

Principal Islamic Lifetime Sukuk Fund

Annual Report

For The Financial Year Ended 31 August 2022

PRINCIPAL ISLAMIC LIFETIME SUKUK FUND
ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2022

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INVESTORS' LETTER

Dear Valued Investor,

Greetings from Principal Asset Management Berhad and thank you for investing with us!

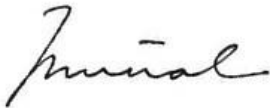
We are pleased to bring you a copy of the Annual Fund Report of the Principal Islamic Lifetime Sukuk Fund for the financial year ended 31 August 2022. You may also download this report from our website at www.principal.com.my.

We are pleased to share that Principal Malaysia was accorded with the ESG Asset Management Company of the Year-Highly Commended (Malaysia) award at The Asset Triple A Sustainable Investing Awards 2022 for Institutional Investor, ETF, and Asset Servicing Providers 2022.

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

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

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



Munirah Khairuddin
Chief Executive Officer

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

The investment objective of the Fund is to gain higher than average income over the medium to long-term by investing in a diversified portfolio consisting principally of Sukuk, certificates of deposit, short-term money market instruments and other permissible investments under the Shariah principles.

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?

In line with its objective, the investment strategy and policy of the Fund is to invest in a diversified portfolio of Islamic fixed income securities consisting principally of Sukuk, which aim to provide a steady stream of income from the profit of Sukuk. 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 ("RAM") or equivalent rating by Malaysian Rating Corporation Berhad ("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 and up to 28% of its NAV in other permissible Shariah-compliant investments. 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 requirement of the Guidelines on Unit Trust Funds issued by Securities Commission Malaysia ("SC") ("GUTF"). The rest of the Fund is maintained in the form of Islamic liquid assets to meet any withdrawal payments to Unit holders.

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 28% of the Fund's NAV in other permissible Shariah-compliant investments;
- up to 40% of the Fund's NAV in Unrated Sukuk; and
- at least 2% of the Fund's NAV in Islamic liquid assets.

Fund category/type

Sukuk/Income

When was the Fund launched?

8 October 2004

What was the size of the Fund as at 31 August 2022?

RM627.35 million (498.28 million units)

What is the Fund's benchmark?

Quantshop Government Investment Issues ("GII") Medium Index

Note: The Fund's benchmark is for performance comparison purpose only. Investors are cautioned that the risk profile of the Fund is higher than the benchmark.

What is the Fund distribution policy?

Distribution (if any) is expected to be distributed annually, depending on the performance of the Fund and at the Manager's discretion.

What was the net income distribution for the financial year ended 31 August 2022?

The Fund distributed a total net income of RM25.78 million to unit holders for the financial year ended 31 August 2022.

FUND OBJECTIVE AND POLICY (CONTINUED)

What was the net income distribution for the financial year ended 31 August 2022? (continued)

Date	NAV per unit	NAV per unit
	(Before distribution)	(After distribution)
	RM	RM
Distribution on 12 October 2021	1.2925	1.2794
Distribution on 12 January 2022	1.2927	1.2798
Distribution on 5 April 2022	1.2781	1.2653
Distribution on 6 July 2022	1.2518	1.2393

PERFORMANCE DATA

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

	31.08.2022	31.08.2021	31.08.2020
	%	%	%
Unquoted Sukuk	97.02	96.30	93.93
Cash and other assets	4.17	3.97	7.78
Liabilities	(1.19)	(0.27)	(1.71)
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	31.08.2022	31.08.2021	31.08.2020
NAV (RM Million)	627.35	684.15	885.25
Units in circulation (Million)	498.28	522.56	651.49
NAV per unit (RM)	1.2590	1.3092	1.3588
Highest NAV per unit (RM)	1.3110	1.3655	1.3751
Lowest NAV per unit (RM)	1.2358	1.2973	1.3005
Total return (%)	0.13	0.86	5.73
- Capital growth (%)	(3.83)	(3.64)	3.03
- Income distribution (%)	4.11	4.66	2.63
Total Expense Ratio ("TER") (%) ^	1.02	1.01	1.02
Portfolio Turnover Ratio ("PTR") (times) #	0.23	0.44	0.61

^ The Fund's TER increased from 1.01% to 1.02% due to decrease in average NAV during the financial year under review.

The Fund's PTR financial year under review was 0.23 times as compared to 0.44 times in the previous Financial year due to lower trading activities.

	31.08.2022	31.08.2021	31.08.2020
Gross/Net distribution per unit (sen)			
Distribution on 12 October 2021	1.3100	-	-
Distribution on 12 January 2022	1.2900		
Distribution on 5 April 2022	1.2800		
Distribution on 6 July 2022	1.2500		
Distribution on 19 April 2021	-	4.70	-
Distribution on 22 July 2021	-	1.31	-
Distribution on 9 April 2020	-	-	3.42

PERFORMANCE DATA (CONTINUED)

	31.08.2022	31.08.2021	31.08.2020	31.08.2019	31.08.2018
	%	%	%	%	%
Annual total return	0.13	0.86	5.73	8.98	4.62

(Launch date: 8 October 2004)

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 SEPTEMBER 2021 TO 31 AUGUST 2022)

For the financial year under review in 2021, the sovereign yield curve bear flattened with the short end of the curve rising by 41 basis points (“bps”) to 67 bps while the longer end of curve shifted higher by 4 to 9 bps as improving fundamentals arising from reopening borders prompted market to price in rate hikes in 2022. Overall, risk sentiment improved as fears of the Omicron variant has somewhat subsided. Movements of the US Treasuries (“UST”) move also contributed to the flattening.

In October 2021, the Government announced the Budget 2022 which features the largest expenditure ever at RM332.1 billion (+3.6% year-on-year (“YoY”)), with higher allocations to operating expenditure (+6.3% to RM233.5 billion) and record high development expenditure (+21.9% to RM75.6 billion) but lower Coronavirus Disease (“COVID-19”) expenditure (-41% to RM23 billion) with consumers and Small and Medium-sized Enterprises (“SMEs”) being the standout beneficiaries from the expansionary budget. The deficit ratio is expected to decline to 6.0% of Gross Domestic Products (“GDP”) (from 6.5%), largely relying on the rebound in nominal GDP between +7.7% - 8.7% in 2022. Under the Medium-Term Fiscal Framework, the Ministry of Finance (“MOF”) is targeting the fiscal deficit to average at 5.0% of GDP from 2022 - 2024, which implies the fiscal deficit target to consolidate to 4.7% in 2023 and 4.3% in 2024, and further consolidating to 3.0 - 3.5% by 2025 under the 12th Malaysian Plan. The MOF expects the real GDP growth to remain between +3.0% to 4.0% for 2021 and expand to +5.5% to 6.5% for 2022; coupled with lower unemployment rate of 4.0% for 2022 (2021: 4.6% to 4.8%).

For the first eight-month period of 2022, the sovereign benchmark yield curve rose between 8 bps to 133 bps with yields on the short and intermediate maturities rose more than the longer end of the curve causing the yield curve to bear flatten.

The fixed income market began the year on a weaker footing as yields were pressured higher as the US Federal Reserve (the “Fed”) provided clear hints that it could start raising interest rates aggressively to tame the stubbornly high inflation. The extremely hawkish tone from the Fed resulting in a higher pace of interest rate hikes to contain the persistent high inflation caused a major sell off in the global bonds, Malaysia included.

Yields were also pressured further after the Employees Provident Fund (“EPF”) announced new round of pandemic driven withdrawals in April 2022, which weakened sentiments amid the outlook of possible lack of institutional support in the domestic fixed income market.

The fixed income market found some respite in May 2022 amid recent selloffs and recorded positive returns across most indices fuelled by the rally in UST as the increased probability of a recession in the US emerged. However, the looming expectations of a more hawkish Fed monetary policy came back into the limelight in June 2022 causing yields to shift upwards again.

We saw better buying interest in the local govies in July 2022 tracking lower UST yields in respond to growing concerns over global growth as well as investors extending duration for month end rebalancing flows. July 2022 has the largest maturity of government bonds for the year. Despite the selloff in the global bond markets, the Malaysian bond markets remained relatively resilient with most of the bond indices recording positive returns in August 2022.

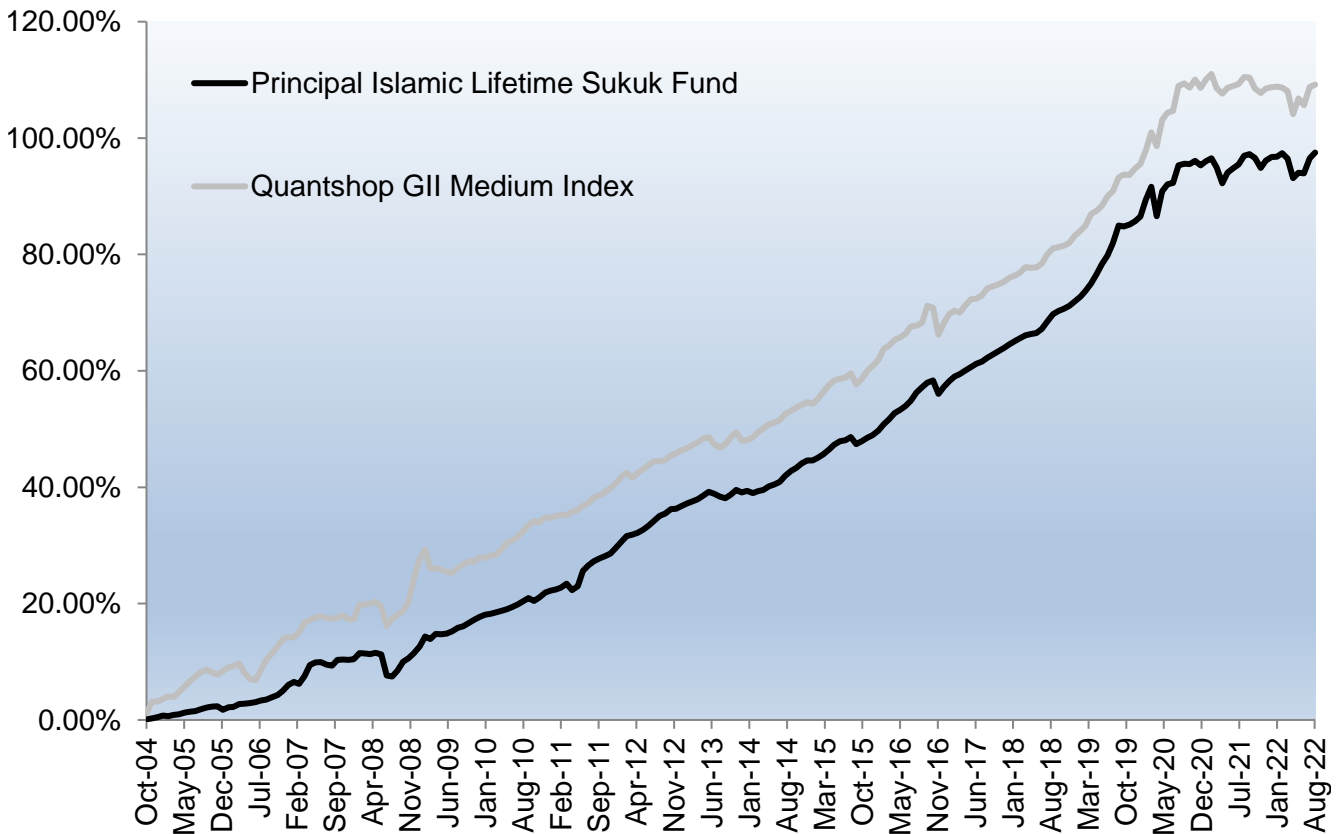
MARKET REVIEW (1 SEPTEMBER 2021 TO 31 AUGUST 2022)

Meanwhile, Bank Negara Malaysia (“BNM”) raised the Overnight Policy Rate (“OPR”) by 25 bps each in its May and July meetings bringing the OPR from 1.75% to 2.25%. The Central Bank opined that the unprecedented conditions that necessitated a historically low OPR have continued to recede. However, BNM highlighted that downside risks to growth continue to stem from a weaker-than-expected global growth, further escalation of geopolitical conflicts and worsening supply chain disruptions suggesting any adjustments to the OPR moving forward will be done in a measured and gradual manner.

FUND PERFORMANCE

	1 year to 31.08.2022	3 years to 31.08.2022	5 years to 31.08.2022	Since inception to 31.08.2022
	%	%	%	%
Income Distribution	4.11	11.83	24.48	53.82
Capital Growth	(3.83)	(4.53)	(2.21)	28.41
Total Return	0.13	6.77	21.74	97.52
Benchmark	(0.57)	8.26	20.09	109.20
Average Total Return	0.13	2.21	4.01	3.87

For the financial year ended 31 August 2022, the Fund delivered a total return of 0.13% versus the benchmark return of (0.57%). Since inception, the Fund reported a return of 97.52% as compared to the benchmark’s return of 109.20%.



FUND PERFORMANCE (CONTINUED)

Changes in NAV

	31.08.2022	31.08.2021	Changes %
NAV (RM Million)	627.35	684.15	(8.30)
NAV/Unit (RM)	1.2590	1.3092	(3.83)

The Fund's NAV reduced by 8.30% to RM627.35 million as at 31 August 2022 mainly weaker performance of the underlying sukuk and redemptions in the Fund. Meanwhile NAV per unit decreased by 3.83% to RM1.2590 during the financial year under review.

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

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	31.08.2022	31.08.2021
Unquoted Sukuk	97.02	93.93
Cash and other net assets	2.98	6.07
Total	100.00	100.00

The Fund was 97.02% invested in sukuk with the remaining 2.98% in cash and other assets as at 31st August 2022.

MARKET OUTLOOK*

Malaysia's second quarter of 2022 real GDP grew +8.9% YoY as compared to the first quarter of 2022 of +5.0%, driven mainly by stronger services and domestic demand which benefited from the full economic reopening, plus faster manufacturing and rebound in construction, which offset the reversal in agriculture and further contractions in mining due to labour shortages. Headline inflation spiked to +4.4% YoY in July 2022 from June 2022 of +3.4%, while core inflation rose to +3.4% YoY (June 2022: +3.0%) mainly on rising food prices and reopening related items (i.e., hotels, restaurants, recreation & culture).

The supply-demand dynamics for third quarter of 2022 is supportive with a total of RM41.2 billion (52.2%) Government bonds maturing between July 2022 to September 2022. The recent announcement of Petronas' RM50 billion of dividends to the Government will also help to cap the supply issuances from the Government. Thus far, domestic liquidity remains healthy given the strong bid-to-cover ratios of above 2 times for the August 2022 auctions. Despite the potential tightening and increase in OPR by BNM over the next 12 months, we believe that the current Malaysian Government Securities ("MGS") yields have already priced in sufficient amount of buffers from the normalization.

*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

Overall, we continue to maintain our strategy to overweight on corporates for better yield pick up but aim to take profit where possible to reinvest in the ne primary issuances. For government bonds, we continue to have a trading stance and remain watchful for market movements.

SOFT COMMISSIONS AND REBATES

Principal Asset Management Berhad (the “Manager”) and the Trustee will not retain any form of rebate or soft commission from, or otherwise share in any commission with, any broker in consideration for directing dealings in the investments of the Principal Malaysia Funds (“Funds”) unless the soft commission received is retained in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Funds. All dealings with brokers are executed on best available terms.

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 such as financial wire services and stock quotations system incidental to investment management of the Funds.

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

Latest changes to the Statement by Manager’s signatory as follows:

Mr. Juan Ignacio Eyzaguirre Baraona (retired on 30 June 2022)

Mr. Uday Jayaram (appointed on 30 June 2022)

There were no other 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 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 41 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 August 2022 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
Chief Executive Officer/Executive Director

UDAY JAYARAM
Director

Kuala Lumpur
17 October 2022

**TRUSTEE'S REPORT TO THE UNIT HOLDERS OF
PRINCIPAL ISLAMIC LIFETIME SUKUK FUND**

We have acted as Trustee of the Fund for the financial year ended 31 August 2022 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, PRINCIPAL ASSET MANAGEMENT BERHAD has operated and managed the Fund during the year covered by these financial statements in accordance with the following:

- 1) Limitations imposed on the investment powers of the management company under the deeds, securities laws and the Guidelines on the Unit Trust Funds;
- 2) Valuation and pricing is carried out in accordance with the Deeds; and
- 3) Any creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirements.

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

For **AMANAHRAYA TRUSTEES BERHAD**

ZAINUDIN BIN SUHAIMI
Chief Executive Officer
30 September 2022

SHARIAH ADVISER'S REPORT

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

For the Financial Year Ended 31 August 2022

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 comprises of instruments that have been classified as Shariah compliant.

For Amanie Advisors Sdn Bhd

Tan Sri Dr Mohd Daud Bakar
Executive Chairman

Kuala Lumpur
14 October 2022

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Principal Islamic Lifetime Sukuk Fund (the "Fund"), which comprise the statement of financial position as at 31 August 2022 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 a summary of significant accounting policies, as set out on pages 8 to 41.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 August 2022, 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 SUKUK FUND**

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 SUKUK FUND**

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We 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 SUKUK FUND**

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

Other matters

This report is made solely to the unit holders of the Fund, as a body, in accordance with the Guidelines on Unit Trust Funds issued by the Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Yeo Beng Yean
No. 03013/10/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
17 October 2022

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2022**

	Note	2022 RM	2021 RM
INCOME			
Profit income from unquoted Sukuk at fair value through profit or loss		26,304,062	30,355,020
Profit income from Shariah-compliant deposits with licensed Islamic financial institutions at amortised cost and Hibah earned		538,456	591,305
Net loss on financial assets at fair value through profit or loss	8	<u>(20,032,276)</u>	<u>(17,342,291)</u>
		<u>6,810,242</u>	<u>13,604,034</u>
EXPENSES			
Management fee	4	6,153,241	7,450,131
Trustee fee	5	388,626	470,535
Audit fee		8,400	8,400
Tax agent's fee		6,759	11,900
Other expenses		<u>22,763</u>	<u>17,753</u>
		<u>6,579,789</u>	<u>7,958,719</u>
PROFIT BEFORE TAXATION		230,453	5,645,315
Taxation	7	<u>-</u>	<u>-</u>
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>230,453</u>	<u>5,645,315</u>
Profit after taxation is made up as follows:			
Realised amount		22,903,295	29,996,247
Unrealised amount		<u>(22,672,842)</u>	<u>(24,350,932)</u>
		<u>230,453</u>	<u>5,645,315</u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2022**

	Note	2022 RM	2021 RM
ASSETS			
Cash and cash equivalents	9	24,163,080	21,921,402
Financial assets at fair value through profit or loss	8	608,667,587	658,814,031
Amount due from dealer		-	3,513,453
Amount due from Manager		1,972,899	1,715,564
TOTAL ASSETS		<u>634,803,566</u>	<u>685,964,450</u>
LIABILITIES			
Amount due to dealers		5,225,305	-
Amount due to Manager		1,666,731	1,205,715
Accrued management fee		510,244	553,002
Amount due to Trustee		32,226	34,926
Other payables and accruals		20,200	19,900
TOTAL LIABILITIES		<u>7,454,706</u>	<u>1,813,543</u>
NET ASSET VALUE OF THE FUND		<u>627,348,860</u>	<u>684,150,907</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	10	<u>627,348,860</u>	<u>684,150,907</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	11	<u>498,276,871</u>	<u>522,564,489</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.2590</u>	<u>1.3092</u>

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

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2022**

	Note	2022 RM	2021 RM
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR		684,150,907	885,250,954
Movement due to units created and cancelled during the financial year:			
- Creation of units from applications		214,855,466	275,004,726
- Creation of units from distribution		25,312,399	31,368,825
- Cancellation of units		(271,424,504)	(481,579,419)
		(31,256,639)	(175,205,868)
Total comprehensive income for the financial year		230,453	5,645,315
Distribution	6	(25,775,861)	(31,539,494)
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR	9	627,348,860	684,150,907

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 AUGUST 2022**

	Note	2022 RM	2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from disposal of unquoted Sukuk		167,438,436	409,982,599
Purchase of unquoted Sukuk		(131,972,647)	(284,061,808)
Proceeds from redemption of unquoted Sukuk		2,500,000	15,000,000
Profit income received from Shariah-compliant deposits with licensed Islamic financial institutions and Hibah received		538,455	591,305
Profit income received from unquoted Sukuk		27,191,201	31,217,107
Management fee paid		(6,195,999)	(7,596,639)
Trustee fee paid		(391,326)	(479,788)
Payments for other fees and expenses		(37,622)	(37,149)
Net cash generated from operating activities		<u>59,070,498</u>	<u>164,615,627</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		214,598,131	280,170,001
Payments for cancellation of units		(270,963,488)	(484,693,449)
Distribution paid		(463,463)	(170,670)
Net cash used in financing activities		<u>(56,828,820)</u>	<u>(204,694,118)</u>
Net increase/(decrease) in cash and cash equivalents		2,241,678	(40,078,491)
Cash and cash equivalents at the beginning of the financial year		<u>21,921,402</u>	<u>61,999,893</u>
Cash and cash equivalents at the end of the financial year	9	<u><u>24,163,080</u></u>	<u><u>21,921,402</u></u>
<u>Cash and cash equivalents comprised of:</u>			
Shariah-compliant deposits with licensed Islamic financial institutions		24,143,042	21,900,100
Bank balance		<u>20,038</u>	<u>21,302</u>
Cash and cash equivalents at the end of the financial year	9	<u><u>24,163,080</u></u>	<u><u>21,921,402</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2022**

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES

Principal Islamic Lifetime 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 Fourth Supplemental Master Deed dated 25 June 2008, a Fifth 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 and a Nineteenth Supplemental Master Deed dated 18 June 2019 (collectively referred to as the “Deeds”), made between Principal Asset Management Berhad (the “Manager”) and AmanahRaya Trustees Berhad (the “Trustee”).

In line with its objective, the investment strategy and policy of the Fund is to invest in a diversified portfolio of Islamic fixed income securities consisting principally of Sukuk, which aim to provide a steady stream of income from the profit of Sukuk. A minimum of 70% and up to a maximum of 98% of the Fund’s NAV maybe invested in Sukuk carrying at least a “BBB3” or “P2” rating by RAM or equivalent rating by MARC or by local rating agency(ies) of the country of issuance; or “BBB-” by S&P or equivalent rating by any other international rating agencies. The Fund may invest up to 40% of its NAV in Unrated Sukuk and up to 28% of its NAV in other permissible Shariah-compliant investments. The Fund may also opt to seek investment exposure via Islamic Collective Investment Schemes that is in line with the Fund’s objective, subject to the requirements of the GUTF. The rest of the Fund is maintained in the form of Islamic liquid assets to meet any withdrawal payments to Unit holders.

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 28% of the Fund’s NAV in other permissible Shariah-compliant investments;
- up to 40 of the Fund’s NAV in Unrated Sukuk; and
- at least 2% of the Fund’s NAV in Islamic liquid assets.

All investments are subjected to the GUTF, SC requirements, the Deeds, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund’s objective.

The Manager is a joint venture between Principal Financial Group®, a member of the FORTUNE 500® and a Nasdaq-listed global financial services and CIMB Group Holdings Berhad, one of Southeast Asia’s leading universal banking groups. The principal activities of the Manager are the establishment and management of unit trust funds and fund management activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(a) Basis of preparation (continued)

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

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

There are no other standards, amendments to standards or interpretations that are effective for financial year beginning on 1 September 2021 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 September 2022 are applicable to the Fund.

(b) Financial assets and financial liabilities

Classification

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

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

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

The contractual cash flows of the Fund's debt securities are solely payment of principal and interest¹ ("SPPI"). However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents and amount due from Manager as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Classification (continued)

All of the Fund's financial liabilities (other than net assets attributable to members) 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.

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.

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

Shariah-compliant deposits with licensed Islamic financial institutions are stated at cost plus accrued profit calculated on the effective profit method over the year 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 loss ("ECL") using probability of default, exposure at default and loss given default. The Manager consider both historical analysis and forward looking information in determining any ECL. The Manager consider the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month ECL as any such impairment would be wholly insignificant to the Fund.

Significant increase in credit risk

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

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.

(c) Income recognition

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

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

Realised gain or loss on disposal of unquoted Sukuk is accounted for as the difference between the net disposal proceeds and the carrying amount of Shariah-compliant investments, determined on cost adjusted for accretion of discount or amortisation of premium.

(d) Functional and presentation currencies

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in Malaysian Ringgit ("MYR"), 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 balances 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 subject to an insignificant risk of changes in value.

(f) Taxation

Current tax expense is determined according to Malaysian tax laws at the current rate based upon the taxable profit earned during the financial year.

(g) Distribution

A distribution to the Fund's unit holders is accounted for as 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Unit holder's contributions

The unit holder's 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 holder with the total number of outstanding units.

(i) 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.

(j) Critical accounting estimates and judgements in applying accounting policies

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Fund's results and financial position are tested for sensitivity to changes in the underlying parameters.

Estimates and judgement are continually evaluated by the Manager and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimate of fair value of unquoted Sukuk

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the GUTF.

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:

	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
2022			
Cash and cash equivalents (Note 9)	-	24,163,080	24,163,080
Unquoted Sukuk (Note 8)	608,667,587	-	608,667,587
Amount due from Manager	-	1,972,899	1,972,899
	<u>608,667,587</u>	<u>26,135,979</u>	<u>634,803,566</u>
2021			
Cash and cash equivalents (Note 9)	-	21,921,402	21,921,402
Unquoted Sukuk (Note 8)	658,814,031	-	658,814,031
Amount due from dealer	-	3,513,453	3,513,453
Amount due from Manager	-	1,715,564	1,715,564
	<u>658,814,031</u>	<u>27,150,419</u>	<u>685,964,450</u>

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

The Fund aims to gain higher than average income over the medium to long-term by investing in a diversified portfolio consisting principally of Sukuk, certificates of deposit, short-term money market instruments and other permissible investments under the Shariah principles.

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

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

(a) Market risk

(i) Price risk

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

The Fund is exposed to price risk arising from profit rate fluctuation in relation to its investments of RM608,667,587 (2021: RM658,814,031) in unquoted Sukuk. The Fund's exposure to price risk arising from profit rate fluctuation and the related

(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.

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

(a) Market risk (continued)

(ii) Interest rate risk (continued)

Although unquoted Sukuk is a non-interest bearing instrument, investors should note that the movement in prices of unquoted Sukuk are correlated to the movement in interest rates. As such, the investments in unquoted Sukuk are exposed to the movement of the interest rates. Even though the Fund does not invest in interest bearing instruments, the interest rate referred herein is to the general interest rate of the country, which may affect the value of the investment of the Fund. 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 coupon rates are more susceptible to interest rate movements.

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

The table below summarises the sensitivity of the Fund's profit or loss and NAV to movements in prices of unquoted 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	
	2022 RM	2021 RM
+1%	(1,397,729)	(1,691,074)
-1%	<u>1,402,919</u>	<u>1,696,674</u>

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund is not exposed to cash flow interest rate risk as the Fund does not hold any financial instruments at variable interest rate

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

	2022 %	2021 %
Shariah-compliant deposits with licensed Islamic financial institutions	<u>2.30</u>	<u>1.75</u>

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

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

(b) Credit risk

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

Investment in unquoted Sukuk 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. For this Fund, the unquoted Sukuk investments must satisfy a minimum rating requirement of at least "BBB3" or "P2" rating by RAM or equivalent rating by MARC or by local rating agency(ies) of the country of issuance; "BBB-" by S&P or equivalent rating by any other international rating agencies.

The credit risk arising from bank balance and placements of Shariah-compliant deposits in licensed Islamic financial institutions is managed by ensuring that the Fund will only place Shariah-compliant deposits in reputable licensed Islamic financial institutions.

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

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
2022				
- AAA	24,163,080	110,563,828	-	134,726,908
- AA1	-	35,975,045	-	35,975,045
- AA2	-	11,698,695	-	11,698,695
- AA3	-	236,879,609	-	236,879,609
- AA	-	36,244,832	-	36,244,832
- A1	-	77,791,011	-	77,791,011
- A2	-	11,411,609	-	11,411,609
- A3	-	885,530	-	885,530
- Government Guaranteed	-	45,012,950	-	45,012,950
- Not Rated	-	42,204,478	1,972,899	44,177,377
	<u>24,163,080</u>	<u>608,667,587</u>	<u>1,972,899</u>	<u>634,803,566</u>

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

(b) Credit risk (continued)

	Cash and cash equivalents RM	Financial assets at fair value through profit or loss RM	Amount due from Manager RM	Amount due from dealer RM	Total RM
2021					
- AAA	21,921,402	112,141,255	-	-	134,062,657
- AA1	-	31,941,462	-	-	31,941,462
- AA2	-	16,592,712	-	-	16,592,712
- AA3	-	288,923,561	-	3,513,453	292,437,014
- AA	-	17,742,010	-	-	17,742,010
- A1	-	95,363,581	-	-	95,363,581
- A2	-	11,719,454	-	-	11,719,454
- A3	-	917,746	-	-	917,746
- Government					
Guaranteed	-	39,810,760	-	-	39,810,760
- Not Rated	-	43,661,490	1,715,564	-	45,377,054
	<u>21,921,402</u>	<u>658,814,031</u>	<u>1,715,564</u>	<u>3,513,453</u>	<u>685,964,450</u>

Shariah-compliant deposits with licensed Islamic financial institutions of the Fund have an average maturity of 2 days (2021: 1 day).

(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 balance 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 year as at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

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

(c) Liquidity risk (continued)

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
2022			
Amount due to dealer	5,225,305	-	5,225,305
Amount due to Manager	1,666,731	-	1,666,731
Accrued management fee	510,244	-	510,244
Amount due to Trustee	32,226	-	32,226
Other payables and accruals	-	20,200	20,200
Contractual undiscounted cash flows	<u>7,434,506</u>	<u>20,200</u>	<u>7,454,706</u>
2021			
Amount due to Manager	1,205,715	-	1,205,715
Accrued management fee	553,002	-	553,002
Amount due to Trustee	34,926	-	34,926
Other payables and accruals	-	19,900	19,900
Contractual undiscounted cash flows	<u>1,793,643</u>	<u>19,900</u>	<u>1,813,543</u>

(d) Capital risk management

The capital of the Fund is net assets attributable to unit holders of RM627,348,860 (2021: RM684,150,907). 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 market 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.

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active market for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2022				
Financial assets at fair value through profit or loss:				
- Unquoted Sukuk	-	608,667,587	-	608,667,587
2021				
Financial assets at fair value through profit or loss:				
- Unquoted Sukuk	-	658,814,031	-	658,814,031

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

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

(ii) The carrying values of cash and cash equivalents, amount due from dealers and all current liabilities are a reasonable approximation of their fair values due to their short-term nature.

4. MANAGEMENT FEE

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

For the financial year ended 31 August 2022, the management fee is recognised at a rate of 0.95% per annum (2021: 0.95% 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 up to 0.06% per annum, calculated daily based on the NAV of the Fund. The Trustee Fee includes local custodian fee but excludes foreign sub-custodian fee (if any).

For the financial year ended 31 August 2021, the Trustee fee is recognised at a rate of 0.06% per annum (2021: 0.06% 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 was derived from the following sources:

	2022	2021
	RM	RM
Realised loss from unquoted Sukuk	(135,873)	2,229,186
Profit income from unquoted Sukuk	22,345,495	4,385,595
Profit income from Shariah-compliant deposits with licensed Islamic financial institutions and Hibah earned	422,556	547,753
Prior financial years' realised income	6,434,409	25,356,536
	<u>29,066,587</u>	<u>32,519,070</u>
Less:		
Expenses	3,290,726	979,576
Net distribution amount	<u>25,775,861</u>	<u>31,539,494</u>

6. DISTRIBUTION

Distribution to unit holders was derived from the following sources:

	2022	2021
	RM	RM
Gross/Net distribution per unit (sen)		
Distribution on 12 October 2021	1.31	-
Distribution on 12 January 2022	1.29	-
Distribution on 5 April 2022	1.28	-
Distribution on 6 July 2022	1.25	-
Distribution on 19 April 2021	-	4.70
Distribution on 22 July 2021	-	1.31
	<u>5.13</u>	<u>6.01</u>

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

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

There were unrealised losses of RM22,672,842 (2021: RM24,350,932) during the financial year ended 31 August 2022.

7. TAXATION

	2022	2021
	RM	RM
Tax charged for the financial year:		
- Current taxation	<u>-</u>	<u>-</u>

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

	2022	2021
	RM	RM
Profit before taxation	<u>230,453</u>	<u>5,645,315</u>
Taxation at Malaysian statutory rate of 24% (2021: 24%)	55,309	1,354,876
Tax effects of:		
- Income not subject to tax	(1,634,458)	(3,264,968)
- Expenses not deductible for tax purposes	100,083	118,048
- Restriction on tax deductible expenses for Unit Trust Funds	<u>1,479,066</u>	<u>1,792,044</u>
Taxation	<u>-</u>	<u>-</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 RM	2021 RM
At fair value through profit or loss:		
- Unquoted Sukuk	<u>608,667,587</u>	<u>658,814,031</u>
Net loss on financial assets at fair value through profit or loss:		
- Realised gain on disposals	127,541	6,468,042
- Unrealised fair value loss	<u>(20,159,817)</u>	<u>(23,810,333)</u>
	<u>(20,032,276)</u>	<u>(17,342,291)</u>

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2022 UNQUOTED SUKUK				
Aeon Credit Service (M) Bhd 3.80% 10/02/2027 (AA3)	2,900,000	2,906,642	2,829,676	0.45
Aeon Credit Service (M) Bhd 3.85% 10/02/2028 (AA3)	2,150,000	2,154,989	2,077,912	0.33
Aeon Credit Service (M) Bhd 3.95% 12/03/2030 (A1)	5,600,000	5,710,250	5,629,879	0.90
Aman Sukuk Bhd 4.40% 12/04/2027 (AAA)	3,000,000	3,077,762	3,078,533	0.49
AmBank Islamic Bhd 4.10% 27/03/2025 (AA3)	4,000,000	4,070,992	4,077,352	0.65
AmBank Islamic Bhd 4.88% 18/10/2028 (A1)	5,000,000	5,144,355	5,148,065	0.82
AZRB Capital Sdn Bhd 4.85% 26/12/2024 (AA3)	4,600,000	4,640,341	4,633,947	0.74
Bank Islam Malaysia Bhd 4.10% 12/11/2031 (A1)	3,750,000	3,797,178	3,742,353	0.60
Bank Pembangunan Malaysia Bhd 4.05% 06/06/2031 (AAA)	1,160,000	1,170,941	1,137,927	0.18
Bank Pembangunan Malaysia Bhd 4.75% 04/11/2031 (AAA)	384,000	416,155	398,349	0.06
Bank Pembangunan Malaysia Bhd 4.98% 02/03/2032 (AAA)	5,536,000	6,340,215	5,891,050	0.94
Bank Simpanan Nasional 3.47% 21/10/2026 (AAA)	1,140,000	1,154,414	1,125,322	0.18
Bank Simpanan Nasional 3.89% 20/10/2028 (AAA)	1,170,000	1,186,584	1,160,365	0.18
Batu Kawan Bhd 4.12% 09/02/2029 (AA1)	830,000	832,155	816,634	0.13
Bermaz Auto Bhd 3.26% 18/12/2023 (AA3)	2,920,000	2,939,821	2,914,271	0.46
Cenergi Sea Bhd 5.30% 23/12/2026 (A1)	1,250,000	1,267,426	1,251,706	0.20
Danum Capital Bhd 3.42% 21/02/2035 (AAA)	1,900,000	1,901,780	1,690,956	0.27
Dialog Group Bhd 4.53% 28/01/2032 (AA2)	2,030,000	2,038,818	2,010,012	0.32

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2022 (CONTINUED)				
UNQUOTED SUKUK				
(CONTINUED)				
DRB-Hicom Bhd 4.43% 29/08/2025 (A1)	5,000,000	5,120,106	5,071,210	0.81
DRB-Hicom Bhd 4.55% 12/12/2024 (A1)	1,000,000	1,010,097	1,012,137	0.16
DRB-Hicom Bhd 4.85% 04/08/2028 (A1)	1,670,000	1,679,478	1,622,721	0.26
DRB-Hicom Bhd 4.85% 11/12/2026 (A1)	34,050,000	34,717,184	34,099,475	5.44
DRB-Hicom Bhd 5.05% 06/08/2031 (A1)	5,000,000	5,034,283	4,800,853	0.77
DRB-Hicom Bhd 5.08% 30/08/2030 (A1)	5,000,000	5,147,726	4,952,844	0.79
DRB-Hicom Bhd 5.10% 12/12/2029 (A1)	10,650,000	10,871,329	10,459,768	1.67
Eco World Capital Services Bhd 5.85% 24/03/2026 (NR)	8,000,000	8,206,433	8,109,313	1.29
Edra Energy Sdn Bhd 5.88% 03/07/2026 (AA3)	1,500,000	1,566,080	1,593,815	0.25
Edra Energy Sdn Bhd 6.67% 03/07/2037 (AA3)	5,000,000	6,072,807	5,802,645	0.92
Edra Solar Sdn Bhd 4.40% 09/10/2026 (AA2)	650,000	661,205	660,815	0.11
Edra Solar Sdn Bhd 4.85% 11/10/2034 (AA2)	850,000	865,925	845,508	0.13
Exsim Capital Resources Bhd 4.50% 09/07/2025 (AA3)	4,710,000	4,750,450	4,687,993	0.75
Fortune Premiere Sdn Bhd 5.05% 31/10/2025 (AA)	3,000,000	3,050,081	3,094,483	0.49
Gamuda Land (T12) Sdn Bhd 3.75% 12/08/2027 (AA3)	8,000,000	8,016,438	7,726,758	1.23
Gamuda Land (T12) Sdn Bhd 4.40% 11/10/2028 (AA3)	1,300,000	1,322,410	1,298,139	0.21
GII Murabahah 3.44% 15/07/2036 #	7,000,000	6,335,133	6,443,302	1.03
GII Murabahah 3.46% 15/10/2030 #	10,000,000	10,767,040	9,771,672	1.56
GII Murabahah 4.724% 15/06/2033 #	10,000,000	11,775,751	10,629,375	1.69
Govt Investment Issues Murabahah 4.75% 04/08/2037 #	15,000,000	17,546,167	15,775,469	2.51
IJM Corporation Bhd 4.76% 10/04/2029 (AA3)	2,000,000	2,039,611	2,041,958	0.33
IJM Land Bhd 4.73% 17/03/2119 (A2)	3,850,000	3,934,905	3,811,863	0.61
IJM Land Bhd 5.65% 17/03/2119 (A2)	2,300,000	2,389,572	2,393,647	0.38
IJM Land Bhd 5.73% 17/03/2119 (A2)	5,000,000	5,164,731	5,206,099	0.83

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2022 (CONTINUED)				
UNQUOTED SUKUK				
(CONTINUED)				
Imtiaz Sukuk II Bhd 3.20% 07/10/2027 (AA2)	2,200,000	2,094,808	2,101,039	0.33
Imtiaz Sukuk II Bhd 4.38% 12/05/2027 (AA2)	4,500,000	4,560,480	4,554,540	0.73
Infracap Resources Sdn Bhd 4.12% 14/04/2028 (AAA)	3,340,000	3,392,404	3,342,271	0.53
Infracap Resources Sdn Bhd 4.40% 15/04/2031 (AAA)	10,000,000	10,224,946	9,986,362	1.59
Jimah East Power Sdn Bhd 5.77% 04/12/2029 (AA3)	3,000,000	3,358,047	3,179,218	0.51
Kimanis Power Sdn Bhd 5.50% 08/08/2028 (AA)	10,000,000	11,065,995	10,601,664	1.69
Konsortium KAJV Sdn Bhd 5.05% 12/05/2023 (AA3)	12,500,000	12,713,606	12,698,199	2.02
Konsortium KAJV Sdn Bhd 5.10% 13/05/2024AA3	8,000,000	8,156,389	8,086,155	1.29
Kuala Lumpur Kepong Bhd 3.75% 27/09/2029 (AA1)	1,000,000	1,016,130	973,650	0.16
Kuala Lumpur Kepong Bhd 4.17% 16/03/2032 (AA1)	5,500,000	5,606,192	5,442,402	0.87
Lafarge Cement Sdn Bhd 4.40% 11/12/2023 (AA3)	10,000,000	10,105,777	10,104,255	1.61
LBS Bina Group Bhd 6.85% 29/03/2120 (NR)	3,000,000	3,019,142	2,964,362	0.47
Mah Sing Group Bhd 4.35% 13/03/2025 (NR)	31,000,000	31,631,763	31,130,803	4.96
Malayan Banking Bhd 3.41% 05/08/2031 (AA1)	2,500,000	2,506,306	2,439,056	0.39
Malaysia Airports Holding Bhd 3.30% 05/11/2027 (AAA)	10,000,000	10,106,685	9,667,885	1.54
Malaysia Airports Holding Bhd 3.87% 30/12/2026 (AAA)	3,330,000	3,352,243	3,313,049	0.53
Malaysian Resources Corporation Bhd 3.85% 14/08/2023 (AA3)	2,500,000	2,506,751	2,492,058	0.40
Malaysian Resources Corporation Bhd 4.25% 13/08/2027 (AA3)	2,700,000	2,717,227	2,591,324	0.41
Malaysian Resources Corporation Bhd 4.45% 14/08/2030 (AA3)	2,050,000	2,067,799	1,907,571	0.30
Malaysian Resources Corporation Bhd 5.09% 18/10/2028 (AA3)	8,530,000	8,713,360	8,533,971	1.36
Manjung Island Energy Bhd 4.90% 25/11/2031 (AAA)	5,000,000	5,703,597	5,221,902	0.83
MBSB Bank Bhd 5.250% 19/12/2031 (A3)	860,000	868,906	885,530	0.14

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2022 (CONTINUED)				
UNQUOTED SUKUK				
(CONTINUED)				
MMC Port Holdings Sdn Bhd 4.40% 08/04/2027 (AA3)	3,130,000	3,173,531	3,146,777	0.50
MMC Port Holdings Sdn Bhd 4.66% 06/04/2029 (AA3)	890,000	906,590	893,898	0.14
Northport 5.78% 19/12/2024 (AA3)	5,000,000	5,238,019	5,253,250	0.84
OSK Rated Bond Sdn Bhd 4.39% 28/04/2028 (AA)	2,000,000	2,030,068	1,995,008	0.32
OSK Rated Bond Sdn Bhd 4.52% 30/04/2031 (AA)	5,000,000	5,077,397	4,948,797	0.79
Pelabuhan Tanjung Pelepas Sdn Bhd 3.15% 28/08/2025 (AA3)	2,500,000	2,500,647	2,431,647	0.39
Pelabuhan Tanjung Pelepas Sdn Bhd 3.30% 27/08/2027 (AA3)	2,750,000	2,750,746	2,608,571	0.42
Pelabuhan Tanjung Pelepas Sdn Bhd 3.74% 18/06/2025 (AA3)	3,000,000	3,023,362	2,992,162	0.48
Pelabuhan Tanjung Pelepas Sdn Bhd 3.74% 21/04/2026 (AA3)	1,580,000	1,601,532	1,573,124	0.25
Penang Port Sdn Bhd 4.30% 24/12/2026 (AA3)	3,300,000	3,374,721	3,325,989	0.53
Penang Port Sdn Bhd 4.48% 27/12/2029 (AA3)	3,500,000	3,577,418	3,476,868	0.55
Pengerang LNG (Two) Sdn Bhd 2.67% 21/10/2026AAA	1,200,000	1,211,675	1,148,555	0.18
Pengerang LNG (Two) Sdn Bhd 2.76% 21/10/2027 (AAA)	5,000,000	5,050,285	4,730,335	0.75
Pengerang LNG (Two) Sdn Bhd 2.86% 20/10/2028 (AAA)	830,000	838,650	777,122	0.12
Pengurusan Air SPV Bhd 3.73% 02/06/2028 (AAA)	3,200,000	3,232,837	3,139,547	0.50
Perbadanan Kemajuan Pertanian Negeri Pahang 3.96% 30/10/2024 (AA3)	3,000,000	3,043,578	2,987,825	0.48
Perbadanan Kemajuan Pertanian Negeri Pahang 4.21% 30/10/2026 (AA3)	5,000,000	5,081,198	4,881,489	0.78
Perbadanan Kemajuan Negeri Selangor 5.01% 31/10/2023 (AA3)	3,000,000	3,064,632	3,078,947	0.49
Point Zone M Sdn Bhd 4.29% 05/03/2027 (AA3)	2,500,000	2,552,303	2,541,153	0.41
Point Zone M Sdn Bhd 4.58% 07/03/2029 (AA3)	1,875,000	1,916,879	1,907,804	0.30

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2022 (CONTINUED)				
UNQUOTED SUKUK				
(CONTINUED)				
Ponsb Capital Bhd 4.96% 28/12/2028 (AA3)	2,860,000	2,885,262	2,920,955	0.47
Ponsb Capital Bhd 4.99% 30/06/2027 (AA3)	3,330,000	3,358,681	3,425,947	0.55
Prasarana Malaysia Bhd 3.44% 24/02/2040 #	2,750,000	2,751,814	2,393,132	0.38
Press Metal Aluminium Holding Bhd 4.69% 07/12/2027 (AA3)	2,860,000	2,899,318	2,888,773	0.46
Quantum Solar Park 5.40% 6/10/25 (AA3)	5,000,000	5,180,561	5,257,679	0.84
Quantum Solar Park 5.68% 06/04/2029 (AA3)	6,000,000	6,269,755	6,427,807	1.02
Quantum Solar 5.80% 04/10/2030 (AA3)	5,000,000	5,198,450	5,420,039	0.86
Quantum Solar 5.84% 04/04/2031 (AA3)	5,000,000	5,199,604	5,442,250	0.87
Quantum Solar Park 5.88% 6/10/31 (AA3)	7,500,000	7,606,140	8,196,691	1.31
Quantum Solar Park 5.96% 6/10/32 (AA3)	2,000,000	2,195,120	2,205,053	0.35
Quantum Solar Park 6.04% 06/10/33 (AA3)	5,000,000	5,499,579	5,548,005	0.88
RHB Islamic Bank Bhd 4.32% 21/05/2029 (AA2)	1,500,000	1,517,931	1,526,781	0.24
Sabah Credit Corporation Bhd 3.91% 25/01/2027 (AA1)	1,670,000	1,677,041	1,643,899	0.26
Sarawak Energy Bhd 5.28% 17/08/2035 (AAA)	5,000,000	5,974,978	5,349,726	0.85
Sarawak Energy Bhd 4.95% 25/11/2033 (AAA)	500,000	506,645	527,260	0.08
Sarawak Petchem Sdn Bhd 5.05% 27/07/2029 (AAA)	2,770,000	2,783,797	2,871,052	0.46
Sarawak Petchem Sdn Bhd 5.19% 27/07/2033 (AAA)	5,000,000	5,225,305	5,224,105	0.83
Sime Darby Property Bhd 3.42% 03/12/2027 (AA1)	7,000,000	6,897,472	6,762,230	1.08
SME Bank Bhd 3.10% 31/07/2026 (AAA)	1,060,000	1,062,701	1,021,467	0.16
SP Setia Bhd 3.85% 25/06/2026 (AA)	4,800,000	4,845,413	4,754,312	0.76
SP Setia Bhd 4.22% 21/04/2027AA	3,060,000	3,107,054	3,079,361	0.49
SP Setia Bhd 4.30% 23/06/2028 (AA)	7,840,000	7,911,496	7,771,207	1.24
Tenaga Nasional Bhd 2.90% 12/08/2030 (AAA)	10,400,000	10,416,526	9,405,958	1.50
Tenaga Nasional Bhd 3.25% 10/08/2035 (AAA)	7,900,000	7,914,068	6,886,120	1.10

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2022 (CONTINUED)				
UNQUOTED SUKUK (CONTINUED)				
Tenaga Nasional Bhd 3.55% 10/08/2040 (AAA)	15,650,000	15,680,442	13,365,181	2.13
TG Excellence Bhd 3.95% 27/02/2120 (AA3)	9,700,000	9,703,149	9,625,646	1.53
The Holstein Milk Company Sdn Bhd 3.72% 28/05/2026 (AA3)	6,860,000	6,920,135	6,753,535	1.08
TNB Northern Energy Bhd 4.42% 29/05/2030 (AAA)	5,000,000	5,531,506	5,049,982	0.80
TNB Northern Energy Bhd 4.455% 29/11/2030 (AAA)	5,000,000	5,552,797	5,053,447	0.81
UEM Edgenta Bhd 4.25% 24/04/2026 (AA3)	1,000,000	1,015,460	1,010,624	0.16
UEM Sunrise Bhd 4.30% 16/02/2026 (AA3)	5,000,000	5,024,242	4,880,547	0.78
UEM Sunrise Bhd 4.40% 08/09/2026 (AA3)	3,000,000	3,069,399	2,975,061	0.47
UEM Sunrise Bhd 4.60% 20/05/2026 (AA3)	5,000,000	5,073,622	4,967,784	0.79
UEM Sunrise Bhd 4.98% 31/10/2023 (AA3)	1,500,000	1,537,663	1,538,782	0.25
UEM Sunrise Bhd 5.15% 31/10/2025 (AA3)	2,500,000	2,582,080	2,551,217	0.41
UMW Holding Bhd 3.88% 24/11/2026 (AA1)	3,000,000	3,036,383	3,002,130	0.48
UMW Holding Bhd 6.35% 20/4/2118 (AA3)	7,000,000	7,372,979	7,658,086	1.22
WCT Holdings Bhd 4.05% 31/03/2023 (AA3)	10,000,000	10,172,964	10,148,586	1.62
WCT Holding Bhd 5.17% 23/10/2023 (AA3)	5,000,000	5,063,736	5,119,810	0.82
WCT Holdings Bhd 5.55% 21/2/2025 (AA3)	500,000	501,246	507,489	0.08
WCT Holdings Bhd 5.65% 20/4/2026 (AA3)	1,000,000	1,022,679	1,032,522	0.16
YTL Power International Bhd 5.05% 3/5/2027 (AA1)	14,500,000	15,018,021	14,895,044	2.37
TOTAL UNQUOTED SUKUK	<u>606,625,000</u>	<u>626,293,595</u>	<u>608,667,587</u>	<u>97.02</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(17,626,008)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>608,667,587</u>		

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2021				
UNQUOTED SUKUK				
Aeon Credit Service (M) Bhd 3.80% 10/02/2027 (AA3)	2,900,000	2,906,340	2,921,449	0.43
Aeon Credit Service (M) Bhd 3.85% 10/02/2028 (AA3)	2,150,000	2,154,762	2,157,278	0.32
Aeon Credit Service (M) Bhd 3.95% 12/03/2030 (A1)	5,600,000	5,713,926	5,717,387	0.84
AmBank Islamic Bhd 4.10% 27/03/2025 (AA3)	4,000,000	4,070,992	4,171,952	0.61
AmBank Islamic Bhd 4.88% 18/10/2028 (A1)	5,000,000	5,190,269	5,215,565	0.76
AZRB Capital Sdn Bhd 4.85% 26/12/2024 (AA3)	4,600,000	4,639,730	4,761,078	0.70
Bank Pembangunan Malaysia Bhd 3.00% 12/10/2027 (AAA)	5,000,000	5,058,356	4,960,356	0.73
Bank Pembangunan Malaysia Bhd 4.05% 06/06/2031 (AAA)	3,080,000	3,109,049	3,160,885	0.46
Bank Pembangunan Malaysia Bhd 4.62% 2/3/2027 (AAA)	10,000,000	11,126,383	10,922,245	1.60
Bank Pembangunan Malaysia Bhd 4.98% 2/3/2032 (AAA)	4,000,000	4,679,938	4,460,499	0.65
Bermaz Auto Bhd 3.26% 18/12/2023 (AA3)	2,920,000	2,939,560	2,941,896	0.43
Danum Capital Bhd 3.42% 21/02/2035 (AAA)	1,900,000	1,901,602	1,760,489	0.26
DRB-Hicom Bhd 4.43% 29/08/2025 (A1)	5,000,000	5,122,688	5,164,560	0.75
DRB-Hicom Bhd 4.55% 12/12/2024 (A1)	6,000,000	6,060,584	6,164,744	0.90
DRB-Hicom Bhd 4.85% 04/08/2028 (A1)	1,670,000	1,680,501	1,681,448	0.25
DRB-Hicom Bhd 4.85% 11/12/2026 (A1)	34,050,000	34,780,301	35,109,398	5.13
DRB-Hicom Bhd 5.05% 06/08/2031 (A1)	7,000,000	7,052,026	7,056,401	1.03
DRB-Hicom Bhd 5.08% 30/08/2030 (A1)	5,000,000	5,149,682	5,182,394	0.76
DRB-Hicom Bhd 5.10% 12/12/2029 (A1)	15,650,000	15,992,072	16,054,988	2.35
Eco World Capital Services Bhd 5.85% 24/03/2026 #	8,000,000	8,206,433	8,381,313	1.23
Edra Energy Sdn Bhd 5.70% 05/07/2023 (AA3)	4,000,000	4,071,382	4,222,590	0.62
Edra Energy Sdn Bhd 5.76% 05/07/2024 (AA3)	5,000,000	5,339,421	5,386,314	0.79

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2021 (CONTINUED)				
UNQUOTED SUKUK				
(CONTINUED)				
Edra Energy Sdn Bhd 5.88% 03/07/2026 (AA3)	1,500,000	1,578,162	1,669,940	0.24
Edra Energy Sdn Bhd 5.91% 05/01/2027 (AA3)	5,000,000	5,146,771	5,603,356	0.82
Edra Energy Sdn Bhd 6.35% 05/07/2033 (AA3)	5,000,000	5,499,785	5,937,902	0.87
Edra Energy Sdn Bhd 6.71% 05/01/2038 (AA3)	5,000,000	5,853,607	6,133,012	0.90
Edra Solar Sdn Bhd 4.40% 09/10/2026 (AA2)	650,000	661,127	686,132	0.10
Edra Solar Sdn Bhd 4.85% 11/10/2034 (AA2)	850,000	865,925	886,801	0.13
Exsim Capital Resources Bhd 4.50% 09/07/2025 (AA3)	4,710,000	4,755,632	4,765,708	0.70
Fortune Premiere Sdn Bhd 5.05% 31/10/2025 (AA)	3,000,000	3,051,157	3,231,453	0.47
Gamuda Bhd 4.82% 23/11/2022 (AA3)	2,500,000	2,534,639	2,593,398	0.38
Gamuda Land (T12) Sdn Bhd 3.75% 12/08/2027 (AA3)	8,000,000	8,016,438	7,940,998	1.16
GII Murabahah 3.465% 15/10/2030 #	10,000,000	10,837,789	10,256,594	1.50
GII Murabahah 4.72% 15/06/2033 #	10,000,000	11,906,287	11,002,175	1.61
Govt Investment Issues Murabahah 4.755% 04/08/2037 #	15,000,000	17,673,370	16,095,719	2.35
IJM Corp Bhd 4.76% 10/04/2029 (AA3)	2,000,000	2,039,899	2,144,758	0.31
IJM Land Bhd 4.73% 17/03/2119 (A2)	3,850,000	3,935,780	3,906,842	0.57
IJM Land Bhd 5.65% 17/03/2119 (A2)	2,300,000	2,397,365	2,450,963	0.36
IJM Land Bhd 5.73% 17/03/2119 (A2)	5,000,000	5,171,376	5,361,649	0.78
Imtiaz Sukuk II Bhd 2.97% 07/10/2025 (AA2)	3,750,000	3,794,855	3,756,080	0.55
Imtiaz Sukuk II Bhd 3.20% 07/10/2027 (AA2)	2,200,000	2,228,353	2,190,689	0.32
Imtiaz Sukuk II Bhd 3.90% 19/04/2028 (AA2)	3,530,000	3,580,919	3,644,847	0.53
Infracap Resources Sdn Bhd 4.12% 14/04/2028 (AAA)	3,340,000	3,392,404	3,516,452	0.51
Infracap Resources Sdn Bhd 4.40% 15/04/2031 (AAA)	5,000,000	5,083,781	5,295,581	0.77
Jimah East Power Sdn Bhd - 5.770% 04/12/2029 (AA3)	3,000,000	3,394,810	3,394,798	0.50
Kedah Cement Sdn Bhd 4.55% 07/07/2023 (AA3)	5,000,000	5,037,214	5,146,808	0.75

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2021 (CONTINUED)				
UNQUOTED SUKUK				
(CONTINUED)				
Konsortium KAJV Sdn Bhd 5.05% 12/05/2023 (AA3)	12,500,000	12,742,427	12,828,324	1.88
Konsortium KAJV Sdn Bhd 5.10% 13/05/2024 (AA3)	8,000,000	8,173,936	8,217,595	1.20
Konsortium KAJV Sdn Bhd 5.25% 13/05/2022 (AA3)	2,500,000	2,551,015	2,559,924	0.37
Konsortium KAJV Sdn Bhd 5.25% 13/05/2022 (AA3)	5,000,000	5,125,576	5,119,848	0.75
Kuala Lumpur Kepong Bhd 3.75% 27/09/2029 (AA1)	1,000,000	1,016,027	1,026,987	0.15
Lafarge Cement Sdn Bhd 4.40% 11/12/2023 (AA3)	23,000,000	23,251,402	23,754,283	3.47
LBS Bina Group Bhd 6.85% 29/03/2120 #	3,000,000	3,018,579	3,064,659	0.45
Mah Sing Group Bhd 4.35% 13/03/2025 #	31,000,000	31,628,068	32,215,518	4.71
Malayan Banking Bhd 3.10% 08/10/2032 (AA1)	5,000,000	5,061,575	4,929,675	0.72
Malayan Banking Bhd 3.41% 05/08/2031 (AA1)	2,500,000	2,506,306	2,504,006	0.37
Malayan Banking Bhd 4.63% 31/01/2029 (AA1)	350,000	352,060	365,259	0.05
Malaysia Airports Holding Bhd 3.30% 05/11/2027 (AAA)	10,000,000	10,106,685	9,809,285	1.43
Malaysian Resources Corporation Bhd 3.85% 14/08/2023 (AA3)	2,500,000	2,508,828	2,506,844	0.37
Malaysian Resources Corporation Bhd 4.25% 13/08/2027 (AA3)	2,700,000	2,719,048	2,673,548	0.39
Malaysian Resources Corporation Bhd 4.45% 14/08/2030 (AA3)	2,050,000	2,068,957	1,996,148	0.29
Manjung Island Energy Bhd 4.90% 25/11/2031 (AAA)	5,000,000	5,761,766	5,560,302	0.81
MBSB Bank Bhd 5.25% 19/12/2031 (A3)	860,000	868,906	917,746	0.13
Northport 5.78% 19/12/2024 (AA3)	5,000,000	5,310,572	5,397,158	0.79
Northport 5.00% 02/12/2022 (AA3)	11,000,000	11,206,815	11,379,797	1.66
OSK Rated Bond Sdn Bhd 4.39% 28/04/2028 (AA3)	2,000,000	2,029,828	2,077,508	0.30
OSK Rated Bond Sdn Bhd 4.52% 30/04/2031 (AA3)	5,000,000	5,076,778	5,239,428	0.77
Pelabuhan Tanjung Pelepas Sdn Bhd 3.15% 28/08/2025 (AA3)	2,500,000	2,500,432	2,490,032	0.36

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2021 (CONTINUED) UNQUOTED SUKUK (CONTINUED)				
Pelabuhan Tanjung Pelepas Sdn Bhd 3.30% 27/08/2027 (AA3)	2,750,000	2,750,497	2,708,010	0.40
Pelabuhan Tanjung Pelepas Sdn Bhd 3.74% 18/06/2025 (AA3)	3,000,000	3,023,055	3,079,755	0.45
Pelabuhan Tanjung Pelepas Sdn Bhd 3.74% 21/04/2026 (AA3)	1,580,000	1,601,532	1,626,781	0.24
Penang Port Sdn Bhd 4.30% 24/12/2026 (AA3)	3,300,000	3,384,695	3,460,999	0.51
Penang Port Sdn Bhd 4.48% 27/12/2029 (AA3)	3,500,000	3,582,641	3,697,918	0.54
Pengerang LNG (Two) Sdn Bhd 2.67% 21/10/2026 (AAA)	1,200,000	1,211,675	1,193,663	0.17
Pengerang LNG (Two) Sdn Bhd 2.76% 21/10/2027 (AAA)	5,000,000	5,050,285	4,941,085	0.72
Pengerang LNG (Two) Sdn Bhd 2.86% 20/10/2028 (AAA)	830,000	838,650	814,248	0.12
Pengurusan Air SPV Bhd 3.73% 02/06/2028 (AAA)	3,200,000	3,234,508	3,250,640	0.48
Perbadanan Kemajuan Pertanian Negeri Pahang 3.96% 30/10/2024 (AA3)	3,000,000	3,044,569	3,037,239	0.44
Perbadanan Kemajuan Pertanian Negeri Pahang 4.21% 30/10/2026 (AA3)	5,000,000	5,082,644	5,030,812	0.74
Perbadanan Kemajuan Pertanian Negeri Selangor 5.01% 31.10.2023 (AA3)	3,000,000	3,076,598	3,158,182	0.46
Prasarana 3.44% 24/02/2040 # Press Metal Aluminium Holding Bhd 4.10% 17/10/2024 (AA3)	2,750,000	2,751,814	2,456,272	0.36
Quantum Solar Park Green 5.40% 6/10/25 (AA3)	9,400,000	9,542,545	9,687,775	1.42
Quantum Solar Park Green 5.68% 6/4/2029 (AA3)	5,000,000	5,201,395	5,432,629	0.79
Quantum Solar Park Green 5.80% 04/10/30 (AA3)	6,000,000	6,286,518	6,736,867	0.98
Quantum Solar Park Green 5.84% 4/4/2031 (AA3)	5,000,000	5,206,205	5,677,889	0.83
Quantum Solar Park Green 5.88% 6/10/31 (AA3)	5,000,000	5,206,815	5,688,500	0.83
Quantum Solar Park Green 6.04% 06/10/33 (AA3)	7,500,000	7,600,338	8,546,191	1.25
	5,000,000	5,524,259	5,741,855	0.84

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2021 (CONTINUED) UNQUOTED SUKUK (CONTINUED)				
RHB Islamic Bank Bhd 4.32% 21/05/2029 (AA3)	1,500,000	1,518,286	1,564,231	0.23
Sarawak Energy Bhd 5.28% 17/08/2035 (AAA)	5,000,000	6,033,216	5,591,726	0.82
Sarawak Energy Bhd 4.95% 25/11/2033 (AAA)	2,500,000	2,532,887	2,774,887	0.41
SME Bank Bhd 3.10% 31/07/2026 (AAA)	1,060,000	1,062,701	1,060,814	0.16
SP Setia Bhd 3.85% 25/06/2026 (AA)	8,400,000	8,486,279	8,533,078	1.25
SP Setia Bhd 4.30% 23/06/2028 (AA)	5,840,000	5,887,010	5,977,479	0.87
Tadaw Energy Sdn Bhd 5.4% 28/7/2025 (AA3)	2,500,000	2,523,300	2,668,640	0.39
Tanjung Bin Power Sdn Bhd 5.23% 14/08/2026 (AA2)	5,000,000	5,492,089	5,428,163	0.79
Tenaga Nasional Bhd 2.90% 12/08/2030 (AAA)	10,400,000	10,416,526	9,929,078	1.45
Tenaga Nasional Bhd 3.25% 10/08/2035 (AAA)	7,900,000	7,914,068	7,226,768	1.06
Tenaga Nasional Bhd 3.55% 10/08/2040 (AAA)	15,650,000	15,680,442	14,083,360	2.06
TG Excellence Bhd 3.95% 27/02/2120 (AA3)	9,700,000	9,705,249	9,874,417	1.44
The Holstein Milk Company Sdn Bhd 3.72% 28/05/2026 (AA3)	6,430,000	6,492,912	6,532,135	0.95
TNB Northern Energy Bhd 4.42% 29/05/2030 (AAA)	5,000,000	5,584,308	5,359,126	0.78
TNB Northern Energy Bhd 4.455% 29/11/2030 (AAA)	5,000,000	5,604,005	5,369,986	0.78
UEM Sunrise Bhd 3.90% 21/09/2023 (AA3)	7,800,000	7,950,930	7,959,248	1.16
UEM Sunrise Bhd 4.30% 16/02/2026 (AA3)	5,000,000	5,028,471	5,006,747	0.73
UEM Sunrise Bhd 4.60% 20/05/2026 (AA3)	5,000,000	5,075,495	5,115,684	0.75
UEM Sunrise Bhd 5.06% 09/12/2022 (AA3)	5,000,000	5,060,078	5,148,138	0.75
UEM Sunrise Bhd 4.98% 31/10/2023 (AA3)	1,500,000	1,547,446	1,562,338	0.23
UEM Sunrise Bhd 5.15% 31/10/2025 (AA3)	5,000,000	5,185,640	5,258,680	0.77
UMW Holding Bhd 6.35% 20/04/2118 (A1)	7,000,000	7,404,457	8,016,696	1.17
WCT Holdings Bhd 5.17% 23/10/2023 (AA3)	5,000,000	5,042,720	5,200,477	0.76

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

Name of issuer	Nominal value RM	Aggregate cost RM	Market value RM	Percentage of NAV %
2021 (CONTINUED) UNQUOTED SUKUK (CONTINUED)				
WCT Holdings Bhd 5.55% 21/2/2025 (AA3)	500,000	501,457	519,629	0.08
WCT Holdings Bhd 5.65% 20/04/2026 (AA3)	1,000,000	1,023,166	1,068,123	0.16
West Coast Expressway Sdn Bhd 5.29% 28/08/2035 (AAA)	1,000,000	1,004,321	1,099,780	0.16
YTL Power International Bhd 5.05% 03/05/2027 (AA1)	21,500,000	22,352,497	23,115,535	3.37
TOTAL UNQUOTED SUKUK	<u>633,350,000</u>	<u>656,280,222</u>	<u>658,814,031</u>	<u>96.30</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>2,533,809</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>658,814,031</u>		

The unquoted fixed income securities which are not rated as at the end of each financial year are issued, backed or guaranteed by government or government agencies.

9. CASH AND CASH EQUIVALENTS

	2022 RM	2021 RM
Shariah-compliant deposits with licensed Islamic financial Institutions	24,143,042	21,900,100
Bank balance	<u>20,038</u>	<u>21,302</u>
	<u>24,163,080</u>	<u>21,921,402</u>

10. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

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

	2022 RM	2021 RM
Unit holders' contributions	635,823,789	667,080,428
(Accumulated losses)/Retained earnings	<u>(8,474,929)</u>	<u>17,070,479</u>
	<u>627,348,860</u>	<u>684,150,907</u>

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:

	Unit holders' contribution RM	(Accumulated Losses)/ Retained earnings RM	Total RM
Balance as at 1 September 2021	667,080,428	17,070,479	684,150,907
Movement in unit holders' contributions:			
- Creation of units from applications	214,855,466	-	214,855,466
- Creation of units from distribution	25,312,399	-	25,312,399
- Cancellation of units	(271,424,504)	-	(271,424,504)
Total comprehensive income for the financial year	-	230,453	230,453
Distribution	-	(25,775,861)	(25,775,861)
Balance as at 31 August 2022	<u>635,823,789</u>	<u>(8,474,929)</u>	<u>627,348,860</u>
Balance as at 1 September 2020	842,286,296	42,964,658	885,250,954
Movement in unit holders' contributions:			
- Creation of units from applications	275,004,726	-	275,004,726
- Creation of units from distribution	31,368,825	-	31,368,825
- Cancellation of units	(481,579,419)	-	(481,579,419)
Total comprehensive income for the financial year	-	5,645,315	5,645,315
Distribution	-	(31,539,494)	(31,539,494)
Balance as at 31 August 2021	<u>667,080,428</u>	<u>17,070,479</u>	<u>684,150,907</u>

11. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2022 No. of units	2021 No. of units
At the beginning of the financial year	522,564,489	651,490,220
Add: Creation of units from applications	168,974,822	203,891,677
Add: Creation of units from distribution	19,992,760	24,149,494
Less: Cancellation of units	(213,255,200)	(356,966,902)
At the end of the financial year	<u>498,276,871</u>	<u>522,564,489</u>

12. TOTAL EXPENSE RATIO ("TER")

	2022 %	2021 %
TER	<u>1.02</u>	<u>1.01</u>

12. TOTAL EXPENSE RATIO (“TER”) (CONTINUED)

TER is derived based on the following calculation:

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

- A = Management fee
- B = Trustee fee
- C = Audit fee
- D = Tax agent’s fee
- E = Other expenses
- F = Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on a daily basis is RM647,525,693 (2021: RM784,430,056).

13. PORTFOLIO TURNOVER RATIO (“PTR”)

	2022	2021
PTR (times)	0.23	0.44

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 = RM136,653,468 (2021: RM273,014,886)
- total disposal for the financial year = RM162,296,146 (2021: RM409,604,018)

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 were as follows:

<u>Related parties</u>	<u>Relationship</u>
Principal Asset Management Berhad	The Manager
Principal Financial Group, Inc.	Ultimate holding company of shareholder of the Manager
Principal International (Asia) Ltd	Shareholder of the Manager
Subsidiaries and associates of Principal Financial Group Inc., other than above, as disclosed in its financial statements	Fellow subsidiary and associated companies of the ultimate holding company of shareholder of the Manager
CIMB Group Holdings Bhd	Ultimate holding company of shareholder of the Manager
CIMB Group Sdn Bhd	Shareholder of the Manager
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

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 were as follows:

<u>Related parties</u>	<u>Relationship</u>
CIMB Islamic Bank Bhd	Fellow related party to Manager
CIMB Bank Bhd	Fellow related party to Manager

Units held by the Manager and parties related to the Manager

	<u>2022</u>		<u>2021</u>	
	<u>No. of units</u>	<u>RM</u>	<u>No. of units</u>	<u>RM</u>
Manager				
Principal Asset Management Berhad	2,449	3,083	50,503	66,118

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>2022</u>	<u>2021</u>
	<u>RM</u>	<u>RM</u>
<u>Significant related party transactions</u>		
Profit income from Shariah-compliant deposits with licensed Islamic financial institution:		
- CIMB Islamic Bank Bhd	3,125,	146,417
<u>Significant related party balance</u>		
Shariah-compliant deposits with licensed Islamic financial institution:		
- CIMB Islamic Bank Bhd	-	1,343,668,000
Bank balance:		
- CIMB Islamic Bank Bhd	20,038	21,302

15. TRANSACTIONS WITH DEALERS

Details of transactions with the top 10 dealers for the financial year ended 31 August 2022 were as follows:

Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
RHB Investment Bank Bhd	97,156,033	32.50	-	-
Affin Hwang Investment Bank Bhd	60,056,949	20.09	-	-
RHB Bank Bhd	48,325,512	16.17	-	-
Malayan Banking Bhd	22,224,100	7.43	-	-
CIMB Bank Bhd #	18,948,134	6.34	-	-
Hong Leong Bank Bhd	16,818,220	5.63	-	-
Standard Chartered Bank Bhd	9,989,450	3.34	-	-
AmBank (M) Bhd	6,198,866	2.07	-	-
Hong Leong Investment Bank Bhd	5,080,750	1.70	-	-
United Overseas Bank (M) Bhd	5,060,000	1.69	-	-
Others #	9,091,600	3.04	-	-
	<u>298,949,614</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

Details of transactions with the top 10 dealers for the financial year ended 31 August 2021 were as follows:

Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
RHB Investment Bank Bhd	148,750,492	21.79	-	-
CIMB Bank Bhd #	76,622,610	11.22	-	-
RHB Bank Bhd	75,468,581	11.06	-	-
AmBank (M) Bhd	53,720,677	7.87	-	-
Malayan Banking Bhd	52,202,488	7.65	-	-
Hong Leong Investment Bank Bhd	45,977,100	6.74	-	-
Affin Hwang Investment Bank Bhd	45,296,800	6.64	-	-
HSBC Bank Malaysia Bhd	34,436,800	5.04	-	-
Citi Bank Bhd	32,150,250	4.70	-	-
JP Morgan Chase Bank Bhd	23,811,600	3.49	-	-
Others #	94,181,569	13.80	-	-
	<u>682,618,967</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

15. TRANSACTIONS WITH DEALERS (CONTINUED)

Included in the transactions are trades conducted with CIMB Bank Bhd and CIMB Islamic Bank, Bhd, related parties to the Manager amounting to RM18,948,134 (2021: RM76,622,610) and RM2,011,600 (2021: RM21,242,000) 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. SIGNIFICANT EVENT DURING THE YEAR

The COVID-19 pandemic and related lockdowns and movement restrictions have had, and will continue to have, a significant impact on global economic conditions and the environment in which the Fund operates. The Manager continues to closely monitor the macro-economic outlook as a result of COVID-19 pandemic and its impact to the Fund's performance and will be managing the risks to achieve the Fund's objective.

17. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 17 October 2022.

DIRECTORY

Head Office of the Manager

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