



Manulife

Investment Management

Manulife
Shariah
PRS-Conservative
Fund

Annual Report

for the financial year ended
31 August 2024

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1. GENERAL INFORMATION

1.1 THE FUND

The Fund commenced operations on 24 July 2013 and will continue its operations until terminated as provided under Clause 14.4 of the Deed.

1.2 FUND CATEGORY

Preservation / Core (Conservative)

1.3 BASE CURRENCY

Ringgit Malaysia (RM)

1.4 OBJECTIVE OF THE FUND

The Fund aims to provide steady returns whilst preserving* capital.

** Please note that this Fund is neither capital guaranteed, nor capital protected, therefore, a Member's capital is neither guaranteed nor protected.*

Any material change to the investment objective of the Fund would require Members' approval.

1.5 DISTRIBUTION POLICY

Income will be distributed once a year, if any, and will be automatically reinvested and distributed as additional Units of the Fund.

Any distribution of income can only be made from realised gains, realised income and/or capital*.

** The Fund is allowed to distribute income out of capital to enable the Fund to provide income at regular interval as per the distribution policy of the Fund.*

1.6 PERFORMANCE BENCHMARK

Median return of all Shariah-compliant PRS core funds – conservative funds established in Malaysia.

Note: The performance benchmark above is only used as a reference for investment performance comparison purpose. The risk profile of the Fund is not the same as the risk profile of the performance benchmark. The performance benchmark information is available at Website: www.manulifeim.com.my.

1.7 INVESTMENT STYLE AND STRATEGY

The Fund invests in a diversified portfolio of Shariah-compliant equities, Shariah-compliant equity-related securities, Islamic Real Estate Investment Trusts (REITs) (via Islamic CISs), sukuk, Islamic money market instruments and/or Islamic deposits with financial institutions. To achieve the investment objective of the Fund, the Fund may invest a maximum of 35% of its NAV in Shariah-compliant equities, Shariah-compliant equity-related securities and/or Islamic REITs (via Islamic CISs).

The Fund will invest at least 65% of the Fund's NAV in sukuk, Islamic money market instruments and/or Islamic deposits with financial institutions. The sukuk and/or Islamic money market instruments which the Fund invests in must be at least long-term credit rating of investment grade (including gradation and subcategories) or at least top two short-term rating by any Malaysian or global rating agency. Further, the Fund may also invest up to 5% of the Fund's NAV in sukuk and/or Islamic money market instruments which are rated below the long-term credit rating of investment grade (including gradation and subcategories) or top two short-term rating by any Malaysian or global rating agency or are unrated. The Fund may invest in these investments directly or via Islamic CISs.

The Fund may invest up to 100% of the Fund's NAV in Shariah-compliant foreign investments in an Eligible Market.

Further, the Fund may employ Islamic hedging instruments solely for hedging purposes only. The Islamic hedging instrument trades would not be considered as investments of the Fund but rather a risk management device.

The Fund is actively managed. Any active and frequent trading strategy will depend on market opportunities or valuations.

The Fund Manager will analyse the general economic and market conditions. The top-down approach examines global and local macro-economic factors such as interest rate trends, inflation rates, supply demand trends, commodities trends, industry outlook and trends. The Fund Manager employs an active and opportunistic asset allocation strategy depending upon the market expectations. For example, when the economy bottoms-out from a recession, the Fund Manager will search for a clearer evidence of sustainable economic recovery before overweighting on its equity asset allocation versus fixed income instruments. Likewise, when the economy has peaked and is heading towards a slow growth period, the Fund Manager will then decide to underweight its equity asset allocation versus fixed income instruments.

If and when the Fund invests in any of the Islamic CIS operated by the Provider or its related corporation, there will be no "double-charging" of management fees and sales charges; fees and charges will be levied only at the Fund level. Any sales charge usually paid for investment in the Islamic CIS being invested into will be waived.

Temporary Defensive Measures

The Fund Manager may lower the Shariah-compliant equity exposure of the Fund if the Fund Manager is of the opinion that the investment climate is deemed unfavourable or under adverse market conditions; the Fund Manager will then reallocate the Fund's investments into more defensive instruments such as Islamic deposits and/or Islamic money market instruments.

During the financial year under review (1st September 2023 to 31st August 2024), the Fund is actively managed, predominantly referencing the Multi-Asset Solutions Team's Strategic Asset Allocation. Any active and frequent trading strategy is a function of subscriptions/redemptions, short term market opportunities, strategic rebalancing, and/or valuation discrepancies.

The Multi-Asset Solutions Team, which manages the Fund, maintains a fundamental core belief that effective diversification of asset classes globally, investment styles, and strategies allow for the greatest probability of achieving risk-adjusted results that are consistent with client objectives.

The Multi-Asset Solutions Team leverages both quantitative and fundamental analysis and investment techniques in customizing, constructing, and managing portfolios. Although quantitative and financial modelling techniques are input into the team's research process, the interpretation, fundamental judgement, and the human element of decision-making drive final portfolio outcomes.

The Multi-Asset Solutions Team takes an outcome-oriented approach. In general, the team utilizes a combination of strategic, long-term asset allocation and tactical asset allocations, where appropriate, to arrive at their desired portfolio weights. The strategic process, which centres around the formulation of five-year capital market forecasts, provides a base-case, long-term asset allocation. These are supplemented with shorter-term views where appropriate. Idea generation is both bottom-up and top-down in nature.

2. PRS PROVIDER’S REPORT

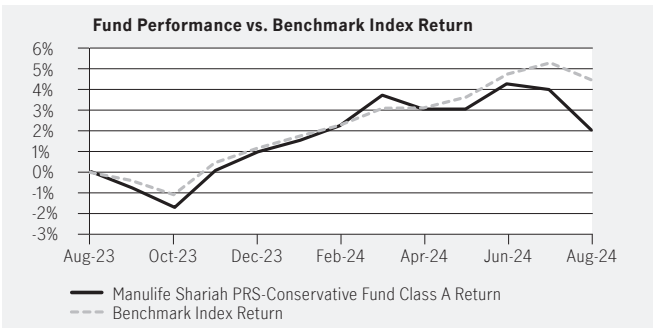
2.1 FUND PERFORMANCE

For the financial year ended 31 August 2024, the Fund’s return increased by 2.06% for Class A and increased by 2.27% for Class C. The Fund underperformed its benchmark return, which increased by 4.43%. For the period under review, the largest performance contributions were made by currency management, as the United States Dollar (USD) and Malaysian Ringgit (MYR) pair fluctuated over the period to end with a sharp USD depreciation. Malaysia Equities and Money Market investments were the second and third largest contributors, respectively. In contrast, a large allocation to Global Sukuk detracted slightly, while allocations across other asset classes made more modest contributions.

The distribution of 0.67sen and 0.25sen per unit Class A and Class C on 15 December 2023 had the effect of reducing the NAV per unit of the Fund, and the ex-distribution NAV per unit for Class A and Class C were RM0.5301 and RM0.5617 respectively.

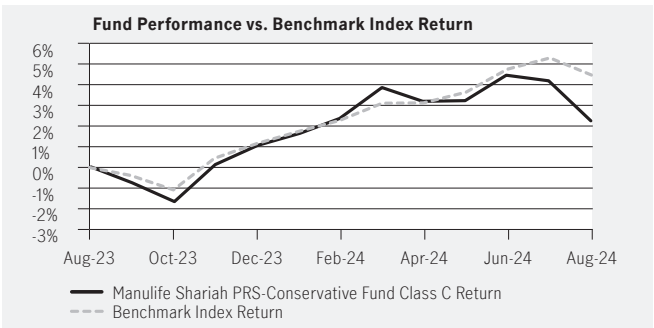
The graph below compares the 12-month performance of the Fund against its benchmark return:

Class A



Source: Lipper; www.maybank2u.com.my

Class C



Source: Lipper; www.maybank2u.com.my

Note for benchmark change:

Effective 14 February 2022, the Fund performance is compared against peers in the same fund category. The benchmark was changed from Maybank 12-month Islamic fixed deposit-i rate to Median return of all Shariah-compliant PRS core funds – conservative funds established in Malaysia.

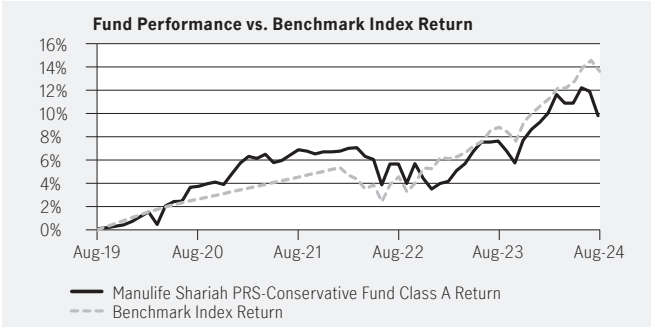
Fund Size

The Fund’s total NAV increased to RM0.98mil from RM0.96mil during the financial year under review.

Fund’s Returns

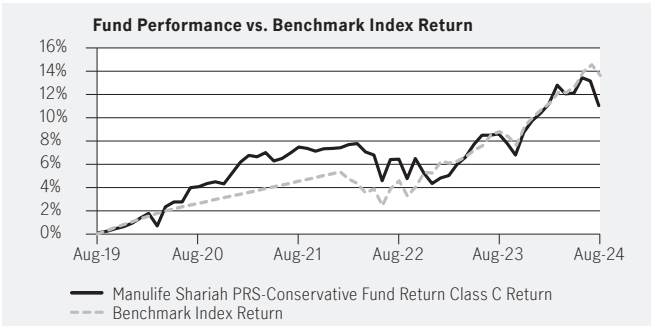
(a) The graph below compares the 5-year performance of the Fund against its benchmark return:

Class A



Source: Lipper; www.maybank2u.com.my

Class C



Source: Lipper; www.maybank2u.com.my

Note for benchmark change:

Effective 14 February 2022, the Fund performance is compared against peers in the same fund category. The benchmark was changed from Maybank 12-month Islamic fixed deposit-i rate to Median return of all Shariah-compliant PRS core funds – conservative funds established in Malaysia.

(b) Average Total Return of the Fund:

Class A

For the financial year ended 31 August 2024	Fund (% p.a.)	Benchmark (% p.a.)
1 year	2.06	4.43
3 years	0.92	2.82
5 years	1.90	2.59
Investment Commencement Date: 12 August 2013		

Source: Lipper; www.maybank2u.com.my

Class C

For the financial year ended 31 August 2024	Fund (% p.a.)	Benchmark (% p.a.)
1 year	2.27	4.43
3 years	1.11	2.82
5 years	2.13	2.59
Investment Commencement Date: 28 April 2016		

Source: Lipper; www.maybank2u.com.my

Note for benchmark change:

Effective 14 February 2022, the Fund performance is compared against peers in the same fund category. The benchmark was changed from Maybank 12-month Islamic fixed deposit-i rate to Median return of all Shariah-compliant PRS core funds – conservative funds established in Malaysia.

(c) Annual Total Return of the Fund:

Class A

For the financial year ended	Fund (% p.a.)	Benchmark (% p.a.)
31 August 2024	2.06	4.43
31 August 2023	1.89	4.06
31 August 2022	(1.17)	0.03
31 August 2021	3.10	1.85
31 August 2020	3.69	2.64
Investment Commencement Date: 12 August 2013		

Source: Lipper; www.maybank2u.com.my

Class C

For the financial year ended	Fund (% p.a.)	Benchmark (% p.a.)
31 August 2024	2.27	4.43
31 August 2023	2.10	4.06
31 August 2022	(1.00)	0.03
31 August 2021	3.33	1.85
31 August 2020	4.03	2.64
Investment Commencement Date: 28 April 2016		

Source: Lipper; www.maybank2u.com.my

Note for benchmark change:

Effective 14 February 2022, the Fund performance is compared against peers in the same fund category. The benchmark was changed from Maybank 12-month Islamic fixed deposit-i rate to Median return of all Shariah-compliant PRS core funds – conservative funds established in Malaysia.

The Fund has achieved its investment objective to provide steady returns while preserving capital. The Fund issued income distribution for the past three financial years, and it also posted positive average total returns over the past 1 year, 3 years and 5 years for the financial year ended 31 August 2024.

BASES OF CALCULATION

1. Net Asset Value (NAV)

Net Asset Value of the Fund is determined by deducting the value of all the Fund's liabilities from the value of all the Fund's assets, at the valuation point.

2. Net Asset Value per unit

Net Asset Value per unit is the net asset value of the Fund divided by the total number of units in circulation, at the valuation point.

3. Fund's Return

Fund's returns can be calculated based on the computation methods as follows:

Daily Total Fund's Return = $\frac{\{[\text{End NAV (Ex-distribution)} - \text{Beginning NAV} + \text{Dividend Distribution}] / \text{Beginning NAV}\} \times 100\%$

Total Fund's Return = Total Fund's return for the year is derived from geometrically linking together the daily total fund's returns. The linking formula is = $[(1+ R_1) \times (1+ R_2) \times \dots (1+ R_n)] - 1$
 where: R_1 is the first daily return for the year,
 R_2 is the second daily return for the year, and
 R_n is the last daily return for the year.

Average Total Return = Annualised Total Return
 $\frac{[(1+ \text{Total fund's return for the year})^{(\text{Actual number of days in a year}/\text{number of days during the year})} - 1] \times 100\%$

The following table shows other financial and performance data of the Fund for the past three financial years:

Fund Data	31 August 2024	31 August 2023	31 August 2022
NAV (RM)			
– Class A	448,639	668,420	665,552
– Class C	529,741	288,045	235,094
Units in Circulation ('000)			
– Class A	835	1,254	1,256
– Class C	929	514	423
NAV (RM per unit)			
– Class A	0.5375	0.5331	0.5299
– Class C	0.5703	0.5600	0.5551
Highest / Lowest NAV (RM per unit)			
– Class A	0.5555/0.5239	0.5345/0.5103	0.5446/0.5200
– Class C	0.5892/0.5505	0.5613/0.5353	0.5696/0.5445
Total Fund Return (%) – Class A	2.06	1.89	(1.17)
Capital growth (%)	0.79	0.64	(2.63)
Income distribution (%)	1.26	1.25	1.49
Total Fund Return (%) – Class C	2.27	2.10	(1.00)
Capital growth (%)	1.82	0.90	(2.48)
Income distribution (%)	0.44	1.19	1.52
Final Distribution – Class A			
Gross (RM per unit)	0.0067	0.0064	0.0080
Net (RM per unit)	0.0067	0.0064	0.0080
Ex-Date	15.12.2023	15.12.2022	15.12.2021
Final Distribution – Class C			
Gross (RM per unit)	0.0025	0.0064	0.0085
Net (RM per unit)	0.0025	0.0064	0.0085
Ex-Date	15.12.2023	15.12.2022	15.12.2021
Total Expense Ratio (%)	1.94	1.41	1.26
Portfolio Turnover Ratio (times)	0.71	0.98	1.41

Notes**(i) Total Expense Ratio (TER)**

TER can be calculated based on the ratio of the sum of fees and the recovered expenses of the fund to the average value of the fund calculated on a daily basis.

$$\frac{\text{Fees of the fund} + \text{Recovered expenses of the fund}}{\text{Average value of the fund calculated on a daily basis}} \times 100$$

Where:

Fees = All ongoing fees deducted / deductible directly from the fund in respect of the period covered by the total expense ratio, expressed as a fixed amount, calculated on a daily basis. This would include the annual management fee, the annual scheme trustee fee and any other fees deducted / deductible directly from the fund;

Recovered = All expenses recovered from/ charged to the fund, as a result of the expenses incurred by the operation of the fund, expressed as a fixed amount. This should not include expenses that would otherwise be incurred by an individual investor (e.g. brokerage, taxes and levies); and

Average value of the unit = The NAV of the fund, including net income value of the fund, less expenses on an accrued basis, in respect of the period covered by the total expense ratio, calculated on a daily basis.

The TER for the financial year is higher than the previous financial year mainly due to the increase in expenses incurred.

(ii) Portfolio Turnover Ratio (PTR)

PTR represents the average of total acquisitions and disposals of Shariah-compliant investments in the Fund for the financial year over the Fund's average net asset value calculated on a daily basis.

$$\frac{[\text{Total acquisitions of the fund for the year} + \text{Total disposals of the fund for the year}]}{\text{Average value of the fund for the year calculated on a daily basis}}$$

Average value of the fund for the year calculated on a daily basis

The PTR for the financial year is lower than previous financial year mainly due to the decrease in trading activities.

The table below shows the impact on NAV arising from distribution distributed for the past three financial periods:

Class A

Ex-Date	Cum Distribution NAV RM	Gross Distribution RM	Ex Distribution NAV RM
15.12.2023	0.5368	(0.0067)	0.5301
15.12.2022	0.5213	(0.0064)	0.5149
15.12.2021	0.5434	(0.0080)	0.5354

Class C

Ex-Date	Cum Distribution NAV RM	Gross Distribution RM	Ex Distribution NAV RM
15.12.2023	0.5642	(0.0025)	0.5617
15.12.2022	0.5464	(0.0064)	0.5400
15.12.2021	0.5686	(0.0085)	0.5601

Source of distribution distributed for the financial year:

Source	2024			
	Class A		Class C	
	RM	%	RM	%
Capital	6,264	100%	2,005	100%
Income	-	-	-	-

Source	2023			
	Class A		Class C	
	RM	%	RM	%
Capital	-	-	-	-
Income	8,061	100%	2,751	100%

The PRS Provider wishes to highlight that past performance of the Fund is not an indication of its future performance.

The price of units and the investment returns may go down, as well as up.

2.2 ASSET ALLOCATION

Asset allocation for the past three financial years:

Sector Allocation	% of Net Asset Value		
	31 August 2024	31 August 2023	31 August 2022
Islamic Collective Investment Scheme - Local	43.81	70.26	57.70
Exchange Traded Funds - Foreign	51.75	29.37	40.97
Shariah-compliant Collective Investment Schemes - Local	95.56	99.63	98.67
Islamic deposits with licensed financial institution	-	-	-
Other Assets & Liabilities	4.44	0.37	1.33

As at 31 August 2024, the Fund was 95.56% invested, out of which 43.81% in Shariah-compliant collective investment schemes-local and 51.75% in exchange traded funds. The Fund is aligned with the Multi-Asset Solutions Team's strategic asset allocation design and customised to achieve long-term investment success versus a fund-by-fund specific local peer universe.

The Multi-Asset Solutions Team aligns portfolios strategically with its five-year capital market forecasts, and where appropriate may take into account shorter-term tactical considerations. Allocations are populated with collective investment schemes and exchange traded funds, as well as cash holdings where appropriate.

2.3 MARKET REVIEW

During the financial year under review (1st September 2023 to 31st August 2024), global equity and fixed income markets broadly posted strong positive returns despite a rocky start and pockets of underperformance. Overall sentiment was characterized by optimism and expectations of a pivot by the United States (US) Federal Reserve (Fed) and its ability to achieve a 'soft landing' scenario after cutting interest rates. That said, bouts of heightened uncertainty and increased volatility along with a series of risk events continue to materialize.

The period began with markets extending their weakness amid restrictive interest rates and financial conditions, sliding back through September and October. Investors grappled with the narrative of "higher for longer" interest rates, the upward pressure on yields as Treasuries continued to climb higher, manufacturing weakness across geographies, plus stubborn inflation above central banks' stated targets. However, markets reversed in late October with growing expectations that rate cuts may come in 2024, and both stocks and bonds rallied to finish the month well off their lows. Markets rallied in November with equities posting the best month of 2023, and continued their upwards trajectory through to the end of the year. The Fed kept rates unchanged while its tone pivoted in December towards dovish comments. Lower treasury yields and a weaker US dollar (USD) powered the broad risk asset rally.

With the new year, January 2024 saw mixed equity results and modest declines in fixed income as desynchronization continues to characterize the global economy, including divergences in monetary policy, growth rates, as well as between manufacturing and services more broadly. The US economy as a bright spot surprised to the upside, driving the prospects for Fed rate cuts to be pushed further out into 2024. February returned to solid footing, as broad equities posted positive results as numerous stock indices surged to all-time highs across the globe, including the S&P 500, the Nasdaq Composite, Euro Stoxx 600 and the Nikkei 225. March was another solid month for equities, with numerous US indices pushing up their records. Fixed income was also broadly positive across the month, even as the magnitude and timing of Fed rate cuts were reduced and pushed back.

Optimism then dipped in April, which saw declines in both equity and fixed income markets across most regions and sectors as markets weighed the prospect of slower interest rate cuts in the face of stubbornly high inflation and resilient US growth, before resuming in May and June on the back of continued success from large-cap growth stocks, prospects for artificial intelligence (AI), and a strong earnings outlook. US macro data showed indications of softening in the economy, though it continued to remain more attractive relative to other regions. During this period, European equities saw a pullback amid heightened political uncertainty in France, many remained neutral on China as its economy continued to struggle under the weight of an ailing property sector despite government stimulus efforts, and the Yen continued to weaken after the Bank of Japan ended its negative interest rate policy earlier in the year.

July was another positive month, with equities seeing a shift from mega-cap Technology to small-cap and value sectors, while interest-rate sensitive fixed income sectors outperformed. The market rotation was influenced by softer inflation, a weakening labour market, and moderating economic growth in the US, which increased the likelihood for multiple Fed rate cuts before year end. Sentiment then swiftly turned, with the first weeks of August seeing sharp selloffs accompanied by significantly higher volatility, as disappointing US economic data and a rate hike by the Bank of Japan (BOJ) triggered widespread concerns. However, markets rebounded towards the end of the month as investors anticipated more aggressive Fed policy easing. The financial year under review ended with cautious optimism, with the first Fed cut in September all but certain.

Fixed Income

During the financial year under review (1st September 2023 to 31st August 2024), fixed income markets were broadly positive. High Yield was the relative outperformer, with the Bloomberg Global High Yield index rising 14.84%. Emerging Markets also outperformed, with the Bloomberg Emerging Markets USD Aggregate index up 12.29%, as developed market central banks lagged their emerging market counterparts in the easing cycle.

More rate-sensitive sectors also posted positive returns, albeit underperforming on a relative basis with Fed rate cuts yet to materialize. The Bloomberg Global Treasury index returned 5.46%, while Bloomberg Global Aggregate was up slightly more, returning 6.90%.

Equity

During the financial year under review (1st September 2023 to 31st August 2024), global equity markets posted strong positive results, with the MSCI ACWI index rising 23.99%.

Developed Markets were ahead of Emerging Markets, with the MSCI World index returning 25.00% over the period. Sector wise within the MSCI World index, Technology continued to be the clear winner on the back of mega-cap US stocks and excitement surrounding AI, gaining 36.40% over the period. Financials and Communication Services rounded out the top three, gaining 34.25% and 29.69%, respectively. On the other end, Energy was the only sector to post single digit returns after a negative performance in the first six months, ending the period up 8.61%.

The US was the clear winner by region, up 27.10% over the period, buoyed by the success and outperformance of mega-cap names and a comparatively resilient economy. Europe and Japan also had strong showings, both up by a little more than 20%. Emerging markets held their ground, returning 15.52% over the period, supported by notable outperformers including India, Taiwan, and Malaysia. In contrast, Latin America (Latam) was close to flat over the period returning 0.89%, pulled down by poor performance in 2024 which saw equities in the region fall by -12.33% over January to August. Severe detractors stemmed from Brazil and Mexico, the two largest constituents of Latam.

2.4 MARKET OUTLOOK AND INVESTMENT STRATEGY

Looking ahead at the time of writing, our medium- to long-term outlook suggests that ultimately lower interest rates would be accommodative for economic growth with inflation coming down and resiliency in corporate earnings growth. However, geopolitical challenges and the upcoming US Presidential election could pose challenges to investor sentiment. We expect short-term market volatility as growth, inflation and job data is likely to remain front and centre for the Fed, which would lead to higher than usual volatility around major data releases. Recent developments in respect the US elections is likely to result in further uncertainty and their policy impact to varying market sectors.

We believe the global easing cycle has begun with signs of disinflation across most regions, albeit there are concerns around a weakening job market. All major central banks have indicated next moves are cuts, provided inflation continues to moderate, except for the BOJ, which finally moved out of its negative interest rate policy. The global easing cycle will un-pause. Uncertainty around the Fed's path had created a ripple effect around other Central Banks' paths. With the Fed now looking more certain, other central banks that had slowed or paused their own easing cycles should now be set to resume. With an initial Fed cut the overwhelming base case in September, we focus on the shape and size of the easing cycle in 2024 and beyond. While inflation has so far dictated the timing of the easing cycle, the extent to which growth and labour moderate further will dictate the pace and magnitude of the Fed's moves. While there is a path for more aggressive cuts, we believe that the US current growth profile still favours 3 cuts in 2024 (vs. 4 currently priced into markets). This view is being supported by the recent moderation in inflationary pressure. From a growth perspective, a range of data has shown slowing momentum: the housing market has deteriorated noticeably, the last couple of retail sales prints have been mixed, and disappointing July International Safety Management (ISM) surveys also corroborate softer activity.

We maintain our medium-term view that US growth is the "cleanest dirty shirt" for now as US recession odds are lower than in other Developed Market economies. However, the gap is narrowing through a combination of softer US data and stabilizing-to-slightly-improving growth in most other regions. The global divergence between manufacturing (exiting a prolonged recession) and services (still positive) is complicating standard forecasting and creating global de-synchronicities. We still expect a slowdown in the US economy for fundamental reasons even though the economy remains resilient, but there are clear signs of wear in the US consumer. Our forecast remains consistent with a steady pace of 25bps cuts into year end, not a knee jerk reaction to selected data points. Having said that, we fully acknowledge that if the data were to deteriorate in a disorderly manner a faster pace of easing would likely ensue, and we remain data dependent and take it one step at a time: full scrutiny is now on nonfarm payrolls. Although we are mindful that going into the November US election, it is likely that fiscal support remains strong in order to help the positive macro narrative. Given that outcome, the Fed would have to make the critical concession of cutting interest rates while inflation remains above their target. Markets could be particularly sensitive to any variance away from the soft-landing narrative.

In Asia, negative sentiment has been dominated by a faltering structural trend in aggregate growth in China, with particularly persistent tail risks to the property sector. We maintain our neutral medium-term view on China as growth in policy-supported sectors and exports is offset by weakness in the property sector and domestic consumption. Government policy will prove insufficient to boost consumer, corporate, and real estate sentiment. However, equity valuations in Asian markets tip toward the favourable side of the equation. For the cyclical rebound to strengthen itself beyond the mechanical reopening boost, we would need to see a sustained recovery in household consumption and property sales.

Elsewhere in Japan, the BOJ hiking cycle is an outlier against global easing cycle. Forward guidance on the policy rate path reads hawkish by outlining that real rates are too low and that higher rates will have a limited impact on the economy. This implies that the BOJ may raise rates further and normalize policy to a still undetermined neutral level. We now see a potential terminal rate for 2024 at 1.0% and expect at least 2 more hikes in 2025, which could cause significant volatility in the Yen and the subsequent impact of the carry trade on global risk assets. The yen should strengthen due to favourable interest rate differentials with the rest of the world, and the yield curve should slowly flatten as the BOJ raises rates towards neutral.

The potential end of the global rate-hike cycle is supportive of our view of equities, but an uncertain macroeconomic landscape is a potential headwind for equities. Corporate earnings have generally remained strong, and consumers have remained resilient for the most part, albeit more recently that could be coming into question. Given the uncertainty surrounding several factors—among them monetary policy, geopolitical tensions, and recessionary risks—we are focusing on quality across equity assets. At the same time, we appreciate the excitement surrounding AI and the magnitude of its potential impacts on revenue monetization, productivity, and cost cutting, and seek pockets of related growth opportunities. The second half of 2024 should see a more favourable environment for equities with corporate earnings strength broadening beyond large-cap technology names, whilst market support into the November US election should also help keep markets broadly buoyant.

Overall, we expect the market to experience some volatility into the end of 2024, particularly as investors reprice interest rate and potentially inflation expectations. We maintain that there are downside risks to the economy given tighter credit conditions, but hopeful these will be alleviated into year end. Tactical positioning will be more prevalent again as we continue into the rest of 2024, to be able to nimbly add and de-risk portfolios as well as add to yield opportunities as they arise.

2.5 SECURITIES FINANCING TRANSACTIONS

During the financial year under review, the fund has not undertaken any securities lending or repurchase transactions (collectively referred to as “securities financing transactions”).

2.6 CROSS TRADE TRANSACTIONS

During the financial year under review, there is no cross-trade transactions have been carried out.

3. POLICY ON STOCKBROKING REBATES AND SOFT COMMISSIONS

It is the PRS Provider's policy not to enter into soft-dollar arrangements. Exceptions have to be assessed on a case-by-case basis in accordance to the PRS Provider's policy prior to entering into any soft-dollar arrangement.

The PRS Provider may retain soft commissions provided by any brokers or dealers if the soft commissions bring direct benefit or advantage to the management of the Fund. Any dealings with the brokers or dealers are executed on terms which are the most favourable to the Fund and there is no churning of trades. Any rebates/shared commissions should be credited to the account of the Fund concerned.

During the financial year under review, soft commissions have not been received by the PRS Provider.

4. STATEMENT BY THE PRS PROVIDER

We, Edmond Cheah Swee Leng and Chong Soon Min, being two of the Directors of Manulife Investment Management (M) Berhad (the “PRS Provider”), do hereby state that, in the opinion of the PRS Provider, the accompanying financial statements comprising the statement of comprehensive income, statement of financial position, statement of changes in net assets attributable to members, statement of cash flows, material accounting policy information and notes to the financial statements, 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 2024 and of its financial performance, changes in net assets attributable to members and cash flows of the Fund for the financial year ended 31 August 2024 in accordance with the Malaysian Financial Reporting Standards (“MFRS”) and the International Financial Reporting Standards (“IFRS”).

For and on behalf of the PRS Provider
MANULIFE INVESTMENT MANAGEMENT (M) BERHAD

EDMOND CHEAH SWEE LENG
DIRECTOR

CHONG SOON MIN
DIRECTOR

Kuala Lumpur
28 October 2024

5. SCHEME TRUSTEE'S REPORT

TO THE MEMBERS OF MANULIFE SHARIAH PRS-CONSERVATIVE FUND ("Fund")

We have acted as Scheme Trustee of the Fund for the financial year ended 31 August 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, **Manulife Investment Management (M) 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 PRS Provider under the deed, securities laws and the Guidelines on Private Retirement Schemes;
2. Valuation and pricing is carried out in accordance with the deed; and
3. Any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement.

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

For and on behalf of
CIMB Islamic Trustee Berhad

Datin Ezreen Eliza binti Zulkiplee
Chief Executive Officer

Kuala Lumpur
28 October 2024

6. SHARIAH ADVISER'S REPORT

TO THE MEMBERS OF MANULIFE SHARIAH PRS-CONSERVATIVE FUND

We hereby confirm:

To the best of our knowledge, after having made all reasonable enquiries, Manulife Investment Management (M) Berhad has operated and managed the Fund during the financial year/period covered by these financial statements in accordance with the Shariah principles and requirements and complied with the applicable guidelines, rulings or decision issued by the Securities Commission Malaysia pertaining to Shariah matters; and

The assets of the Fund comprises instruments that have been classified as Shariah compliant by Shariah Advisory Council ("SAC") of the Securities Commission Malaysia or the SAC of Bank Negara Malaysia. As for the instruments which are not classified as Shariah-compliant by the SAC of the Securities Commission Malaysia or the SAC of Bank Negara Malaysia, we have reviewed the said instruments and confirmed that these instruments are Shariah-compliant.

For ZICO Shariah Advisory Services Sdn Bhd

DR. AIDA OTHMAN

Designated Person Responsible For Shariah Matters Relating To the Fund

Kuala Lumpur
28 October 2024

7. INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MANULIFE SHARIAH PRS-CONSERVATIVE FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Manulife Shariah PRS-Conservative Fund ("the Fund") give a true and fair view of the financial position of the Fund as at 31 August 2024, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund which comprise the statement of financial position as at 31 August 2024, and the statement of comprehensive income, statement of changes in net assets attributable to members and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 19 to 46.

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 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 Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standard) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The PRS Provider of the Fund is responsible for the other information. The other information comprises the PRS Provider's Report, 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 PRS Provider for the financial statements

The PRS Provider of the Fund is responsible for the preparation of the 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 PRS Provider is also responsible for such internal control as the PRS Provider 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 PRS Provider 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 PRS Provider either intends to liquidate the Fund or to terminate the Fund, or has no realistic alternative but to do so.

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:

- (a) 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.
- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the PRS Provider.
- (d) 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.
- (e) 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 PRS Provider 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.

OTHER MATTERS

This report is made solely to the members of the Fund and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
28 October 2024

8. STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

	Note	2024 RM	2023 RM
INVESTMENT INCOME			
Hibah		35	22
Dividend income		32,452	22,872
Net (loss)/gain on financial assets at fair value through profit or loss	7	(1,836)	28,520
Net gain/(loss) on forward foreign currency contracts	8	16,923	(13,837)
Net foreign currency exchange loss		(141)	(170)
		<u>47,433</u>	<u>37,407</u>
EXPENSES			
Management fee	3	10,881	10,753
Scheme Trustee's fee	4	246	235
Private Pension Administrator's fee	5	395	376
Transaction costs		97	74
Other expenses		14,071	5,776
		<u>25,690</u>	<u>17,214</u>
PROFIT BEFORE FINANCE COST AND TAXATION		21,743	20,193
FINANCE COST (EXCLUDING INCREASE IN NET ASSETS ATTRIBUTABLE TO MEMBERS)			
Distributions:			
- Class A	17 (i)	(6,264)	(8,061)
- Class C	17 (ii)	(2,005)	(2,751)
		<u>13,474</u>	<u>9,381</u>
PROFIT BEFORE TAXATION		13,474	9,381
TAXATION	6	-	-
INCREASE IN NET ASSETS ATTRIBUTABLE TO MEMBERS		<u>13,474</u>	<u>9,381</u>
Increase in net assets attributable to members is made up of the following:			
Realised		34,863	(8,791)
Unrealised		(21,389)	18,172
		<u>13,474</u>	<u>9,381</u>

The accompanying material accounting policy information and notes to the financial statements form an integral part of these financial statements.

9. STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2024

	Note	31.08.2024 RM	31.08.2023 RM
ASSETS			
Cash and cash equivalents	9	22,765	70,827
Financial assets at fair value through profit or loss	7	934,914	952,956
Derivative assets at fair value through profit or loss	8	3,227	-
Amount due from PRS Provider:			
- Creation of units		651	650
- Sale of collective investment scheme		9,765	-
Amount due from brokers		7,778	-
TOTAL ASSETS		979,100	1,024,433
LIABILITIES			
Amount due to PRS Provider:			
- Management fee		666	568
- Cancellation of units		-	67,006
Amount due to Scheme Trustee		21	21
Amount due to Private Pension Administrator		33	34
Derivative liabilities at fair value through profit or loss	8	-	339
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO MEMBERS)		720	67,968
NET ASSET ATTRIBUTABLE TO MEMBERS		978,380	956,465
NET ASSET VALUE ("NAV") OF THE FUND		978,380	956,465
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS			
- Class A		448,639	668,420
- Class C		529,741	288,045
		978,380	956,465
UNITS IN CIRCULATION (UNITS)			
- Class A	11 (i)	834,651	1,253,731
- Class C	11 (ii)	928,887	514,392
		1,763,538	1,768,123
NET ASSET VALUE PER UNIT			
- Class A		0.5375	0.5331
- Class C		0.5703	0.5600

The accompanying material accounting policy information and notes to the financial statements form an integral part of these financial statements.

10. STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO MEMBERS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

	<u>2024</u>	<u>2023</u>
	RM	RM
NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE BEGINNING OF THE FINANCIAL YEAR	956,465	900,647
Movements due to the units created and during the financial year:		
Creation of units arising from applications		
- Class A	70,530	237,982
- Class C	305,661	51,238
Creation of units arising from distribution		
- Class A	6,264	8,061
- Class C	2,005	2,751
Cancellation of units		
- Class A	(300,208)	(248,872)
- Class C	(75,811)	(4,723)
	<u>964,906</u>	<u>947,084</u>
INCREASE IN NET ASSETS ATTRIBUTABLE TO MEMBERS	<u>13,474</u>	<u>9,381</u>
NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE END OF THE FINANCIAL YEAR	<u><u>978,380</u></u>	<u><u>956,465</u></u>

The accompanying material accounting policy information and notes to the financial statements form an integral part of these financial statements.

11. STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

	Note	2024 RM	2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Purchase of Shariah-compliant investments		(670,167)	(932,890)
Sale of Shariah-compliant investments		686,904	903,712
Net realised gain/(loss) on forward foreign currency contract		13,357	(13,571)
Net realised foreign exchange (loss)/gain		(368)	9
Dividend income received		4,090	5,086
Profit income received		35	22
Provider's fee paid		(7,059)	(6,167)
Scheme Trustee's fee paid		(246)	(233)
Private Pension Administrator's fee paid		(396)	(373)
Payment for other fees and expenses		(7,604)	(1,903)
Net cash generated from/(used in) operating activities		<u>18,546</u>	<u>(46,308)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		376,190	289,170
Payments for cancellation of units		(443,025)	(193,478)
Net cash (used in)/generated from financing activities		<u>(66,835)</u>	<u>95,692</u>
Net (decrease)/increase in cash and cash equivalents		(48,289)	49,384
Currency translation differences		227	(179)
Cash and cash equivalents at beginning of the financial year		<u>70,827</u>	<u>21,622</u>
Cash and cash equivalents at the end of the financial year	9	<u><u>22,765</u></u>	<u><u>70,827</u></u>
Cash and cash equivalents comprised:			
Bank balances in a licensed bank	9	<u><u>22,765</u></u>	<u><u>70,827</u></u>

The accompanying material accounting policy information and notes to the financial statements form an integral part of these financial statements.

12. MATERIAL ACCOUNTING POLICY INFORMATION

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements. The policies have been consistently applied to all the financial years presented, unless otherwise stated.

A. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Fund have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) and the International Financial Reporting Standards (“IFRS”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires the PRS Provider to exercise judgment in the process of applying the Fund’s accounting policies. Although these estimates and judgement are based on the PRS Provider’s best knowledge of current events and actions, actual results may differ. There are no significant areas of judgement or complexity that have significant effect on the amounts recognised in the financial statements. There are no critical accounting estimates and assumptions used in the preparation of the financial statements of the Fund for the financial year ended 31 August 2024.

(i) Standards and amendments to existing standards effective 1 January 2023

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

(ii) New standards, amendments and interpretations effective after 1 January 2023 and have not been early adopted.

A number of new standards, amendments to standards and interpretations are effective for financial periods beginning after 1 September 2023, and have not been early adopted in preparing these financial statement. None of these are expected to have a material effect on the financial statements of the Fund.

B. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) 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 quoted Shariah-compliant equities as fair value through other comprehensive income. The contractual cash flows of the Fund’s sukuk are solely principal and profit. However, these Shariah-compliant 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 Shariah-compliant investments are measured at fair value through profit or loss.

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

The Fund classifies amount due to PRS Provider, amount due to Scheme Trustee, amount due to private pension Administrator as other financial liabilities measured at amortised cost.

(ii) Recognition and initial 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 assets. Shariah-compliant investments are initially recognised at fair value. Transaction costs are recognised as expenses in the statement of comprehensive income.

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

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

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

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

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

Foreign quoted Shariah-compliant securities (including foreign exchange-traded funds) are valued at the last traded market price quoted on the respective foreign stock exchanges at the close of the business day of the respective foreign stock exchanges.

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

Islamic collective investment scheme ("CIS") is valued based on the most recent published net asset value per unit or share of such collective investment schemes or, if unavailable, on the last published price of such unit or share (excluding any sales charge included in such selling price).

Derivative investment consists of forward foreign currency contract. Financial derivative position will be "marked to market" at the close of each valuation day. Foreign exchange gains or losses on the derivative financial instrument are recognised in profit or loss when settled or at the date of the statement of financial position at which time they are included in the measurement of the derivative financial instrument.

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

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

(iii) Impairment

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

(iv) Significant increase in credit risk

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

(v) Definition of default and credit-impaired financial assets

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

(vi) 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 pay 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 Islamic deposits placed with licensed financial institutions is recognised on a time proportionate basis using the effective profit rate method on an accrual basis.

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

Dividend income on quoted Shariah-compliant investments and Islamic collective investment scheme are recognised on the ex-dividend date.

Realised gains or loss on disposal of quoted Shariah-compliant securities and Islamic collective investment schemes are calculated based on the difference between the net disposal proceeds and the carrying amounts of the Shariah-compliant investments, determined on a weighted average cost basis.

D. EXPENSES

Expenses are accounted for on an accrual basis and charged to the statement of comprehensive income. Expenses arising from net disposal of Shariah-compliant investments are recognised as transaction costs (Note L to the financial statements).

E. AMOUNT DUE FROM/TO BROKERS/PRS PROVIDER (SALES AND PURCHASES OF SHARIAH-COMPLIANT INVESTMENTS)

Amounts due from and to brokers/PRS Provider (sales/purchase of investments) represent receivables for Shariah-compliant securities sold and payables for Shariah-compliant securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amounts due from the brokers/PRS Provider at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses.

Significant financial difficulties of the brokers/PRS Provider, probability that the brokers/PRS Provider will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that a loss allowance may be required.

If credit risk increases to the point that it is considered to be credit impaired, profit income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by the PRS Provider as any contractual payment which is more than 30 days past due.

F. CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise cash at bank held in highly liquid investments that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value.

G. FINANCE COST

A distribution to the Fund's members is accounted for as finance cost in the statement of comprehensive income, when they are appropriately authorised and no longer at the discretion of the Fund.

A proposed distribution is recognised as a financial liability in the financial year in which it is approved by the Scheme Trustee.

Distribution equalisation is the amount attributable to net realised income that is included in the price of units created or units cancelled by the Fund during the reporting year.

H. FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Fund's functional and presentation currency.

I. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants and the measurement date. The information presented herein represents the estimates of fair values as at the date of statement of financial position.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the uncertainties and assumptions could materially affect these estimates and the resulting fair value estimates.

A range of methodologies and assumptions has been used in deriving the fair values of the Fund's financial instruments as at the date of statement of financial position. The total fair value of each financial instrument is not materially different from the total carrying value.

The fair values are based on the following methodologies and assumptions:

(a) Short-term Islamic deposits with licensed financial institutions

For Islamic deposits and placements with licensed financial institutions with maturities of less than three months, the carrying value is a reasonable estimate of fair value. For Islamic deposits and placements with maturities of three months and above, the estimated fair value is based on discounted cash flows using prevailing Islamic interbank money market profit rates at which similar Islamic deposits and placements would be made with financial institutions of similar credit risk and remaining period to maturity.

(b) Islamic collective investment schemes

The estimated fair value is based on the most recent published net asset value per unit or share of such Islamic collective investment schemes or, if unavailable, on the last published selling price of such unit or share (excluding any sales charge included in such selling price).

(c) Quoted Shariah-compliant investments

The estimated fair value is based on quoted and observable market prices.

(d) Other short-term financial instruments

Other short-term financial instruments comprise amount due from/to PRS Provider, amount due to Scheme Trustee, and amount due to Private Pension Administrator. The carrying values of the assets and liabilities are assumed to approximate their fair values due to the short tenure of less than one year.

J. TAXATION

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

K. TRANSACTION COSTS

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

L. MANAGEMENT FEE REBATE

Management fee rebate is derived from the Islamic collective investment schemes held by the Fund on an accruals basis to ensure no double charging of management fee. It is accrued daily based on the fair value of Islamic collective investment schemes held.

M. CREATION AND CANCELLATION OF UNITS

The members' contribution to the Fund meet the definition of puttable instruments classified as financial liability under MFRS 132 "Financial Instruments: Presentation".

The Fund issues cancellable units, in two classes of units, known respectively as the Class A and Class C, which are cancelled at the member's option and do not have identical features, subject to restrictions as stipulated in the Disclosure Documents and Securities Commission's on Private Retirement Schemes. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value of respective classes. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the member exercises the right to put back the unit to the Fund.

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

N. DERIVATIVE FINANCIAL INSTRUMENTS

A derivative financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

The Fund's derivative financial instruments comprise forward foreign currency contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at the fair value.

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the date of statement of financial position with the resulting value discounted back to present value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for in accordance with the accounting policy set out in Note B to the financial statements.

13. NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

1. INFORMATION ON THE FUND

Manulife Shariah PRS-Conservative Fund (“the Fund”) has been constituted by way of a Trust Deed on 17 June 2013 as amended and supplemented by subsequent Supplemental Deeds (collectively, referred as “the Deed”) between Manulife Investment (M) Berhad (the “PRS Provider”) and CIMB Islamic Trustee Berhad (the “Scheme Trustee”).

The Fund was launched on 24 July 2013 and will continue its operations until terminated as provided under Clause 14.4 of the Deed.

The Fund is one of the core Funds of Manulife Shariah PRS NESTEGG Series (“the Scheme”), a voluntary investment scheme designed to facilitate accumulation of retirement savings by individuals for their retirement needs.

The Fund aims to provide steady returns whilst preserving* capital.

**Please note that this Fund is neither a capital guaranteed nor a capital protected fund. Therefore, a member's capital is neither guaranteed nor protected.*

The Fund has two classes of units (Class A and Class C) and are distinguished by the amount of sales charge, redemption charge, switching fee, transfer fee and amount of management fee imposed by the Provider on each of those classes of Units.

On the 10th anniversary of the date the first contribution was made by or on behalf of a Member holding Class A Units of a Fund, the Class A Units of such Fund held by a Member will automatically be converted into Class C Units of such Fund at no cost to the Member. Accordingly, any subsequent contributions by or on behalf of the Member after the said 10th anniversary will be utilised towards the purchase of Class C Units of any of the Funds. For the avoidance of doubt, the date the first contribution was made shall be the earliest date the first contribution was made to the Scheme or to any other private retirement scheme operated by the PRS Provider.

The Fund invests in a diversified portfolio of Shariah-compliant equities, Shariah-compliant equity-related securities, Islamic Real Estate Investment Trusts (REITs) (via Islamic CIS), sukuk, Islamic money market instruments and/or Islamic deposits with financial institutions. To achieve the investment objective of the Fund, the Fund may invest a maximum of 35% of its net asset value in shariah compliant equities, Shariah-compliant equity-related securities and/or Islamic REITs (via Islamic CIS).

The Fund will invest at least 65% of the Fund's net asset value in sukuk, Islamic money market instruments and/or Islamic deposits with financial institutions. The sukuk and/or Islamic money market instruments which the Fund invests in must be at least long-term credit rating of investment grade (including gradation and subcategories) or at least top two short-term rating by any Malaysian or global rating agency. Further, the Fund may also invest up to 5% of the Fund's net asset value in sukuk and/or Islamic money market instruments which are rated below the long-term credit rating of investment grade (including gradation and subcategories) or top two short-term rating by any Malaysian or global rating agency or are unrated. The Fund may invest in these investments directly or via Islamic CISs.

The Fund may invest up to 100% of the Fund's NAV in Shariah-compliant foreign investments in an eligible market.

Further, the Fund may employ Islamic hedging instruments solely for hedging purposes only. The Islamic hedging instrument trades would not be considered as investments of the Fund but rather a risk management device.

The Fund is actively managed. Any active and frequent trading strategy will depend on market opportunities or valuations.

The Fund Manager will analyse the general economic and market conditions. The top-down approach examines global and local macro-economic factors such as interest rate trends, inflation rates, supply demand trends, commodities trends, industry outlook and trends. The Fund Manager employs an active and opportunistic asset allocation strategy depending upon the market expectations. For example, when the economy bottoms-out from a recession, the Fund Manager will search for a clearer evidence of sustainable economic recovery before overweighting on its equity asset allocation versus fixed income instruments. Likewise, when the economy has peaked and is heading towards a slow growth period, the Fund Manager will then decide to underweight its equity asset allocation versus fixed income instruments.

If and when the Fund invests in any of the Islamic CIS operated by the Provider or its related corporation, there will be no "double-charging" of management fees and sales charges; fees and charges will be levied only at the Fund level. Any sales charge usually paid for investment in the Islamic CIS being invested into will be waived.

Temporary Defensive Measures

The Fund Manager may lower the Shariah-compliant equity exposure of the Fund if the Fund Manager is of the opinion that the investment climate is deemed unfavourable or under adverse market conditions; the Fund Manager will then reallocate the Fund's investments into more defensive instruments such as Islamic deposits and/or Islamic money market instruments.

The PRS Provider, a company incorporated in Malaysia, is a wholly-owned subsidiary of Manulife Holdings Berhad, a public limited liability company, incorporated and domiciled in Malaysia, and listed on the main market of Bursa Malaysia. Its principal activities are the management of unit trusts, and private retirement schemes, fund management activities and financial planning.

The financial statements were authorised for issue by the PRS Provider on 28 October 2024.

2. MANAGEMENT FEE REBATE

As the Fund invests in Islamic collective investment schemes, the management fee charged by the Islamic collective investment schemes is fully refunded to the Fund. In accordance with the Fund's Disclosure Documents, there is no double charging of management fee to the Fund.

For the financial year ended 31 August 2024 and 31 August 2023 respectively, the management fee rebate is recognised at the following rates:

Fund Name	2024	2023
Manulife Investment Al-Faid	1.50%	-
Manulife Investment Al-Fauzan	1.50%	1.50%
Manulife Investment Al-Ma'mun - Class I	0.25%	0.25%
Manulife Investment As-Saad	0.75%	-
Manulife Investment Shariah Asia-Pacific ex Japan Fund	1.75%	1.75%
Manulife Shariah China Equity Fund - A (RM) Class	1.80%	1.80%
Manulife Investment Shariah Progress Fund	1.50%	-

3. MANAGEMENT FEE

In accordance with the Deed, the PRS Provider is entitled to an annual management fee at a rate not exceeding 3.00% per annum for Class A and 1.50% per annum for Class C of the net assets value of the respective classes before deducting Scheme Trustee's fee, Management fee and Private Pension Administrator's fee for the day, calculated on a daily basis.

For the financial year, the PRS Provider is entitled to management fee at a rate of 1.20% per annum (2023: 1.20% per annum) for Class A, while 1.00% per annum (2023: 1.00% per annum) for Class C, of the net asset value of the respective classes before deducting Scheme Trustee's fee, Management fee and Private Pension Administrator's fee for the day, calculated on a daily basis.

Auditors' remuneration RM8,500 (2023: RM8,500) and tax agent's fee RM3,750 (2023: RM3,000) were borne by the PRS Provider.

There will be no further liability to the PRS Provider in respect of management fee, auditors' remuneration and tax agent's fee other than amount recognised above.

4. SCHEME TRUSTEE'S FEE

In accordance with the Deed, the Scheme Trustee is entitled to an annual Scheme Trustee's fee (excluding foreign sub-custodian fees and charges) at a rate not exceeding 0.20% per annum of the net asset value of the Fund before deducting Scheme Trustee's fee, Management fee and Private Pension Administrator's fee for the day, calculated on a daily basis.

For the financial year, the Scheme Trustee is entitled to Scheme Trustee's fee at a rate of 0.025% per annum (2023: 0.025% per annum) of the net asset value of the Fund before deducting Scheme Trustee's fee, Management fee and Private Pension Administrator's fee for the day calculated on a daily basis.

There will be no further liability to the Scheme Trustee in respect of Scheme Trustee's fee other than the amount recognised above.

5. PRIVATE PENSION ADMINISTRATOR'S ("PPA") FEE

For the financial year ended 31 August 2024, the PPA's fee is recognised at a rate of 0.04% per annum (2023: 0.04% per annum) of the net asset value of the Fund calculated on a daily basis.

There will be no further liability to the PPA in respect of the PPA's administration fee other than the amount recognised above.

6. TAXATION

	2024	2023
	RM	RM
Current taxation	-	-

Numerical reconciliation between profit before taxation multiplied by the Malaysian statutory tax rate and tax expenses of the Fund is as follows:

	2024	2023
	RM	RM
Profit before taxation	13,474	9,381
Tax calculated at Malaysian tax rate of 24% (2023: 24%)	3,234	2,251
Tax effect in respect of:		
- Expenses not deductible for tax purposes	5,539	4,146
- Restriction on tax deductible expenses for Private Retirement Schemes	2,611	2,581
- Investment income not subject to tax	(11,384)	(8,978)
Tax expenses	-	-

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.08.2024	31.08.2023
	RM	RM
Financial assets at fair value through profit or loss		
- Islamic collective investment schemes - Local	428,597	671,994
- Exchange-traded funds - Foreign	506,317	280,962
	<u>934,914</u>	<u>952,956</u>
	2024	2023
	RM	RM
Net (loss)/gain on financial assets at fair value through profit or loss		
- Realised	19,622	5,315
- Unrealised	(25,182)	18,617
- Management fee rebate [#]	3,724	4,588
	<u>(1,836)</u>	<u>28,520</u>

[#] In arriving at the fair value of Islamic collective investment schemes managed by the PRS Provider, the management fee initially paid to the manager of Islamic collective investment schemes has been considered as part of its net asset value. In order to prevent the double charging of management fee, management fee charged on the Fund's investment in Islamic collective investment schemes has been refunded to the Fund. Accordingly, any rebate of management fee received from the manager of Islamic collective schemes is reflected as increase in the net asset value of the Islamic collective investment schemes.

<u>ISLAMIC COLLECTIVE INVESTMENTS SCHEMES - LOCAL</u>	<u>Quantity</u>	<u>Cost of shares</u>	<u>Fair value as at 31.08.2024</u>	<u>Fair value as at 31.08.2024 expressed as percentage of net asset value of Fund</u>
	Units	RM	RM	%
<u>31.08.2024</u>				
Manulife Investment Al-Faid	122,991	43,587	39,013	3.99
Manulife Investment Al-Fauzan	113,935	30,890	33,895	3.46
Manulife Investment Al-Ma'mun - Class I	290,047	286,409	285,522	29.18
Manulife Investment As-Saad	23,534	24,900	25,440	2.60
Manulife Investment Shariah Asia-Pacific Ex Japan Fund	50,872	22,788	22,969	2.35
Manulife Investment Shariah Progress Fund	37,570	14,500	13,691	1.40
Manulife Shariah China Equity Fund - A (RM) Class	28,769	10,000	8,067	0.83
TOTAL ISLAMIC COLLECTIVE INVESTMENT SCHEMES - LOCAL	<u>667,718</u>	<u>433,074</u>	<u>428,597</u>	<u>43.81</u>

<u>EXCHANGE TRADED FUNDS - FOREIGN</u>	Quantity	Cost of shares	Fair value as at 31.08.2024	Fair value as at 31.08.2024 expressed as percentage of net asset value of Fund
	Units	RM	RM	%
<u>31.08.2024</u>				
iShares MSCI Emerging Markets Islamic UCITS - ETF	321	31,121	28,764	2.94
iShares MSCI USA Islamic UCITS - ETF	381	73,724	81,481	8.33
SP Funds Dow Jones Global Sukuk ETF	3,920	319,257	311,593	31.85
SP Funds S&P 500 Sharia Industry - Exclusions ETF	480	85,952	84,479	8.63
TOTAL EXCHANGE TRADED FUNDS - FOREIGN	5,102	510,054	506,317	51.75
TOTAL SHARIAH- COMPLIANT INVESTMENTS	672,820	943,128	934,914	95.56
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		(8,214)		
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		934,914		

<u>ISLAMIC COLLECTIVE INVESTMENTS SCHEMES - LOCAL</u>	Quantity	Cost of shares	Fair value as at 31.08.2023	Fair value as at 31.08.2023 expressed as percentage of net asset value of Fund
	Units	RM	RM	%
<u>31.08.2023</u>				
Manulife Investment Al-Fauzan	200,087	55,682	54,764	5.73
Manulife Investment Al-Ma'mun - Class I	532,182	526,374	527,818	55.18
Manulife Investment Shariah Asia-Pacific ex Japan Fund	191,282	81,447	84,259	8.81
Manulife Shariah China Equity Fund - A (RM) Class	15,308	5,307	5,153	0.54
TOTAL ISLAMIC COLLECTIVE INVESTMENT SCHEMES - LOCAL	938,859	668,810	671,994	70.26
<u>EXCHANGE TRADED FUNDS - FOREIGN</u>				
	Quantity	Cost of shares	Fair value as at 31.08.2023	Fair value as at 31.08.2023 expressed as percentage of net asset value of Fund
	Units	RM	RM	%
<u>31.08.2023</u>				
iShares MSCI USA Islamic UCITS - ETF	389	70,598	80,269	8.39
SP Funds Dow Jones Global Sukuk ETF	2,257	181,036	184,615	19.30
SP Funds S&P 500 Sharia Industry - Exclusions ETF	106	15,544	16,078	1.69
TOTAL EXCHANGE TRADED FUNDS - FOREIGN	2,752	267,178	280,962	29.37
TOTAL SHARIAH-COMPLIANT INVESTMENTS	941,611	935,988	952,956	99.63
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		16,968		
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		952,956		

8. DERIVATIVE ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.08.2024	31.08.2023
	RM	RM
Derivative assets		
Forward foreign currency contracts	3,227	-
Derivative liabilities		
Forward foreign currency contracts	-	339
	2024	2023
	RM	RM
Realised gain/(loss) on forward currency contracts	13,357	(13,571)
Unrealised gain/(loss) on forward currency contracts	3,566	(266)
	16,923	(13,837)

(i) Forward foreign currency contract as at 31 August 2024 is as follows:

	Receivables	Payables	Fair value	Percentage of net asset value
	RM	RM	RM	%
CIMB Islamic Bank Berhad	268,500	265,273	3,227	0.33
Total Forward foreign currency contract	268,500	265,273	3,227	0.33

(ii) Forward foreign currency contract as at 31 August 2023 is as follows:

	Receivables	Payables	Fair value	Percentage of net asset value
	RM	RM	RM	%
HSBC Amanah Malaysia Berhad	146,000	146,339	(339)	(0.04)
Total Forward foreign currency contract	146,000	146,339	(339)	(0.04)

As at 31 August 2024, the notional principal amount of the 1 (2023: 1) outstanding forward foreign currency contracts amounted to RM268,500 (31.08.2023: RM146,000). The MYR/USD forward foreign currency contracts were entered into during the financial year to minimise the risk of foreign exchange exposure between the MYR and USD for the fund.

As the Fund has not adopted hedge accounting the change in fair value of the forward foreign currency contracts is recognised immediately in the statement of comprehensive income.

9. CASH AND CASH EQUIVALENTS

	<u>31.08.2024</u>	<u>31.08.2023</u>
	RM	RM
Bank balance in a licensed bank	<u>22,765</u>	<u>70,827</u>

10. SHARIAH INFORMATION OF THE FUND

The Shariah Adviser confirmed that the investment portfolio of the Fund is Shariah-compliant, and which comprises:

- (a) Equity securities listed on Bursa Malaysia Securities Berhad which have been classified as Shariah-compliant by the Shariah Advisory Council ("SAC") of the Securities Commission Malaysia or SAC of Bank Negara Malaysia or the relevant Shariah Supervisory Board of an approved Islamic Index for the financial year under review;
- (b) Islamic Collective investment schemes which were verified as Shariah-compliant by the Shariah Adviser;
- (c) Liquid assets in the local market which are placed in Shariah-compliant investments and/or instruments.

11. UNITS IN CIRCULATION**(i) Class A**

	<u>31.08.2024</u>	<u>31.08.2023</u>
	No. of units	No. of units
At beginning of the financial year	1,253,731	1,255,975
Add: Creation of units arising from applications	131,804	455,284
Add: Creation of units arising from distribution	11,778	15,683
Less: Cancellation of units	<u>(562,662)</u>	<u>(473,211)</u>
At end of the financial year	<u>834,651</u>	<u>1,253,731</u>

(ii) Class C

	<u>31.08.2024</u>	<u>31.08.2023</u>
	No. of units	No. of units
At beginning of the financial year	514,392	423,487
Add: Creation of units arising from applications	542,802	94,555
Add: Creation of units arising from distribution	3,559	5,102
Less: Cancellation of units	<u>(131,866)</u>	<u>(8,752)</u>
At end of the financial year	<u>928,887</u>	<u>514,392</u>

12. BROKERS' TRANSACTIONS

The details of transactions with brokers by value of trade are as follows:

<u>Name of Brokers</u>	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>2024</u>				
Merrill Lynch and Co Inc	375,263	65.88	81	84.38
Macquarie Capital (Europe) Limited	74,837	13.14	4	4.17
ITG Inc.	29,176	5.12	1	1.04
Macquarie Bank Limited, Hong Kong	24,347	4.27	1	1.04
Goldman Sachs and Co, New York	40,325	7.08	7	7.29
BNP Paribas Securities Services, France	13,561	2.38	1	1.04
Goldman Sachs International, London	12,116	2.13	1	1.04
	<u>569,625</u>	<u>100.00</u>	<u>96</u>	<u>100.00</u>
<u>2023</u>				
Goldman Sachs and Co, New York	130,323	33.58	32	45.71
Merrill Lynch And Co	117,031	30.15	31	44.29
Goldman Sachs International, London	82,656	21.30	4	5.71
Macquarie Capital (Europe) Limited	34,525	8.90	2	2.86
ITG Inc.	16,388	4.22	1	1.43
Euroclear Bank	7,181	1.85	-	-
	<u>388,104</u>	<u>100.00</u>	<u>70</u>	<u>100.00</u>

Except for the significant related party transactions disclosed in Note 13, there were no other transactions with related parties as at the end of each financial year.

13. UNITS HELD BY THE PRS PROVIDER AND PARTIES RELATED TO THE PRS PROVIDER

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

Related parties	Relationship
Manulife Investment Management (M) Berhad	The PRS Provider
Manulife Financial Corporation ("Manulife")	Ultimate holding company of the PRS Provider
Manulife Holdings Berhad	Immediate holding company of the PRS Provider
Subsidiaries and associates of Manulife as disclosed in its financial statements	Subsidiaries and associate companies of the ultimate holding company of the PRS Provider
Directors of Manulife Investment Management (M) Berhad	Directors of the PRS Provider

Units held by party related to the PRS Provider:

	31.08.2024		31.08.2023	
	No. of units	RM	No. of units	RM
Directors of the PRS Provider				
<u>Class C</u>				
Wong Boon Choy**	<u>103</u>	<u>59</u>	<u>102</u>	<u>57</u>

** The units are held legally and beneficially.

There were no units held by the PRS Provider for Class A and Class C as at 31 August 2024 and 31 August 2023 respectively.

In addition to the related party disclosure mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances.

The PRS Provider 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.

	2024	2023
	RM	RM
Significant related party transactions		
Dividends from collective investment schemes:		
- Manulife Investment Management (M) Berhad	<u>21,895</u>	<u>16,235</u>
Purchase of collective investment scheme:		
- Manulife Investment Management (M) Berhad	<u>267,828</u>	<u>785,600</u>
Disposal of collective investment schemes:		
- Manulife Investment Management (M) Berhad	<u>537,160</u>	<u>660,228</u>
Management fee rebates		
- Manulife Investment Management (M) Berhad	<u>3,724</u>	<u>4,588</u>

	<u>2024</u>	<u>2023</u>
	RM	RM
Significant related party balances		
Islamic Collective investment schemes managed by the PRS Provider:		
- Manulife Investment Al-Faid	39,013	-
- Manulife Investment Al-Fauzan	33,895	54,764
- Manulife Investment Al-Ma'mun - Class I	285,522	526,860
- Manulife Investment As-Saad	25,440	-
- Manulife Investment Shariah Asia-Pacific Ex Japan Fund	22,969	84,259
- Manulife Investment Shariah Progress Fund	13,691	-
- Manulife Shariah China REIT Fund - Class A	8,067	5,153
	<u>428,597</u>	<u>671,036</u>

14. TOTAL EXPENSE RATIO ("TER")

	<u>2024</u>	<u>2023</u>
	%	%
TER	<u>1.94</u>	<u>1.41</u>

TER represents expenses including Management fee, Scheme Trustee's fee, Private Pension Administrator fee, and other expenses (excluding SST on transaction costs and withholding tax) expressed as an annual percentage of the Fund's average net asset value calculated on a daily basis.

15. PORTFOLIO TURNOVER RATIO ("PTR")

	<u>2024</u>	<u>2023</u>
PTR (times)	<u>0.71</u>	<u>0.98</u>

PTR represents the average of total acquisitions and disposals of Shariah-compliant investments in the Fund for the financial year over the Fund's average net asset value calculated on a daily basis.

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks which include market risk (including price risk, profit rate risk and currency risk), credit risk, liquidity risk, capital risk, reclassification of Shariah status risk and collective investment scheme risk.

Financial risk management is carried out through internal control processes adopted by the PRS Provider and adherence to all rules and regulations as stipulated by the Securities Commission Malaysia's Guidelines on Private Retirement Scheme.

Market risk**(a) Price risk**

Price risk arises mainly from uncertainty about future prices of Shariah-compliant investments. It represents the potential loss the Fund may suffer through holding market positions in the face of price movements. The PRS Provider manages the risk of unfavourable changes in prices by continuous monitoring of the performance and risk profile of the Shariah-compliant investment portfolio.

The table below shows the assets of the Fund which are exposed to price risk.

	<u>31.08.2024</u>	<u>31.08.2023</u>
	RM	RM
Financial assets at fair value through profit or loss		
- Islamic collective investment schemes - Local	428,597	671,994
- Exchange-traded funds - Foreign	506,317	280,962
	<u>934,914</u>	<u>952,956</u>

The following table summarises the sensitivity of the Fund's profit after taxation and net asset value to price risk movements of Shariah-compliant investment as at end of each reporting year. The analysis is based on the assumptions that the market price fluctuates by 5% with all other variables being held constant and that fair value of the Fund's Shariah-compliant investments move according to the history correlation of the index. Disclosures below are shown in absolute terms, changes of Shariah-compliant investments and impact could be positive or negative.

	<u>Changes in price</u>	<u>Impact on profit after taxation</u>	<u>Impact on net asset value</u>
	%	RM	RM
<u>As at</u>			
<u>31.08.2024</u>			
Financial assets at fair value through profit or loss			
- Islamic collective investment schemes			
- Local	5	21,430	21,430
- Exchange-traded funds - Foreign	5	25,316	25,316
		<u>46,746</u>	<u>46,746</u>
<u>31.08.2023</u>			
Financial assets at fair value through profit or loss			
- Islamic collective investment schemes			
- Local	5	33,600	33,600
- Exchange-traded funds - Foreign	5	14,048	14,048
		<u>47,648</u>	<u>47,648</u>

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rate.

The Fund's exposure to the interest risk is mainly confined to Islamic deposits with financial institutions. The PRS Provider overcomes this exposure by way of maintaining Islamic deposits on short term basis. Therefore, the Fund's exposure to interest rate fluctuation is minimal.

The above interest rate is a general economic indicator that will have an impact on the management of the Fund regardless whether it is a Shariah-compliant unit trust fund or otherwise. It does not in any way suggest that the Fund will invest in conventional financial instruments. All the investments carried out for the Fund are in accordance with Shariah requirements.

(c) Currency risk

For investments denominated in foreign currencies, the currency risk may have a significant impact on the returns of the Fund. The PRS Provider will evaluate the likely direction of a foreign currency versus Ringgit Malaysia based ("RM") on consideration of economic fundamentals such as interest rate differentials, balance of payment position, debt level and technical consideration.

The Fund's foreign currency risk concentration are as follows:

	Cash and cash equivalents	Financial assets at fair value through profit or loss	Derivative assets at fair value through profit or loss	Derivative liabilities at fair value through profit or loss	Amount due from brokers	Total
	RM	RM	RM	RM	RM	RM
As at						
<u>31.08.2024</u>						
USD	575	506,317	3,227	-	9,765	519,884
EUR	7	-	-	-	-	7
	<u>582</u>	<u>506,317</u>	<u>3,227</u>	<u>-</u>	<u>9,765</u>	<u>519,891</u>
<u>31.08.2023</u>						
USD	7,213	280,962	-	(339)	-	287,836
EUR	6	-	-	-	-	6
	<u>7,219</u>	<u>280,962</u>	<u>-</u>	<u>(339)</u>	<u>-</u>	<u>287,842</u>

The following table summarises the sensitivity of the Fund's profit after taxation and net asset value to changes in foreign exchange movements at the end of each reporting period. The analysis is based on the assumption that the foreign exchange rate fluctuates by 5%, with all other variables remaining constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Disclosures as shown in absolute terms, changes and impacts could be positive or negative.

	Changes in foreign exchange %	Impact on profit after taxation RM	Impact on net asset value RM
As at			
31.08.2024			
USD	5	25,994	25,994
EUR	5	-	-
		<u>25,994</u>	<u>25,994</u>
31.08.2023			
USD	5	14,392	14,392
EUR	5	-	-
		<u>14,392</u>	<u>14,392</u>

Credit risk

Credit risk is the risk that one party to financial instrument will cause to a financial loss to the other party by failing to discharge an obligation. The PRS Provider manages the credit risk by undertaking credit evaluation to minimise such a risk.

For amount due from Manager of collective investment scheme, the settlement terms are governed by the relevant rules and regulations as prescribed by respective countries stock exchanges.

The settlement terms of the proceeds from the creation of units receivable from the PRS Provider are governed by the Securities Commission's Guidelines on Private Retirement Schemes.

For amount due from brokers, the settlement terms are governed by the relevant rules and regulations as prescribed by respective foreign stock exchanges.

The maximum exposure to credit risk before any credit enhancements as at the end of the financial year is the carrying amount of the financial assets as set out below:

	Neither Past Due Nor Impaired					Total RM
	Cash and cash equivalents	Derivative assets at fair value through profit or loss	Amount due from PRS Provider- creation of units	Amount due from PRS Provider - Sale of collective investment scheme	Amount due from brokers	
	RM	RM	RM	RM	RM	
As at						
31.08.2024						
AAA	22,765	3,227	-	-	-	25,992
Not rated	-	-	651	9,765	7,778	18,194
	<u>22,765</u>	<u>3,227</u>	<u>651</u>	<u>9,765</u>	<u>7,778</u>	<u>44,186</u>
31.08.2023						
AAA	70,827	-	-	-	-	70,827
Not rated	-	-	650	-	-	650
	<u>70,827</u>	<u>-</u>	<u>650</u>	<u>-</u>	<u>-</u>	<u>71,477</u>

Liquidity risk

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

The PRS Provider manages this risk by maintaining a sufficient level of Islamic liquid assets to meet anticipated payments and cancellation of units by the members. The Islamic liquid assets comprise cash at bank, Islamic deposits with licensed financial institutions and other instruments which are capable of being converted into cash within 7 days.

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

	<u>Within one month</u>	<u>Total</u>
	RM	RM
As at		
<u>31.08.2024</u>		
Financial assets		
Cash and cash equivalents	22,765	22,765
Financial assets at fair value through profit or loss	934,914	934,914
Derivative assets at fair value through profit or loss	3,227	3,227
Amount due from PRS Provider		
- Creation of units	651	651
- Sale of collective investment scheme	9,765	9,765
Amount due from brokers	<u>7,778</u>	<u>7,778</u>
	<u>979,100</u>	<u>979,100</u>
Financial liabilities		
Net assets attributable to members**	978,380	978,380
Amount due to PRS Provider		
- Management fee	666	666
Amount due to Scheme Trustee	21	21
Amount due to Private Pension Administrator	<u>33</u>	<u>33</u>
	<u>979,100</u>	<u>979,100</u>

	<u>Within one month</u>	<u>Total</u>
	RM	RM
As at		
<u>31.08.2023</u>		
Financial assets		
Cash and cash equivalents	70,827	70,827
Financial assets at fair value through profit or loss	952,956	952,956
Amount due from PRS Provider		
- Creation of units	650	650
	<u>1,024,433</u>	<u>1,024,433</u>
Financial liabilities		
Net assets attributable to members**	956,465	956,465
Amount due to PRS Provider		
- Management fee	568	568
- Cancellation of units	67,006	67,006
Amount due to Scheme Trustee	21	21
Amount due to Private Pension Administrator	34	34
Derivative liabilities at fair value through profit or loss	339	339
	<u>1,024,433</u>	<u>1,024,433</u>

** Units are cancelled on demand at the member's option. However, the PRS Provider does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows as members typically retain their units for the medium to long-term return.

Reclassification of Shariah status risk

The risk refers to the risk that the currently held Shariah-compliant investments in the portfolio of Islamic funds may be reclassified to be Shariah non-compliant in the periodic review of the securities by the Shariah Advisory Council of the Securities Commission Malaysia, the Shariah Advisory Council of Bank Negara Malaysia or the relevant Shariah Supervisory Board of an approved Islamic Index. If this occurs, the PRS Provider will take the necessary steps to dispose of such securities.

There may be opportunity loss to the Fund due to the Fund not being allowed to retain the excess capital gains derived from the disposal of the Shariah non-compliant securities. The value of the Fund may also be adversely affected in the event of a disposal of Shariah non-compliant securities at a price lower than the investment cost.

Capital risk

The capital of the Fund is represented by net assets attributable to members, of RM978,380 (2023: RM956,465). The amount of net assets attributable to members can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of members. 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 for members and benefits for other stakeholders, and to maintain a strong capital base to support the development of the investment activities of the Fund.

Fair value estimation

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets 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).

Financial assets at fair value through profit or loss consisting of RM934,914 (31.08.2023: RM952,956) is classified within level 1 of the fair value hierarchy.

Derivatives assets at fair value through profit or loss amounting to RM3,227 (2023: RMNil) is classified within level 2 of the fair value hierarchy.

Derivatives liabilities at fair value through profit or loss amounting to RMNil (2023: RM339) is classified within level 2 of the fair value hierarchy.

Collective investment scheme risk

This risk is associated with the Fund's investment in Islamic collective investment schemes, that exposing the Fund to their inherent investment risks. The Fund may also be exposed to liquidity risk which may arise from the inability of the Islamic collective investment schemes to meet redemption amounts, as well as the risk of not being aligned with the Fund's mandate in the event the Islamic collective investment schemes that the Fund is invested into breaches their asset allocation limits. Therefore, should any of the risks faced by the Islamic collective investment schemes materialised, the performance of the Fund will be affected.

17. FINANCE COST

Distribution to members is derived from the following sources:

(i) Class A

	2024 RM	2023 RM
Previous financial years' realised income	16,826	11,956
Less: Expenses	(10,562)	(3,895)
	<u>6,264</u>	<u>8,061</u>
Gross distribution per unit (sen)	<u>0.67</u>	<u>0.64</u>
Net distribution per unit (sen)	<u>0.67</u>	<u>0.64</u>
Ex-date	<u>15.12.2023</u>	<u>15.12.2022</u>

(ii) Class C

	<u>2024</u>	<u>2023</u>
	<u>RM</u>	<u>RM</u>
Previous financial years' realised income	5,907	3,981
Dividend Income	565	-
Less:		
Expenses	<u>(4,467)</u>	<u>(1,230)</u>
	<u>2,005</u>	<u>2,751</u>
Gross distribution per unit (sen)	<u>0.25</u>	<u>0.64</u>
Net distribution per unit (sen)	<u>0.25</u>	<u>0.64</u>
Ex-date	<u>15.12.2023</u>	<u>15.12.2022</u>

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

Included in the distribution for the financial year is an amount of RM22,733 (2023: RM15,937) derived from previous financial year's realised income.

Distribution equalisation represents the average amount of distributable income included in the creation and cancellation prices of units. It is computed as at each date of creation and cancellation of units. For the purpose of determining amount available for distribution, distribution equalisation is included in the computation of realised gains or income available for distribution.

There are unrealised losses of RM21,389 (31.08.2023: unrealised gains RM18,172) arising during the financial year.

14. CORPORATE INFORMATION

PROVIDER

Manulife Investment Management (M) Berhad

Registration No: 200801033087 (834424-U)

13th Floor, Menara Manulife
No. 6, Jalan Gelenggang
Damansara Heights
50490 Kuala Lumpur

BOARD OF DIRECTORS OF THE PROVIDER

Dato' Dr Zaha Rina Binti Zahari (Independent)
Edmond Cheah Swee Leng (Independent)
Gianni Fiacco (Non-Independent)
Vibha Hamsi Coburn (Non-Independent)
Wong Boon Choy (Non-Independent)
Chong Soon Min (Jason) (Non-Independent Executive)

INVESTMENT MANAGER

Manulife Investment Management (Hong Kong) Limited

Registration No: (482556)

47th Floor, The Lee Gardens
33 Hysan Avenue, Causeway Bay
Hong Kong SAR

SCHEME TRUSTEE OF THE FUND

CIMB Islamic Trustee Berhad

Registration No: 198801000556 (167913-M)

Level 13, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur

AUDITORS

PricewaterhouseCoopers PLT

Registration No: LLP0014401-LCA & AF 1146

Level 10, Menara TH1 Sentral, Jalan Rakyat
Kuala Lumpur Sentral
P O Box 10192
50706 Kuala Lumpur

TAX CONSULTANTS

Deloitte Tax Services Sdn Bhd

Registration No: 197701005407 (36421-T)

Level 16, Menara LGB
1 Jalan Wan Kadir
Taman Tun Dr Ismail
60000 Kuala Lumpur

SHARIAH ADVISER

ZICO Shariah Advisory Services Sdn Bhd

Registration No: 200701011429 (769433-D)

Level 13A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

MAIN OFFICE**Manulife Investment Management (M) Berhad**

Registration No: 200801033087 (834424-U)

13th Floor, Menara Manulife, No. 6, Jalan Gelenggang
 Damansara Heights, 50490 Kuala Lumpur
 Tel: (03) 2719-9228 Fax: (03) 2094-7654
 Customer Service Hotline: (03) 2719-9271
 E-mail : MY_CustomerService@manulife.com
 Website: www.manulifeim.com.my

BRANCH OFFICES**Kota Bharu**

1st Floor, Lot 10900
 Wisma Seri Setia
 Jalan Dusun Muda
 Sek 26, 15200 Kota Bharu
 Kelantan
 Tel : (09) 747-2388
 Fax : (09) 747-2588

Klang

No. 3-1 & 3-2
 Jalan Mahogani 5/K507
 Bandar Botanic
 41200 Klang
 Selangor Darul Ehsan
 Tel : (03) 3318-6088
 Fax : (03) 3318-4011

Miri

Lot 3554, 1st & 2nd Floor
 Block 5 MCLD
 Jalan Miri Pujut
 101 Commercial Centre
 98000 Miri, Sarawak
 Tel : (085) 325-770
 Fax : (085) 326-262

Sungai Petani

Lot 88, No. 17
 2nd Floor
 Jalan Perdana Heights 2/2
 Perdana Heights
 08000 Sungai Petani
 Kedah Darul Aman
 Tel : (04) 423-3233
 Fax : (04) 423-3233

Kuala Lumpur

2nd Floor
 Menara Manulife
 6 Jalan Gelenggang
 Damansara Heights
 50490 Kuala Lumpur
 Tel : (03) 2719-9204

Bintulu

No.2, Lot 3288, 1st Floor
 Parkcity Commerce Square
 Jalan Tun Ahmad Zaidi
 97000 Bintulu
 Sarawak
 Tel : (086) 343-288
 Fax : (086) 343-289

Penang

1-2-18, Elit Avenue
 Jalan Mayang Pasir 3
 11950 Bayan Baru
 Penang
 Tel : (04) 611-9944 /
 618-0044
 Fax : (04) 618-0505

Seremban

160-2, Taipan Senawang
 Jalan Taman Komersil
 Senawang 1
 Taman Komersil Senawang
 70450 Seremban
 Negeri Sembilan
 Tel : (06) 671-5019
 Fax : (06) 678-0016

Sibu

No.1 & 3, 1st Floor
 Lorong 1, Jalan Tun Abang
 Haji Openg
 96000 Sibu
 Sarawak
 Tel : (084) 320-469
 Fax : (084) 320-476

Ipoh

No. 1, 1A & 1B
 Pusat Perdagangan Canning 2
 Pusat Perdagangan Canning
 31400 Ipoh, Perak
 Tel : (05) 5416-839
 Fax : (05) 5416-627

Melaka

87-1 & 87-2
 Jalan Melaka Raya 25
 Taman Melaka Raya 1
 75000 Melaka
 Tel : (06) 281-3866
 Fax : (06) 282-0587

Kota Kinabalu

Lot J-55-2, Block J
 2nd Floor, Signature Office
 KK Times Square
 Off Jalan Coastal Highway
 88100 Kota Kinabalu
 Sabah
 Tel : (088) 486-671 /
 486-672
 Fax : (088) 486-670

Dataran Sunway

26-2 & 28-2
 Jalan PJU 5/8
 Dataran Sunway
 Kota Damansara
 47810 Petaling Jaya
 Selangor Darul Ehsan
 Tel : (03) 6140-8101 /
 6140-8102
 Fax : (03) 6140-8103

Johor Bahru

No.1-01
 Jalan Setia Tropika 1/15
 Taman Setia Tropika
 81200 Johor Bahru
 Johor Darul Takzim
 Tel : (07) 234-5871
 Fax : (07) 234-4620

Sandakan

Taman Nasalim Shoplot
 Lot 33, 1st Floor, Phase 7A
 Jalan Lintas Utara
 90000 Sandakan, Sabah
 Tel : (089) 220-220
 Fax : (089) 226-868

Shah Alam

30-1, Block 5
 Jalan Setia Prima (S)
 U13/S, Setia Alam
 Seksyen U13
 40170 Shah Alam
 Selangor Darul Ehsan
 Tel : (03) 3362-6668
 Fax : (03) 3362-6662

Kuching

No.63 & 65, 2nd Floor
 Jalan Tun Jugah
 93350 Kuching
 Sarawak
 Tel : (082) 593-380
 Fax : (082) 593-382

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Manulife

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