

PRINCIPAL FTSE ASEAN 40 MALAYSIA ETF
ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

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INVESTORS' LETTER

Dear Valued Investor,

Greetings from Principal Asset Management Berhad (“Principal Malaysia”) and thank you for investing with us!

We are pleased to bring you a copy of the Annual Fund Report of the Principal FTSE ASEAN 40 Malaysia ETF for the financial year ended 30 June 2024. You may also download this report from our website at www.principal.com.my.

We are proud to announce that Principal Malaysia has received numerous accolades in 2024. At the Asia Asset Management 2024 Best of the Best Awards, we won the Best of the Best Performance Award: China A-Share Equity (3 years) and Best Institutional House – Malaysia. At the 2024 Global Banking & Finance Awards, our CEO, Munirah Khairuddin, was named Asset Management CEO of the Year Malaysia, and we were recognized as Asset Management Company of the Year Malaysia. We also received the Best International Equity Fund Manager for MSCI EM Latin America 2023 at the EPF External Fund Managers Awards 2023.

At the Alpha Southeast Asia Fund Management Awards 2024, we won three awards: Best Absolute Return Strategy, Best Online & Mobile Platform (Asset Manager), and Best Asset Manager (Income Oriented, Money Market & Alternative Investment Funds). At the Triple A Sustainable Investing Awards 2024, we secured the Asset Management Company of the Year (Malaysia) award. The World Business Outlook magazine awarded us Best Investment Management and Solutions Provider Malaysia, Best Institutional House Malaysia, and Asset Management CEO (Munirah Khairuddin) of the Year Malaysia. Additionally, we received three awards at the iFast Awards 2024, seven at the LSEG Lipper Fund Awards 2024, and ten at the FSMOne Recommended Funds 2023/2024.

Digital innovation is central to our strategy, as we use data and technology to develop the right solutions for you. We will continue to advance our digital capabilities to provide easy access to your investment portfolio and enable you to carry out transactions seamlessly. Please continue to check out our website (www.principal.com.my), like our Facebook page (@PrincipalAssetMY), follow us on our Instagram account (@principalassetmanagement_my), and LinkedIn page (Principal Asset Management Berhad) for the latest updates, market insights and investment articles.

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

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

Munirah Khairuddin
Chief Executive Officer
Malaysia & Global Shariah & Managing Director,
Strategic Distribution & Institutional Client Relations
(Southeast Asia & Global Shariah)
Non-Independent Executive Director

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

The Fund aims to provide investment results that, before expenses, closely correspond to the performance of the Financial Times Stock Exchange ("FTSE")/Association of Southeast Asian Nations ("ASEAN") 40 Index (the "Underlying Index"), regardless of its performance.

Has the Fund achieved its objective?

The Fund is in line to meet its long-term objective to closely correspond to the performance of the Benchmark Index.

What are the Fund investment policy and its strategy?

To achieve its investment objective, the Fund will aim to invest at least 95% of its assets in the Singapore Fund.

The Singapore Fund is an Exchange-Traded Fund ("ETF") listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") which aims at providing the Singapore Fund Unitholders investment results that, before expenses, closely corresponds to the performance of the FTSE/ASEAN 40 Index. Unlike the majority of investment funds where their investment portfolio management includes considerable discretion and an active, ongoing selection of investments (based on economic, financial and market analysis), the role of the Manager of the Fund is essentially passive.

Fund category/type

Feeder ETF/Equity/Index Tracking

When was the Fund launched?

9 July 2010*

* Listing date

What was the size of the Fund as at 30 June 2024?

RM2.20 million (1.35 million units)

What is the Fund's benchmark?

The Underlying Index, namely the FTSE/ASEAN 40 Index is designed to represent the performance of the largest companies in the ASEAN region's markets by measuring the eligible securities listed on the stock exchanges of Indonesia, Malaysia, Philippines, Singapore, and Thailand.

What is the Fund distribution policy?

Annually, subject to the discretion of the Manager.

What was the net income distribution for the financial year ended 30 June 2024?

The Fund distributed a total net income of RM0.09 million to all unit holders. As a result, the NAV per unit dropped from RM1.6755 to RM1.6085 on 28 June 2024, during the financial year ended 30 June 2024.

Breakdown of distribution were as follows:

	30.06.2024		30.06.2023	
	RM	%	RM	%
Source of distribution				
Distribution out of current year's income	91,665	100.00	90,450	100.00
Distribution out of prior year's income/capital	-	-	-	-
Total	91,665	100.00	90,450	100.00

PERFORMANCE DATA

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

	30.06.2024	30.06.2023	30.06.2022
	%	%	%
Collective investment scheme	100.03	101.29	99.73
Cash and other assets	1.47	4.44	1.90
Liabilities	(1.50)	(5.73)	(1.63)
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	30.06.2024	30.06.2023	30.06.2022
Total asset value (RM Million)	2.23	2.29	2.11
NAV (RM Million)	2.20	2.16	2.08
Units in circulation (Million)	1.35	1.35	1.35
NAV per unit (RM)	1.6262	1.6031	1.5377
Market Price per unit (RM)	1.6300	1.7300	1.6400
Highest NAV per unit (RM)	1.7199	1.7313	1.7384
Lowest NAV per unit (RM)	1.5243	1.4941	1.5160
Highest market price per unit (RM)	1.7200	1.7300	1.7850
Lowest market price per unit (RM)	1.5500	1.5800	1.6000
Total return (%) ^	5.44	8.67	3.82
- Capital growth (%)	1.17	4.32	0.03
- Income distribution (%)	4.22	4.17	3.80
Total Expense Ratio (TER") (%) *	2.12	2.28	1.35
Portfolio Turnover Ratio ("PTR") (times) #	0.02	0.01	0.36

^ based on NAV per unit

* The Fund's TER decreased from 2.28% to 2.12% during the financial year under review due to decrease in average NAV of the fund.

During the financial year under review, the Fund's PTR increased from 0.01 times to 0.02 times as there were more trading activities.

Gross/Net distribution per unit (sen)

Distribution on 27 May 2024	6.79	-	-
Distribution on 28 June 2023	-	6.70	-
Distribution on 16 June 2022	-	-	5.94

	30.06.2024	30.06.2023	30.06.2022	30.06.2021	30.06.2020
	%	%	%	%	%
Annual total return	5.44	8.67	3.82	3.07	(16.34)

(Listing date: 9 July 2010)

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 JULY 2023 TO 30 JUNE 2024)

The FTSE ASEAN 40 Index experienced modest growth over the financial year under review. The index's value increased reflecting the resilient and potential of the region despite global economic uncertainties. Key countries such as Singapore, Malaysia, Thailand, Indonesia, and the Philippines played pivotal roles in shaping the index's performance.

The Index's performance was influenced by various economic factor within ASEAN region. The region was supported by robust domestic demand and positive economic reforms in member countries. Key sector that contributed to the index's performance includes financial services, telecommunications, and consumer goods, which benefitted from ongoing digital transformation and increased consumer spending.

However, the market faced challenges such as geopolitical tensions, fluctuating commodities prices, and varying recovery rates from Coronavirus Disease 2019 ("COVID-19") pandemic among the ASEAN countries. These factors led to periodic volatility, although the overall trend remained positive.

FUND PERFORMANCE

	1 year	3 years	5 years	Since
	to 30.06.2024	to 30.06.2024	to 30.06.2024	inception
	%	%	%	%
Income Distribution	4.22	12.68	21.48	58.42
Capital Growth [^]	1.17	5.57	(15.56)	17.03
Total Return [^]	5.44	18.97	2.58	85.41
Average Total Return [^]	5.44	5.95	0.51	4.51
Underlying Fund ^{^^}	3.63	12.87	(8.17)	40.74
Benchmark (Underlying Index)	2.03	18.77	1.74	71.59
Changes in Market Price per Unit	(5.78)	3.49	(6.32)	12.03

[^] Based on NAV per Unit

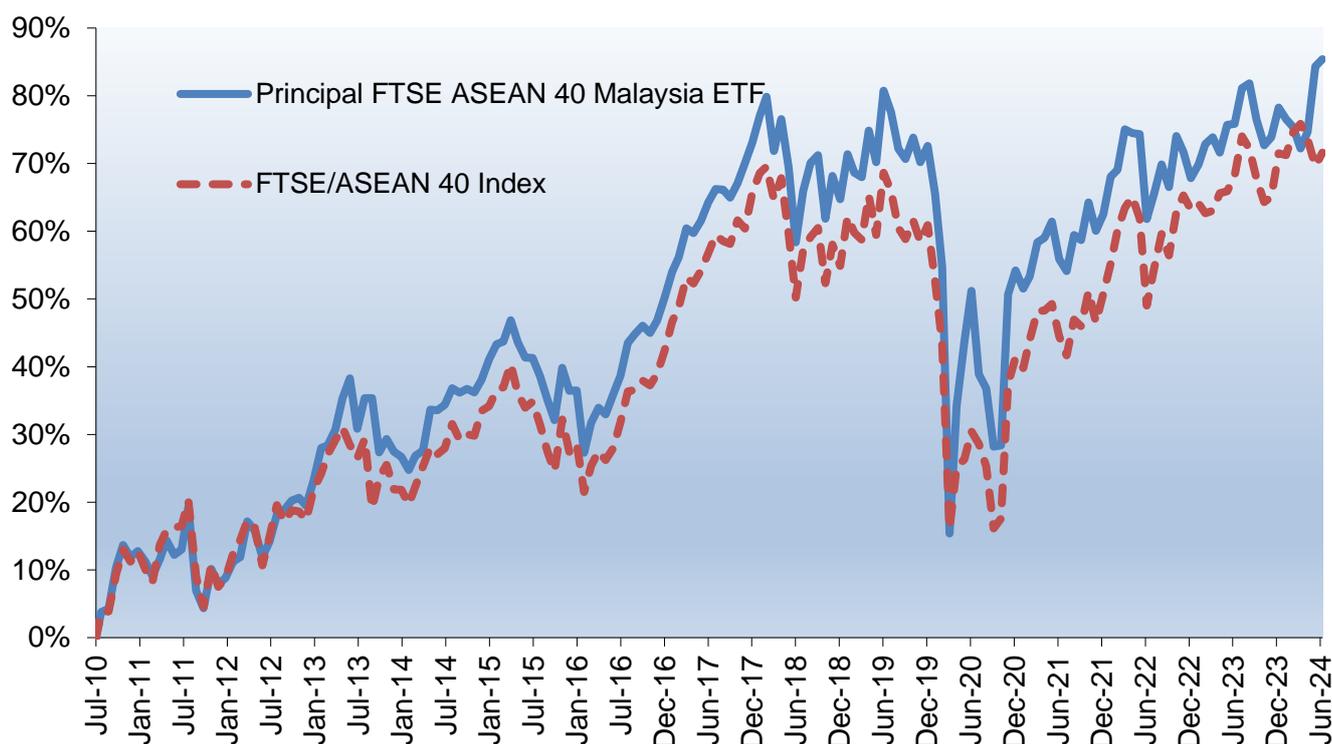
^{^^} Based on Last Published Market Price

During the financial year under review, the Fund posted a positive return of 5.44% while the underlying Fund recorded a return of 3.63%. Meanwhile, the underlying index rose 2.03% during the same financial year.

The last available published market price of the Fund quoted on Bursa Malaysia was RM 1.6300. This represents a decrease change of 5.78% for the same reporting financial year.

FUND PERFORMANCE (CONTINUED)

Since inception



Changes in NAV

	30.06.2024	30.06.2023	Changes %
NAV (RM Million)	2.20	2.16	1.85
NAV per unit (RM)	1.6262	1.6031	1.44

For the financial year under review, total NAV increased by 1.85%, while the NAV per unit increased by 1.44%. The increase in the total NAV and NAV per unit were due to net unit creations and the investment performance of ASEAN markets.

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

(% of NAV)	30.06.2024	30.06.2023
Collective investment scheme	100.03	101.29
Cash and other assets	1.47	4.44
Liabilities	(1.50)	(5.73)
TOTAL	100.00	100.00

The Fund remained fully invested in the Underlying Fund for the financial year under review. A minimal level of liquid assets was maintained primarily for liquidity purposes.

MARKET OUTLOOK*

The ASEAN economic outlook for 2024 is cautiously optimistic, with Gross Domestic Product (“GDP”) growth expected to accelerate due to rising tourist inflows, cooling inflation, and a recovery in the global electronics sector. However, elevated interest rates and fiscal consolidation efforts pose challenges. Inflation is projected to ease, influenced by previous monetary policy tightening and price controls though risks from global crude oil price spikes and food supply disruption remain. Country-specific prospects vary, with Indonesia and the Philippines benefiting from higher public investment and tourism recovery, while the rest face more subdued growth due to weaker external demand within the region. ASEAN is poised for growth, driven by strong domestic demand and structural reforms, but must navigate significant economic headwinds and leverage its demographic advantages for sustainable development.

* 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

As this is a feeder ETF, the Fund will continue to remain fully invested in the Underlying Fund with minimal cash kept for liquidity purposes.

SOFT COMMISSIONS AND REBATES

Principal Asset Management Berhad (the “Manager”) and the Trustee will not retain any form of rebate or otherwise share in any commission with, any broker or dealer in consideration for directing dealings in the investments of the Fund. Accordingly, any rebates or shared commission will be directed to the account of the Fund. The Manager may retain goods and services (soft commission) provided by any broker or dealer if the following conditions are met:

- (a) the soft commission bring direct benefit or advantage to the management of the Fund and may include research and advisory related services;
- (b) any dealings with the broker or dealer is executed on terms which are the most favourable for the Funds; and
- (c) the availability of soft commissions is not the sole or primary purpose to perform or arrange transactions with such broker or dealer, and the Manager will not enter into unnecessary trades in order to achieve a sufficient volume of transactions to qualify for soft commissions.

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. The Manager confirms that the goods and services received were for the benefit of the Fund, the trades were made on a best execution basis and there was no churning of trades.

SECURITIES FINANCING TRANSACTIONS

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

STATE OF AFFAIR OF THE FUND

In relation to this Fund, the Fund had issued the First Supplemental Prospectus dated 28 July 2023.

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

CIRCUMSTANCES THAT MATERIALLY AFFECT ANY INTEREST OF UNIT HOLDERS

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

CROSS TRADE

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

UNIT SPLIT

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

ADDITIONAL INFORMATION

The following information on the resignation/cessation of Board of Directors/Investment Committee Members was updated:

No.	Name	Date of resignation/cessation	Designation
1.	Wong Joon Hian	31 December 2023	Independent Non-Executive Director of Principal Asset Management Berhad
2.	Mohamad Safri Shahul Hamid	1 April 2024	Non-Independent Member (Investment Committee) of Principal Asset Management Berhad

The following information on the appointment of new Board of Directors/Investment Committee Members was updated:

No.	Name	Date of appointment	Designation
1.	Yoon Mun Thim	1 January 2024	Independent Non-Executive Director of Principal Asset Management Berhad
2.	Wong Joon Hian	1 April 2024	Independent Member (Investment Committee) of Principal Asset Management Berhad

Key Personnel of the Manager

There are ten (10) members sitting on the Board of Directors of Principal Malaysia including two (2) Alternate Directors and three (3) Independent Directors. The Board of Directors oversees the management and operations of Principal Malaysia and meets at least once every quarter.

Details of the Directors of the management company are set out as below:

Name:	Cheong Wee Yee, Thomas (Chairman)
Age:	56
Nationality:	Singaporean
Designation:	Chairman, Non-Independent Non-Executive Director
Qualifications:	<ul style="list-style-type: none"> • Masters in Business Administration from Olin Business School, Washington University in St. Louis. • Inducted to Beta Gamma Sigma Honorary Business School Society. • Bachelor’s Degree in Econometrics, with first class honours, from the London School of Economics, University of London.
Experience:	Thomas Cheong is currently Executive Vice President of Principal Financial Group® and President of Principal Asia Pacific & Middle East. He is responsible for leading the development of the retail pension, long-term savings and asset management business for Principal in Asia, while managing key partnerships in the region. He is a member of the Principal senior management team and currently serves on the boards of several Principal subsidiaries. He joined Principal in January 2015 and has more than 20 years of management experience in Asia, holding various senior management positions with profit and loss responsibilities.

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name:	Cheong Wee Yee, Thomas (Chairman) (continued)
Experience (continued):	His extensive experience in the asset management, pension, and life insurance businesses included appointments as president of North Asia for Principal International; CEO and executive director of Manulife Asset Management (Taiwan); country head overseeing Manulife's joint venture asset management business in mainland China; CEO of the Prudential UK's China and Malaysia asset management companies, and the director of corporate development in Prudential UK's Singapore life insurance business.
Date appointed to Board:	16 April 2021
Details of Membership of any Board Committee:	None
Directorship of other public companies:	None
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2023 to 30 June 2024):	5 out of 5
Name:	Uday Jayaram
Age:	56
Nationality:	Malaysian
Designation:	Executive Managing Director, Head of Southeast Asia Non-Independent Executive Director
Qualifications:	<ul style="list-style-type: none"> • BSc Economics degree majoring in Accounting and Finance from the London School of Economics • Chartered Accountant with the Institute of Chartered Accountants in England and Wales (ICAEW)
Experience:	Uday brings with him an accumulated experience of 30 years in the fields of audit, management consultancy, equities research, institutional sales, capital markets, stock exchange business most recently, in upstream oil and gas. He commenced his career in the financial institutions group within the audit division of Ernst and Young, London. In addition to several global clients such as HSBC, ABB Group and IKEA, Uday was fortunate to gain experience in projects for the World Bank which included the restructuring of banks in Kazakhstan. Returning to Malaysia, Uday's equities research and sales experience saw him joining Deutsche Morgan Grenfell, CIMB, ING Financial Markets and Macquarie Capital Securities where he was Division Director and Head of Equities of the Malaysia business. Moving on to Bursa Malaysia, Uday was Global Head of Securities Markets with overall responsibility for the development of the exchange's cash equities business. Uday also served as a member of Bursa's Market Participants Committee and was Chairman of the FTSE Bursa Index Advisory Committee.

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name:	Uday Jayaram (continued)
Experience (continued):	Prior to joining Principal, Uday was the Senior Vice President of Corporate Development at Hibiscus Petroleum Bhd where he was involved in corporate strategy, business planning, debt and equity funding and investor relations.
Date appointed to Board:	30 June 2022
Details of Membership of any Board Committee:	Investment Committee
Directorship of other public companies:	AMMA Foundation
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2023 to 30 June 2024):	5 out of 5

Name:	Munirah Khairuddin
Age:	49
Nationality:	Malaysian
Designation:	Chief Executive Officer Malaysia & Global Shariah & Managing Director, Strategic Distribution & Institutional Client Relations (Southeast Asia & Global Shariah) Non-Independent Executive Director

Qualifications:	<ul style="list-style-type: none"> • Bachelor of Arts (Honours) in Accounting & Financial Analysis, University of Newcastle Upon Tyne, UK. • Chartered Financial Analyst Charterholder. • Capital Markets Services Representative's License holder for fund management.
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Experience:	Munirah joined Principal in November 2006 and was appointed as CEO and Executive Director of Malaysia in May 2013. She has been instrumental in leading the company to grow its Assets Under Management (AUM), deepening its retail leadership with new focus in private retirement space and innovative digital solutions to benefit all Malaysians irrespective of their financial background, and maintaining consistent risk management and investment performance. Under her leadership, Principal Malaysia has embarked on a significant journey in fulfilling its commitment towards the United Nation Sustainable Development Goals (UNSDG).
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Munirah's responsibilities for Principal have continued to expand. In March 2023, Munirah was appointed as the Head of Global Islamic business for Principal, and most recently she was named Managing Director of Strategic Distribution & Institutional Clients Relations (Southeast Asia & Global Shariah) for Principal Southeast Asia, overseeing key strategic institutional client and distribution relationships.

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name: **Munirah Khairuddin (continued)**
Experience (continued): Prior to Principal, Munirah worked as a G7 Economist and strategist for a Fortune 500 multinational oil and gas company. Prior to that, she was a fixed income portfolio manager for emerging markets at Rothschild Asset Management in London.

Munirah has been recognized as Asset Management CEO of the Year Malaysia 2024 by Global Banking & Finance Awards. Munirah was also recognized as CEO of the Year, Malaysia in Asia Asset Management's 2015 and 2014 Best of the Best Awards. Munirah was also selected as one of the recipients for the "Top 25 Women of Asset Management" award by Asian Investor in 2014.

Date appointed to Board: 31 January 2012

Details of Membership of any Board Committee: None

Directorship of other public companies: CIMB Wealth Advisors Bhd

Family relationship with any Director: None

Conflict of interest with the Fund: None

List of convictions for offences within the past 10 years other than traffic offences: None

Number of board meetings attended in the financial year (1 July 2023 to 30 June 2024): 5 out of 5

Name: **Mohd Haniz Mohd Nazlan**

Age: 41

Nationality: Malaysian

Designation: Non-Independent Non-Executive Director

Qualifications:

- Bachelor of Science (Hons) in Actuarial Science, London School of Economics and Political Science.
- Masters and Postgraduate Diploma in Applied Finance & Investment, both from the Financial Services Institute of Australasia.
- Certified Financial Technician (CFTe), International Federation of Technical Analysts (IFTA)
- Diploma in Technical Analysis, Australian Technical Analysts Association
- Program for Leadership Development, Harvard Business School.

Experience: Haniz is Group Chief Strategy Officer at CIMB, where he oversees Group Strategy, Performance and Programme Management, Group Customer Experience, Transforming Customer Journeys, Group Corporate Finance and Investment Management as well as the Group CEO's Office.

Haniz has over 15 years of experience in areas of corporate strategy, corporate finance, mergers & acquisitions, project management, portfolio and asset management, global equities and real estate investments.

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name:	Mohd Haniz Mohd Nazlan (continued)
Experience (continued):	<p>Prior to joining CIMB in April 2021, Haniz was the Chief Investment Officer of Lembaga Tabung Angkatan Tentera (“LTAT”) from August 2019 where he was accountable for all investment functions and activities in the management of LTAT’s investment portfolio. He played a key role in setting LTAT’s turnaround plan in motion. This included the execution of restructuring plans for the investment portfolio, reorganization of the investment team as well as the strengthening of key investment policies and processes, one of which included the establishment of LTAT’s long term Strategic Asset Allocation (“SAA”) Framework.</p> <p>Prior to LTAT, Haniz spent the larger part of his career at Permodalan Nasional Berhad (“PNB”). He served PNB in various capacities, including leading roles in the Group Chief Executive’s Office, International Department, Strategic Asset Allocation Department and Investment Division. He played a key part in driving the establishment of PNB’s SAA and Fixed Income Frameworks, planning PNB’s new global operating model, setting up the unit trust funds’ expansion into global markets and in leading key M&A transactions for the PNB Group, both locally and abroad.</p>
Date appointed to Board:	3 June 2021
Details of Membership of any Board Committee:	None
Directorship of other public companies:	None
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2023 to 30 June 2024):	4 out of 5
Name:	Yoon Mun Thim*
Age:	60
Nationality:	Malaysian
Designation:	Independent Non-Executive Director
Qualifications:	<ul style="list-style-type: none"> • Bachelor of Arts (Honours) from Cambridge University • Master of Arts from Cambridge University, • Master of Business Administration (Distinction) from Warwick Business School, University of Warwick • CFA Charter Holder.
Experience:	Mun Thim has more than 28 years of experience in the financial industry, 19 of those years in the position of Chief Investment Officer (“CIO”) across various Insurance and Asset Management companies. In addition to the CIO role, he was also a member of the Executive Committee responsible for the overall management of the respective companies.

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name:	Yoon Mun Thim* (continued)
Experience (continued):	Most recently, he was the Group Chief Investment Officer at the Great Eastern Life Assurance Co Ltd. Based in Singapore, he was responsible for the formulation of investment strategies and management of all investments within the Great Eastern group. This included managing investment teams across multiple Asian countries.
	Mun Thim has also served as Director in an asset management company in Singapore and Investment Committee member in multiple private real estate funds with investments across Asia.
Date appointed to Board:	1 January 2024
Details of Membership of any Board Committee:	None
Directorship of other public companies:	None
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2023 to 30 June 2024):	3 out of 3 (since appointment to the Board)

Name:	Tan Sri Jaganath Derek Steven Sabapathy*
Age:	67
Nationality:	Malaysian
Designation:	Independent Non-Executive Director
Qualifications:	Master of Arts majoring in Corporate Finance and International Trade from Edinburgh University, United Kingdom
Experience:	Tan Sri Jaganath Derek Steven Sabapathy (“Tan Sri Jagan”) holds a Master of Arts degree majoring in Corporate Finance and International Trade from Edinburgh University, United Kingdom in 1981. Upon graduation in 1981, he joined a leading London firm of chartered accountants, Price Waterhouse.

In 1984, Tan Sri Jagan returned to Malaysia and joined KPMG Peat Marwick as a Manager. He was admitted a Partner of KPMG Malaysia in 1990. Whilst at KPMG Malaysia, he was involved in a wide range of assignments covering audit, investigations, management consultancy and corporate finance in Malaysia, the ASEAN countries, North America and Europe. He sat on a variety of KPMG International Committees including committees for Mergers and Acquisitions, Privatisation and Management Consultancy. He was also an examiner for the professional examinations of the Malaysian Association of Certified Public Accountants (“MACPA”).

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name: **Tan Sri Jaganath Derek Steven Sabapathy* (continued)**
Experience (continued): Tan Sri Jagan left KPMG Malaysia in late 1994 to join Benta Plantation Berhad as an Executive Director. In 1995, he left Benta Plantation Berhad and was appointed a Director of Austral Lao Power Co Ltd. He joined Prime Utilities Berhad and Indah Water Konsortium Sdn Bhd, Malaysia's privatised national wastewater utility, in 1997 as Managing Director of both the companies, a position he held up to late 1999. From 1999 until his retirement at the end of 2013, Tan Sri Jagan served as the Chief Executive Officer/ Director of Bandar Raya Developments Berhad Group which also included listed Mico Chipboard Berhad.

Tan Sri Jagan is currently the Founder and Chief Executive Officer/ Director of Tribeca Real Estate Asset Management Sdn Bhd, a niche property development company. He is also a Director of Sime Darby Property Berhad. He is Chairman of Battersea Power Station Development Company Limited, the developer of a major property development project in London, England.

Number of board meetings attended in the financial year (1 July 2023 to 30 June 2024):

4 out of 5

Date appointed to Board:

10 September 2020

Details of Membership of any Board Committee:

Chairman of the Audit Committee

Directorship of other public companies:

- Sime Darby Property Berhad

Family relationship with any Director:

None

Conflict of interest with the Fund:

None

List of convictions for offences within the past 10 years other than traffic offences:

None

Name:

Liew Swee Lin*

Age:

55

Nationality:

Malaysian

Designation:

Independent Non-Executive Director

Qualifications:

- Master of International Marketing from the University of Strathclyde, United Kingdom.
- Completed the Stanford Executive Programme at Stanford Graduate School of Business.

Experience:

Swee Lin is a senior board level executive with more than 29 years of management experience in the ASEAN region creating shareholder value in media, financial services and e-commerce sectors. Since 2007, she served as Executive Director at financial services and media entities in Malaysia. Currently she is an External Advisor to Bain & Company, a global consulting firm and was previously attached to Astro Malaysia Holdings Berhad, ASEAN's leading consumer media company as its Group Chief Operating Officer.

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name:	Liew Swee Lin* (continued)
Experience (continued):	She also served as an Executive Director of Astro Go Shop, a joint venture with GS Home Shopping Inc. Korea after she spearheaded Astro's vertical expansion into ecommerce which she set up as its pioneer management team in 2015. Prior to joining Astro, Swee Lin was an Executive Vice President at Alliance Financial Group's Retail Bank in Malaysia and was also an Executive Director of Alliance Islamic Bank. She has also held senior leadership positions at Standard Chartered Bank with responsibilities for its Wealth Management, Priority Banking, Credit Cards and Personal Loan portfolios. In the earlier years of her career, she gained multidisciplinary industry exposure in fast-moving consumer goods, insurance, food and beverage and pharmaceuticals when she headed up a regional business at Ogilvy One Worldwide, part of WPP PLC (a FTSE 100), which operated in Malaysia to serve its Asia Pacific clients.
Date appointed to Board:	21 August 2020
Details of Membership of any Board Committee:	Member of Audit Committee
Directorship of other public companies:	None
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2023 to 30 June 2024):	5 out of 5
Name:	Lai Mee Fong
Age:	50
Nationality:	Malaysian
Designation:	Non-Independent Non-Executive Director
Qualifications:	<ul style="list-style-type: none"> • 1997 - Bachelor of Business (Accountancy), Royal Melbourne Institute of Technology • 2000 - Certified Practising Accountant of Australian Society of Certified Accountants • 2001 - Chartered Accountant, Malaysian Institute of Accountants (MIA)
Experience:	Mee Fong, currently the Chief Financial Officer of Touch 'n Go Sdn Bhd (a wholly owned subsidiary of CIMB Group), which provides contactless electronic payment solutions to transportation ecosystem nationwide and is the largest e-money issuer in the country. Her mandate from CIMB includes partnering the CEO to continue to grow the Touch 'n Go Sdn Bhd franchise and drive the finance transformation strategy.

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name:	Lai Mee Fong (continued)
Experience (continued):	<p>Prior to this role, Mee Fong was the Managing Director in CIMB and also held the CFO role in CIMB Digital Asset (CDA), where she was responsible for the overall financial planning and management of CIMB Group's Strategic digital investments including the Touch 'n Go franchise and digital bank operations in the Philippines and Vietnam. Her expertise includes financial advisory, tax planning and structuring, financial analysis, risk management and compliance management. She works with the businesses in all spectrum including budgeting and forecast, financial modelling, tax and capital planning, structuring, risk management, compliance and audit management. She was responsible for Group level financial simulation, risk weighted asset and capital impact assessment of each corporate exercise, group initiatives/ projects including recovery planning, stress test simulation, Expected Credit Loss model implementation and various key initiatives including settlement and reconciliation. She is instrumental in the roll out of the Group Operational Risk framework across the CDA portfolio and has since been active participants in all risk and audit committees. Mee Fong has been in the accounting profession for more than 25 years. She started her career with Pricewaterhousecoopers, involved in various assurance and advisory related work for clients from a wide spectrum of industries. Her professional practice had garnered her invaluable experience due to the exposure she had to various types of businesses operations, merger and acquisition and corporate transactions. She gained valuable regulatory experience during her secondment to the Securities Commission in 2004 where she was responsible for the examination of asset management companies in accordance to the Securities Industry Act. Her professional career was further expanded into the private equity space when she took on the role of the Vice President of finance in one of the largest Southeast Asia-based private equity fund managers, Tael Partners, with funds under management of over USD1 billion. In that specific role, she had gained financial insights in deal structuring, valuation model, investment and exit strategies.</p> <p>Mee Fong serves on the board of Capital Advisors Partners and is an active member in the Investment Committee of the infrastructure funds which manage assets across Asia including Malaysia, Indonesia, Pakistan, Philippines and Vietnam. Most recently, she was appointed to the board of Principal Islamic Asset Management and Principal Asset Management.</p>
Date appointed to Board:	1 May 2023
Details of Membership of any Board Committee:	Member of Audit Committee
Directorship of other public companies:	None
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name:	Lai Mee Fong (continued)
Number of board meetings attended in the financial year (1 July 2023 to 30 June 2024):	4 out of 5
Name:	Chong Chooi Wan^
Age:	46
Nationality:	Malaysian
Designation:	Alternate Director to Mohd Haniz bin Mohd Nazlan
Qualifications:	Bachelor Degree in Finance with Summa Cum Laude Honours from the University of Tennessee, Knoxville, U.S.A.
Experience:	More than 20 years of experience in strategic planning and investment, corporate developments, mergers and acquisitions in various industries ranging from financial sector to energy sector. In 2020, she joined CIMB Group as the Director of Group Ventures and Partnerships where she is tasked to oversee business optimization projects as well as portfolio management for the bank. Currently, she is attached to Group Corporate Finance and Investment Management overseeing CIMB Group's investment portfolio, including Principal Group.
Date appointed to Board:	3 June 2021.
Details of Membership of any Board Committee:	None
Directorship of other public companies:	None
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2023 to 30 June 2024):	4 out of 5
Name:	Julian Christopher Vivian Pull^
Age:	60
Nationality:	British
Designation:	Alternate Director to Cheong Wee Yee, Thomas
Qualifications:	<ul style="list-style-type: none"> • Bachelor's Degree in Economics from the University College, London. • MBA with distinction in Finance and Investment from the University of Hull.
Experience:	Julian Christopher Vivian Pull ("Ted") is Chief Financial Officer, Asia for Principal International. He is responsible for leading the management of financial actions for Principal Hong Kong SAR, China, Singapore, Malaysia, Indonesia and Thailand. Ted joined Principal in January 2021 and has more than 30 years of management experience in Asia in a number of C-suite positions.

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name:	Julian Christopher Vivian Pull[^] (continued)
Experience (continued):	His extensive experience in the asset management industry included appointments as CFO and COO for Eastspring Investments (formerly Prudential Asset Management) and Chief Executive Officer of Eastspring Investments (Singapore) Ltd. He has served on the boards of Prudential Corporation Asia and multiple asset management subsidiaries throughout the region.
Date appointed to Board:	15 September 2021.
Details of Membership of any Board Committee:	None
Directorship of other public companies:	None
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2023 to 30 June 2024):	4 out of 5

* Independent Director

[^] Alternate Director

The Investment Committee

As required by the ETF Guidelines, the Manager is required to establish oversight on the operation and management of the ETF which is being discharged by the Investment Committee whose role is to ensure that the investment management of the Fund is consistent with:

- (a) the Fund's investment objective;
- (b) the Deed;
- (c) the Prospectus;
- (d) the ETF Guidelines and other applicable laws;
- (e) internal investment restrictions and policies; and
- (f) acceptable and efficacious investment management practices within the industry.

The powers and duties of the Investment Committee include formulating and monitoring the implementation by the Manager of appropriate investment management strategies for the Fund and the measurement and evaluation of the performance of the Manager. The Investment Committee generally meets once a month.

Accordingly, the Manager has appointed an Investment Committee for the Fund, comprising of five (5) members including three (3) independent members.

The following table sets out information on the members of the Investment Committee:

ADDITIONAL INFORMATION (CONTINUED)

The Investment Committee (continued)

Name:	Yoon Mun Thim* (Chairman)
Age:	60
Nationality:	Singaporean
Designation:	Chairman of the Investment Committee of Principal Asset Management Berhad
Qualifications:	<ul style="list-style-type: none"> • Bachelor of Arts (Honours) from Cambridge University • Master of Arts from Cambridge University, • Master of Business Administration (Distinction) from Warwick Business School, University of Warwick • CFA Charter Holder.
Experience:	<p>2009 - 2017 Group Chief Investment Officer - The Great Eastern Life Assurance Co Ltd</p> <p>2008 - 2009 Chief Investment Officer - Prudential Fund Management Bhd</p> <p>2003 - 2007 Chief Investment Officer - Prudential Assurance Malaysia Bhd</p>
Date appointed to Investment Committee:	4 December 2019
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of Investment Committee meetings attended in the financial year (1 July 2023 to 30 June 2024):	11 out of 11

* Independent member

Name:	Uday Jayaram
Age:	56
Nationality:	Malaysian
Designation:	Executive Managing Director and Head of Southeast Asia
Qualifications:	<ul style="list-style-type: none"> • BSc Economics degree majoring in Accounting and Finance from the London School of Economics • Chartered Accountant with the Institute of Chartered Accountants in England and Wales (ICAEW).
Experience:	Uday brings with him an accumulated experience of 30 years in the fields of audit, management consultancy, equities research, institutional sales, capital markets, stock exchange business as well as upstream oil and gas. He commenced his career in the financial institutions group within the audit division of Ernst and Young, London.

In addition to several global clients such as HSBC, ABB Group and IKEA, Uday was fortunate to gain experience in projects for the World Bank which included the restructuring of banks in Kazakhstan. Returning to Malaysia, Uday's equities research and sales experience some saw him joining Deutsche Morgan Grenfell, CIMB, ING Financial Markets and Macquarie Capital Securities where he was Division Director and Head of Equities of the Malaysia business.

ADDITIONAL INFORMATION (CONTINUED)

The Investment Committee (continued)

Name:	Uday Jayaram (continued)						
Experience (continued):	Moving on to Bursa Malaysia, Uday was Global Head of Securities Markets with overall responsibility for the development of the exchange's cash equities business. Uday also served as a member of Bursa's Market Participants Committee and was Chairman of the FTSE Bursa Index Advisory Committee. Prior to joining Principal, Uday was the Senior Vice President of Corporate Development at Hibiscus Petroleum Bhd where he was involved in corporate strategy, business planning, debt and equity funding and investor relations.						
Date appointed to Investment Committee:	30 June 2022						
Conflict of interest with the Fund:	None						
List of convictions for offences within the past 10 years other than traffic offences:	None						
Number of Investment Committee meetings attended in the financial year (1 July 2023 to 30 June 2024):	9 out of 11						
Name:	Nor'Azamin Salleh*						
Age:	58						
Nationality:	Malaysian						
Designation:	Director/ Chairman – Ficus Capital Sdn Bhd (Venture Capital)						
Qualifications:	<ul style="list-style-type: none"> • Bachelor of Commerce, Australian National University (1989) • Chartered Accountant – Malaysia Institute of Accountants (1993) • Master of Business Administration, OU Business School, United Kingdom (2003) • Executive Management Program, Tsinghua University Beijing, China (2012) • Executive Management Program, Wharton Business School, USA (2015) 						
Experience:	<table border="0" style="width: 100%;"> <tr> <td style="width: 20%;">2010-2017</td> <td>Group Chief Executive Office, Maybank Asset Management Group Berhad</td> </tr> <tr> <td>2008 – 2010</td> <td>CEO/Executive Director, Asian Islamic Investment Management Sdn Bhd</td> </tr> <tr> <td>2004 – 2008</td> <td>Executive Director, Avenue Invest Bhd/ Muamalat Invest Berhad</td> </tr> </table>	2010-2017	Group Chief Executive Office, Maybank Asset Management Group Berhad	2008 – 2010	CEO/Executive Director, Asian Islamic Investment Management Sdn Bhd	2004 – 2008	Executive Director, Avenue Invest Bhd/ Muamalat Invest Berhad
2010-2017	Group Chief Executive Office, Maybank Asset Management Group Berhad						
2008 – 2010	CEO/Executive Director, Asian Islamic Investment Management Sdn Bhd						
2004 – 2008	Executive Director, Avenue Invest Bhd/ Muamalat Invest Berhad						
Date appointed to Investment Committee:	1 January 2022						
Conflict of interest with the Fund:	None						
List of convictions for offences within the past 10 years other than traffic offences:	None						

ADDITIONAL INFORMATION (CONTINUED)

The Investment Committee (continued)

Name:	Nor'Azamin Salleh* (continued)
Number of Investment Committee meetings attended in the financial year (1 July 2023 to 30 June 2024):	11 out of 11
Name:	May Tong
Age:	45
Nationality:	United States
Designation:	Director/ Chairman – Ficus Capital Sdn Bhd (Venture Capital)
Qualifications:	<ul style="list-style-type: none"> • B.S. Accounting and Finance - Obtained 2001 Boston College • CFA - Obtained 2004 • MBA – Obtained 2010, Columbia University
Experience:	<p>June 2018 – Franklin Templeton: June 2021 SVP / Portfolio Manager for Investment Solutions</p> <p>June 2006 – Voya Investment Management: June 2018 VP / Portfolio Manager and Head of Portfolio Implementation & Management for Multi-Asset Strategies & Solutions</p> <p>July 2001 – Merrill Lynch Investment Managers: June 2006 Trader & Portfolio Manager for Quantitative Advisors</p>
Date appointed to Investment Committee:	20 April 2022
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of Investment Committee meetings attended in the financial year (1 July 2023 to 30 June 2024):	8 out of 11
Name:	Wong Joon Hian*
Age:	75
Nationality:	Malaysian
Designation:	Independent Member
Qualifications:	<ul style="list-style-type: none"> • Member of the Malaysian Institute of Accountants. • Life member of The Malaysian Institute of Certified Public Accountants • Life member of the Institute of Chartered Accountants in England and Wales.
Experience:	He has accumulated over 40 years of working experience in the areas of audit, accountancy, financial services and corporate management. He commenced his career when he joined Price Waterhouse & Co. in England after qualifying as a Chartered Accountant in 1973. He returned to Malaysia in 1975 to work for Price Waterhouse (now known as PricewaterhouseCoopers PLT), Malaysia until 1985.

ADDITIONAL INFORMATION (CONTINUED)

The Investment Committee (continued)

Name:	Wong Joon Hian* (continued)
Experience (continued):	<p>He then served as the Technical Manager of The Malaysian Association of Certified Public Accountants from 1986 until he was appointed as the General Manager-Operations of Supreme Finance (Malaysia) Bhd in December 1987.</p> <p>After Maybank Finance Bhd had completed the acquisition of Supreme Finance (Malaysia) Bhd in 1991, he joined BDO Binder as an Audit Principal until 1994 when he joined Advance Synergy Bhd. He was appointed the managing director of United Merchant Group Bhd (now known as Advance Synergy Capital Sdn Bhd) in 1995 until 2020. During the period from 1995 until 2007 he was a director of Ban Hin Lee Bank Bhd, Southern Investment Bank Bhd and United Merchant Finance Bhd. Currently, he is a non-executive director in several dormant companies under the CIMB Group Holdings Bhd Group and serves as an independent non-executive director of Principal Islamic Asset Management Sdn Bhd.</p>
Date appointed to Investment Committee:	1 April 2024
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of Investment Committee meetings attended in the financial year (1 July 2023 to 30 June 2024):	3 out of 3 (since appointment to the Board)

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
PRINCIPAL FTSE ASEAN 40 MALAYSIA ETF**

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 8 to 29 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the statement of financial position of the Fund as at 30 June 2024 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
Malaysia & Global Shariah & Managing Director,
Strategic Distribution & Institutional Client Relations
(Southeast Asia & Global Shariah)
Non-Independent Executive Director

UDAY JAYARAM

Executive Managing Director,
Head of Southeast Asia
Non-Independent Executive Director

Kuala Lumpur
28 August 2024

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF PRINCIPAL FTSE ASEAN 40 MALAYSIA ETF ("Fund")

We have acted as the Trustee of the Fund for the financial year 30 June 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Principal Asset Management Berhad has operated and managed the Fund during the year covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the management company under the Deeds securities laws and the Guidelines on Exchange-Traded Funds;
2. Valuation and pricing is carried out in accordance with the Deeds; and
3. Any creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirements.

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

For Deutsche Trustees Malaysia Berhad

Ng Hon Leong
Head, Fund Operations

Sylvia Beh
Chief Executive Officer

Kuala Lumpur
26 August 2024

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL FTSE ASEAN 40 MALAYSIA ETF**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Principal FTSE ASEAN 40 Malaysia ETF (the "Fund"), which comprise the statement of financial position of the Fund as at 30 June 2024, and statement of comprehensive income, statement of changes in net assets attributable to unit holders and statement of cash flows of the Fund for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 8 to 29.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2024, and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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 audit 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 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 FTSE ASEAN 40 MALAYSIA ETF (CONT'D.)**

Report on the audit of the financial statements (cont'd.)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Fund for the current year. These matters were addressed in the context of our audit of the financial statements of the Fund as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description	Our responses
<p><u>Valuation and existence of investments</u></p> <p>The investment portfolio at the year-end comprised collective investment scheme valued at RM2,196,047 (2023: RM2,192,255), representing approximately 100.03% (2023: 101.29%) of the total net asset value of the Fund.</p> <p>The relevant disclosures are provided in Notes 2(b), 3(e) and 9 to the financial statements.</p> <p>A discrepancy in the valuation or existence of the investment portfolio could cause the net asset value to be materially misstated which impacts the Funds' reported performance and, therefore, the returns generated for unitholders.</p>	<p>Our audit work included, but was not restricted to, confirming our understanding of the Fund's processes and controls over the existence and valuation of investments in order to assess compliance with relevant accounting standards, by performing walkthrough procedures.</p> <p>We appropriately selected samples to test the operating effectiveness of the relevant controls identified.</p> <p>We agreed the valuation of all investments as at the year-end to an independent source of market prices. We also obtained confirmation of the existence and ownership of the investments as at the year-end directly from the Fund's independent custodian.</p>

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL FTSE ASEAN 40 MALAYSIA ETF (CONT'D.)**

Report on the audit of the financial statements (cont'd.)

Information other than the financial statements and auditors' report thereon

The Manager of the Fund (the "Manager") is responsible for the other information. The other information comprises the information included in the annual report of the Fund 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 and the Trustee for the financial statements

The Manager is responsible for the preparation of 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 have no realistic alternative but to do so.

The Trustee is responsible for overseeing the Fund's financial reporting process. The Trustee is also responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL FTSE ASEAN 40 MALAYSIA ETF (CONT'D.)**

Report on the audit of the financial statements (cont'd.)

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:

- 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- 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.
- Evaluate the overall presentation, structure, and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the 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.

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL FTSE ASEAN 40 MALAYSIA ETF (CONT'D.)**

Report on the audit of the financial statements (cont'd.)

Other matters

This report is made solely to the unit holders of the Fund, as a body, in accordance with the Guidelines on Exchange-Traded Funds issued by the Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Yeo Beng Yean
No. 03013/10/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
28 August 2024

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024**

	Note	2024 RM	2023 RM
INCOME/(LOSS)			
Dividend income		91,728	90,400
Net gain on financial assets at fair value through profit or loss	9	79,472	155,573
Net foreign exchange (loss)/gain		<u>(1,878)</u>	<u>3,098</u>
		<u>169,322</u>	<u>249,071</u>
EXPENSES			
Trustee fee	5	12,000	12,000
Audit fee		25,400	25,400
Tax agent's fee		4,400	4,399
Transaction costs		219	97
Other expenses	6	<u>4,299</u>	<u>8,314</u>
		<u>46,318</u>	<u>50,210</u>
PROFIT BEFORE TAXATION		123,004	198,861
Taxation	7	<u>(179)</u>	<u>(20,045)</u>
PROFIT AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>122,825</u>	<u>178,816</u>
Profit after taxation is made up as follows:			
Realised amount		48,442	25,269
Unrealised amount		<u>74,383</u>	<u>153,547</u>
		<u>122,825</u>	<u>178,816</u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

	Note	2024 RM	2023 RM
ASSETS			
Cash and cash equivalents	10	18,431	95,884
Tax recoverable		13,864	-
Financial assets at fair value through profit or loss	9	<u>2,196,047</u>	<u>2,192,255</u>
TOTAL ASSETS		<u>2,228,342</u>	<u>2,288,139</u>
LIABILITIES			
Amount due to Trustee		1,018	1,021
Distribution payable		-	90,450
Tax payable		-	2,638
Other payables and accruals	12	<u>31,934</u>	<u>29,800</u>
TOTAL LIABILITIES		<u>32,952</u>	<u>123,909</u>
NET ASSET VALUE OF THE FUND (EX-DISTRIBUTION)		<u>2,195,390</u>	<u>2,164,230</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	11	<u>2,195,390</u>	<u>2,164,230</u>
NET ASSET VALUE OF THE FUND			
- before distribution		2,287,055	2,254,680
- after distribution		<u>2,195,390</u>	<u>2,164,230</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	13	<u>1,350,000</u>	<u>1,350,000</u>
NET ASSET VALUE PER UNIT (RM)			
- before distribution		1.6941	1.6701
- after distribution		<u>1.6262</u>	<u>1.6031</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 JUNE 2024**

	Note	2024 RM	2023 RM
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR		2,164,230	2,075,864
Total comprehensive income for the financial year		122,825	178,816
Distributions	8	(91,665)	(90,450)
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR	11	2,195,390	2,164,230

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 JUNE 2024**

	Note	2024 RM	2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of collective investment scheme		75,461	33,398
Purchase of collective investment scheme		-	-
Dividend income received		91,728	90,400
Trustee fee paid		(12,003)	(12,000)
Tax paid		(16,681)	(17,407)
Payments for other fees and expenses		(31,965)	(41,013)
(Payment)/receipt of other foreign exchange (loss)/gain		(2,036)	3,324
Net cash generated from operating activities		<u>104,504</u>	<u>56,702</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Distribution paid		(182,115)	-
Net cash used in financing activities		<u>(182,115)</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents		(77,611)	56,702
Effects of foreign exchange differences		158	(226)
Cash and cash equivalents at the beginning of the financial year		<u>95,884</u>	<u>39,408</u>
Cash and cash equivalents at the end of the financial year	10	<u>18,431</u>	<u>95,884</u>
<u>Cash and cash equivalents comprised:</u>			
Bank balances		<u>18,431</u>	<u>95,884</u>
Cash and cash equivalents at the end of the financial year	10	<u>18,431</u>	<u>95,884</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 JUNE 2024****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES**

Principal FTSE ASEAN 40 Malaysia ETF (the “Fund”) was constituted pursuant to the execution of a Deed dated 19 April 2010, a First Supplemental Deed dated 2 August 2019 and Second Supplemental Deed dated 31 May 2023 (collectively referred to as the “Deeds”), made between Principal Asset Management Berhad (the “Manager”) and Deutsche Trustees Malaysia Berhad (the “Trustee”).

To achieve its investment objective, the Fund will aim to invest at least 95% of its assets in the Singapore Fund. The Singapore Fund is an ETF listed on the SGX-ST which aims at providing the Singapore Fund Unitholders investment results that, before expenses, closely corresponds to the performance of the FTSE/ASEAN 40 Index. Unlike the majority of investment funds where their investment portfolio management includes considerable discretion and an active, ongoing selection of investments (based on economic, financial and market analysis), the role of the Manager of the Fund is essentially passive.

All investments are subjected to the Securities Commission Malaysia (“SC”) Guidelines on ETFs, 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 Fund had issued the First Supplemental Prospectus dated 28 July 2023.

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. MATERIAL 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 as issued by the Malaysian Accounting Standards Board (“MASB”) and IFRS as issued by the International Accounting Standards Board (“IASB”).

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).

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

None of the standards, amendments to standards or interpretations that are effective for the financial year beginning on/after 1 July 2024 are applicable to the Fund.

(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 other comprehensive income ("OCI").

The contractual cash flows of the Fund's debt securities are solely principal and interest ("SPPI"). 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 as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

All of the Fund's financial liabilities are 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 instruments 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.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Recognition and measurement (continued)

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.

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.

Collective investment scheme is valued based on the most recent published NAV per unit or share of such collective investment scheme or, if unavailable, on the average of the last published price of such unit or share (excluding any sales charge included in such selling price).

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 quoted securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the quoted securities are valued as determined in good faith by the Manager, based on the methods or basis approved by the Trustee after appropriate technical consultation.

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 costs

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. MATERIAL 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.

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) Foreign currencyFunctional 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 Malaysian Ringgit ("MYR" or "RM"), 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 MYR primarily due to the following factors:

- i) Units of the Fund are denominated in MYR.
- ii) Significant portion of the Fund's expenses are denominated in MYR.

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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income.

(e) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balances which are subject to an insignificant risk of changes in value.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(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 dividend income from foreign quoted securities is based on the tax regime of the respective countries that the Fund invests in.

Pursuant to Finance Act 2021, foreign-sourced income received in Malaysia will be taxed at prevailing tax rate(s) of the taxpayer and based on applicable tax rules. Bilateral or unilateral tax credits may be allowed if the same income has suffered foreign tax, and where relevant conditions are met.

Following the announcement by the Honorable Finance Minister II, tax on foreign-sourced income will be exempted for the period from 1 January 2024 until 31 December 2026.

(g) Distribution

A distribution to the Fund's unit holders is accounted for as a deduction from realised reserve. A proposed distribution is recognised as a liability in the financial year in which it is approved by the Trustee.

(h) Transactions 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.

(i) Unit holders' contributions

The unit holders' contributions to the Fund meet the criteria to be classified as equity instruments under MFRS 132 *"Financial Instruments: Presentation"*. Those criteria include:

- the units entitle the holder to a proportionate share of the Fund's NAV;
- the units are the most subordinated class and class features are identical;
- there is no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- the total expected cash flows from the units over its life are based substantially on the profit or loss of the Fund.

The outstanding units are carried at the redemption amount that is payable at each financial year if unit holder exercises the right to put the unit back to the Fund.

Units are created and cancelled at the Participating Dealer's option at prices based on the Fund's NAV per unit at the time of creation or cancellation. The Fund's NAV per unit is calculated by dividing the net assets attributable to unit holders with the total number of outstanding units.

(j) Realised and unrealised portions of profit or loss after tax

The analysis of realised and unrealised portions of profit or loss after tax as presented on the statement of comprehensive income is prepared in accordance with SC Guidelines on ETFs.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Segment information

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

(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 Fund's results and financial position are tested for sensitivity to changes in the underlying parameters.

Estimates and judgement 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 ETFs.

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 were as follows:

	Financial assets at amortised cost RM	Financial asset at fair value through profit or loss RM	Total RM
2024			
Cash and cash equivalents (Note 10)	18,431	-	18,431
Collective investment scheme (Note 9)	-	2,196,047	2,196,047
	<u>18,431</u>	<u>2,196,047</u>	<u>2,214,478</u>
2023			
Cash and cash equivalents (Note 10)	95,884	-	95,884
Collective investment scheme (Note 9)	-	2,192,255	2,192,255
	<u>95,884</u>	<u>2,192,255</u>	<u>2,288,139</u>

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

The Fund aims to provide investment results that before expenses, closely correspond to the performance of the Underlying Index, regardless of its performance.

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

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

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

(a) Market risk

(i) Price risk

This is the risk that the fair value of an investment in quoted securities will fluctuate because of changes in market prices (other than those arising from currency risk). The value of quoted securities 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 very nature of an ETF, however, helps mitigate this risk because a Fund would generally hold a well-diversified portfolio of securities from different market sectors so that the collapse of any one security or any one market sector would not impact too greatly on the value of the Fund.

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

	2024 RM	2023 RM
Financial assets at fair value through profit or loss:		
- Collective investment scheme	<u>2,196,047</u>	<u>2,192,255</u>

The table below summarises the sensitivity of the Fund's profit or loss and NAV to movements in prices of the Underlying Index. The analysis is based on the assumptions that the Underlying Index fluctuates by 10.69% (2023: 10.88%), which is the standard deviation of the daily fluctuation of the Benchmark Index, with all other variables held constant, and that the fair value of the investments moved in the same quantum with the fluctuation in the Benchmark Index. 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 Underlying Index	Underlying Index	Market value RM	Impact on profit or loss/NAV RM
2024			
-10.69%	9,126	1,961,343	(234,704)
0%	10,218	2,196,047	-
10.69%	<u>11,310</u>	<u>2,430,751</u>	<u>234,704</u>
2023			
-10.88%	9,020	1,953,738	(238,517)
0%	10,121	2,192,255	-
10.88%	<u>11,222</u>	<u>2,430,772</u>	<u>238,517</u>

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

(a) Market risk (continued)

(ii) 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 MYR 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 currency:

Financial assets	Cash and cash equivalents RM	Financial assets at fair value through profit or loss RM	Total RM
2024			
USD	17,166	2,196,047	2,213,213
2023			
USD	94,109	2,192,255	2,286,364

The table below summarises the sensitivity of the Fund's profit or loss and NAV to changes in foreign exchange movements for the Fund. The analysis is based on the assumption that the foreign exchange rate fluctuates by 5.25% (2023: 5.81%), which is the standard deviation of the daily fluctuation of the exchange rate of USD against MYR, with all other variables remain constants. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative

	Change in foreign exchange rate %	Impact on profit or loss/NAV RM
2024		
USD	+/- 5.25	+/- 116,280
2023		
USD	+/- 5.81	+/- 132,838

(b) Credit risk

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

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

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

(b) Credit risk (continued)

The following table sets out the credit risk concentration of the Fund at the end of each financial year:

	Cash and cash equivalents RM
2024	
- AA1	<u>18,431</u>
2023	
- AA1	<u>95,884</u>

(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, 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.

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

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
2024			
Amount due to Trustee	1,018	-	1,018
Other payables and accruals	-	31,934	31,934
Contractual undiscounted cash flows	<u>1,018</u>	<u>31,934</u>	<u>32,952</u>
2023			
Amount due to Trustee	1,021	-	1,021
Distribution payable	90,450	-	90,450
Other payables and accruals	-	29,800	29,800
Contractual undiscounted cash flows	<u>91,471</u>	<u>29,800</u>	<u>121,271</u>

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

(d) Capital risk management

The capital of the Fund is represented by net assets attributable to unit holders of RM2,195,390 (2023: RM2,164,230). The amount of capital can change significantly on a daily basis as the Fund is subject 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 holders 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 value 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 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 that are not traded in an active market is determined by using valuation techniques.

(i) Fair value hierarchy

The table in the following page 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.

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2024				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	<u>2,196,047</u>	<u>-</u>	<u>-</u>	<u>2,196,047</u>
2023				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	<u>2,192,255</u>	<u>-</u>	<u>-</u>	<u>2,192,255</u>

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include collective investment scheme. 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 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, there was no management fee charged at the Fund level.

5. TRUSTEE FEE

In accordance with the Deed, the Trustee was entitled to a fee not exceeding a maximum of 0.20% per annum, calculated daily based on the NAV of the Fund, subject to a minimum fee of RM18,000 per annum excluding foreign sub-custodian fees and charges.

For the financial year ended 30 June 2024, the Trustee fee was recognised at a rate of 0.08% per annum (2023: 0.08% per annum) subject to a minimum fee of RM12,000 per annum effective from 1 June 2012 based on the agreement between the Trustee and the Manager, excluding foreign sub-custodian fees and charges.

There was no further liability to the Trustee in respect of Trustee fees other than the amounts recognised above.

6. OTHER EXPENSES

	2024	2023
	RM	RM
Listing fee	2,000	2,000
Custodian fee	714	696
Others	1,585	5,618
	<u>4,299</u>	<u>8,314</u>

7. TAXATION

	2024	2023
	RM	RM
Tax charged for the financial year:		
- Tax on foreign source income	-	20,045
- Under provision of prior year tax	179	-
	<u>179</u>	<u>20,045</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:

	2024	2023
	RM	RM
Profit before taxation	<u>123,004</u>	<u>198,861</u>
Taxation at Malaysian statutory rate of 24% (2023: 24%)	29,521	47,727
Tax effects of:		
Investment income not subject to tax	(40,638)	(59,777)
Expenses not deductible for tax purposes	5,020	5,954
Restriction on tax deductible expenses for ETFs	6,097	6,096
Tax on foreign source income	-	20,045
Under provision of prior year tax	179	-
Taxation	<u>179</u>	<u>20,045</u>

8. DISTRIBUTIONS

Breakdown of distribution were as follows:

	2024		2023	
	RM	%	RM	%
Source of distribution				
Distribution out of current year's income	91,665	100.00	90,450	100.00
Distribution out of prior year's income/capital	-	-	-	-
Total	<u>91,665</u>	<u>100.00</u>	<u>90,450</u>	<u>100.00</u>

	2024	2023
Gross/Net distribution per unit (sen)		
Distribution on 27 May 2024	6.79	-
Distribution on 28 June 2023	<u>-</u>	<u>6.70</u>

8. DISTRIBUTIONS (CONTINUED)

Gross distribution is derived using total income less total expenses. Net distribution above is sourced from current and prior financial years' realised income.

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

There are no unrealised loss for the financial year ended 30 June 2024 (2023: nil).

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
	RM	RM
At fair value through profit or loss:		
- Collective investment scheme	<u>2,196,047</u>	<u>2,192,255</u>
Net gain on financial assets at fair value through profit or loss:		
- Realised gain on disposals	5,247	1,801
- Unrealised fair value gain	<u>74,225</u>	<u>153,772</u>
	<u>79,472</u>	<u>155,573</u>

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2024				
COLLECTIVE INVESTMENT SCHEME				
SINGAPORE				
Principal FTSE ASEAN 40	<u>56,500</u>	<u>1,989,723</u>	<u>2,196,047</u>	<u>100.03</u>
TOTAL COLLECTIVE INVESTMENT SCHEME	<u>56,500</u>	<u>1,989,723</u>	<u>2,196,047</u>	<u>100.03</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>206,324</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>2,196,047</u>		

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2023				
COLLECTIVE INVESTMENT SCHEME				
SINGAPORE				
Principal FTSE ASEAN 40	<u>58,500</u>	<u>2,060,156</u>	<u>2,192,255</u>	<u>101.29</u>
TOTAL COLLECTIVE INVESTMENT SCHEME	<u>58,500</u>	<u>2,060,156</u>	<u>2,192,255</u>	<u>101.29</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>132,099</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u><u>2,192,255</u></u>		

10. CASH AND CASH EQUIVALENTS

	2024 RM	2023 RM
Bank balances	<u>18,431</u>	<u>95,884</u>

11. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

Net assets attributable to unit holders as at the reporting date comprised:

	2024 RM	2023 RM
Unit holders' contributions	1,552,365	1,552,365
Retained earnings	<u>643,025</u>	<u>611,865</u>
	<u><u>2,195,390</u></u>	<u><u>2,164,230</u></u>

11. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS (CONTINUED)

The movement in the components of net assets attributable to unit holders for the financial year were as follows:

	Unit holders' contributions RM	Retained earnings RM	Total RM
Balance as at 1 July 2023	1,552,365	611,865	2,164,230
Total comprehensive income for the financial year	-	122,825	122,825
Distributions	-	(91,665)	(91,665)
Balance as at 30 June 2024	<u>1,552,365</u>	<u>643,025</u>	<u>2,195,390</u>
Balance as at 1 July 2022	1,552,365	523,499	2,075,864
Total comprehensive income for the financial year	-	178,816	178,816
Distributions	-	(90,450)	(90,450)
Balance as at 30 June 2023	<u>1,552,365</u>	<u>611,865</u>	<u>2,164,230</u>

12. OTHER PAYABLES AND ACCRUALS

	2024 RM	2023 RM
Provision for auditors' fee	23,134	25,400
Provision for tax agent's fee	8,800	4,400
	<u>31,934</u>	<u>29,800</u>

13. NUMBER OF UNITS IN CIRCULATION

	2024 No of units	2023 No of units
At the beginning/end of the financial year	<u>1,350,000</u>	<u>1,350,000</u>

14. TOTAL EXPENSE RATIO ("TER")

	2024 %	2023 %
TER	<u>2.12</u>	<u>2.28</u>

TER is derived from the following calculation:

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

- A = Trustee fees
- B = Auditors' fee
- C = Tax agent's fee
- D = Other expenses excluding Central Depository System ("CDS") transfer fee
- E = Average NAV of the Fund calculated on a daily basis

14. TOTAL EXPENSE RATIO (“TER”) (CONTINUED)

The average NAV of the Fund for the financial year calculated on a daily basis was RM2,177,757 (2023: RM2,196,096).

15. PORTFOLIO TURNOVER RATIO (“PTR”)

	2024	2023
PTR (times)	<u>0.02</u>	<u>0.01</u>

PTR is derived based on the following calculation:

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

where:

total acquisition for the financial year = Nil (2023: Nil)

total disposal for the financial year = RM75,680 (2023: RM33,495)

16. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER, AND SIGNIFICANT RELATED PARTY 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
Principal Asset Management (S) Pte Ltd	Joint venture of the ultimate holding company of shareholder of the Manager
CGS-CIMB Securities Sdn Bhd	Fellow related party to the Manager
CGS International Nominees Malaysia (Tempatan) Sdn. Bhd	Fellow related party to the Manager
CIMSEC Nominees (Tempatan) Sdn Bhd	Fellow related party to 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

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

Units held by the Manager and parties related to the Manager

	2024		2023	
	No. of units	RM	No. of units	RM
Fellow related party to the Manager				
CGS International Nominees Malaysia (Tempatan) Sdn. Bhd	181,600	295,318	20,500	32,864
CIMSEC Nominees (Tempatan) Sdn Bhd	6,400	10,408	6,400	10,260

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

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

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

Significant related party transactions

There were no other significant related party transactions during each of the financial year.

Significant related party balances

	2024 RM	2023 RM
Investment in collective investment scheme:		
- Principal FTSE ASEAN 40*	2,196,047	2,192,255

* Principal FTSE ASEAN 40 is managed by Principal Asset Management (S) Pte Ltd.

17. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with brokers/dealers for the financial year ended 30 June 2024 are as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
CGS-CIMB Securities International Pte Ltd #	75,680	100.00	219	100.00

17. TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)

Details of transactions with brokers/dealers for the financial year ended 30 June 2023 are as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
CGS-CIMB Securities International Pte Ltd #	<u>33,495</u>	<u>100.00</u>	<u>97</u>	<u>100.00</u>

Included in the transactions are trades conducted with CGS-CIMB Securities International Pte Ltd, fellow related party to the Manager amounting to RM75,680 (2023: RM33,495). The Manager is of the opinion that all transactions with the related company have been entered into in the normal course of business at agreed terms between the related party.

18. SEGMENT INFORMATION

The internal reporting provided to the chief operating decision-maker for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of MFRS and IFRS. The chief operating decision-maker is responsible for the performance of the Fund and considers the business to have a single operating segment located in Malaysia. Asset allocation decisions are based on a single, integrated investment strategy and the Fund's performance is evaluated on an overall basis.

The investment objective of the Fund is to provide investment results that, before expenses, closely correspond to the performance of the FTSE ASEAN 40 Index, regardless of its performance. The reportable operating segment derives its income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within the portfolio. These returns consist of dividend income earned from investments and gains on the appreciation in the value of investments, which is derived from an ETF listed on the SGX-ST, Singapore.

There were no changes in reportable operating segment during the financial year.

19. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 28 August 2024.

DIRECTORY

TRUST DIRECTORY

Manager

Registered Address

Principal Asset Management Berhad (Company No.: 199401018399 (304078-K))
Level 32, Exchange 106,
Lingkaran TRX,
55188 Tun Razak Exchange, Kuala Lumpur
MALAYSIA.
Tel: (03) 8680 8000

Business address

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

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(03) 7723 7260

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TRUST DIRECTORY (CONTINUED)

Board of Directors

Cheong Wee Yee, Thomas (Chairman)
Uday Jayaram
Munirah Khairuddin
Mohd Haniz Mohd Nazlan
Tan Sri Jaganath Derek Steven Sabapathy*
Liew Swee Lin*
Lai Mee Fong
Yoon Mun Thim*
Chong Chooi Wan^
Julian Christopher Vivian Pull^

* *Independent director*

^ *Alternate director*

Investment Committee

Yoon Mun Thim* (Chairman)
Nor'Azamin Salleh*
Wong Joon Hian*
Uday Jayaram
May Tong

* *Independent member*

Audit Committee

Tan Sri Jaganath Derek Steven Sabapathy* (Chairman)
Liew Swee Lin*
Lai Mee Fong

* *Independent member*

Company Secretaries

Phang Ai Tee (MAICSA 7013346)
Cheong Lisa (MAICSA 7009457)

Level 32, Exchange 106,
Lingkaran TRX,
55188 Tun Razak Exchange, Kuala Lumpur
MALAYSIA.
Tel: (03) 8680 8000

CORPORATE DIRECTORY

Fund Administration and Fund Accounting Service Provider

Deutsche Bank (Malaysia) Berhad (Company No. 200701005591 (763590-H))

Registered Address

Level 18, Menara IMC
8, Jalan Sultan Ismail
50250 Kuala Lumpur

Business Address

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8, Jalan Sultan Ismail
50250 Kuala Lumpur

Tel: (03) 2053 6788

Trustee

Deutsche Trustees Malaysia Berhad (Company No. 200701005591 (763590-H))

Registered/Business Address

Level 20, Menara IMC
8, Jalan Sultan Ismail
50250 Kuala Lumpur

Custodian (Trustee's Delegate)

Registered Address

Level 18, Menara IMC
8, Jalan Sultan Ismail
50250 Kuala Lumpur

Business Address

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Auditors of the Fund and of the Manager

Ernst & Young PLT 202006000003 (LLP0022760-LCA) & AF 0039

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Tax Adviser

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