionate share of the Fund's NAV;
- the units are the most subordinated class and class features are identical;
- there are no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- the total expected cash flows from the units over its life are based substantially on the profit or loss of the Fund.

The outstanding units are carried at the redemption amount that is payable at each financial period if unit holder exercises the right to put the unit back to the Fund.

Units are created and cancelled at prices based on the Fund's NAV per unit at the time of creation or cancellation. The Fund's NAV per unit is calculated by dividing the net assets attributable to unit holders with the total number of outstanding units.

(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 fixed income securities

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.

MYR/RM-denominated unquoted fixed income securities 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 fixed income securities 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.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund are as follows:

	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
2025			
Cash and cash equivalents (Note 9)	-	2,769,740	2,769,740
Unquoted fixed income securities (Note 8)	549,583,036	-	549,583,036
Amount due from Manager	-	29,600	29,600
Dividends receivable	-	2	2
	<u>549,583,036</u>	<u>2,799,342</u>	<u>552,382,378</u>

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

The Fund aims to provide regular income as well as to achieve medium to long-term capital appreciation through investments primarily in Malaysian bonds.

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 GUTF.

(a) Market risk

(i) Price risk

This is the risk that the fair value of an investment in unquoted fixed income securities will fluctuate because of changes in market prices (other than those arising from interest rate risk).

The Fund is exposed to price risk arising from interest rate fluctuation in relation to its investments of RM549,583,036 in unquoted fixed income securities. The Fund's exposure to price risk arising from interest 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 fixed income securities 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 fixed income securities 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 fixed income securities and money market instruments are benchmarked against interest rates. As such, the investments are exposed to the movement of the interest rates.

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

(a) Market risk (continued)

(ii) Interest rate risk (continued)

This risk is crucial since unquoted fixed income securities portfolio management depends on forecasting interest rate movements. Prices of unquoted fixed income securities move inversely to interest rate movements, therefore as interest rates rise, the prices of unquoted fixed income securities decrease and vice versa. Furthermore, unquoted fixed income securities 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 the 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 profit or loss and NAV to movements in prices of unquoted fixed income securities held by the Fund as a result of movement in interest rate at the end of each reporting period. 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.

% Change in interest rate	Impact on profit or loss/NAV
	2025
	RM
+1%	(526,921)
-1%	527,831

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 deposits with licensed financial institutions is expected to be minimal as the deposits are held on short-term basis. The weighted average effective interest rate per annum is as follows:

	2025
	%
Deposits with licensed financial institution	3.30

(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 fixed income securities 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.

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

(a) Credit risk (continued)

This will cause a decline in value of the defaulted unquoted fixed income securities 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 fixed income securities investments must satisfy a minimum rating requirement 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 deposits in licensed financial institution is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

For amount due from Manager, the settlement terms of the proceeds from the creation of units' receivable from the Manager are governed by the GUTF.

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

	Cash and cash equivalents RM	Financial assets at fair value through profit or loss RM	Amount due from Manager RM	Dividends receivable RM	Total RM
2025					
AA	-	85,530,194	-	-	85,530,194
AA1	-	68,905,086	-	-	68,905,086
AA2	-	63,063,236	-	-	63,063,236
AA3	-	22,707,847	-	-	22,707,847
AAA	2,769,740	246,320,612	-	-	249,090,352
Not rated	-	63,056,061	29,600	2	63,085,663
	<u>2,769,740</u>	<u>549,583,036</u>	<u>29,600</u>	<u>2</u>	<u>552,382,378</u>

Deposits with licensed financial institution of the Fund have an average remaining maturity of 2 days.

(b) Liquidity risk

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

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise bank balances, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 business days.

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

(b) Liquidity risk (continued)

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.

The table below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining period as at the end of the reporting period 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
2025			
Accrued management fee	84,300	-	84,300
Amount due to Trustee	14,050	-	14,050
Distribution payable	110,634	-	110,634
Other payables and accruals	-	14,200	14,200
Net assets attributable to unit holders	552,159,194	-	552,159,194
Contractual undiscounted cash flows	552,368,178	14,200	552,382,378

(d) Capital risk management

The capital of the Fund is represented by equity consisting of unit holders' contributions of RM552,159,194. The amount of capital can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

(e) Fair value estimation

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

The fair 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 period 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.

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

(e) Fair value estimation (continued)

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.

	Level 1 MYR	Level 2 MYR	Level 3 MYR	Total MYR
2025				
Financial assets				
at				
fair value				
through				
profit or loss:				
- Unquoted				
fixed income				
securities	-	549,583,036	-	549,583,036

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

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 fixed income securities.

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, dividends receivable 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 0.25% per annum, calculated daily based on the NAV of the Fund.

For the financial period ended 31 March 2025, the management fee is recognised at a rate of 0.18% per annum.

There is 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 0.03% per annum calculated daily based on the NAV of the Fund. The Trustee fee includes local custodian fee but excludes the foreign sub-custodian fees (if any).

For the financial period ended 31 March 2025, the Trustee fee is recognised at a rate of 0.03% per annum.

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

6. DISTRIBUTIONS

Breakdown of distribution were as follows:

	2025	
	MYR	%
Distribution out of current period's income	11,463,564	100.00
Distribution out of prior period's income/capital	-	-
Total	11,463,564	100.00

6. DISTRIBUTIONS (CONTINUED)

Gross/Net distribution per unit (sen)	2025
Distribution on 28 March 2025	0.28
Distribution on 28 Feb 2025	0.32
Distribution on 31 Jan 2025	0.31
Distribution on 31 Dec 2024	0.30
Distribution on 29 Nov 2024	0.51
Distribution on 30 Sept 2024	0.46
	<u>2.18</u>

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

7. TAXATION

	2025 RM
Tax charged for the financial period:	
- Current taxation	<u>-</u>

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

	2025 RM
Profit before taxation	<u>1,223,430</u>
Taxation at Malaysian statutory rate of 24%	293,623
Tax effects of:	
- Investment income not subject to tax	(3,236,661)
- Expenses not deductible for tax purposes	2,776,502
- Restriction on tax deductible expenses for Unit Trust Funds	<u>166,536</u>
Taxation	<u>-</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RM
At fair value through profit or loss:	
- Unquoted fixed income securities	<u>549,583,036</u>

*Includes interest receivable of RM5,894,597.

Net gain on financial assets at fair value through profit or loss:	
- Realised gain on disposals	93,608
- Unrealised fair value gain	<u>804,771</u>
	<u>898,379</u>

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 %
2025				
UNQUOTED FIXED INCOME SECURITIES				
7-Eleven Malaysia Holdings Bhd 4.28% 26/06/2026 (AA2)	31,700,000	32,069,338	32,095,868	5.81
Aeon Credit Service M Bhd 3.80% 10/02/2027 (AA)	1,500,000	1,526,437	1,536,817	0.28
Aeon Credit Service M Bhd 4.13% 14/11/2029 (AA2)	3,550,000	3,569,320	3,570,254	0.65
Amanat Lebuhraya Rakyat Bhd 4.66% 13/10/2026 (AA)	5,000,000	5,179,886	5,180,732	0.94
AmBank Bhd 4.18% 28/03/2031 (AAA)	5,000,000	5,122,892	5,130,550	0.93
AmBank Bhd 4.33% 06/11/2026 (AA)	5,000,000	5,022,502	5,021,340	0.91
Bank Pembangunan Malaysia 3.63% 02/11/2026 (NR)	5,000,000	5,100,105	5,099,054	0.92
Bank Pembangunan Malaysia 4.50% 04/11/2026 (AA)	15,000,000	15,453,565	15,451,149	2.80
Bank Pembangunan Malaysia 4.62% 02/03/2027 (AAA)	2,500,000	2,535,076	2,535,872	0.46
Bank Simpanan Nasional 3.80% 15/02/2027 (AA3)	1,700,000	1,709,765	1,710,637	0.31
Cagamas Berhad 3.90% 14/04/2026 (AA1)	3,300,000	3,367,387	3,368,830	0.61
Cagamas Berhad 3.90% 29/05/2026 (AA3)	6,670,000	6,824,033	6,825,475	1.24
Cagamas Berhad 3.92% 29/04/2025 (AA)	10,000,000	10,167,875	10,168,192	1.84
Cagamas Berhad 4.45% 03/11/2025 (AAA)	1,700,000	1,726,933	1,727,612	0.31
Celcom Networks Sdn Bhd 5.20% 27/08/2027 (AAA)	10,000,000	10,379,630	10,391,389	1.88
CIMB Bank Bhd 4.70% 18/05/2027 (AA1)	5,000,000	5,178,498	5,185,224	0.94
Danga Capital Bhd 4.52% 06/09/2027 (AA3)	5,000,000	5,267,578	5,291,960	0.96
Danga Capital Bhd 4.88% 29/01/2030 (AA)	5,000,000	5,107,201	5,114,799	0.93
EDRA Energy Sdn Bhd 5.88% 03/07/2026 (AAA)	1,000,000	1,039,730	1,039,523	0.19

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 %
2025 (CONTINUED) UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
EDRA Energy Sdn Bhd 5.91% 05/01/2027 (AAA)	11,000,000	11,544,921	11,539,913	2.09
GENM Capital Bhd 5.30% 11/07/2028 (AAA)	10,000,000	10,333,930	10,348,360	1.87
Gulf Investment Corp GSC 5.30% 18/06/2027 (AA2)	5,000,000	5,183,376	5,195,957	0.94
Imtiaz Sukuk li Bhd 2.97% 07/10/2025 (AA)	3,750,000	3,788,372	3,790,954	0.69
Imtiaz Sukuk li Bhd 3.20% 07/10/2027 (AA1)	2,200,000	2,198,476	2,202,464	0.40
Imtiaz Sukuk li Bhd 3.54% 17/04/2026 (AA1)	5,000,000	5,065,103	5,071,109	0.92
Imtiaz Sukuk li Bhd 4.05% 02/10/2026 (AA)	1,700,000	1,740,621	1,742,132	0.32
Imtiaz Sukuk li Bhd 4.15% 02/10/2028 (AAA)	4,410,000	4,529,551	4,542,827	0.82
Konsortium KAJV Sdn Bhd 5.75% 13/05/2032 (AA1)	935,000	956,977	982,462	0.18
LBS Bina Group Bhd 4.81% 23/01/2032 (AA3)	2,295,000	2,315,111	2,351,891	0.43
LBS Bina Group Bhd 5.00% 23/01/2029 (AA)	1,640,000	1,673,510	1,689,930	0.31
Lembaga Pembiayaan Perumahan Sektor Awam 3.34% 01/09/2028 (AAA)	10,000,000	9,934,941	9,952,137	1.80
Malayan Banking Bhd 2.90% 09/10/2030 (AA)	2,500,000	2,523,929	2,526,037	0.46
Malayan Banking Bhd 3.41% 05/08/2031 (AA)	15,000,000	14,972,215	15,022,925	2.72
Malayan Banking Bhd 4.71% 31/01/2031 (AAA)	950,000	965,760	965,715	0.17
Malaysia Airports Hg Bhd 3.95% 22/11/2029 (NR)	13,330,000	13,517,011	13,600,312	2.46
Malaysia Government Services 3.58% 15/07/2032 (AAA)	5,000,000	4,972,922	4,993,601	0.90
Malaysia Government Services 3.83% 05/07/2034 (AAA)	10,500,000	10,603,676	10,638,539	1.93
Malaysia Investmnt Issue Services 4.12% 30/11/2034 (NR)	5,000,000	5,199,540	5,208,027	0.94

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 %
2025 (CONTINUED) UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
Malaysian Government - 3.50% 31/05/2027 (AA)	17,000,000	17,198,544	17,242,037	3.12
Merc Benz Svc Malaysia 3.62% 18/03/2026 (AAA)	25,000,000	25,004,992	25,013,733	4.52
Orkim Sdn Bhd 4.32% 28/02/2030 (AAA)	450,000	451,689	452,339	0.08
Orkim Sdn Bhd 4.48% 27/02/2032 (AAA)	1,030,000	1,034,008	1,035,405	0.19
OSK Rated Bond Bhd 4.05% 04/03/2032 (AAA)	1,350,000	1,397,450	1,397,509	0.25
OSK Rated Bond Bhd 4.39% 28/04/2028 (NR)	250,000	250,770	252,602	0.05
PEAAB 2.91% 28/09/2027 (NR)	6,700,000	6,554,951	6,568,137	1.19
Penang Port Sdn Bhd 4.30% 24/12/2026 (AAA)	4,350,000	4,436,242	4,434,746	0.80
Penang Port Sdn Bhd 4.48% 27/12/2029 (AA1)	1,700,000	1,758,494	1,758,599	0.32
Pengurusan Air SPV Bhd 3.73% 02/06/2028 (AA)	8,200,000	8,257,041	8,287,155	1.49
Pengurusan Air SPV Bhd 3.75% 28/04/2028 (AA)	5,000,000	5,081,370	5,076,073	0.92
Pengurusan Air SPV Bhd 3.83% 11/11/2027 (AAA)	7,000,000	7,116,211	7,114,907	1.29
Pengurusan Air SPV Bhd 3.90% 30/10/2029 (AA2)	10,000,000	10,143,030	10,205,279	1.85
Pengurusan Air SPV Bhd 4.30% 03/06/2026 (NR)	5,000,000	5,103,370	5,105,196	0.92
Perbadanan Tabung Pendidikan Tinggi Nasional 4.53% 27/08/2026 (AA1)	5,000,000	5,096,421	5,090,278	0.92
Petroleum Sarawak Exploration & Production Sdn. Bhd 3.90% 24/05/2027 (AA1)	10,000,000	10,170,567	10,191,599	1.85
Power Root Bhd 4.77% 07/11/2031 (AA)	927,000	949,736	962,605	0.17
PR1MA Corp Malaysia Services 3.05% 30/09/2026 (AAA)	10,000,000	9,939,206	9,931,442	1.80

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 %
2025 (CONTINUED) UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
Projek Lebuhraya Usahasama Bhd Sukuk Plus 4.72% 12/01/2026 (AA)	6,000,000	6,174,002	6,176,265	1.12
Projek Lebuhraya Usahasama Bhd Sukuk Plus 4.80% 12/01/2027 (AA2)	5,000,000	5,186,996	5,201,492	0.94
Projek Lebuhraya Usahasama Bhd Sukuk Plus 4.88% 12/01/2028 (AAA)	13,550,000	13,801,004	13,803,610	2.50
Putrajaya Holdings Bhd 4.58% 26/05/2026 (AAA)	15,000,000	15,379,255	15,401,106	2.79
RHB Bank Services 3.65% 28/04/2031 (AA)	5,000,000	5,167,733	5,173,000	0.94
RHB Bank Services 4.38% 17/11/2028 (AA2)	40,000,000	40,537,744	40,583,200	7.35
Sabah Credit Corp 3.91% 25/01/2027 (AAA)	21,670,000	21,850,684	21,873,176	3.96
Sime Darby Property Bhd 4.14% 21/08/2028 (NR)	2,150,000	2,181,368	2,182,150	0.40
SP Setia Bhd 3.85% 25/06/2026 (AAA)	10,000,000	10,112,197	10,107,960	1.83
STM Lottery Sdn Bhd 4.99% 30/06/2025 (AAA)	5,000,000	5,067,086	5,070,638	0.92
Toyota Capital (M) Sdn Bhd 4.08% 19/11/2029 (AAA)	1,000,000	1,026,748	1,028,212	0.19
Toyota Capital (M) Sdn Bhd 4.20% 26/06/2026 (AAA)	5,000,000	5,104,702	5,118,774	0.93
Toyota Capital (M) Sdn Bhd 4.25% 28/07/2028 (AAA)	3,500,000	3,559,080	3,583,534	0.65
Toyota Capital (M) Sdn Bhd 4.32% 26/09/2028 (AAA)	5,000,000	5,032,346	5,033,277	0.91
Toyota Capital (M) Sdn Bhd 4.35% 29/08/2028 (AA1)	6,000,000	6,110,341	6,125,182	1.11
UEM Edgenta Bhd (Br) 4.25% 24/04/2026 (AAA)	5,000,000	5,106,767	5,116,690	0.93
UEM Sunrise Bhd 4.30% 16/02/2026 (AA)	5,000,000	5,047,377	5,047,790	0.91

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 %
2025 (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES (CONTINUED)				
UEM Sunrise Bhd 5.39% 05/03/2026 (AAA)	2,200,000	2,249,760	2,249,938	0.41
UEM Sunrise Bhd 5.45% 30/01/2026 (AA2)	5,000,000	5,087,802	5,090,959	0.92
UMW Holdings Bhd 3.88% 24/11/2026 (AA)	3,200,000	3,248,855	3,250,113	0.58
Westports Malaysia Sdn Services 4.84% 22/10/2027 (AA3)	5,000,000	5,237,868	5,237,459	0.95
Westports Malaysia Sdn Services 5.38% 30/04/2026 (AAA)	5,000,000	5,201,483	5,202,428	0.94
YTL Corporation Bhd 4.63% 11/11/2026 (AAA)	1,000,000	1,031,278	1,031,466	0.19
YTL Power International Bhd 4.62% 14/06/2028 (AAA)	7,500,000	7,814,666	7,814,562	1.42
YTL Power International Bhd 4.99% 24/08/2028 (AAA)	4,000,000	4,149,338	4,149,845	0.75
TOTAL UNQUOTED FIXED INCOME SECURITIES	<u>539,557,000</u>	<u>548,778,265</u>	<u>549,583,036</u>	<u>99.55</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>804,771</u>		
TOTAL FINANCIAL ASSETS AT FAIR THROUGH PROFIT OR LOSS				
		<u>549,583,036</u>		

9. CASH AND CASH EQUIVALENTS

	2025 RM
Bank balance	367,872
Deposits with licensed financial institution	<u>2,401,868</u>
	<u>2,769,740</u>

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2025
	No. of units
(i) Class MYR	
At the beginning of the financial period	-
Add: Creation of units from applications	547,027,233
Add: Creation of units from distribution	10,788,933
Less: Cancellation of units	(9,913,789)
At the end of the financial period	<u>547,902,377</u>

11. TOTAL EXPENSE RATIO ("TER")

	2025
	%
TER	<u>0.19</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 period calculated on a daily basis is RM423,174,092.

12. PORTFOLIO TURNOVER RATIO ("PTR")

	2025
PTR (times)	<u>0.85</u>

PTR is derived from the following calculation:

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

where:

total acquisition for the financial period = RM633,314,879

total disposal for the financial period = RM89,434,759

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 Bhd	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

		2025
	No. of units	RM
Manager		
Principal Asset Management Bhd	1,776	1,790

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.

14. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the top 10 brokers/dealers for the financial period ended 31 March 2025 are as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %
RHB Bank Bhd	186,616,239	26.18
Hong Leong Investment Bhd	123,929,060	17.39
Hwang DBS Investment Bank Bhd	121,534,740	17.05
HLG Securities Sdn Bhd	98,354,264	13.80
RHB Investment Bank Bhd	60,670,540	8.51
Bank of America Malaysia Bhd	39,993,000	5.61
Citibank Bhd	35,188,750	4.94
Hong Leong Bank Bhd	13,442,250	1.89
Malayan Banking Bhd	11,923,000	1.67
United Overseas Bank (M) Bhd	6,745,696	0.95
Others	14,352,100	2.01
	712,749,639	100.00

15. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 16 May 2025.

DIRECTORY

Head Office of the Manager

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Trustee for the Principal Sustainable Conservative Bond Fund

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Auditors of the Fund and of the Manager

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