

**PRINCIPAL ISLAMIC LIFETIME ENHANCED SUKUK FUND**  
**ANNUAL REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

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## INVESTORS' LETTER

Dear Valued Investor,

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

We are pleased to bring you a copy of the Annual Fund Report of the Principal Islamic Lifetime Enhanced Sukuk Fund for the financial year ended 31 March 2024. You may also download this report from our website at [www.principal.com.my](http://www.principal.com.my).

We are happy to share that Principal Malaysia won two honours at the Asia Asset Management 2024 Best of the Best Awards. The awards were for Best of the Best Performance Awards: China A-Share Equity (3 years) for the Principal China Direct Opportunities Fund (Class MYR) and Best of the Best Country Awards: Best Institutional House – Malaysia. We also won another two awards at the 2024 Global Banking & Finance Awards® for Asset Management CEO of the Year Malaysia 2024 - Munirah Khairuddin and Asset Management Company of the Year Malaysia 2024. The World Business Outlook magazine also awarded us with the Best Investment Management and Solutions Provider Malaysia 2024, Best Institutional House Malaysia 2024, and Asset Management CEO (Munirah Khairuddin) of the Year Malaysia 2024 awards at its 2024 Annual Awards. We also won three awards at iFast Awards 2024 and another 7 awards at the LSEG Lipper Fund Awards 2024.

Digital innovation is central to our strategy, as we use data and technology to develop the right solutions for you. We will continue to advance our digital capabilities to provide easy access to your investment portfolio and enable you to carry out transactions seamlessly. Please continue to check out our website ([www.principal.com.my](http://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 grow the value of Unit holders' investments over the medium-term in Sukuk portfolio with most tenures ranging from 3-10 years as well as to provide regular income.

#### Has the Fund achieved its objective?

For the financial year under review, the Fund is in line with its stated objectives as stated under the fund performance review.

#### What are the Fund investment policy and principal investment strategy?

A minimum of 70% and up to a maximum of 98% of the Fund's Net Asset Value ("NAV") may be invested in Sukuk carrying at least a "BBB3" or "P2" rating by RAM Ratings Services 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 40% of its NAV in Unrated Sukuk. The Fund may also invest between 0% to 20% (both inclusive) of its NAV in Shariah-compliant equities, of which up to 10% of its NAV may be invested in Shariah-compliant warrants of Shariah-compliant companies. The investment strategy and policy of the Fund is biased towards Islamic fixed income securities that aim to provide consistency in income, while allowing some exposure in Shariah-compliant equities and Shariah-compliant warrants that aim to provide the added return in a rising market. The Fund may also opt to seek investment exposure via Islamic collective investment scheme that is in line with the Fund's objective, subject to the requirements of the Guidelines on Unit Trust Funds issued by the Securities Commission Malaysia ("GUTF"). The Fund may invest up to 30% of its NAV in foreign Eligible Markets. Where necessary, we will obtain the licenses/permits for investments in countries that require licenses/permits. If we are unable to obtain the necessary licenses/permits, or the licenses/permits are revoked or not renewed (as the case may be), we will seek to invest in other accessible markets. Notwithstanding the aforesaid, we may decide not to invest in foreign securities.

The asset allocation strategy for this Fund is as follows:

- between 70% to 98% (both inclusive) of the Fund's NAV in Sukuk;
- up to 40% of the Fund's NAV in Unrated Sukuk;
- between 0% to 20% (both inclusive) of the Fund's NAV in Shariah-compliant equities, of which up to 10% may be invested in Shariah-compliant warrants; and
- at least 2% of the Fund's NAV in Islamic liquid assets.

#### Fund category/type

Sukuk/Income

#### When was the Fund launched?

Name of Class	Launch date
Class D	28 April 2023
Class MYR	23 February 2005

#### What was the size of the Fund as at 31 March 2024?

RM11.69 million (11.64 million units)

#### What is the Fund's benchmark?

85% CIMB Islamic 1-Month Fixed Return Income Account - i ("FRIA-i") + 15% FTSE Bursa Malaysia ("FBM") EMAS Shariah ("FBMS") Index

Note: The Fund's benchmark is for performance comparison purpose only. The benchmark is customised as such to align it closer to the structure of the portfolio and the objective of the Fund. Investors are cautioned that the risk profile of the Fund is higher than the risk profile of the benchmark.

**FUND OBJECTIVE AND POLICY (CONTINUED)**

**What is the Fund distribution policy?**

Distribution (if any) is expected to be distributed annually at the Manager's discretion.

\* Note: Pursuant to the Master Deed, the Manager has the right to make provisions for reserves in respect of distribution of the Fund. If the distribution available is too small or insignificant, any distribution may not be of benefit to the Unit holders as the total cost to be incurred in any such distribution may be higher than the amount for distribution. The Manager has the discretion to decide on the amount to be distributed to the Unit holders.

**What was the net income distribution for the financial year ended 31 March 2024?**

The Fund distributed a total net income of RM0.87 million to unit holders for the financial year ended 31 March 2024.

The Fund's NAV per unit before and after distribution were as follows:

<b>Date</b>	<b>NAV per unit (Before distribution) RM</b>	<b>NAV per unit (After distribution) RM</b>
Distribution on 5 April 2023		
- Class MYR	0.9864	0.9766
Distribution on 5 July 2023		
- Class MYR	0.9908	0.9814
Distribution on 11 October 2023		
- Class MYR	0.9863	0.9814
Distribution on 11 January 2024		
- Class MYR	1.0012	0.9938

Breakdown of distribution were as follows:

<b>Source of distribution</b>	<b>31.03.2024</b>		<b>31.03.2023</b>	
	RM	%	RM	%
Distribution out of current year's income	551,102	62.93	1,110,514	100.00
Distribution out of prior year's income/capital	324,580	37.07	-	-
<b>Total</b>	<b>875,682</b>	<b>100.00</b>	<b>1,110,514</b>	<b>100.00</b>

**PERFORMANCE DATA**

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

	<b>31.03.2024</b>	<b>31.03.2023</b>	<b>31.03.2022</b>
Shariah-compliant quoted securities			
- Construction	-	0.02	1.16
- Consumer Products & Services	-	-	2.33
- Energy	2.34	-	1.27
- Industrial Products & Services	8.71	0.04	4.89
- Plantation	-	-	0.46
- Property	3.77	-	1.15
- Technology	-	-	3.56
Unquoted Sukuk	69.69	90.86	77.38

**PRINCIPAL ISLAMIC LIFETIME ENHANCED SUKUK FUND**

**PERFORMANCE DATA (CONTINUED)**

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

	<b>31.03.2024</b>	<b>31.03.2023</b>	<b>31.03.2022</b>
Cash and other assets	30.90	9.80	8.66
Liabilities	<u>(15.41)</u>	<u>(0.72)</u>	<u>(0.86)</u>
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	<b>31.03.2024</b>	<b>31.03.2023</b>	<b>31.03.2022</b>
NAV (RM Million)			
- Class D	0.86	-	-
- Class MYR	10.83	30.38	37.02
Units in circulation (Million)			
- Class D	0.83	-	-
- Class MYR	10.81	30.81	36.36
NAV per unit (RM)			
- Class D	1.0426	-	-
- Class MYR	1.0013	0.9859	1.0179
Highest NAV per unit (RM)			
- Class D	1.0442	-	-
- Class MYR	1.0028	1.0219	1.0882
Lowest NAV per unit (RM)			
- Class D	1.0000	-	-
- Class MYR	0.9767	0.9554	1.0099
Total return (%)			
- Class D	-	-	-
- Class MYR	5.02	0.10	0.81
Capital growth (%)			
- Class D	-	-	-
- Class MYR	1.72	(3.14)	(5.59)
Income distribution (%)			
- Class D	-	-	-
- Class MYR	3.24	3.35	6.78
Total Expense Ratio ("TER") (%) ^	1.14	1.15	1.15
Portfolio Turnover Ratio ("PTR") (times) #	0.93	0.50	0.40

^ The Fund's TER decreased from 1.15% to 1.14% due to decreased in total expenses during the financial year under review.

# The Fund's PTR was 0.93 times as of 31 March 2024 which reflects the number of transactions during the financial year.

PERFORMANCE DATA (CONTINUED)

	31.03.2024	31.03.2023	31.03.2022
<b>Gross/Net distribution per unit (sen)</b>			
Distribution on 5 April 2023	0.98	-	-
Distribution on 5 July 2023	0.94	-	-
Distribution on 11 October 2023	0.49	-	-
Distribution on 11 January 2024	0.74	-	-
Distribution on 6 April 2022	-	1.03	-
Distribution on 5 July 2022	-	0.99	-
Distribution on 5 October 2022	-	0.49	-
Distribution on 5 January 2023	-	0.73	-
Distribution on 13 April 2021	-	-	3.80
Distribution on 22 July 2021	-	-	1.04
Distribution on 8 October 2021	-	-	1.05
Distribution on 11 January 2022	-	-	1.04

	31.03.2024	31.03.2023	31.03.2022	31.03.2021	31.03.2020
	%	%	%	%	%
Annual total return	5.02	0.10	0.81	12.10	1.22
(Launch date: 23 February 2005)					

	Since inception to 31.03.2024 %
Annual total return - Class D	4.43
(Launch date: 28 April 2023)	

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 APRIL 2023 TO 31 MARCH 2024)

**Equity**

The FBMS Index rose 7.69% in Malaysian Ringgit (“MYR/RM”) terms during the financial year under review. The FBMS Index rose marginally, up 20 points (“pts”) or +0.2%, ending the month of April 2023 at 10,737 pts. Utilities, Commodities, Telecommunication did well during the month. Recent economic data out of the US were mixed. We have a lower first quarter of 2023 US Gross Domestic Products (“GDP”) print of a mere 1%, down from 2.6% in fourth quarter of 2022, but that was mainly due to large inventory drawdowns. US consumer spending remains strong, up 3.7% over the same period (versus 1% in fourth quarter of 2022) on the back of low unemployment and solid wage gains. Consumer Price Index (“CPI”) cooled to 5% in March 2023, a lower end of forecast, but core Personal Consumption Expenditures (“PCE”) picked up from 3.5% in February 2023 to 3.6% in March 2023 no thanks to higher rents. All said, the Federal Reserve (the “Fed”) will likely go ahead with the 25 basis points (“bps”) hike in the upcoming Federal Open Market Committee (“FOMC”) meeting, and together with tighter credit conditions following recent collapse of several high-profile US banks, recession risk runs high.

The FBMS Index fell 130 pts or –1.2%, ending the month of May 2023 at 10,607 pts. The sell-off was relatively broad-based, with select stocks within defensive sectors MYR/RM on the back of poor Chinese data and consequently the depreciation of the Chinese Yuan Renminbi (“CNY”).

**MARKET REVIEW (1 APRIL 2023 TO 31 MARCH 2024) (CONTINUED)**

**Equity (continued)**

Further aggravating the situation was the stronger United States Dollar (“USD”) due to concerns surrounding the US debt ceiling, and recent US data – encouraging payroll and wage, sticky inflation, and more recently a rebound in job openings - stoking bets on further rates hikes in the next FOMC meeting.

The FBMS Index slumped 191 pts or –1.8%, ending the month of June 2023 at 10,415 pts. Investors remain wary of the sustained weakness of the MYR, a rather uninspiring first quarter of 2023 corporate results although they were broadly in line, and domestic political uncertainties caused by the upcoming State elections. Expectations of a US recession have now been pushed back to 2024 given the still buoyant data points coming out of the US and consequently stoking bets of further rate hikes by the Fed in second half of 2023.

The FBMS Index staged a strong comeback in July 2023, gaining 538 pts to 10,953 pts or 5.16%, fully reversing the loss sustained for the entire year. Sentiment was sharply lifted by the slump in the USD, benefiting the MYR, and waning expectations of a US recession following recent favourable economic data points – cooling inflation and still resilient jobs market. Gainers were broad-based, with mainly large caps forging ahead.

The FBMS Index lost 32 pts to 10,920.54 or 0.3% in August 2023, dragged by Telecommunication despite huge interest in Property, Construction and Transport. Sentiment was dampened by rebound in the USD and rising US Treasury (“UST”) yields on expectations of further interest rate hikes in the US as economic data points remain strong.

The FBMS Index lost 46 pts to 10,875 pts or 0.4% in September 2023. The sell-off, which largely concentrated towards the last week of the month, was rather broad-based, led by Commodities. While there could be volatility caused by quarter-end rebalancing, investors were spooked by UST yields at a 16-year high and persistent USD strength affecting Emerging Market (“EM”), in addition to the Fed’s hawkish messaging on interest rates. Domestically, there also seems to be a lack of fresh leads and some political noises surrounding cabinet reshuffling.

The FBMS Index lost 33 points to 10,842 pts or 0.3% in October 2023, which improved the year-to-date (“YTD”) decline to 3.6%. There was bargain hunting in Financials and Commodities following the steep sell-off in the previous month, while Telecommunication (mainly mobile operators) were laggards. Within the broader market, Construction performed while Technology, Energy and Property languished. Overall sentiment remains clouded by the surge in UST yields which topped 5% last month and persistent dollar strength affecting EM markets, coupled with tensions in the Middle East.

The FBMS Index gained 88 pts to 10,929 pts or 0.8% in November 2023. Overall sentiment was lifted by expectations that the Fed may be done with rate hikes given the cooling inflation and recent economic data out of the US. The pullback in UST yields and the weaker USD lifted interest in EM markets.

The FBMS Index gained 59 pts to 10,989 pts or 0.5% in December 2023. Investors rejoiced at Fed’s decision to hold rates and signalling the end of hikes given the cooling inflation data and recent economic data out of the US, coupled with the weaker USD and falling treasury yields. Utilities, Healthcare and select Telecommunications saw gains, while select commodities and Consumer-related names were sold off. Within the broader market, Technology and Gloves did well, the latter spurred by recent surge in Coronavirus Disease 2019 (“COVID-19”) cases.

FBMS Index was up 2.6% or 289.4 pts in January 2024, closing the month at 11,278.09 pts. Sentiment was lifted by Fed’s communication on interest rates given the recent cooling inflation and economic data out of the US. The weaker USD and lower treasury yield that ensued favored EM.



**MARKET REVIEW (1 APRIL 2023 TO 31 MARCH 2024) (CONTINUED)**

**Equity (continued)**

Utilities, Commodities, and Telecommunication topped the gainers list. Within the broader market, Energy, Construction and Property did well, while Technology languished despite the sentiment on the Fed rates. FBMS's Index rally extended into February 2024, up 2.2% to close the month at 11,527.99 pts. This marked the 4<sup>th</sup> consecutive month of gains, with Malaysia outperforming most the Association of Southeast Asian Nations ("ASEAN") markets.

This was also despite the stronger USD following stronger-than-expected inflation and economic data out of the US, and bets on rate cuts by the Fed pushed back. Utilities, Commodities and Telcos topped the gainers list. Within the broader market, Energy did well, and Technology rebounded strongly.

FBMS's Index rally extended into March 2024, up 1.0% to close the month at 11,643.52 pts. This marked the 4<sup>th</sup> consecutive month of gains, with Malaysia outperforming most ASEAN markets. Bets on rate cuts by the Fed were pushed back given the persistent strong data out of the US, and there was an absence of fresh catalysts domestically. During the month, there were also distortions caused by FTSE rebalancing (as well as MSCI rebalancing in February 2024) and many index stocks going ex-dividends. Transport, Utilities and Commodities topped the gainers list while Telecommunication languished. Within the broader market, Property, Construction, Technology, Healthcare and Energy did well.

**Unquoted Sukuk**

During the financial year under review, the Government Investment Issues ("GII") yield curve bear flattened with the mid to long end of the curve shifted lower by 4 to 24bps while the front end of the curve rose by 7bps to 12bps. The 3-year, 5-year, 7-year, 10-year, 15-year, 20-year and 30-year benchmarks closed at 3.48%, 3.66%, 3.78%, 3.88%, 4.00%, 4.09 and 4.20% respectively in March 2024.

The financial year under review started with all indices faring well April 2023 and May 2023 with positive performances seen across the board. The local bond market rallied in line with the rally in US Treasuries. Strong buying in the local market was also driven by reinvestment demand from local government bond maturities in April 2024.

Sentiment for local government securities turned cautious in June influenced by continued hawkishness by global central banks. Market continued to be soft in July 2023 taking cue from the weaker global bond market as well as the heavier duration and auction supply in August 2023. The sovereign yield curve steepened in August 2023, with the longer-end tenors adjusting higher tracking the movements in US Treasuries ("UST") and amidst the repricing from the auctions which featured a couple of longer duration bonds during the month.

The sovereign yield curve continued to steepen in September 2023 and October 2023, with the longer-end tenors adjusting higher tracking the movements in UST. Budget 2024 was tabled in October 2023. With a lower fiscal deficit target for 2024 at 4.3% of GDP (2023: -5.0%, 2022: -5.8%), the government maintains its gradual fiscal consolidation path set out in the updated Medium-Term Fiscal Framework ("MTFF") with an average fiscal deficit of 3.5% of GDP (2024 to 2026). Overall, the Budget 2024 underlines the government's dedication to maintain fiscal discipline via rationalization of expenditure and broadening the revenue base, while at the same time strengthening the national economy.

The sovereign yield curve shifted lower during the month of November 2023 and December 2023 as the strong rally in UST boosted sentiment in the local bond market as well. Meanwhile, Bank Negara Malaysia ("BNM") kept its monetary policy rate unchanged again at 3.00% in the November 2023 meeting. Sentiments continued to be supported during the months following the Fed December 2023 meeting, where it indicated an end to rate hikes and did not strongly oppose market bets on rate cuts in 2024.

**MARKET REVIEW (1 APRIL 2023 TO 31 MARCH 2024) (CONTINUED)**

**Unquoted Sukuk (continued)**

The year 2024 began with the sovereign yield curve traded mixed. The movement in sovereign moved closely to the UST in January 2024 as a correction was seen after the strong rally at the end of 2023. The credit segment continued to outperform the sovereign segment in the first 2 months of 2024.

In February 2024, the sovereign yield curve bear flattened as front to mid end yields rose more than the long end yields amid weakness in both the UST and MYR. The USDMYR surged past 4.80 in February 2024 before closing at 4.74 end of the month.

BNM kept the Overnight Policy Rate (“OPR”) unchanged at 3.00% in January 2024 and March 2024 as widely expected. Overall, BNM maintained its overall neutral language in the monetary policy committee (“MPC”) statement, unchanged since September 2023, but with a slight optimism on regional economic activities and global trade, supported by the expectation of monetary easing by global central banks in 2024.

In March 2024, BNM released its Annual Report 2023 together with the Economic & Monetary Review and Financial Stability Review second quarter of 2023. On the economic front, BNM expects the Malaysian economy to expand by +4.0% to 5.0% in 2024, up from +3.7% reading for 2023, despite ongoing geopolitical tensions and potentially slower global growth. On the monetary front, BNM forecasts headline inflation between 2.0% to 3.5% (2023: 2.5%) – incorporating fuel price adjustments from the fuel subsidy rationalization measures – and core inflation between 2.0% to 3.0% (2023: 3.0%) for 2024. The full year inflation will only be marginally impacted from the new sales & services tax and utility tariffs.

Meanwhile, Malaysia’s inflation edged slightly up by 1.8% year-on-year (“y-o-y”) in February 2024 after three straight months of a 1.5% y-o-y increase (January 2024: 1.5%) and higher than estimates (+1.4%). Core inflation remained flat in February 2024 at 1.8% y-o-y (January 2024: 1.8% y-o-y).

**FUND PERFORMANCE**

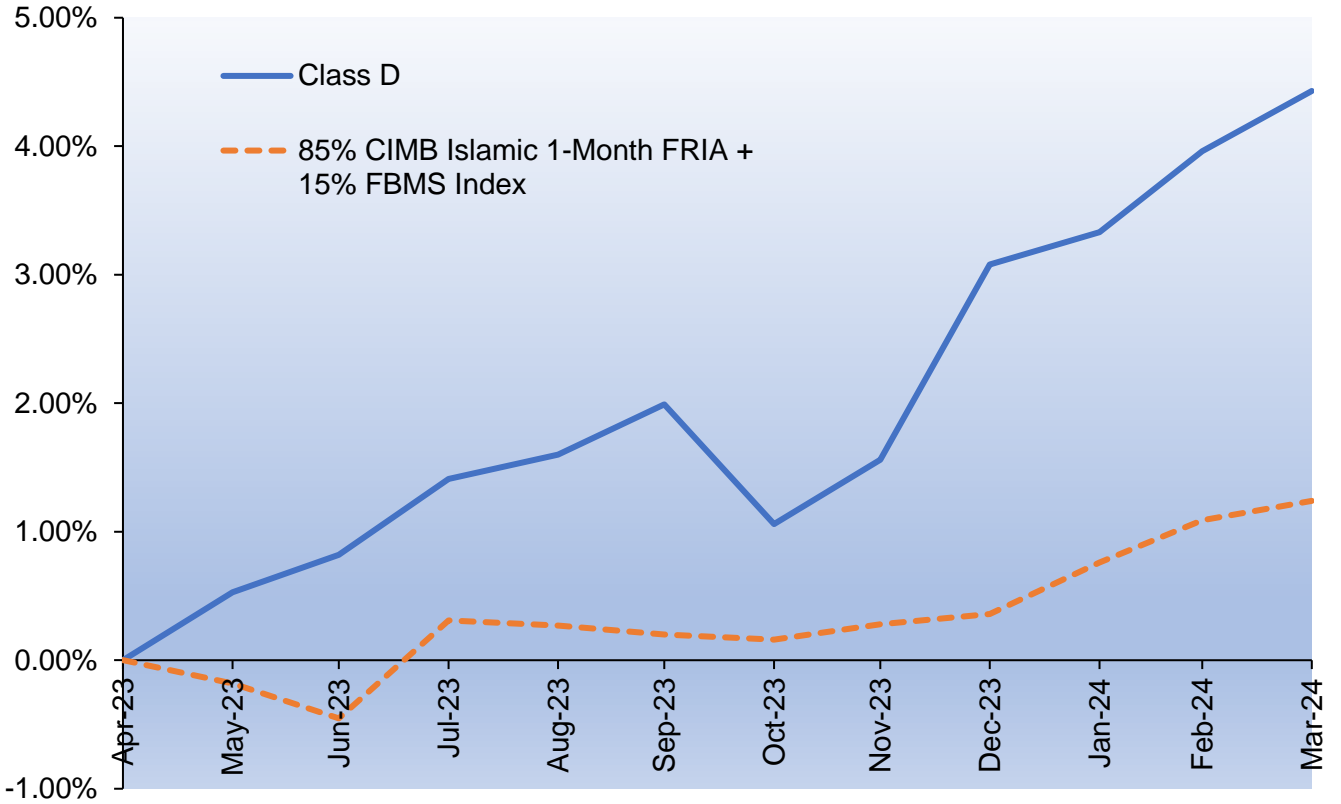
	<b>1 year to 31.03.2024</b>	<b>3 years to 31.03.2024</b>	<b>5 years to 31.03.2024 %</b>	<b>Since inception to 31.03.2024 %</b>
Income Distribution				
- Class D	-	-	-	-
- Class MYR	3.24	13.94	22.69	122.95
Capital Growth				
- Class D	-	-	-	4.43
- Class MYR	1.72	(6.98)	(1.98)	2.29
Total Return				
- Class D	-	-	-	4.43
- Class MYR	5.02	5.98	20.26	128.07
Benchmark				
- Class D	-	-	-	1.24
- Class MYR	1.27	(1.21)	0.51	18.33
Average Total Return				
- Class D	-	-	-	4.79
- Class MYR	5.02	1.95	3.75	4.41

For the financial year ended 31<sup>st</sup> March 2024, the total return for Class MYR was 5.02% as compared to the benchmark’s return of 1.27%. Since inception, Class MYR has achieved a total return of 128.07% as compared to the benchmark’s return of 18.33%. While for Class D has achieved a total return of 4.43% as compared to the benchmark’s return of 1.24%.

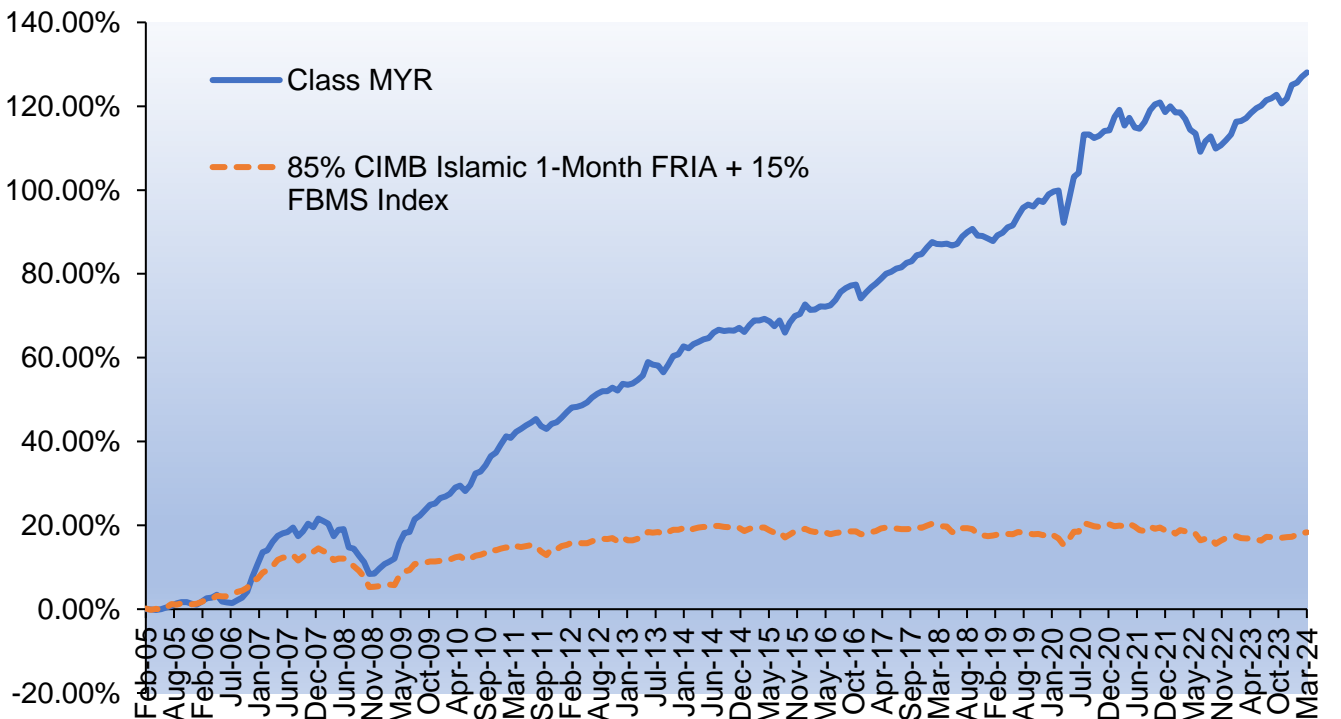
FUND PERFORMANCE (CONTINUED)

Since Inception

Class D



Class MYR



**FUND PERFORMANCE (CONTINUED)**

**Changes in NAV**

<b>Class D</b>	<b>31.03.2024</b>	<b>31.03.2023</b>	<b>Changes %</b>
NAV (RM Million)	0.86	-	-
NAV/Unit (RM)	1.0426	-	-
<b>Class MYR</b>			
NAV (RM Million)	10.83	30.38	(64.35)
NAV/Unit (RM)	1.0013	0.9859	1.56

The Fund's Class MYR NAV as at 31st March 2024 reduced to RM10.83 million from RM30.38 million in 2023 mainly due to redemptions. Meanwhile, the NAV per unit improved to RM1.0013 from RM0.9859.

Class D NAV stood at RM0.86 million while the NAV per unit is at RM1.0426.

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**

<b>(% of NAV)</b>	<b>31.03.2024</b>	<b>31.03.2023</b>
Shariah-compliant quoted securities	14.82	0.06
Unquoted Sukuk	69.69	90.86
Cash and other assets	30.90	9.80
Liabilities	(15.41)	(0.72)
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>

Asset allocation into Shariah-compliant quoted securities increased to 14.82% as at 31 March 2024 compared to 0.06% as at 31 March 2023. This reflects our positive view on equities. The sukuk portion reduced to 69.59% from 90.86% in preparation for the huge redemptions. While cash and other assets stood at 30.90%

**MARKET OUTLOOK\***

**Equity**

Malaysia's manufacturing sector neared stabilization in February 2024, with the purchasing managers index ("PMI") reading at 49.5pts versus 49 pts in January 2024. According to S&P Global, both new orders and production levels moderated at a marginal pace amid reports that there were some pockets of demand building. Employment and backlogs also broadly stabilized. However, higher raw material prices and currency weakness added to firms' input costs but selling prices were raised only fractionally. Manufacturers remain optimistic that demand environment would improve and that price conditions would stabilize. The latest PMI suggests a modest improvement in first quarter of 2024 GDP growth. To recap, BNM projects GDP to grow 4% to 5% in 2024, from an estimate of 3.8% in 2023.

## MARKET OUTLOOK (CONTINUED)\*

### Equity (continued)

We expect BNM to maintain OPR at 3.00% in the upcoming monetary policy committee (“MPC”) meeting, as well as for the rest of the year given muted inflation and modest economic growth. Inflation was at 1.5% in January 2024. There appears to be sufficient headroom to central bank’s 2.1% to 3.6% CPI forecast for 2024 with the impending subsidy rationalization plans.

### Unquoted Sukuk

We remain positive on the local bond market as we believe that the interest rate hike cycle has ended. The next MPC meeting will be on 8<sup>th</sup> to 9<sup>th</sup> May where general expectations are OPR will stay put at 3.00%. We expect BNM to keep OPR unchanged at 3.00% to strengthen economic growth. BNM is expected to release its Annual Report 2023 on 20th March 2024 which could provide new guidance on official macro forecast.

Meanwhile, relatively lesser government bonds gross supply for 2024 should provide some positive catalyst for the local bond market dynamics. With the OPR expected to remain unchanged for most of 2024, movements in the government bonds are limited, which will likely lead to further credit spreads compression.

\*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

### Equity

We retain our positive view on the market as we believe improved political stability, stronger earnings growth prospects and higher domestic investment investments would drive the market further. Our key preferred sectors remain those that stand to gain from the National Energy Transition Roadmap (“NETR”), including Utilities, Construction, and Property. Additionally, we see opportunities in selected Obstetrics and Gynecology (“O&G”) names as we see value and we believe the sector will be supported by strong Petronas activity in the coming years. Key risks are the derailment of Malaysia’s macroeconomic recovery and corporate earnings growth due to the larger-than-expected impact of rising inflation, slower global economic growth, and heightened geopolitical risk.

### Unquoted Sukuk

We remain our preference on the credit segment with focus on primary issuances and repriced secondary offers. We maintain our focus for high quality corporate sukuk for its higher yield pickup.

## **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**

In relation to this Fund, the Fund had issued the First Supplemental Master Prospectus (Islamic funds) dated 5 September 2023.

We are of view that the changes above do not affect the existing unit holder to stay invested in the Fund and it is not a significant change. Unit holders may refer to Appendix 1 for the detailed list of changes.

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

## **CIRCUMSTANCES THAT MATERIALLY AFFECT ANY INTEREST OF UNIT HOLDERS**

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

## **CROSS TRADE**

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

## **UNIT SPLIT**

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

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF  
PRINCIPAL ISLAMIC LIFETIME ENHANCED SUKUK 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 statement of financial position of the Fund as at 31 March 2024 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  
20 May 2024

**TRUSTEE'S REPORT**

**TO THE UNIT HOLDERS OF  
PRINCIPAL ISLAMIC LIFETIME ENHANCED SUKUK FUND ("Fund")**

We have acted as Trustee of the Fund for the financial year ended 31 March 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquires, Principal Asset Management Berhad has operated and managed the Fund during the year covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the Management Company under the 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

Yap Lay Guat  
Manager, Investment Compliance Monitoring

Kuala Lumpur  
17 May 2024



**SHARIAH ADVISER'S REPORT**

**To the Unit Holders of Principal Islamic Lifetime Enhanced Sukuk Fund ("Fund")**

**For the Financial Year ended 31 March 2024**

We hereby confirm the following:

1. To the best of our knowledge, after having made all reasonable enquiries, Principal Asset Management Berhad has operated and managed the Fund during the 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 asset 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 May 2024

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF  
PRINCIPAL ISLAMIC LIFETIME ENHANCED SUKUK FUND**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

*Opinion*

We have audited the financial statements of Principal Islamic Lifetime Enhanced Sukuk Fund (the "Fund"), which comprise the statement of financial position as at 31 March 2024 of the Fund, and statement of comprehensive income, statement of changes in net assets attributable to unit holders and statement of cash flows of the Fund for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 8 to 37.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 March 2024, and of its financial performance and cash flows for the 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 LIFETIME ENHANCED SUKUK 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 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 LIFETIME ENHANCED SUKUK 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 ISLAMIC LIFETIME ENHANCED SUKUK FUND (cont'd.)**

**Other matters**

This report is made solely to the Manager 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  
20 May 2024

**PRINCIPAL ISLAMIC LIFETIME ENHANCED SUKUK FUND**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

	Note	2024 RM	2023 RM
<b>INCOME/(LOSS)</b>			
Dividend income		34,886	120,077
Profit income from Shariah-compliant deposits with licensed Islamic financial institutions and Hibah		43,587	88,841
Profit income from unquoted Sukuk		1,057,923	1,123,940
Net gain/(loss) on financial assets at fair value through profit or loss	8	443,167	(992,512)
		<u>1,579,563</u>	<u>340,346</u>
<b>EXPENSES</b>			
Management fee	4	263,144	322,897
Trustee fee	5	11,791	22,603
Transaction costs		33,591	42,413
Audit fee		9,400	9,400
Tax agent's fee		4,373	3,500
Other expenses		10,266	11,945
		<u>332,565</u>	<u>412,758</u>
<b>PROFIT/(LOSS) BEFORE DISTRIBUTION AND TAXATION</b>		1,246,998	(72,412)
Distribution:			
- Class MYR	6	(875,682)	-
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		371,316	(72,412)
Taxation	7	-	-
<b>PROFIT/(LOSS) AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR</b>		<u>371,316</u>	<u>(72,412)</u>
Profit/(Loss) after taxation is made up as follows:			
Realised amount		(257,801)	1,156,016
Unrealised amount		629,117	(1,228,428)
		<u>371,316</u>	<u>(72,412)</u>

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

**PRINCIPAL ISLAMIC LIFETIME ENHANCED SUKUK FUND**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2024**

	Note	2024 RM	2023 RM
<b>ASSETS</b>			
Cash and cash equivalents	9	3,503,293	2,883,541
Financial assets at fair value through profit or loss	8	9,879,460	27,615,701
Amount due from Manager		109,327	94,452
Dividends receivable		-	-
<b>TOTAL ASSETS</b>		<u>13,492,080</u>	<u>30,593,694</u>
<b>LIABILITIES</b>			
Amount due to stockbrokers		1,719,010	-
Amount due to Manager		46,710	174,026
Accrued management fee		14,345	25,686
Amount due to Trustee		430	1,798
Other payables and accruals		21,100	17,000
<b>TOTAL LIABILITIES</b>		<u>1,801,595</u>	<u>218,510</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>11,690,485</u>	<u>30,375,184</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>11,690,485</u>	<u>30,375,184</u>
<b>REPRESENTED BY:</b>			
<b>FAIR VALUE OF OUTSTANDING UNITS (USD)</b>			
- Class D		864,641	-
- Class MYR		10,825,844	30,375,184
		<u>11,690,485</u>	<u>30,375,184</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>			
- Class D		829,250	-
- Class MYR		10,811,505	30,808,425
	10	<u>11,640,755</u>	<u>30,808,425</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>			
- Class D		1.0426	-
- Class MYR		1.0013	0.9859

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

**PRINCIPAL ISLAMIC LIFETIME ENHANCED SUKUK FUND**

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

	Note	2024 RM	2023 RM
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<u>30,375,184</u>	<u>37,016,079</u>
Movement due to units created and cancelled during the financial year:			
Creation of units from applications			
- Class D		2,004,951	-
- Class MYR		4,390,098	12,218,625
		<u>6,395,049</u>	<u>12,218,625</u>
Creation of units from distribution			
- Class MYR		866,230	982,413
		<u>866,230</u>	<u>982,413</u>
Cancellation of units			
- Class D		(1,164,474)	-
- Class MYR		(25,152,820)	(18,659,007)
		<u>(26,317,294)</u>	<u>(18,659,007)</u>
Total comprehensive income/(loss) for the financial year		371,316	(72,412)
Distributions	6	<u>-</u>	<u>(1,110,514)</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR</b>		<u>11,690,485</u>	<u>30,375,184</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 31 MARCH 2024**

	Note	2024 RM	2023 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from disposal of Shariah-compliant quoted securities		3,984,078	7,508,573
Proceeds from disposal of unquoted Sukuk		29,752,638	11,263,593
Purchase of Shariah-compliant quoted securities		(4,025,600)	(2,906,302)
Purchase of unquoted Sukuk		(9,737,063)	(10,465,772)
Dividend income received		34,886	125,561
Profit income received from unquoted Sukuk		948,697	88,841
Profit income received from Shariah-compliant deposits with licensed Islamic financial institutions and Hibah earned		43,587	1,199,524
Management fee paid		(274,485)	(329,026)
Trustee fee paid		(13,159)	(23,032)
Payment of other fees and expenses		(19,939)	(29,046)
<b>Net cash generated from operating activities</b>		<u>20,693,640</u>	<u>6,432,914</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash proceeds from units created		6,380,174	12,297,934
Payments for cancellation of units		(26,444,610)	(18,744,026)
Distribution paid		(9,452)	(128,101)
<b>Net cash used in financing activities</b>		<u>(20,073,888)</u>	<u>(6,574,193)</u>
Net increase/(decrease) in cash and cash equivalents		619,752	(141,279)
Cash and cash equivalents at the beginning of financial year		<u>2,883,541</u>	<u>3,024,820</u>
Cash and cash equivalents at the end of financial year	<b>9</b>	<u>3,503,293</u>	<u>2,883,541</u>
<u>Cash and cash equivalents comprised:</u>			
Bank balance		53,435	20,321
Shariah-compliant deposits with licensed Islamic financial institutions		<u>3,449,858</u>	<u>2,863,220</u>
Cash and cash equivalents at the end of the financial year	<b>9</b>	<u>3,503,293</u>	<u>2,883,541</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 31 MARCH 2024**

**1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES**

Principal Islamic Lifetime Enhanced Sukuk Fund (the “Fund”) is governed by a Principal 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 Twelfth Supplemental Master Deed dated 14 June 2010, a Fourteenth Supplemental Master Deed dated 26 June 2012, a Seventeenth Supplemental Master Deed dated 25 March 2015, a Nineteenth Supplemental Master Deed dated 18 June 2019, Twenty third Supplemental Master Deed dated 27 June 2022, a Twenty fourth Supplemental Master Deed dated 20 September 2022 and a Twentyfifth Supplemental Master Deed dated 26 May 2023 (collectively referred to as the “Deeds”), made between Principal Asset Management Berhad (the “Manager”) and HSBC (Malaysia) Trustee Berhad (the “Trustee”).

A minimum of 70% and up to a maximum of 98% of the Fund’s NAV may be invested in Sukuk carrying at least a “BBB3” or “P2” rating by RAM ratings 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 agency(ies). The Fund may invest up to 40% of its NAV in Unrated Sukuk. The Fund may also invest between 0% to 20% (both inclusive) of its NAV in Shariah-compliant equities, of which up to 10% of its NAV may be invested in Shariah-compliant warrants of Shariah-compliant companies. The investment strategy and policy of the Fund is biased towards Islamic fixed income investments that aim to provide consistency in income, while allowing some exposure in Shariah-compliant equities and Shariah-compliant warrants that aim to provide the added return in a rising market. The Fund may also opt to seek investment exposure via Islamic collective investment scheme that is in line with the Fund’s objective, subject to the requirements of GUTF issued by Securities Commission Malaysia.

The asset allocation strategy for this Fund is as follows:

- between 70% to 98% (both inclusive) of the Fund’s NAV in Sukuk;
- up to 40% of the Fund’s NAV Unrated Sukuk;
- between 0% to 20% (both inclusive) of NAV in Shariah-compliant equities, of which up to 10% may be invested in Shariah-compliant warrants; and
- at least 2% of the Fund’s NAV in Islamic liquid assets.

The Fund had issued the First Supplemental Master Prospectus (Islamic funds) dated 5 September 2023.

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. MATERIAL ACCOUNTING POLICIES

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

### (a) Basis of preparation

The financial statements have been prepared in accordance with the provisions of the MFRS as issued by the Malaysian Accounting Standards Board (“MASB”) and IFRS as issued by the International Accounting Standards Board (“IASB”).

The financial statements have been prepared under the historical cost convention, as modified by financial assets at fair value through profit or loss.

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

It also requires the Manager to exercise their judgement in the process of applying the Fund’s accounting policies. Although these estimates and assumptions 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(l).

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

None of the standards, amendments to standards or interpretations that are effective for the financial year beginning on/after 1 April 2024 are applicable to the Fund.

### (b) Financial assets and financial liabilities

#### Classification

The Fund classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortised cost.

The Fund classifies its investments based on both the Fund’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income (“OCI”).

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Classification (continued)

The contractual cash flows of the Fund's debt securities are solely principal and interest<sup>1</sup> ("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.

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. Transaction costs are expensed in the statement of comprehensive income.

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 Shariah-compliant 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.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of gross dividend income when the Fund's right to receive payments is established.

Shariah-compliant quoted securities in Malaysia are valued at the last done market price quoted on Bursa Malaysia Securities Bhd ("Bursa Securities") at the date of the statement of financial position.

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Recognition and measurement (continued)

If a valuation based on the market price does not represent the fair value of the Shariah-compliant quoted securities, for example during abnormal market conditions or when no market price is available, including in the event of a suspension in the quotation of the Shariah-compliant quoted securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the Shariah-compliant quoted securities are valued as determined in good faith by the Manager, based on the methods or basis approved by the Trustee after appropriate technical consultation.

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(l) 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 deposits.

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

Impairment for assets carried at amortised costs

The Fund measures credit risk and expected credit 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 month ECL as any such impairment would be wholly insignificant to the Fund.

Significant increase in credit risk

A significant increase in credit risk is defined by the Manager as any contractual payment which is more than 30 days past due.

Definition of default and credit-impaired financial assets

Any contractual payment which is more than 90 days past due is considered credit impaired.

Write-off

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

**2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**(c) Income recognition**

Dividend income is recognised on the ex-dividend date when the right to receive payment is established. 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 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 Shariah-compliant quoted securities is accounted for as the difference between the net disposal proceeds and the carrying amount of Shariah-compliant quoted securities, determined on a weighted average cost basis.

Realised gain or loss on disposal of unquoted Sukuk is accounted for as the difference between the net disposal proceeds and the carrying amount of unquoted Sukuk, 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 or RM, which is the Fund’s functional and presentation currency.

**(e) Cash and cash equivalents**

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balance and Shariah-compliant deposits held in highly liquid investments with original maturities of three months or less that are readily convertible to known amount of cash and which are subjected 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 on taxable profit earned during the financial year.

Withholding taxes on investment income from investment are based on tax regime of the respective countries that the Fund invests in. They are presented within other expenses line in the statement of comprehensive income.

**(g) Unit holders’ contributions**

The unit holders’ contributions to the Fund meet the definition of puttable instruments classified as financial liability under MFRS 132 “Financial Instruments: Presentation”.

The Fund issues cancellable units, in two classes of units, known respectively as the Class D and Class MYR which are cancelled at the unit holder’s option. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund’s NAV of respective classes. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the unit holders exercises the right to put back the unit to the Fund.

**2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**(g) Unit holders' contributions (continued)**

Units are created and cancelled at the unit holders' option at prices based on the Fund's NAV per unit of respective classes at the close of business on the relevant dealing day. The Fund's NAV per unit of respective classes is calculated by dividing the net assets attributable to unit holders of respective classes with the total number of outstanding units of respective classes.

In the previous financial year:

The unit holders' contributions to the Fund meet the criteria to be classified as equity instruments under MFRS 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 is 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 year 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.

**(h) Distribution**

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

In the previous financial year:

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 year in which it is approved by the Trustee.

**(i) Transactions costs**

Transaction costs are costs incurred to acquire or dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expenses.

**(j) Amount due from/to stockbrokers**

Amounts due from/to stockbrokers represent receivables for Shariah-compliant quoted securities sold and payables for Shariah-compliant quoted securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

**2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

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

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

**(l) 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 Shariah-compliant 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-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.

**3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES**

Financial instruments of the Fund were as follows:

	<b>Financial assets at fair value through profit or loss RM</b>	<b>Financial assets at amortised cost RM</b>	<b>Total RM</b>
<b>2024</b>			
Cash and cash equivalents (Note 9)	-	3,503,293	3,503,293
Shariah-compliant quoted securities (Note 8)	1,732,077	-	1,732,077
Unquoted Sukuk (Note 8)	8,147,383	-	8,147,383
Amount due from Manager	-	109,327	109,327
	<u>9,879,460</u>	<u>3,612,620</u>	<u>13,492,080</u>
<b>2023</b>			
Cash and cash equivalents (Note 9)	-	2,883,541	2,883,541
Shariah-compliant quoted securities (Note 8)	17,914	-	17,914
Unquoted Sukuk (Note 8)	27,597,787	-	27,597,787
Amount due from Manager	-	94,452	94,452
	<u>27,615,701</u>	<u>2,977,993</u>	<u>30,593,694</u>



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

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

The Fund aims to grow the value of Unit holders' investments over the medium-term in Sukuk portfolio with most tenures ranging from 3-10 years as well as to provide regular income.

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 an investment in Shariah-compliant quoted securities and unquoted Sukuk will fluctuate because of changes in market prices (other than those arising from interest rate risk). The value Shariah-compliant quoted securities and unquoted Sukuk 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.

The price risk is managed through diversification and selection of Shariah-compliant quoted securities and unquoted Sukuk and other financial instruments within specified limits according to the Deeds.

The Fund's overall exposure to price risk was as follows:

	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
Financial assets at fair value through profit or loss:		
- Shariah-compliant quoted securities	1,732,077	17,914
- Unquoted Sukuk	8,147,383	27,597,787
	9,879,460	27,615,701

\* Includes profit receivable of RM87,939 (2023: RM250,518).

The table below summarises the sensitivity of the Fund's profit or loss and NAV to movements in prices of Shariah-compliant quoted securities at the end of each financial year. The analysis is based on the assumptions that the price of the Shariah-compliant quoted securities fluctuated by 5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the Shariah-compliant quoted securities, having regard to the historical volatility of the prices.

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

(a) Market risk (continued)

(i) Price risk (continued)

% Change in price of Shariah-compliant quoted securities	Market value RM	Impact on profit or loss/NAV RM
<b>2024</b>		
-5%	1,645,473	(86,604)
0%	1,732,077	-
+5%	1,818,681	86,604
<b>2023</b>		
-5%	17,018	(896)
0%	17,914	-
+5%	18,810	896

The Fund is exposed to price risk arising from profit rate fluctuation in relation to its investment of RM8,147,383 (2022: RM27,597,787) in unquoted Sukuk. 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 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 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 and Shariah-compliant money market instruments are benchmarked against interest rates. As such, the investments are exposed to the movement of the interest rates. However, 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 portfolio management depends on forecasting interest rate movements. Prices of unquoted Sukuk move inversely to interest rate movements, therefore as interest rates rise, the prices of unquoted Sukuk decrease and vice versa. Furthermore, unquoted Sukuk with longer maturity and lower yield interest rates are more susceptible to interest rate movements.

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

(a) Market risk (continued)

(ii) Interest rate risk (continued)

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 interest or loss and NAV to movements in prices of unquoted Sukuk 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.

% Change in interest rate	Impact on profit or loss/NAV	
	2024	2023
	RM	RM
+1%	(21,296)	(45,635)
-1%	21,471	45,753

The Fund's exposure to fair value interest rate risk arises from Shariah-compliant investment in money market instruments. The interest rate risk is expected to be minimal as the Fund's investments comprise mainly Shariah-compliant short term deposits with approved licensed Islamic financial institutions.

The weighted average effective interest rate per annum was as follows:

	2024	2023
	%	%
Shariah-compliant deposits with licensed Islamic financial institutions	3.03	2.80

(b) Credit risk

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

Investment in unquoted Sukuk 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 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.

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

(b) Credit risk (continued)

For this Fund, the unquoted Sukuk investment must satisfy a minimum credit requirement of at least a “BBB3” or “P2” rating by RAM ratings 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 agency(ies).

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 stockbrokers, the settlement terms are governed by the relevant rules and regulations as prescribed by respective stock exchanges. The credit risk is minimal as all transactions in Shariah-compliant quoted securities are settled/paid upon delivery using approved stockbrokers.

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

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

	Cash and cash equivalents RM	Financial assets at fair value through profit or loss RM	Amount due from Manager RM	Total RM
<b>2024</b>				
- AAA	3,503,293	1,964,485	-	5,467,778
- AA2	-	154,886	-	154,886
- AA3	-	2,367,980	-	2,367,980
- A	-	645,827	-	645,827
- AA	-	2,074,844	-	2,074,844
- A1	-	700,297	-	700,297
Not Rated	-	239,064	109,327	348,391
	<u>3,503,293</u>	<u>8,147,383</u>	<u>109,327</u>	<u>11,760,003</u>
<b>2023</b>				
- AAA	2,883,541	6,543,987	-	9,427,528
- AA1	-	1,536,958	-	1,536,958
- AA2	-	510,429	-	510,429
- AA3	-	1,060,194	-	1,060,194
- A	-	1,495,702	-	1,495,702
- AA	-	11,483,723	-	11,483,723
- A1	-	854,398	-	854,398
- A2	-	2,624,614	-	2,624,614
Not Rated	-	1,487,782	94,452	1,582,234
	<u>2,883,541</u>	<u>27,597,787</u>	<u>94,452</u>	<u>30,575,780</u>

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

(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 and Shariah-compliant deposits with licensed Islamic financial institutions, 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.

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

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
<b>2024</b>			
Amount due to stockbrokers	1,719,010	-	1,719,010
Amount due to Manager	46,710	-	46,710
Accrued management fee	14,345	-	14,345
Amount due to Trustee	430	-	430
Other payables and accruals	-	21,100	21,100
Net assets attributable to unit holders*	11,690,485	-	11,690,485
<b>Contractual undiscounted cash flows</b>	<b>13,470,980</b>	<b>21,100</b>	<b>13,492,080</b>
<b>2023</b>			
Amount due to Manager	174,026	-	174,026
Accrued management fee	25,686	-	25,686
Amount due to Trustee	1,798	-	1,798
Other payables and accruals	-	17,000	17,000
<b>Contractual undiscounted cash flows</b>	<b>201,510</b>	<b>17,000</b>	<b>218,510</b>

\* Outstanding units are redeemed on demand at the holder's option. However, the Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

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

**(d) Capital risk management**

The capital of the Fund is represented by net assets attributable to unit holders of RM11,690,485 (2023: RM30,375,184). 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 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
<b>2024</b>				
Financial assets at fair value through profit or loss:				
- Shariah-compliant quoted securities	1,732,077	-	-	1,732,077
- Unquoted Sukuk	-	8,147,383	-	8,147,383
	<u>1,732,077</u>	<u>8,147,383</u>	<u>-</u>	<u>9,879,460</u>
<b>2023</b>				
Financial assets at fair value through profit or loss:				
- Shariah-compliant quoted securities	17,914	-	-	17,914
- Unquoted Sukuk	-	27,597,787	-	27,597,787
	<u>17,914</u>	<u>27,597,787</u>	<u>-</u>	<u>27,615,701</u>

Shariah-compliant investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equities. The Fund does not adjust the quoted prices for these instruments. The Fund's policies on valuation of these financial assets are stated in Note 2(b).

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. This includes unquoted Sukuk. 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).

- (i) The carrying values of cash and cash equivalents and 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 1.50% per annum, calculated daily based on the NAV of the Fund.

For the financial year ended 31 March 2024, the management fee is recognised at a rate of 1.00% per annum (2023: 1.00% per annum).

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

**5. TRUSTEE FEE**

In accordance with the Deeds, the Trustee is entitled to a maximum fee of 0.07% per annum, calculated daily based on the NAV of the Fund. The Trustee fee includes local custodian fees but excludes foreign sub-custodian fees (if any).

For the financial period from 1 April 2023 until 4 September 2023, the Trustee fee was recognised at a rate of 0.07% per annum. Effective 5 September 2023, Trustee fee is recognised at a rate of 0.03% per annum for each unit class (31.03.2023: 0.07% per annum).

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

**6. DISTRIBUTION**

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

Breakdown of distribution were as follows:

Source of distribution	31.03.2024		31.03.2023	
	RM	%	RM	%
Distribution out of current year's income	551,102	62.93	473,070	42.60
Distribution out of prior year's income/capital *	324,580	37.07	637,444	57.40
<b>Total</b>	<b>875,682</b>	<b>100.00</b>	<b>1,110,514</b>	<b>100.00</b>

**Gross/Net distribution per unit (sen)**

Distribution on 5 April 2023	0.98	-
Distribution on 5 July 2023	0.94	-
Distribution on 11 October 2023	0.49	-
Distribution on 11 January 2024	0.74	-
Distribution on 6 April 2022	-	1.03
Distribution on 5 July 2022	-	0.99
Distribution on 5 October 2022	-	0.49
Distribution on 5 January 2023	-	0.73

\* 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 year's 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.

During the financial year ended 31 March 2024, the Fund recorded no unrealised loss (2023: RM1,228,428).



**PRINCIPAL ISLAMIC LIFETIME ENHANCED SUKUK FUND**

**7. TAXATION**

	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
Tax charged for the financial year:		
- Current taxation	<u>-</u>	<u>-</u>

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:

	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
Profit/(loss) before taxation	<u>1,246,998</u>	<u>(72,412)</u>
Taxation at Malaysian statutory rate of 24% (2023: 24%)	299,280	(17,379)
Tax effects of:		
- Income not subject to tax	(379,095)	(81,682)
- Expenses not deductible for tax purposes	13,735	18,640
- Restriction on tax deductible expenses for Unit Trust Funds	<u>66,080</u>	<u>80,421</u>
Taxation	<u>-</u>	<u>-</u>

**8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
At fair value through profit or loss:		
- Shariah-compliant quoted securities	1,732,077	17,914
- Unquoted Sukuk	<u>8,147,383</u>	<u>27,597,787</u>
	<u>9,879,460</u>	<u>27,615,701</u>
Net gain/(loss) on financial assets at fair value through profit or loss:		
- Realised gain/(loss) on disposals	148,907	(2,327)
- Unrealised fair value gain/(loss)	<u>294,260</u>	<u>(990,185)</u>
	<u>443,167</u>	<u>(992,512)</u>

	<b>Quantity</b>	<b>Aggregate</b>	<b>Market</b>	<b>Percentage</b>
	<b>Units</b>	<b>cost</b>	<b>value</b>	<b>of NAV</b>
		<b>RM</b>	<b>RM</b>	<b>%</b>
<b>2024</b>				
<b>SHARIAH-COMPLIANT</b>				
<b>QUOTED SECURITIES</b>				
<b>Energy</b>				
Perdana Petroleum Bhd	<u>827,700</u>	<u>267,530</u>	<u>273,141</u>	<u>2.34</u>
<b>Industrial Products &amp; Services</b>				
HSS Engineers Bhd	339,600	393,278	393,936	3.37

**PRINCIPAL ISLAMIC LIFETIME ENHANCED SUKUK FUND**

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

	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2024 (CONTINUED)</b>				
<b>SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)</b>				
<b>Industrial Products &amp; Services</b>				
Nationgate Holdings Bhd	400,000	621,080	624,000	5.34
	<u>739,600</u>	<u>1,014,358</u>	<u>1,017,936</u>	<u>8.71</u>
<b>Property</b>				
SP Setia Bhd	300,000	431,490	441,000	3.77
	<u>300,000</u>	<u>431,490</u>	<u>441,000</u>	<u>3.77</u>
<b>TOTAL SHARIAH-COMPLIANT QUOTED SECURITIES</b>	<b><u>1,867,300</u></b>	<b><u>1,713,378</u></b>	<b><u>1,732,077</u></b>	<b><u>14.82</u></b>
<b>ACCUMULATED UNREALISED GAIN ON SHARIAH-COMPLIANT QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
		<u>18,699</u>		
<b>TOTAL SHARIAH-COMPLIANT QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
		<b><u>1,732,077</u></b>		
	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2024 UNQUOTED SUKUK</b>				
AmBank Islamic Bhd 4.53% 28/03/2033 (AA3)	860,000	860,320	877,606	7.51
Edra Solar Sdn Bhd 4.40% 09/10/2026 (AA2)	150,000	153,128	154,886	1.32
GII Murabahah 5.357% 15/05/2052 (GG) #	200,000	233,158	239,064	2.04
Guan Chong Bhd 3.84% 03/12/2027 (AA3)	310,000	315,019	309,282	2.65
Johor Corporation 4.45% 05/07/2030 (AAA)	210,000	212,151	218,843	1.87

**PRINCIPAL ISLAMIC LIFETIME ENHANCED SUKUK FUND**

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

	<b>Nominal value RM</b>	<b>Aggregate cost RM</b>	<b>Market value RM</b>	<b>Percentage of NAV %</b>
<b>2024 (CONTINUED) UNQUOTED SUKUK (CONTINUED)</b>				
OCK Group Bhd 5.38% 22/11/2030	150,000	153,733	156,064	1.33
OSK Rated Bond Sdn Bhd 4.39% 28/04/2028	2,000,000	2,037,044	2,074,844	17.75
Tenaga Nasional Bhd 4.98% 27/08/2038	1,000,000	1,004,366	1,108,426	9.48
TG Excellence Bhd 3.95% 27/02/2120	650,000	652,392	645,827	5.52
Toyota Capital (M) Sdn Bhd 4.25% 28/07/2028	620,000	630,141	637,216	5.45
UEM Edgenta Bhd 4.25% 24/04/2026	1,000,000	1,025,174	1,025,028	8.77
WCT Holdings Bhd 5.15% 01/04/2024	700,000	700,296	700,297	6.00
<b>TOTAL UNQUOTED FIXED INCOME SECURITIES</b>	<b><u>7,850,000</u></b>	<b><u>7,976,922</u></b>	<b><u>8,147,383</u></b>	<b><u>69.69</u></b>
<b>ACCUMULATED UNREALISED GAIN ON UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>170,461</u></b>		
<b>TOTAL UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>8,147,383</u></b>		
	<b>Quantity Units</b>	<b>Aggregate cost RM</b>	<b>Market value RM</b>	<b>Percentage of NAV %</b>
<b>2023 SHARIAH-COMPLIANT QUOTED SECURITIES</b>				
<b>Construction</b>				
Gamuda Bhd	<u>1,588</u>	<u>5,182</u>	<u>6,479</u>	<u>0.02</u>
	<u>1,588</u>	<u>5,182</u>	<u>6,479</u>	<u>0.02</u>

**PRINCIPAL ISLAMIC LIFETIME ENHANCED SUKUK FUND**

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

	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2023 (CONTINUED)</b>				
<b>SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)</b>				
<b>Industrial Products &amp; Services</b>				
V.S. Industry Bhd	254,100	101,830	11,435	0.04
	<u>254,100</u>	<u>101,830</u>	<u>11,435</u>	<u>0.04</u>
<b>TOTAL SHARIAH-COMPLIANT QUOTED SECURITIES</b>	<b><u>255,688</u></b>	<b>107,012</b>	<b><u>17,914</u></b>	<b><u>0.06</u></b>
<b>ACCUMULATED UNREALISED LOSS ON SHARIAH-COMPLIANT QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
		<b><u>(89,098)</u></b>		
<b>TOTAL SHARIAH-COMPLIANT QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
		<b><u>17,914</u></b>		
	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>UNQUOTED SUKUK</b>				
AmBank Islamic Bhd 4.53% 28/03/2033 (A1)	860,000	860,427	854,398	2.81
Bank Pembangunan Malaysia Bhd 4.05% 06/06/2031 (AAA)	620,000	627,843	615,170	2.03
Cagamas Bhd 4.26% 18/01/2028 (AAA)	2,000,000	2,017,040	2,032,740	6.69
DIGI Telecomm Sdn Bhd 3.50% 18/09/2026 (AAA)	1,900,000	1,950,930	1,871,900	6.16
DRB-Hicom Bhd 4.55% 12/12/2024 (A1)	1,150,000	1,165,769	1,168,575	3.85
DRB-Hicom Bhd 4.85% 04/08/2028 (A1)	330,000	333,065	327,127	1.08
Edra Energy Sdn Bhd 5.88% 03/07/2026 (AA3)	1,000,000	1,070,096	1,060,194	3.49

**PRINCIPAL ISLAMIC LIFETIME ENHANCED SUKUK FUND**

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

	<b>Nominal value RM</b>	<b>Aggregate cost RM</b>	<b>Market value RM</b>	<b>Percentage of NAV %</b>
<b>2023 (CONTINUED) UNQUOTED SUKUK (CONTINUED)</b>				
Edra Solar Sdn Bhd 4.40% 09/10/2026 (AA2)	150,000	153,110	153,556	0.51
Guan Chong Bhd 3.84% 03/12/2027 (AA3)	310,000	315,217	304,012	1.00
IJM Land Bhd 5.65% 17/03/2119 (A2)	600,000	601,269	587,830	1.94
IJM Land Bhd 4.73% 17/03/2119 (A2)	1,000,000	1,002,012	1,018,392	3.35
IJM Land Bhd 4.73% 17/03/2119 (A2)	1,000,000	1,028,536	1,018,392	3.35
Mah Sing Group Bhd 4.35% 13/03/2025 (NR) #	1,500,000	1,503,397	1,487,782	4.90
Malaysia Airports Holdings Bhd 3.30% 05/11/2027 (AAA)	1,000,000	1,013,381	972,491	3.20
Malaysian Resources Corporation Bhd 5.19% 27/02/2026 (AA)	670,000	673,538	674,442	2.22
MMC Corporation Berhad 5.80% 12/11/2025 (AA)	1,000,000	1,021,929	1,057,579	3.48
OSK Rated Bond Sdn Bhd 4.39% 28/04/2028 (AA)	2,000,000	2,037,285	2,020,825	6.65
Point Zone M Sdn Bhd 4.50% 13/03/2028 (AA)	1,000,000	1,002,342	1,010,563	3.33
Press Metal Aluminium Holdings Bhd 4.10% 17/10/2024 (AA2)	350,000	356,526	356,873	1.17
Quantum Solar Park Green Sri Sukuk 5.80% 04/10/2030 (AA)	1,500,000	1,556,695	1,649,229	5.43
Sabah Credit Corporation 4.33% 14/02/2028 (AA1)	500,000	503,342	503,443	1.66
Sepangar Bay Power Corporation 5.00% 03/07/2025 (AA1)	1,000,000	1,031,667	1,033,515	3.40
SP Setia Bhd 3.85% 25/06/2026 (AA)	700,000	707,014	696,227	2.29
Tenaga Nasional Bhd 4.98% 27/08/2038 (AAA)	1,000,000	1,004,366	1,051,686	3.46
TG Excellence Berhad 3.95% 27/02/2120 (AA)	650,000	652,321	637,813	2.10
UEM Sunrise Bhd 5.39% 05/03/2026 (AA)	700,000	703,514	704,628	2.32

**PRINCIPAL ISLAMIC LIFETIME ENHANCED SUKUK FUND**

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

	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2023 (CONTINUED)</b>				
<b>UNQUOTED SUKUK (CONTINUED)</b>				
UEM Sunrise Bhd 5.45% 30/01/2026 (AA)	2,000,000	2,020,711	2,027,977	6.68
WCT Holdings Bhd 5.15% 01/04/2024 (AA)	700,000	700,447	700,428	2.31
<b>TOTAL UNQUOTED FIXED INCOME SECURITIES</b>	<b><u>27,190,000</u></b>	<b><u>27,613,789</u></b>	<b><u>27,597,787</u></b>	<b><u>90.86</u></b>
<b>ACCUMULATED UNREALISED LOSS ON UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
		<b><u>(16,002)</u></b>		
<b>TOTAL UNQUOTED FIXED INCOME SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
		<b><u>27,597,787</u></b>		

# The unquoted Sukuk which re not rated as at the end of each financial year are issue, backed or guaranteed by Government or Government agencies.

**9. CASH AND CASH EQUIVALENTS**

	<b>2024 RM</b>	<b>2023 RM</b>
Shariah-compliant deposits with licensed Islamic financial institutions	3,449,858	2,863,220
Bank balance	53,435	20,321
	<b><u>3,503,293</u></b>	<b><u>2,883,541</u></b>

**10. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS\***

Net assets attributable to unit holders as at the reporting date comprise:

	<b>2023 RM</b>
Unit holders' contributions	29,856,144
Retained earnings	519,040
	<b><u>30,375,184</u></b>

10. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS (CONTINUED)

The movement in the components of net assets attributable to unit holders for the financial year were as follows (continued):

	Unit holders' contributions RM	Retained earnings RM	Total RM
<b>Balance as at 1 April 2022</b>	35,314,113	1,701,966	37,016,079
Movement in unit holders' contributions:			
- Creation of units from applications	12,218,625	-	12,218,625
- Creation of units from distribution	982,413	-	982,413
- Cancellation of units	(18,659,007)	-	(18,659,007)
Total comprehensive loss for the financial year	-	(72,412)	(72,412)
Distribution	-	(1,110,514)	(1,110,514)
<b>Balance as at 31 March 2023</b>	<u>29,856,144</u>	<u>519,040</u>	<u>30,375,184</u>

\* Disclosure of net assets attributable to unit holders is not required for financial year ended 31 March 2024 as the Fund issued multiple classes of units during the financial year.

11. NUMBER OF UNITS IN CIRCULATION (UNITS)

	<u>2024</u>	<u>2023</u>
	No. of units	No. of units
Class D (i)	829,250	-
Class MYR (ii)	10,811,505	30,808,425
	<u>11,640,755</u>	<u>30,808,425</u>

(i) Class D

	<u>2024</u>	<u>2023</u>
	No. of units	No. of units
At the beginning of the financial year	-	-
Add: Creation of units from applications	1,970,401	-
Less: Cancellation of units	(1,141,151)	-
At the end of the financial year	<u>829,250</u>	<u>-</u>

(ii) Class MYR

	<u>2024</u>	<u>2023</u>
	No. of units	No. of units
At the beginning of the financial year	30,808,425	36,363,123
Add: Creation of units from applications	4,441,928	12,591,678
Add: Creation of units from distribution	881,817	1,004,150
Less: Cancellation of units	(25,320,665)	(19,150,526)
At the end of the financial year	<u>10,811,505</u>	<u>30,808,425</u>

**12. TOTAL EXPENSE RATIO (“TER”)**

	<b>2024</b>	<b>2023</b>
	%	%
TER	1.14	1.15

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

- A = Management fee
- B = Trustee fee
- C = Audit fee
- D = Tax Agent’s fee
- E = Other expenses excluding Central Depository System (“CDS”) transfer fee and withholding tax
- F = Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on daily basis is RM26,199,315 (2023: RM32,274,546).

**13. PORTFOLIO TURNOVER RATIO (“PTR”)**

	<b>2024</b>	<b>2023</b>
PTR	0.93	0.50

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 = RM15,429,015 (2023: RM13,338,620)
- total disposal for the financial year = RM33,420,329 (2023: RM18,678,860)

**14. 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



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

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

<u>Related parties</u>	<u>Relationship</u>
CIMB Group Holdings Bhd	Ultimate holding company of shareholder of the Manager
CIMB Group Sdn Bhd	Shareholder of the Manager
CGS-CIMB Securities Sdn Bhd	Fellow related party to Manager
CIMB Islamic Bank Bhd	Fellow related party to Manager
CIMB Bank Bhd	Fellow related party to Manager
Subsidiaries and associates of CIMB Group Holdings Berhad, other than above, as disclosed in its financial statements	Fellow subsidiary and associated companies of the ultimate holding company of shareholder of the Manager

Units held by the Manager and parties related to the Manager

	<u>2024</u>	<u>2023</u>
	No. of units	No. of units
	RM	RM
<b>Manager</b>		
Principal Asset Management Berhad		
- Class MYR	168	1,113
	168	1,098

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.

	<u>2024</u>	<u>2023</u>
	RM	RM
<u>Significant related party transactions</u>		
Profit income received from Shariah-compliant deposits with licensed Islamic financial institution:		
- CIMB Islamic Bank Bhd	3,339	13,283

15. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the top 10 brokers/dealers for the financial year ended 31 March 2024 were as follows:

<b>Brokers/Dealers</b>	<b>Values of trades</b>	<b>Percentage of total trades</b>	<b>Brokerage fees</b>	<b>Percentage of total brokerage fees</b>
	<b>RM</b>	<b>%</b>	<b>RM</b>	<b>%</b>
RHB Bank Berhad	22,140,229	45.33	-	-
RHB Investment Bank Bhd	9,375,293	19.19	5,142	24.90
Malayan Banking Bhd	3,096,746	6.34	-	-
Affin Hwang Investment Bank Bhd	2,292,574	4.69	2,898	14.04
CIMB Bank Bhd #	2,143,894	4.39	-	-
Hong Leong Investment Bank Bhd	1,754,880	3.59	639	3.09
J.P. Morgan Securities (M) Sdn Bhd	1,428,642	2.92	2,151	10.42
UBS Securities M Sdn Bhd	1,251,615	2.56	2,838	13.74
KAF Equities Sdn Bhd	1,100,609	2.25	2,476	11.99
CIMB Islamic Bank Berhad #	1,027,000	2.10	-	-
Others #	3,232,699	6.64	4,504	21.82
	<u>48,844,181</u>	<u>100.00</u>	<u>20,648</u>	<u>100.00</u>

Details of transactions with the top 10 brokers/dealers for the financial year ended 31 March 2023 were as follows:

<b>Brokers/Dealers</b>	<b>Values of trades</b>	<b>Percentage of total trades</b>	<b>Brokerage fees</b>	<b>Percentage of total brokerage fees</b>
	<b>RM</b>	<b>%</b>	<b>RM</b>	<b>%</b>
RHB Bank Bhd	7,087,150	22.14	-	-
Affin Hwang Investment Bank Bhd	3,463,601	10.82	2,356	9.97
CIMB Bank Bhd #	2,503,450	7.82	-	-
Malayan Banking Bhd	2,038,240	6.37	-	-
CIMB Islamic Bank Bhd #	2,036,600	6.36	-	-
J.P Morgan Chase Bank Bhd	2,008,800	6.28	-	-
J.P Morgan Securities (M) Sdn Bhd	1,967,151	6.15	4,483	18.96
CLSA Securities (M) Sdn Bhd	1,910,885	5.97	4,300	18.19
UBS Securities (M) Sdn Bhd	1,531,625	4.79	3,446	14.58
RHB Investment Bank Bhd	1,521,325	4.75	1,847	7.81
Others #	5,936,336	18.55	7,210	30.49
	<u>32,005,163</u>	<u>100.00</u>	<u>23,642</u>	<u>100.00</u>

**15. TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)**

# Included in the transactions are trades conducted with CIMB Islamic Bank Bhd, CGS International Securities Malaysia Sdn Bhd (formerly known as CGS-CIMB Securities Sdn Bhd) and CIMB Bank Bhd, fellow related parties to the Manager amounting to RM1,027,000 (2023: RM2,036,600), RM715,974 (2023: RM260,778) and RM2,143,894 (2023: RM2,503,450) respectively. 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.

**16. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements have been approved for issue by the Manager on 20 May 2024.

## DIRECTORY

### Head Office of the Manager

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

### Website

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

### E-mail address

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

### Customer Care Centre

03) 7723 7260

### Chat with us via WhatsApp:

(6016) 299 9792

### Trustee for the Principal Islamic Lifetime Enhanced Sukuk Fund

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

### Shariah Adviser of the Principal Islamic Lifetime Enhanced Sukuk Fund

Amanie Advisors Sdn. Bhd. (Company No.: 200501007003 (684050-H))  
Level 13A-2, Menara Tokio Marine Life,  
No 189, Jalan Tun Razak,  
50400 Kuala Lumpur, MALAYSIA.  
Tel: (03) 2161 0260  
Fax: (03) 2161 0262

### Auditors of the Fund and of the Manager

Ernst & Young PLT 202006000003 (LLP0022760-LCA) & AF 0039  
Level 23A, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur  
Tel: +603 7495 8000  
Fax: +603 2095 5332

List of Amendment  
**First Supplemental Master Prospectus for Islamic funds (“Fund”)**

Appendix 1

Master Prospectus for Islamic funds dated 28 April 2023 (“Prospectus 1”)		First Supplemental Master Prospectus for Islamic funds dated 5 September 2023 (“Prospectus 2”)
Section / Page	Description	Description
Front cover	As disclosed in the Prospectus 1.	All references to “Maybank Trustees Berhad”, “MTrustee Berhad”, “AmanahRaya Trustees Berhad” and “Universal Trustee (Malaysia) Berhad” wherever it appears in Prospectus 1 shall be replaced with “HSBC (Malaysia) Trustee Berhad”.
Definitions/ii to iv	<p>Nil</p> <p>Trustee - MTrustee, ART, HSBCT, MTB and/or UTMB.</p>	<p>HSBC Group - HSBC Holdings plc, its subsidiaries, related bodies corporate, associated entities and undertakings and any of their branches.</p> <p>Trustee - HSBC (Malaysia) Trustee Berhad.</p>
Corporate Directory/ v	<p><b>The Trustee</b>  Trustee for iOP-MO, DALI4, iOP-EO &amp; iLI-S  AmanahRaya Trustees Berhad</p> <p>Business address  Tingkat 14, Wisma AmanahRaya  No. 2, Jalan Ampang  50508 Kuala Lumpur MALAYSIA  Tel : (03) 2036 5129  Fax : (03) 2072 0322  Email : art@arb.com.my  Website : www.artrustees.my</p> <p>Registered address  Tingkat 11, Wisma AmanahRaya  No. 2, Jalan Ampang  50508 Kuala Lumpur MALAYSIA  Tel : (03) 2055 7388</p> <p>Trustee for DALI  MTrustee Berhad</p>	<p><b>The Trustee</b>  HSBC (Malaysia) Trustee Berhad</p> <p>Business/Registered address  Level 19, Menara IQ, Lingkaran TRX,  55188 Tun Razak Exchange,  Kuala Lumpur, MALAYSIA.  Tel : (03) 2075 7800  Fax : (03) 8894 2611  Email : fs.client.services.myh@hsbc.com.my</p> <p><i>Note: You may refer to our website for an updated information on our details.</i></p>

List of Amendment  
**First Supplemental Master Prospectus for Islamic funds (“Fund”)**

Master Prospectus for Islamic funds dated 28 April 2023 (“Prospectus 1”)		First Supplemental Master Prospectus for Islamic funds dated 5 September 2023 (“Prospectus 2”)
Section / Page	Description	Description
	<p>Business address            15th Floor, Menara AmFirst            No. 1, Jalan 19/3            46300 Petaling Jaya Selangor MALAYSIA            Tel : (03) 7954 6862            Fax : (03) 7954 3712            Email : Mtrustee-Legal@mtrustee.com            Website : http://mtrustee.com/</p> <p>Registered address            B-2-9, (2nd Floor), Pusat Perdagangan Kuchai            No. 2, Jalan 1/127, Off Jalan Kuchai Lama            50200 Kuala Lumpur MALAYSIA</p> <p>Trustee for DALI2, iOP-SCO and iLI-B            Universal Trustee (Malaysia) Berhad</p> <p>Business address            No.1, Jalan Ampang (3rd Floor)            50450 Kuala Lumpur MALAYSIA            Tel : (03) 2070 8050            Fax : (03) 2031 8715 / 2032 3194            Email : info@utmb.com.my            Website : www.universaltrustee.com.my</p> <p>Registered address            Suite 11.1A, Level 11, Menara Weld            76, Jalan Raja Chulan, 50200 Kuala Lumpur</p> <p>Trustee for the iLI-BG            Maybank Trustees Berhad</p>	

List of Amendment  
**First Supplemental Master Prospectus for Islamic funds (“Fund”)**

Master Prospectus for Islamic funds dated 28 April 2023 (“Prospectus 1”)		First Supplemental Master Prospectus for Islamic funds dated 5 September 2023 (“Prospectus 2”)
Section / Page	Description	Description
	Business/Registered address 8th Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur MALAYSIA Tel : (03) 2070 8833/ 2078 8363 Fax : (03) 2070 9387 Website : www.maybank2u.com.my	
1.1.5/ 9	<u>PRINCIPAL ISLAMIC ENHANCED OPPORTUNITIES FUND</u>  Distribution Policy : Distribution (if any) is expected to be distributed every January at our discretion.	<u>PRINCIPAL ISLAMIC ENHANCED OPPORTUNITIES FUND</u>  Distribution Policy : For Class MYR and Class D Distribution (if any) is expected to be distributed every January at our discretion.
1.1.8/ 15	<u>PRINCIPAL ISLAMIC LIFETIME BALANCED FUND</u>  Distribution Policy : We have the discretion to distribute a <b>part or all of the Class’s distributable</b> income. The distribution (if any) may vary from period to period depending on the investment objective and the performance of the Class.	<u>PRINCIPAL ISLAMIC LIFETIME BALANCED FUND</u>  Distribution Policy : For Class MYR and Class D We have the discretion to distribute a <b>part or all of the Class’s distributable</b> income. The distribution (if any) may vary from period to period depending on the investment objective and the performance of the Class.
1.1.9 /17	<u>PRINCIPAL ISLAMIC LIFETIME BALANCED GROWTH FUND</u>  Distribution Policy : Distribution (if any) is expected to be distributed every January at our discretion.	<u>PRINCIPAL ISLAMIC LIFETIME BALANCED GROWTH FUND</u>  Distribution Policy : For Class MYR and Class D Distribution (if any) is expected to be distributed every January at our discretion.

List of Amendment  
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1.1.11./21	PRINCIPAL ISLAMIC LIFETIME SUKUK FUND  Distribution Policy : Distribution (if any) is expected to be distributed annually, depending on the performance of the Class and at our discretion.				PRINCIPAL ISLAMIC LIFETIME SUKUK FUND  Distribution Policy : For Class MYR and Class D Distribution (if any) is expected to be distributed annually, depending on the performance of the Class and at our discretion.																																																																
1.2.2/ 23	1.2.2. Launch date, Initial Offer Period & Initial Offer Price per Unit  Currently, the Classes below are available for sale. <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #0070C0; color: white;">Funds</th> <th style="background-color: #0070C0; color: white;">Name of Class</th> <th style="background-color: #0070C0; color: white;">Launch date</th> <th style="background-color: #0070C0; color: white;">Initial offer period</th> <th style="background-color: #0070C0; color: white;">Initial offer price per unit</th> </tr> </thead> <tbody> <tr> <td colspan="5" style="background-color: #D9E1F2;">Equity Funds</td> </tr> <tr> <td>Principal DALI Equity Growth Fund</td> <td>Class MYR</td> <td>7 May 1998</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Principal DALI Equity Fund</td> <td>Class MYR</td> <td>30 April 2003</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Principal Islamic Malaysia Opportunities Fund</td> <td>Class MYR</td> <td>1 August 2012</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Principal DALI Asia Pacific Equity Growth Fund</td> <td>Class MYR</td> <td>8 October 2004</td> <td>N/A</td> <td>N/A</td> </tr> </tbody> </table>				Funds	Name of Class	Launch date	Initial offer period	Initial offer price per unit	Equity Funds					Principal DALI Equity Growth Fund	Class MYR	7 May 1998	N/A	N/A	Principal DALI Equity Fund	Class MYR	30 April 2003	N/A	N/A	Principal Islamic Malaysia Opportunities Fund	Class MYR	1 August 2012	N/A	N/A	Principal DALI Asia Pacific Equity Growth Fund	Class MYR	8 October 2004	N/A	N/A	1.2.2. Launch date, Initial Offer Period & Initial Offer Price per Unit  Currently, the Classes below are available for sale. <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #0070C0; color: white;">Funds</th> <th style="background-color: #0070C0; color: white;">Name of Class</th> <th style="background-color: #0070C0; color: white;">Launch date</th> <th style="background-color: #0070C0; color: white;">Initial offer period</th> <th style="background-color: #0070C0; color: white;">Initial offer price per unit</th> </tr> </thead> <tbody> <tr> <td colspan="5" style="background-color: #D9E1F2;">Equity Funds</td> </tr> <tr> <td>Principal DALI Equity Growth Fund</td> <td>Class MYR</td> <td>7 May 1998</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Principal DALI Equity Fund</td> <td>Class MYR</td> <td>30 April 2003</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Principal Islamic Malaysia Opportunities Fund</td> <td>Class MYR</td> <td>1 August 2012</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Principal DALI Asia Pacific Equity Growth Fund</td> <td>Class MYR</td> <td>8 October 2004</td> <td>N/A</td> <td>N/A</td> </tr> </tbody> </table>					Funds	Name of Class	Launch date	Initial offer period	Initial offer price per unit	Equity Funds					Principal DALI Equity Growth Fund	Class MYR	7 May 1998	N/A	N/A	Principal DALI Equity Fund	Class MYR	30 April 2003	N/A	N/A	Principal Islamic Malaysia Opportunities Fund	Class MYR	1 August 2012	N/A	N/A	Principal DALI Asia Pacific Equity Growth Fund	Class MYR	8 October 2004	N/A	N/A
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	Principal Islamic Enhanced Opportunities Fund	Class MYR	15 June 1995	N/A	N/A	Principal Islamic Enhanced Opportunities Fund	Class MYR	15 June 1995	N/A	N/A	
	Principal Islamic Small Cap Opportunities Fund	Class MYR	30 April 2003	N/A	N/A		Class D	XX XX <sup>Note 1</sup>	1 day which is on the launch date	MYR1.0000	
	Principal Islamic Asia Pacific Dynamic Equity Fund	Class MYR	2 June 2006	N/A	N/A	Principal Islamic Small Cap Opportunities Fund	Class MYR	30 April 2003	N/A	N/A	
		Class D	28 April 2023 <sup>Note 1</sup>	1 day which is on the launch date	MYR1.0000	Principal Islamic Asia Pacific Dynamic Equity Fund	Class MYR	2 June 2006	N/A	N/A	
	Mixed Asset Funds						Class D	28 April 2023 <sup>Note 1</sup>	1 day which is on the launch date	MYR1.0000	
	Principal Islamic Lifetime Balanced Fund	Class MYR	8 March 2001	N/A	N/A	Mixed Asset Funds					
	Principal Islamic Lifetime Balanced Growth Fund	Class MYR	26 May 2003	N/A	N/A	Principal Islamic Lifetime Balanced Fund	Class MYR	8 March 2001	N/A	N/A	
	Sukuk Funds						Class D	XX XX <sup>Note 1</sup>	1 day which is on the launch date	MYR1.0000	
	Principal Islamic Lifetime Enhanced Sukuk Fund	Class MYR	23 February 2005	N/A	N/A	Principal Islamic Lifetime Balanced Growth Fund	Class MYR	26 May 2003	N/A	N/A	
		Class D	28 April 2023 <sup>Note 1</sup>	1 day which is on the	MYR1.0000		Class D	XX XX <sup>Note 1</sup>	1 day which is on	MYR1.0000	

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				launch date				the launch date	
	Principal Islamic Lifetime Sukuk Fund	Class MYR	8 October 2004	N/A	N/A	Sukuk Funds			
	<i>Note 1 The launch date shall be the date disclosed above or such other date as may be determined by us at our discretion. Any change to the launch date will be published on the website at www.principal.com.my prior to the launch date and thereafter, a supplemental prospectus will be issued to inform investors of the revised launch date.</i>					Class MYR	23 February 2005	N/A	N/A
					Principal Islamic Enhanced Sukuk Fund	Class D	28 April 2023 <sup>Note 1</sup>	1 day which is on the launch date	MYR1.0000
					Principal Islamic Lifetime Sukuk Fund	Class MYR	8 October 2004	N/A	N/A
					Principal Islamic Lifetime Sukuk Fund	Class D	XX XX <sup>Note 1</sup>	1 day which is on the launch date	MYR1.0000
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2.1.1/ 35	<b>Class</b>		<b>Maximum Application Fee (% of the NAV per unit)</b>			<b>Class</b>		<b>Maximum Application Fee (% of the NAV per unit)</b>		
			<b>Principal Distributors</b>	<b>IUTAs</b>	<b>Class D</b>			<b>Principal Distributors</b>	<b>IUTAs</b>	<b>Class D</b>
	Equity Funds					Equity Funds				
	Principal	DALI	6.50	6.50	N/A	Principal	DALI	6.50	6.50	N/A
	Equity Growth Fund					Equity Growth Fund				
	Principal	DALI	6.50	6.50	N/A	Principal	DALI	6.50	6.50	N/A
	Equity Fund					Equity Fund				
	Principal	Islamic	6.50	5.50	N/A	Principal	Islamic	6.50	5.50	N/A
	Malaysia Opportunities Fund					Malaysia Opportunities Fund				
	Principal	DALI	6.50	6.50	N/A	Principal	DALI	6.50	6.50	N/A
	Asia Pacific Equity Growth Fund					Asia Pacific Equity Growth Fund				
	Principal	Islamic	5.00	5.00	N/A	Principal	Islamic	5.00	5.00	5.00
	Enhanced Opportunities Fund					Enhanced Opportunities Fund				
	Principal	Islamic	6.50	6.50	N/A	Principal	Islamic	6.50	6.50	N/A
	Small Cap Opportunities Fund					Small Cap Opportunities Fund				
Principal	Islamic	5.00	5.00	5.00	Principal	Islamic	5.00	5.00	5.00	
Asia Pacific Dynamic Equity Fund					Asia Pacific Dynamic Equity Fund					
Mixed Asset Funds					Mixed Asset Funds					
Principal	Islamic	6.50	6.50	N/A	Principal	Islamic	6.50	6.50	6.50	
Lifetime Balanced Fund					Lifetime Balanced Fund					
Principal	Islamic	6.00	5.00	N/A	Principal	Islamic	6.00	5.00	5.00	
Lifetime Balanced Growth Fund					Lifetime Balanced Growth Fund					

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2.1.3/ 36	<p>Switching is treated as a withdrawal from a Class and an investment into another Class or Principal Malaysia’s fund (or its classes). You may be charged a Switching Fee equal to the difference (if any) between the Application Fees of the Class and the Application Fee of the other Class or Principal Malaysia’s fund (or its classes). Switching Fee will not be charged if the Class or Principal Malaysia’s fund (or its classes) to be switched into has a lower Application Fee. In addition to the Switching Fee, you may be charged MYR100 as the administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fees. We also have the discretion to waive the Switching Fee and/or administrative fee.</p> <p>Switching from Islamic fund to conventional fund is discouraged for Muslim investors. The term ‘discouraged’ is not a Shariah ruling imposed by the Shariah Adviser of the Funds to the investor, rather a suggestion for the Muslim investor to continue practicing the Islamic conducts, ie: Shariah investing.</p>				<p>When available, switching is treated as a withdrawal from a Class/Fund and an investment into another Class or Principal Malaysia’s fund (or its classes). As such, you may be charged a Switching Fee equal to the difference (if any) between the Application Fees of the Class/Fund and the Application Fee of the other Class or Principal Malaysia’s fund (or its classes). You will not be charged a Switching Fee, if the Class or Principal Malaysia’s fund (or its classes) to be switched into has a lower Application Fee than the Application Fee of the Class. In addition to the Switching Fee, you may be charged MYR100 as the administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fee. We also have the discretion to waive the Switching Fee and/or administrative fee.</p> <p>Switching from Islamic fund to conventional fund is discouraged for Muslim investors. The term “discouraged” is not a Shariah ruling imposed by the Shariah Adviser of the Funds to the investor, rather a suggestion for the Muslim investor to continue practicing the Islamic conducts, i.e. Shariah investing.</p>																																																						
2.1.4/ 36	<p>You may be charged Transfer Fee of not more than MYR50.00 for each transfer.</p>				<p>When available, you may be charged Transfer Fee of not more than MYR50.00 for each transfer.</p>																																																						

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2.2.2/ 37	Funds	Trustee	Maximum Trustee Fee (% p.a. of the NAV of the Fund)	Funds	Maximum Trustee Fee (% p.a. of the NAV of the Fund)	With effect from the Effective Date, the maximum Trustee Fee will be revised to the below (% p.a. of the NAV of the Fund)
	Equity Funds			Equity Funds		
	Principal DALI Equity Growth Fund	MTrustee	0.06	Principal DALI Equity Growth Fund	0.06	0.045
	Principal DALI Equity Fund	UTMB	0.06	Principal DALI Equity Fund	0.06	0.045
	Principal Islamic Malaysia Opportunities Fund	ART	0.05	Principal Islamic Malaysia Opportunities Fund	0.05	0.045
	Principal DALI Asia Pacific Equity Growth Fund	ART	0.06	Principal DALI Asia Pacific Equity Growth Fund	0.06	0.045
	Principal Islamic Enhanced Opportunities Fund	ART	0.09	Principal Islamic Enhanced Opportunities Fund	0.09	0.045
	Principal Islamic Small Cap Opportunities Fund	UTMB	0.06	Principal Islamic Small Cap Opportunities Fund	0.06	0.045
	Principal Islamic Asia Pacific Dynamic Equity Fund	HSBCT	0.07	Principal Islamic Asia Pacific Dynamic Equity Fund	0.07	0.045
	Mixed Asset Funds			Mixed Asset Funds		
	Principal Islamic Lifetime Balanced Fund	UTMB	0.10	Principal Islamic Lifetime Balanced Fund	0.10	0.045
	Principal Islamic Lifetime Balanced Growth Fund	MTB	0.07	Principal Islamic Lifetime Balanced Growth Fund	0.07	0.045
	Sukuk Funds			Sukuk Funds		
	Principal Islamic Lifetime Enhanced Sukuk Fund	HSBCT	0.07	Principal Islamic Lifetime Enhanced Sukuk Fund	0.07	0.045
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	<p><i>Note: The Trustee Fee includes local custodian fee but excludes foreign sub-custodian fee (if any). Foreign sub-custodian fee is dependant on the country invested and is charged monthly in arrears.</i></p> <p><i>Below is an illustration on how the Trustee Fee is calculated:</i>  Trustee Fee for the day = NAV of the Fund x annual Trustee Fee rate for the Fund (%) / 365 days</p> <p><i>If the NAV of the Fund is MYR500 million, then</i>  Trustee Fee for the day = MYR500 million x 0.06% per annum / 365 days  = MYR821.92</p> <p><i>Note: In the event of a leap year, the computation will be based on 366 calendar days.</i></p>	<table border="1"> <tr> <td>Principal Islamic Lifetime Balanced Growth Fund</td> <td style="text-align: center;">0.07</td> <td style="text-align: center;">0.045</td> <td></td> <td></td> </tr> <tr> <td colspan="2" style="text-align: center;">Sukuk Funds</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Principal Islamic Lifetime Enhanced Sukuk Fund</td> <td style="text-align: center;">0.07</td> <td style="text-align: center;">0.03</td> <td></td> <td></td> </tr> <tr> <td>Principal Islamic Lifetime Sukuk Fund</td> <td style="text-align: center;">0.06</td> <td style="text-align: center;">0.03</td> <td></td> <td></td> </tr> </table>	Principal Islamic Lifetime Balanced Growth Fund	0.07	0.045			Sukuk Funds					Principal Islamic Lifetime Enhanced Sukuk Fund	0.07	0.03			Principal Islamic Lifetime Sukuk Fund	0.06	0.03					
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3.4.2/ 43	<p>First bullet point</p> <p>You may make a payment:</p> <ul style="list-style-type: none"> <li>by crossed cheque, <del>banker’s draft, or cashier’s order</del> (made payable as advised by us or our Distributors as the case may be). You will have to bear the applicable bank fees and charges, if any; or</li> </ul>	<p>First bullet point</p> <p>You may make a payment:</p> <ul style="list-style-type: none"> <li>by crossed cheque (made payable as advised by us or our Distributors as the case may be). You will have to bear the applicable bank fees and charges, if any; or</li> </ul>																																																																																																																																									
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Master Prospectus for Islamic funds dated 28 April 2023 (“Prospectus 1”)		First Supplemental Master Prospectus for Islamic funds dated 5 September 2023 (“Prospectus 2”)					
Section / Page	Description	Description					
		Opportunities Fund					
		Principal DALI Asia Pacific Equity Growth Fund	MYR	500	200	500	200
		Principal Islamic Enhanced Opportunities Fund	MYR	500	200	500	200
			D	10	10	500	500
		Principal Islamic Small Cap Opportunities Fund	MYR	500	200	500	200
		Principal Islamic Asia Pacific Dynamic Equity Fund	MYR	500	200	500	200
			D	10	10	500	500
		Mixed Asset Funds					
		Principal Islamic Lifetime Balanced Fund	MYR	500	200	500	200
			D	10	10	500	500
		Principal Islamic Lifetime Balanced Growth Fund	MYR	500	200	500	200
			D	10	10	500	500
		Sukuk Funds					
		Principal Islamic Lifetime Enhanced Sukuk Fund	MYR	2,000	500	2,000	500
			D	10	10	500	500



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		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;">Principal Islamic Lifetime Sukuk Fund</td> <td style="width: 5%;">MYR</td> <td style="width: 10%;">2,000</td> <td style="width: 10%;">500</td> <td style="width: 10%;">2,000</td> <td style="width: 10%;">500</td> <td style="width: 10%;"></td> </tr> <tr> <td></td> <td>D</td> <td>10</td> <td>10</td> <td>500</td> <td>500</td> <td></td> </tr> </table> <p><i># The amount includes any applicable fees and charges, such as application fee (if any), which are subject to any applicable taxes.</i></p> <p><i>Note:</i>  <i>We reserve our sole and absolute discretion without providing any reason whatsoever and at any time to accept, reject, amend, vary, waive and/or reduce (as the case maybe): (i) your request for a lower amount or number of units when purchasing units (or additional units) or withdrawing units; and/or (ii) the minimum balance. For increase in the number of units for minimum withdrawal and minimum balance, we will require concurrence from the Trustee and you will be notified of such changes.</i></p> <p><i>We may for any reason and at any time, waive or reduce: (a) any fees (except for the Trustee Fee); (b) other charges payable by you to the Funds; and/or (c) transactional values including but not limited to the units or amount, for any Unit holder and/or investments made via any distribution channels or platform.</i></p> <p><i>The minimum initial investment for EPF-MIS shall be MYR1,000 or such other amount as determined by EPF or as per the amount stated above, whichever is higher.</i></p> <p><i>Please note that there may be changes to the status of the eligibility of the Fund under the EPF-MIS from time to time. Please refer to our website at <a href="http://www.principal.com.my">www.principal.com.my</a> or <a href="http://www.kwsp.gov.my">www.kwsp.gov.my</a> for updated information.</i></p>						Principal Islamic Lifetime Sukuk Fund	MYR	2,000	500	2,000	500			D	10	10	500	500	
Principal Islamic Lifetime Sukuk Fund	MYR	2,000	500	2,000	500																
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3.6./45-46	The minimum withdrawals and minimum balance for the each Class are stipulated in the table below, unless you are withdrawing your entire investment.	The minimum withdrawals and minimum balance for each Class are stipulated in the table below, unless you are withdrawing your entire investment.																			

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Section / Page	Description	Description
4.3./50	Last bullet point Nil	<ul style="list-style-type: none"> <li>• Twentyfifth Supplemental Master Deed dated 26 May 2023</li> </ul>
8/ 56 to 59	<p>THE TRUSTEES</p> <p>8.1. ROLES, DUTIES AND RESPONSIBILITIES OF THE TRUSTEES.</p> <p>The Trustees’ main functions are to act as trustee and custodian of the assets of the Funds and to safeguard the interests of the Unit holders of the Fund. They shall:</p> <p style="padding-left: 40px;">act in accordance with the provisions of the Deeds, the CMSA, the GUTF and securities laws;</p> <p style="padding-left: 40px;">take into its custody the investments of the Funds and hold the investments in trust for the Unit holders;</p> <p style="padding-left: 40px;">ensure that the Manager operates and administers the Funds in accordance with the provisions of the Deeds, the CMSA, the GUTF and acceptable business practice within the unit trust industry;</p> <p style="padding-left: 40px;">ensure that it is fully informed of the investment policies of the Funds and of any changes made thereto, and if it is of the opinion that the policies are not in the interests of the Unit holders, it shall instruct the Manager to take appropriate action as the Trustees deem fit and/or summon a Unit holders’ meeting for the purpose of giving such instructions to the Manager as the meeting thinks proper;</p> <p style="padding-left: 40px;">as soon as practicable notify the SC of any irregularity or an actual or anticipated material breach of the provisions of the Deeds, the GUTF and any other matters which in the Trustees’ opinion may indicate that the interests of Unit holders are not being served;</p> <p style="padding-left: 40px;">exercise due care, skill, diligence and vigilance in carrying out its functions and duties, in actively monitoring the administration of the Funds by the Manager and in safeguarding the interests of Unit holders;</p>	<p>THE TRUSTEE</p> <p>HSBC (Malaysia) Trustee Berhad is a company incorporated in Malaysia since 1937 and registered as a trust company under the Trust Companies Act 1949, with its registered address at Level 19, Menara IQ, Lingkaran TRX, 55188 Tun Razak Exchange, Kuala Lumpur.</p> <p>Since 1993, the Trustee has acquired experience in the administration of unit trusts and has been appointed as trustee for unit trust funds, exchange traded funds, wholesale funds and funds under private retirement scheme.</p> <p style="text-align: center;">Duties and Responsibilities of the Trustee</p> <p>The Trustee’s main functions are to act as trustee and custodian of the assets of the Fund and to safeguard the interests of Unit holders of the Fund. In performing these functions, the Trustee has to exercise all due care, diligence and vigilance and is required to act in accordance with the provisions of the Deed, the CMSA and the GUTF. Apart from being the legal owner of the Fund’s assets, the Trustee is also responsible for ensuring that the Manager performs its duties and obligations in accordance with the provisions of the Deed, the CMSA and the GUTF. In respect of monies paid by an investor for the application of units, the Trustee’s responsibility arises when the monies are received in the relevant account of the Trustee for the Fund and in respect of redemption, the Trustee’s responsibility is discharged once it has paid the redemption amount to the Manager.</p> <p>The Trustee has in place anti-money laundering and anti-terrorism financing policies and procedures across the HSBC Group, which may exceed local regulations. Subject to any local regulations, the Trustee shall not be liable for any loss resulting from compliance of such policies, except in the case of negligence, wilful default or fraud of the Trustee.</p>

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	<p>maintain, or cause the Manager to maintain, proper accounting and other records in relation to those rights and interests, and of all transactions effected by the Manager on account of the Funds; and</p> <p>cause those accounts to be audited at least annually by the auditor of the Fund and send or cause those accounts to be sent to Unit holders within two (2) months of the relevant accounting period.</p> <p><b>8.2. TRUSTEES’ STATEMENT OF RESPONSIBILITY</b></p> <p>The respective Trustees have agreed to assume the position of Trustee of the respective Funds and all the obligations in accordance with the respective Deeds, all relevant laws and rules of law. The respective Trustees shall be entitled to be indemnified out of the respective Funds against all losses, damages or expenses incurred by the Trustees in performing any of its duties or exercising any of its powers under this Deed in relation to the Funds. The right to indemnity shall not extend to loss occasioned by breach of trust, wilful default, negligence, fraud or failure to show the degree of care and diligence required of the Trustees having regard to the provisions of the respective Deeds.</p> <p><b>8.3. EXEMPTIONS OR VARIATIONS</b></p> <p>There have been no exemptions or variations from any relevant securities laws or the GUTF granted to the Trustees by the SC.</p>	<p>The Trustee is not liable for doing or failing to do any act for the purpose of complying with law, regulation or court orders.</p> <p>The Trustee shall be entitled to process, transfer, release and disclose from time to time any information relating to the Fund, Manager and Unit holders (including personal data of the Unit holders, where applicable) for the purposes of performing its duties and obligations in accordance to the Deed, the CMSA, the GUTF and any other legal and/or regulatory obligations such as conducting financial crime risk <b>management, to the Trustee’s parent company, subsidiaries, associate companies, affiliates, delegates, service providers, agents and any governing or regulatory authority, whether within or outside Malaysia (who may also subsequently process, transfer, release and disclose such information for any of the above mentioned purposes) on the basis that the recipients shall continue to maintain the confidentiality of information disclosed, as required by law, regulation or directive, or in relation to any legal action, or to any court, regulatory agency, government body or authority.</b></p> <p style="text-align: center;"><b>Trustee’s Delegate</b></p> <p>The Trustee has appointed The Hongkong and Shanghai Banking Corporation Ltd as custodian of both the local and foreign assets of the Fund. For quoted and unquoted local investments of the Fund, the assets are held through HSBC Bank Malaysia Berhad and/or HSBC Nominees (Tempatan) Sdn Bhd. The Hongkong and Shanghai Banking Corporation Ltd is a wholly owned subsidiary of HSBC Holdings Plc, <b>the holding company of the HSBC Group. The custodian’s comprehensive custody and clearing services cover traditional settlement processing and safekeeping as well as corporate related services including cash and security reporting, income collection and corporate events processing. All investments are registered in the name of the Trustee or to the order of the Trustee. The custodian acts only in accordance with instructions from the Trustee.</b></p>

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	<p>8.4. ABOUT AMANAHRAYA TRUSTEES BERHAD</p> <p>ART is the trustee of the iOP-MO, DALI4, iOP-EO and iLI-S. ART was incorporated under the laws of Malaysia on 23 March 2007 and registered as a trust company under the Trust Companies Act 1949.</p> <p>ART is a subsidiary of Amanah Raya Berhad (ARB) which is wholly owned by the Government of Malaysia. ART took over the corporate trusteeship functions of ARB and acquired ARB’s experience of more than 50 years in trustee business. ART has been registered and approved by the SC to act as trustee to unit trust funds.</p> <p>8.4.1. ART’s delegate</p> <p>ART has delegated its custodian function for the foreign investments of the DALI4 to Citibank N.A, Singapore Branch. Citibank N.A. in Singapore began providing Securities and Funds Services in the mid-1970’s and a fully operational global custody product was launched in the early 1990’s. To-date, their securities services business claims a global client base of premier banks, fund managers, broker dealers and insurance companies.</p> <p>The roles and duties of Citibank N.A, Singapore as the trustee’s delegate are as follows:</p> <p style="padding-left: 40px;">To act as sub-custodian for the selected cross-border investment of the fund(s) including the opening of cash and custody accounts and to hold in safekeeping the assets of the fund(s).</p> <p style="padding-left: 40px;">To act as paying agent for selected cross-border investments which include trade settlement and fund transfer services.</p>	<p>The Trustee shall be responsible for the acts and omissions of its delegate as though they were its own acts and omissions.</p> <p>However, the Trustee is not liable for the acts, omissions or failure of third party depository such as central securities depositories, or clearing and/or settlement systems and/or authorised depository institutions, where the law or regulation of the relevant jurisdiction requires the Trustee to deal or hold any asset of the Fund through such third parties.</p> <p><b>Trustee’s Disclosure of Material Litigation</b></p> <p>The Trustee is not engaged in any material litigation and arbitration, including those pending or threatened, and is not aware of any facts likely to give rise to any proceedings which might materially affect the business/financial position of the Trustee.</p> <p><b>Trustee’s Statement of Responsibility</b></p> <p>The Trustee has given its willingness to assume the position as trustee of the Fund and all the obligations in accordance with the Deed, all relevant laws and rules of law.</p> <p>The Trustee shall be entitled to be indemnified out of the Fund against all losses, damages or expenses incurred by the Trustee in performing any of its duties or exercising any of its powers under the Deed. The right to indemnity shall not extend to loss occasioned by breach of trust, wilful default, negligence, fraud or failure to show the degree of care and diligence required of the Trustee having regard to the provisions of the Deed.</p>

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	<p>To provide corporate action information or entitlements arising from the above underlying assets and to provide regular reporting on the activities of the invested portfolios.</p> <p>8.4.2. Material Litigation and Arbitration</p> <p>As at LPD, neither ART nor its delegates are engaged in any material litigation and arbitration, either as plaintiff or defendant, and the Trustee and its delegate are not aware of any proceedings, pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect their financial position or business.</p> <p>8.5. ABOUT MTRUSTEE BERHAD</p> <p>MTrustee is the trustee for DALI with its registered office at B-2-9, (2nd Floor), Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur. MTrustee was incorporated on 28 July 1987 and registered as a Trust Company under the Trust Companies Act 1949 on 8 February 1989.</p> <p>MTrustee has commenced its operations in March 1992 and has been involved in the unit trust industry as a trustee since 1997.</p> <p>8.5.1. Delegation of MTrustee custodial functions (for DALI)</p> <p>MTrustee has delegated its custodian of quoted and unquoted local investments of the Funds to Malayan Banking Berhad (“MBB”). The assets of the local Funds are held through MBB’s nominee company, and it was set up to act as custodian for investment advisers, managers of large portfolios, lending banks and international custodians.</p> <p>MTrustee retains control of the assets of the Fund at all times.</p>	

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	<p>8.5.2. Material Litigation and Arbitration</p> <p>Legal proceedings have been initiated against the Trustee by one Ling Ngong Hiang, suing in his own capacity and as representative of other investors in the Golden Palm Growers Scheme (“Scheme”), in Kuala Lumpur High Court Civil Suit No. WA-22NCvC-156-03/2022.</p> <p>The allegations against the Trustee broadly cover failing to <b>protect the interests of the Scheme’s investors, breach of statutory and fiduciary duties as trustee of the Scheme, and acting in concert with the manager of the Scheme against the interests of the investors.</b></p> <p>The Trustee’s solicitors are of the view that, based on a review of the Prospectuses for the Scheme, the Trust Deed and other related documents, the legal proceedings are misconceived as the allegations go beyond the defined and stated roles of the Trustee.</p> <p>The Trustee’s solicitors are also of the view that the Trustee’s chances of successfully defending the claim are more than even.</p> <p>8.6. ABOUT HSBC (MALAYSIA) TRUSTEE BERHAD</p> <p>HSBCT is the trustee for iLI-ES and iDY-APDE. HSBCT is a company incorporated in Malaysia since 1937 and registered as a trust company under the Trust Companies Act 1949, with its registered address at Level 19, Menara IQ, Lingkaran TRX, 55188 Tun Razak Exchange, Kuala Lumpur. Since 1993, the Trustee has acquired experience in the administration of unit trusts and has been appointed as trustee for unit trust funds, exchange traded funds, wholesale funds and funds under private retirement scheme.</p>	



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	<p>Roles, Duties and Responsibilities of the Trustee            HSBCT’s main function is to act as trustee and custodian of the assets of the Funds and to safeguard the interests of Unit holders of the Funds. In respect of moneys paid by an investor for the application of units, HSBCT’s responsibility arises when the moneys are received in the relevant account of HSBCT for the Funds and in respect of withdrawal, HSBCT’s responsibility is discharged once it has paid the withdrawal amount to the Manager.</p> <p>HSBCT has in place anti-money laundering and anti-terrorism financing policies and procedures across the HSBC Group, which may exceed local regulations. Subject to any local regulations, HSBCT shall not be liable for any loss resulting from compliance of such policies, except in the case of negligence, wilful default or fraud of HSBCT.</p> <p>HSBCT is not liable for doing or failing to do any act for the purpose of complying with law, regulation or court orders.</p> <p>HSBCT shall be entitled to process, transfer, release and disclose from time to time any information relating to the Funds, the Manager and/or investors/Unit holders for purposes of performing its duties and obligations in accordance to the Deed, Capital Markets and Services Act 2007, the GUTF and any other legal and/or regulatory obligations such as conducting financial crime risk management to HSBCT’s parent company, subsidiaries, associate companies, affiliates, delegates, service providers and/or agents and any governing or regulatory authority, whether within or outside Malaysia (who may also subsequently process, transfer, release and disclose such information for any purpose) on the basis that the recipients shall continue to maintain the confidentiality of information disclosed; as required by law, regulation or directive, or in</p>	

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	<p>relation to any legal action; or to any court, regulatory agency, government body or authority.</p> <p><b>8.6.1. HSBCT’s delegate</b></p> <p>HSBCT has appointed the Hongkong and Shanghai Banking Corporation Ltd as the custodian of both the local and foreign assets of the Fund. For quoted and unquoted local investments of the Fund, the assets are held through HSBC Bank Malaysia Berhad and/or HSBC Nominees (Tempatan) Sdn Bhd. The Hongkong and Shanghai Banking Corporation Ltd is a wholly owned subsidiary of HSBC Holdings Plc, the holding company of the HSBC Group. The custodian’s comprehensive custody and clearing services cover traditional settlement processing and safekeeping as well as corporate related services including cash and security reporting, income collection and corporate events processing. All investments are registered in the name of the Trustee or to the order of HSBCT. The custodian acts only in accordance with instructions from HSBCT.</p> <p>HSBCT shall be responsible for the acts and omissions of its delegate as though they were its own acts and omissions.</p> <p>However, HSBCT is not liable for the acts, omissions or failure of any third party depository such as central securities depositories, or clearing and/or settlement systems and/or authorised depository institutions, where the law or regulation of the relevant jurisdiction requires the Trustee to deal or hold any asset of the Fund through such third parties.</p> <p><b>8.6.2. Material Litigation and Arbitration</b></p> <p>As at LPD, HSBCT is not engaged in any material litigation and arbitration, including those pending or threatened, and is not aware of any facts likely to give any proceedings which might materially affect the business/financial position of HSBCT.</p>	

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	<p>8.7. ABOUT MAYBANK TRUSTEES BERHAD</p> <p>MTB is the Trustee of the iLI-BG with its registered office at 8th Floor, Menara Maybank, 100 Jalan Tun Perak, 50050 Kuala Lumpur.</p> <p>MTB was incorporated on 12 April 1963 and registered as a Trust Company under the Trust Companies Act 1949 on 11 November 1963. It was one of the first local trust companies to provide trustee services with the objective of meeting the financial needs of both individual and corporate clients.</p> <p>MTB has acquired experience in the administration of unit trust funds/ schemes since 1991.</p> <p>8.7.1. MTB’s Delegate</p> <p>MTB has delegated its custodian function to Malayan Banking Berhad. The custodian function is run under Maybank Securities Services (“MSS”), a unit within Malayan Banking Berhad. Maybank Securities Services provides a comprehensive end to end clearing and custody services for global and domestic equities and fixed income securities. MSS provides a complete suite of corporate outsourcing solutions with a proven track record in servicing international institutional clients: Sub Custodian for major Foreign Banks and Global Custodians. MSS also provides Global custody services in more than 100 different markets via a special arrangement with their reputable partners. They have also consistently been awarded in the Global Custodian Awards for Excellence as well as other major publications.</p>	

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	<p>The roles and duties of the trustee’s delegate, MSS, are as follows:</p> <ul style="list-style-type: none"> <li>• Safekeep, reconcile and maintain assets holdings records of funds against trustee’s instructions;</li> <li>• Act as settlement agent for shares and monies to counterparties against trustee’s instructions;</li> <li>• Act as agents for money market placement where applicable against trustee’s instructions;</li> <li>• Disseminate listed companies’ announcements to and follow through for corporate actions instructions from trustee;</li> <li>• Compile, prepare and submit holdings report to trustee and beneficial owners where relevant; and</li> <li>• Other ad-hoc payments for work done for the funds against trustee’s instructions, etc.</li> </ul> <p>The custodian acts only in accordance with instructions from the Trustee.</p> <p>8.7.2. Material Litigation and Arbitration</p> <p>As at 30 September 2019, save for the suit mentioned herein below, the Trustee is not engaged in any material litigation as plaintiff or defendant and the Trustee is not aware of any proceedings, pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect its financial position or business.</p> <p>Several holders of the bonds (“Bondholders”) issued by Aldwich Berhad [In Receivership] (“Aldwich”) had sued Aldwich for its failure to settle its indebtedness to the Bondholders following the default of the said bonds in 2010 and named the Trustee as one of 6 co-defendants under Kuala Lumpur High Court Civil Suit No. D-22NCC-1622-11/2012 (“Aldwich Bondholders’ Suit”). The claim against the Trustee is for the sum of MYR177,248,747.31 or any other sum that the Court deems fit and proper.</p>	

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	<p>The other co-defendants are the holding company of Aldwich (“Holding Company”), the Chief Executive Officer of the holding company of Aldwich (“CEO”), the Security Agent and the Reporting Accountant. The Trustee denied all allegations and claimed trial.</p> <p>The High Court had on 24 July 2017 delivered its judgement on the Aldwich Bondholders’ Suit (“Judgement”) that (a) all the defendants [i.e. Aldwich, Holding Company, CEO, Security Agent, Trustee and Reporting Accountant] are liable to the Bondholders for the sum of MYR177,248,747.31 (“Judgement Sum”); (b) Aldwich, Holding Company and CEO are 100% liable for the Judgement Sum; and (c) among Security Agent, Trustee and Reporting Accountant, liability is apportioned in the proportion of 50%, 30% and 20% of the Judgement Sum respectively.</p> <p>The High Court had on 5 October 2017 decided in respect of the outstanding matters arising from the Judgement that (a) the quantum of the Judgement Sum is maintained, and (b) interest is payable based on the reduced sum of MYR148,653,953.20 at the rate of 5% per annum from 1 November 2011 to the date of payment.</p> <p>The Trustee had filed an appeal against the Judgement (“Appeal”) at the Court of Appeal.</p> <p>On 18 September 2019, the Court of Appeal dismissed the Appeals and affirmed the decision of the High Court and awarded further costs of MYR100,000.00 against the Trustee. On 16 October 2019, the Trustee had filed its Leave Motion to the Federal Court. The Leave Motion was partially heard on 21 January 2021, 3 September 2021, and 16 February 2022. The Leave Motion was unanimously dismissed by the Federal Court.</p>	

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	<p>The Aldwich Bondholders’ Suit will not materially affect the business or financial position of the Trustee.</p> <p>8.8. ABOUT UNIVERSAL TRUSTEE (MALAYSIA) BERHAD</p> <p>UTMB as the trustee of the DALI2, iOP-SCO and iLI-B was incorporated in 1974 in Malaysia and is registered as a trust company under the Trust Companies Act 1949. UTMB is qualified to act as a trustee for collective investment schemes approved pursuant to the CMSA and has more than 30 years of experience in handling unit trust matters.</p> <p>8.8.1. UTMB’s delegate</p> <p>UTMB has appointed Citibank Berhad as their delegate for local custody services. Citibank Berhad in Malaysia was established on 26 August 1959 as the First National City Bank. It became the first American bank to be locally incorporated on 1 July 1994. It has 11 branches across West Malaysia and an offshore banking unit in Labuan. Citibank Berhad has been an active player in the securities clearing and sub-custody industry in Malaysia since 1985. It is one of the largest institutional trades clearing bank in the securities market. The custody operations unit is also ISO certified.</p> <p>UTMB has appointed Citibank, N.A., Singapore Branch as their delegate for global custody services. Citibank, N.A., Singapore Branch was set up in 1902 and is today the largest foreign bank operating in the territory. With a staff force of about 8,500, Citibank, N.A., Singapore Branch provides a wide array of banking and financial services to institutions, consumers and professional markets in the community. Citibank, N.A. in Singapore began providing Securities &amp; Fund Services in the mid-1970’s and a fully operational global custody product was launched in the early 1990’s. To date, Citibank, N.A., Singapore’s</p>	

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	<p>Securities &amp; Fund Services business claims a global client base of premier banks, fund managers, broker dealers and insurance companies.</p> <p>8.8.2. Material Litigation and Arbitration</p> <p>As at LPD, neither UTMB nor its delegates are engaged in any material litigation and arbitration, either as plaintiff or defendant, and the Trustee and its delegate are not aware of any proceedings, pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect their financial position or business.</p>	