



Manulife

Investment Management

Manulife
Shariah
PRS-Conservative
Fund

Semi-annual Report

for the six months financial period ended
28 February 2025

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1. GENERAL INFORMATION

1.1 THE FUND

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

1.2 FUND CATEGORY

Preservation / Core (Conservative)

1.3 BASE CURRENCY

Ringgit Malaysia (RM)

1.4 OBJECTIVE OF THE FUND

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

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

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

1.5 DISTRIBUTION POLICY

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

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

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

1.6 PERFORMANCE BENCHMARK

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

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

1.7 INVESTMENT STYLE AND STRATEGY

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

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

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

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

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

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

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

Temporary Defensive Measures

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

During the 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 customizing, constructing, and managing portfolios. Although quantitative and financial modelling techniques are input into the team's research process, the interpretation, fundamental judgement, and the human element of decision-making drive final portfolio outcomes.

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

2. PRS PROVIDER'S REPORT

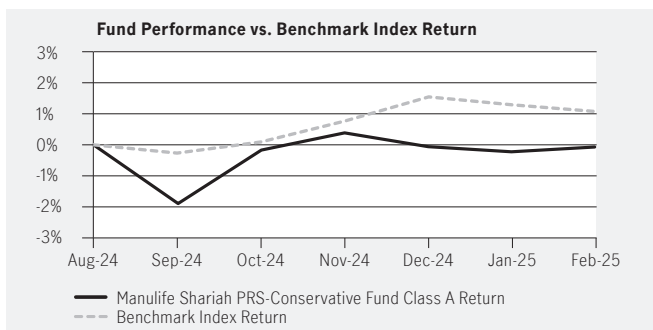
2.1 FUND PERFORMANCE

For the six months financial period ended 28 February 2025, the Fund posted: 1) -0.05% versus its benchmark of 1.07% for its Class A; and 2) 0.05% versus its benchmark of 1.07% for its Class C. The largest performance contributions were made by Global Bonds, which were the largest allocation on average, closely followed by Malaysia Bonds. Developed Market Equities also contributed meaningfully. Detractions mainly stemmed from Asia Pacific ex Japan Equities, Malaysia Equities and Foreign Exchange.

The distribution of 1.62 sen and 0.86 sen per unit Class A and Class C on 19 December 2024 had the effect of reducing the NAV per unit of the Fund and the ex-distribution NAV per unit was RM0.5230 and RM0.5638.

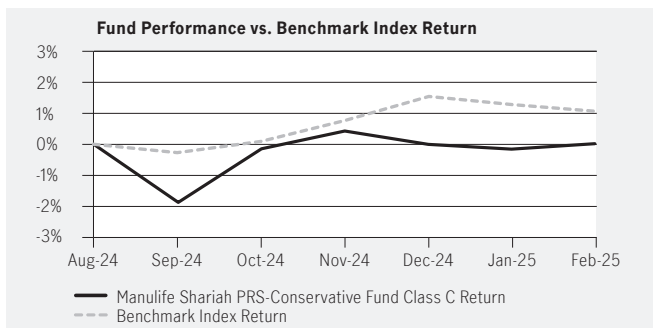
The graph below compares the 6-month performance of the Fund against its benchmark return:

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.

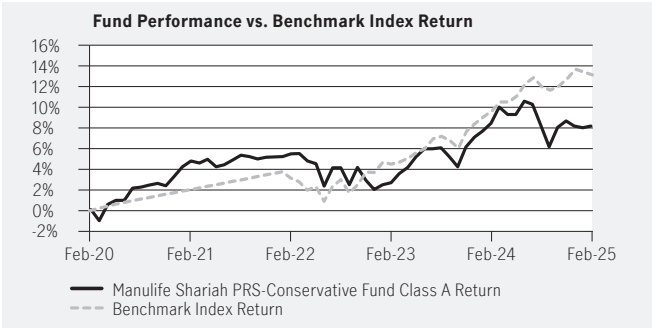
Fund Size

The Fund’s total NAV increased to RM1.05mil from RM0.98mil during the six months financial period under review.

Fund’s Returns

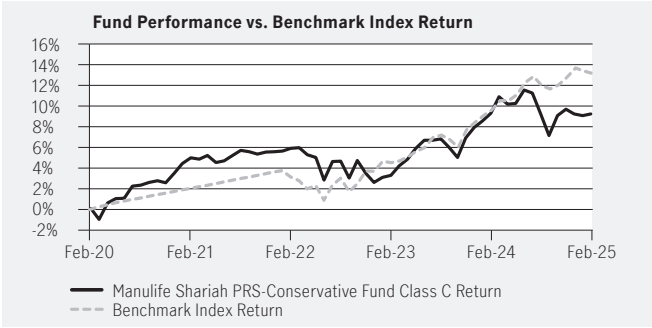
- (a) The graph below compares the 5-year performance of the Fund against its benchmark return:

Class A



Source: Lipper; www.maybank2u.com.my

Class C



Source: Lipper; www.maybank2u.com.my

Note for benchmark change:

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

(b) Average Total Return of the Fund:

Class A

For the financial period ended 28 February 2025	Fund (% p.a.)	Benchmark (% p.a.)
1 year	(0.25)	3.21
3 years	0.86	3.12
5 years	1.60	2.50
Investment Commencement Date: 12 August 2013		

Source: Lipper; www.maybank2u.com.my

Class C

For the financial period ended 28 February 2025	Fund (% p.a.)	Benchmark (% p.a.)
1 year	(0.06)	3.21
3 years	1.06	3.12
5 years	1.80	2.50
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.)
28 February 2025	(0.25)	3.21
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
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.)
28 February 2025	(0.06)	3.21
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
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.

BASES OF CALCULATION**1. Net Asset Value (NAV)**

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

2. Net Asset Value per unit

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

3. Fund's Return

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

Daily Total Fund's Return = $\frac{\{[\text{End NAV (Ex-distribution)} - \text{Beginning NAV} + \text{Dividend Distribution}] / \text{Beginning NAV}\} \times 100\%}{1}$

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

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

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

Fund Data	28 February 2025	29 February 2024	28 February 2023
NAV (RM)			
– Class A	359,199	464,301	665,281
– Class C	693,593	545,188	253,745
Units in Circulation ('000)			
– Class A	689	862	1,289
– Class C	1,234	955	469
NAV (RM per unit)			
– Class A	0.5211	0.5386	0.5159
– Class C	0.5620	0.5709	0.5413
Highest / Lowest NAV (RM per unit)			
– Class A	0.5431/0.5183	0.5403/0.5239	0.5316/0.5103
– Class C	0.5765/0.5577	0.5726/0.5505	0.5571/0.5353
Total Fund Return (%) – Class A	(0.05)	2.27	(1.43)
Capital Growth (%)	(3.05)	0.99	(2.64)
Income Distribution (%)	3.10	1.26	1.25
Total Fund Return (%) – Class C	0.05	2.38	(1.33)
Capital Growth (%)	(1.46)	1.93	(2.49)
Income Distribution (%)	1.53	0.44	1.19
Final Distribution – Class A			
Gross (RM)	0.0162	0.0067	0.0064
Net (RM)	0.0162	0.0067	0.0064
Ex-Date	19.12.2024	15.12.2023	15.12.2022
Final Distribution – Class C			
Gross (RM)	0.0086	0.0025	0.0064
Net (RM)	0.0086	0.0025	0.0064
Ex-Date	19.12.2024	15.12.2023	15.12.2022
Total Expense Ratio (%)	0.93	0.92	0.63
Portfolio Turnover Ratio (times)	0.29	0.39	0.31

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 unit trust fund to the average value of the unit trust fund calculated on a daily basis.

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

Where:

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

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

Average value of the unit trust = The NAV of the unit trust fund, including unit trust 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 fairly consistent with previous financial period.

(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 unit trust fund for the period to the average value of the unit trust fund for the period calculated on a daily basis.

[Total acquisitions of the fund for the period + Total disposals of the fund for the period]/2

Average value of the unit trust fund calculated on a daily basis

The PTR for the financial period is lower than the previous financial period mainly due to the decrease 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
19.12.2024	0.5391	(0.0162)	0.5229
15.12.2023	0.5368	(0.0067)	0.5301
15.12.2022	0.5213	(0.0064)	0.5149

Class C

Ex-Date	Cum Distribution NAV RM	Gross Distribution RM	Ex Distribution NAV RM
19.12.2024	0.5723	(0.0086)	0.5637
15.12.2023	0.5642	(0.0025)	0.5617
15.12.2022	0.5464	(0.0064)	0.5400

Source of distribution distributed for the financial periods:

Source	2025			
	Class A		Class C	
	RM	%	RM	%
Capital	8,874	75	5,789	60
Income	3,019	25	3,791	40

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

Source	2023			
	Class A		Class C	
	RM	%	RM	%
Capital	–	–	–	–
Income	8,061	100	8,061	100

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		
	28 February 2025	29 February 2024	28 February 2023
Shariah-compliant Collective Investment Schemes - Local	49.49	55.43	68.62
Exchange Traded Funds - Foreign	49.48	44.11	31.36
Total Shariah-compliant Investments	98.97	99.54	99.98
Islamic deposits with licensed financial institution	–	–	–
Other Assets & liabilities	1.03	0.46	0.02

As at 28 February 2025, the Fund was 49.49% invested in Shariah-compliant collective investment schemes, 49.48% in exchange traded funds 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 six months financial period ended 28 February 2025, global equity and fixed income markets were mixed despite experiencing a series of risk events. Moderating global inflation and major central bank easing policies, and resilient economic activity supported the market sentiment.

The period began strongly with global markets rebounding across most major asset classes, supported by ongoing monetary easing from major central banks. The Federal Reserve System (Fed)'s first rate cut in September since 2020, along with signals of further easing, boosted equities markets. Equities moved higher, driven by China as the Chinese government unveiled a series of monetary and fiscal support measures. Fixed income markets benefited from falling bond yields. Commodities also showed strength, with gold prices reaching new highs. In the United States (U.S.), economic indicators were mixed, with a lower unemployment rate but disappointing job gains. Industrial production and retail sales remained upbeat. Meanwhile, European equities were subdued despite the European Central Bank (ECB)'s rate cut, as economic data suggested a slowdown. The United Kingdom (UK)'s economy remained strong with robust activity indicators, although inflation remained sticky. Elsewhere in Japan, equities declined despite a less hawkish stance from the Bank of Japan (BOJ).

October was a negative month for both equity and fixed income markets, as concerns over economic growth persisted and the U.S. presidential election also added to market uncertainty. Investors grappled with the uncertainty around inflation and interest rate implications. A strong U.S. dollar weighed on other parts of markets. Gold continued its upward trend. European equities declined despite dovish signals and a rate cut by the ECB, as economic momentum slowed. In the UK, economic activity slowed with a contraction in manufacturing, although the service sector continued to expand. In Asia, the Chinese market experienced selling pressure, erasing gains from the previous month, as new government stimulus measures fell short of expectation. The BOJ kept rates unchanged while retaining a hawkish stance.

November was dominated by headlines about the outcome of the U.S. presidential election, which saw Donald Trump's sweeping victory and Republicans securing majorities in both chambers of Congress. The U.S. market rallied as investors anticipated pro-growth and pro-business policies under the new administration, and the Fed delivered another 25bps rate cut. Emerging Markets detracted due to concerns about Trump's potential trade and tariff policy, coupled with a stronger U.S. dollar. Fixed Income were marginally positive as uncertainty remained regarding reduced U.S. rate cut expectations and elevated inflation. European equities fell due to softening economic activity in the Eurozone, whilst UK equities outperformed, supported by strong performance across the Healthcare and Communication sectors, despite stickier inflation prints. In Asia, Chinese equities continued to sell off as the long-awaited details of the government's fiscal package failed to meet expectations.

December saw equities drifting lower to close out 2024. The sell-off was driven by the Fed's outlook for fewer rate cuts on robust consumer spending and labor market strength, coupled with higher inflation expectations, despite a 25bps rate cut. Volatility in risk assets carried over into fixed income markets, where U.S. Treasury yields edged higher as markets expected that long-term interest rates and inflation might be structurally higher. European equities continued to fall due to subdued economic activity and uncertain tariff implications. In Asia, China managed to eke out a modest gain despite mixed economic data, whilst the Japanese Yen weakened to its lowest level since the BOJ hiked rates in July.

Heading into 2025, markets had a robust start to the year, with both equity and fixed income markets posting positive returns in January, while February saw mixed results. Over the first two months of 2025, this period was characterized by broadening breadth and regional rotation beyond the U.S. Fixed income markets gained from falling U.S. yields. Commodities were a bright spot with gold prices powering higher. Despite a sell-off in AI-related stocks in the U.S. in January, driven by the emergence of China's DeepSeek AI model and concerns over stretched U.S. Technology valuations, the broad U.S. market still ended in positive territory as Trump's deregulation measures and further tax cuts supported the equity market initially. However, in February, US equities declined as reaccelerating inflation raised recession and stagflation concerns, compounded by uncertainty surrounding Trump's policies on trade, immigration, tax and geopolitical issues. With the Technology sector's sell-off, European equities outperformed over the first two months of 2025 on improving macro data in the Eurozone and hopes of a potential ceasefire in Ukraine. The outperformance can be also attributed to their lower exposure to the Technology sector and a higher concentration to the Financial sector. China and Hong Kong markets posted strong gains over the same period, buoyed by the enthusiasm for the new AI model. Japanese equities detracted over the period as the Yen appreciated affecting the export-reliant market.

Fixed Income

During the six months financial period ended 28 February 2025, fixed income markets were mixed. High Yields were the relative outperformer, with the Bloomberg Global High Yield Index rising 3.79%, while U.S. High Yield added 3.88%. More rate-sensitive segments underperformed with rates staying higher. The FTSE World Government Bond index returned a negative return of 2.08%, while the investment-grade credits struggled with the Bloomberg Global Aggregate Corporates Index seeing a slight loss of 0.03%. Emerging Markets also outperformed, with the Bloomberg Emerging Markets USD Aggregate index up 2.98%, driven by a more favourable macro backdrop for monetary easing.

Equity

During the six months financial period ended 28 February 2025, global equity markets were mixed, with the MSCI ACWI index gaining 4.27%.

In USD terms, Developed Markets were ahead of Emerging Markets, with MSCI World returning 4.69% over the period led by the U.S., which gained 6.11%. The U.S. economy remains resilient, and the U.S. stock market continues to be buoyed by notable mega-cap outperformance. Canada was also at the forefront delivering a return of 4.28%. Asia Pacific ex Japan stayed in positive territory managing to eke out gains of 0.86%. China/Hong Kong was the notable standout within the region delivering a strong return of 29.05%, buoyed by supportive government stimulus and enthusiasm for the DeepSeek AI model. On the other hand, Japan underperformed falling 3.81%. Latam was the laggard detracting 9.24%.

Sector wise within MSCI World, Communication Services and Financials drove the gains, adding 14.98% and 14.63%, respectively. Consumer Discretionary gained 11.81%. On the other hand, Healthcare was the laggard losing 7.34%, followed by Materials losing 4.80%. Real Estate and Energy were also in negative territory.

2.4 MARKET OUTLOOK AND INVESTMENT STRATEGY

Looking ahead at the time of writing, our medium- to long-term outlook suggests that ultimately lower interest rates would be accommodative for economic growth with inflation coming down and continuing resiliency in corporate earnings growth. However, we are at a juncture where rates may not need to be as aggressively cut as previously expected during 2025 amid the recent elevated inflation and broader macro uncertainty. We also remain on data watch in order to garner more clarity on the global macroeconomic path and how that translates into portfolios. 2025 may begin strong but we expect volatility to persist amid a complex macroeconomic landscape where geopolitical risks and the potential for a global economic slowdown could be potential headwinds in this year, compounded by uncertainties surrounding Trump's policies.

Entering 2025, it appears that most global central banks would like to move monetary policy toward their respective neutral interest rates. However, we expect the first half of the year to pose obstacles that may prevent a predictable, straightforward path to neutrality. With the Fed's cutting cycle having started, attention shifts to the extent and speed of upcoming cuts. The extent to which the Fed cuts remain data dependent, and we continue to expect that some uneven cooling in the labor market and disinflation will allow the Fed to continue moving towards a neutral policy rate. Despite higher consumer price index (CPI) readings, personal consumption expenditures (PCE) growth remained stable, which will have been a reassuring signal to the Fed. That being said, against a backdrop of government policy uncertainty around any ambiguity in the data would suggest the Fed proceeds with caution, slowing the pace of their easing cycle. While we wouldn't expect the overall magnitude of the Fed's easing cycle to change (we continue to expect a 3.5% terminal rate), it would take longer to get there. We now favour three cuts over four for the balance of 2025. We expect other Developed Markets (DMs) central banks to continue their easing cycles supported by softer inflationary pressures and sluggish growth. Japan remains a clear exception among DMs as it attempts to bring its policy rate up to neutral against a backdrop of potentially slower global trade.

Economic growth, while positive, will be below trend across most major economies in 2025, driven by pressured consumers and high borrowing costs. Financial conditions are expected to remain balanced, avoiding extremes that could either materially slow down the economy or reignite inflation. We expect the U.S. economy to slow down modestly due to pre-existing dynamics (i.e. the lagged effects of policy tightening), which would negatively affect the global trade and the manufacturing cycle. However, more pronounced weakness or tariff related uncertainty could further weigh on risk assets in export-dependent regions. Growth profiles in most of the world's other DMs—Canada, Europe, and the United Kingdom—appear to be more subdued than in the U.S., with the lagged effects of tighter monetary policy, slowing global trade (especially with China) and more protectionist trade policies from the U.S. weighing on these countries and likely to keep doing so. Any country-level assessment should include careful consideration of its exposure to the global trade impulse.

With clear U.S. election results, the new presidential administration's plans to take a more protectionist approach to trade policy add another layer of uncertainty to the global trade picture. For example, President Trump's proposed tariffs on imports from key trading partners like China, Mexico, and Canada could severely hamper global trade activity. While broad-based tariffs pose a potential risk, we expect a more targeted and strategic approach to trade negotiations will ultimately emerge. We don't see globalization reversing anytime soon. Rather than a collapse of the current trade ecosystem, we expect a generally slower global trade impulse in 2025, with implications for our longer-term growth and inflation forecasts. We believe supply-side shocks and constraints—from trade policies, climate-related events, the low-carbon transition, and geopolitical conflicts—could increasingly influence the global economy, putting upward pressure on both the level and volatility of inflation.

In Asia, we remain neutral on China with growth in policy-supported sectors and exports offset by weakness in real estate and domestic consumption. Another clear source of risk is the new U.S. administration and looming trade tensions. Having said that, equity valuations in Asian markets tip toward the favourable side of the equation. We anticipate additional government stimulus measures aimed more at restoring and maintaining economic growth than at meaningfully reaccelerating it. As such, our base case remains that, at best, we see gradual stabilization and perhaps modest improvement in China's labor market and consumer confidence.

Elsewhere in Japan, the BOJ hiking cycle is an outlier against global easing cycle. Policy normalization has begun in Japan. Economic stabilization and expected 2% inflation suggest the BOJ will continue to normalize its policy rate over the next 2 years. The yen should strengthen due to favourable interest rate differentials, and the yield curve should flatten as the BoJ raises rates towards neutral.

At a time when we're seeing peak-level U.S. equity valuations, tight credit spreads, continued uncertainty in the geopolitical environment, and wider dispersion in markets, there is value in taking a more cautious and defensive approach. That said, we believe opportunities still exist across both equities and fixed income given global monetary easing. U.S. equities will continue to lead, driven by favorable monetary policy, a still fulsome labor market, and stable inflation within a resilient economy, coupled with pro-growth economic policies. Further, continued positive economic growth and broader earnings strength could create more diverse market opportunities beyond the handful of equities that led the U.S. markets in 2023 and 2024. Undervalued areas such as cyclical sectors and small-cap stocks are potentially attractive investment options. We are positioning our portfolios for the potential steepening of yield curve, where short-term interest rates would be lower while long-term growth and inflation expectations could raise longer-term rates. In this environment, potential investment opportunities include shorter-duration bonds, and strategic allocations to inflation-sensitive assets such as commodities, REITs, and private real assets.

Overall, we expect the market to experience some volatility into 2025, particularly as investors reprice interest rate and potentially inflation expectations, alongside uncertain Trump policy. We maintain that there are downside risks to the economy given tighter credit conditions. Tactical positioning will be more prevalent again as we continue into 2025, 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 six months 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 six months financial period under review, no cross-trade transactions were carried out.

3. POLICY ON STOCKBROKING REBATES AND SOFT COMMISSIONS

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

The PRS Provider may retain soft commissions provided by any brokers or dealers if the soft commissions bring direct benefit or advantage to the management of the Fund. Any dealings with the brokers or dealers are executed on terms which are the most favourable 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 six months financial period under review, soft commission has not been received by the PRS Provider.

4. STATEMENT BY THE PRS PROVIDER

We, Edmond Cheah Swee Leng and Chong Soon Min, being two of the Directors of Manulife Investment Management (M) Berhad (the “PRS Provider”), do hereby state that, in the opinion of the PRS Provider, the 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 28 February 2025 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 28 February 2025 in accordance with the Malaysian Financial Reporting Standards (“MFRS”) and the International Financial Reporting Standards.

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 2025

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 six months financial period ended 28 February 2025 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

Tok Puan Datin Ezreen Eliza binti Zulkiplee
Chief Executive Officer

Kuala Lumpur
24 April 2025

6. SHARIAH ADVISER'S REPORT

TO THE MEMBERS OF MANULIFE SHARIAH PRS-CONSERVATIVE FUND ("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/year covered by these financial statements in accordance with the Shariah principles and requirements and complied with the applicable guidelines, rulings or decision issued by the Securities Commission Malaysia pertaining to Shariah matters; and

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

For ZICO Shariah Advisory Services Sdn Bhd

DR. AIDA OTHMAN

Designated Person Responsible for Shariah Matters Relating to the Fund

Kuala Lumpur
24 April 2025

7. STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2025

	Note	2025 RM	2024 RM
INVESTMENT INCOME			
Hibah		7	26
Dividend income		24,068	22,221
Net (loss)/gain on financial assets at fair value through profit or loss	7	(1,495)	16,999
Net loss on forward foreign currency contracts	8	(6,874)	(2,818)
Net foreign currency exchange (loss)/gain		(713)	276
		<u>14,993</u>	<u>36,704</u>
EXPENSES			
Management fee	3	5,446	5,376
Scheme Trustee's fee	4	126	120
Private Pension Administrator's fee	5	201	193
Transaction costs		35	57
Other expenses		9,313	8,528
		<u>15,121</u>	<u>14,274</u>
(LOSS)/PROFIT BEFORE FINANCE COST AND TAXATION		(128)	22,430
FINANCE COST (EXCLUDING MOVEMENT IN NET ASSETS ATTRIBUTABLE TO MEMBERS)			
Distributions:			
- Class A	17 (i)	(11,893)	(6,264)
- Class C	17 (ii)	(9,580)	(2,005)
(LOSS)/PROFIT BEFORE TAXATION		(21,601)	14,161
TAXATION	6	<u>-</u>	<u>-</u>
(DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO MEMBERS		<u>(21,601)</u>	<u>14,161</u>
(Decrease)/increase in net assets attributable to members is made up of the following:			
Realised		(18,259)	993
Unrealised		(3,342)	13,168
		<u>(21,601)</u>	<u>14,161</u>

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

8. STATEMENT OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2025

	Note	28.02.2025 RM	29.02.2024 RM
ASSETS			
Cash and cash equivalents	9	15,611	5,546
Financial assets at fair value through profit or loss	7	1,042,000	1,004,827
Derivative assets at fair value through profit or loss	8	–	884
Amount due from PRS Provider:			
- Creation of units		–	101
- Sale of collective investment scheme		3,171	15,701
Amount due from dealers		–	13,926
TOTAL ASSETS		1,060,782	1,040,985
LIABILITIES			
Amount due to PRS Provider			
- Management fee		591	555
Amount due to Scheme Trustee		21	20
Amount due to PRS Provider			
- Purchase of collective investment scheme		6,246	15,810
Amount due to dealers		–	14,000
Amount due to Private Pension Administrator		33	32
Derivative liabilities at fair value through profit or loss	8	1,099	1,079
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO MEMBERS)		7,990	31,496
NET ASSETS ATTRIBUTABLE TO MEMBERS		1,052,792	1,009,489
NET ASSET VALUE OF THE FUND		1,052,792	1,009,489

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

	Note	28.02.2025	29.02.2024
		RM	RM
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS (RM)			
- Class A		359,199	464,301
- Class C		693,593	545,188
		<u>1,052,792</u>	<u>1,009,489</u>
UNITS IN CIRCULATION (UNITS)			
- Class A	11 (i)	689,310	862,072
- Class C	11 (ii)	1,234,143	955,038
		<u>1,923,453</u>	<u>1,817,110</u>
NET ASSET VALUE PER UNIT			
- Class A		<u>0.5211</u>	<u>0.5386</u>
- Class C		<u>0.5620</u>	<u>0.5709</u>

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

9. STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO MEMBERS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2025

	2025 RM	2024 RM
NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE BEGINNING OF THE FINANCIAL PERIOD	978,380	956,465
Movements due to the units created and cancelled during the financial period:		
Creation of units arising from applications		
- Class A	29,213	54,145
- Class C	199,649	272,683
Creation of units arising from distribution		
- Class A	11,893	6,264
- Class C	9,580	2,005
Cancellation of units		
- Class A	(119,011)	(268,860)
- Class C	(35,311)	(27,374)
	1,074,393	995,328
(Decrease)/increase in net assets attributable to members during the financial period	(21,601)	14,161
NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE END OF THE FINANCIAL PERIOD	<u>1,052,792</u>	<u>1,009,489</u>

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

10. STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2025

	Note	2025 RM	2024 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Purchase of Shariah-compliant investments		(332,213)	(364,209)
Sale of Shariah-compliant investments		257,400	339,954
Net realised loss on forward foreign currency contract		(2,547)	(2,962)
Net realised foreign exchange loss		(27)	(72)
Dividend income received		3,711	4,471
Profit income received		7	26
PRS Provider's fee paid		(3,968)	(3,548)
Scheme Trustee's fee paid		(126)	(121)
Private Pension Administrator's fee paid		(201)	(195)
Payment for other fees and expenses		(3,696)	(3,186)
Net cash used in operating activities		(81,660)	(29,842)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		229,513	327,378
Payments for cancellation of units		(154,322)	(363,240)
Net cash generated from/(used in) financing activities		75,191	(35,862)
Net decrease in cash and cash equivalents		(6,469)	(65,704)
Currency translation differences		(685)	423
Cash and cash equivalents at beginning of the financial period		22,765	70,827
Cash and cash equivalents at the end of the financial period	9	15,611	5,546
Cash and cash equivalents comprise:			
Bank balances in a licensed bank	9	15,611	5,546

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

11. MATERIAL ACCOUNTING POLICY INFORMATION

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2025

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. 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 International Financial Reporting Standards 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 judgment in the process of applying the Fund's accounting policies. Although these estimates and judgement are based on the PRS Provider's best knowledge of current events and actions, actual results may differ. There are no significant areas of judgement or complexity that have significant effect on the amounts recognised in the financial statements. There are no critical accounting estimates and assumptions used in the preparation of the financial statements of the Fund for the six months financial period ended 28 February 2025.

- (i) Standards, amendments to published standard and interpretations that are applicable and effective:

There are no standards, amendments to standards or interpretations that are applicable and effective for annual periods beginning on 1 September 2024 that have a material effect on the financial statements of the Fund.

- (ii) Standards and amendment that have been issued that are applicable to the Fund but not yet effective:

- Amendments to MFRS 9 and MFRS 7 'Amendments to the Classification and Measurement of Financial Instruments' (effective 1 January 2026):
 - The amendments clarify that financial assets are derecognised when the rights to the cash flows expire or when the asset is transferred, and financial liabilities are derecognised at the settlement date (i.e. when the liability is extinguished or qualifies for derecognition).
 - There is an optional exception to derecognise a financial liability at a date earlier than the settlement date if the cash transfer takes place through an electronic payment system, provided that all the specified criteria are met;
 - The amendments also clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest ("SPPI") criterion;
 - There are additional new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
 - The amendments update the disclosures for equity instruments designated at fair value through other comprehensive income ("FVOCI").

- MFRS 18 'Presentation and Disclosure in Financial Statements' (effective 1 January 2027) replaces MFRS 101 'Presentation of Financial Statements'.
- The new MFRS introduces a new structure of profit or loss statement.
 - (a) Income and expenses are classified into 3 new main categories:
 - i. Operating category which typically includes results from the main business activities;
 - ii. Investing category that presents the results of investments in associates and joint ventures and other assets that generate a return largely independently of other resources; and
 - iii. Financing category that presents income and expenses from financing liabilities.
 - (b) Entities are required to present two new specified subtotals: 'Operating profit or loss' and 'Profit or loss before financing and income taxes'.
- Management-defined performance measures are disclosed in a single note and reconciled to the most similar specified subtotal in MFRS Accounting Standards.
- Changes to the guidance on aggregation and disaggregation which focus on grouping items based on their shared characteristics.

The Fund is currently still assessing the effect of the above standards and amendments. No other new standards or amendments to standards are expected to have a material effect on the financial statements of the Fund.

B. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

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

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

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate quoted Shariah-compliant equities as fair value through other comprehensive income. The contractual cash flows of the Fund's sukuk are solely principal and profit. However, these Shariah-compliant securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale.

The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all Shariah-compliant investments are measured at fair value through profit or loss.

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

The Fund classifies amount due to PRS Provider, amount due to Scheme Trustee 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 it is 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.

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

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

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

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

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

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

(iii) Impairment

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

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

D. EXPENSES

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

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

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

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

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

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

F. CASH AND CASH EQUIVALENTS

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

G. FINANCE COST

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

A proposed distribution is recognised as a financial liability in the financial 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.

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

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

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

(b) Islamic collective investment schemes

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

(c) Quoted Shariah-compliant investments

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

(d) Other short-term financial instruments

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

J. TAXATION

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

K. TRANSACTION COSTS

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

L. MANAGEMENT FEE REBATE

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

M. CREATION AND CANCELLATION OF UNITS

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

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

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

12. NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2025

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 ("Scheme Trustee").

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

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

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

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

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

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

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

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

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

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

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

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

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

Temporary Defensive Measures

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

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

The financial statements were authorised for issue by the PRS Provider on 24 April 2025.

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 six months financial period ended 28 February 2025 and 29 February 2024 respectively, the management fee rebate is recognised at the following rates:

Fund Name	2025	2024
Manulife Investment Al-Faid	1.50%	–
Manulife Investment Al-Fauzan	1.50%	1.50%
Manulife Investment Al-Ma'mun - Class I	0.25%	0.25%
Manulife Investment As-Saad	0.75%	0.75%
Manulife Investment Shariah Asia-Pacific ex Japan Fund	1.75%	1.75%
Manulife Investment Shariah Progress Fund	1.50%	–
Manulife Shariah China Equity Fund - A (RM) Class	1.80%	1.80%
Manulife Shariah Global REIT Fund	–	1.80%
Manulife Shariah India Equity Fund	–	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 1.50% per annum for Class C of the net assets value of the respective classes before deducting Scheme Trustee's fee, Management fee and Private Pension Adminstrator's fee for the day, calculated on a daily basis.

For the six months financial period ended 28 February 2025, the PRS Provider is entitled to management fee at a rate of 1.20% per annum (2024: 1.20% per annum) for Class A, while 1.00% per annum (2024: 1.00% per annum) for Class C, of the net asset value of the respective classes before deducting Scheme Trustee's fee, Management fee and Private Pension Adminstrator's fee for the day, calculated on a daily basis.

Auditors' remuneration RM8,500 (2024: RM8,500) and tax agent's fee RM3,750 (2024: RM3,750) were borne by the PRS Provider.

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

4. SCHEME TRUSTEE'S FEE

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

For the six months financial period ended 28 February 2025, the Scheme Trustee is entitled to Scheme Trustee's fee at a rate of 0.025% per annum (2024: 0.025% per annum) of the net asset value of the Fund before deducting Scheme Trustee's fee, Management fee and Private Pension Adminstrator'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 28 February 2025, the PPA's fee is recognised at a rate of 0.04% per annum (2024: 0.04% per annum) of the net asset value of the Fund calculated on a daily basis.

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

6. TAXATION

	2025	2024
	RM	RM
Current taxation	-	-

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

	2025 RM	2024 RM
(Loss)/profit before taxation	(21,601)	14,161
Tax calculated at Malaysian tax rate of 24% (2024: 24%)	(5,184)	3,399
Tax effect in respect of:		
- Expenses not deductible for tax purposes	7,475	4,120
- Restriction on tax deductible expenses for Private Retirement Schemes	1,307	1,290
- Investment income not subject to tax	(3,598)	(8,809)
Tax expenses	-	-

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	28.02.2025 RM	29.02.2024 RM
Financial assets at fair value through profit or loss		
- Islamic collective investment schemes - Local	521,045	559,504
- Exchange-traded funds - Foreign	520,955	445,323
Tax expenses	1,042,000	1,004,827
	2025 RM	2024 RM
Net (loss)/gain on financial assets at fair value through profit or loss		
- Realised (loss)/gain	(4,718)	2,558
- Unrealised gain	1,670	12,601
- Management fee rebate [#]	1,553	1,840
	(1,495)	16,999

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

<u>ISLAMIC COLLECTIVE INVESTMENTS SCHEMES - LOCAL</u>	Quantity	Cost of shares	Fair value as at 28.02.2025	Fair value as at 28.02.2025 expressed as percentage of net asset value of Fund
				%
	Units	RM	RM	
<u>28.02.2025</u>				
Manulife Investment Al-Faid	46,752	16,569	13,787	1.31
Manulife Investment Al-Fauzan	100,443	27,292	27,190	2.58
Manulife Investment Al-Ma'mun - Class I	216,041	213,156	208,263	19.78
Manulife Investment As-Saad	190,660	201,826	209,764	19.93
Manulife Investment Shariah Asia-Pacific Ex Japan Fund	75,529	32,669	29,502	2.80
Manulife Investment Shariah Progress Fund	28,614	11,043	9,992	0.95
Manulife Shariah China Equity Fund - A (RM) Class	62,404	22,300	22,547	2.14
TOTAL ISLAMIC COLLECTIVE INVESTMENT SCHEMES - LOCAL	720,443	524,855	521,045	49.49
<u>EXCHANGE TRADED FUND - FOREIGN</u>	Quantity	Cost of shares	Fair value as at 28.02.2025	Fair value as at 28.02.2025 expressed as percentage of net asset value of Fund
				%
	Units	RM	RM	
<u>28.02.2025</u>				
HSBC MSCI Europe Islamic UCITS - ETF	104	12,804	12,937	1.23
iShares MSCI Emerging Markets Islamic UCITS - ETF	562	51,051	43,820	4.16
iShares MSCI USA Islamic UCITS - ETF	318	62,271	68,177	6.48
SP Funds Dow Jones Global Sukuk ETF	3,926	318,532	314,304	29.85
SP Funds S&P 500 Sharia Industry - Exclusions ETF	435	79,031	81,717	7.76
TOTAL EXCHANGE TRADED FUNDS - FOREIGN	5,345	523,689	520,955	49.48
TOTAL SHARIAH-COMPLIANT INVESTMENTS	725,788	1,048,544	1,042,000	98.97
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		(6,544)		
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		1,042,000		

**ISLAMIC COLLECTIVE
INVESTMENTS
SCHEMES - LOCAL**

	Quantity	Cost of shares	Fair value as at 29.02.2024	Fair value as at 29.02.2024 expressed as percentage of net asset value of Fund
	Units	RM	RM	%
<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
TOTAL ISLAMIC COLLECTIVE INVESTMENT SCHEMES - LOCAL	984,056	556,158	559,504	55.43

**EXCHANGE TRADED
FUND - FOREIGN**

	Quantity	Cost of shares	Fair value as at 29.02.2024	Fair value as at 29.02.2024 expressed as percentage of net asset value of Fund
	Units	RM	RM	%
<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
TOTAL EXCHANGE TRADED FUNDS - FOREIGN	4,486	419,099	445,323	44.11

TOTAL SHARIAH-COMPLIANT INVESTMENTS**ACCUMULATED
UNREALISED GAIN ON
FINANCIAL ASSETS AT
FAIR VALUE THROUGH
PROFIT OR LOSS****FINANCIAL ASSETS
AT FAIR VALUE THROUGH
PROFIT OR LOSS**

29,570

1,004,827

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

	28.02.2025	29.02.2024
	RM	RM
Derivative assets		
Forward foreign currency contracts	—	884
Derivative liabilities		
Forward foreign currency contracts	1,099	1,079
	2025	2024
	RM	RM
Realised loss on forward currency contracts	(2,547)	(2,962)
Unrealised (loss)/gain on forward currency contracts	(4,327)	144
	(6,874)	(2,818)

(i) Forward foreign currency contracts as at 28 February 2025 is as follows:

	Receivables	Payables	Fair value	Percentage of net asset value
	RM	RM	RM	%
CIMB Islamic Bank Berhad	201,698	202,797	(1,099)	(0.10)
Total forward foreign currency contract	201,698	202,797	(1,099)	(0.10)

(ii) Forward foreign currency contracts as at 29 February 2024 is as follows:

	Receivables	Payables	Fair value	Percentage of net asset value
	RM	RM	RM	%
CIMB Islamic Bank Berhad	434,248	434,443	(195)	(0.02)
Total forward foreign currency contract	434,248	434,443	(195)	(0.02)

As at 28 February 2025, the notional principal amount of the 2 (2024: 5) outstanding forward foreign currency contracts amounted to RM201,698 (29.02.2024: RM435,000). The MYR/USD forward foreign currency contracts were entered into during the financial period to minimise the risk of foreign exchange exposure between the MYR and USD for the fund.

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

9. CASH AND CASH EQUIVALENTS

	<u>28.02.2025</u>	<u>29.02.2024</u>
	RM	RM
Bank balances in a licensed bank	<u>15,611</u>	<u>5,546</u>

10. SHARIAH INFORMATION OF THE FUND

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

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

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

	<u>28.02.2025</u>	<u>29.02.2024</u>
	No. of units	No. of units
At beginning of the financial period	834,651	1,253,731
Add: Creation of units arising from applications	45,400	101,710
Add: Creation of units arising from distribution	11,893	11,778
Less: Cancellation of units	<u>(202,634)</u>	<u>(505,147)</u>
At end of the financial period	<u>689,310</u>	<u>862,072</u>

(ii) Class C

	<u>28.02.2025</u>	<u>29.02.2024</u>
	No. of units	No. of units
At beginning of the financial period	928,887	514,392
Add: Creation of units arising from applications	358,195	485,997
Add: Creation of units arising from distribution	9,580	3,559
Less: Cancellation of units	<u>(62,519)</u>	<u>(48,910)</u>
At end of the financial period	<u>1,234,143</u>	<u>955,038</u>

12. BROKERS' TRANSACTIONS

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

<u>Name of brokers</u>	<u>Value of trades</u>	<u>Percentage of total trades</u>	<u>Brokerage fees</u>	<u>Percentage of total brokerage fees</u>
	RM	%	RM	%
<u>2025</u>				
Merrill Lynch & Co., Inc.	98,859	51.41	22	64.71
BNP Paribas Securities Services, France	34,284	17.83	2	5.88
The Goldman Sachs Group Inc.	31,880	16.58	8	23.53
Goldman Sachs International, London	14,191	7.38	1	2.94
Macquarie Capital (Europe) Limited	13,071	6.80	1	2.94
	<u>192,285</u>	<u>100.00</u>	<u>34</u>	<u>100.00</u>

<u>Name of brokers</u>	<u>Value of trades</u>	<u>Percentage of total trades</u>	<u>Brokerage fees</u>	<u>Percentage of total brokerage fees</u>
	RM	%	RM	%
<u>2024</u>				
Merrill Lynch & Co., Inc.	207,529	70.33	50	89.29
Macquarie Capital (Europe) Limited	64,978	22.02	3	5.36
The Goldman Sachs Group Inc.	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>

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

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

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

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

Units held by party related to the PRS Provider:

	28.02.2025		29.02.2024	
	No. of units	RM	No. of units	RM
Director of the PRS Provider				
Class C units				
Wong Boon Choy**	104	59	103	59

** The units are held legally and beneficially.

There were no units held by the PRS Provider for Class A and Class C as at 28 February 2025 and 29 February 2024 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.

	2025 RM	2024 RM
Significant related party transactions		
Dividends from Islamic collective investment schemes:		
- Manulife Investment Management (M) Berhad	14,741	16,177
Purchase of Islamic collective investment scheme:		
- Manulife Investment Management (M) Berhad	235,580	158,900
Disposal of Islamic collective investment schemes:		
- Manulife Investment Management (M) Berhad	153,622	281,698
Management fee rebates		
- Manulife Investment Management (M) Berhad	1,553	1,840

	2025	2024
	RM	RM
Significant related party balances		
Islamic collective investment schemes managed by the PRS Provider:		
- Manulife Investment Al-Faid	13,787	–
- Manulife Investment Al-Fauzan	27,190	113,247
- Manulife Investment Al-Ma'mun - Class I	208,263	338,929
- Manulife Investment As-Saad	209,764	–
- Manulife Investment Shariah Asia-Pacific Ex Japan Fund	29,502	107,328
- Manulife Investment Shariah Progress Fund	9,992	–
- Manulife Shariah China Equity Fund - A (RM) Class	22,547	–
	<u>521,045</u>	<u>559,504</u>

14. TOTAL EXPENSES RATIO (“TER”)

	2025	2024
	%	%
TER	<u>0.93</u>	<u>0.92</u>

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

15. PORTFOLIO TURNOVER RATIO (“PTR”)

	2025	2024
PTR (times)	<u>0.29</u>	<u>0.39</u>

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, profit rate risk and currency risk), credit risk, liquidity risk, capital risk, reclassification of Shariah status risk and collective investment scheme risk.

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

Market risk**(a) Price risk**

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

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

	<u>28.02.2025</u>	<u>29.02.2024</u>
	RM	RM
Financial assets at fair value through profit or loss		
- Islamic collective investment schemes - Local	521,045	559,504
- Exchange-traded funds - Foreign	520,955	445,323
	<u>1,042,000</u>	<u>1,004,827</u>

The following table 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 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.

	Changes in price	Impact on profit or loss after taxation	Impact on net asset value
	%	RM	RM
<u>As at:</u>			
<u>28.02.2025</u>			
Financial assets at fair value through profit or loss			
- Islamic collective investment schemes			
- Local	5	26,052	26,052
- Exchange-traded funds - Foreign	5	26,048	26,048
		<u>52,100</u>	<u>52,100</u>

29.02.2024

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>

(b) Interest rate risk

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

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

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

(c) Currency risk

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

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

	Cash and cash equivalents	Financial assets at fair value through profit or loss	Derivative liabilities at fair value through profit or loss
	RM	RM	RM
<u>As at:</u>			
<u>28.02.2025</u>			
USD	3,835	520,955	(1,099)
EUR	8	–	–
	<u>3,843</u>	<u>520,955</u>	<u>(1,099)</u>

	Amount due to PRS Provider - Purchase of investment collective scheme	Total
	RM	RM

As at:

28.02.2025

USD	(3,146)	520,545
EUR	–	8
	<u>(3,146)</u>	<u>520,553</u>

	Cash and cash equivalents	Financial assets at fair value through profit or loss	Derivative liabilities at fair value through profit or loss
	RM	RM	RM

As at:

29.02.2024

USD	3,619	445,323	884
EUR	6	–	–
	<u>3,625</u>	<u>445,323</u>	<u>884</u>

	Amount due from dealers	Amount due to Stockbrokers	Total
	RM	RM	RM

As at:

29.02.2024

USD	13,926	(15,809)	447,943
EUR	–	–	6
	<u>13,926</u>	<u>(15,809)</u>	<u>447,949</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. Fund's foreign currency risk concentration are as follows:

	Changes in foreign exchange %	Impact on profit or loss after taxation RM	Impact on net asset value RM
<u>As at:</u>			
<u>28.02.2025</u>			
USD	5	26,027	26,027
EUR	5	-	-
		<u>26,027</u>	<u>26,027</u>

	Changes in foreign exchange %	Impact on profit or loss after taxation RM	Impact on net asset value RM
<u>As at:</u>			
<u>29.02.2024</u>			
USD	5	22,397	22,397
EUR	5	-	-
		<u>22,397</u>	<u>22,397</u>

Credit risk

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

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

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

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

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

	Neither Past Due Nor Impaired		Total
	Cash and cash equivalents	Amount due from PRS Provider - Sale of collective investment scheme	
	RM	RM	RM
As at:			
28.02.2025			
AAA	15,611	–	15,611
Not rated	–	3,171	3,171
	<u>15,611</u>	<u>3,171</u>	<u>18,782</u>

	Neither Past Due Nor Impaired		Total
	Cash and cash equivalents	Derivative assets at fair value through profit or loss	Amount due from PRS Provider - creation of units
	RM	RM	RM
As at:			
29.02.2024			
AAA	5,546	884	–
Not rated	–	–	101
	<u>5,546</u>	<u>884</u>	<u>101</u>

	Neither Past Due Nor Impaired		Total
	Amount due from PRS Provider - Sale of collective investment scheme	Amount due from dealers	
	RM	RM	RM
As at:			
29.02.2024			
AAA	–	–	6,430
Not rated	15,701	13,926	29,728
	<u>15,701</u>	<u>13,926</u>	<u>36,158</u>

Liquidity risk

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

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

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

	Within one year	Within one month to one year	Total
	RM	RM	RM
<u>As at:</u>			
<u>28.02.2025</u>			
Financial assets			
Cash and cash equivalents	15,611	–	15,611
Financial assets at fair value through profit or loss	1,042,000	–	1,042,000
Amount due from PRS provider			
- Sale of collective investment scheme	3,171	–	3,171
	<u>1,060,782</u>	<u>–</u>	<u>1,060,782</u>
Financial liabilities			
Net assets attributable to members**	1,052,792	–	1,052,792
Amount due to PRS Provider			
- Management fee	591	–	591
Amount due to Scheme Trustee	21	–	21
Amount due to PRS Provider			
- Purchase of collective investment scheme	6,246	–	6,246
Amount due to Private Pension Administrator	33	–	33
Derivative liabilities at fair value profit or loss	1,099	–	1,099
	<u>1,060,782</u>	<u>–</u>	<u>1,060,782</u>

	Within one year	Within one month to one year	Total
	RM	RM	RM
<u>As at:</u>			
<u>29.02.2024</u>			
Financial assets			
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			
- Creation of units	101	–	101
- Sale of collective investment scheme	15,701	–	15,701
Amount due from dealers	13,926	–	13,926
	<u>1,040,985</u>	<u>–</u>	<u>1,040,985</u>

	Within one year	Within one month to one year	Total
	RM	RM	RM
<u>As at:</u>			
<u>29.02.2024</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 PRS Provider			
- Purchase 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>1,040,985</u>	<u>–</u>	<u>1,040,985</u>

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

Reclassification of Shariah status risk

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

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

Capital risk

The capital of the Fund is represented by net assets attributable to members, of RM1,052,792 (2024: RM1,009,489). 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 RM1,042,000 (29.02.2024: RM1,004,827) is classified within level 1 of the fair value hierarchy.

Derivatives assets at fair value through profit or loss amounting to RM Nil (2024: RM884) is classified within level 2 of the fair value hierarchy.

Derivatives liabilities at fair value through profit or loss amounting to RM1,099 (2024: RM1,079) is classified within level 2 is classified within level 2 of the fair value hierarchy.

Collective investment scheme risk

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

17. FINANCE COST

Distribution to members is derived from the following sources:

(i) Class A

	2025	2024
	RM	RM
Previous financial years' realised income	8,108	16,826
Gross dividend income	8,053	16,826
Less:		
Expenses	(4,268)	(10,562)
	<u>11,893</u>	<u>6,264</u>
Gross distribution per unit (sen)	<u>1.62</u>	<u>0.67</u>
Net distribution per unit (sen)	<u>1.62</u>	<u>0.67</u>
Ex-date	<u>19.12.2024</u>	<u>15.12.2023</u>

(ii) Class C

	2025	2024
	RM	RM
Previous financial years' realised income	4,872	5,907
Gross dividend income	9,641	565
Less:		
Expenses	(4,933)	(4,467)
	<u>9,580</u>	<u>2,005</u>
Gross distribution per unit (sen)	<u>0.86</u>	<u>0.25</u>
Net distribution per unit (sen)	<u>0.86</u>	<u>0.25</u>
Ex-date	<u>19.12.2024</u>	<u>15.12.2023</u>

During the six months financial period ended 28 February 2025, distributions were made as follows:

(i) Class A

Ex-date	Income distribution	Income distribution	Capital distribution	Capital distribution
	RM	%	RM	%
19.12.2024	<u>3,785</u>	<u>31.83</u>	<u>8,108</u>	<u>68.17</u>

(ii) Class C

Ex-date	Income distribution	Income distribution	Capital distribution	Capital distribution
	RM	%	RM	%
19.12.2024	<u>4,708</u>	<u>49.14</u>	<u>4,872</u>	<u>50.86</u>

During the six months financial period ended 29 February 2025, distributions were made as follows:

(i) Class A

Ex-date	Income distribution	Income distribution	Capital distribution	Capital distribution
	RM	%	RM	%
15.12.2023	–	–	6,264	100.00

(ii) Class C

Ex-date	Income distribution	Income distribution	Capital distribution	Capital distribution
	RM	%	RM	%
15.12.2023	–	–	2,005	100.00

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 RM12,980 (2024: RM22,733) derived from previous financial year's realised income.

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

There are unrealised losses of RM3,342 (29.02.2024: unrealised gains of RM13,168) arising during the financial period.

13. CORPORATE INFORMATION

PROVIDER

Manulife Investment Management (M) Berhad

Registration No: 200801033087 (834424-U)

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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

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