



Manulife

Investment Management

Manulife
Shariah PRS-
Conservative
Fund

Semi-annual Report

for the six months financial period ended
29 February 2024

MANULIFE SHARIAH PRS- CONSERVATIVE FUND

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MANULIFE SHARIAH PRS- CONSERVATIVE FUND

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 TYPE / 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 is neither a capital guaranteed fund nor a capital protected fund. 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 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.

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During the six months financial period under review, 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 customising, 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 utilises 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.

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2 PRS PROVIDER'S REPORT

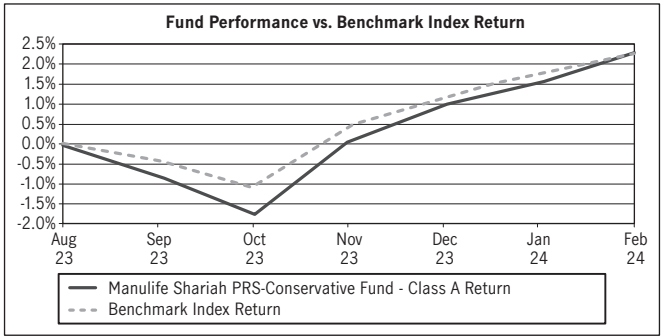
2.1 FUND PERFORMANCE

For the six months financial period ended 29 February 2024, the Fund's return increased by 2.27% and 2.38% for Class A and Class C respectively. Class A performed in-line with its benchmark while the Class C Fund outperformed its benchmark, which increased by 2.27%. For the period under review, the largest performance contributions were made by Global Bonds and Developed Market Equities. In an overall positive period, allocations across other asset classes also contributed across the board.

The distribution of 0.67 sen and 0.25 sen 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.

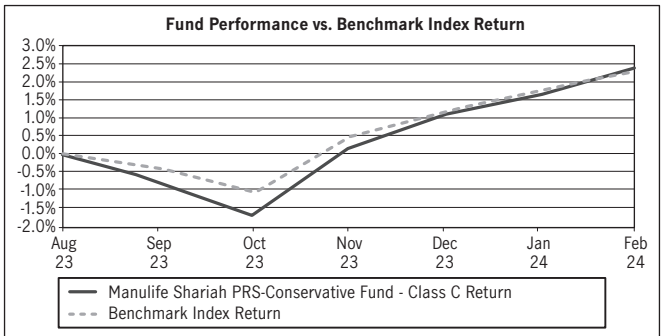
The graph below compares the 6-month performance of the Fund against its benchmark return:

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.

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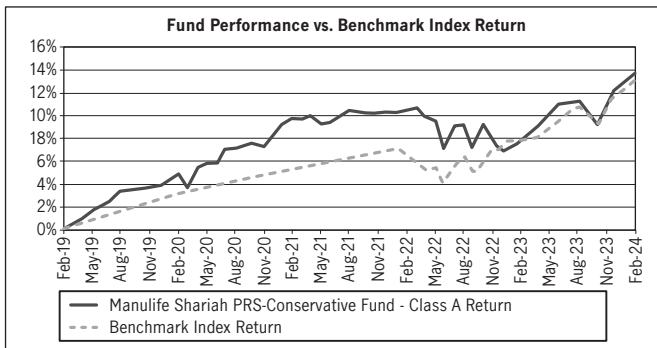
Fund Size

The Fund's total NAV increased to RM1.01mil from RM0.96mil during the six months financial period under review.

Fund Returns

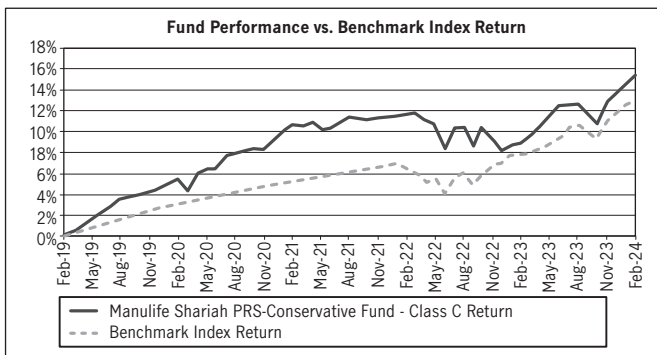
(a) The graph below compares the 5-year performance of the Fund against its benchmark return:

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.

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(b) Average Total Return of the Fund:

Class A

For the financial period ended 29 February 2024	Fund (% p.a.)	Benchmark (% p.a.)
1 year	5.72	4.89
3 years	1.17	2.42
5 years	2.61	2.49
Investment Commencement Date: 12 August 2013		

Source: Lipper; www.maybank2u.com.my

Class C

For the financial period ended 29 February 2024	Fund (% p.a.)	Benchmark (% p.a.)
1 year	5.94	4.89
3 years	1.38	2.42
5 years	2.90	2.49
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 period ended	Fund (% p.a.)	Benchmark (% p.a.)
29 February 2024	5.72	4.89
28 February 2023	(2.70)	1.31
28 February 2022	0.67	1.11
28 February 2021	4.80	2.03
29 February 2020	4.82	3.14
Investment Commencement Date: 12 August 2013		

Source: Lipper; www.maybank2u.com.my

Class C

For the financial period ended	Fund (% p.a.)	Benchmark (% p.a.)
29 February 2024	5.94	4.89
28 February 2023	(2.51)	1.31
28 February 2022	0.87	1.11
28 February 2021	5.01	2.03
29 February 2020	5.47	3.14
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.

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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 return can be calculated based on the computation methods as follows:

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

Total Fund's Return = Total fund's return for the period is derived from geometrically linking together the daily total fund's returns.

The linking formula is $[(1 + R_1) \times (1 + R_2) \times \dots \times (1 + R_n)] - 1$

where: R_1 is the first daily return for the period,

R_2 is the second daily return for the period, and

R_n is the last daily return for the period.

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

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

Fund Data	29 February 2024	28 February 2023	28 February 2022
NAV (RM)			
- Class A	464,301	665,281	693,502
- Class C	545,188	253,745	229,646
Units in Circulation ('000)			
- Class A	862	1,289	1,292
- Class C	955	469	409
NAV (RM per unit)			
- Class A	0.5386	0.5159	0.5368
- Class C	0.5709	0.5413	0.5618
Highest / Lowest NAV (RM per unit)			
- Class A	0.5403/0.5239	0.5316/0.5103	0.5446/0.5342
- Class C	0.5726/0.5505	0.5571/0.5353	0.5696/0.5590
Total Fund Return (%)			
- Class A	2.27	(1.43)	0.11
Capital Growth (%)	0.99	(2.64)	1.36
Income Distribution (%)	1.26	1.25	1.49
Total Fund Return (%)			
- Class C	2.38	(1.33)	0.20
Capital Growth (%)	1.93	(2.49)	1.30
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 (%)	0.92	0.63	0.63
Portfolio Turnover Ratio (times)	0.39	0.31	0.70

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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 Shariah-compliant fund to the average value of the Shariah-compliant fund calculated on a daily basis.

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

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 provider's fee, the annual scheme trustee fee and any other fees deducted / deductible directly from the fund;

Recovered expenses = 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 fund = 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 period is higher than the previous financial period mainly due to the increase in expenses incurred.

(ii) Portfolio Turnover Ratio (PTR)

PTR can be calculated based on the ratio of the average sum of acquisitions and disposals of the Shariah-compliant fund for the financial period to the average value of the Shariah-compliant fund for the financial period calculated on a daily basis.

$$\frac{[\text{Total acquisitions of the fund for the period} + \text{Total disposals of the fund for the period}]/2}{\text{Average value of the fund for the period calculated on a daily basis}}$$

The PTR for the financial period is higher than the previous financial period mainly due to the increase in trading activities.

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

Class A

EX-DATE	CUM DISTRIBUTION NAV (RM)	GROSS DISTRIBUTION (RM)	EX DISTRIBUTION NAV (RM)
15-Dec-23	0.5368	(0.0067)	0.5301
15-Dec-22	0.5213	(0.0064)	0.5149
15-Dec-21	0.5353	(0.0080)	0.5273

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Class C

EX-DATE	CUM DISTRIBUTION NAV (RM)	GROSS DISTRIBUTION (RM)	EX DISTRIBUTION NAV (RM)
15-Dec-23	0.5642	(0.0025)	0.5617
15-Dec-22	0.5464	(0.0064)	0.5400
15-Dec-21	0.5600	(0.0085)	0.5515

Source of distribution distributed for the financial Period;

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

The PRS Provider wishes to highlight that past performance of the Fund is not an indication of 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 periods:

Sector Allocation	% of Net Asset Value		
	29 February 2024	28 February 2023	28 February 2022
Shariah-compliant Collective Investment Schemes- Local	55.43	68.62	89.38
Exchange Traded Funds-Foreign	44.11	31.36	8.43
Islamic deposits with Licensed Financial Institutions	-	-	-
Other Assets & Liabilities	0.46	0.02	2.19

As at 29 February 2024, the Fund was 55.43% invested in Shariah-compliant collective investment schemes-local, and 44.11% in exchange traded funds-foreign, and the remaining in other assets & liabilities. 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 period under review (1st September 2023 to 29 February 2024), global equity and fixed income markets posted strong positive returns despite a rocky start, as investors held on to optimism through a surprise dovish pivot by the US Federal Reserve (Fed). Resilient economic activity, moderating inflation data, as well as the hope and anticipation of a cut in interest rates all served to lift investor sentiment.

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. Geopolitical risk events were also a continued source of concern, as Hamas and Israel in the Middle East escalated into new conflicts. 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.

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Markets rallied in November with equities posting the best month of 2023, and continued their upwards trajectory through to the end of the year. Market sentiment improved with softening labour market data and moderating inflation across developed markets, as the soft landing narrative remained robust. With an end to the US tightening cycle increasingly priced in by markets, the Fed kept rates unchanged while its tone pivoted in December towards dovish comments. The prospect of rate cuts in the near-term spurred a risk-on sentiment, which saw the US 10-year Treasury yield falling back to end December at 3.88%. Lower Treasury yields and a weaker USD powered the broad risk asset rally.

With a new year, January saw mixed equity results and modest declines in fixed income as desynchronisation continued to characterise 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. Meanwhile, the Eurozone narrowly missed a technical recession and China continued to face ailments in its property sector in addition to deflation and weakening investor sentiment.

The period under review ended on a higher note with February returning to solid footing. 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. Resilient economic data and better-than-expected earnings reports in the US, while supportive of equities, weighed on fixed income markets. The month saw a hawkish shift in market expectations on the first rate cut, which at one point had been priced for March but later repriced to June, followed by the Federal Open Market Committee (FOMC) statement reiterating a “higher for longer” rhetoric.

Fixed Income

During the period under review (1st September 2023 to 29 February 2024), fixed income markets were broadly positive. High Yield was the relative outperformer, with the Bloomberg Global High Yield index rising 7.48%. Emerging Markets also outperformed, with the Bloomberg Emerging Markets USD Aggregate index up 5.44%, as developed market central banks lag their emerging market counterparts in the easing cycle.

In contrast, rate sensitives underperformed with cuts yet to materialise, and the FTSE World Government Bond Index edged up 1.61% and Bloomberg Global Aggregate up 2.19%.

Equity

During the period under review (1st September 2023 to 29 February 2024), global equity markets posted strong positive results, with the MSCI ACWI index rising 11.88%.

Developed Markets were ahead of Emerging Markets, with MSCI World returning 12.69% over the period. Sector wise within MSCI World, Technology continued to be the clear winner on the back of mega-cap US stocks and excitement surrounding Artificial Intelligence (A.I.), gaining 21.07% over the period. Communication Services and Financials rounded out the top three, gaining 17.30% and 16.89%, respectively. On the other hand, Energy was the only sector to fall over the period, slightly down by -0.49%, and Utilities also underperformed ending the period close to flat at 0.26%.

Japan and the US were the clear winners by region, jumping 14.33% and 14.18%, respectively. Japan equities have benefitted in recent months from corporate reforms, a tight labour market, an economy moving away from decades of deflation, as well as positive market sentiment and foreign investor inflows. Across the ocean, the US economy remains resilient, and the US stock market continues to be buoyed by notable mega-cap outperformance.

While Emerging Markets overall posted positive performance, gaining 5.07% over the period, a closer look reveals diverging trajectories. On one hand, Asia Pacific ex Japan returned 4.50% over the period with China facing continued struggles but on a hopeful path to recovery, while on the other Latin America rose 9.41%, largely thanks to commodity outperformance and expectations surrounding policy easing towards the beginning of the period. The region has since faltered, underperforming, and falling 4.93% over the first two months of 2024.

2.4 MARKET OUTLOOK AND INVESTMENT STRATEGY

Looking ahead at the time of writing, we expect lower interest rates to be accommodative for economic growth. In addition, inflation appears to be coming down and unemployment remains low. However, geopolitical challenges and the upcoming U.S. Presidential election could pose challenges to investor sentiment. We also expect that the first half of 2024 will be more challenging for growth globally.

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We believe we are at, or soon past peak rates and the global easing cycle has begun with global disinflation firmly in place. All major central banks have indicated next moves are cuts, provided inflation continues to moderate, except for the Bank of Japan. We still expect cuts to occur in most developed markets, even with inflation in the 2%-3% range in 2024, but central banks will continue to push back against the higher magnitude of rate cut expectations that the market has priced in. The balance of risks is now weighed towards a later start to the Fed's easing cycle, but potentially with a more aggressive pace. Our base case is at present for cuts to begin in June, but acknowledge that May is a distinct possibility, though we do not believe a difference of six weeks would have a significant impact on growth and financial conditions. While the recent data strongly suggests an extended cycle, we continue to be worried about an economic slowdown around mid-year once the full effect of past interest rate hikes have filtered through the system.

We maintain our base case that U.S. growth eventually falters within the next six months, led by labour market slack and lower household consumption, which is supported by weaker-than-expected retail sales and industrial production in January. That said, whether or not economic activity has contracted to the extent that it fits the official definition of recession is much less important than the decline in growth momentum that lies ahead. In our view, lending, consumer activity, capital investment, and, among other things, earnings will weaken in the coming six months. 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: a slowdown then we see an easier Fed being priced in; data too strong and we could see further pricing out of Fed Funds rate cuts.

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. In our view, easier monetary policy does not sufficiently stimulate lending. Incremental economic policy to stabilise the real estate sector and improve consumer and corporate sentiment will continue, but large-scale fiscal stimulus appears less likely. Consequently, China will not be the main driver of global/regional manufacturing activity. We believe the lagged effects of incremental policy easing should generate some recovery in credit growth. Equity valuations in Asian markets tip toward the favourable side of the equation. To sustain the ongoing domestic stock market rally, we need to get more clarity on Beijing's economic reforms, growth, and budget deficit targets from China's National People's Congress. 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.

In markets, 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. Oil prices have oscillated as prospects for a truce in the Middle East appear and fade, and the conflict has the potential for wide-ranging impacts as other regional players as well as the US get drawn in. 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 monetisation, 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.

Companies of lower credit quality will have to carefully navigate worsening conditions compounded by increased required rates of return by financial markets. In the US, bond yields were broadly higher, with longer-term bond yields rising more than short-term yields. January was the busiest month ever in US corporate bond issuance, with companies taking advantage of the drop in longer-term borrowing costs. However, default rates may tick further upwards, driven by a potentially weakening economy, a large number of bonds maturing over the next few years, and restrictive refinancing rates facing many corporations. We expect interest rates to come down across the entire yield curve over the course of 2024 and we will be positioning portfolios for more duration rather than increasing credit exposures.

Overall, we expect the market to experience some volatility in the first half 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 and may see higher interest rates for longer than expected, but may also not come off at the magnitude the market is pricing in. Tactical positioning will be more prevalent again as we go into 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 period under review, the Fund itself has not undertaken any securities lending or repurchase transactions (collectively referred to as "securities financing transactions").

2.6 CROSS TRADE TRANSACTIONS

During the financial period under review, no cross-trade transactions were carried out.

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2.7 STATE OF AFFAIRS

NOTIFICATION OF CHANGES

A new First Supplemental Disclosure Document dated 30 August 2023 has been issued to make the following updates:

1. removal of information in relation to Class B of the core funds and changes to the provisions in relation to the conversion of Units for core funds following the termination of Class B;
2. in respect of the Manulife PRS – Moderate Fund and Manulife PRS – Conservative Fund, the amendment to the Funds' income distribution policy to allow the Funds to distribute income out of their capital;
3. amendments to streamline with the Guidelines on Private Retirement Funds ("Guidelines"), which includes but not limited to the following:
 - the core funds are no longer restricted to invest in markets where the regulatory authorities are ordinary or associate members of the International Organisation of Securities Commissions ("IOSCO") and the core funds will invest in Eligible Markets as permitted by the relevant laws;
 - update to the investment policy and strategy of the Funds, permitted investments of the core funds and investment limits and restrictions of the Funds;
 - revision to the redemption proceeds payment timeline to seven (7) business days;
 - update to the disclosure on valuation bases of the assets of the Funds, policy on rebates and soft commissions, incorrect pricing, cooling-off period and suspension of dealing in units;
 - removal of investment committee which will be replaced with committee undertaking the oversight function of the Funds;
 - amended the disclosure on suspension of dealing in units;
4. update to liquidity risk and risk considerations for investing in derivatives and warrants, and inclusion of suspension/deferment of redemption risk and taxation risk/ withholding tax risk;
5. update to sales charge, transfer fee and expenses of the Funds;
6. Expanded the information on minimum initial investment and minimum additional investment to disclose the difference of minimum investment amount between walk-in/hardcopy application and online application.;
7. inclusion of disclosure to allow termination of non-core fund without obtaining Members' approval;
8. inclusion of liquidity risk management tools;
9. amended permitted expenses of the Funds to be consistent with the deed in respect of the Scheme;
10. other general and administrative updates:
 - update to the Provider's website to www.manulifeim.com.my;
 - updated definition of "Deed" to include seventh supplemental deed in respect of the Scheme which was registered with the SC on 2 June 2023;
 - amended the definition of "Special Resolution" to be consistent with the PRS Guidelines;
 - updated the definition of "HSBC Group" for clarity;
 - updated the registered office and business address and added email address for fund valuation provider;
 - updated the registered office and business address and added email address for Scheme Trustee. Further information on the Scheme Trustee is provided in our website at <https://www.manulifeim.com.my/about-us/corporate-profile/trustee.html>;
 - editorial amendment to Scheme Trustee's delegate for better clarity;
 - added email and website address for the auditors of the Funds under the Scheme;
 - added the email and website address for tax adviser for the Funds;
 - Added the website address for solicitor appointed for the Funds;
 - Added the website address for principal banker appointed for the funds;
 - Updated Federation of Investment Managers Malaysia (FIMM)'s telephone number;
 - Amended the telephone number for Shah Alam branch of the Provider for accuracy purpose;
 - added information on the website address where contact details and further information in relation to the Provider, Scheme Trustee and its delegate can be obtained.
 - removed profiles of the designated fund managers from the Disclosure Document. The information of the investment team is available in our website at <https://www.manulifeim.com.my/about-us/corporate-profile/key-personnel.html>
 - removed list of Board of Directors from the Disclosure Document. The list of Board of the Provider is available in our website at <https://www.manulifeim.com.my/about-us/corporate-profile/the-board-of-directors.html>.

The First Supplemental Disclosure Document dated 30 August 2023 is available on the company website: www.manulifeim.com.my.

MANULIFE SHARIAH PRS- CONSERVATIVE FUND

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 for 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 period under review, soft commission has not been received by the PRS Provider.

MANULIFE SHARIAH PRS- CONSERVATIVE FUND

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 unaudited 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 29 February 2024 and of its financial performance, changes in net assets attributable to members and cash flows of the Fund for the six months financial period ended 29 February 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
24 April 2024

MANULIFE SHARIAH PRS- CONSERVATIVE FUND

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 6-month financial period ended 29 February 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 period 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, Malaysia
24 April 2024

MANULIFE SHARIAH PRS- CONSERVATIVE FUND

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 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 comprise instruments that have been classified as Shariah compliant by Shariah Advisory Council ("SAC") of the Securities Commission Malaysia. As for the instruments which are not classified as Shariah-compliant by the SAC of the Securities Commission 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
24 April 2024

MANULIFE SHARIAH PRS- CONSERVATIVE FUND

7 STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 29 FEBRUARY 2024

	Note	2024 RM	2023 RM
INVESTMENT INCOME/(LOSS)			
Dividend income		22,221	19,086
Profit income from deposits with licensed financial institutions at amortised cost		26	16
Net gain/(loss) on financial assets at fair value through profit or loss	7	16,999	(12,869)
Net loss on forward foreign currency contracts	8	(2,818)	(8,803)
Net foreign currency exchange gain/(loss)		276	(417)
		36,704	(2,987)
 EXPENSES			
Management fee	3	5,376	5,182
Scheme Trustee's fee	4	120	113
Private Pension Administrator's fee	5	193	181
Transaction costs		57	53
Other expenses		8,528	3,456
		14,274	8,985
PROFIT/(LOSS) BEFORE FINANCE COST AND TAXATION		22,430	(11,972)
FINANCE COST			
Distributions:			
- CLASS A	17(i)	(6,264)	(8,061)
- CLASS C	17(ii)	(2,005)	(2,751)
PROFIT/(LOSS) AFTER FINANCE COST BEFORE TAXATION		14,161	(22,784)
TAXATION	6	-	-
PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS)		14,161	(22,784)
Increase/(decrease) in net assets attributable to members is made up of the following:			
		14,161	(22,784)
Increase/(decrease) in net assets attributable to members is made up of the following:			
Realised		993	(6,770)
Unrealised		13,168	(16,014)
		14,161	(22,784)

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

MANULIFE SHARIAH PRS- CONSERVATIVE FUND

8 STATEMENT OF FINANCIAL POSITION

AS AT 29 FEBRUARY 2024

	Note	<u>29.02.2024</u>	<u>28.02.2023</u>
		RM	RM
ASSETS			
Cash and cash equivalents	9	5,546	7,149
Financial assets at fair value through profit or loss	7	1,004,827	918,806
Derivative assets at fair value through profit or loss	8	884	1,068
Amount due from PRS Provider:			
- Creation of units		101	-
Amount due from PRS Provider			
-Sale of collective investment scheme		15,701	-
Amount due from dealers		13,926	-
TOTAL ASSETS		<u>1,040,985</u>	<u>927,023</u>
LIABILITIES			
Amount due to PRS Provider:			
- Management fee		555	457
- Cancellation of units		-	1
Amount due to Scheme Trustee		20	18
Amount due to PRS Provider			
-Purchase of collective investment scheme		15,810	-
Amount due to dealers		14,000	-
Amount due to Private Pension Administrator		32	29
Derivative liabilities at fair value through profit or loss	8	1,079	7,492
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO MEMBERS)		<u>31,496</u>	<u>7,997</u>
NET ASSETS ATTRIBUTABLE TO MEMBERS		<u>1,009,489</u>	<u>919,026</u>
NET ASSET VALUE ("NAV") OF THE FUND		<u>1,009,489</u>	<u>919,026</u>
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS			
- Class A		464,301	665,281
- Class C		545,188	253,745
		<u>1,009,489</u>	<u>919,026</u>
UNITS IN CIRCULATION (UNITS)			
- Class A	11(i)	862,072	1,289,463
- Class C	11(ii)	955,038	468,728
		<u>1,817,110</u>	<u>1,758,191</u>
NET ASSET VALUE PER UNIT			
- Class A		<u>0.5386</u>	<u>0.5159</u>
- Class C		<u>0.5709</u>	<u>0.5413</u>

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

MANULIFE SHARIAH PRS- CONSERVATIVE FUND

9 STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO MEMBERS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 29 FEBRUARY 2024

	<u>2024</u>	<u>2023</u>
	RM	RM
NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE BEGINNING OF THE FINANCIAL PERIOD	956,465	900,647
Movements due to the units created and cancelled during the financial period:		
Creation of units arising from applications		
- Class A	54,145	125,736
- Class C	272,683	25,581
Creation of units arising from distribution		
- Class A	6,264	8,061
- Class C	2,005	2,751
Cancellation of units		
- Class A	(268,860)	(117,046)
- Class C	(27,374)	(3,920)
	<u>995,328</u>	<u>941,810</u>
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO MEMBERS	<u>14,161</u>	<u>(22,784)</u>
NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE END OF THE FINANCIAL PERIOD	<u><u>1,009,489</u></u>	<u><u>919,026</u></u>

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

MANULIFE SHARIAH PRS- CONSERVATIVE FUND

10 STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 29 FEBRUARY 2024

	Note	<u>2024</u>	<u>2023</u>
		RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Purchase of Shariah-compliant investments		(364,209)	(294,912)
Sale of Shariah-compliant investments		339,954	260,336
Net realised loss on forward foreign currency contract		(2,962)	(2,452)
Net realised foreign exchange (loss)/gain		(72)	9
Dividend income received		4,471	2,824
Profit income received		-	16
Interest income received		26	-
Provider's fee paid		(3,548)	(3,397)
Scheme Trustee's fee paid		(121)	(114)
Private Pension Administrator's fee paid		(195)	(183)
Payment for other fees and expenses		(3,186)	(237)
		<u>(29,842)</u>	<u>(38,110)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		327,378	151,917
Payments for cancellation of units		(363,240)	(127,854)
		<u>(35,862)</u>	<u>24,063</u>
Net cash (used in)/generated from financing activities		<u>(35,862)</u>	<u>24,063</u>
Net decrease in cash and cash equivalents		(65,704)	(14,047)
Currency translation differences		423	(426)
Cash and cash equivalents at beginning of the financial period		<u>70,827</u>	<u>21,622</u>
Cash and cash equivalents at the end of the financial period	9	<u>5,546</u>	<u>7,149</u>
Cash and cash equivalents comprised:			
Bank balance in a licensed bank	9	<u>5,546</u>	<u>7,149</u>

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

MANULIFE SHARIAH PRS- CONSERVATIVE FUND

11 MATERIAL ACCOUNTING POLICY INFORMATION

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 29 FEBRUARY 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 periods presented, unless otherwise stated.

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The unaudited 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 period. It also requires the PRS Provider to exercise judgement 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 six months financial period ended 29 February 2024.

(a) Standards and amendments to existing standards effective 1 September 2023

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

(b) New standards, amendments and interpretations effective after 1 September 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 January 2023, and have not been early adopted in preparing these financial statements. 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 as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

MANULIFE SHARIAH PRS- CONSERVATIVE FUND

The Fund classifies amount due to PRS Provider, amount due to Scheme Trustee, other payables and 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 period 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.

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

Islamic collective investment scheme ("CISs") are 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.

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.

Unquoted sukuk is revalued on daily basis based on fair values prices quoted by a Bond Pricing Agency registered with the Securities Commission as per Securities Commission's Guidelines on Private Retirement Scheme.

(ii) Recognition and initial measurement (Continued)

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.

MANULIFE SHARIAH PRS- CONSERVATIVE FUND

(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 period.

C INCOME RECOGNITION

Profit income from Islamic deposits placed with licensed financial institutions and unquoted sukuk 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 schemes 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.

Realised gain or loss on disposal of unquoted sukuk is calculated based on the difference between the net disposal proceeds and carrying amount of investments, determined on cost adjusted for accretion of discount or amortisation of premium.

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 AMOUNTS DUE FROM/TO PRS PROVIDER/BROKER (SALE AND PURCHASE OF SHARIAH-COMPLIANT INVESTMENTS)

Amounts due from and to PRS Provider/Broker (sales/purchase of Shariah-compliant 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.

MANULIFE SHARIAH PRS- CONSERVATIVE FUND

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 PRS Provider/Broker 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 PRS Provider/Broker, probability that the PRS Provider/Broker 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 period 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 period.

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.

MANULIFE SHARIAH PRS- CONSERVATIVE FUND

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) Unquoted sukuk

The estimated fair value is based on price quoted by a Bond Pricing Agency ("BPA") registered with the Securities Commission ("SC").

Where such a quotation is not available or where the PRS Provider is of the view that the price quoted by the BPA for a specific unquoted sukuk differs from the market price by more than 20 basis points, the PRS Provider may use the market price, provided that the PRS Provider:

- (i) records its basis for using non-BPA price;
- (ii) obtains necessary internal approvals to use the non-BPA price; and
- (iii) keeps an audit trail of all decisions and basis for adopting the market yield.

(e) Other short-term financial instruments

Other Islamic short-term financial instruments comprise amount due from/to PRS Provider, amount due to Scheme Trustee, amount due to Private Pension Administrator, amount due to broker and other payables. 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 period.

K 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.

L 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.

MANULIFE SHARIAH PRS- CONSERVATIVE FUND

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 three classes of units, known respectively as the Class A, Class B and Class C, which are cancelled at the members' option and do not have identical features subject to restrictions as stipulated in the Disclosure Documents and Securities Commission's on Private Retirement Scheme. 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 members' 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 members 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 currency contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The fair value of forward foreign exchange currency 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.

MANULIFE SHARIAH PRS- CONSERVATIVE FUND

12 NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 29 FEBRUARY 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 fund nor a capital protected fund. Therefore, a Member's capital is neither guaranteed nor protected.

The Fund has three classes of Units (Class A, Class B 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 B 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 B 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 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.

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 24 April 2024.

MANULIFE SHARIAH PRS- CONSERVATIVE FUND

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 period ended 29 February 2024 and 28 February 2023 respectively, the management fee rebate is recognised at the following rates:

	2024	2023
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%	0.75%
Manulife Investment Shariah Asia-Pacific ex Japan Fund	1.75%	1.75%
Manulife Shariah China Equity Fund	1.80%	1.80%
Manulife Shariah Global REIT Fund	1.80%	1.80%
Manulife Shariah India Equity Fund	1.80%	1.80%

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 2.00% per annum for Class B and Class C of the net asset value of the respective classes before deducting Scheme Trustee's fee and Management fee for the day, calculated on a daily basis.

For the six months financial period ended 29 February 2024, the management fee is recognised at a rate of 1.20% per annum (2023: 1.00% per annum) for Class A, while it is recognised at 1.00% per annum (2023: 1.00% per annum) for Class B and Class C, of the net asset value of the Fund before deducting Scheme Trustee's fee and Management fee and Private Pension Administrator fee for the day, calculated on a daily basis.

Auditors' remuneration of RM NIL (2023: RM5,500) and tax agent's fee of RM NIL (2023: RM2,700) were borne by the PRS Provider.

There will be no further liability to the PRS Provider in respect of management 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 six months financial period, 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 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 six months financial period ended 29 February 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.

MANULIFE SHARIAH PRS- CONSERVATIVE FUND

6 TAXATION

	2024	2023
	RM	RM
Current taxation	-	-

Numerical reconciliation between profit/(loss) after finance cost and after taxation multiplied by the Malaysian statutory tax rate and tax expenses of the Fund is as follows:

	2024	2023
	RM	RM
Profit/(loss) before finance cost and taxation	22,430	(11,972)
Tax calculated at Malaysian tax rate of 24% (2023: 24%)	5,383	(2,873)
Tax effect in respect of:		
- Expenses not deductible for tax purposes	2,136	913
- Restriction on tax deductible expenses for private retirement schemes	1,290	1,243
- (Investment income not subject to tax)/investment loss not deductible for tax purposes	(8,809)	717
Tax expenses	-	-

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	29.02.2024	28.02.2023
	RM	RM
Financial assets at fair value through profit or loss		
- Islamic collective investment schemes - Local	559,504	630,574
- Exchange Traded Funds - Foreign	445,323	288,232
	1,004,827	918,806
	2024	2023
	RM	RM
Net gain/(loss) on financial assets at fair value through profit or loss		
- Realised	2,558	(5,530)
- Unrealised	12,601	(9,237)
- Management fee rebate #	1,840	1,898
	16,999	(12,869)

In arriving at the fair value of Islamic collective investment schemes managed by the PRS Provider, the management fee initially paid to the PRS Provider 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 PRS Provider is reflected as increase in the net asset value of the Islamic collective investment schemes.

MANULIFE SHARIAH PRS- CONSERVATIVE FUND

ISLAMIC COLLECTIVE INVESTMENT SCHEMES - LOCAL

<u>ISLAMIC COLLECTIVE INVESTMENT SCHEMES -LOCAL</u>	<u>Quantity Units</u>	<u>Cost of shares RM</u>	<u>Fair value as at 29.02.2024 RM</u>	<u>Fair value as at 29.02.2024 expressed as percentage of value of Fund %</u>
<u>29.02.2024</u>				
Manulife Investment Al-Fauzan	404,453	109,481	113,247	11.22
Manulife Investment Al-Ma'mun - Class I	349,088	344,710	338,929	33.58
Manulife Investment Shariah Asia-Pacific ex Japan Fund	230,515	101,967	107,328	10.63
ISLAMIC COLLECTIVE INVESTMENT SCHEMES -LOCAL	984,056	556,158	559,504	55.43

EXCHANGE TRADED FUNDS - FOREIGN

<u>EXCHANGE TRADED FUNDS-FOREIGN</u>	<u>Quantity Units</u>	<u>Cost of shares RM</u>	<u>Fair value as at 29.02.2024 RM</u>	<u>Fair value as at 29.02.2024 expressed as percentage of value of Fund %</u>
<u>29.02.2024</u>				
iShares MSCI World Islamic UCITS ETF	422	80,313	95,534	9.46
SP Funds Dow Jones Global Sukuk ETF	3,973	322,896	333,844	33.07
SP Funds S&P 500 Sharia Industry - Exclusions ETF	91	15,890	15,945	1.58
EXCHANGE TRADED FUNDS-FOREIGN	4,486	419,099	445,323	44.11

TOTAL SHARIAH-COMPLIANT INVESTMENTS

988,542	975,257	1,004,827	99.54
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ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

29,570

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

1,004,827

MANULIFE SHARIAH PRS- CONSERVATIVE FUND

ISLAMIC COLLECTIVE INVESTMENT SCHEMES - LOCAL

<u>ISLAMIC COLLECTIVE INVESTMENT SCHEMES -LOCAL</u>	<u>Quantity</u> Units	<u>Cost of shares</u> RM	<u>Fair value as at 28.02.2023</u> RM	<u>Fair value as at 28.02.2023 expressed as percentage of value of Fund</u> %
28.02.2023				
Manulife Investment Al-Fauzan	154,955	44,597	41,110	4.47
Manulife Investment Al-Ma'mun - Class I	148,113	145,339	144,618	15.74
Manulife Investment As-Saad	355,270	399,531	395,274	43.01
Manulife Investment Shariah				
Asia-Pacific ex Japan Fund	109,627	46,890	44,815	4.88
Manulife Shariah Global REIT Fund	9,877	4,800	4,757	0.52
ISLAMIC COLLECTIVE INVESTMENT SCHEMES -LOCAL	<u>777,842</u>	<u>641,157</u>	<u>630,574</u>	<u>68.62</u>

EXCHANGE TRADED FUNDS - FOREIGN

<u>EXCHANGE TRADED FUNDS</u>	<u>Quantity</u> Units	<u>Cost of shares</u> RM	<u>Fair value as at 28.02.2023</u> RM	<u>Fair value as at 28.02.2023 expressed as percentage of value of Fund</u> %
EXCHANGE TRADED FUNDS-FOREIGN				
iShares MSCI EM Islamic UCITS ETF	340	26,293	25,954	2.83
iShares MSCI USA Islamic UCITS - ETF	45	10,972	11,425	1.24
iShares MSCI World Islamic UCITS ETF	271	46,679	48,739	5.30
SP Funds Dow Jones Global Sukuk ETF	2,348	188,393	185,657	20.20
SP Funds S&P 500 Sharia Industry - Exclusions ETF	136	16,198	16,457	1.79
EXCHANGE TRADED FUNDS-FOREIGN	<u>3,140</u>	<u>288,535</u>	<u>288,232</u>	<u>31.36</u>

TOTAL SHARIAH-COMPLIANT INVESTMENTS

<u>780,982</u>	<u>929,692</u>	<u>918,806</u>	<u>99.98</u>
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ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(10,886)

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

918,806

MANULIFE SHARIAH PRS- CONSERVATIVE FUND

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

	<u>29.02.2024</u>	<u>28.02.2023</u>
	RM	RM
<u>Derivative assets</u>		
Forward foreign currency contracts	884	1,068
<u>Derivative liabilities</u>		
Forward foreign currency contracts	1,079	7,492
	<u>2024</u>	<u>2022</u>
	RM	RM
Net realised loss on forward currency contracts	(2,962)	(2,452)
Net unrealised gain/(loss) on forward currency contracts	144	(6,351)
	<u>(2,818)</u>	<u>(8,803)</u>

(i) Forward foreign currency contracts as at 29 February 2024 are as follows:

	<u>Receivables</u>	<u>Payables</u>	<u>Fair value</u>	<u>Percentage</u>
	RM	RM	RM	of NAV
				RM
CIMB Islamic Bank Berhad	884	1,079	(195)	(0.02)
Total forward foreign currency contracts	<u>884</u>	<u>1,079</u>	<u>(195)</u>	<u>(0.02)</u>

(i) Forward foreign currency contracts as at 28 February 2023 is as follows:

	<u>Receivables</u>	<u>Payables</u>	<u>Fair value</u>	<u>Percentage</u>
	RM	RM	RM	of NAV
				RM
CIMB Islamic Bank Berhad	1,068	7,492	(6,424)	(0.70)
Total forward foreign currency contracts	<u>1,068</u>	<u>7,492</u>	<u>(6,424)</u>	<u>(0.70)</u>

As at 29 February 2024, there are five (2023: ten) forward foreign currency contracts outstanding. The total notional principal amount of the outstanding forward foreign currency contracts amounted to RM435,000 (28.02.2023: RM409,000). The forward foreign currency contracts entered into are for hedging against the currency exposure arising from the investment in the foreign exchange traded funds denominated in USD. As the Fund has not adopted hedge accounting the change in the fair value of the forward foreign currency contracts are recognised immediately in the statement of comprehensive income.

9 CASH AND CASH EQUIVALENTS

	<u>29.02.2024</u>	<u>28.02.2023</u>
	RM	RM
Bank balance in a licensed bank	5,546	7,149

MANULIFE SHARIAH PRS- CONSERVATIVE FUND

10 SHARIAH INFORMATION OF THE FUND

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

- 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 for the financial period under review;
- Islamic Collective investment schemes which were verified as Shariah-compliant by the Shariah Adviser;
- The investment in unquoted sukuk are as per the list of sukuk available at Bond Info Hub and Fully Automated System for Issuing/Tendering of Bank Negara Malaysia; and
- Liquid assets in the local market which are placed in Shariah-compliant investments and/or instruments.

11 UNITS IN CIRCULATION

(i) Class A

	29.02.2024	28.02.2023
	No. of units	No. of units
At beginning of the financial period	1,253,731	1,255,975
Add: Creation of units arising from applications	101,710	243,180
Add: Creation of units arising from distribution	11,778	15,683
Less: Cancellation of units	(505,147)	(225,375)
At end of the financial period	<u>862,072</u>	<u>1,289,463</u>

(ii) Class C

	29.02.2024	28.02.2023
	No. of units	No. of units
At beginning of the financial period	514,392	423,487
Add: Creation of units arising from applications	485,997	47,423
Add: Creation of units arising from distribution	3,559	5,102
Less: Cancellation of units	(48,910)	(7,284)
At end of the financial period	<u>955,038</u>	<u>468,728</u>

12 BROKERS' TRANSACTIONS

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

<u>Name of brokers</u>	Percentage		Brokerage fees	Percentage
	Value of trades	of total trades		of total brokerage fee
	RM	RM	RM	%
<u>2024</u>				
Merrill Lynch and Co	207,529	70.33	50	89.29
Macquarie Capital (Europe) Limited	64,978	22.02	3	5.36
Goldman Sachs and Co - New York	12,689	4.30	2	3.57
ITG Inc.	9,880	3.35	1	1.78
	<u>295,076</u>	<u>100.00</u>	<u>56</u>	<u>100.00</u>

MANULIFE SHARIAH PRS- CONSERVATIVE FUND

<u>Name of brokers</u>	Percentage			Percentage
	Value of trades	of total trades	Brokerage fees	of total brokerage fee
	RM	RM	RM	%
2023				
Goldman Sachs and Co - New York	109,440	43.74	29	58.00
Merrill Lynch And Co	64,318	25.70	18	36.00
Goldman Sachs International - London	53,146	21.24	3	6.00
ITG Inc.	11,764	4.70	-	-
Euroclear Bank	7,181	2.87	-	-
Macquarie Capital (Europe) Limited	4,377	1.75	-	-
	250,226	100.00	50	100.00

Included in transactions by the Fund were trades conducted with Manulife Investment Management (M) Berhad, the PRS Provider. The PRS Provider is of the opinion that all transactions have been entered into in the normal course of business on agreed terms between the related parties.

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:

<u>Related parties</u>	<u>Relationship</u>
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:

<u>Director of the PRS Provider</u>	29.02.2024		28.02.2023	
	No. of units	RM	No. of units	RM
<u>Class C units</u>				
Wong Boon Choy**	103	59	102	55

** The units are held legally and beneficially.

There were no units held by the PRS Provider for Class A and Class C as at 29 February 2024 and 28 February 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.

MANULIFE SHARIAH PRS- CONSERVATIVE FUND

	2024	2023
	RM	RM
<u>Significant related party transactions</u>		
Dividends from Islamic collective investment schemes:		
- Manulife Investment Management (M) Berhad	16,177	15,367
Purchase of collective investment schemes:		
- Manulife Investment Management (M) Berhad	158,900	203,800
Disposal of collective investment schemes:		
- Manulife Investment Management (M) Berhad	281,698	98,552
	2024	2023
	RM	RM
<u>Significant related party balances</u>		
Islamic Collective investment schemes managed by the PRS Provider:		
- Manulife Investment Al-Fauzan	113,247	41,110
- Manulife Investment Al-Ma'mun - Class I	338,929	144,618
- Manulife Investment As-Saad	-	395,274
- Manulife Investment Shariah Asia-Pacific ex Japan Fund	107,328	44,815
- Manulife Shariah Global REIT Fund	-	4,757
	559,504	630,574

14 TOTAL EXPENSE RATIO ("TER")

	2024	2023
	%	%
TER	0.92	0.63

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")

	2024	2023
PTR (times)	0.39	0.31

PTR represents the average of total acquisitions and disposals of Shariah-compliant investments in the Fund for the financial period 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, interest 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.

MANULIFE SHARIAH PRS- CONSERVATIVE FUND

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>29.02.2024</u>	<u>28.02.2023</u>
	RM	RM
Financial assets at fair value through profit or loss		
- Islamic collective investment schemes - Local	559,504	630,574
- Exchange Traded Funds - Foreign	445,323	288,232
	<u>1,004,827</u>	<u>918,806</u>

The table below summarises the sensitivity of the Fund's profit or loss after taxation and net asset value to price risk movements of Shariah-compliant investment as at the end of each reporting period. 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>As at:</u>	<u>Changes in price</u>	<u>Impact on profit or loss after tax</u>	<u>Impact on net asset value</u>
	%	RM	RM
<u>29.02.2024</u>			
Financial assets at fair value through profit or loss			
- Islamic collective investment schemes - Local	5	27,975	27,975
- Exchange Traded Funds - Foreign	5	22,266	22,266
		<u>50,241</u>	<u>50,241</u>

28.02.2023

Financial assets at fair value through profit or loss			
- Islamic collective investment schemes - Local	5	31,529	31,529
- Exchange Traded Funds - Foreign	5	14,412	14,412
		<u>45,940</u>	<u>45,940</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.

Changes in interest rate will affect the performance of the Fund's investments and its returns. To manage the risk, Fund's investments will be concentrated on investment grade issues by financial institutions and companies determined by the PRS Provider.

MANULIFE SHARIAH PRS- CONSERVATIVE FUND

The risk is crucial in an unquoted sukuk fund since an unquoted sukuk portfolio management depends on forecasting interest rate movement. Valuation for unquoted sukuk move inversely to interest rate movement, therefore as interest rate rises, the valuation for unquoted sukuk decreases and vice versa. Furthermore, unquoted sukuk with longer maturity and lower profit rate are more susceptible to interest rate movements.

Investors should note that unquoted sukuk and Islamic money market instruments are subject to interest rate fluctuations. Such investments may be subject to unanticipated rise in interest rate which may impair the ability of the issuers to make payments of profit and principal, especially if the issuers are highly leveraged. An increase in interest rate may therefore increase the potential for default by issuers.

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 this 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 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 concentrations are as follows:

As at	Cash and cash equivalents	Derivative assets at fair value through profit or loss	Derivative liabilities at fair value through profit or loss	Financial assets at fair value through profit or loss	Amount due from Brokers
<u>29.02.2024</u>	RM	RM	RM	RM	RM
EUR	6	-	-	-	-
USD	3,619	884	-	445,323	(15,809)
	<u>3,625</u>	<u>884</u>	<u>-</u>	<u>445,323</u>	<u>(15,809)</u>

As at	Amount due from dealers	Total
<u>29.02.2024</u>	RM	RM
EUR	-	6
USD	13,926	447,616
	<u>13,926</u>	<u>447,622</u>

MANULIFE SHARIAH PRS- CONSERVATIVE FUND

As at	Cash and cash equivalents	Derivative assets at fair value through profit or loss	Derivative liabilities at fair value through profit or loss	Financial assets at fair value through profit or loss	Amount due from brokers
<u>28.02.2023</u>	RM	RM	RM	RM	RM
EUR	6	-	-	-	-
USD	5,081	1,068	(7,492)	288,232	-
	<u>5,087</u>	<u>1,068</u>	<u>13,371</u>	<u>288,232</u>	<u>-</u>

As at	Amount due from dealers	Total
<u>28.02.2023</u>	RM	RM
EUR	-	6
USD	-	286,889
	<u>-</u>	<u>286,895</u>

The following table summarises the sensitivity of the Fund's profit or loss 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.

As at	Changes in foreign exchange	Impact on profit or loss after taxation	Impact on net asset value
<u>29.02.2024</u>	%	RM	RM
EUR	5	-	-
USD	5	22,381	22,381
		<u>22,381</u>	<u>22,381</u>
<u>28.02.2023</u>			
EUR	5	-	-
USD	5	14,345	14,345
		<u>14,345</u>	<u>14,345</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.

Credit risk arising from placement of Islamic deposits in licensed financial institutions is managed by ensuring that the Fund will only place Islamic deposits in reputable licensed financial institutions.

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

MANULIFE SHARIAH PRS- CONSERVATIVE FUND

For unquoted sukuk, the PRS Provider regularly reviews the ratings assigned to the issuer so that necessary steps can be taken if the ratings fall below those prescribed by the Deeds.

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.

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

<u>As at</u>	Neither Past Due Nor Impaired				
	Cash and cash equivalents	Derivative assets at fair value through profit or loss	Amount due from PRS Provider	Amount due from brokers	Amount due from dealers
	RM	RM	RM	RM	RM
<u>29.02.2024</u>					
AAA	5,546	884	-	-	-
Not rated	-	-	101	15,701	13,926
	<u>5,546</u>	<u>884</u>	<u>101</u>	<u>15,701</u>	<u>13,926</u>
<u>As at</u>					<u>Total</u>
<u>29.02.2024</u>					<u>RM</u>
AAA					6,430
Not rated					29,728
					<u>36,158</u>

<u>As at</u>	Neither Past Due Nor Impaired				
	Cash and cash equivalents	Derivative assets at fair value through profit or loss	Amount due from PRS Provider	Amount due from brokers	Amount due from dealers
	RM	RM	RM	RM	RM
<u>28.02.2023</u>					
AAA	7,149	1,068	-	-	-
Not rated	-	-	-	-	-
	<u>7,149</u>	<u>1,068</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>As at</u>					<u>Total</u>
<u>28.02.2023</u>					<u>RM</u>
AAA					8,217
Not rated					-
					<u>8,217</u>

MANULIFE SHARIAH PRS- CONSERVATIVE FUND

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>As at</u>	<u>Within one year</u>	<u>No maturity date</u>	<u>Total</u>
	RM	RM	RM
<u>29.02.2024</u>			
<u>Financial assets</u>			
Cash and cash equivalents	-	5,546	5,546
Financial assets at fair value through profit or loss	-	1,004,827	1,004,827
Derivative assets at fair value through profit or loss	884	-	884
Amount due from PRS Provider	101	-	101
Amount due from manager of collective investment scheme	15,701	-	15,701
Amount due from dealers	13,926	-	13,926
	<u>30,612</u>	<u>1,010,373</u>	<u>1,040,985</u>

Financial liabilities

Net assets attributable to members **	1,009,489	-	1,009,489
Amount due to PRS Provider			
- Management fee	555	-	555
Amount due to Scheme Trustee	20	-	20
Amount due to manager of collective investment scheme	15,810	-	15,810
Amount due to dealers	14,000	-	14,000
Amount due to Private Pension Administrator	32	-	32
Derivative liabilities at fair value through profit or loss	1,079	-	1,079
	<u>927,023</u>	<u>-</u>	<u>927,023</u>

<u>As at</u>	<u>Within one year</u>	<u>No maturity date</u>	<u>Total</u>
	RM	RM	RM
<u>28.02.2023</u>			
<u>Financial assets</u>			
Cash and cash equivalents	-	7,149	7,149
Financial assets at fair value through profit or loss	-	918,806	918,806
Derivative assets at fair value through profit or loss	1,068	-	1,068
	<u>1,068</u>	<u>925,955</u>	<u>927,023</u>

MANULIFE SHARIAH PRS- CONSERVATIVE FUND

<u>As at</u>	<u>Within one</u> <u>year</u>	<u>No</u> <u>maturity</u> <u>date</u>	<u>Total</u>
<u>28.02.2023</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
<u>Financial liabilities</u>			
Net assets attributable to members **	919,026	-	919,026
Amount due to PRS Provider			
- Management fee	457	-	457
- Cancellation of units	1	-	1
Amount due to Scheme Trustee	18	-	18
Amount due to Private Pension Administrator	29	-	29
Derivative liabilities at fair value through profit or loss	7,492	-	7,492
	<u>927,023</u>	<u>-</u>	<u>927,023</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 them for the medium- to long-term.

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 RM1,009,489 (2023: RM919,026). 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 RM1,004,827 (28.02.2023: RM918,806) is classified within level 1.

Derivative assets at fair value through profit or loss amounting to RM884 (2023: RM1,068) is classified within level.

Derivative liabilities at fair value through profit or loss amounting to RM1,079 (2022: RM 7,492) is classified within level.

MANULIFE SHARIAH PRS- CONSERVATIVE FUND

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 DISTRIBUTION

Distribution to members is derived from the following sources:

(i) Class A	2024	2023
	RM	RM
Previous financial years' realised income	16,826	16,518
Less:		
Expenses	(10,562)	(8,457)
	<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	2024	2023
	RM	RM
Previous financial years' realised income	6,472	5,186
Less:		
Expenses	(4,467)	(2,435)
	<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 period is an amount of RM23,298 (2023: RM 21,704) derived from previous financial years' 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 is an unrealised gain of RM13,168 (28.02.2023: unrealised loss of RM 16,014) arising during the financial period.

MANULIFE SHARIAH PRS- CONSERVATIVE FUND

13 CORPORATE INFORMATION

PRS 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

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)
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SCHEME TRUSTEE OF THE FUND

CIMB Islamic Trustee Berhad
Registration No: 198801000556 (167913-M)
Level 13, Menara CIMB
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Kuala Lumpur Sentral
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AUDITORS

PricewaterhouseCoopers PLT
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Level 10, 1 Sentral, Jalan Rakyat
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Deloitte Tax services Sdn Bhd
Registration No: 197701005407 (36421-T)
Level 16, Menara LGB
1 Jalan Wan Kadir
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SHARIAH ADVISER

ZICO Shariah Advisory Services Sdn. Bhd
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MANULIFE SHARIAH PRS- CONSERVATIVE FUND

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Pusat Perdagangan Canning
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MANULIFE SHARIAH PRS- CONSERVATIVE FUND

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Taman Komersil Senawang
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