

PRINCIPAL ISLAMIC WHOLESALE SUKUK FUND
QUARTERLY REPORT
FOR THE FINANCIAL PERIOD ENDED TO 28 FEBRUARY 2025

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INVESTORS' LETTER

Dear Valued Investor,

Greetings from Principal Islamic Asset Management Sdn Bhd ("Principal Islamic") and thank you for investing with us!

We are pleased to bring you a copy of the Quarterly Fund Report of the Principal Islamic Wholesale Sukuk Fund for the financial period ended 28 February 2025. You may also download this report from our website at www.principalislamic.com.

Helping you achieve your financial goals is our top priority, and winning accolades is a testament to our commitment to excellence. We were recognised as the Islamic Asset Manager of the Year (Asia-Pacific) for the sixth consecutive year at The Asset Triple A Islamic Finance Awards 2024. We're truly honoured that our Principal Islamic Global Responsible Equity Fund – USD Class has been named Best Global Equity Fund in Malaysia 2025 by the Cambridge Islamic Funds Awards (CIFA).

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 for the latest updates, market insights and investment articles.

We've streamlined our online presence to enhance your social media experience. Please follow **@principalmalaysia** on Facebook, Instagram, LinkedIn, and YouTube for easier access to our latest news, events, and valuable content.

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

Yours faithfully,
for **Principal Islamic Asset Management Sdn Bhd**

Izad Sallehuddin
Chief Executive Officer
Non-Independent Executive Director

MANAGER'S REPORT**FUND OBJECTIVE AND POLICY****What is the investment objective of the Fund?**

The Fund aims to provide total return of investments through potential income and capital appreciation over medium to long-term by investing primarily in Malaysian Ringgit ("MYR") denominated Islamic fixed income securities that comply with the Shariah principles.

Has the Fund achieved its objective?

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

What are the Fund investment policy and principal investment strategy?

The Fund seeks to achieve its objective by investing in a diversified portfolio of MYR denominated Islamic fixed income securities which consists primarily of Sukuk, Government Investment Issue ("GII") and/or Government Guaranteed Issuances ("GG"). The Fund will invest between 70% and 98% (both inclusive) of its net asset value ("NAV") in Sukuk with a minimum credit rating of AA3 by RAM Rating ("RAM") or AA- by Malaysian Rating Corporation Berhad ("MARC"), in unrated GII and/ or unrated GG. At least 2% of the Fund's NAV will be maintained in Islamic liquid assets such as Islamic money market instruments and/or Islamic Deposits.

Asset Allocation

- between 70% and 98% (both inclusive) of the Fund's NAV will be invested in Sukuk, GII and/or GG; and
- at least 2% of the Fund's NAV will be invested in Islamic liquid assets such as Islamic money market instruments and/or Islamic Deposits.

Fund category/ type

Wholesale Fund (Sukuk)/ Income

When was the Fund launched?

Name of Class	Launch date
Class A	13 August 2020
Class B	13 August 2020
Class C	13 August 2020

What was the size of the Fund as at 28 February 2025?

RM137.77 million (131.06 million units)

What is the Fund's benchmark?

Maybank 12-month General Investment Account-i for performance comparison purpose only.

What is the Fund distribution policy?

Quarterly, depending on the availability of realised income and/or realised gains and at Manager discretion. The Manager has the right to make provisions for reserves in respect of distribution of the Class. If the income available is too small or insignificant, any distribution may not be of benefit to unit holder as the total cost to be incurred in any such distribution may be higher than the amount for distribution. The Manager has the discretion to decide on the amount to be distributed to you. Manager also has the discretion to make income distribution on an ad-hoc basis, taking into consideration the level of its realised income and/or realised gains, as well as the performance of the Fund.

FUND OBJECTIVE AND POLICY (CONTINUED)

What was the net income distribution for the financial period from 1 December 2024 to 28 February 2025?

The Fund distributed a total net income of RM1.60 million to unit holders. As a result, the NAV per unit for Class C, dropped from RM1.0353 to RM1.0216 on 24 December 2024, during the financial period from 1 December 2024 to 28 February 2025.

Breakdown of distribution were as follows:

	RM	%
Income	1,602,307	100.00
Capital	-	-
Total	1,602,307	100.00

PERFORMANCE DATA

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

	28.02.2025 %	29.02.2024 %	28.02.2023 %
Unquoted Sukuk	95.56	97.87	97.03
Cash and other assets	4.48	2.16	3.01
Liabilities	(0.04)	(0.03)	(0.04)
	100.00	100.00	100.00

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

	28.02.2025	29.02.2024	28.02.2023
NAV (RM Million)			
- Class A	1.01	0.00*	0.00*
- Class B	15.10	0.00*	0.00*
- Class C	121.66	115.92	106.21
Units in circulation (Million)			
- Class A	0.00*	0.00*	0.00*
- Class B	12.46	0.00*	0.00*
- Class C	117.78	111.17	105.76
NAV per unit (RM)			
- Class A	1.2110	1.1552	1.0601
- Class B	1.2126	1.1564	1.0606
- Class C	1.0329	1.0426	1.0042
	01.12.2024 to 28.02.2025	01.12.2023 to 29.02.2024	01.12.2022 to 28.02.2023
Highest NAV per unit (RM)			
- Class A	1.2110	1.1552	1.0601
- Class B	1.2127	1.1565	1.0606
- Class C	1.0355	1.0427	1.0043
Lowest NAV per unit (RM)*			
- Class A	1.1943	1.1233	1.0290
- Class B	1.1959	1.1244	1.0294
- Class C	1.0216	1.0226	0.9806
Total return (%)			
- Class A	1.42	2.84	3.28
- Class B	1.41	2.85	3.29
- Class C	1.44	2.87	3.30

Note: 0.00* denotes fair value/unit count less than 0.01 million.

PERFORMANCE DATA (CONTINUED)

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

	01.12.2024 to 28.02.2025	01.12.2023 to 29.02.2024	01.12.2022 to 28.02.2023
Capital growth (%)			
- Class A	1.42	2.84	3.28
- Class B	1.41	2.85	3.29
- Class C	0.09	1.23	2.22
Income distribution (%)			
- Class A	-	-	-
- Class B	-	-	-
- Class C	1.35	1.61	1.06
Total Expense Ratio ("TER") (%)	0.06	0.06	0.06
Portfolio Turnover Ratio ("PTR") (times) #	0.10	0.09	0.04

For the financial period under review, the Fund's PTR stood at 0.10 times, which reflected the number of transactions.

Gross/ Net distribution per unit (sen)

Distribution on 24 December 2024			
- Class C	1.38	-	-
Distribution on 19 December 2023			
- Class C	-	1.65	-
Distribution on 20 December 2022			
- Class C	-	-	1.09

	28.02.2025	29.02.2024	28.02.2023	28.02.2022	Since inception to 28.02.2021
	%	%	%	%	%
Annual total return					
- Class A	4.83	8.97	3.36	2.62	(0.06)
- Class B	4.86	9.03	3.39	2.64	(0.06)
- Class C	4.96	9.13	3.46	2.70	(0.05)

(Launch date: 13 August 2020)

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

MARKET REVIEW (1 DECEMBER 2024 TO 28 FEBRUARY 2025)

During the financial period under review, the Malaysian fixed income market remained broadly stable, navigating through external volatility. The market started December 2024 on a firmer tone, resuming its bullish momentum from the previous month. However, the momentum proved short-lived as Malaysia Government Securities ("MGS") yields began to climb, in tandem with US Treasuries as market turned cautious.

Driving that caution was a shift in global sentiment. Investors began pricing in expectations that Trump's second presidency may result in higher inflation and slower rate cuts. In December 2024, The Federal Reserve (the "Fed") delivered a 25 basis points ("bps") rate cut, bringing the Fed Funds Rate to 4.25% to 4.50%, but flagged a slower pace of easing in 2025.

MARKET REVIEW (1 DECEMBER 2024 TO 28 FEBRUARY 2025) (CONTINUED)

This shift in tone, coupled with stronger-than-expected inflation prints and a downward Gross Domestic Product (“GDP”) revision, weighed on market confidence. By late December 2024, MGS 10-year yield had risen from 3.78% to 3.85%, mirroring the upward movement in US Treasuries.

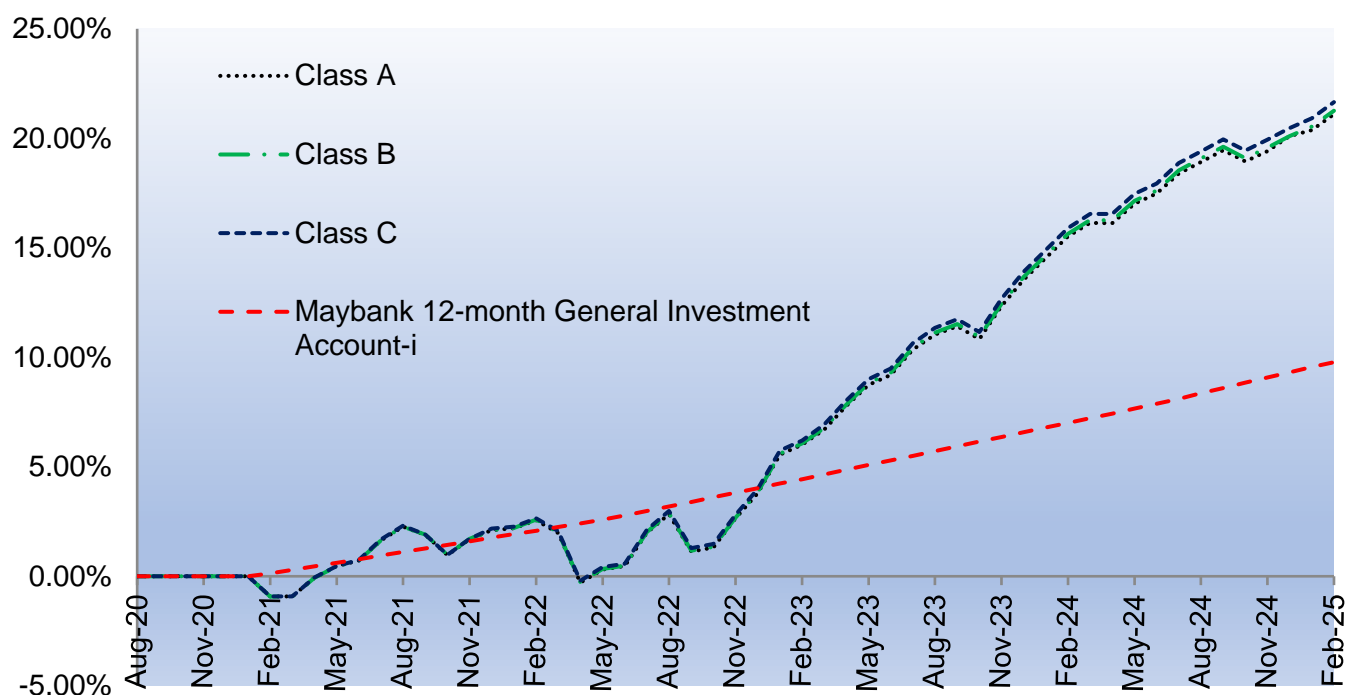
Nevertheless, U.S. Treasury securities (“UST”) 10-year yields eventually reversed course and ended the period lower at 4.23%, rallied 57 bps, after core Consumer Price Index (“CPI”) moderated—reviving hopes that the Fed could resume rate cuts later in the year. The January 2025 Federal Open Market Committee (“FOMC”) saw rates kept unchanged, with the Fed reaffirming that economic conditions remained solid despite inflation staying above target.

Locally, MGS 10-year yields also saw a mild retracement, falling 6 bps from 3.85% on 20th December 2024 to 3.79% at end February 2025.

FUND PERFORMANCE

	3 months to 28.02.2025	6 months to 28.02.2025	1 year to 28.02.2025 %	3 years to 28.02.2025 %	Since inception to 28.02.2025 %
Income Distribution					
- Class A	-	-	-	-	-
- Class B	-	-	-	-	-
- Class C	1.35	2.68	5.95	15.41	17.78
Capital Growth					
- Class A	1.42	1.83	4.83	18.08	21.10
- Class B	1.41	1.84	4.86	18.21	21.26
- Class C	0.09	(0.77)	(0.93)	2.69	3.29
Total Return					
- Class A	1.42	1.83	4.83	18.08	21.10
- Class B	1.41	1.84	4.86	18.21	21.26
- Class C	1.44	1.89	4.96	18.51	21.65
Benchmark					
- Class A	0.65	1.33	2.60	7.54	9.77
- Class B	0.65	1.33	2.60	7.54	9.77
- Class C	0.65	1.33	2.60	7.54	9.77
Average Total Return					
- Class A	5.87	3.73	4.83	5.69	4.30
- Class B	5.86	3.74	4.86	5.73	4.33
- Class C	5.96	3.85	4.96	5.82	4.40

For the financial period under review, the Fund’s Class A, Class B and Class C’s total return stood at 1.42%, 1.41% and 1.44% respectively.

FUND PERFORMANCE (CONTINUED)
Since Inception

Changes in NAV

	28.02.2025	30.11.2024 Audited	Changes %
CLASS A			
NAV (RM Million)	1.01	0.00*	>100.00
NAV/Unit (RM)	1.2110	1.1943	1.40
CLASS B			
NAV (RM Million)	15.10	0.00*	>100.00
NAV/Unit (RM)	1.2126	1.1959	1.40
CLASS C			
NAV (RM Million)	121.66	119.96	1.42
NAV/Unit (RM)	1.0329	1.0322	0.07

Note: 0.00* denotes value less than 0.01 million.

During the financial period under review, the NAV per unit for all Classes of the Fund is consistent with their respective total return.

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

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	28.02.2025	30.11.2024 Audited
Unquoted Sukuk	95.56	96.74
Cash and other assets	4.48	3.30
Liabilities	(0.04)	(0.04)
TOTAL	100.00	100.00

During the financial period under review, the Fund's exposure in unquoted sukuk slightly declined to 95.56%, with the remaining balance in cash and other assets. The Fund's asset allocation was in line with the overall strategy.

MARKET OUTLOOK*

Malaysia's 2024 GDP growth has turned out on the higher side of expectation at 5.1% for 2024 (2023: 3.6%), exceeding the government's initial forecast range of 4% to 5% announced in Budget 2024. The positive growth momentum is expected to continue in 2025 driven largely by robust expansion investment activity, resilient household spending supported by upward revision of the minimum wage and civil servant salaries, as well as expansion in exports. The growth outlook remains subject to downside risks from the external developments and uncertainties arising from the US trade policy and tariff actions.

- The central bank expects headline and core inflation, which averaged 1.8% in 2024, to remain manageable going into 2025, amid easing global cost conditions and the absence of excessive domestic demand pressures. The overall impact of the domestic policy reforms on inflation is expected to be contained, while upside risks would depend on the extent of spillover of domestic policy measures, as well as global commodity prices and financial market developments.
- In line with the government's effort to narrow its fiscal deficit, total government auctions for 2025 is estimated to be RM163.5 billion relatively lower than total issuance in 2024 of RM175 billion. Demand for government bonds may remain strong given the reduced supply. Domestic liquidity remains healthy given the strong Bitcoin ("BTC") of above 3x for the January 2025 and February 2025 auctions.
- Credit spreads are expected to remain compressed as Overnight Policy Rate ("OPR") is expected to stay unchanged for most of 2025, which would limit movements in benchmark MGS. Based on the news flows and market chatter, we are seeing some corporate issuers tapping the capital market recently though average issuance size is not huge and book covers for these issuances have been strong despite the tight credit spreads.
- The outlook for domestic sukuk market remains positive, with the central bank expected to keep OPR unchanged in the near term.

* 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 Islamic Asset Management Sdn Bhd ("Principal Islamic") or based on data obtained from sources believed to be reliable by Principal Islamic. Whilst every care has been taken in preparing this, Principal Islamic makes no guarantee, representation or warranty and is under no circumstances liable for any loss or damage caused by reliance on, any opinion, advice or statement made in this market outlook.

INVESTMENT STRATEGY

We continue to aim for an overweight duration bias for the portfolio and as we have taken profit earlier in the year, we aim to deploy the cash held in selective credit names to improve the portfolio yield. We will continue to participate in the upcoming new credit issuances for the portfolio.

SOFT COMMISSIONS AND REBATES

Principal Islamic Asset Management Sdn Bhd (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 Islamic Funds (“Funds”) unless the soft commission received is retained in the form of goods and services such as research and advisory services that assists in the decision making process relating to the Fund's investments. All dealings with brokers are executed on best available terms.

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

SECURITIES FINANCING TRANSACTIONS

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

STATE OF AFFAIR OF THE FUND

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

CIRCUMSTANCES THAT MATERIALLY AFFECT ANY INTEREST OF MEMBERS

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

CROSS TRADE

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

UNIT SPLIT

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

Shariah Adviser's Report

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

For the Financial Period ended 28 February 2025

We hereby confirm the following:

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

For Amanie Advisors Sdn Bhd

Tan Sri Dr. Mohd Daud Bakar

Executive Chairman

Kuala Lumpur
16 April 2025

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 DECEMBER 2024 TO 28 FEBRUARY 2025**

	01.12.2024 to 28.02.2025 RM	01.12.2023 to 29.02.2024 RM
INCOME		
Profit income from unquoted Sukuk	1,210,446	1,260,718
Profit income from Shariah-compliant deposits with licensed Islamic financial institutions	65,684	23,496
Net gain on financial assets at fair value through profit or loss	619,747	2,020,854
	<u>1,895,877</u>	<u>3,305,068</u>
EXPENSES		
Management fee	63,302	56,922
Trustee fee	7,816	7,115
Audit fee	5,128	4,449
Tax agent's fee	1,995	1,244
Other expenses	-	50
	<u>78,241</u>	<u>69,780</u>
PROFIT BEFORE DISTRIBUTION AND TAXATION	1,817,636	3,235,288
Distribution: - Class C	<u>1,602,307</u>	<u>1,804,817</u>
PROFIT BEFORE TAXATION	215,329	1,430,471
Taxation	<u>-</u>	<u>-</u>
PROFIT AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	<u>215,329</u>	<u>1,430,471</u>
Profit after taxation is made up as follows:		
Realised amount	(359,935)	(421,197)
Unrealised amount	575,264	1,851,668
	<u>215,329</u>	<u>1,430,471</u>

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2025**

	28.02.2025	30.11.2024
	RM	Audited RM
ASSETS		
Cash and cash equivalents	6,175,083	3,955,552
Financial assets at fair value through profit or loss	131,653,005	116,045,606
TOTAL ASSETS	<u>137,828,088</u>	<u>120,001,158</u>
LIABILITIES		
Accrued management fee	21,608	19,611
Amount due to Trustee	2,624	2,451
Other payables and accruals	30,725	23,601
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)	<u>54,957</u>	<u>45,663</u>
NET ASSET VALUE OF THE FUND	<u>137,773,131</u>	<u>119,955,495</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	<u>137,773,131</u>	<u>119,955,495</u>
REPRESENTED BY:		
FAIR VALUE OF OUTSTANDING UNITS		
- Class A	1,005,057	1,194
- Class B	15,104,568	1,196
- Class C	121,663,506	119,953,105
	<u>137,773,131</u>	<u>119,955,495</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)		
- Class A	829,912	1,000
- Class B	12,455,334	1,000
- Class C	117,778,651	116,210,223
	<u>131,063,897</u>	<u>116,212,223</u>
NET ASSET VALUE PER UNIT		
- Class A	1.2110	1.1943
- Class B	1.2126	1.1959
- Class C	<u>1.0329</u>	<u>1.0322</u>

**UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS
FOR THE FINANCIAL PERIOD FROM 1 DECEMBER 2024 TO 28 FEBRUARY 2025**

	01.12.2024 to 28.02.2025 RM	01.12.2023 to 29.02.2024 RM
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>119,955,495</u>	<u>112,680,815</u>
Movement due to units created and cancelled during the financial period:		
Creation of units from applications		
- Class A	1,000,000	-
- Class B	<u>15,000,000</u>	<u>-</u>
	<u>16,000,000</u>	<u>-</u>
Creation of units from distributions		
- Class C	<u>1,602,307</u>	<u>1,804,817</u>
Total comprehensive income for the financial period	<u>215,329</u>	<u>1,430,471</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL PERIOD	<u><u>137,773,131</u></u>	<u><u>115,916,103</u></u>

**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 DECEMBER 2024 TO 28 FEBRUARY 2025**

	01.12.2024 to 28.02.2025 RM	01.12.2023 to 29.02.2024 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Purchase of unquoted sukuk	(20,922,760)	(10,802,120)
Proceeds from disposal of unquoted fixed income securities	5,507,208	9,336,936
Profit income received from unquoted sukuk	1,638,347	1,448,397
Profit income from Shariah-compliant deposits with licensed Islamic financial institutions and hibah earned	65,684	23,496
Management fee paid	(61,305)	(57,070)
Trustee fee paid	(7,643)	(7,134)
Payments for other fees and expenses	-	(13,511)
Net cash used in operating activities	(13,780,469)	(71,006)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	16,000,000	-
Net cash generated from financing activities	16,000,000	-
Net increase/(decrease) in cash and cash equivalents	2,219,531	(71,006)
Cash and cash equivalents at the beginning of the financial period	3,955,552	2,575,887
Cash and cash equivalents at the end of the financial period	6,175,083	2,504,881
<u>Cash and cash equivalents comprised of:</u>		
Shariah-compliant deposits with licensed Islamic financial institutions	6,154,514	2,470,203
Bank balance	20,569	34,678
Cash and cash equivalents at the end of the financial period	6,175,083	2,504,881

DIRECTORY

Head Office of the Manager

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Shariah Adviser of the Principal Islamic Wholesale Sukuk Fund

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