

# Principal ASEAN Dynamic Fund

Annual Report

For the Financial Year Ended 30 November 2020

**PRINCIPAL ASEAN DYNAMIC FUND**

**ANNUAL REPORT**

**FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020**

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## INVESTORS' LETTER

Dear Valued Investor,

Firstly, allow me to wish you a very Happy New Year! Every year is a new beginning, for us to look back at our achievements and set new goals. My guess is all of us will remember 2020 as one of the most interesting, if not most challenging periods of our lives. Families, businesses and communities are all adjusting as we face new challenges and opportunities.

Here at Principal, it means a renewed commitment to helping our customers. In 2021, we will continue to deliver exciting new investment opportunities and digital innovations for our customers. We are grateful for the opportunity to serve you and for the trust you place in us.

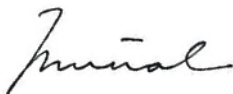
Amid a global pandemic, it might be tempting to think about delaying your investment goals. But, in reality “now” is always a better time than “later” for pursuing your goals and dreams. At Principal, customers are a top priority. We will always work to help you reach your goals, as we did last year throughout the pandemic. We will continue to focus on finding ways to make it easier for you to do investments with us, by offering new solutions around digital payments, digital submissions and digital onboarding to name a few. And, we're just getting started.

We continue to prefer equities over fixed income and remain positive on Asian equities favouring China and more developed Asian economies on a 12-month basis. We've also added more ASEAN names in anticipation of a broader economic recovery which would be strengthened by the greater availability of Coronavirus 2019 (“COVID-19”) vaccines by mid-2021.

As we look towards this year, the team is excited to bring you more insights, tips and innovative solutions to help you manage your investments and reach your long-term financial goals. Visit our website ([www.principal.com.my](http://www.principal.com.my)) and follow our Facebook page (@PrincipalAssetMY) in order not to miss these updates and promotions.

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

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



**Munirah Khairuddin**  
Chief Executive Officer

## MANAGER'S REPORT

### FUND OBJECTIVE AND POLICY

#### What is the investment objective of the Fund?

The Fund aims to achieve capital appreciation over the medium to long term by investing in the Association of Southeast Asian Nations ("ASEAN") region.

#### Has the Fund achieved its objective?

For the financial year under review, relative to its absolute target return of 9%, the Fund has outperformed by 2.10% for USD class, has performed in-line for SGD class, has underperformed by 0.66% for MYR Class. Nevertheless, it is still performed in line with its objective which is to achieve capital appreciation over the medium to long term.

#### What are the Fund investment policy and principal investment strategy?

The Fund will be managed with the aim of achieving a stable and positive investment returns over the medium to long term through investments in ASEAN region regardless of market conditions. The companies invested in must be domiciled in, listed in, and/or have significant operations in the ASEAN region. For listed securities, the investment must be traded in an exchange that is a member of World Federation of Exchanges ("WFE"). 'Significant operations' means major businesses of the company. For example, the Fund can invest in a company with significant operations in Thailand but listed on the New York Stock Exchange ("NYSE"). The threshold for 'significant operations' would be at least 25% of total group revenue to derive from countries in the ASEAN region. The calculation would be based on the most recent financial reports released by the companies (e.g. interim and annual reports).

Investment universe of the Fund will be in countries where the regulatory authority is an ordinary or associate member of the International Organisation of Securities Commissions ("IOSCO") which include but not limited to Brunei Darussalam, Indonesia, Malaysia, Philippine, Singapore, Thailand and Vietnam. If the investment is a listed security, the investment must be traded in an exchange that is a member of WFE. In the event the Manager is unable to obtain the necessary licenses or permits, or the licenses or permits are revoked or not renewed (as the case may be), the Manager will seek to invest in other accessible markets.

The Fund have the flexibility to adjust its investment exposure to equity and/or debt securities and money market instruments depending on market conditions. Under general market conditions, the Fund will invest in equities of companies which we believe will exhibit good growth potential<sup>^</sup> when compared to its industry or the overall market<sup>#</sup>. The Fund may also invest up to 20% of the Fund's Net Asset Value ("NAV") in debt securities to be in line with the Fund's objective. The minimum credit rating for these debt securities must be at least "BBB" by an international rating agency as prescribed under the Standard of Qualifying collective investment schemes or its equivalent by other international rating agencies. The Fund may opt to access into the equities and/or debt securities market via investment in units of other collective investment schemes that is in line with the Fund's objective, subject to the requirements of the Securities Commission Malaysia ("SC") Guidelines and the Standards of Qualifying collective investment schemes.

The asset allocation strategy for this Fund is as follows:

- between 60% to 98% (both inclusive) of the Fund's NAV will be invested in equities;
- up to 20% of the Fund's NAV may be invested in debt securities; and
- at least 2% of its NAV will be invested in liquid assets for liquidity purpose.

<sup>^</sup> good growth potential - Refers to companies that have a better growth than the Gross Domestic Product ("GDP") of the respective country and reasonably priced based on the Manager's estimate. Reasonably priced means when the intrinsic value is higher than the current market price.

<sup>#</sup> compared to its industry or the overall market - The comparison will be conducted at the point of purchase.

#### Base Currency

United States Dollar ("USD")

**FUND OBJECTIVE AND POLICY (CONTINUED)****Fund category/type**

Equity/Growth

**When was the Fund launched?**

<b>Name of Class</b>	<b>Launch Date</b>
Class MYR	3 March 2015
Class SGD*	9 September 2015
Class USD	3 March 2015

\*only offered in Singapore

**What was the size of the Fund as at 30 November 2020?**

USD10.89 million (51.98 million units)

**What is the Fund's benchmark?**

The performance of this Fund cannot be compared directly with any specific publicly available benchmark. However, the Fund has a target return of nine percent (9%) per annum.

This is not a guaranteed return and is only a measurement of the Fund's performance. The Fund may not achieve the target return in any particular financial year but targets to achieve this growth over the medium to long term.

**What is the Fund distribution policy?**

Given the Fund's investment objective, the Class of the Fund is not expected to pay any distribution. Distributions, if any, are at the discretion of the Manager and will vary from period to period depending on the availability of realised income for distribution and performance of the Fund.

**What was the net income distribution for the financial year ended 30 November 2020?**

There was no distribution made for financial year ended 30 November 2020.

**PERFORMANCE DATA**

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

	<b>30.11.2020</b>	<b>30.11.2019</b>	<b>30.11.2018</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Quoted securities			
- Communication Services	6.37	8.72	2.03
- Consumer Discretionary	8.91	3.95	15.19
- Consumer Staples	6.93	8.29	9.74
- Energy	4.04	7.47	5.78
- Financials	31.09	27.08	32.53
- Health Care	1.85	5.10	1.61
- Industrials	8.38	6.39	10.01
- Information Technology	3.01	3.76	3.99
- Materials	4.05	2.49	3.70
- Real Estate	8.02	15.06	3.33
- Utilities	-	0.50	-
Cash and other net assets	17.35	11.19	12.09
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

**PERFORMANCE DATA (CONTINUED)**

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

	<b>30.11.2020</b>	<b>30.11.2019</b>	<b>30.11.2018</b>
NAV (USD Million)			
- Class MYR	9.07	9.93	11.13
- Class SGD	0.44	0.06	0.04
- Class USD	1.38	1.62	1.74
Units in circulation (Million)			
- Class MYR	49.58	60.29	70.50
- Class SGD	0.38	0.06	0.04
- Class USD	2.02	2.64	2.95
NAV per unit (USD)			
- Class MYR	0.1829	0.1647	0.1578
- Class SGD	1.1565	1.0385	0.9918
- Class USD	0.6815	0.6138	0.5879
Highest NAV per unit (USD)			
- Class MYR	0.1850	0.1703	0.1860
- Class SGD	1.1701	1.0732	1.1639
- Class USD	0.6895	0.6344	0.6930
Lowest NAV per unit (USD)			
- Class MYR	0.1145	0.1498	0.1525
- Class SGD	0.7227	0.9418	0.9545
- Class USD	0.4268	0.5582	0.5683
Total return (%)			
- Class MYR	8.34	4.11	(5.63)
- Class SGD	9.00	4.42	(5.60)
- Class USD	11.10	4.31	(5.61)
Capital growth (%)			
- Class MYR	8.34	4.11	(5.63)
- Class SGD	9.00	4.42	(5.60)
- Class USD	11.10	4.31	(5.61)
Income distribution (%)			
- Class MYR	-	-	-
- Class SGD	-	-	-
- Class USD	-	-	-
Management Expense Ratio ("MER") (%) ^	2.40	2.20	1.10
Portfolio Turnover Ratio ("PTR") (times) #	3.93	4.36	1.89

^ The Fund's MER increased from 2.20% to 2.40% due to lower average NAV during the financial year under review.

# The Fund's PTR was at 3.93 times, slightly lower than previous financial year as the Fund was less actively realising profit and re-investing into the market during the financial year under review.

**PERFORMANCE DATA (CONTINUED)**

	<b>30.11.2020</b>	<b>30.11.2019</b>	<b>30.11.2018</b>	<b>30.11.2017</b>	<b>30.11.2016</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Annual total return					
- Class MYR	8.34	4.11	(5.63)	33.64	5.80
- Class USD	11.10	4.31	(5.61)	33.68	5.79

(Launch date: 3 March 2015)

	<b>30.11.2020</b>	<b>30.11.2019</b>	<b>30.11.2018</b>	<b>30.11.2017</b>	<b>30.11.2016</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Annual total return					
- Class SGD	9.00	4.42	(5.60)	33.77	5.78

(Launch date: 9 September 2015)

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

**MARKET REVIEW (1 DECEMBER 2019 TO 30 NOVEMBER 2020)**

In December 2019, trade tension between US and China eased off. China Official Manufacturing Purchasing Managers Index (“PMI”) started to show improvement by January 2020. However, China saw COVID-19 outbreak and lockdown was imposed in China starting late January and early February 2020. By March 2020, COVID-19 evolved into global pandemic, leading to various forms of lockdown globally. Given the impact of lockdown on economies, global equities markets declined sharply. By end of March 2020, equities markets including ASEAN started to recover, as Governments and Central Banks globally continued to commit for fiscal and monetary easings to support economies. In April and May 2020, certain countries in region such as Vietnam, Thailand, Malaysia and Singapore had seen declining or stabilising new cases of COVID-19 and started to ease lockdowns or social distancing rules. Over the subsequent months until November 2020, most countries experienced a subsequent wave of rising COVID-19 new infection cases, but renewed lockdowns or social distancing rules had been less stringent than those during the first wave of infection. As a result, economy activities had been recovering sequentially from March 2020. In October 2020, Indonesia passed Omnibus Law to promote ease of doing business, to strengthen labour competitiveness and to attract investments. In November 2020, the uncertainties surrounding US Presidential election subsided, and vaccine development for COVID-19 saw further progresses with several vaccine candidates reporting encouraging efficacy data from trials. As a result, equities market including ASEAN rose sharply in November 2020.

**Class MYR**

	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>Since</b>
	<b>to 30.11.2020</b>	<b>to 30.11.2020</b>	<b>to 30.11.2020</b>	<b>inception to</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>30.11.2020</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Income	-	-	-	-
Capital	8.34	8.91	47.92	48.84
Total Return	8.34	8.91	47.92	48.84
Benchmark	9.00	29.50	53.86	62.96
Average Total Return	8.34	2.89	8.15	7.16



**FUND PERFORMANCE**

**Class SGD**

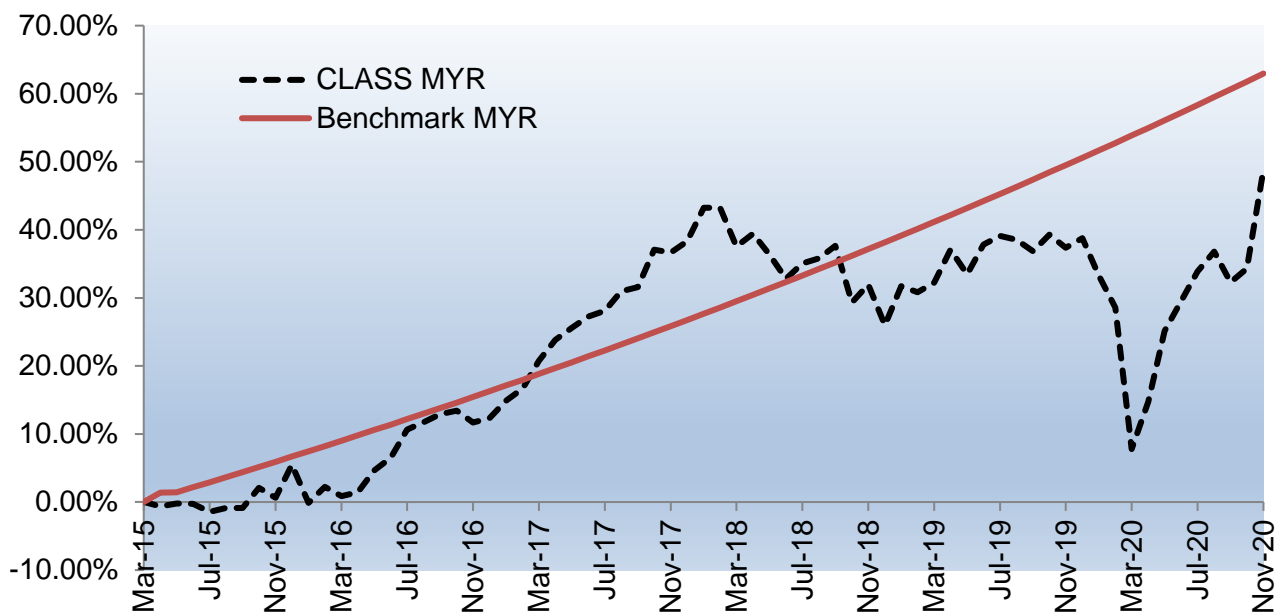
	<b>1 year to 30.11.2020</b>	<b>3 years to 30.11.2020</b>	<b>5 years to 30.11.2020</b>	<b>Since inception to 30.11.2020</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Income	-	-	-	-
Capital	9.00	9.44	48.06	54.47
Total Return	9.00	9.44	48.06	54.47
Total Return (inclusive application fee)*	3.55	3.96	40.66	46.75
Benchmark	9.00	29.50	53.86	56.17
Average Total Return	9.00	3.05	8.17	8.38

**Class USD**

	<b>1 year to 30.11.2020</b>	<b>3 years to 30.11.2020</b>	<b>5 years to 30.11.2020</b>	<b>Since inception to 30.11.2020</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Income	-	-	-	-
Capital	11.10	9.38	54.69	36.16
Total Return	11.10	9.38	54.69	36.16
Benchmark	9.00	29.50	53.86	62.96
Average Total Return	11.10	3.03	9.12	5.51

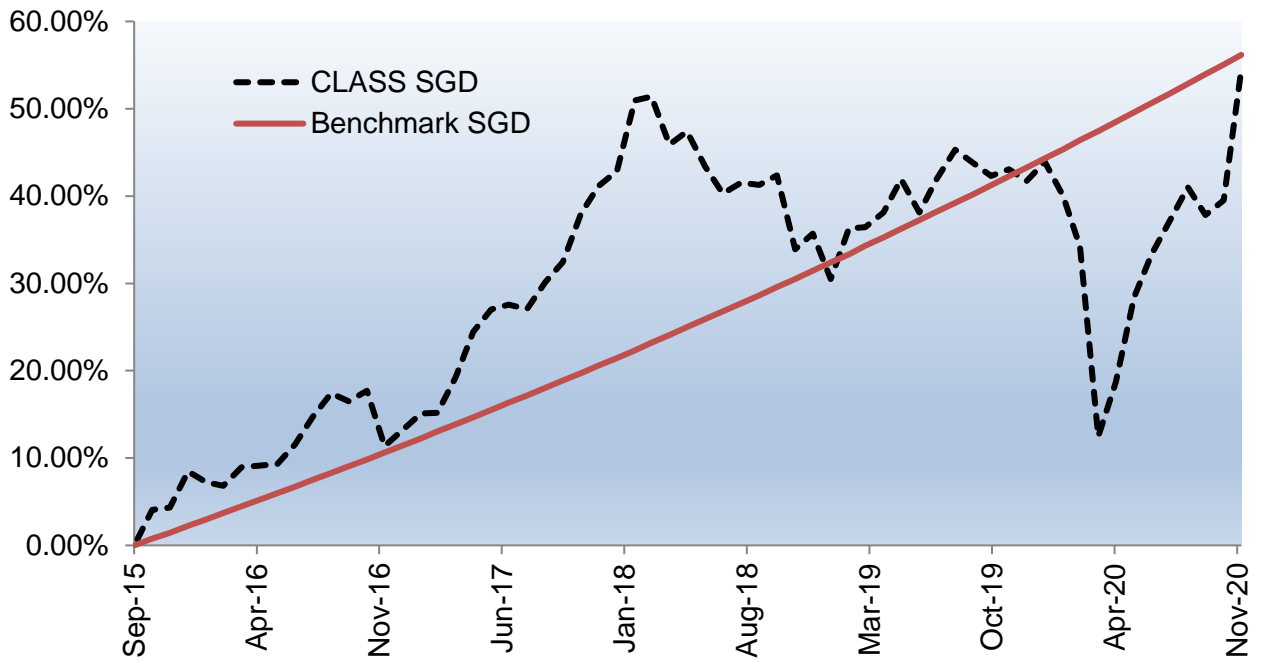
The Fund's total return were 48.84%, 54.47% and 36.16% since inception, for Class MYR, Class SGD and Class USD respectively. The variance in performance of the three classes was due to volatility in currencies and different inception dates.

**Class MYR**

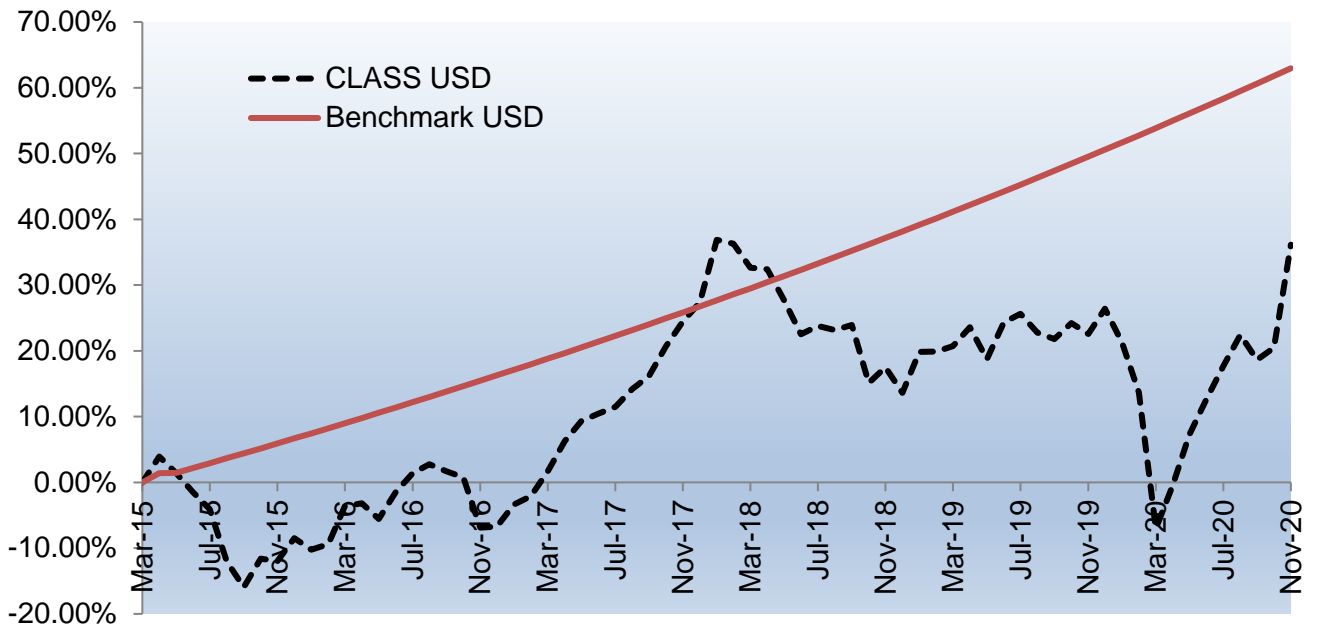


FUND PERFORMANCE (CONTINUED)

Class SGD



Class USD



**FUND PERFORMANCE (CONTINUED)**

**Changes in NAV**

**CLASS MYR**

	<b>30.11.2020</b>	<b>30.11.2019</b>	<b>Changes</b> %
NAV (USD Million)	9.07	9.93	(8.66)
NAV/Unit (USD)	0.1829	0.1647	11.05

**CLASS SGD**

	<b>30.11.2020</b>	<b>30.11.2019</b>	<b>Changes</b> %
NAV (USD Million)	0.44	0.06	>100
NAV/Unit (USD)	1.1565	1.0385	11.36

**CLASS USD**

	<b>30.11.2020</b>	<b>30.11.2019</b>	<b>Changes</b> %
NAV (USD Million)	1.38	1.62	(14.81)
NAV/Unit (USD)	0.6815	0.6138	11.03

For the financial year under review, the Fund's NAV declined by 8.66% and 14.81% for Class MYR and Class USD, respectively, due to redemption. For Class SGD, the Fund's NAV rose by more than 100% due to inflow. The increase in NAV per unit for all 3 classes was due to positive investment performance.

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

**PORTFOLIO STRUCTURE**

**Asset allocation**

<b>(% of NAV)</b>	<b>30.11.2020</b>	<b>30.11.2019</b>
Quoted securities	82.65	88.81
Cash and other net assets	17.35	11.19
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>

The Fund remained invested in quoted securities during the financial year under review.

## MARKET OUTLOOK\*

COVID-19 resurgence seems to be peaking in the region. The uncertainties surrounding US Presidential election subsided. The vaccine Phase 3 trials reported positive development. Agricultural prices continue to improve, which are positive for ASEAN countries. Central Banks continued to maintain monetary easing. Earnings are better than expected especially from financials, technology and plantation sectors.

ASEAN markets started to see foreign inflows. ASEAN currencies strengthened while bond yields remained stable. MSCI ASEAN is currently trading at 16.5 times next year Price-to-Earnings Ratio (“PER”) which is now above the 10-year historical average of 13.6 times, despite MSCI ASEAN has not recovered to the pre-COVID-19 level, because of downward revision in earnings. Nevertheless, earnings downward revision seems to be bottoming.

\* This market outlook does not constitute an offer, invitation, commitment, advice or recommendation to make a purchase of any investment. The information given in this article represents the views of Principal Asset Management Berhad (“Principal Malaysia”) or based on data obtained from sources believed to be reliable by Principal Malaysia. Whilst every care has been taken in preparing this, Principal Malaysia makes no guarantee, representation or warranty and is under no circumstances liable for any loss or damage caused by reliance on, any opinion, advice or statement made in this market outlook.

## INVESTMENT STRATEGY

We believe ASEAN equities will provide investors a combination of recovery plays and long-term structural themes. Hence, we have adopted a barbell approach of cyclicals and growth. As economic activities continue to improve and vaccine development progresses, we are increasingly more positive on cyclical sectors and stocks benefiting from reopening such as tourism-related. Cyclical sectors include financials, consumer, basic materials, energy, real estates. We continue to like structural growth themes of ASEAN e-commerce, Vietnam and technology & supply chain shift.

From a technical viewpoint, ASEAN has been under-performing North Asia since 2018 and we do think that 2021 will be a year where this asset class will shine simply because it is under-owned and foreign investor positioning is too underweight. Secondly, recent inflows into the bond markets in certain ASEAN markets like Thailand, Malaysia and Indonesia suggest to us that these are lead indicators for potential equity inflows.

## UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 30 November 2020 are as follows:

### CLASS MYR

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	88	0.24	0.48
5,001 to 10,000	120	0.91	1.84
10,001 to 50,000	385	9.54	19.25
50,001 to 500,000	134	13.10	26.42
500,001 and above	3	25.79	52.01
<b>Total</b>	<b>730</b>	<b>49.58</b>	<b>100.00</b>

**UNIT HOLDINGS STATISTICS (CONTINUED)**

Breakdown of unit holdings by size as at 30 November 2020 are as follows: (continued)

**CLASS SGD**

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	1	0	0
5,001 to 10,000	-	-	-
10,001 to 50,000	1	0.02	5.26
50,001 to 500,000	2	0.36	94.74
500,001 and above	-	-	-
<b>Total</b>	<b>4</b>	<b>0.38</b>	<b>100</b>

**CLASS USD**

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	2	0.00	0.00
5,001 to 10,000	-	-	-
10,001 to 50,000	1	0.04	1.98
50,001 to 500,000	-	-	-
500,001 and above	1	1.98	98.02
<b>Total</b>	<b>4</b>	<b>2.02</b>	<b>100.00</b>

**SOFT COMMISSIONS AND REBATES**

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

During the financial year under review, the Manager and the Trustee did not receive any rebates from the brokers or dealers but the Manager has retained soft commission in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Funds.

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF  
PRINCIPAL ASEAN DYNAMIC FUND**

We, being the Directors of Principal Asset Management Berhad (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying audited financial statements set out on pages 17 to 52 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 30 November 2020 and of its financial performance, changes in net assets attributable to unit holders and cash flows for the financial year then ended in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

For and on behalf of the Manager

**Principal Asset Management Berhad (Company No.: 199401018399 (304078-K))**

**MUNIRAH KHAIRUDDIN**  
Chief Executive Officer/Executive Director

**JUAN IGNACIO EYZAGUIRRE BARAONA**  
Director

Kuala Lumpur  
14 January 2021

**TRUSTEE'S REPORT TO THE UNITHOLDERS OF  
PRINCIPAL ASEAN DYNAMIC FUND**

We have acted as Trustee of Principal ASEAN Dynamic Fund ("the Fund") for the financial year ended 30 November 2020. To the best of our knowledge, Principal Asset Management Berhad ("the Manager"), has operated and managed the Fund in accordance with the following:-

- a) limitations imposed on the investment powers of the Manager and the Trustee under the Deeds, the Securities Commission's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- b) valuation/pricing is carried out in accordance with the Deeds and any regulatory requirements; and
- c) creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirements.

For HSBC (Malaysia) Trustee Berhad

Tan Bee Nie  
Senior Manager, Investment Compliance Monitoring

Kuala Lumpur  
13 January 2021

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF  
PRINCIPAL ASEAN DYNAMIC FUND**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Our opinion

In our opinion, the financial statements of Principal ASEAN Dynamic Fund (the "Fund") give a true and fair view of the financial position of the Fund as at 30 November 2020, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 30 November 2020, and the statement of comprehensive income, statement of changes in net asset attributable to unit holders and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 17 to 52.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.



**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF  
PRINCIPAL ASEAN DYNAMIC FUND (CONTINUED)**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

Information other than the financial statements and auditors' report thereon

The Manager of the Fund is responsible for the other information. The other information comprises Manager's Report, but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF  
PRINCIPAL ASEAN DYNAMIC FUND (CONTINUED)**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

Auditors' responsibilities for the audit of the financial statements

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

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

- (a) Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- (d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF  
PRINCIPAL ASEAN DYNAMIC FUND (CONTINUED)**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

Auditors' responsibilities for the audit of the financial statements (continued)

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**OTHER MATTERS**

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

PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

Kuala Lumpur  
14 January 2021

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020**

	Note	2020 USD	2019 USD
<b>INCOME</b>			
Dividend income		277,564	287,149
Interest income from deposits with licensed financial institutions		10,835	36,952
Net gain on financial assets at fair value through profit or loss	7	1,161,220	1,007,081
Net foreign exchange loss		(180,001)	(145,422)
		<u>1,269,618</u>	<u>1,185,760</u>
<b>EXPENSES</b>			
Management fee	4	184,131	220,264
Trustee & custodian fees	5	41,523	54,291
Transaction costs		262,222	328,294
Audit fee		2,759	3,879
Tax Agent's fee		3,173	1,102
Other expenses		31,812	8,429
		<u>525,620</u>	<u>616,259</u>
<b>PROFIT BEFORE TAXATION</b>		743,998	569,501
Taxation	6	-	-
<b>INCREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>743,998</u>	<u>569,501</u>
Increase in net assets attributable to unit holders are made up as follows:			
Realised amount		(436,517)	(479,357)
Unrealised amount		1,180,515	1,048,858
		<u>743,998</u>	<u>569,501</u>

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

STATEMENT OF FINANCIAL POSITION  
AS AT 30 NOVEMBER 2020

	Note	2020 USD	2019 USD
<b>ASSETS</b>			
Cash and cash equivalents	8	1,256,183	1,108,416
Financial assets at fair value through profit or loss	7	8,997,890	10,317,155
Amount due from stockbrokers		203,497	1,001,159
Amount due from Manager		890,067	95,158
Dividends receivable		7,199	9,289
Other receivables		-	12,537
<b>TOTAL ASSETS</b>		<u>11,354,836</u>	<u>12,543,714</u>
<b>LIABILITIES</b>			
Amount due to stockbrokers		254,305	858,569
Amount due to Manager		194,793	44,986
Accrued management fees		14,813	17,447
Amount due to trustee		497	582
Other payables & accruals		4,005	4,981
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)</b>		<u>468,413</u>	<u>926,565</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>10,886,423</u>	<u>11,617,149</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>10,886,423</u>	<u>11,617,149</u>
<b>REPRESENTED BY:</b>			
<b>FAIR VALUE OF OUTSTANDING UNITS (USD)</b>			
- Class MYR		9,070,588	9,933,727
- Class SGD		436,199	61,897
- Class USD		1,379,636	1,621,525
		<u>10,886,423</u>	<u>11,617,149</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>			
- Class MYR		49,582,766	60,290,759
- Class SGD		377,165	59,598
- Class USD		2,024,260	2,641,623
	9	<u>51,984,191</u>	<u>62,991,980</u>
<b>NET ASSET VALUE PER UNIT (USD)</b>			
- Class MYR		0.1829	0.1647
- Class SGD		1.1565	1.0385
- Class USD		<u>0.6815</u>	<u>0.6138</u>
<b>NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES</b>			
- Class MYR		RM0.7449	RM0.6878
- Class SGD		SGD1.5464	SGD1.4195
- Class USD		<u>USD0.6815</u>	<u>USD0.6138</u>

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

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS  
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020**

	<b>2020</b>	<b>2019</b>
	<b>USD</b>	<b>USD</b>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	11,617,149	12,907,632
Movement due to units created and cancelled during the financial year:		
Creation of units from applications		
- Class MYR	4,471,403	2,544,125
- Class SGD	581,891	46,510
- Class USD	268,835	86,265
	<u>5,322,129</u>	<u>2,676,900</u>
Cancellation of units		
- Class MYR	(5,947,662)	(4,228,474)
- Class SGD	(233,006)	(28,974)
- Class USD	(616,185)	(279,436)
	<u>(6,796,853)</u>	<u>(4,536,884)</u>
Increase in net assets attributable to unit holders during the financial year	<u>743,998</u>	<u>569,501</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR</b>	<u><u>10,886,423</u></u>	<u><u>11,617,149</u></u>

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

**STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020**

	Note	2020 USD	2019 USD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from disposal of quoted securities		42,277,599	53,186,783
Purchase of quoted securities		(39,941,614)	(51,490,662)
Dividend income received		262,772	260,459
Interest income from deposits with licensed financial institutions		10,835	36,952
Management fee paid		(186,765)	(310,414)
Trustee & custodian fees paid		(41,608)	(54,317)
Net realised foreign exchange loss		(96,799)	(90,374)
Payments for other fees and expenses		(11,822)	(8,404)
<b>Net cash generated from operating activities</b>		<u>2,272,598</u>	<u>1,530,023</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash proceeds from units created		4,527,733	2,654,919
Payments for cancellation of units		(6,651,766)	(4,491,438)
<b>Net cash used in financing activities</b>		<u>(2,124,033)</u>	<u>(1,836,519)</u>
Net increase/(decrease) in cash and cash equivalents		148,565	(306,496)
Effects of foreign exchange differences		(798)	(228)
Cash and cash equivalents at the beginning of the financial year		<u>1,108,416</u>	<u>1,415,140</u>
Cash and cash equivalents at the end of the financial year	<b>8</b>	<u>1,256,183</u>	<u>1,108,416</u>
<u>Cash and cash equivalents comprised of:</u>			
Bank balances		935,538	1,047,343
Deposits with licensed financial institutions		<u>320,645</u>	<u>61,073</u>
Cash and cash equivalents at the end of the financial year	<b>8</b>	<u>1,256,183</u>	<u>1,108,416</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES**

Principal ASEAN Dynamic Fund (the "Fund") was constituted pursuant to the execution of a Deed dated 23 February 2015 (referred to as the "Deed") between Principal Asset Management Berhad (the "Manager"), HSBC (Malaysia) Trustee Berhad (the "Trustee") and the registered unit holders of the Fund.

The Fund will be managed with the aim of achieving a stable and positive investment returns over the medium to long term through investments in ASEAN region regardless of market conditions. The companies invested in must be domiciled in, listed in, and/or have significant operations in the ASEAN region. For listed securities, the investment must be traded in an exchange that is a member of WFE. 'Significant operations' means major businesses of the company. For example, the Fund can invest in a company with significant operations in Thailand but listed on the NYSE. The threshold for 'significant operations' would be at least 25% of total group revenue to derive from countries in the ASEAN region. The calculation would be based on the most recent financial reports released by the companies (e.g. interim and annual reports).

Investment universe of the Fund will be in countries where the regulatory authority is an ordinary or associate member of the IOSCO which include but not limited to Brunei Darussalam, Indonesia, Malaysia, Philippine, Singapore, Thailand and Vietnam. If the investment is a listed security, the investment must be traded in an exchange that is a member of WFE. In the event the Manager is unable to obtain the necessary licenses or permits, or the licenses or permits are revoked or not renewed (as the case may be), the Manager will seek to invest in other accessible markets.

The Fund have the flexibility to adjust its investment exposure to equity and/or debt securities and money market instruments depending on market conditions. Under general market conditions, the Fund will invest in equities of companies which we believe will exhibit good growth potential when compared to its industry or the overall market. The Fund may also invest up to 20% of the Fund's NAV in debt securities to be in line with the Fund's objective. The minimum credit rating for these debt securities must be at least "BBB" by an international rating agency as prescribed under the Standard of Qualifying collective investment schemes or its equivalent by other international rating agencies. The Fund may opt to access into the equities and/or debt securities market via investment in units of other collective investment schemes that is in line with the Fund's objective, subject to the requirements of the SC Guidelines and the Standards of Qualifying collective investment schemes .

The asset allocation strategy for this Fund is as follows:

- between 60% to 98% (both inclusive) of the Fund's NAV will be invested in equities;
- up to 20% of the Fund's NAV may be invested in debt securities; and
- at least 2% of its NAV will be invested in liquid assets for liquidity purpose.

All investments will be subjected to the SC Guidelines on Unit Trust Funds, SC requirements, the Deeds, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund's objective.

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



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### (a) Basis of preparation

The financial statements have been prepared in accordance with the provisions of the MFRS and IFRS.

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

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

It also requires the Manager to exercise their judgement in the process of applying the Fund's accounting policies. Although these estimates and judgement are based on the Manager's best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(l).

#### Standards, amendments to published standards or interpretation that are effective and relevant:

The Fund has applied the following amendments to published standards for the first time for the financial year beginning 1 December 2019:

- Amendments to MFRS 112 'Income Taxes' (effective from 1 January 2019) clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, other comprehensive income ("OCI") or equity) depends on where the past transactions that generated distributable profits were recognised.

Accordingly, the tax consequences are recognised in profit or loss when an entity determines payments on such instruments are distribution of profits (that is, dividends). Tax on dividend should not be recognised in equity merely on the basis that it is related to a distribution to owners.

There are no standards, amendments to standards or interpretations that are effective for financial year beginning on 1 December 2019 that have a material effect on the financial statements of the Fund.

There are no new applicable standards, amendments to standards or interpretations that are effective for financial year beginning on/after 1 December 2020 that are applicable to the financial statements of the Fund.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(b) Financial assets and financial liabilities**Classification

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

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

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

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

The Fund classifies cash and cash equivalents, amount due from stockbrokers, amount due from Manager, dividends receivable and other receivables 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 stockbrokers, amount due to Manager, accrued management fee, amount due to Trustee, and other payables and accruals as financial liabilities measured at amortised cost.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value. Transaction costs are expensed 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 expired.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(b) Financial assets and financial liabilities (continued)**Recognition and measurement (continued)

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

Quoted securities in Malaysia are valued at the last traded market price quoted on Bursa Malaysia Securities Berhad ("Bursa Securities") at the date of the statement of financial position.

Foreign quoted securities are valued based on the last traded market price quoted on the respective foreign stock exchange 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 quoted 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 investments for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the investments are valued as determined in good faith by the Manager, based on the methods or bases approved by the Trustee after appropriate technical consultation.

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

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

Impairment for assets carried at amortised cost

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(b) Financial assets and financial liabilities (continued)**Write-off

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the financial year.

**(c) Income recognition**

Dividend income is recognised on the ex-dividend date when the right to receive payment is established.

Interest income from deposits with licensed financial institutions is recognised on a time proportionate basis using effective interest rate method on an accrual basis.

Interest income is calculated by applying the effective interest 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 interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Realised gain or loss on disposal of quoted securities is accounted for as the difference between the net disposal proceeds and the carrying amount of quoted securities, determined on a weighted average cost basis.

**(d) Cash and cash equivalents**

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balances and deposits held in highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(e) Foreign currency**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 USD, which is the Fund's functional and presentation currency.

Due to mixed factors in determining the functional currency of the Fund, the Manager has used its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have determined the functional currency to be in USD primarily due to the following factors:

- i) Significant portion of the Fund's expenses are denominated in USD.
- ii) Significant portion of the cash is denominated in USD for the purpose of making settlement of foreign trades.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(e) Foreign currency (continued)**Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

**(f) Taxation**

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

Tax on investment income from foreign investments are based on the tax regime of the respective countries the Fund invest in.

Withholding taxes on investment income from investment are based on tax regime of the respective countries that the Fund invests in. Such withholding taxes are not “income tax” in nature and are recognised and measured based on the requirements of MFRS 137. They are presented within other expenses line in the statement of comprehensive income.

**(g) Transaction costs**

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

**(h) Unit holders' contribution**

The unit holders' contributions to the Fund meet the definition of puttable instruments classified as financial liability under MFRS 132 “Financial Instruments: Presentation”.

The Fund issues cancellable units, in three classes of units, known respectively as the Class MYR, Class SGD, and Class USD which are cancelled at the unit holder's option and do not have identical features subject to restrictions as stipulated in the Prospectus and SC Guidelines on Unit Trust Funds. 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 NAV 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 unit holders' option at prices based on the Fund's NAV per unit of respective classes at the close of business on the relevant dealing day. The Fund's NAV 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.

**(i) Increase/decrease in net asset attributable to unit holders**

Income not distributed is included in net asset attributable to unit holders.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(j) Amount due from/to stockbrokers**

Amount due from and amount due to stockbrokers represent receivables for quoted securities sold and payables for quoted securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. The amount due from stockbrokers balance is held for collection.

These amounts are measured at amortised cost. At each reporting date, the Fund measures the loss allowance on amounts due from stockbrokers at an amount equal to the lifetime ECL 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 ECL. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

If the 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 Manager as any contractual payment which is more than 30 days past due.

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

**(k) Realised and unrealized portions of increase/decrease in net assets attributable to unit holders**

The analysis of realised and unrealised portions of increase/decrease in net assets attributable to unit holders as presented on the statement of comprehensive income is prepared in accordance with SC Guidelines on Unit Trust Funds.

**(l) Critical accounting estimates and judgements in applying accounting policies**

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

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

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

However, the Manager is of the opinion that in applying these accounting policies, no significant judgement was required.

**3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES**

Financial instruments of the Fund as follows:

	<b>Financial assets at fair value through profit or loss USD</b>	<b>Financial assets at amortised cost USD</b>	<b>Total USD</b>
<b>2020</b>			
Cash and cash equivalents (Note 8)	-	1,256,183	1,256,183
Quoted securities (Note 7)	8,997,890	-	8,997,890
Amount due from stockbrokers	-	203,497	203,497
Amount due from Manager	-	890,067	890,067
Dividends receivable	-	7,199	7,199
	<u>8,997,890</u>	<u>2,356,946</u>	<u>11,354,836</u>
<b>2019</b>			
Cash and cash equivalents (Note 8)	-	1,108,416	1,108,416
Quoted securities (Note 7)	10,317,155	-	10,317,155
Amount due from stockbrokers	-	1,001,159	1,001,159
Amount due from Manager	-	95,158	95,158
Dividends receivable	-	9,289	9,289
Other receivables	-	12,537	12,537
	<u>10,317,155</u>	<u>2,226,559</u>	<u>12,543,714</u>

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

The Fund aims to achieve capital appreciation over the medium to long term by investing in the ASEAN region.

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

Financial risk management is carried out through internal control process adopted by the Manager and adherence to the investment restrictions as stipulated in the Deed and SC Guidelines on Unit Trust Funds.

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

(a) Market risk

(i) Price risk

Price risk is the risk that the fair value of investment in quoted securities will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk). The value of investments may fluctuate according to the activities of individual companies, sector and overall political and economic conditions. Such fluctuation may cause the Fund's NAV and prices of units to fall as well as rise, and income produced by the Fund may also fluctuate.

The price risk is managed through diversification and selection of quoted securities and other financial instruments within specified limits according to the Deed.

The Fund's overall exposure to price risk was as follows:

	<b>2020</b>	<b>2019</b>
	<b>USD</b>	<b>USD</b>
Financial assets at fair value through profit or loss:		
- Quoted securities	<u>8,997,890</u>	<u>10,317,155</u>

The table below summarises the sensitivity of the Fund's NAV and profit or loss to movements in prices of quoted securities at the end of the reporting year. The analysis is based on the assumptions that the price of the quoted securities fluctuated by 5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted securities, having regard to the historical volatility of the prices.

% Change in price of quoted securities	Market value USD	Impact on profit or loss/NAV USD
<b>2020</b>		
-5%	8,547,996	(449,895)
0%	8,997,890	-
5%	<u>9,447,785</u>	<u>449,895</u>
<b>2019</b>		
-5%	9,801,297	(515,858)
0%	10,317,155	-
5%	<u>10,833,013</u>	<u>515,858</u>

(ii) Interest rate risk

Interest rate is a general economic indicator that will have an impact on the management of the Fund.

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



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

(a) Market risk (continued)

(ii) Interest rate risk (continued)

The Fund's exposure to fair value interest rate risk arises from deposits with licensed financial institutions. The interest rate risk is expected to be minimal as the Fund's investments comprise mainly short term deposits with approved licensed financial institutions.

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

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

The weighted average effective interest rate per annum is as follows:

	2020 %	2019 %
Deposits with licensed financial institutions	1.75	3.00

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

(iii) Currency risk

Currency risk is associated with investments that are quoted and/or priced in foreign currency denomination. Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Manager will evaluate the likely directions of a foreign currency versus USD based on considerations of economic fundamentals such as interest rate differentials, balance of payments position, debt levels, and technical chart considerations.

The following table sets out the foreign currency risk concentrations arising from the denomination of the Fund's financial instruments in foreign currencies:

	Cash and cash equivalents USD	Financial assets at fair value through profit or loss USD	Amount due from stockbroker USD	Amount due from Manager USD	Dividends receivable USD	Total USD
<b>Financial assets 2020</b>						
IDR	-	1,852,658	76,362	-	-	1,929,020
MYR	326,306	2,431,748	23,750	774,928	1,586	3,558,318
PHP	692	737,471	-	-	372	738,535
SGD	162,704	2,243,927	-	16,610	-	2,428,482
THB	-	475,692	103,385	-	5,241	579,077
VND	-	797,533	-	-	-	797,533
	489,702	8,539,029	203,497	791,538	7,199	10,030,965

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

(a) Market risk (continued)

(iii) Currency risk (continued)

Financial assets	Cash and cash equivalents USD	Financial assets at fair value through profit or loss USD	Amount due from stockbroker USD	Amount due from Manager USD	Dividends receivable USD	Total USD
<b>2019</b>						
IDR	-	1,935,179	56,990	-	-	1,992,169
MYR	8,476	3,703,866	317,608	94,969	4,774	4,129,693
PHP	-	1,315,580	36,233	-	1,682	1,353,495
SGD	56,439	1,746,634	364,306	-	-	2,167,379
THB	-	1,341,815	226,022	-	2,833	1,570,670
VND	2,787	274,081	-	-	-	276,868
	<u>67,702</u>	<u>10,317,155</u>	<u>1,001,159</u>	<u>94,969</u>	<u>9,289</u>	<u>11,490,274</u>

Financial liabilities	Net assets attributable to unit holders USD	Amount due to stockbrokers USD	Amount due to Manager USD	Total USD
<b>2020</b>				
IDR	-	25,719	-	25,719
MYR	9,070,588	228,584	194,793	9,493,967
SGD	436,199	-	-	436,199
	<u>9,506,787</u>	<u>254,303</u>	<u>194,793</u>	<u>9,955,885</u>
<b>2019</b>				
IDR	-	80,210	-	80,210
MYR	9,933,727	575,883	19,571	10,529,181
PHP	-	96,370	-	96,370
SGD	61,897	54,676	1,500	118,073
THB	-	51,430	-	51,430
	<u>9,995,624</u>	<u>858,569</u>	<u>21,071</u>	<u>10,875,264</u>

The table below summarises the sensitivity of the Fund's profit or loss and NAV to changes in foreign exchange movements at the end of the each reporting year. The analysis is based on the assumption that the foreign exchange rate fluctuates by 5%, with all other variable held 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.

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

(a) Market risk (continued)

(iii) Currency risk (continued)

	Change in foreign exchange rate %	Impact on profit or loss/NAV USD
<b>2020</b>		
IDR	+ 5	95,165
MYR	+ 5	(296,782)
PHP	+ 5	36,927
SGD	+ 5	99,614
THB	+ 5	28,954
VND	+ 5	39,877
		<u>3,755</u>
<b>2020</b>		
IDR	- 5	(95,165)
MYR	- 5	296,782
PHP	- 5	(36,927)
SGD	- 5	(99,614)
THB	- 5	(28,954)
VND	- 5	(39,877)
		<u>(3,755)</u>
<b>2019</b>		
IDR	+ 5	95,598
MYR	+ 5	(316,974)
PHP	+ 5	62,856
SGD	+ 5	102,465
THB	+ 5	75,962
VND	+ 5	13,843
		<u>33,750</u>
<b>2019</b>		
IDR	- 5	(95,598)
MYR	- 5	316,974
PHP	- 5	(62,856)
SGD	- 5	(102,465)
THB	- 5	(75,962)
VND	- 5	(13,843)
		<u>(33,750)</u>

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

**(b) Credit risk**

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

The credit risk arising from placements of deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

For amount due from Manager, the settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC Guidelines on Unit Trust Funds.

For amount due from stockbrokers, the settlement terms are governed by the relevant rules and regulations as prescribed by respective stock exchanges. The credit risk is minimal as all transactions in quoted securities are settled/paid upon delivery using approved stockbrokers.

The following table sets out the credit risk concentration of the Fund:

	<b>Cash and cash equivalents USD</b>	<b>Amount due from stockbrokers USD</b>	<b>Amount due from Manager USD</b>	<b>Dividends receivable USD</b>	<b>Other receivables USD</b>	<b>Total USD</b>
<b>2020</b>						
- AAA	1,256,183	-	-	-	-	1,256,183
- Not Rated	-	203,497	890,067	7,199	-	1,100,763
	<u>1,256,183</u>	<u>203,497</u>	<u>890,067</u>	<u>7,199</u>	<u>-</u>	<u>2,356,946</u>
<b>2019</b>						
- AAA	1,108,416	-	-	-	-	1,108,416
- Not Rated	-	1,001,159	95,158	9,289	12,537	1,118,143
	<u>1,108,416</u>	<u>1,001,159</u>	<u>95,158</u>	<u>9,289</u>	<u>12,537</u>	<u>2,226,559</u>

Deposits with licensed financial institutions of the Fund have an average maturity of 1 day (2019: 1 day).

All financial assets of the Fund as at the end of the financial year are neither past due nor impaired.

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

(c) Liquidity risk

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

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise bank balances and deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 business days. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector and other factors. For the purpose of the Fund, the Manager will attempt to balance the entire portfolio by investing in a mix of assets with satisfactory trading volume and those that occasionally could encounter poor liquidity. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

The table below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining period as at the end of the reporting year to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month USD	Between 1 month and 1 year	Total USD
<b>2020</b>			
Amount due to stockbrokers	254,305	-	254,305
Amount due to Manager	194,793	-	194,793
Accrued management fees	14,813	-	14,813
Amount due to trustee	497	-	497
Other payables & accruals	-	4,005	4,005
Net assets attributable to unit holders*	10,886,423	-	10,886,423
<b>Contractual undiscounted cash flows</b>	<b>11,350,831</b>	<b>4,005</b>	<b>11,354,836</b>
<b>2019</b>			
Amount due to stockbrokers	858,569	-	858,569
Amount due to Manager	44,986	-	44,986
Accrued management fees	17,447	-	17,447
Amount due to trustee	582	-	582
Other payables & accruals	-	4,981	4,981
Net assets attributable to unit holders*	11,617,149	-	11,617,149
<b>Contractual undiscounted cash flows</b>	<b>12,538,733</b>	<b>4,981</b>	<b>12,543,714</b>

\* Outstanding units are redeemed on demand at the holder's option. However, the Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

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

#### (d) Capital risk management

The capital of the Fund is represented by net asset attributable to unit holders of USD10,886,423 (2019: USD11,617,149). The amount of capital can change significantly on a daily basis as the Fund is subjected to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to unit holder and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

#### (e) Fair value estimation

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

The fair values of financial assets traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the financial year end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded market price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques.

#### (i) Fair value hierarchy

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

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

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

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

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

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

**(e) Fair value estimation (continued)**

**(i) Fair value hierarchy (continued)**

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

	<b>Level 1 USD</b>	<b>Level 2 USD</b>	<b>Level 3 USD</b>	<b>Total USD</b>
<b>2020</b>				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>8,997,890</u>	<u>-</u>	<u>-</u>	<u>8,997,890</u>
<b>2019</b>				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>10,317,155</u>	<u>-</u>	<u>-</u>	<u>10,317,155</u>

Investments whose values are based on quoted market prices in active markets and are therefore classified within Level 1, include active listed equities. The Fund does not adjust the quoted prices for these instruments. The Fund's policies on valuation of these financial assets are stated in Note 2(b).

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

**4. MANAGEMENT FEE**

In accordance with the Deed, the Manager is entitled to a fee of up to 3.00% per annum, calculated and accrued daily based on the NAV of the Fund.

For the financial year ended 30 November 2020 (2019: Class MYR 1.80% per annum, Class SGD 1.50% per annum, class USD 1.80% per annum), the management fee for the respective classes is recognised at the following rates:

Class MYR 1.80%	Class SGD 1.50%	Class USD 1.80%
--------------------	--------------------	--------------------

There is no further liability in respect of management fee other than the amount recognised above.

**5. TRUSTEE FEE**

In accordance with the Deed, the Trustee is entitled to a fee up to 0.20% per annum, calculated and accrued daily based on the NAV of the Fund. The Trustee fee includes local custodian fees and charges but excludes foreign sub-custodian fees and charges.

For the financial year ended 30 November 2020, the Trustee fee is recognised at a rate of 0.06% per annum (2019: 0.06% per annum) for each unit class.

There is no further liability to the Manager in respect of Trustee's fee other than the amount recognised above.

**6. TAXATION**

	<b>2020</b>	<b>2019</b>
	<b>USD</b>	<b>USD</b>
Tax charged for the financial year:		
- Current taxation	<u>-</u>	<u>-</u>

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

	<b>2020</b>	<b>2019</b>
	<b>USD</b>	<b>USD</b>
Profit before taxation	<u>743,998</u>	<u>569,501</u>
Taxation at Malaysian statutory rate of 24%	178,560	136,680
Tax effects of:		
Investment income not subject to tax	(304,708)	(284,582)
Expenses not deductible for tax purposes	80,990	93,704
Restriction on tax deductible expenses for Unit Trust Funds	<u>45,158</u>	<u>54,198</u>
Taxation	<u>-</u>	<u>-</u>

**7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>2020</b>	<b>2019</b>
	<b>USD</b>	<b>USD</b>
Designated at fair value through profit or loss at inception:		
- Quoted securities	<u>8,997,890</u>	<u>10,317,155</u>
Net gain on financial assets at fair value through profit or loss:		
- Realised loss on disposals	(20,093)	(44,160)
- Unrealised fair value gain	<u>1,181,313</u>	<u>1,051,241</u>
	<u>1,161,220</u>	<u>1,007,081</u>



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

Name of counter	Quantity Units	Aggregate cost USD	Market value USD	Percentage of NAV %
<b>2020</b>				
<b>QUOTED SECURITIES</b>				
<b>INDONESIA</b>				
<b>Communication Services</b>				
Media Nusantara Citra PT	783,100	47,928	56,171	0.52
<b>Consumer Discretionary</b>				
Ace Hardware Indonesia	431,300	48,704	48,310	0.44
<b>Consumer Staples</b>				
Astra Agro Lestari TBK PT	126,100	97,003	109,833	1.01
PT IndofoodCBP Sukses Makmur	141,700	97,988	99,137	0.91
	267,800	194,991	208,970	1.92
<b>Financials</b>				
Bank Central Asia	211,000	415,609	462,620	4.25
Bank Mandiri	510,300	179,939	228,095	2.10
Bank Rakyat Indonesia	1,741,200	377,469	503,271	4.62
PT Bank Tabungan Pensiunan Nasional	663,100	163,553	193,535	1.78
	3,125,600	1,136,570	1,387,521	12.75
<b>Materials</b>				
Indocement Tunggul Prakarsa	150,100	135,727	151,686	1.39
<b>TOTAL INDONESIA</b>	<b>4,757,900</b>	<b>1,563,920</b>	<b>1,852,658</b>	<b>17.02</b>
<b>MALAYSIA</b>				
<b>Communication Services</b>				
Time Dotcom Bhd	53,000	142,383	178,293	1.64
<b>Consumer Discretionary</b>				
Genting Bhd	74,000	74,550	73,773	0.68
Genting Malaysia Bhd	248,400	136,930	149,436	1.37
Mr DIY Group (M) Bhd	89,200	44,677	57,605	0.53
	411,600	256,157	280,814	2.58
<b>Consumer Staples</b>				
Carlsberg Brewery Malaysia Bhd	18,100	91,357	85,511	0.78
Kuala Lumpur Kepong Bhd	22,300	122,616	128,680	1.18
QL Resources Bhd	33,450	40,199	52,239	0.48
	73,850	254,172	266,430	2.44

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

Name of counter	Quantity Units	Aggregate cost USD	Market value USD	Percentage of NAV %
<b>2020 (CONTINUED) QUOTED SECURITIES (CONTINUED)</b>				
<b>MALAYSIA (CONTINUED)</b>				
<b>Energy</b>				
Dialog Group Bhd	53,900	46,001	47,646	0.44
Hibiscus Petroleum Bhd	576,500	83,062	84,936	0.78
Hibiscus Petroleum Bhd - CRPS	161,000	39,002	47,045	0.43
Yinson Holdings Bhd	121,200	151,855	155,350	1.43
	<u>912,600</u>	<u>319,920</u>	<u>334,977</u>	<u>3.08</u>
<b>Financials</b>				
CIMB Group Holdings Bhd	55,000	52,191	49,024	0.45
RHB Bank Bhd	83,000	102,669	104,960	0.96
	<u>138,000</u>	<u>154,860</u>	<u>153,984</u>	<u>1.41</u>
<b>Health Care</b>				
Duopharma Biotech Bhd	81,800	71,262	81,348	0.75
Hartalega Holdings Bhd	20,000	73,029	70,718	0.65
Kossan Rubber Industries Bhd	32,000	49,056	48,953	0.45
	<u>133,800</u>	<u>193,347</u>	<u>201,019</u>	<u>1.85</u>
<b>Industrials</b>				
Greatech Technology Bhd	79,600	110,383	175,912	1.62
Malaysia Airports Holdings Bhd	75,500	101,321	96,588	0.89
Pentamaster Corporation Bhd	21,500	26,677	26,133	0.24
SKP Resources Bhd	450,700	153,466	225,765	2.07
UWC Bhd	42,300	61,354	77,797	0.71
	<u>669,600</u>	<u>453,201</u>	<u>602,195</u>	<u>5.53</u>
<b>Information Technology</b>				
D&O Green Technologies Bhd	138,500	35,041	60,535	0.56
Inari Amertron Bhd	40,600	18,840	26,718	0.24
Vitrox Corporation Bhd	7,200	25,070	26,873	0.25
	<u>186,300</u>	<u>78,951</u>	<u>114,126</u>	<u>1.05</u>
<b>Materials</b>				
Press Metal Aluminium Holdings Bhd	143,000	164,192	245,795	2.26
<b>Real Estate</b>				
Sunway Bhd	155,200	49,868	54,115	0.50
<b>TOTAL MALAYSIA</b>	<b><u>2,876,950</u></b>	<b><u>2,067,051</u></b>	<b><u>2,431,748</u></b>	<b><u>22.34</u></b>

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

Name of counter	Quantity Units	Aggregate cost USD	Market value USD	Percentage of NAV %
<b>2020 (CONTINUED) QUOTED SECURITIES (CONTINUED)</b>				
<b>PHILIPPINES</b>				
<b>Consumer Discretionary</b>				
Jollibee Foods Corporation	37,650	108,976	147,821	1.36
Wilcon Depot Inc.	544,000	172,752	203,414	1.87
	<u>581,650</u>	<u>281,728</u>	<u>351,235</u>	<u>3.23</u>
<b>Consumer Staples</b>				
Universal Robina Corporation	31,570	83,711	93,126	0.86
<b>Financials</b>				
Bank Of Philippine Islands	28,970	41,591	49,950	0.46
BDO Unibank Inc.	46,890	93,544	100,621	0.92
	<u>75,860</u>	<u>135,135</u>	<u>150,571</u>	<u>1.38</u>
<b>Real Estate</b>				
SM Prime Holdings Inc.	190,600	120,835	142,539	1.31
<b>TOTAL PHILIPPINES</b>	<b>879,680</b>	<b>621,409</b>	<b>737,471</b>	<b>6.78</b>
<b>SINGAPORE</b>				
<b>Financials</b>				
DBS Group Holdings Ltd	11,000	182,818	207,303	1.90
Oversea-Chinese Banking Corporation	71,800	465,215	541,249	4.97
United Overseas Bank Ltd	40,900	596,382	688,510	6.32
	<u>123,700</u>	<u>1,244,415</u>	<u>1,437,062</u>	<u>13.19</u>
<b>Industrials</b>				
ComfortDelGro Corporation Ltd	159,300	178,230	196,567	1.81
<b>Information Technology</b>				
Venture Corporation Ltd	11,800	172,419	166,167	1.53
<b>Materials</b>				
Nanofilm Technologies International Pte Ltd	18,100	34,586	43,315	0.40
<b>Real Estate</b>				
Ascendas REIT	22,503	52,666	49,981	0.46
CapitaLand Integrated Commercial Trust	33,700	50,824	48,893	0.45
Capitaland Ltd	56,200	129,918	131,550	1.21
Keppel DC REIT	22,100	36,238	46,442	0.43
Lendlease Global Commercial REIT	104,700	50,883	53,244	0.49
Mapletree Industrial Trust	10,600	21,378	23,306	0.21

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

Name of counter	Quantity Units	Aggregate cost USD	Market value USD	Percentage of NAV %
<b>2020 (CONTINUED)</b>				
<b>QUOTED SECURITIES (CONTINUED)</b>				
<b>SINGAPORE (CONTINUED)</b>				
<b>Real Estate (Continued)</b>				
UOL Group Ltd	8,600	42,296	47,400	0.43
	<u>258,403</u>	<u>384,203</u>	<u>400,816</u>	<u>3.68</u>
<b>TOTAL SINGAPORE</b>	<b><u>571,303</u></b>	<b><u>2,013,853</u></b>	<b><u>2,243,927</u></b>	<b><u>20.61</u></b>
<b>THAILAND</b>				
<b>Consumer Discretionary</b>				
Minor International PCL	196,000	133,068	160,507	1.47
<b>Energy</b>				
PTT Exploration & Production PCL	32,600	99,603	104,149	0.96
<b>Financials</b>				
Bangkok Bank PCL - Foreign	12,500	47,735	51,389	0.47
<b>Industrials</b>				
Airports Of Thailand - NVDR	53,500	103,260	113,063	1.04
<b>Information Technology</b>				
Hana Microelectronics PCL	33,000	48,815	46,584	0.43
<b>TOTAL THAILAND</b>	<b><u>327,600</u></b>	<b><u>432,481</u></b>	<b><u>475,692</u></b>	<b><u>4.37</u></b>
<b>UNITED STATES</b>				
<b>Communication Services</b>				
Sea Ltd	2,544	306,873	458,861	4.21
<b>TOTAL UNITED STATES</b>	<b><u>2,544</u></b>	<b><u>306,873</u></b>	<b><u>458,861</u></b>	<b><u>4.21</u></b>
<b>VIETNAM</b>				
<b>Consumer Discretionary</b>				
Phu Nhuan Jewelry JSC	38,360	121,995	129,142	1.19
<b>Consumer Staples</b>				
Viet Nam Dairy Products JSC	39,774	181,540	185,985	1.71
<b>Financials</b>				
Bank for Foreign Trade of Viet	51,320	183,035	206,263	1.89

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

Name of counter	Quantity Units	Aggregate cost USD	Market value USD	Percentage of NAV %
<b>2020 (CONTINUED)</b>				
<b>QUOTED SECURITIES (CONTINUED)</b>				
<b>VIETNAM (CONTINUED)</b>				
<b>Real Estate</b>				
Vincom Retail JSC	107,900	122,731	131,499	1.20
Vinhomes JSC	40,520	131,891	144,644	1.33
	<u>148,420</u>	<u>254,622</u>	<u>276,143</u>	<u>2.53</u>
<b>TOTAL VIETNAM</b>	<b><u>277,874</u></b>	<b><u>741,192</u></b>	<b><u>797,533</u></b>	<b><u>7.32</u></b>
<b>TOTAL QUOTED SECURITIES</b>	<b><u>9,693,851</u></b>	<b><u>7,746,779</u></b>	<b><u>8,997,890</u></b>	<b><u>82.65</u></b>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>1,251,111</u></b>		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>8,997,890</u></b>		

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

Name of counter	Quantity Units	Aggregate cost USD	Market value USD	Percentage of NAV %
<b>2019</b>				
<b>QUOTED SECURITIES</b>				
<b>INDONESIA</b>				
<b>Communication Services</b>				
Indosat TBK PT	525,600	122,351	106,514	0.92
PT XL Axiata TBK	633,100	154,558	149,832	1.29
Telekomunikasi TBK PT	721,900	207,699	201,027	1.73
	<u>1,880,600</u>	<u>484,608</u>	<u>457,373</u>	<u>3.94</u>
<b>Consumer Discretionary</b>				
Astra International Tbk PT	375,400	181,079	172,899	1.49
MAP AKTIF ADIPERKASA PT	283,400	130,328	110,445	0.95
	<u>658,800</u>	<u>311,407</u>	<u>283,344</u>	<u>2.44</u>
<b>Consumer Staples</b>				
Astra Agro Lestari TBK PT	99,400	74,266	88,745	0.76
<b>Financials</b>				
Bank Central Asia	126,300	206,317	281,007	2.42
Bank Mandiri	235,700	110,078	116,490	1.00
Bank Rakyat Indonesia	627,600	183,356	181,882	1.57
PT Bank Tabungan Pensiunan Nas	536,600	145,148	150,567	1.30
	<u>1,526,200</u>	<u>644,899</u>	<u>729,946</u>	<u>6.29</u>
<b>Health Care</b>				
Medikaloka Hermina Tbk PT	227,300	59,392	59,270	0.51
<b>Materials</b>				
Indocement Tunggal Prakarsa	82,800	115,070	113,819	0.98
<b>Real Estate</b>				
Ciputra Development TBK	2,846,200	227,205	202,682	1.74
<b>TOTAL INDONESIA</b>	<b><u>7,321,300</u></b>	<b><u>1,916,847</u></b>	<b><u>1,935,179</u></b>	<b><u>16.66</u></b>
<b>MALAYSIA</b>				
<b>Communication Services</b>				
Time Dotcom Bhd	66,100	136,431	144,040	1.24
<b>Consumer Discretionary</b>				
Genting Malaysia Bhd	233,000	175,745	175,196	1.51
<b>Consumer Staples</b>				
QL Resources Bhd	79,600	134,767	138,194	1.19

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

Name of counter	Quantity Units	Aggregate cost USD	Market value USD	Percentage of NAV %
<b>2019 (CONTINUED)</b>				
<b>QUOTED SECURITIES (CONTINUED)</b>				
<b>MALAYSIA (CONTINUED)</b>				
<b>Energy</b>				
Dialog Group Bhd	285,300	228,336	228,869	1.97
Hibiscus Petroleum Bhd	1,227,400	299,435	263,056	2.26
Serba Dinamik Hldgs Bhd	222,700	232,208	232,512	2.00
Yinson Hldgs Bhd	92,500	131,034	143,978	1.24
	<u>1,827,900</u>	<u>891,013</u>	<u>868,415</u>	<u>7.47</u>
<b>Financials</b>				
CIMB Group Hldgs Bhd	46,300	55,826	57,432	0.49
Hong Leong Bank Bhd	93,900	378,600	380,007	3.27
Malayan Banking Bhd	58,300	119,690	119,085	1.03
Public Bank Bhd - Local	37,600	180,363	176,655	1.52
	<u>236,100</u>	<u>734,479</u>	<u>733,179</u>	<u>6.31</u>
<b>Health Care</b>				
Hartalega Hldg Bhd	89,700	107,947	112,769	0.97
<b>Industrials</b>				
Econpile Holdings Bhd	480,300	92,060	87,411	0.75
Gamuda Bhd	98,600	87,826	88,778	0.76
MISC Bhd - Local	73,400	143,663	143,250	1.23
Pentamaster Corp Bhd	102,700	96,674	110,176	0.95
Sime Darby Bhd	158,700	87,425	85,506	0.74
	<u>913,700</u>	<u>507,648</u>	<u>515,121</u>	<u>4.43</u>
<b>Information Technology</b>				
D&O Green Technologies Bhd	281,500	50,216	48,872	0.42
Malaysian Pacific Industries	46,400	108,275	123,556	1.06
MI Technovation Bhd	253,700	142,528	152,487	1.31
Vitrox Corp Bhd	61,000	111,115	113,206	0.97
	<u>642,600</u>	<u>412,134</u>	<u>438,121</u>	<u>3.76</u>
<b>Materials</b>				
Press Metal Aluminium Hldg Bhd	155,900	178,588	175,462	1.51
<b>Real Estate</b>				
Axis REIT	527,200	231,380	224,716	1.93
IGB REIT	128,500	59,130	59,080	0.51
Sime Darby Property Bhd	636,100	121,586	119,573	1.03
	<u>1,291,800</u>	<u>412,096</u>	<u>403,369</u>	<u>3.47</u>
<b>TOTAL MALAYSIA</b>	<b><u>5,536,400</u></b>	<b><u>3,690,848</u></b>	<b><u>3,703,866</u></b>	<b><u>31.86</u></b>

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

Name of counter	Quantity Units	Aggregate cost USD	Market value USD	Percentage of NAV %
<b>2019 (CONTINUED)</b>				
<b>QUOTED SECURITIES (CONTINUED)</b>				
<b>PHILIPPINES</b>				
<b>Consumer Staples</b>				
Century Pacific Food Inc	370,300	108,584	110,803	0.95
<b>Financials</b>				
Bank of Philippine Islands	135,840	248,755	229,539	1.98
BDO Unibank Inc.	78,790	225,273	235,139	2.02
Metro Pacific Investments Corp	2,745,000	250,702	232,056	2.00
	2,959,630	724,730	696,734	6.00
<b>Industrials</b>				
Sm Investments Corp	8,260	160,419	172,135	1.48
<b>Real Estate</b>				
Sm Prime Hldg Inc.	438,100	319,403	335,908	2.89
<b>TOTAL PHILIPPINES</b>	<b>3,776,290</b>	<b>1,313,136</b>	<b>1,315,580</b>	<b>11.32</b>
<b>SINGAPORE</b>				
<b>Communication Services</b>				
Singapore Telecommunications	148,000	356,930	365,980	3.15
<b>Consumer Staples</b>				
First Resources Ltd	44,600	51,010	58,734	0.51
<b>Financials</b>				
DBS Group Hldg Ltd	12,400	233,705	229,067	1.97
Oversea-Chinese Banking Corp	57,800	470,184	455,854	3.92
	70,200	703,889	684,921	5.89
<b>Real Estate</b>				
Capitaland Ltd	43,100	110,178	116,039	1.00
City Developments Ltd	22,400	158,559	169,452	1.46
Lendlease Global Commercial	259,100	170,591	177,239	1.53
Mapletree Industrial Trust	94,900	167,857	174,269	1.50
	419,500	607,185	636,999	5.49
<b>TOTAL SINGAPORE</b>	<b>682,300</b>	<b>1,719,014</b>	<b>1,746,634</b>	<b>15.04</b>



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

Name of counter	Quantity Units	Aggregate cost USD	Market value USD	Percentage of NAV %
<b>2019 (CONTINUED) QUOTED SECURITIES (CONTINUED)</b>				
<b>THAILAND</b>				
<b>Communication Services</b>				
VGI PCL -Foreign	133,700	38,509	43,756	0.39
<b>Consumer Staples</b>				
Carabao Group PCL-F - NVDR	21,400	53,354	61,724	0.53
CP ALL PCL -NVDR	92,300	246,424	231,895	2.00
SAPPE PCL - NVDR	77,100	61,516	56,838	0.49
	190,800	361,294	350,457	3.02
<b>Financials</b>				
Bangkok Bank PCL - Foreign	41,300	232,498	242,340	2.09
<b>Health Care</b>				
Bangkok Chain Hospital PCL – NVDR	364,400	195,649	209,606	1.80
Chularat Hospital PCL - NVDR	2,425,400	200,060	211,672	1.82
	2,789,800	395,709	421,278	3.62
<b>Industrials</b>				
Airports of Thailand - NVDR	22,300	52,834	55,658	0.48
<b>Real Estate</b>				
Supalai PCL - NVDR	197,400	115,137	113,546	0.98
WHA Corp PCL -NVDR	408,100	63,413	56,932	0.49
	605,500	178,550	170,478	1.47
<b>Utilities</b>				
Wha Utilities and Power NVDR	294,100	67,341	57,848	0.50
<b>TOTAL THAILAND</b>	<b>4,077,500</b>	<b>1,326,735</b>	<b>1,341,815</b>	<b>11.57</b>
<b>VIETNAM</b>				
<b>Consumer Staples</b>				
Viet Nam Dairy Products JSC	41,172	235,960	215,621	1.86
<b>Financials</b>				
Bank for Foreign Trade of Viet	15,900	44,817	58,460	0.50
<b>TOTAL VIETNAM</b>	<b>57,072</b>	<b>280,777</b>	<b>274,081</b>	<b>2.36</b>

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

Name of counter	Quantity Units	Aggregate cost USD	Market value USD	Percentage of NAV %
<b>2019 (CONTINUED) QUOTED SECURITIES (CONTINUED)</b>				
<b>TOTAL QUOTED SECURITIES</b>	<u>21,450,862</u>	10,247,357	<u>10,317,155</u>	<u>88.81</u>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>69,798</u>		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>10,317,155</u>		

**8. CASH AND CASH EQUIVALENTS**

	<b>2020 USD</b>	<b>2019 USD</b>
Deposits with licensed financial institutions	320,645	61,073
Bank balances	935,538	1,047,343
	<u>1,256,183</u>	<u>1,108,416</u>

**9. NUMBER OF UNITS IN CIRCULATION (UNITS)**

	<b>2020 No. of units</b>	<b>2019 No. of units</b>
Class MYR (i)	49,582,766	60,290,759
Class SGD (ii)	377,165	59,598
Class USD (iii)	2,024,260	2,641,623
	<u>51,984,191</u>	<u>62,991,980</u>
(i) Class MYR		
At the beginning of the financial year	60,290,759	70,502,607
Add : Creation of units from applications	27,508,497	15,537,320
Less: Cancellation of units	(38,216,490)	(25,749,168)
At the end of the financial year	<u>49,582,766</u>	<u>60,290,759</u>
(ii) Class SGD		
At the beginning of the financial year	59,598	44,432
Add : Creation of units from applications	551,338	44,027
Less: Cancellation of units	(233,771)	(28,861)
At the end of the financial year	<u>377,165</u>	<u>59,598</u>
(iii) Class USD		
At the beginning of the financial year	2,641,623	2,954,445
Add : Creation of units from applications	428,167	138,744
Less: Cancellation of units	(1,045,530)	(451,566)
At the end of the financial year	<u>2,024,260</u>	<u>2,641,623</u>

**10. MANAGEMENT EXPENSE RATIO (“MER”)**

	<b>2020</b>	<b>2019</b>
	%	%
MER	2.40	2.20

MER is derived based on the following calculation:

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

A	=	Management fee
B	=	Trustee & custodian fee
C	=	Audit fee
D	=	Tax Agent’s fee
E	=	Other expenses excluding withholding tax and CDS transfer fee
F	=	Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on a daily basis is USD10,285,441 (2019: USD12,205,188).

**11. PORTFOLIO TURNOVER RATIO (“PTR”)**

	<b>2020</b>	<b>2019</b>
PTR (times)	3.93	4.36

PTR is derived based on the following calculation:

$$\frac{(\text{Total acquisition for the financial year} + \text{total disposal for the financial year}) \div 2}{\text{Average NAV of the Fund for the financial year calculated on a daily basis}}$$

**Under Monetary Authority of Singapore (“MAS”) Guidelines**

	<b>2020</b>	<b>2019</b>
PTR (times)	3.81	4.27

PTR is derived from the following calculation:

$$\frac{\text{Lesser of total acquisition or total disposal for the financial year}}{\text{Average NAV of the Fund for the financial year calculated on a daily basis}}$$

where:

total acquisition for the financial year = USD39,190,912 (2019: USD52,154,728)  
 total disposal for the financial year = USD41,671,397 (2019: USD54,194,001)

**12. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER, AND SIGNIFICANT RELATED PARTIES TRANSACTIONS AND BALANCES**

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

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

Units held by the Manager and parties related to the Manager

	<u>2020</u>		<u>2019</u>
	<u>No. of units</u>	<u>USD</u>	<u>No. of units</u>
			<u>USD</u>
<b>Manager</b>			
Principal Asset Management Bhd			
- Class MYR	24,746	4,526	75,390
- Class SGD	501	579	500
- Class USD	90	61	90
	<u>90</u>	<u>61</u>	<u>55</u>

In the opinion of the Manager, the above units were transacted at the prevailing market price.

The units are held beneficially by the Manager for booking purposes. Other than the above, there were no units held by the Directors or parties related to the Manager.

**12. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER, AND SIGNIFICANT RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)**

Units held by the Manager and parties related to the Manager (continued)

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions. The Manager is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties.

	<b>2020 USD</b>	<b>2019 USD</b>
<u>Significant related party transactions</u>		
Interest income from deposits with licensed financial institution:		
- CIMB Bank Bhd	<u>166</u>	<u>1,063</u>
Cash placements with licensed financial institution:		
- CIMB Bank Bhd	<u>2,343,708</u>	<u>8,842,647</u>

There are no significant related party balances at the end of the financial year, other than those disclosed elsewhere in the financial statements.

**13. TRANSACTIONS WITH BROKERS**

Details of transactions with the top 10 brokers for financial year ended 30 November 2020 are as follows:

<b>Brokers</b>	<b>Value of trades USD</b>	<b>Percentage of total trades %</b>	<b>Brokerage fees USD</b>	<b>Percentage of total brokerage fees %</b>
Maybank Investment Bank Bhd	7,944,579	9.83	16,376	8.80
CGS-CIMB Securities (Singapore) Pte Ltd #	6,787,962	8.39	17,747	9.54
Affin Hwang Investment Bank Bhd	6,119,102	7.57	13,778	7.40
Hong Leong Investment Bank Bhd	5,743,384	7.10	12,933	6.95
RHB Investment Bank Bhd	5,467,913	6.76	12,573	6.76
RHB Securities Singapore Pte Ltd	5,118,803	6.33	12,797	6.88
Daiwa Capital Markets Singapore Ltd	4,675,115	5.78	11,688	6.28
CLSA Ltd	4,209,388	5.21	10,277	5.52
Citigroup Global Markets Ltd	4,157,241	5.14	7,180	3.86
Macquarie Capital Securities (Malaysia) Sdn Bhd	3,975,293	4.92	8,944	4.81
Others #	26,658,876	32.97	61,786	33.20
	<u>80,857,656</u>	<u>100.00</u>	<u>186,079</u>	<u>100.00</u>

**13. TRANSACTIONS WITH BROKERS (CONTINUED)**

Details of transactions with the top 10 brokers for financial year ended 30 November 2019 are as follows:

<b>Brokers</b>	<b>Value of trades USD</b>	<b>Percentage of total trades %</b>	<b>Brokerage fees USD</b>	<b>Percentage of total brokerage fees %</b>
CGS-CIMB Securities (Singapore) Pte Ltd #	15,279,112	14.37	37,747	15.45
Maybank Investment Bank Bhd	8,093,950	7.61	17,507	7.17
Citigroup Global Markets Ltd	7,745,928	7.28	16,618	6.80
RHB Investment Bank Bhd	6,714,868	6.31	15,912	6.51
JP Morgan Securities (Asia Pacific)	6,548,528	6.16	16,270	6.66
CLSA Ltd	5,999,739	5.64	14,213	5.82
Hong Leong Investment Bank Bhd	5,814,646	5.47	10,980	4.49
Mandiri Securitاس	5,744,567	5.40	10,843	4.44
Instinet Pacific Limited	5,385,636	5.06	14,403	5.89
Credit Suisse (Hong Kong) Ltd	5,249,140	4.94	13,226	5.41
Others	33,772,615	31.76	76,616	31.36
	<u>106,348,729</u>	<u>100.00</u>	<u>244,335</u>	<u>100.00</u>

# Included in the transactions are trades conducted with CGS-CIMB Securities (Singapore) Pte Ltd and CGS-CIMB Securities Sdn Bhd, fellow related parties to the Manager amounting to USD6,787,962 (2019: USD15,279,112) and USD2,242,224 (2019: Nil) respectively. The Manager is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties.

**14. SIGNIFICANT EVENT DURING THE YEAR**

The worsening macro-economic outlook as a result of COVID-19, both domestically and globally, has impacted the fund performance during the financial year.

The Manager is monitoring the situation closely and will be actively managing the portfolio to achieve the Fund's objective.

**15. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements have been approved for issue by the Manager on 14 January 2021.

## DIRECTORY

### Head Office of the Manager

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### Trustee for the Principal ASEAN Dynamic Fund

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### Auditors of the Fund

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Tel: (03) 2173 1188  
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### Auditors of the Manager

#### For the financial year ended 31 December 2019

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### Auditors of the Manager

#### For the financial year ended 31 December 2020

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Pusat Bandar Damansara



**Principal Asset Management Berhad**  
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